

2025

Sustainability & Environmental, Social and Governance Report



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About This Report

The Report is the second Sustainability Report and the third Environmental, Social and Governance (ESG) Report (the "Report") released by Horizon Construction Development Limited ("Horizon Construction Development" or the "Company", Stock Code: 09930.HK, together with its subsidiaries collectively, the "Group"). It sets out the Group's practices and achievements in implementing ESG principles and conducting ESG management in 2025, as well as the progress made in advancing environmental, social and governance matters. The Board of Directors of Horizon Construction Development (the "Board" or the "Board of Directors") is responsible for the truthfulness and completeness of the Report.

| Scope of the Report

Organisational scope: Unless otherwise specified, the organisational scope of the Report is consistent with the scope of the Company's annual consolidated financial statements.

Time scope: Unless otherwise specified, the Report covers the period from 1 January 2025 to 31 December 2025.

| Basis for Preparation

The Report is prepared in accordance with the requirements of *Appendix C2: Environmental, Social and Governance Reporting Code* (effective on January 1, 2025) (*ESG Reporting Code*) to the *Listing Rules* of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with reference to the *GRI Standards (2021)* issued by the Global Sustainability Standards Board (GSSB). Details of specific indicator responses can be found in the "Standards Index".

| Report Language

The Report is available in both Simplified Chinese and English. In the event of any discrepancy between the two language versions, the Simplified Chinese version shall prevail.

| Data Description

The data and cases in the Report are derived from official records of actual operations of the Company. Unless otherwise stated, all monetary amounts in the Report are denominated in RMB. Unless otherwise stated, the scope of the relevant figures and data in the Report is consistent with the scope of the Company's annual consolidated financial statements.

| Report Preparation Principles

The Report follows the reporting principles of the *Environmental, Social and Governance Reporting Code* of the Stock Exchange in making disclosures, including:

Materiality

In accordance with this principle, material topics to be addressed in the Report are identified through stakeholder surveys and materiality analysis. Material matters that may have a significant impact on investors and other stakeholders with respect to environmental, social and governance issues are reported with emphasis.

Quantitative

In accordance with this principle, the Report discloses key quantitative performance metrics, with explanations of their definitions, calculation methodologies and underlying assumptions.

Balance

According to this principle, the contents of the Report reflect objective facts and disclose metrics involving both positive and negative information.

Consistency

In accordance with this principle, the Report clearly sets out the statistical methodologies and scope for the disclosed ESG key quantitative performance metrics. Efforts are made to ensure that metrics and calculation methodologies remain consistent across reporting periods, so as to reflect trends in performance levels.

| Report Release

The PDF version of the Report is available for download on the [HKEXnews website](#) and on the [Company's official website](#).

Any comments or suggestions regarding the Report may be directed to: hcd-ir@fehorizon.com.



✦ Horizon Construction Development Key ESG Performance in 2025

○ Economic Performance



Total assets
RMB **36.37** billion



Profit before tax
RMB **208.87** million



Basic earnings per share
RMB **0.047**



Total tax paid
RMB **543** million

○ Social Performance



Total number of employees
4,253



Average training hours per employee
13.95 hours



Number of suppliers
8,590



Investment in social welfare
RMB **40** thousand

○ Environmental Performance

Metric	Unit	Target	2025	Completion Status
Greenhouse gas emissions per unit of revenue (Scope 1 and Scope 2)	tCO ₂ e/RMB1 million	Down 8% from 2021 (6.10)	3.63	Down 40.49% from 2021, completed



ESG Management Statement from the Board of Directors

The year 2025 was a pivotal year for Horizon Construction Development in advancing its globalisation strategy and deepening ESG governance. The Group has steadfastly executed its international development strategy, consolidating its leading position in the Chinese market whilst accelerating expansion in overseas markets, with the ambition of establishing the Group as a trusted equipment operations and services brand for customers worldwide. Guided by its ESG philosophy of "be global for shared prosperity", the Group has continued to enhance its top-down ESG governance framework, integrating ESG considerations deeply into its globalisation strategy and day-to-day operations, with a commitment to creating long-term, sustainable and shared value for global stakeholders.

The Board of Directors is the highest decision-making and supervisory body for ESG management, supported by the ESG Committee. In 2025, the Board convened four regular meetings, fulfilling its responsibilities for deliberating on, deciding upon and overseeing ESG matters. Through a process of identification, screening, assessment and prioritisation, the Group identified and updated 16 material ESG topics, which were evaluated from the dual perspectives of financial materiality and impact materiality, forming the basis for more targeted management strategies and objectives.

Climate Change Response and Leading Green Development

The Group regards climate change response as a key component of ESG management, and actively supports China's carbon peaking and carbon neutrality goals. In accordance with the latest climate disclosure requirements of the Stock Exchange, and with reference to the IFRS S2 standard, the Group has systematically identified and assessed climate-related risks and opportunities. In 2025, the Group effectively reduced its operational carbon footprint by accelerating the electrification of its equipment fleet (with over 90% of newly procured equipment being electric), optimising its logistics network to improve energy efficiency, and continuing to invest in research and development of clean technologies such as the fully assembled steel cofferdam system. Going forward, the Group will continue to progress steadily along its established path towards carbon neutrality, laying a solid foundation for achieving its long-term goal of full value chain carbon neutrality by 2050.

Building a Quality Ecosystem and Empowering Global Partners

Equipment quality and customer service are the cornerstones of the Group's operations. In 2025, the Group further refined its quality management across the full equipment lifecycle by deepening control over key components and strengthening quality inspection at critical process stages, effectively reducing the in-rental equipment failure rate of equipment. On the customer service front, the Group optimised its tiered customer service system, resulting in continued improvement in overall customer satisfaction. In the face of new challenges arising from globalisation, the Group places great importance on information security and privacy protection. It has published its *Statement on Information Security and Privacy Protection* and established a comprehensive, multi-layered information security framework suited to its global business operations. At the same time, the Group has embedded ESG standards deeply into its supplier management system, working with global partners to build a responsible and sustainable supply chain.



Empowering Employee Growth, Contributing to a Better Society

Employees are the core driving force behind the Group's global development. In 2025, the Group established an employment compliance assessment mechanism covering overseas operating locations, and updated its *Employee Rights Protection Policy Statement*, ensuring that operations in all jurisdictions comply with local laws and regulations as well as internationally accepted standards. The Group upholds its "four no limits" talent philosophy of "regardless of age, tenure, seniority or educational background - only contribution counts", and has made significant strides in developing internationally-minded talent with a global perspective through cultural and cross-cultural training programmes such as the Hongfan Programme, resulting in continued growth of its overseas workforce. With respect to occupational health and safety, the Group has continued to improve its HSE management system and increased investment in safety to ensure work safety. The Group also actively fulfils its social responsibilities by contributing to the communities in which it operates and to rural revitalisation through initiatives such as voluntary blood donation and pairing-assistance programmes.

Upholding Governance Foundations, Practising Business Ethics

Sound operations and compliant management are the bedrock of the Group's sustainable development. In 2025, the Group continued to optimise its corporate governance framework to ensure the scientific rigour and transparency of Board decision-making. The Group has further strengthened its compliance and risk management systems. In response to emerging risks in overseas markets, including geopolitical risks and data security concerns, the Group has implemented a differentiated compliance management approach under the "One Country, One Strategy" principle to safeguard its global operations. In terms of business ethics, the Group has rigorously implemented anti-corruption management measures, improved its whistleblowing mechanisms, strengthened integrity education for all staff, and maintained a zero-tolerance stance towards any form of corrupt behaviour, thereby upholding the Group's strong commercial reputation.

The Group advanced 10 points in its 2025 S&P CSA score, following which in February 2026 the Group was included in the Sustainability Yearbook 2026 (Global Edition), marking international recognition of its efforts in sustainable development. Looking ahead, the Group will remain committed to its vision of becoming a world-class comprehensive equipment operation service provider, continuing to deepen its ESG management practices, driving development through innovation, and leading the future with responsibility. In achieving high-quality, sustainable corporate development, the Group aims to create ever greater value for its global stakeholders.



About Horizon Construction Development

○ Company Profile

Horizon Construction Development Limited and its subsidiaries is an equipment operations and services company dedicated to providing "product + service" one-stop integrated solutions for construction and industrial clients both domestically and internationally, continuously creating value for its customers.

Since its establishment in 2011, the Group has become a leading equipment operation service provider in terms of scale and comprehensive capability nationwide. It ranked 11th on the Global Equipment Rental Top 100 (IRN100) and ranked 1st on the Global Aerial Work Platform Rental Top 50 (ACCESS50). We have established 562 outlets in China and overseas, serving approximately 401,000 customers cumulatively.

- Basic Information of Horizon Construction Development -

Company name Horizon Construction Development Limited		
 Date of establishment 2011	 Headquarters address Tianjin, China	 Listing date May 2023
 Stock Code 09930.HK	 Operating revenue RMB9,359 million	 Total number of employees 4,253 employees



○ Fields of Business

Horizon Construction Development is one of China's leading equipment operations and services providers, with a diversified equipment portfolio and strong service capabilities. The Group's business encompasses equipment rental, construction services and agency sales. Building on equipment operations as its foundation, the Group has expanded its product categories and diversified its operations. In addition to serving the traditional construction sector, it has successfully entered the marine and offshore engineering, petrochemical, mining, and municipal sanitation sectors, establishing itself as a trusted partner for both construction and industrial customers.

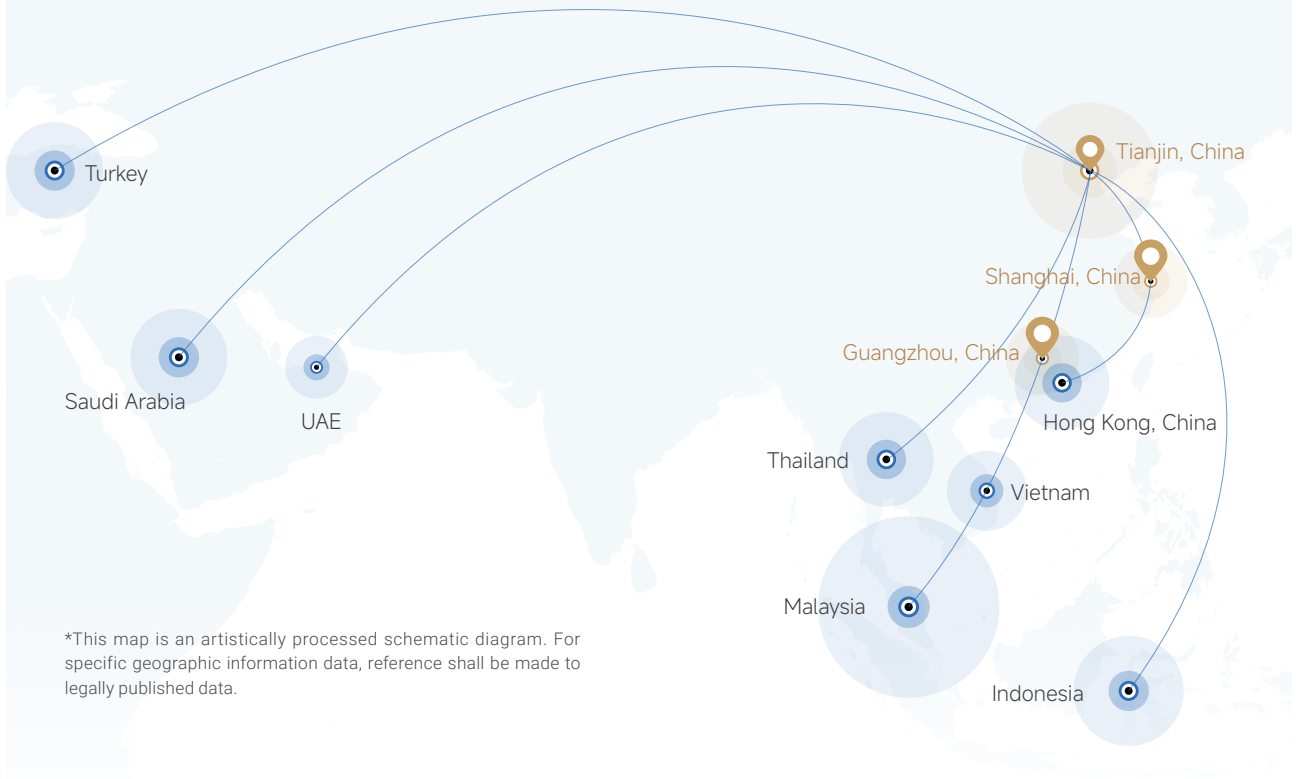
- Business Composition of Horizon Construction Development -





Global business network

- Headquartered in Tianjin, with four permanent bases located in Jinshan (Shanghai), Jiading (Shanghai), Wuqing (Tianjin) and Nansha (Guangzhou)
- 485 service locations across mainland China and Hong Kong, covering 229 cities
- Actively pursuing entity-based operations in overseas markets, with steady expansion in Southeast Asia and the Middle East; an overseas team of approximately 1,400 employees and 77 overseas service locations, covering Malaysia, Vietnam, Indonesia, Thailand, Saudi Arabia, the UAE and Turkey



○ Corporate Culture

Mission	◆ Make customers' production and operations safer and more efficient
Vision	◆ Become a trusted equipment operation service provider
Talent Philosophy	◆ To strive to create a fair, impartial and open professional competitive platform, enabling honest, diligent and dedicated employees to receive the recognition and rewards they deserve, within a working environment defined by clear rules and integrity
Talent Management Philosophy	◆ Regardless of age, tenure, seniority or educational background - only contribution counts
Global Cultural Values	◆ Customer first; professional and efficient; innovative and enterprising; integrity and accountability; open and inclusive; people-oriented



○ Honours and Recognition in 2025



Ranked 1st on the Global Aerial Work Platform Rental Top 50 (ACCESS50)
KHL Group (UK)



National High-tech Enterprise
Shanghai Municipal Science and Technology Commission
Shanghai Department of Finance
Shanghai Municipal Tax Service,
State Taxation Administration



Ranked 11th on the Global Equipment Rental Top 100 (IRN100)
KHL Group (UK)



National High-tech Enterprise
Guangzhou Municipal Science and Technology Bureau
Guangdong Provincial Department of Finance
Guangdong Provincial Tax Service,
State Taxation Administration



Included in the S&P Sustainability Yearbook (China Edition) 2025
S&P Corporate Sustainability Assessment (CSA)



China Chengxin AAA Credit Rating (2024)
China Chengxin International Credit Rating Co., Ltd.



S&P CSA score advanced 10 points in 2025 to 58 points, with inclusion in the Sustainability Yearbook 2026 (Global Edition)
S&P Corporate Sustainability Assessment (CSA)



AAA Corporate Credit Enterprise
Sangong International Credit Assessment (Beijing) Co., Ltd.



Climate Change Questionnaire B
CDP Rating



Science and Technology Progress Award
China Formwork and Scaffold Association



A
Wind ESG Rating



A-
SynTao Green Finance ESG Rating



Leading Enterprise in Operating Leases - 2025 (8th) China Financial Leasing "Soaring Award"
Global Leasing Industry Competitiveness Forum



○ Industry Organisation Memberships and Roles

Organisation	Role
International Powered Access Federation (IPAF)	Member
China Construction Machinery Association	Executive Director
China Formwork and Scaffolding Association	Executive Director
Sunshine Integrity Alliance	Member
Shanghai Water Engineering Association	Member
Shanghai Construction Hardware, Doors and Windows Industry Association	Vice Chair
Shanghai Jinshan District Ecological and Environment Association	Member
Shanghai Jinshan District Ecological Environment and Energy Association	Member
Shanghai Jinshan District Emergency Management and Work Safety Association	Member
Jiading District Federation of Industry and Commerce (General Chamber of Commerce), Shanghai	Member
Suzhou New Building Materials Industry Association	Executive Director
Wuxi Construction Machinery Association - Formwork and Scaffolding Branch	Member
Nansha Construction Industry Association	Member
Shenzhen Ocean Petroleum Services Association of Enterprises	Member

1 Sustainable Development Governance



1.1 ESG Management Philosophy

Guided by its ESG philosophy of "be global for shared prosperity", Horizon Construction Development is committed to becoming a trusted provider of comprehensive equipment operations and services, whilst placing sustained focus on the priorities of its key stakeholders - including investors, customers, the environment, employees and communities. The Group continually enhances its ESG management standards and strives to create long-term, sustainable and shared value for all stakeholders.

- Horizon Construction Development ESG Management Model -



1.2 ESG Governance Framework

Horizon Construction Development has established a top-down, clearly defined responsibility and authority structure for ESG Governance. The Board of Directors is the highest decision-making body for ESG governance, bearing overall responsibility for ESG management and practices. The Board has established an ESG Committee and adopted the [Terms of Reference of the ESG Committee](#) to clearly define its scope of authority.

At the management level, the Company has established a Management-level ESG Committee, under the overall management of the Chief Operating Officer (COO). Beneath the Management-level ESG Committee sits the ESG Group, which comprises a group leader and executing members. The group leader is the General Manager of the Strategy Centre, whilst executing members are primary liaisons appointed by the relevant executing departments (ESG-related departments). The ESG Group has formulated the *Guidance Manual for ESG Management*, which sets out the ESG topics and key performance metrics for which each executing department is responsible.



- ESG Governance Structure of Horizon Construction Development -

Decision-making and supervisory level	Board of Directors	<ul style="list-style-type: none"> Assess and determine the Company's ESG-related risks (including climate-related risks); Formulate, adopt and review the Company's ESG vision, policies and objectives.
	ESG Committee of the Board of Directors	<ul style="list-style-type: none"> The Chairman is Mr SUM Siu Kei, an Independent Non-Executive Director; Guide, review and formulate the Company's ESG management approach, strategies, principles and vision, ensuring they remain current, fit for purpose and compliant with applicable laws and regulatory requirements; Oversee the establishment and implementation of the Company's ESG objectives, including: setting ESG management performance targets; reviewing progress towards achieving targets and providing recommendations on actions required; Monitor external ESG trends and report to the Board on material trends that may affect the Company's ESG approach, strategies and objectives; Guide and review the identification and prioritisation of the Group's material ESG topics; Review the annual <i>Environmental, Social and Governance Report</i> and other ESG-related disclosures, and make recommendations to the Board for approval; Identify ESG risks and opportunities relevant to the Company, assess their impact on the Group, and provide recommendations to the Board on how to respond; Perform such other duties as delegated by the Board.
Management Level	ESG Committee of the Management	<ul style="list-style-type: none"> Monitor relevant laws, regulations and policy guidance in the ESG domain, ensure compliance requirements are met and provide recommendations on the direction of the Company's ESG work; Lead the Company's ESG strategic planning, target-setting, policy development and management improvement; Identify and assess ESG-related risks and opportunities that may have a potential impact on the Company's business and finances, and guide Management in adopting appropriate responses; Review the Company's annual ESG report and make decisions on public disclosure; Review the Company's annual ESG rating results and propose improvement recommendations; Deliberate and decide on any other material ESG matters.
Execution level	ESG Group	<ul style="list-style-type: none"> Responsible for researching, formulating and recommending the Company's ESG policies and practices; Prepare the annual ESG report; Track ESG performance; Participate in and maintain ESG ratings in capital markets; Identify ESG risks and fully implement the Company's ESG activities.

During the reporting period, the Board convened four regular meetings, at each of which it received updates on ESG-related work and matters - including carbon neutrality planning, improvements to relevant ratings, and ESG-related operational initiatives - and tracked progress on ESG work through monthly Board reports. The Board has thereby fully discharged its ESG management responsibilities. With respect to ESG training for directors, directors regularly receive ESG-related information and research reports, and ESG topics are incorporated into Board meeting agendas to drive the formulation and implementation of the Company's sustainable development strategy.

- Key ESG Work of the Company in 2025 -

<p>Accelerated the electrification of the equipment fleet: the proportion of newly procured equipment that is electric has exceeded 90%</p>	<p>Advanced cultural workshop activities to enhance employee cultural integration, ensuring the smooth progress of the Group's internationalisation</p>	<p>Advanced green process development: the Group's "Extended top jack post + truss beam" product received the Science and Technology Progress Award from the China Formwork and Scaffold Association</p>
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1.3 Communication with Stakeholders and Analysis of Material Topics

Communication with Stakeholders

The Group places great importance on the needs and concerns of its various stakeholders. Based on its actual business operations, the Group has identified seven key stakeholder groups, including investors, government and regulatory authorities, and the environment, and has built diversified communication channels to incorporate their concerns into day-to-day management and operational decision-making, ensuring these are addressed and acted upon effectively.

- Horizon Construction Development Key Stakeholder and Topic Communication Table -

Key Stakeholders	Materiality	Topics of Concern	Communication & Response
Investors	We must create value for shareholders	<ul style="list-style-type: none"> Corporate Governance Compliance and risk management 	<ul style="list-style-type: none"> General Meeting of Shareholders Information disclosure Compliance training Improvement of risk management system
Government and regulatory authorities	The government regulates our business operations	<ul style="list-style-type: none"> Corporate Governance Compliance and risk management Business ethics and anti-corruption Climate change response Social contribution and rural revitalisation 	<ul style="list-style-type: none"> Policy implementation Information disclosure Whistleblowing channels Publication of carbon peaking and carbon neutrality targets Donations for rural revitalisation
Environmental	Our business operations have an impact on the ecological environment	<ul style="list-style-type: none"> Climate change response Energy management Water resources and raw material management Emissions and waste management Opportunities in clean tech 	<ul style="list-style-type: none"> Publication of carbon peaking and carbon neutrality targets Energy conservation and emissions reduction initiatives Packaging material reduction initiatives Clean technology investment and R&D HSE management system
Customers	Ensuring customer rights is the foundation of our business operations	<ul style="list-style-type: none"> Construction and equipment quality Innovation-driven development Customer relations Information security and customer privacy protection 	<ul style="list-style-type: none"> After-sales service and complaints Customer satisfaction surveys Information security
Partners	Partners must share the same ESG values with us	<ul style="list-style-type: none"> Compliance and risk management Business ethics and anti-corruption Sustainable supplier management 	<ul style="list-style-type: none"> Supplier review and evaluation Strategic cooperation negotiations Supplier conferences Exchange visits
Employees	Employees are the most important cornerstone of our Group's development	<ul style="list-style-type: none"> Human capital management Occupational health and safety 	<ul style="list-style-type: none"> Day-to-day labour union operations Hongzhusheng Plan HSE management system Tiered employee training system
Communities and the public	Our business operations may have an impact on community development	<ul style="list-style-type: none"> Social contribution and rural revitalisation 	<ul style="list-style-type: none"> Community activities Public welfare activities

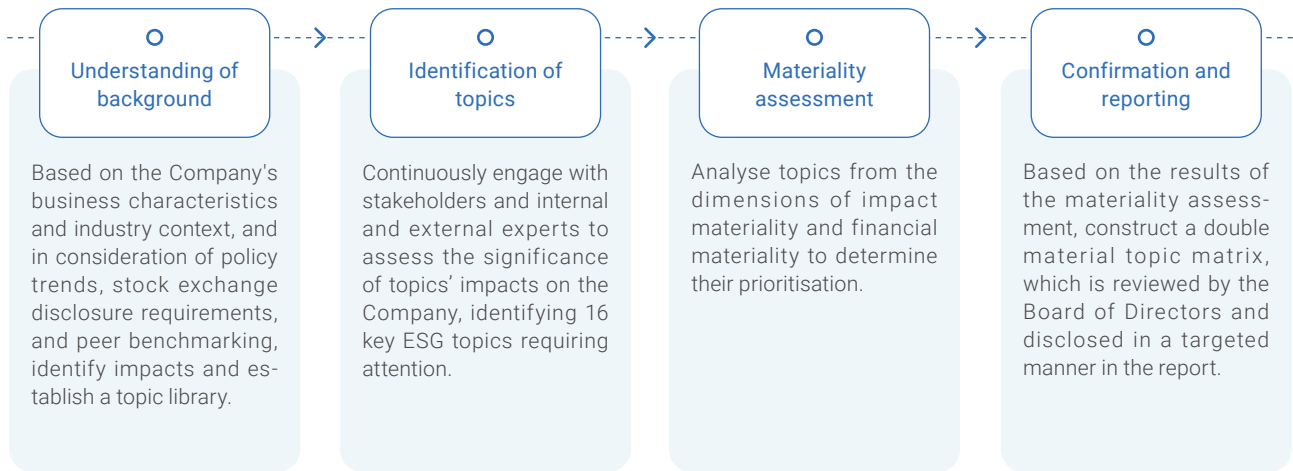


Identification and Analysis of Material Topics

The Group identifies and screens material topics through internal processes such as due diligence and risk management, combined with an analysis of policy trends, the latest disclosure requirements of the Stock Exchange, and the focus areas of capital market rating agencies, as well as stakeholder engagement and an assessment of the Company's actual operating conditions. This process generates a pool of material topics, upon which a double materiality analysis is then conducted.

The Group established a project team comprising internal and external experts to identify the principal sustainability impacts, risks and opportunities during the reporting period. These were consolidated into 16 ESG topics requiring attention, and the materiality of each topic to the Company was assessed from the dual perspectives of impact materiality and financial materiality. The assessment dimensions for impact materiality include the likelihood of the impact occurring and its severity (comprising scale of impact, scope of impact and irremediability of impact). The assessment dimensions for financial materiality include the likelihood of the impact occurring over the short, medium and long term, and the magnitude of the financial effect.

- Horizon Construction Development Materiality Analysis Process -



- Changes to Horizon Construction Development's Material Topics in 2025 -

Material Topics in 2025	Material Topics in 2024	Changes	Reason for Change
Water resources and raw material management	Resource management	Revised wording	The wording was revised to make the topic name more focused and better aligned with the management practices covered under it.
Information security and customer privacy protection	Privacy and data security	Revised wording	The wording was revised to align with the terminology used for "information security" and "customer privacy protection" as two separate topics within capital market ESG rating systems.
Human capital management	Employee rights and welfare protection	Topics merged	In response to the integrative trend towards human capital management within mainstream domestic and international ESG standards and capital market ESG rating systems, and taking into account the Company's internal management context, the relevant topics have been consolidated from separate items into a single unified topic.
	Human capital management		



- Horizon Construction Development 2025 Materiality Matrix -



The Group conducts in-depth analysis and assessment of the impacts, risks and opportunities associated with material topics, develops management strategies for financially material topics and implements targeted management measures. The Report discloses sustainability-related practices for financially material topics in accordance with the four-pillar framework of the International Sustainability Standards Board (ISSB) - namely Governance, Strategy, Risk Management, and Metrics and Targets - ensuring accountability and transparency in disclosure. With the exception of "Climate Change Response", the "Strategy" element for each financially material topic is presented in consolidated form in the table below, whilst the "Governance", "Risk Management" and "Metrics and Targets" elements are presented in their respective dedicated chapters.

- Horizon Construction Development 2025 Financially Material Topics – Risk and Opportunity Analysis -

Financial Materiality Topics	Value Chain Stage	Corresponding SDGs	Principal Risk and Opportunity Types	Time Horizon ¹	Financial Impact	Response Strategy
Business ethics and anti-corruption	Upstream value chain Own operations		Reputational risk, liability risk	Short-, medium-, and long-term	Operating costs ↑ Operating income ↓	Strengthen internal controls, proactively identify risks, improve oversight systems, reinforce employee integrity awareness, and comprehensively prevent and combat corrupt behaviour.
Climate change response	Upstream value chain Own operations Downstream value chain		Market risk, policy risk, physical risk; market opportunity, product and service opportunity	Medium- and long-term	See Section 2.1 "Climate Change Response"	
Energy management	Own operations		Policy risk, technological risk	Medium- and long-term	Operating costs ↑	Establish an energy management system, standardise energy management practices and promote green development.
Construction and equipment quality	Upstream value chain Own operations Downstream value chain		Product and service opportunity, market opportunity	Short-, medium-, and long-term	Operating income ↑	Develop and implement an end-to-end mechanism covering construction and equipment quality control, ensuring that construction and equipment quality across the full life-cycle, from procurement through to re-use, is effectively controlled and continuously improved.
Innovation-driven development	Own operations		Product and service opportunity, resource efficiency opportunity, energy source opportunity	Short-, medium-, and long-term	Operating costs ↓ Operating income ↑	Integrate resources and coordinate collaboration to lead technological innovation and application.
Customer relations	Downstream value chain		Product and service opportunity, market opportunity	Short-, medium-, and long-term	Operating income ↑	Uphold the core values of "customer first, hard work, win-win cooperation" and adopt "all work for customers" as the guiding principle, striving to meet customer needs to the greatest possible extent and achieve customer satisfaction.
Information security and customer privacy protection	Own operations Downstream value chain		Reputational risk, liability risk	Medium- and long-term	Operating costs ↑	Guided by the core principles of "strengthening awareness, engaging all staff, centralising management, and enabling dynamic adjustment", build a comprehensive and systematic mechanism for information security and customer privacy protection to enhance management standards across all dimensions.
Sustainable supplier management	Upstream value chain		Product and service opportunity, resource efficiency opportunity	Short-, medium-, and long-term	Operating income ↑	Uphold the principles of "separation of management and use, hierarchical classification, openness, transparency, and continuous optimisation" to standardise the full supplier lifecycle, including sourcing, onboarding, review, development, suspension and exit, whilst integrating ESG management throughout the process.



