



FAR EAST HORIZON

# 2019

## Far East Horizon Environmental, Social and Governance Report



Incorporated in Hong Kong with limited liability  
Stock Code: 3360

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# 2019 Social Responsibility Overview of Far East Horizon

## CSR KPIs

### Responsibility to investors

The operating income reached RMB26,856 million, up by 5.82% over 2018.

The basic earnings per share reported RMB1.14, up 11.76% year on year.

The total assets amounted to RMB260,571 million.

The total tax payment reached to RMB4.501 billion.

### Responsibility to customers

- By the end of 2019, a total of 60 medical institutions were invested in, which offered over 20,000 available beds.
- By the end of 2019, Shanghai Horizon Construction Development Co., Ltd. (hereinafter referred to as "Horizon Construction Development") had opened 148 business outlets which served more than 20,000 customers at six countries/regions.
- By the end of 2019, 15 kindergartens and 3 schools had been operated with 2,360 students on campus.

### Responsibility to employees

- The total number of employees was 17,903, among which 48.61% were male and 51.39% were female.
- Training hours for each employee under the finance segment stood at 38 hours.
- RMB416,000 in aid was offered to employees stricken by accidents in 2019.
- Employee safety training program was held for 22,198 person-times.

### Responsibility to environment

- Funds totaling RMB4,530 million were diverted in the Special Support Program for Green Public Transportation, Green Environmental Protection, and Green Energy.
- Greenhouse gas emissions of the finance segment totaled 7,799 tons carbon dioxide equivalence.
- Greenhouse gas emissions of the industry segment totaled 43,802 tons carbon dioxide equivalence.

### Responsibility to public welfare

- By 2019, public welfare programs were organized across 48 cities of 28 provinces or autonomous regions in China.
- A total of nearly RMB19 million had been donated, benefiting more than 30,000 people.
- In 2019, employees completed 2,000 hours of volunteer services.

## Honors and Awards

Award	Issued by
336 <sup>th</sup> place in Fortune China 500 in 2019	<i>Fortune China</i>
1,431 <sup>th</sup> place in Forbes Global 2000 in 2020	The US magazine <i>Forbes</i>
Far East Horizon Financial Leasing Co., Ltd. won the First Award of Shanghai Putuo District Regional Development Contribution for 2019	Shanghai Putuo District People's Government
Model Trade Union	Federation of Trade Unions of Enterprises Directly Managed by Pudong New Area
AAAA Civil Social Organization	China Social Organization
Most Influential Brand Award by CSR for 2019	The 2nd Social Responsibility Conference
The Public Welfare Organization Award of 2019	The 9th China Charity Festival

## Industry Organization Membership

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

## CEO's Statement

Looking back to 2019, the Chinese economy experienced numerous challenges. To respond effectively, the Chinese government adhered to the macro policies that put “stability” in the first place. Specifically, it continued to pursue the proactive fiscal policy and the prudent monetary policy, with a view to putting greater efforts in supporting the real economy. Faced with the ever-changing environment and inspired by the “finance + industry” strategy, we upheld the business strategies of “making progress in stability and striving for changes in stability”, practiced the more steady, solid operation and management modes, and strove to turn our mission of “pooling together resources all over the world to fuel the industry development in China” into reality, thus creating more value for various stakeholders.

In respect of financial operation, we further set out nine basic business fields such as healthcare, culture & tourism, and engineering construction, in which we worked hard to render customers with high-quality services. At the same time, we doubled down on our support for micro, small, medium enterprises and intelligent manufacturing sector, so as to propel the real economy towards transformation and upgrading. As to industrial operation, we continued tapping deep into a host of major fields concerning the national economy and public welfare including healthcare, construction, and education. Relying on a standardized management system, we were dedicated to offering a full range of high-quality, considerate medical, rehabilitation, daily and elderly care. Leveraging on a complete set of equipment operation services at one stop, we spared no effort to facilitate an array of national key engineering projects such as the 11th National Traditional Games of Ethnic Minorities of China and the 7th CISM Military World Games. Spearheaded by the schooling philosophy of “building schools into picturesque campuses”, we recruited a panel of renowned experts from home and abroad, continued to raise the teaching standards and enhance professional competence of teaching staff, and upgraded a variety of campus facilities, getting fully geared up to turn out more elites for society.

With operation compliance and steadiness assured, we endeavored to create more value for environment, employees and society. As an advocate of responsible investment, we took environment, health and security into account when making decisions, pushed the invested enterprises to enhance

their management practice constantly, and brought all industry sectors under intensified ESG risk management. In the meantime, we responded to the UN Climate Action Summit: China's Position and Action. As suggested by the Task Force on Climate-related Financial Disclosures (TCFD), we examined the risks and opportunities presented by climate change, and attached greater importance to energy conservation and emission reduction, doing our part to China's realization of its goals in climate change response. Furthermore, we also pressed forward the employment mechanism reform, in the hopes of creating a fair, just and open workplace for employees. Relying on Horizon Charity Foundations, we carried out many public welfare programs which covered poverty alleviation, medical aid, scholarship and fellowship, volunteer services, and other fields, in a bid to give back to society.

The COVID-19 pandemic swept the entire world in early 2020. Against such a backdrop, we went all out to protect ourselves from the coronavirus and resume the normal production. Meanwhile, we threw ourselves into the battle against the pandemic crisis, by issuing pandemic combating bonds, supporting the construction of Huoshenshan and Leishenshan Hospitals, sending teams of medical volunteers to the frontline of anti-pandemic efforts. What we have done told a persuasive story of how a corporate citizen should shoulder its responsibilities to society.

Looking into the future where the world economy is still in a state of flux, we will stay true to our mission of “pooling together resources all over the world to fuel the industry development in China”. In practice, we will continue narrowing focus on the basic industries that concern the national economy and people's wellbeing, and allow our financial operation and industrial operation to produce a synergy for mutual promotion. While realizing our sustainable development, we will endeavor to create more value for society.

**KONG Fanxing**

*Vice Chairman of the Board, Executive Director and CEO*

**Far East Horizon Limited**



# Feature: Working as One and Making an All-out Effort to Support the Battle against COVID-19

The Corona-Virus Disease 2019 (“COVID-19”) raged through the whole country at the start of China’s 2020 Lunar New Year, drawing serious concerns from the Chinese people. Facing the severe test brought by the virus, the CPC Central Committee with Comrade Xi Jinping at the core paid it great attention, put the people’s safety and health always in the first place, and pursued a balanced progress in the prevention and control of the outbreak and the social and economic development.

Far East Horizon seriously implemented the decisions and plans of the CPC Central Committee and the State Council for virus containment, took a series of across-the-board actions against the virus, and fully leveraged industrial sectors in an all-out effort to support the battle against the pandemic while guiding all departments and subsidiaries to prevent and control the virus and resume work and production.

## Working Precisely and Efficiently to Provide Anti-virus with Strong Financial Backing

The Company responded to the grim anti-virus situation without delay by setting up a joint working group against COVID-19, studying and improving all anti-virus measures and rules and getting systematically prepared for reopening. All departments of the Company moved quickly to fight the virus through actively purchasing materials, guaranteeing

operation, protecting employee safety and communicating with one another, and worked in order to curb the spread of the virus and resume production. As at 30 April 2020, none of the Company’s employees was infected with the disease, and the operation and production were resumed in an orderly manner.

### Measures for Workplace and Employee Safety

Key Aspects	Major Measures		
Ensuring the safety of workplaces	 <p>Conducting daily cleaning, disinfection and replacement of elevator protective films for more than 1,360 times and disinfection of 60,000 square meters</p>	 <p>Spending more than RMB3 million purchasing anti-virus materials, e.g. face masks, protective gowns and disinfectants (exclusive of industrial sectors)</p>	 <p>Popularizing the anti-virus knowledge in multi-forms and across the board</p>
Keeping employees safe	 <p>Requiring daily reporting of employees’ whereabouts and health conditions via Far East APP</p>	 <p>Requiring employees to go back their jobs in different groups on different floors</p>	 <p>Requiring employees to have dinners in turns by floor</p>

In the meanwhile, at the call of the *Notice on Further Strengthening Financial Support for the Prevention and Control of COVID-19* released by five ministries and commissions including the People's Bank of China, the Company actively capitalized its strength in finance and financed enterprises in

a variety of ways and from many different angles to ease the strain on their operating capital and bring new impetus for overcoming COVID-19 effects and realizing that funds are put to better and more effective use to the enterprises in the real economy.

### Issuing the First Anti-virus Bonds Worth RMB2 Billion

In February 2020, the Company successfully book-built the first RMB2 billion of renewable coronavirus prevention and control bonds. The said renewable bonds were issued in two types, oversubscribed by 1.83 and 1.75 times, respectively, by enthusiastic investors including many banks, fund companies and insurers.

At the critical time of fighting the virus, the Company worked with solidarity and based on expertise, and completed the preparation for the bond issuing in the shortest time possible. The Shanghai Stock Exchange opened a "green channel" for the bond issuing, going through the approval process very efficiently and ensuring the bonds were offered smoothly.

The funds raised from the anti-virus bond issuing would be used to support the financial leasing business in Hubei, Guangdong, Zhejiang, Henan, Hunan and other pandemic-prone provinces, increase financing for enterprises involved in pandemic prevention and control such as pharmaceutical developers, anti-virus supply producers, medical device manufacturers, and material storage and transportation companies, ramp up the support for stable operation and development of small and medium-sized enterprises (SMEs) across the country, and help enterprises in various sectors of the real economy to tide over the difficulties.

## Be the Lifesaver in the Frontline

Hospitals are the main battlefield in the global effort to fight against the COVID-19 pandemic. Far East Horizon Medical Group Co., Ltd. (hereinafter referred to as "the medical group") forms the backbone of non-governmental hospitals in China. Since the outbreak of the novel coronavirus, each entity (from headquarters to hospitals) and every individual (from frontline

staff to logistical support personnel) have all stood fast to their post and thrown themselves into the tough fight against the coronavirus. By virtue of its impressive strength, the medical group offers a much-needed supplement to the public health system of China.

### Virus Control Measures Taken by The Medical Group

Category	Main Measures
Strengthen organizational support	<ul style="list-style-type: none"> <li>• Under the supervision and guidance of the Headquarters Working Group recruited by the medical group, each hospital has created a steering group led by their presidents to put in place a series of measures, that is, "early prevention, early detection, early reporting, early isolation, early treatment, and early control".</li> <li>• Besides, many hospitals have set up their logistical support teams, panel of experts in the prevention and control work, panel of experts in medical treatment, and publicity supervising groups, which are all tasked to offer the best support in terms of organization and institution.</li> </ul>



Category	Main Measures
Double efforts to protect the safety of hospitals and medical staff	<ul style="list-style-type: none"> <li>Hospitals are ordered to elevate infection control levels, intensify disinfection and sterilization, and introduce stringent disinfection and quarantine measures as well as clinical waste transportation measures.</li> <li>Hospitals are required to draft contingency plans, organize many rounds of trainings and drills, and release a set of up-to-standard response procedures.</li> <li>Hospitals are asked to report their epidemic control efforts on a daily basis, even though there is zero case on the day, in a bid to make sure related information is transmitted promptly.</li> </ul>
Publicize and deliver trainings on the knowledge on epidemic prevention and control	<ul style="list-style-type: none"> <li>In combination with the latest diagnosis and treatment protocol released by the Chinese government, the medical group gives medical staff the special trainings on diagnosis, treatment and virus defense in a dynamic manner, and urges medical staff to protect themselves properly in work.</li> <li>A host of online and offline channels are employed to educate hospitalized patients and community residents about how to prevent/control the spread of the virus scientifically and help them abate panic.</li> </ul>
Conduct the patient visit management properly during the coronavirus fight	<ul style="list-style-type: none"> <li>According to the uniform arrangements of the local health commission and center for disease control and prevention, each affiliated hospital has set up a fever clinic and quarantine/observation rooms. Those unable to do so should follow the procedures and requirements of their locales to register the information of high-risk, suspect patients properly and refer them to the designated hospitals in a timely manner.</li> </ul>

At the time when the epidemic swept the entire China, 60 hospitals of the medical group distributed all over the country and their medical staff in thousands united as one and went to the frontline of the coronavirus fight without any hesitation. Meanwhile, many hospitals took the initiative to rally the

medical volunteers and respond to the Chinese government's enlistment request at any time. In doing so, they shouldered their due responsibilities as the top non-government hospitals across the country.

By April 30, 2020, 21 medical staff members from five hospitals affiliated to the medical group had been selected to work in the anti-coronavirus frontline of their locales at a time of crisis; seven hospitals had sent medical teams to the government-designated quarantine/observation sites in charge of medical observation and quarantine monitoring; seven hospitals, at the request of local governments, had dispatched nearly 100 medical staff members to take shifts at such transport hubs as highway entry/exit, railway station and bus station; and four hospitals had been designated by their local governments to stand by for admitting confirmed cases in a large number.



Doctors from Siyang Hospital of Traditional Chinese Medicine treated COVID-19 patients in Wuhan



Zhengzhou Renji Hospital sent a medical team to Wuhan

## Work Around the Clock to Tell the Story of Chinese Speed

Early in the outbreak of coronavirus disease, Shanghai Horizon Construction Development Co., Ltd. (hereinafter referred to as "Horizon Construction Development") mobilized its senior executives and heads of tier-1 departments to establish an emergence response group, responsible for guiding and overseeing the anti-epidemic work across the board. Keeping abreast of the epidemic information released by the Chinese government, Horizon Construction Development resorted to multiple channels such as email, Alarm Bells Ringing column, and WeChat enterprise account to issue risk reminders and a variety of anti-epidemic plans, guided and regulated employee conducts during their stay at home or resumption of work and production.

Besides, Horizon Construction Development also required its affiliates to act on a host of anti-epidemic requirements including preparation of emergency supplies, personnel health and safety, personnel and equipment disinfection, visitor registration, and measurement of body temperature; started to register and monitor the health status and mobility of employees online with a

view to gaining a whole picture of their health conditions on a daily basis; and extended the Spring Festival holidays to curb the risk of human-to-human transmission.

In the meantime, Horizon Construction Development also tried to exploit its unique advantages in the industry. During the epidemic response, it dispatched over 200 pieces of aerial operation equipment and nearly 60 power generation units to 40-plus anti-epidemic hospitals in Wuhan, Suzhou, Guangzhou, Shenzhen, Beijing, Zhuhai, and many other places, with a view to supporting these facilities with equipment operation and supply guarantee. Particularly, the industrial equipment team of Horizon Construction Development brought nearly 90 pieces of aerial operation equipment to the construction sites of Huoshenshan Hospital and Leishenshan Hospital in Wuhan successively. As the largest, earliest provider of such equipment in the breakneck construction mission, Horizon Construction Development greatly supported the medical efforts in the frontline.

### Horizon Construction Development Spared No Effort to Support the Construction of Leishenshan Hospital in Wuhan

On January 25, 2020, the Wuhan Municipal Novel Coronavirus Pneumonia Epidemic Prevention and Control Headquarter convened a scheduling meeting, deciding to build within half a month a second makeshift hospital named Leishenshan Hospital in addition to the Huoshenshan Hospital in Caidian District. From decision making to land leveling and ward building, every step in the construction of the hospital drew attention of every Chinese.

Life is of paramount importance. When an epidemic breaks out, a command is issued. When the request of the Leishenshan Hospital construction team for related equipment was received on January 26, Wuhan Branch of Horizon Construction Development immediately initiated the Level I emergency response mechanism, by sending three backbone employees and four operation units to the construction site. At that time when ordinary motor vehicles were banned from roads across the city, the three employees overcame numerous difficulties to reach the construction site along with the much-needed devices.

After their arrival at the site, the three employees offered to stay and train workers to operate related equipment, a move that could guarantee the safe and efficient operation of equipment. With the help of Horizon Construction Development, it took only 10 days for the Leishenshan Hospital to rise straight from the ground. It not only opened up a new stronghold for China to defeat the battle with coronavirus, but also interpreted what Chinese speed was.



Horizon Construction Development sent vehicles to the Leishenshan Hospital construction site




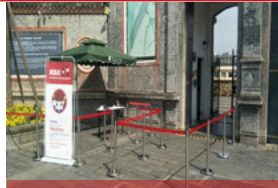
Employees of Wuhan Branch of Horizon Construction Development immediately delivered equipment to the construction teams

## Erect the Solid Line of Defense Against the Epidemic on Campus

Affected by the sweeping epidemic, primary and secondary schools across China saw their anti-epidemic response efforts entering a special phase. To contain the further spread of coronavirus and win the battle with the epidemic, the

education sector of Far East Horizon lost no time in organizing all schools and campuses to get ready in every aspect of epidemic prevention and control, thus erecting a solid line of defense against the virus.

### Anti-epidemic Measures Taken by Chengdu Campus of The Education Sector

Category	Main Measures	
Preparation of anti-epidemic supplies	<ul style="list-style-type: none"> <li>Separate warehouses were built to prepare all sorts of anti-epidemic supplies.</li> <li>Clinics were equipped with protection suits, goggles, and gloves for emergency use.</li> </ul>	 <p>Anti-epidemic supply warehouse</p>
Preparation of anti-epidemic environment and facilities on campus	<ul style="list-style-type: none"> <li>At every campus gate, a site for measuring temperature and a temporary quarantine zone were set up. In-campus dormitories were converted into observing rooms.</li> <li>Campus sites in operation were cleaned and disinfected twice a day (morning and evening).</li> </ul>	 <p>Point for measuring temperature</p>
Safety testing and preparation of campus equipment and devices	<ul style="list-style-type: none"> <li>All air conditioner filters were cleaned; and shuttle buses were cleaned and disinfected on a daily basis.</li> <li>Direct drinking water equipment was replaced with a new filter and passed the water quality test.</li> </ul>	 <p>Direct drinking water equipment was replaced with a new filter.</p>
Kitchen operation safety	<ul style="list-style-type: none"> <li>Students were arranged to dine within their classrooms.</li> <li>Set meals were provided for teachers who sit on only one side of tables, spaced apart in canteens.</li> </ul>	 <p>Seats were arranged on only one side of tables, spaced apart.</p>
Special trainings and drills for faculty members	<ul style="list-style-type: none"> <li>Anti-epidemic manuals and disinfection/cleaning clips were produced for training and publicity.</li> <li>Campus logistics managers wrapped up the trainings on property management, security, clean-keeping, and other aspects of anti-epidemic work during school closure.</li> </ul>	 <p>Special training for faculty members</p>

In addition to taking stringent anti-epidemic interventions, all schools and kindergartens under the education sector of Far East Horizon also organized online teaching activities with concrete efforts. On the premise of guaranteeing the health and safety of teachers and students, they charted

out the detailed online teaching plans, and made rational arrangements for teaching at a distance, so as to make sure “learning and teaching activities can continue during COVID-19-related school closure”.

## Feature: Channeling Financial Resources into the Real Economy

Finance is the blood vessel of the real economy. Being duty-bound to serve the real economy is the purpose of finance and also the fundamental measure to ward off financial risks. Since the official release of the development strategy of “Finance + Industry” in 2011, Far East Horizon has gradually transformed from a single financial service provider to a player reaching a new stage of superimposed development of financial business and industrial business. It has realized the accumulation and development of industries based on its financial strength.

In 2019, to provide more targeted and effective financial services, the Company expanded its industry layout from originally covering 7 industries to 9 industries in a bid to build a more focused, professional financial service system, improve the services for the real economy and boost economic transformation and upgrade. As at the end of 2019, Far East Horizon has served approximately 20,000 customers in the real economic industries and lent more than RMB1 trillion to them accumulatively.

## Reaching into Inclusive Finance to Support the Development of Micro, Small and Medium-sized Enterprises

Micro, small and medium-sized enterprises are a key group of receiving inclusive financial services, and they are also the largest and the most energetic part in the real economy. They have played a crucial role in promoting economic growth, increasing job opportunities, unleashing market vitality and boosting technological innovation.

Far East Horizon has actively carried out the country’s plans for asking financial institutions to support micro and small-sized enterprises and continued to strengthen the financial support for micro, small and medium-sized enterprises. In October 2019, the Company set up the Inclusive Financial Department as a financial service platform for micro, small and medium-sized enterprises, aimed at rendering more specialized services to them and helping them to grow bigger and stronger.

### Providing Financial Support to Small and Medium-sized Aviation Parts Manufacturer

A Xi’an-based Aviation Manufacturing Co., Ltd. is a small and medium-sized aviation parts manufacturer dedicated to providing relevant machinery and equipment for the aviation industry. Its main business includes aviation parts manufacturing and special aviation machinery and equipment manufacturing.

In 2019, this enterprise purchased a batch of core production equipment to expand the production capacity and scale of door accessories for large civil aircrafts, resulting in a relatively squeeze of liquidity. After learning about the financial difficulty of the enterprise, Far East Horizon took the initiative to get in touch with it. It took about a month to complete all the procedures for credit assessment, on-site contract signing and movable property mortgage registration, making it possible to put the project on hire smoothly. This addressed the enterprise’s funding difficulty just in time and effectively helped the small and medium-sized private equipment manufacturer to upgrade through iteration.

## Addressing Funding Shortage of SMEs to Prop up Their Growth

A Construction Group Co., Ltd. is a small and medium-sized private construction enterprise with Class I road construction qualification. It is mainly engaged in highway subgrade, pavement, bridge, tunnel, greening and highway transportation projects.

In 2019, the enterprise undertook some infrastructure construction and green & environmental protection projects such as the “PPP Project of a Class I Highway Reconstruction” and the “PPP Project of a Highway Construction”, which tightened its liquidity. Knowing the financial difficulty of the enterprise, Far East Horizon took the initiative to get in touch with the customer, completed the on-site inspection, credit assessment, mortgage and other procedures within one month, and finally extended the loan before the peak of the customer’s external payments. This timely relaxed the tightness of the enterprise’s liquidity and effectively helped the small and medium-sized constructor to grow.

## Tapping Intelligent Manufacturing to Gather Steam for Development

Accelerating the development of high-end and intelligent manufacturing is the only way to cultivate new drivers of China’s economic growth. It is of great significance to promote the supply-side structural reform of the manufacturing industry, create new competitive advantages in the manufacturing industry, and build China into a manufacturer of quality.

Far East Horizon has long been committed to providing financial services in supporting high-end and intelligent manufacturing development and facilitating traditional industry transformation and upgrade, addressing the financing problems of enterprises in high-end and intelligent equipment and whole auto industry chain industries, and bolstering the transformation and upgrade of the real economy.

## Extending Financial Support to High-end Equipment Manufacturing Enterprises

An Aviation Industry Co., Ltd. is a national high-tech enterprise specialized in aviation industry-related product R&D and manufacturing. Based on its superior aviation tooling business, the company actively develops aviation parts, drones and other business, and its products cover the high-end equipment for military and civil aviation.

