

2024 Sustainability & Environmental, Social and Governance(ESG)Report



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

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STATEMENT ON PREPARATION OF THE REPORT

This report is the second sustainability report issued by Far East Horizon Limited (hereinafter referred to as "Far East Horizon" or the "Company") and the twelfth environmental, social, and governance (ESG)-related report. It aims to elaborate on the practices and achievements of Far East Horizon Limited and its subsidiaries (hereinafter referred to as the "Group") in implementing sustainable development principles and ESG management. The Board of Directors of Far East Horizon is responsible for the authenticity and completeness of this report.

SCOPE OF THE REPORT

Organizational Scope: Unless otherwise stated, the organizational scope aligns with that of the Company's annual consolidated financial statements.

Reporting Period: Unless otherwise stated, the reporting period is from January 1, 2024, to December 31, 2024.

Reporting Cycle: This is an annual report, with the previous report published in March 2024.

BASIS FOR PREPARATION

This report was prepared in accordance with the requirements of the Appendix C2 to the Listing Rules, the *Environmental, Social and Governance Reporting Code* (effective on 1 January, 2025) of the HKEX and with reference to the GRI Standards (Version 2021) issued by the Global Sustainability Standards Board (GSSB). The specific responses to the metrics can be found in Standard Index.

REPORT LANGUAGE

This report is available in both Simplified Chinese and English. In case of discrepancies, the Simplified Chinese version shall prevail.

DATA EXPLANATION

HORIZON LIMITED

The financial data in this report are sourced from the *2024 Annual Report of Far East Horizon Limited*, while other data and case studies originate from actual operational records of the Company. Unless otherwise stated, monetary amounts in this report are denominated in RMB. Additionally, unless otherwise stated, the statistical scope of textual descriptions and data in this report aligns with that of the Company's Annual Consolidated Financial Statements.

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REPORTING PRINCIPLES

This report follows the information disclosure principles set out in the *Environmental, Social and Governance Reporting Code* of the HKEX, including:

MATERIALITY

In accordance with this principle, this report identifies key topics to be addressed through stakeholder engagement and materiality analysis. It focuses on reporting environmental, social, and governance matters that may significantly impact investors and other stakeholders.

QUANTITATIVE

In accordance with this principle, this report discloses key quantitative performance metrics and provides explanations regarding their definitions, calculation bases, and assumptions.

BALANCE

In accordance with this principle, this report presents an objective reflection of facts and discloses both positive and negative performance metrics.

CONSISTENCY

In accordance with this principle, this report clearly states the statistical methods and scope for ESG key quantitative performance metrics. Efforts have been made to maintain consistency in metrics and calculation methods across different reporting periods to reflect performance trends.

HORIZON LIMITED

EXTERNAL ASSURANCE

The data, relevant policies, and management systems in this report have been independently verified by the third party Société Générale de Surveillance (SGS). The assurance report can be found in Appendix 2: Third-party Independent Assurance Report.

REPORT PUBLICATION

The PDF version of this report can be downloaded from the official website of HKEX news and the Company's Official Website.

For any comments or suggestions regarding this report, please email us at csr@fehorizon.com

KEY SUSTAINABILITY PERFORMANCE OVERVIEW OF FAR EAST HORIZON IN 2024



EAST

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Social Performance

Metric	Unit	2024年
Total number of employees	person	22,051
Proportion of male employees	%	52.57
Proportion of female employees	%	47.43
Average training hours per employee under the finance sector	hour	38.09
Average training hours per employee under the industry sector	hour	33.72
Spending in public welfare activities	RMB10,000	905.21
Volunteer service hours	hour	5,328
Direct beneficiaries of public welfare projects	person	Over 30,000



ESG MANAGEMENT STATEMENT FROM THE BOARD OF DIRECTORS

2024 was a year of steady progress and innovation for Far East Horizon. Amidst a complex environment and multiple challenges, the Group adhered to its strategic positioning of "strengthening support from the mainland, taking root in Hong Kong and extending coverage to Southeast Asia". By leveraging its advantages of marketisation, internationalization and specialization, the Group integrated ESG into corporate governance, establishing ESG management as the cornerstone of sustainable development. The Group upheld the parallel advancement of economic performance and ESG performance, leveraging innovation to build a "new business ecosystem". Through a diversified and open business model with cross-border synergies, it drove industrial revitalization and created new value by redefining customer engagement, marketing, and service strategies.

Leading ESG by Scientific Governance: Using ESG Governance and Management Systems to Enable Sustainable Development

The Group has established a top-down ESG governance framework. The Board of Directors was responsible for assessing and determining ESG risks and opportunities, approving ESG strategies, targets, and disclosures, and overseeing the effective implementation of the risk management system and internal control mechanisms. The ESG Committee supported the Board in fulfilling ESG management responsibilities, ensuring the implementation of ESG initiatives, and enhancing the Group's reputation in ESG practices. The ESG Task Force continuously advanced ESG-related initiatives, holding regular meetings to discuss work plans and their implementation. In 2024, the Board of Directors of the Company effectively fulfilled its ESG governance responsibilities, holding four periodic meetings to listen to, among which, special reports on key topics such as dual-carbon planning, ESG rating improvements, and climate-related information disclosures. These efforts have provided comprehensive oversight and guidance for the execution and enhancement of the Group's ESG strategy.

Under the guidance of its ESG governance framework, the Group upheld the sustainable concept of "sharing of value created for the building of harmonious development". It prioritized the concerns of seven key stakeholders, namely, investors, customers, employees, the environment, communities, government, and business partners, striving to be a leader and practitioner in sustainable development.

In 2024, the Group aligned with the latest standards, capital market rating requirements, and excellent practices in the industry to establish a foundational topic pool. Through a dual-aspect analysis of "impact on the environment and society" and "impact on corporate value creation," it screened 26 material ESG topics and implemented targeted management initiatives.

The Group has set specific management metrics and targets for key material topics, including climate change mitigation and adaptation, sustainable finance, environmental management, human capital development, customer service and satisfaction, and privacy and data security. By enhancing risk and opportunity management, it ensured high-quality corporate development. Additionally, the Group benchmarked against international standards and guidelines, regularly monitored progress toward targets, conducted statistical analysis, and continuously improved ESG management effectiveness.





Implementing ESG by Multi-Dimensional: Driving Sustainable Development through Green Growth, Social Responsibility, and Effective Governance

The Group remains committed to green development, systematically advancing low-carbon transformation. In line with international standards, we assess the opportunities and challenges posed by climate change. Responding to China's dual-carbon goals, we have set a corporate carbon neutrality target and applied for the Science-Based Targets initiative (SBTi) validation of our carbon reduction commitments. We are also taking concrete steps to enhance energy efficiency and reduce emissions. Additionally, the Group focus on ecological and environmental protection, identifying potential risks to ecosystems and biodiversity arising from our operations. We continuously refine our response measures to maintain ecological balance and stability . The Group also actively develops sustainable finance, leveraging sustainable investment and financing to support corporate green transitions and foster ecological and social harmony.

The Group is driving business innovation by implementing a "Finance + Industry" synergy model to empower high-quality real economy development. We strengthen inclusive finance services and execute the "five key financial strategies" to support China's high-quality economic growth. Recognizing talent as a key driver of development, we safeguard employee rights, foster a diverse and inclusive workplace, and implement comprehensive talent development programs to attract and cultivate top talent. Guided by the philosophy of "showing big love through small good deeds", the Group invested over RMB9 million in public welfare initiatives in 2024. Our efforts focused on rural revitalization, scholarships and fellowships programs, medical aid, and volunteer activities, benefiting over 30,000 people and making meaningful contributions to social well-being.

To strengthen governance, the Group has refined various management systems and established a comprehensive risk management framework. We proactively identify business risks to ensure stable operations and have integrated ESG risks into our enterprise-wide risk management system to enhance ESG oversight. Additionally, the Group place great emphasis on anti-corruption measures, deploying a digital monitoring platform to improve anti-corruption management effectiveness. In the realm of fair competition, the Group actively utilize legal channels to protect our legitimate interests, collaborating with the Shanghai Putuo District Market Supervision Bureau to combat a commercial secret infringement case. These efforts reinforce our commitment to business ethics, operational transparency, and sustainable development resilience.

Leading the Future of ESG: Advancing Sustainability through Best Practices

Far East Horizon has garnered numerous accolades and broad recognition from international institutions for its outstanding ESG management and practices. In 2024, the Group maintained an MSCI ESG rating of A, was included in the *S&P Global Sustainability Yearbook 2024 (China Edition)*, and received special recognition as the "Industry's Best Progressing Enterprise". Meanwhile, our S&P Corporate Sustainability Assessment (CSA) score for 2024 rose by another 14 points to reach 54 points.

Looking ahead, the Group will continue to pursue structural transformation and organizational reform, further integrating ESG management with business practices. We aim to develop a new business logic, operating model, and strategic layout, forging ahead on the path of sustainable development and co-creating a better future.

The Group is currently preparing the 2024 TNFD Report of Far East Horizon Limited, which is scheduled for release in April 2025.



1. ABOUT FAR EAST HORIZON

1.1 Company Profile

Far East Horizon Limited, 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	远东宏信有限公司	
Name in English	Far East Horizon Limited	
Stock code	03360.HK	
Headquarter's address	Hong Kong, China	
Total asset ¹	RMB 360,390million	
Total revenue ¹	RMB 37,749million	
Total number of employees ¹	22,051	

Note 1: Data is up to date until December 31, 2024





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 leasing, commercial factoring, cross-border finance, infrastructure investment, equity investment, inclusive finance, and asset investment management, in fields including city utilities, healthcare, culture tourism, engineering construction, machinery manufacturing, chemicals and pharmaceuticals, electronic information, public consumption, and transportation & logistics. Also, it offers industrial operation services, such as equipment operation (CDHORIZON, 09930.HK), hospital operations, healthcare and elderly care, and education.

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



For more information about the "Finance + Industry" strategy and services, please refer to the website of Far East Horizon.

Service Network

Far East Horizon is headquartered in Hong Kong, China, with business operation centres 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 2024, the Group 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.

Service Network of Far East Horizon

It extends business around the globe and builds a strategic pattern that "strengthening support from the mainland, taking root in Hong Kong and extending coverage to Southeast Asia"





1.3 Organizational Structure



Listed Subsidiaries of Far East Horizon



1.4 Honours and Awards

Honours and Awards in 2024

Rated/issued by	Entity	Major honours and awards	
S&P	FEHORIZON	Issuer credit rating was BBB-; Independent credit standing was "BBB-".	
S&P Corporate Sustainability Assessment (CSA)	FEHORIZON	Selected for the <i>S&P Global Sustainability Yearbook 2024 (China Edition)</i> based on the 2023 S&P CSA score and received the special recognition as the "Industry's Best Progressing Enterprise". The 2024 S&P CSA score increased by 14 points to 54, maintaining a leading position in the domestic industry.	
MSCI	FEHORIZON	MSCI ESG rating maintained at A, ranking among the industry leaders.	
FTSE4Good Index	FEHORIZON	Included as a constituent stock of the FTSE4Good Index Series.	
China Central Television (CCTV), in collaboration with the State-owned Assets Supervision and Administration Commission (SASAC), the All-China Federation of Industry and Commerce, the Chinese Academy of Social Sciences' State-owned Economy Research Think Tank, and the China Enterprise Reform and Development Society	FEHORIZON	Ranked 10th in the "Top 30 ESG Pioneer Listed Financial Companies in China".	
9th Value Co-Creation Annual Trend Forum	FEHORIZON	Won the "Dual Carbon Targets and Climate Change Contribution Award" in the 9th Value Co-Creation China Corporate Sustainability Case Awards.	
2024 CSO Global Sustainability Forum	FEHORIZON	Awarded the title of "Chief Sustainability Officer" for 2024.	
Shanghai Pudong New Area People' s Government	FEHORIZON Leasing	Won "Economic Special Contribution Award" for the 14th year straight in 2024.	
Forbes	FEHORIZON	Ranked among Forbes Global 2000.	

Industry Organization Membership

Organization	Status
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
Guangdong Association of Enterprises with Foreign Investment	Member
Lujiazui Financial City Council	Executive Council Member



2. MATERIALITY ASSESSMENT OF SUSTAINABILITY TOPICS

2.1 Materiality Analysis Procedures

Material topics serve as the foundation for Far East Horizon's sustainable development, ESG management, and information disclosure. Based on continuous communication with stakeholders, the Group identifies, evaluates, prioritizes, and reports on material topics by considering its business operations, industry characteristics, 2024 policy trends, stock exchange information disclosure requirements, and key focus areas of capital market rating agencies such as S&P CSA, MSCI, and FTSE Russell.

Far East Horizon's 2024 Materiality Analysis Procedures



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2.2 Stakeholders Communication

Based on the characteristics of its business and management operations, Far East Horizon has identified seven key stakeholders, including, investors, customers, employees, the environmental, 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 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.	Compliant operation Corporate governance Business ethics Risk and crisis management	Shareholders' meetings Financial and performance reports Information disclosure Investor communication meetings and surveys
Customers	Our financial solutions help customers overcome financing challenges.	Privacy and data security Fintech Real economy support Access to finance Customers service and satisfaction Construction and equipment quality High -quality medical services High-quality education services	"Three lines of defence" 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 Customers satisfaction surveys
Employees	Employees are the most important cornerstone for corporate development.	Protection of employee rights and benefits Human capital development Occupational health and safety Safe production Medical care safety Campus safety	Employees recruitment strategies Employees training system Daily operations of labour union Production Safety Month activities of CDHORIZON Health management measures

Key stakeholders	Importance	Concerned topics	Communication and responses
Environment	Our business operations may affect the ecological environmental.	Climate change mitigation and adaptation Sustainable finance Environmental management Ecosystem and biodiversity conservation Supplier sustainability management Opportunities in clean tech	Releasing the target 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)
Communities and the public	Our business operations may affect community development.	Access of healthcare Public welfare and rural revitalization	Horizon Healthcare's Elderly - friendly Service System 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.	Compliant operation Business ethics Real economy support Public welfare and rural revitalization	Participating in governments' surveys Policy implementation Information disclosure Reporting channels Supporting infrastructure construction Rural revitalization projects such as "Wen Zhi Community Charity Projects" of Horizon Charity Foundation
Partners	The partners need to share the same values with us on sustainability.	Compliant operation Business ethics Supplier sustainability management	Negotiations on strategic cooperation Holding bidding conferences for the public Exchange visits



2.3 Conclusions of the Materiality Analysis

In 2024, based on benchmarking against standards, capital market rating requirements, and excellent practices in the industry, Far East Horizon identified a foundational pool of 31 topics for inclusion in the Company's materiality selection process. Among them, 6 topics fall under the environmental dimension, 17 under the social dimension, and 8 under the governance dimension.

Based on the actual business landscape in 2024, stakeholders communication, and analysis from internal and external expert panels, the Group has identified 26 key topics, of which eight are deemed material in terms of both "impact on the environment and society" and "impact on corporate value creation".

Far East Horizon's Sustainability Topics Pool and Post-screening Sustainability Topics for 2024

Dimension	Sustainability Topics Pool (31)	Post-screening Sustainability Topics for 2024 (26)
Environment	Climate change mitigation and adaptation Environmental management Ecosystem and biodiversity conservation Sustainable finance Opportunities in clean tech Environmental assessment of collateral	Climate change mitigation and adaptation Environmental management Ecosystem and biodiversity conservation Sustainable finance Opportunities in clean tech
Social	Human capital development Protection of employee rights and benefits Occupational health and safety Customer service and satisfaction Privacy and data security Supplier sustainability management Public welfare and rural revitalization Fintech Real economy support Access to finance Construction and equipment quality Safe production High-quality medical services Medical care safety Access of healthcare High-quality education services Campus safety	Human capital development Protection of employee rights and benefits Occupational health and safety Customer service and satisfaction Privacy and data security Supplier sustainability management Public welfare and rural revitalization Fintech Real economy support Access to finance Construction and equipment quality Safe production High-quality medical services Medical care safety Access of healthcare High-quality education services Campus safety

Dimension	Sustainability Topics Pool (31)	Post-screening Sustainability Topics for 2024 (26)
Governance	Corporate governance Compliant operation Risk and crisis management Business ethics Economic performance Stakeholders communication Diversified products and services Tax governance	Corporate governance Compliant operation Risk and crisis management Business ethics

Key Changes in Far East Horizon' s 2024 Material Topics

Material Topics in 2024	Material Topics in 2023	Change	Reason for Change	
Public welfare and rural	Charity and volunteer services	Topic	In line with management practices, related	
revitalization	Rural revitalization	consolidated		
Compliant operation	Compliant operation	Торіс	topics have been merged to optimize disclosure structure.	
compliant operation	Customer service and satisfaction	consolidated		
Ecosystem and biodiversity conservation		Topic added	Added in response to market concerns and industry priorities. The management measures surrounding this topic will be detailed in the 2024 TNFD Report of Far East Horizon Limited , which is scheduled to be released in April 2025.	
	Economic performance	Topic removed	Economic performance is comprehensively covered in the <i>Far East Horizon Limited 2024</i> <i>Annual Report</i> , so this topic has been removed from this report.	



Materiality Matrix of Far East Horizon in 2024



Note: For a detailed discussion on the impacts, risks, opportunities, and corresponding SDGs of topics with a high "Impact on Corporate Value Creation" (topics of financial/double materiality), refer to the section "Sustainability Philosophy and Strategy."

3. UPHOLDING SUSTAINABILITY, FORGING AHEAD WITH DETERMINATION

3.1 ESG Governance Arrangements

Comprehensive ESG management is the cornerstone for the Group and its stakeholders to achieve sustainability goals together. In 2021, Far East Horizon set up the Environmental, Social and Governance (ESG) Committee ("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 developed and improved the ESG governance structure in a top-down manner to provide organisational support for the sustainability management of the Group.

ESG Governance Structure of Far East Horizon

Board of Directors	 Assesses and defines the Group's ESG-related risks and opportunities; Approves information to be disclosed including ESG guidelines, strategies, priorities, objectives and ESG reports; Supervises the building of ESG risk management and internal monitoring systems.
	 Guides, reviews, and formulates ESG management guidelines, strategies, principles, and vision; Oversees the formulation and implementation of ESG objectives and gives suggestions on
	 Actions required to achieve such objectives; Monitors external ESG trends and reports to the Board of Directors on significant trends affecting the Group's ESG guidelines and strategies and the setting of objectives;
ESG Committee under the Board of Directors	 Guides and reviews the identification and priority ranking of key ESG topics for the Group; Reviews ESG Reports and other-related disclosures and gives suggestions to the Board of Directors for approval;
	 Identifies ESG risks and opportunities relating to the Group, assesses the impacts of such risks or opportunities on the Company, and gives suggestions to the Board of Directors on how to respond to such risks or opportunities;
	Other responsibilities delegated by the Board of Directors.
	• Proposes and recommends ESG guidelines and practices for the Group, and follows up on ESG performance;
ESG Task Force	 Identifies ESG risks and comprehensively implements the Company's ESG actions; Prepares annual ESG reports.

In 2024, the Board of Directors of Far East Horizon fully performed its responsibilities for reviewing, deciding and supervising ESG matters. It held four periodic meetings, during which it listened to reports on the progress of the Group's ESG matters such as the dual-carbon plan, progress on enhancing relevant ratings, and the accounting and disclosure of climate-related information, as well as risk and crisis management. The Board of Directors guided and supervised the Group's ESG work, and followed up on the implementation of the Company's ESG strategy by reviewing the *Monthly Report of the Board of Directors* on a monthly basis.

As of the end of 2024, the ESG Committee under the Board of Directors was comprised of three directors and was chaired by an independent non-executive director. In 2024, with the authorisation of the Board of Directors, the ESG Committee assisted and supported the Board of Directors in performing its ESG management responsibilities, effectively driving the implementation of ESG management and actively boosting the Group's reputation in ESG actions. The ESG Task Force, led by the Company's Executive Director and Chief Financial Officer ("CFO"), Mr. Wang Mingzhe, continued to advance ESG-related work, regularly met with relevant internal departments to discuss ESG plans and their implementation, and reported to the Board of Directors on the progress of ESG work through the *Monthly Report of the Board of Directors*.



3.2 Sustainability Philosophy and Strategy

While constantly innovating in and expanding "Finance + Industry" integrated operation services, Far East Horizon has upheld the sustainability philosophy of "sharing of value created for the building of harmonious development" and has been committed to becoming 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



The Group has conducted an in-depth analysis and assessment of the impacts, risks, and opportunities associated with material topics. For topics of materiality in terms of "the impact on value creation for the Company," management strategies have been formulated and targeted management actions implemented. This Report discloses sustainability-related practices in topics with financial materiality in line with the ISSB's four-element framework of "Governance, Strategy, Risk Management, and Metrics and Targets," ensuring transparency and accountability. With the exception of the topic of "climate change mitigation and adaptation," the content of the "Strategy" element for each topic with financial materiality is presented in the table below, while the "Governance," "Risk Management," and "Metrics and Targets" elements are presented in their corresponding chapters.



Far East Horizon's Analysis of Impacts, Risks and Opportunities of Topics with Financial Materiality in 2024 and Management Strategies

Material topic	Impacted process(es)	SDGs aligned	Main types of risks and opportunities	Time horizon ¹	Financial impact	Management strategy
Climate change mitigation and adaptation	Own operations and downstream value chain	13 action	Physical risk, legal and compliance risk, market risk, and reputational risk; Product and service opportunities and reputational opportunities	Short, medium, and long term	See the "Clir	nate Change Mitigation and Adaptation" section
Sustainable finance (financial- specific topic)	Downstream value chain	9 NOUSIRY INVOLUTION NO MARKSTRUCTURE 11 SUSTAINABLE CITIES 13 CLIMATE CONSISTER 13 CLIMATE	Product and service opportunities, and market opportunities	Short, medium, and long term	Revenue↑ Financing costs↓	 Ensure ESG factors are fully considered in various financing activities to raise funds through financial instruments and invest these funds in projects that align with the UN SDGs and social responsibility standards, supporting projects and enterprises with sustainable development potential. Promote the incorporation of ESG assessments in investment decision-making processes, identify and prioritise investments in enterprises and projects with outstanding environmental and social responsibility performance, and direct capital flow towards sustainable development.
Human capital development	Own operations	8 DECENT WORK AND ECONOMIC GROWTH	Product and service opportunities	Short, medium, and long term	Revenue ↑	 Leverage the human capital development system to provide employees with abundant growth and development opportunities, promoting both individual and organisational high-quality development. Stay committed to enhancing professional skills through systematic employee training, ensure fairness and justice through scientific performance appraisals, incentivise employees with competitive compensation management, facilitate career development through clear promotion pathways, and progressively improve the internal talent management mechanism.
Customer service and satisfaction	Own operations	12 RESPONSIBLE CONSUMMETION AND PRODUCTION	Market opportunities, and reputational opportunities	Short, medium, and longterm	Revenue ↑	Uphold a "customer-centric" service philosophy, be demand-oriented, honour customer service commitments, and deliver professional and customised services to meet customer demands; continuously improve service quality and efficiency, drive service innovation and diversification, enhance customer experience and satisfaction, and help increase customer value.
Privacy and data security	Own operations and downstream value chain	9 AUDITIY, INNUATOH AND INFASTRUCTURE	Legal and compliance risk, and reputational risk	Medium and long term	Compliance costs ↑ Revenue ↓	 Adhere to the principle that "information security is everyone's responsibility," with information security and data privacy protection as the foundation. Through system optimisation and Group-wide management, a robust line of defence in digital security will be established to ensure compliance support for stable business development.
Fintech (financial- specific topic)	Own operations and downstream value chain	9 INCUSTRY, INNOVATION AND INFRASTRUCTURE	Product and service opportunities, and market opportunities	Short, medium, and long term	Revenue↑ Operating costs↓	 Adhere to the core of "strategic guidance, user-centred approach, business and management integration," improve the information technology operations system, and promote the digital and intelligent transformation of functional management and business systems; be committed to building an intelligent and data-driven financial services ecosystem.

