远东宏信
FEHORIZON

2024

Climate-Related Disclosure Report

Far East Horizon Limited

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

CONTENTS

ABBREVIATIONS

Name	Description
TCFD	Task Force on Climate-related Financial Disclosures
IPCC	Intergovernmental Panel on Climate Change
IPCC AR6	IPCC 6th Assessment Report
SSP	Shared Socioeconomic Pathways
NGFS	Central Banks and Supervisors Network for Greening the Financial System
IEA	International Energy Agency
PCAF	Partnership for Carbon Accounting Financials
GDP	Gross Domestic Product
GHG Protocol	Greenhouse Gas Protocol
SBT	Science-based Targets

ABOUT THE REPORT

The report is the second Climate-Related Disclosure Report (hereinafter referred as "this report") of Far East Horizon Limited ("Far East Horizon", "the Company" or "We"). Far East Horizon has officially become a Task Force on Climate-Related Financial Disclosures (TCFD) Supporter in April 2023. Fully aware of the substantial financial and strategic impacts that climate change may have on the Company, Far East Horizon carries out climate risks and opportunities analysis to better respond to the potential risks and opportunities. The Company identifies climate change risks and opportunities related to its own business and operations so as to improve risk management and seize emerging opportunities. This report discloses Far East Horizon's efforts in addressing climate change based on The International Financial Reporting Standards Foundation Climate-Related Disclosure (IFRS S2) Requirements issued by the International Sustainability Standards Board (ISSB) in 2023 and Part D: Climate-related Disclosure of Environmental, Social and Governance Reporting Code of the Stock Exchange of Hong Kong, which demonstrate Far East Horizon's climate resilience to the challenges of climate change.

GOVERNANCE

Far East Horizon has integrated its climate governance responsibilities into the overall ESG governance structure, forming a top-down governance structure. Each level conducts ESG and climate governance and management orderly in accordance with the *Working Rules of the Environmental, Social and Governance Committee of the Board of Directors* and the *System and Program of the ESG Task Force of Far East Horizon Limited.*

Governance

The Environmental, Social and Governance Committee (hereinafter referred to as the "ESG Committee") supports the Board in formulating the Company's climate strategy, oversees the implementation of the climate-related plans, and reports to the Board on a regular basis.

Management

The ESG Task Force under the ESG Committee is responsible for implementing and executing the Company's climate-related work and regularly reports to the ESG Committee on its progress.

Figure 1-1 Far East Horizon's Climate Change Governance Structure

BOARD OVERSIGHT

As the highest governance body of the Company, the Board of Far East Horizon is responsible for reviewing and approving the Company's climate-related work. The Board has established the ESG Committee, which works in conjunction with other professional committees to assist the Board in fulfilling the Company's ESG governance responsibilities. The ESG Committee consists of a total of three directors, with an independent non-executive director serving as the chairman.

Under the authorization of the Board of Directors, the ESG Committee is responsible for studying and making recommendations on the Company's climate-related policies and practices, including identifying and assessing the potential impacts of climate risks and opportunities on the Company's business, overseeing scenario analysis, and reviewing progress towards climate-related targets, etc. The ESG Committee will report to the Board of Directors on important climate-related matters through occasional reports and committee meetings, in accordance with the working progress on climate-related issues and the major milestones to ensure the continuity of the Board's supervision.

In 2024, the Company held a total of three ESG Task Force meetings and reported on the progress of ESG-related work to the Board through 4 regular board meetings. The Board reviewed the Company's identification of climate-related risks and opportunities and the progress of greenhouse gas emission targets and guided the implementation of work related to climate change. At the same time, in the continuous tracking of the progress of climate-related work, we pay close attention to international and domestic climate policies and related knowledge, continuously deepen the Board's understanding of climate-related work, and significantly improve our climate governance capabilities.

In 2024, the Company held a total of

3 ESG Task Force Meetings

Board Diversity

Far East Horizon has now established a *Board of Directors Diversity Policy* to drive the Company to achieve better results in climate change, social responsibility and corporate governance. We are committed to selecting the best candidates from multiple dimensions for the positions, including but not limited to gender, age, cultural and educational background, professional experience, skills and term of service. In terms of professional experience, the Board consists of members with accounting or financial expertise, legal professional qualifications, financial investment experience or industry experience relevant to the Company.

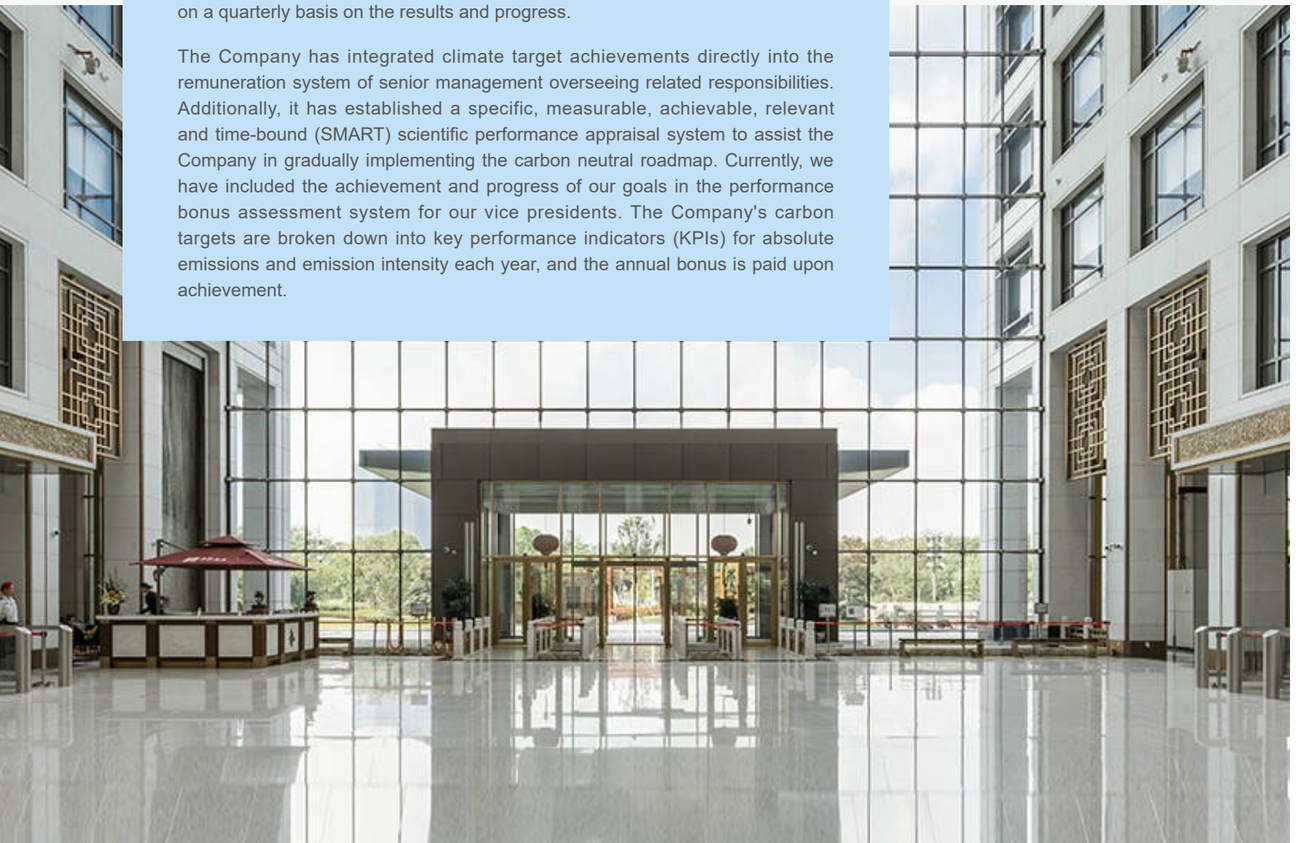
The Remuneration and Nomination Committee will review the structure, size and composition of the Board at least once a year to ensure that the *Board of Directors Diversity Policy* is effectively implemented. Currently, there is one female among the twelve members. The Remuneration and Nomination Committee has reviewed the *Board of Directors Diversity Policy* and believes that the Board already has a diverse mix of genders, skills, knowledge, and experience.

