



Far East Horizon Limited 2024 Interim Results

August 2024



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Note: Unless otherwise specified, all monetary amounts stated herein are denominated in RMB and the data herein is as of 30 June 2024



① **Results Overview**

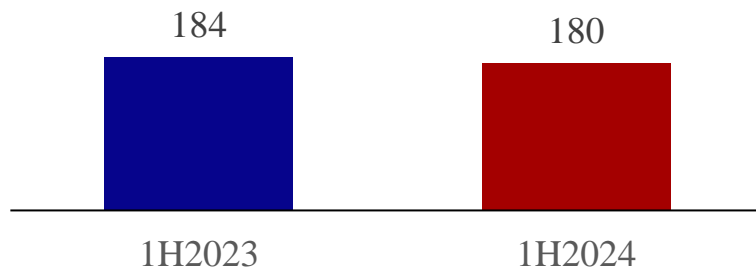
② **Business Analysis**



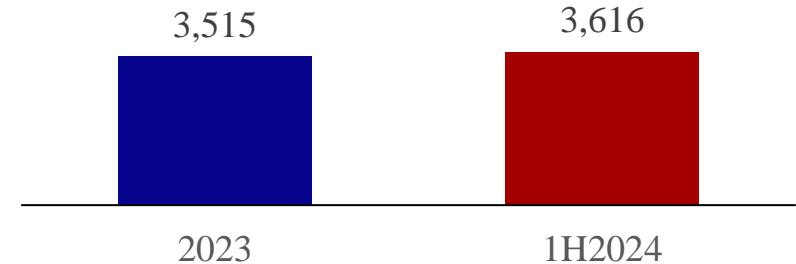
Adhere to prudent strategy to ensure the safety of business

- In the first half of 2024, the Company adhered to prudent strategy and achieved revenue of RMB18.0 billion and operating profit before tax* of RMB4.2 billion on the basis of ensuring operational safety
- The performance was mainly attributable to: (1) the financial services business strengthened risk control measures to maintain reliable asset quality, interest-earning assets decreased slightly, and net interest margin remained stable; (2) the equipment operation business, based on continuous deepening of domestic business, actively expanded overseas markets, and maintained growth in revenue and profit; (3) the hospital operation business continuously improved efficiency, with both revenue and profit increasing steadily

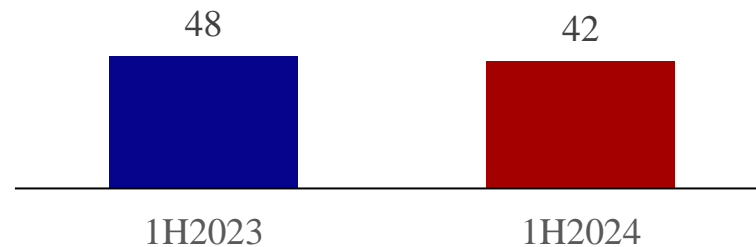
Revenue (RMB'00 million)



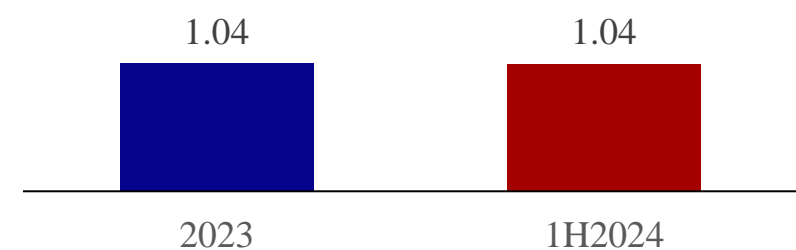
Total assets (RMB'00 million)



Operating profit before tax* (RMB'00 million)



NPL (%)



* Note: The operating profit before tax excludes the investment gains and loss of certain financial equity investment projects

