



遠東宏信
FEHORIZON

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



2023

Sustainability & Environmental, Social and Governance Report

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Key Sustainability Performance Overview of Far East Horizon in 2023

Economic Performance

Total assets

3,514.83 RMB100 million

Profit before tax

104.25 RMB100 million

Basic earnings per share

1.47 RMB/Share

Total tax payment

51.45 RMB100 million

Environmental Performance

Metric	Target	Progress in 2023	
Greenhouse gas emissions (Scope 1, Scope 2) (tCO ₂ e)	Strive to achieve carbon neutrality in the whole value chain by 2050	133,361.57	In progress
Greenhouse gas emissions intensity per unit of revenue (Scope 1 and Scope 2) (tCO ₂ e/RMB million)	Down by 4% in 2023 from the base year (2021)	3.51 Down by 35.71% from 2021	Completed
Energy consumption per unit of revenue (MWh/RMB million)	Down by 25% in 2030 from the base year (2022)	1.31 Down by 32.47% from 2022	Completed
Water consumption per unit of revenue (m ³ /RMB million)	Down by 25% in 2030 from the base year (2022)	56.32 Down by 11.43% from 2022	In progress

Social Performance

Total number of employees

19,337 person

Proportion of male employees

52.43 %

Proportion of female employees

47.57 %

Average training hours per employee under the finance sector

38.05 hour

Average training hours per employee under the industry sector

36.94 hour

Spending in public welfare activities

882.42 RMB10,000

Volunteer service hours

5,052 hour

ESG Management Statement from the Board of Directors

In 2023, Far East Horizon rose to challenges and pursued innovation-oriented development. Facing a complex and ever-changing external environment, the Group adapted to changes and adhered to its strategic positioning of “strengthening support from the mainland, taking root in Hong Kong and extending coverage to Southeast Asia”. By combining its advantages as a market-oriented, international and specialized group, the Group formed the capability to integrate resources from various types of business, built a competitive edge in comprehensive service, and extended the scope of customer service. The Group made sure that asset quality maintains safe, relevant risks are under control and the business matrix is effective, and strove to realize profit growth.

The Group upholds the sustainability concept of “sharing of value created for the building of harmonious development”. The Group has established and constantly refined the top-down sustainability governance structure and integrated environmental, social and governance (ESG) elements into all respects of Group management and business operation. The Group has focused on the major concerns of its seven key stakeholders, namely, investors, customers, employees, the environment, communities and the public, governments and regulators, and partners, and taken concrete actions to implement the sustainability strategy, to promote the healthy, sustained, stable and harmonious development of the industrial economy and the whole society.

The Board of Directors is the highest decision-making and supervisory body of the Group with regard to sustainability and ESG management, and it has set up the ESG Committee. In 2023, the Board of Directors held four periodic meetings and reviewed and approved ESG proposals and matters including but not limit on corporate governance, business performance, etc., fully performing its responsibilities for reviewing, deciding and supervising ESG matters. The Group has identified and summed up 28 material topics. In 2023, the Group focused on those topics in ESG management, formulated management objectives, and periodically reviewed the progress toward fulfilling those objectives. With the collaborative efforts of all departments, the Group updated and released statements on five key ESG topics including the *Statement on Employee Rights Protection Policy*, which explained the Group’s concepts and policies for management of ESG topics and demonstrated the Group’s determination to advance sustainability and ESG work.

Using Climate Strategy as the Guide in the Pursuit of Sustainable Development

The Group has practiced the green development philosophy in depth. It has formulated the *Comprehensive Action Plan for Carbon Neutrality 2023-2025*, laid down the climate strategic planning and objectives in the next three years, integrated climate governance responsibility into the ESG governance structure, and carried out climate governance related work in an orderly manner. It has continuously refined the sustainability financing system and pushed for green and low-carbon transition from the perspectives of operation and business. It has actively applied the philosophy of responsible investment by including environment, health, safety, etc. as considerations in investment decision-making. Those practical efforts have supported the realization and implementation of the goals of carbon peak and carbon neutrality.

The Group has set up the ESG Task Force and became a TCFD supporter in 2023. The Group has conducted a comprehensive analysis of physical and transition scenarios of places of business and investment portfolios, adjusted strategies based on business composition and the Company’s development stage to respond to identified climate-related risks and opportunities, refined the internal climate risk management mechanism, and developed corresponding climate risk management measures. Paying attention to the impact of its operations on the environment, the Group has steadily implemented green operation, strengthened energy conservation and developed reduction, and promoted green development. The Group has included the progress in achieving greenhouse gas emission reduction targets into the performance appraisal indicators for the business units of the Company and required the ESG Task Force to report the work achievements and progress to the Board of Directors and the ESG

Committee on a quarterly basis.

Empowering the Real Economy with Financial Services and Jointly Building a Harmonious Society

The Group upholds the corporate philosophy of “integrating global resources and promoting industry development”. In 2023, with cutting-edge FinTech, the Group unwaveringly optimized product and service quality and deeply empowered the stable development and upgrading & transition of the real sector. At the same time, it provided micro, small and medium-sized enterprises (MSME) with convenient and efficient financial service solutions and continued to improve their access to finance to support their vigorous growth.

Seeing talent as core competitiveness of enterprise development, the Group follows a corporate culture that advocates “one family” and works to create a workplace with fair competition, diversity and win-win results. In 2023, the Group ensured employees’ rights and interests in all respects. It continued to put in place employee care measures, implemented a fair performance appraisal mechanism, further improved the hierarchical and classified talent training system of the Group, strengthened employees’ professional knowledge and management capability, and promoted the building of the elite team. While enhancing employees’ sense of happiness of sense of belonging, it realized common growth between employees and the Company.

Besides, the Group has long supported social public welfare undertakings. By making charity donations and carrying out public welfare projects, it has helped consolidate the achievements in poverty alleviation, promoted rural revitalization and development, supported disaster relief and cared for adolescents’ healthy growth. In 2023, Horizon Charity Foundation spent RMB8,824,200 on multifarious public welfare projects, an increase of 3% over 2022.

Demonstrating Enterprise Value Through Stable Operation Management

With stable and solid operation and management models, Far East Horizon has continuously deepened and promoted the building of a diverse and professional Board of Directors and optimized and refined the director duty performance appraisal system. It has ensured investors’ rights and interests, making sure that all shareholders, especially small and medium-sized shareholders, are treated equally and fully exercise their legitimate rights.

The Group keeps abreast of changes in laws, regulations and regulatory requirements and never oversteps the bottom line for operational compliance. It has worked continuously to create a robust and prudent risk management culture, improved the comprehensive risk management system with the Board of Directors as its highest level decision-making body, reviewed the internal and external environments, and made necessary adjustments to management strategies from time to time, thereby fully guaranteeing the reasonableness, soundness and effectiveness of its risk management. It has adhered to lofty commercial ethics, strengthened the building of the anti-corruption mechanism, and effectively prevented the risk of corruption. It has rebuilt, through integration, the procurement and supply management system and built a sustainable supply chain.

With excellent ESG management practices, Far East Horizon has won sustainability related honors and gotten affirmation of international institutes many times. The Group’s MSCI ESG rating maintained at A, its S&P CSA ESG score jumped from 38 to 41, its CDP rating rose from C to B-, and its sustainability financing framework was awarded with “SQS2 excellent” rating by Moody’s.

Looking ahead, Far East Horizon will remain committed to deeply integrating the sustainability concept into its thinking, strategic development and operation management and implement the sustainability strategy on all fronts. Far East Horizon will strive to become an industry pioneer and advocate of sustainability, promote the building of an

1. About Far East Horizon

1.1 Company Profile

Far East Horizon Limited (hereinafter referred to as “Far East Horizon” “FEHORIZON” or the “Company”) and its subsidiaries (the “Group”), established and registered in Hong Kong, is a comprehensive group spanning finance and industry. The Group is committed to serving the real economy with its market, international and professional advantages, while fulfilling the mission of “integrating global resources and promoting industry development “. For years, it has led the industry development, and ranked on the lists of Fortune China 500 and Forbes Global 2000 consecutively.

The Group gathers quality fund, capital, industrial, technology and talent resources from around the world to meet customers’ needs. Using constant innovation as its drive and combining its financial resources and industrial resources, it has continuously provided all-round support for customers’ development.

Basic Information of Far East Horizon

Company name	遠東宏信有限公司
Name in English	Far East Horizon Limited
Stock code	03360.HK
Date of establishment	1991
Headquarters address	Hong Kong, China
Asset size ¹	RMB351.5 billion
Operating income ¹	RMB38 billion
Total number of employees ¹	19,337

Note1 : Data is up to date until December 31, 2023.

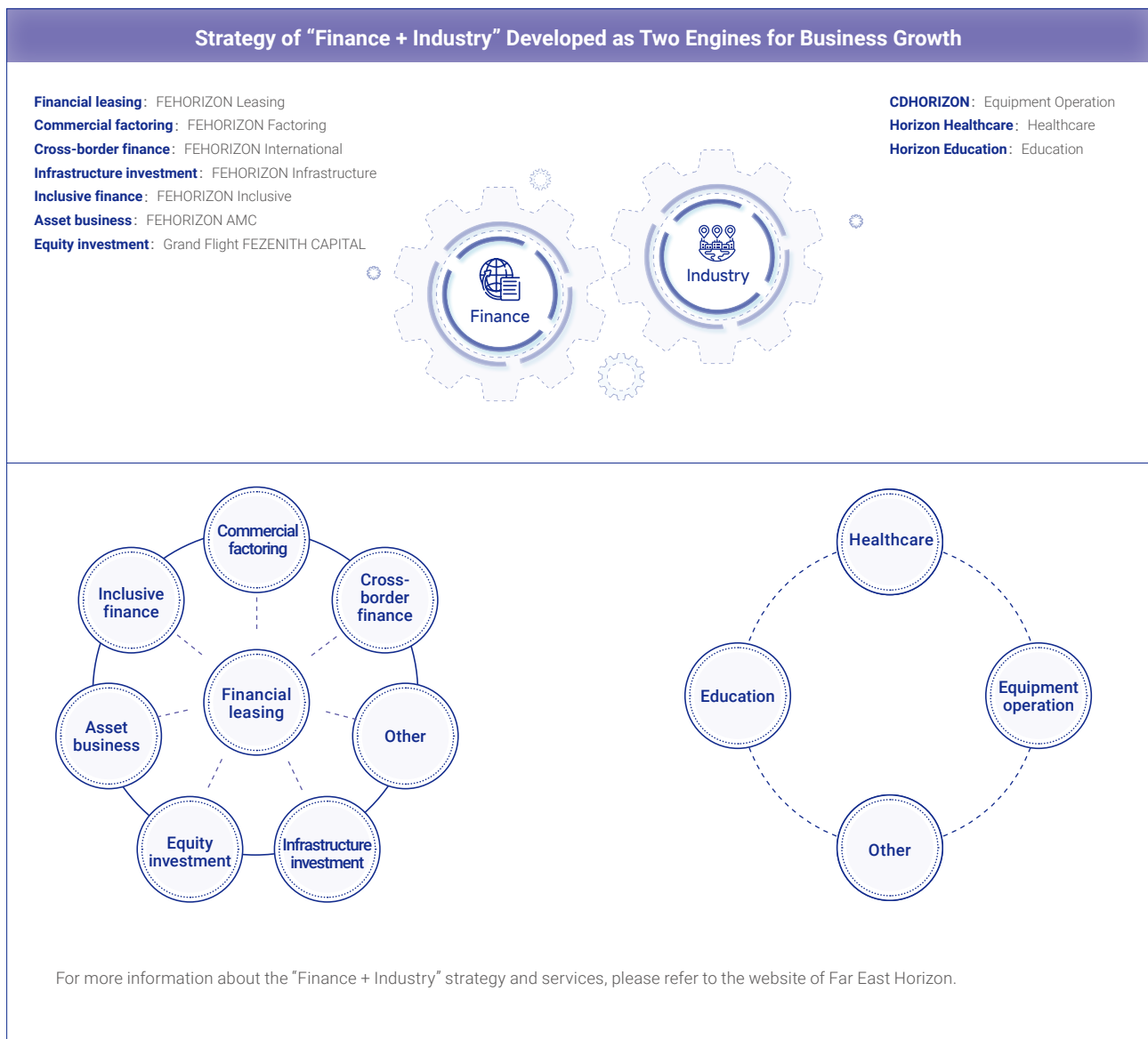
Corporate Culture System of Far East Horizon



1.2 Fields of Business

Business Structure

The Group adheres to the development strategy with “Finance + Industry” as its two engines of business growth. Taking root in China’s key industries, the Group is committed to providing comprehensive financial services, such as financial lease, commercial factoring, cross-border finance, infrastructure investment, equity investment, inclusive finance, and asset business, in fields including urban public utilities, healthcare, culture & tourism, engineering construction, mechanical manufacturing, chemical & medicine, electronic information, consumer goods, and transportation and logistics. Also, it offers industrial operation services, such as equipment operation (CDHORIZON, 09930.HK), hospital operations, healthcare and elderly care, and education.

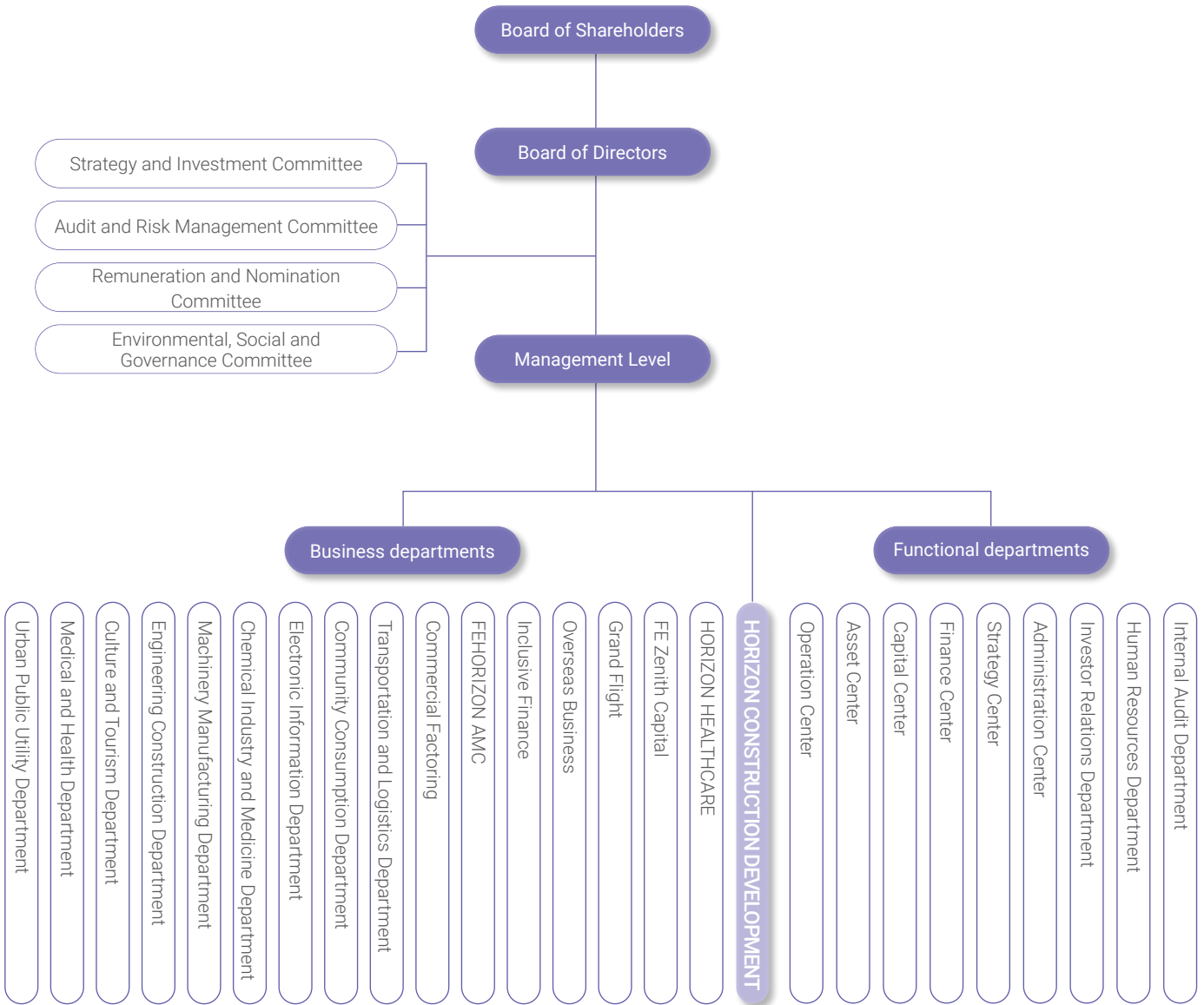


Service Network

Far East Horizon is headquartered in Hong Kong, China, with business operation centers in Shanghai, Tianjin and Guangzhou, offices in nearly **30** core cities across China, and a host of subordinate organizations distributed extensively, forming a service network in the Chinese mainland. As at the end of 2023, the Company had total assets exceeding RMB**350 billion** and around **20,000** employees, provided comprehensive financial services to more than **30,000** corporate customers, and accumulatively injected over RMB**1 trillion** in the real economy.



1.3 Organizational Structure



 Listed subsidiaries of Far East Horizon

1.4 Honors and Awards

Honors and Awards in 2023

FEHORIZON

Honor/award

- MSCI ESG rating maintained at A
- Long-term issuer credit rating was BBB-; independent credit standing was raised to "bbb-"
- ESG score in the S&P Corporate Sustainability Assessment (CSA) was 41, ranking among the top in the industry
- CDP rating jumped from C to B-
- Included as a constituent stock of the FTSE4Good Index Series
- Excellent Finalist of Net-Zero Leadership Award of ESG China Awards 2023
- 2024 Chief Sustainability Officer; Excellent Case of "520 Social Responsibility Day"
- Won the title of "Advanced Enterprise with Foreign Investment" in 2023
- Ranked among Forbes Global 2000
- Sustainability framework was awarded the SQS2 "excellent" rating
- Sustainability framework was awarded the "Good" rating
- Ranked 346th on the Fortune China 500 list in 2023
- Top 100 Hong Kong Listed Companies

Rated/issued by

- MSCI
- S&P
- S&P CSA questionnaire
- Carbon Disclosure Project (CDP)
- FTSE4Good Index
- BritCham Shanghai
- CCM CSR Promotion Center
- Tianjin Association of Enterprises with Foreign Investment
- Forbes
- Moody's
- Sustainable Fitch
- Fortune China
- Top 100 Hong Kong Listed Companies Research Centre

FEHORIZON Leasing

Honor/award

- 2024 Chief Sustainability Officer; Excellent Case of "520 Social Responsibility Day"

Rated/issued by

- CCM CSR Promotion Center

Industry Organization Membership and Status

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

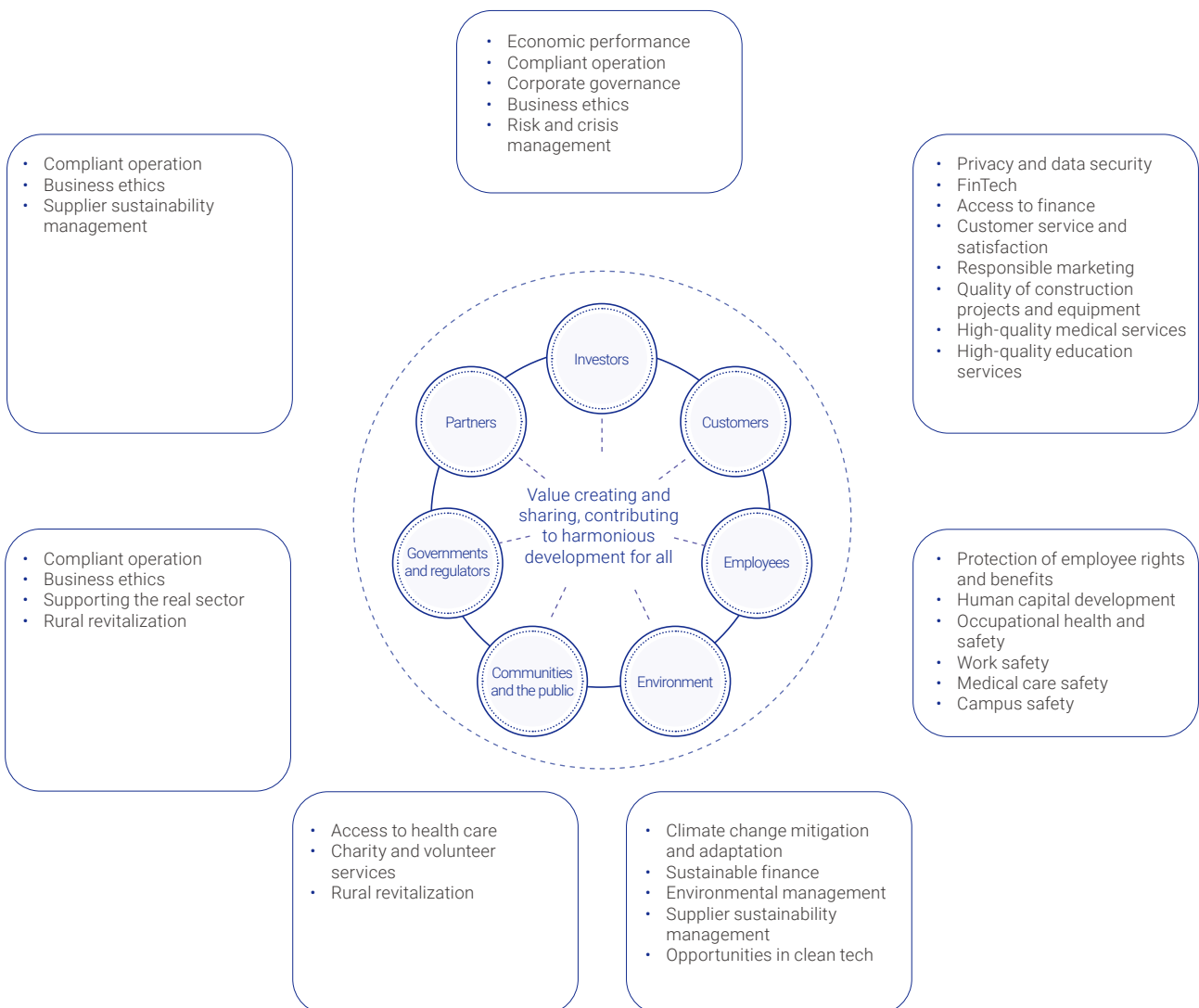
2. Continuously Fulfilling Sustainability Development Responsibilities

2.1 Sustainability Concept and Model

While constantly innovating in and expanding “Finance + Industry” integrated operation services, Far East Horizon has upheld the sustainability concept of “sharing of value created for the building of harmonious development” and taken solid actions to practice in depth the sustainability strategy and strive to become an industry pioneer and advocate of sustainability.

The Group has focused on the major concerns of its seven key stakeholders, namely, investors, customers, employees, the environment, communities and the public, governments and regulators, and partners, and worked with them to promote the healthy, sustained, stable and harmonious development of the industrial economy and the whole society and lead a sustainable future.

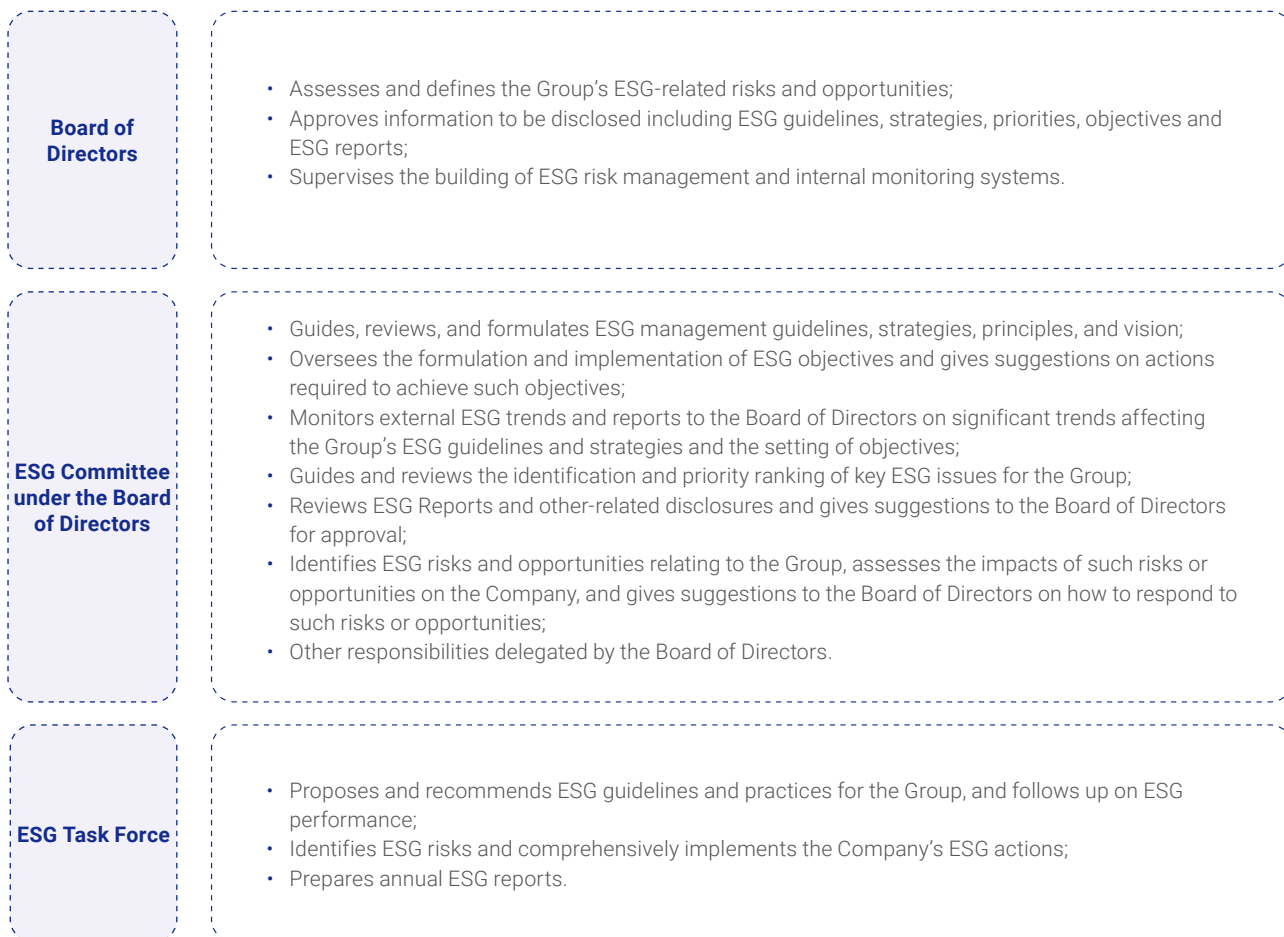
Sustainability Model of Far East Horizon



2.2 Sustainability and ESG Governance Structure

Comprehensive ESG management is the cornerstone to realize sustainability goals with stakeholders. In 2021, Far East Horizon set up the Environmental, Social and Governance (ESG) Committee under the Board of Directors, formulated the *Working Rules of the Environmental, Social and Governance Committee of the Board of Directors and the Working Regulations and Plan of the ESG Task Force*. Since then, it has continuously established and improved the ESG governance structure to provide organizational guarantee for the sustainability management of the Group.

ESG Governance Structure of Far East Horizon



In 2023, the Board of Directors of Far East Horizon fully performed its responsibilities for reviewing, deciding and supervising ESG matters. It held four periodic meetings and reviewed and approved ESG proposals and matters including but not limited to corporate governance, business performance, etc.

As at the end of 2023, the ESG Committee under the Board of Directors was comprised of three directors and was chaired by an Independent Non-executive Director. In 2023, the ESG Committee under the Board of Directors and the ESG Task Force continued to advance relevant work. As authorized by the Board of Directors, it assisted the Board of Directors and the Management in fulfilling ESG management responsibilities, practically promoted the Company's ESG management, and actively enhanced the Company's reputation in ESG actions.

2.3 Stakeholders Communication and Materiality Analysis

Stakeholders Communication

Based on the characteristics of its business and management operations, the Group has identified seven key stakeholders, including, investors, customers, employees, the environment, communities and the public, governments and regulators, and partners, from two dimensions, namely, their interests are significantly influenced by the Group’s business activities and they have significant influence on the Group’s business activities. Concurrently, it communicates with stakeholders regularly through multiple channels to respond to their concerns.

Communication with and Response to Far East Horizon’s Key Stakeholders

Key stakeholders	Importance	Concerned topics	Communication and responses
Investors	We must create value for our investors.	<ul style="list-style-type: none"> Economic performance Compliant operation Corporate governance Business ethics Risk and crisis management 	<ul style="list-style-type: none"> Shareholders’ meetings Financial and performance reports Information disclosure Investor communication meetings and surveys
Customers	Our products are the necessities for our customers.	<ul style="list-style-type: none"> Privacy and data security FinTech Access to finance Customer service and satisfaction Responsible marketing Quality of construction projects and equipment High-quality High-quality 	<ul style="list-style-type: none"> “Three lines of defense” regarding information security Digital systems on marketing and asset sides Supporting “Little Giants”, i.e. specialized and sophisticated enterprises that produce new and unique products Supporting the development of micro, small and medium-sized enterprises (MSMEs) After-sales services and complaints Customer satisfaction surveys
Employees	Employees are the most important cornerstone for corporate development.	<ul style="list-style-type: none"> Protection of employee rights and benefits Human capital development Occupational health and safety Work safety Medical care safety Campus safety 	<ul style="list-style-type: none"> Employee recruitment strategies Employee training system Daily operations of labor union Production Safety Month activities Health management measures
Environment	Our business operations may affect the ecological environment.	<ul style="list-style-type: none"> Climate change mitigation and adaptation Sustainable finance Environmental management Supplier sustainability management Opportunities in clean tech 	<ul style="list-style-type: none"> Releasing the goals of carbon neutrality and carbon peak Developing sustainable finance Green operation initiatives Green procurement Clean technology input and R&D of Horizon Construction Development (CDHORIZON)

Key stakeholders	Importance	Concerned topics	Communication and responses
Communities and the public	Our business operations may affect community development.	<ul style="list-style-type: none"> Access to healthcare Charity and volunteer services Rural revitalization 	<ul style="list-style-type: none"> “Hundred Counties Plan” of Horizon Healthcare Community activities Volunteer activities Public welfare projects such as rural revitalization and environmental protection projects
Governments and regulators	Government plays a supervision part in our business operations.	<ul style="list-style-type: none"> Compliant operation Business ethics Supporting the real sector Rural revitalization 	<ul style="list-style-type: none"> Participating in governments’ surveys Policy implementation Information disclosure Reporting channels Supporting infrastructure construction Rural revitalization projects such as Horizon Assistance Projects through Culture and Building Aspirations
Partners	The partners need to share the same values with us on corporate social responsibility.	<ul style="list-style-type: none"> Compliant operation Business ethics Supplier sustainability management 	<ul style="list-style-type: none"> Negotiations on strategic cooperation Holding bidding conferences for the public Exchange visits

Identification and Analysis of Material Topics

The material topics are the leverage for the Group to conduct ESG management and information disclosure. Twenty-eight material topics were identified and summarized for key management in 2023, based on the routine continuous communication with stakeholders, the characteristics of its business and the industry, the policy trends in 2023, the information disclosure requirements of the exchange, and major concerns of rating agencies in the capital market, such as S&P CSA, MSCI and FTSE4Good.

Meanwhile, the 28 material topics were prioritized by importance, in accordance with internal and external experts’ opinions, the Management’s feedback, and the major concerns of rating agencies in the capital market, and a matrix of material topics was formed. The Report will focus on the management and performance of material ESG topics in 2023.

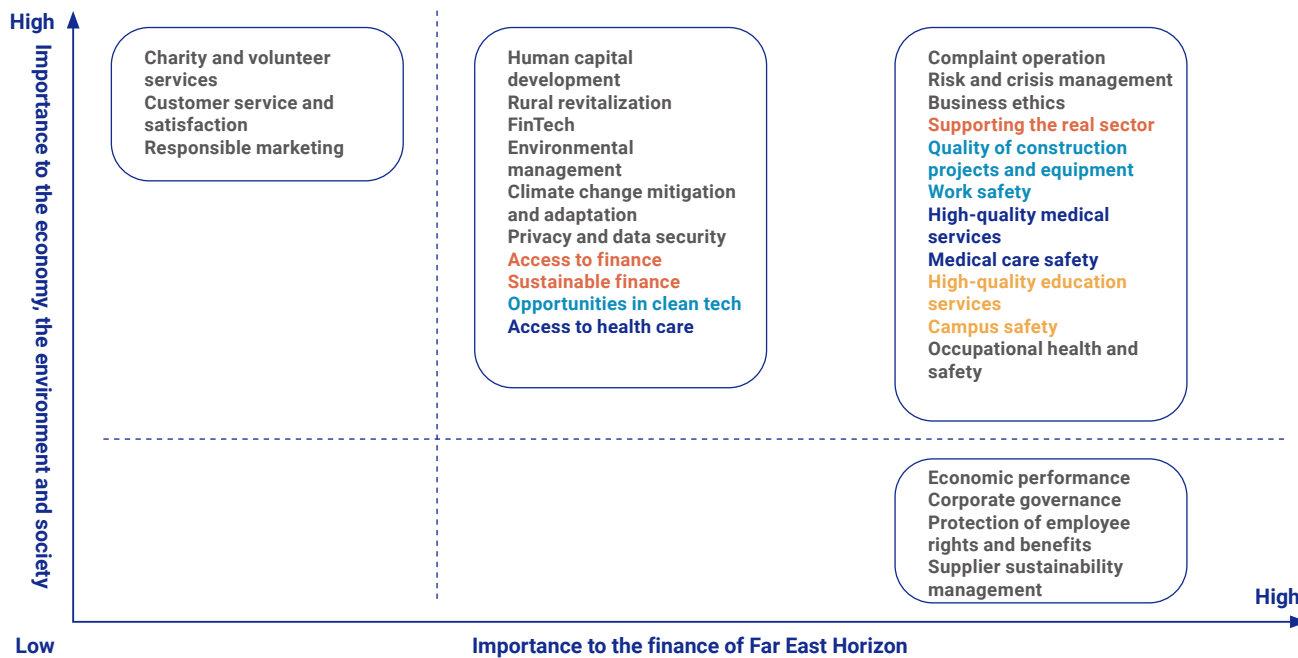
Materiality Analysis Procedures of Far East Horizon



Major Changes in Material Topics of Far East Horizon in 2023

Material topics in 2022	Material topics in 2023	Change	Reason for change
Customer information security and privacy protection	Privacy and data security	Optimized expression	Further optimized expression based on the actual business operations of the Company to make topic names easier to understand.
Compliant operation	Compliant operation		
Serving the real sector	Supporting the real sector		
Charity and volunteer services	Charity and volunteer services	Integrated contents	
Community communication and development			
Employee training and development	Human capital development	Optimized expression	
Risk management	Risk and crisis management		
Accessibility of financial services	Access to finance		
Healthcare accessibility	Access to health care		
Green finance	Sustainable finance		
--	Opportunities in clean tech	Added new contents	Added new topics based on the latest sustainability background.