MANAGEMENT RESPONSIBILITY

Far East Horizon has established an ESG Task Force to coordinate the work of the ESG Committee. At the same time, the ESG Task Force assists the Committee in fulfilling its decision-making and supervisory responsibilities for climate-related work and helps to coordinate and promote the management of the Company's climate-related work and implement detailed tasks. The ESG Task Force consists of multiple functional departments within the Company, with the Executive Director and Chief Finance Director (CFO) as the leader, and the Company's Vice President as the deputy leader to guide the work of the ESG Task Force.

In 2024, the ESG Task Force coordinated climate-related work among different business segments of the Company and adjusted flexible strategies to address identified climate-related risks and opportunities according to the business composition and the Company's stage of development. Specific tasks include, but are not limited to, analyzing climate-related scenarios, assessing climate-related risks and opportunities, setting climate-related goals and targets, studying and formulating climate response plans, tracking progress toward climate goals, managing climate-related public policy engagement, supply chain climate management, managing climate-related acquisitions, mergers and divestitures, and managing material capital expenditures and/or operating expenditures related to environmental issues. In the course of the work above, the ESG Task Force reports to the Board of Directors and the ESG Committee on a quarterly basis on the results and progress.

The Company has integrated climate target achievements directly into the remuneration system of senior management overseeing related responsibilities. Additionally, it has established a specific, measurable, achievable, relevant and time-bound (SMART) scientific performance appraisal system to assist the Company in gradually implementing the carbon neutral roadmap. Currently, we have included the achievement and progress of our goals in the performance bonus assessment system for our vice presidents. The Company's carbon targets are broken down into key performance indicators (KPIs) for absolute emissions and emission intensity each year, and the annual bonus is paid upon achievement.



STRATEGY

Far East Horizon proactively identifies climate risks and opportunities, formulating climate risk management measures, and developing strategies to respond to climate change and strengthen climate resilience. In 2023, we conducted climate-related risks and opportunities scenario analysis and analyzed potential impact on the Company's operations. In addition, we also assessed the financial impact of climate change risks for the first time and reviewed the risk assessment results in 2024, which will provide a basis for risk mitigation and adaptation in the future.

PHYSICAL RISK

Far East Horizon evaluated its owned assets based on the selection criteria of direct impact on the Company, business segment coverage and asset holding period. As a result, 24 assets were identified to be included in the scope of the physical risk scenario analysis, covering Horizon Healthcare, Horizon Construction Development, Horizon Asset and the financial business, containing 9 types of assets.

Time Horizons and Climate Scenarios

Far East Horizon has assessed the potential impacts of physical climate risks on the Company's operations across three timeframes: baseline, mid-term (2030) and long-term (2050) to prepare response measures for the associated impacts. To compare the Low Emission Orderly Scenario and the High Emissions Disorderly Scenario, two scenarios were selected for the physical risk assessment, both from the Shared Socio-Economic Pathway (SSP) of the Intergovernmental Panel on Climate Change (IPCC) 6th Assessment Report (AR6)[1] .

SSP 1-2.6 Low Emission Scenario	SSP 5-8.5 High Emission Scenario
• Maintaining warming below 2°C by 2100, consistent with existing commitments under the Paris Agreement. • Global development is more sustainable, emphasizing environmental protection, and inequalities between countries are reduced. • Investments in education and health accelerate the demographic transition. • Consumption is oriented towards reducing resource use and energy consumption.	• CO_2 emissions to triple by 2100 • Under a business-as-usual development path, assuming climate policies remain unchanged. • Countries compete for development through intense investment in science, technology, and human capacity as a pathway to sustainable development. • Countries still exploit abundant fossil fuel resources and adopt resource- and energy-intensive lifestyles. • The global economy grows rapidly, while the global population peaks and declines in the 21st century.

Table 2-1: Physical Risk Scenario Descriptions

[1] The Intergovernmental Panel on Climate Change (IPCC) was established in 1988 to provide integrated assessments of the state of scientific, technical and socio-economic knowledge about climate change, its causes, potential impacts and response strategies. Since its establishment, the IPCC has produced five multi-volume assessment reports and is currently in its sixth assessment cycle.

Risk Category and Indicators

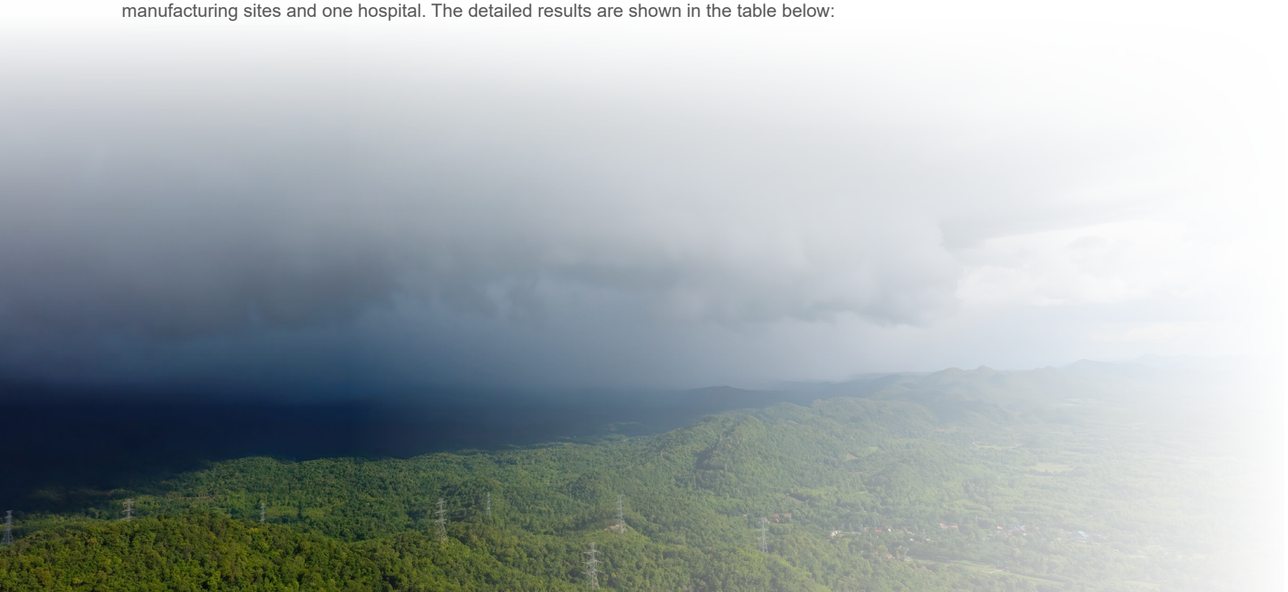
In the assessment of physical risk, we use the following indicators:

Climate Hazard	Indicators	Unit
Extreme Heat	Warm Spell Duration Index (WSDI)	Days
Extreme Cold	Cold Spell Duration Index (CSDI)	Days
River Flooding	River Flooding Inundation Depth	Meters
Extreme Rainfall Flooding	Pluvial Flooding Inundation Depth	Meters
Coastal Flooding	Coastal Flooding Inundation Depth	Meters
Storms and Extreme Winds	Maximum Tropical Cyclone Windspeed	Knots
Wildfires	Forest Fire Danger Index (FFDI) / Maximum Burned Area	Days
Rainfall-Induced Landslides	Rainfall Induced-Landslide Index	Days
Water Stress and Drought	Water Stress	/

Table 2-2: Physical Risk Category and Indicators

Assessment Results and Response

According to the scenario analysis results, the overall physical risk shows an increasing trend, except for extreme cold. Under the High Emission Scenario (SSP5-8.5), the increase in climate risk is more significant, especially in the long term (2050). Within all the physical risks, the assessed assets of Far East Horizon are exposed to 4 material physical risks: water stress and drought, flooding, tropical cyclones and extreme heat. Among all the total assets assessed, three assets are at higher risk: two manufacturing sites and one hospital. The detailed results are shown in the table below:



Risk Category	Impact Scope	Potential impact	Risk Level (SSP1-2.6)			Risk Level (SSP5-8.5)		Response
			Baseline	2030	2050	2030	2050	
Extreme Heat	Own Operation	• High temperatures increase the cooling needs of assets, leading to increased operating costs, and extreme heat may increase the heat stroke risk for outdoor staff. • Extreme high temperatures may trigger widespread power restrictions or outages, or lead to localized shutdowns of assets, affecting the operational efficiency as well as asset revenues.	Very Low	Moderate	Moderate	Moderate	High	• Consider the impact of climate resilience in the design and construction of assets and in the site selection process (taking into account geographic factors such as flooding and terrain) and improve the ability of facilities and equipment to withstand extreme weather and reduce the impact of extreme weather. • Develop and implement contingency plans to deal with extreme weather (flooding, tropical cyclones and extreme heat). • Build and regularly maintain facilities and equipment to cope with extreme weather (e.g., drainage systems, windows, doors) to prevent critical equipment from being affected and damaged by extreme weather. Take precautionary measures before a typhoon makes landfall to avoid direct damage to critical equipment from strong winds. • Provision of materials for extreme weather, such as backup power and flood sandbags. • Enhance the heat dissipation capacity of buildings and the efficiency of equipment, build and regularly maintain backup power sources, ensure the reliability of backup power sources, and develop and implement strict guidelines for outdoor work in high temperatures.
Flooding (including river, coastal and extreme rainfall flooding)		• Flooding may damage the asset's buildings, infrastructure, and equipment, increasing additional maintenance costs and potentially reducing its carrying value. • Flooding may affect the asset's critical equipment and damage the main access routes to the asset, thereby affecting the operation of the asset and its revenue.	Moderate	Moderate	Moderate	Moderate	Moderate	
Tropical Cyclones		• Strong winds, heavy rains and storm surges may cause damage to buildings, infrastructure, equipment, etc., adding additional maintenance expenses and possibly reducing the value of assets. • Tropical cyclones may affect the asset's critical equipment and disrupt operations, affecting revenues.	Low	Moderate	Moderate	Moderate	Moderate	
Water Stress and Drought		• Prolonged drought reduces water availability and increases water prices, leading to higher operating costs. • Severe water shortages or impacts on refrigeration and the operational efficiency of production equipment, resulting in lower revenues.	Low	Very High	Very High	Very High	Very High	• Increase the proportion of water recycling and backup sources, and consider alternative sources and backup facilities (e.g., emergency water trucks and cisterns) in the event of water shortages. • Upgrade facility management, select water-saving equipment and rainwater recycling systems, etc., to reduce water consumption and water usage and improve water resource utilization efficiency.
Extreme Cold		• Low temperatures increase the heating needs, leading to increased operating costs. • Extreme cold weather may increase health risks for outdoor personnel.	Very High	High	High	Moderate	Moderate	
Rainfall-Induced Landslides		• Landslides may cause damage to an asset's buildings, infrastructure, equipment, etc., increasing additional maintenance expenses and potentially reducing the assets' value. • Landslides threaten people's safety at the asset's location, suspending the asset's operation and resulting in revenue loss.	Very Low	Very Low	Very Low	Very Low	Very Low	• The current physical risk assessment results show that the risks of three types of climate disasters—extreme low temperatures, landslides caused by precipitation, and wildfires—are relatively low. We will continue to monitor the risks of these three types of disasters and adjust our response strategies in a timely manner.
Wildfires		• Wildfires may cause damage to buildings, infrastructure, equipment, etc., adding additional maintenance expenses and potentially reducing the assets' value. • Wildfires may threaten the safety of people at and near the asset, affecting the normal operation of the asset and leading to a revenue loss.	Very Low	Low	Low	Low	Moderate	

Physical Risk Scale

Limited Risk | Low Risk | Moderate Risk | High Risk | Very High risk

Table 2-3: Physical Risk Assessment Results

TRANSITION RISK

In the process of transition risk identification, Far East Horizon first conducted a qualitative assessment of the risks (including reputation risk, policy and legal risk, market risk, and technology risk) facing the operation and value chain (see Tables 2-6 and 2-7 for the results of the qualitative assessment). According to the qualitative assessment results, the primary source of Far East Horizon's transition risk mainly lies within its financial business, i.e., the operating and financial conditions of our portfolio company are affected by policy changes, technological innovations, public consumption patterns, and investor preferences, which affects the quality of the Company's assets and exacerbates credit risk. Therefore, we comprehensively consider industry exposure, as well as the carbon market regulations, national and local environmental policies, and transition finance, and sort 5 sectors (Chemicals, Construction, Industrial and Machinery Manufacturing, Electronic Equipment, and Road Transport & Infrastructure) for which we will conduct a detailed transition risk analysis.

Time Horizons and Climate Scenarios

The Company has assessed transition risks and opportunities in the short term (2025), medium term (2030), and long term (2040 and 2050)[2]. Meanwhile, we selected the Current Policies scenario and the more ambitious Net Zero 2050 scenario of the Network for Greening the Financial System (NGFS).

Orderly Transition 2050 Net Zero	**Hot House World** Current Policies
• Strict and responsive climate policy • Rapid scientific and technological innovation • U.S., EU and other countries achieve net-zero goals • Carbon Dioxide Removal[2] (CDR) is used at high frequency • Warming up to 1.5°C	• Maintaining current climate policies • Low rate of technological innovation • Carbon Dioxide Removal is used at low frequency • Warming up to more than 3°C

Table 2-4: Transition Risk Scenario Description

Risk Category and Indicators

Based on the selected sector and scenario databases (including the NGFS Phase 4 climate scenario dataset, as well as relevant data from the International Energy Agency (IEA, World Energy Outlook), we identified 16 scenario indicators applicable to the five sectors to support the subsequent analysis. The indicators used are shown in the table below:

No.	Indicator
1	CO_2 Intensity per GDP
2	Energy Intensity per GDP
3	Oil Price
4	Gas Price
5	Renewable Energy Capacity
6	Petrochemical Feedstock Demand
7	Industry Emissions
8	Electricity Generation Energy
9	Buildings Emissions
10	Transport Emissions Intensity
11	Oil Share of Transport Energy Demand
12	Chemical Emissions
13	Steel Energy Intensity
14	Cement energy Intensity
15	Nitrogen Fertilizer Use
16	Passenger Rail Demand

Table 2-5: Transition Risk Indicators

[2] The Company's definitions of short-term, medium-term, and long-term are consistent with the Company's carbon target timeline.

[3] Carbon dioxide removal (CDR) refers to the removal of carbon dioxide gas from the atmosphere through deliberate human activity and its long-term storage in geological formations, on land, in the oceans, or in other manufactured products. Common CDR technologies include afforestation, bioenergy, and carbon capture and storage.

Assessment Results and Response

The following table describes the results of the transition risk assessment and the response measures for Far East Horizon. Currently, Far East Horizon's financial business is facing relatively significant transition risks, i.e., low-carbon transition, China's economic development, energy structure, technological path, production and consumption modes will undergo profound changes, and the financial conditions of the relevant enterprises will undergo different degrees of changes, which may affect the solvency of these enterprises and lead to an increase in the default rate in the future.

Category		Impact Scope		Potential Impact	Response
Transition risk	Policy and Legal	Financial Service	Lending and Financing	• Changes in policies and regulations result in a decrease in the profit of companies in carbon intensive sectors and an increase in credit risk, which in turn led to the impairment of Far East Horizon's assets. The financial impact on these portfolio companies may include the following: • Write-offs, impairments, or early retirement of assets due to policy changes. • Increased cost of products and services or reduced demand for products and services due to fines. • Decrease in cash flows of subsidy-dependent clients due to the elimination of government subsidy policies.	• Continuous monitoring of national and regional policies and timely feedback of relevant information to business units, as well as incorporating climate change considerations into due diligence and investment decisions.
	Technology	Financial Service	Lending and Financing	• A decline in the share price or an increase in credit risk due to additional costs associated with low carbon transition or an untimely transition that results in lower revenues and lower profits, which could lead to impairments of Far East Horizon's assets. The financial impact on portfolio companies in carbon intensive sectors may include the following: • The emergence of low-carbon technologies results in the write-off and early retirement of existing assets. • Reduced demand for products and services during the low-carbon transition process. • Increased spending on research and development of emerging and alternative technologies. • Increased costs to adopt and implement new practices and processes.	• Formulating the *List of Industries Classified for Access*, where high-risk industries such as carbon-intensive industries are listed as "restricted" or "compressed" to scale down the business conducted with them.
		Equipment Operation	Operation	• In the context of tackling climate change and promoting low carbon transition, the development and application of low carbon technologies are gradually replacing traditional emission intensive technologies and equipment, and Horizon Construction Development's business may phase out high-emission technologies and equipment and thus invest in the acquisition of new low-emission technologies and equipment, which may lead to an increase in capital expenditures and operating costs.	• Continuous monitoring of the development of new equipment and technology, and timely replacement of diesel equipment.
	Market	Financial Service	Lending and Financing	• Lower revenues for portfolio companies because of market contraction due to the low carbon transition, which increased credit risk and resulted in the impairment of Far East Horizon's assets.	• Formulating the *List of Industries Classified for Access*, where high-risk industries such as carbon-intensive industries are listed as "restricted" or "compressed" to scale down the business conducted with them.
	Reputation	All Operations	Operation	• Institutional investors have been more concerned about climate change and environmental issues, and investors have become skeptical about the safety of their assets and have even withdrawn their investments in large numbers, resulting in a decline in the company's investable capital. • For example, negative press (e.g., greenwashing) on green bond projects issued by the Company, which in turn affects the Company's reputation.	• Enhance the transparency of climate-related information disclosure through ESG reports, TCFD reports, official websites, WeChat post and other channels in accordance with internationally recognized disclosure frameworks.

