



Far East Horizon Limited

2022 Annual Results

March 2023

Disclaimer



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Note: Unless otherwise specified, all monetary amounts stated herein are denominated in RMB.



① **Results Overview**

② **Business Analysis**

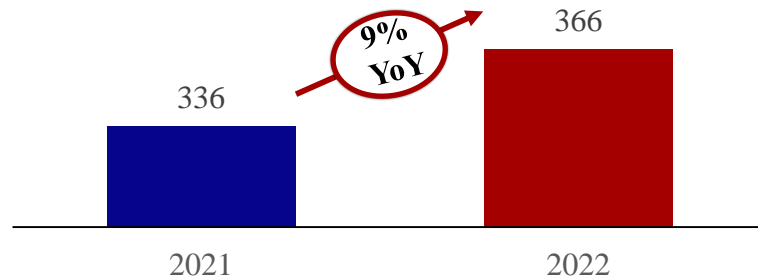
Note: Unless otherwise specified, the data herein is as of 31 December 2022

2022 annual results: Continuously growing profitability and steadily improved asset quality

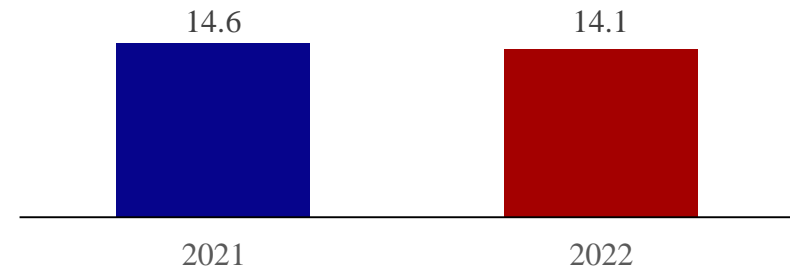


- In 2022, despite the complex and severe environment, our revenue and net profit attributable to ordinary shareholders still reached around RMB36.6 billion and RMB6.1 billion respectively, representing a year-on-year increase of 9% and 11% respectively. Asset quality steadily improved. NPL and the proportion of interest-earning assets overdue for more than 30 days further declined
- The growth was mainly attributable to (1) the growing interest-earning financial leasing assets with steadily increased interest spread and improved asset quality; (2) the sustained rapid growth in equipment operation business; and (3) the steady operation of hospital operation business

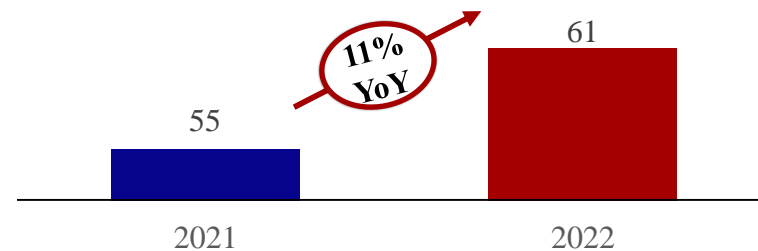
Revenue(RMB'00 million)



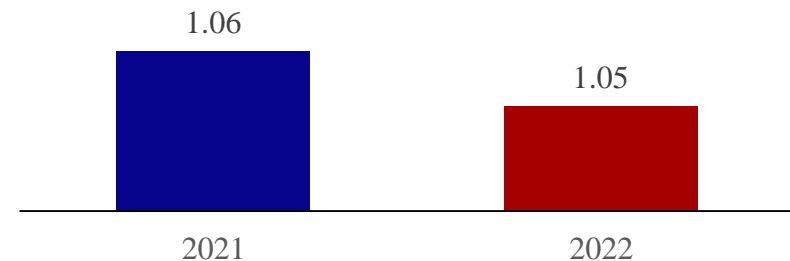
ROE(%)



Net profit attributable to ordinary shareholders (RMB'00 million)



NPL(%)



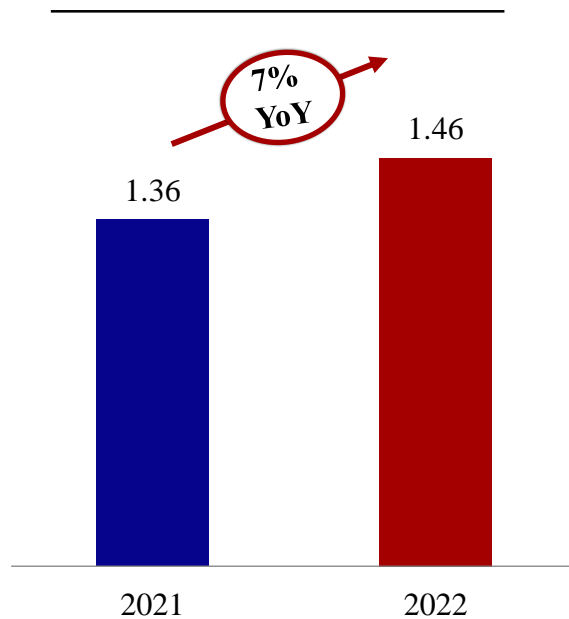
Notes: “Financial leasing” as referred to herein includes financial leasing business, as well as inclusive finance, commercial factoring, PPP investment, overseas business, asset business and other new business directions



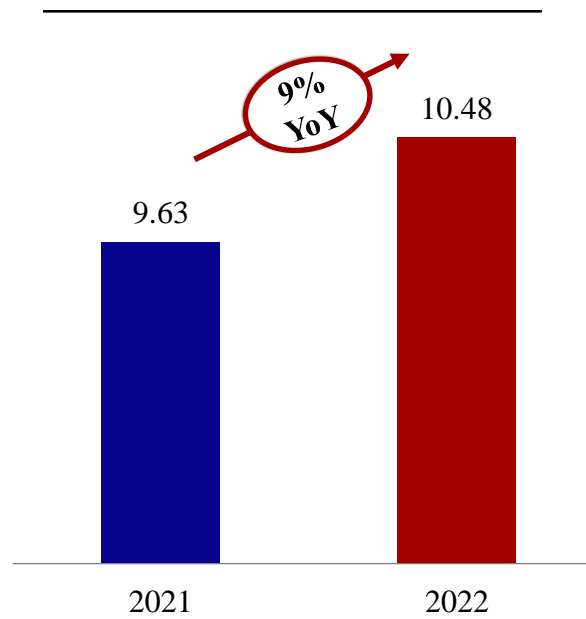
Steady improvement in profitability metrics

- EPS amounted to RMB1.46, representing a year-on-year increase of about 7%; net assets per share amounted to RMB10.48, representing a year-on-year increase of about 9%
- ROA and annualized ROE were about 1.9% and 14.1% respectively, which constantly generated satisfactory returns

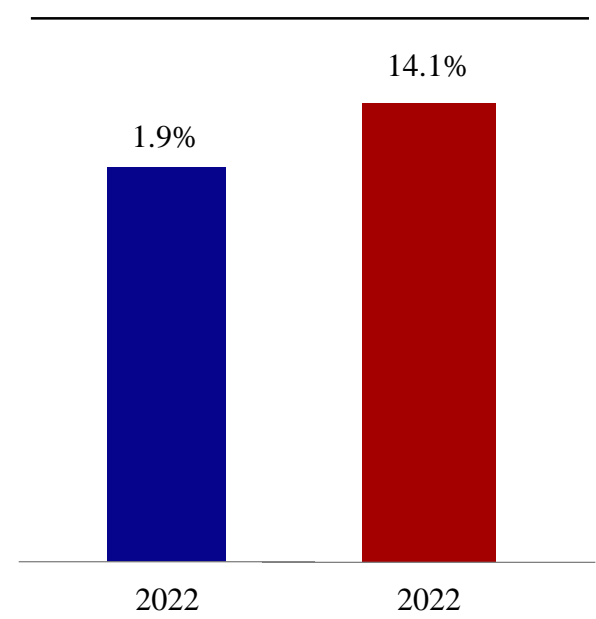
EPS (RMB/share)



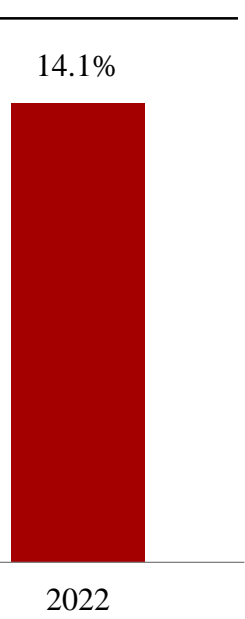
BVPS (RMB/share)



ROA



ROE

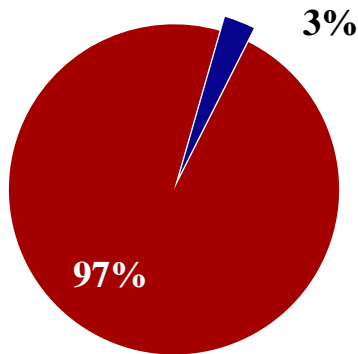


Further optimized revenue structure

- Adhering to the strategy of “finance + industry”, the industrial operation segment sustained rapid growth, which increased revenue contribution and optimized the Group’s overall revenue structure
- The rapid development of the industrial operation segment is expected to contribute to the steady improvement in the Company’s overall profitability and long-term ROE

Revenue structure at the time of listing
(1H 2011)