Financial Materiality Topics	Value Chain Stage	Corresponding SDGs	Principal Risk and Opportunity Types	Time Horizon ¹	Financial Impact	Response Strategy
Human capital management	Own operations	 	Reputational risk, liability risk	Medium- and long-term	Operating costs ↑	<p>Establish domestic and overseas employment compliance assessment mechanisms, focusing on key stages of the full human resources lifecycle, to ensure that operations in all jurisdictions comply with local laws and regulations as well as internationally accepted standards; build a responsible and sustainable employment framework and drive the embedding of talent culture in overseas locations.</p> <p>Respect and protect the fundamental rights and interests of employees, recognise and develop individual differences, and create a fair, impartial and open workplace environment.</p> <p>Uphold the “four no limits” talent philosophy, regardless of age, tenure, seniority or educational background, valuing every employee’s potential and actual contribution; adopt a scientific performance evaluation system to assess employees’ work results and conduct fairly, unlock employee potential and drive the Company’s sustainable development.</p>
Occupational health and safety	Upstream value chain Own operations		Liability risk, reputational risk	Short-, medium-, and long-term	Operating costs ↑ Operating income ↓	<p>Uphold a safety management philosophy centred on risk management; establish a robust occupational health and safety management system covering overall operations and contractors supervised by the Group; promote regular identification of occupational disease risks across the full production cycle at each base; monitor and rectify occupational disease risks; and strengthen employee occupational health management through both equipment improvement and health prevention.</p>
Corporate Governance	Own operations		Reputational risk, compliance risk in business operations	Short-, medium-, and long-term	Operating costs ↑ Operating income ↓	<p>Continuously ensure the scientific rigour and standardisation of the governance structure, and effectively improve decision-making efficiency and transparency.</p>
Compliance and risk management	Own operations		Market risk, policy risk, technological risk, reputational risk, liability risk, etc.	Medium- and long-term	Operating costs ↑	<p>Continuously optimise risk management strategies; build and improve a comprehensive risk management system to identify, measure, assess, monitor, report, mitigate and control all categories of risk, ensuring compliant operations.</p>

Note 1: Time horizons are defined as: short term (one year or less); medium term (over one year to five years inclusive); long term (over five years).



2 Leading Green Development, Building a Low-carbon Future Together

- Climate change response
- Energy management
- Water resources and raw material management
- Emissions and waste management
- Opportunities in clean tech

Metric	2025 Target	Progress in 2025	
Greenhouse gas emissions per unit of revenue (tCO ₂ e/RMB1 million)	Decrease by 8% from 2021 (6.10)	3.63, decreased by 40.49% from 2021	✓ Completed





2.1 Climate Change Response

Against a backdrop of increasingly severe global climate and environmental challenges, deepening the low-carbon transition and practising green operations represent not only a corporate responsibility, but also a critical pathway to building long-term resilience and competitive advantage for the future. To this end, Horizon Construction Development has continued to improve its integrated framework covering climate change and environmental management, embedding related objectives deeply into the Company's strategy, governance structure and day-to-day operations. The Group is committed to driving high-quality business development whilst making a substantive contribution to addressing the global climate crisis and protecting the Earth's ecosystems.

Climate change response

The Group actively supports China's carbon peaking and carbon neutrality goals. In accordance with Part D of the HKEX ESG Reporting Code, and with reference to the recommendations of the ISSB's IFRS S2 Climate-related Disclosures ("IFRS S2"), the Group identifies, assesses and analyses climate-related risks and opportunities, and uses the findings to improve its climate change management framework. The Group is committed to reducing the climate impact of its operations and capturing development opportunities arising from the green transition through systematic governance and action.

Governance

To strengthen climate governance, the Group has integrated climate governance responsibilities into the Company's overall ESG governance framework, forming a top-down governance structure. Each level carries out climate governance and management activities in an orderly manner in accordance with governing documents including the *Terms of Reference of the ESG Committee* and the *Guidance Manual for ESG Management*, ensuring that climate-related management is embedded into the Company's overall strategy and day-to-day operations.

- Horizon Construction Development Climate Change Governance Framework -

Board of Directors	<ul style="list-style-type: none"> Bears ultimate responsibility for climate-related governance; reviews, assesses and approves the Group's climate-related risks, climate strategy, medium and long-term targets and material climate-related decisions, and oversees overall performance. Receives reports on climate-related work and provides recommendations at least once a year.
Board of Directors ESG Committee¹	<ul style="list-style-type: none"> Monitors climate-related policy trends; oversees the identification and assessment of climate-related risks and opportunities; guides the formulation of climate strategy and targets; monitors progress against targets; reviews climate-related disclosures; and reports to the Board once a year.
Management-level ESG Committee	<ul style="list-style-type: none"> Identifies and assesses climate-related risks and opportunities and their impact on the Group's business and finances; leads the formulation of climate strategy, target-setting, policy development and management improvement; reviews climate performance and reporting; and ensures operational compliance.
ESG Group	<ul style="list-style-type: none"> Responsible for the identification of specific climate-related risks, recommendations and implementation of emissions reduction projects, collection and analysis of climate performance data, and internal and external reporting and disclosure; incorporates progress towards greenhouse gas reduction targets into the remuneration and performance appraisal system of relevant departments within the ESG Group.

Note 1: Mr. SUM Siu Kei, Chairman of the ESG Committee of the Board of Directors, holds the ESG Planner professional qualification from the International Association for Sustainable Development and possesses the skills and competencies required to oversee the management of climate-related risks and opportunities.

Strategy

In order to systematically address the challenges posed by climate change, capture transition opportunities and enhance climate resilience, the Group proactively identifies climate-related risks and opportunities, assesses and prioritises them according to their likelihood of occurrence and potential magnitude of impact, and presents the prioritisation results in a climate risk and opportunity matrix. On this basis, the Group conducts identification and scenario analysis of material climate risks and opportunities, assessing their potential operational and financial impacts across the full value chain over the short term (0-1 year), medium term (1-5 years) and long term (over 5 years), and adjusts short, medium, and long-term strategies and business models based on climate change and formulates management measures accordingly.



Drawing on annual revenue data, the Group has systematically constructed a financial quantification model for climate-related risks. With respect to physical risks, the Group distinguishes between the differentiated impact characteristics of chronic and acute risks. Chronic risks, having longer forewarning periods, can be addressed through gradual adaptation measures; acute risks, whilst more destructive, are typically limited in scope to specific regions or projects. Taking into account the probability of occurrence and magnitude of loss, a financial threshold of 0.05% of annual revenue has been established as the materiality benchmark for physical risks. With respect to climate transition risks, the Group has identified six core dimensions, including market volatility and policy adjustments, which, given their potential for transmission across business value chains and systemic impact on the Group's full range of products and services, warrant a financial threshold of 1.5% of annual revenue as the materiality benchmark for environmental risks.

In respect of physical risks, the Group has drawn on the Shared Socioeconomic Pathways (SSPs) from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6), selecting the low-emission scenario SSP1-2.6 and the high-emission scenario SSP5-8.5 to systematically assess the potential impact of physical risks on the Group's physical asset operations across different timeframes (baseline, medium term to 2030 and long term to 2050). The Group is actively formulating and refining response measures to ensure effective resilience against physical risks under different climate scenarios.

- Horizon Construction Development Physical Risk Scenario Analysis -

The Group selected physical assets for inclusion based on the criteria of direct relevance to the Group's operations, coverage across business segments and asset holding period. A total of four assets were identified for inclusion in this physical risk scenario analysis.

Time Horizons and Scenarios Used

The Group assessed the potential impact of physical climate risks on the Company's operations at the baseline, medium term (2030) and long term (2050). Response measures have been prepared for the relevant impacts.

To enable comparison between an orderly low-emission scenario and a disorderly high-emission scenario, two scenarios were selected for the physical risk assessment, both drawn from the Shared Socioeconomic Pathways (SSPs) of the IPCC Sixth Assessment Report (AR6).

- Physical Risk Scenario Descriptions -

SSP1-2.6 Low-emissions scenario

- Warming kept below 2°C by 2100, consistent with existing commitments under the *Paris Agreement*
- Countries develop more sustainably, with emphasis on environmental protection and reduced inequality between nations
- Investment in education and healthcare accelerates demographic transition
- Consumption oriented towards reducing resource use and energy consumption

SSP5-8.5 High-emissions scenario

- CO₂ emissions double by 2100
- A "business-as-usual" development pathway, assuming climate policies remain unchanged
- Countries compete for development, relying heavily on technological and human capital investment as the path to sustainability
- Countries continue to exploit abundant fossil fuel resources and adopt resource- and energy-intensive lifestyles
- Rapid global economic growth, while the global population peaks and gradually declines during the 21st century



Risk Types and Metrics

The following metrics were used in the physical risk assessment:

- Physical Risk Types and Metrics -

Climate Hazard Type	Climate Metric	Unit
Extreme high temperature	Warm spell duration index	Day (s)
Extreme low temperature	Cold spell duration index	Day (s)
River flooding	River flood inundation depth	Metres
Extreme precipitation flooding	Maximum five-day precipitation	Millimetres
Coastal flooding	Coastal flood inundation depth	Metres
Tropical cyclone	Maximum wind speed of tropical cyclones	Knots
Wildfire	Forest fire risk index	Day (s)
Precipitation-induced landslide	Precipitation-induced landslide index	Day (s)
Water stress and drought	Water stress index	/

Assessment Results

Based on the results of the scenario analysis, overall physical risks show an upward trend, with the exception of a decline in extreme cold risk. Under the high-emission scenario (SSP5-8.5), the increase in climate risk is more pronounced, particularly over the long term (2050). Amongst all physical risks, the assessed assets of Horizon Construction Development face four principal physical risks: water stress and drought, flooding, tropical cyclones and extreme heat. The average physical risk assessment results for each asset are set out in the table below:

- Physical Risk Assessment Results -

Asset Name	Baseline	2030 (SSP1-2.6)	2050 (SSP1-2.6)	2030 (SSP5-8.5)	2050 (SSP5-8.5)
Shanghai Jiading Base Project	Low	Medium	Medium	High	High
Shanghai Jinshan Base (New Plant) Project	Medium	High	High	High	High
Shanghai Jinshan Base (Old Plant) Project	Medium	Medium	Medium	Medium	High
Tianjin Wuqing Base Project	Medium	Medium	Medium	Medium	Medium

Response Measures

A comprehensive management system covering early warning, emergency response and incident handling has been established, comprising a suite of operational guidance documents including the *Abnormal Early Warning Information Query and Feedback Guidance Manual*, the *Severe Weather Emergency Defence Guidance Manual* and the *Typhoon Prevention Guidance Manual*. Climate considerations are also incorporated into the site selection and operational processes for service locations.

With respect to transition risks and opportunities, the Group conducts qualitative and partial quantitative assessments of risks and opportunities affecting its own operations and value chain, taking into account key business areas as well as national and local low-carbon policies.



- Horizon Construction Development Climate Change Transition Risk and Opportunity Analysis: Qualitative Financial Impact and Response Strategies -

Risk Type	Specific Description	Anticipated Financial Effect	Time Horizon	Response Strategy
Transition risks				
① Reputational risk	As carbon peaking, carbon neutrality and carbon neutrality-related policies are rolled out, stakeholders expect the Group to take proactive management action in addressing climate change and to improve disclosure transparency. Failure to sufficiently respond to stakeholder expectations with respect to green operations and the provision of green equipment products may have an adverse reputational impact.	Operating costs ↑ Operating income ↓	Medium- and long-term	<ul style="list-style-type: none"> Communicate the Company's response to "climate change response" with stakeholders through channels such as ESG reports, the Company's official website and Carbon Disclosure Project (CDP) questionnaire submissions; Implement energy-saving policies and measures, such as requiring employees to switch off lights after work or during lunch breaks, activating air conditioning or heating only when temperatures reach a specified level, and utilising alternative energy sources; Monitor the latest energy-saving and environmentally friendly technologies from equipment manufacturers, and procure more electric equipment to replace conventional fuel-powered equipment, thereby reducing carbon emissions.
② Policy and legal risk	As the government tightens environmental regulatory requirements and continues to introduce climate disclosure-related policies, the Group and its suppliers may face legal liability, regulatory action, disciplinary penalties, or property and commercial reputation losses for failure to comply with climate-related policies or laws. There is also a risk of increased operating costs for the Group arising from the opening of carbon markets and rising clean energy prices.	Operating costs ↑ Operating income ↓	Medium- and long-term	
③ Market risk	Against the backdrop of carbon peaking and carbon neutrality goals, customer demand for energy-efficient products is growing. Failure by the Group and its suppliers to offer low-energy-consumption products or equipment may result in reduced demand for products and services. Rising fuel prices may also lead to increased operating costs for the Group.	Operating costs ↑ Operating income ↓	Short-, medium-, and long-term	
④ Technical risk	In the context of addressing climate change and advancing the low-carbon transition, the development and application of low-carbon technologies are progressively replacing traditional high-carbon technologies and equipment. The Group may gradually phase out high-emission technologies and equipment, necessitating investment in new low-carbon technologies and equipment, which could lead to increases in capital expenditure and operating costs.	Operating costs ↑ Fixed asset value ↓	Short-, medium-, and long-term	



Risk Type	Specific Description	Anticipated Financial Effect	Time Horizon	Response Strategy
Transition opportunities				
① Resource efficiency	Improving the efficiency of resource use – including energy and water – can help the Group reduce costs in its operations.	Operating costs ↓	Short-, medium-, and long-term	<ul style="list-style-type: none"> Upgrade equipment and production lines to improve energy efficiency; Actively develop and apply environmentally friendly products such as energy-saving and eco-friendly equipment, and conduct R&D into clean technologies including the fully prefabricated, recyclable green steel structure technology and deep-water cofferdam technology; Prioritise clean electric-powered aerial work platforms when selecting equipment; where diesel equipment must be used for specific models, prioritise environmentally compliant emission equipment; Actively develop overseas markets, selecting equipment and construction methods suited to local needs to support the green development of overseas operations; Conduct ESG assessments of suppliers and select environmentally friendly suppliers.
② Products and services	As the frequency of climate disasters gradually increases, market demand for green urban development and urban infrastructure construction is growing. Horizon Construction Development already holds a first-mover advantage in equipment holdings and sustainable materials.	Operating income ↑	Short-, medium-, and long-term	
③ New markets	Under the favourable policy environment for carbon neutrality, the Group's low-carbon and environmentally friendly circulating materials used in equipment operations are increasingly preferred by customers, creating scope for growth in operating income. Meanwhile, overseas markets are more highly exposed to the effects of climate change, and demand for equipment and construction services may increase as climate change impacts intensify, affording greater potential for Horizon Construction Development to grow its market penetration in overseas markets.	Operating income ↑ Fixed asset value ↑	Short-, medium-, and long-term	
④ Energy sources	As green technology innovation and adoption become more widespread, the cost of low-carbon and renewable energy continues to decline. Increasing the use of low-carbon and renewable energy in operations will help reduce operating costs.	Operating costs ↓	Short-, medium-, and long-term	
⑤ Resilience	As society places ever greater emphasis on environmental protection, partnering with environmentally friendly suppliers enables the Group to develop products and services with stronger environmental credentials, meeting growing market demand for green products and thereby expanding market share and improving product value-add and profit margins. Furthermore, strong environmental performance can help improve the Group's credit rating, lower financing costs and enable the Group to secure more favourable financing terms, further optimising its cash flow position.	Operating costs ↓ Operating income ↑	Short-, medium-, and long-term	



- Horizon Construction Development: Analysis of Current and Expected Quantitative Financial Impacts of Selected Risks -

Type	Description	Financial Impact Time Horizon	Financial Impact Analysis
 Reputational risk	To effectively meet the expectations of partners and stakeholders for the Group to take proactive action on climate change and to improve disclosure transparency, the Company regularly and comprehensively publishes its strategic plans, specific initiatives and phased achievements on the topic of "climate change response" through its ESG report, a key vehicle for presenting the Group's environmental, social and governance performance, and through the Company's official website, a widely accessible and highly credible official platform. By providing clear and transparent disclosure, the Company demonstrates its firm commitment and concrete actions in fulfilling its social responsibilities and advancing sustainable development, proactively addressing stakeholder concerns, alleviating their reservations, strengthening mutual trust, enhancing the Group's reputation, and thereby facilitating the smooth progression of market development and project partnerships.	Current financial effect	The costs of responding to this risk primarily comprise ESG report preparation fees, costs associated with updating and maintaining relevant content on the Group's official website, and expenses incurred in collecting stakeholder feedback and conducting targeted communication activities, totaling approximately RMB320,000.
 Market risk	Against the backdrop of carbon peaking and carbon neutrality goals and the continued advancement of carbon neutrality policies, partners and stakeholders are paying increasing attention to, and have high expectations of, the Group's performance on climate change. They not only expect the Group to act proactively in terms of green operations, for example, by optimising production processes to reduce energy consumption and carbon emissions and achieve a green transformation across the full value chain, but also hope that the Company will step up its efforts in the research and development, production and supply of green equipment products, providing the market with more environmentally friendly, sustainable and high-quality options.	Expected financial impact – long term	Should the relevant risks materialise, they would in all likelihood cause significant impact to the Group's revenue. It is conservatively estimated that no more than 10% of revenue could be affected; under such a scenario, RMB936 million (representing 10% of the current year's operating income) may be regarded as the maximum financial impact. Should the Group be able to establish an effective risk early-warning mechanism and implement precise and effective mitigation measures, the negative financial impact on the Company - even if the risk materialises - would be substantially reduced; on this basis, the minimum financial impact may be assessed as zero.



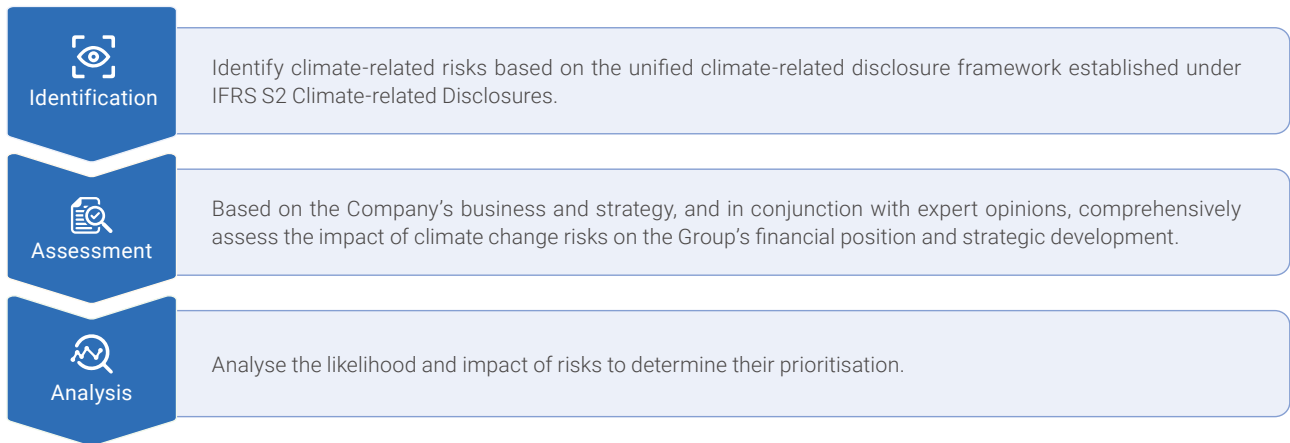
- Horizon Construction Development Climate Change Risk and Opportunity Matrix -



Risk Management

The Group has established a systematic and regular climate-related risk management process, which has been fully integrated into the Group's overall enterprise risk management programme, ensuring that climate change is effectively addressed in strategic decision-making and day-to-day operations.

- Climate Change Risk Management Process -



Based on the systematic identification and assessment of climate risks, the Group has formulated and implemented a series of targeted management measures, encompassing structural safeguards, emergency response and technological innovation, to effectively mitigate the impact of physical and transition risks on operations. For details, please refer to the climate risk response strategies set out in the "Strategy" section of this chapter.

Case**Key Measures Taken to Address Extreme Weather During Construction Projects**

During construction project implementation, the impact of extreme rainfall on groundwater levels in excavation sites represents one of the most significant physical climate risks. To ensure construction safety and manage project risks, the Group has implemented a suite of specialised management measures for excavation works to effectively respond to extreme weather events such as heavy rainfall. These measures include:

- **Rapid Installation of Emergency Support:** Utilizing modular steel struts with bolted connections and a hydraulic axial force system, rapid installation can be completed before heavy rainfall or during the early stages of flooding. This provides immediate lateral resistance, counteracting the sudden increase in earth pressure and wall deformation caused by rapidly rising water levels.
- **Dynamic Axial Force Compensation and Pressure Relief:** An intelligent monitoring system collects real-time axial force data. When thresholds are exceeded, the system remotely controls hydraulic jacks for staged unloading or preload compensation. In conjunction with pressure relief valves, active pressure relief is triggered during sudden overloads to ensure structural safety.
- **Resilient Re-strengthening:** In the event of localized excessive displacement following extreme rainfall, a rapid "replace old with new" process can be implemented – removing deformed components and reinstalling standard sections. The design axial force is restored by adjusting steel shims and end plates, eliminating the need for demolition and reconstruction. This significantly reduces post-disaster repair carbon emissions and solid waste generation.



► Excavation site

To effectively drive emissions reduction and the low-carbon transition, the Group has begun exploring and planning the establishment of an internal carbon pricing mechanism. This mechanism is intended to make the internal cost of carbon emissions explicit, providing an important economic reference for investment decision-making, operational optimisation and the assessment of energy efficiency projects. Through internal carbon pricing, the Group will guide its business units and departments to proactively account for carbon costs and to prioritise low-carbon solutions, thereby systematically reducing the Group's overall carbon footprint and supporting the achievement of its carbon neutrality goals.

Horizon Construction Development's Memberships in Climate-Related Associations and Organisations:

Shanghai Jinshan District Ecological Environment and Energy Association – Member

Shanghai Jinshan District Emergency Management and Work Safety Association – Member Unit

Metrics and Targets

In active support of the *Paris Agreement* and the carbon neutrality goals of mainland China and Hong Kong, Horizon Construction Development has established emissions reduction and carbon neutrality targets in accordance with its own positioning and strategy, planned implementation pathways, and assessed the costs of achieving carbon neutrality under different pathways, to ensure that its carbon targets are scientifically grounded, realistic and achievable. The Group will continue to research and refine its low-carbon transition action plans, building strategic reserves for the implementation of its carbon targets.


Horizon Construction Development Carbon Targets

Short-term target	Between 2021 and 2025, a linear annual reduction of 2% in greenhouse gas emissions per unit of revenue (representing an 8% reduction from 2021)			
Medium-term target	Between 2025 and 2030, a linear annual reduction of 4% in greenhouse gas emissions per unit of revenue (representing a 20% reduction from 2025)			
Long-term target	Strive to achieve full value chain carbon neutrality by 2050			
Base year	2021			
Base year carbon emission intensity	6.1 tCO ₂ e / RMB1 million			
Organisational scope of targets	Scope of consolidated financial statements, determined using the operational control approach			
Emission scope covered by targets	Scope 1 + 2	Scope 1 + 2	Scope 1 + 2	Scope 1+2+3
Target year	2023	2024	2025	2050
Target year carbon emission intensity	5.8 tCO ₂ e / RMB1 million	5.7 tCO ₂ e / RMB1 million	5.6 tCO ₂ e / RMB1 million	--

- Horizon Construction Development Carbon Target Implementation Pathways -

Emission reduction scope	Main emission sources		Principal emissions reduction actions
Scope 1 + 2	<ul style="list-style-type: none"> • Diesel consumption • Petrol consumption • Electricity consumption at offices 		<ul style="list-style-type: none"> • Initiatives to increase the utilisation rate of new energy products • Internal energy conservation initiatives • Procurement or development of green electricity • Purchase of carbon credits and low-carbon assets
Scope 3	Upstream	<ul style="list-style-type: none"> • Equipment and raw material procurement • Upstream equipment material transportation 	<ul style="list-style-type: none"> • Improve equipment and material turnover rates to effectively reduce total equipment/material procurement requirements
	Midstream	<ul style="list-style-type: none"> • Business sales travel 	<ul style="list-style-type: none"> • Employees adopt greener modes of transport for business travel
	Downstream	<ul style="list-style-type: none"> • Downstream equipment and material transportation • Subsequent use of leased equipment • Subsequent use of sold equipment • Waste treatment and disposal 	<ul style="list-style-type: none"> • Optimise warehouse and logistics network planning to reduce average transportation distances • Vehicle and equipment emissions reduction and clean energy transition • Exploration of innovative projects such as green energy storage • Waste recycling and reuse measures



- Horizon Construction Development 2025 Carbon Target Progress¹ -

Metric	Unit	2025 Target	Progress	
			2025	Completion
Greenhouse gas emissions per unit of revenue (Scope 1 and Scope 2)	tCO ₂ e/RMB1 million	Down 2% year-on-year from 2024 (3.60); down 8% from 2021 (6.10)	3.63 ²	Decreased by 40.49% from 2021
Greenhouse gas emissions from Scope 3	tCO ₂ e	/	873,050.51	/

Note 1: For other data performance details, including various categories of Scope 3 greenhouse gas emissions, please refer to the "ESG Data Sheet and Notes" section of the Report.

Note 2: In 2025, the Group's total Scope 1 and Scope 2 greenhouse gas emissions decreased by 18.36% compared to 2024. However, due to fluctuations in the Group's revenue in 2025, the greenhouse gas emission intensity per unit of revenue (Scope 1 and Scope 2) increased slightly compared to 2024.

Environmental Management

Throughout its operations, the Group adheres to its environmental management philosophy of "persisting in energy conservation and emissions reduction, persisting in low-carbon working practices, and persisting in sustainable development". The Group strictly complies with national and local environmental laws and regulations, including the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China* and the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes*, to ensure that all business activities are conducted in a lawful and compliant manner.

To systematically advance environmental management, covering energy and resource use, gaseous and wastewater emissions, and hazardous and non-hazardous waste, the Group has established an environmental management structure under which the Board of Directors makes decisions, the Board of Directors ESG Committee provides oversight, the Management-level ESG Committee offers guidance, and the HSE Management Department under the Asset Centre bears operational responsibility. This ensures that environmental protection objectives are cascaded and effectively implemented at every level. The Group has formulated a series of policies and procedures, including the *Health, Safety, and Environment (HSE) Policy*, the *Management Measures for Environmental Protection*, the *HSE Incident (Accident) Emergency Management Measures* and the *Guidance Manual for ESG Management (HSE Direction)*, which clearly define the implementation responsibilities and division of duties at each level. Environmental management requirements are incorporated into the key responsibilities of relevant departments and roles, raising awareness amongst all employees of environmental management policies, environmental regulations and the environmental impact of the Company's operations, and translating this awareness into conscious action in day-to-day work. The Group also extends relevant management requirements to key business partners, including joint venture partners and outsourcing partners, to achieve coordinated management of environmental risks across the value chain.



- Horizon Construction Development Key Environmental Management Measures -

Aspect	Key Management Measures
Setting environmental protection targets	Establish targets to reduce environmental impact and continuously monitor progress towards their achievement.
Full-lifecycle environmental management for construction projects	Strictly implement the "three simultaneities" environmental protection system, requiring that new, renovated or expanded projects carry out environmental impact assessments and construct environmental protection facilities at every stage, including feasibility study, design, construction and commissioning, to ensure source compliance.
Identification and monitoring of environmental factors	Organise departments to carry out regular identification and assessment of environmental factors, and conduct regular or ad hoc monitoring of pollutant emissions to dynamically manage the environmental impact of operations.
Environmental protection promotion and training	Publicise and implement national, local government and competent authority laws, regulations, standards and norms relating to environmental protection; organise environmental protection training to ensure all employees understand the environmental impact of their work activities and consciously comply with and strictly implement relevant requirements.
Environmental emergency management	For production, storage, transportation and other operational activities that may cause environmental pollution, formulate emergency response plans for sudden environmental incidents, equip relevant areas with emergency materials for pollution control and ensure these materials remain in good and serviceable condition; provide employees with emergency training and conduct regular drills.