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Material topic	Impacted process(es)	SDGs aligned	Main types of risks and opportunities	Time horizon ¹	Financial impact	Management strategy
Access to finance (financial- specific topic)	Own operations and downstream value chain	9 MOUSTRY, INNOVATION AND INFRASTRUCTURE 10 IRCULLARS URCULLARS	Product and service opportunities, and market opportunities	Short, medium, and long term	Revenue ↑	 Focus on micro, small and medium-sized enterprises ("SMEs"), deepen the collaboration mechanism between industry and finance, and establish a multi-level financing service system; utilise a technology-driven and ecological layout to strengthen the precise adaptation between capital and industry demands, promoting financial services to evolve in a direction of broader coverage, higher efficiency, and lower costs. Create a regionalised and scenario-based efficient financing service network to expand the scale of inclusive finance and promote collaborative development across industrial chains and balanced regional economic growth.
Real economy support (financial- specific topic)	Downstream value chain	9 MOUSTRY, NNOVATION AND INFRASTRUCTURE	Product and service opportunities, and market opportunities	Short, medium, and longterm	Revenue ↑	 Implement the national strategy of "serving the real economy" with a focus on people's livelihoods and the real economy; provide customised financial services from an industry perspective, prioritise serving the real economy as the core, and innovate through practices, presenting the "Far East Model" of financial enterprises in serving the real economy and supporting the development of the real economy and specialised and sophisticated real-economy enterprises that produce new and unique products.
Corporate governance	Own perations	16 PEACE JUSTICE INSTITUTIONS	Legal and compliance risk, and reputational risk	Medium and long term	Revenue↓ Financing costs ↑	• Take shareholder trust as a responsibility, continuously improve governance structures, enhance the duty performance efficiency of governance bodies, and maximise and balance the interests of all parties.
Compliant operation	Own perations	16 PEACE AUSTICE AND STRONG INSTITUTIONS	Legal and compliance risk	Medium and long term	Compliance costs ↑	 Adhere to compliance, closely track legal and regulatory trends, promptly interpret major laws, regulations, and regulatory policies, actively implement the non-on-site and on-site inspection requirements of regulatory authorities, and ensure business operations and internal management comply with regulations. Build a comprehensive internal management mechanism to ensure strict adherence to relevant laws and regulations whilst effectively using legal means to protect the Company's legal rights.
Risk and crisis management	Own perations	16 PRACE JUSTICE AND STRONG INSTITUTIONS	Credit risk, operational risk, liquidity risk, etc.	Medium and longterm	Operatin costs ↑ Revenue↓	Uphold the "comprehensive, process-oriented, multi-angle, and continuous" risk control philosophy, continuously foster a prudent and stable risk management culture, adjust management strategies as needed, and ensure the rationality, scientific nature, and effectiveness of risk management.
Business ethics	Own operations and downstream value chain	16 PEACE JUSTICE AND STRONG INSTITUTIONS INSTITUTIONS INSTITUTIONS INSTITUTIONS INSTITUTIONS INSTITUTIONS INSTITUTIONS	Legal and compliance risk, and reputational risk	Medium and long term	Operatin costs ↑ Revenue ↓	Strictly enforce anti-corruption policies, comply with business ethics, and foster a culture of integrity and transparency, thereby driving the sustainable and stable development of the Company.

Note 1: Except for the topic of Climate change mitigation and adaptation, the time horizon is defined as: Short term (within 1 year [inclusive]), medium term (1 to 5 years [inclusive]), and long term (more than 5 years).



ENVIRONMENTAL



GREEN DEVELOPMENT, STRIVING FOR EXCELLENCE

Material topics addressed

Climate Change Mitigation and Adaptation*

Sustainable Financ

ivironmental anagement* Ecosystem and Biodiversity Conservation*

The UN SDGs aligned



Note: Topics marked with * are financial/double materiality topics covered in this chapter.



4.1 Climate Change Mitigation and Adaptation*

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 targets 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) and Part D of the HKEX's Environmental, Social and Governance Reporting Code: Climate-related Disclosure Requirements.

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 change governance structure, and systematically pushed for routine and standard operation of climate governance and management.

Govern	Board of Directors	• The Board of Directors is responsible for reviewing and approving climate-related work of the Group and fully supervising climate-related risks and opportunities.
Governance level	ESG Committee under the Board of Directors	 The Board of Directors has set up the ESG Committee chaired by Independent Non-executive Director and authorized the ESG Committee to study and give suggestions on the climate-related guidelines and practices of the Group. The ESG Committee reports important climate-related topics to the Board of Directors through reporting from time to time and committee meetings based on the progress and key nodes of climate-related work.
Management level	ESG Task Force	 It is composed of multiple functional departments of the Group. The Executive Director and CFO serves as head, and Vice President of the Company as deputy head to provide guidance on relevant work. It assists the ESG Committee in fulfilling decision-making and supervision responsibilities of climate-related work, coordinates the business lines of the Group in pushing for management of climate-related work of the Company and carrying out specific work. It reports the achievements and progress of climate-related work to the Board of Directors and the ESG Committee on a quarterly basis. It includes the achievement and progress of climate related targets into the performance bonus appraisal system of the Company's Vice President, breaking down the Company's carbon targets into KPIs for absolute emissions and emission intensity each year, and distributing them as annual bonuses once achieved.
Execution level		ent, the Strategic Centre, the Human Resources Department and the Treasury Centre are the core of onnel of relevant departments and subsidiaries provide support to jointly advance execution of

FAR EAST HORIZON LIMITED In 2024, the Board of Directors fulfilled its overall supervisory responsibilities by reviewing the Group's identification of climate risks and opportunities, as well as the progress in achieving greenhouse gas emission targets. It provided guidance on the implementation of climate-related initiatives while closely monitoring international and domestic climate policies and developments. This ongoing effort has deepened the Board's understanding of climate-related work and significantly enhanced its climate governance capabilities.

2024, the ESG Task Force continued to advance cross-departmental collaboration and, based on the Group's business structure and development stage, flexibly adjusted and implemented climate-related strategies. These strategies included scenario analysis, risk and opportunity assessments, target and metric setting, action plan development, supply chain climate management, and oversight of climate-related public policy engagement, climate-related mergers, acquisitions, and divestitures, as well as major capital expenditures and/or operational expenditures related to environmental issues. At the same time, the ESG Task Force reported quarterly to the Board of Directors and the ESG Committee on the progress and achievements of climate-related initiatives.

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 and opportunity 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, and reviewed the risk assessment results in 2024, 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 Scope		Potential impact		Risk leve (SSP1-2.6		Risk (SSP5		Response
type	influence		Baseline	2030	2050	2030	2050	
Extreme high temperature	The Group's operations	 High temperature causes the refrigeration needs of assets to increase, resulting in an increase in operating expenses. Extreme high temperature may increase the risk of heat stroke among outdoor workers; 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. 	Very low	Medium	Medium	Medium	High	 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
Flood (Including river flood, coastal flood and extreme precipitation)		 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; Floor may affect important equipment of assets and damage the main channels connecting assets, thus affecting the operation and revenue of assets. 	Medium	Medium	Medium	Medium	Medium	 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;
Tropical cyclone		 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; During landing, a tropical cyclone may affect important equipment of assets and cause them to halt operation, thus affecting revenue. 	Low	Medium	Medium	Medium	Medium	 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 str guidelines for outdoor work in heat
Water pressure and drought		 Prolonged drought can cause available water to reduce and water price to rise, leading to an increase in operating cost; Severe water shortage may affect refrigeration and the operating efficiency of production equipment, thus causing revenue to decline. 	Low	Very high	Very high	Very high	Very high	 Increasing the water circulation ratio and back-up sources of water, and in the event of water shortage, considering setting alternative sources of water and back-up water facilities (e.g., emergency watercarts and impounding reservoirs); Strengthening facility management capability and using water-saving equipment, rainwater recycling system, etc. to reduce water consumption and improve water utilization.



Risk	type of Potential impact		of Potential impact (SSP1-2.6)			Risk level (SSP5-8.5)		Response		
cype	influence		Baseline	2030	2050	2030	2050			
Extreme low temperature	The Group' s operations		Group' s	 Low temperature causes the heating needs of assets to increase, resulting in an increase in operating expenses; Extreme low temperature may increase the health risk of outdoor workers. 	Very high			Medium	Medium	• Currently, the physical risk assessment results show that the risk of climate disasters such as landslides induced by precipitation 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.
Landslides Induced by Precipitation		 Landslides induced by precipitation may damage buildings, infrastructure, and equipment of assets, leading to additional repair costs and potential depreciation of asset value; Landslides may pose a threat to the safety of personnel at and near asset locations, potentially resulting in temporary suspension of operations and a decline in revenue. 	Very low:	Very low	Very low	Very low	Very low			
Wildfire		 Wildfires may damage buildings, infrastructure, equipment, etc., thus adding extra maintenance expenditures, and may also cause the value of assets to decrease; 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. 	Verylow	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 quantitative assessment of transition risks and opportunities in the short term (2025), medium term (2030), and long term (2040 and 2050) 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

Types of risks and opportunities				Potential impact	Response
Transition risks	Policies & Legal regulations	Financial services	Investment and financing	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: - 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.



Types of and oppo		Scope of	finfluence	Potential impact	Response
Transition risks	Technology '	Financial services	Investment and financing	Due to transition, extra cost is needed, or because transition is not in time, revenue 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: - 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 procedures.	Formulating the <i>List of Industries Classified</i> for Access, 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 revenue decreases, and their credit risk rises, resulting in impairment of assets.	Formulating the <i>List of Industries</i> <i>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	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, climate-related information disclosure reports, the Company' s website, official WeChat account, and other channels according to internationally recognized information disclosure framework.
Transition	Products and	Financial services	The Group' s	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.t	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.
opportunities	services	Equipment operation	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.

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	Types of risks and opportunities		finfluence	Potential impact	Response	
Transition	Market	Financial services	The Group' s operations	With favourable 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 revenue.	
opportunities	Reputation	Equipment operation	The Group's operations	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.	

For Climate Stress Test results for Far East Horizon, please refer to the Far East Horizon Limited 2024 Climate-Related Information Disclosure Report released in April 2025.







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 and Opportunity Assessment Procedures of Far East Horizon

Risk identification	Conduct peer benchmarking and gap analysis, and identify a list of climate-related risks and opportunities through interviews with key internal stakeholders.
Risk assessment	Perform scenario analysis to determine the assessment scope and impact level of climate-related risks and opportunities, identifying those that have a significant impact on business strategy and operations.
	At the operational aspect, develop management measures for key risks and opportunities and evaluate the effectiveness of existing management initiatives.
Risk management	At the business aspect, develop financial impact quantification tools to assess the financial implications of climate risks and opportunities for the Company. This supports risk management and strategic planning at the corporate aspect while ensuring the implementation of measures to mitigate relevant climate risks.
Risk integration	Integrate climate-related risks into the existing risk management system to ensure regular identification and management of climate risks.



In 2024, leveraging the establishment of science-based carbon targets as an opportunity, the Group restructured and optimized its carbon reduction implementation pathway, steadily advancing its decarbonization efforts.



Far East Horizon' s Decarbonization Pathway

- Stationary Sources: The Group' s emissions primarily stem from the use of natural gas in employee canteens, which will be reduced mainly by replacing gas-powered cooking equipment with electric
- Mobile Sources: The primary strategy is to reduce reliance on fossil fuels by replacing vehicles and equipment with electric alternatives. For assets that cannot be replaced, emissions will be minimized
- Fugitive Sources: The Group will purchase environmentally friendly refrigerants, such as R290 and R1234yf, to replace current refrigerants. Additionally, improved energy management practices will be implemented to reduce consumption and avoid unnecessary air conditioning usage.
- Photovoltaic Power Generation: Where technically feasible, priority will be given to installing solar
- Green Energy Procurement: The Group will purchase renewable electricity and steam.
- Data Quality and Transparency: The Group will continue to enhance data quality and availability by closely monitoring all publicly available evidence and database providers. Additionally, it will engage with and support companies within its investment portfolio in their greenhouse gas (GHG) inventory assessments and decarbonization processes to gain a better understanding of portfolio emissions and
- Products and Services: The Group will maintain close collaboration with customers, promoting net-zero commitments through three key strategies: financing green and sustainable activities, supporting transition efforts, and phasing out industries with hard-to-abate emissions. Carbon footprint and emission targets will be embedded and prioritized in assessment tools and

In addition, the Group fully leverages its expertise and leadership in climate risk and opportunity management by actively participating in industry, national, and global green initiatives. It has become a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) and collaborates with industry partners to contribute to proactive climate change mitigation efforts.

Participation in the Compilation of the 2024 China Green Leasing Annual Development Report

In 2024, the Group participated in the compilation of the 2024 China Green Leasing Annual Development Report by the Shanghai Leasing Trade Association. It contributed a special section on "Carbon Emission Accounting for Financial Leasing Businesses and Climate Change Risk Management in Financial Leasing," sharing its advanced experience in climate risk management. The Group also received a letter of appreciation from the Shanghai Leasing Trade Association in recognition of its contributions.



Case



Metrics and Targets

In response to the *Paris Agreement* and China's dual carbon 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 neutrality, and set a scientific carbon target in 2024.

	Short-Term 1	argets	Mid-Term Targets	Long-Term Target	
Target Details	 Strive to reach peak emissions by 2025. Achieve a linear annual reduction of 2% in greenhouse gas (GHG) emission intensity per unit of revenue from 2021 to 2025, resulting in an 8% reduction over four years compared to the base year. 		• Achieve a linear annual reduction of 4% in GHG emission intensity per unit of revenue from 2025 to 2030, resulting in a 20% reduction over five years compared to the base year.	Strive to achieve carbon neutrality across the entire value chain by 2050.	
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 target coverage	Scope wi	thin the cons	solidated statements of operations determined using the operating control method		
Carbon emissions scope of target 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		
	Far East Hori	zon' s Sci	ence-Based Targets		
cope 1 & 2 Emission Targ	jets		Scope 3 Financed Emis	sion Targets	
	By 2030, v	vithin the Co	mpany's financial leasing and equit	y investment portfolios:	
Using 2022 as the base year, th aims to reduce absolute Scope emissions by 42.0% by 2030.	1 and 2 3.2°C in • Adjust	 Adjust the temperature score of the investment portfolio's Scope 1 and 2 emissions from 3.2°C in 2022 to 2.44°C in 2030. Adjust the temperature score of the investment portfolio's Scope 1, 2, and 3 emissions from 3.2°C in 2022 to 2.56°C in 2030. 			

In 2024, the Group's greenhouse gas emissions per unit of revenue amounted to 2.94 tons of CO₂ equivalent per RMB10,000, representing a 46.15% reduction compared to base annual carbon emissions intensity, successfully achieving its short-term emission reduction target.

For more details on climate change mitigation and adaptation management, please refer to the *Far East Horizon Limited 2024 Climate-Related Information Disclosure Report* released in April 2025.


4.2 Sustainable Finance*

As a comprehensive group spanning finance and industry, Far East Horizon is deeply aware that in the context of the deep integration of global finance and industries, sustainable finance, which was once a supplementary strategy to address environmental challenges and social responsibilities, has been upgraded and become a strategic core element to realize comprehensive, stable, and sustainable growth.



The Group actively builds a sustainable finance management system by formulating the <u>Sustainability Financing Framework</u> and <u>Sustainable</u> <u>Investment Policy</u>. It has established both the Sustainability Financing Task Force and the Sustainability Investment Task Force, which collaborate to fully integrate ESG factors into the Company's financing and investment decision-making processes from an industry perspective, promoting the sustainable development of comprehensive financial services.

The Company has formulated and published the <u>Statement on Coal Investment and Financing</u> and the <u>Statement on Unconventional Oil and</u> <u>Gas Investment and Financing</u>, explicitly prohibiting investment and financing for standalone coal mining, coal-fired power generation, and unconventional oil and gas projects. At the same time, the Company continues to support the transition of these projects toward green and low-carbon development, driving them toward a more sustainable future.



Risk Management

To expand funding sources, the Group continues to raise funds through sustainable development loans, the issuance of specialized bonds, Asset-backed Securities (ABS), and Asset-backed Notes (ABN). These funds support the Group's environmental projects and other financial leasing projects that contribute to the sustainable development of the social economy.

Issuance of China's First Domestically Rated AAA Asset-Backed Note (ABN) for SME Equipment Leasing

In December 2024, the Group successfully issued the *Far East Leasing 2024 First Tranche of Targeted Asset-Backed Notes (Bond Connect)* in China's interbank bond market, using SME equipment leasing assets as underlying assets. This issuance attracted global investors, introducing additional funds into China's SME inclusive finance ecosystem and promoting high-quality development of the SME real economy.

The total issuance size of this ABN was RMB2.557 billion, with the senior A1 tranche amounting to RMB2.176 billion, representing 85.11% of the issuance. The A1 tranche was awarded an AAAsf rating by S&P Global Ratings, marking the first internationally AAA-rated asset securitization deal for SME equipment leasing in China.

To support the green transition of industries through investment, the Group has developed a green classification system for financial leasing projects and established a monthly management ledger to accurately identify and classify projects with environmental benefits. This ensures that capital is prioritized for green and low-carbon industries, effectively supporting and accelerating the industry's green transformation.



Case

In 2024, the Group's projects, including the "Inner Mongolia Photovoltaic Power Station Project" and the "Jiangsu Wastewater Treatment Project," were certified as green projects by the Shanghai Green Finance Service Platform.



FEHORIZON Asset Management, the Group's specialized platform for full-cycle asset investment management, adheres to the "Finance + Industry" business philosophy, building a comprehensive investment management capability covering fundraising, investment, construction, operation, and exit. While pursuing economic benefits, it remains committed to deeply integrating the green development philosophy, balancing ecological and social benefits to achieve harmonious coexistence with the environment and sustainable social development.

FEHORIZON Asset Management Partners with Sequoia China to Operate New Energy Photovoltaic Projects



In 2024, a member company of FEHORIZON Asset Management secured an investment from Sequoia China's New Infrastructure Fund. Together with Sequoia China, it is providing green, intelligent, and integrated energy solutions for industrial and commercial enterprises through a one-stop "investment, financing, construction, and operation" model, driving the transition and upgrade of the energy sector.

By the end of 2024, FEHORIZON Asset Management and Sequoia China had jointly operated 55 new energy photovoltaic projects, with a total installed capacity of 125MW, which is basically the same as in 2023. These projects are estimated to save approximately 41,553 tons of standard coal annually and reduce multiple greenhouse gas and air pollutant emissions, including an estimated annual reduction of 126,245 tons of CO_2 equivalent.



FEHORIZON Asset Management Invests in the Deyang City Construction Project to Improve Regional Ecological Environment

FEHORIZON Asset Managements invested in the "Jinghu Riverside Green Ecological Belt Project" and the "Donghu Mountain and Cultural Entertainment City Ecological Restoration and Function Enhancement Project" in Deyang, Sichuan Province. These projects cover areas of 1,142,066 square metres and 1,590,835 square metres, respectively. Through ecological restoration, they enhance the self-purification capacity of the water system and improve the ecological functions of the riverbanks, beautifying the urban environment while promoting Deyang's transformation into a tourism-oriented city.

As of the end of 2024, this project had been awarded the National One-Star Green Building Certification.



Metrics and Targets

The Group continues to advance the national green development strategy through sustainable financing and green leasing, setting monitoring metrics to steadily achieve its sustainable finance goals.





Case

4.3 Environmental Management

Far East Horizon strictly complies with the *Environmental Protection Law of the People's Republic of China* and other relevant laws and regulations. The Group has established an environmental management system as its foundation, setting effective environmental management targets, enhancing energy and water resource conservation, and optimizing waste management. These efforts actively explore and implement a green and low-carbon operational model, promoting the coordinated development of business operations and environmental protection to achieve sustainable harmony.

The Group's Shanghai Operation Centre, located in Far East Horizon Plaza, is committed to implementing green office practices, water resources and wastewater management, and waste management in daily operations. These measures aim to improve resource utilization efficiency, reduce environmental pollution, and create a more sustainable working environment for employees.

Key Environmental Management Measures and Achievements at Far East Horizon Plaza in 2024

Key aspect	Specific Measures	2024 Achievements
Green Office	 Smart energy-saving facilities: Escalators with sensor control technology and time-based intelligent lighting control systems in underground parking areas. Optimized energy efficiency of equipment: Retrofitting low-utilization central air conditioning units by introducing screw compressors to improve efficiency under partial load conditions. Integrated green energy: The centralized hot water supply system uses a solar water heating system for preheating, with a volumetric gas water heater as an auxiliary heat source. Low-carbon office culture: Launched a low-carbon office initiative, established the Office Management Guidelines, encouraged employees to develop energy-saving habits, replaced office lighting with LED lights, and reorganized workspaces to create energy-efficient zones. Paperless office: Introduced an online office automation (OA) system, promoted electronic business cards, encouraged double-sided printing, and advocated for the use of reusable water bottles. 	 Reduced electricity consumption by approximately 500,000 kWh compared to 2023. The solar water heating system supplied about 20% of the daily heating needs, saving 100 cubic metres of natural gas annually.
Water Resources and Wastewater Management	 The Group primarily sources water from municipal supplies and faces no issues in securing water resources. Water analysis: Conducted a water balance test to identify key water consumption areas, providing scientific insights for optimizing water efficiency. Water distribution: Conducted a comprehensive survey of Far East Horizon Plaza's water supply pipelines, identifying and eliminating leakage points to minimize water loss. Water reuse: Installed a rainwater collection system, with treated rainwater used for landscape irrigation and road cleaning. Water conservation: Encouraged employees to save water, prioritized the procurement of water-efficient appliances, and promptly repaired leaks. Wastewater treatment: Wastewater collected from the underground parking area is treated through a sedimentation and oil separation system before discharge into the sewage system, while grease-laden wastewater from catering operations is treated before being discharged into municipal pipelines. 	Recycled over 2,280 cubic metres of rainwater annually.



Key aspect	Specific Measures	2024 Achievements
Waste Management	 Waste classification culture: Promoted waste sorting through posters, videos, and training sessions. Standardized sorting facilities: Placed designated bins for dry waste, wet waste, recyclables, and hazardous waste in elevator lobbies, near water dispensers, and in waste disposal areas. Timely waste disposal: Domestic waste is collected and removed daily by property management, while electronic waste is handled by qualified disposal companies. 	 Processed approximately 4,000 bins of domestic waste annually. Recycled approximately 5,500 kg of materials annually.

Additionally, leveraging the unique characteristics and practical needs of its three core industry segments, the Group remains committed to its green development philosophy. It continues to implement precise environmental management strategies and initiatives, striving to optimize resource utilization efficiency, reduce environmental impacts, and drive various industries toward greener and more sustainable development.