■ Industrial operation*
■ Financial business

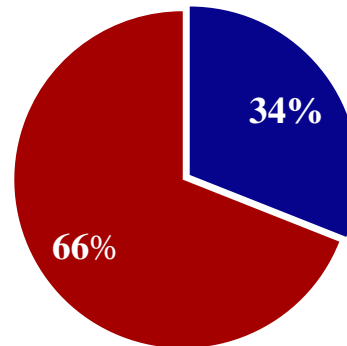


RMB1.9 billion



Revenue structure in 2021

■ Industrial operation
■ Financial business

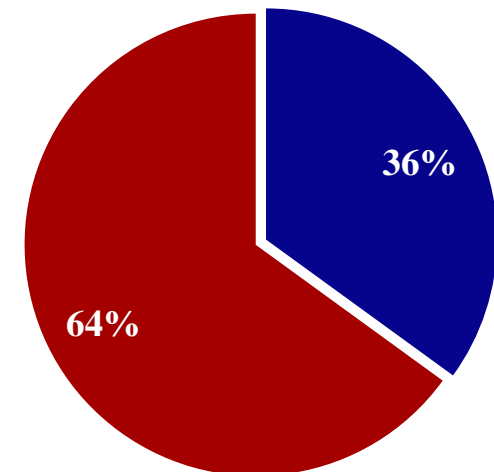


RMB33.6 billion



Revenue structure in 2022

■ Industrial operation ■ Financial business



RMB36.6 billion

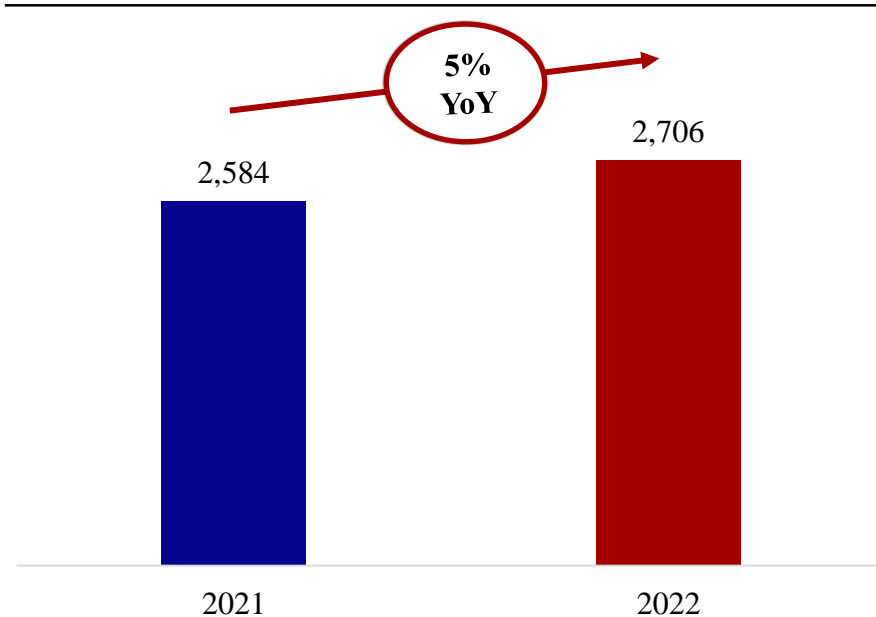
Note*: Mainly refers to revenue related to brokerage business and hospital construction and operation



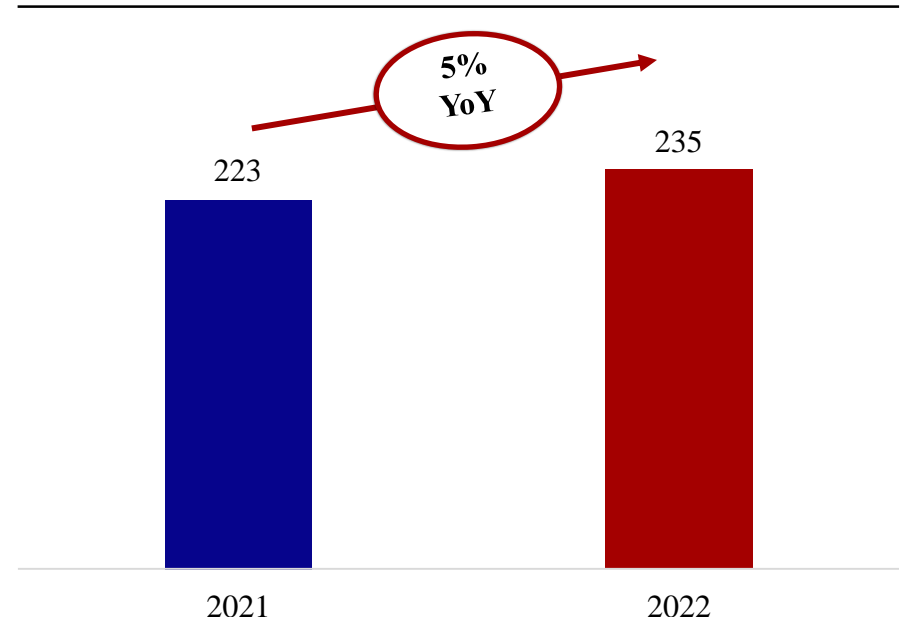
Financial leasing: Steady growth in business size

- The interest-earning assets increased to over RMB270.6 billion, with realized financial leasing revenue of over RMB23.5 billion, representing a year-on-year increase of about 5%
- The growth was mainly attributable to the continuous development in industrial fields, which are basic industries related to the national economy and people's livelihood with tremendous potential for the Company to further explore and develop, and the solid operation foundation of financial leasing. The comprehensive financial services such as inclusive finance, commercial factoring, PPP investment, overseas business and asset operation have been steadily expanded, and the ability to provide customized services to customers has been continuously improved

Net interest-earning assets (RMB'00 million)



Revenue from financial leasing (RMB'00 million)

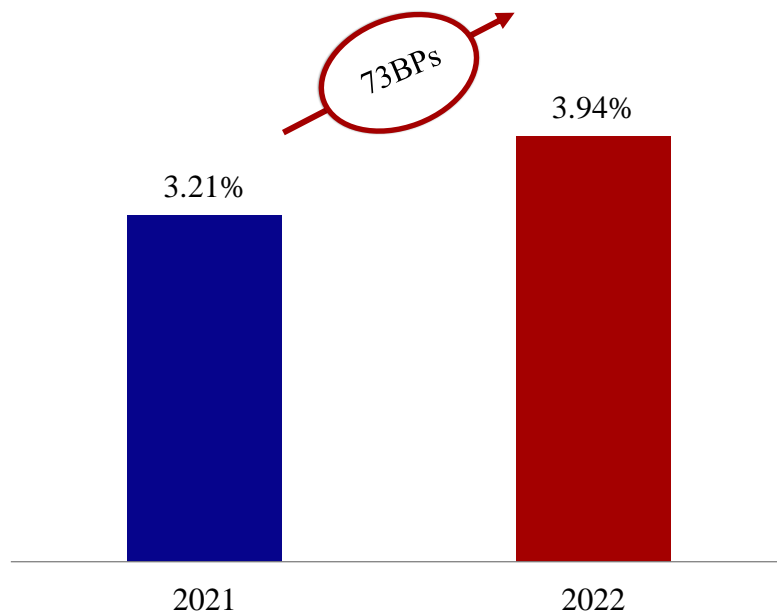




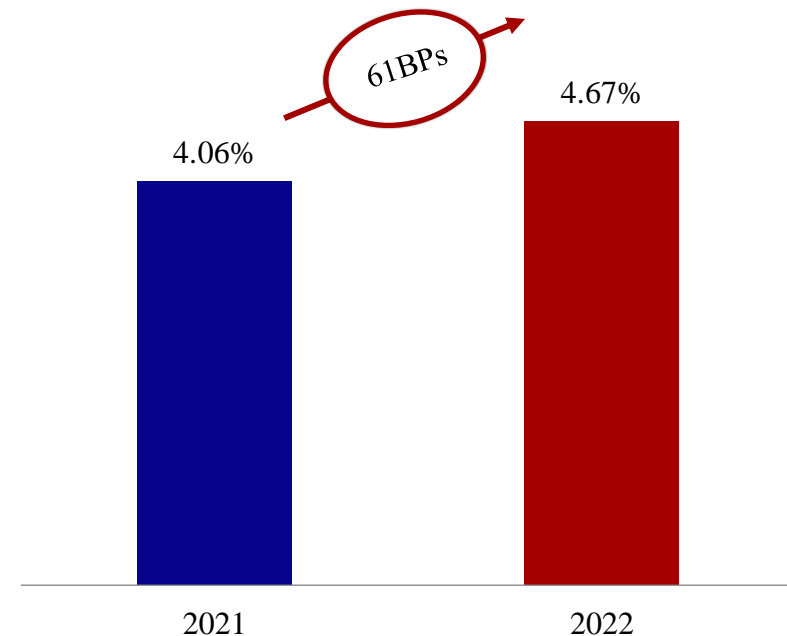
Financial leasing: Steady growth in rate of net return

- The NIS of the Company was 3.94%, representing a year-on-year increase of 0.73 percentage point; the NIM was 4.67%, representing a year-on-year increase of 0.61 percentage point
- The growth was mainly attributable to the fact that the Company (1) continued to maintain and explore high-quality industries and customers; (2) maintained a stable customer coverage strategy and responded to customer needs in a timely manner, which ensured stable pricing; and (3) keep diversified financing sources and reduce financing costs

Net interest spread (NIS)



Net interest margin (NIM)



Financial leasing: Steady improvement in asset quality with sound and prudent accounting policies

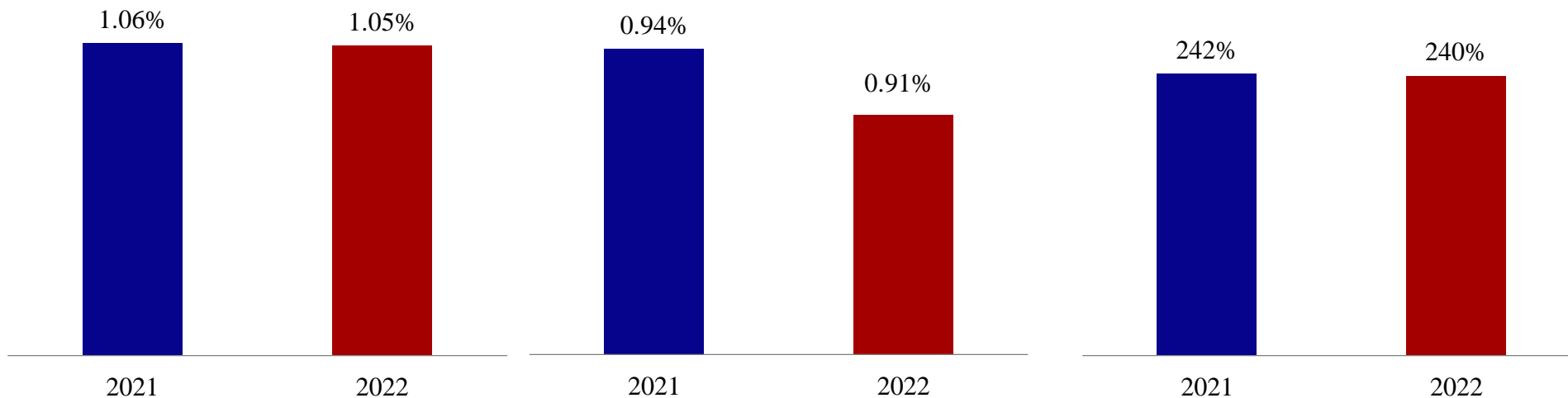


- The NPL was 1.05%, and the asset quality improved steadily, demonstrating the strict risk control system and strong asset management capability of the Company
- The proportion of interest-earning assets overdue for more than 30 days (“30+ Proportion”) further declined to 0.91%, indicating a trend of continued improvement in the Company’s asset quality going forward
- The NPL coverage rate was around 240%, reflecting the sound and prudent accounting policies of the Company