In addition, the Group is actively advancing the standardisation of environmental management. Three operating bases under the Group, Shanghai Horizon Equipment & Engineering Co., Ltd., Shanghai Hongjin Equipment & Engineering Co., Ltd. and Guangzhou Hongtu Equipment Engineering Co., Ltd., have obtained ISO 14001:2015 environmental management system certification, with certification now covering 75% of the Group's wholly owned bases.

In 2025, the Group recorded no incidents of penalties for violations of environmental protection laws and regulations, achieving the target of "zero environmental pollution incidents in 2025".

- Subsidiaries of Horizon Construction Development Holding ISO 14001:2015 Certification -



Shanghai Horizon Equipment & Engineering Co., Ltd.



Shanghai Hongjin Equipment & Engineering Co., Ltd.



Guangzhou Hongtu Equipment Engineering Co., Ltd.



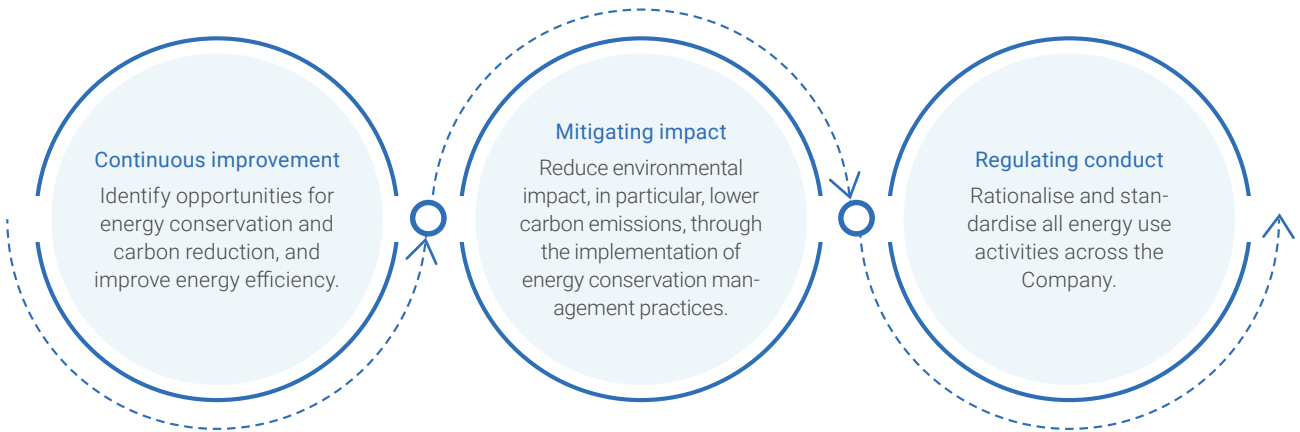
2.2 Energy Management

Energy consumption in the Group's operations arises primarily from construction equipment and day-to-day office activities, and involves petrol and diesel used by the Group's own vehicles, diesel used by construction equipment, and electricity.

Governance

The Group strictly complies with the *Energy Conservation Law of the People's Republic of China* and other relevant national and local laws and regulations. It has established an energy management organisational structure comprising the Board of Directors, Board of Directors ESG Committee, Management-level ESG Committee, Asset Centre and HSE Management Department, and has formulated supporting policies including the *Guidance Manual for Energy Conservation* to standardise energy management practices and drive the green transition.

- Horizon Construction Development Energy Conservation Management Principles -



Risk Management

The Group continuously reduces energy consumption whilst promoting the green and efficient use of energy through measures including business-end energy conservation and efficiency improvement, green retrofitting, and the use of new energy sources on the operational side.



- Horizon Construction Development Energy Management Measures -

Type	Measures	Results
Business end	<ul style="list-style-type: none"> • Fuel-to-electric conversion: Actively drive the transition of equipment such as aerial work platform trucks to electric power, reducing the use of fossil fuels. 	<ul style="list-style-type: none"> • In 2025, electric equipment accounted for 99% of domestic aerial work platform procurement.
	<ul style="list-style-type: none"> • Logistics efficiency improvement: Optimise vehicle relocation and transportation routes to improve relocation efficiency and reduce transportation trips; adopt an optimised order mode for transportation to reduce transportation distances and further reduce fuel consumption. 	<ul style="list-style-type: none"> • Optimisation of Transfers: In 2025, the general transfer rate was 9.2%, and the material transfer rate was 13.4%. Transfer optimisation saved 58,000 transportation trips and reduced transportation distance by 2.38 million kilometres, saving a total of 830,000 litres of fuel across various vehicle types. • Optimisation of orders: In 2025, optimising orders saved a transportation distance of 380,000 kilometres, with a total fuel saving of 90,000 litres across various vehicle types.
	<ul style="list-style-type: none"> • Fuel consumption monitoring: Install fuel monitoring devices on the Company's equipment to monitor fueling, fuel consumption and abnormal conditions in real time, tracking the whereabouts of every litre of fuel used in the equipment to improve the rational use of fuel and further reduce fuel wastage. 	<ul style="list-style-type: none"> • In 2025, 22 "Mechanical Commander" fuel monitoring devices were installed; overall energy consumption decreased by 1.89% over the full year, saving approximately RMB720,000.
Operational end	<p>Solar energy</p> <ul style="list-style-type: none"> • Bases use solar-powered street lighting; hot water for handwashing facilities uses solar water heating systems to improve the utilisation of new energy. • Rooftop photovoltaic systems have been installed at the Jiading Base, Jinshan Base and Nansha Base, all of which generate electricity for self-use with surplus fed into the grid. 	<ul style="list-style-type: none"> • A total of 15 solar-powered street lights at the bases. • Combined installed capacity of rooftop photovoltaic systems across the three bases reaches 1.6 MW, with an annual total power generation of approximately 1.24 million kWh, of which approximately 512,000 kWh is for self-generated, self-consumed use.
	<p>Geothermal energy</p> <ul style="list-style-type: none"> • The Jiading Base and Wuqing Base employ ground source heat pump air conditioning systems, utilising green shallow geothermal energy to reduce electricity consumption. 	<ul style="list-style-type: none"> • More energy-efficient compared to conventional air conditioning systems.
	<p>Raising electricity conservation awareness</p> <ul style="list-style-type: none"> • Conduct regular energy management training to promote the principles of energy conservation, carbon reduction and environmental protection. 	<ul style="list-style-type: none"> • One energy conservation awareness campaign was conducted in 2025, with a total readership of 2,700.
Electricity conservation management	<p>Electricity conservation code of conduct</p> <ul style="list-style-type: none"> • When leaving offices, meeting rooms, workstations or other areas for extended periods, employees should switch off lights; • Night-time lighting at base premises should only be switched on when light intensity is insufficient and should be turned off promptly at daybreak; • Air conditioning should be set to ≥26°C in summer and ≤20°C in winter, and should only be activated when temperatures exceed 30°C or fall below 15°C; • Doors and windows should not be opened unless necessary whilst air conditioning is in use, and air conditioning should be switched off when vacating a space for an extended period. 	



Metrics and Targets

- Horizon Construction Development 2025 Energy Management Metrics and Targets¹ -

Metric	2025 Target	Progress	
		2025	Completion
Energy consumption per unit of revenue (tce/RMB1 million)	Down 4% year-on-year from 2024 (1.53)	1.58	Not completed ²

Note 1: For other data performance details, please refer to the "ESG Data Sheet and Notes" section of the Report.

Note 2: In 2025, the Group's total energy consumption decreased by 16.12% compared to 2024. However, due to fluctuations in the Group's revenue in 2025, the energy consumption intensity per unit of revenue increased slightly compared to 2024.

2.3 Water Resource and Raw Material Management

Water Resource Management


The Group's water sources during operations consist primarily of municipal water supply and rainwater. To regulate water use and improve utilisation efficiency, the Group strictly complies with relevant national and local laws and regulations, including the *Water Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Regulation of the People's Republic of China on Water Conservation* and the *Shanghai Municipal Regulation on Water Conservation*. The *Guidance Manual for Energy Conservation* sets out specific codes of conduct for water conservation to guide all employees in practising water-saving behaviour. In 2025, the Group paid water resource fees on time, encountered no issues in obtaining water sources, and recorded no violations of water quality or quantity permits, standards or regulations.

The Group has established and strengthened its water conservation mechanisms, advancing the conservation and recycling of water resources and comprehensively improving water resource management effectiveness through a combination of measures, including the promotion of rainwater harvesting and recycling, the implementation of technical retrofits to car washing equipment, and ongoing employee water conservation initiatives.

- Horizon Construction Development Water Resource Management Measures -

Type	Measures	Results
Rainwater recycling and utilisation	<ul style="list-style-type: none"> Rainwater collection and recovery systems have been installed at the Jiading and Nansha Bases; collected rainwater is treated and used for purposes such as fountains and vehicle washing. 	<ul style="list-style-type: none"> In 2025, the Jiading Base recycled approximately 68m³, and the Nansha Base recycled approximately 490m³.
Wastewater sedimentation and reuse	<ul style="list-style-type: none"> Sedimentation tanks have been installed to treat wastewater generated from vehicle washing in a centralised manner; water that has undergone sedimentation treatment can be reused for vehicle washing at certain warehouses. 	<ul style="list-style-type: none"> Effectively reduces the concentration of pollutants in wastewater and improves the rate of water recycling.
Technical retrofit of car washing equipment	<ul style="list-style-type: none"> Technical retrofits have been carried out on vehicle washing equipment, including the installation of automatic water shut-off valves on car washing machines, to reduce wastage of human effort and water resources. 	<ul style="list-style-type: none"> The water consumption per cleaning work order is maintained at 0.25 tonnes.



Type	Measures	Results
Employee water conservation initiatives	<ul style="list-style-type: none"> A code of conduct for employee water conservation has been rolled out across the Company, incorporating water-saving requirements into daily office and operational standards: taps and water-use equipment must be turned off promptly after use; upon discovering anomalies such as pipe leaks or taps left open, employees must promptly close the valve and report the issue for repair. Regular training on employee water efficiency management awareness is conducted to strengthen water conservation consciousness. 	<ul style="list-style-type: none"> One water conservation awareness campaign was conducted in 2025, with a total readership of 2,700. 

- Horizon Construction Development 2025 Water Resource Management Metrics and Targets¹ -

Metric	2025 Target	Progress	
		2025	Completion
Water consumption per unit of revenue (m ³ /RMB1 million)	Down 2.6% year-on-year from 2024 (21.01)	24.11	Not completed ²

Note 1: This target applies to all operational locations including the Company's headquarters and all bases. For other data performance details, please refer to the "ESG Data Sheet and Notes" section of the Report.

Note 2: In 2025, the Group's total water consumption decreased by 7.24% compared to 2024. However, due to fluctuations in the Group's revenue in 2025, the water consumption per unit of revenue increased slightly compared to 2024.

Raw Materials Management

The principal raw materials used in the Group's operations consist of primary materials, auxiliary materials and equipment maintenance parts used in construction projects.

- Horizon Construction Development Raw Material Types -

Stage of Use	Type
Construction projects	Primary materials: The main input materials for completing construction business, which can be rented out independently and are classified as the Company's fixed assets, such as Larssen piles, steel supports, steel pipe piles, Bailey panels and ringlock scaffolding.
	Auxiliary materials: Products that cannot be rented out independently but assist in completing construction rental business, such as hanging plates, wedge irons, brackets and bolts.
Equipment maintenance	Equipment maintenance parts



The Group has formulated the *Measures for Engineering Project Site Material Management* to systematically standardise the full process of raw material management for construction projects, improving material utilisation efficiency and reducing resource consumption.

- Key content of engineering project site material management -



The Group actively explores resource conservation initiatives across all stages of its operations, implementing a series of raw material management measures in construction and equipment maintenance activities, whilst incorporating packaging materials into the circular use system, with the aim of systematically improving resource efficiency at every stage of the use, recovery and disposal of raw materials and packaging.

- Horizon Construction Development Raw Material and Packaging Material Management Measures-

Stage of Use	Measures	Results
Construction projects	<ul style="list-style-type: none"> Precise cutting of steel pipes: Steel pipe cutting standards require that off-cuts do not exceed one metre in length. Innovative reuse of steel pipes: Steel pipes of three metres or less in length can be repurposed as primary materials. Auxiliary material recovery and refurbishment for reuse: Used auxiliary materials are recovered, repaired and organised; once they meet reuse standards, they are returned to project use. 	<ul style="list-style-type: none"> Annual savings of RMB1.75 million through steel pipe primary material savings and reuse. In 2025, auxiliary materials were reused on multiple occasions, totalling over 342 tonnes, saving over RMB1 million in auxiliary material procurement costs.
Equipment maintenance	<ul style="list-style-type: none"> Reducing filter element usage: Since used filter elements provide better filtration than new ones, the Company has formulated scientifically based maintenance rules under which diesel filters and air filters are serviced on a condition-based basis, and hydraulic oil filter elements are replaced according to indicator colour. Larssen pile straightening and weld repair: Deformed or damaged Larssen piles are straightened and repaired by welding to restore their structural performance and extend their service life. 	<ul style="list-style-type: none"> In 2025, 68,882 filter elements were requisitioned, a decrease of 8% compared with 2024. In 2025, 137,700 tonnes of Larssen piles were straightened and weld repaired, extending the average service life of Larssen piles by three years and saving over RMB2 million in costs.
Packaging	<ul style="list-style-type: none"> Self-developed reusable packing frames: Self-developed reusable packing frames are used, utilising the vertical and horizontal bars of ringlock scaffolding as the frame structure for packing construction materials; the packing frames can subsequently be reused in a circular manner, reducing the use of the original "channel steel frames". Centralised recovery and processing: Packaging materials (metal sheeting and wire) are centrally collected and disposed of by selling them to recycling companies with the appropriate operating credentials. 	<ul style="list-style-type: none"> In 2025, 20,000 tonnes of "channel steel frames" were saved in procurement.



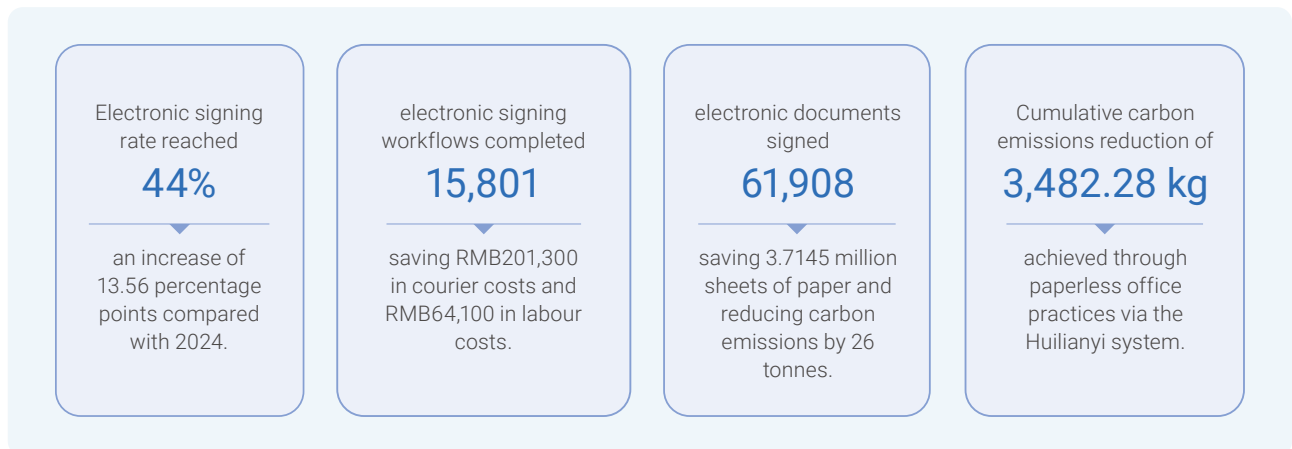
- Horizon Construction Development: Statistics on Raw Material and Packaging Material Usage Over the Past Three Years -

Type	Usage of Raw Materials and Packaging Materials (tonnes)		
	2023	2024	2025
Raw materials	28,961	187,972	9,640
Packaging materials	149	156	98

Other Resource Management

The Group has integrated the concept of resource conservation into all stages of its production and operations, actively promoting paperless office practices. Through the widespread adoption of electronic contract signing, the Group has significantly reduced paper consumption associated with traditional paper contracts. In addition, the Group has leveraged its digitalised system, Huilianyì, to digitally transform its travel and expense reimbursement processes, encouraging employees to opt for greener modes of travel and effectively reducing the need to print reimbursement forms, payment vouchers, invoices and other documents in paper form, thereby systematically driving the low-carbon and sustainable operation of the business.

- Horizon Construction Development 2025 Electronic Contract Signing Performance -





2.4 Emissions and Waste Management

The Group strictly complies with relevant national and local laws and regulations, including the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Air Pollution*, the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes*, the *Regulations on the Administration of Ozone-Depleting Substances*, the *National Hazardous Waste List (Version 2025)* and the *Shanghai Municipal Administrative Measures for the Ecological and Environmental Supervision of Stationary Pollution Sources*. The Group has formulated internal policies including the *Management Measures for Environmental Protection*, the *Guidance Manual for ESG Management (HSE Direction)* and the *Measures for Hazardous Waste Management* to implement reduction management of all types of emissions and waste generated during operations, and actively fulfils its environmental protection responsibilities.

To continuously improve waste management efficiency, the Group draws on its *Permanent Base / Temporary Base Key Environmental Inventory* to regularly identify and assess waste generation across operational activities, precisely identifying the operational stages with the highest concentration of waste output, thereby providing data support and a basis for decision-making in formulating targeted waste reduction measures. Building on the results of these assessments, the Group has further optimised its waste classification management and source control processes, improved the identification and accounting of sources of non-hazardous and hazardous waste, and kept waste generation at a low level.

- Horizon Construction Development: Types, Sources and Disposal Methods for Emissions and Waste -

Category	Source	Disposal Methods
<ul style="list-style-type: none"> Exhaust gas <ul style="list-style-type: none"> Dust-laden exhaust gas Welding exhaust gas Vehicle exhaust emissions 	<ul style="list-style-type: none"> Generated during steel cutting, grinding, testing and welding during maintenance processes Generated during vehicle operations 	<ul style="list-style-type: none"> Welding fumes are treated by electrostatic purification prior to discharge Welding dust is collected in dust collectors and treated prior to discharge Waste gas collected from spray paint applications is discharged after filtration through UV photolysis, activated carbon adsorption and catalytic converter treatment
<ul style="list-style-type: none"> Wastewater <ul style="list-style-type: none"> Factory cleaning wastewater Domestic sewage 	<ul style="list-style-type: none"> Wastewater generated from cleaning of equipment entering and leaving the factory, and from vehicle washing Domestic sewage generated during day-to-day operations 	<ul style="list-style-type: none"> Discharged into the municipal sewage network
<ul style="list-style-type: none"> Hazardous waste <ul style="list-style-type: none"> Waste batteries Waste mineral oil Oil-contaminated wastes 	<ul style="list-style-type: none"> Generated during maintenance 	<ul style="list-style-type: none"> Classified and temporarily stored in designated facilities or locations Entrusted to qualified professional disposal units for handling
<ul style="list-style-type: none"> Non-hazardous waste <ul style="list-style-type: none"> Waste metal 	<ul style="list-style-type: none"> Generated during production cutting and maintenance processes 	<ul style="list-style-type: none"> Engaged qualified units to collect and dispose of

Beyond routine emissions and waste disposal, the Group actively reduces emissions and promotes recycling through the adoption of advanced technologies and improvements in operational efficiency, whilst continuing to conduct training activities on reducing pollutant emissions and waste generation to continuously enhance the environmental awareness and capabilities of all employees.



- Horizon Construction Development Emissions and Waste Reduction and Recycling Measures -

Exhaust gas

- **New steel cutting method:** Plasma cutting has replaced the chemical cutting method of "propane or acetylene + oxygen" for steel cutting, reducing waste gas emissions during the cutting process.
- **Fuel-to-electric conversion:** The proportion of electric aerial work platforms procured has been increased to reduce waste gas emissions from conventional fuel-powered vehicles in operation.

Wastewater

- **Reuse of cleaning wastewater:** Wastewater from outbound equipment cleaning is reused for inbound equipment cleaning.
- **Establishment of wastewater sedimentation tanks:** Wastewater is collected and settled; certain warehouses reuse the treated water for vehicle washing.

Since 2017, wastewater reuse from cleaning operations is estimated, based on design projections, to reduce wastewater discharge by **350 m³** per year.

Statistics on wastewater discharge over the past three years:

2023	2024	2025
252,497.16 tonnes	218,968.06 tonnes	203,123.53 tonnes

Hazardous waste

- **Reducing oil leakage:** Oil drip trays and oil-absorbent sponges have been placed in operational environments and locations where there is a risk of oil leakage, and employees are strictly required to implement these measures.
- **Battery cascade utilisation:** A model battery management warehouse has been established with separate zones for awaiting inspection, charging, testing, capacity screening, usable and decommissioned batteries. Old batteries undergo capacity screening and classification; batteries with 50% or more of their remaining capacity are placed in the reuse zone for subsequent use.

In 2025, approximately **1,500** usable old batteries were identified through capacity screening, with estimated procurement cost savings of **RMB1 million**; the reuse rate is between 5% and 10%.

Non-hazardous waste

- **Tyre retreading:** A supply chain channel for tyre repair has been established; tyres that are no longer serviceable are sent to suppliers for retreading, whereby the original rubber is stripped and new rubber with higher carbon content is applied to create a black tyre. This reduces the procurement of new tyres and enables the reuse of old wheel hubs.
- **Item recovery, repair and reuse:** Items with secondary use value are recovered, repaired and reused.

In 2025, a total of **64,000** old parts were recovered (excluding batteries, tyres, maintenance filter elements, fluids, tools, etc.); **16,000** items of high maintenance value were identified, of which approximately **3,172** were repairable; **2,850** items have been repaired and returned to inventory, representing a repair rate of approximately **89.4%**.

In 2025, the value of completed old part repairs reached approximately **RMB3.10 million**, an increase of **RMB0.47 million** compared with 2024, representing a year-on-year increase of **18%**.



2.5 Opportunities in Clean Tech

Against the backdrop of the green transformation of the construction industry, the excavation support and formwork systems business, characterised by circularity and high efficiency, holds enormous growth potential in the clean technology market. Guided by its management philosophy of "understanding the finite nature of the natural environment, respecting ecosystems, and avoiding over-exploitation and pollution", the Group has positioned clean technology innovation as a core corporate development strategy. It actively explores and capitalises on clean technology opportunities, leading the industry towards sustainable development through the research, development and promotion of engineering solutions with low-carbon attributes across the full lifecycle.

The Group's operating assets, such as steel sheet piles, section steel and ringlock scaffolding, are temporary support materials that are reusable in nature and are inherently green assets. The Group has placed carbon reduction and circular utilisation at the centre of its design philosophy; all new product development focuses on dimensions such as reusability and ease of installation and dismantling, endowing products with intrinsically green attributes. The Group is committed to helping customers reduce material inputs and achieve significant carbon reductions across the full engineering lifecycle.

Case

Deep-water Cofferdam Technology

The Group's deep-water cofferdam technology employs a recoverable and reusable combined retaining and support structure system, suited to deep-water and soft ground conditions in hydraulic, bridge, port and other engineering projects. The technology is characterised by an all-steel structure, ease of construction and flexible combination, enabling the rapid formation of temporary or permanent water-retaining and earth-retaining structures.

- Green Benefits of Deep-water Cofferdam Technology -

Category	Overview	Effect
Low carbon emissions	Carbon emissions from material production across the full lifecycle are reduced through high material turnover and recycling.	Carbon emissions are reduced by over 80% compared with traditional concrete cofferdam technology.
Minimal impact on surrounding site environment	Mechanical installation and removal methods are used; there is no in-situ casting, no welding or cutting, and no construction waste on site, resulting in a clean construction process.	A material recovery rate of 90% is achievable, with significant water and material savings.



► Deep-water cofferdam site



Case

Fully Prefabricated, Recyclable Green Steel Structure Technology

The Group is actively investing in the development of fully prefabricated, recyclable green steel structure technology. Compared with traditional construction methods, its recyclable properties enable repeated reuse. Combined with an axial compression compensation system, this technology is advancing towards intelligent, information-based and digital capabilities.

- Green Benefits of Fully Prefabricated, Recyclable Green Steel Structure Technology -

Category	Overview	Effect
Low carbon emissions	Carbon emissions from fully prefabricated, recyclable green steel structures are concentrated primarily at the production stage; increasing material turnover rates significantly reduces carbon emissions.	For all relevant projects undertaken by the Group over the past three years, excavation works using fully prefabricated, recyclable green steel structures generated 88% less carbon emissions compared with excavations using traditional methods.
Minimal impact on surrounding site environment	The dismantling of supports in traditional excavation support systems generates dust, noise and construction waste. In contrast, fully prefabricated, recyclable green steel structure systems rely primarily on bolted steel connections; there is no in-situ casting on site, and the process involves no fire, no water, no dust and no odour, requiring no welding or cutting, cement or gauze wrapping, effectively reducing energy consumption and environmental pollution.	This construction system achieves 100% water savings, 70% energy savings, 20% material savings and 20% land savings.

- Horizon Construction Development's Fully Prefabricated, Recyclable Green Steel Structure Products and Their Green Effect Comparison with Industry Peers -

Name of Technology	Prefabrication Rate	Recycling Rate	Reduction in Carbon Emissions Compared with Concrete Products from Peers	Reduction in Carbon Emissions Compared with Steel Structure Products from Peers ¹
Steel sheet piles	100%	100%	86-95%	15-20%
Combined steel piles	100%	100%	85-92%	20-25%
Section steel support system	98%	96%	85-91%	20-25%
Steel pipe support system	98%	96%	84-92%	20-30%
Composite section steel support	98%	96%	84-92%	20-25%
Trench support	100%	100%	-	30-40%

Note 1: Primarily reflected in carbon emission reductions during the transportation, construction and dismantling stages.



Case

Green Support Technology

Ringlock scaffolding is the Group's core green support product. It employs a socket-and-spigot joint with modular design, whereby vertical posts, horizontal bars and diagonal braces are rapidly assembled through connecting discs and pins to form a geometrically stable structural system. Components are treated with a hot-dip galvanised anti-corrosion process and feature high load-bearing capacity and a long service life.

- Green Benefits of Ringlock Scaffolding -

Category	Overview	Effect
Low carbon emissions	High turnover usage significantly amortises carbon emissions from the production stage, resulting in a full lifecycle carbon footprint far lower than that of traditional scaffolding.	Full lifecycle carbon emissions are reduced by over 50% compared with steel tube and coupler scaffolding.
High resource efficiency	The galvanising process ensures a service life of over 20 years; connecting discs can be used up to 300 times and steel tube couplers up to 150 times, greatly reducing material consumption and waste.	Material savings rate is significant; furthermore, the speed of assembly and dismantling saves substantial labour and reduces project duration, resulting in an overall improvement in energy efficiency.



▶ Ringlock scaffolding component

In addition, the Group has increased the proportion of electric aerial work platforms procured and promotes the advantages of electric aerial work platforms to customers, encouraging them to choose to hire electric aerial work platforms in place of fuel-powered alternatives. This directly reduces exhaust emissions and carbon output during operations and represents an important initiative in the clean technology transition on the operational side. Compared with fuel-powered aerial work platforms, each electric aerial work platform can achieve a carbon reduction of around 15%-20% per year.