In the past three years, this enterprise has grown rapidly. It plans to update and supplement equipment in order to meet the increasing order demands in the market. Far East Horizon extended financial support to the enterprise through the sale lease-back model, eased its lack of funding in time by advancing the project efficiently, met its capital needs for equipment update, assisted it in upgrading and transforming the production equipment of aviation and drone parts, and improved its production capacity.

## Backing the Development of an Intelligent Manufacturer

A Nanjing-based information industry group corporation is a state-owned, large-scale comprehensive electronic maker with a history of more than 80 years. Its main business covers such intelligent manufacturing sectors as new display and electronic equipment, and the company is known as the cradle of China's electronic industry.

In recent years, the company has carried out horizontal and large-scale development through the production expansion of the Generation 6 and the launch of new higher generations. At the same time, it had to repay the principal of the project loans, and was thus eager for funding. Far East Horizon actively provided the company with tailor-made financial services to meet its needs for funding deadline, cost, limit and approval efficiency and also to assist it in promoting the Generation 6 TFT-LCD production line technology in China, thus shoring up the development of intelligent manufacturing.

## Supporting Infrastructure Construction and Advancing the New Approach to Urbanization

Public infrastructure construction acts as a material guarantee which is indispensable to carrying forward the new approach to urbanization, and it is also a critical condition for realizing the country's or a region's economic, social and environmental benefits. In 2019, the National Development and Reform Commission issued the *Key Tasks for the Development of a New Type of Urbanization in 2019*, proposing to strengthen the weak areas of small towns in infrastructure and public services, improve the capability of serving residents in towns

and neighboring villages and provide guidelines for advancing the new approach to urbanization.

In the context of accelerated development of the new type of urbanization, Far East Horizon made active endeavors in public infrastructure construction, municipal services and operational services in a bid to drive the sustainable development of national economy and society.

## Continuing with Infrastructure Construction in Northern China and Spurring the Upgrade of Cities

Public Utility Business Unit I, a business department of Far East Horizon, has brought forward the concept of "pursuing operations in cities". It, focusing on the northern part of China and based on the development of urbanization in China, fosters the strategic capabilities of integrating "leasing + investment banking + urban update" by following the trend of changes in the government's development orientation and urban customers and fully integrating internal and external resources, in a drive to spur the upgrade of cities in Northern China.

In 2019, Public Utility Business Unit I actively financed the infrastructure development in remote and underdeveloped regions in Heilongjiang, Jilin, Liaoning and Inner Mongolia with RMB1.5 billion in aggregate; consistent with the government's major city cluster development plan, the department supported the cities in the Beijing-Tianjin-Hebei region in upgrading by extending loans of RMB7.6 billion in the year.

## Joining ADB in Supporting Medical Upgrade in the Countryside

At present, there is still a huge gap in the medical service of China's urban and rural areas, and domestic public hospitals, especially those in rural areas, usually need a large amount of capital to upgrade equipment and infrastructure.

In 2019, based on the extensive experience in medical and healthcare leasing, Far East Horizon and the Asian Development Bank ("ADB") entered into a loan agreement of USD150 million to expand leasing financing for public hospitals in China's 12 least developed provinces and thus improve the medical services of the rural population in the country.

According to this agreement, the Company will use ADB loans to support hospitals' lease or purchase of modern medical equipment. Through financial leasing, public hospitals can not only reduce the spending on medical equipment in the way of direct leasing, but also obtain liquidity via leaseback of existing equipment after sales, etc. As such, hospitals can improve their operational capacity and provide higher-quality medical services to better serve the nearby rural population.



## Developing Green Finance to Support Ecological Progress

At the core of economic growth, finance plays a significant role while the economy goes green and pursues green development. As a doer of green finance, Far East Horizon actively advocates the green development philosophy. According to the orientation of national green development policy, it vigorously promotes the financial support and services for green and environmental protection industries, and explores green finance development models in multiple environmental fields like solid waste treatment, effluents

treatment, waste-for-power and environmental sanitation and cleaning.

In 2019, the Company had deals with over 20 customers in green and environmental sectors, carried out 33 projects in a slew of fields including municipal environmental sanitation, effluents treatment and solid waste treatment and made inputs of RMB712 million.

## Helping the Development of Green Enterprises

A Tianjin-based Co., Ltd. is a comprehensive listed company mainly engaging in ecological and environmental protection and regional development and also dealing with energy trade and financial investment. Its tier-2 subsidiary has rolled out six large-scale waste-for-power projects, two waste landfill projects, one straw power generation project and one waste compression and transfer station and compression station management contracting project.

In 2019, Far East Horizon financed the enterprise with RMB110 million for the construction and operation of waste incineration and other projects to help the development of a green enterprise and achieve a win-win coordinated development of economy, environment and society.

## Driving Sustainable Development of Chemical Industry with Financial Services

A Chemical Industry Co., Ltd. is a modern, specialized high-tech fine chemicals producer and the largest ethylene dichloride waste liquid treatment enterprise in China.

In 2019, Far East Horizon provided the enterprise with the funding support required for the construction of the Phase II ethylene dichloride waste liquid treatment project and helped it to effectively expand the waste liquid treatment capacity through providing the sale lease-back product. With the support of Far East Horizon, the enterprise has extended its business scope from the north of the Yangtze River to the south and gradually to the whole country, thereby greatly reducing the environmental pollution of ethylene dichloride waste liquid and further promoting the green and sustainable development of the chemical industry.



The Phase II of ethylene dichloride waste liquid treatment project



# Feature: Supporting Industrial Upgrade and Promoting Chinese National Rejuvenation

## Gathering Medical Resources to Develop the Health Industry

As one of the first comprehensive finance industry service providers in China focusing on healthcare, Far East Horizon is committed to creating a full industry chain with financial service, hospital group and rehabilitation care as the core business, and forming a macro health industry ecosystem with openness as concept, innovation as driver, coordination as support and win-win as goal.

In 2019, the medical group specialized in conducting a diversity of business such as funding, investment, technology and management, and serving Chinese medical institutions, medical manufacturing enterprises, medical circulation enterprises, etc. It was dedicated to offering the public with high-quality medical services alongside with its affiliated medical institutions.



**Business Strategy of The Medical Group**

The medical group endeavors to forge an innovative medical operation mode of "one set of system and one network for one hospital" (hereinafter referred to as "three ones"), keep enhancing its healthcare quality, discipline competence, and operating capacity, and provide the inclusive, quality and warm medical services.

In 2019, the medical group worked hard to advance the information integration drive in an innovative manner. To be specific, it drafted and released the *Operation, Application*

*and Management Guideline of Far East Healthcare Integrated Information System, the Norms of Information Security Management of Hospitals under the Group, and the HIS Data Set Standard Management Norms.* Besides, a host of information management platforms such as the hospital information system (HIS), remote medical system, OA system and documentation system were employed to integrate such online functions as information gathering, resource sharing and data management, in an effort to promote the medical group towards management iteration and strategic upgrade.

### Innovative Medical Operation Mode of The Medical Group

One system	One network	One hospital
<p>Introducing the vertically professional operation and standardized management, and asking all affiliated hospitals to adopt the uniform management, diagnosis and treatment system.</p>	<p>Using such modern technologies as Internet, big data, cloud techniques, and artificial intelligence (AI) to pool together and share the resources available in the affiliated hospitals.</p>	<p>Making sure every affiliated hospital can remain consistent in terms of services, experiences and medical skills, just like one hospital.</p>

**By the end of 2019, the medical group**

owned  
**60**  
medical institutions

offered over  
**20,000**  
available beds

extended business reach to  
**100**  
million persons

served  
**10,473**  
patients per day

When offering medical institutions with diverse forms of business, the medical group took an active part to establish platforms for communicating with the vast number of peers. In 2019, it hosted the Fourth Summit for Chinese Non-government Hospitals, the Annual Conference for the

Development of Chinese Non-government Hospitals, and the seminar on the certification techniques under the medical service quality management system, with a view to propelling the Chinese healthcare industry towards an orderly and sound development.

**Convening the Seminar for Technical Exchange and Releasing the Quality Management Certification System Embedded with the Characteristics of the Chinese Healthcare Industry**

In February 2019, Horizon Healthcare Management (Shanghai) Co., Ltd. and the Germany-based TUV Rheinland co-hosted in Shanghai an exchange seminar on the techniques used for the certification of medical service quality management system (SQS-Healthcare), signaling the release of a quality management certification system embedded with the characteristics of the Chinese healthcare industry.

On the three-day meeting, experts from both sides made in-depth interpretations into a total of 86 standards, and conducted the meticulously adequate demonstrations on the manuals to be reviewed, in a joint effort to marry the set of standards with the quality management system unique to the Chinese healthcare industry as well as the requirements set out by various laws and regulations. Spearheaded by the principle of practicing scientific management, Chinese medical institutions were expected to enhance service quality, reduce medical risks and cast the harmonious doctor-patient relationship.



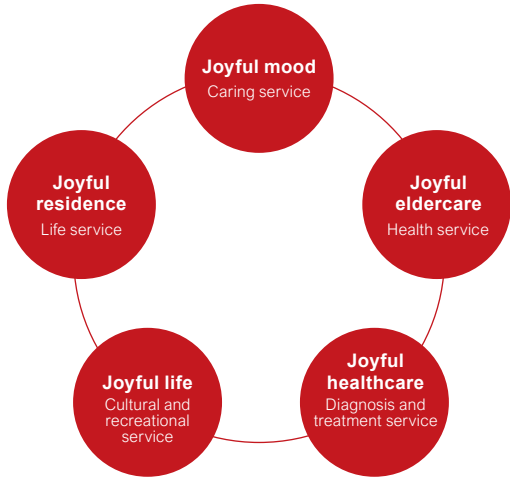
Relying on the medical capacity, the medical group introduced the world-class elderly care management and care system, put in place an up-to-standard operation mechanism which featured medical service, rehabilitation, daily care and elderly care. It prioritized on establishing many branded elderly service institutions such as “Baiyueju”, and offered a full package of amiable, worthy and trusted pension services for Chinese all over the world.

Bearing in mind the diverse needs of senior citizens, the medical group integrated its elderly care and healthcare resources as well as all sorts of functions closely, and thus offered a series of professional and continuous health care which comprised medical care, rehabilitation, health management, and hygiene education, capable of addressing the challenges the entire society faced in elderly service.

### Founding the First Elderly Care Institution Which Could Render Both Rehabilitation and Medical Care in Dongying District

On June 18, 2019, Dongying Baiyueju, the third elderly service agency of the same brand affiliated to Far East Horizon, was put into formal operation, which represented a further step towards the goal of creating a network of community-based retirement homes which offered world-class medical care and daily care.

Boasting the “medical care plus elderly care” mode and the unique set of services joyful in five aspects, the Dongying-based facility relies on the sophisticated operation system and professional resources of the local Baikun Rehabilitation Hospital and is pitched at the senior citizens in different health conditions for various types of cares (self-care, daily care, and complete care) with personalized, professional life care and medical services.



A Set of Unique Baiyueju Services Joyful in Five Aspects



Senior citizens from different communities were organized to have a garden tour in spring



Winning the Exemplary Activity Award on the National Science Day from the Science Dissemination Department of China Association for Alzheimer’s Disease (CAAD)

At the same time, the medical group exploited its professional advantages, by organizing medical teams to provide free medical consultations and drugs in the surrounding communities. Besides, through their publicity and education efforts, it helped community residents master some general knowledge on healthy lifestyle and disease prevention, and develop a correct view of medical treatment and medication, both of which contributed to the health conditions of local people.

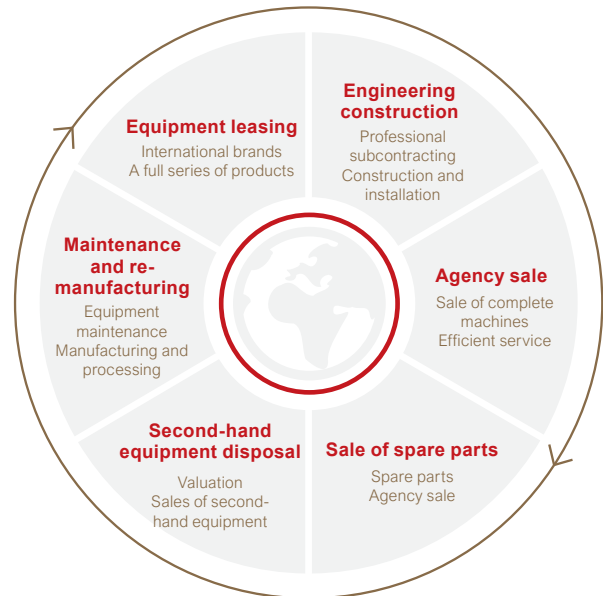


## Boosting Urban Construction to Serve the National Economy and People's Wellbeing

In the construction field, Far East Horizon has incorporated Horizon Construction Development, dedicated to providing various construction enterprises with one-stop solutions that covered the whole lifecycle of equipment including equipment leasing, engineering construction, agency sale, spare parts sale, disposal of second-hand equipment, maintenance and re-manufacturing. By virtue of its nationwide operation network and composite business capabilities, Horizon Construction Development keeps creating more value for customers.

When strategically integrating two operation service companies, that is, Shanghai Horizon Equipment & Engineering Co., Ltd. and Shanghai Hongjin Equipment & Engineering Co., Ltd., Horizon Construction Development closely followed up with the Belt and Road Initiative to open up a new chapter in pursuit of global operation. In 2019, Horizon Construction Development actively expanded its business presence in international market, by making explorations to venture into Southeast Asia, the Middle East, and East Africa. So far, it has operated business in a host of countries/regions such as Thailand, Singapore, Malaysia, Cambodia, Vietnam, South Korea, Indonesia, and Saudi Arabia.

### A One-stop Complete Set of Equipment Operation Services of Horizon Construction Development



### By the end of 2019, Horizon Construction Development

owned  
**148**  
outlets

covered  
**56**  
cities

served over  
**20,000**  
customers

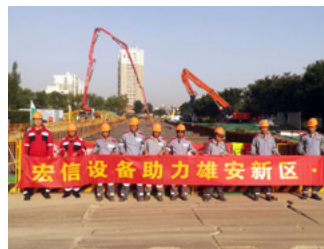
participated in over  
**20,000**  
projects

Proceeding from its six product lineups, that is, turnover materials, formwork systems, aerial work platforms, pavement equipment, forklifts, and electric power equipment, Horizon Construction Development got actively involved in a host of large-scaled national engineering projects such as the 11th

National Traditional Games of Ethnic Minorities of China, Chinese National Day Parade, and 7th CISM Military World Games, in an effort to facilitate the construction of high-quality projects in favor of people's wellbeing.



Offering equipment support for the Chinese National Day Parade



Supporting the construction of Xiongan New Area



Participating in the construction of the first cross-river tunnel in Haikou



Providing services for the 7th CISM Military World Games

## Getting Involved in the Construction of Zhengzhou Olympic Sports Center and Contributing to the Grand Opening of the 11th National Traditional Games of Ethnic Minorities of China

The 11th National Traditional Games of Ethnic Minorities of China kicked off on September 8, 2019. To celebrate this event, Horizon Construction Development participated in building the main structure of Zhengzhou Olympic Sports Center, a process lasting 18 months from December 2017. With its superior resources and abundant experience, the company did its part to get the project wrapped up as scheduled.

The main stadium of the structure featured the world's largest span and overhang. The complicated architectural framework made the construction work extremely challenging. In the face of technical difficulties, Horizon Construction Development made full use of its superior resources and abundant experience as a local enterprise. With regards to the thin and loose soil on a part of construction site, the company tailored a targeted solution. Besides, it used different models of aerial work platforms to address the problems arising from the construction process. In addition, safety knowledge sessions and equipment overhauls were organized on a regular basis to guarantee the construction safety. As a result, the project was completed in a safe, efficient and punctual manner.



## Horizon Construction Development swept an array of industry honors and awards at home and abroad:

- Making its way to the list of the World's Top 100 Rental Companies (IRN100) and ranking 39<sup>th</sup>.
- Edging itself into the global ACCESS rankings for aerial working platforms and ranking 19<sup>th</sup>.
- Finding its way to the **top 5 comprehensive rental service providers for the year** and the **top 10 rental companies of China** at the Top 50 Summit of World Construction Machinery Industry.
- Being included in the **top 10 aerial working platform rental brands of China** at the 6th International Aerial Working Platform Rental Summit and the Summit Forum on the Equipment Management in Architectural Decoration Industry.

## Proposing Innovative Teaching Concepts to Propel Education Towards High-quality Development

As one of China's earliest integrated financial service providers who set foot in the educational, scientific, cultural and sport undertakings, Far East Horizon has offered over 1,000 institutions engaged in these causes with a full package of comprehensive solutions including investment, financing and consulting for many years. Inspired by the "finance +

industry" strategy, the education sector of Far East Horizon is committed to spreading the Chinese culture and invigorating the national education. It has in recent years put in place the K-12 education system from kindergarten to 12th grade, and explored to branch out into culture, tourism, sports and other fields.

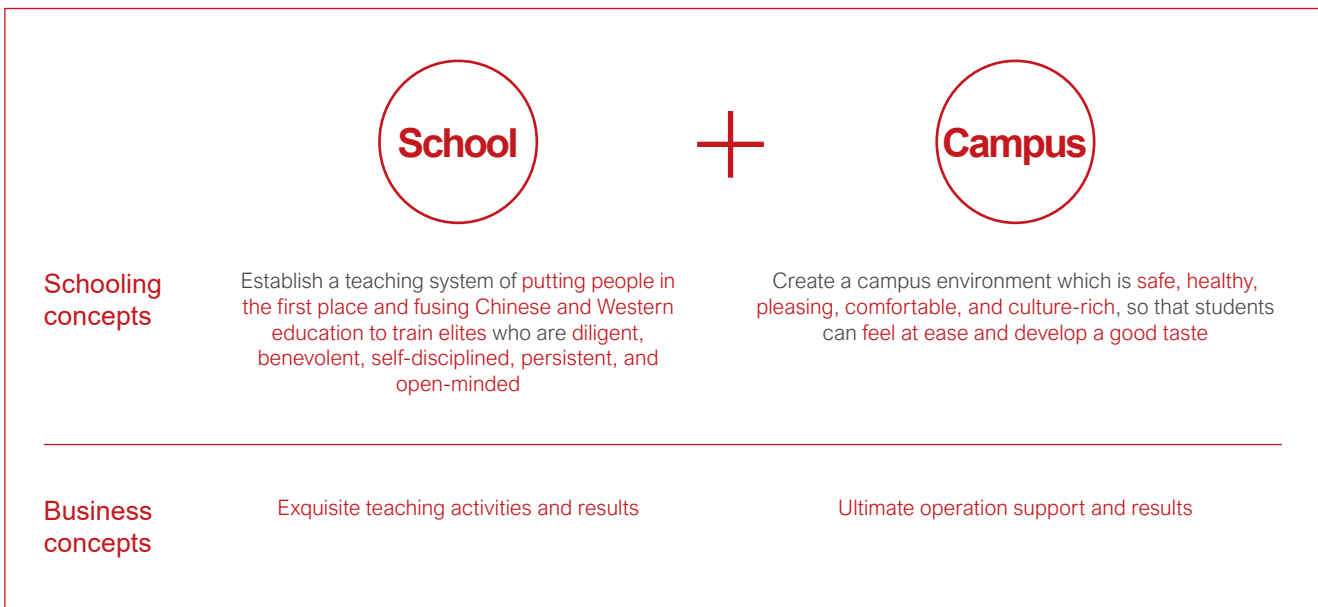
### K-12 Education System



By 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”, the education sector continued to raise the teaching standards and enhance professional competence

of teaching staff across kindergartens and schools within the Group, optimize campus facilities, and boost operation/management capabilities, in an effort to cultivate outstanding students who were socially responsible, technologically innovative, and internationally competitive.

### Schooling Philosophy of “Building Schools into Picturesque Campuses”



### Schooling Achievements in 2019

Number of students at school  
**2,360** persons

up **31.11%**  
 over 2018

Revenue from education institution operation

RMB **234.642** million

up **32.80%**  
 over 2018

- By the end of 2019, the education sector of Far East Horizon had owned 3 schools and 15 high-end kindergartens, getting over 600 graduates admitted by many world-class academies.
- The Shanghai Campus of Hongwen School was approved to pilot the International High School Curricula, passed the certification by Cambridge International Examinations (CIE), and became a candidate for the International Baccalaureate Diploma Program (IBDP).

In order to forge a superior education system that combines the Chinese and Western characteristics to offer differentiated learning experience, the education sector has established an educational research institute, and recruited a large number of experts in curriculum systems, in evaluation and

supervision, and in professional fields who are well-known at home and abroad. On top of that, it has gained the industry-leading advantages in the construction of curriculum systems, recruitment of teacher teams, teaching evaluation, and student development evaluation.

## **A Heavyweight Expert Joined the Educational Research Institute and Did His Best to Cast an Elite International Education Brand**

In May 2019, Mr. Michael O’Sullivan, the former CEO of the Cambridge Assessment International Education, officially joined Far East Horizon as the general adviser of the A-Level courses and the International General Certificate of Secondary Education (IGCSE) courses at the educational research institute. He was expected to provide a full range of support in terms of course design, teaching and student evaluation, bring the internationally advanced schooling concepts and methods to the schools affiliated to Far East Horizon, and inject a strong dose of academic strength for innovative research and practice in school education.

After taking office, O’Sullivan, along with other experts of the educational research institute, visited the Chengdu, Qingdao, and Shanghai campuses of Hongwen School where he guided parents and students about how to choose schools and curricula. During his visit, he also held in-depth discussions with school management teams and teachers on course contents, teaching methods, teacher team building and other aspects. His intellectual contribution enabled the education sector of Far East Horizon to take a step further toward international, elite and high-end education.





# 1. About Far East Horizon

## 1.1 Company Profile

**Company name:** 远东宏信有限公司  
**Name in English:** Far East Horizon Limited (“Far East Horizon” or “the Company” for short)  
**Stock code:** 03360.HK  
**Date of establishment:** 1991  
**Headquarters address:** Hong Kong  
**Scope of business:** Financial services, industrial investment, hospital investment and operations, equipment operation services, exquisite education, trade brokerage, management consulting, engineering services, etc.