Key Environmental Management Measures and Achievements of the Group's Three Core Industrial Pillars

Key aspect	Specific measures	Achievements
Equipment o		
Management mechanism	 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 asset centre takes the lead in 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>, <i>HSE Accident (Incident) Emergency Management Measures</i>, and <i>ESG Management Guidance Manual (HSE Direction)</i>. 	• Two bases owned by CDHORIZON has been certified to the ISO 14001:2015 - Environmental management systems, certification has covered 50% of the Group's bases.



Key aspect	Specific measures	Achievements
Equipment o	peration industry - CDHORIZON	
Energy management	 The energy types involved include electricity, gasoline and diesel used by vehicles owned by CDHORIZON, diesel used by engineering equipment, etc. Increasing the procurement proportion of electric high-altitude vehicles, and publicize the advantages of electric high-altitude vehicles to customers, encourage the choice of leasing electric high-altitude vehicles to replace fuel high-altitude vehicles and reduce the use of fossil energy. Optimizing the vehicle transition route, improve the transfer efficiency and save the number of transport vehicles; adopting consolidated transportation to improve the single load rate of logistics vehicles, save transportation distance and save fuel consumption. Installing fuel monitoring devices on the Company's equipment to monitor refuelling, fuel consumption, abnormal working conditions in real time, track the whereabouts of every drop of fuel equipment, improve the rationality of fuel use, reduce fuel waste. Using 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. 	 In the domestic high-altitude vehicle procurement, electric high-altitude vehicles accoun for more than 90%. Through the transition, 71,700 transport vehicles were saved the transport distance was saved 3.25 million kilometres, and the total fuel saving of various models was 1,027,000 litres. Through carpooling, the transportation distance was saved by 930,000 kilometres, and the total fuel saving of various models was 210,000 litres. A total of 129 fuel monitoring units were installed to improv the rationality of fuel use, saving a total of RMB687,000. The base has a total of 15 street lamps with solar ones. Compared to the traditional a conditioning system, the ground-source heat pump system saved more energy.
Resource management	 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. Carrying out the technical reform of vehicle cleaning machine, and installing the automatic water stop valve of car washing to reduce the waste of personnel action and water resources. Developing a code of conduct for employees to save water: turn off the faucet or water equipment in time after using water; if abnormal conditions such as pipe leakage and faucet not closed are found, the valve should be closed in time and reported for maintenance. Regularly conduct employee training on water efficiency management awareness to enhance their water-saving consciousness. 	 The rainwater collected by the Jiading Base is estimated to b 68m³/year in 2024 as designed. The water consumption for a single cleaning work order had decreased from 0.51 ton to 0.25 ton, and the water cost for car washing in 2024 has decreased by 12.6% year-on-year. One online water-saving promotion was carried out, with a total of 952 readers.

Key aspect	Specific measures	Achievements
Equipment o	peration industry - CDHORIZON	
Effluent and waste management	 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. The wastewater from factory-cleaning is reused for equipment cleaning at the factory entrance. 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. Setting up a battery management model warehouse, divided into storage areas for testing, charging area, testing area, capacity screening area, usable area, and scrap area, to screen and distinguish old batteries. Storing batteries with a remaining capacity of more than 50% in the reuse area for later use. In pipe cutting preparation, changing from manual material feeding to automated material feeding, and changing from saw-blade cutting to laser cutting. An average of 10mm can be saved per 6m steel pipe. Opening up channels for tire repair suppliers, sending scrapped tires that are no longer usable to the supplier for repair, peeling off the original tire rubber, and re-coating it to increase carbon content and make it become a black tire. This measure can reduce the purchase of new tires and help to reuse old wheel hubs. Recycling, repairing and reusing articles with reuse value. 	 The recycling of cleaning wastewater can help reduce sewage discharge by about 350m³ a year since 2017. About 3,600 old batteries can be used after capacity screening, which is expected to reduce the purchase amount of RMB2.16 million. The total number of recycled old parts is 55,000 (excluding batteries and tires), and a total of 11,000 pieces of high maintenance value materials have been screened, of which about 2,957 are repairable. 2,654 have been repaired and stored, with a repair rate of about 90%. In 2024, the repair value of old parts has been completed about RMB2.63 million, representing an increase of RMB1.96 million and 292% as compared with 2023.
Medical serv	 Continuously strengthening the standardability of environmental management work Invest RMB12,355,767.96 in environmental management to ensure compliance regulations, mainly including environmental impact assessment and monitoring of construction projects, periodical monitoring cost for discharge by operating enterpr protection regulations, and purchase, operation, maintenance costs, etc. of energy-saving equipment. 	with environmental protection new, renovation and expansion ises according to environmental
Energy management	 The energy types involved mainly include electricity, natural gas and gasoline and diesel used by vehicles owned by Horizon Healthcare. Pushing for replacement or renovation with energy-saving LED lamps and air conditioners; the elevator is open at different times. Setting up an energy saving group, making uninterrupted inspections, providing timely feedback to departments to form a management chain, formulating quarterly publication of the RMB10,000 energy consumption standard for each department, and supervising the department's electricity consumption. Meizhou Tieluqiao Hospital has formulated the Energy Conservation Management Regulations, which mainly focus on energy-saving control of lighting systems, air conditioning, electrical appliances, medical equipment, etc., and irregular inspections have been conducted. The photovoltaic power generation project of Meizhou Tieluqiao Hospital is in continuous operation, with a power supply of 152,703 KW in 2024. The Siyang Traditional Chinese Medicine Hospital installed a solar hot water system. 	

Key aspect	Specific measures Achievements	
Medical servi	ce industry - Horizon Healthcare	
 The water used in business operations includes municipal water, river water and underground water. Horiz has no problem accessing water. Obtaining the wastewater/pollution discharge permit and renewing it in Pushing for the replacement with water-saving faucets and gradually replacing the central air conditioning pump with a variable frequency water pump. 		
Water resources management and medical wastewater	 After the use of the haemodialysis machine in the haemodialysis room of Meizhou Tieluqiao Hospital, the circulating pipeline water is filtered and transported to the roof water tank for daily use, saving about 1,000 cubic metres of water per month. A rainwater collection device has been set up in Zhongjiang Branch of Deyang Fifth Hospital to use natural water 	
 resources for greening watering and environmental cleaning. Launching an online wastewater monitoring system according to the local government's requirem normal operation of wastewater treatment equipment, periodically monitoring sewage composition, at the discharge does not exceed standards. 		
	• The original waste treatment and dosing equipment of Zhongjiang Branch of Deyang Fifth Hospital was reformed, and the chlorine dioxide generator was replaced with finished sodium hypochlorite solution for wastewater treatment to reduce environmental pollution.	
	• Member hospitals strictly manage hazardous waste, assign specialized personnel, and use special storage sites, containers and packaging materials.	
Disposal of medical waste	 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 continues to use the intelligent medical waste management system of 	
	Henan Province.	
Education inc	lustry - Horizon Education	
	• 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.	
 Energy management Regularly checking power supply lines and electrical appliances and promptly shutting down electric equip 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	 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. 	
	• Supporting the establishment of the student club "Confucius Reading Group" based on environmental protection, purchasing books from graduating students, selling them to students in need, and improving the reuse rate of books. In 2024, the club sold a total of 63 books.	
Waste management	• 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.	

Using 2022 as the base year, the Group has set targets for energy management, water resources management, and waste management at the corporate level. We have established a data monitoring and statistical analysis mechanism for daily energy consumption and have further strengthened the implementation of measures related to energy conservation, emission reduction, water resource conservation, and waste reduction, striving to contribute to environmental sustainability. In 2024, the Group's business activities had no significant impact on the environment or natural resources, and no violations related to environmental protection occurred.

Far East Horizon Environmental Management Targets and 2024 Progress

Metric	2030 Target	2024	Progress
Energy Consumption per Unit of Revenue (tce per million RMB)	25% reduction from the base year	1.02	47.42% reduction from the base year. (Completed)
Water Consumption per Unit of Revenue (m ³ per million RMB)	25% reduction from the base year	54.90	13.67% reduction from the base year. (In progress)
The Group continues to enhance waste classification, statistics, and management while tracking the comprehensive utilization of household waste, bulk solid waste, and other types of waste.		In p	rogress







ROOTED IN THE REAL ECONOMY, PROVIDING HIGH-QUALITY SERVICES

Material topics addressed



The UN SDGs aligned



Note: Topics marked with * are financial/double materiality topics covered in this chapter



5.1 Real Economy Support*

Governance

As a pioneer and leader in China's financial leasing industry, Far East Horizon adheres to the philosophy of "serving industry upgrades, serving urban upgrades" and follows the mission of "integrating global resources and promoting industry development." We are committed to supporting and promoting the development of the real economy.

Under the overall ESG governance framework, the Group focuses on the industry and conducts specific real economy support business through its various business platforms in their respective fields of business.

Focusing on people's wellbeing and caring about the real economy, the Group has deepened its involvement in basic people's wellbeing such as healthcare, city utilities, and major infrastructure construction. Through financing support for real industry development, we focus on industries that play an important role in wellbeing security and economic growth, actively exploring new models of financial services, and are committed to providing comprehensive financial support to "little giants" such as specialized and sophisticated enterprises that produce new and unique products and promoting their steady development.

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





45 FAR EAST HORIZON LIMITED Furthermore, FEHORIZON Asset Management, through deepening service models, innovating service approaches, and offering flexible and diversified investment products, has increased its investment in infrastructure construction in fields such as municipal roads, park landscaping, clean energy, and education and culture, thereby promoting the transformation of traditional enterprises and the high-quality development of the real economy.

FEHORIZON Asset Management assists the People's Government of Kunming Municipality in constructing the 28th Middle School

The PPP project for Kunming City's 28th Middle School, in which FEHORIZON Asset Management participated, was officially completed and put into use in September 2024. The project covers an area of 321.29 *mu* (1 *mu* is equivalent to 666.67 square metres) with a total construction area of 107,600 square metres, including teaching buildings, dormitories, and other facilities. This project effectively addresses the safety hazards of the original school buildings, alleviates the enrolment pressure in the district, and achieves the target of ensuring students' safe enrolment near their homes, making a positive contribution to the development of regional education.

After the project was completed, FEHORIZON Asset Management took responsibility for the operations of the cafeteria and dormitories. Since the start of the school year, operations have been running smoothly, and the project has received favourable comments during inspections and evaluations. Meanwhile, FEHORIZON Asset Management reduced and exempted meal and accommodation fees of impoverished students to alleviate the financial pressure on families of disadvantaged students.

TITITAR

Case

In terms of industry communication and exchange, the Group focuses on building a platform for dialogue between financial institutions and real enterprises, promoting the precise connection of industrial and financial resources, and assisting in industrial transformation and upgrading.

Hosting the Fourth Financial Summit Forum for Public Consumption in 2024 In May 2024, the Group successfully held the Fourth Financial Summit Forum for Public Consumption in Chengdu. The forum focused on the public consumption sector, gathering representatives, experts and scholars from industries such as agriculture, forestry, animal husbandry, fishery, food and beverage, textiles and apparel. In-depth discussions were held on topics such as new consumption trends, corporate overseas expansion plans, health management for entrepreneurs, and family education, contributing valuable insights to the recovery of the public consumption industry and helping the real economy accelerate its development.

Metrics and Targets

The Group consistently supports and promotes the development of the real economy, driving long-term value enhancement across industries. With this objective in mind, the Group has established monitoring metrics to steadily advance toward the achievement of its goals.



5.2 Customer Service and Satisfaction*

Far East Horizon continuously deepens service innovation, aiming to provide customers with professional, customized one-stop solutions. The Group, by continuously refining service innovation, aligns precisely with customer needs, improving service quality and efficiency, creating exceptional value for customers, and driving the development of service models toward higher quality and diversification. This significantly enhances customer experience and satisfaction.



Governance

The Group regards quality customer service as a core competitive advantage. Under the overall ESG governance framework, each business department works to optimize customer service and improve satisfaction. Functional departments such as the Asset Centre and Operation Centre provide comprehensive support to ensure that customers receive efficient, professional, and considerate services at every touchpoint.

Risk Management

Through a well-established customer service management mechanism of financial services, the Group conducts pre- and post-leasing telephone follow-ups to improve customer satisfaction. The three major industrial sectors, based on the operational characteristics of their respective industries, provide specialized customer services, as detailed in the sections "construction and equipment quality", "High-quality medical services", and "High-quality education services" under the "Special Reports of Three Companies in the Industries of Construction, Healthcare and Education".



Additionally, the Group has established clear mechanisms for telephone follow-ups, setting different procedures pre-leasing and post-leasing to standardize and improve service quality and levels.

Far East Horizon Pre- and Post-leasing Telephone Follow-up Mechanism

Stage	Procedures
Pre-leasing	 The Operation Centre initiates the payment procedures for eligible projects, triggering a telephone follow-up to the accounts receivable customer service position. The accounts receivable customer service position verifies the project financing amount, involvement of intermediaries, customer satisfaction, and other matters based on the contact information provided in the <i>Contract Signing Report</i>, the <i>On-Site Notification Confirmation</i>, and the <i>Telephone Follow-up Confirmation Letter</i>.
	• If any anomalies are found, the customer service must email feedback to the business department's general manager and also CC the Internal Audit Department, then complete relevant actions according to the response from the business department's general manager.
	• If changes occur after the project is leased by the Traditional Business Department, the Asset Centre's post-leasing management position creates a telephone follow-up plan based on business and operational risks.
Post-leasing	• The Asset Centre's post-leasing management position reviews whether the project triggers a telephone follow-up during the decision-making process. In the post-leasing document handover procedures, the system triggers a post-leasing telephone follow-up to the accounts receivable customer service position for eligible projects based on the decision.
	• The accounts receivable customer service position verifies the involvement of intermediaries, customer satisfaction, and other matters based on the contact information provided in the <i>Telephone Follow-up Confirmation Letter</i> . Any anomalies are handled according to the <i>Post-leasing Business Approval Management Measures</i> .



Metrics and Targets

Targett	Metrict	2024 performance
	Pre-leasing telephone follow-up count	5,310
Innovating and upgrading service models to enhance service quality and efficiency	Pre-leasing service satisfaction average score ²	9.92
	Post-leasing telephone follow-up count	399
	Post-leasing service satisfaction average score	9.84

Note 2: The highest score for service satisfaction is 10, and the passing score is 6. If the score is below 8, the customer

service must inquire about the specific aspects of dissatisfaction.

5.3 Fintech*

Governance

With the strategy-oriented and user-centred IT development strategy that connects operations 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.

The Group focuses on promoting digital development and accelerates the informatization process. The IT Committee oversees the planning of the FinTech empowerment strategy, while the Digital Technology Department leads the business departments and subsidiaries in implementing FinTech-related empowerment initiatives, strengthening the Group's informatization.

Risk Management

By focusing on digital development, the Group continuously improves FinTech empowerment, undertaking multidimensional digital construction initiatives to enhance risk control capabilities and operational efficiency. This helps provide precise and efficient financial solutions for customers, driving high-quality development.

In 2024, the Group continued to deepen informatization empowerment, actively integrating cutting-edge technologies such as artificial intelligence, big data, and mobile internet. These technologies were innovatively applied in operations and services, significantly enhancing business and operational efficiency, and striving to offer customers better and more efficient service experience.

Key aspect	Specific measures
Artificial intelligence application	Empowering sales employees with personalized workstations: By upgrading to mobile solutions, enabling business experts to break the limitations of time and geography, making it more convenient and efficient for them to expand business and fully supporting mobile business operations.
Big data application	 Building a customer relationship map: Integrating and providing industrial penetration, real controllers of enterprises, and external information to create a corporate and individual relationship map, assisting customer managers in reaching enterprises and their real controllers. Anti-counterfeit tools for materials: Launching an image intelligence detection platform to automatically verify the authenticity of photos and mitigate operational risk.
Mobile internet application	Customer information collection tools: During customer due diligence data collection and photo collection of items, using auxiliary tools to prevent operational risk; launching a customer self-service collection tool to collect photos on-site automatically and enter a cloud-based photo library, ensuring the authenticity of photos from the source.

Digitalization Measures of Far East Horizon in 2024

Additionally, the Group, in 2024, continued to deepen the application of technology in inclusive financial services, aiming to build an intelligent, comprehensive inclusive financial service ecosystem. Focusing on the three links of "pre-leasing, in-process, and post-leasing," the Group leveraged technology to empower inclusive financial services, comprehensively enhancing service quality and customer experience, and providing strong financial support to small and micro enterprises.



FEHORIZON Inclusive Measures to Empower Inclusive Business with Technology in 2024

Tech	Technology empowers risk management	
Pre-lease links	 Fully promoting the application of remote video due diligence technology, implementing centralized remote operations nationwide, breaking through geographic limitations, and improving credit approval efficiency. Using digital tools such as system phone calls and monitoring reports to manage the entire front-line marketing procedures and enhance business process efficiency and compliance. 	 Deeply analysing internal and external data, using advanced technology to build risk maps. By integrating market dynamics and risk characteristics, achieving automated ratings and risk pricing, providing strong decision-making support for credit review and improving risk management effectiveness. Fully upgrading the asset management procedures system, completing the intelligent system construction for warning, decision-making, and execution stages. Establishing unified and standardized data collection, storage, and analysis protocols, forming quantifiable and traceable data assets. Providing transparent and reliable asset management services, and realizing digital and standardized asset management.
In-process links	 Achieving configurable complex financial quotation rules, quickly responding to policy changes, and providing customers with convenient, clear, and online confirmation modes. Leveraging digital tools to standardize and reshape business approval, contract handover, and payment procedures, removing manual reviews and achieving automated approvals. By 2024, the business automated approval rate exceeded 70%. 	
Post-lease links	 Using online notarization tools to enable pure online notarization for leasing business, improving customer operational convenience and timeliness, reducing post-leasing operational costs, and enhancing post-leasing judicial litigation efficiency. Expanding mobile office scenarios in the post-leasing process, including warning reports, asset customer maps, and mobile litigation strategy modules, and improving asset disposal efficiency. Connecting electronic contract signing and online evidence reporting services, providing an online application channel for electronic evidence reports, and improving project litigation file management and borrowing efficiency. 	

Metrics and Targets

Target	Metric	2024 performance
Describes FinTech empeutement as the apping	Investment in informatization	RMB102 million
Regarding FinTech empowerment as the engine, and building an innovative momentum for digital transformation	Talent in information technology ¹	Approximately 170 people
	Proportion of AI tool-produced code	28.67%

Note 1: The statistical scope of talent in information technology is the number of

people at the headquarters of Far East Horizon.

5.4 Privacy and Data Security*

In the course of its operations, Far East Horizon involves the collection and use of personal customer information, such as personal identity information, asset information, and biometric data. Ensuring the security of customer information is a necessary condition for the Group's compliant and stable operations. Therefore, privacy and data security are crucial to the Group.



The Group strictly adheres to 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. It has formulated and strictly implemented internal policies such as the Information Security Management Standards, the Rules on Personal Information Protection and Management, and the Rules on Full Life Cycle Data Security Management. The Group has established a top-down, centralized privacy and data security management framework. Each step of data collection, storage, processing, transmission, sharing, and destruction is rigorously managed to build a strong defence line for privacy and data security.

Privacy and Data Security Management Architecture of Far East Horizon

IT Committee	A permanent leading body that the executive president is directly responsible for. It is responsible for reviewing the implementation of Group-level information security control strategies and control systems.
IT Department of the Strategic Centre	The executive body of the privacy and data security management function of the IT Committee. It is responsible for establishing the Group-level management system, formulating management standards, guiding the implementation of management activities, and inspecting the execution of management standards.
Subordinate units and enterprises	Subordinate units set up their own highest management organizations, are responsible for the privacy and data security management effectiveness of their own units, and periodically report the performance and improvement achievements of their management systems to the IT Department of the Strategic Centre of the Group; The IT departments of subordinate units are responsible for establishing, operating and maintaining their units' management systems.



Risk Management

To ensure the effective implementation of privacy and data security, the Group follows ISO27001 and the Basic Requirements for Cybersecurity Level Protection of Information Security Technology and implements multilayered and three-dimensional privacy and data security measures. These measures cover cybersecurity protection, information terminal protection, data information protection, personal information protection, security event response, and the construction of a security culture, ensuring the overall security of the Group's information.



Far East Horizon's Key Privacy and Data Security Measures in 2024

Aspect	Specific measures
Data security infrastructure construction	 Strengthening protective capabilities: Focusing on WAF-side protection, improving defence against brute-force cracking of internet accounts, and ensuring network access is controlled and restricted, and network attacks are detected and blocked in a timely manner. Vulnerability closed-loop management: Continuously advancing security checks for internal and external network assets and establishing a vulnerability scanning work order mechanism to close the vulnerability management loop, and achieving a full-procedures closed-loop management from discovery to evaluation, repair, and verification. Security situation monitoring: Releasing monthly information security operation reports, reviewing, summarizing, and correcting the Group's security operations, and generating an annual correction list. Obtain exit filing: Obtaining approval from the Shanghai Municipal Internet Information Office for the standard contract filing of personal information exit, and ensuring the safety of personal information leaving the country. Level protection assessment: Regularly engaging external professional organizations to conduct level protection assessments to evaluate whether security management measures and policies meet the requirements of relevant laws and regulations. Disaster recovery drills: Conducting disaster recovery drills to verify the effectiveness of the current Disaster Recovery Data Centre's operations, and minimizing and preventing the damage and losses caused by security events.
Confidentiality mechanism setup	 Classified marking for external documents: In departments such as the Digital Technology Department, the Financial Centre, and the Asset Centre, where the demand for sending data is high, implementing a classified marking system for some external documents and marking sensitive documents to ensure information security. Signing <i>Letters of Commitment on Confidentiality Agreements:</i> Incorporating privacy protection into the Group's compliance management mechanism, and supervising 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> Post-employment information tracking: Departing employees must sign the Group's unified letter of commitment on data security, and during their exit process, employees in the process of leaving will be subject to terminal security control.
Data security culture building	 Establishing an information security training system: Including information security training in new employee training, organizing business personnel to undergo business-related information security training, and providing specialized information security training for IT personnel, and building a security culture across the Group. Pushing security emails: Sending emails on information security, email security, and account security to raise employees' awareness of information security.

The Group places great importance on privacy and data security audits, and through comprehensive internal and external audits, it ensures the timely identification and resolution of information security vulnerabilities, significantly improving overall information protection effectiveness. In 2024, the Group increased the internal audit frequency, and conducted spot checks on each business segment every quarter.



Privacy and Data Security Audits of Far East Horizon

Туре	Audit content	Audit frequency
Internal audit	 Conducting spot checks regarding ten key security fields in each business sector of the Company. Assessing data risks from all dimensions of the full lifecycle of data. 	• Once a quarter
External audit	 Engaging third-party external agencies to conduct information security audits on aspects such as the Company's management of its IT procedures; Engaging third-party agencies to conduct compliance audits regarding privacy policies, which include appraisal of information security protection levels and security-related rectification. 	 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	 Formulating and implementing the <i>Management Rules of Emergency Response Policies and Plans to Security Incidents</i> and requiring departments to collect, analyse 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	 Regarding employee acts that violate network system and information security management standards, 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 the 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	 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 <i>Information Security Management Standards</i>, identification skills of phishing emails, reporting and handling procedures of information security incidents, etc.

