



遠東宏信  
FAR EAST HORIZON



2021 

Far East Horizon  
Environmental, Social and Governance Report

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

# Contents

Key Responsibility Performance Overview in 2021	01
ESG Statement from the Board of Directors	02
1. About Far East Horizon	04
1.1 Company Profile	04
1.2 Fields of Business	05
1.3 Organizational Structure	06
1.4 Honors and Awards	07
2. CSR Concept and Management	08
2.1 CSR Concept	08
2.2 Social Responsibility Management	08
2.3 Communication with Stakeholders and Identification of Material Topics	09
3. Laying a Solid Foundation for Robust, Efficient Governance	12
3.1 Corporate Governance	13
3.2 Risk and Compliance Management	14
3.3 Business Ethics	17
Datasheet of the Chapter	20
4. Having the Mission to Serve the Industrial Upgrading Drive	21
4.1 Enriching the Dimensions of Financial Services	22
4.2 Serving the Real Sector	24
4.3 Providing Quality Services	30
Datasheet of the Chapter	33
5. Seeking Green Development to Move toward the Carbon Peaking and Neutrality Goal	34
5.1 Responding to Climate Change	35
5.2 Developing Green Finance	41
5.3 Practicing Green Operation	43
Datasheet of the Chapter	49



6. Helping Employees Grow and Going Further Together	55
6.1 Employee Rights and Benefits	56
6.2 Employee Training and Development	59
6.3 Employee Care and Employee Activities	62
6.4 Employee Health and Safety	63
Datasheet of the Chapter	66
7. Being a Public-spirited Enterprise to Enhance Social Harmony	68
7.1 Making Continuous Inroads into Professional Operation	69
7.2 Commitment to Public Welfare Undertakings	71
7.3 Actively Carrying out Volunteer Activities	74
Datasheet of the Chapter	77
8. CSR Report of Horizon Healthcare: Serving the Chinese Healthcare, Undertaking with Good Faith	78
8.1 Overview of the Healthcare Sector	79
8.2 High-quality Medical Services	81
8.3 Ensuring Safety on Healthcare	84
Datasheet of the Chapter	86
9. CSR Report of Horizon Construction Development: Promoting China's Construction Industry through a Customer-centric Approach	87
9.1 Overview of the Construction Sector	88
9.2 High-quality Products and Services	91
9.3 Ensuring Safety on Production	94
Datasheet of the Chapter	97
10. CSR Report of Horizon Education: Turning out Elite Talents, Developing National Education	98
10.1 Overview of the Education Sector	99
10.2 High-quality Teaching Services	100
10.3 Constructing Safety on Campus	102
Datasheet of the Chapter	105
Standard Index	106
Statement on Preparation of the Report	110

# Key Responsibility Performance Overview in 2021

## Economic Performance

The total assets amounted to RMB **335,880** million      The profit before tax reached RMB **10,013** million

The basic earnings per share reported RMB **1.36**      The total tax payment hit RMB **5,022** million

## Environmental Performance

New investments were made in **40.03** MW distributed photovoltaic (PV) projects, which provided **16** enterprises with green and low-carbon electricity

Far East Horizon issued the fourth tranche of (green) asset-backed securities (ABS) worth RMB **3,089** million

Far East Horizon issued the first Sustainability-Linked Bonds worth RMB **150** million in the Chinese market

Greenhouse gas (GHG) emissions (Scope 1 and Scope 2) totaled **285,358.66** tCO<sub>2</sub>e, and GHG emissions per unit of revenue (Scope 1 and Scope 2) stood at **8.35** tCO<sub>2</sub>e /RMB1,000,000

## Social Performance

The total number of employees was **23,257**

Male employees accounted for about **52%**      Female employees accounted for about **48%**

Training hours for each employee under the finance sector stood at **38.14** hours      Training hours for each employee under the industry sector stood at **33.55** hours

Spending in public welfare activities reported RMB **5,256,100** and employees completed **3,630** hours of volunteer services

Spending in rural revitalization support exceeded RMB **1.10** million, directly benefiting over **30,000** people



# ESG Statement from the Board of Directors

---

2021 was an exceptional year. In 2021, China embarked on a new journey towards the second centenary goal. For Far East Horizon, 2021 coincided with the 30th anniversary of its incorporation, the 20th anniversary of its relocation to Shanghai, and the 10th anniversary of its listing on the Hong Kong Stock Exchange. Faced with a great change that has not happened in a century and the global spread of the unprecedented COVID-19 pandemic, the Company had a mission to "integrate global resources and promote China's industries", relied on the combination of finance and industry resources and the joint action of domestic and overseas business presences to consolidate its strategic foundation, and stayed true to its founding aspiration of "consistently serving industrial development with financial strength".

While insisting on innovating and developing integrated industrial operation services, Far East Horizon worked to incorporate the ESG concept into its development strategy. Pragmatic, creative, and ambitious, the Company was devoted to shouldering corporate social responsibilities (CSR) in five fields, including investor responsibility, customer responsibility, environment responsibility, employee responsibility, and charity responsibility, in order to promote the healthy, continuous, steady and harmonious development of the industrial economy and the entire society.

## ● Investor Responsibility

Far East Horizon continues to improve the decision-making mechanism and enhance transparency, in an effort to create more value and safeguard the long-term interests of all shareholders and investors. In August 2021, the Company established the Environmental, Social and Governance Committee (hereinafter referred to as the "ESG Committee") under the Board of Directors, to study and make recommendations on its ESG policies and practices and provide governance assurance for its integrated ESG efforts. To constantly improve its comprehensive risk management system with the Board of Directors functioning as the highest decision-making body, the Company released the *Anti-corruption Management Statement of Far East Horizon Co., Ltd.* in 2021, as a move to further refine its anti-corruption policies.

## ● Customer Responsibility

Around the "finance + industry" dual-wheel driven development strategy, Far East Horizon rolls out innovative service modes and expanded the dimensions of financial services by closely following the directions of economic development and industrial transformation and upgrading. It continues to tap deep into the nine major sectors closely related to the national economy and people's livelihood, promotes new forms of financial business in an orderly manner, and provides customers with comprehensive solutions with financial leasing as the core. Through Far East Horizon Inclusive Financial Leasing (Tianjin) Co., Ltd. (referred to as the "Far East Inclusive"), the Company keeps increasing its financing support for SMEs so as to increase their accessibility of financial services and stimulate the innovation vitality and development momentum of SMEs.

## ● Environment Responsibility

Far East Horizon practices the concept of sustainable development proposed by the State, and actively explores innovative ways to serve green, low-carbon development with financial strength. In 2021, the Company provided financial support for the green development of the Chinese society by issuing green Asset-backed Securities (ABSs), issuing Sustainability-Linked Bonds, and signing Green Club loan agreements. In doing so, it contributed to the building of an eco-friendly society.

At the same time, the Company made a group-wide carbon inventory, got prepared to monitor, make statistics of, analyze and disclose carbon emission-related performances on a regular basis, adopted carbon reduction measures, and planned to set and publish its carbon neutrality target by 2022. It identified and analyzed the climate change risks and opportunities associated with its operation and business activities under the information disclosure framework of the

Task Force on Climate-related Financial Disclosures (TCFD), and kept strengthening energy conservation and emission reduction to help China move towards the carbon peaking and neutrality goal.

In 2021, the Company got a B- rating from the Center for Global Environmental Information Research (CDP) after answering its questionnaires on climate change, which placed it among the top Chinese companies in the industry. Besides, it was also ahead of many global peers in climate governance, carbon reduction actions, and climate opportunity disclosure, among other domains.

### ● Employee Responsibility

Adhering to the cultural philosophy of "one army, one school, one family", Far East Horizon continues to refine its human resources management system with an aim to provide staff with a diversified, inclusive, and equal workplace. In 2021, the Company effectively protected the legitimate rights and interests of employees, by strengthening their engagement through intensified communication and doing more to ensure their health and safety. It kept adjusting or optimizing a hierarchical, classified talent development system, which advocated taking good care of employees, respecting their values, and promoting them towards all-around growth, so as to create an efficient, vibrant, and happy working environment.

In 2021, the Company won from many prestigious third-party human resources agencies a host of awards, including the "Top Graduate Employers in China", "Top Human Resource Management Award" and "Extraordinary Employers", etc.

### ● Charity Responsibility

As a socially responsible corporate citizen, Far East Horizon gets involved in and promotes the development of the public welfare undertakings through professional operations. In 2021, the Company acted on various requirements put forth by the State for rural revitalization and social welfare, and upheld the public welfare concept of "showing boundless love through daily actions". Relying on the Horizon Charity Foundations, it focused on undertaking projects aligned with the national campaigns to consolidate the achievements in poverty alleviation and implement the rural revitalization strategy, spared no efforts to support the national and local governments in their natural disaster relief efforts, and paid ongoing attention to the development of medical care and cultivation of talents in higher education in China. It did its part in the thriving growth of the public welfare undertakings across the country.

With respect to the management of ESG material topics, the Company closely followed the regulatory policy dynamics and the headlines in the financial leasing industry, identified and summarized material topics related to the Company and determined the importance and priority of issues. In 2021, the Company actively took measures to improve the management of such topics as "corporate governance", "business ethics" and "financial technology (FinTech)", and continuously raised the management standards of "green finance" and "rural revitalization" as two topics.

### Future Outlook

In 2022, Far East Horizon will stand at the key point of a new development stage. Spearheaded by its core CSR concept of "sharing of value created for the building of harmonious development", the Company will stay true to its founding mission and aspiration, practice the concept of sustainable development put forward by the State, strengthen the ESG management capabilities on all fronts, and continue to make iterative upgrades and flexible adjustment. It will keep creating greater value for all stakeholders, and forge ahead towards its vision of "striving to build an excellent enterprise".

# 1. About Far East Horizon

## 1.1 Company Profile

Far East Horizon Limited (hereinafter referred to as "Far East Horizon" or "the Company") is a comprehensive group spanning finance and industry. The Company combines financial business and industrial business closely in an interactive, complementary manner to maximize the advantages of combination and integration. Clearly aware of what customers need, the Company endeavors to form a unique value identification and creation method. It is committed to accompanying customers every step of the way to grow stronger.

### >>> Basic Information of Far East Horizon

<b>Company name</b>	远东宏信有限公司
<b>Name in English</b>	Far East Horizon Limited
<b>Stock code</b>	03360.HK
<b>Date of establishment</b>	1991
<b>Headquarters address</b>	Hong Kong, China
<b>Scope of business</b>	Financial services, industrial investment, hospital investment and operations, equipment operation services, elite education, trade brokerage, management consulting, engineering services, etc.
<b>Operating income</b>	RMB33,644 million
<b>Number of employees</b>	23,257

### >>> Corporate Culture System of Far East Horizon

#### Mission

Integrating global resources and promoting China's industries

#### Vision

Strive to build an excellent enterprise

#### Enterprise spirit

Determination to pursue the truth, rigorous and pragmatic work style, idea of promoting innovation, courage to face hardships, indomitable will, responsibilities to the world, and resolution to be a pioneer

#### Cultural features

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

#### Strategic tenet

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



## 1.2 Fields of Business

Focused on China's key industries, Far East Horizon is committed to providing comprehensive financial services such as financial lease, commercial factoring, overseas business, infrastructure investment, equity investment, inclusive finance, and asset business, etc. in fields including urban public utilities, healthcare, cultural tourism, engineering construction, mechanical manufacturing, chemical engineering and medicine, electronic information, consumption, and transportation and logistics. Also, it offers industrial operation services such as hospital operation, healthcare and elderly care, and education, etc.

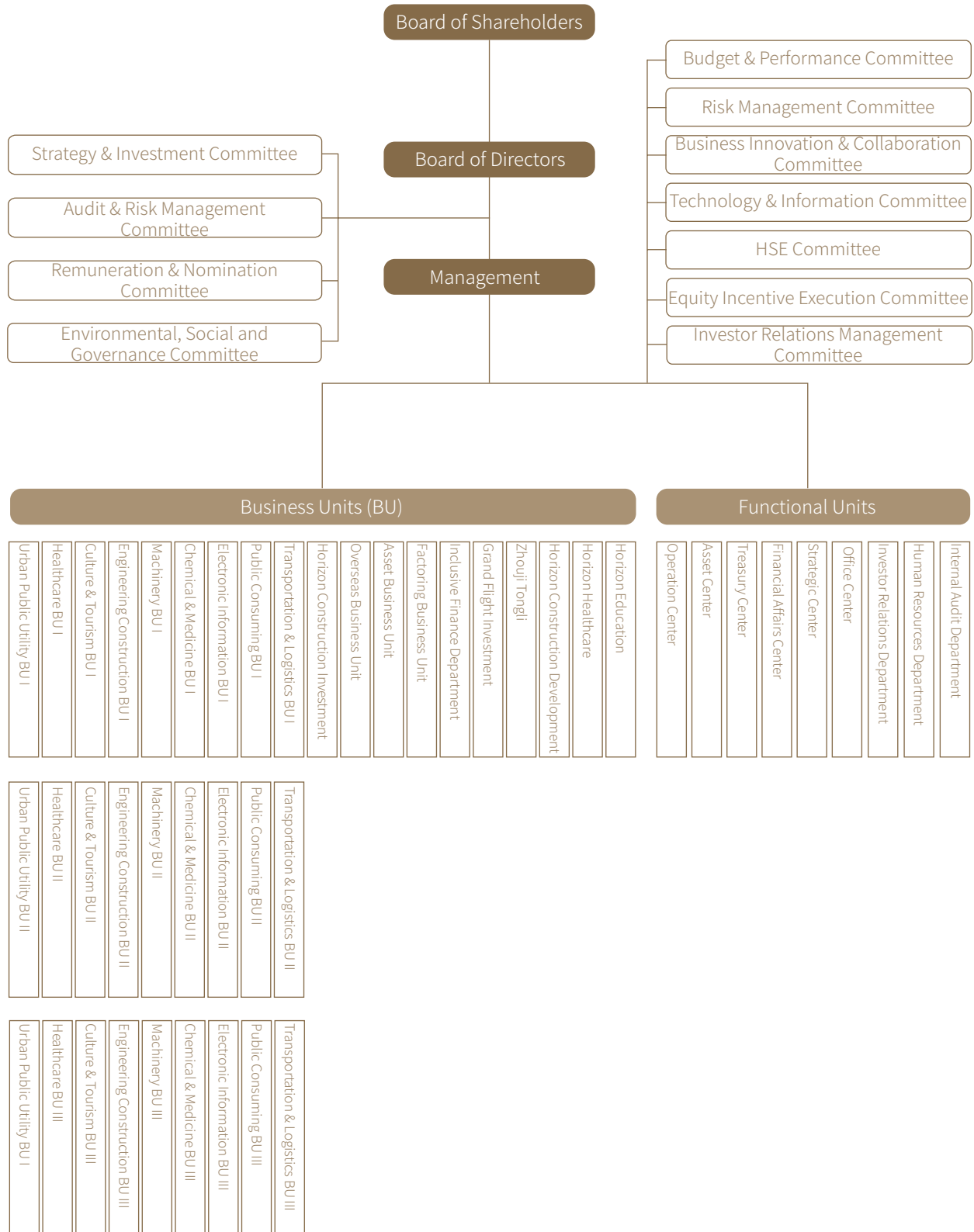


Far East Horizon is headquartered in Hong Kong, with business operation centers in Shanghai and Tianjin, offices in nearly 30 core cities across China, and a host of subordinate organizations distributed extensively, all of which forms a nationwide service network. As at the end of 2021, the Company had total assets exceeding RMB300 billion, served more than 20,000 customers, and accumulatively invested over RMB1 trillion in the real economy.

### >>> Network of Customer Service at Far East Horizon



# 1.3 Organizational Structure



## 1.4 Honors and Awards

### >>> Honors and Awards in 2021

Rated/issued by	Honor/award
MSCI	MSCI ESG rating jumped from BB to <b>A</b>
The Center for Global Environmental Information Research (CDP)	2021 CDP questionnaires on climate change received a <b>B-</b> rating for the first time
FTSE Russell	Included in the <b>FTSE4Good Index Series</b> for five consecutive years
CCM CSR Promotion Center and School of Management, Fudan University	Granted the " <b>ESG Governance Demonstration Award</b> " in the 6th selection of Excellent CSR Cases in China
Fortune China	Ranking <b>No.354</b> on the 2021 Fortune China 500 List
Forbes	Ranking the <b>1,317th</b> place in the Forbes Global 2000 List 2021
Shanghai Stock Exchange	Excellent Issuer of Corporate Bonds in 2020 Excellent Asset Securitization Business Sponsor in 2020
Shanghai Pudong New Area People's Government	Top 20 Special Contributors to Economic Development of Pudong New Area in 2020
liepin.com	"Top Graduate Employers in China" and "Extraordinary Employers" in 2021
Harvard Business Review, SAP, and Institute for Global Industry of Tsinghua University	A Model of Financial Transformation in 2021 under the Digital Transformation Awards

### >>> Industry Organization Membership and Status

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

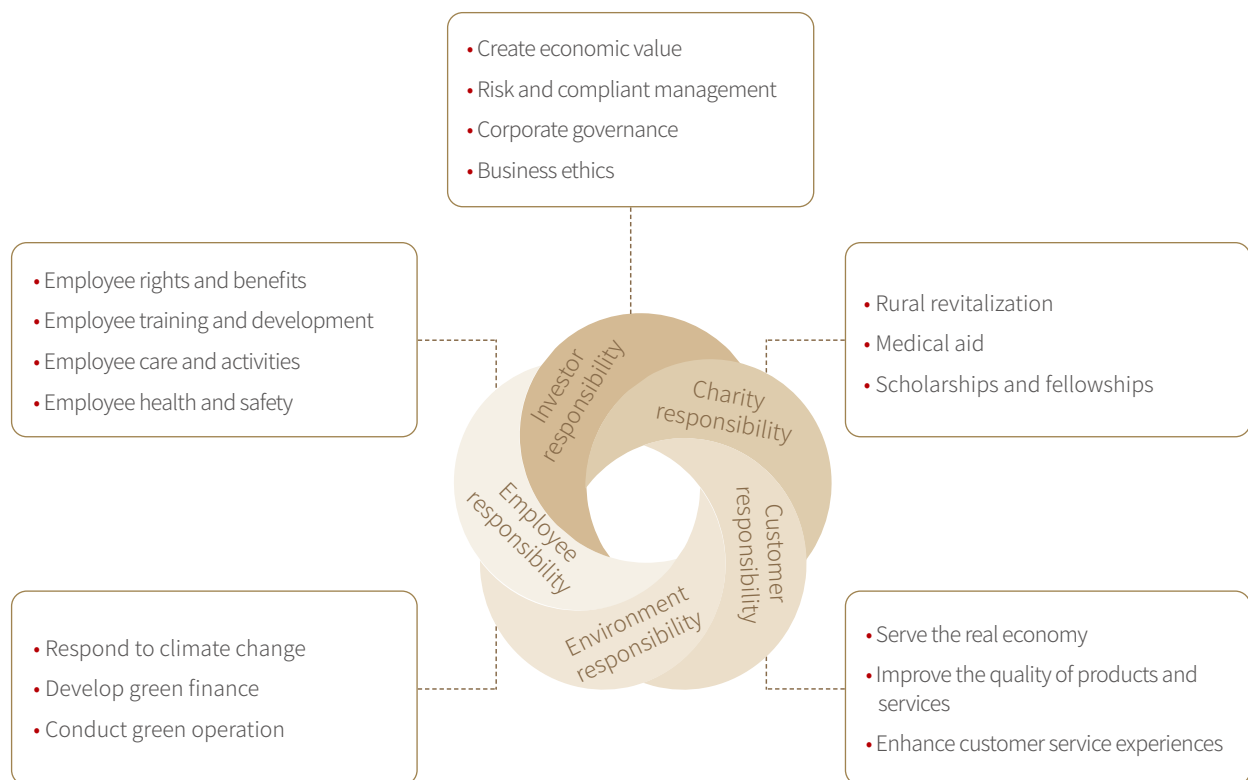


## 2.CSR Concept and Management

### 2.1 CSR Concept

Based on the core CSR Concept of "sharing of value created for the building of harmonious development", Far East Horizon is devoted to shouldering its social responsibility in five fields, including investor responsibility, customer responsibility, employee responsibility, environment responsibility, and charity responsibility, while keeping innovating and developing integrated industrial operation services in order to promote the healthy, continuous, steady and harmonious development of the industrial economy and the entire society to create value for all stakeholders.

#### >>> CSR of Far East Horizon



### 2.2 Social Responsibility Management

The concept of sustainable development spreads far and wide. In addition to traditional financial performance indicators, non-financial factors such as environment, society and governance have begun to occupy an increasingly important position in corporate evaluation and become the core of Far East Horizon's social responsibility management.

To answer the national policies for carbon neutrality and green finance, and underpin its long-term sustainable development, Far East Horizon on August 31, 2021 established the ESG Committee under the Board of Directors, to study and make recommendations on its ESG policies and practices and provide governance assurance for its integrated ESG efforts.

The ESG Committee consists of three directors. Its main functions and duties are summarized into three aspects: guiding, reviewing and formulating the Company's ESG management policies, strategies, principles and visions to ensure that they are always up-to-date and relevant; monitoring the development and implementation of the Company's ESG objectives; and identifying ESG risks and opportunities related to the Company and assessing the impact of such risks or opportunities on the Company.

The establishment of the ESG Committee, highly aligned with Far East Horizon's vision of "striving to build an excellent enterprise", will facilitate the integration of ESG work into the Company's strategic decision-making process, enhance the effectiveness of ESG management, and lay a solid foundation for the Company to attain sustainable development.

## 2.3 Communication with Stakeholders and Identification of Material Topics

### Communication with Stakeholders

Far East Horizon always takes CSR as an integral part of its overall operations. It has put in place a regular communication mechanism with a host of key stakeholders such as investors, customers, employees, government organs, regulators, partners, environment, community and the public, and incorporates the appeals of these parties into its operation and decision-making process with a view to creating more value for them.

#### >>> Stakeholder Expectations and Responses

Stakeholders	Importance	Concerned topics	Communication and responses
Investors	We must create value for our investors.	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Economic performance</li> <li>• Compliant operation</li> <li>• Risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder meetings</li> <li>• Financial reports</li> <li>• Performance reports</li> <li>• Roadshows and reverse roadshows</li> </ul>
Customers	Our products are the necessities for our customers.	<ul style="list-style-type: none"> <li>• Customer information security and privacy protection</li> <li>• FinTech</li> <li>• Serving the real sector</li> <li>• Inclusive finance</li> <li>• Communication with customers</li> <li>• Quality of construction and equipment</li> <li>• High-quality medical services</li> <li>• High-quality education services</li> </ul>	<ul style="list-style-type: none"> <li>• Customer research</li> <li>• After-sales services and complaints</li> <li>• Customer satisfaction surveys</li> <li>• Customer activities</li> </ul>
Employees	Employees are the most important cornerstone for corporate development.	<ul style="list-style-type: none"> <li>• Protection of employee rights and benefits</li> <li>• Employee development and training</li> <li>• Work safety</li> <li>• Medical care safety</li> <li>• Secure campus</li> </ul>	<ul style="list-style-type: none"> <li>• Employee activities</li> <li>• Daily operation of labor union</li> <li>• Staff training</li> <li>• Employee service platform</li> <li>• Employee care program</li> <li>• Cultivation of corporate culture</li> </ul>

Stakeholders	Importance	Concerned topics	Communication and responses
Governments and regulators	Government plays a supervision part in our business operation.	<ul style="list-style-type: none"> <li>Compliant operation</li> <li>Business ethics</li> <li>Serving the real sector</li> <li>Rural revitalization</li> </ul>	<ul style="list-style-type: none"> <li>Institutional visits</li> <li>Document correspondence</li> <li>Policy implementation</li> <li>Information disclosure</li> </ul>
Partners	The partners need to share the same values with us on corporate social responsibility.	<ul style="list-style-type: none"> <li>Compliant operation</li> <li>Business ethics</li> <li>Supplier management</li> </ul>	<ul style="list-style-type: none"> <li>Holding bidding conferences for the public</li> <li>Negotiations on strategic cooperation</li> <li>Exchange visits</li> </ul>
Environment	Our business operation may affect the ecological environment.	<ul style="list-style-type: none"> <li>Green finance</li> <li>Climate change mitigation and adaption</li> <li>Environmental management</li> </ul>	<ul style="list-style-type: none"> <li>Responsible investment guidelines</li> <li>Environmental protection initiatives</li> <li>Green operation initiatives</li> <li>Climate change response</li> </ul>
Community and the public	Our business operation may affect community development.	<ul style="list-style-type: none"> <li>Community charity</li> <li>Volunteer services</li> <li>Rural revitalization</li> </ul>	<ul style="list-style-type: none"> <li>Community activities</li> <li>Employee volunteer activities</li> <li>Public welfare activities</li> <li>Social undertakings</li> </ul>

## Identification and Analysis of Material Topics

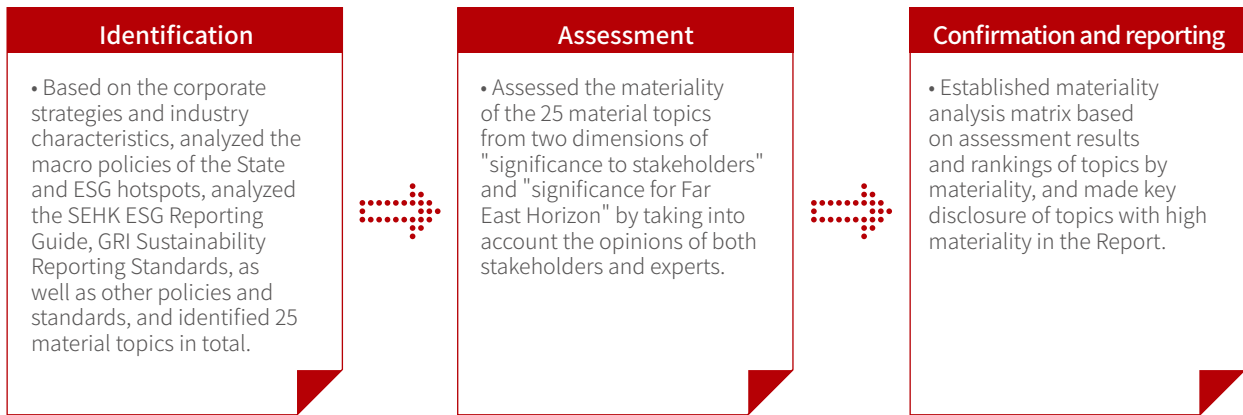
In 2021, Far East Horizon identified, assessed and screened material topics with reference to national policies and industry headlines and in line with regulatory requirements, and defined the highly substantial social responsibility topics as disclosure priorities, so as to better answer stakeholders' appeals and expectations.