NPL

30+ Proportion

NPL Provision coverage rate

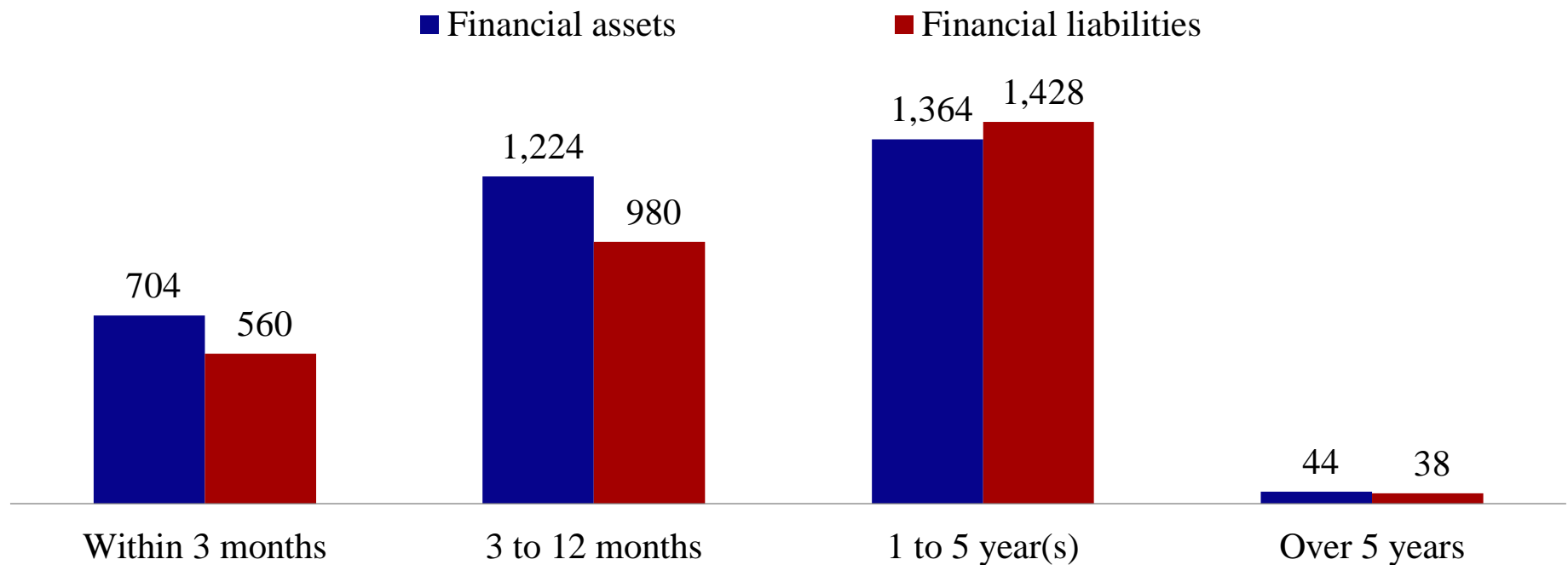


Financial leasing: Reasonable matching of asset and liability maturity with acceptable level of security and efficiency



- The Company prudently matching the maturity of asset and liability to ensure liquidity safety and capital utilization efficiency

Matching of asset and liabilities (RMB'00 million)

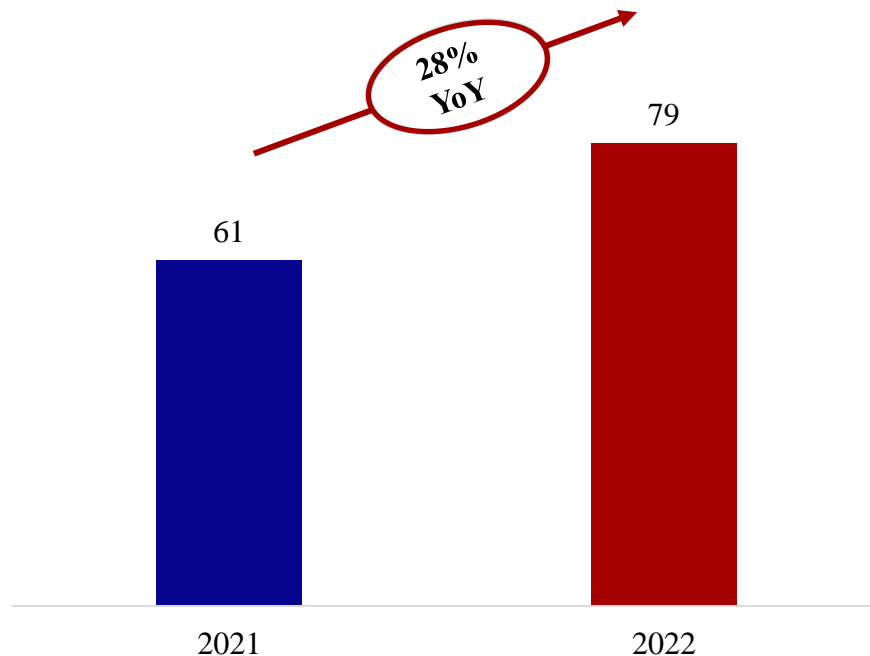




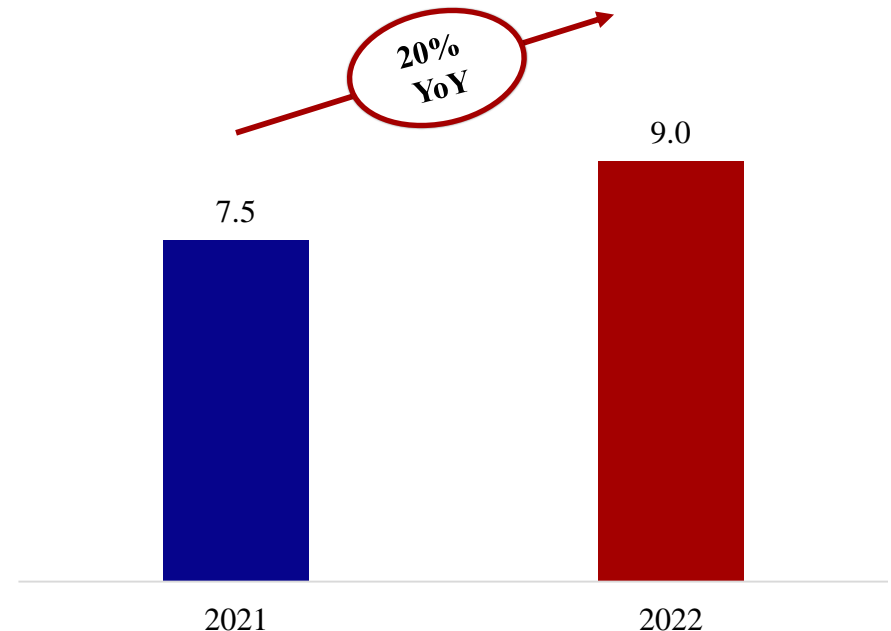
Horizon Construction Development: Continued rapid growth

- Horizon Construction Development maintained rapid growth, with revenue and net profit of about RMB7.9 billion and RMB0.9 billion respectively, representing a year-on-year increase of about 28% and 20% respectively
- Horizon Construction Development consolidated its position as the industry leader with increasing market share, and maintained huge advantages in terms of equipment in use, network establishment, asset management and digitalization

Revenue (RMB'00 million)



Net profit (RMB'00 million)





Horizon Construction Development

- In April 2021, a strategic financing of over US\$200 million was completed with investors including strategic investors such as XCMG, Zoomlion, Dingli, LGMG and Terex as well as Hillhouse Capital, China Innovative Capital, CMB International and other acknowledged financial investors
- Capitalization proceed as the company renewed listing application in February 2023

Initial external financing of US\$200 million by Horizon Construction Development

Strategic investors



Zhejiang Dingli

Terex

Financial investors



Renewed listing application in February 2023



遠東宏信有限公司
FAR EAST HORIZON LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock code: 3360)

RENEWAL OF LISTING APPLICATION BY HORIZON CONSTRUCTION DEVELOPMENT LIMITED

INTRODUCTION

Reference is made to the Company's announcement dated 30 June 2021 in relation to the Proposed Spin-off and separate listing of Horizon Construction Development on the Main Board of the Stock Exchange and the announcement dated 25 February 2022 in relation to the renewal of the Listing Application (the "Announcements"). Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

RENEWAL OF LISTING APPLICATION BY HORIZON CONSTRUCTION DEVELOPMENT

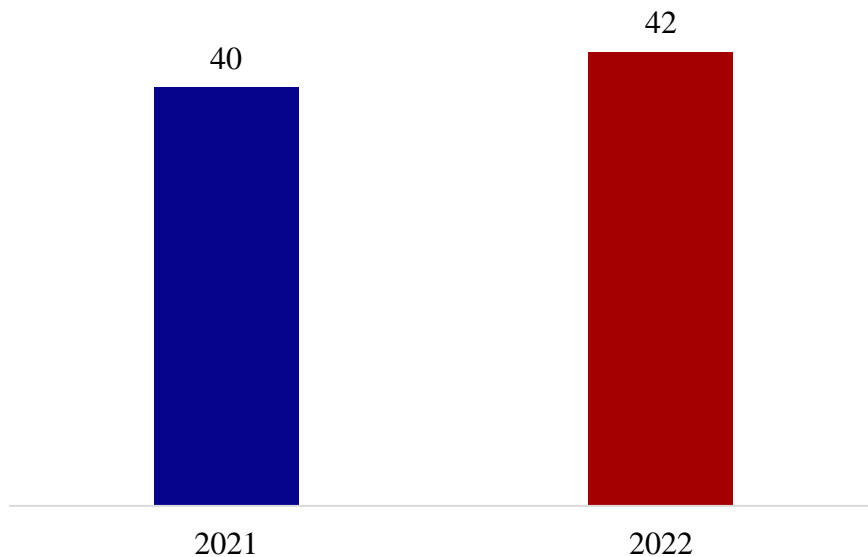
On 30 June 2021, Horizon Construction Development submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, the Horizon Construction Development Shares on the Main Board of the Stock Exchange (the "Listing Application"), and the Listing Application was renewed on 25 February 2022. The Company was informed that the Listing Application was further renewed on 27 February 2023 because the six-month period from the date of the Listing Application was last renewed has lapsed.