Metric/Aspect	Target	2024 completion status
Employee coverage of data security training	100%	100%
Number of major information security incidents	0	0
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 in implementing the Group's security requirements and conducting an annual audit of subordinate platforms.	Completed

In 2024

- No major information security incidents occurred, and no privacy data of customers or employees was affected.
- A total of 11 systems obtained level protection certification, including one level-3 system and two level-2 systems that completed the level protection assessment.
- A total of seven information security awareness bulletins were sent out, and four information security policy briefings were conducted. One IT personnel IT training session was held, and one information security awareness training session was delivered by third-party professionals, achieving 100% employee coverage.

5.5 Access to Finance*

Governance

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 adheres to the concept of "finance for the people," uses innovative financial products and services to support the development of small and micro enterprises, promotes the implementation of inclusive finance, and injects vitality into the high-quality development of the economy.

Under the ESG governance framework, the Group leverages FEHORIZON Inclusive and FEHORIZON Factoring to optimize financing service quality and efficiency. In the aspects of financial leasing and supply chain finance, the Group provides comprehensive financial services to more small and micro enterprises, improving access to finance and contributing to the advancement of inclusive finance.

Risk Management

The Group expands financing service channels through inclusive finance and supply chain technology platforms, enhancing the access and inclusivity of financial services to address customers' funding issues.

FEHORIZON Inclusive has business centres across different regions in China, including the East, South, West, North, and Central regions. 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.

Case

Supporting the growth of SMEs into a national industrial technology infrastructure public service platform

Since 2018, the Group has collaborated with an SME in the technology sector, investing more than RMB100 million to support its rapid growth. In 2018, the Group provided financial support for the first time to help the company establish biological analysis research services. Since 2020, the Group has customized a three-year financing product to meet the company's equipment investment needs, addressing the issue of short-term loans for long-term investment. In 2024, by providing financial leasing services, the Group assisted in upgrading the company's customer marketing and information systems, and has helped it grow into a national industrial technology infrastructure public service platform.

Through customized financial services, the Group has resolved funding bottlenecks for such technology-driven enterprises, demonstrating the important role of inclusive finance in promoting technological innovation and assisting the growth of SMEs.

FEHORIZON Inclusive expands its customer reach by combining online and offline channels. It has established a multidimensional data evaluation system and improved its risk assessment framework. Meanwhile, FEHORIZON Inclusive has always prioritized the protection of small and micro enterprise customers' rights, and established an efficient and comprehensive complaint handling mechanism to improve access to finance.



FEHORIZON Inclusive Key Measures to Improve Access to Finance

Key dimensiont	Key measures				
Enriching online activities	 Using third-party institutions such as Kingdee and Bairong.Inc. to release information and reach users. Regularly holding online promotional activities through video livestreaming platforms, covering topics such as customer screening, leasing plan adaptation, and successful case studies. 				
Enhancing offline management	 Implementing localized management with more than 1,000 customer managers leading teams to provide financing services. Establishing offices in key cities to ensure business personnel can efficiently and conveniently provide financing services close to customers. 				
Improving the risk assessment system	 Integrating data from sources such as the Credit Reference Centre of the People's Bank of China, litigation, tax, electricity, and other datasets to optimize customer profiles and incorporate industry environmental risk assessments. Setting access restrictions for high-sensitivity industries such as photovoltaic and dynamically managing high-carbon-emission sectors. Refining industry-adaptation management to reduce information asymmetry. 				
	 Improving the customer complaint handling mecha 	nism to onsure that sustemer complaints are responded to and resolves			
Optimizing	professionally, objectively, and fairly within a reason	nism to ensure that customer complaints are responded to and resolved able time, and continuously improving service quality. Iechanism of FEHORIZON Inclusive Severe complaint handling mechanism			

FEHORIZON Factoring has built a supply chain technology platform using technologies such as Internet cloud computing and big data, and helps suppliers achieve supply chain financing through the "Honglianbao", transforming the credit of core enterprises into digital debt instruments. This assists suppliers in obtaining financing, ensures the security and trustworthiness of the entire procedures, and solves the challenges of difficult financing and long payment terms for suppliers.

Measures of FEHORIZON Factoring's "Honglianbao" to Improve Access to finance

Credit transfer and digital tools	Converting core enterprises' payables into divisible, transferable digital debt instruments, and using the core enterprise's credit to enhance the creditworthiness of small and medium-sized suppliers, thereby lowering financing thresholds.
Whole-procedures digitalization and efficiency enhancement	Utilizing technologies such as OCR recognition, automatic verification, and electronic seals (certification by China Financial Certification Authority (CFCA) to significantly shorten the financing cycle.
Multiparty collaboration and risk control optimization	Directly connecting with the bank system to build an ecosystem linking core enterprises, suppliers, and funders. Achieving automated risk pre-screening through invoice machine reviews and debt pre-assessment, reducing labor costs.
Data security and trust assurance	Implementing level-3 protection certification, data encryption, and authoritative certificates (such as CFCA and Internet Court certificates) to ensure transaction reliability and eliminate tampering isks.

Metrics and Targets

Target	Metric	2024 performance
Improving access to finance, expanding the financing coverage for small and micro enterprises, and building an ecosystem for deep integration of industry and finance services	Inclusive services to small and micro enterprises	More than RMB19 billion; cumulative investment exceeding RMB50 billion
	New customers served	More than 9,500; cumulatively more than 20,000
	Inclusive finance revenue	Approximately RMB1.6 billion



COLLABORATION AND LONG-TERM GROWTH

Material topics addressed

Protection of employee rights and benefits

Occupational health and safety Human capital development*

The UN SDGs aligned



Note: Topics marked with * are financial/double materiality topics covered in this chapter.



6.1 Protection of Employee Rights and Benefits

Far East Horizon upholds the development philosophy that "talent is the most valuable asset of Far East." The Group continuously standardizes employee recruitment and employment practices, and builds a fair, just, and open workplace environment, enhances workforce diversity. While safeguarding employees' fundamental rights and benefits, it promotes the establishment of an employee care and benefit system.

Employee Recruitment and Employment

The Group strictly abides by the Labour Law of the People's Republic of China, the Labour 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 Labour Contract Management Rules. The Human Resources Department leads all subsidiaries and relevant functional departments to strive to protect compliant employment and workplace equality and create a diverse workplace environment.

The Group follows the principle of equal opportunity and strictly follows compliant and lawful recruitment and employment processes to ensure transparent recruitment standards, open procedures, standardized operation, and merit-based selection. The Group strictly abides by the *Law of the People's Republic of China* on the Protection of Minors, the *Provisions on Prohibition of Child Labour*, and other laws and regulations, and refers to the conventions of the International Labour Organization (ILO) and other international standards to rigorously verify employee identities and firmly prevent the employment of child labor. Meanwhile, the Group regularly monitors employee overtime and labor intensity, strictly prohibiting any form of forced labor.

Furthermore, 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 2024, based on the business development needs of each of its business pillars, the Group established the "Three Capabilities" competency model and formulated a targeted talent recruitment plan to attract outstanding professionals with these capabilities from across society. Meanwhile, the Group continues to recruit fresh graduates, providing a growth platform for young talent and promoting the joint development of itself and society.



Implementation of the "Sword Casting Initiative" Fresh Graduate 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 every year. As an important mechanism for training of reserve talents, it has cultivated numerous elite employees for the Group and even the entire industry. To date, the "Sword Casting Initiative" has trained more than 2,000 outstanding professionals for the Group and the entire leasing industry, earning the reputation of being the "Huangpu Military Academy" of the financial leasing sector.

Employee Recruitment Performance of Far East Horizon 2024

Internal transfers	Selected 298 internal candidates to compete for vacancies.
Social recruitment	 Hired 6,415 employee through social recruitment. Industry diversity: Recruited talent comes from various sectors, including leasing, banking, trusts, and securities within the financial industry, as well as the automotive, real estate, and mechanical electronics industries. Geographical diversity: Recruited talent spans 258 locations, ranging from first-tier cities in the east, such as Beijing, Shanghai, Guangzhou, and Shenzhen, to central and western cities like Zhengzhou and Kunming.

In 2024, the Group did not have any violations related to child labor or forced labor

Employee Diversity and Anti-discrimination

The Group values workplace equality and diversity, formulating and strictly implementing policies such as the *Employee Manual*. New employees receive training on *the Employee Manual* to ensure its content is well understood by all staff. The Group strictly prohibits any form of discrimination based on gender, ethnicity, nationality, religious beliefs, family status, disability, and other factors. Upholding the principle of equal pay for equal work, the Group conducts regular gender pay assessments and analyses to eliminate gender pay disparities and continuously promote workplace gender equality. Meanwhile, the Group actively fosters a diverse and inclusive talent structure, creating a fair and open workplace environment that provides equal development opportunities for employees, contributing to the joint progress of both itself and society.

The Group opposes all forms of discrimination and harassment. The *Employee Manual* explicitly provides open and transparent complaint channels, encouraging employees to report issues promptly. The Group commits to responding swiftly to every complaint and taking necessary measures to ensure fair and thorough investigations and resolutions. Additionally, the Group strictly protects the privacy of complainants and ensures the confidentiality of related information. In 2024, the Group continued to maintain a fair and respectful workplace environment, with no incidents of discrimination or harassment.

Case



Employee Diversity Performance of Far East Horizon in 2024

Protection of Employee Rights

The Group attaches great importance to protection of employee rights and benefits. It strictly abides by the <u>Labour Law of the People's</u> <u>Republic of China</u>, the conventions of the International Labour Organization (ILO), and the United Nations <u>International Bill of Human Rights</u> (IBHR), among other domestic and international laws and regulations. The Group has issued the <u>Employee Rights Protection Policy</u> <u>Statement</u> and established standardized policies in areas such as working hours and leave, remuneration and benefits, and labor relations to effectively safeguard employees' legal rights and benefits.

Key aspect	Main Laws, regulations and internal policies followed	Guarantee measures
Working hours and leave	 Laws and regulations:Regulation on Paid Annual Leave for Employees, Regulation on Public Holidays and Memorial Days, etc. Internal policies:Attendance and Leave Management Rules, Attendance and Leave Management Measures, etc. 	 Working hours: The Group implements the standard practice of 40 working hours per week. Leave management: Paid annual leave, marriage leave, funeral leave, maternity leave, sick leave, etc.
Remuneration and benefits	 Laws and regulations: Measures for Enterprise Wage Payment in Shanghai, etc. Internal policies: Remuneration Management Measures, 	• 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).
	Management Measures for Dispatched Employees' Benefits, etc.	• Remuneration system: The Group implements performance-based remuneration and incentive scheme free of regional or gender discrimination.Ensuring that base salaries exceed the local minimum wage standards.

Employee Employment and Rights Protection Regulations of Far East Horizon



The Group is committed to fostering an open, transparent, and trusting workplace environment. It has lawfully established diverse employee communication channels to safeguard employees' freedom of association, collective bargaining rights, and democratic participation. By implementing democratic election, decision-making, management, and supervision mechanisms, the Group ensures that employees' legal rights and benefits are fully expressed and protected.

Employee Communication Channels of Far East Horizon



The Group actively promotes democratic management, ensuring employees' rights to participate in democratic decision-making and supervision. Under the framework of the labor union, the Group has established the employee and labor union member representative assembly mechanism, holding regular meetings to gather employee feedback and provide timely responses. In 2024, the employee representative assembly strictly adhered to the principles of fairness and impartiality, facilitating the election of a new cohort of employee representatives, the Chairman of the Supervisory Board, and employee supervisors for various union groups. Additionally, multiple policy revisions, including the *Employee Code of Conduct Management Measures* and the *Conflict of Interest Management Measures*, were approved to effectively represent employee rights and benefits and foster harmonious labor relations.

Furthermore, in 2024, the Group conducted an employee engagement survey and developed improvement plans targeting key issues. This initiative aimed to optimize management mechanisms, enhancing both employee satisfaction and organizational efficiency.

Conducting the Employee Engagement Survey



The survey achieved an overall completion rate of approximately 98%, reflecting high employee participation. Results indicated that the Group's employee engagement/satisfaction score was 82.62%. Based on the data, the Group plans to introduce AI automation tools or software to optimize workflow processes, improve efficiency, and enhance the employee experience. Additionally, efforts will continue to refine the market-driven compensation system to unlock talent potential. Each department has conducted further research into relatively lower-scoring metrics and implemented corresponding policy or process adjustments. Future annual surveys will be used to track and assess the effectiveness of these improvements.

In 2024,

- The Group's employee engagement survey scored 82.62%, with overall positive employee feedback.
- A fair and compliant workplace environment was consistently maintained, with no incidents of human rights violations or labor standard non-compliance.



Case

• Employee Benefits and Care

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. With a people-oriented approach, 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. The Group is committed to fostering a warm, harmonious, and dynamic workplace atmosphere.

Employee Care Actions and Achievements of Far East Horizon in 2024

Care for female employees	 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.
Caring visits to employees and their family members	 Giving gifts to in-service employees of the Group when they celebrate a marriage or have a child. In 2024, a total of RMB104,400 worth such gifts were given to 104 employees. Offering various subsidies, including high-temperature allowances and Spring Festival bonuses, as well as parental support allowances for employees' parents during the Spring Festival. In 2024, a total of RMB3,144,500 was allocated, benefiting 3,000 employees.
Living allowances for employees	 Giving assistance to employees who had an accident. In 2024, RMB226,000 of such assistance was given to 51 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.
Physical and mental well-being	 Integrating advantaged resources in health examination and insurance, fitness clubs, diet, medical treatment, 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 counselling program prepared in the earlier stage, continuously deepening an employee assistance program (EAP) centred on mental health, so as to help employees identify and solve their emotional and mental health issues as early as possible. A total of 352 people received psychological consultancy services in 2024.
Diversified employee activities	 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.



6.2 Occupational Health and Safety

The Group 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. The Group has issued the <u>Health, Safety, and</u> <u>Environment (HSE) Policy</u> to ensure effective implementation of safety regulations and standards.

The Group adopts a hierarchical and tiered approach to risk control, continuously improving the HSE responsibility framework to enhance the effective execution of HSE management.

HSE Responsibility Structure of Far East Horizon

Second level	ESG Management Committee Execution department: ESG Task Force				
supervision entity					
First level supervision entity	Administration Centre HSE post of Integrated Management Department	CDHORIZON HSE post of HSE Management Department of Operation Centre	FEHORIZON Asset Management HSE post of Project Management Centre	Horizon Healthcare HSE team of Engineering Property Management Centre	Hongwen Schoo Safety post of Logistics Suppor Department
First level operating entity	Far East Horizon Plaza Xangyuan Farm	Horizon Equipment Hongjin Equipment	SPV 1 SPV 2 SPV n	Hospital 1 Hospital 2 Hospital n	Qingdao Hongwe

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.





In 2024, the Group continued to advance the implementation and execution of the *HSE Manual*, and fully considered employees' actual working environments and business scenarios. The Group organized discussions and revisions involving the management and worker representatives or the labor union on specific issues to effectively enhance HSE management.

HSE Manual of Far East Horizon



To ensure that HSE risk control in all business operations meets the minimum reasonable and feasible requirements, the Group mandates that all units conduct HSE risk assessments for their operations in a systematic and standardized manner, and clearly defines corresponding risk control measures and responsible departments.

HSE Risk Assessment Mechanism of Far East Horizon

- Identifying and assessing HSE risks of prospective customers, and incorporating evaluation results as key factors in project decision-making.
- Conducting HSE due diligence, assessing the actual level of HSE risk control in projects, and evaluating the resources required for remediation.
- Developing HSE risk control plans, including reports such as the *Environmental Impact Assessment Report for Construction Projects.*



In 2024, the Group comprehensively enhanced the safety management level of Far East Horizon Plaza by upgrading and expanding intelligent security systems within and around the park, optimizing emergency response measures, and systematically improving the overall park safety system to ensure employee safety.

Employee Safety Initiatives of Far East Horizon in 2024

Key aspect		Specific measures
Intelligent security upgrade and expansion	Within the Park	 Upgrading traditional surveillance equipment to intelligent cameras with AI behaviour analysis capabilities. Optimizing daily vehicle management by installing thermal imaging cameras for real-time temperature anomaly detection to prevent fires.
	Outside the Park	 Adding full-angle pan-tilt monitoring to achieve comprehensive surveillance coverage around the park. Implementing 24-hour monitoring measures in the fire control room.
Optimization of emergency response measures		 Establishing a firefighting emergency response mechanism for energy vehicles and setting up secondary micro fire stations. Developing detailed emergency drill plans based on actual operational needs and completing revisions to the fire drill response plan.

In 2024, the Group

- Conducted six fire emergency response drills, achieving a 100% emergency response rate for fire incidents.
- Organized ten emergency drills for fire evacuation, anti-terrorism and riot prevention, and elevator entrapment scenarios.

Joint Fire Emergency Drill with Local Fire Rescue Station

In November 2024, Far East Horizon conducted its first joint fire emergency drill with the local fire rescue team, integrating government firefighting operations into the overall emergency response process.

This drill significantly enhanced employees' emergency response capabilities and self-protection awareness, ensured that in the event of an emergency, evacuation and response procedures could be carried out swiftly and orderly, and minimized casualties and property losses to the greatest extent possible.



In 2024, the Group 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. The Group, in 2024, reported neither major work safety accidents that caused serious injury or death nor occupational disease-related accidents.

Within its three major industry operations, the Group tailored its occupational health and safety management efforts to the specific characteristics of each sector. For details, please refer to the "Safe Production," "Medical Care Safety," and "Campus Safety" sections in the *Special Reports of Three Companies in the Industries of Construction, Healthcare and Education*.

Case

6.3 Human Capital Development*

Governance

The Group regards talent cultivation and development as a core strategy and has established management policies such as the *Training Management Measures*. A management framework has been put in place, overseen by the Chief Executive Officer and coordinated by the Human Resources Department. Under this framework, the Talent Development Department and the Compensation Management Department are responsible for training, promotion, compensation, and performance management. The Group is committed to building a multitiered and multidimensional training system that covers key positions and core talent groups, providing employees with continuous career growth support and development opportunities. Additionally, the Group continuously improves its compensation and performance system, refining employee promotion mechanisms to drive both individual and organizational progress.

Risk Management

The Group enhances employees' overall business capabilities by establishing a talent development system and a digital training system. Meanwhile, through measures related to compensation, performance management, performance appeals, and employee promotions, the Group fosters organizational vitality and unlocks talent potential.

Professional Training of Employees

The Group continuously optimizes its training system to help business experts establish a professional and trustworthy business partner image, while improving their ability to provide comprehensive customer service. Training is delivered through various formats, including online livestream sessions, offline workshops, and external courses, focusing on integrated product knowledge. These programs aim to enhance employees' cross-disciplinary communication skills and global perspectives.

Talent Training System of Far East Horizon



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Leadership Development Program for Key Positions in the Company

In 2024, under the context of the Company's strategic upgrade, higher demands were placed on the abilities of managers and the overall organization. Therefore, the Group collaborated with external professional instructors to implement a targeted empowerment and development program for key position managers within the Group.

The Company organized a course learning seminar with the theme "Awareness of Leadership – Organizational Mentality Breakthrough," encouraging managers to engage in inner self-awareness and reflection. This process aimed to break past thought patterns and drive team growth through personal development and change.

Through its online learning platform "Far East College", the Group continued to develop its 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. In 2024, centring around employee growth and development needs, the "Far East College" added 283 new courses, further enriching the internal knowledge resource library. In particular, to upgrade the financial services business model, the Group has continuously conducted specialized training programs for business personnel. Over 20 comprehensive financial services training courses have been launched, with more than 6,000 participants engaged in online course training.

Additionally, to meet the business development and management improvement demands for specialized talent, the Group continued to implement relevant policies such as the *Management Standards on Employees' Certification of External Professional Qualification* in 2024. These policies encourage employees to independently pursue learning and obtain professional qualifications from authoritative organizations, such as the national ministries and commissions, nationwide industry associations, and international industry associations. For employees who have obtained certifications, the Group provides educational subsidies to support them in improving their job skills and broadening career development paths.

Employee Compensation, Performance, and Promotion System

The Group aims to support employees' career development by strictly implementing the *Remuneration Management Measures* and the *Employee Performance Management Measures*, and establishing a comprehensive system that covers performance management, incentives, and promotions. Through a fair performance evaluation system, the Group ensures that employees have equal promotion opportunities and market-competitive compensation, continuously stimulating organizational vitality and talent potential.

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-calibre 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	 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. he Group has decomposed performance objectives at various levels, and constructed a performance indicator framework based on the value positioning of different employees. The performance framework includes all employees across different levels, such as senior executives, primary-level 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. The Group adjusts the performance evaluation dimensions and sets the indicator framework based on the value positioning of different employees. In 2024, the Group launched a new performance system, streamlining the entire performance process and standardizing performance
Complaints about employee performance appraisal results	 management. 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	 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 2024, open recruitment was conducted for 24 management positions.
Remuneration management	• The Group has established a variable remuneration system with a diversified incentive structure, which includes modules such as position salary, job grade performance salary, and retention bonuses. Based on dimensions such as employee performance results, value alignment, attendance records, and disciplinary performance, the compensation and incentives are dynamically adjusted to strengthen the positive correlation between compensation and contribution, thereby promoting the mutual advancement of individual value and organizational development.

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, and encouraged employees to make progress with the Group. In 2024, a total of **112** persons, including senior management and core employees granted with equity incentive rewards under the equity incentive plan of the Group, with a total of **34,521,086** share options granted and **51,781,630** restricted shares granted.


Far East Horizon focuses on the leap in human capital value, and has built a capacity growth ecosystem through comprehensive employee training, the deepening of digital learning, and the effectiveness evaluation loop, thereby injecting sustainable talent momentum into organizational development.

Monitoring metric		2024 performance	
Training expenditure		RMB17.95 million	
Average training hours	Finance sector	38.09 hours	
per employee Industry sector		33.72 hours	





CARING FOR THE WORLD WITH BOUNDLESS LOVE

Material topics addressed

Public Welfare and Rural Revitalization

The UN SDGs aligned





7.1 Overview of Horizon Charity Foundation's Actions in the Year

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.

Horizon Charity Foundation mainly participated in the transition from consolidating the achievements in poverty alleviation to implementing the strategy of rural revitalization 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	Scholarships and fellowships for students, poverty alleviation, disaster relief, volunteer activities, etc.	Disaster relief, poverty alleviation, grants for poor students, scholarships for excellent students, volunteer activities, etc.

Major Public Welfare Projects of Horizon Charity Foundation in 2024

Public welfare	Major projects	
Rural revitalization	 Enlighten the "Moving Classroom" study program for children "Qianlicao Aid Program" 	
Scholarships and fellowships	Horizon scholarships and fellowships	
Medical aid	 "Doctor Training Program" – Paediatric Urology Public Welfare Training Program "Art from the Heart, Healing the Self" Art Therapy Program 	
Volunteer services	 Community Mutual Assistance Elderly Care Volunteer Service Project Volunteer Activities for Left-Behind Children 	

In 2024, Horizon Charity Foundation focused on rural revitalization, scholarships and fellowships, medical aid, and volunteer activities. The foundation allocated RMB 9,052.1 thousand across various public welfare initiatives, benefiting over 30,000 people.

In 2024, Horizon Charity Foundation received nine awards and honorary certificates.