3 Building a Quality Ecosystem, Driving Mutual Value Creation



Metric	2025 Target	Progress in 2025	
In-rental equipment failure rate	1%	0.89%	<input checked="" type="checkbox"/> Completed
Regulatory violations related to product and service quality & safety	0 cases	0 cases	
Overall customer satisfaction	95%	97.8%	
Supplier anti-commercial bribery agreement signing rate	100%	100%	



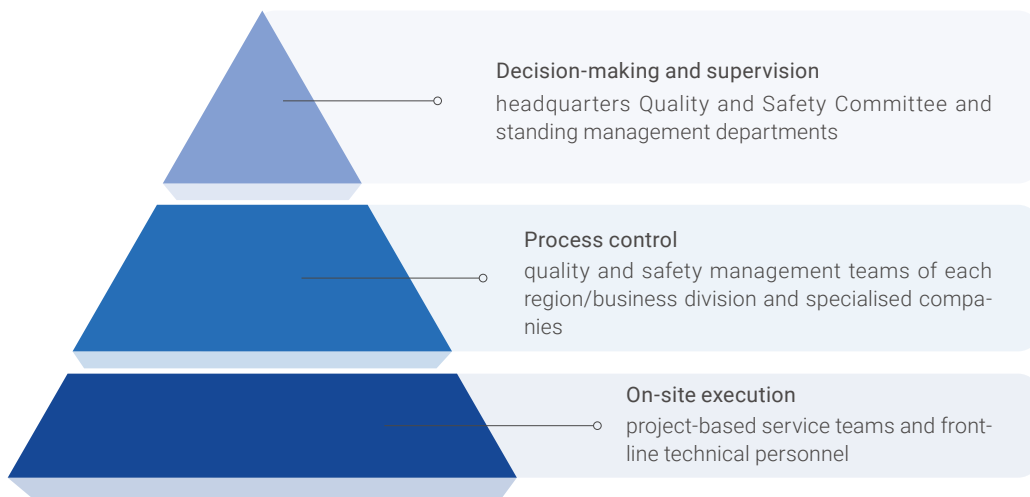


3.1 Construction and Equipment Quality

Governance

Horizon Construction Development strictly complies with relevant laws and regulations including the *Product Quality Law of the People's Republic of China*. Guided by the operating philosophy of "safety first, quality foremost", the Group has established a "three-tier quality assurance system" to ensure that quality management requirements are embedded in every stage of the full lifecycle of construction projects and equipment.

- Horizon Construction Development Three-tier Quality Assurance System -



With respect to equipment quality, the Group has continued to refine the *Equipment Receiving Inspection Management Standards*, *General Maintenance Management Standards* and *QC Special SOP Standards*, ensuring standardised operations across the full process from equipment receipt to dispatch. With respect to construction quality, the Group carried out a systematic update and supplementation of the *Construction Quality Special Work Management Measures* in 2025, with particular emphasis on strengthening risk classification management and the implementation of responsibilities.



Risk Management

Equipment Quality

The Group has established and implemented an end-to-end mechanism covering equipment quality control. Through detailed review of management requirements and operational standards at each stage, and the strict implementation of corresponding specifications, the Group ensures that equipment quality across the full lifecycle, from procurement through to re-use, is effectively controlled and continuously improved.

- Horizon Construction Development Equipment Quality Control Stages -



In 2025, the Group continued to introduce refined control measures and conduct systematic quality training activities to comprehensively improve equipment operational reliability and service assurance capabilities.

- Horizon Construction Development 2025 Key Measures and Outcomes for Strengthening Equipment Quality Management -

<p>Deepening control over key components</p>	<ul style="list-style-type: none"> Key high-failure-rate components in scissor lifts and boom lifts were identified, and operational and maintenance standards for these critical components were formulated accordingly. Through targeted management, the proportion of work orders attributable to critical components in scissor lifts decreased from 43.3% in 2024 to 35.8% in 2025; the proportion for boom lifts decreased from 25.3% in 2024 to 22.6% in 2025.
<p>Strengthening quality inspection at critical process stages</p>	<ul style="list-style-type: none"> Two additional critical quality inspection stages were added to the existing process: firstly, a dedicated quality control (QC) inspection stage was added prior to dispatch of in-yard equipment to ensure that dispatched equipment meets performance standards; secondly, a full-vehicle quality inspection stage was added following in-rental equipment repairs. By addressing potential issues proactively through preventive maintenance, this significantly improved equipment stability during the rental period and enhanced customer satisfaction.
<p>Systematic quality training</p>	<ul style="list-style-type: none"> Over 100 dedicated training sessions on the theme of equipment quality were organised, cumulatively reaching 500 service personnel. Training content covered modules including service process operations, fundamental equipment knowledge, service management standards and repair skills; the pass rate for Phase 1 training assessments reached 95%.

In addition, the Group has established an efficient response mechanism for equipment maintenance, with clearly defined response timeframes. Equipment is equipped with intelligent inspection and remote diagnosis upgrade systems to achieve closed-loop online identification and resolution of minor faults, significantly improving the responsiveness to quality issues.



- Horizon Construction Development Equipment Maintenance Response Timeframes -

7×24-hour telephone fault reporting, with service vehicles on standby at all times, providing round-the-clock, rapid response to customer needs and resolving customer issues at the earliest opportunity.



For equipment failures not caused by the customer, where the fault has not been repaired within three days of the date of reporting, or where actual store requirements necessitate it, the Group provides a fault replacement service.

The Group works alongside its suppliers to collectively address equipment quality issues. A strategic supplier quality co-governance model has been established, incorporating a tiered meeting mechanism for regular discussion of dedicated quality management topics, and monthly supplier quality meetings are convened to drive supplier quality rectification.

- Horizon Construction Development Supplier Quality Co-Governance Model -



The Group continues to advance the standardisation and normalisation of its quality management system. As at the end of 2025, the quality management systems of the Group's wholly owned subsidiaries, Shanghai Horizon Equipment & Engineering Co., Ltd., Shanghai Hongjin Equipment & Engineering Co., Ltd. and Guangzhou Hongtu Equipment Engineering Co., Ltd., have been certified as conforming to the requirements of ISO 9001:2015, with the corresponding certification certificates obtained.

- Subsidiaries of Horizon Construction Development Holding ISO 9001:2015 Certification -



Shanghai Horizon Equipment & Engineering Co., Ltd.



Shanghai Hongjin Equipment & Engineering Co., Ltd.



Guangzhou Hongtu Equipment Engineering Co., Ltd.



Construction Quality

Taking into account the characteristics of the Group's construction business, the Group has formed a closed-loop construction quality management process through routine on-site inspections to identify and rectify deviations in a timely manner, tiered training to strengthen personnel competencies, and targeted management of key risk areas such as fire prevention on construction sites.

- Horizon Construction Development 2025 Key Measures and Outcomes for Strengthening Construction Quality Management -

Monthly on-site quality inspections	Quarterly quality training	Special fire prevention measures for construction projects
<p>A list of typical issues is drawn up across five dimensions - safety, quality, progress, cost and materials - to provide a basis for precise rectification and traceability, and to raise the level of refined on-site management.</p> <ul style="list-style-type: none"> • Safety: Non-compliant use of personal protective equipment by personnel, non-compliant temporary electrical installations, etc. • Quality: Sub-standard construction processes, inadequate protection of completed work, etc. • Progress: Foundation construction delays caused by adverse weather conditions, etc. • Cost: Material wastage, labour efficiency, etc. • Materials: Over-plan material requisitioning, on-site wastage, etc. 	<ul style="list-style-type: none"> • A total of 10 company-wide quarterly quality training sessions were organised, along with 12 regional specialist training sessions and 15 targeted training sessions for personnel with identified improvement needs; training coverage of construction personnel reached 100%. Training content primarily covered quality control systems, quality guidance manuals, examples of best and poor practice, and post-incident quality accident reviews, building a three-in-one integrated training framework encompassing "system + skills + awareness", achieving full participation and universal pass rates. • Through this systematic and comprehensive series of training activities, quality awareness amongst frontline construction management personnel improved significantly, and quality incidents attributable to inadequate quality management in new projects (commencing from June onwards) were substantially reduced, indirectly saving the Company additional costs incurred as a result of quality incidents. 	<p>A "three-layer defence" approach of "zoning + hot work management + emergency response" was implemented to achieve full control over hot work operations, minimise on-site fire risk and continuously enhance emergency response capabilities.</p> <ul style="list-style-type: none"> • Zone management: Work areas, material storage areas and office areas are delineated by function; flammable materials are stored separately, with anti-static earthing and dry powder fire extinguishers in place; electric tool charging areas and smoking areas are each equipped with fire buckets. • Strict hot work management: Welding, cutting and similar operations are subject to "dual approval" (project safety department + supervision); flammable materials within a 10-metre radius of the work area are cleared before commencement; water cannons, fire-fighting equipment and a dedicated safety monitor are provided; water cannons are used continuously during cutting operations for fire prevention. • Emergency preparedness: Regular fire drills are organised and fire safety knowledge is disseminated.

Metrics and Targets

The Company continuously monitors and evaluates the effectiveness of construction and equipment quality management through the setting of clearly defined quantitative metrics.

- Horizon Construction Development Construction and Equipment Quality Management Metrics and Targets-

Metric	2025 Target	Progress in 2025	
On-time repair rate	96%	96%	✓ Completed
Maintenance completion rate	97%	98.75%	✓ Completed
In-rental equipment failure rate	1%	0.89%	✓ Completed
Regulatory violations related to product and service quality & safety	0 cases	0 cases	✓ Completed

For other data performance details, please refer to the "ESG Data Sheet and Notes" section of the Report.

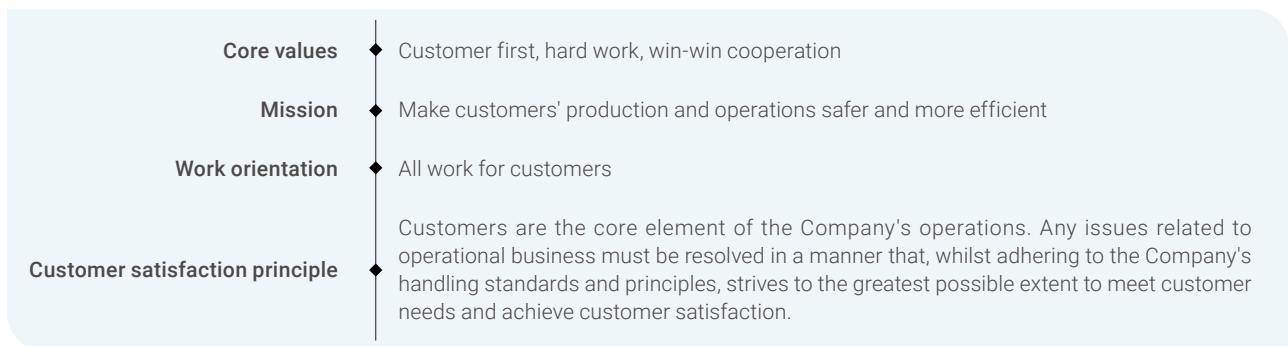


3.2 Customer Relations

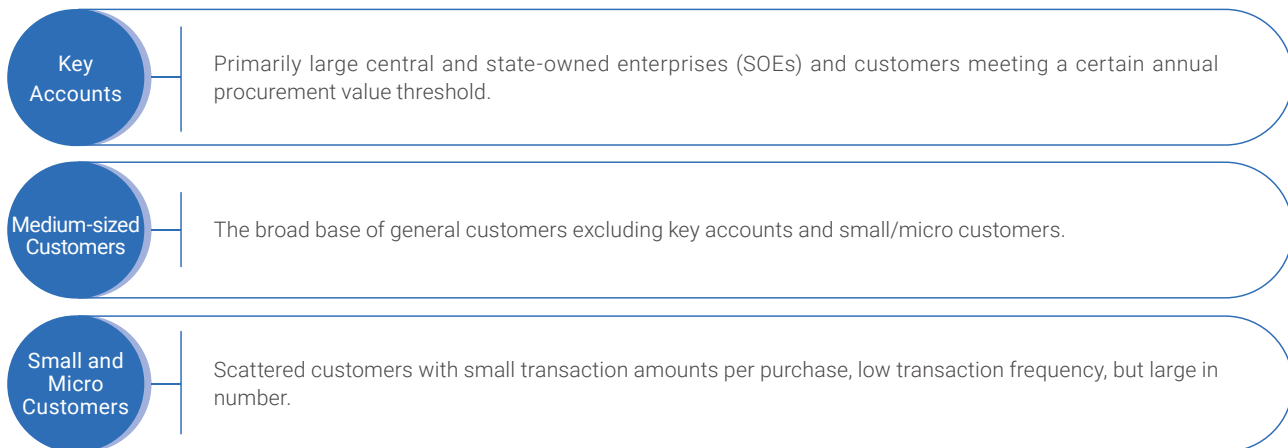
Governance

Horizon Construction Development maintains a customer-centric approach, placing customer needs at the core of its business development. The Group has established a customer tiered management structure, with the Business Centre formulating general customer management rules. Based on customer size and value, customers are divided into three tiers: key accounts, medium-sized customers, and small and micro customers. The Company has fully implemented and deepened execution across organization, IT systems, and team building. Corresponding policies and processes have also been developed to continuously improve customer service efficiency, with a commitment to provide customers with comprehensive, multi-functional and full-lifecycle services.

- Horizon Construction Development Customer Service Philosophy -



- Horizon Construction Development Customer Tiered Management Structure -



Risk Management

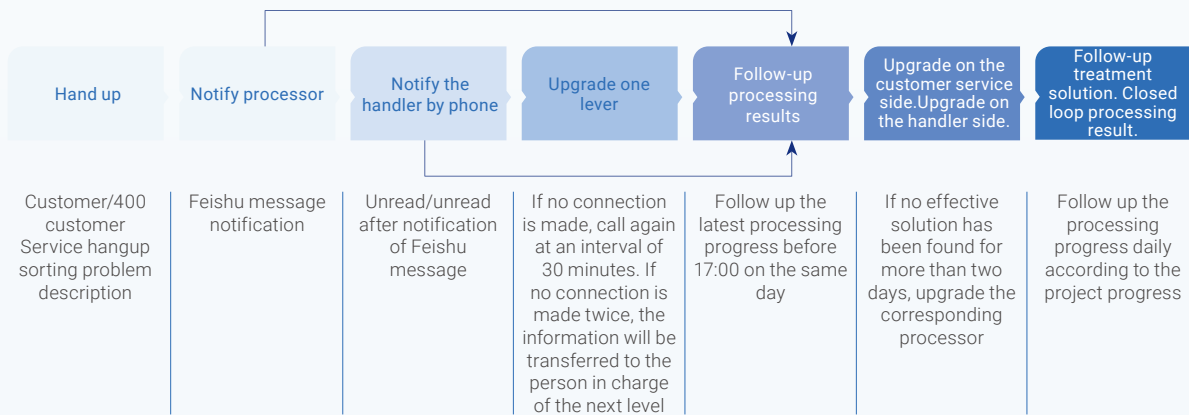
The Group continuously improves its customer service system across key areas including customer lead acquisition, product consultation, after-sales service, equipment use guidance and satisfaction management, ensuring steady enhancement of the customer experience through multi-dimensional service initiatives.



- Horizon Construction Development Customer Service Management System and 2025 Management Progress-

Aspect	Management Mechanism	Key 2025 Management Outcomes
Customer lead acquisition and follow-up	<p>Diverse customer acquisition channels: offline stores, mini-programmes, the 400 customer service hotline and other online sales channels</p> <p>Continuous optimisation of the tiered customer service structure: key and mid-tier customers continue to receive in-depth offline services from account management teams; for small and micro customers, a Digital Marketing Department has been established with dedicated responsibility for the full online business cycle, covering all stages from customer acquisition, onboarding and conversion through to repeat purchases.</p>	<ul style="list-style-type: none"> 50,419 offline store customer leads were pushed via the 400 hotline. Follow-up calls were conducted with lapsed customers, achieving an order conversion rate of 11.88% post-follow-up.
Product Consultation and After-sales Service	<p>Diverse communication channels: telephone follow-up calls, SMS, the 400 customer service hotline, APP and official account online reception.</p> <p>Timely response from the customer service team: a customer service team has been established to provide 7x12-hour customer service.</p>	<ul style="list-style-type: none"> Normative documents including the <i>400 Telephone Customer Service SOP Operations Manual</i> were formulated to improve the 400 telephone customer service management system. Customer service training was conducted covering fundamental knowledge, professional knowledge and call-handling skills, totaling 10 training sessions and covering 8 customer service employees.
Customer equipment use guidance	<p>Equipment handover training: equipment operation training is provided to customers prior to equipment delivery.</p> <p>Online learning platform: training on equipment safety, operation and proper use is provided through online video formats.</p>	<ul style="list-style-type: none"> The qualification training pass rate for service engineers providing handover training to customers reached 100%, with approximately 34,260 sessions of training delivered in total. The online operations learning platform served over 10,570 customers.
Customer satisfaction management	<p>Customer satisfaction surveys: post-call satisfaction ratings are collected for customer service telephone interactions, and order satisfaction is assessed through sampled follow-up calls.</p> <p>Regular visits: customers are visited regularly to gather feedback.</p>	<ul style="list-style-type: none"> Post-call customer service satisfaction reached 96.79%. Annual customer satisfaction surveys were conducted across three core service categories - materials, general equipment and maintenance follow-up - with sample sizes of 209, 526 and 4,200 respectively; satisfaction rates were 92.8%, 94.3% and 98.6% respectively. Outcomes from multiple projects were recognised by customers through letters of appreciation, commendation banners and certificates of commendation.

Customer complaint and grievance handling process





Customer recognition

Metrics and Targets

The Group has consistently regarded customer satisfaction as the core measure of service quality, setting annual management targets and tracking their achievement. Results indicate that customer satisfaction has significantly exceeded the annual target.

- Customer Relations Management Targets and 2025 Progress -

Metric	2025 Target	Progress in 2025	
Overall customer satisfaction	95%	97.8%	✓ Completed

3.3 Innovation-driven Development

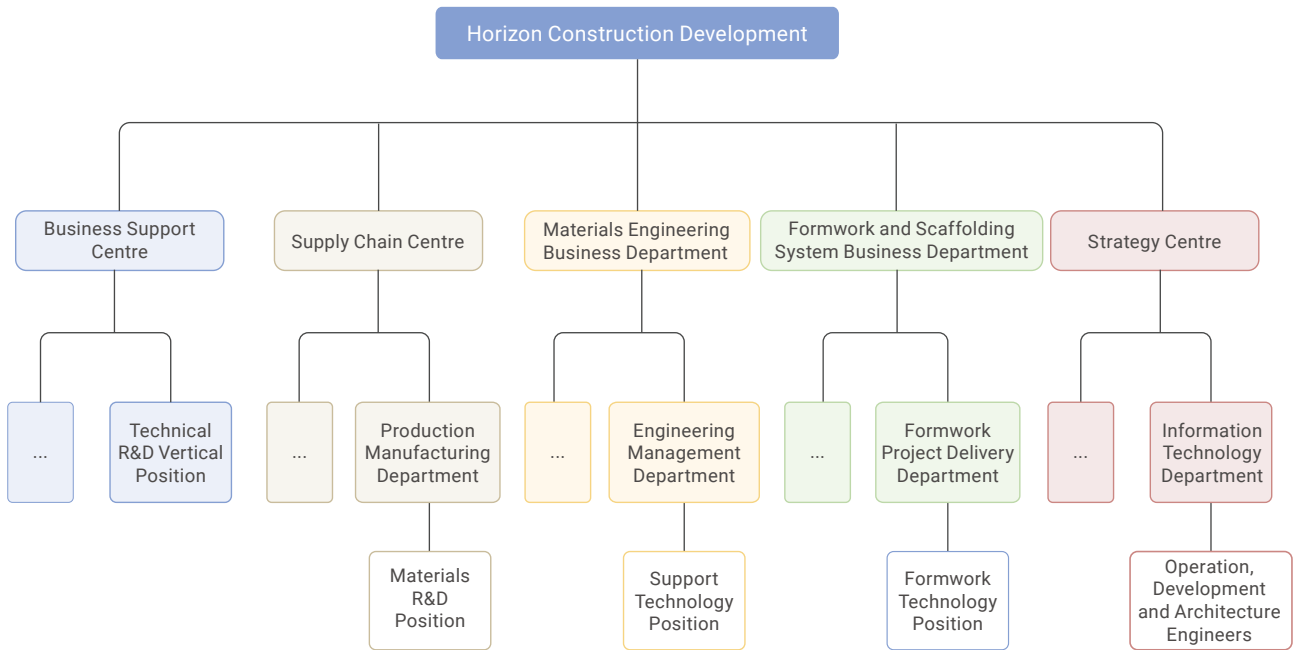
Governance

Horizon Construction Development has consistently regarded innovation as a key driver in enhancing its core competitiveness, and is committed to providing customers with more efficient, safer and more cost-effective solutions through technological research and development and process improvement. In 2025, building on existing R&D management policies such as the *Specification for the Management of Technological Renovation Projects* and the *Patent Management Standards*, the Group newly formulated the *Horizon Construction Development R&D and Technological Renovation Management Standards* to standardise the research, development and application of new overseas products and drive the extension of innovation achievements into overseas markets. The Group also published the *Process Innovation and Improvement Incentive Measures* to stimulate innovation among all employees.

In terms of governance structure, the Group has embedded technical and R&D personnel at the frontline of production, manufacturing and business operations, ensuring that R&D directions are more closely aligned with customer needs and actual construction requirements. Vertical technical R&D coordination roles have also been established at headquarters to provide overarching support, forming a solid organisational foundation for continuous innovation.



- Horizon Construction Development Innovation-Driven Governance Structure -



Risk Management

The Group adheres to the integration of industry, academia and research. In product technology R&D, the Group has formulated the *Specification for the Management of Technological Renovation Projects* and continues to innovate products and processes, providing customers with safer, more economical and environmentally friendly solutions. In IT systems development, the Group has established an innovation R&D management mechanism, focusing on software system upgrades and intelligent hardware development to provide the Company's management with more effective and cost-efficient innovative technology system support. For details of the Group's specific practices and achievements in green product innovation, please refer to the "Opportunities in Clean Tech" chapter.

In 2025, the Group continued to focus on innovative development and technological upgrades for both external customer solutions and internal management technology support, continuously strengthening the Company's technological competitiveness through the ongoing exploration and application of frontier technologies.



- Horizon Construction Development R&D Management Measures and 2025 Achievements -

Aspect	Management Measures	Achievements in 2025
Product Research and Development	<ul style="list-style-type: none"> Continued investment in R&D funding; in 2025, the Group invested about RMB270 million. 	<ul style="list-style-type: none"> The "Extended top jack post + truss beam" was innovated and improved, and further implemented across 30 construction projects. R&D was advanced on 5 new overseas products including steel-framed timber formwork, independent columns and steel treads for oil and gas projects.
Industry-university-research cooperation	<ul style="list-style-type: none"> Industry-academia-research collaboration was conducted with the China Formwork and Scaffold Association, including a joint industry analysis of the service life of hot-dip galvanised ringlock scaffolding. 	
Industry development	<ul style="list-style-type: none"> Participated in the compilation of over 20 technical standards and specifications in total. Independently developed innovative projects and products received the CDMIA Science and Technology Progress Award and the Shandong Civil Engineering and Architecture Science and Technology Award. 	



CDMIA Science and Technology Progress Award



Shandong Civil Engineering and Architecture Science and Technology Award

Case Application of Extended Top Jack Post + Truss Beam

The extended top jack post + truss beam is an important innovation in the Group's formwork support systems. The product uses an extended top jack post paired with two to three adjustable nuts, eliminating the short vertical posts, adjustable top plates and other components found on traditional bearer beams. A high-strength, lightweight truss beam is used, weighing only one-third of a conventional bearer beam of the same specification, achieving an overall weight reduction of 10–20%. The truss crossbeam and vertical posts are connected via a pin-type connection, which effectively ties the vertical posts together and enhances structural stability, whilst perfectly resolving the construction challenges associated with grid beam systems.

Since 2024, the product has been applied in 30 projects, generating output value of nearly RMB185 million and achieving average cost savings of RMB18.5 million for customers.



Implementation results at a project in Zhengzhou

Case Application of Steel-Framed Timber Formwork

Steel-framed timber formwork is a composite formwork system developed by the Group for both domestic and overseas markets, combining the robustness and durability of steel formwork with the lightness and ease of processing of timber formwork. The steel frame can be reused hundreds of times, and the cost of replacing the timber facing panel is low, resulting in an overall service life far exceeding that of purely timber formwork. The system also features high rigidity, high load-bearing capacity and excellent surface finish quality. Its standardised design enables fast and efficient assembly and dismantling with strong adaptability, allowing it to flexibly accommodate complex structural construction requirements.



Steel-framed timber formwork



- Technical Standards and Specifications in Which Horizon Construction Development Has Participated -

Standard Title	Standard Category
Technical Standard for Prefabricated Steel Support in Excavation Engineering	Shanxi Provincial Local Standard
Construction Atlas for Prefabricated Steel Support in Excavation Engineering	Shanxi Civil Engineering and Architecture Society Group Standard
Technical Specification for Steel Sheet Pile Support in Deep Excavations	Guangdong Provincial Local Standard
Technical Standard for Prefabricated Steel Support in Excavation Engineering	Guangdong Provincial Local Standard
Green Technology Standard for Excavation Support in Building and Municipal Engineering	Shandong Provincial Local Standard
Technical Specification for Prefabricated Section Steel Composite Structure Excavation Support	Shandong Provincial Local Standard
Construction Details for Prefabricated Section Steel Composite Support Excavation Protection	Shandong Provincial Local Standard
Technical Standard for Prefabricated Support in Excavation Engineering in Sichuan Province	Sichuan Provincial Local Standard
Technical Specification for U-Type and H-Type Composite Steel Sheet Pile Support	Jiangsu Provincial Local Standard
Technical Specification for Prefabricated Excavation Support Structure	Liaoning Provincial Local Standard
Technical Standard for Prefabricated Prestressed Steel Support in Excavation Engineering	Shenzhen Municipal Local Standard
Technical Standard for Composite Steel Pipe Structure Continuous Wall	Shanghai Survey and Design Industry Association Group Standard
Technical Guide for Internal Supports and Trestles in Excavation Engineering	Wuhan Municipal Local Standard
Guide for Internal Supports and Trestles in Excavation Engineering	Wuhan Civil Engineering and Architecture Society Group Standard
Technical Standard for Compensated Prefabricated H-Beam Steel Support in Excavation Engineering	Municipal Association Group Standard
Technical Specification for Excavation Support in Municipal Engineering	China Civil Engineering Society Group Standard
Green Technology Standard for Excavation Engineering	Rock Mechanics and Engineering Society Group Standard
Technical Specification for Excavation Support of Urban Utility Tunnels	China Association for Engineering Construction Standardisation Group Standard
Technical Specification for Soil-Rock Dual-Mode Excavation Support	China Association for Engineering Construction Standardisation Group Standard
Technical Specification for Fully Recoverable Excavation Engineering	China Association for Engineering Construction Standardisation Group Standard
Technical Specification for Permanent Support Structures in Deep Excavations	China Association for Engineering Construction Standardisation Group Standard
Application Standard for Socket-Type Ringlock Steel Pipe Scaffold Components	Shanghai Construction Hardware, Doors and Windows Industry Association Group Standard
Technical Specification for Application of Steel Pipe Support Scaffolding	China Association for Engineering Construction Standardisation Standard
Safety Technical Standard for Scaffolding in Shenzhen Construction Projects	Shenzhen Municipal Local Standard
Technical Specification for Application of High-Strength Ringlock Scaffolding	China Association for Engineering Construction Standardisation Standard
Components of High-Strength Ringlock Scaffolding	China Association for Engineering Construction Standardisation Standard
Construction Standard for Socket-Type Ringlock Steel Pipe Scaffolding in Building Projects	China Association for Engineering Construction Standardisation Standard
Technical Specification for Tower Support Frames	China Formwork and Scaffold Association Standard



With respect to intellectual property protection, the Group strictly complies with the requirements of the *Patent Law of the People's Republic of China*, the *Measures for the Registration of Computer Software Copyright* and other relevant laws and regulations. The Group has established a comprehensive intellectual property management system covering patent classification, application procedures, day-to-day management and operational management, ensuring that the Group's own innovation achievements receive full legal protection whilst guarding against infringement.

Metrics and Targets

In 2025, the Group actively participated in the compilation of industry technical standards and specifications and made significant progress in innovation-driven development, receiving 44 new patent grants. Throughout this process, compliance in intellectual property management was maintained and no infringement incidents occurred.

3.4 Information Security and Customer Privacy Protection

Governance

Horizon Construction Development strictly complies with domestic laws and regulations including the *Data Security Law of the People's Republic of China*, the *Cybersecurity Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*, as well as the regulatory requirements of the jurisdictions in which its overseas operations are conducted. The Group has formulated an information security and customer privacy protection policy framework centred on the *Information Security Management Measures*, covering all employees and suppliers. In 2025, the Group published its [Statement on Information Security and Privacy Protection](#), publicly committing, under the core principles of "strengthening awareness, engaging all staff, centralising management, and enabling dynamic adjustment", to treat information security and privacy protection as a baseline requirement for business development. The Group also newly formulated the *AI Agent Security Management Requirements* to standardise the management of AI agents within the Company, further safeguarding data security, business compliance and system stability, and guarding against data leakage risks.