### >>> Major Changes to Material Topics of Far East Horizon in 2021

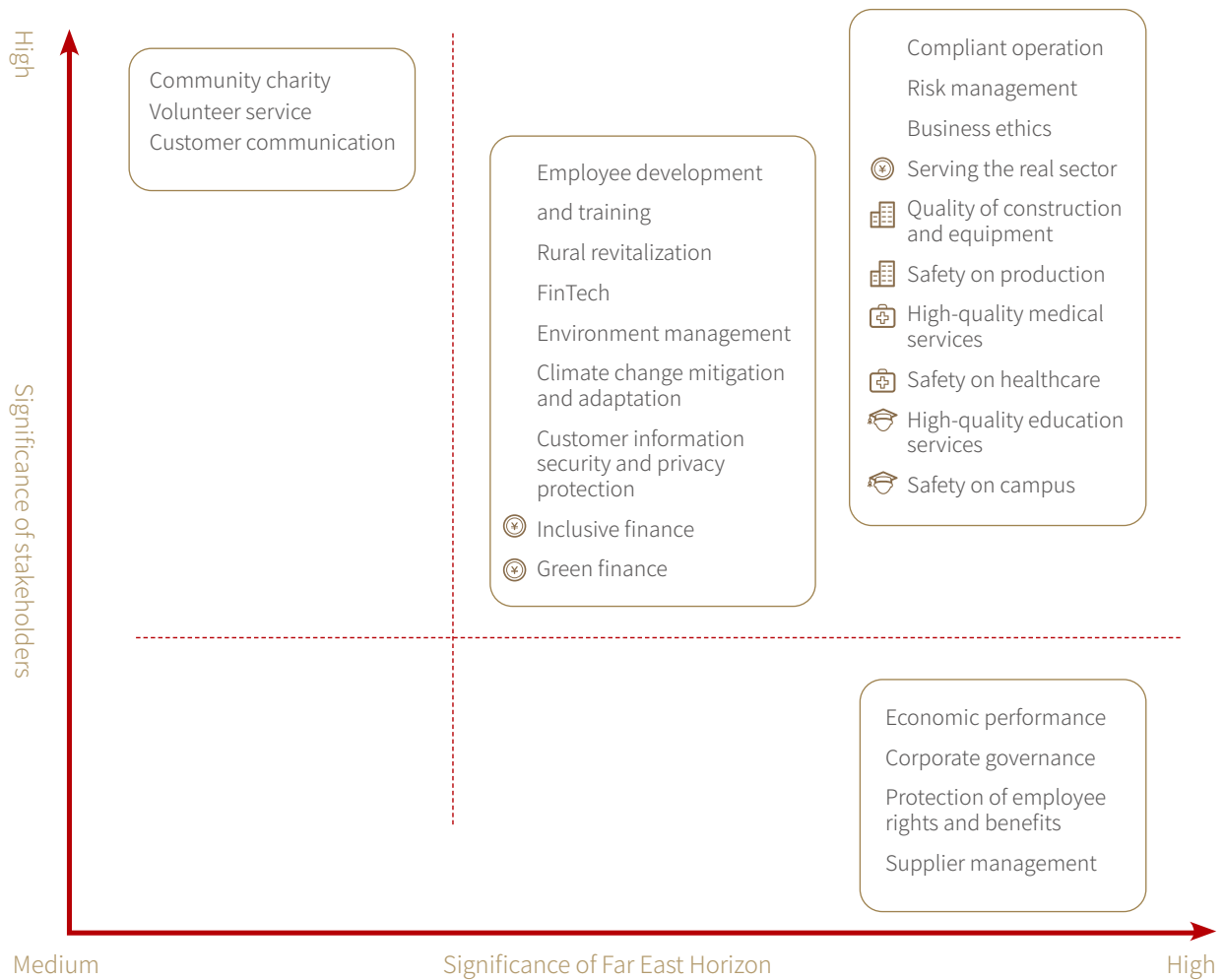
Material topics in 2020	Material topics in 2021	Reason for change
Responsibility management	Corporate governance	The change further responded to the concerns of stock exchanges, capital markets and rating agencies at home and abroad.
Anti-corruption	Business ethics	
—	FinTech	The change actively responded to the arrangements for FinTech, rural revitalization, and other aspects in the "14th Five-year Plan" and other new policies of the State.
—	Rural revitalization	



>>> Analysis Process of Material Topics



>>> Matrix of Material Topics



- Ⓢ Specialized topics in the field of finance
- 🏥 Specialized topics in the field of healthcare

- 🏢 Specialized topics in the field of construction
- 🎓 Specialized topics in the field of education

# Laying a Solid Foundation for Robust, Efficient Governance

---

## Material topics addressed

- © Corporate governance
- © Compliant operation
- © Risk management
- © Business ethics
- © Supplier management

## The UN SDGs aligned



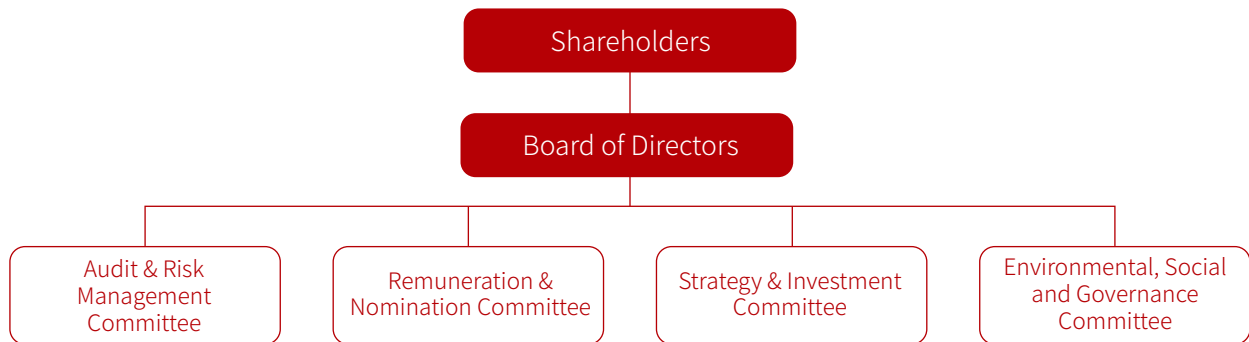
## 3. Laying a Solid Foundation for Robust, Efficient Governance

### 3.1 Corporate Governance

#### Enhancing the Governance Framework

High-level corporate governance is crucial for a company's success and sustainable development. Far East Horizon keeps refining the organizational systems and operating mechanisms fit for modern enterprises in strict accordance with the *Hong Kong Companies Ordinance*, the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*, and the *Hong Kong Securities and Futures Ordinance*, among other pertinent laws and regulations.

#### >>> Far East Horizon Corporate Governance Structure



The Company has formulated a set of internal documents such as the *Articles of Association*, the *Nomination Policy for Directors*, and the scope of duties assigned for each committee; established the procedures and principles for the election and appointment of directors, the mechanism for directors to abstain from voting on relevant proposals to be considered by the Board of Directors, and the authority of independent directors to engage independent financial or other professional advisers, and regularly tracked the implementation and effectiveness of the relevant mechanisms to ensure the decision-making independence of the Board of Directors.

The Company values the diversity and professionalism of the Board of Directors, by putting in place the policy on diversification of the composition of directors. In the election of Board members, the Company takes into account many factors of candidates including gender, age, cultural and educational background, professional experience, skills, and term of service, so as to make sure the Board of Directors possesses diversified skills, experience and viewpoints. The Company's Board of Directors is composed of members with accounting or financial expertise, legal professional qualifications, financial and investment experience, or experience in the industries related to the Company, with an aim to ensure the efficient operation of the Company.

For more information on corporate governance, please refer to the "Corporate Governance Report" section of the *2021 Annual Report of Far East Horizon*.

#### Enhancing Communication with Investors

Pursuant to the *Hong Kong Companies Ordinance* and the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*, among other laws and regulations, Far East Horizon has drafted a host of rules and policies such

as the *Information Disclosure Management Measures*, the *Guidelines for Disclosure of Notifiable Transactions*, and the *Connected Transactions Management Measures*. It adheres to the principles of timely, accurate, complete, fair and strict disclosure, keeps improving the information disclosure systems and enhancing the quality of information disclosures, and makes sure all shareholders have equal access to related information. In 2021, the Company disclosed 66 documents on the website of the Hong Kong Exchanges and Clearing Limited, which contained zero errors.

In 2021, the Company strengthened dialog and communication with shareholders and potential investors by a variety of means, including shareholder meetings, online and offline exchange activities, results releases, non-trading roadshows, and investor forums of all sorts. In 2021, it held a total of 954 investor communication sessions, including three ESG-themed summits.

### Investor Open Day For 2021

In May 2021, Far East Horizon held an investor open day for 2021 to communicate with investors about building the comprehensive risk management system for the Company's financial business, which gained wide attention and praise from the capital market. Nearly 200 investors and financial institutions from Citibank, Goldman Sachs, Morgan Stanley, JP Morgan Chase, UBS, China International Capital Corporation Limited (CICC), CITIC Securities, etc., participated in this event on-site or online.

During the event, the Management briefed the online and offline investors on the work done and plans made by the Companies in terms of risk control system, asset management system, and big data infrastructure associated with the financial business, allowing investors to have a more in-depth understanding of the Company's operations and strategies.



Investor open day for 2021

## 3.2 Risk and Compliance Management

### Comprehensive Risk Management

The core of the financial business is risk control. The Company works to foster a risk management culture, continues to improve a comprehensive risk management system with the Board of Directors as the highest level decision-making body, makes clear overall objectives of risk management, and sets or adjusts risk management appetite and risk limits.

In 2021, the Company dynamically adjusted the business development strategies for different industries/sectors in line with the macro environment and industrial conditions, tightened risk management with a prudent attitude, intensified risk identification in segmented industries and customer qualifications, and promoted financial business towards steady expansion on the premise of asset security. As per the overall principles of "seeking whole-process, all-round, multi-faceted and uninterrupted engagement", it realized the process-oriented promotion, matrix management and

professional operation of various projects through pre-event due diligence, during-event assessment & review, and post-event evaluation management.

>>> **Comprehensive Risk Management System of Far East Horizon**



>>> **2021 Annual Risk Management Objectives of Far East Horizon**

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

The Company focuses on risk management in the process of asset allocation. Its differentiated allocation strategies are devised for the four categories of industries: "encouraged, maintained, restricted, and compressed" to ensure that the assets allocated to an industry would not exceed the total limit. To be specific, the Company encourages increasing business presence in the industries that concern people's livelihood, infrastructure construction industries, manufacturing



upgrading-related industries, and some environmental protection industries with high-tech features. It prohibits introducing the products in the category of eliminated industries on the Catalogue for Guiding Industry Restructuring (Version 2019), which is produced with outdated techniques, and the enterprises that are in a low industry position and have difficulties in transformation.

### >>> Categories of Industries Permitted for Access by Far East Horizon in 2021

Category	Industries
Encouraged	Medical institutions, educational institutions, electronic components, transportation and logistics facility operations, water services, etc.
Maintained	Pharmaceutical manufacturing, chemical engineering, material industry, textile and apparel, packaging and printing, solid waste treatment, thermal power, energy conservation and environmental protection, etc.
Restricted	Construction materials, non-metal mining, metal mining, agriculture, forestry, animal husbandry and fishery, etc.
Compressed	Steel structure and commercial concrete

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

In 2021, the Company organized more than **27** risk case lectures, which were attended by more than **2,000** people.

## Compliant Operation

Far East Horizon always has the vision to build itself into an excellent enterprise, and never oversteps the bottom line for operational compliance in strict accordance with the *Interim Measures for the Supervision and Administration of Financial Leasing Companies*, the *Regulation of Shanghai Municipality on Local Financial Supervision and Administration*, and other pertinent laws and regulations.

In 2021, the Company revised the *Compliance Management Measures and the Compliance Manual*, kept monitoring and promptly interpreted changes in related laws, regulations and supervisory policies, and actively implemented the requirements put forth by various regulators in their off-site supervision and on-site inspections. It established the Compliance Management Committee, erected three lines of defense, and specified responsibilities for compliance risk control. To continuously step up compliance management, relevant departments were mobilized to sort out risk compliance points and control measures under their respective business line, streamline operation and management processes, and raise risk management awareness among employees. All of these measures were aimed to ensure the Company could operate on an ongoing, robust and compliant basis.

In terms of compliance training, the Company continued to give new employees compliance training sessions, together with quizzes, conducted legal compliance training programs for business lines from time to time, and reminded related departments and persons of business requirements set out by the pertinent laws, regulations, and regulatory policies.

As to intellectual property rights (IPR) protection, Far East Horizon has formulated the *Intellectual Property Rights*

*Management Measures* in accordance with the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, the *Regulation on the Protection of the Right to Communicate Works to the Public over Information Networks*, and other pertinent laws and regulations, clearly stipulating that it shall refrain from infringing IPRs of others and effectively protect its own legitimate IPRs. In 2021, it continuously improved its IPR management mechanism, incurring no IPR infringement.

## Supplier Management

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

In strict accordance with the pertinent laws and regulations such as the *Tendering Law of the People's Republic of China* and the *Government Procurement Law of the People's Republic of China*, Far East Horizon has formulated a set of related documents including the *Measures of Far East Horizon Limited for Supplier Management*, always upholds the management principles of "separation of management and utilization, hierarchical classification, openness and transparency, and continual optimization", and has put in place and continued to improve the supplier management system to guarantee the standard supplier selection and procurement.

The Company has set up a supplier management group and designated a department in charge of supplier management overall, so as to carry out supplier management in a more professional manner and reinforce internal oversights as well as checks and balances. Meanwhile, it kept conducting supplier appraisal and made company-wide announcements of the periodic assessment and improvement results. As an advocate for the concept of sustainable development, it explicitly requires preferentially procuring energy-saving and eco-friendly products.

During the procurement process, the Company promises to strictly comply with relevant laws, regulations and rules, make commercial exchanges with suppliers on a legitimate basis, and refuse all kinds of bribes. It has introduced the supplier complaint and feedback mechanism, through which all employees can give feedback on the fraud, bidding collusion, and commercial bribery of suppliers during the procurement process to the supplier management group.

### Far East Horizon's Anti-bribery Management Measures for Suppliers

- The Company strictly complies with relevant laws, regulations and rules, makes commercial exchanges with suppliers on a legitimate basis, and refuses all kinds of bribes from suppliers.
- The Company has introduced the anti-bribery and anti-corruption management mechanism covering all suppliers, through which all employees can give feedback on the fraud, bidding collusion, and commercial bribery of suppliers during the procurement process to the supplier management group.
- Moreover, the Company publishes the complaint and reporting channels on the sites of some major projects of itself and its subsidiaries, and signs the project and procurement integrity agreements which explicitly prohibit illegitimate commercial exchanges and bribery.

## 3.3 Business Ethics

### Anti-corruption

Far East Horizon has always placed anti-corruption among its top priorities. In strict accordance with the *Criminal Law of the People's Republic of China*, the *Internal Audit Regulations of the People's Republic of China*, and other pertinent laws and regulations, Far East Horizon has formulated a set of management documents, including the *Rules on Anti-fraud Work*

of Far East Horizon Limited and the Employees Professional Ethics Code of Far East Horizon Limited. In 2021, it issued the *Anti-corruption Management Statement of Far East Horizon Limited*, and the *Rules on Liability Determination and Punishment* which further refined the anti-corruption system and streamlined the anti-corruption management process.

In 2021, the Company continued to foster a corporate culture that advocated honest practice. To this end, a host of measures such as strict adherence to the bottom line, mechanism building, and forewarning education were adopted to attach equal emphasis on punishment and prevention, both internally and externally.

### Major Anti-corruption Moves Taken in 2021

- **Strict adherence to the bottom line:** The anti-fraud investigations were conducted in response to all kinds of clues for fraud. Capital and asset-intensive areas were put under the uninterrupted supervision and scanning. Any corrupt behavior that overstepped the red line and damaged the corporate image and interests of the Company, once found, was seriously investigated and punished, as per the zero-tolerance policy.
- **Mechanism building:** Rigorous inspections were carried out to promote the continuous upgrading of the relevant management systems, including the internal control system, tighten control over key links, and shape a sound internal control environment.
- **Forewarning education:** Various forms of warning and publicity actions were introduced to help managers and employees at all levels raise their law-abiding and compliant awareness, with the alarm bell kept ringing. In 2021, anti-corruption training sessions of all sorts, case circulation, and daily communication, both online and offline, were used to drill the concept of clean practice into employees.

### >>> Anti-corruption Results Achieved in 2021

- Required all new employees to sign the *Integrity Undertaking Statement* on the day when they joined the Company, and provided case prevention education for **all** new hires.
- Conducted **176** face-to-face warning and awareness enhancement sessions, which covered over **6,300** employees from the traditional finance, new business, industrial operations, and functional departments.
- Pushed a total of **25** warning cases to managers at all levels through various channels such as email, company intranet, and WeChat account.

The Company informs employees and external customers of multiple reporting channels so as to discover and stop corruption in a timely manner. Both the Company and its subordinate platforms have established a complete set of reporting channels and management mechanisms. In dealing with the tip-offs received, they follow the principles of "taking up all tip-offs by dedicated personnel, putting them under classified and closed-loop management, and ensuring information confidentiality", so as to guarantee the smooth operations of the supervision and reporting channels to the greatest extent. In addition, the Company has also formulated the *Measures for Rewarding the Provision of Case Clues*, stipulating that the clues, once proven useful, will be appropriately rewarded. Also, the Company has drafted a leniency policy and set up a special integrity account.

The complaint and reporting channels available at the Company include supervisory email address, hotline, and mailbox, all of which are publicized on the Company's official website and in various materials provided to customers/partners.

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

## Anti-money Laundering (AML)



The Company earnestly implements the pertinent laws and regulations of the State, including the *Measures for the Supervision and Administration of Financial Leasing Companies* and the *Internal Audit Regulations*. It gets AML work done properly and enhances the AML awareness vigorously. In 2021, the Company gave two AML training sessions to the relevant personnel, which covered customer identification, suspicious transaction reporting and feedback, and other aspects of content, and asked the attendees to take tests.



AML training targeted at the Overseas Business Department

## Datasheet of the Chapter

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

Composition of the Board of Directors	Convening of Meetings
 <b>11</b> directors	 <b>One</b> shareholder meeting
 <b>Two</b> executive directors	 <b>Seven</b> proposals considered
 <b>Five</b> non-executive directors	 <b>Four</b> Board meetings
 <b>Four</b> independent non-executive directors	 <b>Six</b> meetings convened by the specialized committees of the Board of Directors

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

Indicator	Unit	2019	2020	2021
Total number of suppliers	number	589	628	772
Suppliers based in Chinese Mainland	number	565	604	746
Suppliers based in Hong Kong, Macao and Taiwan and overseas	number	24	24	26

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

### Anti-corruption Performance

Indicator	Unit	2019	2020	2021
Number of concluded legal cases regarding corrupt practices brought against the Company or its employees <sup>1</sup>	case	1	1	2
Number of anti-corruption training sessions	number	—	148	176
Number of employees attending anti-corruption training	person	—	3,300	6,300

Note 1: In 2021, the Company identified and reported two corruption cases. One was a case of bribe taking by a non-government employee, in which an employee of the Company took advantage of his post for personal gains. The Company actively cooperated with the judicial authority in the investigation, and the case was concluded in June 2021. The defendant was sentenced to two years of imprisonment, with all illegal gains recovered and confiscated. The other was a case in which an employee of the Company took advantage of his post and committed the crime of embezzlement. The Company actively cooperated with the judicial authority in the investigation, and the case was concluded in October 2021. The defendant was sentenced to nine years of imprisonment, with the money involved recovered and returned to the Company. After the two cases occurred, the Company immediately sent the *Internal Warning Cases*, and added relevant matters into the warning cases to serve a deterrent to others.



# Having the Mission to Serve the Industrial Upgrading Drive

## Material topics addressed

- ⦿ Serving the real sector
- ⦿ Inclusive finance
- ⦿ Economic performance
- ⦿ Communication with customers
- ⦿ FinTech
- ⦿ Customer information security and privacy protection

## The UN SDGs aligned



## 4. Having the Mission to Serve the Industrial Upgrading Drive

### 4.1 Enriching the Dimensions of Financial Services

In 2021, China embarked on a new journey towards its second centenary goal. Far East Horizon has the mission to integrate global resources and promote China's industries. To this end, the Company rolls out innovative services modes, diversifies means of services, and builds up services capabilities, by closely following the directions of economic development and industrial transformation & upgrading. In the complex and ever-changing market, it in 2021 continued to consolidate its strategic foundation, achieved milestone performance returns, and demonstrated its resilience amid model iteration.

As at the end of 2021, Far East Horizon accumulatively invested more than RMB **1** trillion in the real economy, served over **20,000** customers and launched more than **40,000** cooperation projects.

#### Winning the "Rural Pandemic Response Award" Granted by ADB

Far East Horizon is one of the Asian Development Bank ("ADB")'s Chinese clients that has the most frequent and longest cooperation. By the end of 2021, the two parties have carried out three projects together. Against the outbreak of COVID-19, ADB approved the company's loan project of US\$75 million in 2020. The loan funds were used to support the company's financial leasing of medical equipment in rural hospitals in China to detect and treat COVID-19 and contribute to the fight against the pandemic.

In May 2022, the Company won the "Rural Pandemic Response Award" granted by ADB in the ADB Private Sector Green Carpet Awards Ceremony to commend the Company's outstanding performance in supporting China's rural pandemic prevention and control and improving the level of rural medical treatment over the years.

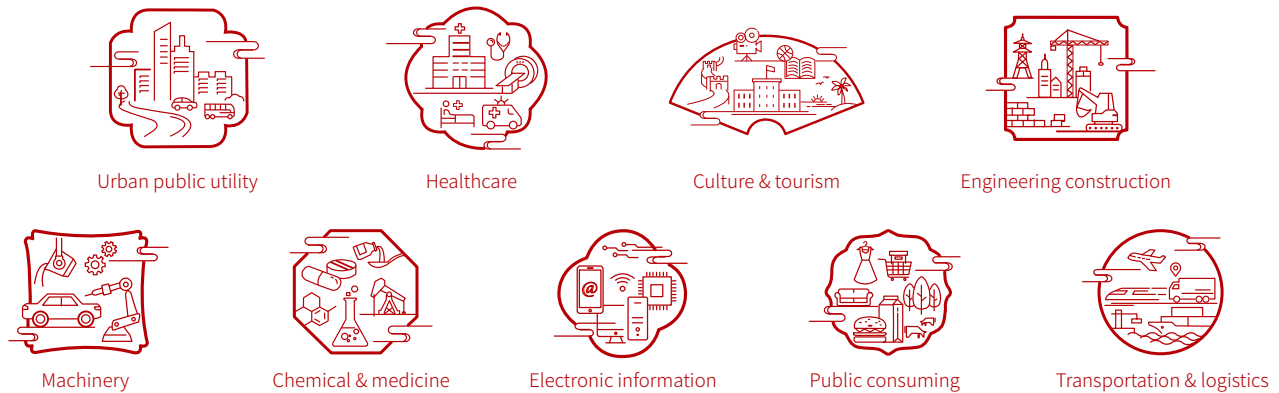


Mr. Wang Mingzhe, the executive director and CFO of the Company, attending the online ADB Private Sector Green Carpet Awards Ceremony

#### Developing the Traditional Financial Business Steadily

As a pioneer and leader of China's financial leasing industry, Far East Horizon has always upheld the tenet of "serving the upgrading ambition of cities and industries", continued to tap deep into the nine major sectors closely related to the national economy and people's livelihood, and furnished customers with comprehensive solutions with financial leasing as the core. In 2021, the Company effectively unleashed the operational potential of the traditional financial business, continuously enhanced the value dimensions of services, and made operational progress at a steady pace. As a result, there was a rise in its annual operating results and customer base throughout the year.

>>> Tapping Deep into Nine Primary Sectors Closely Related to the National Economy and the People's Livelihood



Business units increased to <b>148</b>	Offices in nearly <b>30</b> cities	Front-line business teams of over <b>3,000</b> persons
--	------------------------------------	--

**Making Smooth Progress in the New Financial Business**

Relying on the resources of traditional financial business in terms of customers, channels, and other spheres, the new financial business of the Company continued expanding its service dimensions to cover inclusive finance, commercial factoring, infrastructure investment, overseas business, asset business, equity investment, etc. Thanks to the synergy formed with the traditional business, it shifted the focus from model explorations to steady progress. Consequently, its incremental value became apparent rapidly.

>>> Pressing ahead with the New Financial Business



In 2021, the new financial business contributed RMB **1,856** million in interest income, with a year on year increase of **79.78%**.

## 4.2 Serving the Real Sector

### Improving Access to Finance

Far East Horizon fully implements the decisions and arrangements made by the CPC Central Committee and the State Council on promoting the healthy development of small and medium-sized enterprises (SMEs). Relying on Far East Inclusive, one of its wholly-owned subsidiaries engaged in financial leasing business for small and medium-sized enterprises, the Company continues to increase its financing support for micro, small and medium-sized enterprises (MSMEs) as a move to stimulate their innovative vitality and development momentum. By doing so, it aims to further improve the accessibility of financing for MSMEs.

Relying on its Shanghai Headquarters, Far East Inclusive has set up branches in many top 100 cities across the country including Suzhou, Shenzhen, Tianjin, Jinan, Zhengzhou, Nanjing, Ningbo, Chengdu, Wuhan, Guangzhou, and Xiamen. This makes it possible for the subsidiary to quickly reach every part of China. At the same time, it also keeps enhancing the breadth and depth of its regional coverage, and is committed to creating an innovative service model of inclusive finance for SMEs in all domestic industries.

Far East Inclusive keeps on innovating its products and services and improving its standard and differential service ability in order to provide MSMEs with a wealth of financial products and supporting services to meet their financial needs for equipment purchase, research and development (R&D) investment, and liquidity replenishment. While helping these enterprises reduce costs and increase profits through intensive purchase or optimized management, the subsidiary also provides all-round financing solutions for individual consumers to enhance their living standards.

In 2021, Far East Inclusive provided more than **3,000** MSMEs with inclusive financial services worth nearly RMB **10** billion, which covered over **10** industries such as machinery processing, electronics, textiles, printing, automobiles, and medical care.

In 2021, Far East Inclusive was named as the "**Leading Enterprise in Serving the Real Economy**" at the Global Leasing Industry Competitiveness Summit.



## • Meeting Diversified Financing Needs

Keenly aware that MSMEs, a customer group coming in a large number and distributed extensively, usually need small amounts of funds urgently, Far East Inclusive in 2021 launched a diversity of products and services to meet financing needs of these enterprises.

### Helping SMEs in the Biotechnology Industry Solve the Problem of Raw Material Import

A biotechnology company is a high-tech enterprise dedicated to R&D, production, and sales of amino acids and their derivatives. Its series of amino acid products have swept many awards and honorary titles at the national, provincial, and municipal levels.

The global spread of the COVID-19 pandemic has made amino acids, the growth media of COVID-19 vaccines, a raw material headily relying on import. Aware that the company needed working capital to set up a laboratory dedicated to independent research and development of amino acids, Far East Inclusive in 2021 supplemented its operating capital by providing leaseback products, a move that helped the enterprise ease its reliance on the imported raw materials.



Warehouse of the biotechnology company



Factory of the biotechnology company

In addition, Far East Inclusive has always been committed to improving the availability of financial services for SMEs in remote areas, so as to address the problems they face in terms of difficult and expensive financing.

In 2021, Far East Inclusive continued to provide MSMEs from such remote areas as northern Shaanxi and Gansu with financing services worth nearly RMB **50** million.

### Improving the Accessibility of Financial Services for SMEs in Remote Areas

A petroleum machinery company, a private SME based in Yan' an City, Shaanxi Province, specializes in producing oil casing for well-known companies such as China National Petroleum Corporation (CNPC) and Shaanxi Yanchang Petroleum (Group) Corp., Ltd. Located in a place more than 300 kilometers away from Xi' an City and with a poor financing environment, the company could get limited loans from banks through complicated approval procedures. This financial dilemma has seriously held back local enterprises from business expansion and development.

Due to the impact of the COVID-19 pandemic, the oil casing producer in 2021 was faced with dual pressure: the soaring prices of the raw materials and a backlog of orders. To ensure on-time delivery and protect itself from cost hikes caused by the continuously rising raw materials, it needed a large amount of money to purchase raw materials within a short period of time. Informed of this, Far East Inclusive moved fast to wrap up a survey on the enterprise and provided it with funds by the means of old equipment leaseback within one week. Thanks to Far East Inclusive, the enterprise got the money it needed to stockpile some raw materials.



Factory of the petroleum machinery company

While meeting customers' diversified financing needs, Far East Inclusive has actively practiced the concept of green development. It endeavors to tighten ESG risk control over customers, by closely tracking the orientation of macro-economic and industrial policies, paying attention to the latest developments in and risk positions of the industries with high ESG risks, and strictly restricting the access of high-ESG risk enterprises with high pollution and overcapacity.

### • Empowering Customer Services with Cutting-edge Technologies

To build a scientific, advanced, and full-fledged operation system for inclusive finance and effectively support the development of MSMEs, Far East Inclusive takes customer experience as the center and makes full use of cutting-edge technology to empower its customer services for these enterprises. It provides them with the efficient and convenient services that are standardized, intelligent, and online, by continuously optimizing the operation process, responding to customer needs in a timely manner, and improving the efficiency of customer services.



