



Investor Presentation

Far East Horizon Limited

August 2022

Disclaimer



This material is prepared by Far East Horizon Limited (the “Company”) and has not been independently audited. This document contains confidential and proprietary information, and its contents have not been verified by an independent third party. The Company does not guarantee the accuracy, fairness and completeness of the information contained herein and does not have any obligation to update or revise the forward looking statements contained herein in the future, nor does it make any explicit or implicit representation or guarantee as to the fairness, accuracy, completeness or correctness of the information or views contained herein. Therefore, people should not rely on the fairness, accuracy, completeness or correctness thereof. The information contained in this document is subject to change without notice, and will not be updated in connection with significant progress made after the marketing. In addition to descriptions of historical facts, this material contains certain forward looking statements. Such statements often involve some known or unknown assumptions, risks and uncertainties, most of which are beyond the control of the Company. You are kindly reminded not to unreasonably rely on these forward looking statements as they may differ significantly from reality.

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 30 June 2022

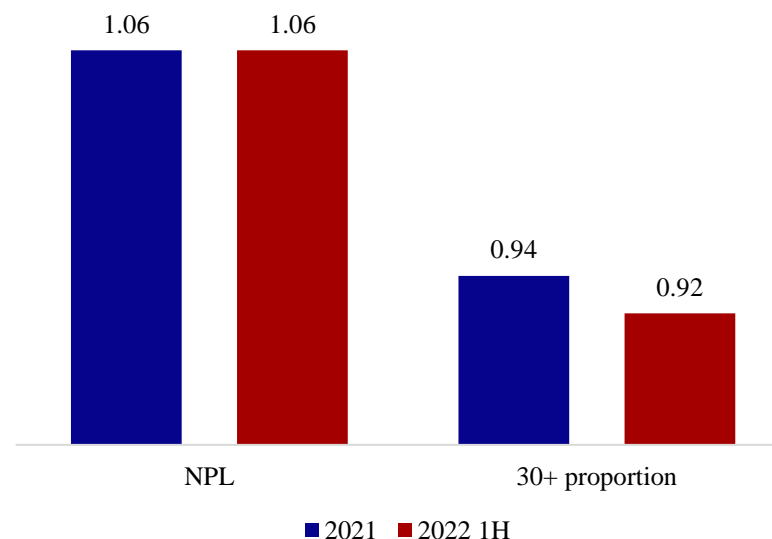
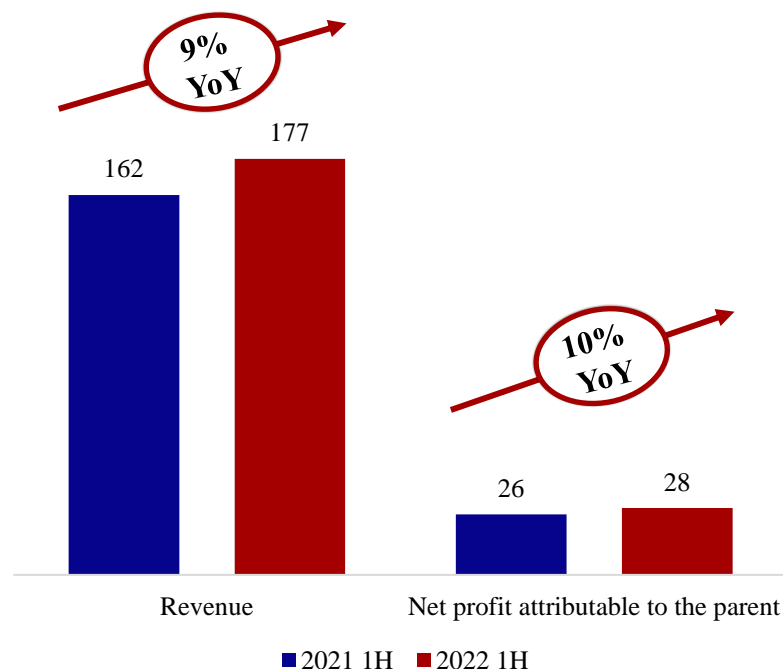
2022 1H results: Further growing profitability and steadily improved asset quality



- In 2022 1H, despite the complex and severe environment, our revenue and net profit attributable to the parent still reached around RMB17.7 billion and RMB2.8 billion respectively, representing a year-on-year increase of 9% and 10% respectively. Asset quality steadily improved. NPL remained stable. 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

Profitability (RMB'00 million)

Asset quality (%)

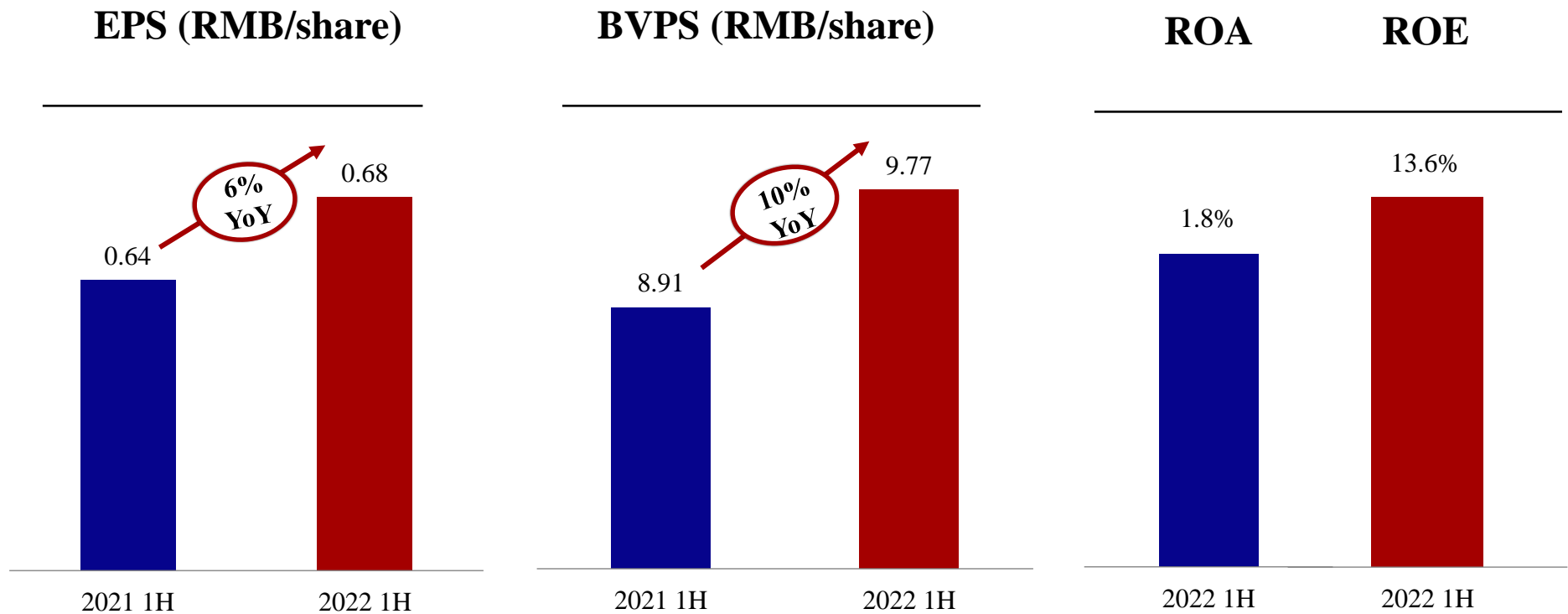


Notes: “Financial leasing” as referred to herein includes financial leasing business, as well as inclusive finance, commercial factoring, PPP investment, overseas business, asset business and other new business directions



Steady improvement in profitability metrics

- Annualized ROA and annualized ROE were about 1.8% and 13.6% respectively, which constantly generated satisfactory returns
- EPS amounted to RMB0.68, representing a year-on-year increase of about 6%; net assets per share amounted to RMB9.77, representing a year-on-year increase of about 10%

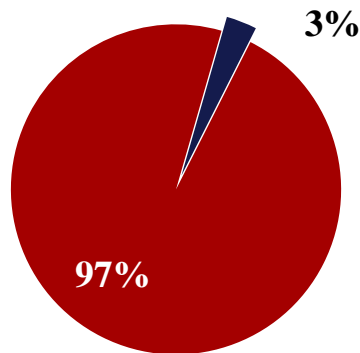


Further optimized revenue structure

- 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)

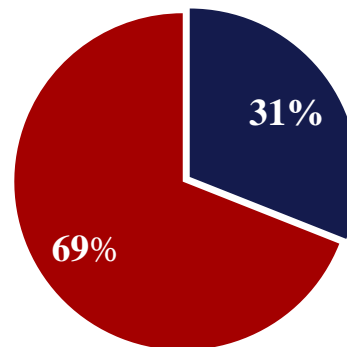
■ Industrial operation*
■ Financial business



RMB1.9 billion

Revenue structure in
1H 2021

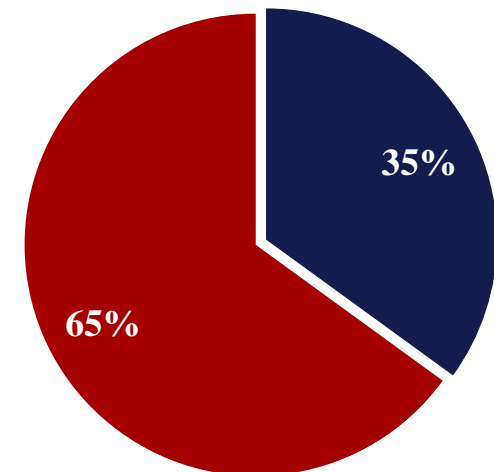
■ Industrial operation
■ Financial business



RMB16.2 billion

Revenue structure in
1H 2022

■ Industrial operation ■ Financial business



RMB17.7 billion

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

Pandemic response: Actively responded to pandemic lockdown and control while striving to ensure steady performance growth