### Business philosophy

Finance + Industry

### Corporate mission

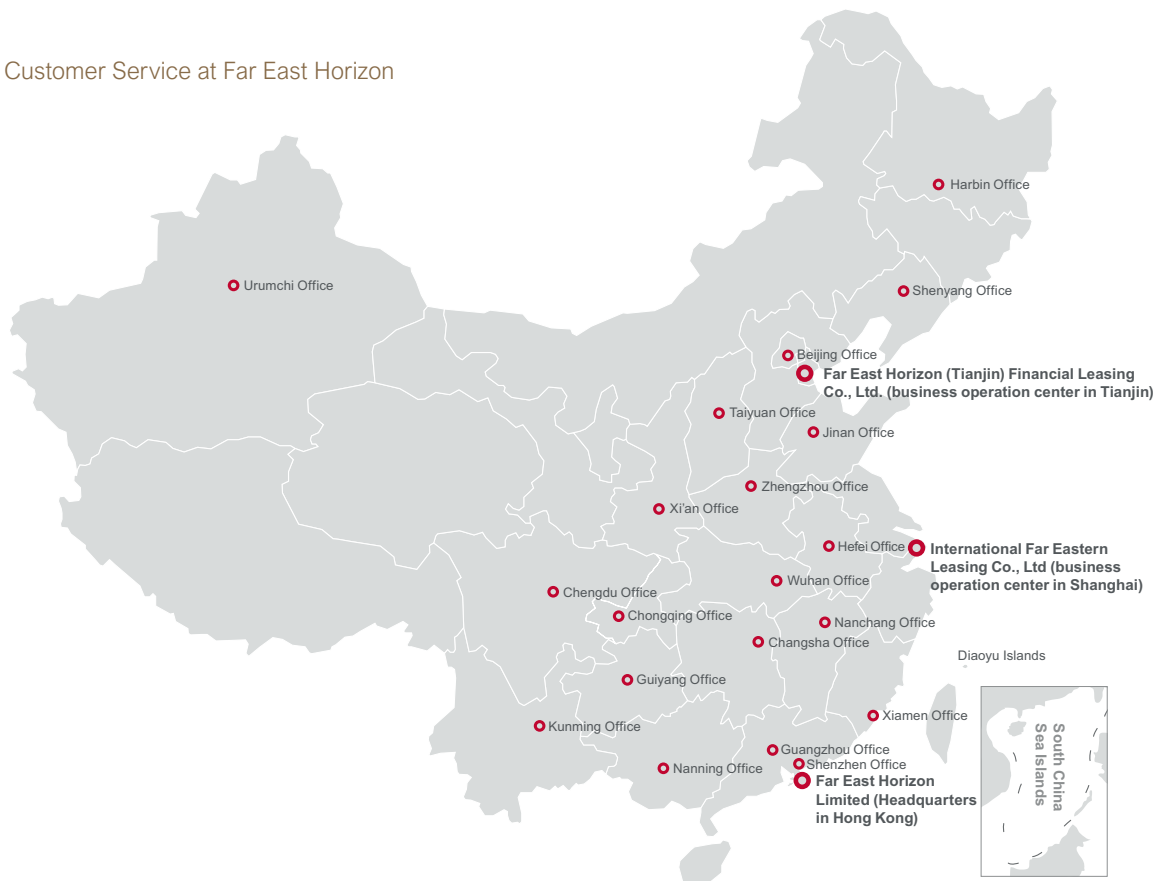
Integrating global resources and promoting China’s industries

### Business goal

Strive to build an excellent enterprise

Over the past two decades, Far East Horizon has evolved from a single financial service company into a financial industry group with a global vision centered on China so as to facilitate national economic and sustainable social development. With the creative integration of industrial services and financial capital, it provides integrated finance, investment, trade, advisory and engineering services in healthcare, cultural & tourism, engineering construction, machinery, chemical & medicine, electronic information, public consuming, transportation & logistics, urban public utility as well as other fundamental sectors.

Network of Customer Service at Far East Horizon



## Industry Position of Far East Horizon

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- Fortune China **500**
- Forbes Global **2000**
- **TOP 100** Hong Kong-listed companies by investment value

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### Financial segment

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Size of assets owned in the financial leasing industry

**TOP 5**



Profitability in the financial leasing industry

**NO.1**

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### Industrial segment

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The number of available beds owned in the healthcare industry

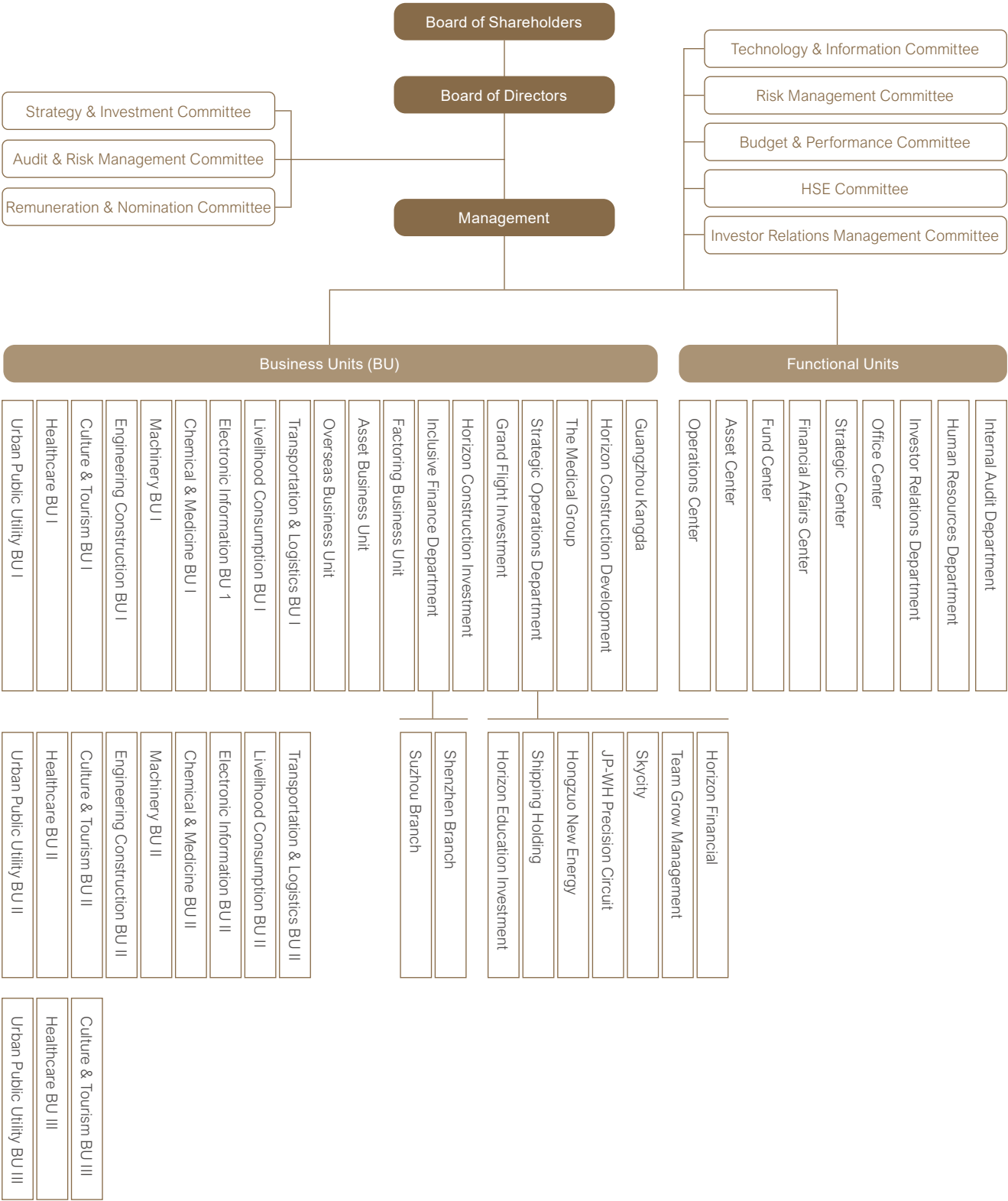
**NO.1** social capital-funded medical institution in China



Size of assets owned in the equipment leasing industry of the construction field

**TOP 40** across the world

# 1.2 Organizational Structure



## 1.3 Course of Development

Date	Milestone
1991	<b>International Far Eastern Leasing Co., Ltd.</b> , as the predecessor of Far East Horizon Ltd., <b>was officially established upon the approval of the former Ministry of Foreign Trade and Economic Cooperation.</b> The company thus began its initial exploration in the financial leasing sphere ahead of any other Chinese peer.
2001	<b>Eleven pioneers moved southwards from Shenyang to Shanghai where they started their business.</b> The first deal struck by them was to help Tangshan Hospital of Traditional Chinese Medicine raise funds for the purchase of medical equipment.
2002	The first business risk control system consisted of A-F sections was put in place, thus blazing a path to carry out financial leasing business in a sectional style. The first RMB100-million-worth project was wrapped up, which was also the first deal in the education sector.
2003	The first business unit, Medical System BU, was set up, creating a precedent for the financial leasing industry to operate business according to the industrial divisions.
2005	The first attempt was made to extend business presence nationwide and do locally-targeted marketing. The first office--Changsha Office opened for business. To date, there has formed a network of 23 offices.
2006	The proposal to shift from a single financial service company to an integrated industry operation company was put forth for the first time. The first asset-backed security (ABS) deal was struck across the Chinese financial leasing industry.
2009	The international strategic investor was introduced to seek for global allocation of resources.
2011	<b>Listed on the Stock Exchange of Hong Kong</b> and becoming the first Mainland-based financial leasing company that went public in Hong Kong. The Far East business model was put forward officially: a close, efficient combination of finance and industry brought the complementary and integrated advantages.
2014	An operation center was set up in Tianjin to do business with customers in North China.
2016	<b>Edging itself into the rankings of Fortune China 500 for the first time.</b> The private equity fund--Far Wing Investment was established to practice the investment philosophy of "financial power plus industrial capacity" and tap deep into a host of core industries such as healthcare, education, high-end manufacturing, telecommunication, media and technology (TMT), and environmental protection.
2017	<b>Making it to the list of Forbes Global 2000 for the first time.</b>
2019	<b>The business regime upgrade commenced on all fronts. The overseas business unit was set up, marking the official entry into a stage of strategic development where both resources and operation would go global.</b>

# 2. Sharing of Value Created for the Building of Harmonious Development

## 2.1 CSR Concept

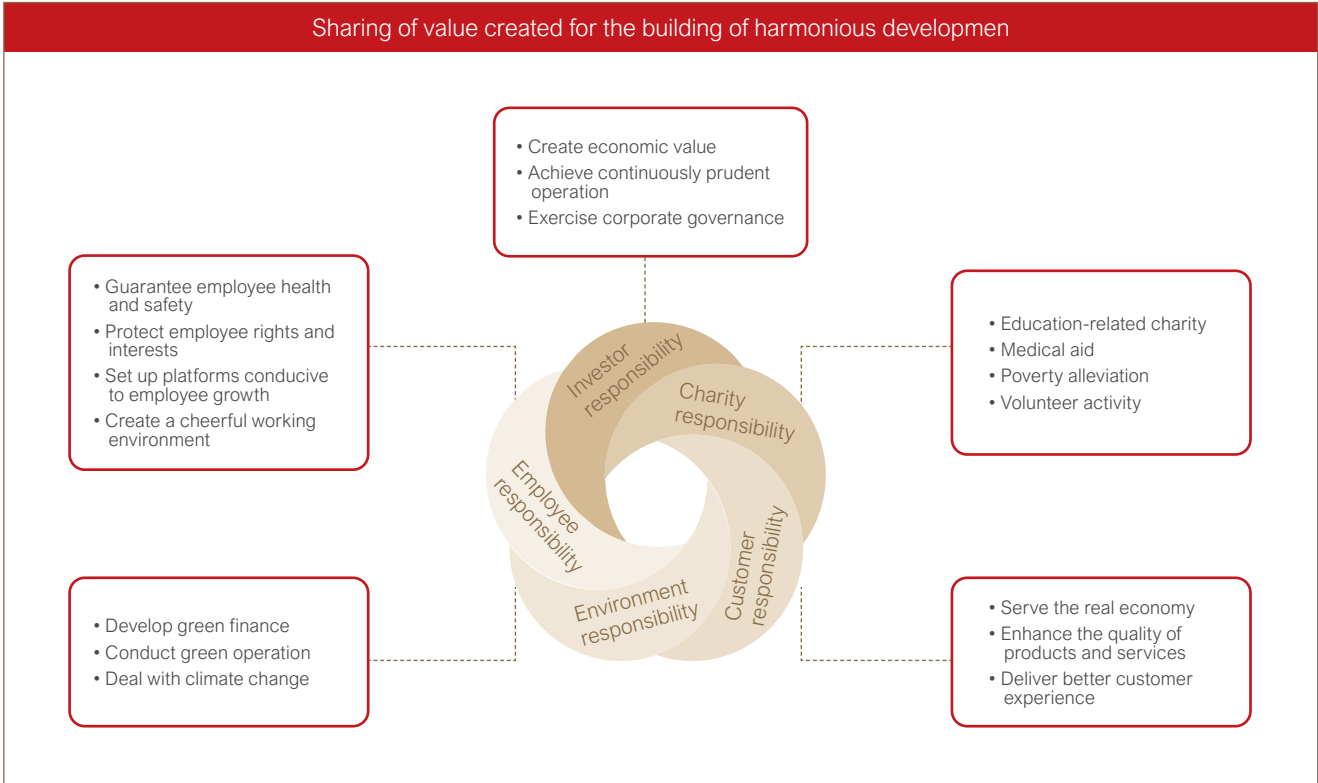
Mission of Far East Horizon

**Integrating global resources and promoting China's industries**

- We gather global resources, dedicate to the needs of our clients, and strive to meet their demand.
- Driven by constant innovation, we continue to support our clients by all means.
- We promote the development of key industries, to boost national renaissance.

Adhering to the corporate objective of “strive to build an excellent enterprise”, we have been long committed to the five CSR fields such as investor responsibility, charity responsibility, employee responsibility, environment responsibility, and customer responsibility, which guide the direction of our sustainable development, affect and support each other to exert a permanent influence.

CSR of Far East Horizon



## 2.2 Social Responsibility Management

### Strengthened Responsibility Management

Far East Horizon incorporates environmental, social and corporate governance (hereinafter referred to as “ESG”) into its operation and management. Under the leadership of the Investor Relations Management Committee, all departments collect, integrate and analyze the social responsibility management policies, management measures and annual results, and bring the ESG data into the uniform and quantitative management through the ESG quantitative performance management system.

At the same time, the Company relies on the aforesaid system to monitor the changes in environmental and social data, and uses the third-party databases to screen the ESG risk events on a regular basis, so that potential risk points can be identified and corresponding steps can be adopted for prevention and response. In doing so, it is expected to elevate its ESG management standards on the whole.

### Communication with Stakeholders

Far East Horizon always takes CRS 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, governments and regulators, partners, environment, and 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 Related Responses

Stakeholders	Importance	Concerned issues	Communication and responses	ESG Reporting Guide (2015)
Investors	We have to create value for our investors	<ul style="list-style-type: none"> <li>•Corporate governance mechanism</li> <li>•Business strategies</li> <li>•Business performance</li> <li>•Stable returns</li> <li>•Investment returns</li> <li>•Regular and timely information disclosure</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>	<ul style="list-style-type: none"> <li>•Operation practices</li> </ul>
Customers	Our products are the necessities for our customers	<ul style="list-style-type: none"> <li>•Service quality</li> <li>•Service price</li> <li>•Customer information protection</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>	<ul style="list-style-type: none"> <li>•Operation practices</li> </ul>
Employees	Employees are the most important cornerstone for corporate development	<ul style="list-style-type: none"> <li>•Employee rights and benefits</li> <li>•Compensation system</li> <li>•Training and development</li> <li>•Work environment</li> <li>•Physical and mental health</li> <li>•Care for families</li> </ul>	<ul style="list-style-type: none"> <li>•Employee activities</li> <li>•Daily operation of trade union</li> <li>•Staff training</li> <li>•Employee service platform</li> <li>•Employee care program</li> <li>•Cultivation of corporate culture</li> </ul>	<ul style="list-style-type: none"> <li>•Employment and labor</li> </ul>

Stakeholders	Importance	Concerned issues	Communication and responses	ESG Reporting Guide (2015)
Governments and regulators	Government plays a supervision part in our business operation	<ul style="list-style-type: none"> <li>• Complaint operation</li> <li>• Due tax payment</li> <li>• Support national strategy</li> <li>• Promoting economic development</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>	<ul style="list-style-type: none"> <li>• Operation practices</li> </ul>
Partners	The partners need to share the same values with us on corporate social responsibility	<ul style="list-style-type: none"> <li>• Business ethics and credit</li> <li>• Fair competition</li> <li>• Complaint operation</li> <li>• Mutually beneficial alliances</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>	<ul style="list-style-type: none"> <li>• Operation practices</li> </ul>
Environment	Our business operation may affect the ecological environment	<ul style="list-style-type: none"> <li>• Green finance</li> <li>• Responsible investment</li> <li>• Environmental protection</li> <li>• Resource conservation</li> </ul>	<ul style="list-style-type: none"> <li>• Responsible investment guidelines</li> <li>• Environmental protection initiatives</li> <li>• Green operation initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Environment</li> </ul>
Community and the public	Our business operation may affect community development	<ul style="list-style-type: none"> <li>• Community development</li> <li>• Social welfare</li> <li>• Environmental protection</li> <li>• Business ethics</li> </ul>	<ul style="list-style-type: none"> <li>• Community activities</li> <li>• Employee volunteer activities</li> <li>• Public activities</li> <li>• Social undertakings</li> </ul>	<ul style="list-style-type: none"> <li>• Environment</li> <li>• Operation practices</li> <li>• Community</li> </ul>

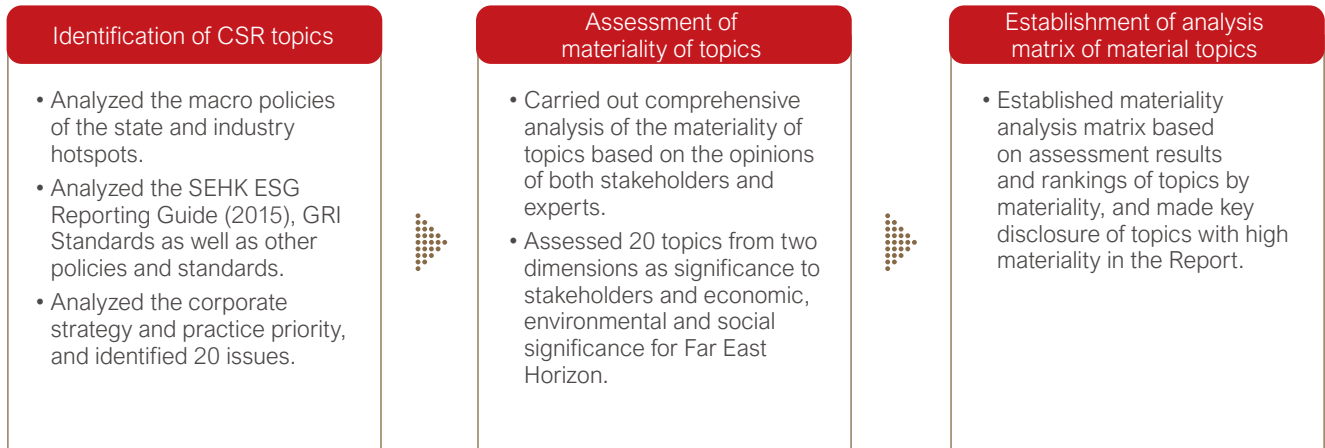
## Identification and Analysis of Material Topics

In 2019, 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.

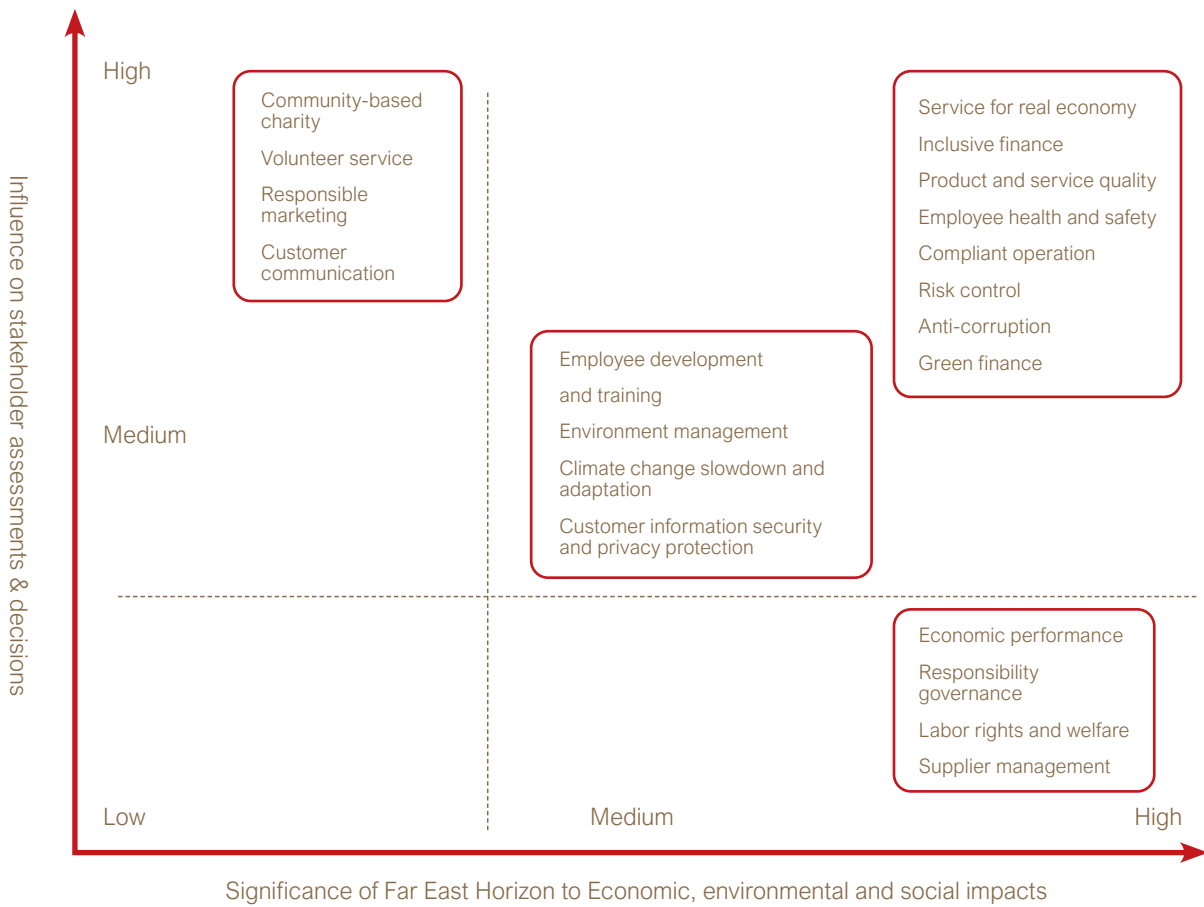
### Policy reference for identification and analysis of material topics

- ESG Reporting Guide of SEHK (2015)
- Consultation Paper on Review of the Environmental, Social and Governance Reporting Guide and Related Listing Rules (December 2019)
- How to Compile the Environmental, Social and Governance Report (March 2020)
- GRI Sustainability Reporting Standards (2016)
- Guiding Opinions on Building a Green Financial System released by seven ministries and commissions of China (2016)
- Opinions on Promoting Non-government Hospitals towards Sustained, Healthy and Normative Development released by ten ministries and commissions of China (2019)
- Key Tasks of New Urbanization Construction and Urban-rural Integration Development in 2020 released by the National Development and Reform Commission of China (2020)

### Analysis Process of Material Topics



### Matrix of Material Topics





# 3. Streamlining the Governance System and Basing Compliant Operation on a Solid Footing

## 3.1 Corporate Governance

### Improving the Governance Framework

Good corporate governance is crucial for a company’s healthy and sustainable development. Far East Horizon implements 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 documents. When practicing high-level governance, it devotes itself to consistently improving the decision-making mechanism and increasing transparency, in an effort to safeguard the long-term interests of all shareholders and improve the corporate value.