### Technology-enabled Improvement in Customer Service Efficiency

To withstand the severe impact of the COVID-19 pandemic, Far East Inclusive has actively answered the call of the State for fighting the unprecedented public health crisis with financial strength. Being the first to combine "finance" and "technology", it relied on the WeChat account of Far East Inclusive to bring the full-process services online and meet financing needs of MSMEs promptly. In doing so, it helped these enterprises ease their supply and demand imbalance and financial shortage, making it possible for them to resume work and production as soon as possible. Far East Inclusive saw its business presence extended across the countries, including some remote areas such as Inner Mongolia, Xinjiang, and Yunnan.

Far East Inclusive operates a WeChat account that offers various functions such as online customer acquisition, electronic contracting, logistics surveying, rent surveying, bill surveying and online customer service. Its business personnel can get quickly informed of the financing needs submitted by customers through the WeChat account, and conduct remote due diligence using artificial intelligence (AI), big data, risk engine, and other technologies to assess their qualifications and identify their risks comprehensively and effectively. In this sense, the subsidiary is enhancing the accessibility of financial services for MSMEs with the help of technologies.



WeChat account of Far East Inclusive

### Guaranteeing Social Development and People's Livelihood

Laser-focused on serving the urban upgrading drive, Far East Horizon actively increases its business presence in many fundamental industries that underpin people's livelihood and stabilize economic growth, such as healthcare, educational institutions, urban public transportation, urban rail transit, water production and supply, electricity production and supply, and gas production and supply as well as a host of industries associated with new urbanization, including highway, railway, airport, port, and other major infrastructure construction. In doing so, it endeavors to boost the development of the industries closely related to social development and people's livelihood.

Shanghai Horizon Construction Investment Co., Ltd. (referred to as "Horizon Construction Investment") is a professional infrastructure investor and operator of Far East Horizon. Spearheaded by Far East Horizon's business philosophy of "finance + industry" and relying on its compelling investment and financing capabilities, full life-cycle project management capabilities, and open industry resources integration capabilities, Horizon Construction Investment provides governments and various types of public institutions and enterprises with a full range of investment management services, such as project investment and financing, engineering construction management, and post-investment operation. It has the mission to serve the urban upgrading drive with social capital and to build an ecosystem of infrastructure investment and operation with joint efforts.

As at the end of 2021, Horizon Construction Investment cumulatively invested in and operated more than 30 infrastructure projects with the assets under management (AUMs) exceeding RMB30 billion. The projects have served cover municipal roads, landscaping, water affairs and environmental protection, urban renewal, exhibition halls on campus, and other key projects related to the well-being of the people. In the process, the subsidiary has made serving the improvement to people's livelihood with financial strength a thing deeply rooted in its DNA.

In 2021, Horizon Construction Investment had **23** ongoing projects, including **11** in the road and bridge category, **five** in the campus-based exhibition hall category, **three** in the water environment category, **two** in the landscaping category, and **two** in the urban renewal category.

### Supporting the Improvement of Water Bodies in Urban Areas of Sihong County to Create a Better Living Environment for Local Residents

The rainfall-sewage shunting and development zone-based sewage treatment plant (including the supporting pipeline network) project, invested by Horizon Construction Investment in the urban areas of Sihong County, is located in Suqian City, Jiangsu Province, and it is a public project initiated by the Suqian Municipal Government to protect the ecological environment of the Yangtze River basin, relieve the local pressure of sewage treatment, and improve the economic benefits of sewage treatment projects in response to national policies. Upon completion, it is expected to create a high-quality urban water environment for local residents in Suqian City, which features a good drainage system, the healthy ecology, and intimate human-water interactions.

As part of the two-phase project, the sewage treatment plant adopted the cutting-edge techniques with the designed treatment capacity up to 50,000 m<sup>3</sup> per day. In 2021, the first phase of the project was handed over and officially went into operation. It could treat sewage in 25,000 m<sup>3</sup> per day, has a wastewater collection system of more than 240 kilometers in length, and serves over 300 enterprises. The implementation of this project would be of great significance to improving the water quality in the urban areas of Sihong County and the living environment of local residents. Meanwhile, it also attests to Horizon Construction Investment's active response to the national call for water pollution prevention and control by facilitating the fundamental improvement of urban water bodies.



Photo of the sewage treatment plant



Comparison of wastewater quality before and after treatment

In addition, the Company continuously taps deep into the field of consumer goods, which is centered on the people. Riding on the industrial trend of consumption upgrading, it provides diversified financial solutions for customers in various industries such as textile and apparel, light manufacturing, food and beverage, trade and retail, and packaging and printing, in an effort to help upgrade and develop the sector of consumer goods in China.

In 2021, the Company invested RMB8,002 million in the enterprises from the consumer goods sector.

### Providing Diversified Financial Services for Food Processing Enterprises in the Remote Areas

A food processing plant, established in 2009 in Fujian, is a comprehensive meat food enterprise that specializes in further processing of bacon, a type of salt-cured pork popular in the western world, and also engages in swine breeding and fattening, feed processing, and slaughtering and meat cutting.

The enterprise is located in the remote areas of Sanming City, where financing usually proves to be difficult and expensive for local enterprises. One priority on the Company's agenda is to support leading enterprises in remote areas. Informed of the food processing plant's financing needs, the Company in 2021 invested RMB20 million in it along with a diversity of financial services such as direct investment through trust and leaseback products to support its business development.



Warehouse of the investee enterprise



Plant of the investee enterprise

## Fueling the Transformation and Upgrading of Industries

The Company encourages the involvement in the innovation-led, technology-enabled, intelligent upgrading drive of many manufacturing sectors, such as high-end new materials, major technical equipment, intelligent manufacturing and robot technology, aero-engines and gas turbines, industrial application of the BeiDou Navigation Satellite System (BeiDou), new energy vehicles and intelligent vehicles, high-end medical equipment and innovative medicine, and advanced agricultural machinery and equipment. In doing so, it aims to propel these industries towards high-quality development.

### Promoting Technical Upgrades of Packaging and Printing Enterprise

In 2021, the Company provided a full package of financial services for more than 10 packaging and printing enterprises in South China. It invested about RMB500 million to finance their technical upgrades.

One of the investee enterprises is a leading packaging printing enterprise in the Pearl River Delta region, mainly producing color boxes, manuals, and self-adhesive printing. After cooperating with the enterprise for many years, the Company in 2021 granted it a credit line worth RMB120 million, mainly used for purchasing advanced production equipment, constructing the sewage and exhaust gas treatment systems, and performing the coal-to-gas conversion. With the financial support, the enterprise could adopt low-carbon production and reduce environmental pollution, while seeking business development.



Plant of the packaging and printing enterprise invested

## 4.3 Providing Quality Services

### Technology-enabled Business Development

Based on the strategy-oriented and user-centered positioning, Far East Horizon makes full use of big data and other technologies to continuously improve the IT-related internal operation system, strengthen the IT infrastructure construction, and improve the training of IT team. It is devoted to transforming the functional management system and the core business system towards digitalization, Informatization and intelligence on all fronts.

In 2021, the Company mainly focuses on traditional leasing business and new financial business to promote informatization transformation work in two major directions. Thanks to the mutual promotion of Informatization and business development, it further improved operational efficiency, reduced operating costs, and provided customers with professional services.

### Digital transformation of traditional leasing business

- **Customer marketing:** The marketing system 2.0 became operational to support the business departments in managing their marketing staff meticulously, performed differentiated precise marketing according to the industries to which customers belong, and helped the marketing personnel to better reach out their customers.
- **Credit extension:** The core leasing system (phase I) was overhauled, where the function of automatically generating customer credit reports was developed with the internal and external data integrated, a design to significantly reduce the time required by the approval of customer credit applications.
- **Post-investment management:** An intelligent collection and underwriting system was developed, which amounted to a comprehensive reconstruction of the previous collection system. The new system could support the automatic write-off of more than 95% of customer repayments, automatic issuance of invoices, and electronic management of various vouchers.

### Informatization of new financial business

- **Development of investment business:** All major business processes, including investment, financing, construction, and operation, were brought online, to improve the operational efficiency and support the fast business expansion in the future.
- **Asset business:** The entire business process went online and got fully integrated with financial affairs, funds, and assets to further solidify the operational system and support the upcoming rapid business expansion.
- **Factoring business:** The supply chain factoring system became operational and was fully connected with the business system of the first core enterprise, to support the automatic disbursement of funding, a design that could meet the financing needs of customers more conveniently than before.
- **Inclusive finance business:** Efforts were made to continuously upgrade the core business system and launch the customer service platform app and the channel service platform app, with a view to supporting business development in a mobile way.
- **Innovative business:** The approval process was fundamentally reshaped to make operations more user-friendly. New product and business processes were launched for overseas business.

Meanwhile, the Company empowered risk control with IT means. By building an asset forewarning platform, it could provide accurate, timely, and comprehensive data and information services for the business processes, which made it possible to achieve automatic screening of and forewarning about asset risks, and push early warnings to asset managers automatically. While improving the efficiency of risk control, the Company further refined the asset control system, which combined manual prevention and IT-enabled prevention.

In 2021, the Company invested nearly RMB **80** million in informatization, and had an IT team of nearly **80** people.



## Enhancing Service Quality

Far East Horizon always bases its sustainable development on a customer-centric approach. It keeps optimizing the customer service system and promoting customer service innovation to provide high-quality, diversified, one-stop services. While meeting their needs, the Company endeavors to offer them professional services and create greater value for them.

### >>> Customer Service Commitment

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

In 2021, the Company operated a customer relations management system that covered many aspects such as consulting service, satisfaction surveys, and customer activity, with an aim to get customers' voice heard and figure out what they would really need.

### >>> Customer Relations Management System

<b>Unimpeded consulting service channels</b>	<ul style="list-style-type: none"> <li>• Official website of Far East Horizon</li> <li>• WeChat official accounts of the Group and its industry sectors</li> </ul>
<b>Regular customer satisfaction surveys</b>	<ul style="list-style-type: none"> <li>• Regular telephone follow-ups</li> <li>• Cross-visits to customers</li> <li>• Survey of feedback on market activities</li> <li>• Customer complaint handling mechanism</li> </ul>
<b>Various sorts of customer activities</b>	<ul style="list-style-type: none"> <li>• Industry clubs</li> <li>• Customized courses of all sorts</li> <li>• Industry summits</li> <li>• Visits to model enterprises</li> </ul>

## Information Security and Privacy Protection

Far East Horizon attaches great importance to protecting customers' information and privacy, and is dedicated to establishing long-term trustworthy business relations with customers. In strict accordance with the pertinent laws and regulations such as the *Data Security Law of the People's Republic of China*, the *Cyber Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*, the Company has formulated and strictly implemented a set of internal documents including the *Information Security Management Measures* and the *Hierarchical and Classified Information Management Rules*, which clearly define the accountability



provisions for the breach of confidentiality as well as the scope of confidential information accessible for employees and their related permissions, and set out the rules on the grading and classification of information assets and the desensitization of personal information to effectively protect the information security of customers.

The Company has established an information security management structure, where the Strategic Center, the Human Resources Department, and the Internal Audit Department are jointly responsible for the information security management across the board. It makes sure through supervision that employees sign the *Position Confidentiality Commitment Letter* and departmental managers sign the *Confidentiality Responsibility Commitment Letter*, as a move to continuously raise the awareness of information confidentiality among all staff members.

In addition, the Company uses its customer marketing management (CMM) system to manage customer information in a centralized way, and adopts strict access control measures to protect customer information. In 2021, no customer privacy leak occurred at the Company.

## Datasheet of the Chapter

### Economic Performance

Indicator	Unit	2019	2020	2021
Total revenue	RMB100 million	268.56	290.42	336.44
Profit before tax	RMB100 million	71.45	75.08	100.13
Total tax payment	RMB100 million	45.00	43.00	50.22
Total assets	RMB100 million	2,605.71	2,999.27	3,358.80
Government grants <sup>1</sup>	RMB10,000	6,526.30	7,375.90	28,055.80
Salary and welfare of employees	RMB10,000	319,412.40	348,451.30	419,734.70

Note 1: The Company adjusted the data caliber of Government grants based on the data disclosed in the corresponding annual reports.

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

Indicator	Unit	2019	2020	2021
Complaints received on products and services	Piece	2	5	4
Complaint handling rate	%	100	100	100

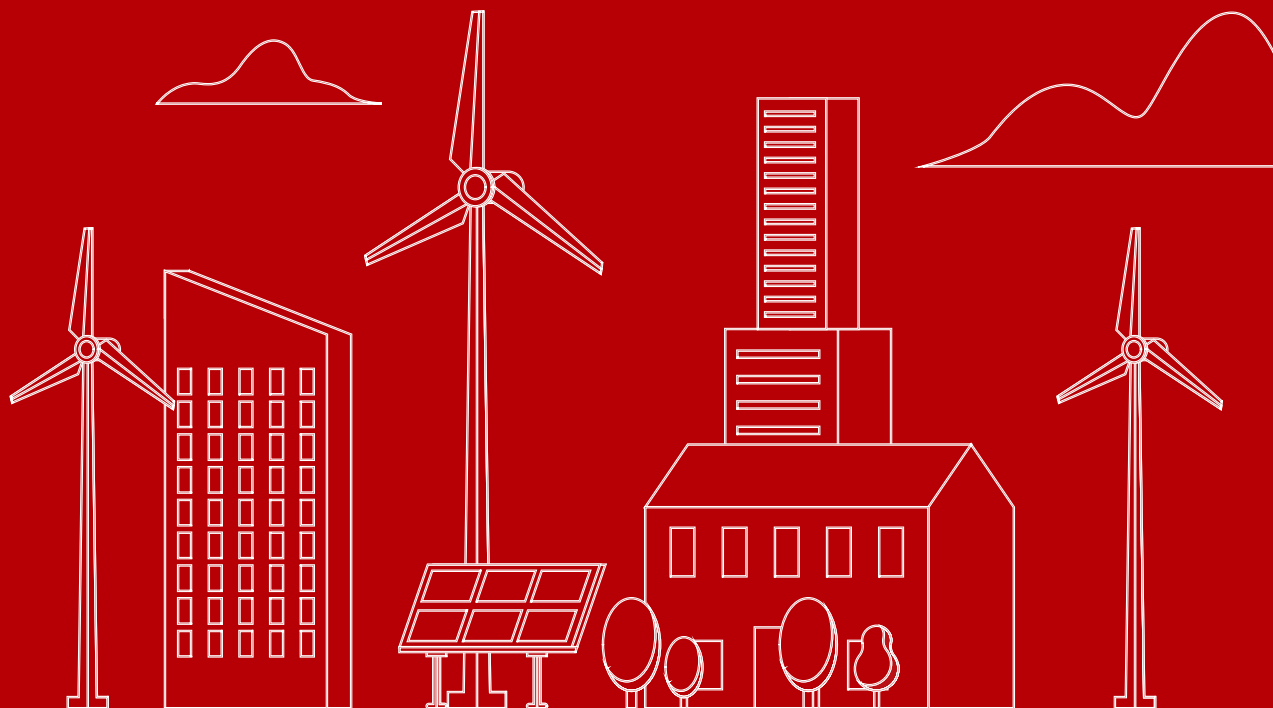
# Seeking Green Development to Move toward the Carbon Peaking and Neutrality Goal

---

## Material topics addressed

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

## The UN SDGs aligned



## 5. Seeking Green Development to Move toward the Carbon Peaking and Neutrality Goal

### 5.1 Responding to Climate Change

How to deal with climate change is a global issue facing the entire mankind. After the goal of peaking carbon dioxide emissions and achieving carbon neutrality (referred to as "the carbon peaking and neutrality goal") was proposed in China, the CPC Central Committee and the State Council in September 2021 issued the *Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy* and the *Action Plan for Carbon Peaking before 2030*, two documents that made systematic planning for and steady headway in the realization of the carbon peaking and neutrality goal on schedule.

#### Climate Change Management System

As an active response to the major concerns of governments, investors and other stakeholders across the world for coping with climate change, Far East Horizon works to identify, assess and analyze the climate change risks and opportunities as suggested by the climate change information disclosure framework of the Task Force on Climate-related Financial Disclosures (TCFD) under the Financial Stability Board (FSB). While effectively managing climate change risks, the Company will seize the opportunities arising from climate change so as to minimize the carbon footprint its operational activities cause.

In 2021, the Company got a B- rating from the Center for Global Environmental Information Research (CDP) after answering its questionnaires on climate change, which placed it among the top Chinese companies in the industry. Besides, it was also ahead of many global peers in climate governance, carbon reduction actions, and climate opportunity disclosure, among other domains.

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



<b>Governance</b>	<ul style="list-style-type: none"> <li>• The Board of Directors reviews the annual ESG Report that covers the material topics such as climate change mitigation and adaptation, considers and approves many aspects of content including the climate change management system, the identification and analysis of climate change risks and opportunities, and the climate change response measures, and directs all relevant departments to make efforts to address climate change every year;</li> <li>• The ESG Committee under the Board of Directors shall identify the ESG risks and opportunities, including climate change factors, and assess the impacts of climate change risks and opportunities on the Company;</li> <li>• A cross-departmental environmental management group is established under the ESG Committee's Implementation Taskforce, and dedicated environmental management personnel are deployed for the subordinate platforms to manage and control climate change risks;</li> <li>• At the Company, climate change mitigation and adaptation is high on the daily agenda of relevant departments.</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>• Identify and analyze major climate change risks and opportunities, evaluate their possible influence on the Company's operation and financial standing, and plan to conduct quantitative assessments of risks and opportunities in the future;</li> <li>• Take related management actions and countermeasures in terms of low-carbon operation, response to climate change-induced natural disasters, and support for clean energy development, among other domains.</li> </ul>
<b>Risk management</b>	<ul style="list-style-type: none"> <li>• Identify the potential risks and opportunities of the Company's business and operational activities with reference to the risk analysis framework of TCFD;</li> <li>• Plan to incorporate the risks and opportunities related to climate change into the comprehensive risk management in the future.</li> </ul>
<b>Metrics and targets</b>	<ul style="list-style-type: none"> <li>• Determine the accounting boundaries through the operational control method. The carbon accounting was conducted within the scope of group-wide consolidated statements in 2021;</li> <li>• Plan to regularly monitor, make statistics of, analyze, and disclose its carbon emission-related performance, pursue vigorous carbon reduction measures, and set and publish a carbon neutrality target within 2022;</li> <li>• Disclose the progress towards the established target in the annual ESG report to evaluate the Company's performance in managing climate change response, and develop the plan for improvement.</li> </ul>

## Identifying and Responding to Risks and Opportunities

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

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



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

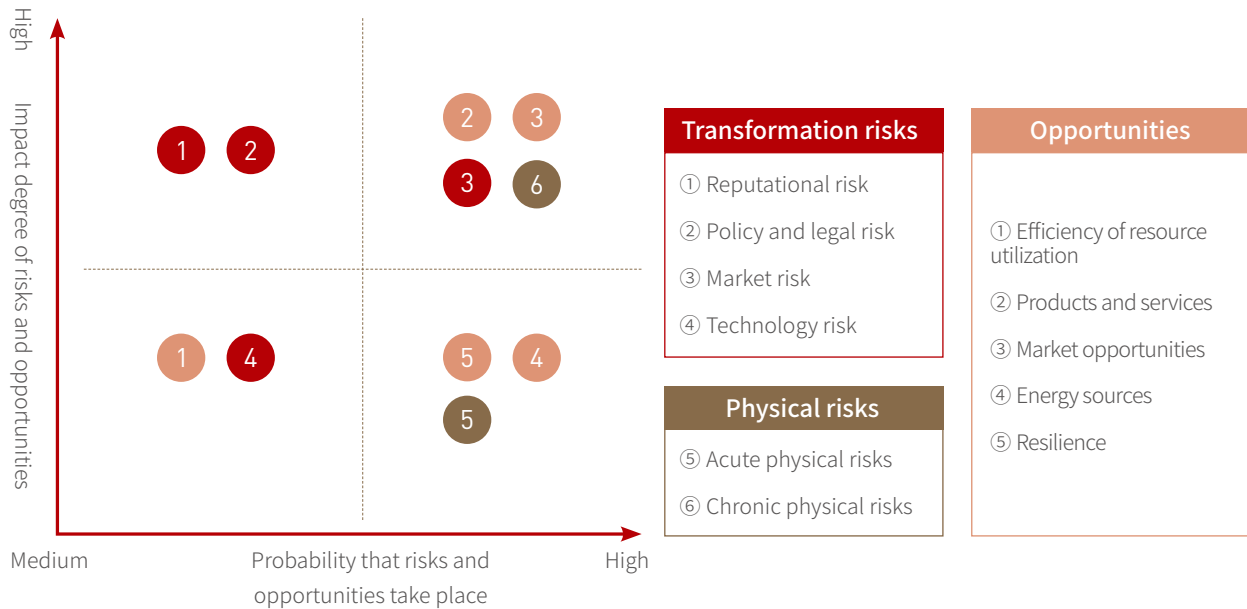
### >>> Financial Impact Analysis of Climate Change Risks

Risk type	Description	Potential financial impact
① Reputational risk	With the introduction of the carbon peaking and neutrality goal and related policies, stakeholders expect the Company to take active management actions and increase the transparency of information disclosure in addressing climate change. The Company may see its reputation impacted adversely, if it fails to adequately respond to stakeholders' appeals in areas such as developing green finance, restricting carbon-intensive industries, and providing green equipment/products.	Operating cost ↑ Operating income ↓ Value of investment portfolio ↓
② Policy and legal risk	As the Chinese government tightens its environmental regulation and continues to introduce policies related to climate change information disclosure, the clients/investment targets from the carbon-intensive industries may incur higher operating costs. The resulting hike in credit risk or decrease in valuation will, in return, affect the Company. At the same time, clients/investment targets/industrial entities of the Company, if failing to meet regulatory requirements for environmental management, may be exposed to such risks as litigation, fines, and credit default, which will, in return, affect the Company.	Operating cost ↑ Operating income ↓ Value of investment portfolio ↓
③ Market risk	In the context of the carbon peaking and neutrality goal, consumers will adjust their spending habits. As sustainable consumption gains more popularity, customers/investment targets may be exposed to many aspects of market risk, including the growing costs of raw materials and the diminishing demand for energy-intensive products and services. Meanwhile, customers raise an increasingly expanded demand for energy-saving products. If the Company fails to offer energy-efficient products or equipment, it can do nothing but see its products and services losing their appeal.	Operating income ↓ Value of investment portfolio ↓
④ Technology risk	With the development and extensive adoption of energy-saving equipment and technologies, traditional energy sources and energy-intensive equipment risk being replaced. In this expectation, clients/investment targets from the carbon-intensive industries may incur higher operating costs. The resulting hike in credit risk or decrease in valuation will, in return, affect the Company. At the same time, the Company's equipment operation business may see an increase in operating costs due to the introduction of energy-efficient and carbon-neutral equipment/technologies.	Operating cost ↑ Operating income ↓ Value of investment portfolio ↓
⑤ Acute physical risk	The frequent extreme weather events such as rainstorms and typhoons may disturb the normal operations of clients/investment targets. The resulting increase in their credit risk exposures or a decrease in their valuation will, in return, affect the Company. At the same time, the Company's business segments may also suffer economic losses due to operational disruptions caused by extreme weather conditions.	Operating cost ↑ Operating income ↓ Value of investment portfolio ↓
⑥ Chronic physical risk	In case of such abnormal climate conditions as hot-weather spells and rising sea levels, the Company's clients/investment targets in such sectors as agriculture, forestry, husbandry & fishery may see their normal production and operation impacted adversely, thus reducing their profitability. Meanwhile, the continuous high-temperature weather caused by climate change may suspend the operation of the Company's construction segment, hence causing negative influences such as delays in engineering projects and increased work-related injuries on construction sites.	Operating cost ↑ Value of investment portfolio ↓

>>> Financial Impact Analysis of Climate Change Opportunities

Opportunity type	Description	Potential financial impact
① Resource efficiency	Increasing the efficiency of resources consumed such as energy and water is a good way to help the Company lower down its operating costs.	Operating cost ↓
② Products and services	As China is transforming into a low-carbon economy, the preference of consumers for low-carbon products will lead to a surge in the demand for energy-saving and eco-friendly products, renewable energy sources, and green buildings. Green products and services are expected to provide the Company with room for revenue growth.	Operating income ↑ Value of investment portfolio ↑
③ Market opportunities	Under a favorable policy environment of carbon neutrality, SMEs engaged in energy conservation and environmental protection will demonstrate the greater financing demand. Green finance will become increasingly favored in the market. Meanwhile, the low-carbon and eco-friendly revolving materials produced by the Company's equipment operation sector will be more preferred by consumers, which promises room for revenue growth.	Operating income ↑ Value of investment portfolio ↑
④ Energy sources	The extensive application of innovative green technologies keeps bringing down the cost of low-carbon and renewable energy. The increasing application of low-carbon and renewable energy in operation activities will help reduce operation costs.	Operating cost ↓
⑤ Resilience	To boost its climate change adaptability, the Company can get involved in renewable energy projects, adopt energy-efficient measures, and choose eco-friendly suppliers and partners.	Operating cost ↓

>>> Matrix of Climate Change Risks and Opportunities



Based on the assessment and analysis results of climate change risks, the Company moves actively to manage risks and seize opportunities in a targeted way. It is committed to mitigating and adapting to climate change.

>>> Climate Change Risk and Opportunities Management Measures

Risks and opportunities	Management measures
Climate change risks	<ul style="list-style-type: none"> <li>• Communicate the Company' s response to the topic of climate change mitigation and adaptation to stakeholders through its ESG report, official website, WeChat public account, and other channels.</li> <li>• Keep monitoring extreme weather events and feed relevant information back to business departments and industry sectors. Include climate change factors and geological factors in the due diligence process and the investment decision-making process.</li> <li>• Draft contingency plans for typhoons, floods, and other extreme weather events, come up with a set of emergency response measures such as daily inspection, weather alarms, shift scheduling, patrolling, disaster relief, and spending RMB12,700 bought an adequate number of emergency supplies such as raincoats, helmets, flashlights, sinking pumps, sandbags, and warning lines.</li> <li>• Assemble the <i>List of Industries Classified for Access</i>, where high-risk industries such as carbon-intensive industries are listed as "restricted" or "compressed" to scale down the business conducted with them.</li> <li>• Horizon Healthcare' s member hospitals establish contingency plans and management systems for extreme weather and other emergencies, and mitigate climate impacts through organizing emergency drills, hosting/attending disaster prevention and mitigation workshops, conducting disaster vulnerability analysis, etc.</li> <li>• Horizon Construction Development has established a full-process management system from forewarning to emergency response and disposal to cope with climate change risks such as extreme weather events. It has compiled a complete set of practical documents including the <i>Manual for Inquiry into and Feedback of Abnormal Warnings</i>, the <i>Emergency Response Manual for Disastrous Weather</i>, and the <i>Typhoon Response Manual</i>, and taken climate factors into account in the selection and operation of business premises.</li> </ul>
Climate change opportunities	<ul style="list-style-type: none"> <li>• Continue to refine the special support plan for green buses, the special support plan for green environmental protection, and other similar plans, in an effort to facilitate the building of green city.</li> <li>• Draft the <i>Standards for Management of Credit Lines Extended to Municipal Public Utilities</i>, which defines specific credit policies for public transportation, heating, and other enterprises, and encourages the acquisition of quality customers engaged in municipal public utilities and eco-friendly undertakings.</li> <li>• Vigorously develop and apply eco-friendly products like energy-saving equipment under the financial and industrial business segments.</li> <li>• Actively invest in and operate new energy projects such as solar PV power generation. Horizon Construction Investment made new investments in 40.03MW distributed PV projects in 2021.</li> <li>• Horizon Education added six charging piles for new energy vehicles to encourage its faculty members to choose new energy vehicles for commuting.</li> </ul>



In 2021, the Company took the impact of climate and geological risk factors as an important consideration in the stage of due diligence and listed them as an evaluation dimension in the *Due Diligence Report of Project Management Center*. By doing so, it examined the climate or geological risks involved in the projects during the due diligence, assessed the degree of their impact through interview, surveying, and retrieval of historical data, among other methods, and generated due diligence reports. The due diligence results of climate or geological risks could be divided into three categories: "risks rejected, risks accepted conditionally, and risks accepted".