- In the face of the recurring pandemic outbreaks and the prolonged lockdown and control in Shanghai, where the Company is headquartered, in 1H 2022, the Company's CEO took the lead and led the core management personnel to station at the headquarters to ensure normal operation and continued efficient service to customers
- On top of ensuring pandemic prevention and safety, the front-line business personnel actively reached out to customers, gave full play to the advantages of the Company's nationwide presence, flexibly promoted businesses and safeguarded assets, achieving performance growth against the tide in 1H 2022

Management headquarters: stationed at the Company to support operation

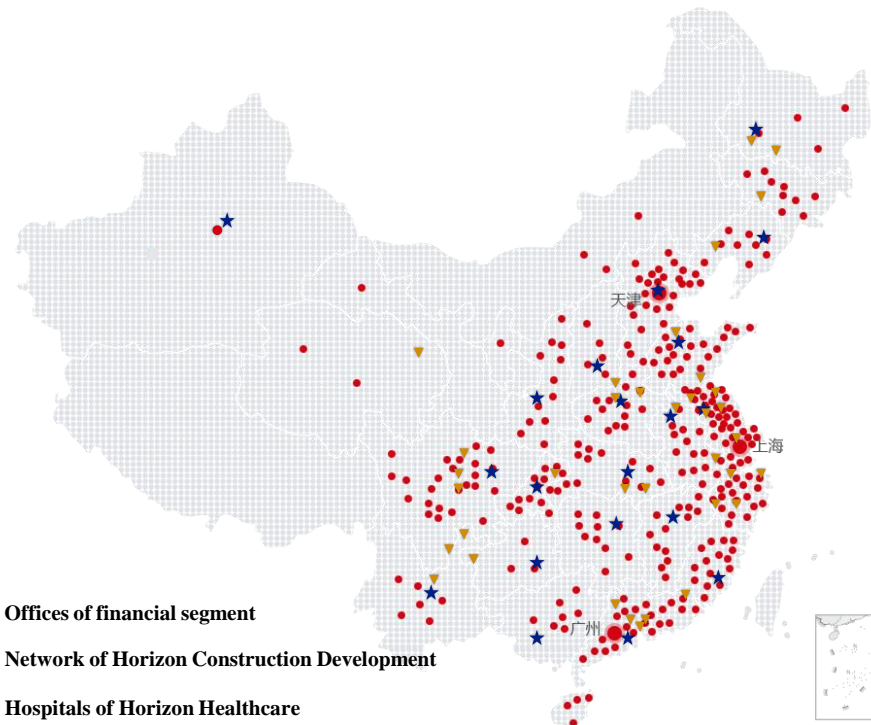


Returned to work overnight before lockdown



Stationed at headquarters to support business operations

Business front line: Local advantages & Active outreach

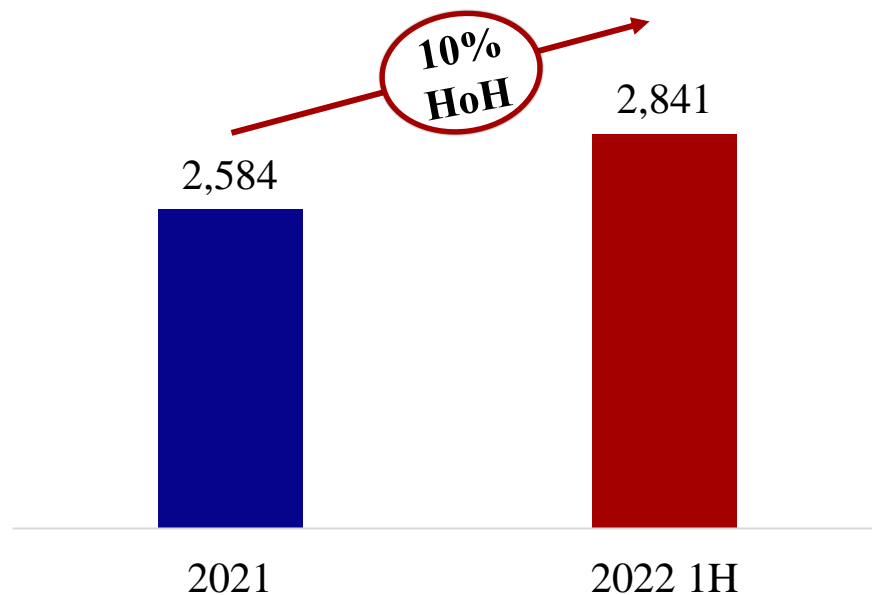




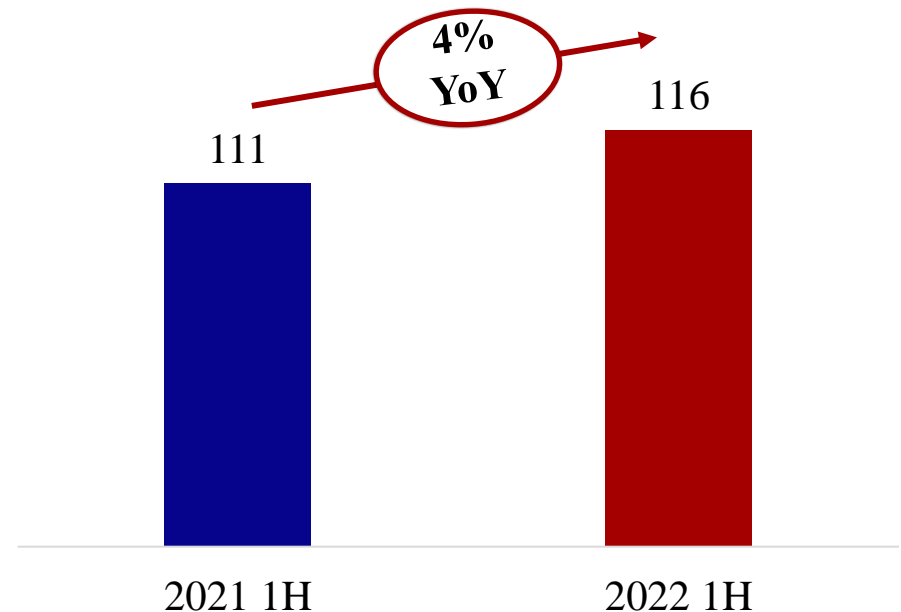
Financial leasing: Steady growth in business size

- The interest-earning assets increased to over RMB284.1 billion, with realized financial leasing revenue of over RMB11.6 billion, representing a year-on-year increase of about 4%
- 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)

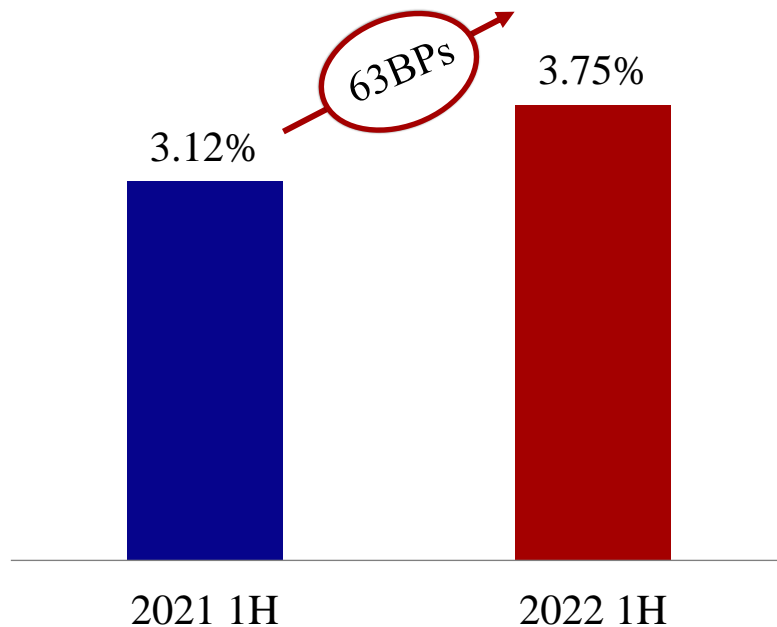




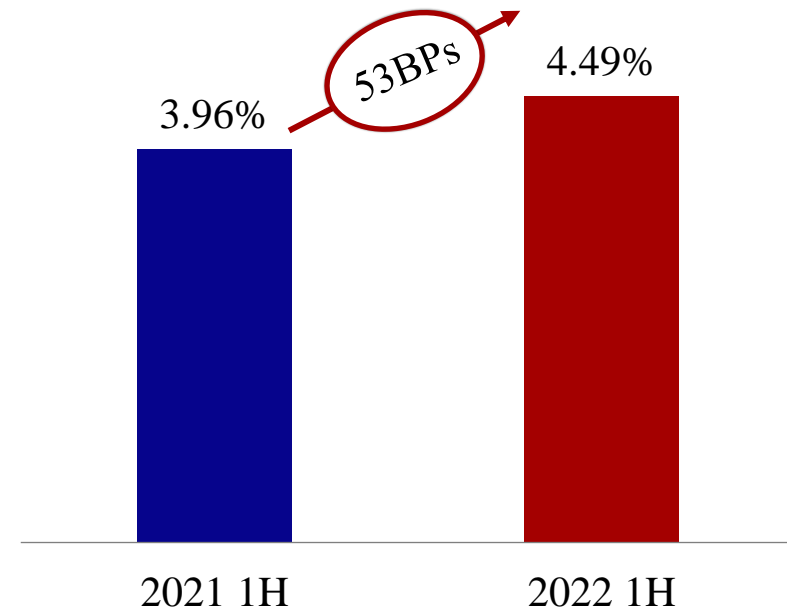
Financial leasing: Steady growth in rate of net return