Matrix of Material Topics of Far East Horizon in 2023



- Specialized topics in the field of finance
- Specialized topics in the field of healthcare
- Specialized topics in the field of construction
- Specialized topics in the field of education

Note: For definitions, boundaries and other information of material topics, please refer to Appendix 2 Definitions and Boundaries of Material Topics in 2023.

2.4 Implementing the UN Sustainable Development Goals (SDGs)

SDGs	The Company's specific actions	Corresponding section in this report
	<ul style="list-style-type: none"> Implemented the Horizon Charity Foundation "Core of Volunteer" Empowerment Training Program and provided aid to excellent companions to children in rural areas. Implemented the public welfare skills training program for people with disabilities, helping people with disabilities overcome obstacles and realize self-fulfillment. The hospitals of HCHORIZON organized charity clinics to provide medical help to groups that are in remote areas with inadequate medical conditions and have poor access to healthcare services. 	<ul style="list-style-type: none"> Doing Good to Society with Profound Benevolence Report of HCHORIZON : Excellent Medical Care and Inclusive Healthcare
	<ul style="list-style-type: none"> Provided employees with "one-stop protection service solutions" that cover the whole life cycle of employees and employee assistance program (EAP) service centered on mental health. Implemented the HCHORIZON "Doctor Training Program". CDHORIZON conducted HSE risk control, formulated the operating instructions for high-risk operating procedures, and for front-line engineering personnel, it publicized policies, conducted on-site inspection and validation, and corrected problems. HCHORIZON implemented the "Hundred Counties Plan", and through the "medical + service" model, it helped counties realize "two ups and one down". 	<ul style="list-style-type: none"> Harmony, Diversity and Inclusion Doing Good to Society with Profound Benevolence Report of CDHORIZON: Build the Future with Innovation as Wings Report of HCHORIZON : Excellent Medical Care and Inclusive Healthcare
	<ul style="list-style-type: none"> Continued to implement the Horizon Charity Foundation Scholarships Project. Carried out educational revitalization programs including the Qianlicao Aid Program. Horizon Education has helped nearly 1,000 graduates gain admission to top universities worldwide. 	<ul style="list-style-type: none"> Doing Good to Society with Profound Benevolence Report of Horizon Education: Move as One to Cultivate Elites
	<ul style="list-style-type: none"> Formulated and implemented the <i>Employee Manual</i> to strictly eliminate discrimination based on gender, ethnicity, nationality, religious beliefs, family status, disability, and other factors. 	<ul style="list-style-type: none"> Harmony, Diversity and Inclusion
	<ul style="list-style-type: none"> The CDHORIZON base changed to solar street lamps and adopted a solar water heating system for water heating of hand washing sinks, and the Jiading Base and the Wuqing Base adopted a ground-source heat pump system. CDHORIZON used the "oil to electricity" technology in its hydraulic aerial cages. 	<ul style="list-style-type: none"> Pursuing Sustainable Development Led by Low Carbon Report of CDHORIZON: Build the Future with Innovation as Wings
	<ul style="list-style-type: none"> Hired more than 600 people from various fields through social recruitment. Selected 29 internal candidates to compete for vacancies. 	<ul style="list-style-type: none"> Harmony, Diversity and Inclusion
	<ul style="list-style-type: none"> Injected a cumulative total of more than RMB1 trillion in the real economy, served more than 30,000 corporate customers. 	<ul style="list-style-type: none"> Striving to Provide More Efficient Services
	<ul style="list-style-type: none"> Formulated and implemented the <i>Employee Manual</i> to strictly eliminate discrimination based on gender, ethnicity, nationality, religious beliefs, family status, disability, and other factors. 	<ul style="list-style-type: none"> Harmony, Diversity and Inclusion
	<ul style="list-style-type: none"> Invested in the construction of the Suzhou EOD project, new energy photovoltaic projects, energy conservation transformation projects of existing residential buildings, etc. 	<ul style="list-style-type: none"> Pursuing Sustainable Development Led by Low Carbon
	<ul style="list-style-type: none"> Set targets for energy management, water resources management and waste management, tracked the progress toward fulfilling the targets periodically, and actively promoted energy conservation, emission reduction, water conservation and waste reduction measures. Full-lifecycle management of equipment quality. 	<ul style="list-style-type: none"> Pursuing Sustainable Development Led by Low Carbon Report of CDHORIZON: Build the Future with Innovation as Wings
	<ul style="list-style-type: none"> Set the goals of carbon peak and carbon neutrality: taking 2021 as the base year, striving to achieve peak carbon emissions by 2025 and carbon neutrality in the whole value chain by 2050. 	<ul style="list-style-type: none"> Pursuing Sustainable Development Led by Low Carbon
	<ul style="list-style-type: none"> Integrated the concept of sustainability into the corporate governance system comprehensively and established a top-down ESG governance structure; Strengthened the building of the anti-corruption mechanism and prevented corruption risk. 	<ul style="list-style-type: none"> Strengthening Governance and Keeping up with the Times

ENVIRONMENTAL

03

Pursuing Sustainable Development Led by Low Carbon

Material topics addressed

Climate change mitigation and adaptation

Sustainable finance

Environmental management

The UN SDGs aligned



Metrics and targets

Metrics	Target	Progress in 2023
Greenhouse gas emissions per unit of revenue	Decrease by 4% in 2023 from the base year (2021)	Decreased by 35.71% compared to the baseline year, achieving the target
Energy consumption per unit of revenue	Decrease by 25% in 2030 from the base year (2022)	Completed. Decrease by 32.47% from the base year the target has been met ahead of the set timeline
Water consumption per unit of revenue	Decrease by 25% in 2030 from the base year (2022)	Not completed yet. Decrease by 11.43% from the base year Progressing Towards the Objective
Continue to improve garbage sorting and statistics and management capability, and trace the comprehensive utilization of wastes like domestic waste and large solid wastes.		Completed

3.1 Commitment to “Zero Carbon” Development

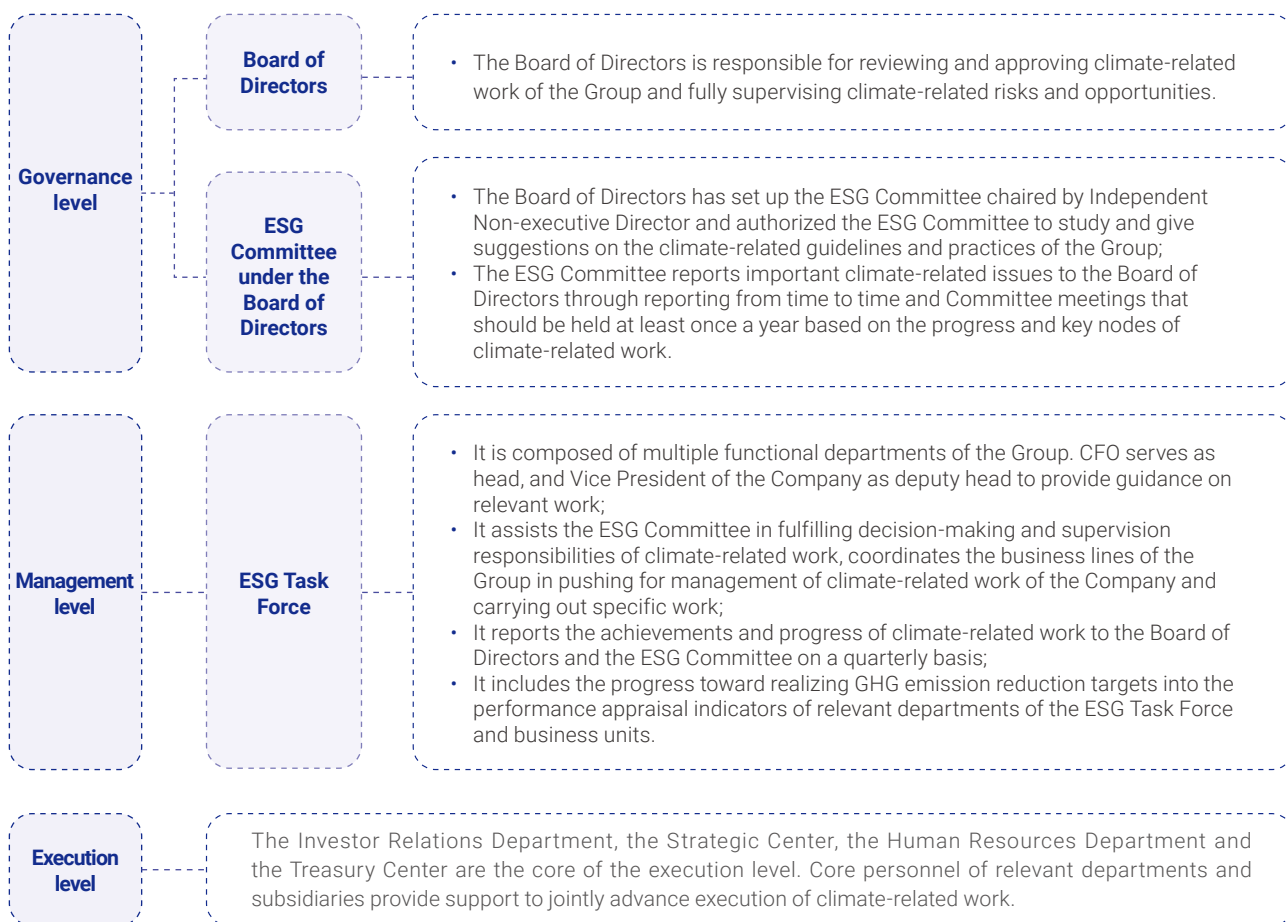
As the trend of global warming accelerates, global policy coordination and regional action initiatives have been intensified. Countries around the world have successively put forward their own carbon neutrality goals and low-carbon development paths. The urgent global action is not only to protect the balance of the earth’s natural ecosystem but also the key for enterprises to realize sustainable development and ensure future competitiveness.

Far East Horizon has identified and actively responded to the potential risks and opportunities of climate change on the Company’s operations according to the *International Financial Reporting Standard Climate-related Disclosures* (IFRS S2) of the International Sustainability Standards Board (ISSB).

Climate Governance

Far East Horizon has defined climate-related responsibilities in the *Working Rules of the Environmental, Social and Governance Committee of the Board of Directors* and the *Working Regulations and Plan of the ESG Task Force*, included them into the ESG governance framework, formed a top-down climate governance structure, and systematically pushed for routine and standard operation of climate governance and management.

Climate Governance Structure of Far East Horizon



In 2023, The ESG Committee under the Board of Directors to hold an in depth discussion and provided guidance on management of climate-related risks and opportunities, which effectively caused the Group's response to climate change to make substantive progress. Meanwhile, it paid close attention to dynamics of international and domestic climate policies and deepened the understanding and capability of climate governance.

Based on the Company's business structure and development stage, the ESG Task Force, through cross-department collaboration, flexibly adjusted and implemented climate-related strategies, including situational analysis, risk and opportunity assessment, target and indicator setting and drafting of response plans. In 2023, the ESG Task Force reported the achievements and progress of climate-related work to the Board of Directors and the ESG Committee every quarter to make sure that climate governance work keeps pace with the times and is implemented steadily.

Strategy

Far East Horizon has strengthened climate resilience building, actively identified and assessed the risks and opportunities brought by climate change, and formulated and advanced climate risk management strategies on that basis.

In 2023, the Group adopted the quantitative assessment method of climate-related risks and opportunities for the first time. Through in-depth identification and scenario analysis of key climate-related risks and opportunities, the Group scientifically assessed the potential impacts of climate change on the Company's operating activities, which has provided a solid basis for effective management and response to climate change.

In terms of physical risks, based on the Shared Socioeconomic Pathways (SSPs) described in the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC), the Group selected the SSP1-2.6 low emissions scenario and the SSP5-8.5 very high emissions scenario, systematically assessed the potential impacts of physical risks on the Group's nine different types of real assets operation in different stages (baseline period, middle term through 2030, and long term through 2050), and actively formulated and optimized response measures, to make sure it can effectively resist physical risks under different climate scenarios.

Analysis of Physical Risks and Response of Far East Horizon

Risk type	Potential impact (Scope of the Group's operations)	Risk level (SSP1-2.6)			Risk level (SSP5-8.5)		Response
		Baseline	2030	2050	2030	2050	
Extreme high temperature	<p>High temperature causes the refrigeration needs of assets to increase, resulting in an increase in operating expenses. Extreme heat may increase the risk of heat stroke among outdoor workers;</p> <p>Extreme high temperature may cause widespread power rationing or blackout, or cause assets to halt partial operation, thus affecting the operating efficiency and revenue of assets.</p>	Very low	Medium	Medium	Medium	High	<ul style="list-style-type: none"> • Taking into account the influence factors of climate resilience (geographical and environmental factors such as flood and terrain) in the design and construction process of assets and the site selection process and improving the capacity of facilities and equipment in withstanding extreme weather, to reduce the impacts of extreme weather; • Formulating and implementing emergency response plans for extreme weather (flood, tropical cyclone and extreme high temperature); • Building and periodically maintaining facilities and equipment used to respond to extreme weather (e.g., drainage system, windows, doors, etc.) and protecting important equipment from being affected or damaged by extreme weather; making proper preparations before a typhoon lands, to protect important equipment from being directly damaged by strong winds; • Equipping materials to respond to extreme weather, e.g., back-up power and flood control sandbags; • Improving the heat dissipation potential of buildings and equipment efficiency, building and periodically maintaining back-up power to ensure its reliability, and formulating and implementing strict guidelines for outdoor work in heat.
Flood (Including river flood, coastal flood and extreme precipitation)	<p>Flood may damage the buildings, infrastructure, equipment, etc. of assets, thus adding extra maintenance expenditures, and may also cause the book value of assets to decrease;</p> <p>Flood may affect important equipment of assets and damage the main channels connecting assets, thus affecting the operation and revenue of assets.</p>	Medium	Medium	Medium	Medium	Medium	
Tropical cyclone	<p>The strong winds, rainstorms and storm tides of a tropical cyclone may damage buildings, infrastructure, equipment, etc., thus adding extra maintenance expenditures, and may also cause the value of assets to decrease;</p> <p>During landing, a tropical cyclone may affect important equipment of assets and cause them to halt operation, thus affecting revenue.</p>	Low	Medium	Medium	Medium	Medium	
Water pressure and drought	<p>Prolonged drought can cause available water to reduce and water price to rise, leading to an increase in operating cost;</p> <p>Severe water shortage may affect refrigeration and the operating efficiency of production equipment, thus causing revenue to decline.</p>	Low	Very high	Very high	Very high	Very high	

Risk type	Potential impact (Scope of the Group's operations)	Risk level (SSP1-2.6)			Risk level (SSP5-8.5)		Response
		Baseline	2030	2050	2030	2050	
Extreme low temperature	<p>Low temperature causes the heating needs of assets to increase, resulting in an increase in operating expenses;</p> <p>Extreme cold weather may increase the health risk of outdoor workers.</p>	Very high	High	High	Medium	Medium	<ul style="list-style-type: none"> Currently, the physical risk assessment results show that the risk of climate disasters such as landslides and wildfires caused by extreme low temperature and extreme precipitation is relatively low. The Group will continue to monitor the foregoing risk and promptly adjust response strategies.
Wildfire	<p>Wildfires may damage buildings, infrastructure, equipment, etc., thus adding extra maintenance expenditures, and may also cause the value of assets to decrease;</p> <p>Wildfires may pose a threat to the safety of the places where assets are located and the people nearby and affect the normal operation of assets, thus causing revenue to decrease.</p>	Very low	Low	Low	Low	Medium	

In terms of transition risks and opportunities, the Group conducted a qualitative assessment of the risks and opportunities relating to its own operations and value chain. Based on the assessment results, after taking into comprehensive consideration of the total assets of the five major industries and carbon markets involved in the financial business of the Group, national and local low carbon policies, transition finance, etc., the Group conducted a detailed quantitative assessment of transition risks and opportunities according to the Current Policies and Net Zero 2050 scenarios of the Central Banks and Supervisors Network for Greening the Financial System (NGFS).

Analysis of Transition Risks and Opportunities and Response of Far East Horizon

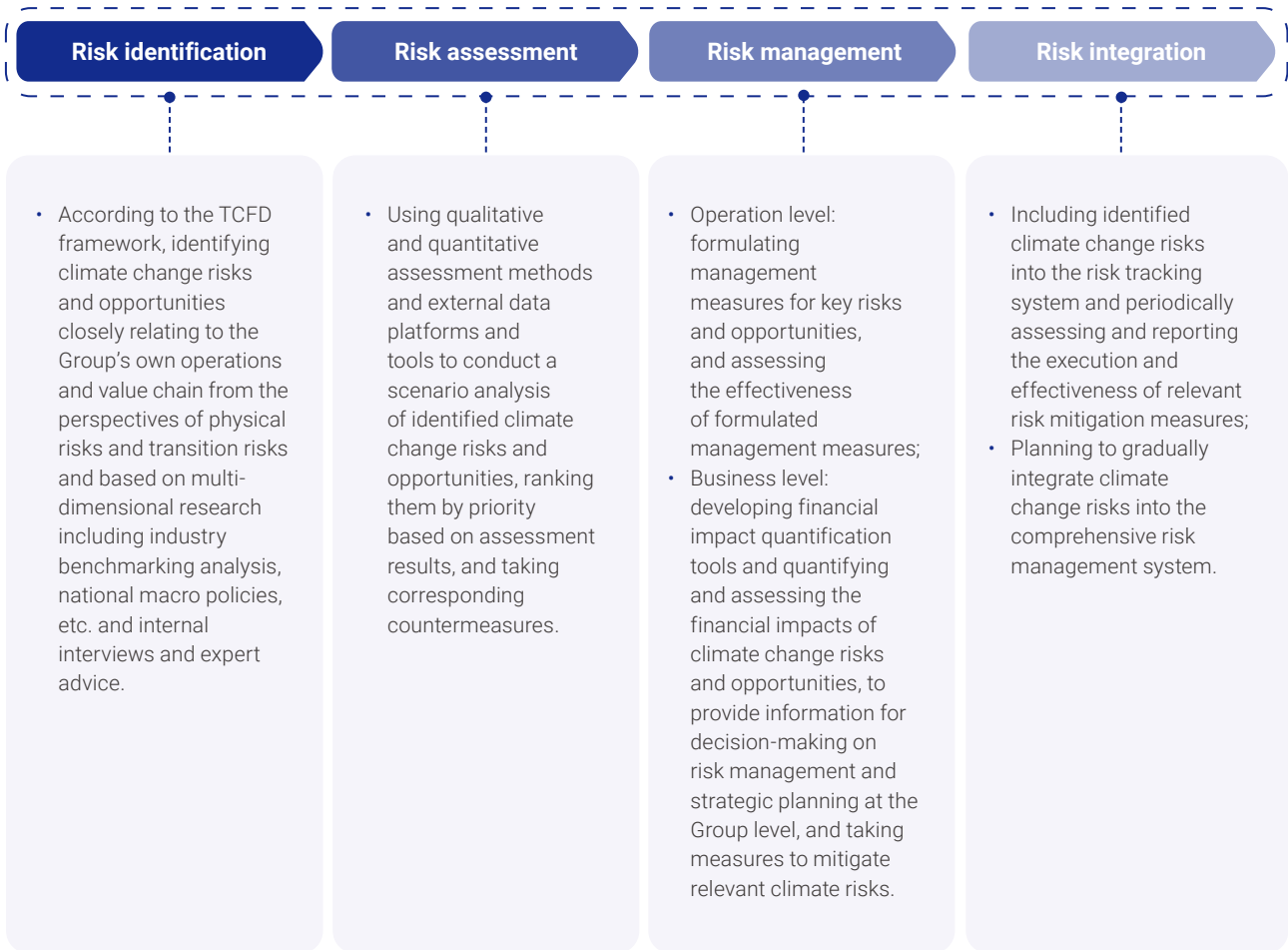
Risk type	Scope of influence		Potential impact	Response
Transition risks				
Policies & Legal regulations	Financial services	Investment and financing	<p>Due to changes in policies and laws and regulations, customers' profits decrease and/or credit risk rises, resulting in impairment of assets of Far East Horizon. The financial impacts on customers are mainly reflected in:</p> <ul style="list-style-type: none"> - write-offs, asset impairment, or early retirement of existing assets due to policy changes; - increased costs and/or reduced demand for products and services resulting from fines or judgments; - Reduced cash flows to customers who rely on subsidies due to cancellation of government subsidy policy. 	Continuously monitoring national and local policies, promptly providing relevant information to business departments, and including climate change factors into the considerations in due diligence and investment decision-making.

Risk type	Scope of influence		Potential impact	Response
Transition risks				
Technology	Financial services	Investment and financing	<p>Due to transition, extra cost is needed, or because transition is not in time, customers' operating income and profit decrease and because of that, their stock prices decline or credit risk rises, resulting in impairment of assets of Far East Horizon. The impacts on customers are mainly reflected in:</p> <ul style="list-style-type: none"> - Cancellation or early retirement of existing assets due to emergence of low-carbon technology; - Decreased demand for products and services in the low-carbon transition process; - Increased R&D expenditures in new technology and alternative technology; - Increased costs for applying and implementing new practices and new processes. 	Formulating the <i>List of Industries Classified for Access</i> , where high-risk industries such as carbon-intensive industries are listed as "restricted" or "compressed" to scale down the business conducted with them.
	Equipment operation	The Group's operations	Against the backdrop of addressing climate change and advancing low carbon transition, low carbon technology is gradually replacing traditional technology and equipment with high carbon emissions. CDHORIZON may gradually eliminate technology and equipment with high emissions and purchase new low carbon technology and equipment, which may result in increased capital expenditures and operating costs.	Continuously paying attention to new equipment and new technology and promptly replacing diesel equipment.
Market	Financial services	Investment and financing	Due to low-carbon transition, customers' market shrinks and operating income decreases, and their credit risk rises, resulting in impairment of assets of Far East Horizon.	Formulating the <i>List of Industries Classified for Access</i> , where high-risk industries such as carbon-intensive industries are listed as "restricted" or "compressed" to scale down the business conducted with them.
Reputation	All business lines of the Company	The Group's operations	Institutional investors are more concerned about climate change and environmental problems. Investors' asset safety concerns and withdrawal of heavy investment cause the Company's available-for-investment capital to decrease. For example, the negative news (e.g., greenwashing) about the green bonds issued by the Group can affect the Group's reputation.	Enhancing the transparency of climate-related information disclosure of the Group, and disclosing information through ESG reports, the Company's website, official WeChat account, and other channels according to internationally recognized information disclosure framework.
Transition opportunities				
Products and services	Financial services	The Group's operations	As the market of green finance products continues to expand, more flexible products such as green funds and green trust have emerged to meet customers' specific needs.	Rolling out diverse financial products themed by carbon neutrality and sustainability, mining green existing assets, and issuing green finance products such as green bonds, sustainability-linked bonds.
	Equipment operation	The Group's operations	With the rise of frequency of occurrence of climate disasters, the market demand for building of green cities and green urban infrastructure has increased. CDHORIZON currently has a first-mover advantage in equipment holding and sustainable materials.	Continuously paying attention to new equipment and new technology and promptly replacing diesel equipment.
Reputation	Financial services	The Group's operations	With favorable carbon neutrality policies, the financing needs of small and medium-sized energy conservation and environmental protection enterprises will increase and green finance services will become more popular.	Discovering new transition fund demand, strengthening the connection between green funds and the green transition of the real economy through green finance business and service innovation, formulating investment and financing policies to guide funds to flow into green activities and increase operating income.
	Equipment operation		Overseas markets are more influenced by climate change. Equipment demand and construction engineering demand may increase as the impact of climate change intensifies, which will provide CDHORIZON greater room to increase its overseas market penetration.	Continuously paying attention to new development directions of city construction and supporting the building of green cities.

Risk Management

Through a well-functioning climate risk management mechanism, Far East Horizon monitors and gives early warnings of internal and external risks, accurately identifies risk features, sources and development trends, follows up on and oversees the implementation of response measures to key risks, and takes targeted measures to promptly prevent, control and defuse climate-related risks in its business and financing activities, giving full play to its role as a financial institution in supporting climate transition.

Climate Change Risk Management Mechanism of Far East Horizon



In 2023, based on the methodology of Greenhouse Gas Protocol (GHG Protocol) and the Partnership for Carbon Accounting Financials (PCAF), the Group initiated comprehensive screening of Scope 3 carbon emissions, with a focus on the emissions produced by corporate financial business loans and investments (category 15 investments) and emissions produced by leased equipment of CDHORIZON (category 13 downstream leased assets). Besides, based on the science-based target (SBT) setting methods, the Group is setting targets, designing an emission reduction roadmap, actively promoting carbon emission reduction of its value chain, and working closely with internal and external partners to strengthen the ability to resist climate risks.

Indicators and Objectives

In response to the *Paris Agreement* and Hong Kong's carbon neutrality targets, in 2022 the Board of Directors of Far East Horizon considered and passed a motion on the *Carbon Target Planning of the Company*, which clearly defines the goals of carbon peak and carbon neutrality and the target implementation path.

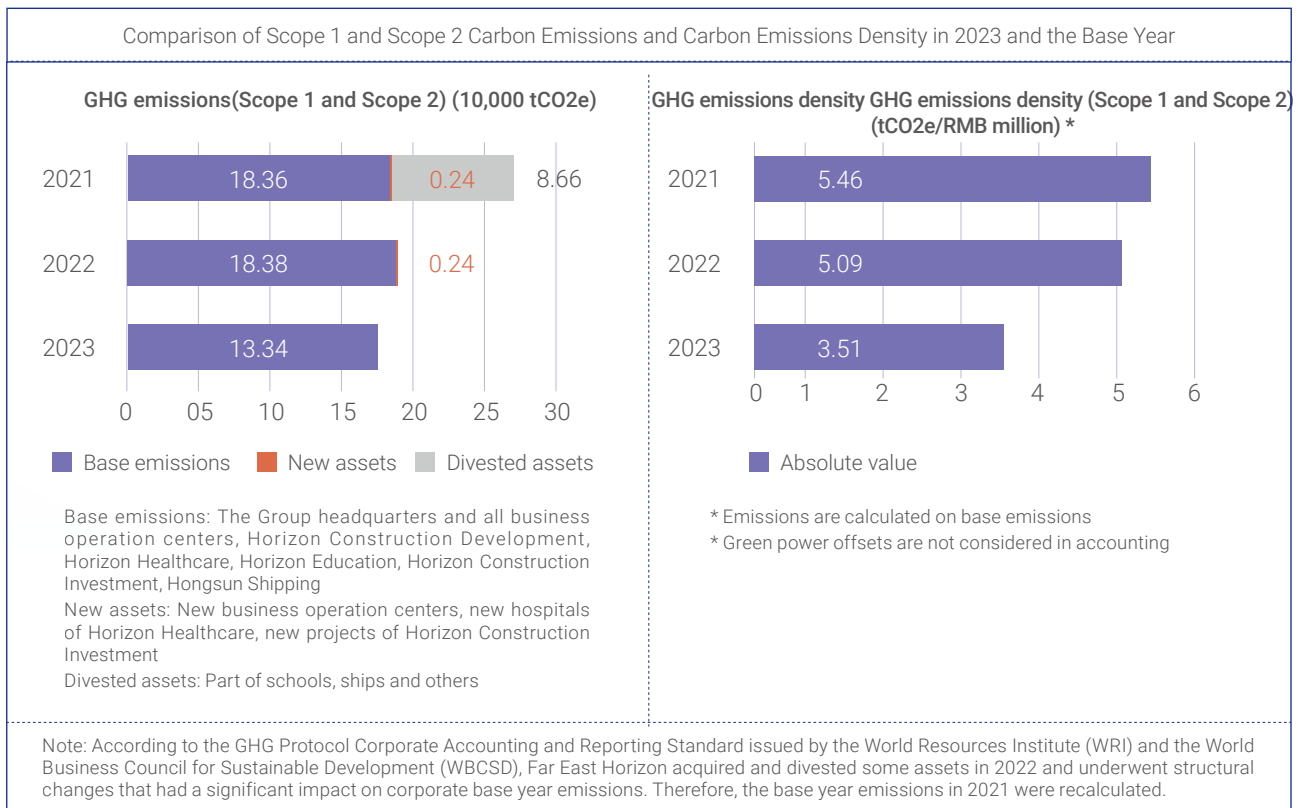
Carbon Neutrality Goals and Implementation Path of Far East Horizon

Goals: taking 2021 as the base year, strive to achieve peak carbon emissions by 2025 and carbon neutrality in the whole value chain by 2050.	
Carbon emission reduction at the operation level	<ul style="list-style-type: none"> • Improving the GHG accounting and certification system • Implementing energy conservation and emission reduction measures and upgrading equipment • Pushing for green building certification • Purchasing or developing green electricity • Purchasing carbon sinks and low carbon assets
Carbon emission reduction at the value chain level	<ul style="list-style-type: none"> • Developing clean energy related business • Upgrading or replacing equipment and facilities that use clean technology • Reducing lifecycle impacts in business processes related to infrastructure development • Vigorously developing green and sustainable leasing and green investment and financing business • Issuing green bonds and green funds

In 2023, the greenhouse gas emissions per unit of revenue of the Group was 3.51tCO₂e/RMB10,000, down 35.71% from 2021, realizing the short-term emission goal.

“Carbon Peak and Carbon Neutrality Goals” of Far East Horizon

Goal details	<p>Striving to achieve carbon peak by 2025.</p> <p>Linear reduction in GHG emissions density per unit of revenue by 2% per year between 2021-2025 (i.e., 8% reduction over four years compared to the base year).</p>	<p>Linear reduction in GHG emissions density per unit of income by 4% per year between 2025-2030 (i.e., 20% reduction over five years from the base year).</p>	<p>Striving for full value chain carbon neutrality by 2050.</p>
Base year	2021		
Base annual carbon emissions	183,600 tCO ₂ e		
Base annual carbon emissions intensity	5.46 tCO ₂ e/RMB million		
Organizational scope of goal coverage	Scope within the consolidated statements of operations determined using the operating control method		
Carbon emissions scope of goal coverage	Scope 1 and Scope 2	Scope 1 and Scope 2	Scope 1, Scope 2 and Scope 3
Target year	2025	2030	2050
Target annual carbon emissions intensity	5.02 tCO ₂ e/RMB million	3.93 tCO ₂ e/RMB million	---



For more information about climate change mitigation and applicable issue management, please refer to the 2024 Task Force on Climate-Related Financial Disclosures (TCFD) Report of Far East Horizon Limited.

3.2 Promoting Sustainable Finance

In the development pattern in which modern global finance and industries are deeply integrated, sustainable finance, which was once a supplementary strategy to address environmental challenges and social responsibilities, has been upgraded and become a strategic core element for financial enterprises to realize comprehensive, stable, and sustainable growth.

As a comprehensive group spanning finance and industry, the Group has continuously pushed for integration of ESG elements into comprehensive financial services and supported sustainable social and economic development and environmental protection in all respects from the perspective of industry.

In September 2023, the Group formulated and released the *Sustainability Financing Framework* and established the “Sustainability Financing Task Force”, aiming to raise funds through financial instruments and invest them in projects that are in line with the UN SDGs and the Social Responsibility Standard.

Expanding Sustainability Financing Channels

The Group has actively expanded fund raising channels. It has continuously raised funds through sustainability loans, issuance of special bonds and ABS, which have provided a capital base for the environmental protection projects of the Group and other financial leasing projects that support sustainable economic and social development.

Case

Obtaining a sustainability-linked “blue + green” syndicated loan

In June 2023, led by Bank of China and Agricultural Bank of China, the Group obtained a RMB600 million “blue + green” syndicated loan, with a term of three years, which will be used to provide financial leasing service to sewage treatment and ocean ship industries. Meanwhile, the Group set sustainability performance targets (SPTs), pledging to inject no less than RMB900 million and RMB200 million in the two industries by 2025 respectively.

During the duration period of the loan, CCX will assess and validate the implementation of the SPTs and issue an assessment report every year, including but not limited to the performance results of linked targets, sustainability benefits realized, and the impact of the performance results of linked targets on the loan structure during the reporting period.

Case

Issuing sustainability-linked corporate bonds to the public

In January 2023, the Group successfully issued corporate bonds (Phase I) (sustainability-linked) in 2023 by public offering to professional investors on the Shanghai Stock Exchange.

The bonds are issued to raise RMB1 billion, with a term of two years. The funds raised will be mainly invested in financial leasing projects in green fields and inclusive finance fields such as micro and small businesses, and the leased property in green fields shall meet the requirements of the *Green Bond Endorsed Projects Catalogue (2021 Edition)*.

The Group set a SPT for the bonds, pledging to inject a total of no less than RMB100 billion in the Group’s leasing business for green fields and inclusive finance fields such as micro and small businesses from January 1, 2019 to September 30, 2023. The actual amount injected is RMB137,673 million and the target has been completed.

Supporting Green Transition of Industries

With a focus on the green development of the real economy, the Group has, with construction of basic industrial facilities and projects aimed to improve the people's wellbeing as the means, precisely guided capital to flow into sustainability fields through innovative financial products and service models. Meanwhile, based on the *Sustainability Financing Framework*, the Group has firmly excluded non-sustainability asset types including industries involving illegal activities, high pollution and/or high energy consumption, to make sure that raised funds are precisely injected in quality projects that meet green and/or social responsibility standards.

In the process of promoting ecological conservation and green development of cities, through FEHORIZON AMC, the Group has always applied in depth the philosophy of green development and integrated ecological benefits and social benefits while pursuing economic benefits, realizing harmonious coexistence with the ecosystem and coordinated development with the society.

In 2023, with the one-stop solution integrating "investment, financing, construction and transportation", FEHORIZON AMC invested in and operated 8 new new-energy photovoltaic projects, with a total capacity of 23.67MW all lcompleted grid connection.

As at the end of 2023, FEHORIZON AMC invested in and operated a total of 54 new energy photovoltaic projects, with cumulative capacity 125MW which can save about 41,553 tons of standard coal for the power grid every year, and accordingly reduce emissions of various greenhouse gases and air pollutants each year, including 126,245 tCO₂e.



JD Phase II 6MW Distributed Photovoltaic Project



Zhenbang 6MW Distributed Photovoltaic Project

Case

Investing in the construction of the Suzhou EOD Project to promote improvement of the regional eco-environment

FEHORIZON AMC invested in the construction of and successfully operated the eco-environment-oriented development (EOD) project in the Wuzhong Chenghu area in Suzhou City, Jiangsu Province. Covering a total area of about 112 square kilometers, the project aims to comprehensively integrate a diversity of business forms including ecological environmental management, infrastructure construction, building of green agriculture and characteristic countryside, development of low-carbon scientific and technological industrial parks and investment in agriculture, culture and tourism industries, and it has 23 sub-projects.

Upholding the core idea of “realizing regional upgrading and industrial structure upgrading with eco-environmental modification as the cornerstone and innovation in combination of elements as the drive”, FEHORIZON AMC has actively advanced the eco-environmental modification and protection efforts in Chenghu and deeply integrated the development of surrounding agriculture, culture and tourism industries, which has effectively promoted harmonious coexistence and synergistic interaction between the lake ecosystem and urban development.