Following the principle of diversified composition, the Board of Directors comprises members with accounting or financial expertise, legal qualification, and finance and other related experience, who are able to provide professional support for the Company’s financial auditing, business decision-making, risk control, and other domains concerning its efficient operation.

#### Corporate Governance Performance in 2019



Two executive directors



Five non-executive directors



Four independent non-executive directors



One shareholder meeting



Five meetings of the Board of Directors



Five meetings of the committees under the Board of Directors



Far East Horizon won the **Award for Best Corporate Governance** and the **Award for Best Investor Relations** in the selection of Elite Chinese Enterprises in 2019, an event co-hosted by Hong Kong-Mainland International Investment Society and other agencies.

## 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*, Far East Horizon drafted a host of rules and policies such as the *Compliance Management Measures for Capital Markets*, the *Related Party Transactions Management Measures*, the *Information Disclosure Management Measures*, and the *Guidelines for Disclosure of Notifiable Transactions*, with a view to disclosing a variety of information in an authentic, accurate, and integral manner, and protecting investors' right to know.

Efficient communication with investors is an important way for the Company to cement its relations with investors and update them on its operations and business results. The Company actively gets close to capital markets, and keeps communication with investors through many methods such as routine communication, participation in investor summits, reverse roadshow and Open Day of industrial platform.



Being enrolled into the list of Hong Kong Investor Relations Awards

In 2019, the Company maintained frequent communication with core institutions on a daily basis, and kept contact with capital markets through diversified means. By hosting business results releases and an array of investor relations activities such as Open Day of Capital Markets, it made great strides in gaining the recognition of investors and further enhancing its image in capital markets.

### Open Day of Capital Markets

In 2019, Far East Horizon held the Open Day of Capital Markets for the year with the theme of “promoting financial business towards robustly stable growth and allowing industry operations to produce effects gradually”. This turned out the investor relations event that exhibited the most extensive types of contents and attracted the participation of the largest number managers and institutions since the Company got listed.

The event came in three parts, that is, a symposium on risk control and asset management under the financial business, a symposium held by the medical group, and a field visit to Horizon Construction Development. Briefing attendees on the history, development strategies, typical cases of the Company, it was aimed to set up a platform where investors could interact with business experts face to face, offer a full illustration of the Company's finance and industry segments and professional competence, and boost investors' confidence in the Company's “finance + industry” development strategy.



## 3.2 Risk and Compliance Management

### Strengthening Risk and Compliance Management

Far East Horizon has established a compliance management system with the Board of Directors as the top decision-making body. The Audit & Risk Management Committee under the Board of Directors is responsible for supervising the risk management procedures of the Company, designing risk management system and policy, reviewing, approving and managing total risk management measures and procedures, the overall implementation and effectiveness.

The Company earnestly studies and implements the *Measures for Supervision and Administration of Financial Leasing Entities*, the *Internal Audit Regulations*, the *Internal Audit Standards* and other laws and regulations of China, strictly complies with all the laws and regulations on anti-money laundering and anti-terrorist financing, and actively carries out the anti-money laundering responsibilities.

### Anti-corruption

In strict accordance with the *Criminal Law of the People's Republic of China* and the *Internal Audit Regulations of the People's Republic of China*, etc., Far East Horizon has published the *Regulations on Anti-fraud Work of Far East Horizon Limited* and the *Employees Professional Ethics Code of Far East Horizon Limited*, etc., which define the attitude of "zero tolerance" over the issues crossing the line and expressly require all employees of the Headquarters and subsidiaries to "avoid fraud by complying with the code of conduct and code of ethics of Far East Horizon and national and industry laws and regulations", in order to prevent various violations such as bribery, extortion and fraud.

The Company has taken the initiative to advance internal control inspections proactively and effectively aimed at uncovering system vulnerabilities and urging relevant lines to stop incurring and recovering losses. In 2019, the Company performed more than 80 internal control inspections in the fields of finance, industry, engineering, property & logistics. It also analyzed the internal control of the finance on four dimensions, i.e. important steps, key functions, material claims and significant innovations.

#### Audit Work and Achievements in 2019

Internal control inspections

Over **80** times

Warning education activities

Over **170** times

Covering

About **1,800** people

All the new employees were required to sign the Integrity Undertaking Statement to strengthen their integrity awareness. The Company set up email and 400 hotline for report, made them visible on the new employee training platform and official website, and set up a special incentive fund for audit trail, in order to facilitate the report of violations by employees and external customers, timely identify and prevent phenomena and behaviors undermining the interests of the Company, and promote the sound and sustainable development of the Company. Moreover, the Company specified policies for whistleblower protection in the *Regulations on Anti-fraud Work of Far East Horizon Limited* to strictly prohibit any discrimination or revenge against the whistleblowers.

Besides, the Company organized the primary and middle-level management to visit jails or prisons, pushed typical audit cases online and asked presidents to rotate on the audit position in a bid to raise the law-abiding awareness of managers and prevent them committing duty-related crimes.

## Paying Visits to Detention House for Warning Education

In 2019, the Company organized branch presidents to the First Detention House of Shanghai in several batches for on-the-spot warning education. As at July 2019, the Company has organized 135 presidents to receive warning education at the detention house, almost covering all the presidents.

By paying a visit to the Detention Hall and the Monitoring and Planning Center of the Detention House, managers watched the living conditions and the management and education of those in detention. In the meanwhile, the police at the Detention House introduced typical duty-related crimes through case sharing to guide managers to draw a lesson, continuously strengthen the clean awareness and cherish their current happy life.

After the field visit to the Detention House, the Company organized managers to listen to the *Warnings for Managers* which probed into and revealed typical issues arising from the past duty performance of presidents, in a bid to promote presidents to lift their duty performance level and strictly regulate their clean practice at work.



Monitoring and Planning Center of the Detention House



Introducing and explaining the *Warnings for Managers*

## 3.3 Supply Chain Management

For the purpose of achieving standard supplier management, the Company drafted the *Measures of Far East Horizon Limited for Supplier Management* and the like, defining the management principles of “separation of management and utilization, hierarchical classification, open and transparent and continual optimization”. In line with the management principles, the Company has put in place and continued to improve the supplier management system to guarantee the standard supplier selection and procurement.

During supplier selection, the Company pays attention to their fulfillment of business ethics and social responsibilities, so as to further mitigate supply chain risks and improve operational efficiency. The eligible supplier list only contains entities with complete legal and professional qualifications, legal operation, good service capacity and brand influence after going through official evaluation procedures. Except for a few exceptions, all the purchases must be made from suppliers in the list.

The Company has set up the supplier management group for centralized management of suppliers, developed the basic criteria for supplier entry assessment, continuously carried out supplier assessment, and made company-wide announcement of the periodic assessment and improvement results aimed at improving the professionalism of supplier management and reinforcing internal oversights as well as checks and balances.

During the procurement, the Company promises to strictly comply with relevant laws, regulations and rules, carry out intercourses with suppliers on normal commercial terms and refuse all kinds of bribes; it has introduced the anti-corruption management mechanism covering all suppliers, through which all the employees can give feedback on the fraud, bidding collusion, commercial bribery of suppliers during the purchase procedures to the supplier management group. Moreover, the Company publishes the complaint and report channels on the sites of some major projects of itself and its subsidiaries, and signs the project and purchase integrity agreements which explicitly prohibit illegitimate commercial intercourse and bribery.

## 4. Offering Quality Services and Creating Excellent Value

### 4.1 Creating Economic Value

Faced up with many difficulties and challenges in 2019, Far East Horizon stood fast to the “finance + industry” development strategy. By strengthening financial service capabilities, rolling out new business functions, and consolidating the industry-leading advantages, it operated and managed business in a more stable and solid manner. As a result, it managed to achieve stably improved business results throughout the year.

In 2019, the finance and advisory segment generated a revenue of RMB20,416 million, accounting for 75.79% of the total revenue of the Company. Thanks to the smooth advance of composite industrial operation across the Company, the revenue from industrial operation segment stood at RMB6,521 million, accounting for 24.21% of the Company's total revenue and representing an increase of 44.42% over the same period last year.

Note: Business tax and surcharges were excluded from the above figures.

To adapt itself to the external environment and the constantly changing industry forms, Far East Horizon has redefined the business presence among different industries, by further dividing the original seven industries into the present nine ones, which are urban public utility, healthcare, cultural & tourism, engineering construction, machinery, chemical & medicine, electronic information, livelihood consumption and transportation & logistics. In doing so, it was aimed to create a more focus-based operational structure, and strengthen the risk identification capability. In 2019, the Company's all industries have recorded steady growth, including:

Income from the electronic information industry

up **27.57%**  
year on year

Income from the chemicals & pharmaceuticals industry

up **15.60%**  
year on year

Income from the healthcare industry

up **11.78%**  
year on year

Income from the engineering construction industry

up **10.96%**  
year on year

In respect of industrial operation, Far East Horizon continues to facilitate its development towards industrial operation direction of healthcare and equipment operation, thereby strengthening its leading position. Thus, its financial efficiency has gradually unleashed, forming an operating system with “finance + industry” double driven and coordinated development. In 2019, the medical group, Horizon Construction Development, and the education sector, among others contributed a lot to the business growth of the Company as a whole.

Revenue from hospital operation

RMB **2,913** million

up **32.72%**  
over 2018

Revenue from equipment operation

RMB **2,362** million

up **32.16%**  
over 2018

Revenue from education institution operation

RMB **235** million

up **32.80%**  
over 2018

Economic Results in 2017-2019

Indicator	Unit	2017	2018	2019
Total revenue	in RMB100 million	187.82	253.79	268.56
Profit before tax	in RMB100 million	47.87	64.93	71.45
Total assets	in RMB100 million	2,274.54	2,659.70	2,605.71
Basic earnings per share	RMB	0.84	1.02	1.14
Profit for the year attributable to holders of ordinary shares of the Company	in RMB100 million	32.29	39.27	43.38

Making its way to the Fortune China 500 list

Ranking **336<sup>th</sup>** in 2019

Edging itself into the rankings of Forbes Global 2000 for three years straight

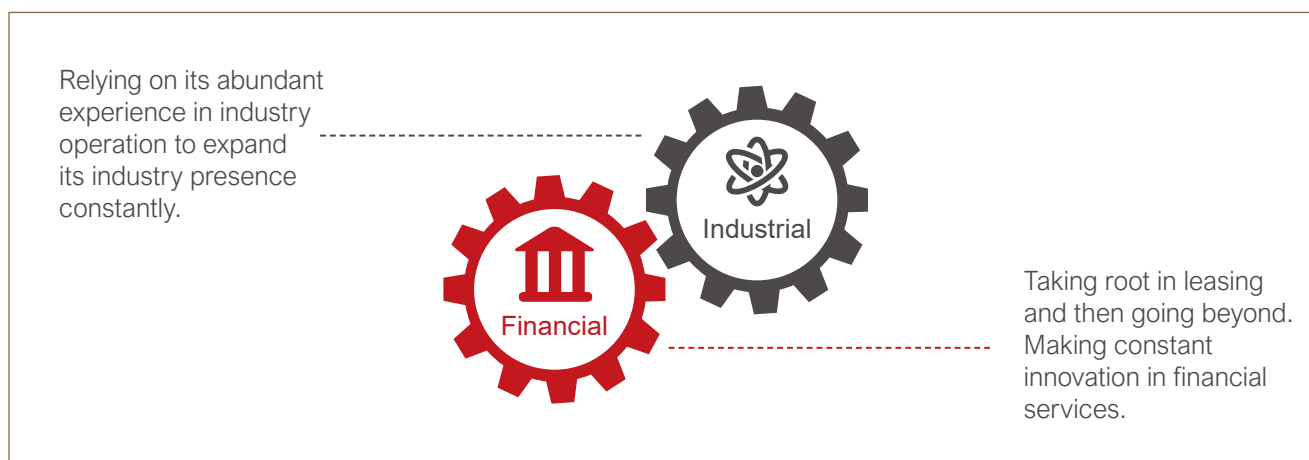
Ranking **1,431<sup>th</sup>** in 2020

## 4.2 Enhancing Quality of Products and Services

### Rolling Out Innovative Products and Services

Relying on its abundant experience in industry operation and superior reserve of financial resources and upholding “finance + industry” double driven development strategy, Far East Horizon is dedicated to offer physical enterprises with a complete package of integrated financial solutions, in an effort to meet their diverse funding needs arising from their production and operation process.

“Finance + Industry” Double Driven Development Strategy



In 2019, Far East Horizon focused its attention on the following nine industries: urban public utility, healthcare, cultural & tourism, engineering construction, machinery, chemical & medicine, electronic information, livelihood consumption and transportation & logistics. In the year, it continued tapping deep into such traditional financial businesses as financial leasing, promoting multi-dimensional innovations in terms of customer base, products, regions, business formats and other aspects, continuously optimizing the asset structure, and creating new momentum for business development through the layout of inclusive finance, supply chain finance, asset management business, overseas business, etc.

New Business Formed at Far East Horizon



Note: Other innovative financial products include debt industry funds, credit bonds, ABS issuance & investment, non-standardized debt investment, etc.

**Enhancing the Quality of Medical Services**

For medical institutions, quality is fundamental to their development, and service constitutes their core competitiveness. To standardize the medical practice of the affiliated hospitals, guarantee the quality and safety of medical services, and reduce medical risks, the medical group has put in place a complete set of management and operation policies that cover the headquarters and subordinate hospitals. In 2019, it revised and released the *Sense Control Manual (Third Edition)*, the *Pharmacy Manual (Second Edition)*, the *Measures for Surveying the Satisfaction Degree of Patients towards Hospitals through Questionnaire*, the *Administrative Measures for Complaints against Hospitals within the Group*, and the *Administrative Measures for Preventing and Settling Medical Disputes*, with a view to boosting the quality of medical services at the Company on all fronts.

To encourage quality control personnel to develop their professional competence constantly, the medical group in 2019 organized the quality management training camp (both primary and advanced courses available) which was tasked to further strengthen the quality and safety management of the affiliated hospitals and ensure the effective implementation of objectives with respect to patient safety.

Primary courses of the quality management training camp

**26** hospitals participated

**97** employees participated

Advanced courses of the quality management training camp

**18** hospitals participated

**43** employees participated

The Company has formulated the *Administrative Measures for Complete Inspections of Healthcare Safety*. In 2019, a total of 27 hospitals, including those newly joining in the medical group, underwent the complete inspection of healthcare safety, a move further guaranteeing the lawful and compliant operations of these hospitals.

## 6S Management Constantly Improved the Healthcare Environment

In 2019, the medical group was committed to integrating the meticulous 6S management as an integral part of daily hospital operations. Such a management technique was aimed to create a safe, comfortable, and cozy hospital environment, by regulating medical staff's behaviors and delivering better medical experience to patients.

A total of 11 affiliated hospitals in the 6S competition as part of the 2019 annual conference hosted by the medical group demonstrated how 6S as a meticulous management methods had become an integral component of their operation from various perspectives such as activity objectives, building of activity team, concrete practices and results achieved. Their demonstrations helped these hospitals to increase their communication and further raise their healthcare management standards.

### Tips: What is 6S?

6S is the abbreviation of SEIRI, SEITON, SEISO, SEIKETSU, SHITSUKE, and SECURITY.





## Holding QCC Competition

To continuously enrich the meaning of quality management at hospitals and ensure medical quality and safety, the medical group identified the core issues confronting medical safety and arranged the competing teams to work out and put in place their solutions. The competition was designed to encourage frontline employees to spot, analyze and solve problems and help hospitals form a bottom-up management culture which engaged in all staff members and triggered a shift from passive acceptance into active participation.

In 2019, 17 affiliated hospitals group built more than 180 circles to participate in the competition, which consisted of clinicians, nursing staff, medical technicians, pharmacists, functional departments, and administrative/logistical departments. With all roles and posts available in hospitals covered, the competition could promote them to improve various procedures and special programs.

### Tips: What is quality control circle (QCC)?

Quality control circle is a group of workers who spontaneously carry out quality control activities for a workplace or work-related area. It is a basic tool for a hospital to improve its total quality management (TQM).



## Guaranteeing the Quality of Construction and Equipment

Quality is a guarantee for an enterprise to survive and flourish. Horizon Construction Development always regards product quality control as an important way to improve its brand reputation. Following the *ISO9001:2015 Quality Management System Manual of Shanghai Horizon Construction Development Co., Ltd.*, it breaks down quality control indicators, compiles quality inspection norms, and establishes a sound quality control system, capable of strictly guaranteeing quality in terms of engineering, products, maintenance, equipment, raw materials and other aspects. In 2019, Horizon Construction Development formulated or revised 20 quality management policies, standards, and specifications, and finished a complete quality inspection on the manufacturing department and the turnover materials business department.

Aligned with the internationally advanced training management policies and working procedures, Horizon Construction Development put in place a sound quality control training effect guarantee and evaluation system, which was tasked to improve quality standards in terms of products, engineering, maintenance, and other aspects. In 2019, Horizon Construction Development conducted 17 trainings on quality policies, quality standards, quality awareness, and other aspects for frontline operators and quality inspectors.

Quality Management Objectives of Horizon Construction Development

<p>Erect a quality bar</p>	<p>Promote different business lines to erect their respective quality bar, and help employees to spontaneously improve their work quality through selecting, rewarding, and publicizing role models.</p>
<p>Forge a quality brand</p>	<p>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.</p>
<p>Implement requirements for quality control</p>	<p>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.</p>
<p>Create a positive cultural atmosphere</p>	<p>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.</p>

In addition, Horizon Construction Development 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 2019, no product recall took place at Horizon Construction Development.

Centered on technological innovation, research and development, Horizon Construction Development keeps rolling out and refining the technical management policies. In 2019, it released 15 related policies including the *R&D Project Management Measures* and the *Patent Work Management Standards*, thus lifting its R&D, design, process, and other aspects to a higher level constantly. At the same time, it also drafted the *Intellectual Property Management Measures*, and actively carried out related training and publicity activities in the hopes of encouraging all employees to innovate in their work. In the year, Horizon Construction Development neither maliciously infringed on intellectual property rights nor committed other crimes/non-compliance behaviors.

Innovative Achievements in 2019

By the end of 2019, Horizon Construction Development

was rated as one of **national-level high-tech enterprises** and one of **enterprise technology centers accredited by Shanghai**.

won **2** technological progress awards on the provincial or ministerial level.

owned **140** patents.

registered **8** software copyrights.

participated in compiling **1** set of standards on the provincial level.

including **13** patents for invention and **90** patents for utility models.

published **12** scientific and technical papers.

## Rolling Out the Brand-New Business of Assembled Steel Trestle

Horizon Construction Development has always been committed to providing customers with innovative products. In September 2019, its new-generation assembled steel trestle product made the debut in Shanghai, marking the Company took a step further to grow into the most trusted temporary steel structure provider in the eyes of customers.

At the launch event, Horizon Construction Development showed to the customers the structure, functional principle, and design highlights of the new-generation steel trestle. The new product impressed customers with its prominent features: assemblability, high strength, superior quality, and good look. Since its debut, the technology has been applied to dozens of steel trestle construction projects, including the Shunjiang Bridge, Beijing-Tangshan Inter-city Railway, and Huanhe Bridge. It made the steel trestle projects more convenient, safe, economical and nice-looking.



## Improving the Quality of Education

The education sector of Far East Horizon has always been committed to improving the teaching quality, encouraging innovation in education, and providing teachers and students with a full range of software and hardware guarantees. In 2019, schools and kindergartens affiliated to the education sector strictly abode by the pertinent laws and regulations in their operation. In the meantime, they made full use of teaching resources to improve the teaching environment and provide students with high-quality educational services, by adopting such steps compilation of teaching materials, improvement of teaching quality, and upgrade of campus facilities.

### High-quality Educational Services in 2019

<p>Innovative R&amp;D efforts</p>	<ul style="list-style-type: none"> <li>• Designing a full range of culture courses of “four seasons, five elements and six arts”.</li> <li>• Developing cases and resources for applied mathematics.</li> <li>• Compiling English teaching materials that integrated Cambridge English courses and Shanghai-edition textbooks.</li> <li>• Devising a set of Chinese Classics curricula fit for students of 1-12 grades.</li> <li>• Nailing down the action course scheme and plan.</li> </ul>
<p>Improvement of teaching quality</p>	<ul style="list-style-type: none"> <li>• Drafting the <i>Vertical Management Measures for Teaching Staff</i> to raise the teacher management standards.</li> <li>• Unveiling the class review and evaluation system to improve teachers’ professional competence and course quality.</li> <li>• Ensuring the quality of online teaching through course quality tracking, online course evaluation, and subject-specific teaching and research improvement, among other methods.</li> </ul>
<p>Cultivation of students with special talent</p>	<ul style="list-style-type: none"> <li>• Holding solo exhibitions of paintings for students with special talent in fine arts.</li> <li>• Setting up the media technology club to assist students with special talent in sports or artistic field in completing the design of online kick-off and flag-raising ceremonies during the COVID-19 response.</li> </ul>
<p>Creation of ultimate campus environment</p>	<ul style="list-style-type: none"> <li>• Bringing campus cleaning, catering, property, and other aspects under meticulous management to create a safe campus.</li> <li>• Introducing the latest technologies and applications to create a high-tech campus.</li> <li>• Embedding brand and cultural connotation to build a culture-rich campus.</li> <li>• Upgrading sports facilities to create a vibrant campus.</li> </ul>



Hygienically safe campus



Recorded broadcasting/live streaming course



Hongwen school gate



Campus playground

### 4.3 Optimizing Customer Service and Experience

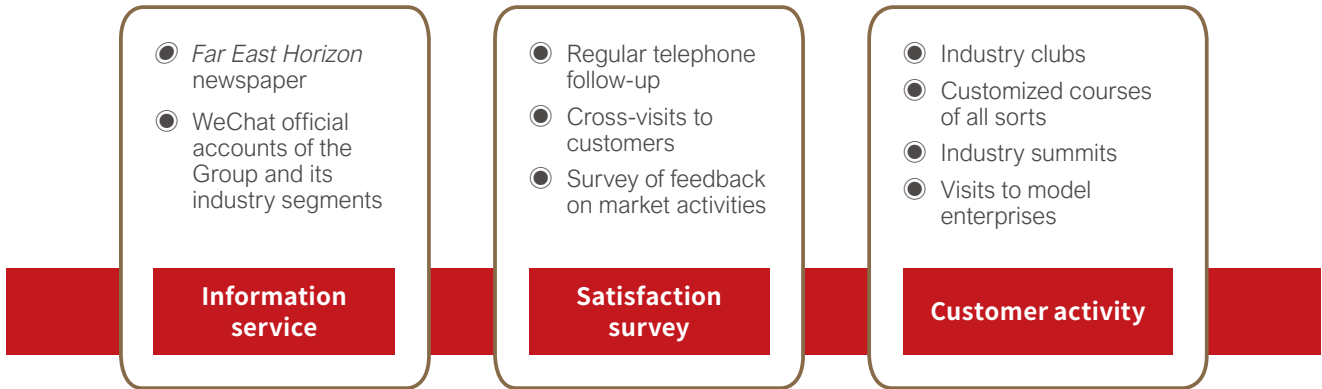
#### Putting in Place A Sound Customer Service System

Far East Horizon keeps achieving innovative breakthroughs, provides high-quality, diversified and one-stop solutions as actually needed, renders customers with professional services, and creates more value for them. By virtue of information service, satisfaction survey and customer activity, it establishes a customer relations management system to get customers' voice heard and figure out what they really need.