- The NIS of the Company was 3.75%, representing a year-on-year increase of 0.63 percentage point; the NIM was 4.49%, representing a year-on-year increase of 0.53 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)



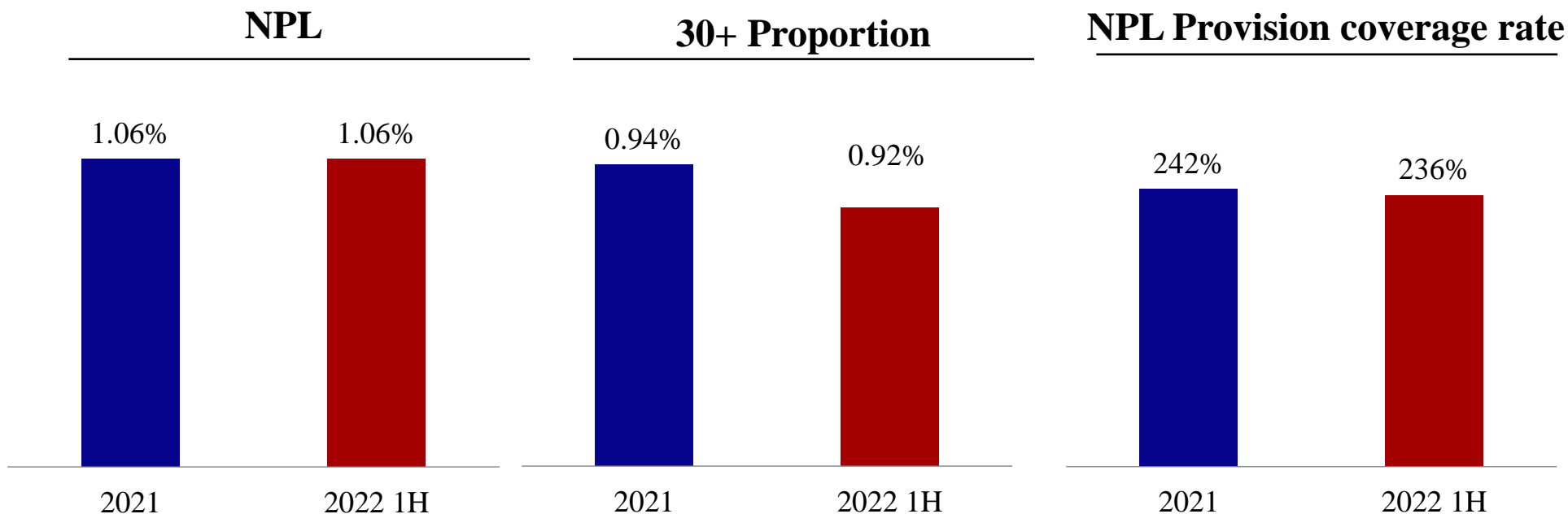
Net interest margin (NIM)



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



- The NPL was 1.06%, 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 0.92%, indicating a trend of continued improvement in the Company’s asset quality going forward
- The NPL coverage rate was around 236%, reflecting the sound and prudent accounting policies of the Company

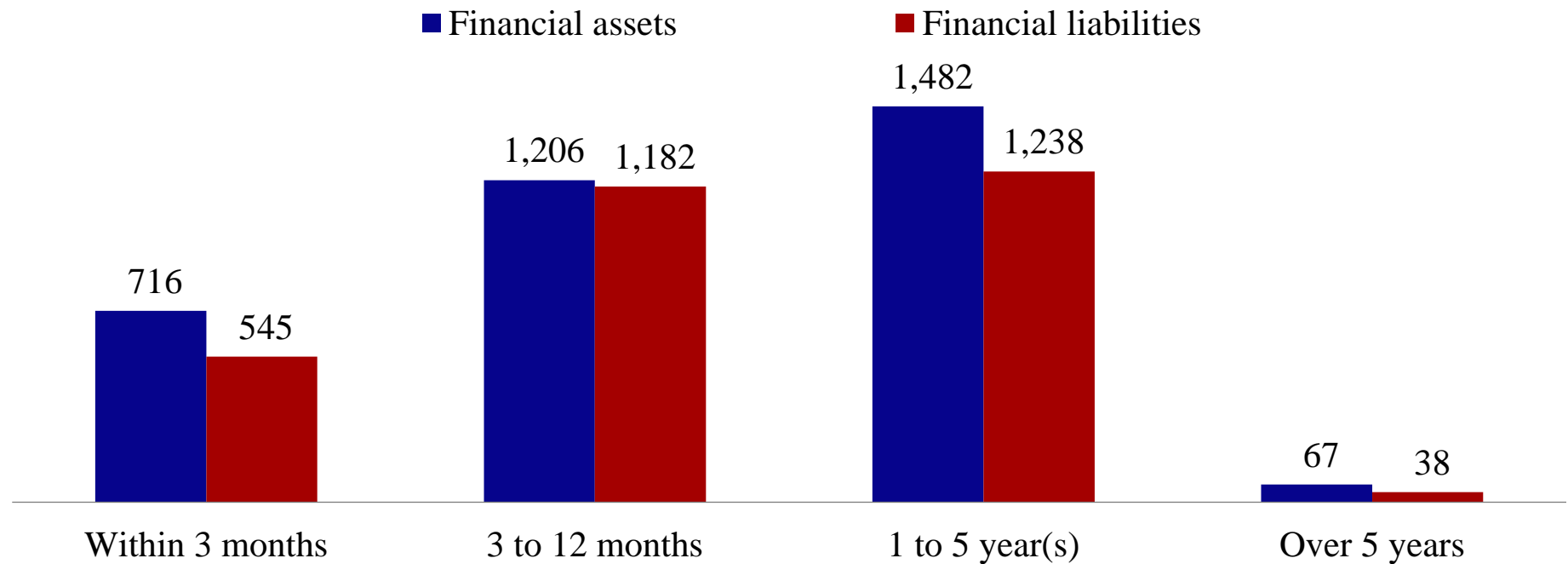


Financial leasing: Reasonable matching of asset and liability maturity with acceptable level of security and efficiency



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

Matching of asset and liabilities (RMB'00 million)

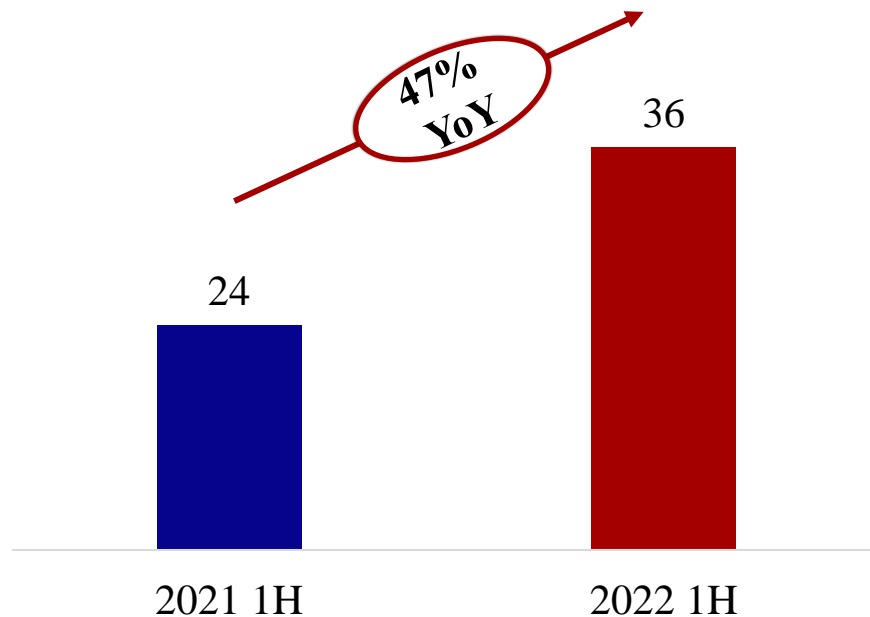




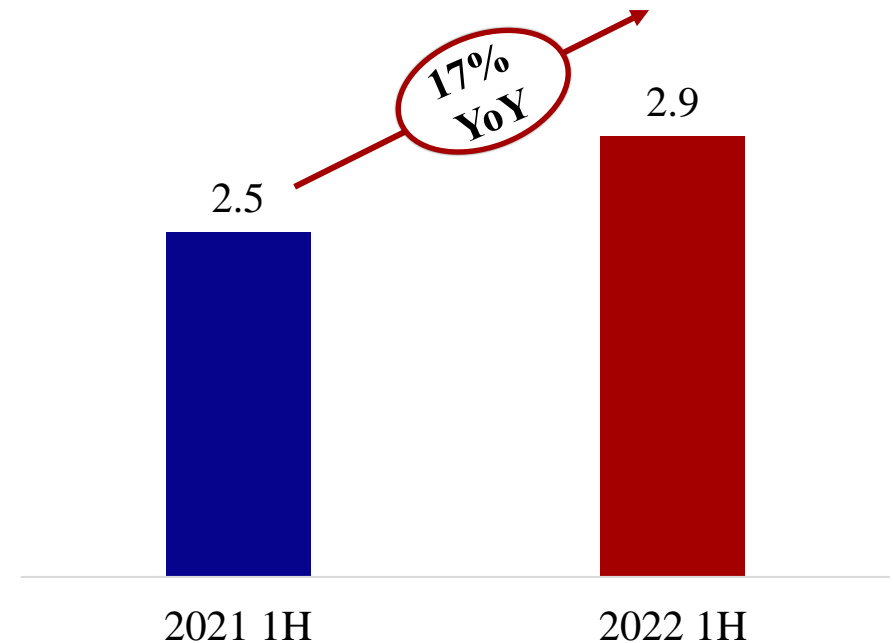
Horizon Construction Development: Continued rapid growth

- Horizon Construction Development maintained rapid growth, with revenue and net profit of about RMB3.6 billion and RMB290 million respectively, representing a year-on-year increase of about 47% and 17% 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 will proceed based on the market conditions

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

Strategic investors



Zhejiang Dingli

Terex

Financial investors



Capitalization will proceed based on the market conditions



遠東宏信有限公司
FAR EAST HORIZON LIMITED

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

RENEW 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 (the "Announcement"). Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

RENEW 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"). The Company was informed that the Listing Application was renewed on 25 February 2022 because of lapse of the six-month period from the date of the Listing Application.