A bird’s eye view of the Suzhou EOD project

Case

Investing in the construction of the energy conservation transformation project of existing residential buildings of Taiyuan City

FEHORIZON AMC and China Railway Construction Corporation Limited jointly invested in the energy conservation transformation project of existing residential buildings of Taiyuan City, Shanxi Province, which benefited 300,000 people in about 600 residential quarters in six districts of Taiyuan City and covered a floor area of about 10.01 million square meters. After the transformation, the residential buildings can realize heat insulation, which will help keep room temperature stable, making the buildings warm in winter and cool in summer and thus comfortable to live in. The project has improved the living quality of the residents and also effectively reduced energy consumption.

The project was completed and put into service in 2022, and the year 2023 is its first complete operating year. It is expected to save 211,800 tons of standard coal and realize RMB161 million of energy efficiency benefits in the year.



Residential buildings of a residential quarter in Taiyuan City (before transformation)



Existing residential buildings of a residential quarter in Taiyuan City (after transformation)

3.3 Continuing Green Operation

Practicing green operation is the foundation of Far East Horizon to promote sustainable operation. The Group strictly abides by the *Environmental Protection Law of the People's Republic of China* and other relevant laws and regulations. By setting environmental management goals, strengthening economical use of energy and water resources, enhancing waste management, etc., the Group has explored and applied green and low-carbon operating models and promoted harmony and unity of operation and environmental protection. In 2023, none of the Company's business operations had significant impact on the environment or natural resources, and no environment violations occurred.

With 2022 as the base year, the Group has set targets for energy management, water resources management and waste management and actively implemented measures to save energy and water resources, reduce emissions and wastes, etc. The Group tracks the progress toward fulfilling the targets periodically and is committed to promoting environmental protection and sustainable development.

Environmental Management Targets of Far East Horizon and Progress

Target	Energy management	Water resources management	Waste management
Targets for 2030	Reduction of energy consumption per unit of revenue by 25% by 2030 compared with the base year	Reduction of water consumption per unit of revenue by 25% by 2030 compared with the base year	Continue to improve garbage sorting and statistics and management capability, and trace the comprehensive utilization of wastes like domestic waste and large solid wastes.
Progress in 2023	Decrease by 32.47% from the base year the target has been met ahead of the set timeline	Decrease by 11.43% from the base year progressing towards the objective	

Far East Horizon Shanghai Operation Center is located in Far East Horizon Plaza. The Group has implemented the concept of green and energy conservation through all stages of Far East Horizon Plaza including design, construction and operation, which is reflected in energy conservation and energy use, water conservation and use of water resources, materials saving and materials use, etc.

Green Operation Measures



Receiving LEED Gold

Key aspect	Specific measures	Achievements
Green office	<ul style="list-style-type: none"> • Using intelligent energy-saving facilities: using escalators with motion sensing control and an underground parking space with time-based intelligent lighting control system; • Equipment optimization for energy conservation: carrying out energy conservation transformation of central air conditioning units with a low utilization rate; • Integrating green energy resources: the centralized hot water supply system uses the solar water heating system as the preheating means of domestic hot water, and the positive displacement gas heater as the supplementary heat source; • Low-carbon office culture: launching the low-carbon office initiative and formulating the <i>Office Management Rules</i>, to guide employees to form energy conservation and emission reduction habits; • Paperless office: establishing the online office (OA) system, releasing internal notices online, and advocating printing on both sides and drinking water with cups brought from home; 	<ul style="list-style-type: none"> • Completing the energy conservation target for 2023 of reducing energy consumption by 100,000kWh year on year, and actually reducing energy consumption by 373,000kWh; • The solar water heating system provides about 20% of daily heat to the centralized hot water supply system.
Water resources and effluent management	<ul style="list-style-type: none"> • The water used in operations is from the municipal water supply system; • Water reuse: setting a rainwater harvesting pond, and using the treated rainwater for planting irrigation, road sprinkling, and other purposes; • Water culture: encouraging employees to save water, preferentially purchasing water saving office appliances, carrying out timely maintenance on parts where water leaks; • Effluent treatment: effluents collected from the underground parking space is treated through the sand sedimentation and oil separation tank before being discharged into the sewage system, and oily wastewater from kitchen is treated through the oil separation tank before being discharged into the municipal pipes. 	<ul style="list-style-type: none"> • Having no problem accessing water; • Annual rainwater collected for reuse reached 2,200m³.
Waste management	<ul style="list-style-type: none"> • Garbage sorting culture: advocating garbage sorting through publicity posters, publicity videos, garbage sorting training, etc.; • Standardizing sorting facilities: setting separate garbage bins for dry, wet, recyclable and hazardous garbage in elevator lobbies, water dispenser rooms and garbage chambers; • Clearing garbage regularly: domestic waste is cleared every day after collected by the property management company in a unified manner, while electronic waste is disposed of by a qualified company entrusted by the Company. 	<ul style="list-style-type: none"> • About 15.5 bins of dry garbage is collected every day, and recyclable waste is about 14 tons a year.

The Group has taken into full account the uniqueness and inherent requirements of the respective business fields of its three core industrial pillars. It has actively applied the green development philosophy, systematically implemented custom-made environmental management strategies and measures, improved resource utilization in all respects, reduced environmental impact, and continuously pushed industries to carry out transition and upgrading toward a more sustainable and environmentally friendlier direction.

Environmental Management Measures of the Group’s Three Core Industrial Pillars

Key aspect	Specific measures	Achievements
Equipment operation industry - CDHORIZON		
Management mechanism	<ul style="list-style-type: none"> Upholding the environmental management philosophy of “adhering to energy conservation and emission reduction, low-carbon work, and sustainable development” and making sure that all activities comply with the country’s strict requirements on environmental protection; The operation center is responsible for approving environmental protection policies and regulations and managing and advancing environmental protection work. It has formulated and released the <i>Environmental Protection Management Measures</i>. 	<ul style="list-style-type: none"> Two base owned by CDHORIZON has been certified to the ISO 14001:2015 - Environmental management systems, certification has covered 50% of the Goup’s bases.
Energy management	<ul style="list-style-type: none"> The energy types involved include electricity, gasoline and diesel used by vehicles owned by CDHORIZON, diesel used by engineering equipment, etc.; Pushing for substitution with clean energy in equipment, changing to more energy-saving cranes, using permanent magnet synchronous motors, and increasing the proportion of electric arms in procurement; Using a remote intelligent inspection system to replace periodical inspection work, reducing travel of service vehicles, and reduce the use of gasoline of service vehicles; Promoting “earlier maintenance” and improving the transfer efficiency of materials between projects to reduce secondary transportation of materials; Changing to solar street lamps and adopting a solar water heating system for water heating of hand washing sinks at the CDHORIZON base, and adopting a ground-source heat pump system at the Jiading Base and the Wuqing Base. 	<ul style="list-style-type: none"> Compared to traditional cranes, energy-saving cranes saved about 35,800kWh a year; The proportion of electric arms in procurement was raised to 57.1% from 43.7% in 2022; The use of gasoline by service vehicles reduced by 155,600L a year; The use of diesel reduced by 3,000L; Completing replacement of 15 street lamps with solar ones; Compared to the traditional air conditioning system, the ground-source heat pump system saved 15% of energy.
Resource management	<ul style="list-style-type: none"> The water used in business operations includes municipal water and rainwater, so it has no problem in accessing water; The Jiading Base and the Nansha Base have a rainwater collection and recovery system and use collected rainwater in fountains, vehicle washing and other scenarios after treatment; Water saving signs are posted in the office area to urge employees to take water as needed, and sensor faucets and sensor switches are introduced in washrooms; Promoting a paperless office system; Arranging one-sided paper collection boxes and placing them by recyclable paper collection sites to encourage secondary use of one-sided paper, and promoting printing on both sides of paper. 	<ul style="list-style-type: none"> The rainwater collected by the Jiading Base and the Nansha Base in total is about 1,548m³ a year; In 2023, a total of about 2 million pieces of paper were saved.

Key aspect	Specific measures	Achievements
Equipment operation industry - CDHORIZON		
Effluent and waste management	<ul style="list-style-type: none"> The types of effluents involved include exhaust gases such as dust-laden exhaust gas and wastewater like factory cleaning wastewater and domestic wastewater; The types of waste involved include hazardous waste like discarded batteries and non-hazardous waste like scrap metal; Replacing the “propane or acetylene + oxygen” chemical cutting with plasma cutting for steel cutting to reduce exhaust emissions in the cutting process; Recycling factory cleaning wastewater and using it to clean equipment entering the factory; Gradually replacing existing lead-acid batteries with maintenance-free batteries used in aerial work platforms, which can not only optimize operating procedures and save the water resources needed by equipment maintenance but also reduce emissions from lead-acid pollution sources; Adding oil-saving trays and oil-absorbing sponges in operating environments and locations prone to oil leak, and strictly requiring employees to carry it out; In pipe cutting preparation, changing from manual material feeding to automated material feeding, and changing from saw-blade cutting to laser cutting; Using upright rods and cross bars with ring locks to make packing racks, which can not only reduce the use of U-steel racks but can also be recycled for future use; Engaging a tyre retreading factory to retread scrap tyres; Recycling, repairing and reusing articles with reuse value. 	<ul style="list-style-type: none"> The recycling of cleaning wastewater can help reduce sewage discharge by about 350m³ a year ; With the improved pipe cutting process, 10mm can be saved for every 6m of steel pipes in average, and about 50t of steel can be saved every year; The recycling packing racks can help save the purchase cost of 20,000t of “U-steel racks” every year; As at the end of 2023, about 45,423 tyres were reused, saving about RMB4.5 million of cost; In 2023, 192,611 pieces of articles were recycled, a recovery rate of 92.6%, and 67,315 pieces of old articles were subject to secondary maintenance.
Medical service industry - Horizon Healthcare		
Management mechanism	<ul style="list-style-type: none"> Continuously strengthening the standardability of environmental management work; Requiring member hospitals to standardize input in environmental protection and ensure compliance with environmental protection regulations, mainly including environmental (radiation safety) impact assessment and monitoring of new, renovation and expansion construction projects, periodical monitoring cost for discharge by operating enterprises according to environmental protection regulations, and purchase, operation, maintenance costs, etc. of environmental protection and energy-saving equipment. 	
Energy management	<ul style="list-style-type: none"> The energy types involved mainly include electricity, natural gas and gasoline and diesel used by vehicles owned by Horizon Healthcare ; Pushing for replacement with energy-saving LED lamps; The photovoltaic power generation project of Meizhou Tieluqiao Hospital is in normal operation; Shaotong Ren’an Hospital has, through cooperation with institutions, built photovoltaic power generation stations on its roof and other areas. 	
Water resources management and medical wastewater treatment	<ul style="list-style-type: none"> The water used in business operations includes municipal water, river water and underground water. Horizon Healthcare has no problem accessing water; Pushing for replacement with water-saving faucets; Obtaining the wastewater/pollution discharge permit and renewing it in time; Launching an online wastewater monitoring system according to the local government’s requirements, ensuring normal operation of sewage treatment equipment, periodically monitoring sewage composition, and making sure the discharge does not exceed standards. 	

Key aspect	Specific measures	Achievements
Medical service industry - Horizon Healthcare		
Disposal of medical waste	<ul style="list-style-type: none"> Member hospitals strictly manage hazardous waste, assign specialized personnel, and use special storage sites, containers and packaging materials; Trusting qualified units to dispose of infectious waste, sharps, pathological waste, drug waste and chemical waste category by category according to regulations; Zhecheng Traditional Chinese Medicine Hospital launched the intelligent medical waste management system of Henan Province. 	
Education industry - Horizon Education		
Energy management	<ul style="list-style-type: none"> Carrying out statistics and management of energy consumption on campus, and specifying time and temperature requirements for air conditioners to be turned on and the time to turn on and off public lighting; Regularly checking power supply lines and electrical appliances and promptly shutting down electric equipment when not in use to reduce electricity consumption; Arranging personnel to take shifts and patrol classrooms except overnight self-study classrooms, to ensure that all types of electrical equipment such as air conditioners and lamps are turned off when not in use. 	
Water resources management	<ul style="list-style-type: none"> The water used in business operations is municipal water, so it has no problem in accessing water; Using energy-saving and water-saving appliances and encouraging faculty and students to save water. 	
Waste management	<ul style="list-style-type: none"> Sorting and disposing of non-hazardous waste such as paper and domestic waste according to relevant standards of the local government, which is collected by municipal units in a unified manner; Having qualified recycling companies dispose of kitchen waste generated on campus; Trusting professional units with qualification to recover and dispose of hazardous waste like toner cartridges and ink cartridges. 	

ESG Performance Data of the Chapter

Environmental Data of the Group¹

Indicator	Unit	2021	2022	2023
GHG emissions²				
Aggregate GHG emissions (Scope 1)	tCO ₂ e	204,084.39	123,602.98	71,591.94 ³
Aggregate GHG emissions (Scope 2)	tCO ₂ e	68,539.31	62,608.93	61,769.63
Aggregate GHG emissions (Scope 1 and Scope 2)	tCO ₂ e	272,623.70	186,211.91	133,361.57
GHG emissions per unit of revenue (Scope 1 and Scope 2)	tCO ₂ e/RMB million	7.18	5.09	3.51
Energy utilization				
Total energy consumption	tce	107,216.73	70,877.60	49,622.39
Energy consumption density per unit of revenue	tce/RMB million	3.19	1.94	1.31
Aggregate natural gas consumption	m ³	1,662,056.70	1,589,229.94	1,619,498.00
Gasoline consumption of self-owned vehicles/mobile devices	liter	3,253,533.51	1,955,586.70	2,729,332.00 ⁴
Diesel consumption of self-owned vehicles/mobile devices	liter	7,657,412.85	9,977,494.71	10,327,744.00
Total electricity consumption	MWh	125,191.20	104,779.47	103,000.00
Aggregate steam and hot water procurement	GJ	41,957.13	47,554.16	51,870.63
Use/production of clean energy				
Renewable energy production (aggregate)	MWh	84,621.80	103,283.00	727,683.50
Utilization of water resources				
Aggregate water consumption	m ³	2,860,904.71	2,314,272.07	2,138,066.40
of which, recycled water consumption	m ³	184,223.00	9,845.74	6,350.00
Water consumption per unit of revenue	m ³ /RMB million	85.03	63.59	56.32
Solid waste				
Aggregate solid waste generation	ton	25,159.80	15,055.32	23,258.56 ⁵
of which, aggregate recyclable solid waste	ton	418.22	2,875.71	0.00
Solid waste generation per unit of revenue	ton/RMB million	0.75	0.41	0.61
Aggregate hazardous waste generation	ton	3,639.78	1,711.94	1,881.03
of which, medical waste (HW01, HW02, HW03)	ton	2,457.14	1,533.05	1,712.36
of which, chemical waste (HW06, 09, 12, 13, 17, 21, 22, 33, 34, 35)	ton	1,098.36	14.21	6.87 ⁶

Indicator	Unit	2021	2022	2023
Hazardous waste				
of which, electronic waste (HW10)	ton	0.12	1.26	0.60 ⁷
of which, other waste (HW49)	ton	84.16	163.42	161.20
Industrial waste gas				
SO ₂	kg	20.52	60.00	0.00
VOC	kg	44.69	5.00	0.18 ⁸
Mobile-source exhaust emissions				
SO ₂	kg	5,486.87	779.20	206.90 ⁹
NO ₂	kg	38,537.82	30,554.50	28,296.73
PM	kg	3,588.10	2,844.81	2,711.29
Wastewater pollutants¹⁰				
NOx	kg	36,679.92	14,282.96	2,086.12
COD	kg	202,260.71	506,790.46	327,478.37
BOD	kg	22,098.44	69,725.39	35,038.36
Ammonia nitrogen	kg	5,588.72	28,985.86	19,333.44

Note 1: The above statistics are based on the consolidated statements of the Far East Horizon Group. In 2023, there were notable changes in the shipping operations of the company, accompanied by proactive efforts towards energy conservation and emission reduction. As a result, certain data exhibited significant fluctuations compared to 2022.

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

Note 4, Note 5: Due to business expansion in 2023, there were substantial increases in the diesel consumption of self-owned vehicles/mobile and the aggregate solid waste generation compared to 2022.

Note 3, Note 6, Note 7, Note 8, Note 9, Note 10: In 2023, significant decreases were observed in data related to SO₂ emissions, VOC emissions and wastewater pollutants compared to 2022, due to advancements in energy conservation and emissions reduction efforts.

Environmental Data of CDHORIZON¹

Indicator	Unit	2021	2022	2023
GHG emissions²				
Aggregate GHG emissions (Scope 1)	tCO ₂ e	27,904.24	29,707.28	32,970
Aggregate GHG emissions (Scope 2)	tCO ₂ e	9,720.10	5,754.56	7,578
Aggregate GHG emissions (Scope 1 and Scope 2)	tCO ₂ e	---	---	40,548
GHG emissions per unit of revenue (Scope 1 and Scope 2)	tCO ₂ e/RMB million	6.13	4.50	4.22

Indicator	Unit	2021	2022	2023
Energy utilization				
Total energy consumption	tce	15,310.45	16,142.89	18,004.7
Energy consumption density per unit of revenue	tce/RMB million	2.49	2.05	1.87
Gasoline consumption of self-owned vehicles/mobile devices	liter	2,909,205.00	1,556,038.00	2,355,428 ³
Diesel consumption of self-owned vehicles/mobile devices	liter	7,469,781.10	9,793,896.22	10,106,603
Total electricity consumption	MWh	13,538.08	10,090.42	13,285
Electricity consumption per unit of revenue	MWh /RMB million	---	---	1.38
Utilization of water resources				
Aggregate water consumption	m ³	227,001.74	296,906.00	280,552.4
of which, recycled water consumption	m ³	---	---	350
Water consumption per unit of revenue	m ³ /RMB million	36.53	37.69	29.2
Solid waste				
Aggregate solid waste generation	ton	690.00	336.00	1,723
of which, aggregate recyclable solid waste	ton	10.51	0.00	---
Solid waste generation per unit of revenue	ton/RMB million	0.11	0.04	0.18
Hazardous waste⁴				
Aggregate hazardous waste generation	ton	11.62	74.00	157.6 ⁴
Mobile-source exhaust emissions				
SO ₂	kg	163.03	534.13	197 ⁵
NO ₂	kg	32,557.50	14,260.51	24,524 ⁶
PM	kg	3,031.29	1,327.74	2,350 ⁷

Note 1: The above statistics are based on the consolidated statements of CDHORIZON.

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

Note 3, Note 4, Note 6, Note 7: Due to business expansion in 2023, there were significant increases in the diesel consumption of self-owned vehicles/mobile, the aggregate hazardous waste generation and the emissions of NO₂ compared to 2022.

Note 5: In 2023, significant decreases were observed in data related to SO₂ emissions compared to 2022, due to advancements in energy conservation and emissions reduction efforts.

Environmental Data of Horizon Healthcare¹

Indicator	Unit	2021	2022	2023
GHG emissions²				
Aggregate GHG emissions (Scope 1)	tCO ₂ e	4,739.11	4,320.18	3,989
Aggregate GHG emissions (Scope 2)	tCO ₂ e	52,266.48	47,767.05	44,871
GHG emissions per unit of revenue (Scope 1 and Scope 2)	tCO ₂ e/RMB million	14.02	12.35	11.53
Energy utilization				
Total energy consumption	tce	13,344.42	14,961.09	12,189
Energy consumption density per unit of revenue	tce/RMB million	3.34	3.55	2.88
Aggregate natural gas consumption	m ³	1,236,920.12	1,589,229.94	1,291,085
Gasoline consumption of self-owned vehicles/mobile devices	liter	280,099.23	332,028.16	310,010
Diesel consumption of self-owned vehicles/mobile devices	liter	163,618.75	179,494.71	148,175
Total electricity consumption	MWh	81,110.28	78,754.69	73,222
Electricity consumption per unit of revenue	MWh /RMB million	---	---	17.28
Aggregate steam and hot water procurement	GJ	41,696.03	47,554.16	51,871
Use/production of clean energy				
Renewable energy production (aggregate)	MWh	225.55	189.35	728 ³
Utilization of water resources				
Aggregate water consumption	m ³	2,159,103.53	1,350,001.79	1,732,435 ⁴
of which, recycled water consumption	m ³	17,085.00	16,100.00	6,000 ⁵
Water consumption per unit of revenue	m ³ /RMB million	539.78	320.21	408.79
Solid waste				
Aggregate solid waste generation	ton	1,970.21	5,098.57	2,359 ⁶
of which, aggregate recyclable solid waste	ton	369.89	0.00	-
Solid waste generation per unit of revenue	ton/RMB million	0.49	1.21	0.56
Hazardous waste				
Aggregate hazardous waste generation	ton	2,457.14	1,672.29	1,724.5
of which, medical waste (HW01, HW02, HW03)	ton	66.51	1,533.03	1,712.4

Indicator	Unit	2021	2022	2023
of which, chemical waste (HW06, 09, 12, 13, 17, 21, 22, 33, 34, 35)	ton	0.12	9.71	6.9
Hazardous waste				
of which, electronic waste (HW10)	ton	53.23	1.26	0.6
of which, other waste (HW49)	ton	2,577.00	128.29	4.6 ⁷
Industrial waste gas				
SO ₂	kg	20.52	60.00	-
VOC	kg	1.10	5.00	0.18 ⁸
Mobile-source exhaust emissions				
SO ₂	kg	5,133.91	10.97	7.07
NO ₂	kg	5,132.90	627.10	2,743.5 ⁹
PM	kg	477.90	58.39	262.8 ¹⁰
Wastewater pollutants¹¹				
NOx	kg	275.80	14,282.96	2,086.12
COD	kg	32,857.48	310,867.67	97,808.58
BOD	kg	7,665.60	57,970.02	20,404.56
Ammonia nitrogen	kg	2,684.14	25,259.80	16,729.02

Note 1: The above statistics are based on the consolidated statements of Horizon Healthcare.

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

Note 3: Due to the operation of the Meizhou Tieluqiao Hospital photovoltaic power generation project and the Zhaotong Ren'an Hospital photovoltaic power generation project in 2023, there was a significant increase in renewable energy generation (total amount) compared to 2022.

Note 4, Note 9, Note 10: In 2023, due to business growth, there were significant increases in aggregate water consumption and PM emission compared to 2022.

Note 5, Note 6, Note 7, Note 8, Note 11: In 2023, due to advancements in energy conservation and emissions reduction efforts, there were significant decreases in the aggregate solid waste generation, hazardous waste (HW49), and waste water pollutants compared to 2022.

Environmental Data of Horizon Education¹

Indicator	Unit	2021	2022	2023
GHG emissions²				
Aggregate GHG emissions (Scope 1)	tCO ₂ e	339.98	0.00	0.00
Aggregate GHG emissions (Scope 2)	tCO ₂ e	3,571.21	200.21	225.2
GHG emissions per unit of revenue (Scope 1 and Scope 2)	tCO ₂ e/RMB million	15.93	3.12	2.88
Energy utilization				
Total energy consumption	tce	743.83	43.14	48.53
Energy consumption density per unit of revenue	tce/RMB million	3.03	0.67	0.62
Aggregate natural gas consumption	m ³	73,097.54	0.00	0.00
Total electricity consumption	MWh	5,222.72	351.00	395.00
Utilization of water resources				
Aggregate water consumption	m ³	165,266.00	3,297.00	5,537 ³
Water consumption per unit of revenue	m ³ /RMB million	673.18	51.31	70.77
Solid waste				
Aggregate solid waste generation	ton	277.51	1.50	84 ⁴
of which, aggregate recyclable solid waste	ton	19.57	0.00	0.00
Solid waste generation per unit of revenue	ton/RMB million	1.13	0.02	1.07 ⁵

Note 1: The above statistics are based on the consolidated statements of Horizon Education.

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

Note 3, Note 4, Note 5: In 2023, due to business growth, there were significant increases in aggregate water consumption and the aggregate solid waste generation compared to 2022.

SOCIAL

04

Striving to Provide More Efficient Services

Material topics addressed



The UN SDGs aligned



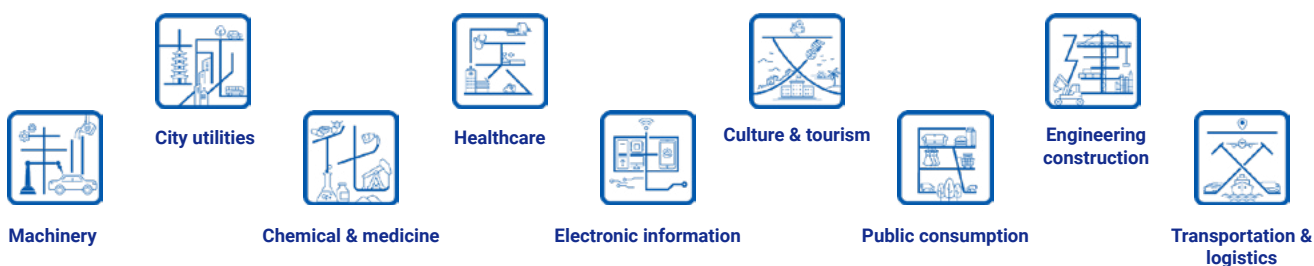
Metrics and targets

Metrics	Target	Progress in 2023
Employee coverage of data security training	100%	100%
Number of major information security incidents	0	0
Information security system building and Group control targets		Completed

4.1 Supporting the Real Sector

As a pioneer and leader in the Chinese financial leasing industry, Far East Horizon upholds the mission of “integrating global resources and promoting industry development” and adheres to the tenet of “serving the upgrading ambition of cities and industries”. Over the past two decades, Far East Horizon has been deeply engaged in basic industries concerning people’s wellbeing such as healthcare and city utilities and major infrastructure construction. Meanwhile, it has paid attention to “little giants” such as specialized and sophisticated enterprises that produce new and unique products. It has provided financial services from the perspective of industries, helped enterprises of the real economy solve financial and fund problems, and promoted the stable development of the nine major basic industries of the national economy.

Deeply Engaged in the Nine Major Industries Relating to the National Economy and People’s Wellbeing



As at the end of 2023, the Company injected a total of more than **RMB1 trillion** into the real economy and served more than **30,000** corporate customers.

Supporting Infrastructure Construction

Through Far East Asset Management, the Group has successfully invested in and operated more than 40 key projects in the fields of municipal facilities, environmental protection & greening, urban renewal, education, culture, etc., playing an important role in pushing for infrastructure construction and public service upgrading.

Case

Supporting the traffic network building of Yingtan City, Jiangxi Province

Far East Asset Management has invested in the construction of the Yuxingui Road, a core artery of Yingtan City. The project consists of three parts, an express way, an arterial road and a minor arterial road, with a total length of 16.04km. Through effective capital operation and construction management, Far East Asset Management ensured the smooth implementation of the project, which completed its completion acceptance on December 26, 2023. The project has facilitated the integration of Yinggui District and Yingyu District, optimized the local transportation infrastructure network, and effectively promoted the economic and social development in the areas along the road.



Yuxingui Road Project

Supporting the Development of the High-tech Manufacturing Industry

The Group has actively responded to the “Made in China 2025” strategy. Centering around core elements like innovation as drive, quality first and green development, the Group has, through flexible and diverse financial leasing services, fully supported the technology R&D, intelligent upgrading and structural optimization of the advanced manufacturing industry, helping the industrial chain take a leap forward.

Case

Supporting an electronics new materials enterprise expanding capacity

A copper foil company limited in Henan is a large group enterprise integrating R&D and manufacturing of new energy resources and new materials for electronics, with electrolytic copper foil as its core product. Its capacity ranks No. 1 in China. In recent years, as the competition in the new energy industry intensifies, the company urgently needs replenishing working capital to reserve strategic resources and expand capacity.

The Group quickly completed customer due diligence with extremely high professional service efficiency and completed the whole process from project initiation to financing granting in only 27 days. The financing helped the company solve short-term liquidity strain and effectively lock in raw materials purchase cost, assisting in the customer’s stable operation and continuous innovation capability upgrading.



The workshop of a copper foil company limited in Henan

Supporting the Transition of the Chemical Industry

The Group has kept a close eye on the policy orientation and market demand changes of the chemical industry and fully leveraged its functions of providing and guiding financial capital to help chemical enterprises optimize their capacity structures, introduce advanced technology and equipment, improve environmental protection efficiency and strengthen R&D input, injecting strong vitality into the upgrading and transition of the Chinese chemical industry.

Case

Supporting the pesticide industry implementing technological improvement and upgrading

Facing the urgent need of industry upgrading and technological improvement, a pesticide and pesticide intermediate company in Ningxia, as an entity specialized in the manufacturing of pesticide products and their key raw materials, was badly in need of a capital injection to support its upgrading of production technology and efficiency improvement.

The Group provided the company with timely and effective financial solutions through the combination of leaseback and factoring business. The financial solutions helped the company carry out major upgrading and improvement projects of its production technology, realize great improvement in the automated and intelligent levels of production lines, effectively control waste discharge in the production process and ease the pressure on the surrounding ecological environment, making substantial contributions to the regional environmental protection work.



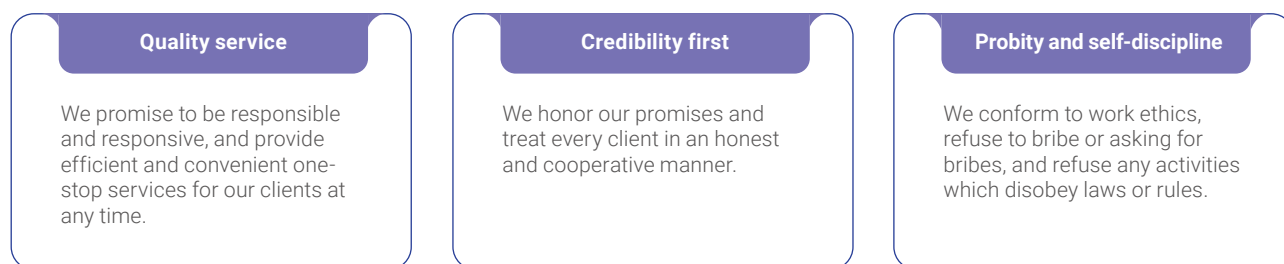
The production plant of a pesticide and pesticide intermediate company in Ningxia

4.2 Providing Quality Customer Service

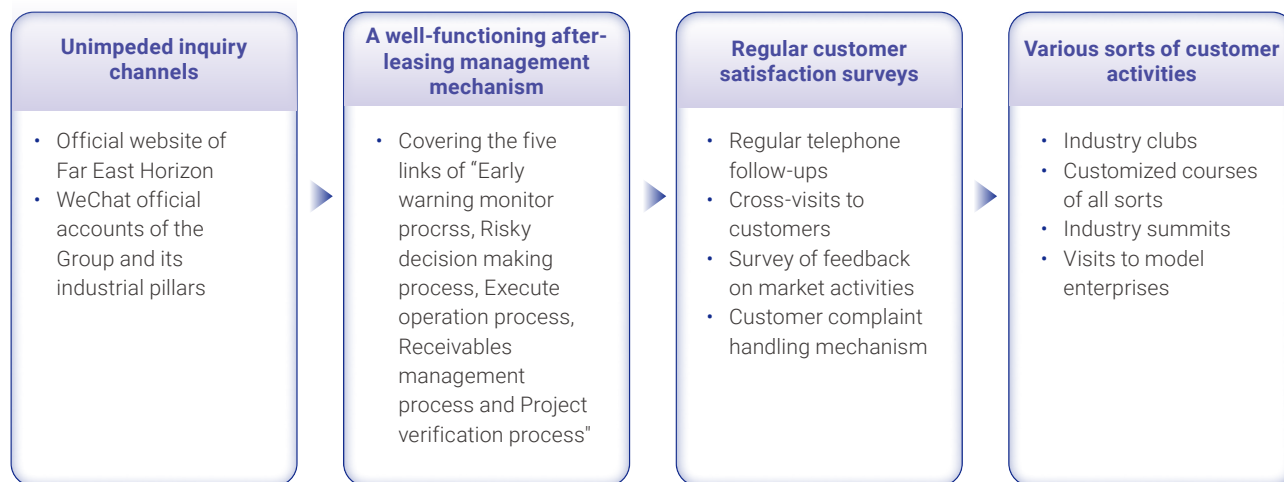
Improving Service Quality

Being customer-centric, Far East Horizon is committed to providing higher quality and more targeted services to all types of customers. The Group keeps promoting innovation in customer service in order to provide quality, diverse, one-stop services. While meeting customer demand, the Group works to enable customers to have access to professional services and create more values for customers.

Far East Horizon's Customer Service Commitment



Far East Horizon's Customer Relations Management System



Responsible Marketing

The Group has always upheld the principles of integrity, transparency and sustainability, actively fulfilled social responsibilities, and integrated them into daily marketing activities. The Group strictly abides by national laws and regulations and industry standards and makes sure that all marketing information such as financing plans and leasing terms is authentic and accurate and is free of misunderstanding content, to protect customers' right to know and right of choice. Besides, the Group actively advocates and promotes equipment leasing business that meets environmental protection standards and is technologically advanced and encourages enterprises to give priority to energy-saving and high-efficiency products when upgrading their equipment, making contributions to the optimization and upgrading of industrial structures.

FinTech Empowerment

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

In 2023, the Group continued to implement digitalization. By integrating advanced technologies like mobile internet, AI and big data, it continuously optimized service capability and customer experience and advanced business upgrading and industry transformation with technological innovation as the drive.

In 2023, the Company invested nearly **RMB103 million** in IT development and had an IT team of nearly **100** persons.

Digitalization Measures of Far East Horizon in 2023

Key aspect	Specific measures
Application of mobile internet	Mobile transformation of business process: focusing on deep integration and optimization of various business scenarios in the business front-line, middle-office and back-office and completing the mobile transformation of the credit granting process and execution procedures.
AI application	Contract OCR semantic recognition technology: using a natural language processing (NLP) engine and realizing high-precision automatic recognition of key elements of business in non-standard financing contracts, with an testing accuracy rate of 80%; AI Q&A robot: based on the core algorithm architecture of GPT and the internal document knowledge base, realizing functions like traditional Q&A and system work order creation, and through the embedded mode, protecting data security while giving play to AI functions.
Development of big data platforms	Hawk-Eye system: integrating diverse information including business registration, operation and credit information, providing one-stop inquiry service, and helping customer managers and quality control managers review and approve credit risk. In 2023, by improving data access efficiency and deeply integrating internal and external data, the Hawk-Eye system significantly strengthened decision-making support ability; Regulatory reporting platform: to meet regulatory requirements and improve reporting efficiency, establishing an automated reporting system and realizing online management of the full data chain covering data acquisition, calculation, verification and reporting. As at the end of 2023, 91% of reports were reported online. 360° customer view: creating a panoramic customer view that integrates all types of internal and external information, which includes 12 primary modules and 30 secondary modules, serves marketing, operation, risk control and archives management and provides deeper and more comprehensive customer insight.

Case

Launching the “Far East Horizon Customer Service” mini-program to improve customer service quality and efficiency

By integrating functions like electronic contract signing, correspondence checking, tax authorization and electronic business cards, the “Far East Horizon Customer Service” mini-program directly reaches and serves end users and realizes online closed-loop management of the service process.