#### Customer Service Commitment

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

### Customer Service System



### Keeping Customer Information Safe

Far East Horizon attaches great importance to protecting customer information and establishing long-term trustworthy business relations with customers. The Company stipulates and strictly follows the *Confidential Information Management Measures*. The Operation Center, Human Resources Department, Internal Audit Department, and Office Center work together to manage information confidentiality as a whole. These departments should make clear how to identify responsibilities in case confidential information is leaked and hold the persons concerned accountable, and define the range of confidential information accessible to employees and their related authority. Moreover, these departments need to make sure that employees sign the *Post Confidentiality Commitment Letter*, and departmental heads sign the *Confidentiality Responsibility Commitment Letter*, as a move to help all employees constantly raise their awareness of keeping information confidential and safeguard the security of customer information.

In addition, the Company uses its customer marketing management (CMM) system to manage customer information in a centralized way, and adopts strict access authority management measure to protect customer information. In 2019, no customer privacy leak occurred at the Company.

### Developing A Harmonious Doctor-patient Relationship

The medical group adheres to the four principles of “equal respect, patient participation, corporate governance by law, and prevention advocacy”, dedicated to raising its medical service standards and establishing a harmonious doctor-patient relationship.

Pursuant to the *Regulation on the Prevention and Handling of Medical Disputes* and the *Measures for Complaint Management of Medical Institutions* issued by the State Council, the medical group in 2019 revised the *Measures for Preventing and Handling Medical Disputes* and the *Complaint Management Measures for Hospitals Affiliated to the Group*, further regulating the prevention and handling of medical disputes and setting explicitly out the organization and responsibilities, complaint channels, and response processes of affiliated hospitals. All complaints should be followed up and addressed promptly and related disputes should be settled properly, so as to guarantee the rights of both hospitals and patients.

#### Measures for Preventing and Handling Medical Disputes

- Outline the intension of compensation, and guide the affiliated 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.

To further improve healthcare quality and doctor-patient relationship, the medical group in 2019 updated the *Measures for Surveying the Satisfaction Degree of Patients towards Hospitals through Questionnaire*. With the updated measures, the standard survey for the satisfaction degree of patients was applied to all hospitals affiliated to the medical group, and the surveying results were included into the scope of performance evaluation. In response, all related hospitals attached greater importance to the satisfaction degree of patients. As instructed by the *Customer Return Visit Management Rules of Far East Horizon Healthcare Group*, the medical group paid return visits to patients on an irregular basis, so as to make them feel more satisfied.

By the end of 2019, 26 affiliated hospitals had offered employees counseling services about how to survey the satisfaction degree of patients, and 22 hospitals had carried out such survey.

### Putting in Place A High-quality Customer Service System

Horizon Construction Development values how to communicate with customers and how they feel about itself. It establishes a customer service system which offers 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 case negative replies come from customers, customer service specialists will call back and follow up throughout the process, in an effort to win their satisfaction.

On top of that, Horizon Construction Development relies on the online customer complaint management system to receive and handle complaints lodged by customers online in a timely manner. Where customers are dissatisfied with how their complaints are handled or refuse accepting the handling results, such complaints should be verified and handled all over again, in a bid to reach a proper settlement.

#### Customer Services Delivered by Horizon Construction Development in 2019

Complaints handled	Telephone follow-ups	Complaint settlement rate	Customer satisfaction rate
<b>44</b> units	<b>17,318</b> units	<b>100%</b>	<b>95.8%</b>

### Holding the Seminars on Eco-friendly Foundation Pit Support Techniques

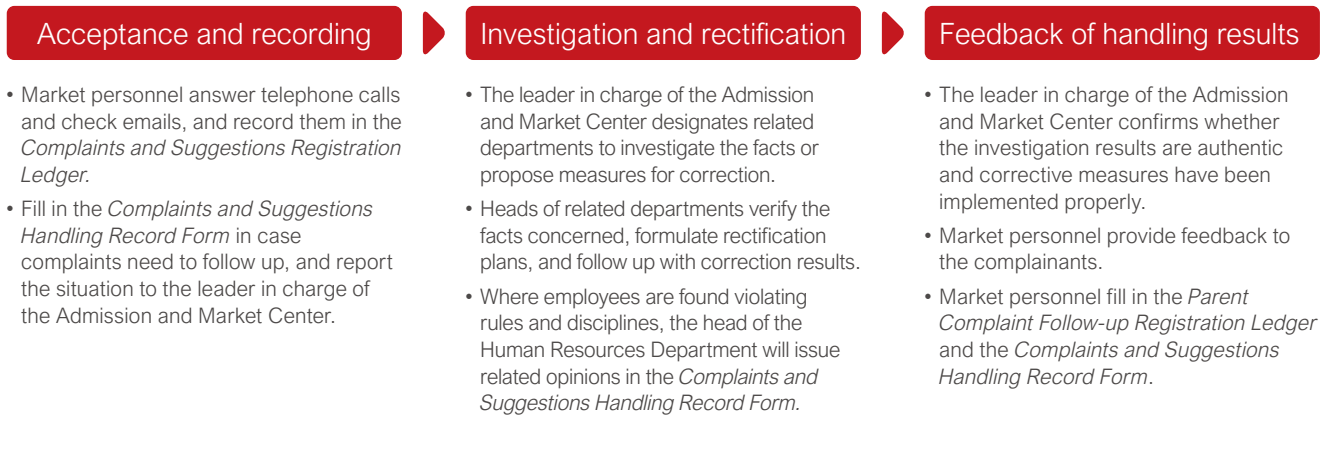
To roll out the green products and services as needed by the industry, Horizon Construction Development in 2019 hosted more than twenty seminars on eco-friendly foundation pit support techniques in many places of China. Present at the meetings were experts and scholars from municipal administration organs, prospecting and designing institutes, research institutions, universities and colleges, and foundation pit engineering companies. They gathered to study and discuss the new engineering methods to build foundation pits in an eco-friendly way.

Horizon Construction Development has introduced the world-leading eco-pro construction equipment and supporting techniques. The company offers customers with a complete set of eco-friendly foundation pit support products and services, so that they can rack up economic benefits and meanwhile reduce the impact on environment, thus becoming socially responsible firms.

## Opening Up Smooth Communication Channels Between Parents and Schools

Good parent-school communication is an important guarantee for high-quality teaching activities. By establishing diversified communication channels, the education sector of Far East Horizon can strengthen its communication between schools and parents and make students and their parents feel more satisfied. It receives complaints and advices from parents through various channels such as official websites of schools and kindergartens, 400-toll-free hotline, and official email. On this basis, it has also established a set of sound complaint handling procedures to make timely and effective responses to complaints and inquiries from parents.

### Complaints and Suggestions Response Flow



The education sector of Far East Horizon respects and values the important role parents play in the growth of their children. It puts in place sound parent-school communication channels. Joining hand in hand, parents and schools are well poised to create a higher-quality learning environment for students.

## Establishing the Parent Committee to Cement the Parent-school Bond

To advance the modern school system and enhance the parent-school joint action mechanism, the education sector puts in place a parent-school committee which is a three-level, four-tier organizational structure. As the bridge that connects schools and parents, the committee participates in routine school administration on behalf of all student parents, so as to guarantee the unimpeded, safe access to information.

In 2019, each school held a meeting of the parent committee every month, made a work progress report to parents on a regular basis, informed parents of the teaching plan, and put forth related suggestions, in an effort to increase their cooperation with schools and teachers. In doing so, the Company was dedicated to creating a positive education environment along with schools and parents.



# 5. Performing Environmental and Safety Responsibilities and Advocating Low-carbon Development

## 5.1 Improving Lean Management

Environment and safety are key pillars of the sustainability of an enterprise. Far East Horizon strives to mitigate the impact of its operation on the environment, centrally manages the industry sector’s environmental and safety work, and responds actively to climate changes in order to achieve responsible operation.

In 2019, according to the *Work Safety Law of the People’s Republic of China*, the *Environmental Protection Law of the People’s Republic of China*, the *Administrative Regulations on the Work Safety of Construction Projects* and local laws and regulations, the Company revised the *HSE Management Manual of Far East Horizon Limited*, the *Measures for HSE Monitoring, Inspection and Hazard Management*, the *Management Measures for Internal Review of HSE* and the *Measures for HSE Accidents and Events Management* in an effort to continuously improve the Health, Safety and Environment (“HSE”) management system based on its own risk characteristics and promote the overall HSE management level.

### Reinforcing Responsible Investment and Stepping up Business Risk Control

Far East Horizon actively acts upon the ESG investing philosophy, includes ESG factors into due diligence investigation and galvanizes the continuous improvement of investment targets in an effort to reduce the ESG risks in industrial operation.

The Company formulated the *HSE Management Manual* and other rules, requiring all units to conduct HSE due diligence on the proposed acquisition projects before introducing investment and M&A projects, including verification of occupational health, fire safety, environmental protection, special equipment and other related permits, as well as identification and control of hazardous factors, evaluate the actual HSE risk control level of the proposed acquisition projects (or entrust a qualified third-party professional institution to evaluate), assess the resources required for rectification, and take the relevant evaluation results as one of the important referential factors for making project decisions and formulating acquisition agreements.

For investment targets in different industries, the Company drew lists of HSE due diligence indicators for specific industries. For example, for the medical industry, the Company required the provision of environmental impact assessment of medical institutions’ construction projects, environmental protection acceptance of completed projects, sewage discharge permits, drainage permits, and radioisotope and ray device safety and protection in order to effectively identify and manage the ESG risks of enterprises in specific industries.

Measures for Management and Control of HSE Risks Arising from the Investment Process

Main Stages	Specific Measures
Screening and decision-making	<ul style="list-style-type: none"> <li>The investment department and the third-party professional institution exercise due diligence of the investment target’s compliance status, financial position, environmental, labor and other HSE risks, issue and submit the investigation report to the competent leader for decision-making.</li> <li>The Company will not consider any potential investment projects involving material HSE risks or issues; where a potential investment project exposed to certain HSE risks which are controllable is approved, the Company will launch targeted management enhancement measures.</li> </ul>



Main Stages	Specific Measures
Continuous improvement	<ul style="list-style-type: none"> <li>HSE, engineering and logistics departments conduct further assessment of the investment target's HSE issues or risks and develop plans/measures for subsequent management improvement to help the target make progress; or launch rectifications through upgrading or relocation.</li> <li>Environmental and social compliance matters of the investment target are included in enhanced assessment indicators to strengthen the internal governance and management of material hazards and continuously boost the awareness of continuous operation.</li> </ul>
Learning from good cases	<ul style="list-style-type: none"> <li>The Company invites a third-party professional institution to conduct in-depth diagnosis of the investment target's safety, compliance and other HSE aspects and make improvement suggestions benchmarking to the operating entities, e.g. hospitals in first-tier cities, and help the investment target to sort out the aspects needing improvement each year so as to continuously enhance its HSE risk management level.</li> </ul>

## Entrusting Third Party to Benchmark to Good Cases for Stronger HSE Risk Management

In November 2019, Far East Horizon entrusted a third-party professional company to conduct safety inspection of Huakang Orthopaedics Hospital, including its environment, buildings (structures), equipment and facilities, electricity, production and operation activities, as well as control conditions, safety management system and environmental protection.

Referring to the *Guidelines for Work Safety Management of Logistics of Medical and Disease Control Institutions*, the *Guidelines for Fire Work Safety Management of Medical and Disease Control Institutions*, the *Standards for Safe Production of Medical and Health Institutions in Shanghai*, the *Standardized Management Requirements for Key Fire Safety Units in Shanghai* and the *Risk-based Safety Management Evaluation Form for Special Equipment Users (Comprehensive)*, the inspection group developed safety checklists, launched all-around checks of the hospital's power system, refrigeration and air conditioning, water supply and drainage, elevators, medical gas system and canteens which require logistical support, as well as the hospital's fire safety, special equipment safety management, medical technology departments and operating rooms, and also communicated with the hospital's management, department heads and frontline medical staff.

By reviewing the basic safety management book and launching on-site inspections, the inspection group concluded that the overall safe operation of the hospital was controllable and was moderately above the average safety management level of hospitals. The inspection group also proposed how to further improve concerning the defects and deficiencies that still exist in the hospital, in order to further strengthen the risk management of the operating entity.

## Sustainable Business Model Recognized by ADB

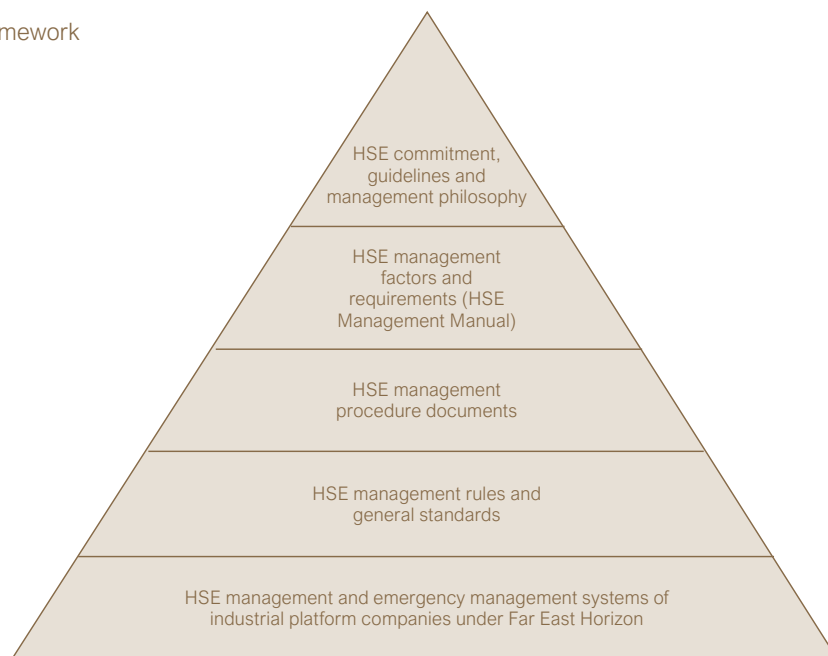
Established in 1966, ADB is owned by 68 members. It assists its members by providing loans, grants, technical assistance, and equity investments to promote social and economic development in the Asia-Pacific region. ADB states in the *Safeguard Policy Statement* which was released in 2009 that "for projects involving investment of ADB funds to or through financial intermediaries (FI), ADB conducts safeguard due diligence to assess the potential environmental and social impacts and risks associated with the FI's existing and likely future portfolio, and its commitment and capacity in social and environmental management".

In 2019, Far East Horizon and ADB signed a USD150 million loan agreement, under which Far East Horizon would use ADB loan to support hospitals' leasing or procurement of modern medical equipment. ADB's engagement in significant cooperation with the Company was not only based on its consideration for the high-quality project itself but, what's more important, proved its full recognition of the Company's environmental and social sustainability model.

## Putting Industry Operating Risks Strictly Under Control and Highlighting Regional Management

According to the management guidelines of “dual responsibilities of one post, total involvement, risk management and accident prevention-centered”, Far East Horizon set up the HSE Committee. As the highest decision-making body, the HSE Committee plans and coordinates the HSE responsibilities of each department, reviews the major HSE decisions of the Company, and continuously follows up the control measures for the high HSE risks, in order to effectively guarantee the standard HSE management of the Company.

HSE Management Framework



In terms of industrial risk prevention and control, the Company established the HSE management systems and emergency management systems of each subsidiary industrial platform company. The HSE department of the Operation Center led the organization and completion of the comprehensive industrial risk identification and assessment, forming a platform industry comprehensive risk event identification table, risk tree map, important and major risk monitoring indicators tables, risk management reports, etc. In 2019, the Company continued to strengthen the comprehensive risk management of the industry, further clarified the major/important operating risks in the development and operation of each industry, established and improved the process indicator monitoring system, promoted the building of the internal control system, and formed a long-term effective comprehensive risk management mechanism.

In 2019, the Company further strengthened the regional management of HSE, appointed HSE risk management leaders in all regions with business presence, unified and coordinated local HSE risk management, thus further centralizing and improving the HSE management efficiency.

## 5.2 Occupational Health and Safety (OHS)

### OHS Management

Being highly responsible to employees and society, the Company deems HSE an overriding factor while making business and investment decisions, fully identifies occupational health and safety risks, defines significant risks and develops targeted management and control measures in line with the core philosophy of “creating value, pursuing excellence”.

Sector	Major OHS Risks
Industry sector	The medical group: fire risk in densely-populated areas and occupational disease risk of medical workers
	Horizon Construction Development: project construction accident risk, etc.
	The education sector: kindergarten fire risk, school bus accident risk, security risk, food safety risk and infectious disease risk

Far East Horizon follows the guidelines of “dual responsibilities of one post, total involvement, risk management and accident prevention”. It has established and run a group-wide occupational health and safety control system with well-defined responsibilities and hierarchies which puts risk management and control at the core and attaches importance to material risks in compliance with the *Work Safety Law of the People’s Republic of China* and other laws and regulations regarding occupational health and safety.

In 2019, the Company reported zero major work safety accident, and the risks were controllable overall.

### Fire Safety Management of Far East Horizon Plaza

Adhering to the policy of “putting prevention first and combining prevention with fire fighting”, Far East Horizon Plaza carried out security, fire safety management and safety service in strict accordance with fire and safety laws and regulations and industry standards.

Key Aspects	Major Measures and Outcomes
Strengthening the standardization of internal mechanisms	Drafted and released nine safety management rules and 16 on-the-spot emergency plans based on the actual conditions of work.
Improving the specialization of fire management	Named the “Advanced Unit for Anti-fire” of Pudong New Area in Shanghai in the 2019 fire safety inspection.
Solidifying the skills foundation of security personnel	Organized two all-staff fire drills, skill competition among security personnel and other large safety drills.



Won the medal of “Advanced Unit for Anti-fire of Pudong New Area in 2019”



The fire drill & first security skill competition

## 2019 Fire Drill at Far East Horizon Plaza

Fire drills are launched by Far East Horizon Plaza twice a year, aimed at urging all the staff to become more familiar with and have a clear understanding of where the fire exits are and their directions, evacuating people in order per the anti-fire signs in the buildings in case of emergencies and improve their self-rescue abilities.

Far East Horizon launched 2019 all-staff fire drill in August 2019. While simulating that an exit could not be used, 1,184 people in the building were orderly evacuated within six minutes, meeting the expectation and effectively improving the fire safety awareness and skills of all personnel. At the same time, the Headquarters also organized fire extinguisher practical training and first aid training to improve the emergency rescue consciousness and ability of all staff and effectively protect the health and safety of employees.



Fire fighting simulation of the fire brigade



Practical training on how to use fire extinguishers

## Protecting Safety of Medical Workers and Health Facilities

To protect the safety of medical workers and health facilities, the medical group formulated the *HSE Management Rules of The Medical Group*, the *Management Measures of The Medical Group for HSE Supervision and Inspection and Hazard Rectification* and the *Measures of The Medical Group for HSE Accident Management* in 2019, aimed at continuously encouraging affiliated medical institutions to carry out safety work in a standard and orderly way.

According to the requirements of the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and the *Interim Provisions on Supervision and Management of Workplace Occupational Health*, the medical group offered pre-entry health examination and annual health examination for all the employees. And, it provided occupational health examination covering all the employees exposed to occupational health hazards (e.g. employees of radiology departments), and established personal occupational health files to accurately gain information about the employees' occupational health.

The medical group also paid attention to the fire safety management of health facilities. In 2019, the medical group promoted the standardization of fire safety management in medical institutions and elderly care institutions, including the standardization and monitoring of key fire control rooms and the building of fire protection capabilities of key personnel, to further improve the fire safety level of those institutions.

In 2019, the medical group reported zero notifiable minor, severe, major and critical work safety accident.

## Conducting Extensive Promotion to Strengthen Safety Awareness

With the continuous expansion of hospitals in the Group and the further development of the medical business, the safety of hospital logistics also becomes particularly important.

In order to further improve the safety management of hospital logistics and the professional capabilities of logistics personnel, the Company carried out the Second Session of HSE Training of Hospital Logistics and General Affairs in May 2019, focusing on the themes including hospital fire safety, logistics safety and hospital infection, and taking such diversified forms as lectures, hospital sharing and student discussion. The training classroom was moved to the hospital, allowing students to learn and discuss the way of hospital safety management.

The HSE training emphasized the Group's concern and attention to hospital safety work, enhanced the professional capabilities of logistics and general affairs personnel, and consolidated their safe work awareness. Through the combination of theoretical learning and on-site training, the learning content dealt with the daily work of hospital logistics management, providing a strong guarantee for the safe operation of hospitals.



## Implementing Work Safety

Horizon Construction Development has established an HSE management policy system which covers all business and whole processes, including the *HSE Accident Emergency Management Measures* and the *HSE Training Management Measures* for the purpose of protecting the safe, healthy development of business. In 2019, Horizon Construction Development sorted out the entire HSE management policy system, revised, added and issued seven bans for work safety, six management rules and nine management measures on work safety to further standardize the personal and work safety management.

During safety management, Horizon Construction Development enhanced safety inspection and communications at the construction sites, regulated the safety behavior of employees, and created a favorable work safety atmosphere; with respect to occupational hazard prevention, Horizon Construction Development paid attention to the completeness of equipment and facilities, continuously improved working conditions for employees, upgraded the working equipment and put occupational health

protection equipment in place. For employees with potential exposure to occupational hazards, Horizon Construction Development organized occupational health examinations before, during and after work, in order to prevent occupational diseases essentially.

Moreover, Horizon Construction Development continuously promoted the safety culture and safety reward co-existence mechanism. Each year, it sets up an independent special reward fund and launches the daily update of the no-accident time counters in a bid to urge the frontline's work safety, in combination with the teams' safety enhancement endeavors. In 2019, Horizon Construction Development granted safety bonuses of RMB35,000 accumulatively, over 50 rewards in kind from time to time and over 500 prizes accumulatively to the teams without accidents across the year, fully demonstrating the advanced safety management concept and improving the safety management enthusiasm and awareness of front-line employees.