The Group has established an Information Security Management Team headed by the General Manager of the Strategy Centre, coordinating information security officers across all departments to oversee information security and customer privacy protection management, ensuring that data flows across global operations are lawful and compliant.

Risk Management

As the Group's global business continues to expand, in 2025 the Group further deepened its management in areas including cross-border data compliance, secure remote access, overseas network architecture upgrades, routine security audits, practical emergency drills and the full implementation of employee responsibilities, establishing a comprehensive, multi-layered information security protection framework suited to the needs of its global business.

- Horizon Construction Development 2025 Key Information Security Management Measures -

Data security protection strategy

- **Data backup:** Detailed data backup plans have been formulated, encompassing daily backups, monthly backups, off-site backups and quarterly data backup and recovery tests, supplemented by real-time monitoring logs to ensure the integrity of data backups.
- **Data classification and grading:** Important Company data is classified and graded; a register of classified documents has been compiled, with clear requirements specifying the storage, transmission and sharing methods for sensitive documents.
- **Supplier data security:** Suppliers involved in data handling or external system integration are required to sign confidentiality agreements, with liability for breach defined for data leakage scenarios; suppliers' externally procured systems are also required to implement appropriate security measures in areas such as identity authentication, access control and audit logging, failing which access will not be granted.



<p>Information security technical controls</p>	<ul style="list-style-type: none"> • Zero-trust VPN deployment: A Palo Alto zero-trust VPN system has been deployed for all employees, supporting functions including endpoint compliance verification, two-factor authentication and network access control, effectively preventing unauthorised endpoint access and account takeover risks, and substantially improving security in remote working scenarios. • Overseas network access control upgrade: The network architecture of overseas offices has been redesigned to strengthen office network access authentication capabilities. Through access control and access point authentication upgrades, unauthorised endpoint access to the intranet is effectively prevented, external device network access permissions are restricted, and the security and stability of overseas business networks are safeguarded.
<p>Cross-border data compliance management</p>	<ul style="list-style-type: none"> • Cross-border transfer compliance: For overseas operations, local laws and regulations are strictly observed; the purpose and nature of cross-border transfers are clearly specified in supplementary agreements to user contracts, or standard cross-border data transfer agreements are signed, ensuring that data flows are lawful and compliant. • Localisation of policies: The <i>Information Security Management Measures</i> have been revised to incorporate overseas data collection requirements and translated into English, achieving adaptation to both local and international management standards. • Employee awareness: Surveillance notices have been posted in overseas warehouses and informed consent forms signed with employees, ensuring that employees are fully informed of cross-border data processing activities.
<p>Suspicious incident emergency response</p>	<ul style="list-style-type: none"> • Real-time monitoring and closed-loop response: The intelligent information security management system has been iteratively upgraded to provide 7x24-hour real-time monitoring of network attacks, anomalous access and abnormal data flows, with a closed-loop mechanism of "detection - assessment - response - review" established to enable rapid blocking, isolation, traceability and policy improvement. • Emergency response plans: The <i>Phishing Email Emergency Response Process</i> and the <i>Ransomware Emergency Response Plan</i> have been formulated and rigorously implemented, clearly defining the responsibilities and handling procedures for employees, the Information Security Team and departmental information security officers. • Rapid response process: Employees who identify suspicious emails report them immediately; the Information Security Team is responsible for assessment, blocking and source tracing, with a company-wide alert initiated and the phishing website reported for blocking where necessary. • Practical emergency drills: Ransomware and phishing email emergency drills have been conducted to verify the practical implementability of emergency response procedures including virus identification, network isolation, virus elimination and network recovery, with the Situational Awareness system used to supplement the capability to identify attack behaviour.
<p>Security audits and vulnerability scanning</p>	<ul style="list-style-type: none"> • Internal and external security audits: Regular internal information security audits and external independent third-party Level 3 Classified Protection Cybersecurity Assessments are conducted, with the audit scope covering the physical environment, network boundaries, management systems and security institutions. In response to the principal risk identified in the assessment report - "the system lacks analytical means for new types of network attacks at network boundaries" - a proof-of-concept (POC) validation of the Situational Awareness system has been conducted as a compensatory measure. • Routine vulnerability scanning: The Anheng Mingjian vulnerability scanning tool is used monthly to conduct vulnerability scans of all core systems and externally exposed systems; medium- and high-risk vulnerabilities are all verified and confirmed for validity. • Multi-dimensional security assessment: A comprehensive assessment is conducted across five dimensions - endpoint security, operational security, network security, operations and maintenance security, and business security - with progress and blockers tracked for each key area.
<p>Full employee accountability for information security</p>	<p>The <i>Information Security Disciplinary Management Rules</i> have been formulated and implemented, clearly defining the responsibilities of all employees with respect to personal information security, and specifying standards for identifying non-compliant behaviour and a graduated penalty framework.</p> <ul style="list-style-type: none"> • Minimum necessary permissions: A strict authorisation mechanism has been established under which each employee has only the data permissions corresponding to their role; additional permissions require a process application and are valid for a maximum of one year. • Graduated penalty mechanism: Graduated penalties are applied for behaviours such as ID sharing and non-compliant file transfers, reinforcing all employees' awareness of behavioural red lines. • Performance appraisal linkage: "Information security risk assessment and management" has been incorporated into the performance appraisal system of relevant employees; a deduction of points applies in the event of a material security attack. • Lifelong accountability for confidentiality undertakings: Employees sign a <i>Confidentiality Agreement</i> upon joining and a <i>Confidentiality Undertaking on Departure</i> upon leaving; those in breach bear corresponding civil liability; serious violations (such as disclosure of trade secrets) result in immediate dismissal.



The Group places great importance on customer privacy protection, and has built a systematic customer privacy protection framework based on the principles of "minimum necessity, lawfulness and legitimacy, and full traceability", through clearly defined responsibilities, upgraded technical safeguards and standardised sharing and notification procedures.

- Horizon Construction Development 2025 Key Customer Privacy Protection Management Measures -

Division of responsibilities

- **Business leads, management supports:** Privacy data is assigned to lead departments according to business domain; the Information Security Management Team provides technical solutions and process controls for data sharing and export; each lead department serves as the primary responsible party for the privacy data under its jurisdiction and is accountable for its security.

- **Classification and grading management:** Data involving personal information (such as contact details, ID card numbers and other personal sensitive information) is subject to strict classification and grading management, with security measures including encrypted storage, encrypted transmission, desensitised display and access control adopted to protect personal information against unauthorised access, use or tampering.
- **Minimum necessary data collection:** A full lifecycle management mechanism for personal information has been established; at the collection stage, only the minimum information necessary to fulfil the business objective is collected, with over-collection prohibited; at the use stage, data purposes and access scope are restricted, with user data readable only by personnel directly associated with the relevant business, and operation logs retained for reference.

Technical safeguards

User notification

- **"Notice and consent" principle:** The purpose, method and scope of use are clearly communicated to users prior to collection, and explicit consent is obtained from the user or employee; at the point of data sharing, the receiving party is simultaneously notified of the content being shared and the associated security responsibilities, ensuring that personal information subjects' right to know and right to control are protected.
- **Mandatory agreement confirmation:** Users are required to explicitly confirm the privacy agreement before using mini-programmes, apps and other applications; users are notified of the scope and methods of data collection, storage, transmission and destruction in accordance with legal requirements. Further details can be found in the [Privacy Policy](#) of the Company's primary external-facing system "Horizon Construction Development Equipment Rental".
- **Internal audit verification:** The personal information protection measures set out in the privacy policy are verified through internal audits.

In addition, the Group continuously promotes information security awareness and training for all employees through new employee onboarding training, routine training for information security officers, targeted training for employees affected by phishing email drills, information security awareness newsletters, pull-up banners and stickers, committed to building an enterprise information security culture in which all employees participate.

Metrics and Targets

The Group's management target is to "record no information security or customer privacy protection violations domestically that affect users or customers or cause adverse impacts". The Group is committed to embedding information security and customer privacy protection management into every aspect of day-to-day operations, ensuring that every employee fully understands and strictly adheres to relevant policies, thereby fundamentally strengthening the defences of information security and customer privacy protection and providing robust support for the Company's sound development.



- Horizon Construction Development 2025 Information Security and Customer Privacy Protection Management Performance -

The 2025 target of "no information security or customer privacy protection violations domestically that affect users or customers or cause adverse impacts" has been achieved

- One internal information security audit and one external Level 3 Classified Protection Cybersecurity Assessment were conducted.
- The principal external-facing system "Tianjin Lahuole Network Freight Platform" has passed the Level 3 Classified Protection assessment and completed its re-assessment.
- Over 20 medium- and high-risk vulnerabilities were cumulatively identified and remediated.
- One ransomware emergency drill and one phishing email emergency drill were each organised.
- The phishing email drill covered all employees; a total of 30 domestic and 10 overseas employees were caught by the drill, and all have completed information security awareness improvement training.
- Cross-border data transfer compliance management was continuously optimised; improvements to cross-border compliance measures were implemented building on existing policies, cross-border data clauses in commercial contracts were updated, and cross-border data transfer agreements were signed with each overseas operating entity to further safeguard the security and compliance of cross-border data flows.
- The overseas office network architecture was optimised, access and authentication mechanisms were strengthened, and endpoint access and network access permissions were strictly controlled to effectively guard against the risk of unauthorised access, further enhancing the security and stability of overseas office networks.
- Four information security awareness newsletters were published, covering security topics across day-to-day office domains including phishing emails, office security and data security, steadily improving employee information security awareness.
- Four information security articles were published to steadily improve employee information security awareness.

3.5 Sustainable Supplier Management

As an operating leasing company, the Group's suppliers primarily fall into the following categories: equipment, materials, engineering, spare parts and tools, services, oil, gas and liquids, and administration.

Governance

The Group strictly complies with relevant laws and regulations including the *Bidding Law of the People's Republic of China* and the *Government Procurement Law of the People's Republic of China*. Upholding the principles of "separation of management and use, hierarchical classification, openness, transparency, and continuous optimisation", the Group has formulated policies including the *Supplier Management Measures* and the [Supplier Code of Conduct](#). Supplier management activities are led by the Supply Assurance Department under the oversight of senior management, ensuring that processes are standardised and transparent, and continuously improving the efficiency and effectiveness of supplier management.

Risk Management

The Group standardises the full supplier lifecycle, encompassing sourcing, onboarding, review, development, suspension and exit, and pays close attention to suppliers' ESG management throughout this process. The Group reviews suppliers' performance on environmental protection and social responsibility dimensions, incorporating these assessments as a factor in its procurement strategy.



- Horizon Construction Development 2025 Key Sustainable Supplier Management Initiatives -

Supplier risk identification and mitigation	<ul style="list-style-type: none"> A dual-supplier award model of "first-ranked primary supplier, second-ranked backup supplier" is implemented; second-ranked suppliers complete the full onboarding process in advance, enabling rapid substitution should risks arise with the primary supplier. A routine supply chain risk monitoring mechanism has been established to identify legal compliance, environmental, health and safety, labour practice and ethics risks associated with participants' operations, as well as geopolitical and trade policy risks, structural industry risks and commodity price risks; key metrics including supplier operational status, delivery progress and quality are reviewed on a monthly and quarterly basis.
Supplier onboarding	<ul style="list-style-type: none"> Supplier qualification criteria have been refined to comprehensively assess financial strength, production capacity, quality systems, compliance and emergency response capabilities. Supplier onboarding standards have been improved to incorporate ESG criteria into the assessment framework; compliance with codes of conduct such as GRI, ISO 26000, SA 8000 and RBA is recognised as a 5% bonus criterion. All suppliers are required to sign the Supplier Anti-Commercial Bribery Agreement, which has been supplemented with clauses relating to overseas business to strengthen compliance obligations across global operations.
Supplier tiering	<ul style="list-style-type: none"> Tiered supplier management has been implemented, classifying suppliers as strategic suppliers, preferred suppliers and general suppliers; there are currently 47 full-category strategic suppliers (including overseas subsidiaries), accounting for 47.8% of total procurement value across all categories. In tendering for procurement projects including engineering projects, IT equipment, office furniture and office computers, both economic and environmental considerations are taken into account; suppliers are required to provide products or services that comply with national and industry standards as well as green procurement standards, with preference given to suppliers offering energy-saving and environmentally friendly products. In asset procurement, domestic or internationally recognised brand manufacturers are prioritised for core components, strengthening full lifecycle management of upstream components and promoting sustainable development.
Review and assessment	<ul style="list-style-type: none"> Desktop assessments of suppliers are conducted to ensure compliance with the Group's <i>Supplier Code of Conduct</i> requirements; a minimum of two assessment staffs are assigned per supplier; suppliers found to have violated the Anti-Commercial Bribery Agreement are subject to automatic disqualification. On-site assessments of asset-category suppliers are conducted, with joint evaluations by procurement, technical and quality personnel covering production conditions, equipment capabilities, quality control processes and qualification documents; only suppliers that pass are granted access. A dynamic assessment mechanism has been established to issue warnings to, require rectification from, or eliminate non-compliant suppliers. Through four improvement measures: upgraded onboarding, dynamic management, collaborative enablement and assured support, a cumulative 25% of non-compliant suppliers have been removed, effectively improving the overall quality of the supplier base.
Supplier support	<ul style="list-style-type: none"> Based on review and assessment results, the Company provides suppliers with improvement plans and ESG benchmarks against industry peers, and tracks their implementation. During the rectification process, suppliers are provided with remote support (such as consultations, resource sharing and online training) or on-site support (such as technical guidance and process diagnostics) to assist suppliers in effectively resolving issues and achieving improvement targets.

Metrics and Targets

The Group is committed to achieving a "zero procurement violation rate". Through rigorous standards and continuously improved processes, the Group strives to ensure the compliance and transparency of all procurement activities, fostering long-term and stable partnerships with suppliers and advancing together towards a sustainable future.

- Horizon Construction Development Sustainable Supplier Management Targets and 2025 Progress -

The 2025 target of "zero procurement violation rate" has been achieved

- 8,590 registered suppliers, of which 47 are strategic suppliers.
- Supplier Anti-Commercial Bribery Agreement signing rate: 100%.
- Anti-corruption training for suppliers was conducted, covering all 8,590 registered suppliers, including 100% of the Group's strategic suppliers.
- 2,859 suppliers were assessed on environmental, labour and ethics dimensions, all of which were assessed as compliant. The Group has not identified any corruption issues among suppliers.

For other data performance details, please refer to the "ESG Data Sheet and Notes" section of the Report.

4 Empowering Employee Growth, Contributing to a Better Society

Human capital management

Occupational health and safety

Social contribution and rural revitalisation

Metric	2025 Target	Progress in 2025
Annual occupational disease incidence rate	0%	0%
Fatal accident rate	0%	0%
Number of occupational diseases	0	0
Number of major production safety accidents	0	0
Violations of occupational health and safety regulations resulting in regulatory penalties	0	0
Employee training coverage rate	100%	100%
Employees receiving regular performance and career development evaluations	100%	100%

✓ Completed



4.1 Human Capital Management

Governance

Horizon Construction Development strictly complies with laws and regulations including the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, and has formulated policies including the *Employee Handbook*, the *Salary Management Measures*, the *Overseas Entity Remuneration and Benefits Management Measures* and the *Employee Performance Management Measures*. The Group has publicly issued its [Employee Rights Protection Policy Statement](#) to protect the fundamental rights and interests of all employees, respect and develop individual differences, and is committed to creating a fair, impartial and open workplace environment. The Group also upholds its "four no limits" talent philosophy: regardless of age, tenure, seniority or educational background - only contribution counts, valuing every employee's potential and actual contribution to unlock employee potential and drive the Company's sustainable development.

The Board of Directors, as the highest decision-making body, bears overall responsibility for the strategic direction of human capital management. At the management level, the Company has established an ESG Committee to oversee policies and practices relating to human capital, social responsibility and sustainable development, with the Human Resources Department responsible for the specific implementation of employee recruitment and employment, rights protection and care activities, and training and development.

Risk Management

Employee Recruitment and Employment

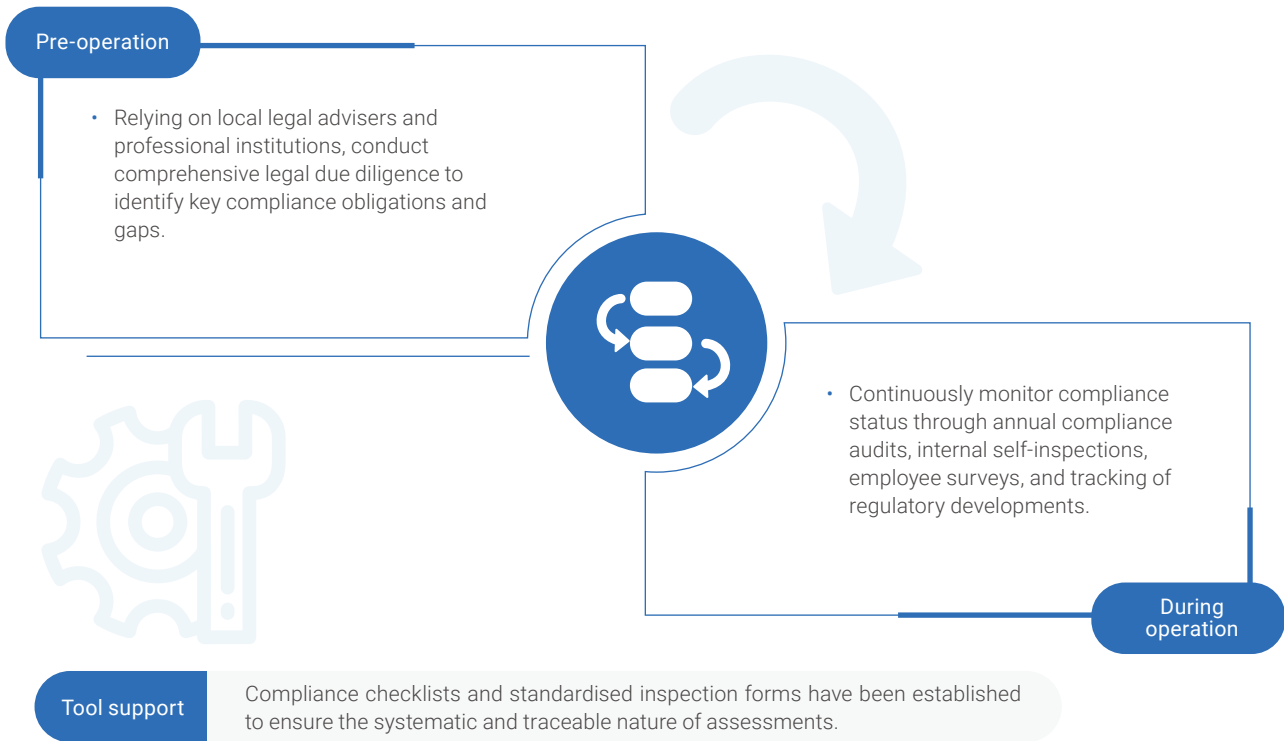
The Group adheres to its "elite workforce" policy of "first-class talent, first-class performance, first-class rewards", and has established a recruitment and employment management framework centred on the *Recruitment Management Measures* to clearly define recruitment principles, standardise the full talent acquisition process and build diverse recruitment channels. The Group continuously strengthens the attraction of outstanding talent at all levels, cultivating a team of exceptional people who serve as creators of the Group's value and guardians of its corporate culture. The Group also translates relevant talent recruitment and management policy documents into the local languages of its overseas operating locations and communicates these to all employees.

The Group upholds lawful employment practices and strictly complies with laws and regulations including the *Law on the Protection of Minors* of the People's Republic of China and the *Provisions on the Prohibiting the Use of Child Labor*, rigorously verifying the age of all new hires during the employment process and strictly prohibiting the use of child labour or forced labour. The Group is committed to equal employment opportunities and workplace diversity, providing employees with equal opportunities in recruitment, training and development, promotion, and remuneration and benefits, and employing individuals of diverse ages, genders, ethnicities, religions and educational backgrounds. In addition, the Company has established minimum consultation or notice periods prior to large-scale redundancies, ensuring that employees have sufficient time to respond to changes or to negotiate alternative arrangements.

With regard to employment compliance management in the context of overseas business expansion, in 2025 the Group established an employment compliance assessment mechanism covering both existing and new operating locations, focusing on key stages of the full human resources lifecycle to ensure that operations in all jurisdictions comply with local laws and regulations as well as internationally accepted standards, and to build a responsible and sustainable employment framework.



- Horizon Construction Development Overseas Employment Compliance Assessment Process -



- Horizon Construction Development Overseas Employment Compliance Assessment Content -

Recruitment and hiring compliance	<ul style="list-style-type: none"> • Review recruitment policies, advertising channels and selection processes against local labour law, equal employment and anti-discrimination legislation. • Assess the legality of background checks, offer conditions and document management, guarding against risks such as child labour and forced labour.
Labour relations management	<ul style="list-style-type: none"> • Review employment contract templates, probationary period provisions, working hours and leave systems, and dismissal procedures for compliance with local mandatory requirements.
Remuneration and benefits compliance	<ul style="list-style-type: none"> • Verify minimum wage requirements, overtime pay calculations, payroll cycles and statutory benefits contributions. • Review the legality and fairness of remuneration structures, tax reporting and pay confidentiality provisions.
Occupational health and safety	<ul style="list-style-type: none"> • Assess whether workplace safety standards, occupational disease protection, emergency response mechanisms and insurance coverage meet local regulatory requirements.
Cross-border human resources management	<ul style="list-style-type: none"> • For seconded employees, verify visa compliance, cross-border social security, tax coordination and cultural integration support measures.



The Group integrates overseas employment compliance results into the full overseas human resources management lifecycle. Ongoing employment compliance assessment and dynamic management not only effectively prevent and control employment legal risks, but also actively promote employee rights protection and the building of a diverse and inclusive workplace, laying a solid governance foundation for the long-term and sound development of the Group's overseas operations.

- Application of Horizon Construction Development Overseas Employment Compliance Assessment Results -

Policy localisation

Based on assessment findings, localised human resources policies and employee handbooks are formulated or revised.

Process improvement

Internal controls are designed for high-risk areas to improve employment approval and records management.

Training enhancement

Compliance training is provided for management and HR teams to strengthen the compliance awareness and practical capabilities of local teams.

Rectification tracking

Issues identified are recorded in a rectification register, tracked through to closure and incorporated as priority items in the next assessment.

Employee Rights Protection

The Group upholds the philosophy of building a fair, impartial and open workplace environment, and has established a comprehensive and well-structured human resources management system and policy framework with clear provisions on working hours and leave, and remuneration and benefits, to fully protect the lawful rights and interests and welfare of all employees.

- Horizon Construction Development Employee Rights and Welfare Protection Framework -

Working hours and leave

- **Working hours:** The *Employee Attendance Management Measures* have been formulated to ensure the Group's compliance with applicable laws and industry standards on working hours. .
- **Leave:** Paid annual leave, marriage leave, bereavement leave, maternity leave, sick leave, parental leave (five days per year for each parent), elderly care leave (five to seven days per year), and leave for children's parent-teacher meetings.

Compensation and benefits

- **Remuneration:** The *Salary Management Measures* have been formulated to provide competitive remuneration packages based on employees' qualifications, competencies, performance and comparable market data, generally comprising salary, contributions to pension schemes and discretionary bonuses. Gender pay gaps are monitored regularly to ensure the sustained implementation of the already achieved equal pay for equal work policy for men and women.
- **Statutory benefits:** The five social insurance schemes and one housing fund are provided for all employees.
- **Non-statutory benefits:** Supplementary medical insurance, group personal accident insurance and other benefits are provided, along with festival bonuses, festival gifts for employees' parents, meal subsidies and other benefits; additional commercial insurance is purchased for personnel travelling overseas.



Anti-discrimination and anti-harassment

- **Commitment:** The Group does not tolerate any discriminatory behaviour or practices, and commits that employees will not face discrimination or loss of opportunity on the grounds of gender, ethnic background, belief, skin colour, sexual orientation, age, marital status, family status, retirement, disability, pregnancy or any other grounds prohibited by applicable laws and regulations; no form of explicit or implicit threatening behaviour, intimidation, stalking or violence is tolerated.
- **Regulations:** Employees must not subject colleagues, prospective colleagues or employers to sexual harassment, discrimination or harassment on the grounds of gender, ethnicity, marital status, pregnancy, breastfeeding status, disability or family status.
- **Complaint reporting:** Employees who believe they have experienced discrimination are encouraged to raise a complaint with the Company through the feedback and complaint channels set out in the *Employee Handbook*; employees who believe that they or others have experienced harassment may report this to the Human Resources Department immediately. Relevant complaints and feedback will be treated confidentially and disclosed to employees and other parties only on a need-to-know basis. The Group will take all practicable measures to promptly investigate every violation. All employees must act with honesty and integrity, providing truthful, accurate and complete information and cooperating with the Group's investigations.
- **Training and penalties:** Training on workplace discrimination and harassment is provided for all employees, and appropriate penalties are applied when instances of discrimination or harassment occur.

Human rights

- **Commitment:** The Group complies with International Labour Organization (ILO) conventions and the United Nations *Universal Declaration of Human Rights*, prohibiting human trafficking, child labour, forced labour and discrimination, and respecting employees' freedom of association and right to collective bargaining. This commitment covers all employees of the Group and all aspects of its business operations. The Group also calls on its suppliers and customers to comply with and uphold these commitments, working together to protect employee rights and interests.
- **Risk identification and assessment:** Human rights risks within the Group's business operations are identified on a regular basis, including risks of forced labour, human trafficking, child labour, freedom of association, collective bargaining rights, equal pay, discrimination, and occupational health and safety; employee human rights risks across each business stage are assessed regularly; identified risks are prioritised and dedicated rights protection plans are developed in a timely manner to mitigate material human rights risks.
- **Human rights mitigation and remediation:** Upon receipt of reports of incidents that harm employee human rights, such as child labour, forced labour or occupational health injuries, the Group intervenes immediately, conducting thorough investigations and handling incidents appropriately; appropriate and reasonable remediation is provided to affected parties; the causes of incidents and their resolution are reviewed, reducing the likelihood of recurrence.

Case

Additional Welfare Leave for Employees in Thailand

During its operations in Thailand, the Group strictly observes the eight statutory public holidays under local law and has proactively introduced two additional welfare leave entitlements. The additional leave entitlements, including marriage leave and bereavement leave, are designed to provide institutional support for employees facing significant family events, demonstrating the Group's responsible employer brand.

The Group practises democratic management, building a democratic participation structure centred on the Employee Representative Conference and the labour union, and establishing employee communication and feedback mechanisms, including a President's Mailbox, a rationalisation suggestions platform and Horizon Construction Development's "Tea Bar". Regular communication is maintained with employee representatives on matters including working conditions and employee rights, driving the harmonious development of the Group's labour relations.

In 2025, the Group organised two sessions of the Employee Representative Conference, attended by 196 and 150 employee representatives respectively. Representatives reviewed and voted to adopt a number of important resolutions, including the *Company Rules and Regulations (Revised)* and a proposal to adjust performance bonuses.

In addition, the Group conducted an organisational climate survey, encompassing engagement and satisfaction assessments across dimensions including cultural vision, leadership effectiveness, development and growth, and work rewards, to gain a comprehensive understanding of employees' professional wellbeing (including job satisfaction, goals, sense of wellbeing and stress levels). Improvement plans have been formulated for areas with lower satisfaction scores, with quarterly follow-up and review conducted to continuously drive improvements in employee engagement and help employees achieve a sense of personal fulfilment in their work.



Employee Care and Activities

The Group places great importance on employee wellbeing, establish regulations related to union benefits, and regularly organize welfare activities for the union, the Group, providing employees with necessary support through care, condolences and assistance initiatives, fully attending to employees' lives and enhancing their sense of wellbeing and cohesion. The Group is committed to creating a platform for growth that employees trust and are inspired to strive for.

- Horizon Construction Development Key Employee Care and Activity Measures -

Employee physical and mental health

Integrated welfare resources covering health check-ups and insurance, club fitness activities, and dietary and medical care; Employee Assistance Programme (EAP) psychological counselling services are provided to help identify and resolve employees' emotional and mental health issues in a timely manner.

Female employee rights and welfare

Mother-and-baby rooms have been established to provide pregnant and breastfeeding female employees with private, hygienic, safe, warm and comfortable rest spaces; regular dedicated gynaecological screening examinations are organised for female employees to comprehensively support their physical wellbeing.

Employee livelihood support

The Group provides support, care and financial assistance annually to employees who encounter accidents; public rental housing is provided for young employees to address their housing needs in a targeted manner. In exceptional circumstances, employees may adopt flexible working hours and work-from-home arrangements to achieve work-life balance.