Table 2-6: Transition Risk Assessment Results

Category		Impact Scope		Potential Impact	Response
Transition Opportunity	Products and Service	Financial Service	Operation	• The market for green financial products continues to expand, giving rise to more flexible product innovations such as green funds and green trusts to meet the specific needs of clients.	• Launching diversified financial products themed on carbon neutrality and sustainable development, exploring green stock assets, issuing green bonds, issuing sustainable development-linked bonds and other green financial products.
		Equipment Operation		• With the increasing frequency of climate hazards, the market demand for green city construction and urban infrastructure construction has increased, and Horizon Construction Development now has a head start in equipment holding and sustainable materials.	• Continuous monitoring of the development of new equipment and technology, and timely replacement of diesel equipment.
	Market	Financial Service	Operation	• Under the carbon neutral policy, the financing needs of small and Moderate-sized energy-saving and environmental protection service enterprises will increase, and green financial business will be more popular in the market.	• Explore new demand for transition funds, enhance the connection between green funds and the green transition of the real economy through green financial business and service innovations. Develop investment and financing policies to guide the inflow of funds into green activities and enhance operating income.
	Reputation	Equipment Operation	Operation	• Overseas markets are relatively vulnerable to climate change, and the demand for equipment and construction projects may increase in line with the intensified impact of climate change, so there is more market opportunity for Horizon Construction Development.	• Continuously focusing on the new direction of urban construction development and supporting the construction of green cities.

Table 2-7: Transition Opportunity Assessment Results

Based on the total amount of accumulated assets and sector vulnerability to climate change, we have identified 5 sectors for quantitative analysis, namely Chemicals, Construction, Industrial and Machinery Manufacturing, Electronic Equipment and Road Transport & Infrastructure. The assessment was carried out based on appropriate climate indicators (see Table 2-4: Transition Risk Indicators). The results show that the Chemicals, Construction, Road Transport & Infrastructure sectors are shown to be at a low-risk level in the short term (2025), but the risk rises in the medium to long term. The Electronic Equipment sector has an overall opportunity rating higher than the risk rating, mainly due to the electrification of markets and economies and the development of the renewable energy industry, which is expected to be a key driver of decarbonization. The Industrial and Machinery Manufacturing sector has a greater level of opportunity than risk in the short term, while risk level is expected rise in the medium to long term.

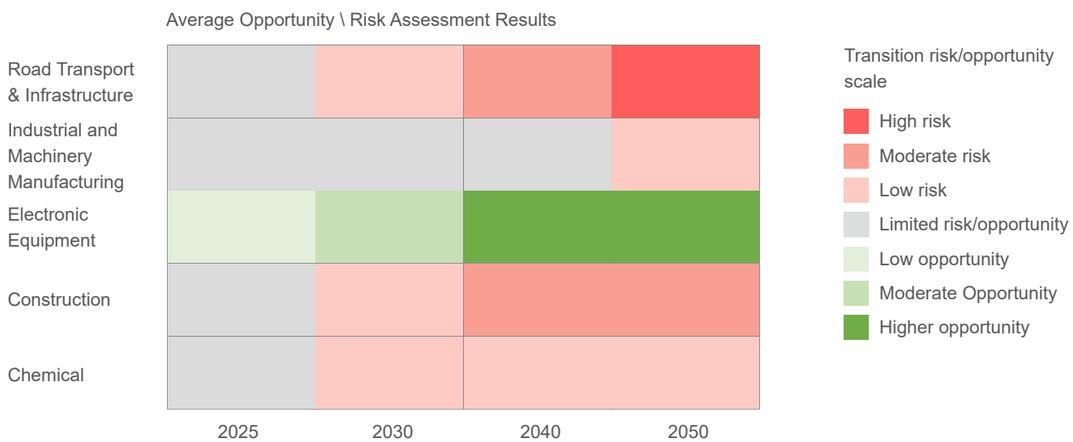
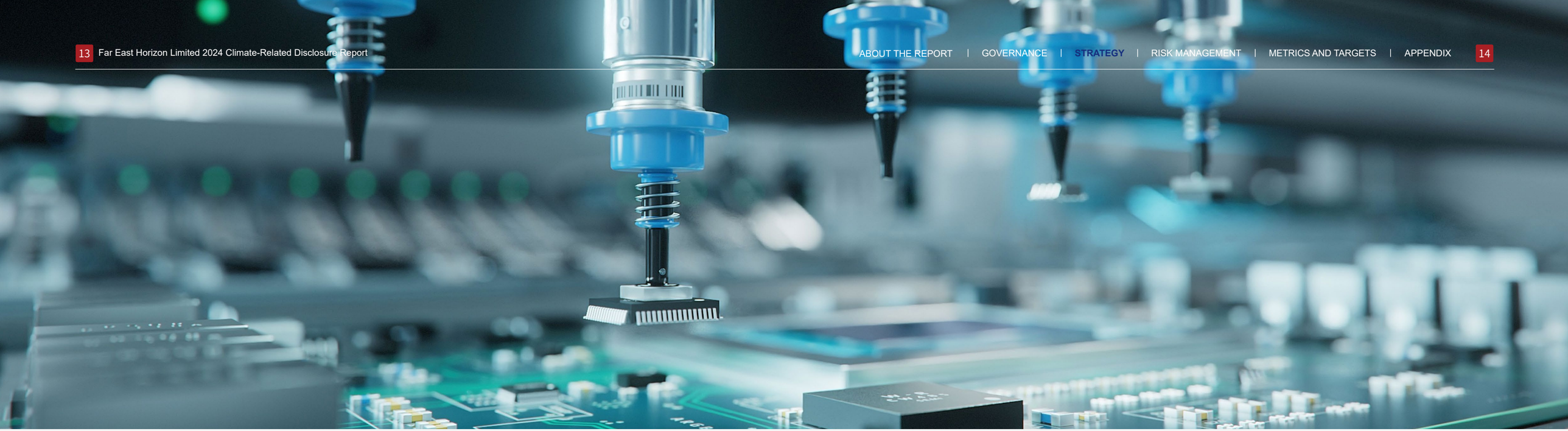


Table 2-8: Heat Map of Transition Risks in 5 Sectors



Financial Impact Assessment

To assess the impact of transition risk on credit risk, the Company adopts the scenarios developed by NGFS to construct a bottom-up sector-level transition risk modeling framework with reference to the regulatory requirements of the Hong Kong Stock Exchange and peer practices and selects the period from 2025 to 2050 as the timeframe for climate risk financial quantification. This is to measure the financial stress faced by industry participants in the light of climate factors such as energy restructuring, rising energy prices and the cost of additional carbon taxes, thus further estimate the underlying climate risk exposure of Far East Horizon.