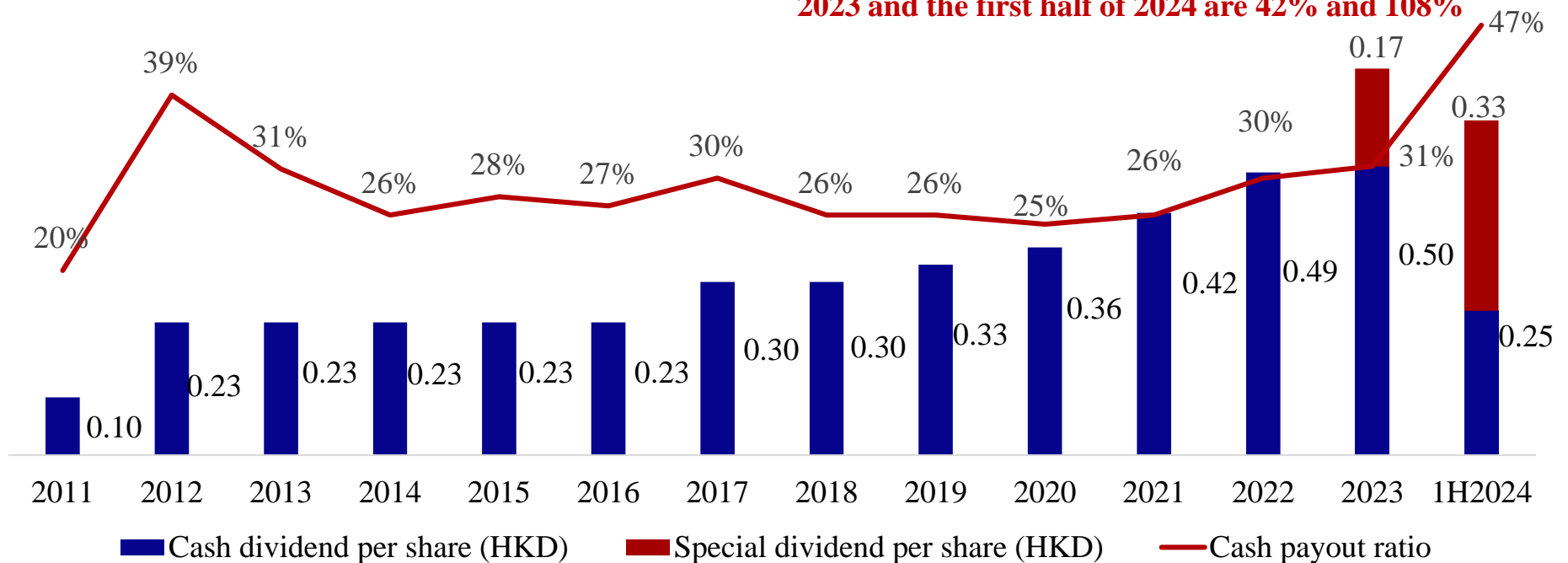


Value shareholder returns and continuously increase dividends

- The Company has always focused on shareholder returns, and the Board has approved the first interim dividend since listing, with a dividend amount of HKD0.25 per share and a payout ratio of 47%
- Meanwhile, the Company will continue to conduct timely share repurchases based on market conditions

The dividend payout has been steadily increasing over the years since listing

Considering special dividend, payout ratios for 2023 and the first half of 2024 are 42% and 108%

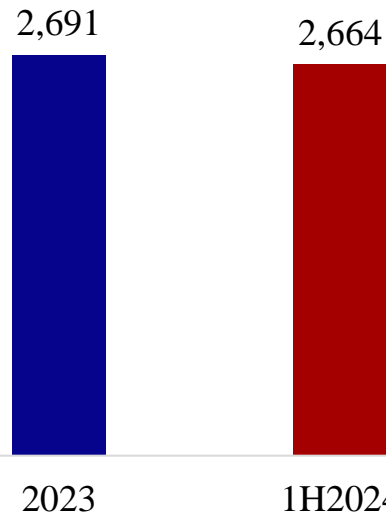




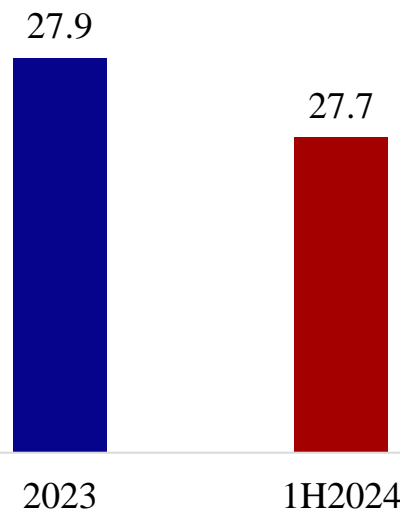
Financial services: Strengthen the stability and safety, and maintain stable asset scale