Promoting employee physical activity and health

Facilities including a gymnasium are provided to encourage employees to actively participate in fitness activities, helping them to build a healthy and fulfilling lifestyle.

Employee and family condolences

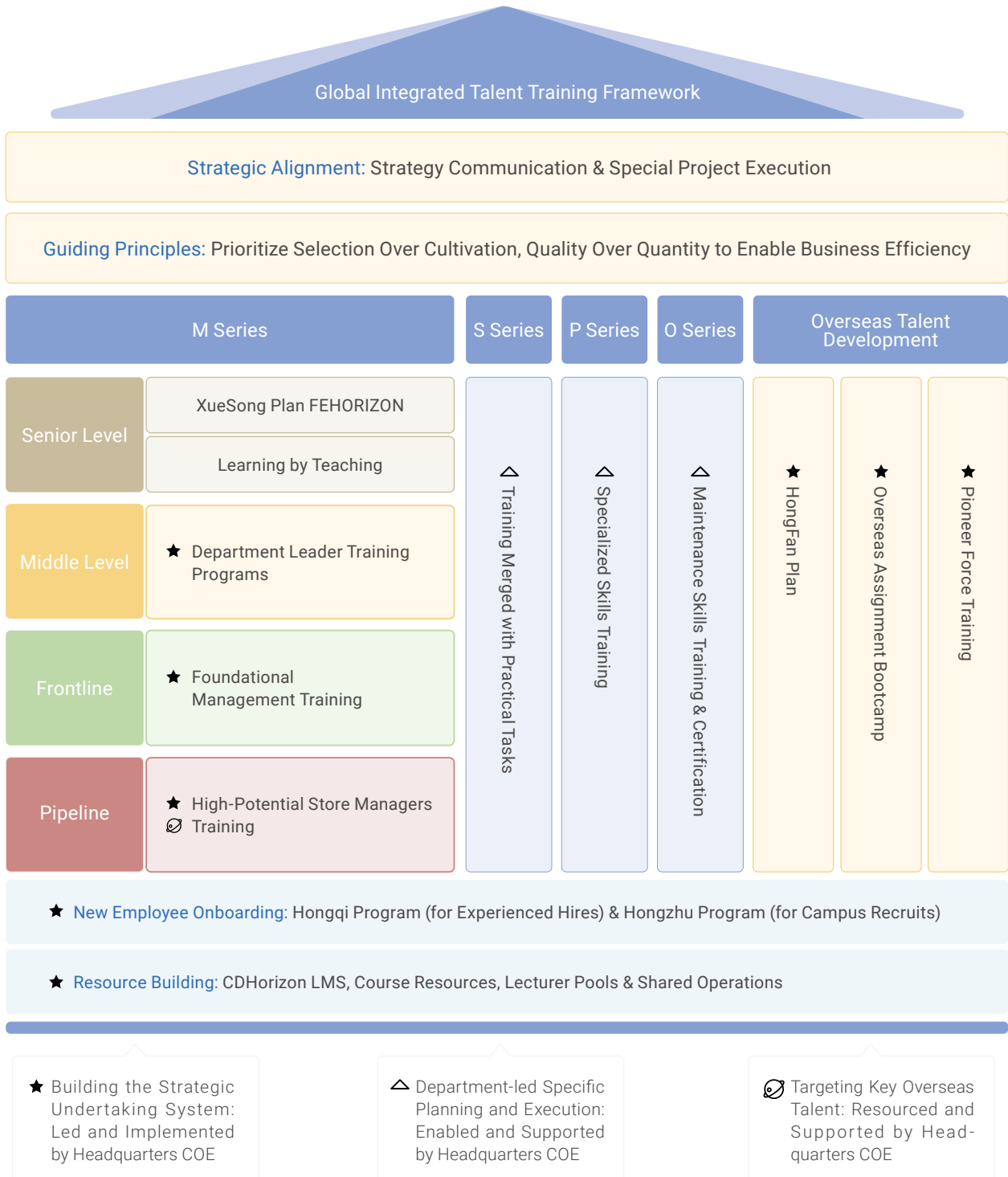
The Group distributes condolence payments to employees' family members during festivals, and provides dedicated condolence payments for employees getting married or having children, as well as for employees on extended business travel.

Employee training

The Group places great importance on talent cultivation and development. Focusing on leadership development for managers, induction for new employees, and the enhancement of general and professional skills for all employees, the Group has worked to build a dynamic talent development system that is centrally governed by headquarters, supported by each business division, and implemented on a tiered and classified basis, steadily driving the appreciation of the Group's intellectual resources. Training methods include offline mentorship-based instruction and online digital learning, covering all employee groups including contract employees and part-time employees.



- Horizon Construction Development Tiered and Classified Talent Development System -





- Horizon Construction Development Key Training Programmes and 2025 Outcomes -

Training Category	Target Audience	Training Introduction	Training Outcomes	
Leadership development training	Cross-cultural leadership training	Mid- and senior-level staff in China and overseas	Training to improve systematic understanding of overseas business operations and management, with course content focused on strengthening the awareness and mindset of key cadre groups and enhancing the systematic approach to overseas business development	42 participants in total; overall satisfaction score of 9.0
	Mid-year business manager training	Deputy General Managers / Regional General Managers of domestic business divisions	Training topics include customer marketing and management, and finance	35 participants
	Q3 frontline business manager training	Frontline business managers (Regional Directors of business divisions)	Training topics include business development, asset operations and financial management	30 participants
Cultural training	Hongfan Programme	Talent pool for overseas deployment; personnel not yet selected or assigned to a country	Training focused on advanced cultural adaptation and language adaptation, and using work-sharing sessions to address potential cognitive biases towards overseas cultures	Talent pool coverage: 82 in the front, middle and back-offices combined
	Overseas advance team intensive training	Employees planning to go to newly developed countries	Training focused on rapid language, cultural and work adaptation to typical scenarios in newly developed countries	Advance team training successfully organised for Africa and other countries, covering 30 participants
	Management English training	Members of the leadership team and overseas division General Managers	Training aligned with high-quality external learning resources, with clear English improvement targets and learning requirements established; weekly learning monitoring and support provided to ensure effective use of English training resources and achievement of learning objectives	Activation rate for 21 managers: 100%; total online learning hours: 650+; total 1-on-1 private coaching hours: 150+; 12 participants have achieved their sub-level advancement targets, of whom 6 achieved advancement of 3 or more sub-levels
Graduate trainee training	Hongzhu Plan	Business campus recruits	A 2-week intensive training programme to help campus recruits master the Company's culture, systems, processes and fundamental sales skills; a 2-4 week cross-functional rotation to familiarise recruits with the Company's full processes	Average time to first order after joining: 5 days, 4 days faster than previous business campus recruits
Outsourced personnel training	Outsourced operations sequence training	Outsourced operations personnel	Training through online instruction and offline mentoring, covering product familiarisation, tool awareness and use, equipment operation, equipment structure, daily work processes, and equipment maintenance	780 participants covered



The Group supports employees in improving their professional capabilities and builds a self-examining, self-motivated and self-improving learning organisation through measures including establishing an online learning platform, providing employees with IPAF training and certification, and offering construction industry qualification certificate subsidies. This fosters a team culture of universal and lifelong learning. In 2025, the Group distributed a total of RMB1,057,500 in qualification certificate subsidies, covering 96 employee instances.

In addition, the Company has formulated departure transition plans to support the future development of departing employees.

Employee Performance Management

The Group has established a sound performance management mechanism that fully harnesses the motivating and constraining functions of performance management, organically integrating the Group's vision, strategy and objectives with individual employee performance, with the aim of achieving shared success for the Group, its teams and its individual employees.

- Horizon Construction Development Performance Management Mechanism -

Aspect	Specific Measures
Performance appraisal mechanism	<ul style="list-style-type: none"> Objective-oriented, and based on the balanced scorecard principle, the Group's overall strategic objectives are cascaded down to individual departments and employees. Team-based and individual performance targets are established through the setting of Key Performance Indicators (KPIs) and Key Success Factors (KSFs), and performance results are evaluated accordingly. Performance appraisals are conducted twice a year, encompassing a multi-dimensional performance management framework with clear objectives covering performance target-setting and cascading, formulation and execution of performance plans, performance appraisal, performance coaching, performance interviews and feedback, and application of performance results. Employee performance appraisal results are widely applied to remuneration incentives, grade adjustments, talent development, and annual recognition.
Performance appeal mechanism	<ul style="list-style-type: none"> Throughout the performance appraisal process, the Company maintains active communication with employees to ensure that appraisals reflect actual job requirements. Employees who wish to contest their performance results may submit a performance appeal to the Human Resources Department; the Human Resources Department will handle appeal matters carefully in accordance with relevant provisions and procedures, and will provide timely feedback on the outcome to the employee concerned.

In addition, to incentivise core talent who play a key role in the achievement of the Group's overall objectives, the Group has implemented an equity incentive plan. Incentives are granted annually and vest in equal instalments over three years, covering the Group's senior executives, middle managers and other core backbone members.

In 2025, the Group granted a total of 30,540,000 shares to 49 mid and senior-level management personnel, representing about 1% of the total share capital. Of these, 21,350,000 were restricted shares (comprising about 70% of the total grant) and 9,190,000 were share options (comprising about 30% of the total grant).

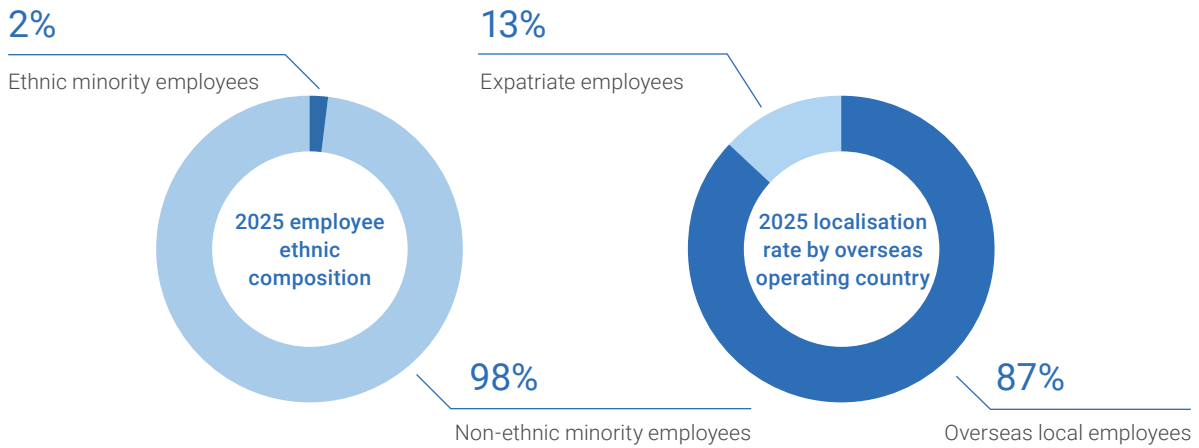
Metrics and Targets

The Group has made solid progress in employee recruitment and employment, rights and welfare protection, employee training and development, strengthening employees' sense of belonging and loyalty, improving their professional skills and overall competencies, and ensuring that every employee finds a sense of belonging in their career and continues to grow and develop, laying a solid foundation for the Group's sustainable development.



- Horizon Construction Development Human Capital Management Metrics and Targets -

- 1,660 market-oriented and professional talents recruited; approximately 1,107 overseas employees.
- No employee discrimination incidents in employment and labour practices; no non-compliant instances of child labour or forced labour identified.
- Detailed review conducted of human rights, work environment, employment risk and labour contract signing policies; no material human rights risks identified.
- Total number of employees: 4,253; ethnic minority employees: 104; localisation rate of personnel in overseas operating countries reached 86.94%, reflecting ethnic diversity and the characteristic of localised employment in overseas operations.
- 41 persons with disabilities employed, assigned to work in areas such as archive management and gift production.
- 21 employees in financial hardship received condolence support, with total condolence payments of RMB53,413.90.



- Mean gender pay/bonus gap¹: -25.1%; median gender pay/bonus gap: -37.3%²
- Two sessions of the Employee Representative Conference were organised, with a cumulative total of 346 employee representatives participating.
- 471 suggestions received through the rationalisation suggestions platform.
- Employee satisfaction and engagement surveys conducted; employee engagement rate: 69.11%³.

Metric	2025 Target	Progress in 2025
Employee training coverage rate	100%	100% ✓ Completed
Employees receiving regular performance and career development evaluations	100%	100% ✓ Completed

For other data performance details, please refer to the "ESG Data Sheet and Notes" section of the Report.

¹ (The average hourly wage of male full-time employees - the average hourly wage of female full-time employees) / the average hourly wage of female full-time employees.

² (Median hourly wage of male full-time employees - Median hourly wage of female full-time employees) / Median hourly wage of female full-time employees.

³ In 2025, the Group adjusted the evaluation indicator system and the difficulty level of the engagement assessment, resulting in greater fluctuations in engagement data compared to previous years.



4.2 Occupational Health and Safety

Governance

Horizon Construction Development regards occupational health and safety management as the foundation of the Group's operations and a safeguard for its sustainable development.

The Group strictly adheres to applicable laws and regulations, including the *Work Safety Law of the People's Republic of China* and the *Safety Regulations for Confined Space Operations in Industrial and Trade Enterprises*, and has established a comprehensive suite of policies and procedures, including the *Work Safety Responsibility Management Measures*, *Occupational Health Management Measures*, [Health, Safety and Environment \(HSE\) Policy](#), and *HSE Incident (Accident) Management Measures*. These form the basis of the Group's occupational health and safety management system, which covers the Group's overall operations as well as contractors under its supervision. The Group is committed to creating and maintaining a safe and healthy workplace, and to preventing the occurrence of safety incidents and occupational diseases.

The Group has established an HSE Committee with full horizontal and vertical coverage across the organisation, serving as the highest decision-making body for HSE management. A dedicated HSE Management Department under the Asset Centre has been established to handle day-to-day HSE operations.

- Horizon Construction Development HSE Management Organisational Structure -



Risk Management

HSE Risk Prevention and Control Mechanism

The Group uses HSE risk management as a key lever to manage risks relating to occupational health and safety. The Group conducts regular identification of HSE risk factors and applies a risk matrix methodology to assess risk levels across two dimensions: likelihood of occurrence and severity of impact. Risk prevention and control measures are then implemented in a differentiated manner according to risk level.



- Horizon Construction Development – Routine HSE Risk Prevention and Control Measures -

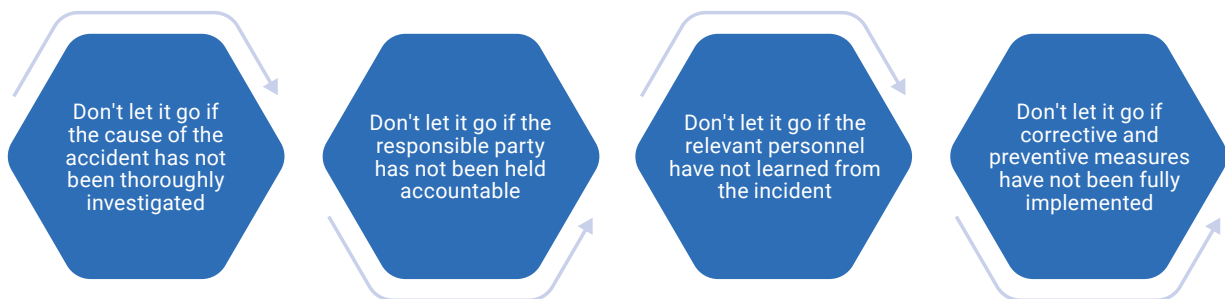
Aspect	Specific Measures
HSE Risk Factor Identification	<ul style="list-style-type: none"> Hazard identification has been carried out across both existing operational projects and new projects of the Group, resulting in a total of 50,655 identified items, of which 6,433 are classified as major risks, primarily concentrated in categories such as lifting injuries, mechanical injuries, and collapses.
HSE Risk Control Mechanism	<ul style="list-style-type: none"> Work instruction documents have been developed for high-risk operational procedures, with policy briefings conducted for frontline engineering staff, alongside dedicated oversight, regular on-site verification inspections, and corrective action on identified issues. Qualification and admission standards have been established for personnel involved in typical operational procedures, requiring relevant staff to complete skills and safety knowledge training and pass the corresponding assessments prior to commencing work. Risk management actions are prioritised according to risk level, with a three-tier safety inspection mechanism in place. Identified hazards are tracked and closed out in accordance with the "three-fix principle" (fix the responsible person, fix the timeline, and fix the corrective measures): <ul style="list-style-type: none"> Company level: Monthly inspections with full coverage of high-risk operations; quarterly inspections with full coverage of medium-risk operations; annual inspections with full coverage of low-risk operations. Departmental level: Monthly inspections conducted. Team level: Daily inspections conducted.

In view of the HSE risk characteristics of its overseas operations, the Group has established a tailored HSE management system with a focus on controlling high-risk activities such as equipment and material loading and unloading, maintenance, and lifting operations. By driving personnel at all levels to fulfil their key HSE responsibilities, the Group plans and delivers HSE training for overseas employees and ensures the systematic closure of HSE issues identified overseas, thereby providing a solid foundation for overseas business operations.

Work safety

The Group rigorously fulfils its primary responsibility as an enterprise for work safety, and upholds the Four "Don't Let It Go" principles in incident handling. Through strengthening the accountability framework, maintaining safety facilities, and fostering a safety culture, the Group has built a robust line of defence for work safety, creating a safety environment that is "close to reality, close to production, and close to employees" across its operations.

- Horizon Construction Development - Four "Don't Let It Go" Principles for Safety Incident Handling -





- Horizon Construction Development - Key Work Safety Measures and Achievements in 2025 -

Aspect	Specific Measures	Results
<p>Strengthening the Work Safety Accountability Framework</p>	<ul style="list-style-type: none"> Safety responsibilities have been clearly defined, safety accountability agreements signed, and regular safety hazard inspections conducted to eliminate safety risks at source. Responsibility for hazard rectification covers HSE professionals, managers at all levels, and on-site employees. A comprehensive inspection mechanism has been established, combining routine on-site patrols with intelligent video surveillance, structured around “weekly inspections, monthly full coverage, targeted in-depth reviews, and enhanced monitoring during public holidays”. Identified safety hazards are reported online with mandatory rectification deadlines. 	<ul style="list-style-type: none"> A cumulative total of 2,597 hazard inspections of various types were conducted throughout the year, focusing on key areas including operational safety, electrical safety, fire safety, and high-risk operations. A total of 53,288 hazards were identified during the year, all of which were brought under closed-loop management. The on-time rectification rate reached 98.6%, with a final rectification completion rate of 100%.
<p>Procedures for Investigating Work-Related Injuries/Accidents</p>	<ul style="list-style-type: none"> In accordance with the <i>HSE Incident (Accident) Management Measures</i>, a robust HSE incident investigation procedure has been established. All accidents require the formation of an investigation team to determine the cause, sequence of events, casualties, and economic losses; establish the nature and liability of the incident; put forward handling recommendations and corrective and preventive measures; and issue a formal investigation and handling report. Upon approval of the report, the Four “Don’t Let It Go” principles are applied to ensure closed-loop rectification. Experience sharing and educational prevention activities are subsequently conducted, with records maintained and regular statistical analysis performed. 	<ul style="list-style-type: none"> A total of 29 work-related injuries were recorded during the year. Based on the findings of the work injury investigation reports, all identified safety hazards have been rectified.
<p>Fostering a Work Safety Culture</p>	<ul style="list-style-type: none"> Various safety awareness activities have been organised, covering areas such as production safety, road safety, and occupational health. New employees undergo three-level safety training at the company, departmental, and team levels, equipping them with a thorough understanding of the Group’s work safety conditions, working environment, hazard factors, potential risks, safety responsibilities, operating standards, and emergency response capabilities. In response to the national Work Safety Month and Fire Protection Awareness Month, various emergency drill activities have been organised to enhance employees’ safety awareness and emergency response capabilities. 	<ul style="list-style-type: none"> A total of 49 safety awareness activities were held, accumulating 68,226 readership engagements. New employee training was conducted 241 times throughout the year, covering 1,170 individuals. Work Safety Month reached 5,413 participants; Fire Protection Awareness Month reached 5,406 participants. A total of 169 work safety emergency drills were conducted during the year, with 1,242 participants; 162 fire emergency drills were held, with 1,193 participants.

Occupational Health Management

The primary occupational health risks associated with Horizon Construction Development's business operations include noise, dust, and high temperatures. The Group continues to promote regular occupational disease risk identification throughout the full production cycle across all bases, with ongoing monitoring and rectification of identified risks. Occupational health management for employees is strengthened through two approaches: equipment improvement and health prevention.

- Horizon Construction Development - Key Occupational Health Measures in 2025 -

Aspect	Specific Measures
Equipment Improvement	<ul style="list-style-type: none"> Semi-automatic welding equipment fitted with fume collection ducting has been adopted, supplemented by 10 large-scale exhaust ventilation units to prevent the dispersal of welding fumes. Continuous optimisation of processes, techniques, and equipment has been pursued, including the introduction of welding robots to replace manual welding, further reducing the duration of personnel exposure to occupational hazard factors.
Health Prevention	<ul style="list-style-type: none"> Personal protective equipment is provided to employees exposed to identified occupational disease risks. Annual occupational health examinations are provided for employees, with 77 examinations conducted for personnel in roles with occupational hazard exposure. Occupational health training has been delivered to help employees strengthen their awareness of personal health protection, covering topics such as occupational health policies, prevention and control measures for occupational diseases and communicable diseases, and heat stroke prevention.

As at the end of 2025, Shanghai Horizon Equipment & Engineering Co., Ltd., Shanghai Hongjin Equipment & Engineering Co., Ltd., and Guangzhou Hongtu Equipment Engineering Co., Ltd., all subsidiaries of the Group, have obtained ISO 45001:2018 Occupational Health and Safety Management System Certification. The certification now covers 75% of the Group's wholly-owned bases.

- Subsidiaries of Horizon Construction Development Holding ISO 45001:2018 Certification -



Shanghai Horizon Equipment & Engineering Co., Ltd.



Shanghai Hongjin Equipment & Engineering Co., Ltd.



Guangzhou Hongtu Equipment Engineering Co., Ltd.

Metrics and Targets

The Group is committed to the continuous improvement of its occupational health and safety performance, in support of the Group's stable development and fulfilment of its social responsibilities. Occupational health and safety targets have been set, and progress towards these targets is driven through the establishment and enhancement of the occupational health and safety management system, as well as the implementation of effective risk management and control measures.



- Horizon Construction Development - Occupational Health and Safety Metrics and Targets -

Metric	Target	Progress in 2025	
Number of accident fatalities	0	0	✓ Completed
Number of occupational diseases	0	0	
Number of major production safety accidents	0	0	
Violations of occupational health and safety regulations resulting in regulatory penalties	0	0	

- In 2025, the Group invested approximately RMB45 million in occupational health and safety, covering eight key safety modules: safety protection, emergency management, personal protective equipment, inspection and testing, safety consultancy, safety education, safety incentives, and hazard rectification, comprehensively reinforcing the Group's occupational health and safety foundations.

For other data performance details, please refer to the "ESG Data Sheet and Notes" section of the Report.

4.3 Social Contribution and Rural Revitalization

Horizon Construction Development actively fulfils its social responsibilities and strictly complies with relevant laws and regulations, including the *Charity Law of the People's Republic of China*, the *Donation Law of the People's Republic of China for Public Welfare*, and the *Rural Revitalisation Promotion Law of the People's Republic of China*, maintaining ongoing commitment to social contribution and rural revitalisation.

In 2025, the Group actively participated in and supported the development of various social and public causes. The Group engaged proactively with communities and sub-district offices in its areas of operation - including Waigaoqiao Town, Jiading District, Shanghai; Zhujing Town, Jinshan District, Shanghai; Binhai New Area, Tianjin; and Nansha District, Guangzhou - through practical actions to advance economic development, education, healthcare, and other aspects of community and rural life. The Group strives to contribute to society's sustainable development whilst realising its own corporate value. In 2025, the Group's total charitable donations amounted to RMB40,000.

- Horizon Construction Development Key Social Contribution and Rural Revitalisation Initiatives in 2025 -



Employees participating in voluntary blood donation

The Group organised employees to participate in voluntary blood donation drives in Jinshan District and Jiading District, Shanghai, with a total of 8 employees donating blood.



The Group participated in targeted assistance for families in need, conducting on-site visits to households facing hardship in Shijin Village, Waigang Town, Jiading District, Shanghai, and providing financial support as well as in-kind donations including rice, eggs, and cooking oil.

The Group made charitable donations totaling RMB 30,000 to three organisations: the Jiading District Representative Office of the Shanghai Charity Foundation, the Red Cross Society of Zhujing Town, Jinshan District, Shanghai, and the Licheng District Charity Federation of Jinan, Shandong Province.

5 Upholding Governance Foundations, Practising Business Ethics

Corporate Governance

Compliance and risk management

Business ethics and anti-corruption

Metric	2025 Target	Progress in 2025	
Board meeting attendance rate	75%	100%	✔ Completed
Compliance training coverage rate	100%	100%	
Employee signing rate for the <i>Business Secret Protection Agreement</i>	100%	100%	



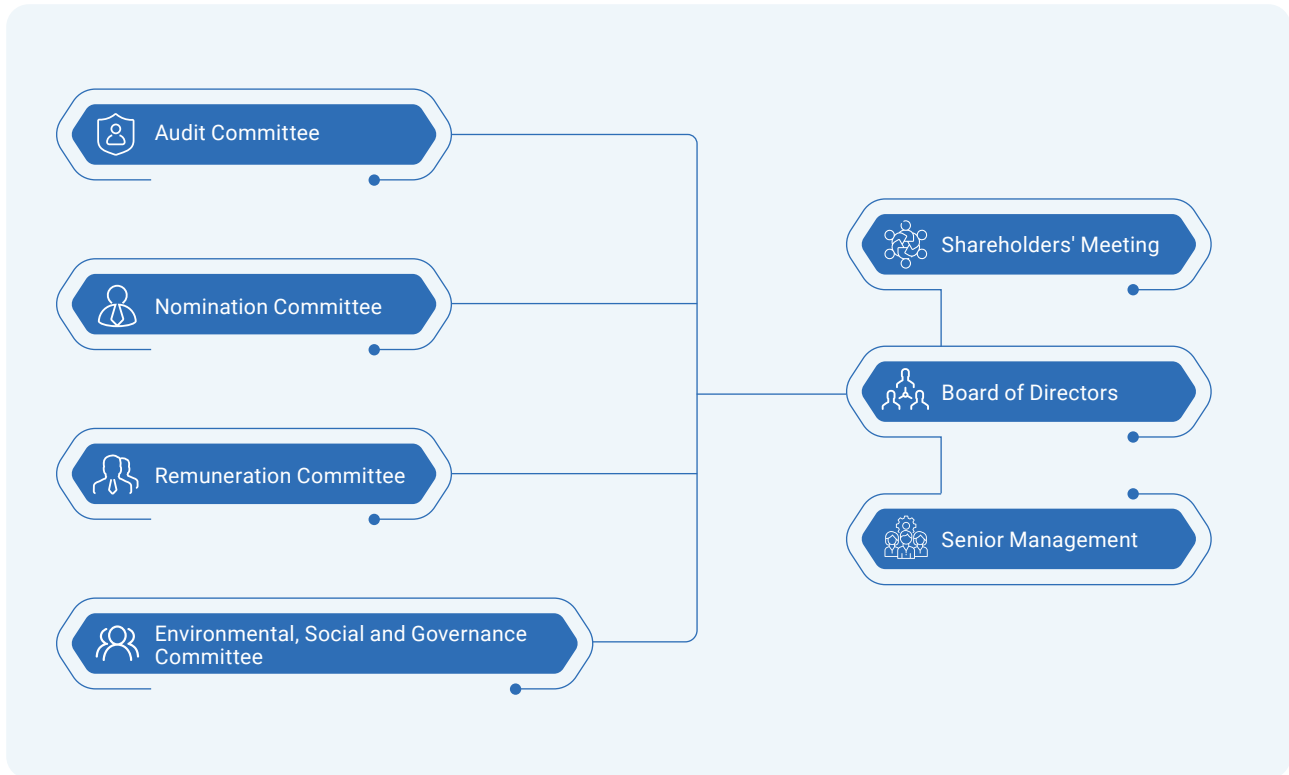
5.1 Corporate Governance

Governance

Horizon Construction Development strictly complies with the *Company Law of the People's Republic of China*, the *Securities Listing Rules of the Stock Exchange of Hong Kong Limited*, and the relevant regulations of the China Securities Regulatory Commission ("CSRC"), the Securities and Futures Commission of Hong Kong ("SFC"), and the Stock Exchange of Hong Kong Limited. The Company has formulated a series of internal normative documents, including the *Memorandum and Articles of Association*, *Rules of Procedure of the Board of Directors*, *Rules on Securities Transactions by Directors and Senior Managers*, and *Board Diversity Policy*. A top-down governance framework comprising the General Meeting of Shareholders, the Board of Directors, and Management has been established to continuously ensure the soundness and standardisation of the governance structure, effectively enhance decision-making efficiency and transparency, and lay a solid foundation for the Company's steady development.