Awards and Honours Received by Horizon Charity Foundation in 2024

Award Type	Issued by	Received by
Donation Certificate	Shanghai Children's Medical Centre Affiliated to Shanghai Jiao Tong University School of Medicine	Shanghai Horizon Charity Foundation
Golden Donor Unit	Guangdong Province Maitian Education Foundation	Shanghai Horizon Charity Foundation
Yixian Education Contribution Award	Sun Yat-sen University	Shanghai Horizon Charity Foundation
Charity Public Welfare Model Award	Pudong New Area Charity and Public Welfare United Donation Committee	Shanghai Horizon Charity Foundation
Love and Public Welfare Award	Lujiazui Chamber of Commerce, Pudong New Area, Shanghai	Far East Horizon Charity Foundation
Honorary Certificate	Qidi Social Work Service Station, Dushanzi District, Karamay City	Beijing Horizon Charity Foundation
2024 Responsibility Gold Award	Social Responsibility Conference	Horizon Charity Foundation
Scholarship Donation Memorial	Fudan University	Horizon Charity Foundation
"Intellectual Disability Assistance" Memorial	Shanghai Heart Hope Education Aid Public Welfare Service Centre	Shanghai Horizon Charity Foundation



7.2 Public Welfare and Rural Revitalization

Rural Revitalization

In 2024, guided by the national rural revitalization strategy, Horizon Charity Foundation focused on "Cultural Revitalization" and "Educational Revitalization" to conduct its public welfare projects. The Foundation continued its series of initiatives aimed at supporting rural education, including the "Moving Classroom" study program for children and the "Qianlicao Aid Program".



"Qianlicao Aid Program " Supporting Rural Educational Revitalization

Since its launch in 2016, the "Qianlicao Aid Program", an education aid project, has been running for eight consecutive years. In the summer of 2024, Horizon Charity Foundation organized over 30 university student volunteers, forming four project teams to conduct educational assistance activities in Gansu' s Longnan and Baiyin.

The project focuses on "life assistance + academic guidance + character development + ideological education + psychological counselling + growth planning," and has been providing educational support, paired assistance, and donations. This project aims to help children in rural western China grow happily, promote rural education development, and contribute to the building of a new socialist countryside, while cultivating outstanding talents for the public welfare cause.



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

Horizon Scholarships Conveying Charity philosophy to College Students

Case

Case

Case

In 2024, Horizon Charity Foundation continued the scholarship project in 9 universities and spent RMB1,080,000 in relevant public welfare cumulatively, which benefited more than 130 people. In addition, through awarding ceremonies and campus talks, Horizon Charity Foundation publicized and promoted the project and better spread its charity philosophy among college students, carrying forward the charity culture.



Medical Aid

Horizon Charity Foundation continues to focus on medical aid, aiming to support disadvantaged groups in accessing healthcare and improve overall healthcare levels in underdeveloped regions. It continues to implement the "Doctor Training Program". Additionally, the Foundation is addressing social mental health issues by promoting innovative psychological interventions such as art therapy, providing psychological health support and assistance to a wider audience.

"Doctor Training Program" – Paediatric Urology Public Welfare Training Project

Since 2015, Horizon Charity Foundation has been partnering with the Shanghai Children's Medical Centre to conduct the "Doctor Training Program" - Paediatric Urology Public Welfare Training Project."

In 2024, the Foundation supported the Shanghai Children's Medical Centre's urology department in organizing eight activities, including public medical consultations in Yuxi, Yunnan, exchanges in Nanning, Guangxi, a training course on new advancements in paediatric urination and defecation disorders, and free medical services in Jin' yang County, Daliangshan, Sichuan. These activities help medical professionals enhance their skills while promoting the sharing of medical resources across regions, ensuring that high-quality medical services reach more children in remote areas.



"Art from the Heart, Healing the Self" Art Therapy Program

In 2024, Horizon Charity Foundation supported the "Art from the Heart, Healing the Self" art therapy program at Qing Shui School in Qingshui Town, Mentougou District.

This project targeted students from grades 1 to 6, covering various psychological courses such as stress management, coping with setbacks, interpersonal relationships, self-awareness, and self-exploration. The activity attracted many students and received positive feedback from both the school and parents.





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Volunteer Services

Horizon Charity Foundation, in accordance with the Charity Law of the People's Republic of China, Volunteer Service Regulations, Beijing Volunteer Service Promotion Regulations, and Shanghai Volunteer Service Regulations, has established the Volunteer Management System and Volunteer Service Information Management Guidelines. The Foundation continues to improve its volunteer service management mechanism, encouraging more volunteers to participate in charity activities.

In 2024, Horizon Charity Foundation followed its planned path by recruiting volunteers through the website, promoting activity information, and conducting regular training for volunteers, calling on employees and charity volunteers to actively participate in public welfare activities and enhancing their emergency response capabilities.

Horizon Heartwarming Action -**Community Mutual Assistance Elderly Care Volunteer Service Project**

Shanghai Horizon Charity Foundation signed an agreement with the Changyi Charity Foundation to collaborate on the rural community mutual assistance elderly care project in Shidian County, Baoshan City, Yunnan Province. The one-year project aims to address the care gap and emotional needs of left-behind elderly people in the village, improving their quality of life. Horizon Charity Foundation donated RMB200,000 to support five village communities in Shidian County, benefiting an estimated 255 people.

Chongming Left-Behind Children Volunteer Activity

In 2024, Horizon Charity Foundation, in partnership with the Youth League Committee of Zhongxing Town, Chongming District, and volunteers, conducted a "Cultural Study Tour" charity activity at Shanghai Zhouhuchen Caosugong Brush and Ink Co., Ltd. in Shanghai. This initiative helped more left-behind and disadvantaged children in Chongming participate in vibrant and engaging activities during weekends, promoting their mental and emotional growth.





Case



GOVERNANCE



STRENGTHENING GOVERNANCE AND REINFORCING THE FOUNDATION

Material topics addressed



The UN SDGs aligned



Note: Topics marked with * are financial/double materiality topics covered in this chapter.



8.1 Corporate Governance*

Governance

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 responsibilities to improve the duty-performance efficiency of governance entities and to maximize and balance the interests of all parties.

The Company continues to improve its internal governance framework. In 2024, it revised the *Rules for Securities Trading by Directors and Senior Management, Transactions Management Measures, Investor Relations Management Measures, and Information Disclosure Management Measures,* among other related systems. These revisions ensure that the content of the systems aligns more closely with the Company's practices and the regulatory guidance of institutions such as the Hong Kong Stock Exchange. This provides institutional support for the Company's governance and compliance operations.

Corporate Governance Structure of Far East Horizon



Duty Performance by Governance Entities of Far East Horizon in 2024

Shareholders' Meeting	Regulated Operations	 The Shareholders' Meeting is the highest authority of the Company. The Company strictly convenes and holds the Shareholders' Meeting in accordance with the <i>Articles of Association</i> and other relevant regulations and requirements, and applies the "one share, one vote" principle, to ensure that all shareholders, especially minority shareholders, are treated equally and can fully exercise their legitimate rights. In 2024, the Company held one Shareholders' Meeting, during which 12 resolutions were reviewed and approved.
	Election Validity	• Directors of the Company are elected or replaced by the Shareholders' Meeting for a term of three years. Upon the expiration of a director's term, they may be re-elected for consecutive terms. The Remuneration & Nomination Committee of the Board of Directors, composed of composed of one non-executive directors and two independent non-executive directors, will propose director candidates to the Board in a timely manner. In the case of temporary director appointments, the Board will propose candidates to be elected or replaced by the Shareholders' Meeting, and in principle, the appointment of directors will be carried out through a single resolution.
Board of	Effective Performance	 The Company has a Board of Directors that is accountable to the Shareholders' Meeting. The Board of Directors has four specialized committees, each with its own working rules, and each committee performs its duties to promote the efficient, scientific, and regulated operation of the Company. In 2024, the Company held: Four regular meetings of the Board of Directors, reviewing or hearing a total of 10 proposals and reports, with a director attendance rate of 96%. 6 meetings of various specialized committees under the Board of Directors, including four meetings of the Audit and Risk Management Committee and two meetings of the Remuneration and Nomination Committee. The Company continues to optimise and improve the director performance evaluation system, deepening and refining the evaluation dimensions and content. Regular comprehensive reviews are conducted to assess each director's contributions in fulfilling their responsibilities to the Company. An independent evaluation mechanism is also established to identify strengths and areas for improvement in the Board's work, thereby providing guidance for the personal growth of directors and the further development of the Board's overall functionality.
Directors	Board Diversity and Professionalism	 The Company has formulated the <i>Board of Directors Member Diversity Policy</i>, considering factors such as gender, age, ethnicity, cultural and educational background, professional experience, skills, and service tenure when electing Board members, ensuring that the Board has a balanced and diverse set of skills, experience, and perspectives. By the end of 2024, the Company's Board consisted of 12 directors, including those with expertise in accounting or finance, legal qualifications, financial investment experience, or industry experience relevant to the Company. This included four independent non-executive directors and one female director.
	Performance Evaluation and Incentive/Constraint Mechanisms for Directors, Supervisors, and Senior Management	 The Remuneration & Nomination Committee fully considers factors such as industry compensation levels, individual performance, and the achievement of strategic goals when assessing and adjusting the performance evaluation system and salary management system for senior management. These adjustments are submitted to the Board and Shareholders' Meeting for approval. The Company has established restrictive clauses such as "salary withholding and recoupment," whereby if a performance assessment for the previous year does not meet the required standards, the Company will adjust or cancel any unexercised stock options that have been granted, in accordance with relevant regulations.

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

				Year of	Independence		P	Professional Background			
Name	Position	Gender	Age	commencement of term of office	Independent from the management ¹	Independent from other stakeholders	Industry Experience ²	Financial and accounting experience	Risk management	Legal experience	
Kong Fanxing	Chairman of the Board of Directors Executive Director	Male	61	2009		~	~				
	CEO										
Wang Mingzhe	Executive Director Chief Financial Officer	Male	54	2009		~	\checkmark	\checkmark			
Cao Jian	Executive Director Senior Vice President	Male	50	2023		~	\checkmark				
Chen Shumin	Non-Executive	Male	58	2023	\checkmark			\checkmark			
Wei Meng meng	Director Non-Executive Director	Female	43	2023	\checkmark	~	~				
Liu Haifeng David	Non-Executive Director	Male	55	2009	\checkmark	~	~				
Kuo Ming Jian	Non-Executive Director	Male	63	2013	\checkmark	\checkmark	\checkmark				
John Law	Non-Executive Director	Male	74	2012	\checkmark	\checkmark	\checkmark		\checkmark		
Han Xiaojin	Independent Non-Executive Director	Male	70	2011	\checkmark	~				\checkmark	
Liu Jialing	Independent Non-Executive Director	Male	62	2011	\checkmark	\checkmark	\checkmark				
Yip Wai Ming	Independent Non-Executive Director	Male	60	2011	\checkmark	\checkmark	\checkmark	~			
Wong Ka Fai Jimmy	Independent Non-Executive Director	Male	55	2023	\checkmark	~	\checkmark				

Note 1: The assessment of independence is based on the Far East Horizon MSCI ESG Rating Report.

Note 2: 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.





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, and makes sure that all shareholders have equal access to related information.

The Company continues to improve its information disclosure system. Through external lawyers, secretarial firms, and other agencies, the Company continuously monitors updates to the Listing Rules and other regulatory systems. The effectiveness of the Company's information disclosure is regularly reviewed, and suggestions for improvement are developed in response to rule revisions. The Company continues to enhance its information disclosure standards. In 2024, the Company disclosed 64 documents on the Hong Kong Exchanges and Clearing Limited (HKEX) website.

In 2024, the Company strengthened effective dialogue and communication with shareholders and potential investors through various channels, including the Shareholders' Meeting, performance briefings, external seminars, and strategic meetings. The Company hosted 6 ESG-related communication sessions, and various investor exchange activities attracted a total of 694 participants.



2024 annual general meeting 2024 interim results conference



Metrics and Targets

2023 annual results conference

The Company has established corporate governance-related goals and developed monitoring metrics to continuously track the progress of goal implementation. In 2024, the Company successfully completed all the predetermined goals. Moving forward, the Company will continue to improve operational quality, enhance corporate governance effectiveness, and strive to create value for shareholders.

Target	Metric	Performance in 2024
	Average attendance rate of directors at Board meetings during the year	96%
Strengthen the assurance of director performance	Coverage rate of annual ESG training for directors	100%
	Coverage rate of annual anti-corruption training for directors	100%
Improve the independent director evaluation mechanism and enhance the independence of the Board of Directors	Proportion of independent directors on the Board	The Board of Directors consists of 12 directors, with 4 independent directors, making the proportion of independent directors 33.33%.
Promote the diversification of the Board of Directors and	Proportion of independent directors on the Audit Committee	66.7%
senior management	Number of female directors on the Board	1 female director
Improve and strengthen the Company' s shareholder dividend return mechanism	Number and amount of dividend distributions	A total of 2 cash dividend distributions were made, including the year-end dividend of approximately RMB1.92 billion yuan in 2023 and the interim dividend of approximately RMB 953 million yuan in 2024. In addition, a physical dividend of 799 million shares of CDHORIZON was distributed in June 2024, which is equivalent to approximately RMB2,555 million.

For more information on corporate governance, please refer to the "Corporate Governance Report" section in the *Far East Horizon Limited* 2024 Annual Report.



8.2 Risk and Crisis Management*

Facing the complex economic situation, Far East Horizon 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 the Company's assets but also guide and optimize business strategies and improve business efficiency and profitability through a scientific risk decision-making mechanism.



The Group has formulated relevant policies including the Comprehensive Risk Management Regulations and Risk Control and Evaluation Standards. It has kept improving the comprehensive risk management governance structure 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.

Level	Description
Decision-making level	• The Board of Directors is the highest decision-making body for risk management. It reviews the effectiveness of the comprehensive management procedures of the Group at least once a year and takes the ultimate responsibility for it.
Supervision level	 The Audit and Risk Management Committee under the Board of Directors is responsible for supervising the risk management procedures of the Group and designing risk management systems and policies. In addition, it reviews, approves and manages overall risk management measures and procedures and their overall implementation and effectiveness at least twice a year. The Internal Audit Department is the department overseeing the risk management of the Group. It is independent of the operation and management of the Company and periodically reports to the Audit & Risk Management Committee. It conducts an independent audit of reasonableness, completeness and effectiveness of risk control every year. Third-party independent auditors assess and test the effectiveness of the design and execution of key control points relating to approval process, monitoring process, credit rating management, loan impairment assessment, etc. every year.
Execution level	 The Management and the Risk Management Committee under the Management assume the comprehensive risk management responsibilities of the Group, including fostering a risk management culture, defining overall objectives for risk management, formulating the risk management strategy and accountability mechanism of the Group, setting a risk management appetite and risk limits, and studying and discussing major risk events and decisions. The Risk Management Committee is chaired by an Executive Director and composed of members from the management of strategy, operations, assets and business lines. The members of the committee are changed regularly to better adapt to internal and external changes. In 2024, the Risk Management Committee held four meetings to continuously monitor and ensure the effectiveness of the Company's risk management work. The Operation Centre is the department chiefly in charge of the risk management of the Group. It organizes efforts to build the risk management system of the Company, and promotes, guides and supervises the risk management and related system building of subordinate units according to its responsibilities and the authorization of the Risk Management Committee. According to the Company's risk management framework and provisions, the risk management department at each subordinate unit of the Company creates a well-functioning risk governance structure with clearly defined responsibilities and establishes a multi-level and interconnected operation mechanism limited by effective checks and balances.

Comprehensive Risk Management Governance Structure of Far East Horizon





Risk Management

The main categories of risk faced by the Group include traditional risks such as credit risk and operational risk, as well as emerging risks such as climate change risk. In 2024, the Group focused on regulating the management of credit risk and operational risk by accurately identifying, quantifying, and effectively responding to various potential risk points, in order to ensure asset security and the stable operation of the business.

Traditional Risk Identification and Response Measures of Far East Horizon in 2024

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.	 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. 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.	 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 2024

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 practical 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 "Climate Change Mitigation and Adaptation" of this report for details.

Emerging risk	Description	Impact	Response
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 "Privacy and Data Security" of this report for details.
Geopolitical risks	At present, the situation in the Middle East remains tense and the crisis in Ukraine continues to escalate. The future of China-Us relations faces many uncertainties, and non-traditional security issues continue to test the international community.	Geopolitical risks have multifaceted and profound impacts on the Group, e.g., increased asset procurement cost due to surges in commodity prices, restricted business expansion and asset injection in relevant regions, etc.	Giving priority to enterprises in industries featured by "domestic circulation"; Regarding customers who are engaged in overseas business, prudently assessing their proportions of overseas business.

The Group has incorporated ESG risks into its comprehensive risk management system, led by the Investor Relations Department and the Strategic Centre, with oversight from the Operations Centre. It has established management procedures and monitoring metrics for various ESG risks, strengthening the Group's ESG risk management mechanism (as detailed in Section 3.2 "Sustainable Development Concepts and Strategy" of this report). The Group practices ESG principles in its business operations and integrates ESG factors into customer credit assessments.

Far East Horizon Integrates ESG Assessments into the Customer Credit Process.

Evaluation dimensions	ESG factors
Corporate governance	• Focus on the company's ownership structure, controlling shareholders, and the capabilities of the management team.
Environmental responsibility	 For enterprises requiring environmental assessments, evaluate their relevant qualifications, annual review status, and any penalties, and implement differentiated credit management based on their creditworthiness.
Social responsibility	 Monitor whether the company complies with tax laws, whether salaries are paid on time, and if social insurance contributions are made regularly.

The Group has established a comprehensive risk management process, which includes risk identification, risk analysis, risk monitoring, and risk management stages, to ensure the stable operation of the Group's business.



Far East Horizon Comprehensive Risk Management Process



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	 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	 The Group adheres to the principle of full participation, providing employees with various channels to exchange risk-related 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.

Key aspect	Specific measures
New product risk control	 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	 Improving the risk awareness of new employees through training on basic risk management knowledge (including quality control theory and practical due diligence training). Tempering the comprehensive risk management ability of backbone employees and solving urgent problems in actual work through the research project system; Summarizing the experience of risk disposal through periodical review of risk cases and enhancing the risk analysis and disposal ability of employees in the whole quality control sequence and key professional sequence in execution and legal affairs. In 2024, the Group invited quality control experts from various industries to conduct training exchanges on risk cases, which were carried out nine times throughout the year, with a total of about 1,000 participants.

Strengthening Risk Management and Refining Asset Allocation Guidelines

The Group has consistently adhered to prudent risk management principles, selecting stable foundational industries/sub-sectors and high-quality customer s, thereby effectively establishing a solid foundation for asset security.

Case

During the project introduction process, the Group effectively reduced risks in the asset formation process through stringent customer selection criteria, industry-appropriate due diligence methods, flexible and effective product design capabilities, and sufficient risk mitigation measures.

In 2024, the Group refined its asset allocation guidelines, categorising them into "Encouragement, Maintenance, Restriction, and Compression." In addition to conducting industry-specific asset allocation, the Group further expanded its regional perspective to strengthen asset security.

The Group promptly and effectively applied risk asset management measures that align with industry characteristics, ensuring the overall safety of assets.



Metrics and Targets

The Group has established clear risk management objectives and regularly monitors progress to ensure the effective implementation of risk management efforts.

Far East Horizon 2024 Risk Management Objectives and Completion Status

Level	Target	Goal Achievement Status
Macro level	Continuously optimise asset allocation at the industry and regional levels to ensure that industry-wide risks are controlled and regional structures are reasonably balanced; adjust policies in line with changes as needed.	Achieved
Meso level	Strengthen the customer base segmentation, improving customer quality; continue to implement differentiated credit management and control based on customer segmentation, and enhance multi-dimensional verification of customer information.	Achieved
Micro level	Continuously improve evaluation methods, verification tools, and operational approaches, while strengthening the ongoing iteration of new information technologies and tools.	Achieved
Internal coordination	Consistently enhance business operation compliance, the effectiveness of risk management, and the responsibility of roles, fostering greater "communication across departments" and "coordination of personnel," while improving awareness, behaviour, and capability levels for risk prevention among employees.	Achieved



8.3 Compliant Operation*

Governance

Far East Horizon has established compliance management systems such as the *Compliance Management Measures, Compliance Manual, and Regulatory Data Preparation and Submission Management Rules,* and has set up a Compliance Management Committee. The Committee holds regular meetings to make decisions on significant compliance matters. At the same time, the Group has implemented a three-line defence management mechanism, clearly defining the compliance risk control responsibilities for each line of defence and establishing communication channels for compliance liaisons across departments and subsidiary companies.

Given the nature of its business and operational circumstances, the Group places great emphasis on compliance management in key specialized areas such as anti-money laundering, intellectual property protection, and anti-unfair competition. In accordance with relevant laws and regulations, the Group has developed a robust internal management system to ensure strict adherence to these regulations while effectively using legal measures to protect its legitimate rights and interests.

Far East Horizon Compliance Management Key Specialized Areas

Specialized Areas	Laws and Regulations	Specialized Management Mechanisms
Anti-money laundering	Anti-Money Laundering Law of the People's Republic of China Regulations on the Anti-money Laundering of Financial Institutions	 The Board of Directors leads the management of money laundering and terrorist financing risks, establishing an Anti-Money Laundering Committee to coordinate and implement anti-money laundering measures. Issued the <u>Anti-money Laundering and Anti-terrorist Financing Policy Statement.</u> Developed the <u>Manual to Crack Down on Money Laundering and Terrorist Fundraising.</u>
Intellectual property protection	Trademark Law of the People's Republic of China Patent Law of the People's Republic of China Copyright Law of the People's Republic of China Regulation on the Protection of the Right to Communicate Works to the Public over Information Networks	• Established the <i>Measures for Intellectual Property Rights Management.</i>
Anti-unfair competition	Anti-Unfair Competition Law of the People's Republic of China	 Implemented a business secret protection mechanism, requiring employees to sign the Confidentiality Agreement on Business Secrets.



Risk Management

In 2024, the Group continued to optimise its compliance management measures, upgrading its compliance management philosophy and strengthening employees' awareness of risk management. The Group updated the *Compliance Responsibility Commitment* for the heads of each department and subsidiary company, based on position changes, placing a high priority on proactively preventing and resolving compliance risks as a key element of the Company's operational development, ensuring continuous, steady, and compliance business operations.

The Group continuously optimised the quality of data sources and advanced the online submission project for regulatory reports, in accordance with new regulatory data reporting requirements. This has enabled automated data extraction for reports, with accompanying operational process manuals created to improve data accuracy and timeliness, meeting increasingly stringent regulatory data reporting standards. Furthermore, the Group has developed three compliance checklists, compiled a compliance calendar, and created a leasing asset management checklist to identify and address compliance risks, ensuring timely and effective implementation of regulatory requirements.

Additionally, the Group enhances compliance awareness among all employees through various training sessions, improving the ability of relevant personnel to respond to compliance risks.



Far East Horizon 2024 Compliance Management Performance



In terms of anti-money laundering, the Group implemented detailed anti-money laundering management in accordance with the *Manual to Crack Down on Money Laundering and Terrorist Fundraising* and continued to provide anti-money laundering training for employees. In 2024, the Group conducted 5 training sessions for new employees, covering topics such as the regulatory framework and anti-money laundering concepts, with a 100% coverage rate for new employee training. Additionally, one compliance training session on anti-money laundering and counter-terrorist financing was organised, covering the latest regulatory requirements and enforcement updates on anti-money laundering regulations.