Horizon Healthcare: Steady revenue growth with characteristic medical services are created

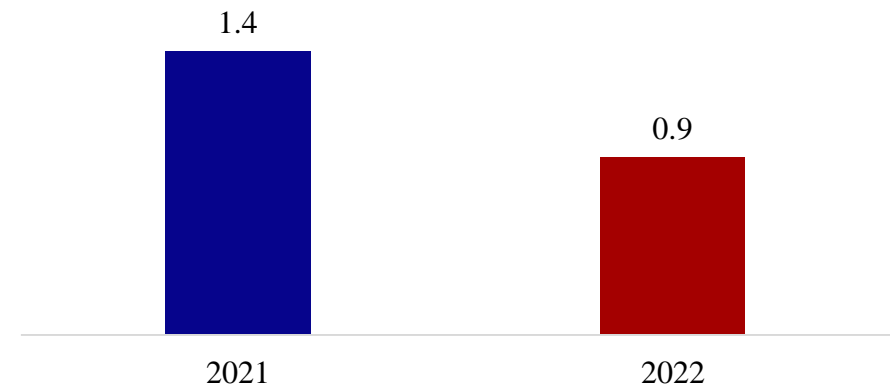


- Amid an adverse environment of frequent pandemic outbreaks, Horizon Healthcare recorded revenue of about RMB4.2 billion and maintained stable operations
- In line with the State's policy of encouraging private medical institutions to provide basic medical services, Horizon Healthcare focuses on regions of less access to medical resources and creates a unique model of medical services
- In response to the government's call, Horizon Healthcare fully supported pandemic prevention and control to fulfill its social responsibilities

Revenue (RMB'00 million)



Net profit (RMB'00 million)



Appendix: Condensed Balance Sheet



Unit: RMB'00 million	31 December 2022	31 December 2021	Change
Total assets	3,470	3,359	3.3%
Interest-earning assets	2,706	2,584	4.7%
Total liabilities	2,946	2,828	4.1%
Total equity	524	531	-1.2%
Equity attributable to ordinary shareholders	452	415	9.0%
Net assets per share (RMB/share)	10.48	9.63	8.8%

Appendix: Condensed Income Statement



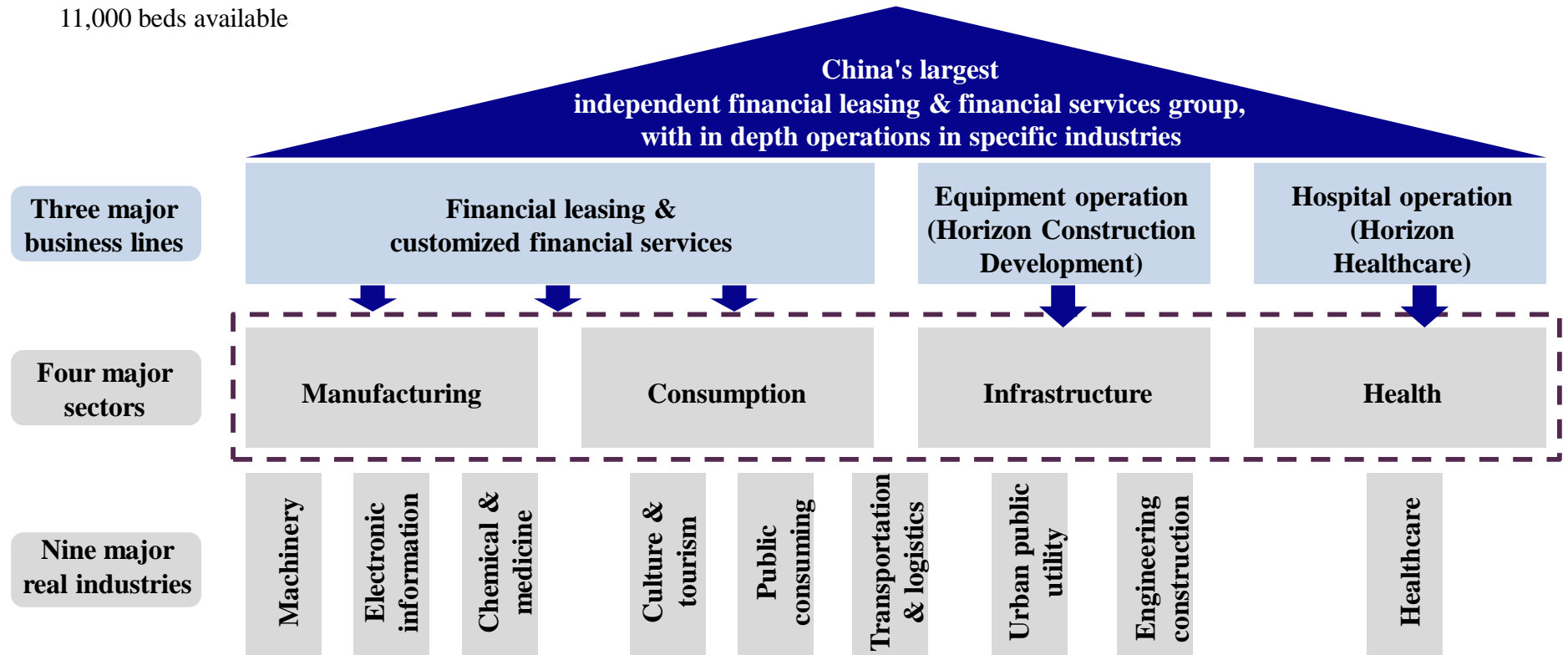
Unit: RMB'00 million	2022	2021	Change
Total revenue	365.9	336.4	8.7%
Total pre-tax profit	103.2	100.1	3.0%
Consolidated net profit	66.0	62.3	6.0%
Net profit attributable to ordinary shareholders	61.3	55.1	11.2%
EPS (RMB/share)	1.46	1.36	7.4%
ROA	1.93%	1.96%	-0.03pct
ROE	14.13%	14.57%	-0.44pct

- ① Results Overview
- ② **Business Analysis**

Far East Horizon: China's largest independent financial leasing & financial services group with in-depth operations in specific industries



- Far East Horizon is the largest independent financial leasing company in China, and offers comprehensive services centering on nine major real industries for its corporate customers:
 - Being a leader in the financial leasing business, Far East Horizon serves more than 20,000 corporate customers and offers tailor-made financial services, with interest earning assets of approximately RMB270.6 billion
 - Horizon Construction Development, one of its subsidiaries, is the largest equipment operation service enterprise in China*, ranking among the top in the world, with an asset size of approximately RMB30.3 billion
 - Horizon Healthcare, a large private medical service group, regards its layout in third-, fourth-, and fifth-tier cities as its foundation, with around 11,000 beds available



Note: In terms of revenue in 2021.

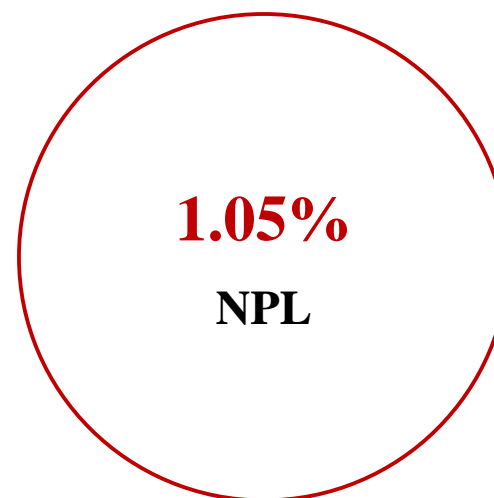
Financial Leasing

Financial leasing: The largest independent financial leasing service group in China



- The Company has the most leading financial leasing business in China and offers tailor-made financial services for corporate customers. Its interest-earning assets amounted to about RMB270.6 billion, serving more than 20,000 customers
- The Company has been insisting on serving customers in the real industries with long-term and stable development direction, and has continued to increase the customer coverage in various related industries, with multiple sub-sectors available for development and an extensive potential customer base

Business overview

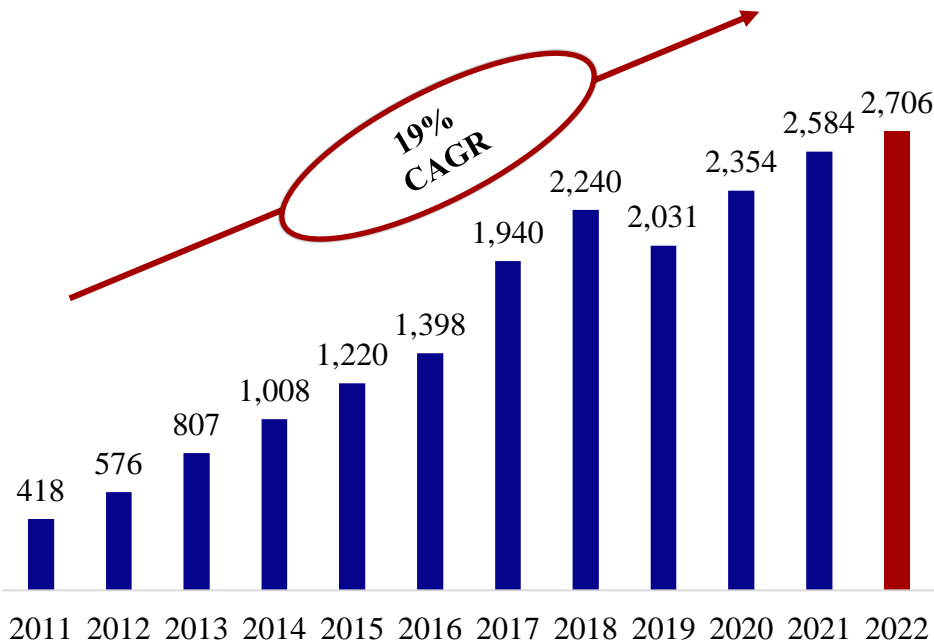


Financial leasing: Steady growth in operating results across cycles with a business model demonstrating strong vitality

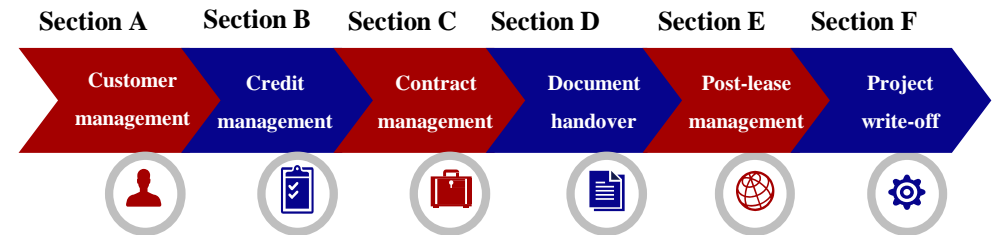


- From 2011 to 2022, the interest-earning assets of the Company increased to RMB270.6 billion from RMB41.8 billion, representing a CAGR of approximately 19%, with more than 20,000 customers served in total
- Adhering to its unique, industry-oriented business model, the Company created the first-ever A-F section operation & management process, which has been tested and proven across various economic cycles and demonstrated strong vitality
- As a leader in the financial leasing industry, under the gradual refinement of regulations and continuous upward trend of financial leasing penetration rate, the Company will continue to maintain its industry-leading position and achieve long-term and steady growth