### Considering Climate and Geological Risks in a Kunming-based Project

While performing due diligence on a project in Kunming, the Company found that the project was built halfway up a mountain. The force majeure events facing it included climate and geological risks exemplified by rainstorm-inflicted landslides and mudslides. After a comprehensive assessment by field staff and professionals, the Company concluded the risks associated with the project could be accepted on the condition that the slope safety design was intensified.

After the project entered the design stage, the Company requested the project owner to strengthen the slope stability design by taking into account the climate and geological risks identified and evaluated in the earlier stage. It pointed out that slope stability should be maintained not only during construction, but also in the case of severe weather and geological disasters. Particular emphasis was placed on the slope design of the project during the process of design review.

## 5.2 Developing Green Finance

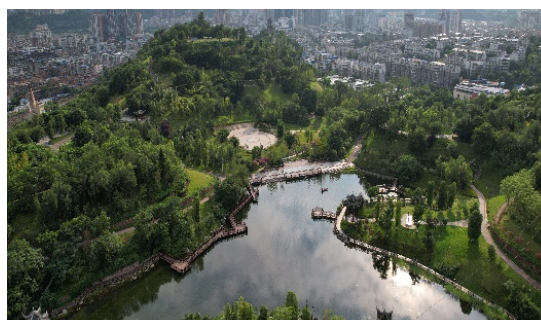
Coping with climate change together and getting actively involved in climate change has become a global consensus. In this context, Far East Horizon acts on the *Guidelines for Promoting the Investment and Financing in Response to Climate Change*, gives full play to its professional advantages, and provides investment and financing services such as financial leasing, investment and construction, and bond issuance for green enterprises, so that they can work together to grasp green development opportunities and propel green industries towards high-quality development.

In 2021, Horizon Construction Investment helped add **40.03** MW distributed solar PV capacity through investing in new projects, which brought green, low-carbon electricity to **16** power-using enterprises. Meanwhile, it also offered different types of companies emission reduction solutions centered on distributed solar PV power. As at the end of 2021, the projects that had been contracted but not constructed totaled **111.24** MW.

### Building Ziyang into a Sponge City Better Adaptable to Environmental Changes

Fengling Park in Ziyang City was originally a quake lake. At the beginning of project design, Horizon Construction Investment thoroughly considered the impact of water on the lake, mountain, flora and fauna, and the city as a whole from seven dimensions: eco-friendly roads, eco-friendly grass ditch bands, rainwater garden, sunken green space, rainwater storage facilities, rainwater wet ponds, and plant design. A well-designed drainage system was constructed, to make sure rainwater could be harvested and flow into the mountain lowlands to form the Yanhu Lake, where dredging, lake bottom replacement, introduction of aquatic plants, and other ways were used to guarantee the water clarity.

In addition, Horizon Construction Investment optimized the existing road network in the park. Circular walking trails were constructed to accommodate the mountainous terrain, which consisted of six kilometers greenways and 22 kilometers tourist trails. These roads were largely paved with permeable bricks, sandstone and permeable asphalt. Thanks to the sponge city design, the project could make Ziyang City highly resilient to environmental changes and rainwater-induced natural disasters. It won the "Tianfu Cup" award in 2021.



Photos of Fengling Park upon completion

### Supporting Energy-saving Renovation of Old Buildings in Taiyuan

In 2021, Horizon Construction Investment continued to support Taiyuan City in its old building retrofitting project for energy efficiency. The project involved the renovation of building areas in 10.01 million m<sup>2</sup>, benefiting 450,000 local residents in more than 600 residential complexes across six urban areas of Taiyuan City. Upon renovation, old residential buildings would be mounted with thermal insulation materials, which are conducive to maintaining comfortable room temperature around the year, and reducing the use of air-conditioning and other energy-intensive equipment.

The project is scheduled between 2020 and 2022. Upon completion, it is expected to avoid 211,800 tons of standard coal consumption a year, which can be converted into an economic income of RMB161 million. Since the implementation, it has been widely covered by many mainstream media outlets, including Sina.cn, Xinhua News Agency, and news.cctv.com, and highly recognized by the general public.



Photo of buildings before renovation



Photo of buildings after renovation

In addition, Far East Horizon also provided financial support for the green development of the Chinese society by issuing green ABSs, issuing Sustainability-Linked Bonds, and signing Green Club loan agreements. In doing so, it contributed to the building of an eco-friendly society.

#### Issuing green ABSs

In April 2021, Far East Horizon issued the fourth tranche of green ABSs worth RMB3,089 million in the year, with the underlying assets including 42 green projects such as PV power generation, solar power generation, urban landscaping, and sewage treatment, to implement the concept of green development and serve the sustainable development of the real economy.

#### Issuing Sustainability-Linked Bonds

In November 2021, Far East Horizon successfully issued its first RMB150 million Sustainability-Linked Bonds in the Chinese market. The proceeds raised would be used to support a variety of sustainable development goals, such as climate action, health and well-being, social equality, decent work, and clean water. The beneficiaries could include the elderly, rural residents, the under-educated, and the unemployed, among others.

#### Signing Green Club loan agreements

In June 2021, Far East Horizon successfully signed USD450 million offshore Green Club loan agreements with nine banks, including Sumitomo Mitsui, Chinatrust Commercial Bank, China Everbright Bank, Standard Chartered Bank, OCBC Bank, and Industrial Bank. The proceeds raised would be mainly used for renewable energy, pollution treatment, efficient energy, and other purposes.

## 5.3 Practicing Green Operation

Far East Horizon strictly abides by the applicable laws and regulations including the *Environmental Protection Law of the People's Republic of China*. The Company focuses on water conservation, waste disposal, and waste sorting management, among other aspects, in its daily operations. It actively practices the concept of green office, trying to avoid negative impacts on the environment from its own operations. In 2021, Far East Horizon Plaza passed the certification of the ISO14001 environmental management system, which marked that the Company had established a complete set of environmental management system in terms of environmental policy, management structure, and management scheme. During the reporting period the company's business and operation had no significant impacts on the environment and natural resources and incurred no environmental violations.

The Company works to well balance its operations and environmental protection, prepares to set up a set of targets concerning carbon emission management, energy consumption management, water resources management, and waste management, and actively adopts measures for energy conservation and emission reduction, water resources saving, and waste reduction. By doing so, it does its part in the realization of the carbon peaking and neutrality goal nationwide.

### Environmental Management Targets

- Carbon emission management: The GHG emissions per unit revenue of the Company in 2021 was 8.35 tCO<sub>2</sub>e /RMB1,000,000. It planned to regularly monitor, make statistics of, analyze, and disclose its carbon emission-related performance, pursue vigorous carbon reduction measures, and set and publish a carbon neutrality target within 2022.
- Energy consumption management: The energy consumption per unit revenue of the Company in 2021 was 0.98 tce /RMB1,000,000. It planned to regularly monitor, make statistics of, analyze, and disclose its energy consumption-related performance, pursue vigorous energy conservation measures, and set and publish a carbon energy consumption reduction target within 2022.
- Water resources management: The water consumption per unit area of the Company in 2021 was 0.76 m<sup>3</sup>/m<sup>2</sup>. It planned to regularly monitor, make statistics of, analyze, and disclose its water resources utilization-related performance, pursue vigorous water recycling and conservation measures, and set and publish a water consumption reduction target within 2022.
- Waste management: The solid waste per unit area of the Company in 2021 was 6.73 tons per m<sup>2</sup> and the hazardous waste per unit area was 1.56 tons per m<sup>2</sup>. It planned to gradually improve the statistical standards and take vigorous waste reduction measures, to control the two indicators at a fairly low level.

## &gt;&gt;&gt;Green Operation Measures at Far East Horizon Plaza

Key aspects		Specific measures
Far East Horizon Plaza	Green building	<ul style="list-style-type: none"> <li>Far East Horizon Plaza embeds a host of green and energy-saving concepts into its entire lifecycle, which runs through design, construction, and operation, and guides through many aspects of its operation, including energy conservation and utilization, water-saving and utilization, and material saving and utilization.</li> <li>It won the Certificate of Green Building Design Label (Two-Star) from Shanghai Green Building Council.</li> <li>It passed the certification of the ISO14001 environmental management system.</li> </ul>
	Electricity use management	<ul style="list-style-type: none"> <li>The rooftop solar array is installed as an auxiliary hot water supply. In 2021, it helped avoid electricity consumption of about 85,700 kWh.</li> <li>Escalators adopt motion sensing control to realize automatic deceleration when there is no passenger.</li> <li>LED lights are used for illumination. The intelligent lighting control system is installed in the basement garage, so that the lighting of parking spaces and driveways can be turned on or off intelligently for different time periods, a move that greatly reduces the energy consumption of the facility.</li> <li>Invite employees to join the low-carbon workplace initiative, draft the Workplace Management Rules, and ask employees to shut down their computers and power switches before they go off duty every day.</li> </ul>
	Utilization of water resources	<ul style="list-style-type: none"> <li>Since the water comes from the municipal supply, there are no problems in obtaining water sources.</li> <li>Set up a rainwater harvesting pond, and use the treated rainwater for planting irrigation, road sprinkling, basement washing, waterscape replenishment, and other purposes. The annual rainwater reused reached 900 cubic meters.</li> <li>Encourage employees to save water, preferentially purchase water-saving office appliances, and carry out the timely maintenance work on the parts where water leaks.</li> </ul>

Key aspects		Specific measures
Far East Horizon Plaza	Reduction of paper and disposable paper cups consumed	<ul style="list-style-type: none"> <li>• Establish the online office (OA) system to distribute in-house notices and plans in a digital form.</li> <li>• Publish the Green Office Initiative to advocate the double-sided printing, thus saving paper.</li> <li>• Encourage employees to use their own mugs as a move to minimize the use of disposable paper cups.</li> </ul>
	Garbage sorting management	<ul style="list-style-type: none"> <li>• To disseminate the detailed rules on garbage sorting, the Company adopts a host of measures, which include releasing online notices, playing information videos, and placing flyers.</li> <li>• Dustbins for containing dry, wet, recyclable, and hazardous wastes separately are placed in such areas as elevator hall and elevator lobby.</li> <li>• Promote the "clean plate" campaign, release the Initiative to Stop Unnecessary Spending and Waste and the Notice on Stopping Food Waste, and set up the Conduct Liability Committee of Far East Horizon for supervisory inspection.</li> <li>• Wastes are collected and transported on a fixed schedule. The Company collects 18 bins of dry wastes per day and 14 tons of recyclable wastes per year.</li> </ul>
	Management of solid waste and effluent	<ul style="list-style-type: none"> <li>• Domestic waste is collected and transported by the Property Service Department in a centralized way, and electronic waste is disposed of by the qualified agencies that the Company has entrusted.</li> <li>• Effluents collected from the underground garage cannot be discharged into the sewage system, unless it is treated through the sand sedimentation and oil separation tank.</li> <li>• Oily wastewater from kitchen should be treated through the oil separation tank and then discharged into the municipal pipes.</li> </ul>



## &gt;&gt;&gt; Green Operation Measures under Three Business Segments

Key aspects		Specific measures
Horizon Construction Development	Environmental management	<ul style="list-style-type: none"> <li>• Its four construction sites passed the certification of the ISO14001 environmental management system.</li> <li>• As per the <i>Environmental Management Measures</i>, it in 2021 formulated a host of new documents, such as the <i>Implementation Rules for Hazardous Waste Management</i>, the <i>Manual for Hazardous Waste Disposal</i>, the <i>Manual for Qualification Reviewers of Hazardous Waste Disposal</i> and <i>Transportation Units</i>, and the <i>Manual for Hazardous Waste Collection and Storage Workers</i> to regulate the hazardous waste management process that consisted of planning, generation, collection, storage, and disposal.</li> <li>• In 2021, the subsidiary spent RMB600,000 on environmental protection, which mainly went to garbage sorting, hazardous waste disposal, pollutant discharge monitoring, and acceptance of eco-friendly facilities upon completion, among other aspects.</li> <li>• In daily operations, additional oil-saving trays and oil-absorbing cotton were installed for the operating environments and locations prone to oil leakage, and environmental emergency response management plans are formulated to deal with unexpected events.</li> </ul>
	Electricity conservation and use of clean energy	<ul style="list-style-type: none"> <li>• Launch the energy-saving and eco-friendly awareness activities, put forth stringent power management requirements, ask employees to turn off lights after leaving the office or during lunch breaks, and stipulate that air-conditioning (A/C) units may not be turned on unless it reaches the prescribed threshold temperatures in summer and winter.</li> <li>• Ground source heat pumps (GSHPs) are used to offer heat supply in workspace, and solar water heating systems are installed at hand washing sinks.</li> <li>• Promote equipment using clean energy. In equipment selection, priorities are given to aerial work platforms (AWPs) that are electrically powered, and for individual models that must consume diesel, the carbon-efficient ones shall be preferred over others.</li> </ul>
	Water saving	<ul style="list-style-type: none"> <li>• Place water-saving signs in office space to remind employees of water conservation, and update to water-saving toilets.</li> <li>• Promote the rainwater harvesting system among all affiliated industry enterprises, hold the storage of recycled water, and get the major water consumption points guarded with dedicated personnel and shut off in a timely manner.</li> <li>• Collect the car washing wastewater for recycling, and use the harvested rainwater for running fountains, washing cars, and other purposes.</li> </ul>



Key aspects		Specific measures
Horizon Construction Development	Reduction of paper consumed	<ul style="list-style-type: none"> <li>• Upgrade the printing and copying equipment and bring the paper usage under administration.</li> <li>• Release the monthly list of employees who consume a large amount of paper as a reminder of paper conservation.</li> <li>• Advocate the reuse of used paper and double-sided printing in office.</li> </ul>
	Exhaust gas and waste management	<ul style="list-style-type: none"> <li>• Enterprises are recommended to rent low-emission equipment to the extent possible.</li> <li>• Promote waste classification, and enhance employees' awareness of environmental protection by conducting waste classification training, equipping classified garbage bins, etc.</li> <li>• General solid waste and hazardous waste are transferred to the corresponding warehouses at regular times every day, and handed over to qualified agencies for disposal on a regular basis.</li> <li>• Retread end-of-life tires for recycling. A total of 14,423 tires were reused, saving about RMB1.1 million.</li> <li>• Upgrade the production techniques, eliminate the outdated production equipment, regularly replace the activated carbon and clean the dust collectors using filter bags, reduce the generation of pollutants from the source, and stabilize or improve the treatment efficiency of pollutants from the end to reduce the pollutant emissions.</li> </ul>
Horizon Healthcare	Environmental management	<ul style="list-style-type: none"> <li>• Formulate internal management policies including the <i>Administrative Measures for the Environmental Protection Work of Horizon Healthcare</i>, which sets out its organization, responsibilities, and working requirements for environmental protection and aims to get the work in this regard done in a more normative way.</li> <li>• Ask member hospitals to regulate their input in environmental protection and ensure their environmental compliance. The environmental protection input mainly consists of expenses arising from the evaluation and monitoring of the environmental impact (radiation safety) caused by new, renovated and expanded projects, expenses incurred by the efforts to regularly oversee whether the discharges of operating enterprises can meet the environmental protection standards (workplace radiation safety), and the expenses caused by the purchase, operation and maintenance of eco-friendly, energy-saving equipment.</li> </ul>
	Electricity saving	<ul style="list-style-type: none"> <li>• Energy-saving LED bulbs are used.</li> <li>• Construct solar PV power projects, which generated electricity of 229,400 Kw·h in 2021.</li> </ul>

Key aspects		Specific measures
Horizon Healthcare	Water saving	<ul style="list-style-type: none"> <li>Water-saving taps are used.</li> </ul>
	Disposal of domestic wastes	<ul style="list-style-type: none"> <li>Domestic wastes produced by hospitals are collected by the sanitation sector and delivered to the municipal waste treatment stations.</li> <li>Kitchen wastes and waste oil in the separation tank are disposed of by the qualified agencies in a centralized manner.</li> </ul>
	Disposal of medical wastes	<ul style="list-style-type: none"> <li>All the member hospitals conduct vigorous management of hazardous wastes, by assigning dedicated personnel, setting up separated storage locations, and preparing specialized containers and packages.</li> <li>The qualified agencies are hired to dispose of medical wastes by the following categories: infectious wastes, injury wastes, pathological wastes, pharomic wastes, and chemical wastes.</li> </ul>
	Disposal of medical effluents	<ul style="list-style-type: none"> <li>All the member hospitals operate effluent treatment facilities stringently, and assign professional personnel to guarantee discharge compliance.</li> <li>Member hospitals are encouraged to adopt the online effluent monitoring system with a view to raising the technical standards for pollution monitoring.</li> </ul>
Horizon Education	Electricity saving	<ul style="list-style-type: none"> <li>Regular checks are conducted on power supply lines and electric appliance. Electric equipment needs to be shut down when not in use, so as to reduce energy consumption.</li> <li>Persons are arranged to take shifts and patrol classrooms except overnight self-study classrooms, so as to ensure that all types of electrical equipment such as air conditioners and lamps can be turned off when not in use.</li> </ul>
	Water saving	<ul style="list-style-type: none"> <li>Take municipal water supply as the main water source, purchase energy-saving and water-saving devices, and encourage teachers and students to save water.</li> </ul>
	Waste disposal	<ul style="list-style-type: none"> <li>Non-hazardous wastes as paper and domestic wastes are centrally sorted out and disposed of by the municipal departments according to relevant standards of Shanghai.</li> <li>Qualified agencies are engaged for disposal of kitchen wastes at schools and kindergartens.</li> <li>Hazardous wastes such as toner cartridges and ink cartridges are recycled and disposed of by the qualified agencies upon entrustment.</li> </ul>

## Datasheet of the Chapter

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

	Indicator	Unit	2021
GHG emissions <sup>2</sup>	Aggregate GHG emissions (scope 1)	tCO <sub>2</sub> e	204,084.39
	Aggregate GHG emissions (scope 2)	tCO <sub>2</sub> e	81,274.27
	Aggregate GHG emissions (scope 1 and scope 2)	tCO <sub>2</sub> e	285,358.66
	GHG emissions per unit area (scope 1 and scope 2)	tCO <sub>2</sub> e/m <sup>2</sup>	0.08
	GHG emissions per unit of revenue (scope 1 and scope 2)	tCO <sub>2</sub> e/RMB1,000,000	8.35
	Aggregate GHG emissions (scope 3)	tCO <sub>2</sub> e	46,938.00
Energy utilization	Total energy consumption	tce	107,216.73
	Energy consumption density per unit area	kgce/m <sup>2</sup>	45.93
	Energy consumption density per unit of revenue	tce/RMB1,000,000	3.19
	Aggregate natural gas consumption	m <sup>3</sup>	1,662,056.70
	Natural gas consumption per unit area	m <sup>3</sup> /m <sup>2</sup>	0.50
	Gasoline consumption of self-owned vehicles/mobile devices	litre	3,253,533.51
	Diesel consumption of self-owned vehicles/mobile devices	litre	7,657,412.85
	Aggregate electricity consumption	MWh	125,191.20
	Electricity consumption per unit area	kWh/m <sup>2</sup>	31.98
	Aggregate steam and hot water procurement	GJ	41,957.13
Use/production of clean energy	Renewable energy production (aggregate)	MWh	84,621.80
	Of which, renewable energy production (own equity)	MWh	8,159.01
Utilization of water resources	Aggregate water consumption	m <sup>3</sup>	2,860,904.71
	Of which, recycled water consumption	m <sup>3</sup>	184,223.00
	Water consumption per unit area	m <sup>3</sup> /m <sup>2</sup>	0.76
Solid waste	Aggregate solid waste generation	ton	25,159.80
	Of which, aggregate recyclable solid waste	ton	418.22
	Solid waste generation per unit area	t/m <sup>2</sup>	6.73
Hazardous waste	Aggregate hazardous waste generation	ton	3,639.78

Hazardous waste	Of which, medical waste(HW01, HW02, HW03)	ton	2,457.14
	Of which, chemical waste (HW06, 09, 12, 13, 17, 21, 22, 33, 34, 35)	ton	1,098.36
	Of which, electronic waste (HW10)	ton	0.12
	Of which, other waste (HW49)	ton	84.16
	Hazardous waste generation per unit area	t/m <sup>2</sup>	1.56
Industrial waste gas	SO <sub>2</sub>	kg	20.52
	VOC	kg	44.69
Mobile-source exhaust emissions	SO <sub>2</sub>	kg	5,486.87
	NO <sub>2</sub>	kg	38,537.82
	PM	kg	3,588.10
Wastewater pollutants	NO <sub>x</sub>	kg	36,679.92
	COD	kg	202,260.71
	BOD	kg	22,098.44
	Ammonia nitrogen	kg	5,588.72

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

Note 2: For the Company, GHG emissions (scope 1) refer to direct emissions from the consumption of natural gas, gasoline, diesel, and refrigerant, the operation of sewage treatment stations, etc; GHG emissions (scope 2) refer to indirect emissions from purchased electricity and purchased heating power; and GHG emissions (scope 3) refer to as emissions from employee commuting and business traveling. The emission factors can be seen in the SEHK' s *How to Prepare an ESG Report—Appendix 2: Reporting Guidance on Environmental KPIs* (May 2021), the *Average CO2 Emission Factors of China' s Regional Grids in 2011 and 2012* by the Department of Climate Change under the National Development and Reform Commission, the *GHG Protocol*, and the *Resolution MEPC.308(73)* by the International Maritime Organization (IMO).

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

	Indicator	Unit	2021
GHG emissions <sup>2</sup>	Aggregate GHG emissions (scope 1)	tCO <sub>2</sub> e	4,739.11
	Aggregate GHG emissions (scope 2)	tCO <sub>2</sub> e	52,266.48
	Aggregate GHG emissions (scope 3)	tCO <sub>2</sub> e	18,754.00
	GHG emissions per unit of revenue (scope 1 and scope 2)	tCO <sub>2</sub> e/RMB1,000,000	14.02
Energy utilization	<b>Total energy consumption</b>	<b>tce</b>	<b>13,344.42</b>
	Energy consumption density per unit of revenue	tce/RMB1,000,000	3.34
	<b>Aggregate natural gas consumption</b>	<b>m<sup>3</sup></b>	<b>1,236,920.12</b>
	Natural gas consumption per unit of revenue	m <sup>3</sup> /RMB1,000,000	308.93
	<b>Gasoline consumption of self-owned vehicles/mobile devices</b>	<b>litre</b>	<b>280,099.23</b>
	<b>Diesel consumption of self-owned vehicles/mobile devices</b>	<b>litre</b>	<b>163,618.75</b>
	<b>Aggregate electricity consumption</b>	<b>MWh</b>	<b>81,110.28</b>
	Electricity consumption per unit of revenue	kWh/RMB1,000,000	17,500
	<b>Aggregate steam and hot water procurement</b>	<b>GJ</b>	<b>41,696.03</b>
Use/production of clean energy	<b>Renewable energy production (aggregate)</b>	<b>MWh</b>	<b>225.55</b>
	Of which, renewable energy production (own equity)	MWh	225.55
Utilization of water resources	<b>Aggregate water consumption</b>	<b>m<sup>3</sup></b>	<b>2,159,103.53</b>
	Of which, recycled water consumption	m <sup>3</sup>	17,085.00
	Water consumption per unit area	m <sup>3</sup> /m <sup>2</sup>	2.19
Solid waste	<b>Aggregate solid waste generation</b>	<b>ton</b>	<b>1,970.21</b>
	Of which, aggregate recyclable solid waste	ton	369.89
	Solid waste generation per unit area	t/m <sup>2</sup>	2.00
Hazardous waste	<b>Aggregate hazardous waste generation</b>	<b>ton</b>	<b>2,457.14</b>
	Of which, medical waste (HW01, HW02, HW03)	ton	66.51
	Of which, chemical waste (HW06, 09, 12, 13, 17, 21, 22, 33, 34, 35)	ton	0.12
	Of which, electronic waste (HW10)	ton	53.23

Indicator		Unit	2021
Hazardous waste	Of which, other waste (HW49)	ton	2,577.00
	Hazardous waste generation per unit area	t/m <sup>2</sup>	2.62
Industrial waste gas	SO <sub>2</sub>	kg	20.52
	VOC	kg	1.10
Mobile-source exhaust emissions	SO <sub>2</sub>	kg	5,133.91
	NO <sub>2</sub>	kg	5,132.90
	PM	kg	477.90
Wastewater pollutants	NO <sub>x</sub>	kg	275.80
	COD	kg	32,857.48
	BOD	kg	7,665.60
	Ammonia nitrogen	kg	2,684.14

Note1: The above statistics are based on the consolidated statements of Horizon Healthcare.

Note 2: For the subsidiary, GHG emissions (scope 1) refer to direct emissions from the consumption of natural gas, gasoline, diesel, refrigerant, etc.; GHG emissions (scope 2) refer to indirect emissions from purchased electricity and purchased heating power; and GHG emissions (scope 3) refer to as emissions from employee commuting and business traveling. The emission factors can be seen in the SEHK's *How to Prepare an ESG Report—Appendix 2: Reporting Guidance on Environmental KPIs* (May 2021), the *Average CO2 Emission Factors of China's Regional Grids in 2011 and 2012* by the Department of Climate Change under the National Development and Reform Commission, and the *GHG Protocol*.

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

Indicator		Unit	2021
GHG emissions <sup>2</sup>	Aggregate GHG emissions (scope 1)	tCO <sub>2</sub> e	27,904.24
	Aggregate GHG emissions (scope 2)	tCO <sub>2</sub> e	9,720.10
	Aggregate GHG emissions (scope 3)	tCO <sub>2</sub> e	12,656.00
	GHG emissions per unit of revenue (scope 1 and scope 2)	tCO <sub>2</sub> e/RMB1,000,000	6.13
Energy utilization	Total energy consumption	tce	15,310.45
	Energy consumption density per unit of revenue	tce/RMB1,000,000	2.49
	Gasoline consumption of self-owned vehicles/mobile devices	litre	2,909,205.00
	Diesel consumption of self-owned vehicles/mobile devices	litre	7,469,781.10

Indicator		Unit	2021
Energy utilization	<b>Aggregate electricity consumption</b>	<b>MWh</b>	<b>13,538.08</b>
	Electricity consumption per unit of revenue	kWh/RMB1,000,000	2,200
Utilization of water resources	<b>Aggregate water consumption</b>	<b>m<sup>3</sup></b>	<b>227,001.74</b>
	Water consumption per unit area	m <sup>3</sup> /m <sup>2</sup>	0.43
Solid waste	<b>Aggregate solid waste generation</b>	<b>ton</b>	<b>20,515.67</b>
	Of which, aggregate recyclable solid waste	ton	10.51
	Solid waste generation per unit area	t/m <sup>2</sup>	39.31
Hazardous waste	<b>Aggregate hazardous waste generation</b>	<b>ton</b>	<b>11.62</b>
	Hazardous waste generation per unit area	t/m <sup>2</sup>	0.02
Mobile-source exhaust emissions	SO <sub>2</sub>	kg	163.03
	NO <sub>2</sub>	kg	32,557.50
	PM	kg	3,031.29

Note1: The above statistics are based on the consolidated statements of Horizon Construction Development.

Note 2: For the subsidiary, GHG emissions (scope 1) refer to direct emissions from the consumption of gasoline, diesel, etc.; GHG emissions (scope 2) refer to indirect emissions from purchased electricity; and GHG emissions (scope 3) refer to as emissions from employee commuting and business traveling. The emission factors can be seen in the SEHK's *How to Prepare an ESG Report—Appendix 2: Reporting Guidance on Environmental KPIs* (May 2021), the *Average CO2 Emission Factors of China's Regional Grids in 2011 and 2012* by the Department of Climate Change under the National Development and Reform Commission, and the *GHG Protocol*.