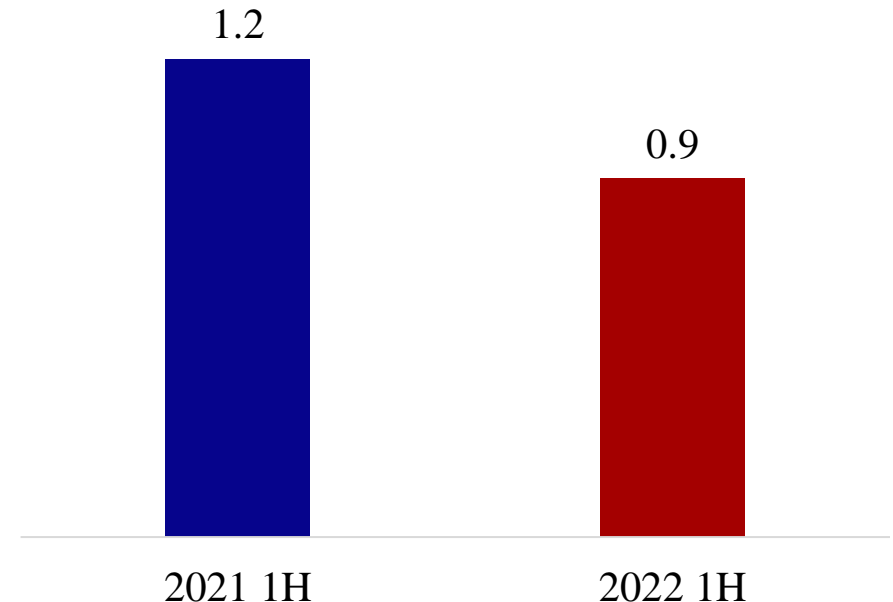
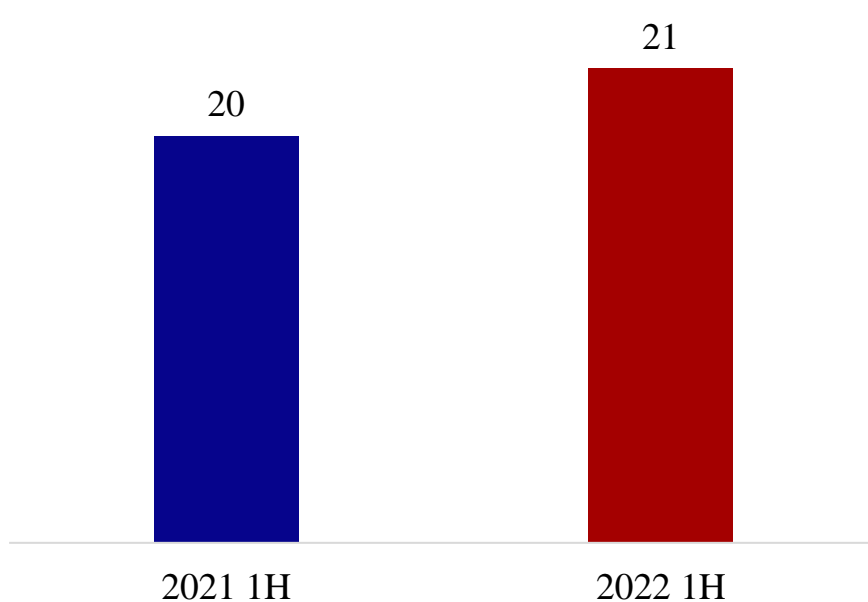
Horizon Healthcare: Steady revenue growth with characteristic medical services are created



- Amid an adverse environment of frequent pandemic outbreaks, Horizon Healthcare recorded revenue of about RMB2.1 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)



Condensed Balance Sheet



Unit: RMB'00 million	30 June 2022	31 December 2021	Change
Total assets	3,585	3,359	6.7%
Interest-earning assets	2,841	2,584	9.9%
Total liabilities	3,090	2,828	9.3%
Total equity	495	531	-6.8%
Equity attributable to ordinary shareholders	422	415	1.6%
Net assets per share (RMB/share)	9.77	9.63	1.5%

Condensed Income Statement



Unit: RMB'00 million	2022 1H	2021 1H	Change
Total revenue	177.2	161.8	9.5%
Total pre-tax profit	45.6	42.1	8.4%
Consolidated net profit	31.3	28.9	8.2%
Net profit attributable to ordinary shareholders	28.4	25.7	10.5%
EPS (RMB/share)	0.68	0.64	6.3%
ROA	1.80%	1.83%	-0.03pct
ROE	13.58%	14.45%	-0.87pct

1

Results Overview

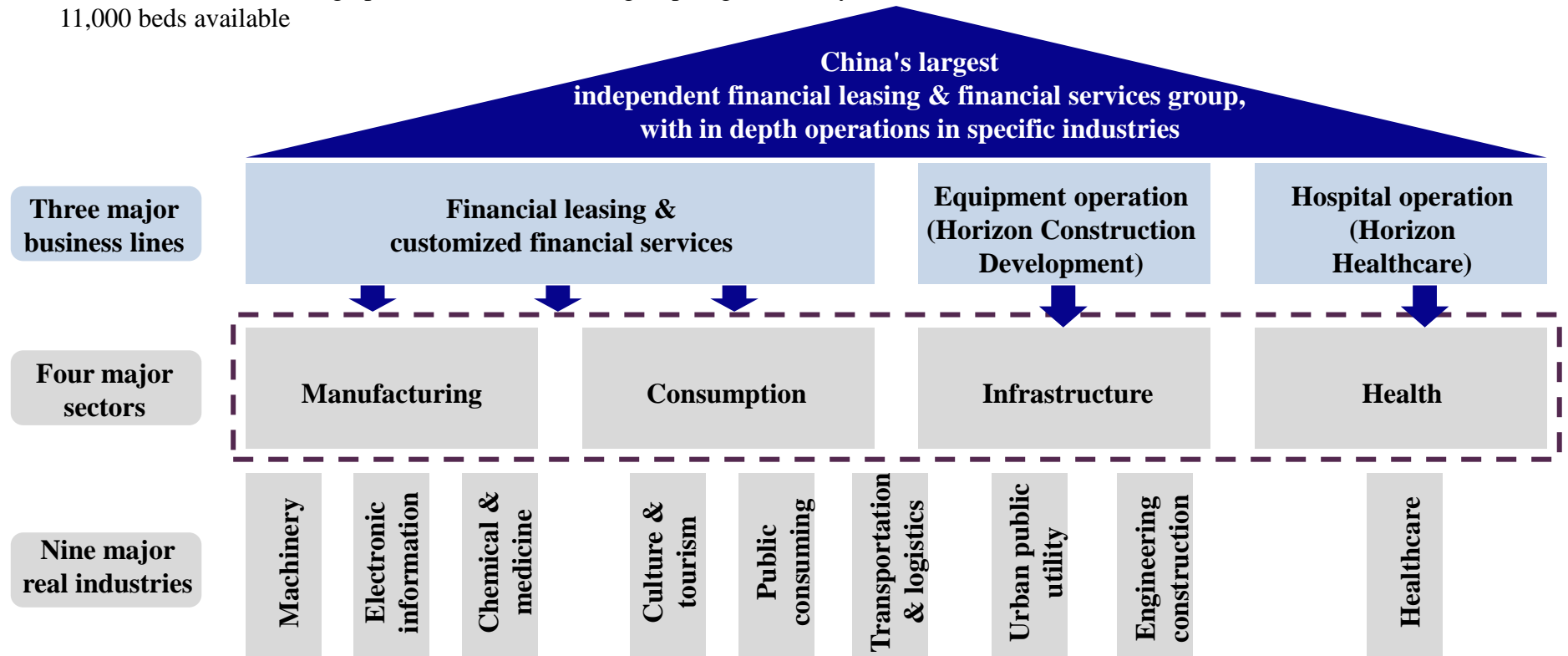
2

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 RMB284.1 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 RMB29.3 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



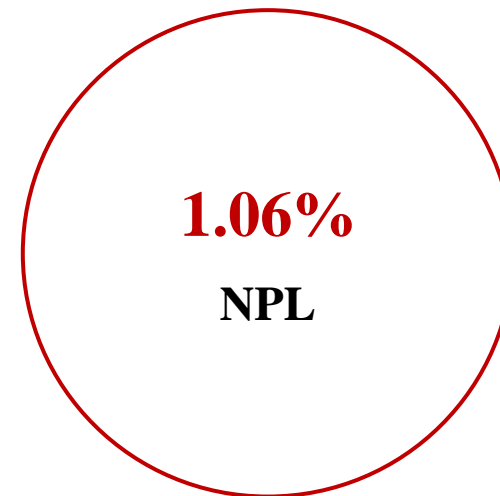
Financial Leasing

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 RMB284.1 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