Size of interest-earning assets (RMB'00 million)



First-ever A-F section operation & management process



Leading industry development & gaining wide recognition



- Best Listed Leasing Company at the China Financial Leasing Soaring Award
- Leading Enterprise in Financial Leasing Industry - Golden Tripod Award
- Best Business Mode Innovation Award in China's Financial Leasing Industry
- Top 10 Enterprises in China's Financial Leasing Industry
- Top 10 Influential Brands in China's Financial Leasing Industry

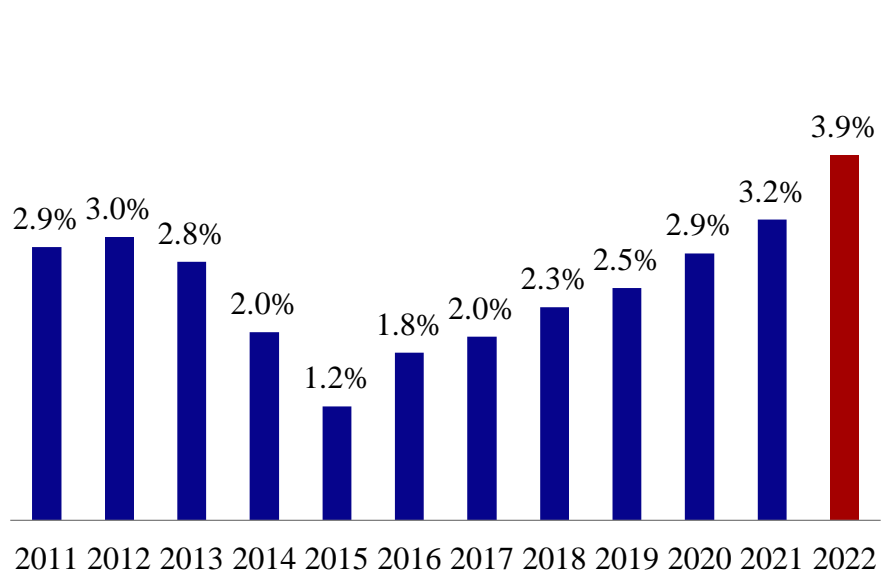


Financial leasing: Rate of return maintained at a high level

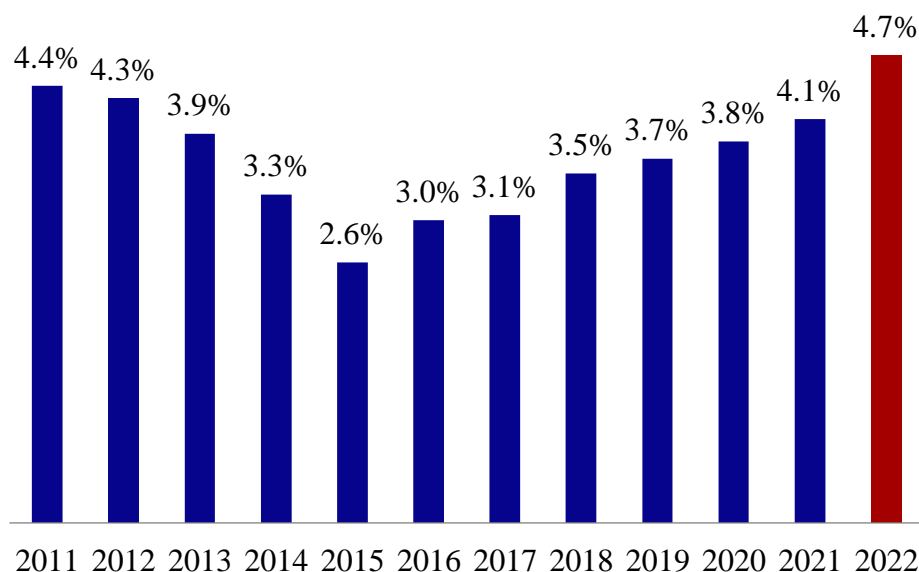


- The Company continues to optimize the structure of interest-earning assets to maintain higher net interest spread and net interest margin
- With extensive experiences and knowledge in industry, the Company continuously improves customer service capabilities and enriches service methods to achieve better asset structure and realize higher profit

Net interest spread (NIS)



Net interest margin (NIM)

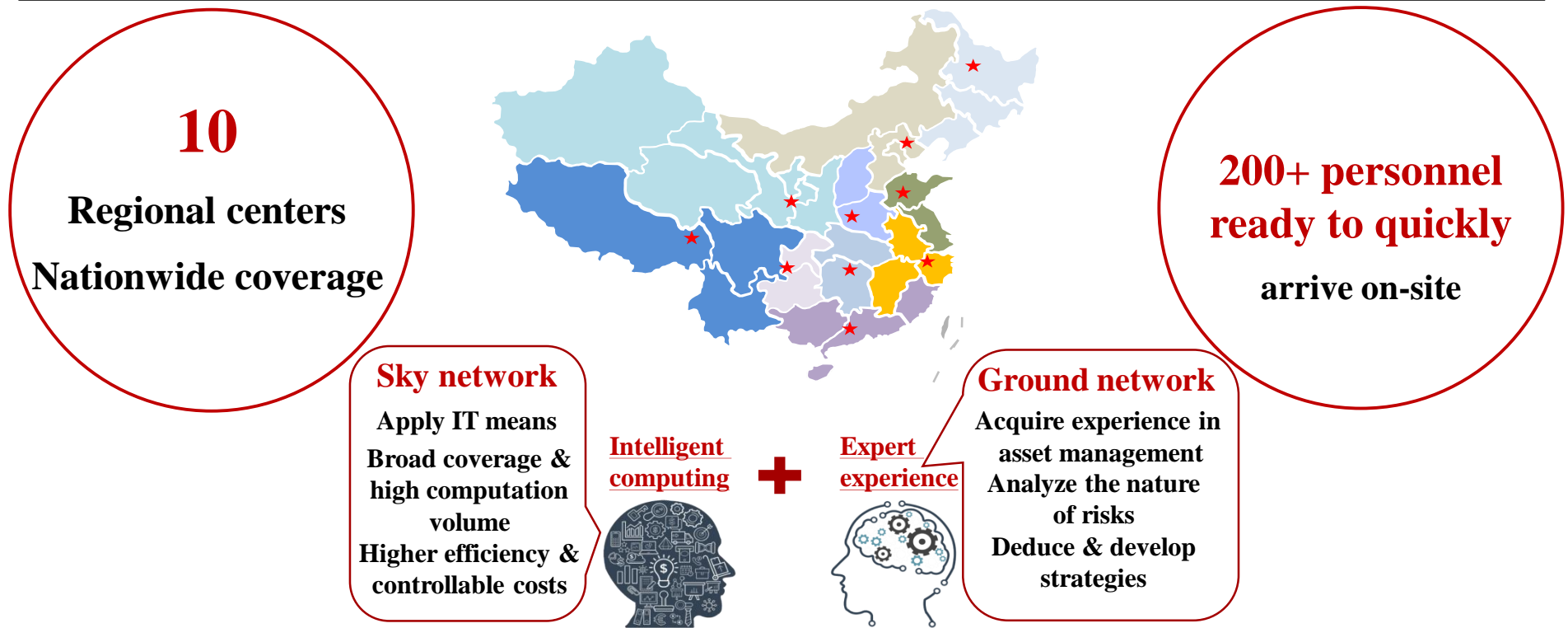


Financial leasing: Establishes a comprehensive risk management system to strictly ensure asset security with prudence



- Through a comprehensive decision-making and balance mechanism comprising front-end monitoring and handling, middle-office process control and back-end supervision and support, the Company achieves a closed-loop management of early warning and monitoring, on-site supervision, follow-up on abnormalities and non-performing handling
- Combining the localized asset personnel distribution system covering the whole country with the early warning system for accurately predicting risks, over 200 asset management personnel from 10 regional centers can arrive on-site within 3 hours to act in response to emergencies

Strong asset management network

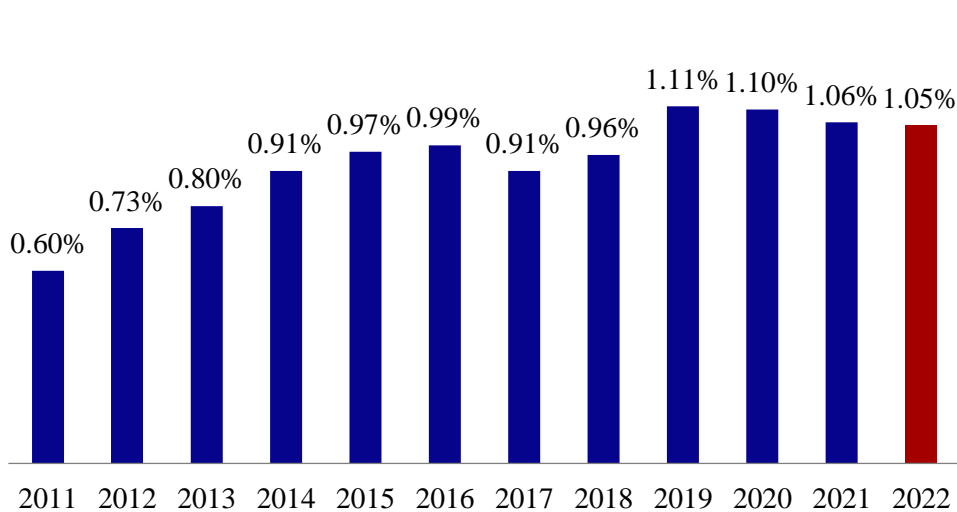


Financial leasing: Long-term asset quality remains sound and stable

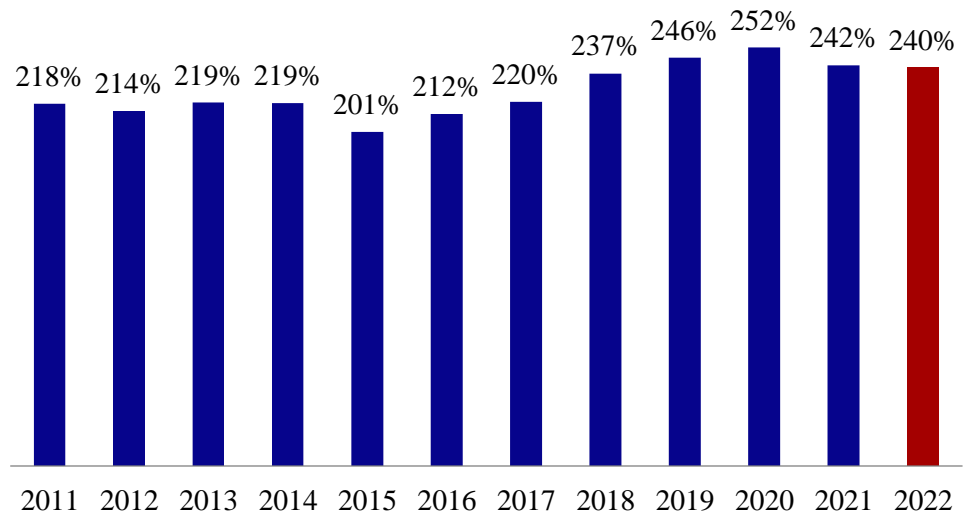


- Asset quality of the Company has remained sound and stable for a long term and NPL is expected to stay stable with a slight decline in the future. The provision policy is prudent in the long term
- The Company's diversified, high-quality asset layout as well as comprehensive and effective risk management and asset management systems are the basis for the steady improvement of the Company's asset quality in the future