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

	Indicator	Unit	2021
GHG emissions <sup>2</sup>	Aggregate GHG emissions (scope 1)	tCO <sub>2</sub> e	339.98
	Aggregate GHG emissions (scope 2)	tCO <sub>2</sub> e	3,571.21
	Aggregate GHG emissions (scope 3)	tCO <sub>2</sub> e	1,355.00
	GHG emissions per unit area (scope 1 and scope 2)	tCO <sub>2</sub> e/m <sup>2</sup>	0.05
Energy utilization	<b>Total energy consumption</b>	<b>tce</b>	<b>743.83</b>
	Energy consumption density per unit area	kgce/m <sup>3</sup>	9.21
	<b>Aggregate natural gas consumption</b>	<b>m3</b>	<b>73,097.54</b>
	Natural gas consumption per unit area	m <sup>3</sup> /m <sup>2</sup>	0.90
	<b>Gasoline consumption of self-owned vehicles/mobile devices</b>	<b>litre</b>	<b>10,183.97</b>
	<b>Diesel consumption of self-owned vehicles/mobile devices</b>	<b>litre</b>	<b>164.00</b>
	<b>Aggregate electricity consumption</b>	<b>MWh</b>	<b>5,222.72</b>
	Electricity consumption per unit area	kWh/m <sup>2</sup>	64.66
	<b>Aggregate steam and hot water procurement</b>	<b>GJ</b>	<b>230.00</b>
Utilization of water resources	<b>Aggregate water consumption</b>	<b>m3</b>	<b>165,266.00</b>
	Water consumption per unit area	m <sup>3</sup> /m <sup>2</sup>	2.05
Solid waste	<b>Aggregate solid waste generation</b>	<b>ton</b>	<b>277.51</b>
	Of which, aggregate recyclable solid waste	ton	19.57
	Solid waste generation per unit area	t/m <sup>2</sup>	3.44
Mobile-source exhaust emissions	SO <sub>2</sub>	kg	4.75
	NO <sub>2</sub>	kg	77.95
	PM	kg	7.26

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

Note 2: For the subsidiary, GHG emissions (scope 1) refer to direct emissions from the consumption of natural gas, gasoline, diesel, etc.; GHG emissions (scope 2) refer to indirect emissions from purchased electricity; and GHG emissions (scope 3) refer to as emissions from employee commuting and business traveling. The emission factors can be seen in the SEHK's *How to Prepare an ESG Report—Appendix 2: Reporting Guidance on Environmental KPIs* (May 2021), the *Average CO2 Emission Factors of China's Regional Grids in 2011 and 2012* by the Department of Climate Change under the National Development and Reform Commission, and the *GHG Protocol*.

# Helping Employees Grow and Going Further Together

## Material topics addressed

- ◎ Protection of employee rights and benefits
- ◎ Employee development and training
- ◎ Safety on production
- ◎ Safety on campus
- ◎ Safety on healthcare

## The UN SDGs aligned



## 6. Helping Employees Grow and Going Further Together

### 6.1 Employee Rights and Benefits

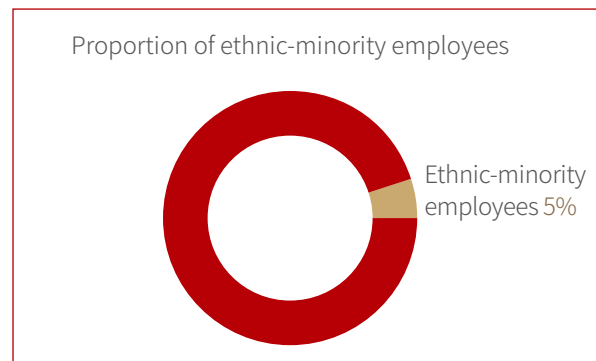
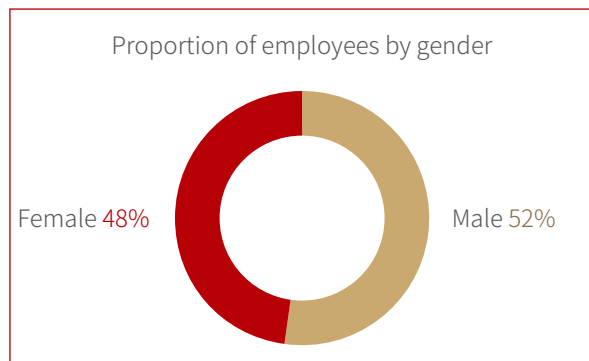
#### Recruitment and Employment

Far East Horizon is committed to creating an equal and fair working environment for its employees. In strict accordance with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and other pertinent laws and regulations, the Company has formulated an array of internal documents such as the *Recruitment Management Measures* and the *Labor Contract Management Rules*. Adhering to the principles of "hierarchical management and resources sharing", it ensures clear criteria, open procedures, standard operation, merit-based selection, and legal compliance in the recruitment process. Meanwhile, it terminates labor contracts after equal consultation with employees.

The Company promotes equal employment opportunity and workplace diversity. It eliminates discrimination caused by gender, ethnicity, nationality, religious beliefs, family status, disability, and other factors, always adheres to the principle of equal employment for men and women, and ensures that all employees have fair job opportunities, with an aim to build a diversified workforce. Meanwhile, it strictly verifies the identity of employees, eliminates all forms of child labor, regularly checks employees' overtime and labor intensity, and prohibits forced labor.

In 2021, there were no reported cases of child labor or forced labor at the Company.

#### >>> Employee Diversity Performance of Far East Horizon



#### >>> Diversified Recruitment Channels in 2021

##### Social recruitment

- A total of 1,203 employees were recruited through social recruitment and they came from a diversity of sources.
- Industrial diversity: New hires came from financial leasing, banking, trust, brokerage, and other financial sectors, as well as different industries.
- Regional diversity: New hires came from 24 cities, which included the first-tier cities in East China, such as Beijing, Shanghai, Guangzhou, and Shenzhen, and many central and western cities like Zhengzhou and Kunming.

##### On-campus recruitment

- Various means of recruitment, such as open day, live streaming sessions, and online job fairs, were used to attract and recruit fresh post-graduates nationwide. Nearly 200 offers were issued in the year.



Open Day in Dalian University of Technology



Open Day in East China Normal University

### Sword Casting Initiative: A Campus Recruitment and Fresh Graduates Training Program

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

Pursuing an excellence-centered approach, the program provides the selected employees with one month of specialized training, including more than 40 exclusive courses and over 10 team building activities, which is followed by more than one year of hands-on training. The helpful guidance from seniors and the project-based practice will ultimately help new recruits develop good working habits and strong professional competence in all aspects.

As at the end of 2021, nearly 100 attendees of the Sword Casting Initiative took up management positions, becoming the backbone of the Company and a leading force in the industry.



Flyer of the 14th Sword Casting Initiative



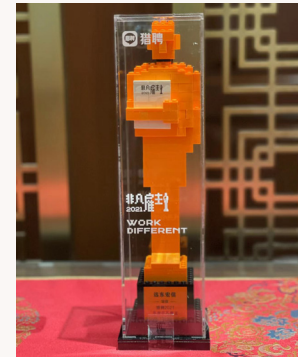
In 2021, Far East Horizon won from many prestigious third-party human resources agencies a host of awards, including the **"Top Graduate Employers in China"**, **"Top Human Resource Management Awards"**, and **"Extraordinary Employers"**.



"Top Graduate Employers in China"



"Top Human Resource Management Awards"



"Extraordinary Employers"

## Protection of Employee Rights and Benefits

Far East Horizon attaches great importance to the protection of employee benefits. According to a host of internal documents such as the *Remuneration Management Measures*, the *Benefits Management Measures for Dispatched Employees*, and the *Attendance and Leave Management Rules*, the Company implements a performance-based remuneration and incentive scheme free of regional or gender discrimination, provides social security insurance, housing provident funds, supplementary commercial medical insurance, property insurance, and safety insurance for all employees, and upholds the standard practice of 40 working hours per week as well as the national regulations on paid annual leave, marriage leave, funeral leave, maternity leave, sick leave, and so on.

To promote democratic communication among employees, the Company calls on employees to develop a sense of ownership and protects their rights to elect, to make decisions, to manage, and to supervise democratically by using the CEO mailbox, the platform for reasonable proposals, employees and trade union representative assemblies, and other channels. In addition, it conducts the annual employee engagement survey, and makes targeted improvements and enhancements given the survey results, as a move to boost employee satisfaction and a sense of belonging.

### Annually Conduct Employee Engagement Survey

In 2021, the Company introduced a proven external engagement survey tool in the hopes of understanding the engagement of employees, the climate of teams at all levels, and the aspects to be improved. The survey covered 3,254 employees at Far East Horizon's headquarters and major subordinate platforms, with a response rate of 91.1% and a valid response rate of 90.8%.

The survey results showed that compared to 2020, the Company's overall employee engagement and satisfaction increased to a certain extent and surpassed the industry average in 2021. Specifically, the overall engagement, willingness to stay, and sense of organizational empowerment all improved significantly compared with those of last year, which attested to remarkable progress in the management practice of the Company.

## 6.2 Employee Training and Development

### Employee Promotion System

Far East Horizon attaches importance to staff development and meritocracy. The Company has established channels of vertical promotion and horizontal development as well as a scientific reasonable promotion system for employees in professional and managerial posts to meet their diversified development requirements. An equal promotion mechanism is in place, benefiting all employees.

#### >>> Talent Concept of Far East Horizon

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

To provide affluent personal space for growth, and stimulate the orderly internal circulation of excellent staff members, the Company strives to establish a value contribution-oriented talent development mechanism that allows for upward and downward mobility. Most of its managers are selected from all employees by open competition. 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. At present, more than 60% of managers are recruited through open competition at the Company.

In 2021, the Company newly hired and promoted 149 employees. A total of 331 employees signed up to compete for primary-level managers, and 115 of them got promoted.

With respect to employee performance management, the Company has formulated and released the *Employee Performance Management Measures and the Implementation Rules of Employee Performance Management*. At the same time, an employee performance management mechanism has been put in place as per the applicable policies and provisions. Therefore, a closed-loop performance management system has been formed, which consists of the formulation of performance plans, in-process performance management, annual performance appraisal, performance interviews and feedback, and application of performance results.

Regarding complaints about employee performance appraisal results, the Company has opened up special complaint channels such as an open mailbox and a telephone line. Dedicated persons are responsible for dealing with complaints filed by employees regarding the compliance of the performance results generating process, and conduct independent investigations into facts and accountability, so as to ensure that employee complaints can be handled fairly and justly. In the meantime, the Company keeps employees' identity information strictly confidential in the process of complaint response and investigation and prohibits any retaliation or discrimination against the employees who lodge complaints. All of these steps are aimed to fully protect employees' right to complain.

In addition, the Company has established a sound medium- and long-term incentive and disincentive mechanism as well as an equity incentive plan (consisting of a share option scheme and a restricted share award scheme) to fully motivate managers and attract/retain outstanding management personnel. A total of 87 persons are under the equity incentive plan, accounting for 0.4% of the Company's 23,257 person workforce as at December 31, 2021.

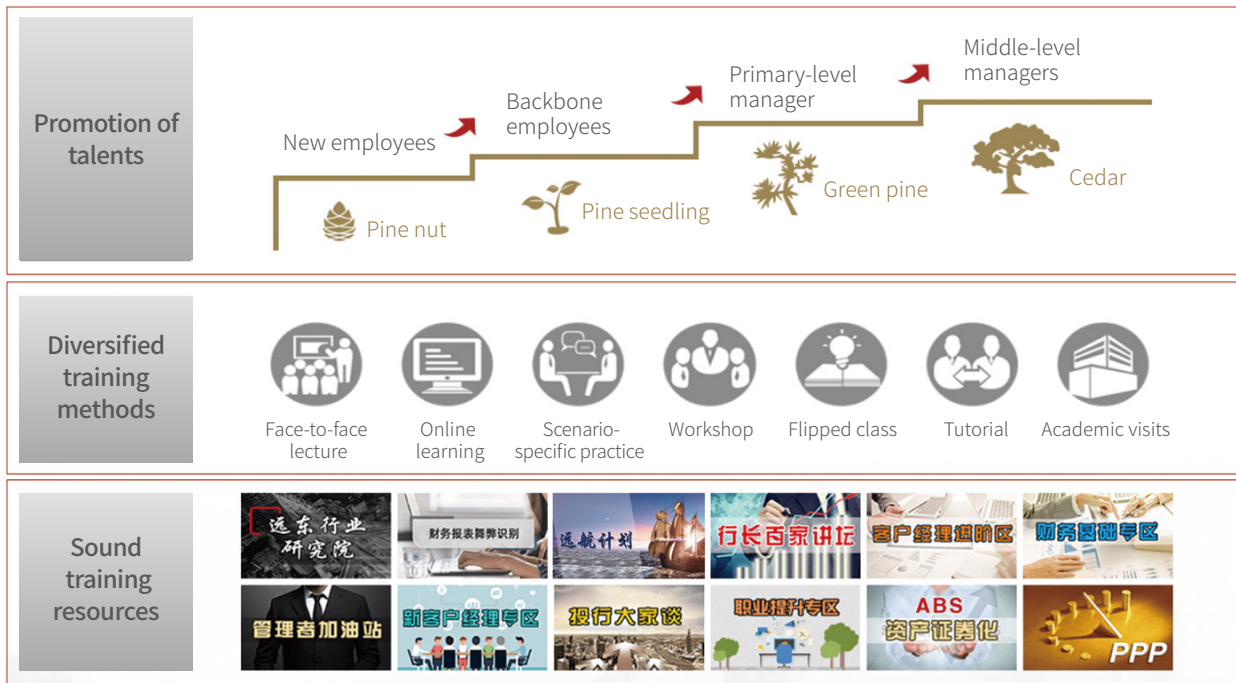
### Vocational Training of Employees

The Company attaches great importance to personnel training. It has by far established a hierarchical, classified talent development system, which covers various types of key personnel and is subject to dynamic optimization according to the Company's strategic developments and organizational structure adjustments.

In 2021, the Company made iterative upgrades in many domains such as newcomer training, cooperation among skilled workers, potential mining, transformation of primary-level operation, and cultural philosophy, which helped various groups of personnel at all levels boost their competence significantly and generated further prominent training effects.



>>> Talent Training System of Far East Horizon



**Voyage Program**

In 2021, the Company advocated expanding business dimensions, providing integrated services, and adopting investment banking operations. Capable of directly reaching out to the vast customer base, account managers in the traditional finance sector should help customers get a panoramic view of Far East business ecosystem. A good command of diversified financial products makes it possible for them to build up individual capabilities and provide a comprehensive range of integrated services for customers.

Therefore, the Voyage Program was created to select and train skilled account managers in the traditional finance sector, with a view to enhancing the comprehensive service capabilities of front-line personnel in the business field.

The training participants all gave positive feedback, saying that the program had broadened their perspectives through learning sessions and exchanges and gotten them prepared for more extensive business cooperation in the future.



Training site of the Voyage Program



The Company has launched a series of training programs for managers to improve their leadership and management skills. Examples include the Green Pine Program and Cedar Program targeted at the primary-and-middle-level managers. The programs provide a series of quality courses on leadership enhancement, dedicated training sessions, a mobile learning scheme, etc., with a view to improving their leadership and managerial competence. As for backbone employees with great potential, there is a selection of learning courses to choose from based on personal needs and a platform for cross-department communication with an aim to nurture compound "business specialists".

### Leadership Training with CEIBS Online

To help newly promoted managers better adapt to their new positions, the Company in 2021 joined hands with CEIBS (China Europe International Business School) Online to create a hybrid training program for new managers. By combining online courses, online case studies, and offline workshops together, the program was designed to help new managers from five dimensions: "changing roles, setting goals, leading teams, improving performance, and promoting development", so that they could shift from individual contributors to team leaders smoothly, getting off to a good start in their management career.

The training program covered traditional finance, functional line, new business, and industrial business. With a group-wide positioning, it pooled excellent training resources together to empower personnel training. Throughout the year, nearly 1,000 new managers attended the program. In this sense, it did well in helping primary-level managers change their roles and get ready for future work.



远东学院  
FAR EAST COLLEGE



CEIBS PUBLISHING  
中政商业在线  
CEIBSONLINE.COM



#### 在线课程

24门在线课程  
8个主题模块  
5个渐进阶段



#### 在线情境案例

5个典型案例  
配合5个阶段  
学习与管理实践结合



#### 线下工作坊

3次工作坊  
引导思考和讨论  
形成行动计划

Learning map of the leadership training program

At the same time, the Company has kept pace with the new trends of digital learning. Relying on the "Far East Academy E-learning" platform, it can provide employees with various types of online learning resources, create high-quality learning programs, and iterate its operation modes to meet the growing demands of employees for life-long learning and self-development. In 2021, the Company launched 231 online courses, which were attended by 50,712 employees for 40,839 hours.

In addition, the Company has implemented a set of rules for managing how all employees seek and obtain external professional qualifications. The employees who have obtained professional qualifications from authoritative organizations such as the national ministries and commissions, nationwide industry associations, and international industry associations can get educational subsidies from the Company, as an incentive to pursue self-directed learning through external high-quality professional qualification resources, hone their job skills, and remain adapted to the Company's business development and management improvement.

## 6.3 Employee Care and Employee Activities

### Employee Care

Far East Horizon builds a corporate culture that advocates "one family". By establishing an employee care scheme that consists of care for female employees, support for employees in need and their family members, and basic living allowance for staff, the Company provides life and health protection for all employees, enhances their sense of wellbeing and belonging, and builds itself into a happy workplace.

In 2021, the Company invested more than RMB **6.7** million in the fields of poverty alleviation, COVID-19 containment, and disaster relief, and paid caring visits to more than **2,000** employees and their families.

#### >>> Actions and Achievements of Programs for Employee Care in 2021

Care for female employees	<ul style="list-style-type: none"> <li>The Mommy's Hut program was launched, with its facilities and functions both improved continuously, to provide a private, sanitary, safe, cozy resting place for pregnant and breastfeeding workers.</li> <li>Screening for gynecologic conditions has been provided for female employees for many consecutive years, as a move to take good care of them in all aspects.</li> </ul>
Caring visits to staff and their family members	<ul style="list-style-type: none"> <li>The Company expressed its condolences to all employees affected by floods in Henan Province and their families and gave them sympathy allowances worth RMB1.8 million.</li> <li>The Company paid RMB4.58 million in Spring Festival bonus to the parents of employees.</li> <li>The Company provided congratulation allowances worth RMB160,000 to 89 employees who got married and had children.</li> </ul>
Living allowance for employees	<ul style="list-style-type: none"> <li>The Company disbursed RMB250,000 in 51 assistances to employees who encountered accidents.</li> <li>The Company provided public rental housing for young employees.</li> <li>The subsidized housing program was rolled out to provide employees with interest-free loans and subsidies for the purchase of their own homes, in an effort to solve their housing problems in a targeted manner.</li> </ul>
Physical and mental wellbeing	<ul style="list-style-type: none"> <li>Superior resources in health examination and insurance, fitness clubs, diet and health care, etc. were pooled together and interactions both online and offline were intensified to form a one-stop protection service program that could cover the whole life cycle of employees.</li> <li>Employee insurance-related training (online and offline), employee health checks, and healthy lifestyle lectures were organized to provide staff with extra health protection.</li> <li>In addition to an employee counseling program prepared in the earlier stage, the Company also introduced an employee assistance program (EAP) centered on mental health, so as to help employees identify and solve their emotional and mental health issues as early as possible.</li> <li>Various clubs were organized to stage cultural and sports activities, and there were also sports facilities such as gymnasiums.</li> </ul>

## Employee Activities

Far East Horizon encourages employees to well balance their work and life. To this end, the Company is committed to creating a diverse, vibrant, inclusive, and equal work environment. It has by far established eight associations, including the Basketball Association, Running and Reading Association, and Badminton Association. In addition to taking an active part in various fitness activities, employees also form teams to participate in external contests, and invite coaches to steer their daily training. While stimulating employees' vitality, various forms of activities also increase their communication, thus fostering a positive cultural atmosphere.

In 2021, the Company also organized a host of group activities, such as anniversary celebrations, family days, and cultural and sports competitions, to enrich employees' after-work life and create a positive workplace.

### Championship Ceremony of CEO Special Award at Far East Horizon

In the middle and at the end of each year, the account managers who are ranked in the top 20% of every business department by profit generation will receive the CEO Special Award, and those winning the award for three times are called "triple champions", and so on. These champions will be presented with the honorary ribbons by CEO Kong Fanxing in person.

In 2021, a total of 71 employees were granted the championships, including 35 "triple champions", 20 "quadruple champions", 10 "quintuple champions", three "sextuple champions" and three "septuple champions". This activity demonstrates the Company's recognition and commendation for the employees who keep working hard and creating value for the Company, and effectively enhances the sense of accomplishment and belonging among employees.



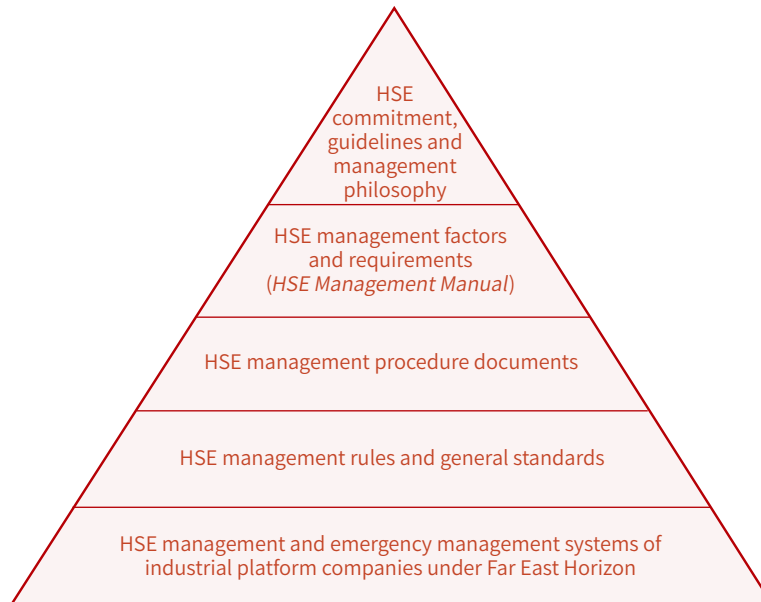
CEO Kong Fanxing presents the honorary ribbons to champions

## 6.4 Employee Health and Safety

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

In 2021, Far East Horizon upheld the HSE guidelines of "dual responsibilities of one post, all-employee involvement, risk management, focus on accident prevention, and continuous improvement" and the HSE goal of "incurring no major HSE accidents or major violations". Relying on the HSE management, it tried to maximize the reliability of the production and operation activities and the return on project investment, thus providing escorts for the steady implementation of its "finance + industry" strategy. In the past three years, the Company reported neither major work safety accidents that caused serious injury or death nor occupational disease-related accidents.

>>> HSE Management Framework of Far East Horizon



>>> Key HSE Tasks of Far East Horizon in 2021

<b>System construction</b>	<ul style="list-style-type: none"> <li>• The phase II of the HSE information system project was implemented, through which a series of key elements involving group-wide control, such as internal audits, unannounced inspections, hidden danger management, accident management, compliance management, and risk evaluation, were converted into standardized process forms and put online.</li> <li>• Moves were taken to improve red lines for key HSE investments, control standards for high-risk projects/operation activities, and various contingency plans.</li> <li>• Subsidiaries were prompted to get their HSE system certified and quality &amp; safety management practices aligned with industry standards.</li> </ul>
<b>Risk management</b>	<ul style="list-style-type: none"> <li>• The Company initialized the HSE risk identification for 104 operational sites and self-built projects above the designated scale under the industrial business. Combined with industry risks, project characteristics, and expert opinions, it held 52 projects involving fire safety, sewage discharge, occupational diseases, carbon emissions, and major dangers to higher standards one by one.</li> <li>• The Company completed the biennial internal audit covering the whole group, and guided each industrial segment to improve its HSE management.</li> <li>• Unannounced HSE inspections were conducted on areas with material risks and important aspects, with emphasis placed on the implementation of policies on the front line and the assistance in developing rectification plans for major problems or hidden hazards.</li> <li>• A total of 369 HSE hazards found in various inspections were brought under hierarchical management and systematic tracking, and 60% of them were rectified.</li> </ul>

<b>Team building</b>	<ul style="list-style-type: none"> <li>• The Company assisted Horizon Healthcare and other subsidiaries in recruiting and training five full-time HSE staff members (primary/senior level), and guided part-time HSE personnel to carry out basic work such as decomposition of HSE responsibilities and formulation of rules and policies.</li> <li>• Daily sharing, standards training, industry exchanges, and other means were adopted to continuously improve the comprehensive HSE competence of full-time and part-time staff, with emphasis placed on special improvement in "fire safety" management capabilities.</li> <li>• Two special training sessions were organized around the new Production Safety Law and the prevention of major risks.</li> </ul>
<b>Cultural building</b>	<ul style="list-style-type: none"> <li>• The Company carried out the Production Safety Month, Disaster Prevention and Mitigation Campaign, Fire Safety Month, and other specialized activities in an innovative manner.</li> <li>• An instant HSE incentive mechanism was established to provide timely rewards for the individuals and teams with excellent performance, so that the front-line personnel could get actively involved in safety management. Meanwhile, industries set their HSE bar for commendation and publicity given their business characteristics.</li> </ul>

The Company contains the COVID-19 pandemic on an ongoing basis, by adopting dynamic and precise prevention and control measures against key places, sensitive time points, and high-risk groups. As a result, none of its 20,000 employees in the Chinese mainland got infected in 2021.

In addition, the Company organizes a number of emergency drills to make sure its employees can cope with various disasters and crises properly and boost its overall stress resistance. In 2021, over 10 emergency drills were finished by the Company, including anti-terrorist/anti-riot drills, fire drills, elevator rescue drills, and COVID-19 response drills.

### Fire Drills and Special Training Sessions

In 2021, the Company as a key fire safety unit took the lead in organizing two large-scale fire drills, where the evacuation of about 400 people was simulated, and gave special training on fire emergency response to personnel in related positions. Professional fire fighters from Zhoudu Squadron of the Expo Shanghai Brigade were invited to demonstrate the use of firefighting equipment. These moves effectively enhanced the fire safety awareness of employees.