- The size of net interest-earning assets was RMB266.4 billion along with the balance of non-performing assets continuing to decline, and the revenue of financial services was RMB10.9 billion
- The Company regarded safety as the primary consideration for asset investment and took a series of measures to tamp asset quality, including: (1) strengthening pre-leasing review to improve customer import security; (2) adjusting rent repayment period to accelerate the effective turnover of assets

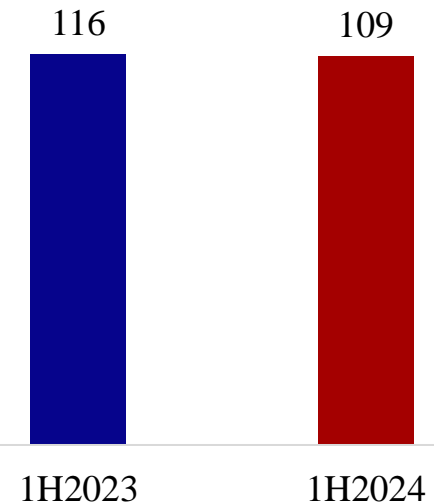
**Net interest-earning assets
(RMB'00 million)**



**Balance of non-performing
assets (RMB'00 million)**



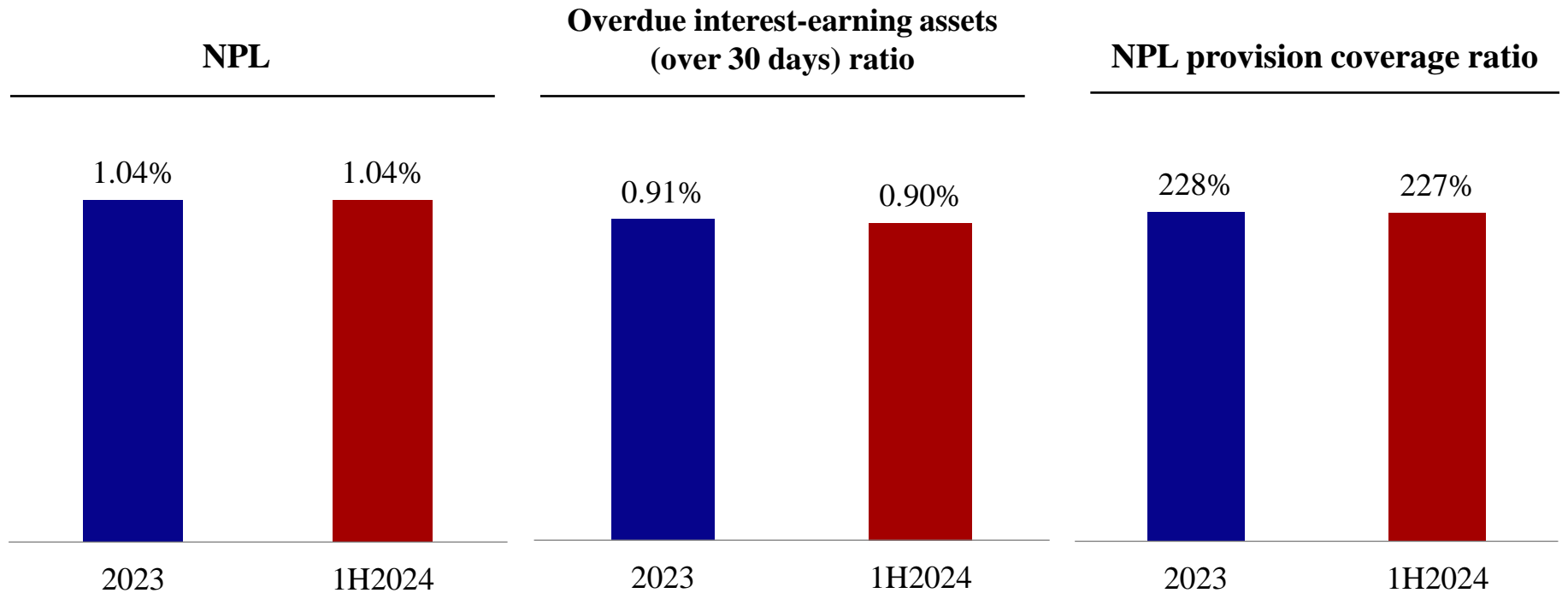
**Revenue of financial services
(RMB'00 million)**