The Board of Directors is the Company's highest governance authority, accountable to and reporting to the General Meeting of Shareholders. Under the Board of Directors, four specialised committees have been established: the Audit Committee, the Nomination Committee, the Remuneration Committee, and the Environmental, Social and Governance Committee. Each committee fulfils its respective responsibilities to ensure that Board decisions are standardised, sound, and effective.

- Horizon Construction Development Corporate Governance Framework -





Risk Management

The Company strictly convenes General Meetings of Shareholders and Board meetings in accordance with listing governance requirements, diligently promotes directors in the discharge of their duties, and enhances corporate governance effectiveness. The Company continuously strengthens its information disclosure practices, maintains effective communication channels with investors, and safeguards the interests of all stakeholders whilst sharing the Company's operational results with shareholders.

Corporate Governance

- Horizon Construction Development - Performance of Corporate Governance Duties in 2025 -

General Meeting of Shareholders

- The Company convenes General Meetings of Shareholders in strict accordance with the governance requirements for listed companies, ensuring that the lawful rights and interests of the Company and its shareholders are protected and upheld.
- In 2025, the Company held one General Meeting of Shareholders.

Board of Directors

- The Board of Directors is accountable to the General Meeting of Shareholders and oversees four specialised committees, each with its own terms of reference. Each committee fulfils its respective responsibilities to the fullest extent.
- In 2025, the Board of Directors held 5 meetings and deliberated on 12 resolutions; 5 specialised committee meetings were also convened. The attendance rate of directors at Board meetings was 100%.

Composition of the Board of Directors: The Board of Directors comprises 11 directors in total, including 2 Executive Directors, 5 Non-Executive Directors, and 4 Independent Non-Executive Directors (representing more than one-third of the Board of Directors). The Board Chairman is Mr. Kong Fanxing (Non-Executive Director), the Chief Executive Officer (CEO) is Mr. Zhan Jing, and the Lead Independent Non-Executive Director is Mr. Liu Jialin.

Effectiveness of elections: Directors of the Company (including Executive Directors, Non-Executive Directors, and Independent Non-Executive Directors) serve a term of three years and must retire by rotation at least once every three years. To fill a casual vacancy or appoint a new director, any person may be elected as a director by ordinary resolution. In 2025, the average tenure of directors was 3.73 years.

Diversity and expertise: The [Board Diversity Policy](#) has been adopted. When electing Board members and conducting periodic Board self-assessments, a range of factors are taken into consideration for director candidates and incumbent directors, including gender, age, ethnicity, cultural and educational background, professional experience, skills, and length of service, to ensure that Board members collectively possess diverse professional skills and experience.

Remuneration of Directors, Supervisors, and Senior Executives:

- The General Meeting of Shareholders determines the remuneration policy for directors (including Executive Directors) and periodically authorises the Board to implement such policy.
- The Remuneration Committee of the Board is responsible for making recommendations to the Board on the overall remuneration policy and structure for directors and senior managers, and on establishing a formal and transparent procedure for developing such a policy.
- The remuneration incentive framework for senior management covers primarily remuneration levels and composition, and performance evaluation criteria and procedures. In 2025, the CEO's shareholding-to-base-salary multiple was 10.27, and the ratio of CEO remuneration to the average employee remuneration was 23.3.



- Horizon Construction Development – Board Members and Tenure -

Name	Position	Gender	Tenure starting time	Professional background			
				Industry experience ¹	Financial accounting experience	Risk management	Legal experience
Kong Fanxing	Board Chairman Non-Executive Director	Male	2020	✓			
Zhan Jing	Chief Executive Officer (CEO)	Male	2024	✓	✓		
Tang Li	Co-Chief Financial Officer (Co-CFO)	Male	2021	✓	✓		
Xu Huibin	Non-Executive Director	Male	2020	✓		✓	
He Ziming	Non-Executive Director	Male	2021	✓			
Yuan Shaozhen	Non-Executive Director	Male	2024	✓			
Guo Lina	Non-Executive Director	Female	2021	✓			
Liu Jialin	Lead Independent Non-Executive Director	Male	2021	✓			
XU Min	Independent Non-Executive Director	Male	2021		✓		
Jin Jinping	Independent Non-Executive Director	Female	2021				✓
Sum Siu Kei	Independent Non-Executive Director	Male	2021		✓	✓	

Note 1: Industry experience of Board members refers to experience in management, academia, consulting, or research functions within the industry in which the Company operates. In 2025, the Company had 8 directors with industry experience. The professional backgrounds of Board members also span the fields of accounting and finance, risk management, and law.

Protection of Investor Rights

The Company places great importance on the protection of investor rights and interests. In accordance with the *Information Disclosure Management Measures*, the Company continuously improves its information disclosure mechanisms and comprehensively standardises its disclosure practices, ensuring that all disclosures are truthful, accurate, complete, timely, and equitable. In 2025, the Company published a total of 39 announcements on the Stock Exchange's disclosure website, actively fulfilling its information disclosure obligations, with no instances of false records, misleading statements, material omissions, or any other violations of information disclosure requirements. In 2025, senior executives of the Company proactively increased their holdings of the Company's shares on multiple occasions, demonstrating through concrete action their recognition of the Company's long-term value, aligning their interests with those of investors, and jointly safeguarding the stability of the capital markets and the rights and interests of investors.

The Company has formulated the *Shareholder Communication Policy*, *Investor Relations Management Regulations*, and *Dividend Policy*, and maintains ongoing communication with investors through a variety of channels, including annual and interim results announcements, results roadshows, broker strategy conferences, non-deal roadshows, one-on-one meetings, and group meetings. The Company also ensures that dividend distributions are conducted in a standardised manner. In 2025, the Company received a total of 379 investor engagements.



- Horizon Construction Development – Investor Contact Information -



Tel.: 400-821-8001



Email: hcd-ir@fehorizon.com

Case

Investor Site Visit to Overseas Bases

In 2025, the Company organised two times of investor site visits to its overseas bases in Indonesia and Thailand, with a total of 6 participants. The visits included tours of the bases and meetings with the Company's management and local business leads to gain insight into local market conditions and the progress of the Company's overseas operations.

Through these on-site visits, investors gained an in-depth understanding of the Company's overseas strategic footprint and operational capabilities, strengthening their confidence in the Company's international development prospects.



▶ Investor site visit to overseas bases

Metrics and Targets

The Company attaches great importance to the effectiveness of its corporate governance and has established governance metrics and targets, with continuous monitoring of progress.

- Horizon Construction Development – Corporate Governance Metrics and Targets -

Metric	Target	Progress in 2025	
Number and proportion of Non-Executive Directors on the Board	Increase Board independence	5 Non-Executive Directors, accounting for 45%	✓ Completed
Number and proportion of Independent Non-Executive Directors on the Board		4 Independent Non-Executive Directors, accounting for 36%	
Number and proportion of female directors on the Board	Improve Board diversity	2 female directors, accounting for 18%	
Number of female directors on the Nomination Committee	At least one	1 female director on the Nomination Committee, accounting for 33%	
Board meeting attendance rate	≥ 75%	100%	

For detailed information on corporate governance topics, please refer to the "Corporate Governance Report" section of the *Horizon Construction Development 2025 Annual Report*.



5.2 Compliance and Risk Management

Governance

Horizon Construction Development strictly complies with applicable laws and regulations, including the *Company Law of the People's Republic of China*, the *Regulations on the Implementation of the Audit Law of the People's Republic of China*, and the *Law of the People's Republic of China on Anti-Money Laundering*, as well as the laws and regulations of all overseas jurisdictions in which the Group operates. The Group continuously optimises its compliance and risk management strategies, and builds and refines a comprehensive compliance and risk management framework to identify, measure, assess, monitor, report, mitigate, and control all categories of risk to which the Group is exposed, thereby ensuring compliant operations.

- Horizon Construction Development - Compliance and Risk Management Framework -

Organisational

A comprehensive risk management framework has been established, comprising the Risk Management Committee, the risk management lead department, and risk management entities at all levels, with clearly defined responsibilities at each tier to ensure the integration of risk management with corporate objectives.

Policy system

A "1+N" policy framework has been developed to standardise risk management processes and ensure their ongoing advancement and iteration.

Technology empowerment

A comprehensive blueprint for the risk management system has been designed, with a clear implementation pathway, to drive digital transformation.

In its day-to-day risk management activities, the Group has established a three-lines-of-defence model, encompassing the identification and handling of potential and specific risks through to the ultimate prevention of major risks, with each line of defence reinforcing the Group's overall risk management mechanism.

- Horizon Construction Development - Three Lines of Defence for Compliance and Risk Management -

First line of defence

Business and functional departments identify potential risks in the course of their day-to-day operations.

Second line of defence

The Risk Management Department is responsible for the identification, analysis, and assessment of specific risks, and for proposing resolution plans, with support provided by other departments. The department also monitors the effectiveness of risk mitigation measures as implemented.

Third line of defence

The Internal Audit Department monitors for any "red line" violations.

Risk Management

Compliance Management

Guided by the principle that "compliance creates value for us", Horizon Construction Development has formulated a suite of compliance management policies, including the *Provisions on Responsibility Identification and Punishment*, *Business Introduction Avoidance Management Measures*, and *Rules on the Surrender of Gifts and Gratuities*. A compliance management framework integrating the front, middle, and back offices has been established. The compliance standards are subject to systematic annual review and revision to ensure they remain responsive to regulatory and business changes, with ongoing strengthening of controls at critical junctures to embed compliance management as a routine and sustainable practice.

- Horizon Construction Development Compliance Management Framework -



The Group conducts multiple rounds of compliance reviews each year, covering key business processes and high-risk areas, and identifies non-compliant conduct through targeted audits, unannounced inspections, and digital model scanning. In 2025, the Group's annual work was organised around five key directions: strengthening the audit and inspection framework, strictly combating illegal and non-compliant conduct, rigorously investigating systemic risks, reinforcing overseas oversight, and strictly supervising management performance.

- Horizon Construction Development - Key Compliance Management Measures in 2025 -

Direction	Management Measures
Strengthening the Audit and Inspection Framework	Six groups of digital audit models were launched, two digital audit platforms were optimised, and AI technology was introduced for automated screening of high-risk scenarios such as payment processing and duplicate expense reimbursements. In 2025, the platform successfully identified and recovered approximately RMB174,200 in anomalous funds.
Strictly Combating Illegal and Non-Compliant Conduct	More than 20 fraud investigations were conducted during the year, resulting in 4 formal audit reports. A total of 17 cautionary briefing sessions were held, covering all managers and new employees.
Rigorously Investigating Systemic Risks	Internal control reviews were conducted focusing on key controls and critical systems, resulting in 14 formal audit reports that identified control weaknesses in areas such as asset management and petty cash management, facilitating improvements to internal controls and the recovery of losses.
Reinforcing Overseas Oversight	Overseas basic management inspections were conducted, resulting in 6 formal audit reports that revealed basic management weaknesses and personnel anomalies; oversight methods are being continuously refined.
Strictly Supervising Management Performance	A total of 11 management supervision and performance reviews were conducted, strengthening oversight of management performance, with 2 reports issued.

The Group has formally incorporated compliant conduct into its performance appraisal system. Employees who engage in non-compliant conduct will be subject to disciplinary action commensurate with the severity of the violation, which will directly affect their performance ratings and eligibility for promotion. The Group also proactively delivers compliance training to employees to strengthen their compliance awareness.

Comprehensive Risk Management

Horizon Construction Development integrates risk management thinking into its day-to-day operations, continuously innovating and actively launching new products and developing new services to maintain market competitiveness whilst reducing risk exposure.

The Group actively embraces digital technology, leveraging digitalisation to enhance the accuracy and efficiency of risk identification, assessment, and control. The Group conducts risk scans at least twice per year to identify the Group's risk exposures and ensure that key risks are updated and addressed on an ongoing basis. In 2025, four risk scans were completed across all first-tier departments. As at the end of the reporting period, a total of 17 domestic and overseas risks had been identified, categorised into three tiers according to the degree of priority control required, with Tier 1 risks subject to continuous monitoring and heightened management.



- Horizon Construction Development - Key Risks Identified in 2025 and Corresponding Mitigation Measures -

Risk Type	Description	Financial Impact	Responses
Market Risk and Concentration Risk	The ongoing downturn in the construction industry has led to intensifying competition in the equipment rental market, resulting in a risk of contraction in market demand, alongside increasingly prevalent low-price competition.	Market contraction and low-price competition may lead to a decline in the Group's revenue and profits.	<ul style="list-style-type: none"> • Exploring emerging and innovative business lines: To reduce the impact of the construction industry on the Group's operations, the Group continues to explore opportunities in emerging and high-growth sectors, thereby diversifying industry concentration risk. • Expanding overseas market share: By the end of 2025, the Group had established operations in 7 countries across overseas regions including Southeast Asia and the Middle East. In 2026, the Company plans to further expand into markets such as Central Asia, Africa and South America, and continue to deepen its presence in high-growth potential overseas markets, so as to boost revenue and profitability and foster the Company's second growth curve. • Strengthening customer credit assessment: The Group continues to iterate and refine its customer credit classification and tiering system, assessing risk based on customers' repayment performance and developing corresponding risk control measures. For example, small and micro-enterprise customers and individual customers with lower credit ratings are primarily engaged on a prepayment basis to reduce the risk of customer default.
Overseas Compliance Risk	As the Group's internationalisation strategy deepens, overseas business has become an important engine of growth. However, significant differences exist across overseas markets in terms of laws and regulations, regulatory policies, industry standards, market practices, and social credit systems, resulting in elevated overseas compliance risk. This risk manifests across multiple dimensions, including data privacy protection, trade controls, anti-commercial bribery, labour standards, product certification, and environmental protection, posing ongoing and complex compliance management challenges in each jurisdiction of operation.	Non-compliance with the relevant laws, regulations, policies, and standards in overseas jurisdictions may expose the Group to legal liability, substantial fines, and business interruptions.	<ul style="list-style-type: none"> • Implementing differentiated compliance management through a "One Country, One Strategy" approach: In view of the significant differences across markets in terms of legal environments, regulatory maturity, and business practices, the Group conducts in-depth assessment of localised compliance requirements, dynamically tracks and interprets local regulatory developments, and formulates and implements compliance policies and procedures tailored to the specific characteristics of each jurisdiction, ensuring that business activities are conducted both efficiently and within clear boundaries. • Building a compliance control framework that evolves with the business: Compliance requirements are deeply embedded into the end-to-end overseas business process, with compliance checkpoints and review mechanisms established at key junctures including market entry, contract execution, finance and taxation, and data management. Particular emphasis is placed on the due diligence of customers and partners, with overseas customer credit and compliance risk profiles maintained, and more cautious cooperation models adopted for high-risk customers (such as prepayment arrangements) to control default and associated compliance risks. • Strengthening organisational capability and enablement: A robust legal and compliance team has been established at the headquarters level to define overseas compliance strategy and standards. In coordination with local legal counsel, the Group maintains a continuously updated repository of key laws and regulations across jurisdictions, delivers compliance training, and enables online reporting and early warning of compliance risks, enhancing both the timeliness and coverage of risk controls.
Acute Physical Risk / Asset Security Risk	In certain areas of operation, the Group faces risks arising from extreme weather events triggered by climate change (such as concentrated rainy seasons) and natural disasters such as earthquakes. This risk primarily relates to its potential impact on business continuity, rather than purely physical damage to assets.	Natural disasters may result in direct asset damage as well as consequential financial impacts arising from business interruptions.	<ul style="list-style-type: none"> • Proactive risk assessment: Prior to commencing business operations or deploying assets in a target region, climate and natural disaster factors are incorporated into feasibility analyses and financial modelling, and such risks are treated as a core consideration in business planning and decision-making for key regions.

In addition to regular risk identification, the Group adopts a range of measures to promote a risk-aware culture and ensure the effective implementation of risk management practices.



- Risk Culture Promotion Measures at Horizon Construction Development -

Integrating risk management into product and service development

In the course of exploring and developing new business sectors, the Group has established a systematic product validation mechanism that conducts comprehensive assessments across multiple dimensions, including commercial viability, regulatory compliance, credit risk, and operational risk. Specifically:

- **Market and commercial risk:** The commercial feasibility of new business ventures is validated through analysis of market size, competitive landscape, and asset whole-life-cycle profitability models, with assessment of long-term sustainability and revenue potential.
- **Regulatory and compliance risk:** The Group places particular emphasis on identifying the qualifications and compliance requirements applicable to all parties involved in a given business (including the Company, customers, and operators), ensuring adherence to relevant laws, regulations, and industry regulatory standards across areas such as equipment operations.
- **Credit risk:** Based on the credit profile of target customer segments, a tiered and categorised customer credit system is established, together with tailored credit risk management strategies to control default risk.
- **Operational risk:** During the validation stage, all operational process nodes are comprehensively reviewed. Drawing on existing operational experience and the characteristics of new business lines, standardised operational manuals are developed and continuously reviewed and dynamically refined during actual operations, thereby enhancing operational controllability and stability.

The above validation processes are embedded throughout the full lifecycle of new business development, forming a closed-loop risk control system that spans from early-stage assessment through to on-the-ground iteration, ensuring that new products and services are developed in a prudent and risk-controlled manner.

Risk training covering directors and employees

Risk management training is conducted on a differentiated basis according to the target audience, and is primarily divided into two categories: training for the Board of Directors and training for all employees.

1. Board of Directors training

- **Target audience and frequency:** Training is provided to all directors (including executive and non-executive directors), and is conducted on an ad hoc basis, principally upon the appointment of new directors or when changes occur in Board membership.
- **Key content:** The training focuses on the responsibilities and oversight functions of corporate governance in the context of risk management.

2. Employee training

- **Target audience and frequency:** Training is provided to all employees on a quarterly basis.
- **Key content:** Training is primarily concentrated on customer credit risk, encompassing practical business development operations and relevant working knowledge.

Incorporating risk management metrics into financial incentives

The Group has established a linkage mechanism between risk management and employee performance appraisals, covering two principal areas:

- **Operational risk management:** Qualitative operational risk events are incorporated into employees' periodic performance appraisals. Through the setting of corresponding KPIs and the review of their fulfilment, non-compliant or negligent behaviour is subject to score deductions or adjustments in appraisal evaluations, directly affecting the overall assessment of the relevant personnel.
- **Credit risk management:** With regard to customer credit risk, risk control metrics are directly linked to employee performance bonuses. For business development personnel and middle and back office staff involved in customer risk management, the Company sets clearly defined quantitative targets such as amounts collected and collection rates. Performance bonuses are only disbursed upon achievement of these targets; failure to meet targets will result in the withholding or cancellation of the corresponding performance bonus.

In addition, with respect to asset security (including asset recovery, damage, and loss), corresponding risk tracking and assessment mechanisms have been established to ensure comprehensive coverage of key risk areas.



As overseas market regulatory conditions evolve and emerging technologies advance, the Group faces challenges arising from emerging risks. In 2025, the Group identified two emerging risks with significant implications for long-term business development and has proactively undertaken targeted management measures.

- Identified Emerging Risks and Mitigation Measures of Horizon Construction Development in 2025 -

Risk Type	Description	Financial Impact	Mitigation Measures
Geopolitical and regional stability risk	In the course of expanding into new regions such as the Middle East and Africa, the Group may be exposed to external environmental risks including political instability, abrupt policy changes, and regional conflicts.	Persistent geopolitical tensions, together with rising commodity and energy prices, increase the Group's costs and introduce significant uncertainty into its operations and investments.	The Group adopts a prudent approach to the selection of new regions, proactively avoiding areas with known high risk. A continuous regional risk monitoring and assessment mechanism has also been established to enable dynamic adjustment of market entry and operational strategies.
AI and data security risk	As the application of AI technology deepens, there is potential risk of AI misuse, data breaches, and other security incidents, which could result in the leakage of customer information and violations of data security laws and regulations.	Potential impacts include legal liability, significant financial penalties, business disruption, and reputational damage.	Under the current business model, the Group proactively limits the collection and retention of personal information. Data is strictly restricted to internal use and is not disclosed externally, minimising data exposure and associated risk.

Metrics and Targets

The Group aims to advance its comprehensive risk management system by optimising management processes and improving operational efficiency, thereby ensuring that risks remain measurable, controllable, and compliant across all business activities.

- Compliance and Risk Management Metrics and Targets of Horizon Construction Development in 2025 -

Metric	Target	Progress in 2025
Number of compliance training sessions	Advance the comprehensive risk management system roadmap, developing a four-layer digitalised and intelligent risk control framework	18 sessions
Number of compliance participants		5,221 participants
Compliance training coverage rate		100%

5.3 Business Ethics and Anti-corruption

Governance

Horizon Construction Development strictly complies with the *Criminal Law of the People's Republic of China*, the *Regulations on the Prevention of Bribery*, and other applicable laws and regulations. The Group has formulated a series of internal policy documents, including the *Provisions on Anti-Fraud Work Management*, the *Provisions on Responsibility Identification and Punishment*, and the *Management Measures for Complaints, Reporting and Supervision*. The Group has also publicly issued statements including the *Anti-Corruption Management Statement*, the *Anti-Money Laundering and Counter-Terrorism Financing Statement*, and the *Supplier Code of Conduct*. A business ethics and anti-corruption governance framework has been established under the oversight of the Board of Directors' Audit Committee and the stewardship of the Internal Audit Department, with robust and effective anti-corruption and anti-fraud management mechanisms implemented to proactively prevent, detect, and rectify corrupt and fraudulent conduct in a timely manner.

- Horizon Construction Development Business Ethics Governance Framework -



Risk Management

To enhance transparency and integrity, the Group has strengthened its internal controls, proactively identified risks, improved its supervisory systems, and reinforced employees' awareness of integrity, in order to comprehensively prevent and combat corrupt practices.

- Horizon Construction Development Business Ethics Management Measures -

Aspect	Specific Measures	Results
Risk assessment	<ul style="list-style-type: none"> A systematic business ethics risk assessment mechanism has been established, incorporating all dimensions of business ethics, including corruption and bribery, fair competition, and conflicts of interest, as core assessment parameters. Regular risk identification and screening exercises are conducted, with enhanced monitoring of high-risk business areas and key positions. A risk early-warning and rapid response mechanism has been established; remedial measures are formulated in response to issues identified through assessments and their implementation is tracked accordingly. 	<ul style="list-style-type: none"> In 2025, the Company conducted anti-corruption risk assessments with a focus on asset security and financial security, covering all operational processes and key position personnel, with particular attention to embezzlement, bribery, and fraud. Assessment targets included high-risk positions such as asset management personnel and financial approval personnel, and risk controls including access controls and dedicated audits were implemented.
Integrity in business conduct	<ul style="list-style-type: none"> The <i>Employee Handbook</i> sets out clear requirements for all employees to be dedicated and diligent in the performance of their duties, to observe the Group's code of conduct, and to sign and comply with the <i>Business Secret Protection Agreement</i>. The <i>Anti-Corruption Management Statement</i> is communicated to all directors; integrity training is provided to employees; and exchange activities are organised for audit personnel to enhance audit capabilities. In high-risk business areas characterised by intensive financial and asset activity, ongoing daily monitoring and screening is conducted across all dimensions of business ethics – including corruption and bribery, fair competition, and conflicts of interest – with strict investigation and disciplinary action taken against any conduct that crosses the Group's red lines or damages the Group's image and interests. 	<ul style="list-style-type: none"> The <i>Business Secret Protection Agreement</i> signing rate among employees reached 100%. 17 sessions of anti-commercial bribery and anti-corruption training were conducted, covering topics including legal knowledge related to duty-related crimes, an introduction to the Company's compliance policies, the <i>Employee Handbook</i>, and the <i>Whistleblowing Mechanism Promotion</i>, with a cumulative total of 5,221 person-sessions and over 3,051.5 hours of training delivered.



Aspect	Specific Measures	Results
Procurement integrity management	<ul style="list-style-type: none"> A compliance briefing mechanism for key positions within the Supply Assurance Department has been established, and the <i>Management Guidelines on Compliance Briefing of Key Positions of the Supply Assurance Department</i> have been revised. Anti-commercial bribery clauses have been incorporated into supplier contracts, and <i>Anti-Bribery Agreements</i> have been signed with suppliers. 	<ul style="list-style-type: none"> In 2025, the <i>Supplier Anti-Commercial Bribery Agreement</i> was updated to include additional anti-corruption clauses, and promotional emails were sent to nearly one hundred suppliers to communicate integrity and compliance requirements for cooperation. In 2025, dedicated audits were conducted targeting several internal logistics employees and logistics suppliers, which uncovered instances of personnel fraud and criminal conduct. The audits also identified process loopholes and supplier management issues; a dedicated report was issued and rectification measures were pursued. Subsequent individual communications were held with logistics suppliers to reiterate the integrity requirements for cooperation. Suppliers found to be non-compliant with the terms of the agreement have had their cooperation terminated and have been removed from the supplier panel.
Whistleblowing	<ul style="list-style-type: none"> Reporting channels: Reporting channels have been updated and expanded. Employees and suppliers may report corrupt or fraudulent conduct - either by name or anonymously - through the following channels: the 400 hotline; the audit dedicated line at 021-59886550 / 15000980537; the reporting WeChat account at 15000980537; the dedicated reporting email (exclusively managed by the Internal Audit Department) at hxjf-jiandu@fehorizon.com; and the internal employee one-click reporting platform "Xiao Hong Ren". Whistleblower protection: Strict confidentiality measures are applied to information involving business secrets and personal privacy. Clear requirements for the protection of whistleblowers are stipulated, and any form of discrimination or retaliation against complainants or reporters is strictly prohibited. Dedicated management of reporting information: Reported information is handled in accordance with the principles of dedicated case management, comprehensive collection, classified management, closed-loop management, and information confidentiality, to the greatest extent possible ensuring that reporting and supervisory channels remain unobstructed. Substantiated and valuable reports are appropriately rewarded upon verification. Whistleblowing channel training: Reporting channels are registered in the Group's contracts with all business partners on a permanent basis. When communicating with suppliers via email and telephone, dedicated training on reporting channels is provided to ensure that stakeholders are aware of and able to utilise the whistleblowing mechanism. Reporting investigation process: Upon receipt of a report, the Group conducts its investigation in accordance with relevant regulations, adhering to the principles of objectivity and truth-seeking, following the standardised procedure below: 1. Acceptance and preliminary review stage: Registration of the report is completed within one working day; preliminary review and a decision on whether to initiate a formal investigation are made within one week. 2. Investigation and handling stage: The investigation period is one to three months, extendable where necessary, with findings documented in an investigation report. 3. Case closure and archiving stage: Upon submission of the investigation report and completion of the handling of the investigated party, the case is closed and all relevant materials are simultaneously archived. 	

Metrics and Targets

The Group continues to implement company-wide education on anti-commercial bribery and anti-corruption, maintains a zero-tolerance stance towards corrupt conduct, and requires all employees and suppliers to uphold integrity and comply with applicable laws.

- Business Ethics and Anti-Corruption Metrics and Targets of Horizon Construction Development in 2025 -

Metric	Target	Progress in 2025
Number of directors who received anti-commercial bribery and anti-corruption training	Enhance compliance awareness across all staff and foster a sound compliance culture	6 persons
Total duration of anti-commercial bribery and anti-corruption training received by directors		6 hours
Number of employees trained in anti-bribery and anti-corruption	Proactively identify non-compliant, unlawful, and unethical conduct to ensure business operations adhere to applicable rules	5,221 participants
Total hours of anti-bribery and anti-corruption training for employees		3,051.5 hours
Number of corruption lawsuits filed and concluded against the issuer or its employees ¹	Conduct annual supervisory oversight of managers to improve management effectiveness	2 cases
Total financial impact of corruption lawsuits involving suppliers or their employees		RMB2,100,000
Employee signing rate for the <i>Business Secret Protection Agreement</i>		100%
Supplier signing rate for the <i>Anti-Bribery Agreement</i>		100%

Note 1: The two concluded corruption-related legal proceedings that arose in 2025 comprised: one case involving an employee suspected of embezzlement and acceptance of bribes from non-state entities, and one case involving an employee who fraudulently fabricated an official company seal. The Group has conducted a thorough analysis of the management deficiencies exposed by these cases and has implemented corresponding remedial measures, including improvements to logistics and official seal management regulations, enhanced scanning of key risks, optimisation of process nodes and access controls, and the conduct of cautionary education campaigns to reinforce the Group's commitment to integrity and strengthen the integrity safeguard network.