In terms of intellectual property protection, the Group followed the *Measures for Intellectual Property Rights Management*, explicitly stating that the intellectual property rights of others must not be infringed upon, while actively protecting its own intellectual property rights and legal interests.

In terms of anti-unfair competition, the Group adheres to the principle of fairness and resolutely prevents practices such as market monopoly and infringement of others' trade secrets. In the case of improper infringement by others, the Group actively uses legal measures to protect its legitimate interests.

Case

Cooperation with Putuo Market Supervision Administration in Handling a Trade Secret Infringement Case, Recognised as a Typical Case

In 2024, the Group cooperated with the Shanghai Putuo District Market Supervision Administration in investigating a case involving a former employee infringing on the Company's trade secrets. The former employee had signed a *Confidentiality Agreement on Business Secrets* when joining the Group. After leaving, the individual continued working in the leasing services sector and, using his familiarity with the Company's project management system and employee usernames and login password structure, successfully cracked the usernames and passwords of current employees, illegally downloading customer evaluation reports and other business secrets.

As a result of the court ruling, the former employee was ordered to cease his illegal actions and was fined RMB150,000 as an administrative penalty.

In this case, the Group's business secret protection mechanism played a significant role in effectively safeguarding the Group's legal rights. The case was also recognised by the State Administration for Market Regulation as a typical case of trade secret infringement, further highlighting the Group's excellent effectiveness in maintaining market competition order and providing important reference and lessons for other companies in the industry.

Metrics and Targets

In 2024, all of the Group's operations complied with laws and regulations requirements, with no major legal or regulatory violations occurring.

Metric	Target	Progress in 2024
Signing Rate of the <i>Compliance Responsibility Commitment</i> by the Heads of Departments and Subsidiaries	100%	100%



8.4 Business Ethics*

Governance

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. The Group attaches great importance to and steadily advances anti-corruption. It strictly abides by the *Criminal 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. It issued the Anti-corruption Management Statement*, and continuously carried out anti-corruption mechanism building to effectively prevent corruption risks.

Anti-corruption Management Structure of Far East Horizon

Level	Responsibilities
Board of Directors	 Is responsible for the effectiveness of anti-corruption management; Instructs the Management to build an anti-corruption culture and environment in the Company and establish and improve the internal control system to prevent risks including corruption risks.
Management	 Establishes, improves and effectively implements internal control and prevents, detects and corrects corruption; Assesses corruption risks and establishes specific control procedures and mechanisms;
Internal Audit Department	 Assists the Management in building a case-based corruption prevention management system and an accountability mechanism; Carries out anti-corruption awareness-raising programs; Receives and investigates internal and external corruption tip-offs, and issues relevant reports and handling opinions.

Far East Horizon' s "Ten Bans" (Excerpt)

 Strictly prohibit the acceptance of bribes or the	 Strictly prohibit introducing projects through financial
receipt of valuable gifts without reporting them.	brokering or knowingly concealing such actions.
• Strictly prohibit establishing business relationships through commercial bribery.	 Strictly prohibit falsification, abuse of power for personal gain, and fraud.



Risk Management

Each year, the Group evaluates, classifies, and dynamically adjusts corruption risks. The Internal Audit Department conducts system checks and routine scans on the Company's key management systems, internal controls, and major risk areas. Businesses with abnormal pricing³ or transaction structures are subject to focused inspection to enable early detection, early correction, and to promote the Company's standardised operations and improved management.

³Such as transactions where the price is below a certain threshold set by the price control line.

The Group implements anti-corruption management across the full employee lifecycle, covering the stages of hiring, transfers, and departures.

Promotion

Far East Horizon Employee Anti-Corruption Management Throughout the Full Lifecycle

Company

- Conduct effective background checks
- Set integrity commitments and integrity clauses (in employment contracts)
- Provide compliance training
- Set integrity commitments
- Issue integrity opinions
- Organise integrity-related discussions
- Publicly announce promotion information and accept reports during the public notice period
- Require integrity commitments for past behaviours
- Employees who violate integrity rules are blacklisted

Employee

- Sign contract, commitment, and acknowledgment letterDeclare conflicts of interest
- Participate in compliance training
- Sign Integrity Commitment
- Sign integrity responsibility statement
- Participate in integrity-related discussions
- Assume responsibility for integrity and compliance in their area
- Align integrity commitment for past behaviours
- Sign clauses prohibiting the disclosure of trade secrets

Far East Horizon 2024 Key Anti-Corruption Management Measures

Measures	Content
Establish a digital monitoring platform	 Introduce AI technology to establish a digital monitoring platform. Implement real-time monitoring and early warning systems for corruption risks to improve the effectiveness and accuracy of anti-corruption efforts.
Anti-corruption audits	 Conduct specialized anti-corruption audits and routine audits. Perform anti-corruption audits for all businesses at least once every three years.
Business ethics standards training	 Organise a variety of integrity warning and education activities, such as case-based advocacy and reward-based clue collection, to engage employees in the Company's anti-corruption cultural development. Organised 204 training sessions, with approximately 9,700 participants. Sent 9 integrity reminders to management to enhance senior management's awareness of integrity. Achieved 100% coverage of ethics standards training for employees (including outsourced employees).
Require suppliers to sign the Integrity Commitment Letter	 Require suppliers to sign the <i>Integrity Commitment Letter</i> along with the contract, specifying specific breach conditions, and prohibit suppliers from using improper methods such as bid-rigging, collusion, or other means to secure contracts. Establish anti-corruption penalty clauses for suppliers, with breach compensation of up to 50% of the contract value. When signing procurement contracts with suppliers, require suppliers to submit an <i>Integrity Commitment Letter</i> as an attachment or include anti-corruption clauses in the procurement contract (applicable to all suppliers).



Measures	Content
	• Establish a regular inspection mechanism for suppliers and procurement-related matters within each procurement department/organisation.
Regular supplier inspection mechanism	• For any issues discovered during inspections (such as potential bribery, improper gifts, or entertainment), the Company will conduct internal investigations and take appropriate disciplinary actions against employees or third parties.
	• The Internal Audit Department, or internal control review departments of various units, will conduct regular or random audits of suppliers.

The Group provides various tip-off channels for employees and external customers so as to discover and stop corruption in a timely manner. The Group 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 Group 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 policies 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 tip-off 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.



Metrics and Targets

The Group has established business ethics-related metrics and goals, continuously promoting the development of the Company's integrity culture and creating a clean and ethical business environment.

Target	Metric	2024 Performance
	Percentage of executive directors who have received anti-corruption training	100%
Enhance anti-corruption awareness among all	Percentage of management personnel who have received anti-corruption training	100%
employees	Percentage of employees who have received anti-corruption training	100%
Foster an ethical business environment	Number of corruption lawsuits filed against the issuer or its employees during the reporting period, and the number that have been concluded	3



8.5 Sustainable Supplier 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. The Group built its procurement and supply management system, adopted 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.

In 2024, the Group revised the Procurement and Supply Management Measures, adjusting the anti-corruption-related clauses to strengthen supplier integrity management. This revision reinforces the integrity framework at the institutional level, ensuring transparency, fairness, and efficiency in the procurement and supply processes.

Far East Horizon Procurement Management Structure

Level	Responsibilities
Procurement and Supply Management Team	 Composed of designated representatives from the Strategic Centre, Financial Centre, and Operation Centre. Responsible for establishing and improving the Company's procurement and supply management system.
Procurement Demand Department	 Manage their own procurement needs, evaluating the necessity and reasonableness of procurement demands. Participate in supplier recommendations, sourcing, and initiate supplier onboarding applications. Engage in supplier evaluation and the maintenance of the supplier directory.
Centralized Management Department	 Oversee the procurement execution process and coordinate the resolution of any exceptional situations. Conduct inspections on procurement matters under centralized management and continuously improve the management system based on the inspection results, forming a management feedback loop.

The Group has always adhered to the concept of sustainable procurement, committed to integrating Environmental, Social, and Governance (ESG) factors into the entire procurement decision-making process. We implement sustainable management of suppliers throughout their entire lifecycle and promote the sustainable transformation of the supply chain.



Far East Horizon Full Lifecycle Sustainable Supplier Management

Supplier Development and Access	 The Group advocates for green procurement, encouraging departments to select products with environmental and energy-saving certifications (e.g., environmental product certification, energy-saving product certification, Energy Star, etc.) during the procurement process. Before onboarding a supplier, the Company identifies, evaluates, and manages environmental, social, and other risk factors through platforms such as the Qichacha information query platform.
Supplier Cooperation	 All suppliers are required to sign the <i>Integrity Commitment Letter</i>, agreeing to comply with the Group's compliance and anti-corruption management requirements, and suppliers are encouraged to establish their own integrity and anti-corruption policies. (See the "Business Ethics" section of this report) All employees are encouraged to report any illegal or unethical behaviour by suppliers during the procurement process, such as falsification, bid-rigging, collusion, and commercial bribery.
Supplier Performance Management	• The Group establishes a Dynamic Supplier Evaluation System to regularly check and assess the qualifications of all partnering suppliers, and publicly announce the results of these evaluations across the Group.
Supplier Exit Mechanism	• The suppliers that do not meet standards are required to take corrective actions. If they still fail to meet the required standards after rectification, their qualification will be revoked.





REPORT OF CDHORIZON: START A NEW JOURNEY WITH BUILDING AS THE FOUNDATION

Material topics addressed

Quality of construction projects and equipment

Safe production

Opportunities in clean tech

The UN SDGs aligned



Metrics and target

Metric	Target for 2024	Progress	in 2024
Timely maintenance rate	96%	96%	
Maintenance completion rate	97%	97%	
Incidents subject to penalties imposed by regulatory authorities for violations of product and service quality and safety laws and regulations during he reporting period	0	0	
Annual occupational disease incidence rate	0%	0%	Completed
Accident casualty rate	0%	0%	
Number of occupational diseases	0	0	
No major production safety accidents	0	0	
No incidents subject to penalties imposed by regulatory authorities for violations of occupational health and safety laws and regulations	0	0	



9.1 Overview of the Equipment Operation Industry

CDHORIZON is one of China's leading equipment operation service providers, with a comprehensive equipment portfolio and strong service capabilities. CDHORIZON's business includes equipment leasing, engineering construction, and agency sales, dedicated to providing one-stop integrated solutions of "products + services" for the construction industry and industrial customers.



Since its founding in 2011, CDHORIZON has become a leading integrated equipment operation service provider in China in terms of scale and comprehensive strength, ranked 14th in the IRN100 list of the world's top equipment rental companies and 2nd in the ACCESS50 list of the world's top aerial work platform rental companies. International Rental News' list of global top 100 rental companies. CDHORIZON has 581 outlets in China and overseas, and has served more than 325,000 customers. On May 25, 2023, CDHORIZON was listed on the Main Board of the HKEX under the stock code 09930.HK.

Global Business Network

- The headquarters is located in Tianjin, with four major operational bases in Shanghai Jinshan, Shanghai Jiading, Tianjin Wuqing, and Guangzhou Nansha.
- In the Chinese mainland and Hong Kong, CDHORIZON has 528 service outlets, covering over 220 cities.
- CDHORIZON has 53 overseas business outlets, covering regions including Malaysia, Vietnam , Indonesia, Thailand, , Saudi Arabia, the UAE, and Turkey.





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

Industry Organizations Participated and Positions Held by CDHORIZON in 2024

Organization	Position
International Powered Access Federation (IPAF)	Member
National Elevating Work Platform Standardization Technical Committee	Member
China Construction Materials Rental Contractor Association	Vice President
China Formwork and Scaffold Association	Executive Director
China International Contractors Association	Director Member
Guangzhou Exploration & Design Association	Director
Shanghai Building Hardware Door & Window Trade Association	Vice Chairman
Trust and Integrity Enterprise Alliance	Member
Shanghai Jinshan District Ecological Environment and Energy Association	Member
Wuxi Construction Machinery Association Formwork and Scaffold Sub-Association	Member
Jiading District Federation of Industry and Commerce (General Chamber of Commerce)	Member



9.2 Construction and Eq uipment Quality

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 the *Management Measures for Incoming Equipment Inspection* and the *General Maintenance Management Measures*, and formed an equipment quality management system that runs throughout the full lifecycle of equipment and covers all relevant links. As at the end of 2024, the quality management systems of CDHORIZON'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.

CDHORIZON 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.

Quality Management Structure of CDHORIZON



CDHORIZON has established and implemented a comprehensive process mechanism covering equipment quality control. Through detailed organization of management requirements and operational standards at each stage, and strict adherence to the corresponding regulations, The Company ensures that the equipment quality is effectively controlled and continuously optimized throughout its lifecycle, from procurement to reuse.

Equipment Quality Control Process of CDHORIZON



In 2024, CDHORIZON focused on advancing key equipment quality control measures and continued to conduct systematic quality training activities to enhance the overall effectiveness of quality management.



2024 Key Measures and Results of CDHORIZON in Strengthening Equipment Quality Management

Quality control enhancement of key equipment	 Identified areas with a high failure rate in scissor lifts and boom lifts, and developed operational and maintenance standards for key areas based on the identification results, including eight inspection diagrams and 18 work instructions. Through focused control, the proportion of work orders for key areas in scissor lifts decreased from 75.4% at the beginning of 2024 to 69.9% by the end of 2024; for boom lifts, the proportion of work orders for key areas decreased from 35.3% at the beginning of 2024 to 32.1% by the end of 2024.
Continuous and detailed implementation of quality training	 The Company conducted quality-focused training for service engineers through various methods, training a total of 5,644 participants, achieving 100% coverage for service engineers: Conducted over 30 systematic training sessions on equipment operation and maintenance, training more than 450 participants. Organized 13 hybrid (online and offline) open courses covering topics such as glass installation devices and track vehicles, training over 1,230 participants. Provided training on lean thinking and management concepts, including nearly 40 sessions on lean manufacturing, more than 10 specialized sessions on quality and cost, and about 30 sessions on 5S implementation and presentation. Launched seven training sessions on industry fundamentals and basic work skills on the E-learning platform, reaching nearly 3000 participants, with a completion rate of 66%.

In addition, CDHORIZON has established an efficient response mechanism for equipment maintenance, specifying response timeframes. The Company has also equipped the equipment with intelligent inspection and remote diagnostic upgrade systems, enabling the online detection and online resolution of minor faults through a closed-loop management process. This has significantly improved the response effectiveness to quality issues.

Equipment Maintenance Response Timeframe of CDHORIZON

- 24/7 telephone repair service, with service vehicles on standby at all times, providing round-the-clock and quick responses to customer needs and resolving issues as quickly as possible.
- If equipment failure is not caused by the customer, and the issue is not resolved within three days from the day of reporting or according to the actual needs of the store, CDHORIZON provides a replacement service.

CDHORIZON has established annual construction and equipment quality management objectives, and uses these goals as the guiding principles to advance the implementation of related tasks. The Company is committed to improving the overall quality level of its equipment and service effectiveness.

CDHORIZON Construction and Equipment Quality Management Objectives and 2024 Achievement Status

Metric	Target	Performance in 2024
Timely maintenance rate	96%	96%(Completed)
Maintenance completion rate	97%	97%(Completed)
Incidents subject to penalties imposed by regulatory authorities for violations of product and service quality and safety laws and regulations during the reporting period	0	0(Completed)



9.3 Safety Production

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 defence 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.



In 2024, CDHORIZON invested approximately RMB43 million in safety, with a focus on five core areas. It is fully committed to advancing safety production assurance work, ensuring that every detail is addressed and that each employee works in a safe and reliable environment.

Priorities of Occupational Health and Safety of CDHORIZON in 2024

Improvement of loading and unloading logistics safety management	Enhancement of HSE key action accountability	Improvement of crane operations management
Core risk control in bridge eng	neering Core risk control	in formwork engineering

Key Work Safety Guarantee Measures of CDHORIZON in 2024

Aspect	Specific measures
Improved the work safety responsibility system	 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.
	 Completed six technological improvement and safety protection measures, including: pipe making protective baffles, pressure equipment protective fences, arc light protective baffles, robot welding arc light baffles, and two-handed stamping devices to prevent hands from penetrating deeper into the stamping area to ensure safety for employees.
Strengthened construction and maintenance	 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.
of safety facilities	• Installed around-the-clock intelligent monitoring systems on more than 58 units of piling machinery using information-based IoT means, realizing standards visualization, control integration and process flattening of management of piling machinery.



Aspect	Specific measures
	 Conducted 64 work safety training sessions and publicity activities that combined theories and practical operation, including work safety knowledge training, production and operation skills training and firefighting knowledge training;
Built a work safety culture or atmosphere	• Enriched the forms of training and innovated the training system. Organized 29 online training sessions on work safety via the learning platform of CDHORIZON, which had 15,267 participants, and conducted 35 work safety publicity campaigns through targeted pushes, reaching 53,451 persons, including all front-line employees; 78,718 from production and non-production departments across the Group participated in the safety training;
	• In response to National Work Safety Month and Fire Awareness Month, conducted 293 emergency drills to strengthen employees' safety awareness and emergency response ability.

In terms of occupational health management, the occupational diseases involved in the business of CDHORIZON mainly include noise, dust, high temperature, etc. 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. As at the end of 2024, two major subsidiaries of CDHORIZON were ISO 45001:2018 certified.

Key Occupational Health Guarantee Measures of CDHORIZON in 2024

Aspect	Specific measures
	• Chose semi-automatic welding equipment, installed dust collection pipes, and equipped 10 units of large exhaust equipment to prevent diffusion of welding fume.
Equipment improvement	• Continuously optimized process, technology and equipment, and purchased two welding robots to replace manual welding in 2024 to further reduce the number of hours personnel are exposed to occupational hazards.
	• Distributed labor protection articles to relevant employees based on identified occupational disease risks.
Health risk prevention	 Provided annual occupational health checks for employees, with 77 employees in all positions with occupational hazards checked.
	• Conducted three occupational health training sessions, covering 5,092 employees, to help employees strengthen health self-protection awareness by explaining the Group's occupational health policies, measures to prevent occupational diseases and infectious diseases, heatstroke prevention and temperature reduction, etc.

CDHORIZON has set occupational health and safety goals, established a sound occupational health and safety management system, implemented effective risk management and control measures, advanced the achievement of these goals, and promoted the stable development and the fulfilment of social responsibilities of the Company.

Occupational Health and Safety Goals of CDHORIZON and Progress in 2024

Metric	Target	Performan	ce in 2024	
Annual occupational disease incidence rate	0%	0%		
Accident casualty rate	0%	0%		
Number of occupational diseases	0	0	Completed	
Number of major production safety accidents	0	0		
Number of incidents subject to penalties imposed by regulatory authorities for violations of occupational health and safety laws and regulations	0	0		



9.4 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' s shoring and formwork business has high growth potential in the clean technology market. The Company is actively developing fully prefabricated recyclable green steel structure technology. Compared to traditional construction methods, its recyclable characteristics enable multiple reuses. In addition, when combined with an axial compression compensation system, this technology is progressing toward intelligence, informatization, and digitalization.

Environmental Benefits of CDHORIZON' s Fully Prefabricated Recyclable Green Steel Structure Technology

Category	Overview	Effect
Low carbon emissions	The carbon emissions of fully prefabricated recyclable green steel structures are primarily concentrated in the production phase. By increasing the turnover of materials, carbon emissions can be significantly reduced.	Over the past three years, all relevant projects by CDHORIZON that used fully prefabricated recyclable green steel structures for foundation pits have achieved an 88% reduction in carbon emissions compared to traditional foundation pit methods.
Minimal impact on the surrounding environment of the construction site	The dismantling process of traditional foundation pit support systems is accompanied by dust, noise, construction waste, and other environmental impacts. In contrast, the fully prefabricated recyclable green steel structure system mainly uses steel structure bolt connections, with no on-site cast-in-place operations. There is no fire, water, dust, or odour emissions, and there is no need for welding, cement, or scaffolding. This effectively reduces energy consumption and environmental pollution.	This construction system results in a 100% reduction in water usage, a 70% reduction in energy consumption, a 20% reduction in material usage, and a 20% reduction in land usage.

Comparison of the Green Effects of CDHORIZON' s Fully Prefabricated Recyclable Green Steel Structure Products and Industry Products

Technology	Prefabrication	Recyclability rate	Carbon emissions reduction compared to peer concrete products	Carbon emissions reduction compared to peer steel structure products ¹
Steel sheet pile	100%	100%	86-95%	15-20%
Combined steel pile	100%	100%	85-92%	20-25%
Section steel support system	98%	96%	85-91%	20-25%
Steel pipe support system	98%	96%	84-92%	20-30%
Combined section steel support	98%	96%	84-92%	20-25%
Trench support	100%	100%		30-40%

Note 1: The reduction in carbon emissions is primarily reflected in the transportation, construction, and dismantling stages.

For more details about CDHORIZON's practices and achievements in applying the ESG philosophy and implementing ESG management, please refer to the 2024 Sustainability & Environmental, Social and Governance Report of CDHORIZON.



REPORT OF HORIZON HEALTHCARE: PRECISION MEDICINE FOR ALL TO SAFEGUARD HEALTH

Material topics addressed



The UN SDGs aligned



Metrics and targets

Metric	Performance in 2024	
Capital investment in safety management	RMB5,802,842.67	
Metric	Target for 2024	Progress in 2024
Compensation target for medical disputes	Ratio of the amount of medical disputes settled to business income for the same period below 5‰	3.4‰(Completed)



10.1 Overview of the Horizon Healthcare Industry

Horizon Healthcare is a large-scale social medical platform in China under Far East Horizon. With the mission of making quality health services available nearby, the Company is committed to building a century-old brand of Horizon Healthcare recognized by the government, acknowledged by the industry, and relied on by the people. Following China's healthcare policy orientation and with a focus on regions short of medical resources, Horizon Healthcare carries out industry investment and operation business centring around medical establishments through models like investment, M&A, reorganization, planning and construction of new projects, to build a hospital network with unique Far East characteristics.

Corporate Culture System of Horizon Healthcare

Strategy	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 endeavour, and pragmatism
Vision	To be recognized by the government, acknowledged by the industry, and relied on by the people
Philosophy	Patient- and healthcare-centric
Purpose	Respecting lives, putting patients in the first place, and treating disease with absolute sincerity

Horizon Healthcare Business Areas




10.2 High-Quality Medical Services

In 2024, Horizon Healthcare continued to optimize and improve its medical quality management, enhance operational models, and provide higher-quality medical services to patients. The Company is committed to ensuring that every patient enjoys a safe, efficient, and high-quality medical experience, working towards the establishment of a quality management system that reflects the unique characteristics of Horizon Healthcare.