Financial services: Maintain stable asset quality and prudent provision policy

- NPL maintained a robust level of 1.04%, and overdue interest-earning assets (over 30 days) ratio further declined to 0.90%, indicating asset quality continuously improved. NPL provision coverage ratio remained stable, and accounting policies continued to be prudent
- It was mainly attributable to (1) strengthening the review of asset, strictly controlling the import of customers, and continuously deepening on the familiar industry and customers in terms of asset investment; (2) optimizing the organizational structure, strengthening asset monitoring and disposal in terms of asset management

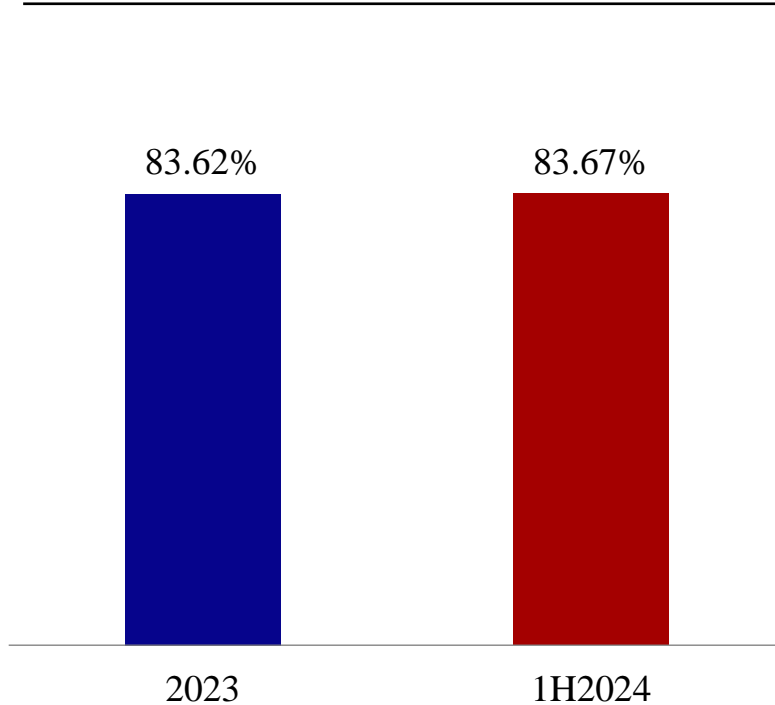




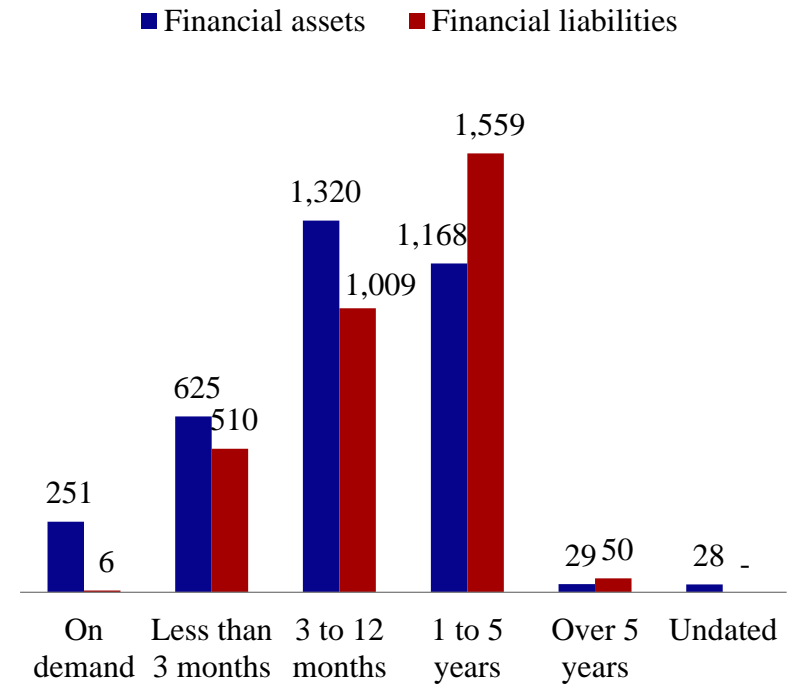
Financial services: Keep stable leverage and match the duration of assets and liabilities