NPL



NPL Provision coverage ratio



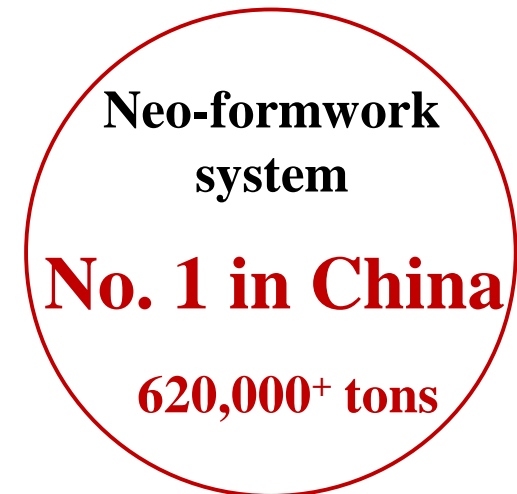
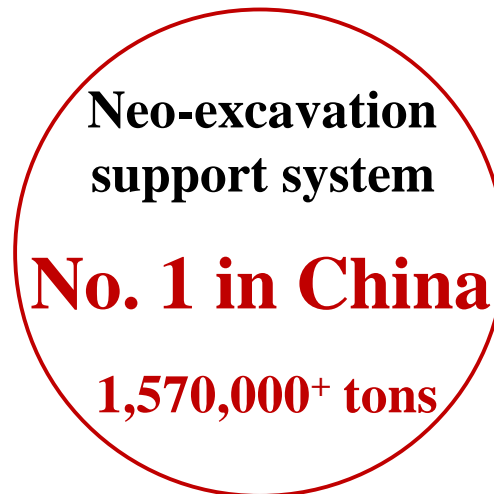
Horizon Construction Development

Horizon Construction Development: A leading equipment operation service provider in China



- Horizon Construction Development is a leading equipment operation service provider in China
 - The equipment covers the full cycle of project construction and is suitable for numerous operating scenarios. The cumulative number of customers served has reached around 158,000
 - 349 service outlets covering nearly 200 cities across China, which is the largest in terms of both number of outlets and coverage
 - Significant variety of equipment and devices with leading service capabilities
- Assets of approximately RMB30.3 billion, ranking top in domestic industry in terms of the equipment volume owned of aerial work platforms, neo-excavation support systems and neo-formwork systems

Business overview of Horizon Construction Development

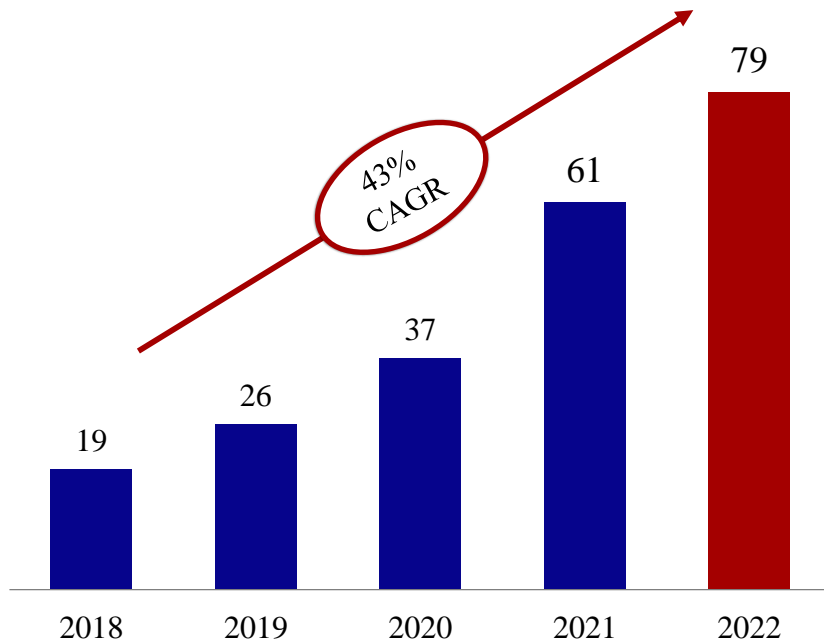


Horizon Construction Development: Rapid growth in operating performance

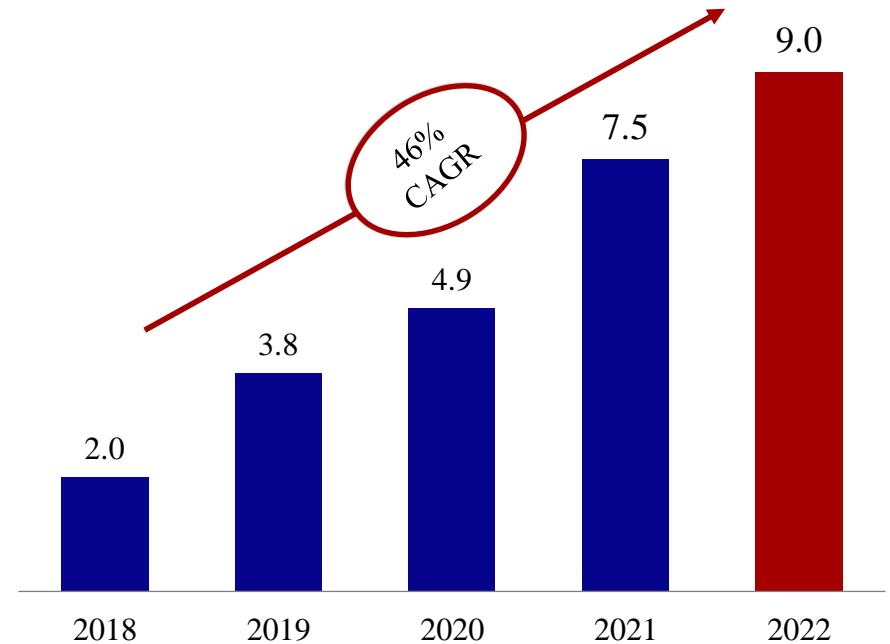


- The CAGR of its revenue and net profit from 2018 were 43% and 46% respectively
- Over the years, Horizon Construction Development continues to consolidate its leading industry position, and has significant competitive advantages in terms of equipment in use, network coverage and operating efficiency, with continuous growth in market share

Revenue (RMB million)



Net profit (RMB million)



Horizon Construction Development: Huge room for future industry development



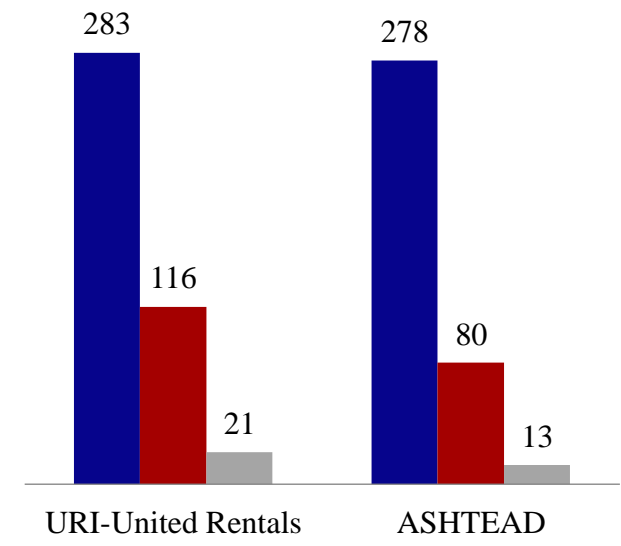
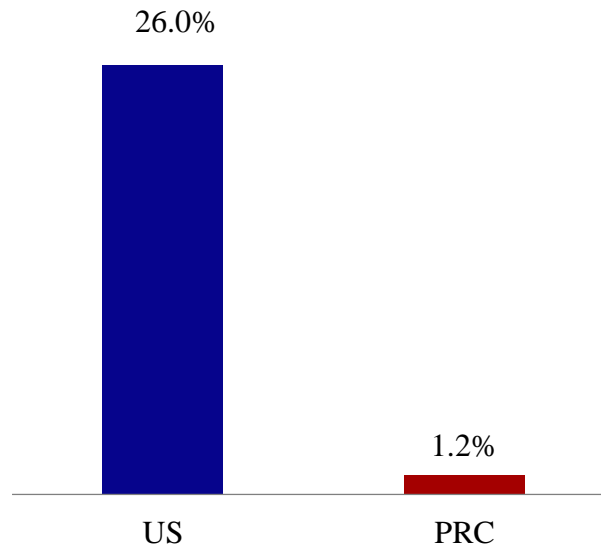
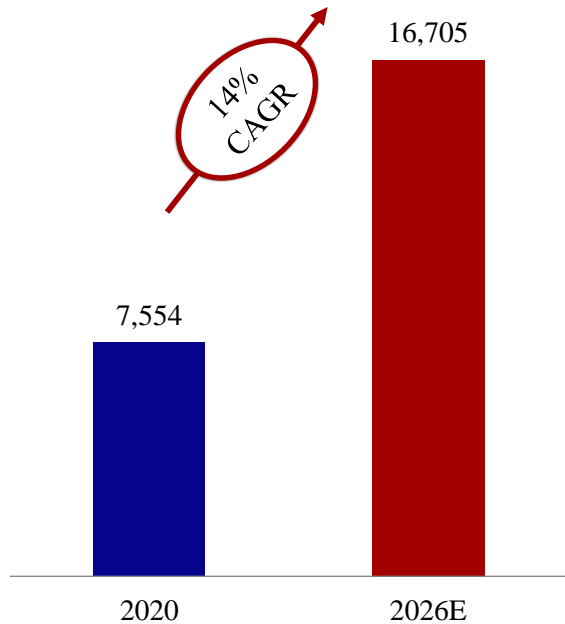
- The market size of the industry is huge, with value expected to exceed RMB1.6 trillion in 2026
- At the same time, the market concentration is low. As the industry leader, Horizon Construction Development has seen huge opportunities and possibilities of market integration