- The mini-program has effectively improved service efficiency and quality. For example, with the electronic contract signing function, it has reduced contract signing time to less than five minutes, easing the workload of front-line staff and optimizing user experience;
- Leveraging its advantage as a WeChat mini-program, “Far East Horizon Customer Service” has used the push mechanism to continuously contact and serve customers and built an efficient channel reaching the C Community.

After it went live in 2023, the mini-program had monthly active users of nearly **2,000**.



Interface of the “Far East Horizon Customer Service” mini-program

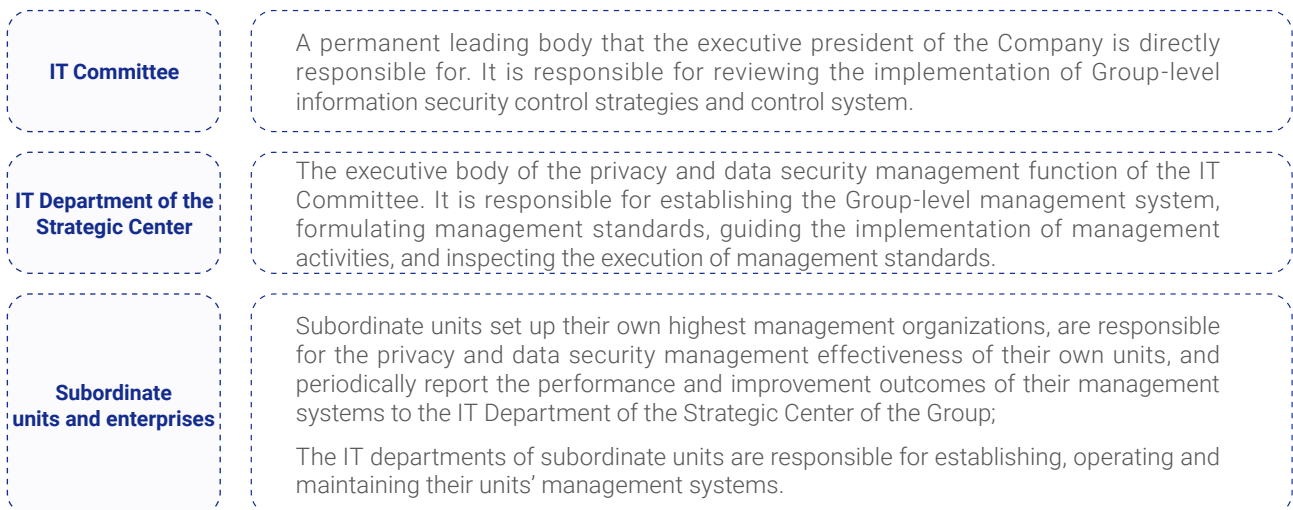
Privacy and Data Security

Far East Horizon’s business operation involves acquisition of customers’ information and data. Therefore, information security and customer privacy protection are of vital importance to the Group.

In strict accordance with the pertinent laws and regulations such as the *Data Security Law of the People’s Republic of China*, the *Cybersecurity Law of the People’s Republic of China*, and the *Personal Information Protection Law of the People’s Republic of China*, the Group has established top-down Group-level privacy and data security management architecture and has formulated and strictly implemented a set of internal policies, including the *Information Security Management Standards*, the *Rules on Personal Information Protection and Management*, and the *Rules on Full Life Cycle Data Security Management*, to make sure that data security and customer privacy protection are always put in the core position in the full lifecycle of data covering collection, storage, use, processing, transfer, provision, public disclosure and destruction.

In 2023, no major information security incident occurred at the Group, and no customer or employee privacy data was affected.

Privacy and Data Security Management Architecture of Far East Horizon



In 2023, in accordance with the ISO27001 and the Basic Requirements for Cybersecurity Level Protection of Information Security Technology, the Group advanced in depth the optimization of privacy and data security management in multiple dimensions including cybersecurity, terminal protection, data protection, software development security, response to security incidents, and privacy protection. Meanwhile, by strictly implementing the internal and external audit mechanism, the Group made sure that information security vulnerabilities are identified promptly and solved properly, which effectively improved overall information protection efficiency.

Privacy and Data Security Measures of Far East Horizon

Aspect	Specific measures
Cybersecurity	Using security modules such as WAF firewall, situation awareness and IPS to make sure that network access is controlled and limited and cyber attacks can be detected and intercepted in a timely manner.
Terminal protection	Using security control means like antivirus tools, end user admission and domain control to make sure that all types of office terminals and servers have controlled access and are in healthy operation.
Data protection	Formulating policies like the <i>Data Security Management Rules</i> and the <i>Classified and Hierarchical Information Management Rules</i> to provide guidelines on data security management; Through forms such as special inspection, aligning itself with regulatory requirements, promptly checking the data security status of the Company such as privacy compliance of the Company's app, and rectifying identified problems in a timely manner.
Software development security	Using security testing methods such as host scanning, web application scanning and penetration testing to make sure that the Company finds and deals with vulnerabilities in a timely manner before and after a system goes live.
Emergency response to security incidents	Formulating and implementing the <i>Management Rules of Emergency Response Policies and Plans to Security Incidents</i> , classifying security incidents into different types and different levels, defining department responsibilities and response mechanisms, conducting emergency response exercise every year, continuously strengthening security incident response ability, and reducing and preventing losses and damages caused by security incidents.
Privacy protection	Embedding privacy protection into the Group compliance management mechanism and urging employees to sign the <i>Letter of Commitment on Job Confidentiality</i> and department managers to sign the <i>Letter of Commitment on Confidentiality Responsibility</i> .

Privacy and Data Security Audits of Far East Horizon

Type	Audit content	Audit frequency
Internal audit	<ul style="list-style-type: none"> Conducting special compliance audits regarding personal information protection on businesses of all sectors of the Company; assessing data risks from all dimensions of the full lifecycle of data. 	<ul style="list-style-type: none"> Once a year
External audit	<ul style="list-style-type: none"> Engaging third-party external agencies to conduct information security audits on aspects such as the Company's management of its IT process; Engaging third-party agencies to conduct compliance audits regarding privacy policies, which include appraisal of information security protection levels and security-related rectification. 	<ul style="list-style-type: none"> Once every two years for systems with a protection level of 2 Once a year for systems with a protection level of 3 Other external audits are conducted from time to time

The Group adheres to the idea that "information security is everybody's responsibility", sees every employee as a key force protecting data security, and integrates information security responsibility into the job responsibilities of all employees. By establishing an effective reporting mechanism, a performance appraisal system and regular training and publicity activities, the Group makes sure that all employees undertake the major responsibility of maintaining the enterprise data asset security protection system in daily work, thus effectively ensuring enterprise data security.

Employee Participation Measures in Privacy and Data Security of Far East Horizon

Aspect	Specific measures
Reporting mechanism	<ul style="list-style-type: none"> Formulating and implementing the <i>Management Rules of Emergency Response Policies and Plans to Security Incidents</i> and requiring departments to collect, analyze and sum up information security operation statuses and closely monitor information security; When finding a sign of a security incident, employees shall immediately report it to the emergency response system, which will determine whether to report it to the leading group for emergency response based on the level of the security incident.
Performance appraisal	<ul style="list-style-type: none"> Regarding employee acts that violate network system and <i>information security management standards</i>, the IT Department will record them in detail and trace system running logs as objective evidence; Once a violation by an employee is found, the Group will officially issue a written notice, and hand over relevant evidential materials to relevant human resources department in a timely manner, which will be used as important reference in the performance appraisal of the employee involved.
Training and publicity	<ul style="list-style-type: none"> Conducting information security training by sending information security tabloids via email and Feishu, carrying out quarterly themed publicity and face-to-face teaching, inviting third-party professionals to hold training sessions at the Company, etc.; Conducting information security training among all employees during the special improvement project for information security. The training contents include interpretation of the Information Security Management Standards, identification skills of phishing emails, reporting and handling processes of information security incidents, etc.

In 2023,

A total of **1** set of systems with a protection level of **3** and **2** sets of systems with a protection level of **2** completed level protection evaluation;

A total of **6** issues of information security tabloids and **4** sessions of quarterly themed publicity were sent and **1** session of on-site training by third-party professionals were held, covering **100%** of employees.

Information Security Indicators and Targets of Far East Horizon in 2023

Indicator/Aspect	Target	Completion of target
Information security system building	Optimizing information security management standards; implementing specific information security standards; promoting system building through inspection, identifying high-risk scenarios and pushing for remediation.	Completed
Group-level information security control	Formulating the Group-level control baseline; assisting subordinate platforms implementing the Group's security requirements and conducting an annual audit of subordinate platforms.	Completed

4.3 Improving Access to Finance

Overview of Inclusive Finance

Improving access to finance is of great significance to promoting economic development, alleviating poverty and inequality, facilitating financial innovation, and stabilizing the financial system. Far East Horizon actively responds to the orientation of national policies and mainly relies on its inclusive finance subsidiary - Far East Horizon Inclusive Financial Leasing (Tianjin) Co., Ltd. (hereinafter referred to as the "FEHORIZON Inclusive"), to improve access to financial services across the country, especially in remote less developed areas, solve the difficulties of micro, small and medium-sized enterprises (MSMEs) in accessing financing, and stimulate their innovation vitality and development potential by continuously increasing the financing support for them, thus contributing to the balanced development of the Chinese economy and social equity.

FEHORIZON Inclusive actively expands the inclusive finance market through cooperation with various parties, and continuously innovates service modes based on the characteristics of target groups and market demand and feedback. Taking Shanghai as its strategic pivot, it has built an extensive business network in more than 20 major cities across China, deeply covering core regions and coastal industrial clusters including the Yangtze River Delta, the Pearl River Delta and the Beijing-Tianjin-Hebei Region. On that basis, based on the characteristics of MSMEs in different regions and industries, it provides custom-made financial leasing solutions, and with quality, convenient and efficient services, it has effectively improved the access and inclusion of financial services.

In 2023, through in-depth cooperation with industry associations, FEHORIZON Inclusive organized information sessions on inclusive finance services and products for corporate customers, Deliver Inclusive Finance to Your Home, Activity Day for Target Groups of Inclusive Finance, etc.

As at the end of 2023, FEHORIZON Inclusive provided a cumulative total of more than RMB36 billion of funds for MSMEs and served a total of more than **11,500** customers, including more than **3,500** new corporate customers in 2023. The number of leasing projects exceeded **5,200**, covering **4** municipalities directly under the central government, more than **150** cities and **20** provinces/autonomous regions across China.

In 2023, FEHORIZON Inclusive received the "Annual Outstanding Enterprise Award" at the 11th China Leasing Annual Conference, and won the China Financial Leasing "Soar Awards" - "Most Influential Financial Leasing Company Award" at the Global Leasing Industry Competitiveness Forum for the fourth year straight.



Annual Outstanding Enterprise Award of the China Leasing Annual Conference



China Financial Leasing "Soar Awards" - "Most Influential Financial Leasing Company Award"

FEHORIZON Inclusive is committed to protecting the rights and interests of MSMEs. It has established a well-functioning and efficient complaint handling mechanism to make sure that customer complaints are responded to and solved in a professional, objective and impartial manner within a reasonable period of time and realize continuous optimization and improvement of service quality.

Customer Complaint Handling Mechanism of FEHORIZON Inclusive

General complaint handling mechanism	Serious complaint handling mechanism
<ul style="list-style-type: none"> • After receiving a complaint, if it cannot be solved online, the customer service department will create a work order and forward it to relevant secondary responsible department, and reply to the customer and complete customer follow-ups within a specified time period; • If the secondary responsible department fails to handle the complaint within the specified time period, the work order will be automatically escalated to be handled by a primary department and even the Audit Department and General Manager. 	<ul style="list-style-type: none"> • Regarding serious complaints involving third-party involvement, administrative punishment, etc., the customer service department will directly create a serious complaint work order and submit it to the Enterprise Planning Department while copying it to the Audit Department and General Manager, and report it according to the <i>Management Measures of HSE Accidents and Incidents</i>; • If a complaint involves violations by employees of the Company, the customer department will also initiate the serious complaint handling process, and directly submit it to the Audit Department while copying it to General Manager for quick response and serious accountability.

Technology Accelerates the Improvement of Access to Finance

FEHORIZON Inclusive focuses on applying technological means to empower the services for MSMEs. Through intelligent solutions, it has realized comprehensive optimization of business process and significant improvement in service efficiency. FEHORIZON Inclusive has practiced in depth the “standard, intelligent, online” service mode. It has incorporated technological empowerment into the whole business process and attached great importance to the building and implementation of the risk management system, aiming to provide MSMEs with speedy, safe, reliable and efficient financial services and support.

Measures Taken by Far East Horizon to Empower Inclusive Business with Technology in 2023

Technology empowers the whole business process		Technology empowers risk management
Pre-leasing links	<ul style="list-style-type: none"> • With the authorization and permission of customers, integrating multi-dimensional data including credit information, taxation, energy consumption and bank transactions, and using intelligent risk control models to accurately describe customers’ credit standing and simplify due diligence procedures; • Using remote video credit audit technology to break geographic restrictions and improve credit approval efficiency. 	<ul style="list-style-type: none"> • Building an intelligent early warning system, and integrating the “skynet” for network monitoring and warning and the “ground net” for field monitoring in various scenarios to realize real-time monitoring and early warning and handling of systemic risk, fraud risk, etc. and make sure that risks are detected and dealt with at an earlier stage and the situation is recovered quickly; • Establishing a standard collection system, formulating unified and flexible collection strategies, and refining the diverse dispute resolution mechanism, to form a multi-dimensional risk control and asset disposal support system.
In-process links	<ul style="list-style-type: none"> • Using OCR, which has significantly optimized the equipment invoice recognition and authenticity verification process; • Realizing online quick contract signing, contract review and handover, etc. in minutes with the help of digital tools. In 2023, over 99% of contracts were signed online. 	
Post-leasing links	<ul style="list-style-type: none"> • Through the mini program, comprehensively realizing online service rendering and paperless operation, and providing one-stop self-service experience to existing customers, including contract checking, receiving repayment reminders, push confirmation of notes, lease contract renewal application, issuance of settlement certificates, etc. 	

Case

Online financial services support a PV technology company realizing transition and upgrading

A PV technology company was in difficulties due to insufficient light assets and collaterals. It faced great challenges in its transition and upgrading and urgently needed financing to introduce an advanced production line.

FEHORIZON Inclusive quickly responded. Through online video visit to the factory and remote due diligence, it completed survey in a short period of time and efficiently approved a RMB4 million loan, which effectively helped the company deploy a new production line and promote its transition and upgrading.



Photovoltaic and Wind Power Generation

ESG Performance Data of the Chapter

Economic Performance

Indicator	Unit	2021	2022	2023
Total revenue	RMB100 million	336.44	365.86	379.60
Profit before tax	RMB100 million	100.13	103.19	104.25
Total tax payment	RMB100 million	50.22	54.09	51.45
Total assets	RMB100 million	3,358.80	3,469.95	3,514.83
Government grants	RMB10,000	28,055.80	16,101.80	22,537.70
Salary and welfare of employees	RMB10,000	419,734.70	467,867.60	569,226.30
Basic earnings per share	RMB/share	1.36	1.46	1.47
Fines for ESG problems	RMB10,000	--	--	0

Product Responsibility Performance

Indicator	Unit	2021	2022	2023
Complaints received on products and services	Piece	4	6	10
Complaint handling rate	%	100.00	100.00	100.00

Note 1: Data collection encompasses traditional financial activities like financial leasing within our group, excluding innovative financial services and other industrial sectors.

05

Harmony, Diversity and Inclusion

Material topics addressed

Protection of employee rights and benefits	Human capital development	Occupational health and safety
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The UN SDGs aligned

3 GOOD HEALTH AND WELL-BEING	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES
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Metrics and targets

Metrics	2023 Performance	
Number of people with disabilities hired		47
Employee average training hours		38.05 hour
Employee satisfaction		36.94 hour
Rate of return on human capital investment		84.71 %

Metrics	Target	Progress in 2023
Number of major HSE accidents and violations	0	0

5.1 Protecting Employees’ Rights and Interests

Employee Recruitment and Employment

Far East Horizon sees talent as the core competitiveness for enterprise development. The Group strictly abides by the *Labor Law of the People’s Republic of China*, the *Labor Contract Law of the People’s Republic of China*, the *Law of the People’s Republic of China on Promotion of Employment*, and other laws and regulations. It has formulated and implemented relevant management regulations including the *Recruitment Management Measures* and the *Labor Contract Management Rules* and is committed to creating a workplace featuring fair competition, diversity and win-win collaboration.

The Group follows the principle of equal opportunity, adheres to recruitment and employment in accordance with laws and regulations, and makes sure that in recruitment, the criteria are clear, the procedures are open, the operation complies with laws and regulations, and the best candidates are hired. The Group strictly abides by the *Law of the People’s Republic of China on Protection of Minors*, the *Provisions on Prohibition of Child Labor*, and other laws and regulations and other applicable laws and regulations, and strictly verifies the identities of employees by reference to relevant international standards such as the conventions of the International Labour Organization (ILO) to prevent all forms of child labor. Meanwhile, the Group regularly checks employees’ overtime and labor intensity and prohibits forced labor. In 2023, no reported cases of child labor or forced labor violations occurred in the Group.

With the international development guideline and the development mode with “finance + Industry” as two engines for business growth, the Group has continuously upgraded its talent development strategy. Based on the requirements in the places of business of the Group, the Group has prepared talent policies in both Chinese and English and distributed them to its places of business, to promote communication of employees around the world.

In 2023, the Group actively undertook employment responsibility. Based on the business development needs of each of its business pillars, it formulated a specific talent recruitment plan, recruited excellent social talent from various sectors of society, and actively absorbed excellent fresh graduates.

Employee Recruitment Performance of Far East Horizon in 2023

Internal transfer

- Selected **29** internal candidates to compete for vacancies.

Social recruitment

- Hired more than **600** people through social recruitment.
- Industry diversity:** new hires came from a variety of industries, including financial leasing, banking, trust, and brokerage firms, as well as machinery, chemical, pharmaceuticals, electronics and new energy industries.

Case

Far East Horizon’s “Sword Casting Initiative”: A Fresh Graduates Training Program and College-Enterprise Cooperation

The “Sword Casting Initiative” is a program that the Group created in 2005 to recruit and train fresh graduates. As an important mechanism for training of reserve talents, it has cultivated numerous elite employees for the Group and even the entire industry.

In 2023, the Group signed a cooperation agreement on college-enterprise training bases with Southwestern University of Finance and Economics, etc., to help college students broaden their horizons and promote integration of production, education and research through various forms. The Group has set series elective courses themed by exploration of industry-finance development. Taught by management members and senior business backbone of the Group and university teachers, the courses aim to enable students to combine theories with enterprise practices and cultivate the spirit of pragmatism of applying what they have learned.

Employee Diversity and Anti-discrimination

Far East Horizon upholds diversity and respects adaptive development. It has formulated and implemented the *Employee Manual*, which contain policies and regulations like *Human Rights Policy*, *Anti-discrimination Regulations* and *Anti-bullying and Harassment Policy*, to strictly eliminate discrimination and harassment in the workplace based on gender, ethnicity, nationality, religious beliefs, family status, disability, and other factors. The Group pursues equal pay for equal work. It balances gender pay gaps through gender pay assessment and is committed to creating a workplace of gender equality and strives to build a diverse talent team.

Employee Diversity Performance of Far East Horizon in 2023



The Group encourages employees to reflect any discrimination or harassment incident to the Group via the public complaint channels specified in the Employee Manual. The Group undertakes to actively respond to complaints and take response measures. It will quickly investigate every act that may violate policies and handle relevant complaints and opinions in secrecy. In 2023, no discrimination or harassment incidents occurred in the Group.

Protection of Employee Rights and Benefits

Far East Horizon attaches great importance to protection of employee rights and benefits. It strictly abides by the *Labor Law of the People's Republic of China* and other relevant laws and regulations as well as the local laws and regulations in its places of business overseas. By reference to relevant international regulations such as the conventions of the ILO, the *United Nations International Bill of Human Rights* and the *UN Guiding Principles on Business and Human Rights*, the Group has specified working hours and leave, remuneration and benefits, labor relations, etc., to truly ensure employees' rights and interests. In 2023, no violations of human rights or labor standards occurred in the Group.

In 2023, Far East Horizon formulated and released the *Employee Rights Protection Policy Statement*, showing the Group's determination to protect employee's rights and interests and covering all employees of the Group. Meanwhile, through the statement, the Group called on its suppliers and customers to observe relevant requirements of the policy statement and make joint efforts to protect employees' rights and interests.

Employee Employment and Rights Protection Regulations of Far East Horizon

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

The Group is committed to creating an open, transparent and trustworthy workplace. It has set diversified employee communication channels, established labor union organizations, advocated democratic communication, and made sure that all employees have the rights to join labor union organizations and participate in collective bargaining according to laws and regulations. Meanwhile, on the basis of complying with laws and regulations, it respects employees' freedom of association and fully protects employees' rights to participate in democratic election, democratic decision-making, democratic management and democratic supervision.

Under the labor union architecture, the Group has set up the employee and labor union member representative assembly mechanism, regularly holds the workers' congress, encourages employees to actively take part and voice their opinions, and responds to and replies on employees' requirements. In 2023, the workers' congress completed election procedures and elected the chairman for the new labor union in line with the principles of equity and justice. The newly elected chairman pledged to continue to organize and advance the work of the labor union and take solid actions to protect and represent the legitimate rights and interests and demands of employees.

Employee Communication Channels of Far East Horizon



In 2023, the Group conducted the employee engagement survey and made targeted improvements and enhancements based on the survey results.

Case

Conducting the Employee Engagement Survey

In 2023, the Group continued to use the professional engagement survey tools from third parties to conduct the employee engagement survey to learn about employees' engagement, the management atmospheres of teams at all levels, things of the Group that need to be improved, etc. Meanwhile, the survey also covered the dimensions of employee job satisfaction, sense of purpose of work, factors of happiness, factors of stress, etc. The survey covered 6,621 employees at Far East Horizon's headquarters and subordinate platforms, with a response rate of 97.9% and a valid response rate of 83.7%.

The employee engagement survey results for the company is 84.71%, which remains consistent with the 2022 engagement results and exceeds the industry average by more than 10%. Our employees maintain a high level of dedication and vitality. In response to the issues identified in the survey, this group has formulated targeted improvement measures at all organizational levels.

5.2 Supporting Employee Growth

Employee Promotion System

Paying attention to employee development, Far East Horizon has continuously implemented the *Remuneration Management Measures*, the *Employee Performance Management Measures*, the *Implementation Rules of Employee Performance Management*, etc., established a scientific and reasonable performance management system, performance incentive system and employee promotion system, and carried out a fair performance appraisal mechanism, so as to provide employees with fair and equal channels for job-level promotion and fair and competitive remuneration.

Talent Philosophy of Far East Horizon

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

Employee Performance Appraisal and Promotion Management Measures of Far East Horizon

Key aspect	Management measures
Performance management	<ul style="list-style-type: none"> The Group continuously implements a closed-loop performance management system, which consists of preparation of performance plans, in-process performance management, annual performance appraisal, performance interviews and feedback, and application of performance results. The performance appraisal management frequency of the Group is no less than twice a year, and the appraisal methods include management by objectives, multi-dimensional performance appraisal, agile dialog and team performance appraisal, etc. In 2023, the Group revised the <i>Remuneration and Performance Management Regulations</i>, defining the applicable scope of the Regulations and adjusting the hierarchical management rules of positions.
Complaints about employee performance appraisal results	<ul style="list-style-type: none"> The Group has set up special complaint channels including an open mailbox and a telephone line and assigned special personnel to deal with employee complaints about the compliance of the performance result-generating process and conduct independent investigations. The Group keeps employees' identity information strictly confidential in the process of complaint response and investigation and prohibits any retaliation or discrimination against the employees who lodge complaints.
Employee promotion	<ul style="list-style-type: none"> The Group has established a value contribution-oriented talent development mechanism that allows for upward and downward mobility. Most managers are selected from employees across the Group through open competitions. For the same management position, employees who have performed well enough to meet the selection criteria all have the opportunity to participate in the recruitment process. More than 60% of managers in total have been recruited through open competitions at the Group. In 2023, the group conducted open competitions for 29 management positions, with a total of 82 individuals participating in the process.
Remuneration management	<ul style="list-style-type: none"> For employees in non-sales positions and grass-roots employees, the Group promotes the variable pay system that includes such forms as post pay, post-rank merit pay and talent retention reward and gives awards based on employees' target fulfillment, behavioral and values expression, attendance, punishment, aiming to make sure that the pay level obtained by employees is closely related to their actual job performance and realize a reasonable connected effect between employees' work contributions and remuneration and bonuses.

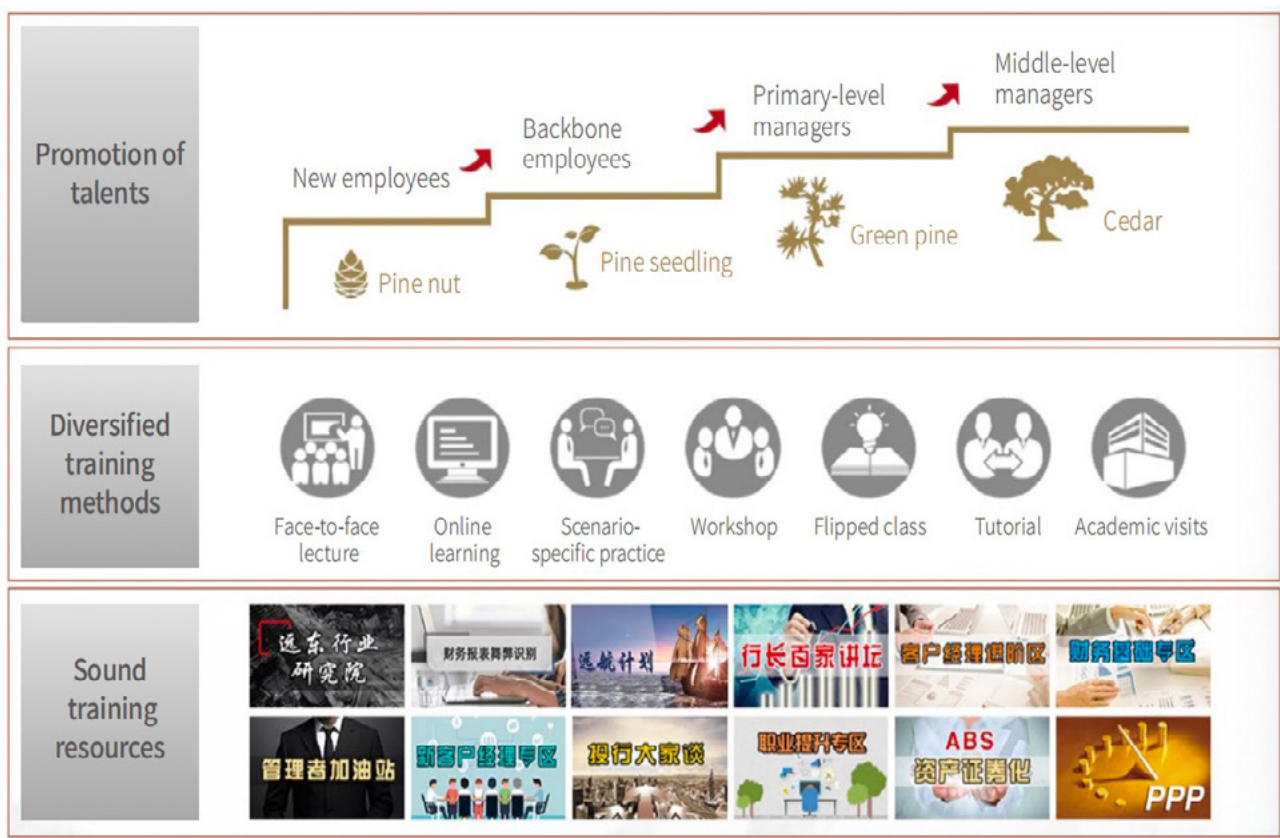
The Group has continuously reviewed and optimized the remuneration incentive systems of all platforms, actively advanced the implementation of the employee equity incentive plan, intensified attraction to and rewards for excellent management talent, to strengthen employee loyalty and encourage employees to make progress with the Group. In 2023, a total of 92 persons were under the equity incentive plan of the Group, with a total of 33,847,930 share options and 50,771,898 restricted shares awarded.

Professional Training of Employees

Based on its strategic development and the updates and adjustments to its organizational structure, Far East Horizon has continuously refined the multi-dimensional hierarchical and classified talent training system of the Group and empowered employees in positions of all business lines and at all levels.

In 2023, with a focus on newcomer training and backbone training, potential mining, primary-level and middle-level capability upgrading, cross-cultural awareness enhancement, etc., the Group conducted special training programs, which improved employees' professional competence and management capability, promoted the building of the elite team, and realized common growth of employees and the Company.

Talent Training System of Far East Horizon



Case

Implementing the “Green Pine Program” to support the leadership growth of junior managers

Against the backdrop of a complex and ever-changing external environment, further upgraded internal strategies at the Group and escalated challenges in operation management, the Group has upgraded the “Green Pine Program” to enable junior managers to have a deeper understanding of the Group’s strategic guidelines and keep up with the strategic pace of the Group.

In 2023, the Group held 5 training sessions through the “Green Pine Program”. Covering more than 200 junior managers, the training sessions helped managers enhance their understanding of managers’ roles and strengthen their teaching and coaching skills. Meanwhile, based on the operating mode for a new era, the training helped managers further improve management capability, raise team effectiveness, and explore value enhancement potential.



In 2023, through its online learning platform “Far East College”, Far East Horizon continued to build and optimize the digital training system, push for online talent training throughout the full process and one-stop application of various learning scenarios, and further give play to its functional value as a training platform. Centering around employee growth and development needs, the Group added about 1,100 courses in the platform. Meanwhile, with a focus on the strategy upgrading of the Group, it developed learning products like “special zone for learning ‘three advantages and two target groups of service’” and “special zone for cross-cultural management courses”, further enriching its internal knowledge resource library.

In 2023, Far East College had **420,000** online learning visits by employees with a total of **80,000** online learning hours, and it organized nearly **2,500** effective exams.

Case

Carrying out the “Tutoring Empowerment and Practice Camp” program to strengthen tutors’ tutoring capability

To help new members of business teams to grow fast and strengthen backbone members’ leadership and thus help the Company refine team building and forge strong teams, the Company has continuously improved the tutoring system and carried out tutoring empowerment activities.

In 2023, the Group especially engaged external expert consultants, custom-made the “Tutoring Empowerment and Practice Camp” for “tutors”, and helped tutors strengthen their tutoring capability and hone tutoring skills through the combined form of online learning and workshop discussions. In 2023, the Group held two special training sessions among nearly 100 newly appointed tutors. The training adopted the OMO learning model and followed the working pace of front-line business. Meanwhile, the empowerment training helped pass the significance of tutoring and improve incentive effect, made tutoring for new employees a virtuous cycle, and caused new employees to grow faster.



Besides, in 2023, the Group continued to carry out relevant policies such as the *Management Standards on Employees’ Certification of External Professional Qualification* among all employees, to support employees obtaining academic degrees and relevant certificates. The Group gives educational subsidies to employees who have obtained professional qualifications from authoritative organizations, such as the national ministries and commissions, nationwide industry associations, and international industry associations. And through policy implementation, it encourages employees to pursue self-directed learning through external quality professional qualification resources, expand development channels, and hone their job skills, thus realizing self-improvement.

5.3 Employee Care and Employee Activities

Far East Horizon upholds a corporate culture that advocates “one family”, implements employee care, and has long provided assistance, benefits, care and support to employees in need and their family members.

The Group advocates work-life balance, by providing employees with all sorts of sports activity spaces and physical and mental health security, enhancing employees’ sense of well-being and sense of belonging and creating a warm and harmonious workplace.

Employee Care Actions and Achievements in 2023

<p>Care for female employees</p>	<ul style="list-style-type: none"> • Launching the “Mommy’s Hut” program and continuously refining the functions of Mommy’s Hut in terms of hardware and software to provide a private, sanitary, safe, and cozy resting place for pregnant and breastfeeding employees; • Having regularly organized screening for gynecologic conditions for female employees for many consecutive years, as a move to take good care of their physical conditions in all aspects.
<p>Caring visits to employees and their family members</p>	<ul style="list-style-type: none"> • Giving gifts to in-service employees of the Group when they celebrate a marriage or have a child. In 2023, a total of RMB139,890 worth such gifts were given to 140 employees.
<p>Living allowances for employees</p>	<ul style="list-style-type: none"> • Giving assistance to employees who had an accident. In 2023, RMB338,000 of such assistance was given to 55 employees; • Providing public rental housing for young employees; • The “Subsidized Housing Program” was rolled out to provide employees with interest-free loans and subsidies for the purchase of their own homes, in an effort to solve their housing problems in a targeted manner.
<p>Physical and mental well-being</p>	<ul style="list-style-type: none"> • Integrating advantaged resources in health examination and insurance, fitness clubs, diet, health care, etc. and strengthening online and offline interaction and communication, to form “one-stop protection service solutions” that cover the whole life cycle of employees; • Organizing employee insurance-related training (online and offline), exclusive services for the employees’ health check season, and healthy lifestyle lectures, purchasing commercial supplementary medical insurance for employees, and providing exclusive health protection; • In addition to an employee counseling program prepared in the earlier stage, continuously deepening an employee assistance program (EAP) centered on mental health, so as to help employees identify and solve their emotional and mental health issues as early as possible.
<p>Diversified employee activities</p>	<ul style="list-style-type: none"> • Having established eight associations, including Basketball Association, Football Association, and Badminton Association; • Providing sports facilities such as gymnasiums to encourage employees to actively take part in fitness sports; • Selecting employees to participate in the “Hang Seng” Friendly Badminton Match organized by Shanghai Hong Kong Chamber of Commerce.