Scenario

- Current Policies
- 2050 Net Zero

Assessment scope

- Sector: Industrial and Machinery Manufacturing, Electronic Equipment[4]
- Time horizons: 2025, 2030, 2040, 2050

Transmission pathways

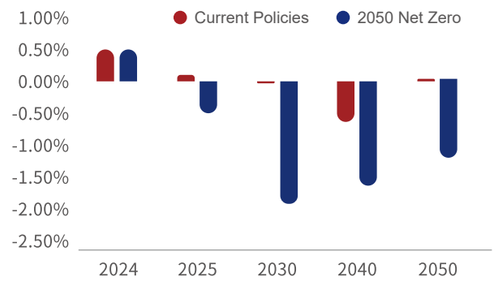
- Construct climate indicators under different scenarios applicable to the characteristics of clients in the sector, e.g. GDP, carbon price, investment in carbon reduction technologies, industry carbon emissions, etc.
- Identify the financial indicators (including revenue, operating costs, cost of sales, etc.) that could be affected by climate indicators, and clarify the sensitivity of corporate financial indicators to climate indicators by analyzing the financial statements of clients, industry research reports, etc., and calculate stressed financial data using relevant rules and models.
- Use the Company's internal risk assessment model to assist us in understanding risk exposures to potential losses due to client defaults considering climate factors.

[4] Due to the availability of client financial data, this quantitative analysis only covers selected clients.

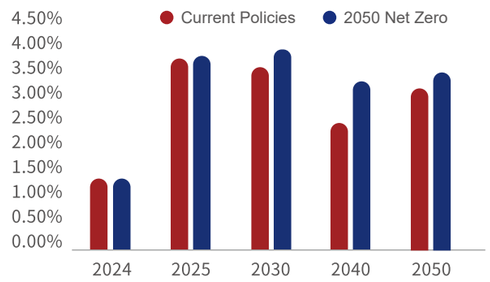
In the future, we plan to improve upon this assessment. This means that we will continue to refine climate stress testing methodology, meanwhile expanding sector coverage. We will also make timely adjustments to the Company's investment and financing strategy in accordance with the results of our analysis, to strengthen climate resilience.

Climate stress test results

Average impairment rate of assets in the machinery manufacturing sector



Average impairment rate of assets in the electronic equipment sector



For electronic equipment sector, the results show that the average asset impairment rate decreases from 2024 under both scenarios. Under the 2050 Net Zero scenario, the average asset impairment rate falls below 0 after 2025. This suggests that under the influence of climate factors, the economic, technological, or legal environments in which Electronic Equipment companies operate, and the markets in which their assets are located will have a positive impact on the companies. In contrast, the average asset impairment rate for the Industrial and Machinery Manufacturing industry has increased in both scenarios, with a more significant upward trend under the 2050 Net Zero scenario. This indicates that profits realized on its assets will be lower than expected.

RISK MANAGEMENT

To facilitate the climate transition, Far East Horizon will continue to regularly assess climate risks and opportunities and look for ways to support the low-carbon transition throughout our value chain. We have established a comprehensive risk management mechanism to monitor the business environment, operations and risk management practices of the Company itself and its portfolio companies, which enable us to discover potential risks in advance. The Company then identifies the type, degree and cause of risks and their development trend, tracks and monitors the effectiveness of risk management, and takes targeted measures to prevent, control and mitigate risks in a timely manner.

The Company's climate risk and opportunity management process is described below:

Risk Identification

- Conduct peer benchmarking and gap analysis, and identify a list of climate-related risks and opportunities through interviews with key internal stakeholders.

▼

Risk Assessment

- Conduct scenario analysis to determine the scope and impact level of climate-related risks and opportunities, identifying those that have a significant impact on business strategy and operations.

▼

Risk Management

- Operational level: Develop management measures for key risks and opportunities, and evaluate the effectiveness of the implemented measures.
- Business level: Develop financial impact quantification tools to quantitatively assess the financial impact of climate risks and opportunities on the company, providing decision-support information for corporate-level risk management and strategic planning, and ensuring that measures to mitigate related climate risks are in place.

▼

Risk Integration

- Integrate climate-related risks into the existing risk management system, ensuring regular identification and management of climate risks.

Figure 3-1: Climate-related risk management process

RISK IDENTIFICATION

With the assistance of external third-party experts, the Company forms a long list of climate change risks and opportunities (including physical & transition) relevant to its own operations and value chain. This is done by combining the results of peer benchmarking, macroeconomic policy research, and interviews with internal stakeholders in different business units and functions of the Company.

RISK ASSESSMENT

Using a combination of qualitative and quantitative assessments, Far East Horizon has used external data platforms and tools to conduct scenario analysis of the identified climate risks and opportunities, including the time horizon, scope (business and value chain) and financial impact, etc. We ranked the risks based on the results and prepared response measures accordingly. (For more details on the risk assessment, please refer to the 2. Strategy section of this report).

RISK MANAGEMENT

As the climate change challenge exacerbates, countries are actively promoting the transformation of a low-carbon economy and building a new model of economic development through the implementation of multifaceted climate adaptation and emissions reduction policies. In responding to the climate challenge, Far East Horizon has not only established a systematic risk management system, but we also realized the need for the Company to take advantage of the "Finance + Industry" strategy. This means that enterprises need to formulate cross-industry, multi-dimensional and comprehensive programs, and engage ESG practices in various fields of operation, connecting the demand for transition funds with actual transition services. At the same time, we are strengthening our commitment to low-carbon operations and optimizing our greenhouse gas management system, to achieve our joint development of values from both economic performance and the environment.

OPERATIONAL LEVEL

Since 2023, we have initiated carbon inventory for Scope 3 emissions in accordance with the requirements of the Greenhouse Gas Protocol (GHG Protocol) and the Partnership for Carbon Accounting Finance (PCAF). We are calculating emissions from our financing and lending activities (Category 15 Investments) and emissions from leased equipment of Horizon Construction Development (Category 13 Downstream Leased Assets). In 2024, the Company has set reduction targets for Scope 1, 2 and Scope 3 Category 15 Investments, in line with the Science-based Targets (SBT) requirements, and developed the Company's decarbonization roadmap.

Case **Energy-saving Renovation Project for Far East Horizon's Hongxin Plaza**

In 2024, the Company's Hongxin Plaza successfully implemented an energy-saving renovation project. The project focused on optimizing the cooling system by precisely configuring small chillers, significantly enhancing cooling efficiency, and achieving notable economic and environmental benefits. The Company invested RMB 1.04 million in the purchase and installation of small chillers. Under partial load conditions, small chillers can independently fulfill the cooling requirements of the building, effectively avoiding the waste of energy caused by the high energy consumption of large chillers under low load conditions. They have significantly improved the flexibility and energy efficiency of the refrigeration system. Through this optimization, the annual power saving of Hongxin Plaza reached 170,000 kWh, which is an outstanding energy-saving result.

The energy-saving renovation project is fully funded by the government's special incentive funds for green building projects. Previously, Hongxin Plaza has actively practiced green building standards and promoted the construction of green buildings. We passed the assessment and were awarded the two-star green building evaluation certification. According to the relevant policies, projects with such certification are eligible to receive financial rewards from the government. Hongxin Plaza reasonably planned and efficiently utilized the incentive funds to ensure the smooth implementation of the energy-saving renovation project, which fully demonstrated the efficient allocation of funds and good planning of the project.

Through this energy-saving renovation, Hongxin Plaza has not only achieved a significant leap in energy utilization efficiency and effectively reduced operating costs but also set a model in the green development process of the construction industry.

Scope 1

Stationary Combustion

The Company's emissions primarily come from the use of gas in employee canteens. We will mainly reduce related emissions by replacing gas cooking equipment with electric alternatives.

Mobile Combustion

The Company will primarily reduce reliance on fossil fuels by replacing vehicles and equipment with electric alternatives. For the small portion of assets that cannot be replaced, we will reduce any remaining emissions by adopting biofuel and optimizing our service models.

Fugitive Emissions

The Company will purchase environmentally friendly refrigerants, such as R290 and R1234yf, to replace current refrigerants. We will also reduce consumption through better energy management and avoid unnecessary air conditioning use.

Scope 2

Photovoltaic Power Generation

Where technically feasible, priority will be given to generating electricity through the installation of solar photovoltaic systems.

Green Energy Procurement

Purchase electricity and steam from renewable sources.

Scope 3

Data Quality

Tracking greenhouse gas emissions, reduction targets, and mitigation strategies of portfolio companies is challenging due to poor data quality and insufficient transparency. The Company will continue to improve data quality and availability by closely monitoring all publicly available evidence and database providers. At the same time, we will collaborate with and engage portfolio companies to support their greenhouse gas inventory assessments and decarbonization processes, enabling a better understanding of our portfolio's emissions and their reduction targets.