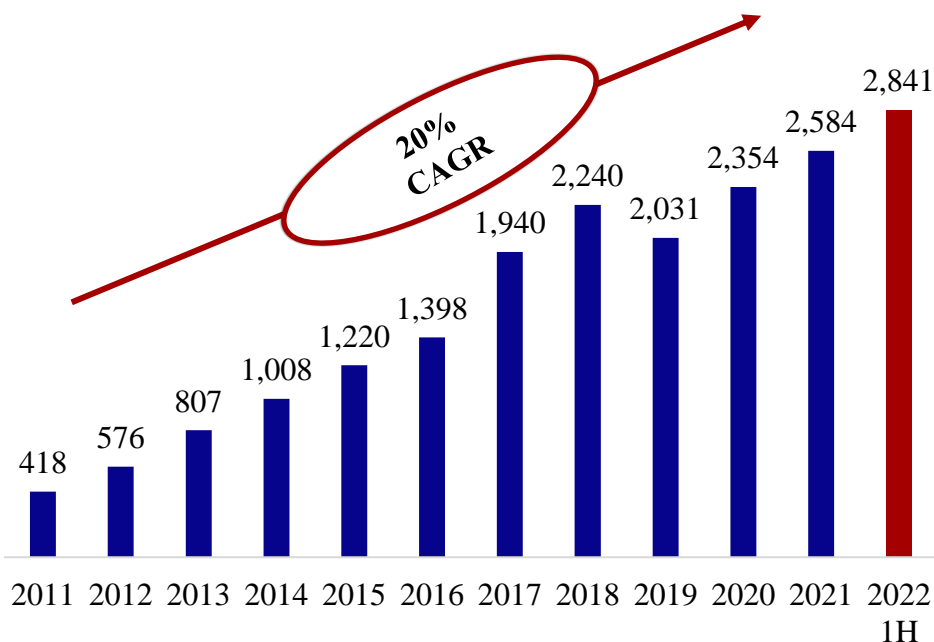


Financial leasing: Steady growth in operating results across cycles with a business model demonstrating strong vitality

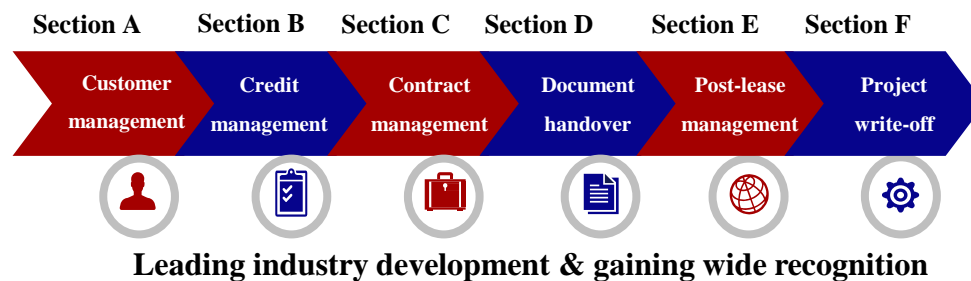


- From 2011 to 2021, the interest-earning assets of the Company increased to RMB258.4 billion from RMB41.8 billion, representing a CAGR of approximately 20%, with more than 20,000 customers served in total
- As a leader in the financial leasing industry, under the gradual refinement of regulations and 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
- 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

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



First-ever A-F section operation & management process



- 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

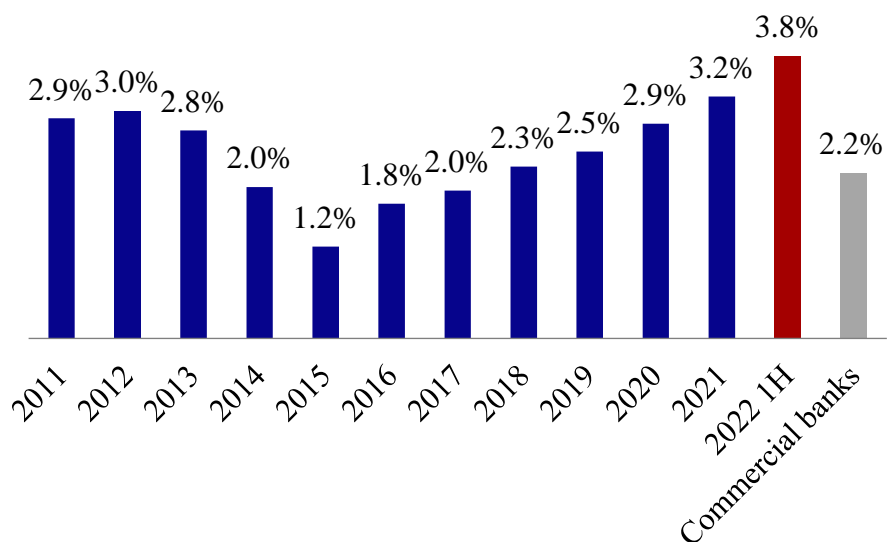


Financial leasing: Rate of return maintained at a high level

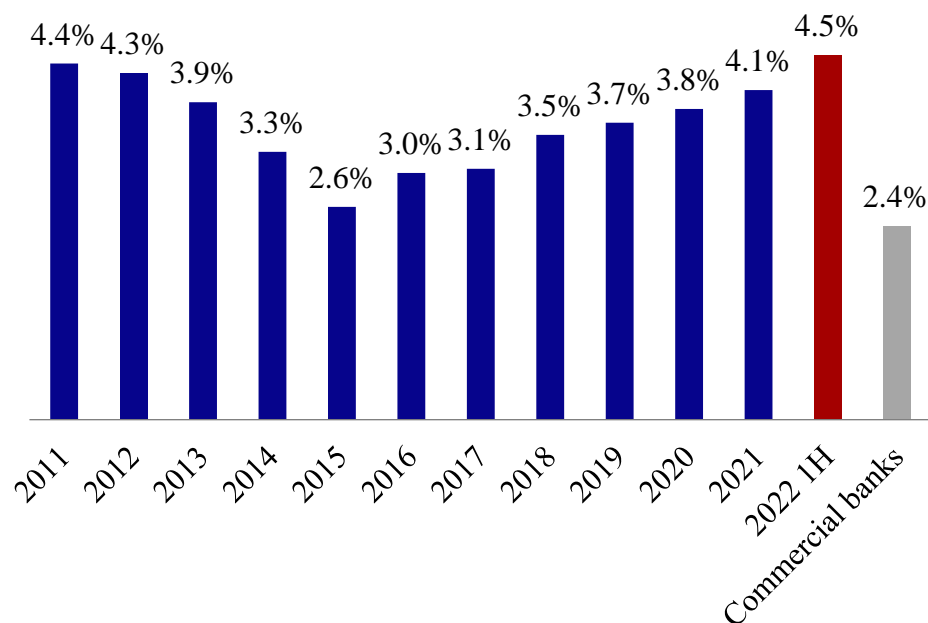


- The Company continues to optimize the structure of interest-earning assets to maintain higher net interest spread and net interest margin
- With extensive experiences and knowledge in industry, the Company continuously improves customer service capabilities and enriches service methods to achieve better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

Net interest spread (NIS)



Net interest margin (NIM)



Notes: 1. The net interest spread data of commercial banks is the average of the data of Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank and Bank of Communications from 2011 to 2021

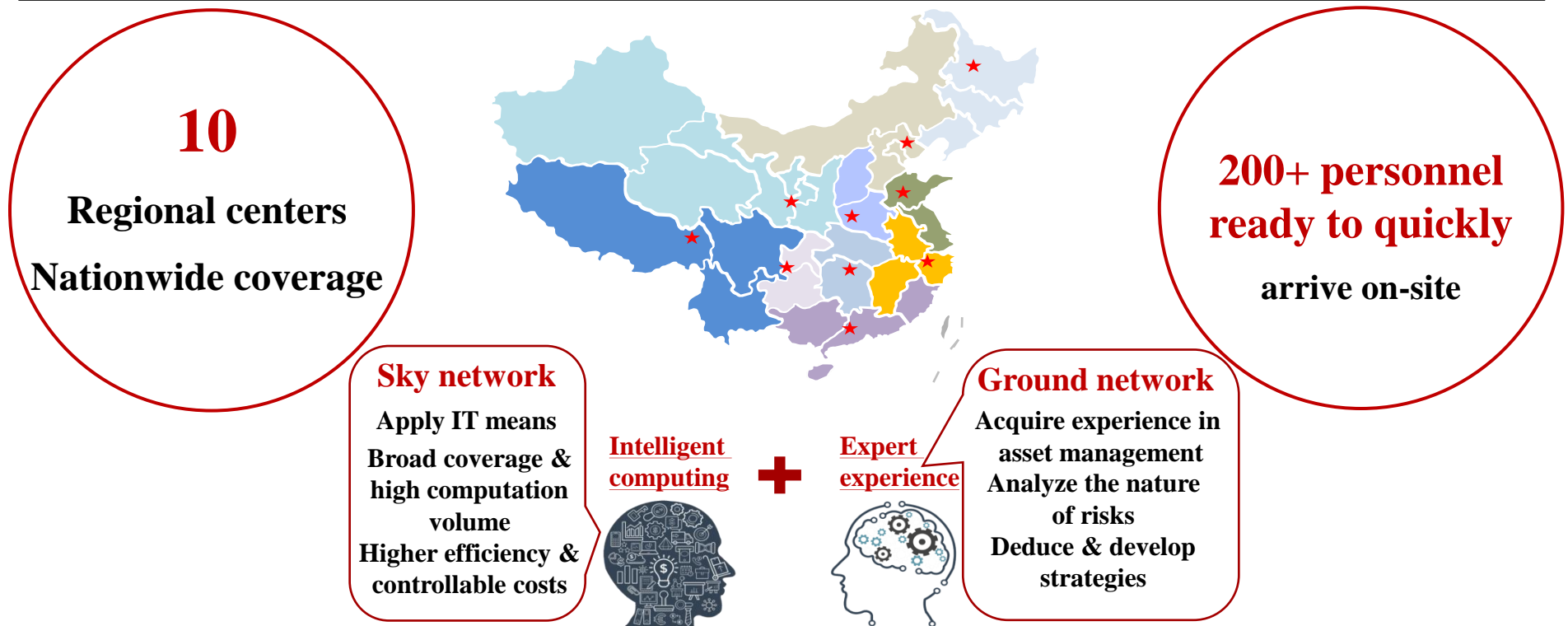
2. The net interest margin data of commercial banks is the average of the data from 2011 to 2021 according to the statistics of the China Banking and Insurance Regulatory Commission, source: Wind