- The gearing ratio was 83.67%, remaining a reasonable and stable level compared to the end of 2023
- Adhered to a prudent liquidity management strategy and strictly matched cash flows to avoid liquidity risk

Gearing ratio



Matching of financial asset and financial liabilities (RMB'00 million)

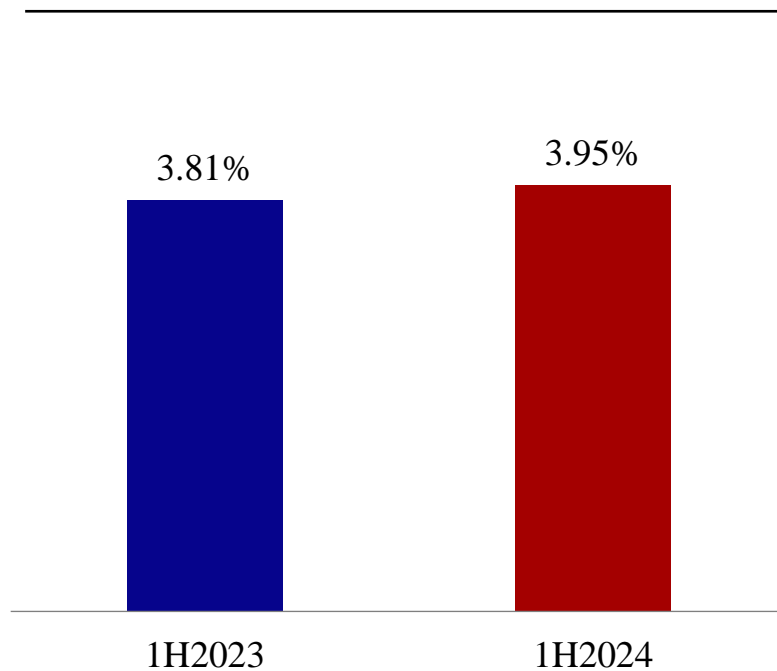




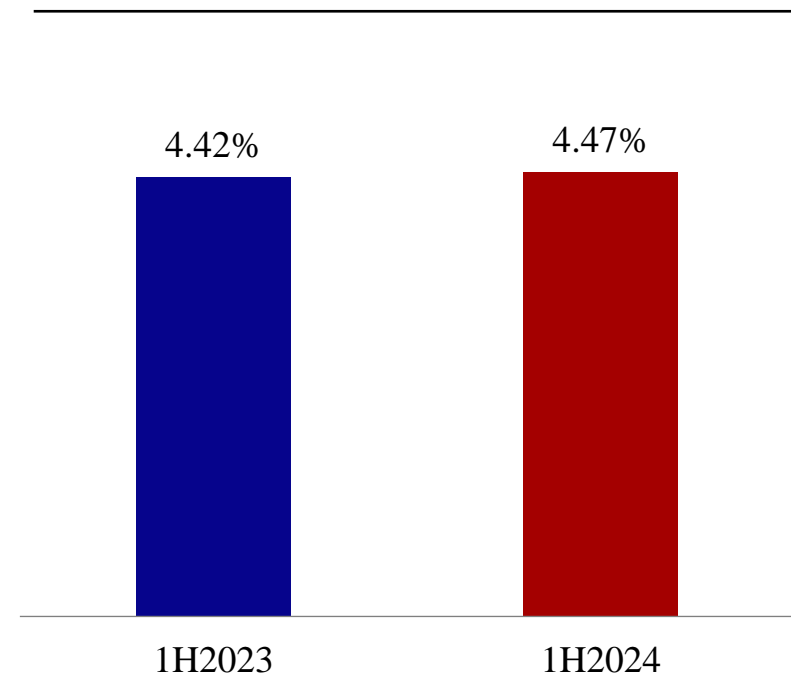
Financial services: Decrease financing costs and maintain stable net interest margin