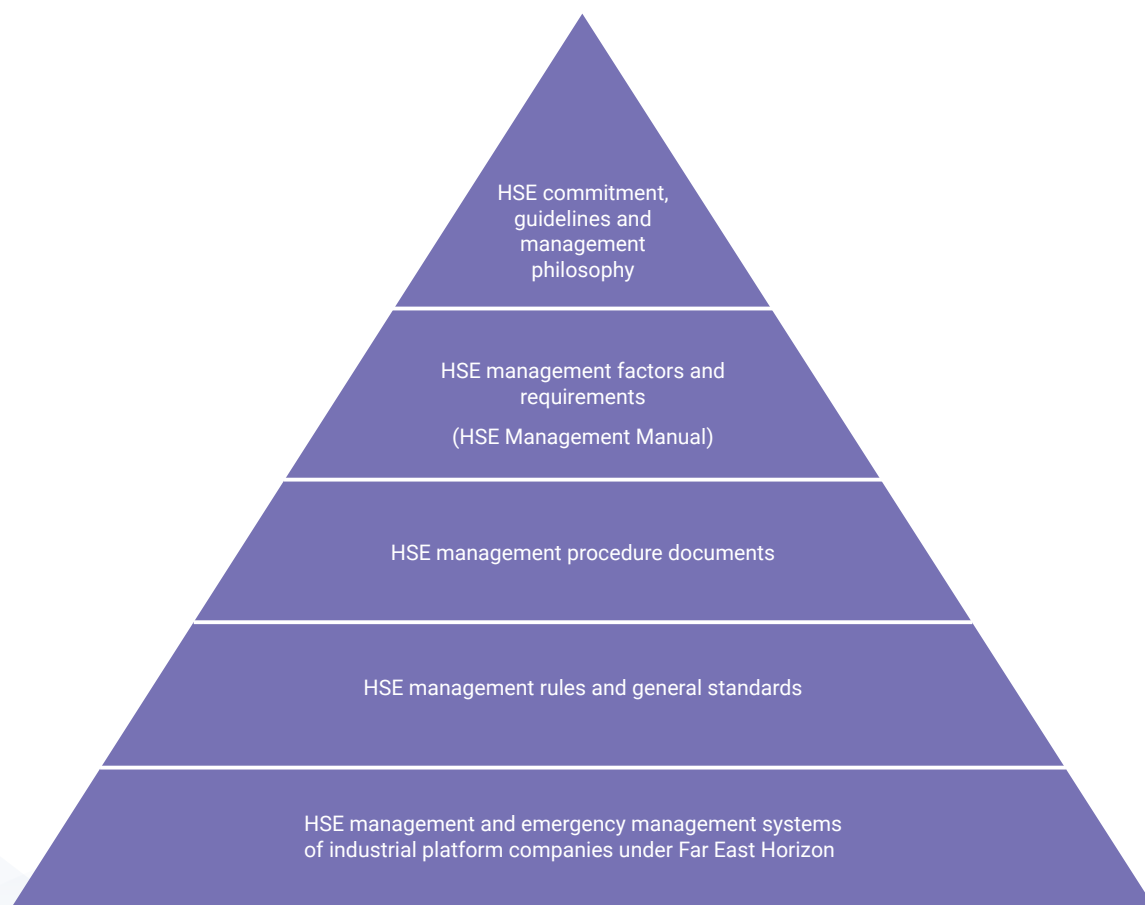
5.4 Employee Health and Safety

Far East Horizon has always paid close attention to the substantive safety and health appeals of employees. It deems Health, Safety and Environment (HSE) management as an important pillar of its sustainable development.

In 2023, Far East Horizon formulated and released the *Health, Safety and Environment (HSE) Policy* that covers all business lines of the Group, setting forth the Group's HSE management philosophy and commitment. The Group calls on suppliers and customers to respond to relevant commitments in the policy statement and jointly promote the healthy, sustained, stable and harmonious development of the society.

The Group upholds the HSE guidelines of "dual responsibilities of one post, all-employee involvement, risk management, focus on accident prevention, and continuous improvement" and has continuously refined the top-level management architecture for HSE, to provide escorts for the production, operation and steady implementation of strategies of the Group.

HSE Management Framework of Far East Horizon



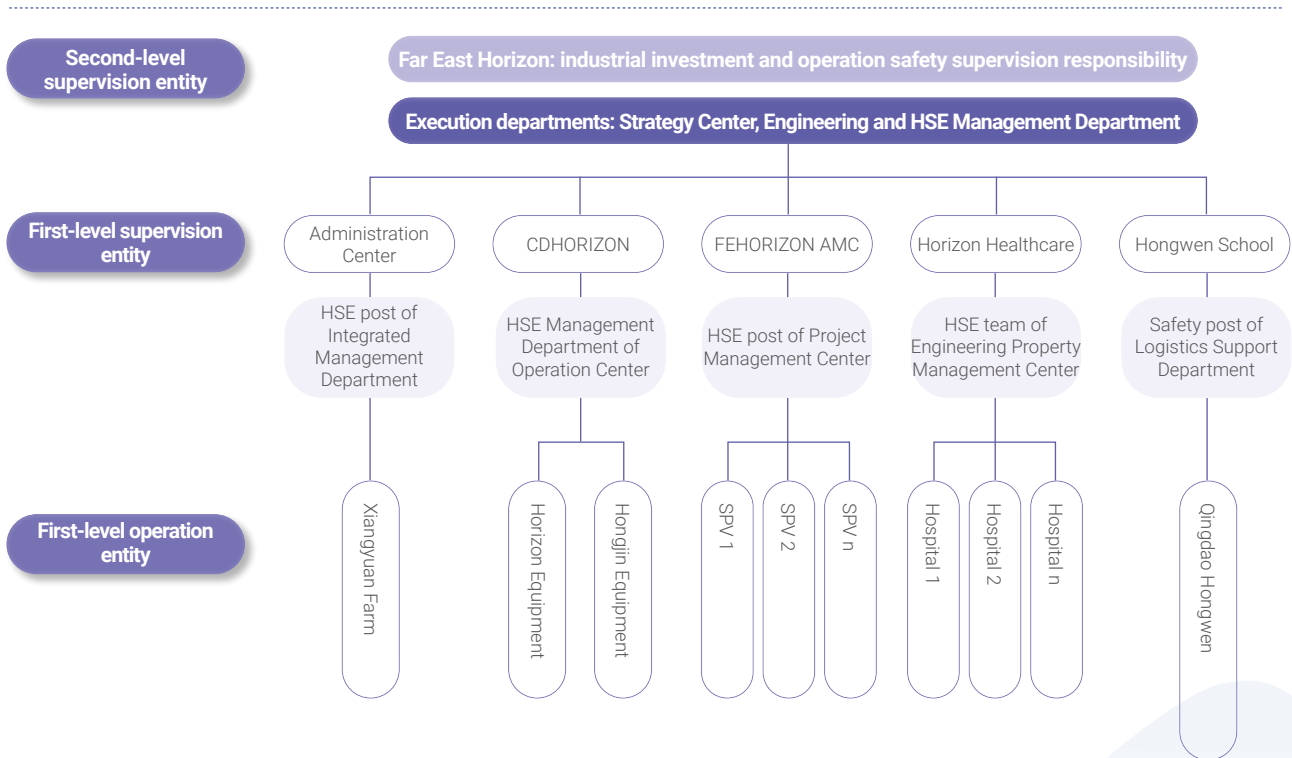
In 2023, the Company continued to follow the HSE goal of the Group of "no major HSE accidents or major violations" and advanced the implementation of the goal by improving the management system, preventing safety risks and deepening the safety culture. During the reporting period, the Group reported neither major work safety accidents that caused serious injury or death nor occupational disease-related accidents.

Improving the Management System

Far East Horizon strictly abides by the *Production Safety Law of the People's Republic of China* and other relevant laws and regulations. Based on the three-level management responsibility system for production safety, it has implemented hierarchical and classified management and effectively improved the HSE management of the Group.

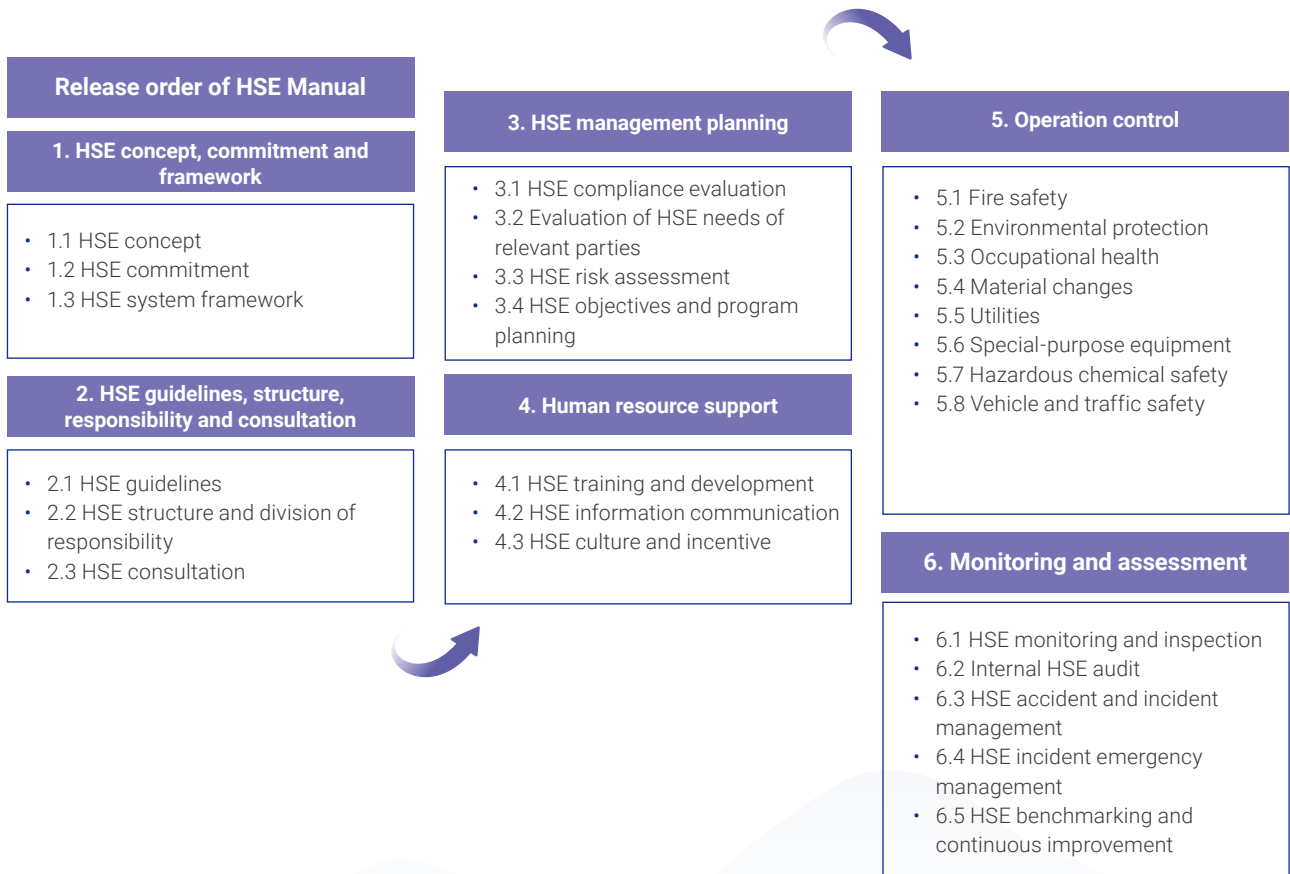
As at the end of 2023, Far East Horizon's places of business possessed by itself including its headquarters in Shanghai and CDHORIZON got ISO45001 certified.

HSE Responsibility Structure of Far East Horizon



In 2023, the Group formulated or updated 6 HSE related policy manuals, 31 review platform policies, and 23 management lists, and effectively promoted the implementation of policies based on the HSE responsibility structure. In the preparation of policies, the Group took into full account employees' actual operating environment and business scenarios and organized the management and workers' representatives or labor union to discuss and give suggestions on the revision of health and safety policies, to make sure that all relevant policies tally with actual needs and can effectively facilitate HSE management.

HSE Manual of Far East Horizon



Preventing Safety Risks

Far East Horizon has always seen HSE management as one of its investment management perspectives. For new investment projects, it conducts HSE due diligence and gives advice on potential risks which can be used as reference when formulating risk control measures. For different industry platforms, the Group regularly conducts internal reviews including but not limited to system review, field review, etc., to make sure that the safety management system process is in place.

In 2023, the Group conducted the Group-wide action to enhance fire safety among nearly **800** sites under the Group, aiming to make sure that overall operation is safe and stable and no casualty accident or other danger to employees occurs.

Building a Safety Culture

In 2023, in response to the National Production Safety Month and the Fire Safety Awareness Month, Far East Horizon carried out the themed action of “preventing disasters and reducing damages” and continuous innovation. With practical, scenario-based, and process-oriented methods, the Group created a strong safety culture, enhanced employees’ safety awareness, and enriched their knowledge of fire safety, first aid, as well as danger avoidance and escape.

In terms of training on safety culture, the Group has continuously organized teams to participate in the exchange meetings of the safety industry associations of Shanghai, Pudong New Area, etc., as well as external summit forums including the Yangtze River Delta International Emergency Disaster Reduction & Rescue Expo, the National Green Hospital Building and Logistics Management Conference and the Seminar on Green and Low-carbon Development of Foreign-invested Enterprises in Shanghai, to strengthen benchmarking and learning and comprehensively enhance the sustainability awareness of specialists in the vertical position sequence.

In 2023, the Group

- Organized **461** safety drills including anti-terrorist and anti-riot drills, fire drills, elevator rescue drills, and food safety emergency drills;
- Conducted **6** HSE awareness and capability training sessions among new employees, which had total attendance of **500**;
- For employees who frequently drive on business trips, conducted qualification certification and defensive safe driving training, which had total attendance of **1,500**.

Case

Launching the “enterprise safety director” ability enhancement workshop

In 2023, in order to implement its HSE philosophy and commitment more efficiently, the Group launched the “enterprise safety director” ability enhancement workshop program to provide vertical professional training for management levels at all industry platforms and key departments of the Group. Finally, 30 persons within the Group were certified as “safety experts”.

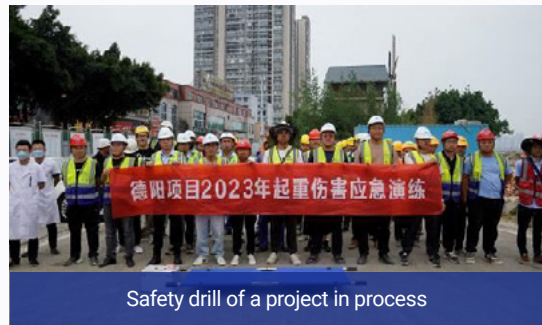


“Enterprise safety director” ability enhancement workshop

Safety drills



Emergency evacuation drill in a school during nighttime



Safety drill of a project in process



Government firefighting skills training



Seminar on government safety systems

ESG Performance Data of the Chapter

Employment and Routine Data Performance

Indicator		Unit	2021	2022	2023
Employment					
Total number of employees		person	23,257	21,886	19,337
By gender	Male employees	person	12,193	11,841	10,138
	Female employees	person	11,064	10,045	9,199
By employment type	Full-time contracted employees	person	21,842	21,859	18,153
	Full-time dispatched employees	person	133	27	33
	Employees engaged in other forms ¹	person	1,282	916	1,151
By educational background	Employees with a bachelor's degree or above	person	8,254	8,976	10,948
	Employees with a master's degree or above	person	1,758	1,542	1,595
By age	Employees under 30	person	9,560	8,304	6,999
	Employees between 30 and 50	person	12,086	12,134	11,339
	Employees over 50	person	1,611	1,448	999
By region	Employees based in the Chinese mainland	person	23,236	21,854	19,228
	Employees based in Hong Kong, Macao and Taiwan and overseas	person	21	32	109
Ethnic-minority employees		person	1,076	1,061	1,365
Employees with disabilities		person	62	62	47
Proportion of female employees in management levels of business departments ²		%	---	---	25
Proportion of female employees in STEM related positions ³		%	---	---	7
Employee Turnover and Other Routine Data					
Employee turnover rate ⁴		%	29.34	24.59	15.65
By gender	Turnover rate of male employees	%	32.74	29.35	22.19
	Turnover rate of female employees	%	25.18	18.08	7.04

Indicator		Unit	2021	2022	2023
Employee Turnover and Other Routine Data					
By age	Turnover rate of employees under 30	%	30.17	24.92	16.98
	Turnover rate of employees between 30 and 50	%	28.52	24.16	15.68
	Turnover rate of employees over 50	%	30.44	26.20	4.58
By region	Turnover rate of employees based in the Chinese mainland	%	28.89	24.59	15.68
	Turnover rate of employees based in Hong Kong, Macao and Taiwan and overseas	%	12.50	17.95	10.66
Voluntary employee turnover rate		%	---	---	14.56
By gender	Voluntary turnover rate of male employees	%	---	---	22.75
	Voluntary turnover rate of female employees	%	---	---	5.54
By age	Voluntary turnover rate of employees under 30	%	---	---	16.67
	Voluntary turnover rate of employees between 30 and 50	%	---	---	14.19
	Voluntary turnover rate of employees over 50	%	---	---	4
By region	Voluntary turnover rate of employees based in the Chinese mainland	%	---	---	14.59
	Voluntary turnover rate of employees based in Hong Kong, Macao and Taiwan and overseas	%	---	---	10.09
Employee coverage of the employee engagement survey		person	---	---	6,621
Employee engagement result		%	---	---	84.71
Total number of employee discrimination cases		case	0	0	0
Percentage of employees under the collective bargaining agreement		%	100	100	100

Note 1: Other forms of employment include interns, job outsourcing, etc.

Note 2: Business departments refer to the core business units of the Group that directly participate in revenue and profit creation.

Note 3: STEM related positions refer to positions that require specialized knowledge and skills in the field of science, technology, engineering or mathematics to solve complex problems, or conduct technology R&D or creative design.

Note 4: Turnover rate of employees of a category=number of employees of that category left the Group during the year/(total number of employees at the end of the year + total number of employees who left the Group during the year).

Employee Training Performance

Indicator		Unit	2021	2022	2023	
Employee training						
Employee training expenditure		Finance sector	RMB10,000	12,580.00	1,279.00	1,293.00
		Industry sector	RMB10,000	5,460.00	673.00	1,097.00
Average hours of training that employees received ¹		Finance sector	hour	38.14	38.24	38.05
		Industry sector	hour	33.55	33.55	36.94
By gender	Average hours of training that male employees received	Finance sector	hour	37.11	37.21	37.22
		Industry sector	hour	31.00	31.09	36.57
	Average hours of training that female employees received	Finance sector	hour	40.84	40.90	40.59
		Industry sector	hour	36.05	36.10	37.29
By employee type	Average hours of training that senior managers received	Finance sector	hour	33.52	33.83	32.67
		Industry sector	hour	44.21	45.53	31.00
	Average hours of training that middle managers received	Finance sector	hour	40.55	40.44	41.25
		Industry sector	hour	37.83	37.11	36.30
	Average hours of training that junior managers received	Finance sector	hour	38.26	38.10	37.73
		Industry sector	hour	32.93	33.22	36.95
By age	Average hours of training that employees under 30 received	Finance sector	hour	---	---	36.80
		Industry sector	hour	---	---	37.68
	Average hours of training that employees between 30 and 50 received	Finance sector	hour	---	---	39.43
		Industry sector	hour	---	---	39.09
	Average hours of training that employees over 50 received	Finance sector	hour	---	---	32.67
		Industry sector	hour	---	---	34.14
Employee training coverage		Finance sector	%	98.85	98.89	98.50
		Industry sector	%	96.49	96.50	96.56
By gender	Training coverage among male employees	Finance sector	%	72.09	71.73	75.22
		Industry sector	%	49.10	50.58	47.57
	Training coverage among female employees	Finance sector	%	27.91	28.27	24.78
		Industry sector	%	50.90	49.42	52.43

Indicator		Unit	2021	2022	2023	
Employee training						
By employee type	Training coverage among senior managers	Finance sector	%	1.26	1.43	0.25
		Industry sector	%	1.45	0.72	0.01
	Training coverage among middle managers	Finance sector	%	9.91	8.89	9.26
		Industry sector	%	10.06	5.45	0.43
	Training coverage among junior managers	Finance sector	%	88.83	89.69	90.48
		Industry sector	%	88.49	93.83	99.56

Note 1: Average hours of training of each employee category per year = total hours of training employees of that category received during the year/number of employees of that category at the end of the year.

Employee Occupational Health and Safety Performance

Indicator	Unit	2021	2022	2023
Employee health and safety				
Number of work-related fatalities ¹	person	0	0	0
Working days lost due to work injury	day	892	877	1,272
Times of safety supervision	No.	3,269	2,989	3,318
Number of emergency drills	No.	539	399	670
Safety training participants	person-time	70,847	85,719	86,720

Note 1: The number of work-related fatalities includes employees of departments, industry platforms and contractors across the Group.

06

Doing Good to Society with Profound Benevolence

Material topics addressed

Rural Revitalization

Charity and volunteer services

The UN SDGs aligned

1 NO POVERTY


3 GOOD HEALTH AND WELL-BEING


4 QUALITY EDUCATION


Metrics and targets

Metrics	Performance in 2023
Total spending in community charity	RMB8,824,200
Number of participants in volunteer activities	92
Volunteer service hours	5,052

6.1 Overview of Horizon Charity Foundation’s Actions in the Year

In 2023, Far East Horizon adhered to the public benefit philosophy of “showing big love through small good deeds” and actively fulfilled its corporate citizen responsibilities. It carried out the requirements of the central government on rural revitalization and public benefit, and relying on Beijing Horizon Charity Foundation and Shanghai Horizon Charity Foundation (collectively known as “Horizon Charity Foundation”), it participated in and promoted, through professional operation, the development of public welfare and charity undertakings.

In 2023, Far East Horizon mainly participated in the transition from consolidating the achievements in poverty alleviation to implementing the strategy of rural revitalization, fully supported the natural disaster relief work of the central and local governments, and continuously paid attention to the development of the Chinese medical cause and cultivation of higher education talent, contributing its bit to the sound development of public welfare undertakings.

About Horizon Charity Foundation

Name	Beijing Horizon Charity Foundation	Shanghai Horizon Charity Foundation
Date of establishment	January 17, 2014	June 10, 2015
Registered capital	RMB2 million	RMB2 million
Business scope	Grants and scholarships for students, poverty alleviation, disaster relief, volunteer activities, etc.	Disaster relief, poverty alleviation, grants for poor students, scholarships for excellent students, volunteer activities, etc.

Public Service Footprints of Horizon Charity Foundation in 2023

Public welfare	Major projects
Rural Revitalization	<ul style="list-style-type: none"> Carried out public welfare projects centering on three directions, namely, revitalization through cultural development, revitalization through industrial development, and revitalization through education promotion, including the “Moving Classroom” study program for children, the “Green Source” rural green development project, the “Qianlicao Aid Program”, etc.
Scholarships and Fellowships	<ul style="list-style-type: none"> Horizon Scholarships Project.
Emergency Relief	<ul style="list-style-type: none"> Horizon “Vanguard in the Emergency” brand series projects, including the disaster relief project for Beijing and Hebei, the “Toward the Warm Sun” post-disaster healing activity, the Gansu support program, etc.
Medical Aid	<ul style="list-style-type: none"> Horizon “Doctor Training Program”.
Poverty alleviation	<ul style="list-style-type: none"> Implemented the Horizon “Core of Volunteer” Empowerment Training Program and provided aid to excellent companions to children in rural areas; Carried out “Dream Building Season – Horizon Public Welfare Classroom” to provide skills training for people with disabilities and groups with financial difficulties.

In 2023, Horizon Charity Foundation spent **RMB8,824,200** on multifarious public welfare projects, an increase of RMB250,000 from 2022, which directly benefited more than **60,000** people.

In 2023, Horizon Charity Foundation won seven awards and certificates of honor.

Honor	Issued by	Received by
Golden Donor Unit	Guangdong Province Maitian Education Foundation	Shanghai Horizon Charity Foundation
2023 Responsibility Gold Award	Social Responsibility Conference	Beijing Horizon Charity Foundation
Certificates of Scholarships	Xi'an Jiaotong University Education Foundation	Beijing Horizon Charity Foundation
Yiluxiangban Certificate	Lujiazui Financial City Foundation	Far East Horizon Charity Fund
2023 Responsibility Brand Award	China Philanthropy Festival	Beijing Horizon Charity Foundation
2023 ESG Pioneer Figure Award	China Philanthropy Festival	Founder and Executive Director of Beijing Horizon Charity Foundation
Model Charity of Pudong	Shanghai Charitable Festival - Pudong New Area Organizing Committee of Joint Charity Donations	Shanghai Horizon Charity Foundation

6.2 Improving Community Wellbeing

Rural Revitalization

Far East Horizon has actively responded to relevant guidance documents including the *Opinions of the State Council on Ensuring a Good Job in Implementing the Priorities of Rural Revitalization on All Fronts in 2023*. Under the guidance of the national strategy of rural revitalization and through Horizon Charity Foundation, the Group carried out public welfare projects to promote the development of rural industries, increasing farmers' agricultural output and income, cultivating rural cultural talent, caring for adolescents' growth, actively contributing to rural revitalization.

In 2023, Horizon Charity Foundation carried out public welfare projects centering on three directions, namely, revitalization through cultural development, revitalization through industrial development, and revitalization through education promotion, and continued or expanded a series of assistance programs for rural development including the "Moving Classroom" study program for children, the "Green Source" rural green development project, the "Qianlicao Aid Program", etc.

Case

Implementing the “Moving Classroom” study program for children to support rural revitalization through cultural development

In 2023, Horizon Charity Foundation launched the “Moving Classroom” study program for children to provide targeted assistance to 80 children aged between 8 to 12 in Kuitun, Dushanzi and Shache in Xinjiang Province.

Through the “Culture Nurtures Xinjiang” campaign, Horizon Charity Foundation enriched and beautified the children’s spiritual life, cultivated the awareness of “relying on your own efforts to get rid of poverty and become better off” among the children, helped the children expand their horizons and increase their knowledge, and strengthened cultural identity and national confidence.



The “Moving Classroom” study program

Case

Implementing the “Green Source” rural green development project to support rural revitalization through industrial development

In 2023, Horizon Charity Foundation implemented the “Green Source” rural green development project - the assistance program for Miyun kiwi fruits.

The program aims to simulate the endogenous power of rural industries and strengthen rural development capability. Horizon Charity Foundation invited experts to provide production and maintenance guidance for the village collective, designed industrial packaging and encapsulating equipment for its products, and developed and expanded online and offline sales channels, to improve its industry capacity. In the first year, the village collective realized over RMB100,000 sales income despite the drought.



Assistance program for Miyun kiwi fruits

Case

Implementing the Qianlicao Aid Program to support rural revitalization through education promotion

Launched in 2016, the Qianlicao Aid Program is committed to exploring new models of public-benefit school support. It continuously strove forward in 2023. In the summer vacation of 2023, Horizon Charity Foundation organized more than 30 college student volunteers, which were divided them into four project teams, to go to four elementary schools in Gansu's Longnan and Ningxia's Yinchuan to carry out volunteer teaching activities.

With "financial aid + learning guidance + personality training + ideological education + psychological counseling + growth planning" as its starting point, the program carries out volunteer teaching, paired student assistance and donation activities. It aims to, through new models of school support, help poverty-stricken children in rural areas in the west grow up happily, promote the development of rural educational undertakings, advance the goal of building new socialist countryside, and also cultivate excellent talent for public welfare undertakings.



Qianlicao Aid Program

Scholarships and Fellowships

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

Case

Setting up the Horizon Scholarships Project

In 2023, Horizon Charity Foundation set up the scholarship project in 11 universities and spent RMB1.3 million in relevant public welfare, which benefited more than 160 people. In addition, through awarding ceremonies and campus talks, Horizon Charity Foundation publicized and promoted the project and spread the charity philosophy of Horizon Charity Foundation among college students, carrying forward the charity culture.



Awarding Ceremony of the Horizon Scholarships Project

Emergency Relief

In its long-term public benefit practices, Horizon Charity Foundation has gradually formed the “Horizon Vanguard in the Emergency” brand series projects, which immediately go to the scene and provide assistance when a major disaster occurs. In 2023, the “Horizon Vanguard in the Emergency” brand series projects not only included disaster relief but also paid attention to the psychological healing of the victims after the disaster.

Case

Holding “Toward the Warm Sun” series activities to help adolescents heal after a disaster

In 2023, Mentougou District, Beijing was hit by extreme heavy rainfall. Beijing Horizon Charity Foundation, together with Beijing Mentougou Tongxinyuan Social Work Office, carried out “Toward the Warm Sun” series post-disaster psychological healing and service activities.

The post-disaster healing activities organized by Horizon Charity Foundation covered a number of villages and towns of Mentougou District and went deep into schools and communities. Together with local minor protection workstations and professional workers in arts and psychology, the activities, through continuous care and support, helped the adolescents in the disaster-hit areas heal their psychic trauma and assisted them actively rebuilding their homes.



“Toward the Warm Sun” post-disaster healing lectures at Qingshui School

Case

Carrying out “Disaster Relief in Beijing and Hebei” action to support disaster relief in disaster-hit regions

In August 2023, floods occurred in Jingxi, Zhuozhou, etc. as a result of extraordinary rainstorms, and some regions had severe waterlogging, blocking the roads in mountainous areas, interrupting power supply and communications, and threatening the safety of people affected by the disaster.

Horizon Charity Foundation responded to the call of its superior Party Committee and the Municipal Social Organization Management Center on flood control and disaster relief and initiated the Horizon Vanguard in the Emergency program to participate in disaster relief, which sent 1,200 pieces of military bedding to the people affected by the disaster at the Hebei Zhuozhou Gangyan supplies receiving point.



Horizon Vanguard in the Emergency Sends Support to Zhuozhou

Case

Carrying out the “Go to Gansu and Other Affected Areas for Earthquake Relief” action to support post-disaster reconstruction

In December 2023, a 6.2 magnitude earthquake hit Jishishan County, Linxia Prefecture, Gansu Province, causing heavy property losses in Jishishan County and its three neighboring counties in Haidong City, Qinghai Province.

To help the people in the earthquake-stricken areas to resume normal production and life as early as possible and ensure a good job in disaster relief and post-disaster reconstruction, Horizon Charity Foundation actively responded to the call of the civil administration and made an emergency appropriation of RMB100,000 to the “Earthquake Relief for Gansu and Other Relevant Regions” action of Shanghai Charity Foundation.

Medical Aid

Horizon Charity Foundation has continuously paid attention to medical aid and implemented the “Doctor Training Program”, which aims to support vulnerable groups seeking medical treatment and improve the overall level of medical treatment in underdeveloped areas. In 2023, Horizon Charity Foundation continued to cooperate with Shanghai Children’s Medical Center in urology care. They gave play to their respective specialties and passed on knowledge and experiences without reservation to regions and groups with limited medical resources.

Case

Implementing the Doctor Training Program for Pediatric Urology Doctors to improve health care accessibility

Since 2015, Horizon Charity Foundation and Shanghai Children’s Medical Center have jointly carried out the Doctor Training Program for Pediatric Urology Doctors. In 2023, the program continued to grow. With a focus on training of medical workers, it organized workshops and seminars of various forms for medical workers, including clinical skills training, sharing of frontier medical knowledge, etc. The activities were hosted by medical specialists and professors. Through sharing of experts’ experiences and views, the activities expanded medical workers’ horizons and strengthened their professional capabilities.

From April 26 to 30, 2023, the program held the “Learning the New Advances in the Treatment of Urinary and Defecation Dysfunction” workshop. To make it easier for students in the western region to participate, Horizon Charity Foundation paid the transportation or accommodation expenses for some 20 doctors from the western region.



会议日程		
2023年04月26日 (星期三)		
08:30-10:00	开幕式暨专家论坛	陆嘉祥 演讲
10:15-11:45	儿童泌尿系统发育异常诊治	孙志勇 演讲
午餐		
13:00-14:30	腹腔镜微创泌尿外科手术经验分享	孙志勇 演讲
14:45-16:15	儿童泌尿系统发育异常诊治	孙志勇 演讲
2023年04月27日 (星期四)		
08:30-10:00	腹腔镜微创泌尿外科手术经验分享	孙志勇 演讲
10:15-11:45	儿童泌尿系统发育异常诊治	孙志勇 演讲
午餐		
13:00-14:30	儿童泌尿系统发育异常诊治	孙志勇 演讲
14:45-16:15	儿童泌尿系统发育异常诊治	孙志勇 演讲
2023年04月28日 (星期五)		
08:30-10:00	儿童泌尿系统发育异常诊治	孙志勇 演讲
10:15-11:45	儿童泌尿系统发育异常诊治	孙志勇 演讲
午餐		
13:00-14:30	儿童泌尿系统发育异常诊治	孙志勇 演讲
14:45-16:15	儿童泌尿系统发育异常诊治	孙志勇 演讲
2023年04月29日 (星期六)		
08:30-10:00	儿童泌尿系统发育异常诊治	孙志勇 演讲
10:15-11:45	儿童泌尿系统发育异常诊治	孙志勇 演讲
午餐		
13:00-14:30	儿童泌尿系统发育异常诊治	孙志勇 演讲
14:45-16:15	儿童泌尿系统发育异常诊治	孙志勇 演讲

“Learning the New Advances in the Treatment of Urinary and Defecation Dysfunction” workshop

6.3 Volunteer Actions

In accordance with the *Charity Law of the People's Republic of China*, the *Regulations on Volunteer Services*, the *Regulations on the Promotion of Volunteer Services in Beijing*, the *Regulations on Volunteer Services in Shanghai*, and other relevant laws and regulations, Horizon Charity Foundation has continued to use and revised the *Guidelines on Information Management of Horizon Voluntary Service (Revised in 2023)*, further improved the employee volunteer service mechanism, and established a more standard information management structure for volunteers, to support implementation of charity activities and motivate volunteers to actively participate in public welfare activities.

In 2023, according to established planning path, Horizon Charity Foundation, through long-term effective volunteer recruitment on its website, release of activity information and periodical volunteer training, called on employees and public welfare volunteers to actively participate in public welfare and charity activities, and periodically organized relevant training for volunteers.



Inviting an emergency rescue unit to teach volunteers emergency rescue by demonstration

Case

Organizing volunteers to participate in "Care for Left-behind Children in Chongming"

Since 2015, Horizon Charity Foundation has recruited volunteers from employees to carry out the "Care for Left-behind Children in Chongming" volunteer service activity. In 2023, Horizon Charity Foundation, together with the Chinese Communist Youth League Committee and volunteers of Zhongxing Town, Chongming District, carried out the public welfare activity "Two Ends of a Thread" - "A Tour into Paintings" on Shaoxing Road, to help more left-behind children and disadvantaged children in Chongming visit art spaces and participate in colorful, vivid and interesting garden parties on weekends, thus expanding their spiritual worlds.



Employee volunteers interact with children

Case

Implementing the “Core of Volunteer” Empowerment Training Program to support rural education

The Horizon program for growth of companions to children in rural areas aims to support “children’s companions” including rural teachers and to strengthen their professional skills and understanding of educational issues, thus improving the quality of service for children.

The assistance provided by the program includes, but not limited to, supporting excellent “children’s companions” in rural areas in participating in learning and communication on educational service, supporting the day-to-day training and team building activities for “children’s companions” and interaction & communication between teams, and supporting “children’s companions” in rural areas going to front-line project sites and project schools to exchange views on education.

In 2023, Horizon Charity Foundation provided assistance to 300 companions to children.



Horizon “Core of Volunteer” Empowerment Training Program

ESG Performance Data of the Chapter

Community Responsibility Performance

Indicator	Unit	2021	2022	2023
Spending in community public welfare ¹	RMB10,000	525.61	859.62	882.42
Number of participants in volunteer activities	person	205	87	92
Volunteer service hours	hour	2,430	4,790	5,052

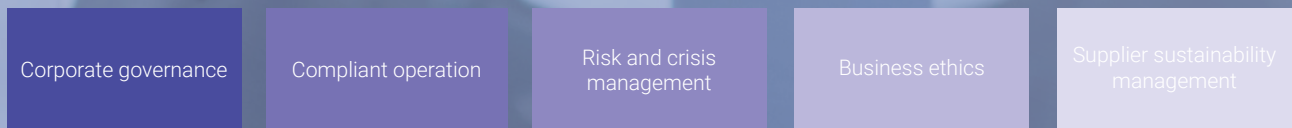
Note 1: [statistical caliber] The statistical data cover Shanghai Horizon Charity Foundation and Beijing Horizon Charity Foundation.