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

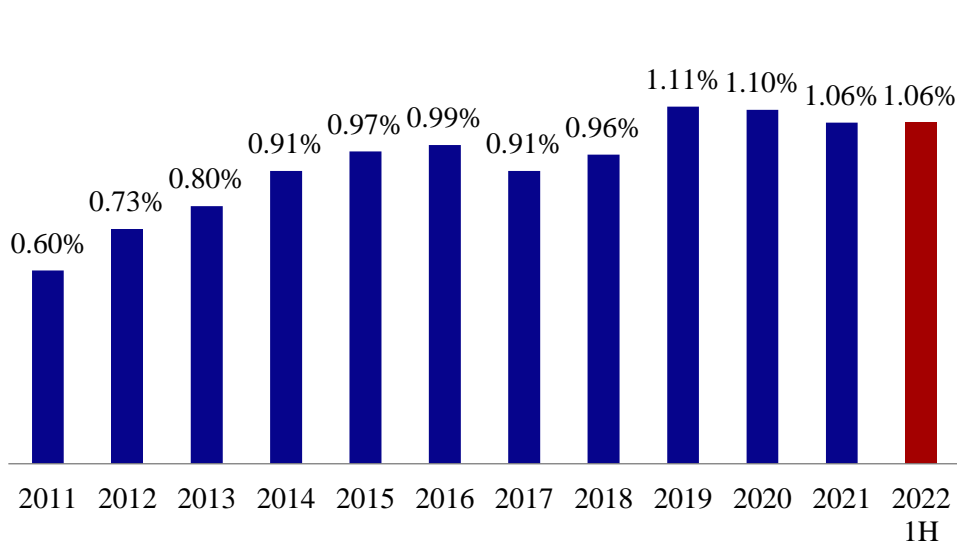


Financial leasing: Long-term asset quality remains sound and stable

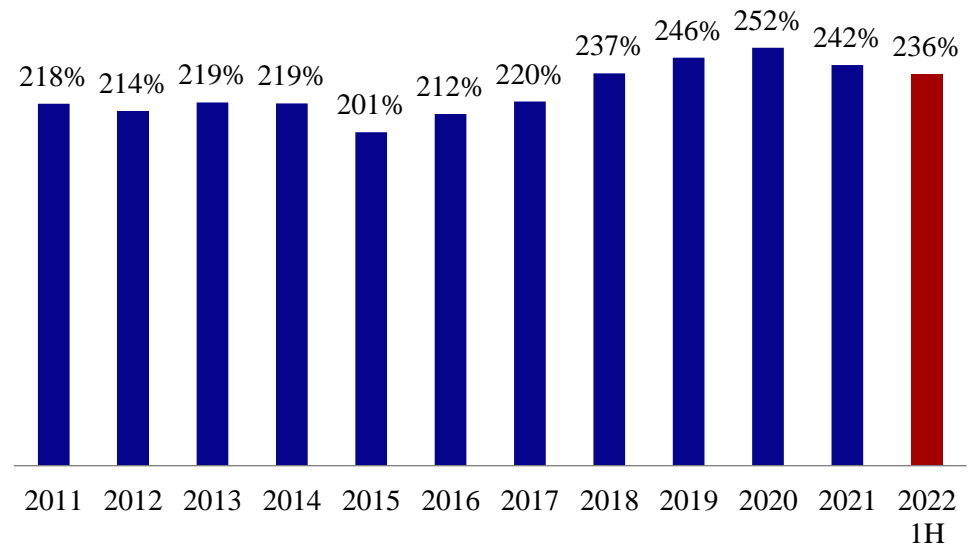


- Asset quality of the Company has remained sound and stable for a long term, and is expected to stay stable with a slight decline in the future. The provision policy is prudent in the long term
- The Company's diversified, high-quality asset layout as well as comprehensive and effective risk management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



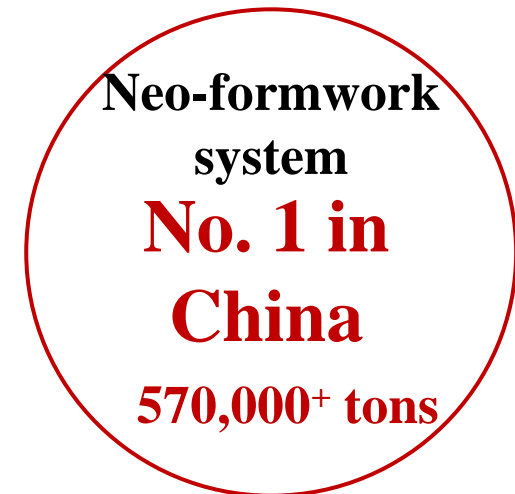
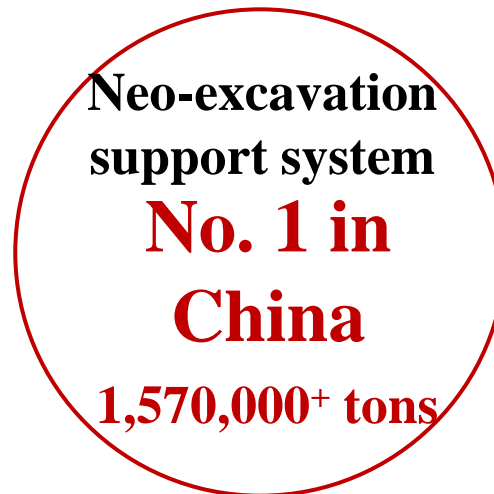
Horizon Construction Development

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 exceeded 120,000
 - 322 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 RMB29.3 billion, ranking top in domestic industry in terms of the equipment volume owned of aerial work platforms, neo-excitation support systems and neo-formwork systems

Business overview of Horizon Construction Development



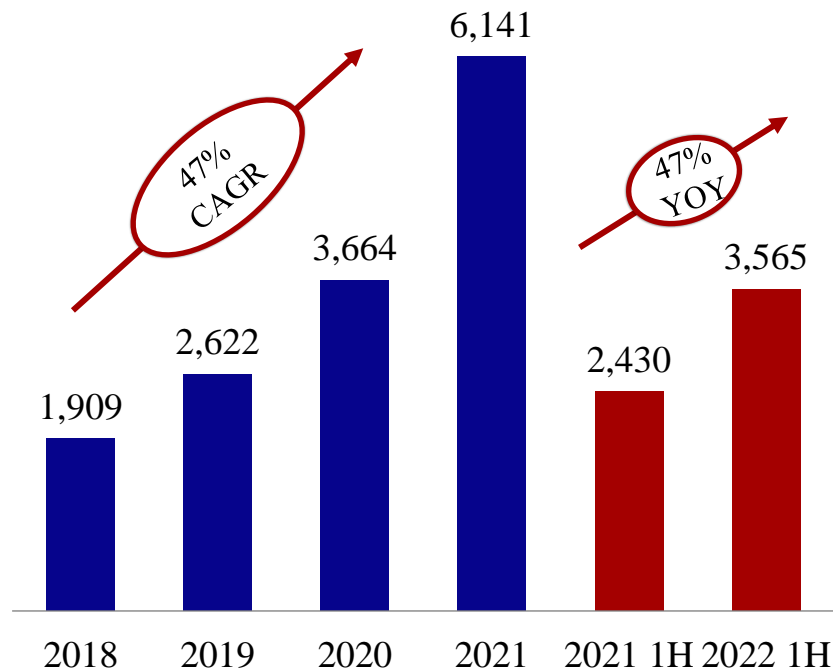
Note: The above are all rankings of equipment volume

Horizon Construction Development: Rapid growth in operating performance

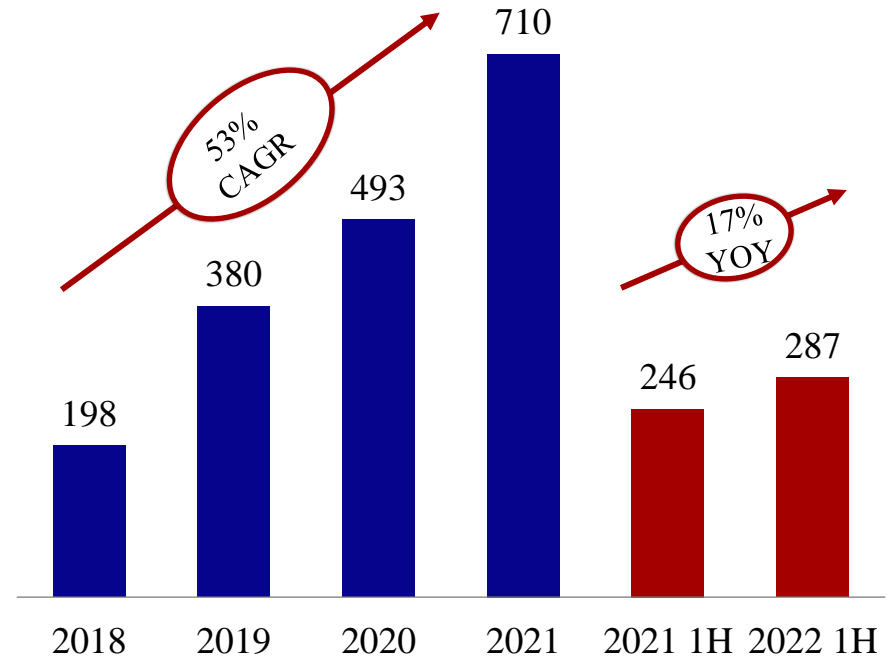


- The CAGR of its revenue and net profit from 2018 were 47% and 53% respectively
- Over the years, Horizon Construction Development continues to consolidate its leading industry position, and has significant competitive advantages in terms of equipment in use, network coverage and operating efficiency, with continuous growth in market share