Market value of equipment operation market in China (RMB'00 million)

Equipment operation market in China is highly fragmented, with huge room for integration

Comparison of market capitalization (US\$'00 million)

Market share of Top 3 equipment operators



■ Market value ■ Revenue ■ NP

Source: Frost & Sullivan, MOHURD, U.S. URI and Ashtead Annual Reports (2022) and Wind (Market value dated on 14 March 2023)

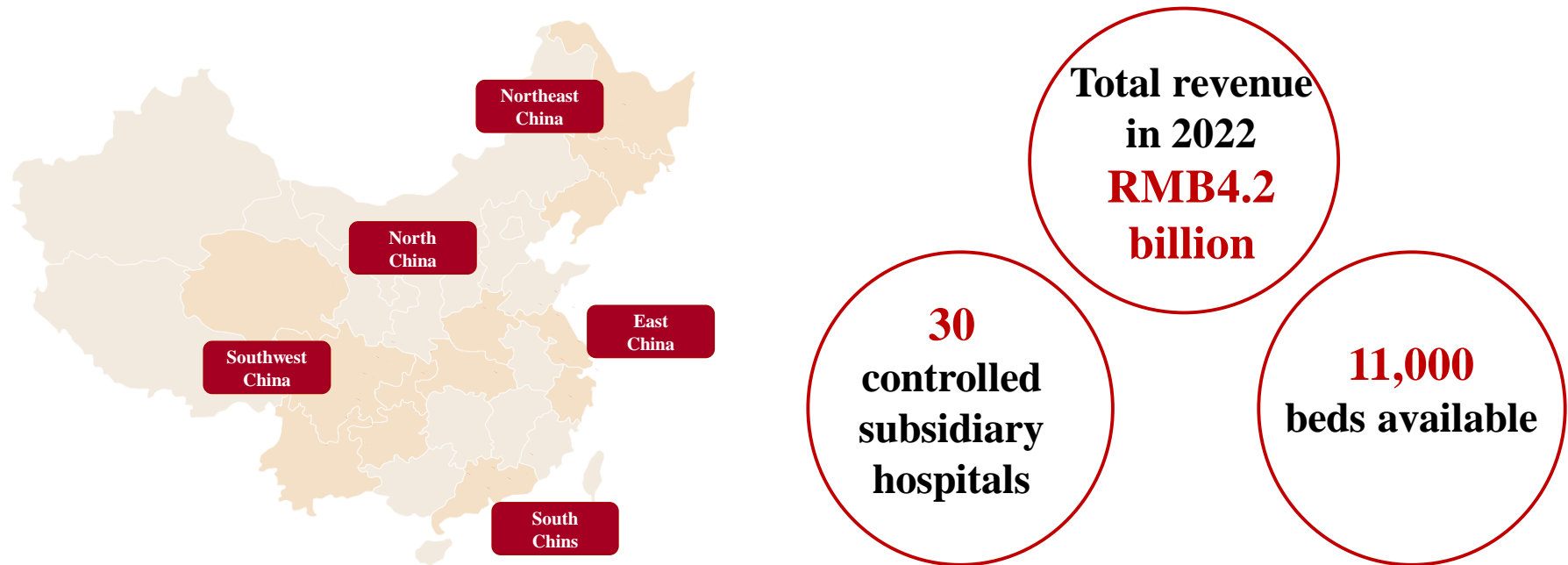
Horizon Healthcare

Horizon Healthcare: A large private medical institution in China



- Horizon Healthcare, a large private medical institution in China, owns 30 controlled subsidiary hospital with approximately 11,000 beds available, thus forming a nationwide hospital network covering East China, South China, North China, Southwest China, and Northeast China
- The Company deploys medical service in areas with less access to medical resources
- Adhering to the operation mode of “one system, one network, one hospital”, Horizon Healthcare enhances operating efficiency through integrated management to create a unique model of medical services

Business overview of Horizon Health

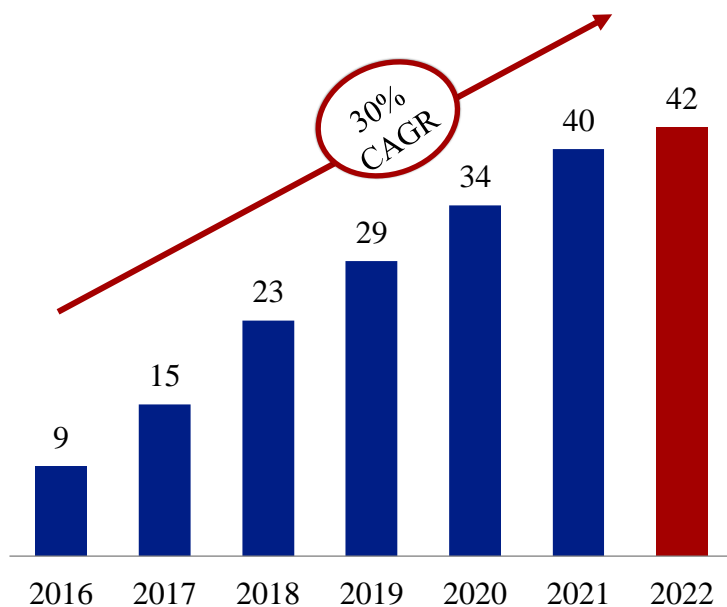


Horizon Healthcare: Steady growth in operating performance

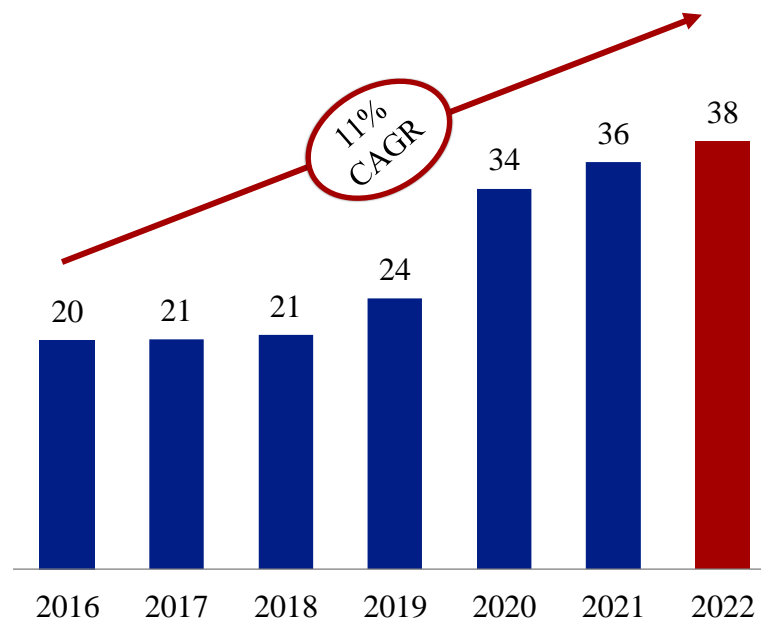


- From 2016 to 2022, the CAGR for revenue, revenue per bed of Horizon Healthcare were around 30% and 11% respectively
- Through integrated hospital management, Horizon Healthcare continues to enhance operational efficiency and recorded steady growth

Revenue (RMB'00 million)



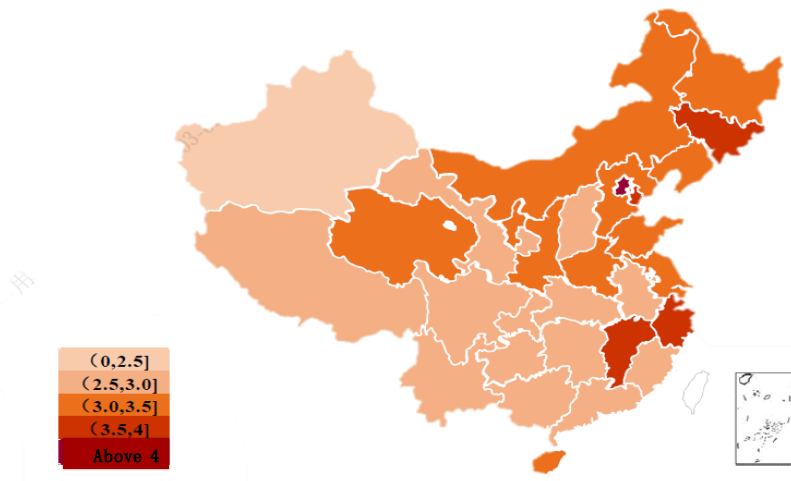
Revenue per bed (RMB'0000)



Horizon Healthcare: Business model has been verified by practice

- China's public medical resources are unevenly distributed in different regions. Policies encourage, support and guide private medical institution to invest in areas with weak medical resources
- The unique business model of Horizon Healthcare has been verified with great potential

Uneven regional distribution of public medical resources



Number of doctors per 1000 people in all provinces and cities in 2021

Policies support private medical institution

The 18th CPC National Congress: Encouraging the social capital to run medical services

"Improve the national medical insurance system... deepen the reform of public hospitals and encourage the private to run hospitals"

The 19th CPC National Congress: Support for social medical services

" Deepen the reform of the medical and health system... support the society to run hospitals and develop the health industry "

The 20th CPC National Congress: Standardize private medical service

"Deepen the reform of public hospitals guided by public welfare and standardize the development of private hospitals"