GOVERNANCE

07

Strengthening Governance and Keeping up with the Times

Material topics addressed



The UN SDGs aligned



Metrics and targets

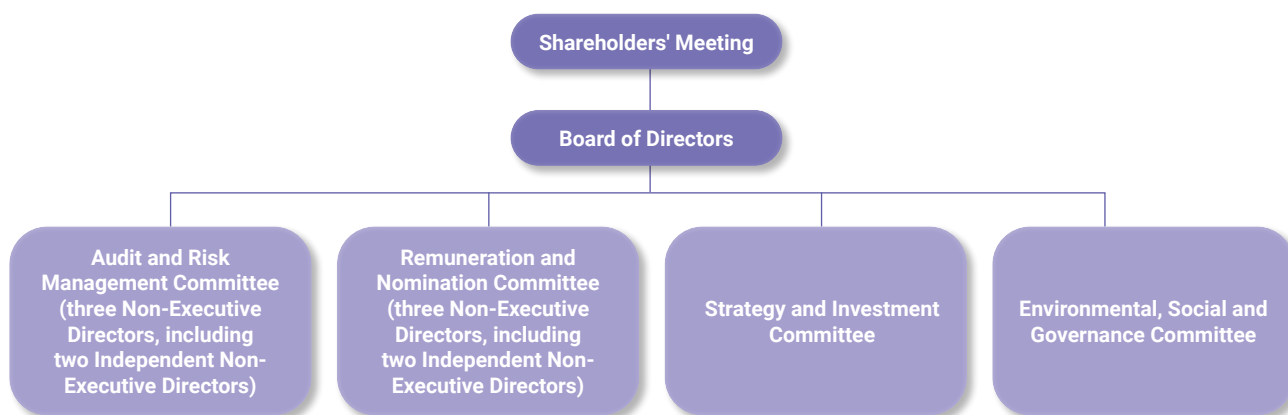
Metrics	Target	Progress in 2023
Risk management objectives at four levels (macro level, meso level, micro level, and internal coordination)		Completed
Compliance Responsibility Commitment Letter signing rate among leaders of departments and subordinate companies	100%	100%
Integrity Agreement and Third-party Due Diligence Questionnaire signing rate among suppliers	100%	100%

7.1 Steady Corporate Governance

Improving the Governance Structure

Far East Horizon has set a governance structure consisting of the Board of Shareholders, the Board of Directors, and the Management in accordance with the Hong Kong’s pertinent laws and regulations such as the *Companies Ordinance*, the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*, and the *Hong Kong Securities and Futures Ordinance*, as well as the pertinent normative documents, and has optimized its organizational structure and defined the segregation of duties to improve the duty-performance efficiency of governance entities and to maximize and balance the interests of all parties.

Governance Structure of Far East Horizon



Duty Performance by Governance Entities of Far East Horizon in 2023

Shareholders' Meeting

- The Shareholders' Meeting is the highest authority of the Company. The Company convenes and holds shareholders general' meetings strictly according to the *Articles of Association* and other relevant regulations and requirements and applies the "one share, one vote" principle, to make sure that all shareholders, especially minority shareholders, are treated equally and fully exercise their lawful rights.
- In 2023, the Company held a total of two shareholders' general meetings and reviewed and approved 12 resolutions.

Board of Directors

- The Company has set up the Board of Directors, which is responsible to the shareholders' general meeting. The Board of Directors of the Company has four specialized committees and has formulated working rules for each specialized committee. The specialized committees perform their respective duties and do their utmost to promote efficient, scientific and standard operation of the Company.
- In 2023, a total of four periodic Board of Directors meetings were held, which reviewed or listened to a total of 9 proposals and reports; and nine specialized committee meetings were held. The director attendance rate was 87.5%.
- **Election validity:** the directors of the Company are elected or replaced by the shareholders' general meeting and have a term of office of three years. Directors can be elected successively and reappointed upon expiration of their terms of office. The Remuneration and Nomination Committee of the Board of Directors consists of three Non-Executive Directors. It recommends director candidates to the Board of Directors when appropriate. When a director needs to be added temporarily, after the Board of Directors proposes it, the shareholders' general meeting is suggested to elect or replace a director, and in principle, the appointment of a director is determined by a single resolution.
- **Duty performance effectiveness:** the Company continuously optimizes and improves the director performance appraisal system, deepens and refines appraisal dimensions and contents, and regularly reviews directors' contributions comprehensively during their performance of duties at the Company. Meanwhile, the Company has established an independent assessment mechanism to identify the strengths and areas to be improved of the Board of Directors in work, thus providing directional guidance for the personal growth of directors and the further development of the overall functions of the Board of Directors.

Board of Directors

- **Diversity and professionalism:** the Company has adopted the *Board of Directors Member Diversity Policy* and comprehensively takes into account the gender, age, ethnic nationality, cultural and educational background, professional experience, skills, term of service, etc. of candidates when electing a Board of Directors member, to make sure that the Board of Directors has balanced and diversified skills, experiences and views.
- As at the end of 2023, the Board of Directors of the Company consisted of 12 directors who have accounting or financial expertise, legal qualification, financial investment experience or experience in industries relating to the Company, including four Independent Non-Executive Directors and one female director.
- **Remuneration setting for the senior management:** the Remuneration and Nomination Committee takes into full account a variety of dimensions including the remuneration level in the industry, personal performance and the progress in realizing strategic goals, periodically reviews and adjusts the performance appraisal system and remuneration management policy for the senior management of the Company, and submits them to the Board of Directors and the shareholders' meeting for approval.

Members of the Board of Directors of Far East Horizon and Their Terms of Office

Name	Position	Gender	Year of commencement of term of office	Professional industry experience ¹			
				Industry experience	Financial and accounting experience	Risk management	Legal experience
Kong Fanxing	Chairman of the Board of Directors	Male	2022				
	Executive Director		2009	✓			
	CEO						
Wang Mingzhe	Executive Director	Male	2009	✓	✓	✓	
	Chief Financial Officer						
Cao Jian	Executive Director	Male	2023	✓			
	Senior Vice President						
Chen Shumin	Vice Chairman of the Board of Directors	Male	2023		✓		
	Non-Executive Director						
Wei Mengmeng	Non-Executive Director	Female	2023	✓			
Liu Haifeng David	Non-Executive Director	Male	2009	✓			
Kuo Ming-Jian	Non-Executive Director	Male	2013	✓			
John Law	Non-Executive Director	Male	2012	✓		✓	
Han Xiaojin	Independent Non-Executive Director	Male	2011				✓
Liu Jialin	Independent Non-Executive Director	Male	2011	✓			
Yip Wai Ming	Independent Non-Executive Director	Male	2011	✓	✓		
Wong Ka Fai Jimmy	Independent Non-Executive Director	Male	2023	✓			

For more corporate governance information, please refer to the Chapter "Corporate Governance" in the 2023 Annual Report of Far East Horizon.

Note1: The professional industry experience of board members refers to the experience gained by board members as employees or executives, which can be acquired through management, academia, consulting, or research roles. Serving as a board member for another company in the same industry does not qualify as relevant experience.

Strengthening Communication with Investors

The Company implements the *Hong Kong Companies Ordinance*, the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*, and other relevant laws and regulations and has formulated relevant policies and regulations including the *Information Disclosure Management Measures*, the *Guidelines for Disclosure of Notifiable Transactions*, and the *Transactions Management Measures*. It adheres to the principles of timely, accurate, complete, fair and strict disclosure, keeps improving the information disclosure system and enhancing the quality of information disclosures, and makes sure that all shareholders have equal access to related information. In 2023, the Company disclosed 58 documents on the website of the Hong Kong Exchanges and Clearing Limited.

In 2023, the Company strengthened effective dialog and communication with shareholders and potential investors by a variety of means including shareholders' meetings, online and offline exchange activities between shareholders and investors, results releases, non-trading roadshows, and investor forums of all sorts. In 2023, the Company held a total of 832 investor communication sessions, including one ESG-themed summit.



7.2 Risk and Compliance Management

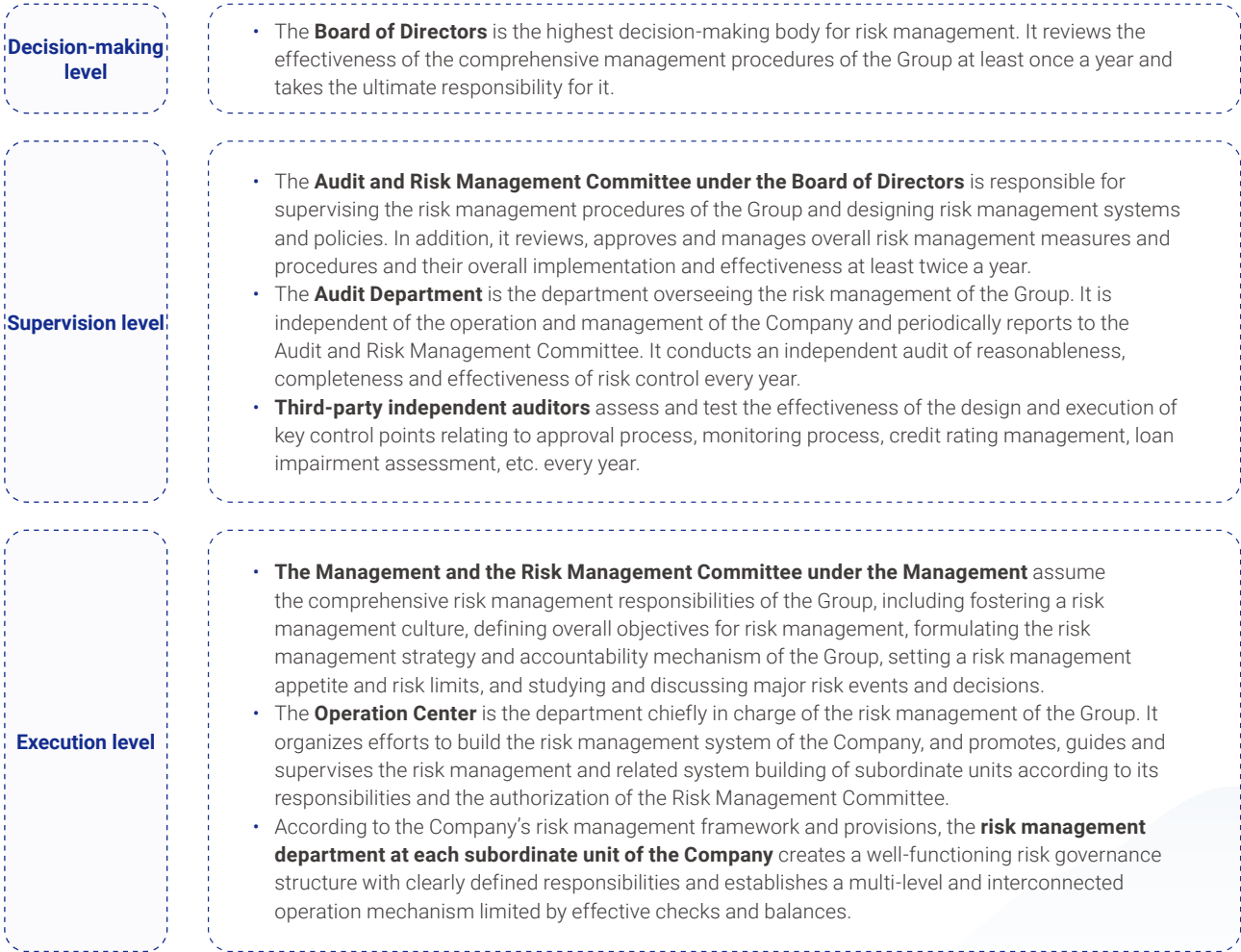
Risk and Crisis Management System

The main risk types faced by the Group include financial risks, operational risks and legal & compliance risks. Among them, financial risks include credit risk, operational risk, liquidity risk, etc. Operational risks include reputational risk, emerging risks, etc.

Facing the complex economic situation, the Group is well aware of the core role of risk control in financial business. Effective risk control can not only effectively identify, assess and control potential risks and ensure safe and stable growth of Group assets but also guide and optimize business strategies and improve business efficiency and profitability through a scientific risk decision-making mechanism.

The Group has always upheld its risk control philosophy of "seeking all-round, whole-process, multi-faceted and uninterrupted engagement", worked continuously to create a robust and prudent risk management culture, and formulated relevant policies including the *Comprehensive Risk Management Regulations*. It has kept improving the comprehensive risk management system with the Board of Directors as its highest level decision-making body, laid down clear overall objectives for risk management, and set a risk management appetite in line with the objectives. It has also continuously reviewed internal and external environments and made necessary adjustments to management strategies from time to time to make sure that risk management is reasonable, scientific and effective.

Comprehensive Risk Management System of Far East Horizon



The Group has included ESG risks into its comprehensive risk management system. With the Investors Relations Department and the Strategy Center taking the lead and the Operation Center as the department in charge, ESG risk management procedures and monitoring indicators have been established and the ESG risk management mechanism of the Group has been strengthened.

In 2023, the Group mainly standardized the management of credit risk and operational risk and it ensured asset safety and stable business operation by precisely identifying, measuring, assessing and effectively dealing with potential risk points.

Standard Risk Management Measures of Far East Horizon in 2023

Risk type	Potential impact	Response
Credit risk	Default by customers or failure to pay rent on time may cause the asset quality of the Group to decrease, directly affect the recovery value of leased assets and result in asset losses.	<ul style="list-style-type: none"> • Risk diversification strategy: optimizing the asset allocation structure from diverse perspectives such as industry, region and customer respective and adopting the industry management strategy based on the four industry categories of “encouraged, maintained, restricted and compressed” industries; • CSR performance review: timeliness of payment of wages, taxation compliance, environmental performance, etc.; • Integrity and ethical risk assessment: financial authenticity, analysis of willingness to repay and solvency, etc.; • Solvency stress test: stress tests and differentiated risk control strategies covering every customer.
Operational risk	The transaction process involves many links. If the internal process is not standard or is not adequately executed, it may lead to mispricing, omission or misunderstanding of contract terms, or even major problems such as unclear ownership of leased assets.	<ul style="list-style-type: none"> • Identification of operational risk among employees and improvement: periodically performing internal audit procedures to identify and correct potential operational risk; • Department-level self-inspection and strengthening management: conducting internal reviews, optimizing business operating procedures, and strengthening internal management policies.

With the expansion of the breadth and depth of global regulatory requirements and the rapid development of emerging technologies, the emerging risks faced by the financial industry are constantly evolving and will form an impact on the risk management of the future financial industry. To respond to the trend as early as possible, the Group has dynamically identified, managed and actively responded to emerging risks and challenges.

Identification of and Response to Emerging Risks of Far East Horizon in 2023

Emerging risk	Description	Impact	Response
Climate change risks	In terms of physical risks, there are changes in physical environmental factors such as frequent occurrence of extreme weather events and sea level rise; in terms of transition risks, policy adjustments made by countries around the world to address climate change, technological innovations and economic and social reforms brought about by changes in market preference are increasing the uncertainty of the assets of the Group.	Climate change risks are transforming into financial risks via multiple channels and have material impact on the Group’s finance, e.g., decreased asset quality, increased bad debt ratio, complex investment decision-making, increased difficulties in recovering capital and challenged long-term competitiveness.	See the Chapter “Commitment to ‘Zero Carbon’ Development” of this report for details.
Data security risks	With the rapid development and extensive application of IT, data have become more valuable while data security risks have become more complexed and changeable, e.g., loss of effectiveness of security control measures, security vulnerabilities in the supply chain, boundary protection challenges brought by telework.	Data security risks directly affect the Group’s core competitiveness, compliance and sustainability, including information leak and legal disputes, key business process interruptions and loss increase, regulatory compliance pressure and penalties, etc.	See the Chapter “Providing Quality Customer Service” of this report for details.
Geopolitical risks	At present, Russo-Ukrainian war is not over, the Israeli-Palestinian conflict has resumed, tensions are high on the Korean Peninsula, the South China Sea disputes persist, and there are election-induced political uncertainties in more than 70 countries. All of those are challenging global security and stability.	Geopolitical risks have multifaceted and profound impacts on the Group, e.g., increased asset procurement cost due to surges in commodity prices, maritime detours and increased cost due to obstruction of shipping on the Red Sea, restricted business expansion and asset injection in relevant regions, etc.	<p>Giving priority to enterprises in industries featured by “domestic circulation”;</p> <p>Regarding customers who are engaged in overseas business, prudently assessing their proportions of overseas business.</p>

Meanwhile, the Group adheres to the idea that all employees participate in risk management. It takes such measures as performance appraisal, communication mechanism, new product risk control, training and publicity to build a risk management culture and make sure that all employees take part and fully understand the whole risk management process.

Risk Culture Building Measures of Far East Horizon

Key aspect	Specific measures
Risk management performance appraisal	<ul style="list-style-type: none"> For department managers, conducting a performance appraisal every quarter with respect to their risk management abilities in the operations they are responsible for; For front desk employees, risk assets can have an impact on profit results, thus affecting their performance; For middle office employees, non-performing assets are included as an indicator into the performance appraisal of risk control personnel, asset management personnel, etc.
Risk communication and reporting	<ul style="list-style-type: none"> Providing employees with various channels to communicate on risk information, e.g., daily, weekly and monthly reporting mechanisms and weekly and monthly meeting mechanisms within departments, cross-industry reviews and cross-function communication; Directly communicating with grass-roots employees in the form of office survey, undertaking the thoughts of frontline employees about risk management, and replying to and keeping improving existing problems; Encouraging employees to actively find and identify risks, scientifically controlling risks, and urging employees to seize the opportunities behind risks while paying attention to risks so as to create value for the Company.
New product risk control	<ul style="list-style-type: none"> For industries in their exploration stages or frontier stages, starting with pilot projects with a quota or in small batches; Expanding the scope when new industry risks are effectively assessed and reasonably controlled and meet expectations, or choosing to gradually withdraw from the industries.
Training and publicity among the risk control sequence	<ul style="list-style-type: none"> Assigning experts in the risk control sequence to give lectures on risk management and hold exams; Tempering the comprehensive risk management ability of backbone employees and solving urgent problems in actual work through the research project system; Periodically reviewing risk cases and summing up experiences through teach-ins of risk cases among all employees, to enhance risk awareness and skills. As at the end of 2023, the Group organized more than 45 risk case lectures, which were attended by more than 3,900 people.

Risk Management Objectives and Completion Status of Far East Horizon in 2023

Level	Objective	Status
Macro level	Continue to optimize asset allocation at the industry and regional levels to realize total quantity control in each industry and a reasonable structural balance in each region; make necessary adjustments to policies from time to time.	Completed
Meso level	Intensify efforts in analysis of customer groups and improve the quality of customer groups; continue to strengthen differentiated credit strategies for customers that are hierarchically classified and enhance multi-dimensional authentication of customer information.	Completed
Micro level	Make continuous improvements to appraisal methods, validation tools and operational means, and increase the continuous iteration of new IT and tools.	Completed
Internal coordination	Keep strengthening the compliance of business operations, the effectiveness of risk management and the diligence of duty performance and intensify the "front-back communication" and "personnel linkage" to improve the risk control awareness, behavior and ability of related personnel continuously.	Completed

Compliant Operation

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

Compliance Management System of Far East Horizon

Key aspect	Main content
Management documents	Formulating the Compliance Management Measures, the <i>Compliance Manual</i> , etc.
Organizational structure	Establishing the Compliance Management Committee and regularly convening committee meetings to vote on major compliance matters and make decisions.
Management measures	Building three lines of defense and specifying responsibilities for compliance and risk control; Establishing communication channels for compliance liaison officers of departments and subordinate companies; Organizing relevant departments to sort out risk compliance points and control measures under their respective business lines; Standardizing operation and management processes, providing compliance training, and raising risk management awareness among employees.

Major Compliance Management Efforts and Achievements of Far East Horizon in 2023

- Based on position changes, organized heads of departments and subordinate companies to re-sign the *Compliance Responsibility Commitment Letter*. In 2023, the signing rate was **100%**;
- Launched and implemented the online regulatory report project, realized automatic number filling in reports, and formulated the supporting operating manual, which improved the accuracy and timeliness of reported data;
- Conducted six compliance training sessions among new employees and provided relevant quizzes, to raise their compliance awareness;
- Conducted more than **20** legal & compliance training sessions for business lines to bring their attention to relevant business requirements in laws and regulations and regulatory policies.

In terms of intellectual property rights (IPR) protection, the Company abides by the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, the *Regulation on the Protection of the Right to Communicate Works to the Public over Information Networks*, and other relevant laws and regulations, and has formulated the *Measures for Intellectual Property Rights Management*, stipulating that it shall refrain from infringing IPRs of others and effectively protect its own legitimate IPRs. In 2023, the Company continued to improve its IPR management mechanism and it had no major litigation compensation caused by IPR infringement.

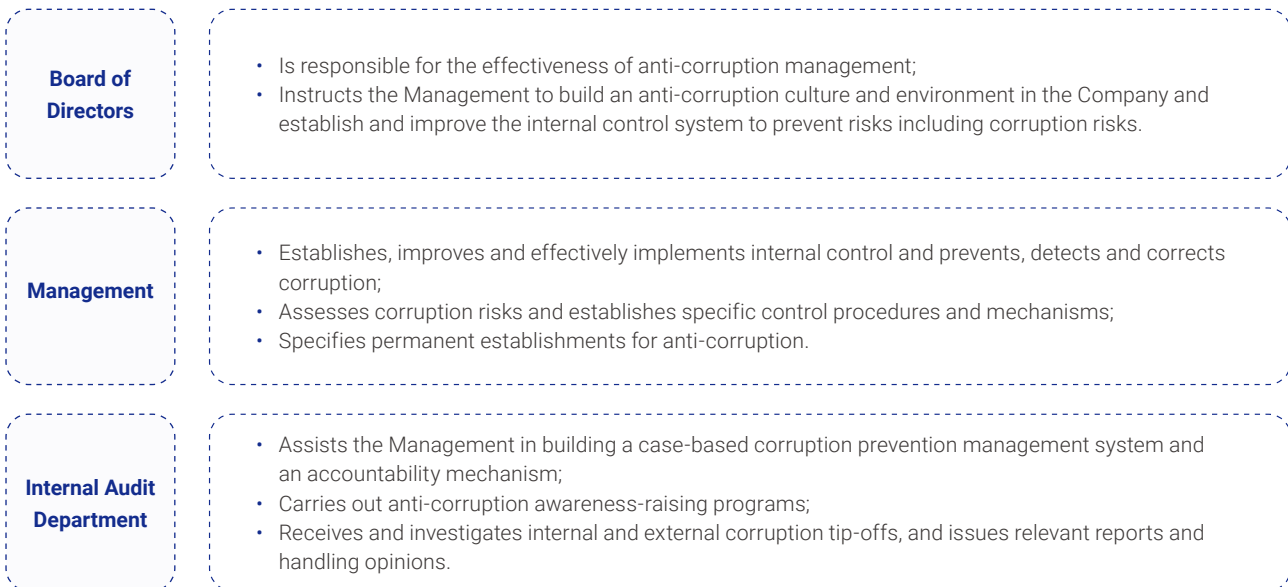
7.3 Anti-corruption and Business Ethics

Anti-corruption and business ethics are the cornerstone of corporate operation and are of great significance to maintaining legality, compliance, fair competition and good reputation. For an enterprise, strictly implementing anti-corruption policy and adhering to lofty business ethics can not only effectively prevent legal risks and ensure asset safety but also build a good image of integrity and strengthen market competitiveness, thus realizing sustained, stable development.

Anti-corruption

Far East Horizon attaches great importance to and steadily advances anti-corruption. It strictly abides by the *Criminal Law of the People's Republic of China*, the *Anti-unfair Competition Law of the People's Republic of China*, the *Company Law of the People's Republic of China*, the *Internal Audit Regulations of the People's Republic of China*, the *Prevention of Bribery Ordinance of Hong Kong*, and other pertinent laws and regulations and has formulated a set of documents, including the *Rules on Anti-fraud Work* and the *Employees Professional Ethics Code*. In 2023, Far East Horizon updated the *Anti-corruption Management Statement of Far East Horizon Limited*, and continuously strengthened anti-corruption mechanism building to effectively prevent corruption risks.

Anti-corruption Management Structure of Far East Horizon



In 2023,

- Required new employees to sign the *Integrity Undertaking Statement* on the day when they joined the Company and provided case prevention education for new employees, with a coverage rate of **100%**;
- Conducted **197** face-to-face warning and awareness enhancement sessions, which covered over **15,760** employees from the traditional finance, new business, industrial operations, and functional units;
- Reminded all employees of probity and self-discipline by email on important holidays;
- Pushed **70** warning cases to managers at all levels via various channels such as email, company intranet, and WeChat account.

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

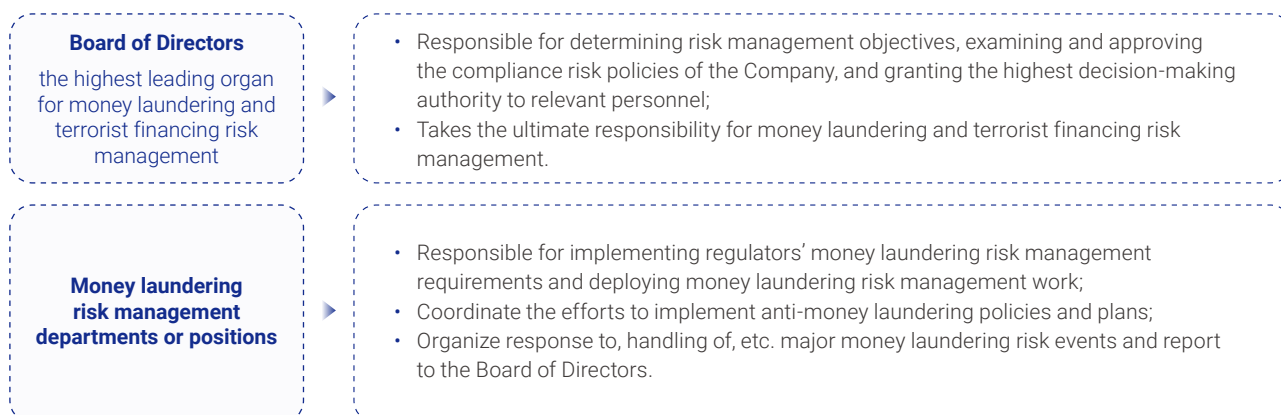
Regarding the protection of whistleblowers, the Group has formulated internal documents such as the *Rules on Anti-fraud Work* and the *Measures for Whistleblowing Supervision and Administration*, and established and improved the confidentiality-based whistleblowing management mechanism. While clearly setting out principles and procedures used to handle complaints and tip-offs, it also stipulates that whistleblowing channels should be dedicated phone lines and email addresses under the management of authorized persons, requires related persons to sign the non-disclosure agreement (NDA), and strictly prohibits any discrimination or retaliation against complainants or whistleblowers.

Anti-money Laundering

The Group strictly follows the *Anti-money Laundering Law of the People’s Republic of China*, the *Regulations on the Anti-money Laundering of Financial Institutions* and other applicable laws and regulations and it has formulated and issued the *Anti-money Laundering and Anti-terrorist Financing Policy Statement* and established the Group money laundering and terrorist financing risk management system. Relevant companies have formulated the *Manual to Crack Down on Money Laundering and Terrorist Fundraising* based on their business realities and set up the Risk Management Committee to regularly synchronize anti-money laundering related compliance correspondence and enforcement information of employees.

In 2023, the Group was not involved in any money laundering related violation.

Money Laundering and Terrorist Financing Risk Management Structure of Far East Horizon



Besides, the Group has continuously conducted anti-money laundering training among employees. In 2023, it held six training sessions on the regulatory framework, anti-money laundering concepts, etc. among new employees, with a coverage rate of 100%. It also held one compliance training session on cracking down on money laundering and terrorist fundraising and the training contents included the latest regulatory requirements and the enforcement information of anti-money laundering regulations.

See the *Anti-money Laundering and Anti-terrorist Financing Policy Statement* for more details about the Group’s development of money laundering and terrorist financing risk management policies.

7.4 Supplier Sustainability Management

Far East Horizon is a comprehensive group that spans finance and industry. Its traditional main business, new financial business and industrial operations all involve operational/non-operational procurement from suppliers. The contents of procurement from suppliers mainly include IT, office administration, property logistics, human resources, financial management and other services.

The Group strictly abides by the *Tendering Law of the People’s Republic of China*, the *Government Procurement Law of the People’s Republic of China* and other relevant laws and regulations. In 2023, the Group rebuilt, through integration, its procurement and supply management system, formulated the *Procurement and Supply Management Measures*, established the supplier management principles of “centralized management of each category, hierarchical classification, strengthened compliance, checked and balanced process, closed-loop management, and authorization management”, and extended from the procurement business operation system to the Group-wide control system for procurement and from non-operational procurement areas to operational procurement areas, penetrating the full procurement and supply process of the Group.

Sustainable Procurement and Supply Management Mechanism

Procurement links

- Before a supplier is added to the supplier base, the Group identifies, accesses and manages its environmental and social risks and other risks through the enterprise information query platform qcc.com;
- Before signing a contract, the Group requires all suppliers to sign the Integrity Agreement and the Third-party Due Diligence Questionnaire and observe the Group’s compliance and anti-corruption management requirements and urges suppliers to formulate clean practice and anti-corruption policies and regulations;
- The Group improves the supplier complaint and feedback mechanism. All employees can report suppliers’ violations in the procurement process such as fraud, bid rigging, bidding collusion, commercial bribery, etc. to the supplier management team;
- In the tendering procedures of such procurement projects as engineering projects and IT equipment, office furniture and office computer procurement projects, the Group requires that the products or services provided by suppliers shall meet national and/or industry standards and green procurement standards and will give preference to suppliers who provide energy-saving and environmentally-friendly products;

Supply links

- The Group periodically inspects and assesses the qualification of all suppliers that the Group works with, and release the periodical assessment results within the Group;
- In 2023, the Group upgraded the dynamic supplier assessment system, and for procurement projects with a single procurement amount of RMB3 million or above, the Group added a project assessment when such projects ended;
- The Group requires suppliers who fail to meet standards to take remediation measures. If the suppliers still fail to meet standards after such remediation, they will be disqualified.

ESG Performance Data of the Chapter

Supplier Management Performance

Indicator		Unit	2021	2022	2023
Total number of suppliers ¹		No.	772	913	1,092
By region	Suppliers based in the Chinese mainland	No.	746	882	1,033
	Suppliers based in Hong Kong, Macao, Taiwan and overseas	No.	26	31	59

Note 1: [Calculation method] total number of suppliers=number of suppliers based in the Chinese mainland + number of suppliers based in Hong Kong, Macao, Taiwan and overseas.

Note 2: The above statistics are based on the finance arm of Far East Horizon.

Note 3: In 2023, because the Group integrated and rebuilt the procurement and supply management system and expanded the scope of suppliers, in 2023 the total number of suppliers increased from 2022.

Anti-corruption and Anti-bribery Performance

Indicator	Unit	2021	2022	2023
Number of anti-corruption related training sessions	session	176	185	197
Employee attendance in anti-corruption related training	person-time	6,300	13,376	15,760
Director attendance in anti-corruption related training	person-time	—	—	3
Average hours of anti-corruption related training per employee	person/hour	3.15	6.65	8.25
Average hours of anti-corruption related training per director	person/hour	—	—	1
Number of corruption cases that were lodged against the issuer or its employees and were concluded during the reporting period ¹	case	2	0	4
Total fines received for violation of anti-corruption laws and regulations	RMB10,000	—	—	0
Number of employees dealt with for corruption	person	—	—	4

Note 1: Of the four corruption cases that occurred at the Group in 2023, three are about taking advantage of positions to profit from the Company and one about stealing and selling the Company's materials. The Group actively cooperated with judiciary authorities in the investigation. All of the four cases were concluded in 2023. In the three cases about taking advantage of positions to profit from the Company, the defendants were sentenced to three years in prison, three years and four months in prison, and three years in prison plus three years on probation respectively, and their illegal gains were recovered and confiscated or they were ordered to return or pay compensation for illegal gains. In the one case about stealing and selling the Company's materials, the defendant was sentenced to three years and six months in prison and was ordered to return the money involved to the Company. After the foregoing cases were concluded, the Group immediately circulated the Internal Warning Education Cases in the Group and conducted relevant warning education. Also, the Group included relevant matters into the warning education case library to warn against bad examples. Meanwhile, the Group analyzed exposed management problems and took corresponding remedial measure, including improvement of procurement management policies and regulations, scanning of key risks, optimization of process nodes and authority, enhancement of integrity education and training efforts and coverage, to strengthen the integrity protection net.

***SPECIAL REPORTS OF
THREE COMPANIES IN THE
INDUSTRIES OF CONSTRUCTION,
HEALTHCARE AND EDUCATION***

08

Report of CDHORIZON: Build the Future with Innovation as Wings

Material topics addressed

Quality of construction projects and equipment	Occupational health and safety	Work safety	Customer service and satisfaction	Opportunities in clean tech
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The UN SDGs aligned

 <p>3 GOOD HEALTH AND WELL-BEING</p>	 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>
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Metrics and targets

Metrics	Target	Progress in 2023
Rate of timely response to quality problems	95%	98.99%
Post-conversation customer satisfaction via the 400 customer service hotline	95%	97.04%
Customer call-back satisfaction	90%	95.20%
Rate of occurrence of occupational diseases throughout the year	0%	0%
Accident injury and death rate	0%	0%

8.1 Overview of the Construction Industry

CDHORIZON or Horizon Construction Development is a comprehensive equipment operation service company, with building and construction equipment and materials as its basis, CDHORIZON works to reshape the equipment supply chain system and is committed to providing customers with multi-functional, multi-aspect, full-lifecycle comprehensive services and continuously creating value for customers. On May 25, 2023, CDHORIZON got listed on the Main Board of the Stock Exchange of Hong Kong, with the stock code 09930.HK.

Corporate Culture System of CDHORIZON



Since its founding in 2011, CDHORIZON has become a China leading integrated equipment operation service platform in terms of comprehensive ability in China, with total assets of over RMB30 billion. CDHORIZON ranked 14th on IRN100, International Rental News' list of global top 100 rental companies, and has served a total of more than 232,000 corporate customers.

A business network radiating China and Southeast Asia

- Headquartered in Tianjin, CDHORIZON has four operation bases in Shanghai's Jinshan and Jiading, Tianjin's Wuqing, and Guangzhou's Nansha.
- 490 service outlets in nearly 200 cities in China, including 489 in the Chinese mainland and one in Hong Kong.
- 4 overseas service outlets covering 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.