In 2019, Horizon Construction Development reported a total of 60 minor injury and near-miss accidents and zero major injury and above accident.

### Horizon Construction Development Enhancing Safety Management of Employees

Adhering to the safety management concept with risk management at the core, Horizon Construction Development made great efforts to popularize safety management knowledge and provide training on safety knowledge and skills. It regulated the safety behaviors of employees through the Work Safety Month campaign, new employee training, on-the-job training and pushing of safety education articles or self-produced safety videos in the "Alarm Bells" column.

In 2019, Horizon Construction Development delivered safety trainings to 6,325 employees accumulatively, pushed a total of 141 HSE education and training articles with 69,024 viewers, and produced more than 120 work order videos and accident simulation videos accumulatively, which effectively boosted the safety management awareness and level of employees.



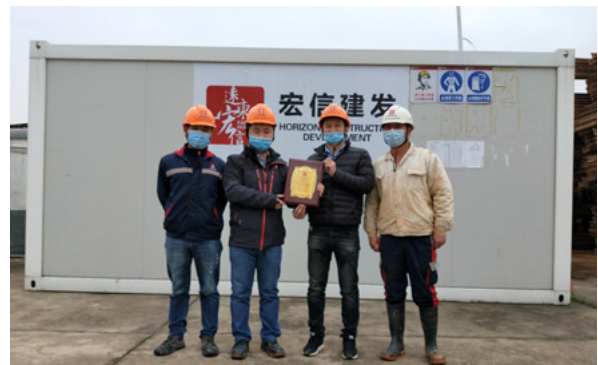
Leader's inspection



Team's safety commitment and swear



Emergency drill



Grant of "Annual Zero-accident" award to a team

### Enhancing School Safety

The education sector of Far East Horizon pays great attention to the health and safety of employees and children/students in subsidiary kindergartens and schools. Specifically, it designated a specialized department to identify fire safety, food safety and security risks, developed targeted safety emergency plans and management measures such as the *Management Measures for Fire Safety and Supervision of Horizon Education investment*, the *Emergency Plan for Food Safety Accidents of Schools* and the *Fire Emergency Plan for Schools*, and also launched fire emergency and evacuation drills, kindergarten/school food safety inspections and trainings on preventing violent entry into campus on a regular basis to ensure the timeliness and effectiveness of safety accident handling.

In 2019, in order to further regulate the safety management of the school buses owned by the education sector and prevent vicious incidents such as picking up by impersonation and kidnapping kids, the relevant kindergartens organized the passing test of kid pick-up by impersonating school bus. The exercise, by simulating the temporary replacement of school bus and the fraudulent pick-up of kids, timely discovered the issues and hazards related to safety management of school buses during operation. Then, targeted improvement actions were taken to further enhance the vigilance of safety incidents by the management staff and the parents of the kids taking the bus and strengthen the safety management of students.



Fire evacuation drill on campus



Food safety management in cafeteria and kitchen

### Shanghai Hongwen School Launched First Aid Training in Respect of Unintentional Injuries

Shanghai Hongwen School organized the first safety lecture before the new semester started—the first aid training for unintentional injuries so as to prevent students incurring unintentional injuries while doing sports and ensure that teachers could respond to students’ unintentional injuries rapidly and correctly.

In order to enable teachers to fully know the first aid skills, each teacher must practice to complete airway obstruction relief, cardiopulmonary resuscitation and transfer of the wounded. The trainers provided guidance and corrections next to the teachers so that all of them could know the correct first aid skills and further improve the ability to respond to emergencies and implement emergency rescue.



## 5.3 Practicing Green Operation

### Green Office

Far East Horizon is an advocate of green office practices. It puts the green office policies in place, and makes sure that every employee can build the awareness of working, living and seeking for development in a low-carbon way.

#### Green Office Measures

Key Aspects	Specific Measures
Water utilization	<ul style="list-style-type: none"> <li>Encourage employees to save water, preferentially purchase water-saving office appliance, and carry out the timely maintenance work on the parts where water leaks.</li> <li>Collect rooftop and ground rainwater, after sedimentation and filtration, it can be used for washing roads and watering the greening. The total amount of rainwater collected and utilized is about 9,000 tons.</li> <li>Take municipal water supply as the water source, and there is no issue in sourcing water.</li> </ul>
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 <i>Green Office Initiative</i> 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>
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>

Put into operation in 2018 formally, 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. In 2019, the facility won the Certificate of Green Building Design Label (Two-Star) from Shanghai Green Building Council.



Far East Horizon Plaza was awarded with the Certificate of Green Building Design Label (Two-Star)



## Far East Horizon Responds Actively to the Municipal Policy on Domestic Garbage Classification

In 2018, the General Office of Shanghai Municipal People’s Government released the *Implementation Plan on Establishing and Refining the Full-process Domestic Garbage Sorting System*, stipulating that a full-process domestic garbage sorting system should be put in place by the end of 2020. Far East Horizon fully exploits its advantages in corporate management, steps up efforts to publicize garbage sorting, and encourages employees to develop a habit of garbage sorting step by step, until there forms a positive atmosphere where both enterprises and their employees get involved in waste sorting.

<p>Raising the awareness of garbage sorting</p>	<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, organizing campaigns in break room, playing information videos, placing flyers, and putting tips in dining area.</li> <li>• Themed trainings are delivered to cleaners, cafeteria staff, and other related personnel. A garbage sorting competition is organized as part of the Far East Family Day.</li> </ul>
<p>Installing the garbage sorting facilities</p>	<ul style="list-style-type: none"> <li>• Classified dustbins designed for containing dry, wet and hazardous wastes separately are placed in elevator hall and elevator lobby.</li> <li>• Garbage chamber is divided into different parts for holding dry, wet, recyclable, and hazardous wastes separately.</li> </ul>
<p>Cleaning and transporting the sorted garbage</p>	<ul style="list-style-type: none"> <li>• Every garbage transportation company working in Far East Horizon Plaza possesses the required licenses. They collect 18 bins of dry wastes per day, 12 tons of recyclable wastes per year, 1 bin of hazardous wastes per year, and 62.5 tons of wet wastes in 2019.</li> </ul>
<p>Communicating and displaying the achievements in garbage sorting</p>	<ul style="list-style-type: none"> <li>• Study and exchange activities are hosted through multiple channels. The Company also attended the Shanghai Expo-themed garbage sorting training program on the sub-district level and received the working instructions. What it did in this regard has been highly valued by related competent administrations.</li> </ul>

## Green Healthcare

The medical group complies with the *Environmental Protection Law of the People’s Republic of China*, the *Law of the People’s Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, the *Medical Waste Management Ordinance*, and other applicable laws and regulations. In 2019, it drafted the *Administrative Measures for the Environmental Protection Work Done by the Affiliated Hospitals*, which set out its organization and responsibilities of environmental management, and working requirements for environmental protection, aimed to get the work in this regard done in a more normative way.

In 2019, all the affiliated hospitals compiled their annual work plan and budget for environmental management according to the uniform requirements of the medical group. The environmental protection investment 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.

## Resource-conserving and Discharge Control Measures Adopted by The Medical Group

Key Aspects		Specific Measures
Resource conservation		<ul style="list-style-type: none"> <li>Promotes the 6S competition with vigorous efforts, and advances the water-saving taps replacement program in a phase-in way.</li> </ul>
Discharge management	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>
	Medical wastes	<ul style="list-style-type: none"> <li>All the affiliated 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 waste.</li> </ul>
	Medical effluents	<ul style="list-style-type: none"> <li>All the affiliated hospitals operate effluent treatment facilities stringently, and assign professional personnel to guarantee discharge compliance.</li> <li>Affiliated hospitals are encouraged to deploy the online sewage monitoring system with a view to raising the technical standards for pollution monitoring.</li> </ul>

## Green Construction

Horizon Construction Development regulates and instructs each business unit to conduct environmental protection management properly in accordance with the *Environmental Management Measures* and the *Guidelines for Environmental Protection Management*. At the same time, it starts from the 6S management and conducts related inspections from time to time, to make sure all business units can get their environmental protection work done properly.

In 2019, Horizon Construction Development lost no time to shut down or phase out the barely profitable, highly pollutant production lines, in the hopes of controlling pollutant discharge from the source. At the same time, it kept upgrading its quality management system to international standards, and introduced the latest production concept and new-generation environmental protection equipment to facilitate the realization of green development on the whole. In the same year, the company allocated a budget of RMB200,000 for environmental protection, which was mainly spent on garbage sorting, hazardous waste disposal, pollutant discharge monitoring, and acceptance of eco-friendly facilities upon completion, and other aspects.

## Resource-conserving and Discharge Control Measures Adopted by Horizon Construction Development

Key Aspects		Specific Measures
Resource conservation	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 to cut the amount of water consumed by 10 tons per year.</li> <li>Promote the rainwater recycling 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 use, and use the collected rainwater for running fountains, washing cars, and other purposes.</li> </ul>
	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 print in office.</li> </ul>
	Reduction of packaging materials used	<ul style="list-style-type: none"> <li>Sort out the packaging materials of equipment purchased for classified storage, and use them for the equipment rental and turnover, so as to control the purchase amount of packaging materials efficiently.</li> </ul>

Key Aspects		Specific Measures
Discharge management	General wastes	<ul style="list-style-type: none"> <li>• Forbid or minimize the use of plastics as packaging materials, and encourage the minimal use of disposable tableware.</li> <li>• Non-hazardous wastes such as paper and kitchen wastes are centrally sorted out and disposed of by the municipal departments according to relevant standards of Shanghai.</li> </ul>
	Hazardous wastes	<ul style="list-style-type: none"> <li>• Hazardous wastes such as used machine oil buckets and batteries are collected and disposed of by the qualified agencies upon entrustment.</li> </ul>
	Waste gas	<ul style="list-style-type: none"> <li>• Enterprises are recommended to rent low-emission equipment to the extent possible.</li> </ul>
	Effluents	<ul style="list-style-type: none"> <li>• Control pollutants from source and guarantee discharge of sewage after separation.</li> </ul>

### Horizon Construction Development Tries to Set an Example in Building Eco-Friendly Foundation Pits

With the continuous acceleration of the urbanization, China is pressing forward its urban infrastructure construction projects in full swing. At a time when environmental protection and sustainable development are highly valued, eco-friendly and efficient construction of underground foundation pits heralds a major trend of the industry in the future.

At Horizon Construction Development, rendering the high-quality, efficient, eco-friendly, and energy-saving construction services is deemed as an important direction for future development. It has introduced the world-leading eco-pro construction equipment and supporting techniques, with a view to offering customers with a complete set of eco-friendly foundation pit support products and services. For example, its formed steel brace, a representative of eco-friendly and economic characteristics, does not generate any pollution during the construction process. Such braces can be fully recovered after a foundation pit is completed, so there is no construction waste caused. It is completely in line with the Chinese definitions for environmental protection and sustainable development.



## Green School

The education sector of Far East Horizon advocates a green operation concept by incorporating environmental protection into its schooling philosophy and practice. To create a green learning environment for students, it focuses on such aspects as air quality control. To be specific, it has deployed the air cleaning and central ventilation system across all its schools and kindergartens, with a view to mitigating the impact of haze on students' health. In addition, all its campuses give garbage sorting courses, so as to realize a goal of "getting the awareness and practice of waste sorting started from childhood".

### Teaching Activities Around Garbage Sorting in the Education Sector



### Resource-conserving and Discharge Control Measures Adopted by the Education Sector

Key Aspects		Specific Measures
Resource conservation	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>
Discharge management	General wastes	<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>Engage the qualified agencies for disposal of kitchen wastes at schools and kindergartens.</li> </ul>
	Hazardous wastes	<ul style="list-style-type: none"> <li>Hazardous wastes such as toner cartridges and ink cartridges are recycled and disposed of by the qualified agencies upon entrustment.</li> </ul>

## 5.4 Response to Climate Change

### Climate Change Management

Global climate change not only leads to a variety of extreme weather events, but also severely affects all sorts of economic and social activities. In response to global warming, the *Paris Agreement* adopted at the end of 2015 became a new legally binding protocol to reduce global greenhouse gas (GHG) emissions following the Kyoto Protocol. In addition, the Chinese government has in recent years continued doubling its efforts to cope with climate change. Specifically, it issued a series of policies and measures such as the *China's Policies and Actions for Addressing Climate Change*, and joined the *Paris Agreement*, promising that its carbon intensity would drop by 40%-45% by 2020.

As an active response to the appeal of governments, investors and other stakeholders across the globe for coping with climate change, Far East Horizon has identified the climate change-related risks and opportunities as suggested by the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB), and kept refining its management based on the identification findings, so as to minimize the carbon footprint its operational activities caused.

### Climate Change Management System

<b>Governance</b>	At Far East Horizon, climate change mitigation and adaptation are high on the agenda of its relevant business departments and HSE departments;
<b>Strategy</b>	Evaluate the potential influence the identified major risks and opportunities may produce on the Company's operation and financial standing; Take related management actions in terms of low-carbon operation, response to climate change-induced natural disasters, and support for clean energy development, and other domains;
<b>Risk management</b>	Identify the potential risks and opportunities of operation activities with reference to the risk analysis framework of TCFD, and plan to incorporate the risks and opportunities related to climate change into the holistic operational risk management in the future;
<b>Performance evaluation</b>	Disclose the GHG emission load and intensify in the annual ESG report and on the basis, evaluate the Company's performance in managing climate change response, and develop the plan for improvement.

### Risks and Opportunities Brought along by Climate Change

To better cope with the potential risks and opportunities presented by climate change, Far East Horizon has identified climate change-induced risks and opportunities in respect of its operation after carrying out policy surveys, aligning itself against advanced peers, considering opinions from experts, and assessed how each of these risks and opportunities will affect its financial position one by one.

Matrix of Climate Change-induced Risks and Opportunities Already Identified



Climate Change-induced Risks and Opportunities and Potential Financial Impact Identified by the Company

Major Climate Change-induced Risks and Opportunities Already Identified		Potential Financial Impact	Countermeasures	
Risk	Transformation risks	<p><b>Reputational risk</b> Finance + industry sectors: As China transforms to a low-carbon economy, stakeholders expect the Company to take more actions in climate change response and increase the transparency in information disclosure. The Company will see its reputation in jeopardy, if it fails to respond to the above appeal of stakeholders properly.</p>	<ul style="list-style-type: none"> <li>• Reduced value of investment portfolio</li> <li>• Decreased operating revenue</li> </ul>	<ul style="list-style-type: none"> <li>• At the Company, climate change mitigation and adaptation are high on the agenda of its relevant business departments and HSE aspect.</li> <li>• Climate change-rated risks and opportunities are identified and managed with reference to the framework of TCFD.</li> <li>• Climate change is discussed with stakeholders as a priority topic through such channels as ESG report.</li> <li>• The industry credit policy based on environmental performance is put in place, so as to limit and reduce the credit granted to the industries exposed to relatively high levels of environmental risk.</li> <li>• Climate change-related risks are considered in the decision-making process.</li> <li>• Energy-intensive equipment and products are reduced in use.</li> </ul>
		<p><b>Policy and legal risks</b> Finance sector: If the Company's customers or investment targets in such sectors as chemicals &amp; pharmaceuticals and machinery manufacturing fail to meet the regulatory requirements for environmental management, they will be likely to get involved in litigation, fine, and other adverse circumstances, thus leading to the occurrence of defaults.</p>	<ul style="list-style-type: none"> <li>• Reduced value of investment portfolio</li> <li>• Increased credit risk</li> </ul>	
		<p><b>Market risk</b> Finance sector: In the midst of climate change, consumers may adjust their spending habits. Due to the above adjustment, the Company's customers or investment targets in such sectors as household consumption, machinery manufacturing, and chemicals &amp; pharmaceuticals 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. Industry sector: Now 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 popularity.</p>	<ul style="list-style-type: none"> <li>• Reduced value of investment portfolio</li> <li>• Decreased operating revenue</li> </ul>	
		<p><b>Technical risks</b> Finance sector: Due to climate change, the Company's customers or investment targets in such sectors as machinery manufacturing and chemicals &amp; pharmaceuticals may be exposed to many aspects of technical risk, including the growing operation costs brought by the investment in low-carbon-emission equipment and technology.</p>	<ul style="list-style-type: none"> <li>• Reduced value of investment portfolio</li> <li>• Decreased operating revenue</li> </ul>	
	Entity risks	<p><b>Acute entity risks</b> Finance sector: In case of such extreme weather events as typhoons and rainstorms, the Company's customers or investment targets in such sectors as agriculture, forestry, husbandry &amp; fishery may suffer from the loss on fixed assets, getting their normal operation impacted adversely. Industry sector: Due to climate change, the more frequent natural disasters such as typhoon and flood may interrupt the normal operation of hospitals, schools, construction sites under the banner of the Company, thus incurring economic losses.</p>	<ul style="list-style-type: none"> <li>• Reduced value of investment portfolio</li> <li>• Increased operation costs</li> <li>• Reduced value of fixed assets</li> </ul>	<ul style="list-style-type: none"> <li>• Buy insurances against the extreme weather events (like typhoon) triggered by climate change.</li> <li>• All industry sectors develop the <i>Contingency Plan for Natural Disaster Accidents</i>, and conduct the related drills and trainings on a regular basis.</li> <li>• Join the rescue forces of the places where the Company does business (operating locations) after natural disasters strike.</li> <li>• Adjust construction tactics and schedules in response to high temperature weather.</li> </ul>
		<p><b>Chronic entity risks</b> Finance sector: In case of such abnormal climate conditions as hot-weather spells and rising sea levels, the Company's customers or investment targets in such sectors as agriculture, forestry, husbandry &amp; fishery may see their normal production and operation impacted adversely, thus reducing their profitability. Industry sector: The continuous high-temperature weather caused by climate change may suspend the operation of the Company's construction sector, hence causing negative influences such as delays in engineering projects and increased work-related injuries on construction sites.</p>	<ul style="list-style-type: none"> <li>• Reduced value of investment portfolio</li> <li>• Increased operation costs</li> <li>• Reduced value of fixed assets</li> </ul>	

Major Climate Change-induced Risks and Opportunities Already Identified		Potential Financial Impact	Countermeasures
Opportunities	<b>Efficiency of resource utilization</b> Finance + industry sectors: Increasing the efficiency of resources consumed such as energy and water is a good way to help the Company lower down its operation costs.	<ul style="list-style-type: none"> <li>Reduced operating costs</li> </ul>	<ul style="list-style-type: none"> <li>Adopt the green office and operation measures vigorously. Far East Horizon Plaza was awarded with the LEED certification at the Gold level, Shanghai Green Building Contribution Award, and the Certificate of Green Building Design Label (Two-Star).</li> <li>Shift to renewable energy sources such as solar energy.</li> <li>Continue to refine the special support plan for green buses, the special support plan for green operation and environmental protection, and other similar plans, in an effort to facilitate the building of green city.</li> <li>Draft the <i>Measures for Management of Credit Line for Municipal Public Utilities</i>, which defines specific credit policies for public transportation, heating, and other enterprises, and encourage the acquisition of quality customers engaged in municipal public utilities and eco-friendly undertakings.</li> <li>Develop energy-efficient and eco-friendly equipment and products continuously, so as to expand the customer base.</li> <li>Invest in and operate such new energy projects such as PV power generation.</li> </ul>
	<b>Products and services</b> Finance sector: As China is transforming to a low-carbon economy, the changed spending habits will lead to a surge in the demand for energy-saving and eco-friendly products, renewable energy sources, and green buildings. The products and services aimed at these new market niches can win the Company more room for further growth in operating revenue.	<ul style="list-style-type: none"> <li>Revenue growth brought by the increased demand for products and services</li> <li>Increased value of investment portfolio which is contributed by the appreciation of assets</li> </ul>	
	<b>Emerging markets</b> Finance sector: The Chinese government has vigorously advocated the development of energy-saving and eco-friendly industries in recent years. For example, it rolled out the <i>13th Five-Year Plan for Developing the Energy-saving and Environmental Protection Industries</i> , proposing to develop energy-efficient and eco-pro industries. Under a favorable policy environment, some emerging service providers engaged in energy conservation and environmental protection, especially those in small sizes, will demonstrate the greater financing demand.	<ul style="list-style-type: none"> <li>March into the newly-developed/emerging markets to rack up more operation revenue.</li> <li>Increased value of investment portfolio which is contributed by the appreciation of assets</li> </ul>	
	<b>Energy sources</b> Finance + industry sectors: Using more low-carbon-emission/clean energy sources in operation activities can expose the Company to less risks caused by the rising energy prices in the future.	<ul style="list-style-type: none"> <li>Improved return on investment in low-emission technologies</li> <li>Increased value of fixed assets</li> </ul>	
	<b>Adaptability</b> Finance + industry sectors: 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.	<ul style="list-style-type: none"> <li>Increased value of investment portfolio which is contributed by the appreciation of assets</li> </ul>	

## Response to Natural Disasters

In response to natural disasters such as typhoons, power outages, and water shortages that may occur in different operating locations, Far East Horizon has evaluated the related potential risks like typhoons, rainstorms, and other natural disasters at all affiliated hospitals, schools and other venues. Each operating location, proceeding from their local natural conditions, formulates corresponding contingency plans, which set out the emergency response organizations, work responsibilities, and on-site rescue procedures and other matters, with a view to ensuring that normal operations can be resumed quickly after a disaster occurs. The Company also organizes disaster response drills, continues helping employees expand their reserve of knowledge on disaster response, and tries to reduce and even avoid the casualties caused by natural disasters as much as possible.

In addition, the Company joined the rescue and resettlement forces of operating locations after natural disasters strike, and brings its response to climate change to local communities.

## Daishan Guanghua Hospital Protects the Affected Rural Migrant Workers in Typhoon Lekima

In 2019, Typhoon Lekima made its strong landfall in Eastern China. It was the most intensive and extensive typhoon in the year. Guanghua Hospital based in Daishan County sent medical workers to a shelter where the affected migrant workers gathered. With their medical expertise, they offered 550 some Yushan Construction workers with free medical aid, consultation, and diagnosis services, along with free medicine worth over RMB1,000.



Medical staff members provided medical aid for migrant workers

## Enhancing the Efficiency of Resource Utilization

At Far East Horizon, major energy consumption sources are electricity, natural gas, and petroleum used by its self-owned vehicles. Energy use also constitutes a whopping part of the Company's GHG emissions. Therefore, the Company is committed to improving its energy consumption efficiency through many measures such as energy-saving technological upgrading. This move will not only cut down on costs and increase benefits, but also reduce GHG emissions from a variety of operation activities. In addition, it also advocates the concept of green office in its workplace, and requests every employee to save energy and reduce emission through their concrete efforts.

On top of that, Far East Horizon's new office building, Far East Horizon Plaza, embeds the low-carbon concepts into every step of its entire lifecycle (design, construction and operation) to reduce its operational carbon footprint. The specific measures it has adopted include the deployment of a fully variable-frequency air conditioning system, the use of renewable energy sources such as solar energy, the practice of eco-friendly business travel mode, and the adoption of telephone video conferencing.