Products and Services

We will continue to collaborate with clients to promote the Company's commitments through three main strategies: financing green and sustainable activities, supporting transition activities, and phasing out hard-to-abate industries. We will also embed and prioritize carbon footprint and emission target factors in the due diligence and engagement processes.

BUSINESS LEVEL

Far East Horizon has established a robust risk governance structure supported by relevant policies and management standards. The risk management framework covers strategic, credit, market and legal risks, alongside with risks related to environmental protection, social responsibility and corporate governance. Relevant departments and business units are required to establish risk management procedures, monitor risk indicators and thresholds, and strengthen ESG risk management.

Sustainable Investment

With reference to the requirements of the six principles of the United Nations Principles for Sustainable Investment (UN PRI) and considering the actual operating conditions, Far East Horizon issued the *Far East Horizon Limited Sustainable Investment Policy* to standardize and guide the Company's sustainable investment practices and further to promote the construction of a sustainable investment system.

Screnning	Integration	Thematic Investment	Stewardship	Impact Investment
Includes positive screening and negative exclusion, selecting/excluding specific industries or companies from the investment portfolio.	Incorporating ESG factors into the investment process, considering ESG factors in investment analysis and decision-making, and implementing ESG integration.	Selecting companies based on sustainability-related themes.	Based on fiduciary duty, leveraging influence to maximize overall long-term value, including economic, social, and environmental asset values.	Promoting or advocating active engagement while achieving financial returns.

Sustainable Investment Strategy of Far East Horizon

Restrictions on investment in carbon-emitting industries

Far East Horizon has incorporated climate change and geological factors into the Company's investment decision-making, and has established an *Industry Entry Classification List*, assigning "restricted" or "compressed" ratings to carbon-intensive industries with high risks, to limit business development in these sectors. To effectively reduce carbon emissions from assets, the Company, in addition to following its *Sustainable Investment Policy*, has established a *Statement on Coal Investment and Financing* and a *Statement on Non-Conventional Oil and Gas Investment and Financing*, which clearly define the Company's stance and requirements for investment in the fossil fuel industry. We are committed to phasing out financial activities related to coal projects and coal companies, as well as projects and companies in all Organization for Economic Co-operation and Development (OECD) countries by 2030 and achieving a global phase-out of coal projects by 2040. In the future, the Company will also continue to refine its investment policy in the fossil fuel sector and other emission intensive industries to implement the Company's climate commitments gradually.

Statement on Coal Investment and Financing

Far East Horizon will no longer provide investment and financing services to individual coal mining or coal-fired power generation projects, except for projects that fall under the specified category:

- Meets our *Sustainable Development Finance Framework*'s criteria for recognizing "qualifying green and/or socially responsible assets"; or
- Meets the criteria for recognizing energy-saving and carbon-reducing transformation of equipment and technologies in coal-related industries in the *Guidance Catalog for Green and Low-Carbon Transformation* Industries issued by the People's Republic of China.

Meanwhile, we will continue to support the green and low-carbon transformation projects of our existing business assets involved in coal mining or coal-fired power generation projects.

Statement on Unconventional Oil and Gas Investment and Financing

Far East Horizon will no longer provide investment and financing services for any unconventional oil and gas projects, except for projects that fall under the specified category:

- Meets the criteria for qualifying as a "Qualified Green and/or Socially Responsible Asset" in our *Sustainable Development Finance Framework*.
- Meets the identification criteria for unconventional oil and gas resources development in the *Guidance Catalog for Green and Low Carbon Transformation Industries* issued by the People's Republic of China.

At the same time, we will continue to support the green and low-carbon transition of our existing business assets involved in unconventional oil and gas projects.

Empowering Green Development

As important participants in economic activities, financial institutions are responsible for promoting portfolio carbon reduction and contributing to global sustainable development. We are fully aware that the low-carbon transformation of the portfolio cannot be achieved without the active participation and efforts of the enterprises. Therefore, we actively play a leading role as a financier, further deepen cooperation with enterprises, governments and other stakeholders, and are committed to providing all-round carbon reduction support and assisting them in formulating and implementing feasible and practical emission reduction plans. In 2024, we provided a number of clients with technology consultation and customized solutions, including greenhouse gas emission accounting and greenhouse gas emission reduction strategies, to help enterprises overcome technical and financial obstacles in the process of carbon reduction, and eventually realizing green transformation.

Far East Horizon assisted an Industrial Park in Jiangsu to build and analyze low carbon district

The Industrial Park serves as a driving force behind Jiangsu's economic development, an important platform for international engagement, and a trailblazer in institutional mechanism innovation. It is also the main battlefield of Jiangsu Province's energy structure, industrial restructuring and a key element in realizing the goal of "dual carbon". In recent years, Jiangsu Province has been vigorously promoting the green and low-carbon development of industrial parks and unswervingly taking the road of high-quality development that prioritizes ecology, green and low-carbon. In this context, Far East Horizon collaborated with an industrial park in Jiangsu Province to help assess the current low-carbon development and build a framework for a low-carbon development assessment system. The Company further guided the park in carrying out low-carbon development actions and carried out the pilot construction of the Park's and enterprises' carbon-neutral carbon peaks.

The new cooperation model between Far East Horizon and the management committee of the Industrial Park gives full play to our own low-carbon experience and past service advantages. Through assessing the current situation and constructing systems, we provide scientific guidance for the Park to carry out low-carbon development actions, speed up the pace of the Park's green and low-carbon transformation, and help Jiangsu Province realize its "dual-carbon" goal.

Far East Horizon assisted a corporate client in Henan with greenhouse gas management

In 2024, Far East Horizon forged a partnership with a Group Company in Henan Province to drive comprehensive advancements in sustainable development. Leveraging its expertise in finance and industrial services, Far East Horizon partnered with the Group to create an innovative cooperation model tailored to meet the Group's specified needs. Both parties aligned on a core objective: establishing a practical and cost-effective sustainable development pathway, while integrating greenhouse gas (GHG) management into the Group's strategic planning to enhance long-term competitiveness.

During the collaboration, Far East Horizon supported the Group in building a robust ESG governance framework, deepening vertical ESG oversight, and strengthening cross-departmental collaboration. This ensured the permeation of sustainable development principles across all operational processes. For GHG emissions management, Far East Horizon conducted a comprehensive audit of the Group's Scope 1 and 2 emissions in compliance with ISO 14064-1 and GHG Protocol standards. This not only clarified the Group's emissions baseline but also laid the groundwork for future reduction strategies. Through this partnership, Far East Horizon has enabled the Group to establish a solid foundation for sustainable development, while accumulating best practices for future collaborations. This initiative also serves as a replicable model for industry peers.

Far East Horizon provided digital carbon management technical support for a corporate in Jinan

In 2024, Far East Horizon identified the specific needs of a holding group in Jinan and partnered with the Company to advance its green and low-carbon initiatives. Leveraging its expertise in financial and industrial services, Far East Horizon aligned with the client's business characteristics and development goals to establish a framework for efficient and precise greenhouse gas (GHG) management. This collaboration supported the client in scientifically managing GHG emissions, contributing to its long-term growth. As part of this effort, Far East Horizon assisted the holding group in developing GHG accounting tools for Scope 1 and Scope 2 emissions and conducted a comprehensive audit of the Group's GHG emissions for 2024. Additionally, Far East Horizon developed a digital platform for carbon emission management. This platform enables the Group to consolidate and manage GHG emissions data across its subsidiaries, providing real-time insights into emissions by business segment. This capability facilitates informed decision-making, optimizes resource allocation, and supports emission reduction efforts.

Through this partnership, Far East Horizon has helped the Jinan-based holding group make significant strides in its green and low-carbon transformation, enhancing its environmental management capabilities. This cooperation model also serves as a benchmark for other industry players, driving the green development of the sector.

Supporting the Development of Green Finance

In 2023, the Company developed the *Far East Horizon Limited Sustainability Financing Framework* to define relevant criteria, for the Company's proposed green, socially responsible and sustainability bonds or loan instruments ("Sustainability related finacing") aimed at financing and/or refinancing purposes. Under the guidance of this framework, we have actively explored the development and innovation of green financial products, addressing the financing needs of enterprises, while enhancing the impetus for green development of the real economy. In 2024, a number of internal departments of the Company took the National Development and Reform Commission's "Guiding Catalogue for Green and Low-Carbon Transformation Industries (2024 Edition)" as the standard to develop the green categorization system of Far East Horizon's financial leasing projects. They established a monthly management ledger for accurate supervision. In the field of green leasing, "The Inner Mongolia Photovoltaic Power Station Project" and "The Jiangsu Sewage Treatment Project" have been certified as green projects by the Shanghai Green Finance Service Platform.