Honors and Awards of CDHORIZON in 2023

Issued by	Honor/award
KHL Group (a construction and power information provider)	Ranked 14th on the IRN100 list Ranked 3rd on the ACCESS50 list
T50 Summit of World Construction Machinery Industry (Organizing Committee of the T50 Summit of World Construction Machinery Industry)	2023 Outstanding Achievement in Rental Management China Aerial Work Platform Rental Industry
China Formwork and Scaffold Association	Quality Alliance Certified Enterprise Top 100 Enterprises in the Chinese Formwork and Scaffold Industry in 2023
Judging Panel of the 2023 (Sixth) China Financial Leasing "Take Off Awards"	Leading Enterprise in Operating Leasing
Organizing Committee of the Advanced Forum of Deep Foundation	Excellence Award in Equipment Leasing



14th in the world in IRN100



3rd in the world in ACCESS50



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

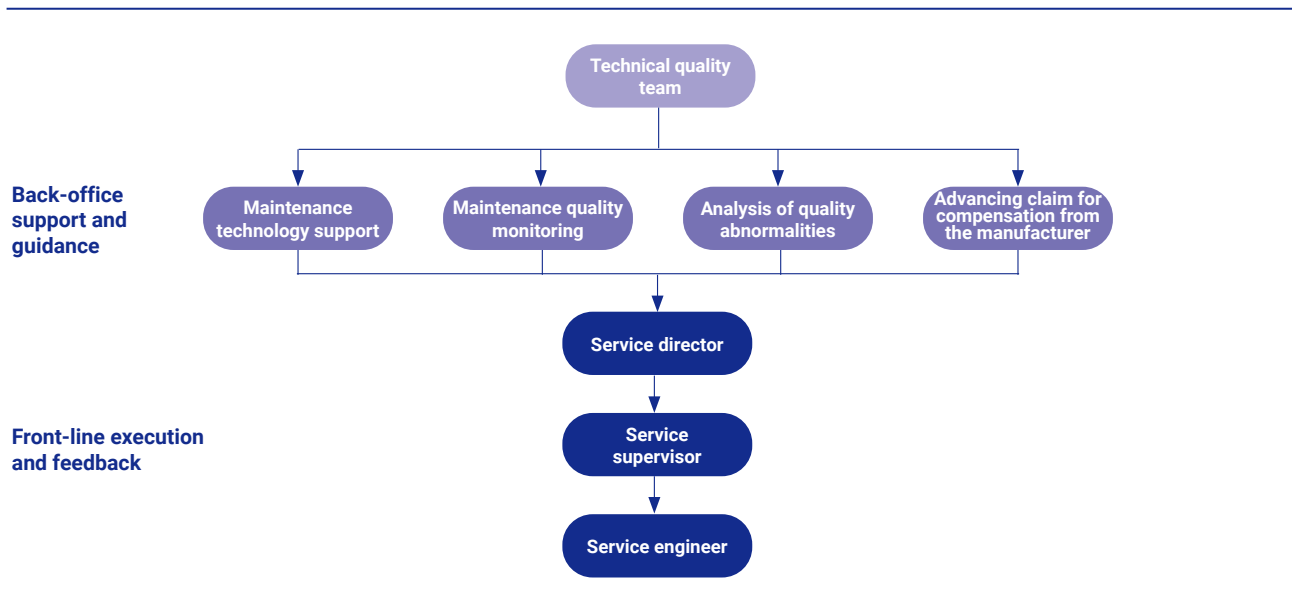
8.2 Quality Equipment Operation

Guaranteeing the Quality of Construction and Equipment

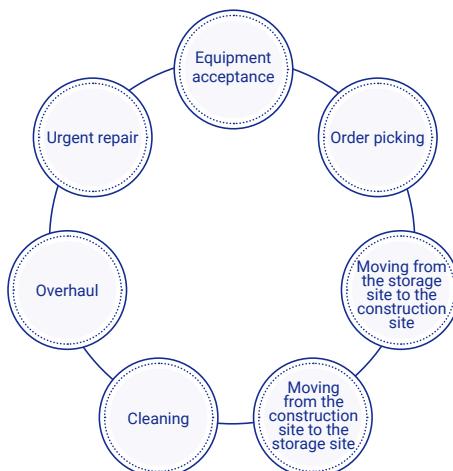
CDHORIZON strictly abides by the *Product Quality Law of the People’s Republic of China* and other relevant laws and regulations and has established a policies and standards system that includes standard procedures, normative guidance and template forms and formed an equipment quality management system that runs throughout the full lifecycle of equipment and covers all relevant links. The Group has established a quality management structure in which the technical quality team implements unified management, back-office departments provide support and guidance, and frontline departments execute and give feedback, and with better machinery equipment and a stronger technical service team, it helps drive China’s urban construction toward the environmentally friendly, efficient and intelligent direction.

In 2023, no incident that could cause CDHORIZON to be punished by regulators due to violation of laws and regulations on production and service quality and safety occurred at CDHORIZON.

Quality Management Structure of CDHORIZON



Full-lifecycle Equipment Quality Management of CDHORIZON



In 2023, CDHORIZON pushed for lean management of equipment quality and continued to improve quality management benefit and foster a quality awareness atmosphere among all employees in two ways, those are, quality diagnostics and quality training.

CDHORIZON’ s Lean Management Measures for Equipment Quality in 2023

Quality diagnostics	<ul style="list-style-type: none"> Continued to collect quality problems, counted top-level malfunctions every month, and cooperated with original equipment manufacturers (OEMs) in analysis and formulating improvement plans to control occurrence of quality problems. Dealt with 338 quality problems through closed-loop handling and initiated 37 OEM technological improvement measures; Equipped equipment with systems like intelligent patrol system and remote diagnosis and upgrading system, realized online detection and online resolution of minor malfunctions, and improved response efficiency to quality problems. The rate of timely response reached 98.99%.
Quality training	<p>Conducted quality training among service engineers with multi-channel training means, which had total attendance of 14,040 and covered all service engineers:</p> <ul style="list-style-type: none"> Held 17 off-job training sessions on operation and maintenance of special-purpose equipment, engine maintenance, etc., which had total attendance of more than 110; Held 44 livestreaming training sessions on equipment construction and control principle and maintenance, which had total attendance of 6,800; Launched 14 training sessions on basic knowledge of industries and basic operating skills on the online learning platform E-learning, and pushed the training to more than 6,880 attendances, of which 80% completed the learning of the training sessions; Provided on-site troubleshooting guidance training to more than 60 outlets, with total attendance of more than 140; Held 5 training sessions on operation and basic maintenance skills of new products, which had total attendance of more than 110.

As at 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. met the ISO 9001:2015 certification requirements and obtained corresponding certificate.

Subsidiaries of CDHORIZON that have obtained the ISO 9001:2015 certificate



Shanghai Horizon Equipment Engineering Co., Ltd.



Shanghai Hongjin Equipment Engineering Co., Ltd.

Innovation in Customer Service

Being customer-centric, CDHORIZON places what customers want in a core position of its business development. It has established a customer service management system that covers all relevant links including product inquiry and after-sales service and customer satisfaction management and formulated corresponding policies and procedures to continuously improve customer service efficiency. It is committed to providing customers with all-round, multi-functional, full-lifecycle services.

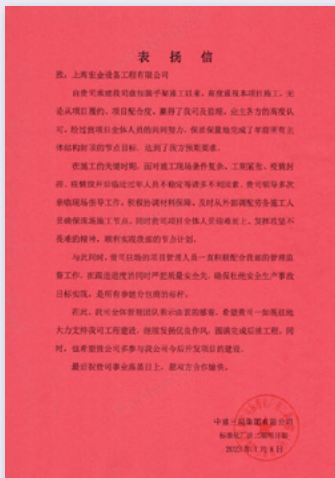
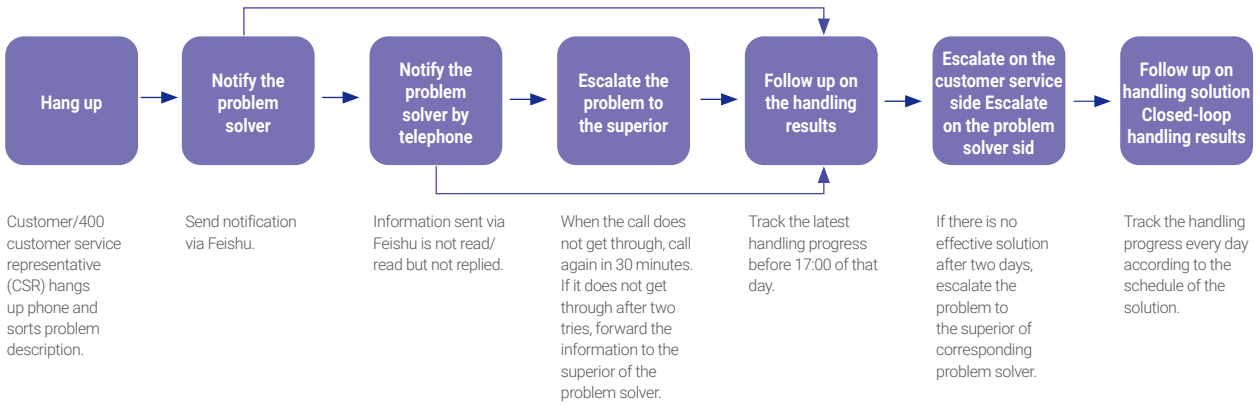
Customer Service Philosophy of CDHORIZON



Customer Service Management System and Management Progress of CDHORIZON

Aspect	Management mechanism	Major management actions and achievements in 2023
Product inquiry and after-sales service	<p>Diverse communication channels: telephone call-back, SMS, 400 customer service hotline, app, online reception via the WeChat official account, etc.</p> <p>A professional service team: a professional customer service team that provides customer service 12 hours a day, seven days a week.</p>	<ul style="list-style-type: none"> Formulated normative documents including the <i>SOP Manual for 400 Telephone Customer Service</i> and established and improved the system of 400 telephone customer service management policies and regulations; Adjusted and optimized the shift of customer service staff; Conducted seven business enhancement training sessions among customer service staff.
Equipment use instructions for customers	<p>Equipment handover training: equipment operation training for customers before delivery of equipment.</p> <p>Online learning platform: training on equipment safety, operation, standard use, etc. in the form of online video.</p>	<ul style="list-style-type: none"> The passing rate of the service engineers conducting handover training for customers in the service engineer qualification training was 100%, and they provided training to about 11,100 participants; The online operation learning platform served a total of more than 260 customers.
Customer satisfaction management	<p>Customer satisfaction survey: conducting post-conversation satisfaction evaluation of service via the customer service hotline and spot-checking call-back order satisfaction.</p> <p>Regular visit: visiting customers regularly to collect customer reviews.</p>	<ul style="list-style-type: none"> The post-conversation satisfaction of service via the customer service hotline was 97.04%; Conducted satisfaction call-back surveys of 732 orders in the business lines of new support systems, new formwork systems and aerial work platforms, and the satisfaction was 95.20%; A number of project results received thank-you letters, silk banners, certificates of honor, etc. from customers as forms of recognition.

Customer complaint handling process



The Huai'an Standard Factory Project received a letter of praise from China Construction Third Engineering Bureau Group Co., Ltd.



The Power Supply Service Project for the 19th Asian Games Hangzhou 2022 received a thank-you letter from the 19th Asian Games Hangzhou 2022 and the 4th Asian Para Games Hangzhou



The CanSemi (Phase III) Project was awarded Behavior Safety Star by China Construction First Group Corporation Limited

8.3 Securing the Bottom Line of Safety

Work Safety

Work safety is the eternal theme of enterprises, and enterprises are the first entities responsible for work safety. CDHORIZON strictly follows the *Work Safety Law of the People’s Republic of China*, the *Fire Protection Law of the People’s Republic of China* and other relevant laws and regulations and has formulated work safety policies including the *Management Measures of the Responsibility System for Work Safety* and the *Management Standards of Work Safety Bans*, promoted strict work safety regulations, and implemented the work safety guarantee mechanism in all respects. In 2023, no major work safety accident occurred at CDHORIZON.

In 2023, CDHORIZON strictly fulfilled its responsibilities in work safety and put in place the principle of “four no-excuses” in accident handling. Meanwhile, it worked to build strong lines of defense for work safety by improving the responsibility system, building and maintaining facilities, creating a work safety culture or atmosphere, etc., so as to foster a safe environment that is close to realities, to production and to employees for the production and construction of the Group.

Principle of “Four No-excuses” for Safety Accident Handling of CDHORIZON

- Accident causes are investigated thoroughly
- Accountable persons are punished accordingly
- Lessons are learned from past accidents
- Corrective and preventive measures are implemented properly

Work Safety Guarantee Measures of CDHORIZON in 2023

Aspect	Specific measures
Improved the work safety responsibility system	<ul style="list-style-type: none"> • Appointed personnel responsible for safety, required them to sign the safety responsibility letter, periodically conducted inspections on safety risks, and eliminated safety risks from the source; • Reported detected safety risks online and required relevant personnel to make remediation within a specified period of time.
Strengthened construction and maintenance of safety facilities	<ul style="list-style-type: none"> • Completed seven technological improvement and safety protection measures to provide safety guarantee for risk of mechanical injury during operation, risk of scattering and risk of fall of materials during transportation; • Periodically maintained and tested production equipment and protective facilities and assigned personnel to be responsible for management to record maintenance truthfully, to make sure that safety equipment and protective facilities run normally; • Installed around-the-clock intelligent monitoring systems on more than 170 units of piling machinery using information-based IoT means, realizing standards visualization, control integration and process flattening of management of piling machinery.
Built a work safety culture or atmosphere	<ul style="list-style-type: none"> • Conducted 55 work safety training sessions that combined theories and practical operation, including work safety knowledge training, production and operation skills training and firefighting knowledge training; • Enriched the forms of training and innovated the training system. Organized 13 online training sessions on work safety via the learning platform of CDHORIZON, which had 23,450 participants, and organized 1,096 offline training sessions on work safety through fixed-point service support, which had 13,233 participants, including all front-line employees; 63,450 from production and non-production departments across the Group participated in the safety training; • In response to the National Work Safety Month and the Fire Awareness Month, conducted 339 emergency drills to strengthen employees’ safety awareness and emergency response ability.

Occupational Health Management

In terms of occupational health management, the occupational diseases involved in the business of CDHORIZON mainly include noise, dust, high temperature, etc. CDHORIZON upholds the safety management philosophy that sees risk management as the core and strictly abides by relevant laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*. It has established health and safety commitments and included them into the *Employee Manual*, formulated occupational health related policies including the *Occupational Health Management Measures*, built and improved the occupational health and safety management system, and carried out corresponding certification work.

Subsidiaries of CDHORIZON that have obtained the ISO 45001:2018 certificate



In 2023, CDHORIZON caused its bases to periodically identify occupational disease risks in the full production cycle and conduct monitoring and remediation of occupational disease risks. It strengthened occupational health management in two ways, those are, equipment improvement and health risk prevention.

Occupational Health Guarantee Measures of CDHORIZON in 2023

Aspect	Specific measures
Equipment improvement	<ul style="list-style-type: none"> Chose semi-automatic welding equipment, installed dust collection pipes, and equipped 10 units of large exhaust equipment to prevent diffusion of welding fume; Purchased automatic laser cutting machines to replace traditional blade cutters to reduce noise during the cutting process.
Health risk prevention	<ul style="list-style-type: none"> Distributed labor protection articles to relevant employees based on identified occupational disease risks; Provided annual occupational health checks for employees, including employees in all positions with occupational hazards; Conducted four occupational health training sessions to help employees strengthen health self-protection awareness by explaining occupational health policies of the Group, measures to prevent occupational diseases and infectious diseases, etc

8.4 Seizing Opportunities in Clean Tech

CDHORIZON upholds the philosophy of “understanding that the natural environment is limited, respecting the ecosystem, and avoiding overdevelopment and pollution” and has included innovation in clean tech into the core strategy for the development of the Company and actively explored and seized opportunities in clean tech.

CDHORIZON has carried out work relating to opportunities in clean tech in the fields of energy use, product sustainability innovation, etc. While realizing its own sustainable development, CDHORIZON has brought substantial improvement to the society and the environment.

CDHORIZON’ s Management Measures of Opportunities in Clean Tech

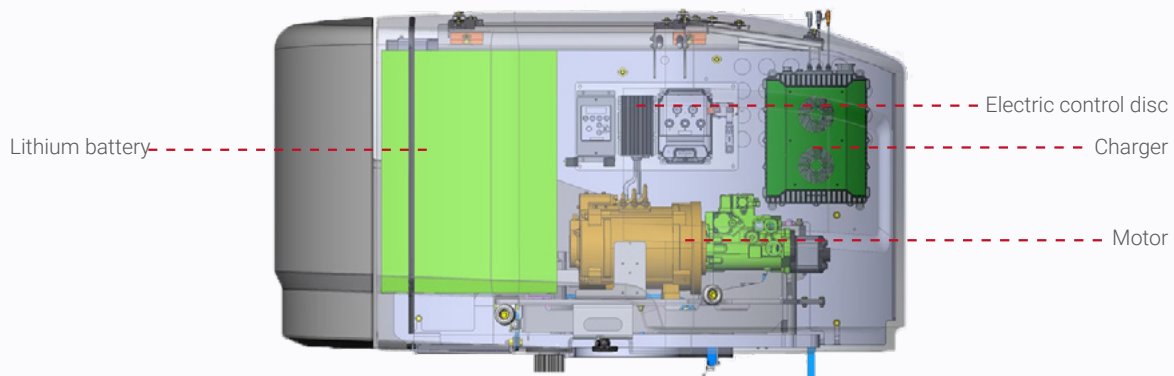
Energy use	<ul style="list-style-type: none"> The “oil to electricity” technology used in aerial work platforms has helped save energy and reduce emissions.
Product sustainability innovation	<ul style="list-style-type: none"> CDHORIZON’s core products support and formwork systems are green and can be recycled.

Case

Exploring opportunities in clean tech with the “oil to electricity” technology in aerial work platforms

Aerial work platforms are important tools in modern industrial and urban construction. Aerial work platforms with low emission standards have such problems as environmental protection and limited use. To solve the problems, we need to replace their engines with ones with high emission standards, but the cost is relatively high. In 2023, CDHORIZON launched the engine modification project for aerial work platforms with low emission standards, planning to change diesel-driven engines into electric ones (“oil to electricity” for short). While solving the existing problems of outmoded diesel vehicles, the modification can further improve the performance and reliability of vehicles.

So far, CDHORIZON has completed the design of the “oil to electricity” project. According to estimation, after modification, each aerial work platform can generate an annual economic benefit of RMB70,000, and all aerial work platforms can realize economic benefits of RMB1.05 million in 2023.



Case

Independently developed total prefabricated steel cofferdam system offers an environmentally-friendlier and more efficient option to customers

The total prefabricated steel cofferdam system is one of the independently developed products of CDHORIZON. The system uses bolted connection and reduces or replaces the welding and gas cutting disassembly methods in traditional steel cofferdams. Therefore, compared to traditional steel cofferdams, it has the following main advantages:



(1) Easy to assemble and disassemble: bolted connection makes it easy to assemble and disassemble during construction;

(2) Highly adaptable: bolted connection makes the system highly adaptable to complex construction environment;

(3) Environmentally friendly: with bolted connection, the system has greatly reduced generation of hazardous materials such as welding slags and waste in the welding and gas cutting process, and it is thus friendlier to the environment;

(4) Safe: with bolted connection, the system has greatly reduced safety risks that may arise in the welding and gas cutting process such as mechanical injury, electric shock, burn, light injury, etc. and is thus safer.

For more details about CDHORIZON’s practices and achievements in applying the ESG philosophy and implementing ESG management, please refer to the *2023 Environmental, Social and Governance Report of CDHORIZON*.

ESG Performance Data of the Chapter

Occupational Health and Safety Performance of CDHORIZON

Indicator	Unit	2021	2022	2023
Number of work-related fatalities	person	0	0	0
Working days lost due to work injury	day	382	360	376
Times of safety supervision	No.	1,928	1,921	2,534
Number of emergency drills ¹	No.	221	135	339
Safety training participants	person-time	49,799	65,774	63,450

Note 1: In response to the central government’s call to raise safety awareness and strengthen emergency response capability, in 2023 CDHORIZON strengthened emergency drills to improve employees’ emergency response skills. Therefore, the number of emergency drills increased in 2023.

09

Report of Horizon Healthcare: Excellent Medical Care and Inclusive Healthcare

Material topics addressed

High-quality medical services	Medical care safety	Privacy and data security	Customer service and satisfaction	Access to health care
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The UN SDGs aligned



Metrics and targets

Metrics	Performance in 2023	
Capital investment in HSE		RMB20 million
Attendance to safety management training		21,530 person-times
Metric	Target for 2023	Progress in 2023
Compensation Target for medical disputes	Less than 5% of business income	Completed

Note: In 2023, Horizon Healthcare completed equity transfer to a number of hospitals, including four medical institutions such as Zhengzhou Renji Hospital and Zhoushan Dinghai Hospital, and signed the transfer agreement of Siyang Yunbei Hospital. The statistical data in the report include relevant hospitals before the transfer transactions took effect.

9.1 Overview of the Healthcare Industry

Horizon Healthcare or Horizon Healthcare takes it as its mission to make quality health services available nearby and follows China's healthcare policy orientation. With a focus on regions short of medical resources, Horizon Healthcare carries out industry investment and operation business centering around medical establishments through models like investment, M&A, reorganization, planning and construction of new projects, to build a hospital network with its unique characteristics.

Corporate Culture System of Horizon Healthcare

Strategic path

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

Mission

Make quality health services available nearby

Values

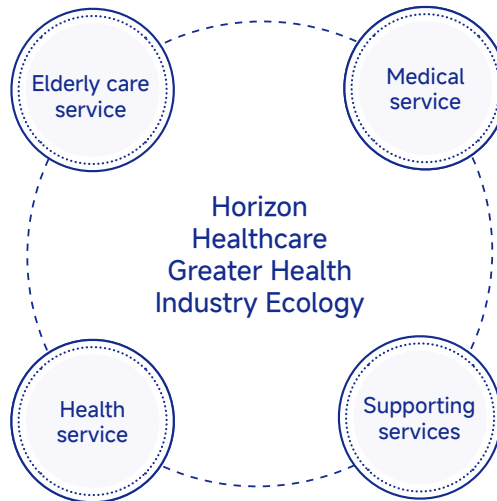
Patients first, entrepreneurial endeavor, and pragmatism

Vision

To be recognized by the government, acknowledged by the industry, and relied on by the people

Upholding the aim of medical practice of “respecting lives, putting patients in the first place, and treating disease with absolute sincerity” and the patient- and healthcare-centric philosophy, Horizon Healthcare has continuously pushed for strategic exploration and implementation in the fields of rehabilitation, elderly care, hospital management, medical technology, etc.

Horizon Healthcare Greater Health Industry Ecology – Among the First Array of Social Capital Hospital Groups in China



<p>Medical service</p>	<ul style="list-style-type: none"> In response to the national policy requirements, with its attention to the regions short of medical resources, Horizon Healthcare carries out investment and operation business in the medical field to build a hospital network with the distinctive characteristics of FEHORIZON. By returning to the original intention of medicine and the essence of company management, Horizon Healthcare creatively put forward the management mode featuring “one system, one network and one hospital” and built a standardized, intensive and integrated post-investment operation management system.
<p>Health service</p>	<ul style="list-style-type: none"> Horizon Healthcare innovates service models, extends the service scope to cover patients in counties, sub-healthy and healthy people, explores to create an integrated health platform with online and offline interaction, and provides one-stop, full-cycle medical services and products for residents in counties.
<p>Elderly care service</p>	<ul style="list-style-type: none"> Centering around the “medical treatment + elderly care” service mode, Horizon Healthcare has established a standard operation and management system integrating treatment, rehabilitation, nursing and care. Horizon Healthcare is committed to providing “amiable, respectable, reliable and credible” healthcare services for the elderly.
<p>Supporting services</p>	<ul style="list-style-type: none"> Relying on its resources and capabilities in the medical field, Horizon Healthcare promotes the exploration and realization of services in the fields of hospital management consulting, medical technology, supply chain management, etc, gives full play to the advantages of Far East Horizon Group, and helps member hospitals and medical institutions at all levels to radiate across regions with safer, better and more efficient medical services, ultimately benefiting the people.

As at the end of 2023, Horizon Healthcare owned or controlled a total of **25 hospitals**, which offered about **10,000** available beds.

9.2 Strengthening Quality Medical Services

Improving Medical Service Quality

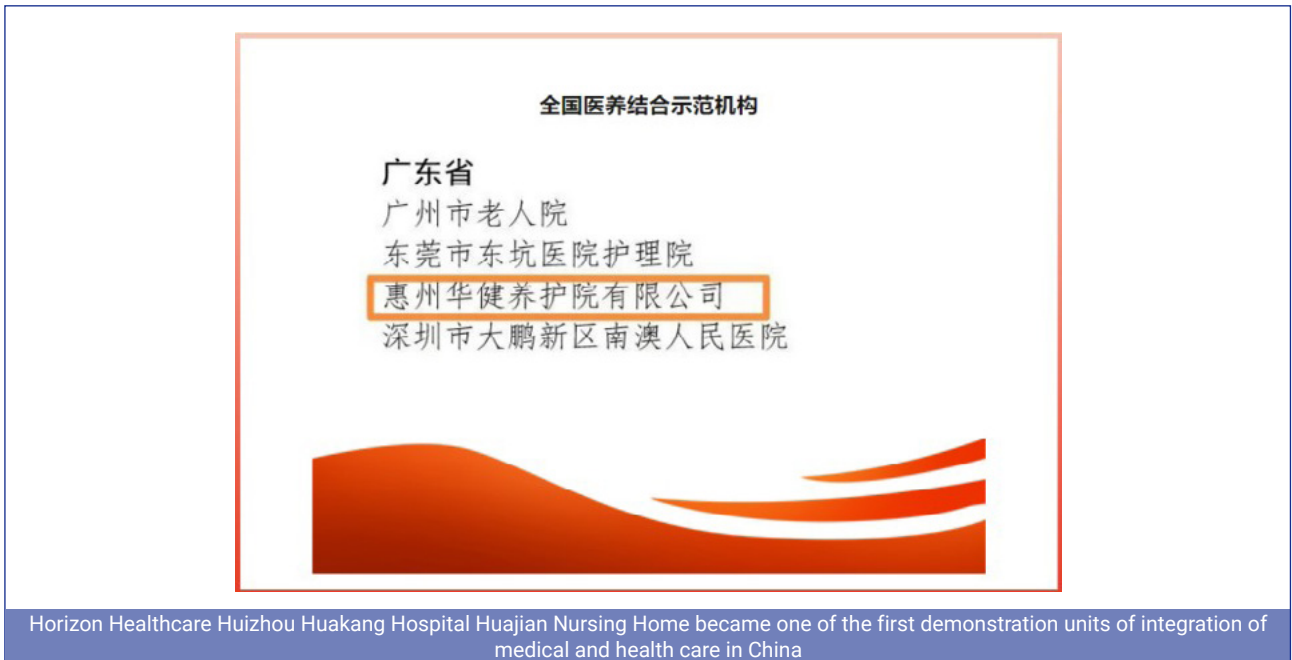
The management of medical service quality is the core of hospital management. In 2023, centering around the organizational structure for quality management, management of compliance risk points, talent training management and hospital level management, Horizon Healthcare continued to optimize and improve its operating mode and worked to build a quality management system with its own characteristics and form a vigorous quality control system.

Major Measures Taken by Horizon Healthcare to Improve Medical Service Quality in 2023

<p>Established the Horizon Healthcare quality and safety management system</p>	<ul style="list-style-type: none"> Improved the management structure of the Quality and Safety Management Committee, formed the five subordinate committees plus regional management modes, set regional heads and assigned quality research projects, and continued to push for the improvement of the red-line health quality supervision and management system. Established the monthly quality reporting mechanism and monitored and gave feedback on the quality management work of member hospitals on a monthly basis. Set the hierarchical system for hospitals, specified requirements on the scale, operation, disciplines, etc. of affiliated hospital, and promoted hospital management construction. Organized the inspection team to conduct the annual cross inspection of controlled hospitals, identified 613 problems, and formed 149 exchange matters. Optimized the Horizon Healthcare health quality monitoring indicator system, which contains 57 indicators under A and B categories, and collected and monitored indicator data via the HQMS model quality management platform.
<p>Formulated quality management policies</p>	<ul style="list-style-type: none"> Added more than 100 policy items. Issued the <i>Implementation Plan for Quality and Safety Management</i> and specified quality assessment indicators to advance quality safety management work. Issued the <i>Action to Improve Medical Service Quality in All Respects</i>, and put in place relevant plan according to national requirements. Increased the frequency of compliance inspection according to 国家医疗机构依法职业资产管理办医疗机构依法职业资产指引作为标准. The coverage rate of the inspection was 100%, and the passing rate was 98%.

Quality culture is the internal drive of quality management at Horizon Healthcare. In 2023, Horizon Healthcare established a quality management talent training and certification mechanism, set up an expert database, and actively conducted quality management education and training activities to strengthen the quality management competence of its employees and member hospitals.

In 2023, Horizon Healthcare organized **46** training and communication meetings, with total attendance of **2,000**, held more than **100** knowledge sharing sessions, and won **417** awards from external organizations.



Developing a Harmonious Doctor-patient Relationship

Horizon Healthcare has always practiced the double-first-place principle of “putting both patients and doctors in the first place” and is dedicated to developing a harmonious doctor-patient relationship. In 2023, Horizon Healthcare unified adverse business management standards and doctor-patient relationship survey standards and conducted quarterly satisfaction survey tracking & analysis and feedback tracing.

In 2023, the target for the amount of medical disputes set by Horizon Healthcare was less than **5%** of business income. As at the end of 2023, Horizon Healthcare effectively controlled medical care quality, ensured the safety of patients, and reduced medical disputes, complete the target successfully.

Measures Taken by Horizon Healthcare to Improve Patient Satisfaction in 2023

- | | | | |
|---|---|--|---|
| <p>Offered access to make appointments with doctors or for check-ups via mobile phones</p> | <p>Added a new doctor-patient communication channel: the internet platform called “Horizon Clinic”</p> | <p>Carried out chronic disease management and offered home care</p> | <p>Conducted training of communication techniques with patients and prevention from medical disputes</p> |
|---|---|--|---|

Case

Lichuan Hongxin Hexie Hospital carries out the “five go-tos” campaign to provide healthcare service for citizens

To build itself into a “heartwarming” hospital, Lichuan Hongxin Hexie Hospital, a affiliated hospital of Horizon Healthcare, actively carried out volunteer service and continuously advanced the “five go-tos” campaign, namely, going to communities, going to tourist attractions, going to industrial parks, going to campuses, and going to factories, to safeguard the people’s health and promote the building of a medical service environment in which the hospital and the local people are in harmony.



The “one-stop” medical service team sending a patient from free clinics to the hospital for treatment

- It provided free clinical treatment to new citizens of Lichuan and opened a green channel for seeing

doctors. In total, it held more than 30 “one-stop” medical service activities, which served more than 5,000 people;

- The hospital spot-checked patient satisfaction every day, made follow-up phone calls to discharged patients and their family members every month, and solved seven problems including difficulties faced by special groups in seeking medical treatment, delayed allocation of medical resources, etc. The hospital satisfaction maintained above 95%;
- By building a “red cross society nearby”, the hospital provided free check-ups for various groups, which benefited more than 2,000 people and involved RMB1 million of fee reduction or exemption for them.

Ensuring Information Security

To protect the massive personal information of patients stored by member hospitals, Horizon Healthcare has always attached great importance to the development of the information security system, strictly followed relevant laws and regulations and industry standards, and worked to build a safe and reliable medical information environment that protects patients’ privacy and information security in all respects.

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

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

9.3 Consolidating and Maintaining Medical Care Safety

Horizon Healthcare pays high attention to safety management in medical facilities. According to the *HSE Work Management Manual of Horizon Healthcare* it formulated, Horizon Healthcare has established a HSE management structure and basic requirements in eight respects, those are, organization environment, goals and commitment of guidelines, negotiation and participation of responsibilities, planning, operating and control, contingency preparation and response, performance appraisal, and continuous improvement, and actively caused its member hospitals to make improvement based on the list of management documents. In 2023, Horizon Healthcare had no HSE related major safety or fire accident and did not receive any administrative punishment.

Measures Taken by Horizon Healthcare to Ensure Safety of Medical Facilities in 2023

Improved the HSE management system	<ul style="list-style-type: none"> Promoted the list of HSE management documents of Horizon Healthcare among member hospitals and asked them to implement it.
Implemented digitalization of HSE management	<ul style="list-style-type: none"> Launched the HSE patrol inspection model on the system, and launched standard fire protection system inspection in 25 hospitals that it controls and online supervision and inspection at Horizon Healthcare, allowing it to directly oversee hospitals' implementation of fire patrol inspection on Hong Yun Tong.
HSE on-site patrol inspection mechanism	<ul style="list-style-type: none"> The HSE patrol inspection covered all member hospitals.
Set the HSE investment red-lines and the HSE compliance bottom-lines	<ul style="list-style-type: none"> Set two types of HSE investment red-lines, consequence and compliance. Consequence HSE investment red-lines take into account safety accidents, latent danger of major accidents, and administrative punishment; compliance HSE investment red-lines involve five licenses, those are, licenses for fire protection acceptance, pollution discharge, radiation safety, radiological diagnosis and radiotherapy, environmental impact of factories in process; Set 11 HSE compliance bottom-lines under four categories, those are, fire protection, environmental protection, occupational health, and licenses.
Carried out the electrical safety management improvement project	<ul style="list-style-type: none"> Completed self-inspection of risks and management improvement for electrical safety at 25 hospitals. All typical electrical safety related fire risks detected in the self-inspection were addressed with remediation measures, and such remediation was completed; Organized HSE and electrical personnel at major hospitals to formulate inspection standards and screening specifications, and periodically held summary and review meetings to put forward subsequent management improvement requirements.
Carried out the Work Safety Month activities	<ul style="list-style-type: none"> Conducted comprehensive work safety inspections to discover problems and eliminate threats so as to enhance the safety management and control level and safeguard the safe operation of the hospitals. A total of 47 inspections were conducted in the month; Member hospitals posted 44 tweets and videos on work safety management in enterprises via electronic displays, Hong Yun Tong, WeChat, etc.; More than 6,000 participants from Horizon Healthcare and its member hospitals took part in the Work Safety Month knowledge contest; Horizon Healthcare and its member hospitals organized drills of various forms based on respective drill plans, including comprehensive fire or emergency evacuation drills and hospital department-specific drills. A total of 59 drills were conducted.
Carried out the Fire Safety Awareness Month activities	<ul style="list-style-type: none"> Organized more than 85 fire drills of various forms; 22 inspections led by hospital presidents or competent deputy hospital leaders were conducted, double that in the previous year. All identified fire safety risks were addressed with remediation measures; 11 hospitals organized a fire safety knowledge contest, which had more than 3,000 participants; Posted 59 fire safety awareness tweets or videos; In external communication, member hospitals won fire protection awards. For example, Meizhou Tieluqiao Hospital was awarded "Advanced Collective in Public Welfare Fire Protection" by the local government and Siyang TCM Hospital won "Advanced Unit in Fire Protection".