Major Measures Taken by Horizon Healthcare to Improve Medical Quality in 2024

• Developed the Medical Dispute Prevention and Handling Management Measures to clarify the management logic of medical disputes. • Issued the Notice on Strengthening the Accountability Mechanism for Medical Disputes, guiding member hospitals to improve their medical dispute management systems. Improve system Based on the Self-inspection Management Measures for Medical Institutions' Legal Practice and the construction Self-inspection Guidelines for Medical Institutions' Legal Practice, formed 544 self-inspection items to enhance the standardization and regulation of professional self-inspection. • Developed a management system for the maintenance, servicing, and quality control of large medical equipment, gradually improving the annual maintenance and quality control of large medical equipment during its use in member hospitals. • Continued to implement the "Committee + Regional" quality management model. Strengthen • Established a new Quality Management Committee and completed the election of committee members. top-level development Conducted quality on-site inspections by region, completing inspections at 25 hospitals, identifying over 1,000 issues, and providing corrective action suggestions for all identified issues. • Based on the annual KSF (Key Success Factor) guidelines, updated the quality monthly reports and special quality publications to strengthen the dynamic management of daily quality in member hospitals. • Based on national safety goals and grade assessment standards, developed 53 guality monitoring metrics, requiring member hospitals to report them by grade, type, and discipline, so as to drive management improvements by a results-oriented approach. Enhance management • Coordinated "Quality + Medical Insurance + Operations", establishing 25 "Three-in-One" clinical pathway standardization templates and promoting the formulation of 33 pathway forms in member hospitals. • Conducted monthly medical record audits in member hospitals to improve the quality of medical record writing, focusing on death records and surgical records. • In line with national safety goals, each committee formulated five key research topics for 2024 and effectively implemented them. Each committee held regular meetings and conducted training and exchanges on quality, disputes, disciplines, and professional capabilities based on their specialties. Promote communication • Shared new professional knowledge, disease treatment guidelines, expert consensus, etc., over 100 times; and research shared National Health Commission's quality management measures, policies, and academic & development achievements over 50 times. • Launched the "Angel Loves Science Popularization" campaign, receiving 75 promotional videos, with 13 excellent works. • Organized various activities for Physician's Day, including core system video broadcasts, skill competitions, knowledge lectures, and doctor care activities.

In addition, Horizon Healthcare has consistently practiced the patient- and healthcare-centric approach. The Company has developed *Medical Dispute Prevention and Handling Management Measures* and implemented regular patient-doctor communication measures to foster a harmonious doctor-patient relationship.



Regular Measures of Horizon Healthcare for Patient-Doctor Communication



In 2024, Horizon Healthcare continued to focus on delivering high-quality medical services, setting goals to enhance medical technology levels, improve the patient service system, and strengthen doctor-patient communication. Through a series of systematic improvements and innovative practices, the Company has laid a solid foundation for the high-quality development of its medical services.

High-Quality Medical Service Goals and Key Achievements of Horizon Healthcare in 2024

Goals	2024 Key Achievements
	 Established a new Quality Management Committee, redefined quality management areas, and conducted the election of committee members. In line with national medical quality and safety goals, each committee formulated and tackled six key topics.
Optimizing the quality control model	 Each committee conducted training in quality management, disputes, disciplines, and professional competencies based on their specialties.
	 Launched cross-regional inspections, developed detailed inspection plans, and completed on-site inspections at each member hospital.
	Updated the quality special publications and developed medical dispute reminder letters.
Fostering a quality management culture	• Organized activities such as the 512 Nurse's Day, Hospital Infection Control Week, and Physician's Day.
management calcure	• In 2024, the adverse event reporting rate increased to 2.47 cases per 100 discharged patients.
Medical dispute amount below 5‰ of business income	• In 2024, the actual amount of medical dispute settled accounted for 3.4‰ of the business income, lower than the target of 5‰, successfully achieving the goal.

Each member hospital actively utilized quality improvement tools, resulting in multiple outstanding cases. They also participated in national, provincial, municipal, and county-level quality competitions, winning a total of 165 collective and individual awards.





10.3 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 an 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.

Key Measures Taken by Horizon Healthcare to Ensure Safety of Medical Facilities in 2024

In 2024, Horizon Healthcare invested a total of RMB5,802,842.67 in safety management.

Continuously operated the HSE management mechanism	 Implemented the HSE management system and rolled out the Horizon Healthcare HSE management system checklist for implementation at member hospitals. The General Manager of Horizon Healthcare signed the HSE management responsibility agreement with the directors of each member hospital, and each member hospital signed the HSE management responsibility agreement with the heads of various departments. The Administrative and Logistics Department took the lead in conducting regular HSE management training and inspections for all hospital staff.
Set the HSE investment red-lines and the HSE compliance bottom lines	 Set two types of HSE investment red-lines, consequence and compliance. Consequence HSE investment red-lines take into account safety accidents, the 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, the environmental impact of factories in the process; Set 11 HSE compliance bottom lines under four categories, those are, fire protection, environmental protection, occupational health, and licenses.
Implemented HSE information-based inspections	 The Hong Yun Tong system launched the HSE inspection module, enabling online supervision and inspection of standardized fire safety system checks at member hospitals, ensuring the implementation of fire safety inspections at hospitals.
Strengthened HSE cultural development	 Organized four safety production and fire safety knowledge training sessions for all staff. Organized two emergency evacuation drills and fire-fighting drills in June and November. Strictly ensured safety production work during holidays such as the "Spring Festival", "Labour Day", and "National Day", ensuring that the safety production systems for key departments at hospitals were fully implemented during these periods.

10.4 Access of Healthcare

Horizon Healthcare, with the mission of making quality health services available nearby, is committed to providing accessible, high-quality healthcare for all. The Company adheres to a differentiated strategy, focusing on county-level areas, operating locally, and centring on the health needs of one million residents in each county. Through the "medical + hospital" system, Horizon Healthcare offers a full-cycle, one-stop integrated service from medical care to health management.



Medical + Hospital System of Horizon Healthcare

Guided by the strategic direction of focusing on county-level areas, addressing the aging population, and supporting the Healthy China initiative, Horizon Healthcare continues to actively promote the development of age-friendly medical institutions by implementing measures across treatment plans, management systems, hospital culture, care services, and age-friendly environments. Horizon Healthcare is gradually establishing and improving an age-friendly service system to effectively address the healthcare challenges faced by the elderly population.

Case Establishing an Age-Friendly Healthcare Service System to Address the Issues of "Not Understanding, Unable to Find, and Waiting Too Long" As an age-friendly medical institution in Liaoning Province, Linghai Dalinghe Hospital, a member hospital of Horizon Healthcare, continuously improved the elderly's "Internet + Healthcare" services. The hospital's outpatient hall has been equipped with professionally trained mobile staff to guide and assist elderly patients, ensuring that smart registration machines and online appointment and payment systems are fully operational, making it quick and convenient for the elderly to register, receive their number, pay, and print reports. In addition, several member hospitals of Horizon Healthcare regularly visit communities and nursing homes to provide free medical consultations and health promotions. They also offer home healthcare services, extending medical care to more locations outside the hospital. Age-friendly Healthcare Service Systems



Focusing on the Characteristics of Elderly Patients and Promoting Smooth Healthcare Pathways from Multiple Perspectives

Case

Case

Shenzhen Zhonghai Hospital, a member hospital of Horizon Healthcare and an age-friendly medical institution in Guangdong Province, has conducted comprehensive geriatric assessments, early identification and intervention, and multidisciplinary consultations for four categories of elderly patients (geriatric syndromes, frailty, disability, and dementia) in both the outpatient and inpatient departments. The hospital also screens elderly inpatients for high-risk conditions. Additionally, the hospital's customer service department conducts targeted satisfaction surveys for elderly patients, following up and improving services based on their feedback.



In addition, Horizon Healthcare actively promotes the integration of medical and health care in county-level areas, bridging the final mile in the community by closely linking hospitals with communities through integrated medical and health.

Using the "Integration of Medical and Health Care" to Bridge the Community's "Final Mile"

In 2024, Siyang County Traditional Chinese Medicine Hospital, a member hospital of Horizon Healthcare, deeply implemented the "integration of medical and health care" by integrating medical resources with elderly care services. The hospital offers home bathing assistance for elderly patients with mobility issues, effectively addressing the bathing difficulties faced by them. This service better meets the diverse needs of the elderly population, leading to higher-quality health management and social welfare.



SPECIAL REPORT OF HORIZON EDUCATION: TALENTED EDUCATION, BUILDING THE FUTURE TOGETHER

Material topics addressed

High-quality education services

Campus safety

The UN SDGs aligned



Metrics and targets

Metric	Target	Progress in 2024
Incidents of violations and legal infractions related to campus safety	0	0

hour



11.1 Overview of the Education Industry

Adhering to the schooling philosophy of "Student-Centred, Integration of East and West, and Elite Education", Horizon Education takes the responsibility of serving society, runs schools through integrated operations at home and abroad, and is devoted to building an excellent and featured education system in China, and cultivating talents with a sense of social responsibility, technological innovation capabilities, and an international outlook.

Tenet of Horizon Education



Student-Centred:

- 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 into students' potential 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 campuseseducation	Features
Hongwon	Senior high		Hongwen School integrates an 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.
Hongwen School	school education	Qingdao	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.

Schooling Achievements of Horizon Education in 2024

- In Qingdao, one school under Horizon Education has helped nearly 1,000 graduates gain admission to world-renowned universities.
- In 2024, two students were admitted to the University of Cambridge in the UK; 48% of applicants to UK G5 elite universities were successfully admitted; 53% of graduates were admitted to universities ranked in the top 30 globally; 75% of graduates were admitted to universities in the UK Russell Group.



11.2 High-quality Education Services

• High-quality education

Through the accumulation of teaching experience, Horizon Education has developed robust school operational capabilities and an excellent management and faculty team. In 2024, Horizon Education's campuses continued to optimize school governance, upgrade teaching management systems, and significantly improve teaching quality.

Teaching and Management Optimization Efforts of Horizon Education in 2024

Teaching and curriculum development	 Fully controlled teaching quality, strengthened curriculum alignment, and met students' individual needs; improved teaching quality through assignments and classroom activities as dual engines, while deeply exploring the unique features of the courses. Developed a personalized timetable for each student, offered specialized tutoring for international academic competitions, PBL project-based learning, and the BTH Yuanwang (Advanced Talent) Programme for tiered academic support. Used the curriculum system authorized by the University of Cambridge Examination Centre (CIE) and Edexcel, the UK's national qualifications and academic examination authority, covering IGCSE, A-Level, and other courses.
Improvement of admission and enrolment quality and efficiency	 Focused on improving admission rates to Oxford and Cambridge by upgrading teaching strategies through project-based learning, strengthening subject research, and fostering independent thinking skills. Enhanced online recruitment promotion and increased the school's influence. New media and video account followership has significantly grown, leading to notable improvements in recruitment results.
Teacher team development	 Increased investment in teacher training, implemented a scientific evaluation and assessment system, improved compensation and child education benefits, and attracted and retained outstanding talent.
Moral education and school parent collaboration	 Focused on student behaviour management, organized social practice and extracurricular activities, and strengthened school-parent collaboration. Followed up on student progress through a positive feedback system, sending weekly parent letters personally signed by the principal, and regularly reporting to the parent committee to enhance the school-parent collaboration effect.

In addition, Horizon Education places great emphasis on the development of cultural and physical education. In the autumn of 2024, Qingdao Hongwen Art Centre, a subsidiary of Horizon Education, made changes to its curriculum by independently enrolling art students, offering separate art classes, and setting up specialized courses. The goal is to inspire students' continuous passion for art, broaden their horizons, and expand their artistic thinking.







A teacher provides guidance in art courses



• High-quality service

Horizon Education continuously improves campus service quality by providing feedback channels for parents and staff. The Company ensures the daily operation of customer service hotlines and safety supervision hotlines, with hotline number notice boards set up at schools. Through these hotline channels, Horizon Education actively listens to the opinions and suggestions of parents and staff, resolves internal conflicts promptly, and constantly improves the school's management system, while continually enhancing the quality of education.



In addition, Horizon Education continues to improve various management regulations related to *cybersecurity in accordance with the Cybersecurity Law of the People's Republic of China*, such as information security management standards, and shared file management standards. At the same time, Horizon Education actively conducts special inspections and rectifications for existing systems, including data security, personal information security checks, email phishing attack awareness and drills, further strengthening the foundation of cybersecurity.

11.3 Campus Safety

The HSE (Health, Safety, and Environment) concept is a crucial guarantee for the sustainable development of Horizon Education, and the health and safety of both staff and students are top priorities for all of the organization's activities. In 2024, Horizon Education continued to improve the HSE system and its implementation, revising and enhancing campus fire safety management systems, campus facility safety systems, extreme weather emergency response systems, and campus infectious disease prevention systems, ensuring campus safety effectively.

At the same time, based on the actual campus operations, Horizon Education continuously improved the safety training system. By organizing activities such as Fire Safety Awareness Month and conducting school-wide evacuation drills, it effectively enhanced the safety awareness of both teachers and students. In 2024, the safety training coverage rate across schools under Horizon Education reached 100%.

In 2024, there were no incidents of violations and legal infractions related to campus safety, and no penalties related to campus safety imposed by external regulatory authorities.

Key Measures of Horizon Education to Ensure Campus Safety in 2024

- In August, the campus launched fire safety awareness and advocacy work, with over 550 participants.
- Fire extinguisher practical training for teachers and students was organized, with over 470 participants.
- Multiple school-wide fire escape drills were organized throughout the year, with a total of over 1,300 participants.







ESG DATA TABLE AND NOTES

Economic Performance Table

Metric	Unit	2022	2023	2024
Total revenue	RMB100 million	365.86	379.60	377.49
Total pre-tax profit	RMB100 million	103.19	104.25	80.21
Total tax paid	RMB100 million	54.09	51.45	54.23
Total assets	RMB100 million	3,469.95	3,514.83	3,603.90
Government subsidies received	RMB10,000	16,101.80	22,537.70	26,259.50
Employee compensation and benefits expenses	RMB10,000	467,867.60	569,226.30	565,343.00
Basic earnings per share	RMB	1.46	1.47	0.92
Total fines due to ESG issues	RMB	0	0	0

Environmental Performance Tables

Group Environmental Data

	Metric	Unit	2022	2023	2024
	Aggregate GHG emissions (Scope 1)	tCO ₂ e	123,602.98	71,591.94	51,912.24
	Aggregate GHG emissions (Scope 2)	tCO ₂ e	62,608.93	61,769.63	58,965.14
GHG	Scope 3 Category 15 Total investment aggregate GHG emissions	tCO ₂ e	2,397,549.64	2,209,781.40	1,762,053.40
emissions ²	Aggregate GHG emissions (Scope 1 and Scope 2)	tCO ₂ e	186,211.91	133,361.57	110,877.39
	GHG emissions per unit of revenue (Scope 1 and Scope 2)	tCO ₂ e/RMB million	5.09	3.51	2.94
	Total energy consumption	tce	70,877.60	49,622.39	38,633.46
	Energy consumption density per unit of revenue	tce/RMB million	1.94	1.31	1.02
	Aggregate natural gas consumption	m³	1,589,229.94	1,619,498.00	1,374,553.93
Energy utilization	Gasoline consumption of self-owned vehicles/mobile devices	litre	1,955,586.70	2,729,332.00	3,356,137.36
	Diesel consumption of self-owned vehicles/mobile devices	litre	9,977,494.71	10,327,744.00	13,683,292.23
	Total electricity consumption	MWh	104,779.47	103,000.00	109,871.25
	Aggregate steam and hot water procurement	GJ	47,554.16	51,870.63	74,852.45



	Metric	Unit	2022	2023	2024
Use/ production of clean energy	Renewable energy production (aggregate)	MWh	103,283.00	727,683.50	130,690.00 ³
	Aggregate water consumption	m ³	2,314,272.07	2,138,066.40	2,072,530.42
Utilization of water resources	of which, recycled water consumption	m ³	9,845.74	6,350.00	3,728.00
resources	Water consumption per unit of revenue	m³/RMB million	63.59	56.32	54.90
Solid	Aggregate solid waste generation	ton	15,055.32	23,258.56	3,481.29
waste⁵	Solid waste generation per unit of revenue	ton	2,875.71	0.00	27.10
	Aggregate hazardous waste generation	ton/RMB million	0.41	0.61	0.09
	of which, medical waste (HW01, HW02, HW03)	ton	1,711.94	1,881.03	1,962.33
Hazardous wastes	of which, chemical waste (HW06, 09, 12, 13, 17, 21, 22, 33, 34, 35)	ton	1,533.05	1,712.36	1,638.96
Wastes	of which, chemical waste (HW06, 09, 12, 13, 17, 21, 22, 33, 34, 35)	ton	14.21	6.87	5.70
	of which, electronic waste (HW10)	ton	1.26	0.60	0.14
	of which, other waste (HW49)	ton	163.42	161.20	192.37
Industrial	SO ₂	kg	60.00	0.00	35.14
waste gas	VOC	kg	5.00	0.18	0.00
	SOx	kg	779.20	206.90	269.64
Mobile-source exhaust	NOx	kg	14,282.96	2,086.12	20,681.93
emissions ⁶	PM	kg	2,844.81	2,711.29	2,492.14
	COD	kg	506,790.46	327,478.37	117,482.60
Wastewater pollutants⁴	BOD	kg	69,725.39	35,038.36	32,010.46
	Ammonia Nitrogen (NH ₃ -N)	kg	28,985.86	19,333.44	17,430.54

Note 1: The above statistics are based on the consolidated statements of the Far East Horizon Group. In 2024, there were notable changes in the shipping operations as well as business with high carbon emissions and assets of the company, accompanied by proactive efforts towards energy conservation and emission reduction. As a result, certain data exhibited significant fluctuations compared to 2023.

Note 2: For the Group, 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 indirect emissions from the Company's investment (non-controlling) assets. The emission factors can be seen in the HKEX's *How to Prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs*, the *Announcement on the Release of CO2 Emission Factors for Electricity in 2022* issued by the Ministry of Ecology and Environment of the People's Republic of China and the National Bureau of Statistics, the GHG Protocol, and the Resolution MEPC.308 (73) by the International Maritime Organization (IMO).

Note 3: In 2024, as the Group stripped some of its assets from the new energy photovoltaic project, the volume of renewable energy generation saw a relatively significant decline. Note 4: In 2024, the number of wastewater treatment plants held by the Group decreased and the processes changed, resulting in a significant reduction in COD emissions.

Note 5: In 2024, since Horizon Education is unable to count the amount of solid waste generated due to internal management reasons, the data of Horizon Education is not included in the Group's solid waste scope in 2024.

Note 6: The Group's mobile source emission factors refer to the "How to Prepare an ESG Report Appendix 2: Reporting guidance on Environmental KPIs" of the Hong Kong Stock Exchange. In 2024, the Group expanded the types of emissions statistics, from SO₂ to SO_x.



Environmental Data of Each Subsidiary

Environmental Data of CDHORIZON¹

	Metric	Unit	2022	2023	2024
	Aggregate GHG emissions (Scope 1)	tCO ₂ e	29,707.00	32,970.00	35,109.24
	Aggregate GHG emissions (Scope 2)	tCO ₂ e	5,755.00	7,578.00	6,549.60
GHG emissions ²	Aggregate GHG emissions (Scope 1 and Scope 2)	tCO ₂ e	35,462.00	40,548.00	41,658.84
	GHG emissions per unit of revenue (Scope 1 and Scope 2)	tCO ₂ e/RMB million	4.50	4.22	3.60
	Total energy consumption	tce	16,142.89	18,004.70	17,662.35
	Energy consumption density per unit of revenue	tce/RMB million	2.05	1.87	1.53
Energy utilization	Gasoline consumption of self-owned vehicles/mobile devices	Liter	1,556,038	2,355,428	2,421,674.32
	Diesel consumption of self-owned vehicles/mobile devices	Liter	9,793,896	10,106,603	10,823,130.26
	Total electricity consumption	MWh	10,090	13,285	12,205.75
	Electricity consumption per unit of revenue	MWh/RMB million	1.30	1.38	1.05
Utilization	Aggregate water consumption	m ³	296,906.00	280,552.40	243,297.84
of water resources	Recycled water consumption	m ³	470	350	68
coources	Water consumption per unit of revenue	m³/RMB million	37.69	29.20	21.01
Solid	Aggregate solid waste generation	ton	336.00	1,723.00	1,289.88 ³
waste	Solid waste generation per unit of revenue	ton/RMB million	0.04	0.18	0.11
Hazardous waste	Aggregate hazardous waste generation	ton	74.00	157.60	204.60 ⁴
Mobile-source	SO ₂	kg	534.13	197.00	209.85
exhaust emissions	NO ₂	kg	14,260.51	24,524.00	25,232.27
	PM	kg	1,327.74	2,350.00	2,417.74

Note 1: The statistical data is from the consolidated statement of CDHORIZON.

Note 2: For CDHORIZON Development, 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*, and the *Announcement on the Release of CO2 Emission Factors for Electricity in 2022 issued by the Ministry of Ecology and Environment of the People's Republic of China and the National Bureau of Statistics, and the GHG Protocol.*

Note 3: In 2024, the rainwater recovery system of Nansha base was paralyzed and not put into use, so the amount of recycled water decreased significantly. In the future, CDHORIZON will repair the system to ensure that the rainwater collection and utilization capacity is restored.

Note 4: The size of CDHORIZON's assets continued to expand and the size of older assets increased, resulting in a significant increase in hazardous waste.



Environmental Data of Horizon Healthcare¹

	Metric	Unit	2022	2023	2024
	Aggregate GHG emissions (Scope 1)	tCO2e	4,320.18	3,989.00	12,243.83
GHG	Aggregate GHG emissions (Scope 2)	tCO₂e	47,767.05	44,871.00	43,907.40
emissions ²	GHG emissions per unit of revenue (Scope 1 and Scope 2)	tCO ₂ e/RMB million	12.35	11.53	13.72
	Total energy consumption	tce	14,961.09	12,189.00	14,182.39
	Energy consumption density per unit of revenue	tce/RMB million	3.55	2.88	3.47
	Aggregate natural gas consumption	m ³	1,589,229.94	1,291,085.00	1,028,416.93
Energy	Gasoline consumption of self-owned vehicles/mobile devices	litre	332,028.16	310,010.00	193,243.88
utilization	Diesel consumption of self-owned vehicles/mobile devices	litre	179,494.71	148,175.00	218,939.12
	Total electricity consumption	MWh	78,754.69	73,222.00	79,578.96
	Electricity consumption per unit of revenue	MWh /RMB million		17.28	19.44
	Aggregate steam and hot water procurement	GJ	47,554.16	51,871.00	74,852.45
Use/ production of clean energy	Renewable energy production (aggregate)	MWh	189.35	728.00	1,015.74
	Aggregate water consumption	m ³	1,350,001.79	1,732,435.00	1,735,491.58
Utilization of water resources	Recycled water consumption	m³	16,100.00	6,000.00	3,660.00
lesources	Water consumption per unit of revenue	m³/RMB million	320.21	408.79	424.06
	Aggregate solid waste generation	ton	5,098.57	2,359.00	2,191.41
Solid waste	Aggregate recyclable solid waste	ton	-	-	27.10
	Solid waste generation per unit of revenue	ton/RMB million	1.21	0.56	0.54
	Aggregate hazardous waste generation	ton	1,672.29	1,724.50	1,757.72
	Aggregate hazardous solid waste generation per unit of revenue	ton/RMB million	-	-	0.43
Hazardous waste	of which, medical waste (HW01, HW02, HW03)	ton	1,533.03	1,712.40	1,638.96
	of which, chemical waste (HW06, 09, 12, 13, 17, 21, 22, 33, 34, 35)	ton	9.71	6.90	5.70
	of which, electronic waste (HW10)	ton	1.26	0.6	0.14
	of which, other waste (HW49)	ton	128.29	4.60	13.06



	Metric	Unit	2022	2023	2024
Industrial	SO ₂	kg	60.00	0.00	35.14
waste gas	VOC	kg	5.00	0.18	0.00
Mobile-	SO ₂	kg	10.97	7.07	6.37
source exhaust	NO ₂	kg	627.10	2,743.50	2,202.80
emissions	РМ	kg	58.39	262.80	203.22
	NOx	kg	14,282.96	2,086.12	996.00
Wastewater	COD	kg	310,867.67	97,808.58	117,482.60
pollutants	BOD	kg	57,970.02	20,404.56	32,010.46
	Ammonia Nitrogen (NH ₃ -N)	kg	25,259.80	16,729.02	17,430.54

Note 1: The above statistics are based on the consolidated statements of Horizon Healthcare. There are more fluctuations in the various types of environmental data in 2024 compared to 2023 due to changes in the scope of the hospitals held by Horizon Healthcare in 2024.

