



Asset Classification Criteria and Provision Policy of Far East Horizon

Far East Horizon implements a five-category classification of assets with reference to banks but more cautious and stricter than them. If a bank loan is overdue for more than 90 days, it will be classified as a non-performing asset. In addition to this criteria, Far East Horizon will also take into account such factors as the clients' industry situation, the stability of the company's equity structure, changes in management, major investment and the use of equipment when determining the classification of assets. As of the end of 2020, the non-performing asset ratio of Far East Horizon was 1.10%, and the overdue assets (over 30 days) ratio was only 0.99%.

Far East Horizon has always implemented a relatively prudent provision policy, and usually the provision coverage rate reaches more than 200% of non-performing assets. As at the end of 2020, the company's provision coverage rate was over 250%.