Case **A member company of Far East Horizon cooperate with Sequoia China to operate new energy photovoltaic Projects**

In 2024, a member company of Far East Horizon was invested by Sequoia China New Infrastructure Fund and together cooperated in providing green and smart integrated energy solutions for industrial and commercial enterprises through "investment, financing, construction, and transportation" one-stop solutions, and help energy transformation and upgrading. By December 31, 2024, the company and Sequoia China have cooperated to operate 55 new energy photovoltaic projects with a total capacity of 125MW, which can annually save standard coal for the power grid 41,553 tons of and accordingly reduce the emission of various greenhouse gases and air pollutant, including the reduction of carbon dioxide equivalent of 126,245 tons.

HBJC 6MW Distributed Photovoltaic Power Generation Project

Case **Far East Horizon Invests in Deyang City Construction Projects to Promote Regional Ecological Improvement**

Far East Horizon has invested in two major projects in Deyang City, Sichuan Province: the "Jinghu Lake Green Ecological Belt Project" and the "Ecological Restoration and Function Improvement Project for Donghu Mountain and Cultural & Entertainment Center," with total areas of 1,142,066 square meters and 1,590,835 square meters, respectively. These projects aim to enhance the water system's self-purification capacity and the coastline's ecological function through ecological restoration. By improving regional ecology and beautifying the urban environment, the projects support Deyang's transformation into a tourist city.

As of December 31, 2024, both projects have been awarded China's One-Star Green Building Certification and the Outstanding Sponge City Construction Project Award.

Case **Far East Horizon participated in the editing of *"2024 China Green Leasing Annual Development Report" and "Carbon Management Construction Guide for Financial Leasing Enterprises"***

In 2024, Far East Horizon edited the *2024 China Green Leasing Annual Development Report*, prepared by the Shanghai Financial Leasing Industry Association. The Company contributed a section titled *Carbon Emission Accounting and Climate Change Risk Management for Financial Leasing Business*, sharing its practical experience in carbon emission accounting methods and climate change risk management. By combining industry insights with its own practices, Far East Horizon actively contributed to advancing carbon emission and climate change management in the industry, thereby promoting sustainable development. For its contributions, the Company received a letter of appreciation from the Association. Additionally, Far East Horizon actively participated in compiling the *Carbon Management Construction Guide for Financial Leasing Enterprises*. This guide aims to clarify the carbon accounting, target-setting, and information disclosure framework for financial leasing enterprises, promoting the standardized development of green leasing and empowering the industry's low-carbon transformation.

RISK INTEGRATION

In 2024, Far East Horizon is fully committed to advancing ESG risk management and control, increasing capital investment in green industries and projects, and accelerating the green and low-carbon transformation of high-energy-consumption and high-emission industries. Furthermore, we actively promote business practices and consumption models that generate positive environmental and social impacts, contributing to the global effort to combat climate change. To ensure consistency in our risk management approach and alignment of risk assessment and prioritization criteria, we are progressively integrating climate-related risks into our enterprise-wide risk management framework. For identified climate risks, we incorporate them into our risk tracking system, treating them with the same rigor as other risk categories, and regularly evaluate and report on the implementation and effectiveness of risk mitigation measures.

METRICS AND TARGETS

In response to the Paris Agreement and China's "dual-carbon" goals, the Board of Directors of Far East Horizon considered and passed a motion on the *Carbon Target Planning of the Company*, which clearly defines "the carbon peaking and carbon neutrality goals": taking 2021 as the base year, striving to achieve carbon peaking in 2025, and striving to achieve carbon neutrality in the whole value chain by 2050. In 2024, the Company's emissions intensity is 2.94 tCO_2e/RMB million, a decrease of 42.24% compared with 2021.

In 2024, the Company's emissions intensity is

2.94 tCO_2e / RMB million

A decrease of

42.24%

compared with 2021

Details of Carbon Targets

Short-term

- Striving for Carbon Peaking by 2025
- Linear reduction in GHG emissions intensity per unit of income by 2% per year between 2021-2025 (i.e., 8% reduction over four years compared to the base year)

Medium-term

- Linear reduction in GHG emissions density per unit of income by 4% per year between 2025 and 2030 (i.e., 20% reduction over five years from the base year)

Long-term

- Striving for full value chain carbon neutrality by 2050

In 2024, we also set targets for Scope 1, Scope 2, and Scope 3 Category 15 in line with the requirements of the Science Based Targets initiative (SBTi). At present, our targets are already validated by the SBTi, which are set out below:

Details of Science-based Targets

Scope 1 and 2	Scope 3
Far East Horizon commits to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2022 base year.	Far East Horizon commits to align its scope 1 + 2 portfolio temperature score by investment value within its private equity portfolio from 3.2°C in 2022 to 2.44°C by 2030. Far East Horizon commits to align its scope 1 + 2 + 3 portfolio temperature score by investment value within its private equity portfolio from 3.2°C in 2022 to 2.56°C by 2030.

In addition, we have set quantitative targets for energy, water and waste, and regularly track the achievement of these indicators and targets.

Energy Management

- Energy consumption per unit of income decreasing by 25% in 2030 compared with that in 2022.

Water Resources Management

- Water consumption per unit of income decreasing by 20% in 2030 compared with that in 2022.

Waste Management

- Improvement of performance in refuse classifiation, its statistical collection and management, as well as the tracking of comprehensive utilization of household waste and bulk solid waste.

In addition, the Company actively practices "Conservation Culture" to endorse eco-environmental protection, supports the realization of the national goal of "Carbon Peaking and Carbon Neutrality", and strives to achieve the "synergistic effect of pollution reduction and carbon reduction". We do so by accelerating the innovation of green finance products and services, facilitating social transformation with the power of finance. At the business level, we have proposed the following green leasing objectives:

With respect to the amount of financial leasing business placement in the sewage treatment industry, based on the baseline value of 2022, the amount of financial leasing business placement in the sewage treatment industry of RMB 690.75 million, Far East Leasing proposes the following sustainability performance target (SPT):

In 2025, the amount of financial leasing business placement in the sewage treatment industry shall not be less than RMB

900.00 million

With respect of the amount of marine vessel finance lease business placement, based on the baseline value of 2022, the amount of marine vessel finance lease business placement of RMB 0.00 million, Far East Leasing proposes the following sustainability performance target (SPT):

In 2025, the amount of financial leasing business placement for the marine vessel industry shall not be less than RMB

200.00 million

In 2024, Far East Horizon determined the GHG accounting boundaries using the operational control method. The Company continued to carry out company-wide Scope1, 2 and 3 accounting and improve the transparency of emission data. At the same time, we regularly monitor, count, analyze and evaluate climate-related indicators and performance, and make regular disclosures.