Note 2: For Horizon Healthcare, GHG emissions (Scope 1) refer to direct emissions from the consumption of natural gas, gasoline, diesel, and refrigerants, etc.; and GHG emissions (Scope 2) refer to indirect emissions from purchased electricity and purchased heating power. The emission factors can be seen in the HKEX's *How to Prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs*, the *Announcement on the Release of CO*₂ *Emission Factors for Electricity in 2022 issued by the Ministry of Ecology and Environment of the People's Republic of China and the National Bureau of Statistics, and the GHG Protocol.*

Environmental Data of Horizon Education¹

	Metric	Unit	2022	2023	2024
	Aggregate GHG emissions (Scope 1)	tCO ₂ e	0.00	0.00	0.00
GHG	Aggregate GHG emissions (Scope 2)	tCO ₂ e	200.21	225.20	205.65
emissions ²	GHG emissions per unit of revenue (Scope 1 and Scope 2)	tCO2e/RMB million	3.12	2.88	3.61
	Total energy consumption	tce	43.14	48.53	47.10
Energy	Energy consumption density per unit of revenue	tce/RMB million	0.67	0.62	0.54
utilization	Aggregate natural gas consumption	m ³	0.00	0.00	0.00
	Total electricity consumption	MWh	351.00	395.00	383.25
Utilization	Aggregate water consumption ³	m ³	3,297.00	5,537,00	5,577.74
of water resources	Water consumption per unit of revenue	m³/RMB million	51.31	70.77	63.69

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. The emission factors can be seen in the HKEX's *How to Prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs, Announcement on the Release of CO₂ Emission Factors for Electricity in 2022 issued by the Ministry of Ecology and Environment of the People's Republic of China and the National Bureau of Statistics and the GHG Protocol.*

Note 3: In 2023, due to business growth, the total water consumption and other related data of Horizon Education experienced significant fluctuations and increases compared to 2022.

Social Performance Tables

Product Responsibility Performance¹

Metric	Unit	2022	2023	2024
Complaints received on products and services	ltems	6	10	5
Complaint handling rate	%	100.00	100.00	100.00

Note 1: Data collection encompasses traditional financial activities like financial leasing within the Group, excluding innovative financial services and other industry sectors.

Community Responsibility Performance

Metric	Unit	2022	2023	2024
Spending in community public welfare ¹	RMB10,000	859.62	882.42	905.21
Number of participants in volunteer activities	person	87	92	98
Volunteer service hours	hour	4,790	5,052	5,328

Note 1: The spending in community public welfare is the sum of the funds expended by the Shanghai Horizon Charity Foundation and the Beijing Horizon Charity Foundation, which were established by the Group.

Employment and Training Performance

	Metric	Unit	2022	2023	2024
Employm	ent		·		
Total numb	er of employees	person	21,886	19,337	22,051
By gender	Male employees	person	11,841	10,138	12,434
by genaer	Female employees	person	10,045	9,199	9,617
By	Full-time contracted employees	person	21,859	18,153	19,171
employment type	Full-time dispatched employees	person	27	33	8
type	Employees engaged in other forms1 ¹	person	916	1,151	2,872
By educational	By educational background Employees with a bachelor's degree or above	person	8,976	10,948	11,465
background	Employees with a master's degree or above	person	1,542	1,595	1,663
	Employees under 30	person	8,304	6,999	6,892
By age	Employees aged 30 and 50	person	12,134	11,339	13,935
	Employees over 50	person	1,448	999	1,224
D	Employees based in the Chinese mainland	person	21,854	19,228	21,215
By region	Employees based in Hong Kong, Macao and Taiwan and overseas ²	person	32	109	836
Total numbe	er of ethnic-minority employees	person	1,061	1,365	1,348
Employees	with disabilities	person	62	47	73
	of female employees in management iness departments ³	%		25.00	14.90
	of female employees in STEM	%		7.00	8.80



Metric		Unit	2022	2023	2024	
Employe	e Turnover and Other Rou	utine Data				
Employee t	curnover rate ⁵		%	24.59	15.65	27.53
	Turnover rate of male employe	es	%	29.35	22.19	33.23
By gender	Turnover rate of female employ	yees	%	18.08	7.04	18.52
	Turnover rate of employees un	der 30	%	24.92	16.98	27.56
By age	Turnover rate of employees be	tween 30 and 50	%	24.16	15.68	27.31
, 0	Turnover rate of employees ov	er 50	%	26.20	4.56	29.90
	Turnover rate of employees ba Chinese mainland	sed in the	%	24.59	15.68	28.22
By region	Turnover rate of employees ba Macao and Taiwan and overse		%	17.95	10.66	4.18
Voluntary e	employee turnover rate		%	—	14.56	21.53
	Voluntary turnover rate of male		%	_	22.75	27.31
By gender	Voluntary turnover rate of fema		%	_	5.54	12.53
	Voluntary turnover rate of emp	loyees under 30	%	_	16.67	22.76
By age	Voluntary turnover rate of emp 30 and 50	loyees between	%	_	14.19	20.97
	Voluntary turnover rate of emp	loyees over 50	%	_	4.00	21.59
	Voluntary turnover rate of employees based in the Chinese mainland		%	—	14.59	22.10
By region			%	—	10.09	3.62
Employee coverage of the employee engagement survey		person		6,621	6,688	
Employee	engagement result		%	_	84.71	82.62
Total numb	per of employee discrimination c	ases	case	0	0	0
Percentage agreement	of employees under the collecti ⁵⁶	ve bargaining	%	100	100	100
Employee	Training					
		Finance sector	RMB10,000	1,279.00	1,293.00	1,201.00
Employeet	raining expenditure ⁷	Industry sector	RMB10,000	673.00	1,097.00	594.00
Average ho	ours of training that	Finance sector	hour	38.24	38.05	38.09
employees		Industry sector	hour	33.55	36.94	33.72
	Average hours of training that	Finance sector	hour	37.21	37.22	37.31
	male employees received	Industry sector	hour	31.09	36.57	31.14
	Average hours of training that	Finance sector	hour	40.90	40.59	40.63
	female employees received	Industry sector	hour	36.10	37.29	36.13
	A	Finance sector	hour	33.83	32.67	32.66
	Average hours of training that senior managers received	Industry sector	hour	45.53	31.00	45.60
employee type	A	Finance sector	hour	40.44	41.25	41.27
	Average hours of training that middle managers received	Industry sector	hour	37.11	36.30	37.48

	Metric		Unit	2022	2023	2024
By employee	Average hours of training	Finance sector	hour	38.10	37.73	37.71
type	that Non-management employees received	Industry sector	hour	33.22	36.95	33.70
	Average hours of training that employees under	Finance sector	hour	_	36.80	38.19
	30 received	Industry sector	hour	_	37.68	33.98
D	Average hours of training	Finance sector	hour	_	39.43	38.05
By age	that employees between 30 and 50 received	Industry sector	hour	_	39.09	33.76
	Average hours of training	Finance sector	hour	—	32.67	37.92
	that employees over 50 received	Industry sector	hour		34.14	31.91
		Finance sector	%	98.89	98.50	98.55
Employee	loyee training coverage	Industry sector	%	96.50	96.56	96.62
	Training coverage among	Finance sector	%	71.73	75.22	76.46
Duranadau	male employees	Industry sector	%	50.58	47.57	47.94
By gender	Training coverage among	Finance sector	%	28.27	24.78	23.54
	female employees	Industry sector	%	49.42	52.43	52.06
	Training coverage among	Finance sector	%	1.43	0.25	0.27
	senior managers	Industry sector	%	0.72	0.01	0.01
By employee	Training coverage among	Finance sector	%	8.89	9.26	10.71
	middle managers	Industry sector	%	5.45	0.43	0.41
	Training coverage among	Finance sector	بر	89.69	90.48	89.02
	Non-management employees	Industry sector	%	93.83	99.56	99.58

Note 1: Other forms of employment include interns, job outsourcing, etc. In 2024, the Group adjusted its employment structure by increasing the number of outsourced personnel. Note 2: Starting in 2024, CDHORIZON began rapidly expanding its overseas business market, resulting in an increase in the number of employees working in Hong Kong, Macau, Taiwan, and overseas.

Note 3: Business departments refer to the core business units of the Group that directly participate in revenue and profit creation.

Note 4: 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 5: Turnover rate of employees of a category=number of employees of that category left the Group during the year/(total number of employees in that category at the end of the year + total number of employees in that category who left the Group during the year).

Note 6: Employees under the collective bargaining agreement contain all Full-time contracted employees

Note 7: In 2024, the industrial segment optimized its employee structure and adjusted its recruitment strategy, which resulted in a decrease in employee training expenditure due to the decline in the total number of employees and the number of new employees.

Note 8: 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 Health and Safety Performance

Employee Health and Safety Performance of the Group

Metric	Unit	2022	2023	2024
Number of work-related fatalities $^{\rm 1}$	person	0	0	0
Working days lost due to work injury	day	877.0	1,272.0	1,596.5
Times of safety supervision	time	2,989	3,318	3,234
Number of emergency drills	time	399	670	405
Safety training and promotionparticipants	person-time	85,719	86,720	101,214

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

Employee Health and Safety Performance of CDHORIZON

Metric	Unit	2022	2023	2024
Number of work-related fatalities	person	0	0	0
Working days lost due to work injury	day	360	376	589 ¹
Times of safety supervision	time	1,921	2,534	2,638
Number of emergency drills	time	135	339	293
Safety training and promotionparticipants	person-time	65,774	63,450	78,718

Note 1: The number of occupational injuries at CDHORIZON in 2023 was 9, while in 2024, the number increased to 14, resulting in a significant rise in working days lost due to work injury. The Group will strengthen safety management measures to reduce the occurrence of employee injury incidents.

Employee Health and Safety Performance of Horizon Healthcare

Metric	Unit	2022	2023	2024
Number of work-related fatalities	person	0	0	0
Working days lost due to work injury	day	517	896	1,007.5
Times of safety supervision	time	718	656	333
Number of emergency drills	time	234	278	89
Safety training participants	person-time	18,085	21,530	18,396

Employee Health and Safety Performance of Horizon Education

Metric	Unit	2022	2023	2024
Number of work-related fatalities	person	0	0	0
Working days lost due to work injury	day	0	0	0
Times of safety supervision	time	20	24	208
Number of emergency drills	time	4	5	7
Safety training participants	person-time	120	240	3,600

Governance Performance Tables

Supplier Management Performance¹

	Metric	Unit	2022	2023	2024
Total number of	of supplier ²	Number	913	1,092	1,373
	Suppliers based in the Chinese mainland	Number	882	1,033	1,297
By region	Suppliers based in Hong Kong, Macao, Taiwan and overseas	Number	31	59	76

Note 1: The statistics are based on the finance sector of Far East Horizon.

Note 2: [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.

Anti-corruption Performance

Metric	Unit	2022	2023	2024
Number of anti-corruption related training sessions	session	185	197	212
Employee attendance in anti-corruption related training	person-time	13,376	15,760	10,502
Director attendance in anti-corruption related training	person-time	—	3	3
Average hours of anti-corruption related training per employee	person/hour	6.65	8.25	4.65
Average hours of anti-corruption related training per director	person/hour	—	1.00	1.00
Number of corruption cases that were lodged against the issuer or its employees and were concluded during the reporting period ¹	case	0	4	3
Total fines received for violation of anti-corruption laws and regulations	RMB 10,000	—	0	0
Number of employees dealt with for corruption	person	—	4	3

Note 1: In 2024, the Group had three concluded corruption lawsuits. Among them, two cases involved employees engaging in illegal activities that harmed the Company's interests during procurement processes, and one case involved an employee illegally reselling the Company's assets. In response to these management issues, the Group conducted an in-depth analysis and implemented corresponding remedial measures, including improving procurement and warehouse management regulations, enhancing key risk assessments, optimizing process checkpoints and access controls, and strengthening the scope and impact of anti-corruption awareness initiatives to reinforce the integrity protection framework.



Standard Index

• Index of the Appendix C2 to the Listing Rules, the Environmental, Social and Governance Reporting Code (effective from January 1, 2025) of the HKEX

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KPI A2.5	The Group's business does not involve the manufacturing of products and therefore does not involve the packaging of manufactured products
A3: The Environment andNatural Resources	4.1 Climate Change Mitigation and Adaptation 4.3 Environmental Management 4.3 Environmental Management
KPI A3.1	4.1 Climate Change Mitigation and Adaptation 4.3 Environmental Management
B. Social	
Employment and Labour Practices	
B1. Employment	6.1 Protection of employee rights and benefits
KPI B1.1	ESG Data Table and Notes
KPI B1.2	ESG Data Table and Notes
B2. Health and Safety	6.2 Occupational Health and Safety
KPI B2.1	ESG Data Table and Notes
KPI B2.2	ESG Data Table and Notes
KPI B2.3	6.2 Occupational Health and Safety

Aspects, General Disclosures, and KPIs	Location	
B3. Development and Training	6.3 Human Capital Development	
KPI B3.1	ESG Data Table and Notes	
KPI B3.2	ESG Data Table and Notes	
B4. Labour Standards	6.1 Protection of employee rights and benefits	
KPI B4.1	6.1 Protection of employee rights and benefits	
KPI B4.2	6.1 Protection of employee rights and benefits	
B5. Supply Chain Management	8.5 Sustainable Supplier Management	
KPI B5.1	ESG Data Table and Notes	
KPI B5.2	8.5 Sustainable Supplier Management	
KPI B5.3	8.5 Sustainable Supplier Management	
KPI B5.4	8.5 Sustainable Supplier Management	
B6. Product Responsibility	5.2 Customer Service and Satisfaction 9.2 Construction and Equipment Quality 10.2 High-Quality Medical Services 11.2 High-quality Education Services	
KPI B6.1	The Group's business does not involve the manufacturing of products and therefore does not involve product call	
KPI B6.2	ESG Data Table and Notes	
KPI B6.3	8.2 Risk and Crisis Management	
KPI B6.4	9.2 Construction Equipment Quality	
KPI B6.5	5.2 Customer Service and Satisfaction 11.2 High-quality Education Services	
B7. Anti-Corruption	8.4 Business Ethics	
KPI B7.1	ESG Data Table and Notes	
KPI B7.2	8.4 Business Ethics	
KPI B7.3	ESG Data Table and Notes	
Community		
B8. Community Investment	7. Caring for the World, Boundless Love	
KPI B8.1	7. Caring for the World, Boundless Love	
KPI B8.2	7. Caring for the World, Boundless Love	
Part D: Clima	ate-Related Disclosure	
4.1 Climate Change Mitigation and Ad	aptation	
ESG Data Table and Notes	is please refer to Far Fast Horizon Limited	

For the complete corresponding status, please refer to Far East Horizon Limited 2024 Climate-Related Information Disclosure Report

• GRI Content Index

Statement of use	Far ind
GRI 1 used	GR

Far East Horizon has reported the information cited in this Global Reporting Initiative (GRI) content index for the period from January 1, 2024 to December 31, 2024 with reference to the GRI Standards.

GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
General Disc	losures	
	2-1	About Far East Horizon
	2-2	Statement on Preparation of the Report
	2-3	Statement on Preparation of the Report
	2-5	Independent Third-Party Assurance Report
	2-6	About Far East Horizon
	2-7	6 Collaboration and Long-Term Growth ESG Data Table and Notes
	2-8	6 Collaboration and Long-Term Growth
	2-9	3.2 Sustainability Philosophy and Strategy 8.1 Corporate Governance
	2-10	8.1Corporate Governance
	2-11	8.1Corporate Governance
GRI 2: General Disclosures (2021)	2-12	3.1 ESG Governance Arrangements 3.2 Sustainability Philosophy and Strategy
	2-13	3.2 Sustainability Philosophy and Strategy
	2-14	Statement on Preparation of the Report
	2-16	3.2 Sustainability Philosophy and Strategy
	2-17	4.1 Climate Change Mitigation and Adaptation
	2-20	8.1 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
	2-25	3.2 Sustainability Philosophy and Strategy

GRI Standard	Disclosure	Location
GRI 2: General Disclosures (2021)	2-27	8.3 Compliant Operation
	2-28	1.4 Honours and Awards
	2-29	2.2 Stakeholders Communication 2.3 Conclusions of the Materiality Analysis
	2-30	ESG Data Table and Notes
GRI 3:	3-1	2.2 Stakeholders Communication
Material Topics	3-2	2.3 Conclusions of the Materiality Analysis
(2021)	3-3	Report Section
Economy		
GRI201: Economic Performance (2016)	201-1	Sustainability Highlights Overview ESG Data Tables and Notes
	201-2	4.1 Climate Change Mitigation and Adaptation
	201-4	ESG Data Tables and Notes
GRI203: Indirect Economic Impacts	203-1	4.2 Sustainable Finance 5.1 Real Economy Support
(2016)	203-2	7 Caring for the World with Boundless Love
	205-1	
GRI205: Anti-corruption	205-2	8.4 Business Ethics ESG Data Tables and Notes
(2016)	205-3	
Environmen	t	
	302-1	
GRI302:	302-2	4.3 Environmental Management
Energy (2016)	302-3	ESG Data Tables and Notes
	302-4	



GRI Standard	Disclosure	Location
	303-1	
GRI303: Water and	303-2	4.3 Environmental Management
Effluents (2018)	303-5	ESG Data Tables and Notes
	305-1	
	305-2	
GRI305: Emissions (2016)	305-3	4.1 Climate Change Mitigation and Adaptation ESG Data Tables and Notes
(2010)	305-4	ESO Dala Tables and Notes
	305-7	
001200	306-1	
GRI306: Waste	306-2	4.3 Environmental Management ESG Data Tables and Notes
(2020)	306-3	
Social		
GRI 401: Employment	401-1	6.1 Protection of employee rights and benefits
(2016)	401-2	ESG Data Tables and Notes
	403-1	
	403-2	
	403-3	
GRI403:	403-4	6.2 Occupational Health and Safety
Occupational Health and	403-5	9.3 Safe Production 10.3 Medical Care Safety
Safety (2018)	403-6	11.3 Campus Safety ESG Data Tables and Notes
(2010)	403-7	
	403-8	
	403-9	
	403-10	

GRI Standard	Disclosure	Location
GRI404: Training and Education (2016)	404-1 404-2	Human Capital Development ESG Data Tables and Notes
GRI405: Diversity and Equal Opportunity (2016)	405-1	6.1 Protection of employee rights and benefits 8.1 Corporate Governance ESG Data Tables and Notes
GRI406: Non-discrimination (2016)	406-1	6.1 Protection of employee rights and benefits
GRI408: Child Labour (2016)	408-1	6.1 Protection of employee r ights and benefits
GRI409: Forced or Compulsory Labour (2016)	409-1	6.1 Protection of employee rights and benefits
GRI 418: Customer Privacy (2016)	418-1	5.4 Privacy and Data Security



Appendix 1: Terms and Definitions

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 Factoring	means	FEHORIZON Commercial Factoring (Tianjin) Co., Ltd. – A specialized platform under Far East Horizon engaged in factoring business, providing supply chain financing and value-added services to customers.
FEHORIZON International	means	Far East Horizon Capital Limited, Far East Horizon Asset Management Limited, and Far East Horizon International Securities Limited, specialized platforms under Far East Horizon engaged in cross-border financial services.
FEHORIZON Asset Management	means	Shanghai Horizon Construction Investment Co., Ltd., and Hongjie Asset Management Co., Ltd., specialized platforms under Far East Horizon responsible for full-cycle asset investment management.
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.
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 Limited.
Listing Rules	means	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
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.
PPP Project	means	Joint investment, construction and operation of public infrastructure or service projects by the government and social capital through a partnership model
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 Global GHG Accounting and Reporting Standard for the Financial Industry released by the Partnership for Carbon Accounting Financials (PCAF).



Appendix 2: Independent Third-Party Assurance Report



ASSURANCE STATEMENT CN25/00001691

SGS-CSTC FAR EAST HORIZON LIMITED'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE 2024 SUSTAINABILITY AND ESG REPORT OF FAR EAST HORIZON LIMITED

NATURE OF THE ASSURANCE/VERIFICATION

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereinafter referred to as SGS) was commissioned by FAR EAST HORIZON LIMITED (hereinafter referred to as Far East Horizon) to conduct an independent assurance of the Chinese version of 2024 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. SGS has not been involved in the preparation of any of the material included in the Report.

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

SGS hereby states that it shall not be held responsible or liable for any direct, indirect, incidental, or consequential damages or losses arising from or in connection with the use of information provided in this report.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance (SRA) protocols used to conduct assurance are based upon internationally recognised assurance standards including the AA1000 series of standards and ISAE3000.

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

Assurance Standard Options	Level of Assurance
AA1000AS v3 Type 2	Moderate

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The assurance engagement was conducted to evaluate the accuracy and reliability of the sustainability performance information included in the Report. Additionally, it assessed the extent to which the Report's content is in accordance with the requirements of *Appendix C2 Environmental, Social and Governance Reporting Code of Listing Rules* published by Hong Kong Exchanges and Clearing Limited's (HKEX) and *GRI Standards 2021*.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees interviews with relevant employees onsite at Far East Horizon's business operations center located at FEHORIZON Plaza, 9 Yaojiang Road, Pudong New Area, Shanghai; documentation and record review and validation where relevant.

LIMITATIONS AND MITIGATION

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







The greenhouse gas emissions related data in the Report has was self-accounted by Far East Horizon. In the context of the present assurance engagement, our procedures were limited to sample-based validation.

This assurance engagement was restricted to the group level of Far East Horizon and did not include traceability of original data from all subordinate institutions.

No compliance verification was conducted in respect of any financial information in *Part D: Climate-related disclosures* of the *Appendix C2 Environmental, Social and Governance Reporting Code of Listing Rules* published by HKEX.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and certification, operating in multiple countries and providing services. SGS affirm our independence from Far East Horizon, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the assurance engagement performed, the specified performance information included in the scope of assurance is accurate, reliable, and has been fairly stated.

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS BASED ON APPENDIX C2 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE OF LISTING RULES PUBLISHED BY HKEX

The assurance team concludes that the Report has been prepared in accordance with the requirements of *Appendix C2 Environmental, Social and Governance Reporting Code of Listing Rules* published by HKEX, and has referred to the requirements of *GRI Standards* 2021.

FINDINGS AND RECOMMENDATIONS

All observations pertaining to commendable practices, sustainable development activities, and managerial recommendations identified throughout the assurance process have been thoroughly documented in the *Internal Management Report on Sustainability Reporting Assurance*. This report has been officially presented to the relevant management divisions of Far East Horizon to serve as a reference for their ongoing efforts towards continuous improvement.

Signed:

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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. 19th, 2025 WWW.SGS.COM







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