In 2023, the member hospitals of Horizon Healthcare invested nearly **RMB20 million** in HSE, including expenses for work safety, occupational health and environmental protection.

9.4 Improving Access to Healthcare

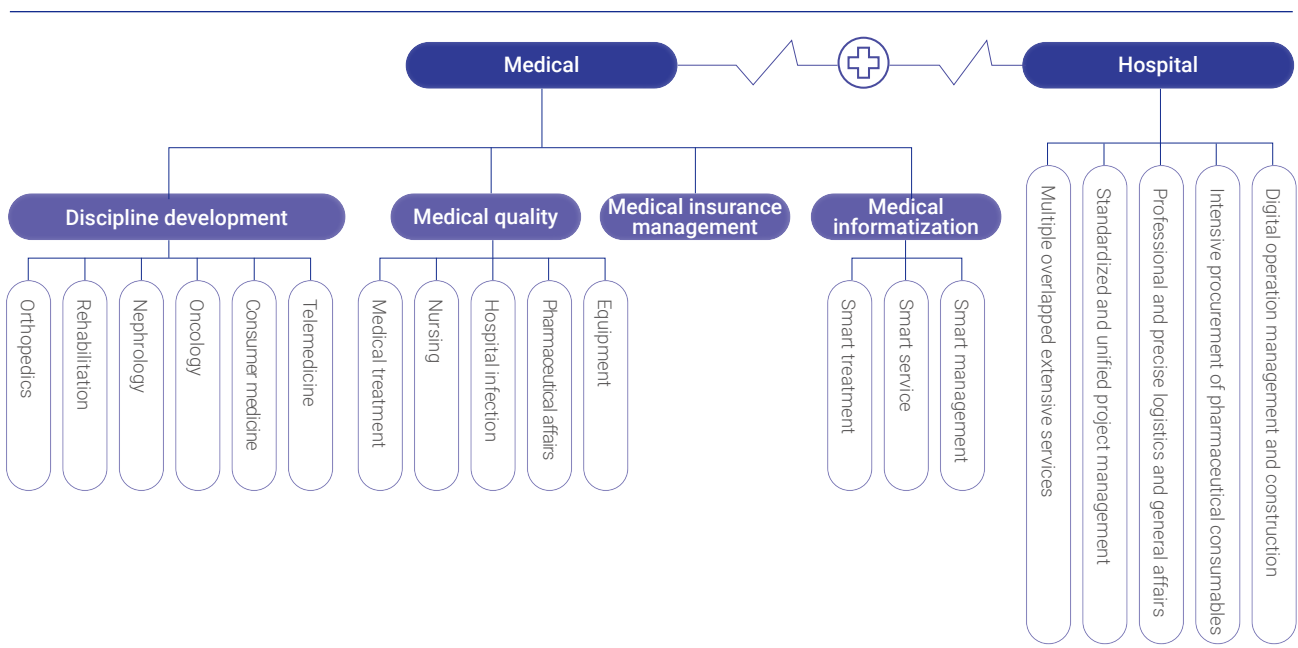
Horizon Healthcare is dedicated to providing truly accessible and quality medical services. It adheres to differentiated layout and takes root in counties. Centering around the health needs of residents in counties, it provides full-lifecycle, one-stop comprehensive services from medical care to healthcare.

In 2023, against the backdrop of the coordinated reform of medical services, health insurance, and the medicine industry, Horizon Healthcare developed the “Healthy China” strategy, which aims to help counties, through the “medical + hospital” model, realize “two ups and one down”, namely, a higher medical level, a higher health level and slower growth in healthcare insurance expenditures, thus further improving access to healthcare and contributing to Horizon Healthcare’s building into a century-old Horizon Healthcare that is welcomed by the government, recognized by the industry, and trusted by the people.

Horizon Healthcare Helps Counties Realize “Two Ups and One Down”



Medical + Hospital System of Horizon Healthcare



Case

Horizon Healthcare and Yexian Second Hospital work together to promote high-quality development of medical care in counties

In 2023, Yexian Second Hospital in Pingdingshan City, Henan Province was officially into Horizon Healthcare’s “Hundred Counties Plan”. Since the cooperation was formed, Horizon Healthcare has continuously provided development funds and professional resource support to Yexian Second Hospital. Horizon Healthcare has helped the hospital build a new compound, which has a floor area of about 34,000m2 and a design number of beds of more than 500. The project is listed among the top 10 major projects concerning people’s wellbeing by Yexian. After it is put into service, it will significantly increase local medical resource supply and provide an excellent hospital environment.



Yexian Second Hospital Project Signing Ceremony

In addition to actively responding to the national “Thousand Counties Project” and vigorously promoting Horizon Healthcare’s “Hundred Counties Plan”, the member hospitals of Horizon Healthcare actively organized charity clinics. Together with local governments, they provide medical help to groups that are in remote areas with inadequate medical conditions and have poor access to healthcare.

Case

Qinghai Kangle Hospital holds a charity clinic activity to support healthcare in remote areas

On July 23, 2023, Qinghai Kangle Hospital, a affiliated hospital of Horizon Healthcare, sent four medical specialists from gynecology, orthopedics, gastroenterology and other relevant departments on a more than 2,000km round-trip to carry out the “Bringing Tangible Benefits to the People” themed Party day charity clinic activity for patients of Yushu Prefecture Niangqian County Kangle Hospital, a member of Qinghai Kangle Hospital’s medical treatment alliance. The activity provided face-to-face expert diagnosis and treatment for nearly 100 Tibetan compatriots.



Charity clinics of Qinghai Kangle Hospital

Case

Pizhou Dongda Hospital provides free clinical service on the Northern Jiangsu Canal

On May 9, 2023, eight medical workers from Pizhou Dongda Hospital, a affiliated hospital of HCHORIZON, and Pizhou Waterway Administration Battalion, boarded ships to provide free clinical service. The medical workers patiently taught and spread health knowledge to the crew, asked the crew about their physical conditions in detail, carefully answered their questions about prevention and treatment of common diseases, frequently-occurring diseases and occupational diseases, and provided next-step treatment guidance for crew members in need. With the solid action, they brought tangible benefits to the crew, protected the physical health of the crew, and demonstrated the warmth and care of the shipping administration of the Northern Jiangsu Canal.



Pizhou Dongda Hospital provides free clinical service on the Northern Jiangsu Canal

ESG Performance Data of the Chapter

Occupational Health and Safety Performance of Horizon Healthcare

Indicator	Unit	2021	2022	2023
Number of work-related fatalities	person	0	0	0
Working days lost due to work injury	day	510	517	896
Times of safety supervision	No.	535	718	656
Number of emergency drills	No.	211	234	278
Safety training participants	person-time	15,897	18,085	21,530

10

Report of Horizon Education: Move as One to Cultivate Elites

Material topics addressed

High-quality education services

Campus safety

The UN SDGs aligned



Metrics and targets

Metric	Target	Progress in 2023
Safety training coverage ratio	100%	100%

10.1 Overview of the Education Industry

Adhering to the tenet of “Student-Centered, Integration of East and West, Horizon Education takes the responsibility of serving the society, runs schools through integrated operations at home and abroad, and is devoted to building a high-quality and featured education system in China, and cultivating talents with potentials to contribute to the society, make scientific innovation, and compete in the international arena.

Tenet of Horizon Education

塑 中 以
造 西 人
精 融 為
英 合 本

Student-Centered:

Fully respect students' diverse growth and differences

Fully develop students' potential and focus on the development of their strong points

Fully cultivate character and moral sense

Fully stimulate students' learning impulse

Help students fully develop their ability to conquer hardships

Integration of East and West:

Chinese culture is the body, while Western the garment. Advanced Western education concepts and methods are closely studied for comparison, so that through deep understanding of differences and commonalities, we create a learning environment conducive to communication, contemplation, and edification.

Elite Education:

By encouraging interests and hobbies, we tap students' potentials and aim at turning them into good citizens with social responsibilities, professional innovative skills and global competitiveness.

Schooling System of Horizon Education

Teaching brand	Phase of education	Distribution of campuses	Features
Hongwen School	Senior high school education	Qingdao	<p>Hongwen School integrates excellent overseas education system with traditional Chinese education, provides teaching quality of the highest international level, and cultivates talents with both Chinese and Western visions.</p> <p>Hongwen School adheres to the motto of "diligence, benevolence, self-discipline, perseverance, and innovation". Run with the philosophy of "being scientifically-minded and aesthetically-conscious", the school adopts the national curriculum with innovative methods, encourages learning based on interest, and is committed to cultivating core qualities and innovative thinking.</p>
The National Mathematics and Science College	Senior high school education	The UK	<p>The National Mathematics and Science College gives full play to the resource advantages at home and abroad by launching curriculum co-construction, classroom sharing, student co-education, teacher co-training and resource sharing between Hongwen School and its overseas flagship school.</p> <p>It focuses on the famous senior high school elite education courses in the world, namely, IBDP, Cambridge IGCSE and A-level courses. International cooperation is carried out in teaching, course-developing, and exchange programs, providing students with high-quality international education in the context of bilingual teaching and multi-cultural scenarios, which serves the purpose of cultivating future talents with Chinese cultural roots and a global perspective.</p>

Schooling Achievements of Horizon Education in 2023

- Had two schools in Qingdao and the UK and helped a total of newly **1,000** graduates enter top universities of the world.
- Both schools posted excellent academic achievements. **112** graduates received four pre-admission offers from the University of Oxford and the University of Cambridge. The acceptance rate for **Top 30** universities was **36%**, and that for **Top 100** universities was **79%**.
- Professor Dame Madeleine Atkins, Pro-Vice-Chancellor at the University of Cambridge and President of Lucy Cavendish College, visited Far East Horizon and signed a strategic cooperation agreement to carry out substantive cooperation in student training, enrollment, summer and winter camps, etc.

10.2 Innovating Education Services

Improving the Quality of Teaching Services

Horizon Education has formed all-round school running capabilities and excellent management and faculty teams. In 2023, all campuses of Horizon Education continued to reform in optimizing school governance, upgrading the teaching management mechanism and innovating education research, which helped improve teaching quality significantly.

Teaching and Management Upgrading of Horizon Education in 2023



- Horizon Education optimized the teaching management mechanism and strengthened teaching quality process management from dimensions like quality monitoring, teaching and research promotion, improvement of teaching methods, curriculum construction, etc., further improving teaching quality;
- Horizon Education deepened the comprehensive budget management system and developed a comprehensive budget system with subjects as its main body, to assist in lean management of financial matters.

10.3 Maintaining Campus Safety

For Horizon Education, the HSE concept is a cornerstone of its sustainable development, and the health and safety of employees and students turn out a top priority of all its work. In 2023, Horizon Education continued to improve the HSE system building and implementation of measures to ensure campus safety.

Based on the actual operation of the campuses, Horizon Education continuously improved the safety training system by organizing events such as Fire Safety Month and conducting school-wide evacuation drills, thus enhancing the safety awareness of teachers and students.

In 2023, there were no illegal or non-compliant incidents in schools under Horizon Education, and no external regulatory agencies imposed penalties related to campus safety.

Campus Safety Related Work of Horizon Education in 2023

Hongwen Qingdao

- Carried out the learning activity by watching safety videos, freshmen military training and evacuation drills in August;
- Conducted an inspection of hazardous chemicals in the campus and a campus-wide fire evacuation drill in September. The evacuation time of all teachers and students was 5 minutes and 27 seconds.



ESG Performance Data of the Chapter

Occupational Health and Safety Performance of Horizon Education

Indicator	Unit	2021	2022	2023
Number of work-related fatalities	person	0	0	0
Working days lost due to work injury	day	0	0	0
Times of safety supervision	No.	306	20	24
Number of emergency drills	No.	72	4	5
Safety training participants	person-time	3,551	120	240

Standard Index

Index of the *Environmental, Social and Governance Guide to the Listing Rules* (effective on December 31, 2023) of the Stock Exchange of Hong Kong Limited

Aspects, General Disclosures and KPIs	Location
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Governance Structure	2.2 Sustainability and ESG Governance Structure
Reporting Principles	Statement on Preparation of the Report
Reporting Boundary	Statement on Preparation of the Report
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KPI A1.2	ESG Performance Data of the Chapter (3. Pursuing Sustainable Development Led by Low Carbon)
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KPI A2.2	ESG Performance Data of the Chapter (3. Pursuing Sustainable Development Led by Low Carbon)
KPI A2.3	3.3 Continuing Green Operation
KPI A2.4	3.3 Continuing Green Operation
KPI A2.5	ESG Performance Data of the Chapter (3. Pursuing Sustainable Development Led by Low Carbon)
Aspect A3: The Environment and Natural Resources	3.1 Commitment to "Zero Carbon" Development 3.3 Continuing Green Operation
KPI A3.1	3.1 Commitment to "Zero Carbon" Development 3.3 Continuing Green Operation
Aspect A4: Climate Change	3.1 Commitment to "Zero Carbon" Development
KPI A4.1	3.1 Commitment to "Zero Carbon" Development
B. Social	
Employment and Labour Practices	
Aspect B1: Employment	5.1 Protecting Employees' Rights and Interests
KPI B1.1	ESG Performance Data of the Chapter (5. Harmony, Diversity and Inclusion)
KPI B1.2	ESG Performance Data of the Chapter (5. Harmony, Diversity and Inclusion)
Aspect B2: Health and Safety	5.4 Employee Health and Safety
KPI B2.1	ESG Performance Data of the Chapter (5. Harmony, Diversity and Inclusion)

Aspects, General Disclosures and KPIs	Location
KPI B2.2	ESG Performance Data of the Chapter (5. Harmony, Diversity and Inclusion)
KPI B2.3	5.4 Employee Health and Safety
Aspect B3: Development and Training	5.2 Supporting Employee Growth
KPI B3.1	ESG Performance Data of the Chapter (5. Harmony, Diversity and Inclusion)
KPI B3.2	ESG Performance Data of the Chapter (5. Harmony, Diversity and Inclusion)
Aspect B4: Labour Standards	5.1 Protecting Employees' Rights and Interests
KPI B4.1	5.1 Protecting Employees' Rights and Interests
KPI B4.2	5.1 Protecting Employees' Rights and Interests
Aspect B5: Supply Chain Management	7.4 Supplier Sustainability Management
KPI B5.1	ESG Performance Data of the Chapter (7. Strengthening Governance and Keeping up with the Times)
KPI B5.2	7.4 Supplier Sustainability Management
KPI B5.3	7.4 Supplier Sustainability Management
KPI B5.4	7.4 Supplier Sustainability Management
Aspect B6: Product Responsibility	4.2 Providing Quality Customer Service 8.2 Quality Equipment Operation 9.2 Strengthening Quality Medical Services 10.2 Innovating Education Services
KPI B6.1	8.2 Quality Equipment Operation
KPI B6.2	4.2 Providing Quality Customer Service 8.2 Quality Equipment Operation 9.2 Strengthening Quality Medical Services 10.2 Innovating Education Services ESG Performance Data of the Chapter (4. Striving to Provide More Efficient Service)
KPI B6.3	7.2 Risk and Compliance Management
KPI B6.4	8.2 Quality Equipment Operation
KPI B6.5	4.2 Providing Quality Customer Service 9.2 Strengthening Quality Medical Services 10.2 Innovating Education Services
Aspect B7: Anti-corruption	7.3 Anti-corruption and Business Ethics
KPI B7.1	ESG Performance Data of the Chapter (7. Strengthening Governance and Keeping up with the Times)
KPI B7.2	7.3 Anti-corruption and Business Ethics
KPI B7.3	ESG Performance Data of the Chapter (7. Strengthening Governance and Keeping up with the Times)
Community	
Aspect B8: Community Investment	6. Doing Good to Society with Profound Benevolence
KPI B8.1	6. Doing Good to Society with Profound Benevolence
KPI B8.2	6. Doing Good to Society with Profound Benevolence

GRI Content Index

Statement of use	Far East Horizon has reported the information cited in this Global Reporting Initiative (GRI) content index for the period from January 1, 2023 to December 31, 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standards	Disclosure	Location
General Disclosures		
GRI 2: General Disclosures 2021	2-1	1. About Far East Horizon
	2-2	Statement on Preparation of the Report
	2-3	Statement on Preparation of the Report
	2-5	Third-party Independent Assurance Report
	2-6	1. About Far East Horizon
	2-7	5. Harmony, Diversity and Inclusion
	2-8	5. Harmony, Diversity and Inclusion
	2-9	2.2 Sustainability and ESG Governance Structure 7.1 Steady Corporate Governance
	2-10	7.1 Steady Corporate Governance
	2-11	7.1 Steady Corporate Governance
	2-12	2.1 Sustainability Concept and Model 2.2 Sustainability and ESG Governance Structure
	2-13	2.2 Sustainability and ESG Governance Structure
	2-14	Statement on Preparation of the Report
	2-16	2.2 Sustainability and ESG Governance Structure
	2-17	Commitment to "Zero Carbon" Development 3.3 Continuing Green Operation
	2-20	7.1 Steady Corporate Governance
	2-22	ESG Management Statement from the Board of Directors
	2-23	ESG Management Statement from the Board of Directors
	2-24	ESG Management Statement from the Board of Directors
	2-27	7.2 Risk and Compliance Management
2-28	1.4 Honors and Awards	
2-29	2.3 Stakeholders Communication and Materiality Analysis	
2-30	ESG Performance Data of the Chapter (5. Harmony, Diversity and Inclusion)	
GRI 3: Material Topics 2021	3-1	2.3 Stakeholders Communication and Materiality Analysis
	3-2	
	3-3	
Economy		
GRI201: Economic Performance 2016	201-1	Key Sustainability Performance Overview of Far East Horizon in 2023 ESG Performance Data of the Chapter (4. Striving to Provide More Efficient Services)
	201-2	3.1 Commitment to "Zero Carbon" Development
	201-4	ESG Performance Data of the Chapter (4. Striving to Provide More Efficient Services)
GRI203: Indirect Economic Impacts 2016	203-1	3.2 Promoting Sustainable Finance 4.1 Supporting the real sector
	203-2	6. Doing Good to Society with Profound Benevolence 8.1 Overview of Industrial Operations of CDHORIZON

GRI Standards	Disclosure	Location
GRI205: Anti-corruption 2016	205-1	ESG Performance Data of the Chapter (7. Strengthening Governance and Keeping up with the Times)
	205-2	
	205-3	
Environment		
GRI302: Energy 2016	302-1	3.3 Continuing Green Operation ESG Performance Data of the Chapter (3. Pursuing Sustainable Development Led by Low Carbon)
	302-2	
	302-3	
	302-4	
GRI303: Water and Effluents 2018	303-1	3.3 Continuing Green Operation ESG Performance Data of the Chapter (3. Pursuing Sustainable Development Led by Low Carbon)
	303-2	
	303-3	
	303-4	
	303-5	
GRI305: Emissions 2016	305-1	3.1 Commitment to "Zero Carbon" Development ESG Performance Data of the Chapter (3. Pursuing Sustainable Development Led by Low Carbon)
	305-2	
	305-3	
	305-4	
	305-5	
	305-7	
GRI306: Waste 2020	306-1	3.3 Continuing Green Operation ESG Performance Data of the Chapter (3. Pursuing Sustainable Development Led by Low Carbon)
	306-2	
	306-3	
Social		
GRI308: Supplier Environmental Assessment 2016 308-1 7.4 Supplier Sustainability Management	401-1	5.1 Protecting Employees' Rights and Interests 5.3 Employee Care and Employee Activities ESG Performance Data of the Chapter (5. Harmony, Diversity and Inclusion)
	401-2	
GRI403: Occupational Health and Safety 2018	403-1	5.4 Employee Health and Safety 8.3 Securing the Bottom Line of Safety ESG Performance Data of the Chapter (5. Harmony, Diversity and Inclusion)
	403-2	
	403-3	
	403-4	
	403-5	
	403-6	
	403-7	
	403-9	
GRI404: Training and Education 2016	404-1	5.2 Supporting Employee Growth ESG Performance Data of the Chapter (5. Harmony, Diversity and Inclusion)
	404-2	
GRI405: Diversity and Equal Opportunity 2016	405-1	5.1 Protecting Employees' Rights and Interests 7.1 Steady Corporate Governance ESG Performance Data of the Chapter (5. Harmony, Diversity and Inclusion)
GRI406: Non-discrimination 2016	406-1	5.1 Protecting Employees' Rights and Interests
GRI408: Child Labor 2016	408-1	5.1 Protecting Employees' Rights and Interests
GRI409: Forced or Compulsory Labor 2016	409-1	5.1 Protecting Employees' Rights and Interests
GRI418: Customer Privacy 2016	418-1	4.2 Providing Quality Customer Service

Statement on Preparation of the Report

This is the first sustainability report and the 11th ESG report released by Far East Horizon Limited. It states the practices and results of Far East Horizon and its subsidiaries in applying the sustainability philosophy and implementing ESG management in 2023, as well as the developments made by Far East Horizon with respect to environment, society, and governance. The Board of Directors of Far East Horizon is responsible 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.

Release cycle: The Report is an annual report, with its previous edition released in April 2023.

Reference Basis

The Report is compiled according to Appendix C2: *Environmental, Social and Governance Reporting Guide* (effective on December 31, 2023) to the *Listing Rules of the Stock Exchange of Hong Kong Limited* (Hong Kong Stock Exchanges), with reference to the *GRI Standards* released by the Global Sustainability Standards Board (GSSB). Please see the indexes for response to specific indicators.

Report Languages

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

Data Specification

The financial data in the Report are quoted from the *2023 Annual Report of Far East Horizon Limited*, and other data and cases come from the records of the Company's actual operation. Unless otherwise stated, the amounts of money involved in the Report are denominated in RMB. Unless otherwise stated, the relevant text and data in this Report are statistically consistent with the Company's Annual Consolidated Financial Statements.

Principles of Reporting

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

Materiality

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

Quantitative

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

Balance

Based on this principle, the Report reflects objective facts and discloses both positive and negative information.

Consistency

Based on the principle of consistency, the Report describes the statistical approaches and statistical calibers of the ESG quantitative KPIs, and maximizes the consistency of indicators and calculation methods used for different reporting periods to reflect the tendency of performance level.

External Assurance

The data, relevant policies and management systems in the Report have been independently audited by the third party SGS. See Appendix 3: Third-party Independent Assurance Report for details.

Report Release

The PDF electronic file of the Report can be downloaded from the official website of Far East Horizon (<http://www.fehorizon.com>).

If you have any comment or advice on the Report, please send an email to csr@fehhorizon.com.

Appendix 1: Terminology

Definitions of Common Terms		
FEHORIZON Leasing	means	International Far Eastern Leasing Co., Ltd., Far East Horizon (Tianjin) Financial Leasing Co., Ltd., Far East Horizon Leasing Co., Ltd. and Far East Horizon Financial Leasing (Guangdong) Co., Ltd. It is the core platform of Far East Horizon in the domestic field of financial services and is a leading financial leasing service provider in China.
FEHORIZON Inclusive	means	Far East Horizon Inclusive Financial Leasing (Tianjin) Co., Ltd., a specialized platform under Far East Horizon that provides financial leasing services for micro, small and medium-sized enterprises.
FEHORIZON AMC	means	Hongjie Asset Management Co., Ltd., a specialized platform under Far East Horizon that is engaged in asset business.
CDHORIZON	means	Horizon Construction Development Limited, an integrated equipment operation service provider under Far East Horizon. It was listed on the Main Board of the Stock Exchange of Hong Kong, with the stock code 09930.HK.
Horizon Healthcare	means	Far East Horizon Healthcare Industry Development Co., Ltd., a large non-public hospital running platform under Far East Horizon in China.
Horizon Education	means	Shanghai Horizon Education Investment Holdings Co., Ltd., a specialized education platform under Far East Horizon.
HKEX	means	the Stock Exchange of Hong Kong Ltd.
SSE	means	the Shanghai Stock Exchange.
GSSB	means	the Global Sustainability Standards Board.
GRI Standards	means	the GRI Standards released by the Global Sustainability Standards Board (GSSB) in October 2021.
RMB	means	the legal tender of China.
An EOD project	means	an industry investment project that adopts an eco-environment-oriented development model and combines eco-environmental modification with connected industries with good return to realize deep integration of environmental governance and industry development.
suppliers	means	an individual/company that provides products/services to the Group or acts on behalf of the Company, including but not limited to suppliers (in the narrow sense), contractors or subcontractors, dealers, agents and consultants.
PCAF methodology	means	the <i>Global GHG Accounting and Reporting Standard for the Financial Industry</i> released by the Partnership for Carbon Accounting Financials (PCAF).

Appendix 2: Definitions and Boundaries of Material Topics in 2023

The table below describes the material ESG topics obtained after materiality analysis and their definitions and boundaries, as well as the locations of relevant information disclosed in the Report. The “topic boundary” means the links on the value chain of the Group that are found after initial identification to have possible significant impacts involving the ESG topic, and is preliminary divided into “upstream suppliers”, “the Group’s operations” and “downstream customers”.

Material topic	Topic definition	Corresponding section in this report	Topic boundary		
			Upstream suppliers	The Group's operations	Downstream customers
Topics of high materiality					
Compliant Operation	The Group's compliance with economic, environmental and social laws and regulations in its operation and management.	Risk and Compliance Management	○	○	○
Risk and crisis management	The comprehensive risk management system established and implemented by the Group during operation, and the Group's efforts in improving ESG risk management, fostering a risk management culture, etc.	Risk and Compliance Management		○	○
Business ethics	Measures taken and achievements made by the Group in preventing commercial bribery, money laundering, etc.	Anti-corruption and Business Ethics ESG Performance Data - Anti-corruption and Anti-bribery Performance	○	○	
Climate change mitigation and adaptation	The Group takes into account the impact of climate change on its operations and value chain, actively implements the national strategy of carbon peak and carbon neutrality, develops the strategic plan for carbon peak and carbon neutrality, action objectives, etc.	Commitment to “Zero Carbon” Development	○	○	○
Occupational health and safety	Measures taken and achievements made by the Group in protecting employees' occupational health and providing them with a safe workplace.	Employee Health and Safety ESG Performance Data - Occupational Health and Safety Performance	○	○	
Human capital development	The Group upholds the principle of equality and treats job applicants and employees equally, regardless of ethnic group, belief or gender. The Group has established level-to-level training and comprehensive appraisal mechanisms and provides employees with promotion opportunities so as to improve satisfaction and reduce turnover rate.	Supporting Employee Growth ESG Performance Data - Employment and Training Performance		○	
Privacy and data security	The Group's information system security construction, protection of customers' and business partners' data and privacy information, and efforts in preventing data and privacy leaks.	Providing Quality Customer Service	○	○	○

Material topic	Topic definition	Corresponding section in this report	Topic boundary		
			Upstream suppliers	The Group's operations	Downstream customers
Rural Revitalization	The achievements made and efforts put by the Group in consolidating the achievements in poverty alleviation, supporting agriculture and education, improving rural financial services, and serving rural revitalization.	Improving Community Wellbeing		○	
Supporting the real sector (topic of finance)	The Group support for the upgrading and development of real sectors such as medical, chemical, infrastructure, community consumption, new energy, etc.	Supporting the real sector		○	○
Quality of Construction projects and equipment (topic of construction)	Quality assurance and quality management of the construction projects and equipment provided by CDHORIZON.	Quality Equipment Operation	○	○	○
Work Safety (topic of construction)	CDHORIZON's efforts in ensuring work safety.	Securing the Bottom Line of Safety		○	○
High -quality medical services (topic of healthcare)	Medical services and quality management provided by Horizon Healthcare.	Strengthening Quality Medical Services		○	○
Medical care safety (topic of healthcare)	Horizon Healthcare's efforts in ensuring medical care safety.	Consolidating and Maintaining Medical Care Safety		○	○
High-quality education services (topic of education)	Education services and quality management provided by Horizon Education.	Innovating Education Services		○	○
Campus safety (topic of education)	Horizon Education's efforts in ensuring campus safety.	Maintaining Campus Safety		○	○
Environmental management	The Group's management of environmental impacts generated by its operations, including energy and water conservation, waste reduction, etc.	Continuing Green Operation		○	
Sustainable finance	The Group takes into account the integration of environmental, social and corporate governance factors in financial services, and through a sustainable finance system, it promotes the positive impacts of investment, financing and financial activities on the society and the environment.	Developing Sustainable Finance		○	○
Opportunities in clean tech (topic of construction)	CDHORIZON's efforts in promoting the use of clean energy, product sustainability innovation and other clean tech fields.	Seizing Opportunities in Clean Tech		○	○
FinTech (topic of finance)	The Group's use of technology to innovate financial products and services, improve operating efficiency and improve customer experience.	Providing Quality Customer Service		○	○

Material topic	Topic definition	Corresponding section in this report	Topic boundary		
			Upstream suppliers	The Group's operations	Downstream customers
Access to finance (topic of finance)	The Group's efforts in providing diversified financing products and services to micro and small businesses and improving the access to finance for micro, small and medium-sized enterprises in remote areas.	Improving Access to Finance		○	○
Access to health care (topic of healthcare)	The Group's efforts in improving access to healthcare, and its support for regions short of medical resources by means of telemedicine, etc.	Improving Access to Healthcare		○	○
Topics of medium materiality					
Economic performance	The Group's creation and distribution of direct economic value.	ESG Performance Data - Economic Performance		○	
Corporate governance	The Group's efforts in continuously improving the governance structure, strengthening the transparency of information disclosure, ensuring shareholders' legitimate rights and interests, and realizing long-term stable operation.	Steady Corporate Governance		○	
Protection of Employee Rights and Benefits	Measures taken by the Group to prevent child labor and forced labor and ensure legal employment, and rights protection measures taken and achievements made by the Group in terms of remuneration and dismissal, recruitment, working hours, non-discrimination, human rights, etc.	Employee Care and Employee Activities Protecting Employees' Rights and Interests ESG Performance Data - Employment and Training Performance		○	
Supplier sustainability management	The Group's assessment and management of environmental and social risks of suppliers and its implementation of green procurement.	Supplier sustainability management ESG Performance Data - Supplier Management Performance	○		
Charity and volunteer services	The Group's implementation of public welfare activities by donating property or providing services and its support for community infrastructure, cultural building, community employment, etc. to avoid actual or potential negative impacts on the local community.	Overview of Horizon Charity Foundation's Actions in the Year Improving Community Wellbeing Volunteer Actions		○	
Customer service and satisfaction	The Group's customer communication, feedback and complaint mechanisms and its proper handling of customer complaints.	Providing Quality Customer Service Customer Service Performance		○	○
Responsible marketing	The Group's provision of authentic and comprehensive product information in marketing campaigns and its promotion of products and services through reliable, standard and transparent channels and means.	Providing Quality Customer Service			○

Appendix 3: Third-party Independent Assurance Report



ASSURANCE STATEMENT

SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE 2023 SUSTAINABILITY AND ESG REPORT OF FAR EAST HORIZON LIMITED. SUBMITTED BY FAR EAST HORIZON LIMITED.

NATURE OF THE ASSURANCE/VERIFICATION

SGS-CSTC (hereinafter referred to as SGS) was commissioned by Far East Horizon Limited. (hereinafter referred to as Far East Horizon) to conduct an independent assurance for the Chinese version of 2023 Sustainability & ESG Report (hereinafter referred to as "the Report").

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all Far East Horizon's stakeholders.

RESPONSIBILITIES

The information in the Report and its presentation are the responsibility of the Board of Directors and the management of Far East Horizon.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all Far East Horizon's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards, which includes:

The principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) as:

GRI 1: Foundation 2021, for report quality

GRI 2: General Disclosure 2021, for organization's reporting practices and other organizational detail

GRI 3: Material Topics 2021, for the organization's process of determining material topics, its list of material topics and how to manage each topic.

and the guidance on levels of assurance contained within the AA1000 series of standards and ISAE3000.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard	Level of Assurance
SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	Moderate

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included the evaluation of quality, accuracy and reliability of specified performance information as detailed below and the evaluation of adherence to the following reporting criteria:

Reporting Criteria	
1	GRI Standard 2021 (Reference)
2	The <Environmental, Social and Governance Reporting Guide> by HKEX

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees onsite at Far East Horizon's business operations center located at FEHORIZON Plaza, 9 Yaojiang Road, Pudong New Area, Shanghai; Documents and records are reviewed and confirmed with relevant employees of other subsidiaries as necessary.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

The data related to carbon emissions in the report was self-accounted by Far East Horizon, and the carbon data audit was conducted on the sampling basis during the assurance process.

The on-site verification was only at the Far East Horizon's business operation center and did not involve other branches.

This verification only conducted interviews with staff of Far East Horizon and access to relevant materials, did not involve other external stakeholders.

STATEMENT OF INDEPENDENCE AND COMPETENCE

SGS is the world's leading inspection, verification, testing and certification company, SGS is recognized as the global benchmark for quality and integrity. SGS is a global leader in inspection, testing and verification, providing services including management systems and service certification; operating in many countries/areas quality, environmental, social and ethical audits and training; environmental, social and sustainability report assurance. SGS affirms that it is a completely independent organization from Far East Horizon, and that there is no bias or conflict of interest against Far East Horizon, its affiliates and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised of CCAA registered ISO 9001, ISO 14001, ISO 37001, ISO 37301 auditor and SGS-recognized CSR/ESG lead auditor.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the verification work performed, the information and data contained within the Report verified is accurate and reliable, which has provided a fair and balanced representation of corporate sustainability activities by Far East Horizon in 2023.

The CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

In our opinion, The Report of Far East Horizon for 2023 referred to GRI standard (2021).

REPORT PRINCIPLES

Accuracy

The information in the Report was accurate, which could disclose more qualitative and quantitative information on performance for stakeholders.

Balance

The Report disclosed the positive and non-positive information, basically complying with the balance principle.

Clarity

The Report used various expression ways such as words, charts, graphs, photos and combination with the case analysis, it was easily understood by stakeholders.

Comparability

The Report disclosed performance indicators of Far East Horizon in 2023, some performance indicators were disclosed the historic information for comparison.

Completeness

The Report covered the identified material aspects and their boundaries and relatively completely reflected the significant impacts on economy, environment, and society, so that the stakeholders could assess the performance of Far East Horizon in the reporting period.

Sustainability Context

Far East Horizon presented its efforts to the sustainable development in economic, environment and social aspects. The performance was presented in the sustainable context.

Timeliness

The data and information in the Report was on a regular schedule and available in time. Far East Horizon will report on a regular schedule with one year to assure the good timeliness.

Verifiability

Far East Horizon has established the management process about the sustainability report, and it was timely collected, recorded, and analyzed the information and data which disclosed in the report. The information and data disclosed in the report are realistic and verifiable.

Management Approach

The report discloses the management approach of determined material topics.

General Disclosures

The Report disclosed information on some selected indicators in accordance with GRI 2: General Disclosures 2021

Topic-Specific Disclosures

Far East Horizon's topic-specific disclosures related to the material topics in economic, environmental, and social areas were selected and reported according to GRI Standards 2021.

Findings and recommendations

Detail report of the good practices, findings and recommendations for continuous improvement were presented in SGS internal management report which has been submitted to Far East Horizon.

Signed:



For and on behalf of SGS-CSTC

David Xin

Sr. Director – Business Assurance

16/F Century Yuhui Mansion, No. 73, Fucheng Road, Beijing, P.R. China

Mar. 27th, 2024

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