### Energy-saving Measures Adopted by All Industry Sectors

Finance sector	<ul style="list-style-type: none"> <li>• Once deployed, a fully variable-frequency air conditioning system can save energy by 30% or 1,518.84 MWh than its invariable-frequency version.</li> <li>• A solar water heating system is applied to make full use of renewable energy, which can help save electricity consumption by about 246.40 MWh every year.</li> <li>• An energy-saving lighting system is adopted in the building. Calculated by the energy conservation rate of 5%, it can help save electricity consumption by about 141.21 MWh per year.</li> <li>• Develop the electricity use management policy, check power supply lines and electric appliance on a regular basis, and conduct timely repair and maintenance, with a view to reducing energy loss.</li> <li>• Invite employees to join the low-carbon workplace initiative, draft the <i>Workplace Management Rules</i>, and ask employees to shut down their computers and power switches before they go off duty every day.</li> </ul>
Healthcare sector	<ul style="list-style-type: none"> <li>• The medical group promotes the 6S competition with vigorous efforts and advances the water-saving taps and LED lamps replacement program in a phase-in way.</li> </ul>
Construction sector	<ul style="list-style-type: none"> <li>• Ground source heat pumps (GSHPs) are used to offer heat supply in workspace, and lighting is controlled and adjusted intelligently for different period of time.</li> <li>• Manufacturing workshops take the initiative to phase out the energy-intensive, high-pollutant machine tools.</li> </ul>
Education sector	<ul style="list-style-type: none"> <li>• Regular checks are conducted on power supply lines and electric appliance, office equipment needs to be shut down when not in use, and electric equipment in unoccupied space is shut down, so as to reduce energy loss.</li> </ul>



## Promoting the Extensive Use of Clean Energy

Relying on its subsidiary Shanghai Hongzuo New Energy Co., Ltd. (“Hongzuo New Energy”), Far East Horizon takes project investment at the core and leverages its competent teams and operating systems, to support the development of professional PV projects. In doing so, it not only contributes to the boom of clean energy in cities, but also takes a step further to the sustainability of both business development and environment.

### Hongzuo New Energy Invests in PV Power Generation Projects

Hongzuo New Energy is devoted to investing in long-cycle, high-quality new energy assets such as PV, wind power, and energy storage. By the end of the reporting period, it has held 22 projects in total, offered the supply of clean electricity in 43 million kilowatt hours across society, reduced carbon dioxide emissions in about 428,000 tons.

#### 1. 4.6 MW distributed PV power generation project for a Luoyang-based glass limited company

Hongzuo New Energy converted a 50,000 m<sup>2</sup> finished products warehouse of a Luoyang-based glass limited company into a 4.6 MW power generation project that supported self-sufficient electricity use and surplus power for grid connection. The project was completed and put into operation in May 2019. It could power the property owner with about clean electricity of 5 million kilowatt hours every year, amounting to a reduction of carbon dioxide emission 49,000 tons.



4.6 MW distributed PV power generation project

#### 2. 3.98 MW distributed PV power generation project for a Nanjing-based mechanical and electrical company

Hongzuo New Energy converted a 45,000 m<sup>2</sup> plant roof of a Nanjing-based mechanical and electrical limited company into a 3.98 MW power generation project that supported self-sufficient electricity use and surplus power for grid connection. The project was completed and put into operation in December 2019. It could power the property owner with about clean electricity of 4.2 million kilowatt hours every year, amounting to a reduction of carbon dioxide emission 41,900 tons.



3.98 MW distributed PV power generation project

# 6. Respecting Talent Value and Energizing Employees

## 6.1 Safeguarding Employees' Interests

### Recruitment and Employment

In strict compliance with laws and regulations such as the *Labor Law of People's Republic of China*, the *Labor Contract Law of People's Republic of China* and the *Shanghai Labor Contract Regulations*, the Company establishes harmonious relations with its employees. In 2019, it revised the *Position Management Regulations*, the *Labor Contract Management Regulations*, the *Attendance and Leave Management Regulations*, and the *Remuneration Management Measures for Dispatched Employees*, and newly released the *Position Rank Management Measures* and the *Remuneration Management Measures* to further refine the management rules governing employee attendance and leaves, jobs and position ranks, remuneration and benefits to protect employees' legal interests.

The Company has always been adhering to the talent concept of "four regardlesses" in talent management. It attaches great importance to the value and dedication of each employee, and builds a fair and equitable platform for development of all employees. The Company has standardized its employment practices and respects employees' privacy as well as their diversified backgrounds brought by ethnicity, race, gender, and religious beliefs. In 2019, there were no reported cases of child labor or forced labor.



### Employee Protection Measures and Governing Rules

Protective Measures		Governing Rules
Standardized practices	<ul style="list-style-type: none"> <li>• Employment: Adhering to the principles of "hierarchical management and resources sharing", and ensuring clear criteria, open procedures, standard operation, selecting the best-performing candidates and legal compliance</li> <li>• Child labor: Verifying employee identity to eliminate the possibility of child labor</li> <li>• Forced labor: Regularly checking employees' overtime and labor intensity, prohibiting forced labor</li> <li>• Termination: Negotiating with employees on the basis of equality to terminate the employment contract</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Recruitment Management Regulations</i></li> <li>• <i>Labor Contract Management Regulations</i></li> </ul>
Welfare and leave	<ul style="list-style-type: none"> <li>• Working hours: Sticking to the standard practice of 40 working hours per week; flexible working hours are made available for employees under special working hour schemes</li> <li>• Leave: Implementing the state statutes on paid annual leave, marriage leave, funeral leave, maternity leave and sick leave, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Attendance and Leave Management Regulations</i></li> </ul>
Remuneration and benefits	<ul style="list-style-type: none"> <li>• Remuneration: Implementing a performance-based remuneration and incentive scheme and no discrimination based on region or gender</li> <li>• Social security: Providing social security benefits, housing provident funds, supplementary commercial medical insurance, property insurance and safety insurance for all the employees including regular employees, part-time workers and contracted employees</li> <li>• Issuing the <i>Measures for External Qualification Certification for Professional Positions</i> to provide financial support for in-service employees who have obtained professional certificates</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Remuneration Management Measures</i></li> <li>• <i>Remuneration Management Measures for Dispatched Employees</i></li> </ul>

## Democratic Communication and Participation

The Company protects the employees' right to complain, and embraces opinions from them. It has set up dedicated reporting channels to receive employee complaints, and designated persons to handle complaints and conduct independent investigation into facts and accountability.

The Company calls on the employees to develop a sense of ownership, and encourages them to participate in company management through making use of the CEO mailbox, the platform for reasonable proposals, employees and trade union representatives assemblies, etc., thereby fully protecting their rights to know, to suggest, to participate and to supervise and developing their sense of autonomy. The Company also signed *Collective Contract of International Far Eastern Leasing Co., Ltd.* and *Special Contract for Protection of Female Employees' Special Interests of International Far Eastern Leasing Co., Ltd.* to maintain a stable relationship with employees.

## 6.2 Building a Talent Development Platform

### Employee Promotion and Incentives

Far East Horizon is people-oriented and encourages its employees to give full play to their advantages and interests based on the Company's development requirements in order to realize individual values. The Company has established channels of vertical promotion and horizontal development as well as a reasonable promotion system for employees on professional and managerial posts to meet their development requirements. Promotion is made by position, service years and specialty line.

Meanwhile, to refine the medium and long-term incentive and constraint mechanism, fully mobilize the management personnel, attract and retain competent managers, the Company put in place a stock incentive scheme and a restricted share reward scheme in 2014, which is designed to combine interests of the shareholders, the Company and managerial individuals so as to guarantee long-term stable development of the Company.

### Vocational Training of Employees

With great importance attached to talent cultivation, Far East Horizon fully practices the corporate culture of "one school" for unifying ideas, imparting knowledge, learning from each other, and inspiring creativity. In 2019, it devised the *2019 Employee Vocational Training Program of International Far Eastern Leasing Co., Ltd.*, a hierarchical, classified talent development system is in place to provide a platform for the employees to enhance their ability, to display their talents and to bring out their potential.

Far East Horizon's Training System



The Company has developed a myriad of training programs that meet the talent development requirement. A series of management training programs are offered to the management personnel at various levels. It provided quality courses on leadership enhancement, dedicated training programs, Himalayan Mobile Learning, etc., to newly promoted primary-level managers and middle-level managers, 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”.

### “Green Pine” Program for Leadership Enhancement

As a classic training program targeted at primary-level managers, the “Green Pine” Program is designed to promote overall qualities of the management personnel such as leadership and managerial competence, thereby raising the overall management level of the whole Company.

In 2019, the Company launched a centralized training session under the program twice-yearly for business directors working at the frontline and at the primary level. The training sessions were to disseminate the Company’s strategic orientation and business direction, and enhance the trainees’ capability for strategy implementation and ability to summarize and share excellent management experience, thereby pressing for orderly implementation of the Company’s strategy, quick materialization of operation and management requirements and effective sharing of excellent management experience.



### “Pine Seedling” Program for Professionalism Enhancement

The “Pine Seedling” Program is a classic training program of Far East Horizon targeted at backbone employees with great potential, with a view to enhancing their professionalism and business competency. In 2019, the “Pine Seedling” Program, in the light of changes in internal and external environments and the Company’s upgraded development strategy, served as a platform of learning for empowerment and cross-department exchange and sharing for the front office customer managers to replenish the talent reserve.

From May to September 2019, 100 employees participated the “Pine Seedling” Program, covering “Light Class” VIP course, quasi-investment banking course, quality courses of general education, topic-specific researches, etc. While making good use of the quality learning resources, backbone elites from all departments took an active part in discussion and communication in these activities. The Program allowed the Company to accumulate precious marketing experience while enabling the trainees to realize personal growth.



“Quasi-Investment Banking Marketing” training session



Discussion on specific topics

In the meantime, Far East Academy E-learning Platform provided course recourses and supports for various training projects, and made it possible for the employees to experience flexible, convenient and efficient online learning, thereby empowering their career development.

### Upgrading of Far East Academy E-learning Platform

To satisfy the employees' need for learning and development, Far East Horizon set up Far East Academy E-learning Platform in 2015. It has put in place a layered and classified training system supporting the development of managers and employees at all levels and from various specialty lines, and the system has facilitated the implementation of the strategy of "Finance + Industry" in terms of talent development.

After being put into use, Far East Academy E-learning Platform has by far posted 1000-odd courses online. In 2019, the platform was further upgraded through systematically combing through the online courses on it and offering quality courses in line with the Company's strategy, organizational and business developments. Moreover, the platform structures a learning interface based on user perspective and a navigation bar for learning through career life, thus realizing new features like distinct user positioning, labeled management, precise course matching, etc., as well as a dual-honor system distributing metals and certificates. All of these are designed to incentivize and motivate the employees' self-learning abilities.

Independently developed and introduced courses

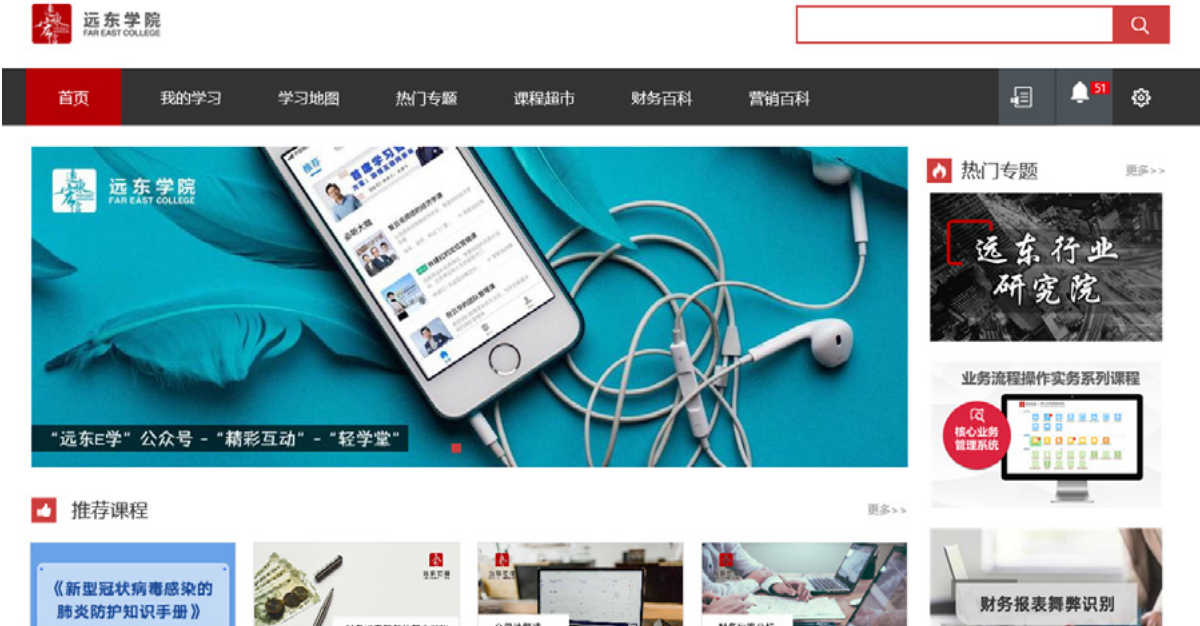
About **400** courses

Online course learning attendance

**40,516** person-times

Online learning duration

**16,325** hours



## 6.3 Creating a Favorable Workplace

### Extending More Cares for Employees

Far East Horizon adheres to the corporate culture of “one family” (teamwork, mutual encouragement, mutual help and happy family), and is committed to providing a healthy, stable and harmonious working environment for employees. The Company regularly organizes health examinations, holds health lectures, helps those in need, extends warm-hearted cares to female employees, etc., to fully satisfy the employees’ health requirement and alleviate their financial burdens at the same time. The organization has woven a security net for the happiness of every employee.

#### Overview of Programs for Employee Wellbeing

 <p><b>Employee Care Program</b></p>	 <p><b>Three-year in-service celebration</b></p>	 <p><b>Housing Program</b></p>
 <p><b>Health Gas Station Program</b></p>	 <p><b>Feeding Bottle Support Program</b></p>	 <p><b>Spring Festival bonus for parents</b></p>

#### Data of Assurances and Supports for Employees

<p>Offering assistance to employees suffering an accident</p> <p><b>74</b> person-times</p>	<p>Assistance amount</p> <p>RMB <b>416,000</b></p>
<p>The Feeding Bottle Support Program has cumulatively benefited</p> <p><b>289</b> persons</p>	<p>Financial supports extended</p> <p>over RMB <b>2.3</b> million</p>
<p>The Housing Program has helped</p> <p><b>99</b> persons by far</p>	<p>Cash input</p> <p>RMB <b>27.7</b> million</p>

With great concerns for female employees, the Company created comfortable nursing rooms and a fully furnished workplace that is friendly to female employees. In 2019, the Company distributed desserts and flowers to female employees on March 8 Women’s Day, held a summer camp for children of employees and organized lectures on transition from kindergarten to primary school for parents with a view to helping female employees better balance family life and work.

In addition, the Company staged a business trip safety training session for female employees in June 2019, where commonly seen safety hazards on business trips and effective protection measures were introduced to female employees to enhance their awareness of safety on business trips.



Summer camp for children of employees



Business trip safety training session for female employees

## Corporate Culture Activities

Far East Horizon upholds the cultural philosophy of “one school, one army, one family” and aims to create a harmonious atmosphere for employees and their families. It commits to creating an efficient, dynamic and happy company. In 2019, Far East Horizon tried to enhance its employees’ sense of accomplishment at work and promote the vigor and solidarity of the team through holding the “Family Day” activity, excellency commendation event, three-year in-service celebration, and so on.

### Second Family Day of “Moving Forward with Far East Horizon Together”

In August 2019, “Moving Forward with Far East Horizon together”, the Company’s second Family Day officially kicked off, where over 1,400 employees and their families from 500-odd families gathered for celebration. During the event, the Company set up several exhibition areas including the Far East Horizon History Area, Industrial Interaction Area and Entertainment Area, with the visualization of the “Finance + Industry” strategy as the topic. The integration of the corporate culture and innovative breakthroughs that the Company had made in sectors are good for deepening the employees’ and their families’ understanding and recognition of the Company in an entertaining way.



An exhibition wall of Far East Horizon History



Far East Horizon cuisine festival

Availing itself of the Family Day, the Company held a series of activities including the three-year in-service celebration, the triple championship ceremony, talks with employees' families and so on. The Company told its development stories, shared its latest development achievements, and extended its recognition of the employees' dedication and its whole-hearted gratitude and care for their families.

The Company held the flag conferring & signing ceremony for the three-year in-service celebration. 65 Far East Horizon people who had been serving the Company for three years participated in the ceremony. The representatives received the Far East Horizon flag from CEO Mr. Kong, representing the passing of the torch from generation to generation. As witnessed by their families, the participants solemnly signed on the flag as a sign of the years they had toiled through with the Company.

Around the mid-year and at the end of each year, those employees topping in terms of profit generated receive the honorary "Executive Special Award". Those receiving the award for three consecutive times are called "triple champion". In 2019, 42 employees were granted the honorary title at the award presentation ceremony, which signified the making of five "quartic champion" and one "heptad champion". The ceremony is a classic embodiment of the passing of Far East Horizon spirit from generation to generation.

The success of Far East Horizon depends on its employees as well as their families who have given supports and made sacrifice. The first family talk has deepened affective bonds between the Company and its employees and their families, promoted two-way communication and exchange, and represented the Company's warm-hearted care for its employees and their families.



"Triple Championship" ribbon awarding ceremony



Talks with employees' families



Flag passing ceremony for the three-year in-service celebration



Flag signing ceremony for employees who had been in service for three years



With importance attached to life-work balance of its employees, the Company set up eight associations such as basketball associations and football associations, and organized a variety of cultural and sports activities with a view to promoting interpersonal communication and corporate culture development.



Tug-of-War



Football league



Parent-child games



"Family Day"

## 7. Showing Boundless Love through Daily Actions

### 7.1 Managing Public Welfare Actions in An Increasingly Professional Manner

Far East Horizon has long devoted itself into the public welfare undertaking. It invested and established Beijing Horizon Charity Foundation and Shanghai Horizon Charity Foundation in 2014 and 2015, respectively. With the two foundations, it tapped deep into such charitable fields such as scholarship and fellowship, medical aid, anti-poverty, and volunteer service, doing its bit to the healthy, stable, and sustainable development of society. Since their inception, the two foundations have successively carried out public service programs in 48 cities of 28 provinces and autonomous regions across China, donating nearly RMB19 million to over 30,000 person-times. At the same time, various business segments of the Company made full use of their respective strengths to get actively involved in many public welfare activities such as gratuitous diagnosis/treatment for community residents and care for senior citizens, with a view to advancing community development.

In 2019, Horizon Charity Foundation continued to intensify internal governance, enhance professional competence, and win more public trust. They were given a full score for operation transparency and many other awards by China Foundation Center for five consecutive years. Besides, their public-spirited stories were covered by many official and renowned media outlets such as toutiao.com, China Philanthropy Times, and china.com.cn, helping the Company spread its public welfare philosophy farther and thus gain more influence.

Beijing Horizon Charity Foundation	<ul style="list-style-type: none"> <li>• Spent RMB2,178,020.00 on public welfare undertaking in 2019.</li> <li>• Given a <b>full score for operation transparency</b> and ranked No.1 nationwide by China Foundation Center for five consecutive years.</li> <li>• Winning the <b>Public Welfare Organization Award of 2019</b> at the 9th China Charity Festival.</li> <li>• Received the <b>Responsible Influence Brand of the Year</b> award by World Wide Web at the 2nd Social Responsibility Conference in 2019.</li> <li>• Winning the title of honor: <b>AAAA Civil Social Organization</b>.</li> </ul>
Shanghai Horizon Charity Foundation	<ul style="list-style-type: none"> <li>• Spent RMB1,780,220.68 on public welfare undertaking in 2019.</li> <li>• Given a <b>full score for operation transparency</b> and ranked No.1 nationwide by China Foundation Center for five consecutive years.</li> </ul>

### 7.2 Giving Back to Society with Love

#### Sponsoring Scholarships and Fellowships

Horizon Charity Foundation is aimed to give back to society by helping more Chinese students pursue their goals. By sponsoring scholarships, offering teaching assistance for the needy, and taking other measures, it encourages students to study diligently, make innovation, help others and aim high.

Horizon Charity Foundation has maintained cooperation with 21 leading universities including Peking University, Tsinghua University, Zhejiang University and Fudan University, by offering scholarships and fellowships for 10 years straight to over 8,000 university students. In 2019, the Foundation granted scholarships worth RMB2.06 million to 276 academically outstanding students, which meant a source of concrete help and support for them.



Horizon Scholarship at Nankai University



Horizon Scholarship at Shanghai Maritime University

Besides, the foundation also rolled out many other activities including the Horizon Scholarship Symposium, Qianlicao Aid Program, and Lujiazui Sunshine Fellowship Program, in an effort to increase face-to-face communication with students and offer them with what they really need.

## Launching the Qianlicao Aid Program to Help Impoverished Students Grow

Horizon Charity Foundation set up the Qianlicao Aid Program. The new student aid mode was aimed to help the impoverished children in western rural areas grow happily, promote the development of rural education, contribute to the construction of a new socialist countryside, and carry on the spirit of public welfare.

In 2019, five teams of over 50 university student volunteers under the Qianlicao Aid Program rushed to five primary schools, that is, Xipo Primary School, Baiyin City, Gansu Province, Guoxuetang School, Shaoyang City, Hunan Province, Dashicha Primary School, Dingxi City, Gansu Province, Chengwu Primary School, Ganzi Tibetan Autonomous Prefecture, Gansu Province, and Tonglin Primary School, Qiandongnan Miao and Dong Autonomous Prefecture, Guizhou Province. Despite the scorching weather in summer, they spent 15 days in offering teaching assistance there. 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, and Interest in Chinese Language, so as to help students develop the interest in reading and broaden their vision.



In 2019, the Qianlicao Aid Program incurred expenses of RMB **32,000** and benefited **250** persons.

## Offering Medical Aid

China proposed to carry out the Healthy China initiative in the report to the 19th CPC National Congress. Actively responding to the state strategy, Horizon Charity Foundation rolled out many medical programs such as the Care Ward construction project, targeted poverty alleviation through medical aid, and doctor training scheme in over 30 regions of China. With these efforts, the Foundation offered the poverty-stricken patients with financial support, helped local doctors to sharpen their diagnosis/treatment skills, and gave an impetus to remote areas' medical undertaking. Its medical aid benefited nearly 1,700 persons accumulatively.