Indicator	Unit	2022	2023	2024
GHG Emissions				
Aggregate GHG emissions (Scope 1)	tCO_2e	123,602.98	71,591.94	51,912.24
Aggregate GHG emissions (Scope 2)	tCO_2e	62,608.93	61,769.63	58,965.14
Aggregate GHG emissions (Scope 3 Category 15)	tCO_2e	3,723,023.48	2,762,803.74	1,762,053.40
Aggregate GHG emissions (Scope 1 and Scope 2)	tCO_2e	186,211.91	133,361.57	110,877.39
Greenhouse gas emissions per unit of revenue (Scope 1, 2)	tCO_2e / RMB million	5.09	3.51	2.94
Energy Utilization				
Total energy consumption	tce	70,877.60	49,622.39	38,633.46
Energy consumption density per unit of revenue	tce / RMB million	1.94	1.31	1.02
Aggregate natural gas consumption	m^3	1,589,229.94	1,619,498.00	1,374,553.93
Gasoline consumption of self-owned vehicles/mobile devices	liter	1,955,586.70	2,729,332.00	3,356,137.36
Diesel consumption of self-owned vehicles/ mobile devices	liter	9,977,494.71	10,327,744.00	13,683,292.23
Total electricity consumption	MWh	104,779.47	103,000.00	109,871.25
Aggregate steam and hot water procurement	GJ	47,554.16	51,870.63	74,852.45
Use / Production of Clean Energy				
Renewable energy production (aggregate)	MWh	103,283.00	727,683.50	130,690.00
Utilization of Water Resources				
Aggregate water consumption	m^3	2,314,272.07	2,138,066.40	2,072,530.42
Of which, recycled water consumption	m^3	9,845.74	6,350.00	3,728.00
Water consumption per unit of revenue	m^3 / RMB million	63.59	56.32	54.90
Solid Waste				
Aggregate solid waste generation	ton	15,055.32	23,258.56	3,481.29
of which, aggregate recyclable solid waste	ton	2,875.71	0.00	27.10
Solid waste generation per unit of revenue	tons / RMB million	0.41	0.61	0.09
Hazardous Waste				
Aggregate hazardous waste generation	ton	1,711.94	1,881.03	1.962.33
Of which, medical waste (HW01, HW02, HW03)	ton	1,533.05	1,712.36	1,638.96
Of which, chemical waste (HW06, 09, 12, 13, 17, 21, 22, 33, 34, 35)	ton	14.21	6.87	5.70
Of which, electronic waste (HW10)	ton	1.26	0.60	0.14
Of which, other waste (HW49)	ton	163.42	161.20	192.37
Industrial Waste Gas				
SO_2	kg	60.00	0.00	35.14
VOC	kg	5.00	0.18	0.00
Mobile Source Exhaust Emissions				
SO_x	kg	779.20	206.90	269.64
NO_x	kg	30,554.50	28,296.73	20,681.39
PM	kg	2,844.81	2,711.29	2,492.14
NO_x	kg	14,282.96	2,086.12	20,681.39
Wastewater Pollutants				
COD	kg	506,790.46	327,478.37	117,482.60
BOD	kg	69,725.39	35,038.36	32,010.46
Ammonia nitrogen	kg	28,985.86	19,333.44	17,430.54

Table 4-1 Far East Horizon Climate Indicators

APPENDIX I: IFRS S2 INDEX

Climate-related Disclosures	Article	Corresponding Section
Objective	Article1-2	Full report
Scope	Article3	Full report
Governance	Article 4-6	1 Climate Governance
Strategy	Article 7-8	2.1 Physical Risk 2.2 Transition Risk
	Article 9-12	
	Article 13	
	Article14	
	Article15	
Risk management	Article16-18	3 Risk Management
Metrics and targets	Article19-24	4 Metrics and Targets

APPENDIX II: HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORTING GUIDE PART D: CLIMATE-RELATED DISCLOSURES INDEX

Level		Content	Chapter
Governance	/	The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.	1.1 Board Oversight
		Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	1.2 Management Responsibility
Strategy	Climate-related risks and opportunities	Describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term.	2.1 Physical Risk 2.2 Transition Risk
		Explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk.	2.1 Physical Risk 2.2 Transition Risk
		Specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur.	2.1 Physical Risk 2.2 Transition Risk
		Explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	2.1 Physical Risk 2.2 Transition Risk
	Business model and value chain	A description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain.	2.1 Physical Risk 2.2 Transition Risk
		Description of where in the issuer's business model and value chain climate related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	2.1 Physical Risk 2.2 Transition Risk
	Strategy and decision-making	Information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation.	2.1 Physical Risk 2.2 Transition Risk 3. Risk Management
	Financial position, financial performance and cash flows (Current financial effect)	How climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period.	2.2 Transition Risk
		The climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	
	Financial position, financial performance and cash flows (Anticipated financial effect)	How the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: (i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy.	2.2 Transition Risk
		How the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	2.2 Transition Risk

Level		Content	Chapter
Strategy	Climate resilience	The issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and (iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term.	2.1 Physical Risk 2.2 Transition Risk 3. Risk Management
		How and when the climate-related scenario analysis was carried out, including: (i) information about the inputs used, including: (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis) (ii) the key assumptions the issuer made in the analysis; and (iii) the reporting period in which the climate-related scenario analysis was carried out.	2.1 Physical Risk 2.2 Transition Risk
Risk Management	/	The processes and related policies it uses to identify, assess, prioritize and monitor climate-related risks, including information about: (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); (iv) whether and how the issuer prioritizes climate-related risks relative to other types of risks; (v) how the issuer monitors climate-related risks; and (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period.	3 Risk Management
		The processes the issuer uses to identify, assess, prioritize and monitor climate related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities).	3 Risk Management
		The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	

[5] The Company does not currently have statistics on the amount and percentage of assets or business activities that are susceptible to climate-related transition risks.

[6] The Company does not currently have statistics on the amount and percentage of assets or business activities that are susceptible to climate-related physical risks.

Level		Content	Chapter
Metrics and targets	Greenhouse gas emissions	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO_2 equivalent, classified as: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions	4 Metrics and Targets
		Measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions.	4 Metrics and Targets
		Disclose the approach it uses to measure its greenhouse gas emissions including: (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	4 Metrics and Targets
		For Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and	4 Metrics and Targets
		For Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	4 Metrics and Targets
	Climate-related transition risks[5]	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	/
	Climate-related physical risks[6]	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	/
	Climate-related opportunities[7]	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	/
	Capital deployment[8]	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	/
	Internal carbon prices[9]	An explanation of whether and how the issuer is applying a carbon price in decision making (for example, investment decisions, transfer pricing, and scenario analysis); and	/
		The price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;	See footnotes in this page
	Remuneration	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	1.2 Management Responsibility
	Industry-based metrics	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterize participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industrybased metrics associated with disclosure topics described in the IFRS S2 Industrybased Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	4 Metrics and Targets

[7] The Company does not currently have statistics on the amount and percentage of assets or business activities that are susceptible to climate-related opportunities risks.

[8] The Company does not currently account for capital expenditures, financing or investments in climate-related risks and opportunities, mainly due to the lack of clarity in the definition of statistics and indicators.

[9] The company has not yet utilized an internal carbon pricing mechanism, mainly because emissions reductions in the form of setting and disaggregating reduction targets are currently progressing well, and the setting of an internal carbon pricing mechanism is not a necessary part of the process at this time.

Level		Content	Chapter
Metrics and Targets	Climate-related targets	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose: (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; (e) the base period from which progress is measured; (f) milestones or interim targets (if any); (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	4 Metrics and Targets
		An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer's processes for reviewing the target; (c) the metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions.	4 Metrics and Targets
		An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	4 Metrics and Targets
	Climate-related targets	For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose: (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonization approach; and (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	4 Metrics and Targets
	Applicability of cross-industry metrics and industry-based metrics	In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36)	4 Metrics and Targets

APPENDIX III: GREENHOUSE GAS DATA VERIFICATION STATEMENT

TÜVNORD

STATEMENT

Organization GHG Verification as per

ISO 14064-1:2018

In accordance with TÜV NORD GHG Project Management Procedure, it is hereby stated that

Far East Horizon Limited
Far East Horizon Plaza, No. 9 Yaojiang Road, 200120, Pudong New District, Shanghai, P. R. China

- Reported organizational level GHG period is 2024-01-01 to 2024-12-31

- Organizational boundary: The whole site of Far East Horizon Limited with the locations according to the annex

- The total GHG emissions, as shown below, is **1872930.79 t CO_2e** with materiality level of 5%

Direct greenhouse gas emissions and removal, **51912.24428 t CO_2e**

Indirect GHG emissions from imported energy,**58965.1448 t CO_2e**

Indirect GHG emissions associated with the use of products from an organization **1762053.398 t CO_2e**

- Level of assurance: **Limited Assurance**

Statement No. OCPF-2025-11 Issue Date: 2025-03-31

Issue Body

TÜV NORD (Hangzhou) Co., Ltd.
Room B409, Building 1, No 9 Jiuhuan Road, Shangcheng District，Hangzhou, Zhejiang Province, 310019, China

This statement is in line with the project management procedure of TÜV NORD.
The ownership of this statement belongs to TÜV NORD (Hangzhou) Co., Ltd. All related documents will be treated as confidential.
The audit is conducted on a sampling basis and does not cover every detail in the greenhouse gas statement.
TÜV NORD (Hangzhou) Co., Ltd. is responsible for the greenhouse gas statement based on the audit results.

www.tuv-nord.com/cn

TÜV ®

远东宏信
FEHORIZON

Add: Unit 6706B-6708A, 67/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong

Tel: 852 2588 8688