Site of the fire emergency response training session

## Datasheet of the Chapter

### Employment and Labor Performance

Indicator	Unit	2019	2020	2021
Employment				
Total employees	person	17,903	21,672	23,257
Male employees	person	8,702	11,317	12,193
Female employees	person	9,201	10,355	11,064
Contracted employees	person	14,754	17,518	21,842
Dispatched employees	person	487	691	133
Employees engaged in other forms	person	2,662	3,463	1,282
Employees with a bachelor' s degree or above	person	—	—	8,254
Employees with a master' s degree or above	person	—	—	1,758
Employees aged below 30	person	—	9,795	9,560
Employees aged between 30 and 50	person	—	10,263	12,086
Employees aged above 50	person	—	1,614	1,611
Employees based in the Chinese mainland	person	17,900	21,663	23,236
Employees based in Hong Kong, Macao and Taiwan and overseas	person	3	9	21
Ethnic-minority employees	person	831	1,013	1,076
Disabled employees	person	53	76	62
Total employee discrimination cases	case	0	0	0
Percentage of employees under the collective bargaining agreement	%	100	100	100
Turnover rate of employees <sup>1</sup>	%	16.9	24.1	29.34
Turnover rate of male employees	%	8.4	16.3	18.03
Turnover rate of female employees	%	8.4	7.8	11.31
Turnover rate of employees aged below 30	%	5.5	10.7	12.55
Turnover rate of employees aged 30-50	%	11.1	11.4	14.65
Turnover rate of employees aged over 50	%	0.3	2.0	2.14
Turnover rate of employees based in the Chinese mainland	%	—	—	28.68
Turnover rate of employees based in Hong Kong, Macao and Taiwan and overseas	%	—	—	0.01



Indicator		Unit	2019	2020	2021
Employee training					
Employee training expenditure	Finance sector	RMB1,000	10,400	11,600	12,580
	Industry sector	RMB1,000	5,020	5,008	5,460
Employee training coverage <sup>2</sup>	Finance sector	%	99.10	98.82	98.85
	Industry sector	%	96.30	96.45	96.49
Training coverage among male employees	Finance sector	%	98.60	71.13	72.09
	Industry sector	%	95.90	49.53	49.10
Training coverage among female employees	Finance sector	%	99.60	28.87	27.91
	Industry sector	%	97.10	50.47	50.90
Training coverage among senior managers	Finance sector	%	90.00	1.36	1.26
	Industry sector	%	100	1.55	1.45
Training coverage among middle managers	Finance sector	%	97.50	10.63	9.91
	Industry sector	%	96.10	10.71	10.06
Training coverage among junior employees	Finance sector	%	99.40	88.01	88.83
	Industry sector	%	96.50	87.50	88.49
Employee average training hours <sup>3</sup>	Finance sector	hour	38.00	38.09	38.14
	Industry sector	hour	34.00	33.45	33.55
Average training hours among male employees	Finance sector	hour	36.20	37.00	37.11
	Industry sector	hour	31.20	30.89	31.00
Average training hours among female employees	Finance sector	hour	40.80	40.80	40.84
	Industry sector	hour	36.20	36.00	36.05
Average training hours among senior managers	Finance sector	hour	33.90	33.69	33.52
	Industry sector	hour	44.50	44.20	44.21
Average training hours among middle managers	Finance sector	hour	40.10	40.30	40.55
	Industry sector	hour	37.20	37.30	37.83
Average training hours among junior employees	Finance sector	hour	37.70	38.20	38.26
	Industry sector	hour	33.10	32.80	32.93

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

Note 2: Employee training coverage in each category in 2019 = the number of employees in that category who received training / the number of employees in that category. According to Hong Kong Stock Exchanges' How to Prepare an ESG Report—Appendix 3: Reporting Guidance on Social KPIs (March 2020), the calculation formula for 2020/2021 was adjusted as: employee training coverage in each category = the number of employees of that category who received training / the total number of employees who received training at the Company.

Note 3: The average training hours per employee of each category per year = the total hours of training received by employees of that category during the year / number of employees of that category at the end of the year.

# Being a Public-spirited Enterprise to Enhance Social Harmony

## Material topics addressed

© Rural revitalization

© Community charity

© Volunteer service

## The UN SDGs aligned



## 7. Being a Public-spirited Enterprise to Enhance Social Harmony

### 7.1 Making Continuous Inroads into Professional Operation

As a corporate citizen, Far East Horizon actively implements the core message delivered at the Fifth Plenary Session of the 19th CPC Central Committee and all requirements for rural revitalization and social welfare set out in the *14th Five-Year Plan (2021-2025) for National Economic and Social Development and Long-Range Objectives through the Year 2035*. It focuses on undertaking projects aligned with the national campaigns to consolidate the achievements in poverty alleviation and implement the rural revitalization strategy, spares no effort to support the national and local governments in their natural disaster relief efforts, and pays ongoing attention to the development of medical care and higher education in China.

Relying on Beijing Horizon Charity Foundation and Shanghai Horizon Charity Foundation established in 2014 and 2015 (collectively known as "Horizon Charity Foundation"), the Company, oriented toward social needs, tapped deep into charitable fields such as rural revitalization, medical aid, scholarship and fellowship, and volunteer services in 2021, thus doing its bit to the thriving development of the public welfare undertakings.

#### >>> Fields in Which Horizon Charity Foundation Acted in 2021



In addition, the Horizon Charity Foundation keeps pressing ahead with professional operations. In 2021, it revised a host of management documents, such as the *Information Disclosure Measures of Horizon Charity Foundation*, the *Measures of Horizon Charity Foundation for the Management of In-kind Donations*, and the *Measures of Horizon Charity Foundation for Managing the Allocation of Expenses on Charitable Activities (Trial)*, to further promote the standardized management of public-spirited actions.

>>> Charitable Performance and Honors & Awards in 2021

Total cash expenditure for public welfare activities reached **RMB5,256,100**

It directly benefited over **50,000** people

Recognized with the **Ona Award – the Model Charitable Brand of the Year 2021** at the Fourth Social Responsibility Conference

Granted the **Charitable Project of the Year 2021 Award** at the Better Life Conference convened by *New Weekly*

Winning the **Annual Charity Promotion Award of 2021** and the **Social Responsibility Award for Listed Companies in 2021** at the 11th China Charity Festival



Ona Award – the Model Charitable Brand of the Year 2021



Charitable Project of the Year 2021 Award



Annual Charity Promotion Award of 2021



Social Responsibility Award for Listed Companies in 2021

## 7.2 Commitment to Public Welfare Undertakings

### Rural Revitalization

As rural revitalization is pivotal to China's modernization drive, Horizon Charity Foundation responds positively to the rural revitalization strategy of the State. It focuses on public welfare projects aimed to enhance the rural areas lifted out of poverty to develop sustainably and to improve basic public service facilities, while trying to manifest the humanistic care during the process of rural construction in the new era.

In 2021, Horizon Charity Foundation launched a host of public welfare projects concerning rural revitalization, which included the "Shigatse Animal Vaccine Cold Chain project in Tibet", the "Jingmai on the Cloud" green industry development project in Yunnan, the "Horizon in Action caring project", and the "Primary-level Party Building in Miyun District" office conditions improvement project. These featured charitable actions were aimed to contribute to the construction of the social security system in rural areas and continuously improve the living environment for aided rural residents.

Spending in support of the rural revitalization drive exceeded **RMB1.10 million**

It directly benefited over **30,000** people

#### "Shigatse Animal Vaccine Cold Chain Project in Tibet" Conducted to Eliminate Safety Hazards in Stockbreeding

At the beginning of 2021, Horizon Charity Foundation was informed by the Shigatse Municipal Agriculture and Rural Affairs Bureau that the border city was directly facing the threat of the pandemic spread by animals across borders and its animal vaccines might lose potency in the absence of cold chain equipment. The two facts posed great threats to the local stockbreeding industry.

Aware of the above situation, the Foundation, after preliminary research, donated RMB300,000 to the local Agriculture and Rural Areas Bureau to purchase 61 refrigerators and 790 freezer boxes, so that Lhatze, Yadong, Sagya, Tingri, and other counties in Shigatse could realize the cold-chain transportation and storage of animal vaccines. In this way, vaccine refrigeration equipment would cover all townships and villages in these counties, and village veterinarians could always use vaccine refrigerators in their daily work related to compulsory immunization against animal diseases.

Through this project, Horizon Charity Foundation contributed to the revitalization of the local villages. While reducing the risks of the local stockbreeding industry, it also helped maintain the security and stability of the border areas to a certain extent. It indeed benefited more than 100,000 people who lived there. The project was included in the "Videos and Images Themed on Shanghai's Efforts to Help Paired Poor Areas Achieve Prosperity in All Respects – Commitment" by the Shanghai International Exchange Office.



Animal epidemic prevention supplies donation ceremony



## "Jingmai on the Cloud" Green Industry Development Project in Yunnan Conducted to Help Farmers Stay out of Poverty

In 2021, Horizon Charity Foundation, as an advocate for self-sufficient sustainable development, piloted an assistance project through industry development in Lancang Lahu Autonomous County, Pu'er City, Yunnan Province, a key county receiving assistance for rural revitalization. After a preliminary survey, Horizon Charity Foundation found that the county's ancient tea tree resources were very valuable, so it organized experts to assess the prospects of developing these unique resources on a large scale, and formulated a multi-step support program, including training and tutoring, agricultural funding, and marketing assistance, which involved investments worth RMB300,000.

As at the end of 2021, Horizon Charity Foundation organized eight offline training sessions, distributed nearly 400 tons of materials required for green agriculture that directly generated an output value of nearly RMB1 million, and helped standardize the planting and processing processes and safe production requirements. As the product quality improved and prices rose, the local tea tree industry developed significantly, providing a stable source of income for farmers amid the pandemic. Thus, 267 households that just shook off poverty have been completely free from the worry of returning to poverty.



Training on agricultural activities in an ancient tea plantation



Distribution of the donated organic fertilizers



Tea harvest

## Medical Aid

To channel more quality medical resources to remote areas and provide local residents with safer medical services, Horizon Charity Foundation and Shanghai Children's Medical Center have jointly operated the Doctor Training Program for the Pediatric Urology Doctors since 2015, which is committed to helping the resource-deprived medical institutions in remote areas arm their pediatric urology with better diagnosis and treatment skills through free medical consultation, gratuitous surgery, and public welfare training. These hospitals are expected to treat more children in need.

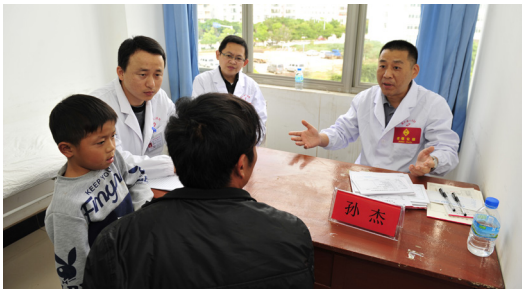
To give full play to their mentoring role, the staff members on the two sides have traveled to different parts of the country time and again to offer local medical workers much-needed guidance, and disseminate the general knowledge of pediatric urology diseases to the public. What they did have greatly avoided diagnostic delays in and misdiagnosis of childhood diseases, thus promoting the sustainable development of local healthcare undertakings.

### The Doctor Training Program for the Pediatric Urology Doctors Conducted to Promote the Development of Medical Career

In 2021, the Doctor Training Program for the Pediatric Urology Doctors, a charitable medical assistance project, offered free medical examinations and treatments in Jinggu City of Yunnan, Qujing City of Yunnan, Sanya City of Hainan, and Ya'an City of Sichuan, among other places. The program staff performed 10 surgeries and provided medical treatment for more than 100 people free of charge.

As a member of the tenth team sent by Shanghai Children's Medical Center to Yunnan for medical aid and a volunteer of the aforesaid program, attending urological surgeon Zhong Liang went to work at the People's Hospital of Jinggu Dai and Yi Autonomous County in Yunnan. During his six-month stay there, Dr. Zhong gave full play to his expertise in treating kidney stones, and worked with local medical workers to perform lithotripsy in infants, a move that enabled patients to get medical treatments without traveling far.

The program could bring two benefits. It allowed patients in less-developed areas to receive cutting-edge medical services without leaving their counties, which would save them from exhausting and expensive long-distance journeys. In the meantime, program members communicated with and trained their peers in these backward areas to help them hone their medical skills, a change that would truly enhance the well-being of local people in the long run.



Free diagnostic consultation under the Doctor Training Program for the Pediatric Urology Doctors



Surgery in progress

In the area of medical care and emergency relief, Horizon Charity Foundation in 2021 provided a medical aid subsidy of RMB5,000 to each of 72 patients in need from such places as Nayong of Guizhou through the Horizon Precision Medical Assistance Fund, which was established in 2020. In doing so, it aimed to provide medical assistance for the poor living in the primary-level areas.

### Scholarships and Fellowships

Horizon Charity Foundation is aimed to give back to society by helping more Chinese students pursue their goals. By sponsoring a series of scholarships and fellowships for 11 years, it has helped outstanding students who come from poor families to ease their financial pressure and study hard without worries, a move that has effectively supported the development of the educational undertaking.

In 2021, Horizon Charity Foundation launched 24 scholarship and fellowship projects worth nearly RMB2.8 million, which covered 21 universities from 12 Chinese provinces and cities, including Peking University, Tsinghua University, and Fudan University, and financed 256 outstanding students from Beijing, Shanghai, Henan, Wuhan, and other places.



Horizon Scholarship and Fellowship Program at Zhejiang University



## 7.3 Actively Carrying out Volunteer Activities

Relying on Horizon Charity Foundation, Far East Horizon actively advocates its concept of public welfare, and puts in place a sound volunteer service management system, where the volunteer team is managed on a standardized and ongoing basis, and employees are encouraged to participate in voluntary activities and build a bright future together with public welfare partners.

### Improving the Volunteer Service Management Mechanism

In 2021, Horizon Charity Foundation revised the *Horizon Charity Foundation Volunteer Service Management Policy* in accordance with the State Council's *Regulations on Volunteer Services* and some local governments' pertinent documents such as the *Regulations on the Promotion of Volunteer Services in Beijing* and the *Regulations on Volunteer Services in Shanghai*. In the revised document, many aspects of voluntary activities management, including volunteer recruitment, volunteer training, volunteer time recording, and volunteer protection and incentive, were refined to form a further improved volunteer service mechanism.

In addition, the Company made headway in building information platforms. It designated the National Volunteer Service Information System (Zhiyuanyun) as the main platform to carry out volunteer service management nationwide, and the Shanghai Public Welfare website as a special platform to manage its volunteer services in Shanghai, so as to realize paperless and IT-enabled volunteer service management.

### Carrying out Volunteer Activities

In 2021, Horizon Charity Foundation encouraged employee volunteers to get actively involved in various activities, including the "Care for Left-behind Children in Chongming District, Shanghai", the "Qianlicao Volunteer Teaching Program", and the "Flood Relief in Henan". Through these activities, the Company showed care for the left-behind children, promoted the development of rural education, and supported the post-disaster reconstruction in the affected areas, while recruiting an excellent volunteer team for the public welfare undertakings.

#### "Qianlicao Volunteer Teaching Program" Promoted Educational Development in Rural Areas

In 2015, Horizon Charity Foundation launched the "Qianlicao Volunteer Teaching Program," where employee volunteers took charge of curriculum design and related management. In 2021, four teams of over 40 university students and five employees of the Company were sent to one Chinese Studies school at Quelin Village, Wuyang Town, Suining County and three other primary schools at Huining County (Hancha School, Liuzhai School, and Baiyuan School). They worked there as volunteer teachers for 15 days. The new student aid mode was aimed to help the impoverished children in western rural areas grow happily, and promote the development of rural education.

The program covered the following six aspects: help in life, learning guidance, personality training, ideological education, psychological counseling, and growth planning. It offered a series of courses including *Five Steps to Grow Happily*, *Unyielding Backbone*, *Go Find It Together*, *Interest in Chinese Language*, *Interest in Math*, *Interest in English* and *Interest in Science* so as to help students develop an interest in reading and broaden their vision.



"Qianlicao Volunteer Teaching Program" in the summer of 2021



Courses designed by volunteers for the "Qianlicao Volunteer Teaching Program"

### Care for Left-behind Children Volunteer Service Activity Conducted in Chongming District, Shanghai

Horizon Charity Foundation has been recruiting employee volunteers to participate in the Care for Left-behind Children activity in Chongming District since 2015. As at the end of 2021, more than 200 employee volunteers took part in this activity.

In 2021, Horizon Charity Foundation launched the "Visit the Zoo Day" activity, designed by volunteers to show care for left-behind children. Specifically, 19 volunteer families paired up with 34 left-behind children to experience a variety of interesting camp activities at Shanghai Zoo, which not just taught the children something about environmental protection, but also did good to their physical health and mental wellbeing.



A group photo of the Care for Left-behind Children Volunteer Service Activity



A photo of the paired volunteer family and left-behind child

Since late July 2021, Henan Province suffered a long spell of extremely heavy rainfall, which flooded Zhengzhou and other cities. The unusual and devastating floods worried everyone.

In the face of the sudden flooding, Horizon Charity Foundation moved quickly and gathered all forces, along with various volunteer activities, to collect and donate disaster relief supplies and funds, which were used to ensure personal safety of the affected population, purchase emergency relief supplies, and support post-disaster reconstruction. By doing so, it did everything possible to help the affected areas and local people through the tough time.

Horizon Charity Foundation collected and donated disaster relief supplies and funds totaling RMB **1.15** million to the flood-stricken areas, which helped over **20,000** affected people.



A collection of flood relief donation certificates

## Volunteer Service Activities Organized to Support Flood Relief Efforts in Henan

After catastrophic floods struck Henan in July 2021, Horizon Charity Foundation extensively recruited volunteers to support the flood relief efforts in the province, and sent a taskforce made up of Party members to help coordination of relief supplies in the disaster-hit areas. The Shanghai headquarters, Zhengzhou office, and Beijing office of the Company, along with a large number of volunteers, were active on various fronts of the relief work, such as supplies coordination and procurement, liaison with government departments of affected areas, and donation management. Joining hands together, they did their best to support the reconstruction of the flood-affected areas.

Through unremitting efforts of volunteers, Horizon Charity Foundation purchased 2,800 desk & chair sets for students, 1,800 bags of rice and flour, 36,000 bottles of drinking water, and 10,500 bottles of disinfectant, packed these procured materials into 1,000 disaster relief supply boxes, and sent them to Gongyi, Junxian, Weihui, Dengfeng, and other flood-affected places along with condolence funds. This move was well received and appreciated by local governments and residents in these areas.



Flood relief supplies transported to Junxian County, Henan



Desk & chair sets donated to the Experimental Primary School at Cuimiao Town, Xingyang County, Henan



Condolence grants paid to the flood-affected families



Packed flood relief supplies

## Datasheet of the Chapter

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

Indicator	Unit	2019	2020	2021
Total cash expenditure for public welfare activities	RMB10,000	395.82	578.62	525.61
Participants in volunteer activities	person	300	80	268
Total hours of volunteer activities	hour	2,000	500	3,630

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

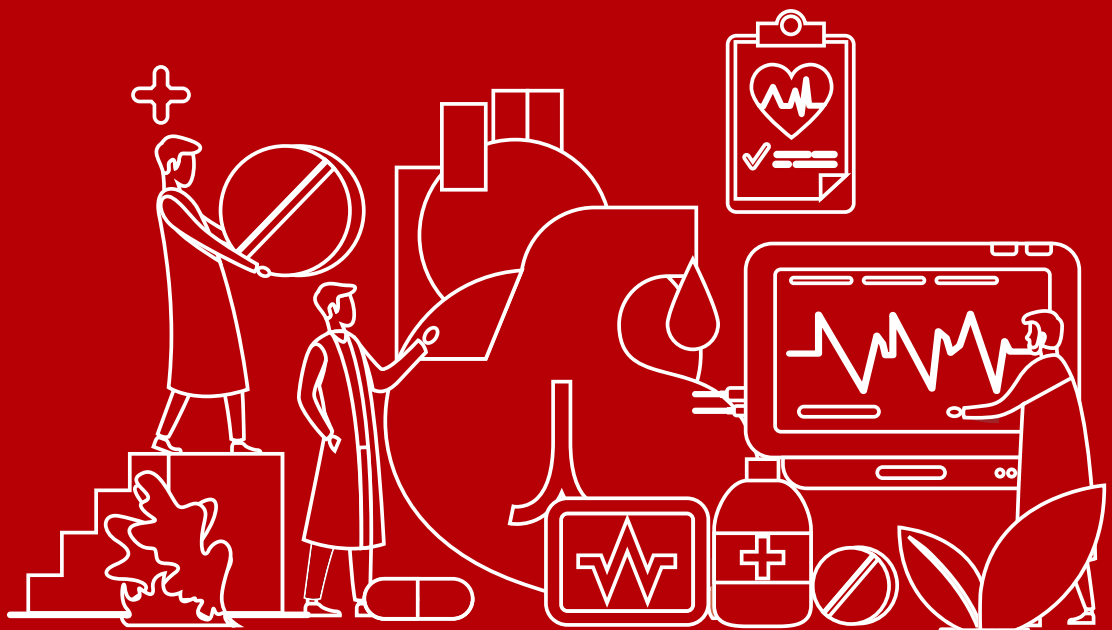
# CSR Report of Horizon Healthcare: Serving the Chinese Healthcare, Undertaking with Good Faith

---

## Material topics addressed

- © High-quality medical services
- © Safety on healthcare
- © Customer information security and privacy protection
- © Communication with customers

## The UN SDGs aligned



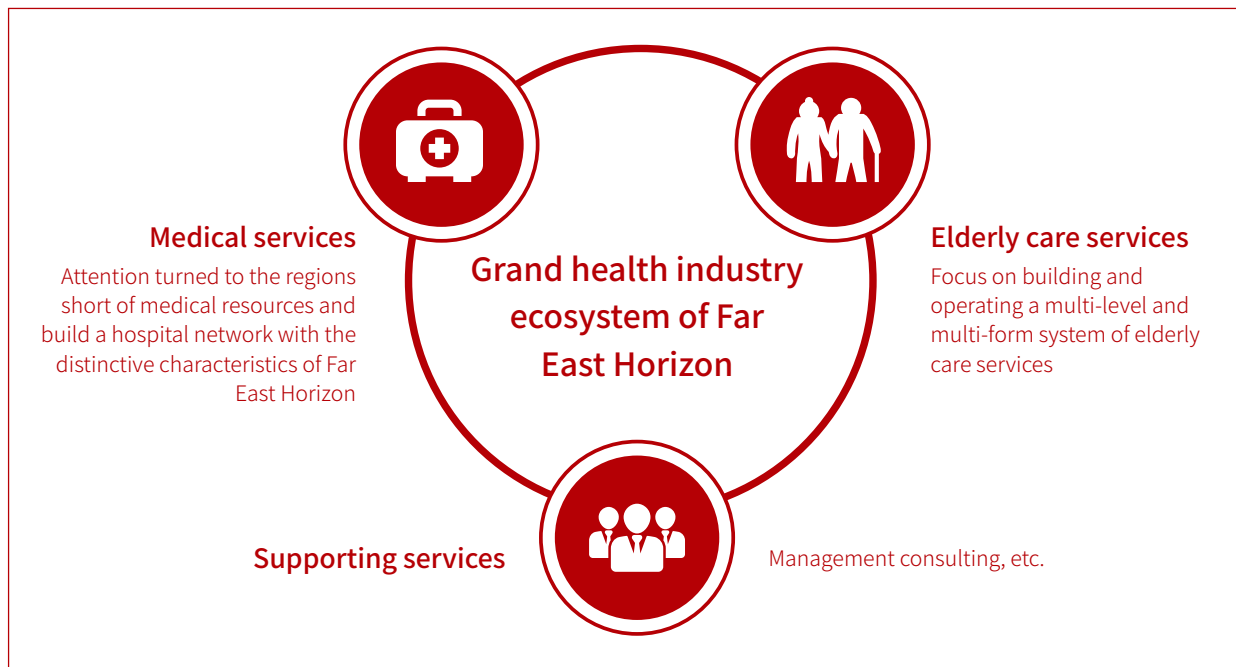


## 8. CSR Report of Horizon Healthcare: Serving the Chinese Healthcare, Undertaking with Good Faith

### 8.1 Overview of the Healthcare Sector

Far East Horizon Healthcare Industry Development Co., Ltd. ("Horizon Healthcare"), a subsidiary of Far East Horizon, is a large-scale social capital hospital group in China. Horizon Healthcare has the mission to make quality health services available nearby. Aligned with the guidance of national policies and focused on the regions short of medical resources, it carries out investment and operation business around medical institutions through investor buyout, restructuring, and planning of new facilities to build a hospital network with distinctive characteristics of Far East Horizon. Also, it pioneers a business mode of "one set of system and one network for one hospital", and keeps promoting strategic exploration and implementation in the fields of rehabilitation and elderly care, hospital management consulting, and medical technology, among others.

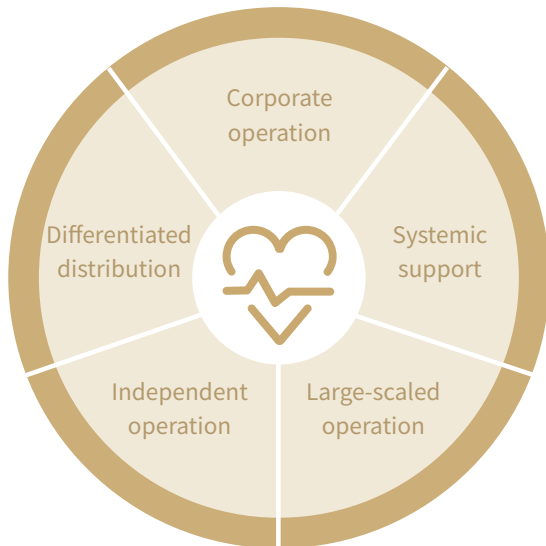
#### >>> The Grand Health Industry Ecosystem of Far East Horizon



As at the end of 2021, Horizon Healthcare owned or controlled a total of **29** hospitals, which offered about **11,000** available beds and hired **10,000** medical staff, thus capable of extending service reach to over **100 million** people.

Focused on a business strategy of "corporate, independent, and large-scaled operation, differentiated distribution, and systemic support", Horizon Healthcare is dedicated to providing the truly accessible, quality, and warm medical services.

>>> **Business Strategy of Horizon Healthcare**



**Corporate operation:** Conduct corporate operation as per the national policies for healthcare industry.

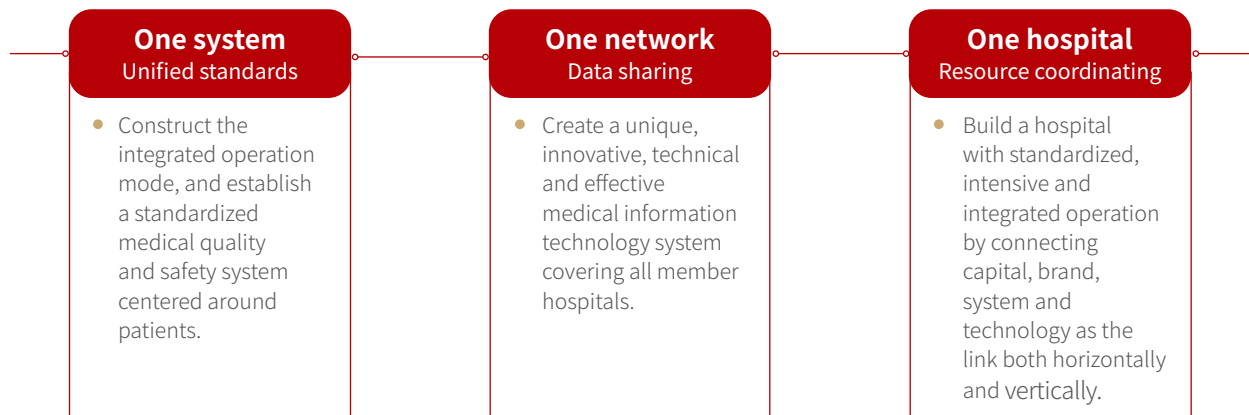
**Differentiated distribution:** Distribute healthcare resources in remote areas (3rd, 4th and 5th tier cities and counties).

**Independent operation:** Pioneer a business mode of "one set of system and one network for one hospital".

**Large-scaled operation:** Realize large-scale layout by virtue of continuous operation, and have joined the top non-government hospitals of China.

**Systemic support:** Provide supporting resources such as health education, medical experts, management consulting, and combination of medical care and health.

>>> **The Innovative Management Pattern Featuring "Three Ones"**



On the 2021 CN-Healthcare Summit (CHS), Horizon Healthcare' s innovative management pattern featuring "three ones" won the Model Innovation Award in the "selection of the Health China Action Model V Innovation".





## 8.2 High-quality Medical Services

### Improving the Quality of Medical Services

Providing quality medical services is the top priority of medical institutions. Horizon Healthcare is always committed to continuously improving and optimizing its medical services. In accordance with the 18 core medical systems of the Decree No.10 of the National Health Commission of China (*the Medical Care Quality Management Measures*), in 2021, it improved the core policies and implementation procedures for medical safety, optimized the implementation evaluation criteria, and incorporated the evaluation results into the annual appraisal. Meanwhile, it refined the organizational system of medical safety management to form a four-tier quality management framework that encompasses the hospital management committee, the hospital quality and safety management committee, functional departments of hospitals, and quality control departments of hospitals.

Horizon Healthcare developed a strategy for implementing hospital and patient safety goals, incorporated it into the annual medical care quality management plan, and promoted its member hospitals to act on the plan. As per the *Notice on Launching the Year of Non-government Hospital Management Campaign* (G.W.Y.H. [2020] No.347), it formulated the year of medical safety management campaign for member hospitals, along with the implementation evaluation criteria and the implementation steps, so that the campaign could be carried out in an all-around way.