ESG Data Sheet and Notes

- Economic Performance -

Indicator	Unit	2023	2024	2025
Profit before tax	RMB100 million	12.27	12.00	2.10
Total tax	RMB100 million	5.71	8.15	5.43
Total assets	RMB100 million	312.37	364.34	363.70

- Environmental Performance -

Indicator	Unit	2023	2024	2025
Scope 1 greenhouse gas emissions	tCO ₂ e	32,970.00	35,109.24	28,264.60
Scope 2 greenhouse gas emissions	tCO ₂ e	7,578.00	6,549.60	5,746.36
Total greenhouse gas emissions (Scopes 1 and 2)	tCO ₂ e	40,548.00	41,658.84	34,010.95
Greenhouse gas emissions per unit of revenue (Scopes 1 and 2)	tCO ₂ e/RMB1 million	4.22	3.60	3.63
Scope 3 greenhouse gas emissions	tCO ₂ e	---	---	873,050.51
Among them,				
Category 1: Purchased goods and services	tCO ₂ e	---	---	18,942.12
Category 2: Capital goods	tCO ₂ e	---	---	89,083.66
Category 3: Upstream energy	tCO ₂ e	---	---	7,021.88
Category 4: Upstream transportation and distribution	tCO ₂ e	---	---	59,759.45
Category 5: Waste generated in operations	tCO ₂ e	---	---	200.15
Category 6: Business travel	tCO ₂ e	---	---	4,019.29
Category 7: Employee commuting	tCO ₂ e	---	---	584.68
Category 11: Use of sold products	tCO ₂ e	---	---	63,145.34
Category 12: End-of-life treatment of sold products	tCO ₂ e	---	---	44,316.77
Category 13: Downstream leased assets	tCO ₂ e	---	---	585,977.18
Category 15: Investments	tCO ₂ e	---	---	0.00



Indicator		Unit	2023	2024	2025
Energy consumption	Total Consumption ²	tce	18,004.70	17,662.35	14,815.36
	Energy consumption per unit of revenue	tce/RMB1 million	1.87	1.53	1.58
	Diesel consumption by stationary sources	litre	---	---	159.60
	Gasoline consumption by self-owned vehicles/mobile equipment	litre	2,355,428.00	2,421,674.32	2,122,774.21
	Diesel consumption by self-owned vehicles/mobile equipment	litre	10,106,603.00	10,823,130.26	8,951,567.08
	Total power consumption	MWh	13,285.00	12,205.75	11,529.52
	Power consumption per unit of revenue	MWh/RMB1 million	1.38	1.05	1.23
Water resources utilisation	Total water consumption	m ³	280,552.40	243,297.84	225,692.81
	Amount of recycled water	m ³	350	68	67
	Water consumption per unit of revenue	m ³ /RMB1 million	29.20	21.01	24.11
Solid waste	Total solid waste generation	ton	1,723	1,290	2,972 ³
	Solid waste generation per unit of revenue	t/RMB1 million	0.18	0.11	0.32
Hazardous waste	Total amount of hazardous waste generated	ton	157.60	204.60	16.92 ⁴
Mobile source exhaust gas	SO _x	kg	197.00	209.85	175.33
	NO _x	kg	24,524.00	25,232.27	22,101.83
	PM	kg	2,350.00	2,417.74	2,117.78
Raw materials and packaging materials	Total consumption of packaging materials for finished products	ton	149	156	98 ⁵
	Amount of recycled packaging materials for finished products	ton	49	44	36
	Proportion of reusable materials and recyclable materials	%	32.9	39.4	37.0

Note 1: The scope of Scope 1 GHG emissions covers direct emissions from the consumption of diesel from stationary sources, petrol from mobile equipment, diesel from mobile equipment, and other fuels; the scope of Scope 2 GHG emissions covers indirect emissions from purchased electricity. Emission factors are referenced from the *Appendix II to the Environmental, Social and Governance Report: Guidelines for Reporting on Environmental KPIs* published by the Stock Exchange of Hong Kong Limited, the *Announcement on the Release of 2022 Electricity Carbon Dioxide Emission Factors* issued jointly by the Ministry of Ecology and Environment and the National Bureau of Statistics, and the GHG Protocol.

Note 2: Total energy consumption includes the use of diesel from stationary sources, petrol from mobile equipment, diesel from mobile equipment, and purchased electricity. The conversion factor to standard coal equivalent is based on the 20°C calorie conversion specified in *GB/T 2589 – 2020 General rules for calculation of comprehensive energy consumption*. The average low calorific values of petrol and diesel are sourced from the *China Energy Statistical Yearbook (2023)*, and density references are taken from the *US DOE/EIA, GB 17930-2016 Gasoline for motor vehicles*, and *GB 19147-2016 Diesel fuels for motor vehicles*.

Note 3: In 2025, the Group carried out the standardized clean-up of historical solid waste and accelerated major equipment overhauls, which led to an increase in solid waste generated during the period.

Note 4: In 2025, the Group strengthened employee training, which reduced the generation of hazardous waste caused by operational errors, while increasing the proportion of internal recycling and reuse. As a result, the volume of hazardous waste produced in the current period decreased.

Note 5: The primary business activity involving packaging materials for finished products of the Group is the scaffolding business. In 2025, the Group scaled down its related business operations, resulting in a decrease in the total amount of packaging materials used for finished products.

**-Employee Hiring and Training Performance-**

Indicator		Unit	2023	2024	2025
Employee hiring					
Total number of employees ¹		person	4,563	4,929	4,253
By Gender	Number of female employees	person	453	458	532
	Number of male employees	person	4,110	4,471	3,721
By Age	Number of employees over 50 years old	person	18	25	37
	Number of employees aged 30 to 50	person	2,852	3,472	3,211
	Number of employees under 30 years old	person	1,693	1,432	1,005 ²
By Region	Number of employees working in Chinese mainland	person	4,501	4,201	2,867 ³
	Number of employees working in Hong Kong, Macao, Taiwan regions of China and overseas	person	62	728	1,386 ³
Number of ethnic minority employees		person	182	161	104
Number of employees with disabilities		person	27	34	41
Proportion of female employees in revenue-generating departments		%	2.30	5.71	6.35
Proportion of female employees in STEM roles		%	21.99	22.08	20.17
Employee turnover rate ⁴		%	24.58	33.89	33.40
By Gender	Male employee turnover rate	%	22.12	31.53	31.48
	Female employee turnover rate	%	4.02	4.96	4.04
By Age	Turnover rate of employees over 50 years old	%	0.11	0.20	0.19
	Turnover rate of employees aged 30 to 50	%	16.15	24.41	25.79
	Turnover rate of employees under 30 years old	%	11.67	15.80	13.20
By Region	Turnover rate for employees working in Chinese mainland	%	24.50	32.24	27.79
	Turnover rate of employees working in Hong Kong, Macao, Taiwan regions of China and overseas	%	0.13	3.56	10.44
Total number of new hires		person	1,792	2,816	1,660 ⁵
By Gender	New female hires	person	160	254	278
	New male hires	person	1,632	2,562	1,382
By Age	New hires over 50 years old	person	5	6	26
	New hires aged 30 to 50	person	1,135	1,853	1,020
	New hires under 30 years old	person	652	955	614
By Region	New hires working in Chinese mainland	person	1,745	2,079	553
	New hires working in Hong Kong, Macao, Taiwan regions of China and overseas	person	47	737	1,107
Number of labour disputes ⁶		case	25	23	40
Total number of employee discrimination incidents		case	0	0	0
Number of incidents in which the Company was penalised for violating laws and regulations regarding employee recruitment and dismissal		case	0	0	0
Number of incidents in which the Company was penalised for violating laws and regulations on anti-discrimination and employee diversity		case	0	0	0
Number of employees covered by collective bargaining agreements (end-of-period number)		person	4,563	4,929	4,253
Proportion of employees protected by collective bargaining agreements		%	100.00	100.00	100.00



Indicator		Unit	2023	2024	2025
Employee training					
Total expenditure on employee training		RMB10,000	252.7	110.9	96.53
Coverage of employee training ⁷		%	100.00	100.00	100.00
By Gender	Proportion of male employees covered by training	%	90.07	90.71	87.49
	Proportion of female employees covered by training	%	9.93	9.29	12.51
By Employee Type	Proportion of senior management employees covered by training	%	0.22	0.20	0.21
	Proportion of middle management employees covered by training	%	0.50	0.63	0.66
	Proportion of junior employees covered by training	%	99.28	99.17	99.13
Average duration of training received by employees ⁸		hour	29.70	24.68	13.95 ⁹
By Gender	Average duration of training received by male employees	hour	30.50	24.81	13.95 ⁹
	Average duration of training received by female employees	hour	22.00	23.38	13.95 ⁹
By Employee Type	Average duration of training received by senior management	hour	17.40	44.72	77.81 ¹⁰
	Average duration of training received by middle management	hour	17.80	36.41	77.81 ¹⁰
	Average duration of training received by junior employees	hour	29.80	24.56	13.39 ⁹
Percentage of employees receiving regular performance and career development appraisals		%	100.00	100.00	100.00

Note 1: Total number of employees refers to the total number of full-time employees engaged under labour contracts.

Note 2: In 2025, the Group implemented tiered flexible employment, adjusting approximately 200 employees under the age of 30 in operational roles from regular employees to outsourced workers, resulting in a reduction in headcount.

Note 3: In 2025, the Group significantly accelerated its expansion into overseas markets, resulting in a decrease in the number of employees working in mainland China and a substantial increase in the number of employees working in Hong Kong, Macao, Taiwan and overseas.

Note 4: Turnover rate by category = Number of employees in that category who departed during the year / (Total number of employees at year-end + Total number of departures in that category during the year). Given the characteristics of the industry in which the Group operates, the employee turnover rate is within a normal range for the sector.

Note 5: In 2024, to support the expansion of overseas operations, the Group intensified its talent recruitment efforts, resulting in a relatively high number of new hires that year. In 2025, recruitment returned to normal levels.

Note 6: Labour dispute figures represent cases that arose during the year, including both concluded and ongoing cases. In 2025, affected by the downturn in the construction industry, some of the Group's engineering projects were suspended, leading to an increase in the number of labor disputes. Going forward, the Group will conduct advance risk assessments on the industry and specific projects, communicate potential labor risks of projects with employees at an early stage, and provide reasonable solutions in accordance with employees' demands.

Note 7: Training coverage rate by category = Number of employees in that category who received training / Total number of employees who received training.

Note 8: Average annual training hours per employee by category = Total training hours received by employees in that category during the year / Number of employees in that category at year-end.

Note 9: Over the past two years, the Group has rolled out a large number of overseas training programs, which pushed up the overall training hours. Since 2025, a substantial portion of the earlier training content has been formalized into self-paced courses for frontline employees and is no longer included in the routine statistics of frontline employee training. As a result, the average training hours received by frontline employees have decreased.

Note 10: In 2025, the Group accelerated its internationalization process and added training content on new business regions for middle and senior management. Consequently, the average training hours received by middle and senior management increased.

**- Occupational Health and Safety Performance -**

Indicator	Unit	2023	2024	2025
Employee physical examination coverage	%	100	100	100
Number of employees who died due to work-related injuries	person	0	0	0
Number of working days lost due to work-related injuries	day	376.0	589.0	596.5
Number of safety inspections	number	2,534	2,638	2,597
Number of emergency drills	number	339	293	331
Number of safety training and publicity	person time	63,450	78,718	80,215

- Construction and Equipment Quality Performance -

Indicator	Unit	2023	2024	2025
The total amount of fines due to violation of laws and regulations related to products and services	RMB10,000	0	0	0
Number of violations of laws and regulations related to products and services	case	0	0	0

- Customer Service Performance -

Indicator	Unit	2023	2024	2025
Customer satisfaction (in percentage)	%	95.20	94.82	97.80
Number of customer hotline inquiries	piece	48,343	49,303	88,252 ¹
Total number of complaints received about products and services ²	piece	1,383	1,074	697 ³
Percentage of complaints that have been handled regarding products and services	%	100	100	100
Number of confirmed complaints about infringement of customer privacy and loss of customer data	piece	0	0	0

Note 1: In the middle of the year, the Group reorganized its Digital Marketing Department, resulting in significant changes to its functions and responsibilities compared to previous years. This further promoted the online operation of small and micro customers, leading to an increase in the number of customer inquiries.

Note 2: The total number of complaints is calculated based on customer complaints received through the customer hotline.

Note 3: The Group strengthened its service level development, achieving significant improvements in equipment service quality and service timeliness. As a result, the number of complaints received decreased.



- Performance in Community Welfare and Volunteer Service -

Indicator	Unit	2023	2024	2025
Total investment in community welfare	RMB10,000	26.00	14.00	4.00 ¹
Number of employees participating in volunteer services	person	12	12	8
Total hours of employee volunteer service	hour	48	48	32

Note 1: The Group has always been committed to supporting social welfare causes within its capacity. In 2025, in order to reduce expenses, the Group intentionally reduced its non-profit costs and expenditures. Looking ahead, the Company will further strengthen its support for social welfare and increase its investment in public welfare causes to the extent possible.

- Performance in Supplier Management -

Indicator	Unit	2023	2024	2025
Total number of suppliers	number	5,721	6,066	8,590 ¹
Number of suppliers in China (including Hong Kong, Macao and Taiwan)	number	5,692	5,930	7,160 ¹
Number of overseas suppliers	number	29	136	1,430 ¹
Number of suppliers assessed in terms of environment, labour, ethics, etc.	number	566	1,828	2,859 ¹
Number of qualified suppliers assessed in terms of environment, labour, ethics, etc.	number	563	1,828	2,859 ¹

Note 1: In 2025, the Company significantly expanded its overseas business operations, resulting in a substantial increase in the number of both domestic and overseas suppliers.

- Business Ethics and Anti-Corruption Performance -

Indicator	Unit	2023	2024	2025
Number of corruption litigation cases filed and concluded against the issuer or its employees during the reporting period	case	3	3	2 ¹
Number of employees participating in anti-corruption training	person	2,356	3,648	4,253
Total duration of anti-corruption training received by employees	hour	1,767.00	2,736.00	3,051.50

Note 1: The two concluded corruption-related legal proceedings that arose in 2025 comprised: one case involving an employee suspected of embezzlement and acceptance of bribes from non-state entities, and one case involving an employee who fraudulently fabricated an official company seal. The Group has conducted a thorough analysis of the management deficiencies exposed by these cases and has implemented corresponding remedial measures, including improvements to logistics and official seal management regulations, enhanced scanning of key risks, optimisation of process nodes and access controls, and the conduct of cautionary education campaigns to reinforce the Group's commitment to integrity and strengthen the integrity safeguard network.



Report Standards Index Table

○ HKEX ESG Reporting Code Index

Part B: Mandatory Disclosure Requirements	
Mandatory Disclosure Requirements	Corresponding sections of the Report, other notes
Governance Structure	ESG Management Statement from the Board of Directors 1.2 ESG Governance Framework
Reporting Principles	About This Report
Reporting Boundary	About This Report

Part C: "Comply or explain" Provisions			
Subject Areas, Aspects, General Disclosures and KPIs	Location	Subject Areas, Aspects, General Disclosures and KPIs	Location
A. Environmental		Aspect B3. Development and Training	
Aspect A1. Emissions		General Disclosure B3	4.1 Human Capital Management
General Disclosure A1	2.4 Emissions and Waste Management	KPI B3.1	ESG Data Sheet and Notes
KPI A1.1	ESG Data Sheet and Notes	KPI B3.2	ESG Data Sheet and Notes
KPI A1.2 [Deleted on 1 January 2025]	---	Aspect B4. Labour Standards	
KPI A1.3	ESG Data Sheet and Notes	General Disclosure B4	4.1 Human Capital Management
KPI A1.4	ESG Data Sheet and Notes	KPI B4.1	4.1 Human Capital Management
KPI A1.5	2.4 Emissions and Waste Management	KPI B4.2	4.1 Human Capital Management
KPI A1.6	2.4 Emissions and Waste Management	Operating Practices	
Aspect A2. Use of Resources		Aspect B5. Supply Chain Management	
General Disclosure A2	2.2 Energy Management 2.3 Water Resource and Raw Material Management	General Disclosure B5	3.5 Sustainable Supplier Management
KPI A2.1	ESG Data Sheet and Notes	KPI B5.1	ESG Data Sheet and Notes
KPI A2.2	ESG Data Sheet and Notes	KPI B5.2	3.5 Sustainable Supplier Management ESG Data Sheet and Notes
KPI A2.3	2.2 Energy Management	KPI B5.3	3.5 Sustainable Supplier Management



Part C: "Comply or explain" Provisions

Subject Areas, Aspects, General Disclosures and KPIs	Location	Subject Areas, Aspects, General Disclosures and KPIs	Location
KPI A2.4	2.3 Water Resource and Raw Material Management	KPI B5.4	3.5 Sustainable Supplier Management
KPI A2.5	2.3 Water Resource and Raw Material Management	Aspect B6. Product Responsibility	
Aspect A3. The Environment and Natural Resources		General Disclosure B6	3.1 Construction and Equipment Quality As the Group's principal business is equipment rental and engineering construction, matters relating to product responsibility such as advertising and labelling are not applicable
General Disclosure A3	2. Leading Green Development, Building a Low-carbon Future Together	KPI B6.1	As the Group's principal business is equipment rental, product recall is not applicable
KPI A3.1	2. Leading Green Development, Building a Low-carbon Future Together	KPI B6.2	3.2 Customer Relations ESG Data Sheet and Notes
Aspect A4. Climate Change		KPI B6.3	3.3 Innovation-driven Development
General Disclosures A4 [deleted on 1 January 2025]	---	KPI B6.4	3.1 Construction and Equipment Quality
KPI A4.1 [deleted on 1 January 2025]	---	KPI B6.5	3.4 Information Security and Customer Privacy Protection
B. Social		Aspect B7. Anti-corruption	
Employment and Labor Practices		General Disclosure B7	5.3 Business Ethics and Anti-corruption
Aspect B1. Employment		KPI B7.1	5.3 Business Ethics and Anti-corruption
General Disclosure B1	4.1 Human Capital Management	KPI B7.2	5.3 Business Ethics and Anti-corruption
KPI B1.1	ESG Data Sheet and Notes	KPI B7.3	ESG Data Sheet and Notes
KPI B1.2	ESG Data Sheet and Notes	Community	
Aspect B2. Health and Safety		Aspect B8. Community Investment	
General Disclosure B2	4.2 Occupational health and safety	General Disclosure B8	4.4 Social Contribution and Rural Revitalisation
KPI B2.1	ESG Data Sheet and Notes	KPI B8.1	4.4 Social Contribution and Rural Revitalisation
KPI B2.2	ESG Data Sheet and Notes	KPI B8.2	4.4 Social Contribution and Rural Revitalisation ESG Data Sheet and Notes
KPI B2.3	ESG Data Sheet and Notes		



Part D: Climate-related Disclosures	
Climate-related Disclosures	Location, Other Notes
(I) Governance	
19. Governance	2.1 Climate Change Response - Governance
(II) Strategy	
20. Climate-related Risks and Opportunities	2.1 Climate Change Response - Strategy
21. Business Model and Value Chain	2.1 Climate Change Response - Strategy
22-23. Strategy and Decision-making	2.1 Climate Change Response - Strategy
24-25. Financial Position, Financial Performance and Cash Flows	2.1 Climate Change Response - Strategy Regarding 24(b), there is no significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities.
26. Climate Resilience	2.1 Climate Change Response - Strategy
(III) Risk Management	
27. Risk management	2.1 Climate Change Response - Risk Management Regarding 27(a)(vi), compared with the previous reporting period, the process by which the Group identifies and assesses climate-related risks has not changed.
(IV) Metrics and Targets	
28-29. Greenhouse gas emissions	2.1 Climate Change Response – Metrics and Targets ESG Data Sheet and Notes – Environmental Performance Metrics Table
30. Climate-related Transition Risks	The Group has applied the reporting exemption under the principle of reasonable information availability for this metric. Given the diverse and complex nature of the Group's business operations and value chain structure, assessing the amount and proportion of assets or business activities exposed to climate-related transition risks would require substantial additional data collection and calculation efforts. After considering the cost-benefit balance and the additional resources required, the Group has concluded that such work would involve undue cost or effort. Therefore, the Report does not disclose the relevant quantitative information at this stage.
31. Climate-related Physical Risks	The Group has applied the reporting exemption under the principle of reasonable information availability for this metric. In light of the Group's diversified and complex business and value chain structure, as well as its globally distributed operations, assessing the amount and proportion of assets or business activities vulnerable to climate-related physical risks would necessitate extensive data collection and additional calculation efforts. After considering the cost-benefit balance and the additional resources required, the Group has concluded that such work would involve undue cost or effort. Therefore, the Report does not disclose the relevant quantitative information at this stage.
32. Climate-related Opportunities	The Group has applied the reporting exemption under the principle of reasonable information availability for this metric. Given the diversity and complexity of the Group's business and value chain structure, assessing the amount and proportion of assets or business activities associated with climate-related opportunities would require additional data collection efforts and incur extra calculation costs. After considering the cost-benefit balance and the additional resources required, the Group has concluded that such work would involve undue cost or effort. Therefore, the Report does not disclose the relevant quantitative information at this stage.
33. Capital deployment	2.1 Climate Change Response - Strategy
34. Internal Carbon Prices	2.1 Climate Change Response - Risk Management The Group has commenced exploring and planning the establishment of an internal carbon pricing mechanism.
35. Remuneration	2.1 Climate Change Response - Governance
36. Industry-based Metrics	2 Leading Green Development, Building a Low-carbon Future Together
37-40. Climate-related Targets	2.1 Climate Change Response - Metrics and Targets Regarding 38(a), the target and the methodology for setting the greenhouse gas emissions target has not been validated by a third party. Regarding 40(d), the greenhouse gas emissions target was not derived using a sectoral decarbonisation approach. Regarding 40(e), in order to continuously implement climate commitments and long-term emission reduction strategies, the Group does not rule out the possibility of using carbon credits for partial offsetting to achieve the net target of greenhouse gas emissions in the future. However, as of the reporting period, the Group has not yet formulated substantive plans or arrangements for the specific contents involved in the above clause 40(e). In the future, the Group will officially launch the carbon credit usage plan based on business development, emission reduction paths, and climate strategy needs. It will strictly comply with the applicable climate information disclosure requirements and disclose each item of the content required by the 40(e) clause to ensure transparency and completeness of the information.
41. Applicability of Cross-industry Metrics and Industry-based Metrics	2 Leading Green Development, Building a Low-carbon Future Together



○ GRI Index

Statement of Use	Horizon Construction Development has prepared this Report with reference to the GRI Standards for the reporting period from 1 January 2025 to 31 December 2025.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Report sections	GRI Standard	Disclosure	Report sections	
GRI 2: General Disclosures 2021	2-1	About Horizon Construction Development	GRI 3: Material Topics 2021	3-1	1.3 Communication with Stakeholders and Analysis of Material Topics	
	2-2	About This Report		3-2	1.3 Communication with Stakeholders and Analysis of Material Topics	
	2-3	About This Report		3-3	1.3 Communication with Stakeholders and Analysis of Material Topics Chapters on Various Topics	
	2-4	About This Report	GRI 102: Climate Change 2025	102-1	2.1 Addressing climate change ESG Data Sheet and Notes	
	2-6	About Horizon Construction Development		102-2		
	2-7	ESG Data Sheet and Notes		102-3		
	2-8	ESG Data Sheet and Notes		102-4		
	2-9	About Horizon Construction Development 1.2 ESG Governance Framework 5.1 Corporate Governance		102-5		
	2-10	5.1 Corporate Governance		102-6		
	2-11	5.1 Corporate Governance		102-7		
	2-12	About This Report		102-8		
	2-13	1.2 ESG Governance Framework	GRI 103: Energy 2025	103-1	2.2 Energy Management ESG Data Sheet and Notes	
	2-14	ESG Management Statement from the Board of Directors		103-2		
	2-16	1.2 ESG Governance Structure		103-4		
	2-17	ESG Management Statement from the Board of Directors	103-5	GRI 201: Economic Performance 2016	201-1	Horizon Construction Development Key ESG Performance in 2025
	2-22	ESG Management Statement from the Board of Directors	GRI 203: Indirect Economic Impacts 2016		203-1	
	2-27	ESG Management Statement from the Board of Directors				
	2-28	About Horizon Construction Development				
	2-29	1.3 Communication with Stakeholders and Analysis of Material Topics				



GRI Standard	Disclosure	Report sections
GRI 205: Anti-corruption 2016	205-1	5.3 Business Ethics and Anti-corruption
	205-2	
	205-3	
GRI 301: Materials 2016	301-3	2.3 Water Resource and Raw Material Management ESG Data Sheet and Notes
GRI 303: Water and Effluents 2018	303-1	2.3 Water Resource and Raw Material Management 2.4 Emissions and Waste Management ESG Data Sheet and Notes
	303-2	
	303-3	
	303-4	
	303-5	
GRI 305: Emissions 2016	305-7	ESG Data Sheet and Notes
GRI 306: Waste 2020	306-1	2.4 Emissions and Waste Management ESG Data Sheet and Notes
	306-2	
	306-3	
	306-4	
GRI 308: Supplier Environmental Assessment 2016	308-1	3.5 Sustainable Supplier Management
GRI 401: Employment 2016	401-1	4.1 Human Capital Management ESG Data Sheet and Notes
	401-2	
	401-3	

GRI Standard	Disclosure	Report sections
GRI 403: Occupational Health and Safety 2018	403-1	4.2 Occupational health and safety ESG Data Sheet and Notes
	403-2	
	403-3	
	403-5	
	403-6	
	403-7	
	403-8	
	403-9	
	GRI 404: Training and Education 2016	
404-2		
404-3		
GRI 405: Diversity and Equal Opportunity 2016	405-1	4.1 Human Capital Management 5.1 Corporate Governance
GRI 408: Child Labour 2016	408-1	4.1 Human Capital Management
GRI 409: Forced or Compulsory Labour 2016	409-1	4.1 Human Capital Management
GRI 418: Customer Privacy 2016	418-1	ESG Data Sheet and Notes



Glossary of Terms

Term	Explanation
Aerial work platform	Mobile mechanical equipment used for operations at height.
Excavation support system	Temporary retaining structures constructed in foundation pits or cofferdams during underground or underwater works to protect workers and equipment.
Formwork system	Formwork and scaffolding systems used for structural support and ground enclosure in construction.
Ringlock scaffolding	A type of modular scaffolding adaptable to different building structures during construction.
Subletting	A business model in which an equipment service provider leases equipment from suppliers and subleases it to customers.
Ground source heat pump air conditioning system	A high-efficiency energy-saving air conditioning system that utilises solar and geothermal energy absorbed from shallow water sources on the earth's surface (such as groundwater, rivers, and lakes) and soil sources, employing the heat pump principle to provide both heating and cooling.
Fully assembled steel cofferdam system	A modern construction technology that combines the efficiency of prefabricated components with the recyclability of steel, aiming to reduce the environmental impact of construction and improve construction efficiency.
Deep-water cofferdam	A temporary water-retaining structure constructed in deep-water areas, such as rivers and lakes, during engineering works (e.g. bridge piers, pipelines, pumping stations), to create a dry and safe construction environment.
Steel sheet piles	A structural material widely used in construction and civil engineering, primarily for retaining walls, waterproofing, and foundation reinforcement. They are typically made of high-strength steel, offering excellent bending strength and durability.
PC piles	Prestressed concrete pipe piles refer to prestressed concrete piles with an annular cross-section formed using centrifugal and prestressing techniques, and are a type of pile foundation.
Strategic supplier	Suppliers that possess core product competitiveness, are interdependent with the Group, have established strategic partnerships, and have specific cooperation arrangements.
Situational awareness	Generally refers to cybersecurity situational awareness, aiming to acquire, understand, display, and predict the continuity of recent development trends of security elements that can cause changes in the network situation in a large-scale network environment, thereby facilitating decision-making and action.
POC	Proof of Concept (POC) is an empirical testing method used to verify the feasibility of a certain technology, product, method, or solution.



 **宏信建设发展有限公司**
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