Revenue (RMB million)



Net profit (RMB million)

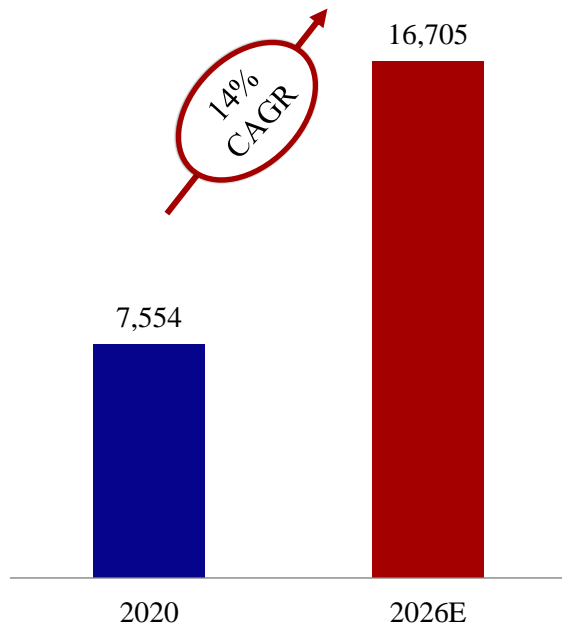


Horizon Construction Development: Huge room for future industry development



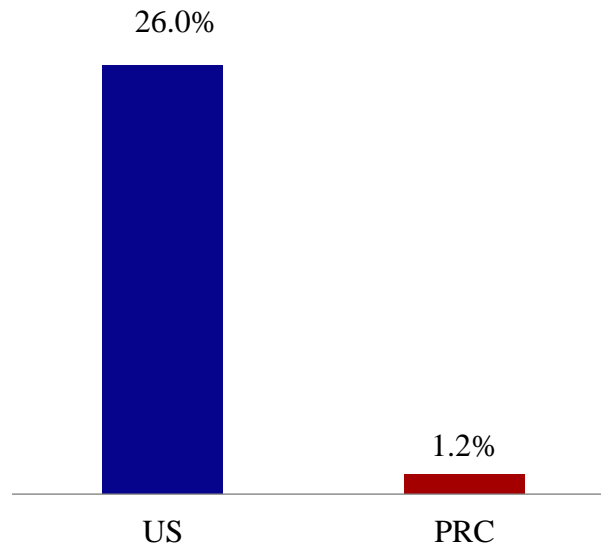
- The industry is huge, with a market value expected to exceed RMB1.6 trillion in 2026
- At the same time, the market concentration is low. As the industry leader, Horizon Construction Development has seen huge opportunities and possibilities of market integration

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

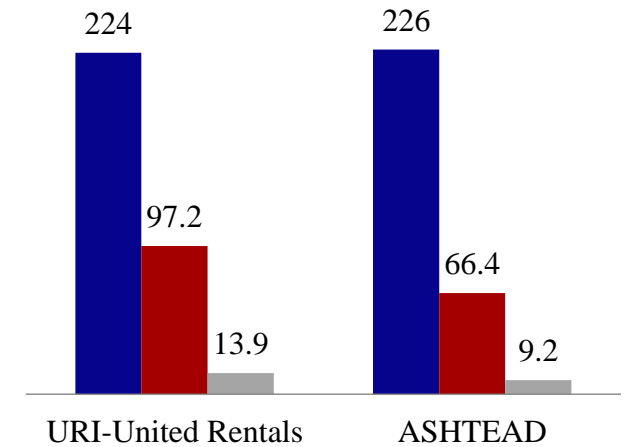


Equipment leasing market in China is highly fragmented, with huge room for integration

Market share of Top 3 equipment operators



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



Source: Frost & Sullivan, MOHURD, U.S. URI and Ashtead Annual Reports (2021) and Wind (Market value dated on 26 August 2022)

■ Market value ■ Revenue ■ NP

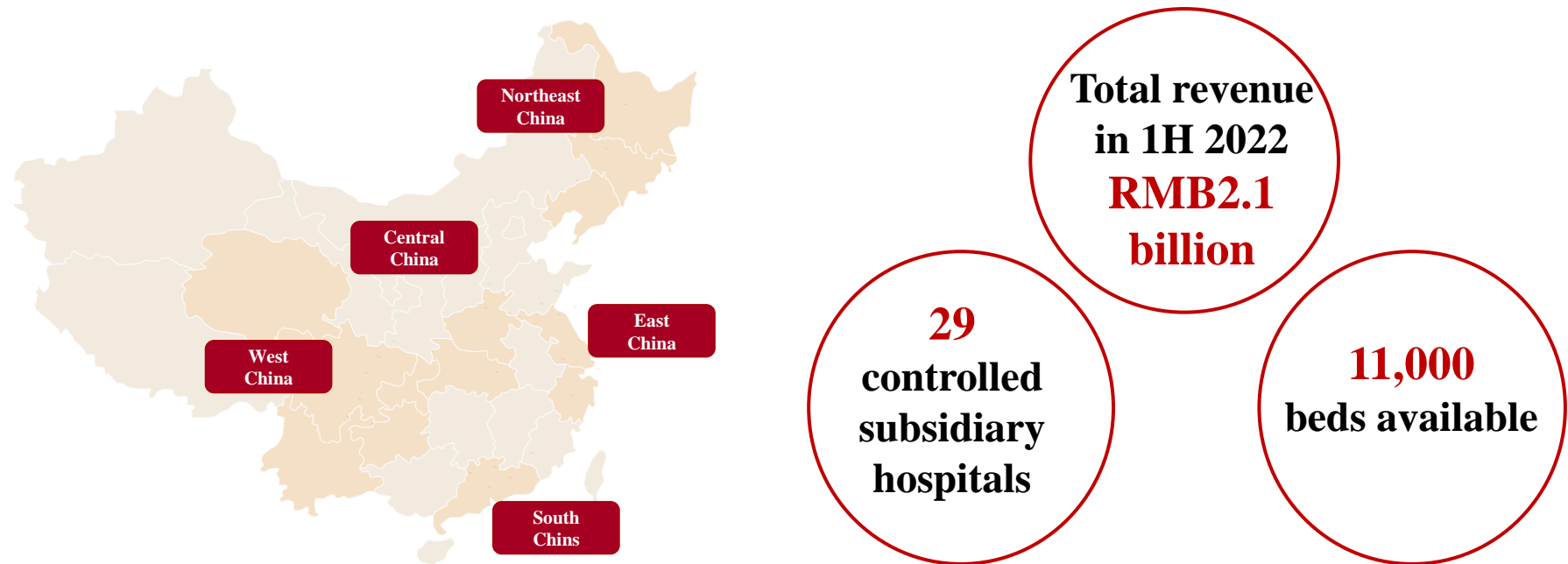
Horizon Healthcare



Horizon Healthcare: A large private medical institution in China

- Horizon Healthcare, a large private medical institution in China, owns 29 controlled subsidiary hospital with approximately 11,000 beds available, thus forming a nationwide hospital network covering East China, South China, North China, West China, Central China and other regions
- 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

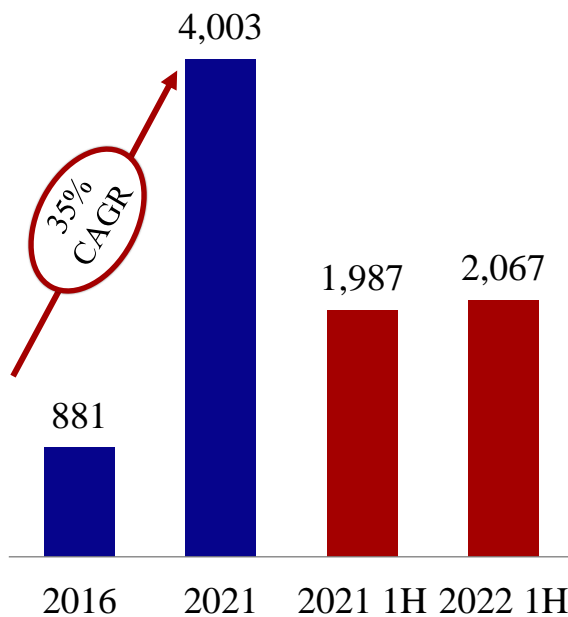




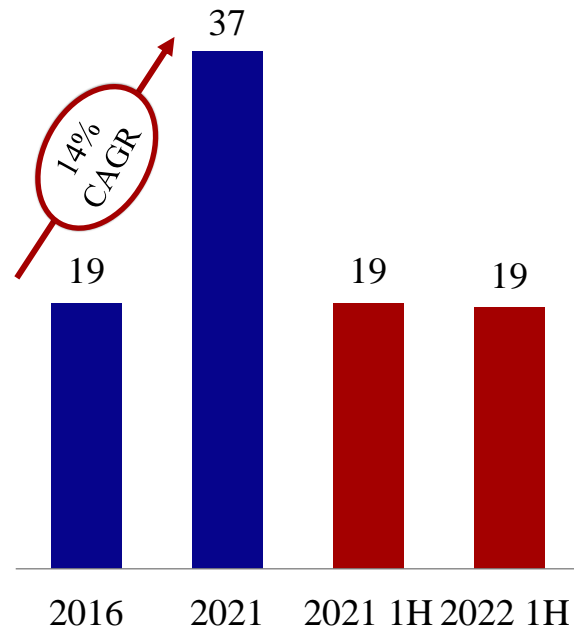
Horizon Healthcare: Steady growth in operating performance

- From 2016 to 2021, the CAGR for revenue, revenue per bed and net profit of Horizon Healthcare were around 35%, 14% and 20% respectively
- Through integrated hospital management, Horizon Healthcare continues to enhance operational efficiency and recorded steady growth