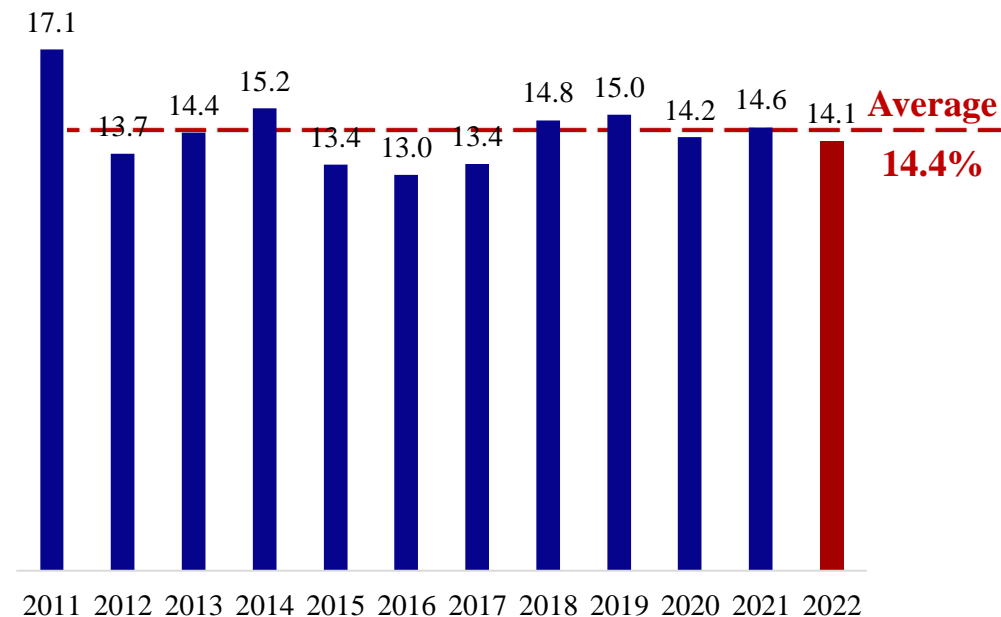
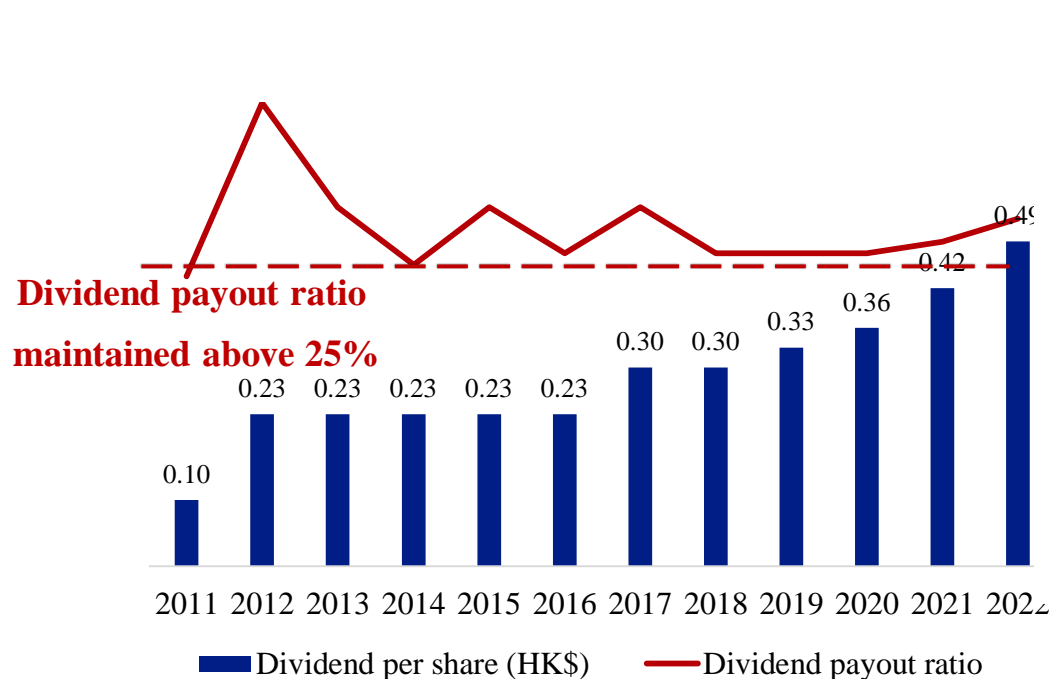
Consistent and stable dividend distribution since listing, creating excellent returns for shareholders



- Since its listing, the Company has maintained a dividend payout ratio of more than 25% every year, and it has been further increased to 30% in 2022. With the continuous improvement of performance in the future, the company will repay shareholders with a steadily growing dividend
- The ROE level remained stable, reaching an average of 14.4% from 2011 to 2022, continuing to create excellent returns for shareholders

Dividend payout and dividend payout ratio

ROE (%)



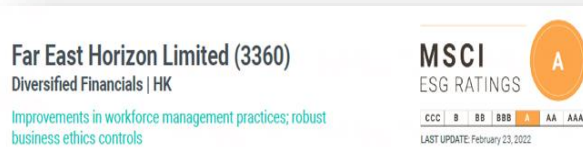
ESG ratings ranked in the forefront among financial enterprises in China with a focus on sustainable development



- In August 2021, the ESG Committee was formally established under the Board of Directors to coordinate the continuous optimization of ESG affairs, and obtained high ratings in a number of ESG-related indicators
- The Company has maintained a leading position in the industry for many years, was recognized by domestic and foreign rating agencies and major ranking agencies, and was included in a number of Hang Seng and MSCI indexes

ESG recognition

MSCI Jumped to **A**-grade in 2022, ranking in the **forefront of financial institutions in China**



CDP First **B**-grade in 2021

FTSE4Good Selected for 5 consecutive years by the FTSE Social Responsibility Index Series

Green finance supports sustainable development



Issued a number of green financial products, such as:

- **China's first sustainable development bond** of RMB150 million
- **First green ABN exceeds RMB2 billion**

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遠東宏信有限公司
FAR EAST HORIZON LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 3360)

**VOLUNTARY ANNOUNCEMENT
THE COMPANY COMPLETED THE ISSUANCE OF
THE FIRST SUSTAINABILITY BONDS IN CHINA**

This announcement is made by Far East Horizon Limited (the "Company") on a voluntary basis.

The board of directors (the "Board") of the Company is pleased to announce that the Company completed the issuance of RMB150 million sustainability bonds (the "Sustainability Bonds") on 18 November 2021, which is the first sustainability bonds and social bonds in China.

The Sustainability Bonds issued by the Company is the first sustainability bonds and social bonds pilot issued by the National Association of Financial Market Institutional Investors in China. The funds raised by the Sustainability Bonds are intended to be used to support green projects and social responsibility projects such as sewage treatment, smart public transport, new energy vehicle procurement and healthcare and geriatric care, and to implement UN sustainable development goals such as climate action, health and well-being, and clean drinking water.

Market position



Forbes
Global
2000



Fortune
China
500

International rating

**STANDARD
& POOR'S**

BBB-

S&P Investment Rating

Included in indexes



恒生指數
HANG SENG INDEXES

More than 20 indexes such as Hang Seng Composite Index and Hang Seng SCHK Index MSCI China Index, MSCI Emerging Markets Index, etc.

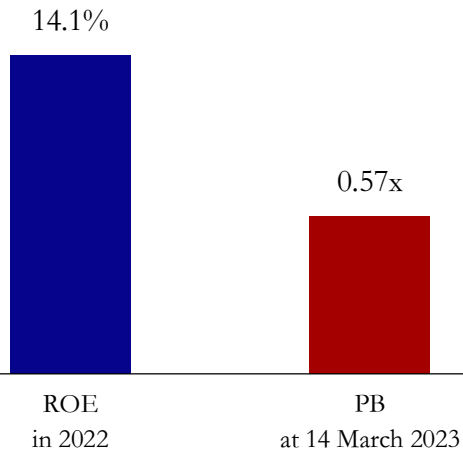


EV obviously undervalued, showing great potentials for appreciation

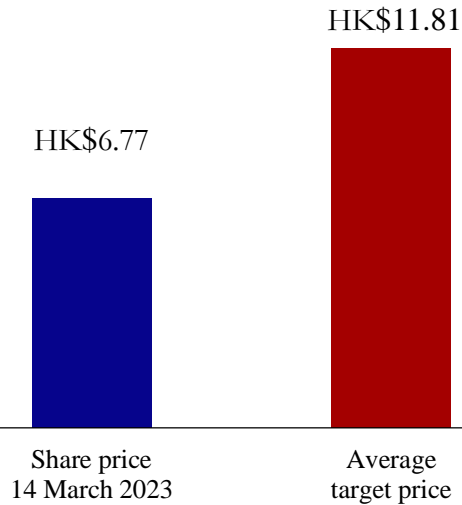


- The Company has maintained a ROE of around 14% for a long period of time. The share price of the Company as on 14 March 2023 (HK\$6.77) represented 0.57x 22A PB and 4.21x 22A PE, which is underestimated
- The average target price set by securities firms is around HK\$11.81, reflecting an approximately 74% potential appreciation as compared to the share price (HK\$6.77) as on 14 March 2023
- The values of equipment operation and hospital operation, which experienced rapid growth, have not yet been fully reflected in the market value of the Company

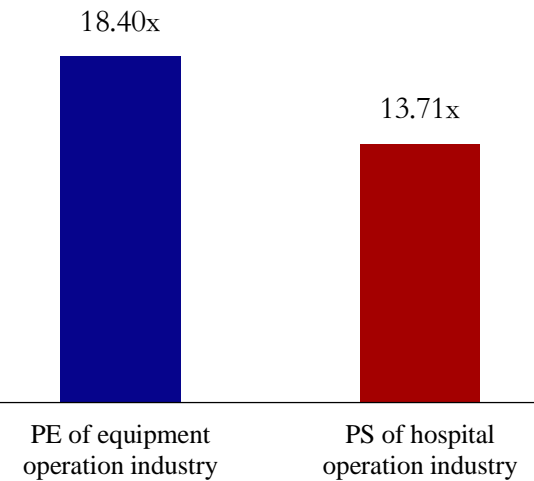
ROE maintained around 14% for a long period of time



Great potentials for share price appreciation



The value of industrial operation segment remains to be released



Note: The average target price is calculated by the Company, the PE and PS data of industrial operation segment is the average of the data of comparable companies on 14 March 2023, source: Wind

An excellent management team with its interests highly aligned with the interests of the Company



- The management team possesses industry-leading expertise and vision, and extensive management experience and capabilities, and establishes a market-oriented incentive system
- The management team is also important shareholder of the Company, with their interests highly aligned with the interests of the Company

**“Core management team + market-based incentive system”
leads the Company to evolve and develop**

**Core management team of the Company
maintained stable**



**Chairman of the Board
CEO
KONG Fanxing**

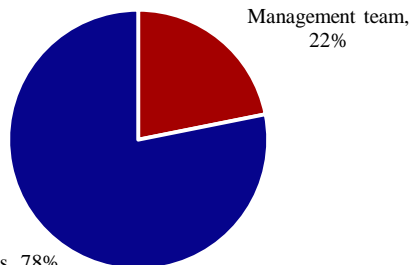


**Executive Director
CFO
WANG Mingzhe**



**Executive Director
Senior Vice President
CAO Jian**

**The management team is
important shareholder of the Company**



Old Far East
Recorded book loss
Suspended operation
for almost 4 years

1991-2000

New Far East
Profitability: No.1
Asset size: TOP 5
Fortune China 500 for
7 consecutive years

2001 until present

Q & A

Far East Horizon



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Horizon Construction Development



<http://www.hongxinjianfa.com/>

Horizon Health