In terms of enhancing medical technologies, Horizon Healthcare maintains a differentiated discipline matrix, and establishes six discipline development centers: orthopedics, rehabilitation, nephrology, oncology, consumer medical care, and telemedicine, to continuously empower member hospitals in their discipline building.

#### Key Initiatives Adopted by Horizon Healthcare to Improve the Quality of Medical Care in 2021

- Visited 13 member hospitals, identified over 300 quality safety-related risks, and made recommendations for rectification;
- Conducted 12 training sessions on quality management tools, 8 meetings to explain the terms and conditions of hospital rating accreditation, and 3 discussions on the quality control competition (QCC);
- Completed the vertical nursing counseling for 10 member hospitals, continued to promote the surgical case management, and continued to advocate quality care;
- Made improvements in real inventory management for 14 member hospitals.

#### Quality Improvement Campaigns Held by Horizon Healthcare Member Hospitals

In 2021, all Horizon Healthcare hospitals held their quality improvement campaigns. In the year, there were six member hospitals that have passed the TUV-SQS international quality service system (Siyang Hospital of Traditional Chinese Medicine, the Fifth Hospital of Deyang, Zhengzhou Renji Hospital, Yunnan Zhaotong Hospital, Huizhou Huakang Hospital, and Renshou Yunchang Hospital); 2 member hospitals received rating accreditation counseling (Chongqing Yudong Hospital and Xinxiang Tongmeng Hospital); and 29 member hospitals carried out 6S, QCC quality improvement, and quality nursing service selection activities. Meanwhile, member hospitals also actively participated in external medical care quality improvement competitions and won seven national QCC awards.

### Remote Imaging Center Facilitated the Development of Inclusive Healthcare

Horizon Healthcare divides its member hospitals into six regional imaging unions according to their geographical location and availability of radiological human resources. Within each region, the central hospital organizes the well-staffed and technically-advanced hospitals to provide remote imaging diagnostic services for other hospitals in need.

During the trial operation of the remote imaging diagnosis system ended by the end of 2021, a total of 511 diagnostic services were offered to member hospitals, which enabled primary-level medical institutions to make their imaging diagnosis more timely, accurate, and compliant without increasing medical bills of patients. This exploration, therefore, was well received by the public.

### Developing a Harmonious Doctor-patient Relationship

Horizon Healthcare attaches great importance to the doctor-patient relationship. It is dedicated to serving patients wholeheartedly, by always putting their needs in the first place. IT means such as making appointments with doctors or for check-ups via mobile phones are adopted to help doctors improve their service efficiency and reduce the possibility of medical errors greatly. In addition, an Internet hospital platform called "Horizon Clinic" has become operational to provide patients with more channels to communicate with doctors, carry out chronic disease management, and offer home care. The platform thereby has improved patient satisfaction, thus giving a boost to the brand visibility and influence of Horizon Healthcare.

In terms of patient satisfaction surveys, Horizon Healthcare has made the surveys more professional and science-based, so that they could fully reflect what patients need from hospitals, thus pointing out the direction towards which hospitals would improve their medical services.

#### Measures for Preventing and Handling Medical Disputes

- Outline the intension of compensation, and guide the member hospitals to define damages claimed in medical disputes;
- Prevent the occurrence of medical disputes from such perspectives as quality and safety management policies for hospitals, use of medical technologies, protection of the right to know, readability of medical records, and doctor-patient communication;
- Regulate many aspects of operation such as response of hospitals, rights and interests of patients, preservation of medical records and related materials, autopsy, and negotiation about compensation in case medical disputes take place;
- Where a hospital triggers a severe medical dispute, the hospital president or the competent hospital leader should be asked to introduce the quality and security work at the hospital and present a rectification plan.

## Giving Full Support to the Pandemic Containment and Disaster Relief Efforts

Amid the resurgence of COVID-19 in some places of China in 2021, Horizon Healthcare member hospitals voluntarily provided related medical services such as nucleic acid testing and vaccination. Besides, they also established fever clinics and sent medical staff to work on the front line of the pandemic response.

In 2021, Horizon Healthcare member hospitals vaccinated **412,090** people, run **2,363,699** nucleic acid tests, dispatched **4,957** medical workers in support of the pandemic response efforts, and set up **17** fever clinics in total.



Medical staff dispatched by Dongguan Guanhua Hospital to work on the front line of pandemic containment



Nucleic acid testing site of Shenzhen Cihai Hospital

### Siyang Hospital of Traditional Chinese Medicine Went All out to Fight the COVID-19 Spread

After positive cases of COVID-19 were found at Lukou Airport in July 2021, Nanjing required all of its residents and visitors to take nucleic acid tests.

Siyang Hospital of Traditional Chinese Medicine responded promptly by sending 11 medical and nursing staff members to join the nucleic acid testing team, acting on the command of Nanjing City for joint COVID-19 prevention and control. Despite the scorching weather, they collected samples and disinfected venues to strictly guard the defense line against the coronavirus spread. After two confirmed cases were found in Siyang County, the hospital quickly assembled more than 230 medical and nursing staff members to work at a total of 58 testing sites. They completed the nucleic acid testing tasks within the specified time limits. Their fast response and great commitment both protected the well-being of local residents effectively.

In 2021, Henan Province was hit by extreme rainfall, which flooded some cities, and endangered the lives and property of local people, causing huge economic losses. Horizon Healthcare member hospitals responded positively and actively by giving timely medical treatment to the wounded.

### Xinxiang Tongmeng Hospital Got Involved in Disaster Relief Efforts

At the very center of the Henan flooding was Xinxiang Tongmeng Hospital, where all medical and nursing staff did everything possible to admit and treat as many as flood-injured people, while ensuring the orderly operation of the hospital.

As roads were flooded, medical staff took the assault boats to rescue and treat the wounded. On the spot, they worked with rescue teams from all over the country to make patient referrals and opened green paths to make sure that all the injured could be treated at the first time. At the resettlement sites, the hospital chief and experts did rounds to show care for and assure the affected people.

During the disaster relief, Xinxiang Tongmeng Hospital received more than 300 people affected by the food, arranged nearly 100 ambulance service visits, dispatched medical personnel more than 10 times at short notice, and provided ambulance stretchers, medicines, protective supplies and free treatment for rescuers from all over the country.



Reaching the rescue site by taking an assault boat



Giving medical treatment to the wounded on the front line of flood relief

## 8.3 Ensuring Safety on Healthcare

### Safety in Medical Facilities

In 2021, Horizon Healthcare revised and released four HSE documents, namely the *HSE Work Management Rules*, the *HSE Supervision, Inspection and Hazard Rectification Management Measures*, the *HSE Accidents Incidents Management Measures*, and the *Emergency Preparedness and Response Management Measures*, and simultaneously trained and examined a total of 72 personnel in the HSE line of member hospitals.

Meanwhile, Horizon Healthcare strengthened internal supervision, organized HSE supervisory inspections on self-built projects, and required member hospitals to conduct HSE self-inspection, and pushed forward the fire and environmental compliance renovation of some member hospitals such as Siping Cancer Hospital, Xianning Matang Hospital of Traditional Chinese Medicine, Ningbo Zhenhai Hospital No.2, and Qinghai Kangle Hospital. Additionally, it also kept strengthening internal publicity and education, by carrying out special activities such as Work Safety Month, Fire Safety Awareness Month, and HSE training.

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

### HSE Education and Training Conducted to Enhance Safety Awareness among Employees

Horizon Healthcare conducted HSE education and training activities at the headquarters level, organized the "Life Is of Paramount Importance" training series, pushed a repository of HSE laws and regulations, and gave training on red lines for equity investment (related to HSE matters), confined space safety, etc. It assisted member hospitals in organizing seven HSE training and sharing sessions, which were attended by more than 700 people.

At the same time, Horizon Healthcare arranged member hospitals to take part in many peer exchanges and industry summits, which included the Symposium on Things that Should Be Known on Protecting Large Equipment in Hospitals from Disasters (Flooding), the National Summit on Meticulous Hospital Logistics Management, the Fifth China Hospital Safety Construction and Management Conference, with an aim to improve the safety awareness of their employees in every aspect.

## Safeguarding Information Safety

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

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

"HongYunTong", the office automation (OA) platform of Horizon Healthcare based on the Feishu technologies, features an advanced basic security architecture and a sophisticated data security protection system. The platform can provide users with all-round protection from physical to application dimensions, and implement a series of technical control measures and management processes, to ensure the data security of users. It by far has obtained a number of compliance certifications at home and abroad, including the Cyber Security Protection System of the Ministry of Public Security China (Level 2.0), ISO/IEC 27001, ISO/IEC 27018, ISO/IEC 27701, and ISO/IEC 22301.

### Key Aspects of Work Done by Horizon Healthcare to Ensure Information Security in 2021

- All member hospitals constituted a vertical management system that consisted of three layers, information departments of members hospitals, the medical department of the headquarters, and the group-wide information center, to ensure that hospital information protection could continue, the headquarters could make progress toward IT adoption, and group-wide strategies could be implemented efficiently;
- All member hospitals came under the protection of antivirus software, and intensified information security training to enhance the security awareness of all staff;
- All member hospitals updated and strengthened their terminal security management strategies, tightened the management of mobile devices, promoted virtual terminals on a trial basis, and emphasized desktop security;
- The headquarters IDC server room was installed with WAF equipment and Sangfor EDR to prevent information systems from attacks, abnormal logins, and tampering;
- Every member hospital carried out two comprehensive inspections throughout the year, which covered multiple dimensions such as access control, network connection, surveillance equipment, temperature and humidity control, UPS, system logs, and database backup;
- All member hospitals transition to SDWAN, which could provide transmission encryption and security protection for the construction and operation of the "one system" strategy.

## Datasheet of the Chapter

### Occupational Health and Safety Performance of Horizon Healthcare

Indicator	Unit	2019	2020	2021
Number of work-related fatalities	person	0	0	0
Working days lost due to work injury	day	783	766	510
Times of safety supervision	number	476	536	535
Number of emergency drilling	number	163	146	211
Safety training participants	person	10,890	17,481	15,897

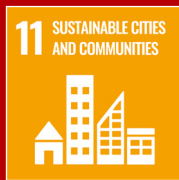
# CSR Report of Horizon Construction Development: Promoting China's Construction Industry through a Customer-centric Approach

---

## Material topics addressed

- © Quality of construction projects and equipment
- © Safety on production
- © Serving the real sector
- © Communication with customers

## The UN SDGs aligned







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

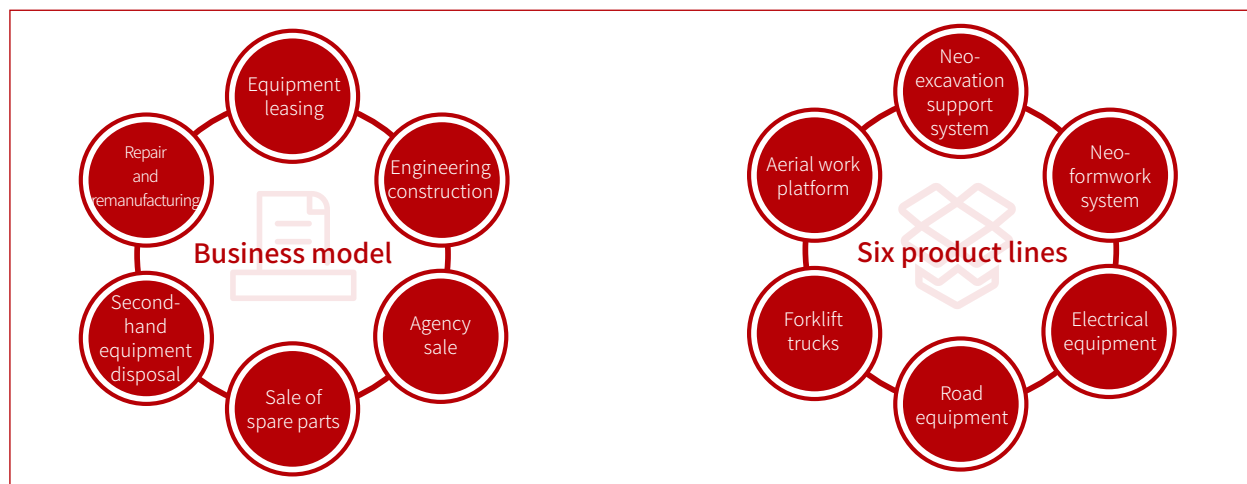
## 9.1 Overview of the Construction Sector

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

<p><b>Mission</b></p> <p>Make customers' production and operation safer and more efficient</p> 	<p><b>Vision</b></p> <p>Committed to a trusted equipment operation service provider</p> 	<p><b>Values</b></p> <p>Customer first, hard work, and win-win cooperation</p> 
--	---	--

Horizon Construction Development is dedicated to building a comprehensive operation service system with the "full-cycle management" of construction machinery equipment at the core. Relying on its strong technical team and management system, it is able to provide various enterprises with a wide range of one-stop equipment operation services.

### >>> Business Model and Product Lines of Horizon Construction Development



Horizon Construction Development has set up four major operation bases in Shanghai, Tianjin and Guangzhou, and established clusters of operation outlets in key regions across China, which altogether form a nationwide operation and service network. In response to the introduction of go-global strategies by the State such as the Belt and Road Initiative, Horizon Construction Development is steadily expanding its overseas business presence, with an aim to grow more international and competitive.

### Honors and Awards of Horizon Construction Development in 2021

- Making its way to the list of the World' s Top 100 Rental Companies (IRN 100) and ranking **24th**, up **15** places from last year;
- Getting its ranking on the Access50 Rental Fleets list rising to **No.1** in Asia and **No.4** worldwide, up two places from 2020 and entering the top 5 for the first time;
- Dominating the T50 Summit of World Construction Machinery Industry in 2021, by becoming one of the **"Top 10 Leasing Companies in China' s Construction Machinery Industry"** and the **"Top 10 Aerial Operation Equipment Leasing Companies in China"**;
- Recognized as one of the **"Leading Sci-tech Leasing Companies"** at the Eighth Global Leasing Industry Competitiveness Summit.



One of the Top 10 Leasing Companies in China' s Construction Machinery Industry



One of the Leading Sci-tech Leasing Companies

In 2021, Horizon Construction Development, as a leading company in China' s equipment operation industry, continued to play a positive part in the construction industry of China. Specifically, it undertook the construction of many key projects, including the celebration ceremony of the 100th anniversary of the CPC, the 2022 Olympic Winter Games venues, the Asian Youth Games venues, and many chip production bases. Meanwhile, it also got involved in the flood relief and rescue efforts in Zhengzhou and construction of mobile cabin hospitals in many places nationwide. In doing so, it not only facilitated the advent of a new infrastructure era in China, but also amply fulfilled its social responsibilities.

Major Projects Undertaken by Horizon Construction Development in 2021



Ensuring consistent power supply during the 14th National Games of China in Xi' an



Participating in the construction of Zhengzhou Xinzheng International Airport (phase II)



Undertaking the foundation pit supporting project of Yilai Business Center in Kunming



Helping with the flood relief efforts in Zhengzhou

In early 2022, Hong Kong, Shenzhen, Jilin, Shanghai, and many other places in China were on alert due to the high transmittable and infectious Omicron variant. In this context, Horizon Construction Development, always aware of its responsibilities for pandemic response as one of the country' s top large-scale equipment and materials suppliers, threw itself into the construction of anti-pandemic projects, including centralized medical quarantine facilities such as mobile cabin hospitals. In the meantime, it strongly supported the continuous production and construction across the country, and worked with all parties to weather the hard times together.





As of March 31, 2022, Horizon Construction Development through its product lines supplied more than **5,800** units of equipment and **190,000** tons of various materials in **26** provinces (municipalities directly under the central government and special administrative regions) across China to support the pandemic-related infrastructure construction in key affected regions such as Hong Kong, Shanghai and Jilin.



Supporting the construction of mobile cabin hospitals in Shanghai



Supporting the construction of pandemic-resilient hospitals in Hong Kong



Supporting the construction of mobile cabin hospitals in Hefei



Supporting the construction of mobile cabin hospitals in Langfang

## 9.2 High-quality Products and Services

### Guaranteeing the Quality of Construction and Equipment

Quality is a guarantee for an enterprise to survive and flourish. It is also a lifeline for its efforts to open up new markets. Horizon Construction Development strictly controls quality management. It has put in place a complete set of quality management systems based on the *ISO9001:2015 Quality Management System Manual of Shanghai Horizon Construction Development Co., Ltd.* In 2021, it formulated or revised a total of 69 quality management norms, measures, and rules, such as the *Quality Management Norms for Suppliers under the Revolving Materials Division* and the *Quality Management Norms for Pavement Engineering under the Road Business Department*, to further tighten the quality control over revolving materials, road business, industrial equipment, and other business lines.

In 2021, Horizon Construction Development established a technical quality group for engineering business and a host of quality control mechanisms, which included holding monthly quality analysis meetings, breaking down quality control indices, and preparing quality inspection specifications, in a bid to improve quality control over various processes, such as engineering, products, maintenance, equipment, and raw material procurement, and improve related quality indices substantially.

In addition, Horizon Construction Development is active in supplier quality management. It has formulated the *Supplier Quality Management Norm*, put in place a complete set of quality management systems, formed uniform standards for the selection, identification, evaluation, and assessment of suppliers in terms of service quality and equipment procurement, and conducted quality control over the equipment provided by suppliers. With these steps, it ensures that the purchased products can continuously meet various demands, and promotes the supplier quality towards continual improvement.

>>> **Quality Management Objectives of Horizon Construction Development**

<b>Build a quality benchmark</b>	Promote different business lines to build their respective quality benchmark, and help employees to spontaneously improve their work quality through selecting, rewarding, and publicizing role models.
<b>Forge a quality brand</b>	Proceeding from the needs of daily quality management, select high-quality projects or business cases for displaying and publicity through multiple means and channels, and thus forge a high-quality brand in the industry.
<b>Implement requirements for quality control</b>	Ask all posts and employees to fulfill their quality control responsibilities, organize multi-level inspections, conduct strict quality assessment, and implement quality requirements as prescribed.
<b>Create a positive cultural atmosphere</b>	Build the grand quality culture, carry out quality publicity, training and other activities targeted at all levels, and cast a cultural atmosphere where everyone knows and respects the significance of quality.

Employees play an important role in the quality management of the production and operation process. Horizon Construction Development has always been committed to developing the awareness of quality management among employees, with organizing quality training and improving employees' operational skills deemed as two key aspects of quality management. In 2021, Horizon Construction Development conducted cascade training that covered the headquarters, business divisions, and work teams, and sent quality engineers to project sites as a move to ensure the effectiveness and quality of training.



Production quality training at the formwork plant



Training on the steel support structure construction manual

In addition, Horizon Construction Development has also established a product recall system. According to the system, the *Non-conformance Report and the List of Corrective and Preventive Measures* would be filled in to promptly recall the flawed products. In 2021, neither product recall nor regulatory penalty took place at Horizon Construction Development.

In terms of intellectual property rights (IPR) protection, Horizon Construction Development has formulated the Measures for Intellectual Property Management, the *Measures for R&D Project Management*, the *Patent Management Regulations*, and other policies. Before products are launched and when they are in use, it prevents infringements by means of legal risk assessment and professional legal consultation, so as to effectively protect IPRs of itself and its customers. In 2021, Horizon Construction Development neither maliciously infringed on IPRs of others nor committed other crimes/non-compliance behaviors.



- In 2021, Horizon Construction Development submitted **50** IPR applications and got **41** IPRs approved;
- As at the end of 2021, Horizon Construction Development obtained **204** IPRs, including **13** patents for invention, **125** patents for utility models, and **60** software copyrights.

### Optimizing the Customer Service System

Horizon Construction Development values the comments and suggestions customers offer for its products and services. It establishes a customer service system which provides a diversity of channels such as telephone follow-up, short messaging service (SMS), 400-toll-free customer service hotline, and online response through APP and WeChat official account. At the same time, it responds to the appeals of customers explicitly at a faster pace, so as to raise its customer service standards.

In 2021, Horizon Construction Development added new service monitoring positions, designated full-time personnel to monitor and enhanced the service quality of each business division via 400-toll-free customer service hotline or through on-site visits.

#### >>> Customer Service Mechanism of Horizon Construction Development

<b>Customer satisfaction surveys</b>	<ul style="list-style-type: none"> <li>• Randomly sample customers to conduct satisfaction surveys every month, with a view to getting informed of how customers use its equipment and comment on its services, and rectify the problems fed back by customers.</li> <li>• A total of 36,900 follow-up phone calls were made throughout 2021, 89.4% of the surveyed customers feeling satisfied with the customer quality.</li> </ul>
<b>Customer complaint handling</b>	<ul style="list-style-type: none"> <li>• On top of that, Horizon Construction Development relies on the online customer complaint management system to provide customer services around the clock and handle complaints lodged by customers online within 15 minutes.</li> <li>• Where customers are dissatisfied with how their complaints are handled or refuse accepting the handling results, customer service specialists will call back and follow up throughout the process, in an effort to win their satisfaction.</li> </ul>

In 2021, Horizon Construction Development continued to input resources in technological innovation, raise the degree of digitalized and intelligent operation, empower supply chain management and business development with technology, and enhance management and operational efficiency.

**Empowering Supplier Management and Business Development with Technology**

- A supplier bidding system has been launched and operated, so that the sourcing workflow of various materials could go from offline to online. The availability of the compliant system makes it possible to provide a transparent and fair level playing field for all qualified suppliers.
- Continuous progress is made towards paperless operation of all business segments. Electronic versions of documents in contract signing, asset handover, equipment certificates, and other business steps are provided to reduce paper consumption, which is expected to reduce nearly one million sheets of A4 paper consumed annually.
- Internet of Things (IoT) technology is used to elevate the degree of equipment intelligence. When customers apply for rental suspension, service engineers can control equipment switch remotely, which saves them from driving between workplaces and project sites, a move that reduces carbon emissions.

### 9.3 Ensuring Safety on Production

Horizon Construction Development persistently implements the work safety and occupational hazards prevention measures to protect its employees. It upholds the HSE guidelines of "dual responsibilities of one post, all-employee involvement, risk management, and accident prevention" to improve the HSE management regime around the HSE targets, and make continuous headway towards vertical professional and horizontal standardized management. Specifically, it works hard to establish an intrinsic safety system from a host of dimensions such as resource input, process safety, equipment (material) safety, technical safety, quality safety, and safety supervision, in an effort to promote the secure, healthy, and sustainable business development on all fronts.

**>>>HSE Objectives of Horizon Construction Development**

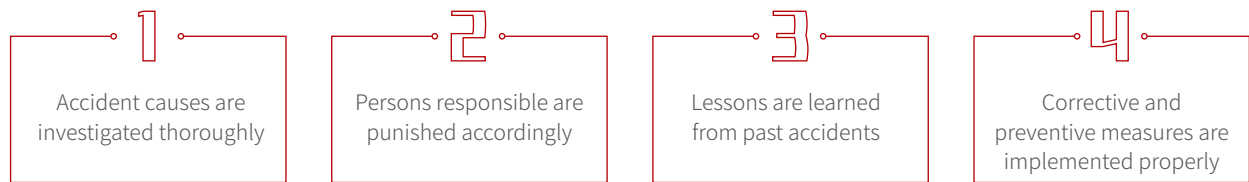


In 2021, Horizon Construction Development further improved the HSE management systems by adding, revising, and releasing work safety bans for 31 positions or processes under nine business segments, as well as 48 standard operating procedures (SOPs) for high-risk processes, 15 management rules, and 11 management measures. With these documents, it aimed to provide, through systematic management, employees with a safe working and living environment, where there are no negative impacts on their health and the surrounding environment.



In terms of safety accidents management, Horizon Construction Development follows the principles of "pre-event management, during-event control, and after-event improvement" to strictly control the threats brought by employees' violations. In case of an HSE accident, the subsidiary requires that the injured, if any, shall be sent to hospitals immediately, and that investigations shall be conducted to analyze the causes of accidents from dimensions of man, machine, material, method, and environment. The principle of "four no-excuses" shall be followed in handling accidents. Thanks to the strict accident responsibility management, Horizon Construction Development had 22 minor accidents but incurred no serious injuries or above in 2021.

>>>Principle of "Four No-excuses" for Safety Accident Disposal



To control business safety risks, Horizon Construction Development, through the HSE Committee and its subordinate organizations, coordinates various aspects of work safety, such as deciding on major HSE matters, setting annual HSE targets, installing safety awareness in employees, and improving production safety measures. In 2021, it focused on three core domains, that is, high-risk production processes, high-risk groups, and hidden hazards, to ensure its stable development through precise control.

**Work Done by Horizon Construction Development in Three Key Domains Throughout 2021**

**High-risk production processes:** Finalized 44 SOPs, delivered training to **7,488** persons, and examined or rectified errors of **1,474** persons.

**High-risk groups:** Identified **1,251** people with high risk and supported the **952** high-risk persons to obtain certification.

**Hidden hazards:** Screened **15,094** cases with hidden hazards, of which **2,458** with severe ones.

When it comes to protecting the occupational health and safety of employees, Horizon Construction Development upholds the safety management philosophy that takes risk management at the core, follows the principles of "pre-event management, during-event control, and after-event improvement" to identify as many as safety hazards and strictly control the threats brought by employees' violations.

In 2021, Horizon Construction Development invested approximately RMB10.67 million in safety management, which was mainly used to procure protective equipment for workers, replace safety facilities and equipment, maintain, regularly inspect special-purpose equipment, dispose of hazardous and solid waste, carry out pre-employment compliance certification training, and conduct occupational health checkups.

## OHS Measures of Horizon Construction Development

- Strengthen the supervision and inspection of front-line employees in terms of work safety, and regulate employees' work safety behavior;
- Create a good work safety atmosphere by adopting some visual management measures such as selecting accident-free teams and setting up accident-free timers around the year;
- Regularly evaluate the status of occupational disease risks and detect and disclose occupational hazards;
- Focus on ergonomic design to improve operating conditions and standardize the configuration of occupational health protection facilities;
- Have employees in positions exposed to occupational disease hazards undergo pre-job, on-the-job, job-transfer, and pre-exit medical checkups with a view to guarding against the risks of occupational diseases;
- Vigorously publicize safety management knowledge, and raise employees' work safety awareness and skills through organizing the Work Safety Month campaign, new employee training, and on-the-job training, pushing safety education articles or self-produced safety videos in the "Alarm Bells" column.



HSE training at the Chengdu base



HSE training at the Xiong'an base

In 2021, Horizon Construction Development delivered safety training to **9,448** employees accumulatively, and pushed a total of **142** HSE education and training articles with **177,232** viewers.

## Datasheet of the Chapter

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

Indicator	Unit	2019	2020	2021
Number of work-related fatalities	person	0	0	0
Working days lost due to work injury	day	182	380	382
Times of safety supervision	number	985	1,619	1,928
Number of emergency drilling	number	108	196	221
Safety training participants <sup>2</sup>	person	6,325	7,691	49,799

Note 1: The data cover Horizon Construction Development.

Note 2: In addition to the offline HSE training on an ongoing basis, Horizon Construction Development launched the "Horizon E Academy" online training in May 2021, so the number of safety training participants in 2021 increased significantly compared with that in 2020.