Project name	Year of launch	Input in 2019	Achievement in 2019
Care Ward	2014	RMB10,920	Provided medical funds for the households which sank into poverty due to serious illness and helped four patients to regain their health.
Nayong Targeted Poverty Alleviation Project	2016	RMB299,821.21	Helped 443 poverty-stricken patients who suffered from cataract and nephropathy.
Charity Dialysis Program in Fengjie County	2018	RMB27,100	Offering medical aid for 21 uremia patients who were financially impoverished.
Doctor Training Program	2015	RMB205,969	The medical aid team went to the countryside for six times, provided free diagnosis and treatments for 55 children, and attended 21 meetings and trainings at home.

## Doctor Training Program Was Launched to Care for Child Patients

Horizon Charity Foundation and Shanghai Children's Medical Center jointly launched the Doctor Training Program for the Pediatric Urology Doctors, 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 were expected to treat more children in need, took their part as role models, and thus promoted the local medical undertakings towards sustainable development.

Let children's diseases receive extensive attention from the very start. Since 2015, the project members of the Foundation and the medical aid team of Shanghai Children's Medical Center have traveled to Jinggu County, Pu'er City, Yunnan Province time and time again to offer medical aid. They spread the general knowledge on pediatric urological diseases among local residents, for fear of getting children with related diseases diagnosed later than normal or misdiagnosed.

Give people fish and you feed them for a day. Teach them how to fish and you feed them for a lifetime. In addition to offering free medical consultations, the project team gave the academic lectures, so that local doctors had the chance to exchange views with front-line clinical experts. The contents they discussed covered diagnosis and treatment, selection of surgical methods, management of postoperative complications, and even scientific research projects. These events helped local medical staff widen their vision and theory reserve.

Since the start of the project, Jinggu County has seen its first hypospadias surgery and laparoscopic surgery performed successfully with the help of the project team. With the development of medical technologies in the county, local people now can be diagnosed/treated with cutting-edge techniques and get their suffering alleviated without leaving their hometown. This progress has not only reduced the financial burden of patients who used to seek medical treatment somewhere else, but also increased the well-being of local people.



## Promoting Poverty Alleviation

Carrying out targeted poverty alleviation is one of the three tough battles set out in the report to the 19th CPC National Congress. It bears great implications for finishing the building of a moderately prosperous society in all respects and realizing the first centenary goal as scheduled.

Horizon Charity Foundation actively responds to the policy of the state for targeted poverty alleviation. It has long pushed forward the targeted poverty reduction initiatives with intensified strength in the poverty-stricken regions. Over the past six years, its anti-poverty efforts benefited over 8,000 people accumulatively.

<p>Poverty alleviation through education</p>	<ul style="list-style-type: none"> <li>• It teamed up with Shanghai Xinxiwang Public Service Center to launch a program which financed children from the families of the poor or disabled and impoverished volunteers with academic excellence in Shanghai.</li> <li>• In 2019, the program incurred expenses of RMB10,000 and benefited 20 persons in total.</li> </ul>
<p>Anti-poverty efforts in Henan</p>	<ul style="list-style-type: none"> <li>• It set up the care for the elderly and children in need program to offer living supplies such as flour, rice and cooking oil to local impoverished households, elderly persons of no family, and the disabled, and grant poverty-stricken students and other people with living allowances.</li> <li>• In 2019, the program incurred expenses of RMB447,799.30 and benefited 1,030 persons in total.</li> </ul>
<p>Anti-poverty efforts in Huairou</p>	<ul style="list-style-type: none"> <li>• It donated RMB200,000 to Huairou Charity Association so that the latter set up a Liulimiao Township Charity Foundation. All the money should be used to finance the low-income rural households in the township that live in poverty due to disasters, serious diseases, or expensive tuitions.</li> <li>• In 2019, the program granted relief funds in nearly RMB200,000 to help 195 poverty-stricken or low-income rural households.</li> </ul>

### 7.3 Offering Volunteer Services

Far East Horizon keeps paying high attention to and fitting well into communities, actively fulfills responsibilities due to a corporate citizen, and works with all sectors to give back to society. Horizon Charity Foundation has put in place the *Volunteer Management Policy*, which sets out the rights, obligations, and concepts of volunteers, regulates volunteer management, training and incentives, and requires building the team of volunteers constantly.

In 2019, the Foundation, along with its partners, organized a series of activities including the voluntary service at art museum and the run for charity around Dishui Lake. With these efforts, it called on the public to pay adequate attention to stay-at-home children and give them care and support.

#### Arts Charity Program: Working at Liu Haisu Art Museum as Volunteers

To care for and help the left-behind and vulnerable children in Shanghai, Shanghai Horizon Charity Foundation has held the Volunteer Activity to Care for Left-behind Children in Chongming for four consecutive years.

On November 23, 2019, the Foundation partnered with Shanghai Liu Haisu Art Museum, inviting many left-behind children for a visit. They appreciated beautiful art works up close in the six exhibition halls of the museum, accompanied by volunteers who offered them with professional explanations. This was a good opportunity for them to experience the charm of art, enter into a world completely different from theirs, and unleash their creative idea or imagination for their learning and daily life.



## “Dribs of Love” Run for Charity Around Dishui Lake

To promote the public welfare tenet of “showing boundless love through daily actions” prevailing at the Company, Horizon Charity Foundation organized a run for charity with Shanghai Maritime University on May 18, 2019. During the activity, the participating students ran around Dishui Lake for two laps, about 8 kilometers. The route was set up with three supply points and medical aid stations. At the same time, brochures and posters on the public welfare program for left-behind children could be found at the event site.

Participants in the run numbered nearly 350, which included 250 runners and 80 volunteers from Shanghai Maritime University. As an advocate of healthy lifestyle, this event not only called on the public to pay sufficient attention to the growth of left-behind children, but also spread an aspiring spirit among college students. The public-spirited charity culture enabled them to gather positive energy and grow into socially responsible persons.



# Datasheet

## 1. Economy

Indicator	Unit	2017	2018	2019
Total revenue	RMB100 million	187.82	253.79	268.56
Profit before tax	RMB100 million	47.87	64.93	71.45
Total tax payment	RMB100 million	35	41	45
Total assets	RMB100 million	2,274.54	2,659.70	2,605.71
Government grants	RMB100 million	7.12	7.00	7.63
Salary and welfare of employees	RMB10,000	285,823.50	349,571.00	319,412.40

## 2. Environment

### HSE Data of the Financial Sector

Indicator	Unit	2017	2018	2019
Resource Utilization				
Greenhouse gas emissions	tCO <sub>2</sub> e	836.39	6,366.30	7,799.09
Greenhouse gas emissions per unit area	tCO <sub>2</sub> e/m <sup>2</sup>	0.03	0.05	0.07
Total power consumption	MWh	1,228.6	8,427.9	9,773.17
Power consumption per unit area	kWh/m <sup>2</sup>	49.99	70.34	82.88
Total natural gas consumption	m <sup>3</sup>	—	290,492	427,918
Natural gas consumption per unit area	m <sup>3</sup> /m <sup>2</sup>	—	2.76	4.07
Total water consumption	m <sup>3</sup>	—	70,194	123,218
Water consumption per unit area	m <sup>3</sup> /m <sup>2</sup>	—	0.67	1.17



Indicator	Unit	2017	2018	2019
Emissions				
Hazardous wastes	ton	0.12	1.00	1.00
Harmless waste: dry waste	ton	—	61.66	82.21
Harmless waste: wet waste	ton	—	8	8
Harmless waste: recyclable household waste	ton	—	7	12

## Notes:

- 1: The data of the finance sector covered Shanghai Grand Glory Eco Technology Co., Ltd., an environmental subsidiary of Far East Horizon.
- 2: The Company officially put into use of Far East Horizon Plaza in April 2018. Far East Horizon Plaza started to generate statistics of water consumption and natural gas consumption from 2018.
- 3: The scope of power consumption in 2018 covered Far East Horizon Plaza, offices outside Shanghai and International Far Eastern Leasing Co., Ltd., while that of 2019 covers only the former two. Since Far East Horizon Plaza mainly used electricity for construction from January to March, the electricity consumption per unit area in 2018 increased as compared with that of 2017.
- 4: From January to April 2018, Far East Horizon Plaza did not use gas water heater, boiler and natural gas for canteen cooking or use them at full capacity. Thus, total gas consumption and gas consumption per unit area in 2019 rose from 2018.
- 5: Total water consumption and water consumption per unit area of 2019 increased as compared with those of 2018, mainly due to more water use for large-scale planting on Far East Horizon Plaza.
- 6: In 2018 and 2019, the Company calculated its hazardous wastes and non-hazardous wastes by category based on the data of Far East Horizon Plaza, and hazardous wastes are mainly toner and powdered ink.

## HSE Data of the Medical Group

Indicator	Unit	2017	2018	2019
Resource Utilization				
Greenhouse gas emissions	tCO <sub>2</sub> e	15,315.99	25,168.25	37,508.92
Greenhouse gas emission per RMB1,000 revenue	tCO <sub>2</sub> e/RMB1,000	—	0.011	0.013
Total power consumption	MWh	20,176	32,226	59,724
Power consumption per RMB1,000 revenue	MWh/RMB1,000	—	0.015	0.021
Total water consumption	m <sup>3</sup>	775,925	1,068,814	1,542,283
Water consumption per RMB1,000 revenue	m <sup>3</sup> /RMB1,000	—	0.49	0.53
Total natural gas consumption	m <sup>3</sup>	333,891	811,561	960,120
Natural gas consumption per RMB1,000 revenue	m <sup>3</sup> /RMB1,000	—	0.37	0.33
Total gasoline/diesel consumption	L	313,813	538,131	368,937
Gasoline consumption of own vehicles	L	182,900	289,140	287,900
Diesel consumption of own vehicles	L	126,858	241,504	70,393
Diesel consumption of generator	L	4,055	7,487	10,644

Indicator	Unit	2017	2018	2019
<b>Emissions</b>				
Effluents	m <sup>3</sup>	501,168	776,572	1,277,964
Sulfur oxide	gram	4,731	8,139	5,365
Hazardous wastes: medical wastes	ton	472	706	859
Non-hazardous wastes	ton	4,573	6,050	7,128
<b>Health and Safety</b>				
Number of work-related fatalities	person	0	0	0
Working days lost due to work injury	day	316	364	783
Times of safety supervision	time	299	479	476
Number of emergency drilling	time	62	126	163
Safety training person-time	person-time	6,424	10,378	10,890

## Notes:

1. The above statistics are based on the annual consolidated statements. As new hospitals were put into service each year, GHG emissions, total power consumption, total water consumption and effluents rose in 2019 as compared with those of 2018.
2. As the medical group phased out or outsourced some of its diesel vehicles in 2019, diesel consumption of own vehicles dropped substantially as compared with that of 2018.
3. Sulfur oxide emissions are calculated based on gasoline and diesel consumption of its own vehicles.
4. Work injuries that occurred to the medical group in 2019 are minor injuries caused by a slip or other accidents, and there was zero reported case of general, major, serious or extremely serious workplace safety accident in the legal sense.

## HSE Data of Horizon Construction Development

Indicator	Unit	2017	2018	2019
<b>Resource Utilization</b>				
Greenhouse gas emissions	tCO <sub>2</sub> e	4,212.71	11,062.73	3,913.52
Greenhouse gas emission per RMB1,000 revenue	tCO <sub>2</sub> e/RMB1,000	0.004	0.006	0.002
Total power consumption	MWh	5,531	14,819	3,318
Power consumption per RMB1,000 revenue	MWh/RMB1,000	5.53	8.22	1.40
Total water consumption	m <sup>3</sup>	106,704	82,173	73,312
Water consumption per RMB1,000 revenue	m <sup>3</sup> /RMB1,000	0.11	0.05	0.03
Total gasoline/diesel consumption	L	163,700	360,000	610,000
Gasoline consumption of own vehicles	L	98,400	360,000	560,000
Diesel consumption of own vehicles	L	65,300	0	50,000

Indicator	Unit	2017	2018	2019
Total consumption of packaging materials	ton	5	4	4
<b>Emissions</b>				
Effluents	m <sup>3</sup>	119,673	51,338	58,650
Sulfur oxide	gram	2,498	5,292	9,037
Hazardous wastes: medical wastes	ton	9.60	5	11.46
Non-hazardous wastes	ton	1,743	185	335.24
Including household waste	ton	143	180	335.24
Including construction waste	ton	1,600	0	0
Including others	ton	—	5	0
<b>Health and Safety</b>				
Number of work-related fatalities	person	0	0	0
Working days lost due to work injury	day	38	0	182
Times of safety supervision	time	85	824	985
Number of emergency drilling	time	26	76	108
Safety training person-time	person-time	3,600	5,123	6,325

## Notes:

- HSE data of the construction sector covered the construction sector of Far East Horizon in 2017 and 2018, and Horizon Construction Development in 2019.
- Total power consumption of Horizon Construction Development includes power used for manufacturing and office, with construction power excluded. The production of ring lock scaffolds at the Jinshan factory of Horizon Construction Development reached a certain scale in 2018, and it kept a small scale of manufacturing in 2019 with only a small part of equipment running. Therefore, total power consumption in 2019 had a big fall as compared with that of 2018.
- In 2018, Horizon Construction Development phased out its diesel vehicles, and all own vehicles were gasoline vehicles, so the diesel consumption of own vehicles was zero. In 2019, due to the need for business expansion, Horizon Construction Development purchased several fuel vehicles (both gasoline vehicles and diesel vehicles), and the mileage rose as well. Both gasoline consumption and diesel consumption of own vehicles grew on a year-on-year basis.
- Since 2018, the Jinshan factory of Horizon Construction Development has ceased operation of its aluminum mold shop, and reduced the outputs of the scaffold shop. Thus, effluents after 2018 substantially decreased as compared with those of 2017.
- Sulfur oxide emissions are calculated based on gasoline and diesel consumption of own vehicles.
- Equipment and products of Horizon Construction Development did not generate packaging materials themselves. Total consumption of packaging materials mainly came from carton boxes used for shipment of supplies.
- Horizon Construction Development newly purchased several vehicles in 2019. The increase in maintenance oil consumption led to an increase in waste engine oil, and some of the hazardous wastes of the previous year that had not been disposed of were treated in 2019. Therefore, total hazardous wastes of 2019 increased over 2018.
- Horizon Construction Development completed the expansion of its industrial factory in 2018. With zero construction wastes, non-hazardous wastes of 2018 had a big fall as compared with those of 2017. Other non-hazardous wastes of 2018 mainly included recyclable waste papers, woods and metals. In 2019, as the business expanded, Horizon Construction Development increased its headcounts, so domestic wastes of 2019 rose over 2018.
- The business expansion in 2019 necessarily led to an increase of varying degrees in examination and maintenance inside and outside the field, engineering construction and the number of front-line workers. As a result, the number of working days lost due to work injury increased substantially over 2018. Most of these injuries were minor ones in the course of installation, maintenance and field operation. The cases have been concluded after being handled by the Company in line with the Company requirements of "four no exceptions" for handling workplace accidents.

## HSE Data of Far East Horizon Education Sector

Indicator	Unit	2017	2018	2019
<b>Resource Utilization</b>				
Greenhouse gas emissions	tCO <sub>2</sub> e	445.03	1,659.43	2,379.41
Greenhouse gas emission per RMB1,000 revenue	tCO <sub>2</sub> e/RMB1,000	—	0.009	0.010
Total power consumption	MWh	642	2,412	3,421
Power consumption per RMB1,000 revenue	MWh/RMB1,000	—	0.014	0.015
Total water consumption	m <sup>3</sup>	11,197	57,044	164,983
Water consumption per RMB1,000 revenue	m <sup>3</sup> /RMB1,000	—	0.32	0.70
Total natural gas consumption	m <sup>3</sup>	3,688	8,048	73,848
Natural gas consumption per RMB1,000 revenue	m <sup>3</sup> /RMB1,000	—	0.05	0.31
Office paper utilization	ton	4	11	26
<b>Health and Safety</b>				
Number of work-related fatalities	person	0	0	0
Working days lost due to work injury	day	0	0	0
Times of safety supervision	time	72	146	550
Number of emergency drilling	time	38	49	90
Safety training person-time	person-time	2,382	11,200	4,983

### Notes:

1. For Far East Horizon's education sector, the data of 2017 covered 6 kindergartens and schools, while the data of 2018 and 2019 covered a scope the same as that of the consolidated statement.
2. Since Shanghai Hongwen School officially started running in September 2018, it only used water, electricity and natural gas only for three months during the year. However, the data of 2019 covered the whole year. It is natural that power consumption, water consumption, gas consumption and office paper use should have a growth as compared with those of 2018. Besides, in 2018, only some classrooms and teaching places were used, but 2019 witnessed a big increase in the number of the faculty and students. Diners at the canteen increased, and water in the swimming pool was more frequently changed. In consequence, natural gas consumption per RMB1,000 revenue and water consumption per RMB1,000 revenue rose substantially over the previous year.
3. In 2019, the Company intensified supervision and management of dining, logistics and property management of the kindergartens and schools, so there were much more safety inspections in 2019 as compared with 2018.
4. The data of safety training person-time of 2017 only covered teachers and students; the data of 2018 covered all faculty members and students participating in safety training sessions, emergency drills and other big or small activities of the kind that were conducted by the kindergartens and schools; the data of 2019 only covered faculty members taking part in the evacuation drills launched by the kindergartens as well as teachers and students involved in the evacuation drills organized by the schools.

### 3. General Employment and Labor

Indicator	Unit	2017	2018	2019	
<b>Employment</b>					
Total employees	person	11,558	12,813	17,903	
Female employees	person	3,853	4,233	9,201	
Male employees	person	7,705	8,580	8,702	
Contracted employees	person	9,672	10,909	14,754	
Dispatched employees	person	0	0	487	
Other	person	1,886	1,904	2,662	
Employees based in Mainland China	person	11,555	12,810	17,900	
Employees based in Hong Kong, Macau and Taiwan and overseas	person	3	3	3	
Minority employees	person	348	360	831	
Disabled employees	person	9	10	53	
Percentage of employees under collective bargaining agreement	%	100	100	100	
Turnover rate of employees	%	13.6	12.5	16.9	
Turnover rate of female employees	%	9.4	6	8.4	
Turnover rate of male employees	%	15.7	15.3	8.4	
Turnover rate of employees aged below 30	%	13.0	12.9	5.5	
Turnover rate of employees aged 30-50	%	15.2	15.3	11.1	
Turnover rate of employees aged over 50	%	1.5	0.9	0.3	
<b>Employee training</b>					
Employee training expenditure	Finance sector	RMB 1,000	14,210	9,800	10,400
	Industry sector	RMB 1,000	4,680	4,970	5,020
Employee training coverage	Finance sector	%	98.90	99.00	99.10
	Industry sector	%	95.60	96.20	96.30
Training coverage among female employees	Finance sector	%	99.50	99.50	99.60
	Industry sector	%	96.30	96.80	97.10

Training coverage among male employees	Finance sector	%	98.60	98.70	98.60
	Industry sector	%	95.20	95.70	95.90
Training coverage among senior managers	Finance sector	%	91.00	90.00	90.00
	Industry sector	%	100	100	100
Training coverage among middle managers	Finance sector	%	97.00	97.00	97.50
	Industry sector	%	98.50	95.80	96.10
Training coverage among junior employees	Finance sector	%	99.60	99.60	99.40
	Industry sector	%	95.30	95.50	96.50
Employee average training hours	Finance sector	hour	36.80	37.00	38.00
	Industry sector	hour	30.60	33.30	34.00
Average training hours among female employees	Finance sector	hour	40.30	40.50	40.80
	Industry sector	hour	33.00	35.90	36.20
Average training hours among male employees	Finance sector	hour	35.20	35.50	36.20
	Industry sector	hour	29.00	30.80	31.20
Average training hours among senior managers	Finance sector	hour	33.80	33.80	33.90
	Industry sector	hour	45.00	45.00	44.50
Average training hours among middle managers	Finance sector	hour	40.60	40.40	40.10
	Industry sector	hour	37.00	37.00	37.20
Average training hours among junior employees	Finance sector	hour	36.20	37.60	37.70
	Industry sector	hour	29.80	30.50	33.10

## 4. Operation Practice

Indicator	Unit	2017	2018	2019
<b>Anti-corruption</b>				
Number of concluded legal cases regarding corrupt practices brought against the Company or its employees	piece	1	0	1
<b>Supply chain management</b>				
Total suppliers	number	554	576	589
Suppliers based in Mainland China	number	531	552	565
Suppliers based in Hong Kong, Macau and Taiwan and overseas	number	23	24	24

Notes:

- In 2018, the Company identified and handled one duty encroachment by taking advantage of position. It actively provided assistance for the judicial organ in investigation. The case was concluded in 2019, with all the defendants sentenced to imprisonment. After the close of the case, the Company circulated an internal notice and held 30-odd sessions for admonishment with respect to the case.
- In 2019, the Company identified and handled one case of bribery involving its employees who took advantage of the post to seek gains for others. It assisted the judicial authority in investigation. The case was concluded in January 2020 with the defendants sentenced to imprisonment. After the case was closed, the Company publicized an internal circular and organized Company-wide warning activities with respect to the case.
- Upon review, it is found that supplier data in the 2018 Far East Horizon ESG Report had some problems with the statistic scope, and supplier data in the above table only covers the finance sector.

## 5. Product Responsibility

Indicator	Unit	2017	2018	2019
Complaints received on products and services	case	2	9	2
Complaint handling rate	%	100	100	100

## 6. Community

Indicator	Unit	2017	2018	2019
Total cash expenditure for public welfare activities	RMB10,000	350.40	396.95	395.82
Participants of volunteer activities	person-time	nearly 1,000	300	300
Total hours of volunteer activities	hour	nearly 5,000	2,000	2,000

Notes:

- Total cash expenditure for public welfare activities refers to that of Horizon Charity Foundations.
- The statistical scope of participants of volunteer activities and total hours of volunteer activities in 2018 and 2019 concerns Horizon Charity Foundations.

## 7. Compliance and Complaint

Type	Unit	Non-compliance Cases in 2019
Environmental protection	piece	1
Providing a safe working environment and protecting employees from occupational hazards	piece	0
Employment and labor practices	piece	0
Product and service safety, advertising, labeling and privacy, etc.	piece	0

# Standard Index

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# Statement on Preparation of the Report

This is the seventh ESG report released by Far East Horizon Limited. It states the philosophy and practice of social responsibility of Far East Horizon and its subsidiaries. The Report also shows the developments made by the Company with respect to economy, environment, and society. 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: From 1 January 2019 to 31 December 2019, with some contents going beyond the frame.

Release cycle: The Report is an annual report, with its previous edition released in June 2019.

## Reference basis

The Report is compiled according to Annex 27: *Environmental, Social and Governance Reporting Guide* (2015) to the *Listing Rules* of the Stock Exchange of Hong Kong Limited (SEHK), with reference to the *Consultation Conclusions of ESG Reporting Guide* (2019) released by the SEHK. Meanwhile, this report has been prepared in accordance with the GRI Standards: Core option. Please see the index of the *Sustainability Reporting Standards* (2016) for details.

## Data specification

The financial data in the Report are quoted from the *2019 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.

## 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 [csr@fehhorizon.com](mailto:csr@fehhorizon.com).



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