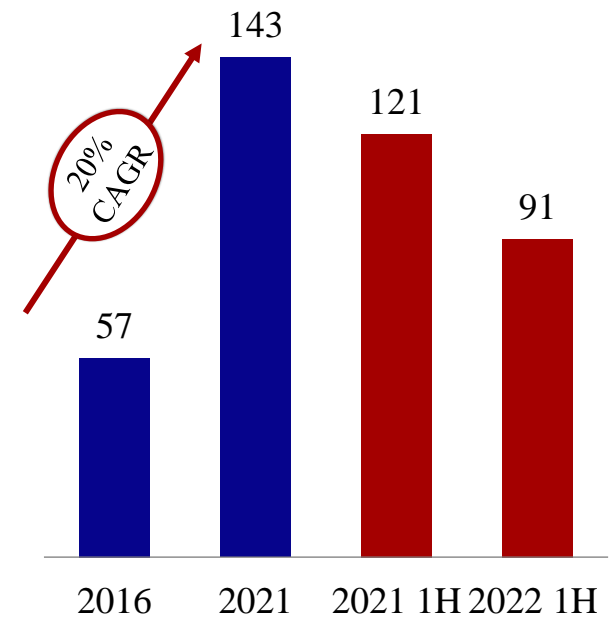
Revenue (RMB million)



Revenue per bed (RMB'0000)



Net profit (RMB million)



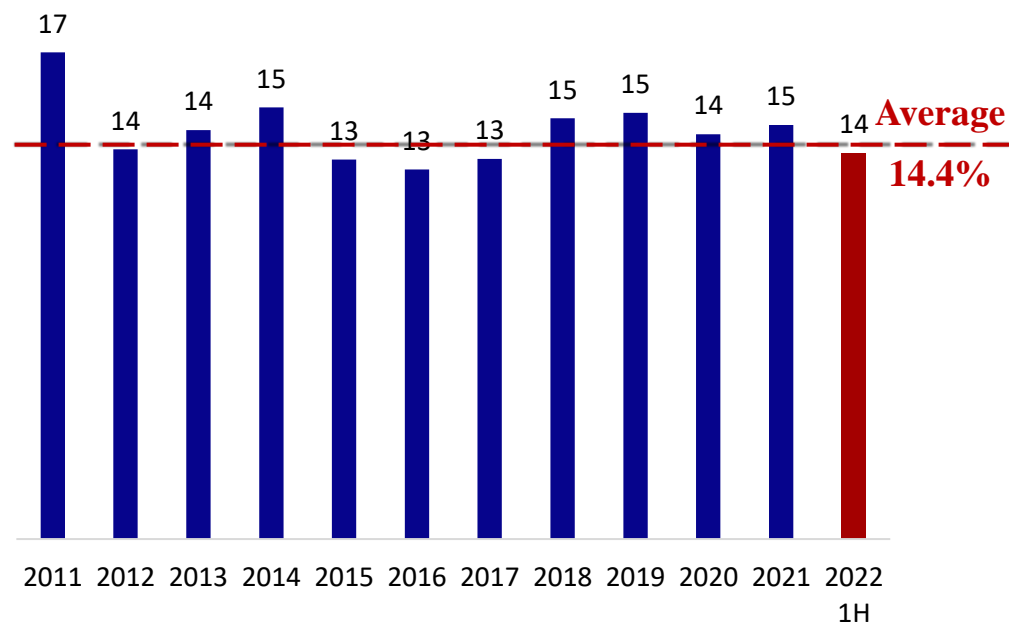
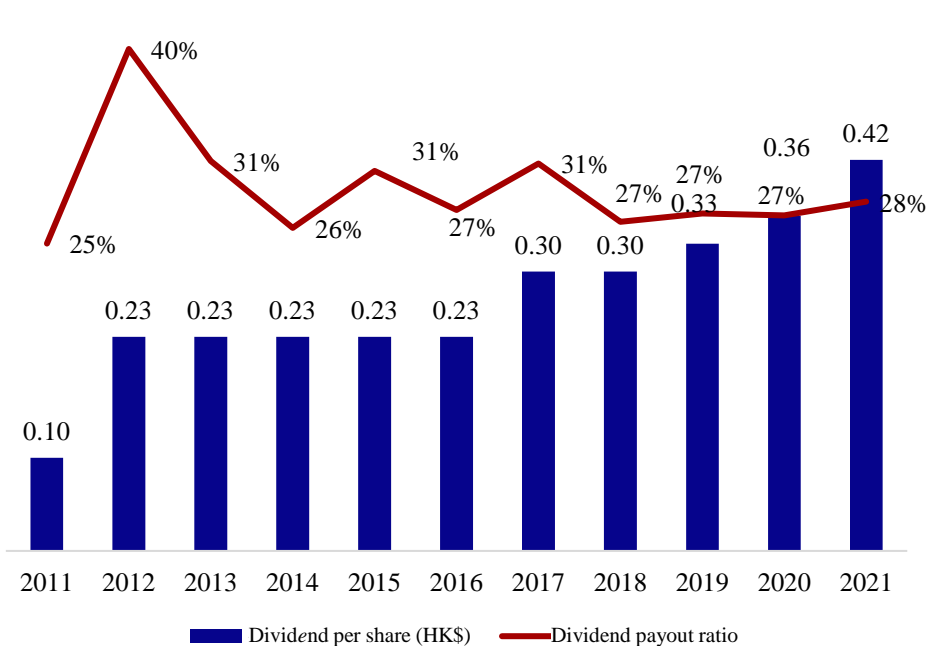
Consistent and stable dividend distribution since listing, creating excellent returns for shareholders



- Since its listing, the Company has maintained a dividend payout ratio of more than 25% every year to reward shareholders with a steadily growing dividend
- The ROE level remained stable, reaching an average of 14.4% from 2011 to 2021, continuing to create excellent returns for shareholders

Dividend payout and dividend payout ratio

ROE (%)



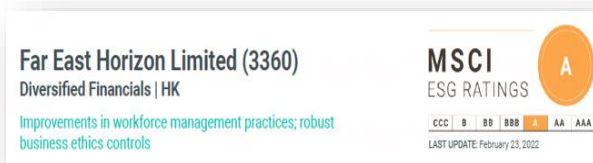
ESG ratings ranked in the forefront among financial enterprises in China with a focus on sustainable development



- 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**

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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.

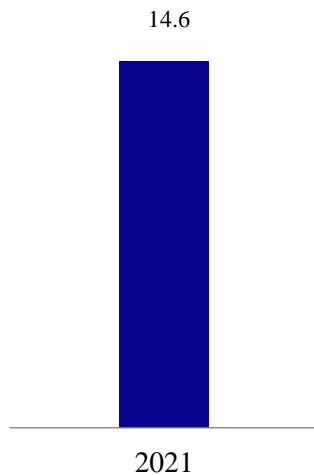




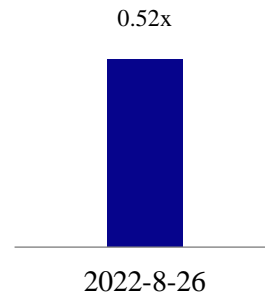
EV obviously undervalued, showing great potentials for appreciation

- The Company has maintained a ROE of around 14% for a long period of time. The share price of the Company as at 26 August 2022 (HK\$6.13) represented 0.52x 21A PB and 3.92x 21A PE, which is underestimated
- The average target price set by securities firms is around HK\$12, reflecting an approximately 93% potential appreciation as compared to the share price (HK\$6.13) as at 26 August 2022
- Assuming the PB valuation of the Company remains unchanged, the annual ROE of over 14% can still offer an IRR of 14% for investors
- 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

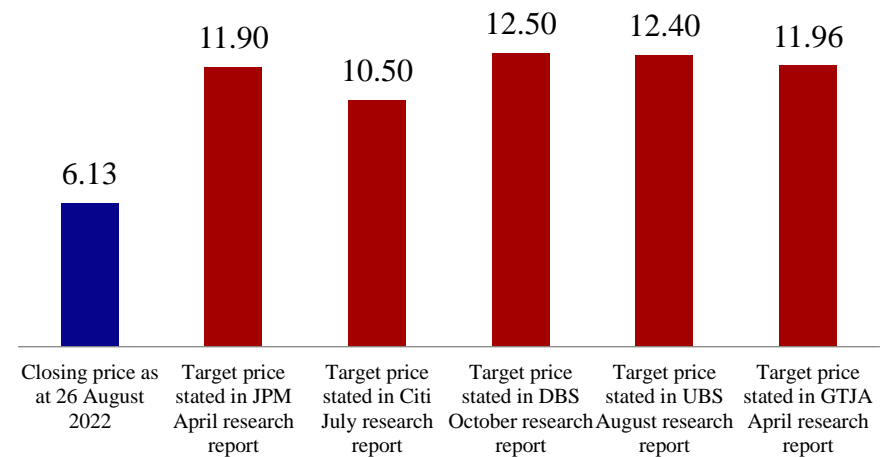
ROE (%), 2021



P/B



Great potentials for share price appreciation (HK\$)



Note: The above target prices are sourced from research reports of investment banks, and the average target price is calculated by the Company

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 members are important shareholders 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

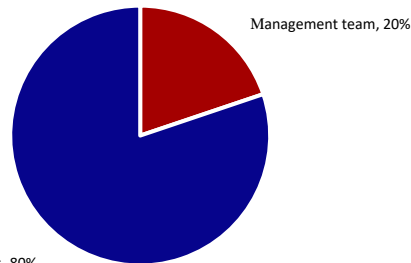


Vice Chairman of the Board
Chief Executive Officer
KONG Fanxing



Executive Director
Chief Financial Officer
WANG Mingzhe

The management team members are important shareholders 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

Far East Horizon



<http://www.fehorizon.com/>
ir@fehhorizon.com

Horizon Construction Development



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

Horizon Health