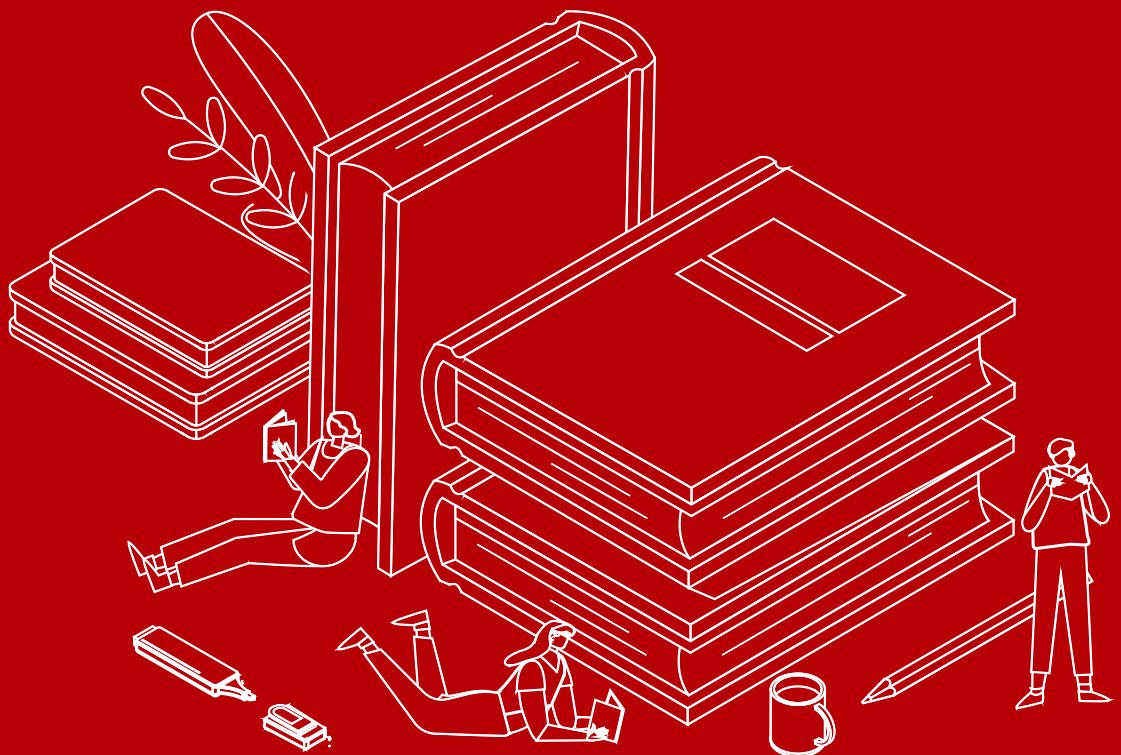
# CSR Report of Horizon Education: Turning out Elite Talents, Developing National Education

---

## Material topics addressed

- © High-quality education services
- © Safety on campus
- © Customer information security and privacy protection
- © Communication with customers

## The UN SDGs aligned



# 10. CSR Report of Horizon Education: Turning out Elite Talents, Developing National Education


## 10.1 Overview of the Education Sector


Horizon Education Investment Holding (Shanghai) Co., Ltd. (hereinafter referred to as "Horizon Education") is an arm of Far East Horizon engaged in the education industry. Having the mission to serve society and adhering to the principle of "people orientation, fusion of Chinese and western education and training elites" as well as the schooling philosophy of "building schools into picturesque campuses", Horizon Education pools together educational resources that cover all learning stages available at home and abroad in an effort to cultivate outstanding students who are socially responsible, technologically innovative, and internationally competitive.


### >>>Schooling System of Horizon Education


Teaching Brand	Phase of Education	Distribution of Campuses	Features
Hongwen Montessori Academy	Preschool education	Nationwide	Educational philosophy and teaching methods of Montessori
Hongwen School	Nine-year compulsory education and senior high school education	Core Chinese cities such as Shanghai, Chengdu, and Qingdao	Fusion of the best concepts available in Chinese and western elite education
The National Mathematics and Science College (NMSC)	Senior high school education	The UK	Dedication to turning out elite students and offering STEM courses


### >>>Schooling Philosophy of "Building Schools into Picturesque Campuses" at Horizon Education











Introducing top-level teachers to upgrade teaching staff and enhance teaching quality

- R&D of a distinctive curriculum system
- A school network featuring collaboration at home and abroad
- Open, enterprising teaching style pursuing excellence
- Dedication to becoming a pipeline of excellent students for the world-renowned universities

Deliver an ultimate campus experience to take good care of students in every possible way

- Supply of nutrition-balanced food
- High-standard dormitories
- Garden-style campus buildings
- Personalized property management

### Schooling Achievements of Horizon Education in 2021

- As at the end of 2021, Horizon Education owned **four** schools and **seven** high-end kindergartens in Shanghai, Chengdu, Qingdao and the UK, getting over **800** graduates admitted by many world-class academies.
- In 2021, **127** high school graduates of Horizon Education were **all** admitted into the world-renowned universities, of whom **three** were enrolled by the University of Oxford and **two** by the University of Cambridge.
- Based on the "double reduction" policy and the "school + campus" philosophy, launched **"365\*24 hours" innovative services**.
- Shanghai Campus of Hongwen School was officially authorized by the International Baccalaureate Organization (IBO) as an International Baccalaureate Diploma Program (IBDP), becoming an **IB World School**.

## 10.2 High-quality Teaching Services

### Improving Teaching Quality

Horizon Education has always been committed to improving the teaching quality, and encouraging innovation in education. Based on the "double reduction" policy and the "school + campus" philosophy, in 2021, it rolled out the "365\*24 hours" innovative service modes, which covered six aspects of curriculum design, teaching quality enhancement, faculty enhancement, provision of full-time service, panoramic-view education, and full-process management.

#### >>> "365\*24 hours" Innovative Services Provided by Horizon Education in 2021

#### School

There formed three types of service combinations: regular/after-hours services, weekend/holiday services, and winter and summer vacation services. With optimized resources, an after-hours course system was basically set up, which offered 18 new hobby courses and 40 new after-hours classes, newly served 600 students per week.

#### Campus

Campus services were available around the clock, which put forth tightened requirements for service quality management. Cultural immersion was embodied from service to environment was, so that learning could never be confined to the classroom, but happen in all aspects of campus life. Everyone is a teacher, everywhere is a classroom.

After introducing the faculty management system in 2020, Horizon Education further enhanced the management responsibilities and functions of each faculty. A matrix management structure was created, which could effectively stimulate the initiative of faculties in management and innovation.



### The Research Projects under the Educational Research Institute "Got Grants Worth RMB1 Million"

Horizon Education, under the leadership of the educational research institute, encouraged all schools and campuses to engage in innovative research on teaching quality improvement.

In 2021, three campuses of Horizon Education submitted 47 research applications involving 169 teachers, of which 43 research programs were finally approved, with the total funding reaching RMB1 million. Specifically, the *Construction of the Traditional Chinese Curriculum* was rated as a district-level research project and is currently on the way to a city-level one.



The Proposal for the *Construction of the Traditional Chinese Curriculum*

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

### >>>Network Security-related Risk Management Measures Adopted by Horizon Education in 2021

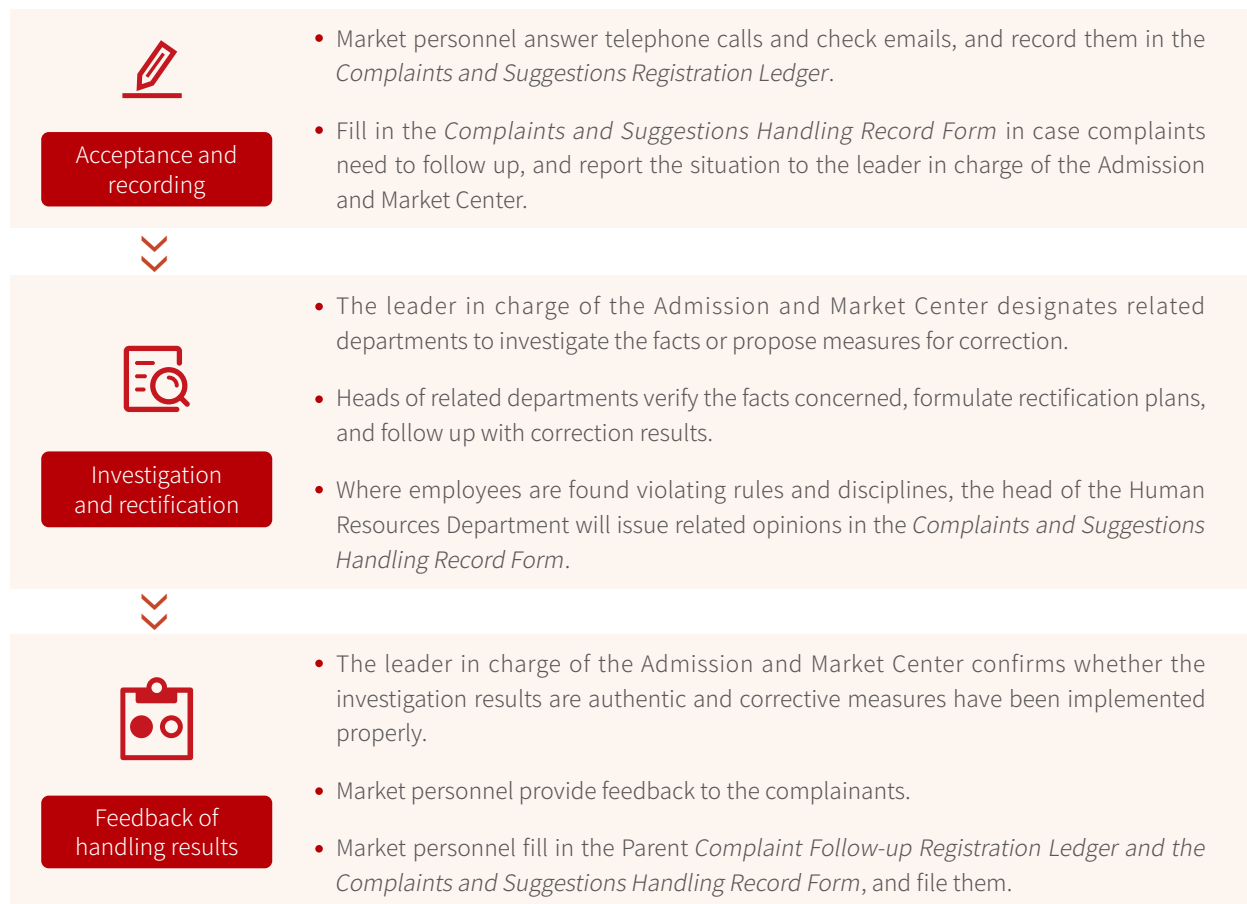
Emergency response mechanism	<ul style="list-style-type: none"> <li>Graded information security events and established corresponding emergency response mechanisms</li> <li>Emergency response measures and reporting mechanisms were formulated to deal with information destroy incidents such as information counterfeiting, information leakage, information theft, and information loss.</li> </ul>
Technology	<ul style="list-style-type: none"> <li>Established account and password management strategies, with different password strategies tailored for different identities.</li> </ul>
Infrastructure	<ul style="list-style-type: none"> <li>Configured network behavior management devices, hardware firewalls, and other devices to defend against threats from the Internet and manage intranet traffic.</li> </ul>

## Facilitating Parent-school Communication

Horizon Education always acts as a bridge that connects itself with parents, to enhance the effective communication between the two sides. In 2021, it reelected the second parent-teacher associations (PTAs) on the school and faculty levels, optimized the three-tier PTA mechanism (school, faculty, and class), and further specified the functions of the PTAs, so that they could play a better role in school-parent communication.

On this basis, the subsidiary kept improving the complaint handling procedures to make timely and effective responses to complaints and inquiries from parents and students, with a view to maintaining a harmonious family-school relationship.

### >>>Inquiries and Complaints Response Flow



## 10.3 Constructing Safety on Campus

For Horizon Education, the HSE concept is a cornerstone of its sustainable development, and the health and safety of employees and students turns out a top priority of all its work. In 2021, Horizon Education kept improving the HSE system, broke down HSE responsibilities level by level, got the HSE responsibility letter signed across its headquarters, three campuses of Hongwen School, and kindergartens of Hongwen Montessori Academy, with an aim to ensure campus security.

In 2021, Horizon Education organized a joint campus inspection and followed up on the rectification of the exposed problems. Specifically, 51 safety hazards were found at Shanghai-based schools, 49 of which have been rectified, accounting for 96% of the total; and 57 hazards were found in Shanghai-based kindergartens, all of which have been rectified.

>>>HSE System Building of Horizon Education in 2021

<b>Horizon Education</b>	<ul style="list-style-type: none"> <li>Completed revising five HSE documents, including the <i>HSE Work Rules of Horizon Education</i>.</li> </ul>
<b>Hongwen Shanghai</b>	<ul style="list-style-type: none"> <li>Revised the standards for joint safety and logistics inspections of Hongwen Shanghai Campus, by adding four inspection categories for laboratories, dormitories, swimming pools and playground equipment as well as 52 inspection items.</li> <li>Completed drafting five documents such as the <i>Catering Service Manual</i>.</li> </ul>

In 2021, Horizon Education rolled out the working mechanism where everyone would be a safety officer. Security officers, cleaning workers, and engineering staff were mobilized to find safety hazards and stop unsafe student behavior, which could be summarized into "ten mandatory reports and two mandatory stops". At the same time, campuses also organized training and introduced incentives to ensure that the working mechanism could be implemented.

In 2021, Horizon Education, including its schools and kindergartens, neither committed any legal violations, nor received any regulatory punishment in this regard.

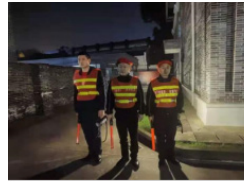
>>>"Ten Mandatory Reports and Two Mandatory Stops" of Horizon Education

1. Open fire and open smoke	4. Passages obstructed	7. Water leakage	10. Objects damaged
2. Alarm ringing	5. Exposed wires	8. Strange noises and weird odors	11. Chase and run
3. Protruding sharp corners	6. Overhead hazards	9. Computer rooms unlocked	12. Risky play

In 2021, Horizon Education continued to improve its safety training system according to the operational conditions of different campuses. It raised the safety awareness of teachers and students by holding Fire Safety Month, school-wide evacuation drills, and other activities. At the same time, an ongoing pandemic response mechanism was established to ensure all aspects of related work could be done properly at each campus.

## Fire Safety Month

- In mid-November, general manager of Horizon Education presided over a training session which senior executives attended to learn about the conflagration cases in the education industry, with an aim to emphasize the importance of safety and eliminate fluke mentality.
- Horizon Education standardized the annual fire safety reporting by the three campuses of Hongwen School, and developed and put into extensive use five forms: the basic information of on-campus fire fighting equipment, the annual rectification results of fire hazards, the key work related to fire safety for the year, the use of fire safety input in the year, and the fire safety work plan for the coming year.
- All schools and kindergartens organized their respective evacuation drills.



All-member drill by Hongwen Campus in Shanghai

Dormitory fire drill by Hongwen Campus in Chengdu at night

In 2021, Xuhui kindergarten and Xiushan kindergarten of Hongwen Montessori Academy, a subsidiary of Horizon Education, were rated as "**Safe and Civilized Campus of Shanghai**".

## Datasheet of the Chapter

### Occupational Health and Safety Performance of Horizon Education

Indicator	Unit	2019	2020	2021
Number of work-related fatalities	person	0	0	0
Working days lost due to work injury	day	0	0	0
Times of safety supervision	number	550	312	306
Number of emergency drilling	number	90	61	72
Safety training participants	person	4,983	2,381	3,551

# Standard Index

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

Subject Areas, Aspects, General Disclosures, and KPIs	Sections
Aspect A1: Emissions	
General Disclosure A1	5.1 Responding to Climate Change 5.3 Practicing Green Operation
KPI A1.1	5.1 Responding to Climate Change 5.3 Practicing Green Operation
KPI A1.2	5.1 Responding to Climate Change Datasheet of the Chapter (5. Seeking Green Development to Move toward the Carbon Peaking and Neutrality Goal)
KPI A1.3	Datasheet of the Chapter (5. Seeking Green Development to Move toward the Carbon Peaking and Neutrality Goal)
KPI A1.4	Datasheet of the Chapter (5. Seeking Green Development to Move toward the Carbon Peaking and Neutrality Goal)
KPI A1.5	5.1 Responding to Climate Change
KPI A1.6	5.3 Practicing Green Operation
Aspect A2: Use of Resources	
General Disclosure A2	5.1 Responding to Climate Change 5.3 Practicing Green Operation
KPI A2.1	Datasheet of the Chapter (5. Seeking Green Development to Move toward the Carbon Peaking and Neutrality Goal)
KPI A2.2	Datasheet of the Chapter (5. Seeking Green Development to Move toward the Carbon Peaking and Neutrality Goal)
KPI A2.3	5.1 Responding to Climate Change
KPI A2.4	5.3 Practicing Green Operation
KPI A2.5	The Company's products are financial products which are not applicable for this indicator
Aspect A3: The Environment and Natural Resources	
General Disclosure A3	5.1 Responding to Climate Change 5.3 Practicing Green Operation

Subject Areas, Aspects, General Disclosures, and KPIs	Sections
KPI A3.1	5.1 Responding to Climate Change 5.3 Practicing Green Operation
Aspect A4: Responding to Climate Change	
General Disclosure A4	5.1 Responding to Climate Change
KPI A4.1	5.1 Responding to Climate Change
Aspect B1: Employment	
General Disclosure B1	6.1 Employee Rights and Benefits
KPI B1.1	Datasheet of the Chapter (6. Helping Employees Grow and Going Further Together)
KPI B1.2	Datasheet of the Chapter (6. Helping Employees Grow and Going Further Together)
Aspect B2: Health and Safety	
General Disclosure B1	6.4 Employee Health and Safety
KPI B2.1	6.4 Employee Health and Safety Datasheet of the Chapter(8. CSR Report of Horizon Healthcare: Serving the Chinese Healthcare, Undertaking with Good Faith) Datasheet of the Chapter(9. CSR Report of Horizon Construction Development: Promoting China' s Construction Industry through a Customer-centric Approach) Datasheet of the Chapter(10. CSR Report of Horizon Education: Turning out Elite Talents, Developing National Education)
KPI B2.2	Datasheet of the Chapter(8. CSR Report of Horizon Healthcare: Serving the Chinese Healthcare, Undertaking with Good Faith) Datasheet of the Chapter(9. CSR Report of Horizon Construction Development: Promoting China' s Construction Industry through a Customer-centric Approach) Datasheet of the Chapter(10. CSR Report of Horizon Education: Turning out Elite Talents, Developing National Education)



Subject Areas, Aspects, General Disclosures, and KPIs		Sections
KPI B2.3		6.4 Employee Health and Safety
Aspect B3: Development and Training		
General Disclosure B3		6.2 Employee Training and Development
KPI B3.1		Datasheet of the Chapter (6. Helping Employees Grow and Going Further Together)
KPI B3.2		Datasheet of the Chapter (6. Helping Employees Grow and Going Further Together)
Aspect B4: Labour Standards		
General Disclosure B4		6.1 Employee Rights and Benefits
KPI B4.1		6.1 Employee Rights and Benefits
KPI B4.2		6.1 Employee Rights and Benefits
Aspect B5: Supply Chain Management		
General Disclosure B5		3.2 Risk and Compliance Management
KPI B5.1		Datasheet of the Chapter (3. Laying a Solid Foundation for Robust, Efficient Governance)
KPI B5.2		3.2 Risk and Compliance Management
KPI B5.3		3.2 Risk and Compliance Management
KPI B5.4		3.2 Risk and Compliance Management
Aspect B6: Product Responsibility		
General Disclosure		4.3 Providing Quality Services 8.2 High-quality Medical Services 9.2 High-quality Products and Services 10.2 High-quality Teaching Services
KPI B6.1		9.2 High-quality Products and Services
KPI B6.2		4.3 Providing Quality Services 8.2 High-quality Medical Services 9.2 High-quality Products and Services 10.2 High-quality Teaching Services Datasheet of the Chapter (4. Having the Mission to Serve the Industrial Upgrading Drive)

Subject Areas, Aspects, General Disclosures, and KPIs		Sections
KPI B6.3		3.2 Risk and Compliance Management
KPI B6.4		9.2 High-quality Products and Services
KPI B6.5		4.3 Providing Quality Services 8.2 High-quality Medical Services 9.2 High-quality Products and Services 10.2 High-quality Teaching Services
Aspect B7: Anti-corruption		
General Disclosure B7		3.3 Business Ethics Datasheet of the Chapter (3. Laying a Solid Foundation for Robust, Efficient Governance)
KPI B7.1		3.3 Business Ethics Datasheet of the Chapter (3. Laying a Solid Foundation for Robust, Efficient Governance)
KPI B7.2		3.3 Business Ethics
KPI B7.3		3.3 Business Ethics Datasheet of the Chapter (3. Laying a Solid Foundation for Robust, Efficient Governance)
Aspect B8: Community Investment		
General Disclosure B8		7. Being a Public-spirited Enterprise to Enhance Social Harmony
KPI B8.1		7. Being a Public-spirited Enterprise to Enhance Social Harmony
KPI B8.2		7. Being a Public-spirited Enterprise to Enhance Social Harmony

## Index of Sustainability Reporting Standards (2016) issued by the Global Reporting Initiative (GRI)

Sustainability Reporting Standards indicator	Description
General Disclosure	
Foundation	
101	Statement on Preparation of the Report
Company Profile	
102-1	1.1 Company Profile
102-2	1.1 Company Profile
102-3	Back Cover
102-4	1.1 Company Profile
102-5	1.1 Company Profile
102-6	1.1 Company Profile
102-7	1.1 Company Profile
102-8	Key Performance
102-9	3.2 Risk and Compliance Management
102-10	1.3. Organizational Structure
102-11	3.2 Risk and Compliance Management
102-12	Standard Index
102-13	1.4 Honors and Awards
Strategy	
102-14	Statement of the Board on Environmental, Social and Governance (ESG) Management
102-15	Statement of the Board on Environmental, Social and Governance (ESG) Management
Ethics and Integrity	
102-16	2.1 CSR Concept
Governance	
102-18	1.3 Organizational Structure
102-21	2.2 Social Responsibility Management
102-22	3.1 Corporate Governance
102-29	2.2 Social Responsibility Management
Stakeholder Engagement	
102-40	2.2 Social Responsibility Management

Sustainability Reporting Standards indicator	Description
102-41	Datasheet of the Chapter (6. Helping Employees Grow and Going Further Together)
102-42	2.2 Social Responsibility Management
102-43	2.2 Social Responsibility Management
102-44	2.2 Social Responsibility Management
Report Summary	
102-45	Statement on Preparation of the Report
102-46	Statement on Preparation of the Report
102-47	2.2 Social Responsibility Management
102-48	N/A
102-49	2.2 Social Responsibility Management
102-50	Statement on Preparation of the Report
102-51	Statement on Preparation of the Report
102-52	Statement on Preparation of the Report
102-53	Statement on Preparation of the Report
102-54	Statement on Preparation of the Report
102-55	Index of Sustainability Reporting Standards (2016) issued by the Global Reporting Initiative (GRI)
102-56	The Company has not conducted external assurance
Economy	
103-1	4. Having the Mission to Serve the Industrial Upgrading Drive 7. Being a Public-spirited Enterprise to Enhance Social Harmony 9.1 Overview of the Construction Sector
103-2	
103-3	
Economic Performance	
201-1	Datasheet of the Chapter (4. Having the Mission to Serve the Industrial Upgrading Drive)
Indirect Economic Impacts	

Sustainability Reporting Standards indicator	Description
203-1	4.2 Serving the Real Sector 7. Being a Public-spirited Enterprise to Enhance Social Harmony 9.1 Overview of the Construction Sector
Anti-corruption	
205-2	3.3 Business Ethics
Environment	
103-1	5. Seeking Green Development to Move toward the Carbon Peaking and Neutrality Goal
103-2	
103-3	
Energy	
302-1	Datasheet of the Chapter (5. Seeking Green Development to Move toward the Carbon Peaking and Neutrality Goal)
302-3	Datasheet of the Chapter (5. Seeking Green Development to Move toward the Carbon Peaking and Neutrality Goal)
Environmental Compliance	
307-1	5.3 Practicing Green Operation
Society	
103-1	6. Helping Employees Grow and Going Further Together 8.2 High-quality Medical Services 8.3 Ensuring Safety on Healthcare 9.2 High-quality Products and Services 9.3 Ensuring Safety on Production 10.2 High-quality Teaching Services 10.3 Constructing Safety on Campus
103-2	
103-3	

Sustainability Reporting Standards indicator	Description
Employment	
401-1	Datasheet of the Chapter (6. Helping Employees Grow and Going Further Together)
Occupational Health and Safety	
403-2	6.4 Employee Health and Safety 8.3 Ensuring Safety on Healthcare 9.3 Ensuring Safety on Production 10.3 Constructing Safety on Campus
Training and Education	
404-1	Datasheet of the Chapter (6. Helping Employees Grow and Going Further Together)
Diversity and Equal Opportunity	
405-1	6.1 Employee Rights and Benefits
Child Labor	
408-1	6.1 Employee Rights and Benefits
Forced or Compulsory Labor	
409-1	6.1 Employee Rights and Benefits
Customer Privacy	
418-1	4.3 Providing Quality Services 8.2 High-quality Medical Services 9.2 High-quality Products and Services 10.2 High-quality Teaching Services

# Statement on Preparation of the Report

This is the ninth ESG report released by Far East Horizon Limited. It states the social responsibility philosophy, practice, and results of Far East Horizon and its subsidiaries in 2021. The Report also shows the developments made by the Company with respect to environment, society, and governance. The Board of Directors of the Company is accountable to the authenticity and integrity of the Report.

## Reporting Scope

**Scope of the organization:** Unless otherwise stated, the Report shares the same scope as the Annual Consolidated Financial Statements of the Company.

**Time frame:** Unless otherwise stated, the Report covers the period from 1 January 2021 to 31 December 2021.

**Release cycle:** The Report is an annual report, with its previous edition released in June 2021.

## Reference Basis

The Report is compiled according to Appendix 27: *Environmental, Social and Governance Reporting Guide* (effective on 1 January 2022) to the Listing Rules of the Stock Exchange of Hong Kong Limited (Hong Kong Stock Exchanges), with reference to the *Sustainability Reporting Standards* (2016) issued by the Global Reporting Initiative (GRI). Please see the index of the Sustainability Reporting Standards index for detailed indicators.

## Report Languages

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

## Data Specification

The financial data in the Report are quoted from the *2021 Annual Report of Far East Horizon Limited*, and other data and cases come from the records of the Company's actual operation. Unless otherwise stated, the amounts of money involved in the Report are denominated in RMB. Unless otherwise stated, the relevant text and data in this Report are statistically consistent with the Company's Annual Consolidated Financial Statements.

## Principles of Reporting

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

### • Materiality

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

### • Quantitative

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

● **Balance**

Based on the principle of balance, the Report reflects the objective facts and discloses indicators involving both positive information and negative information.

● **Consistency**

Based on the principle of consistency, the Report gives the description of the ESG quantitative KPIs, provides the calculation basis and assumptions, and maximizes the consistency of indicators used for different reporting periods to reflect the tendency of performance level.

● **Report Release**

The Report is released to the public in both Chinese and English. The online version can be downloaded from the official website of Far East Horizon (<http://www.fehorizon.com>).

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



扫一扫，关注远东宏信

**远东宏信有限公司**  
**FAR EAST HORIZON LIMITED**

客户服务热线及监督热线: 400-681-8368

STOCK CODE: 03360.HK

监督邮箱: [jiandu@fehorizon.com](mailto:jiandu@fehorizon.com)

[www.fehorizon.com](http://www.fehorizon.com)

2022年5月

**总部—香港**

Headquarter -- Hong Kong

地址: 香港九龙柯士甸道西1号环球贸易广场66楼6608室

Add: Unit 6608, 66/F, International Commerce Centre,  
1 Austin Road West, Kowloon, Hong Kong

电话 / Tel: 852-25888688 传真 / Fax: 852-25118660

**业务运营中心—上海**

Operation Center -- Shanghai

地址: 上海市浦东新区耀江路9号远东宏信广场

Add: Far East Horizon Square, No.9 Yaojiang Road,  
Pudong New Area, Shanghai

电话 / Tel: 8621-38913000 传真 / Fax: 8621-50490066

**业务运营中心—天津**

Operation Center -- Tianjin

地址: 天津市河西区友道路7号鑫银大厦34层01单元

Add: Unit 1, 34/F, Xinyin Building, 7 Youyi Road, Hexi  
District, Tianjin

电话 / Tel: 022-66372580