- The NIS was 3.95% and the NIM was 4.47%, representing an increase of 14 bps and 5 bps compared to 1H2023
- It was mainly attributable to: (1) maintaining a personalized product and service strategy, responding to customer needs in a timely manner, and improving overall efficiency of products and services to maintain stability in pricing; (2) exerting the advantage of diversified financing to decrease financing cost slightly

Net interest spread (NIS)



Net interest margin (NIM)

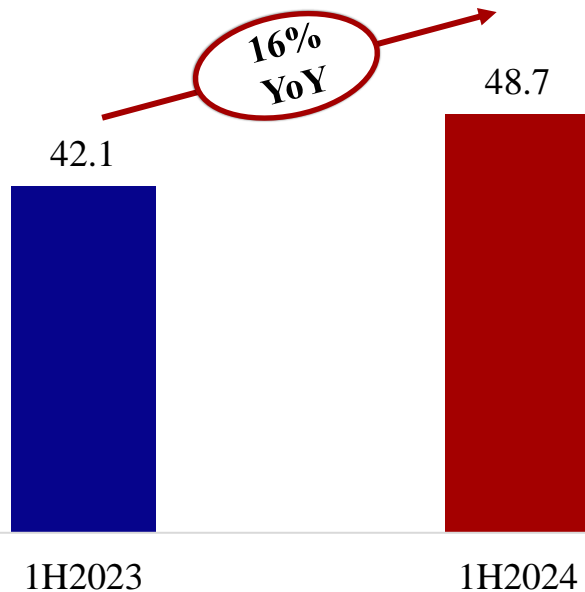




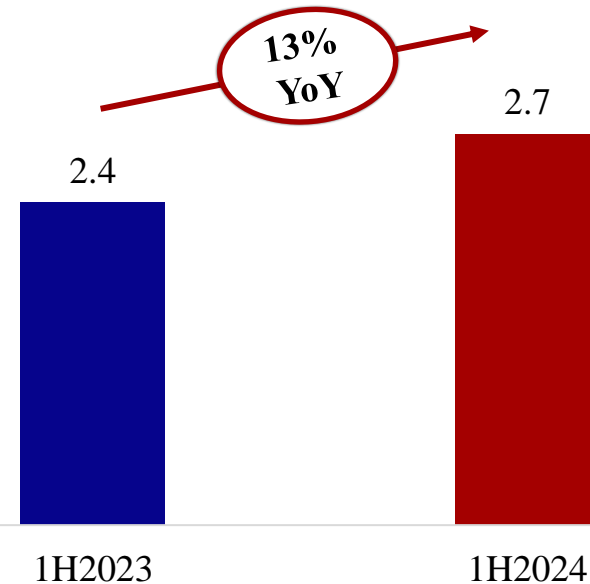
HCD: Continue to expand business layout and improve financial performance

- HCD continuously deepened the domestic market, actively expanded overseas business, and achieved revenue of RMB4.87 billion and net profit of RMB0.27 billion, representing an increase of 16% yoy and 13% yoy, consolidating the leading position in the industry
- It was mainly attributable to (1) deepening network layout, enriching equipment categories and application scenarios, upgrading asset management capabilities and digital operations to strengthen competitiveness and increase market share in the domestic market; (2) accelerating the expansion of business in Southeast Asian, actively exploring the potential market in the Middle East, dredging the equipment supply chain of overseas business to achieve rapid growth in revenue of overseas business

Revenue (RMB'00 million)



Net profit (RMB'00 million)

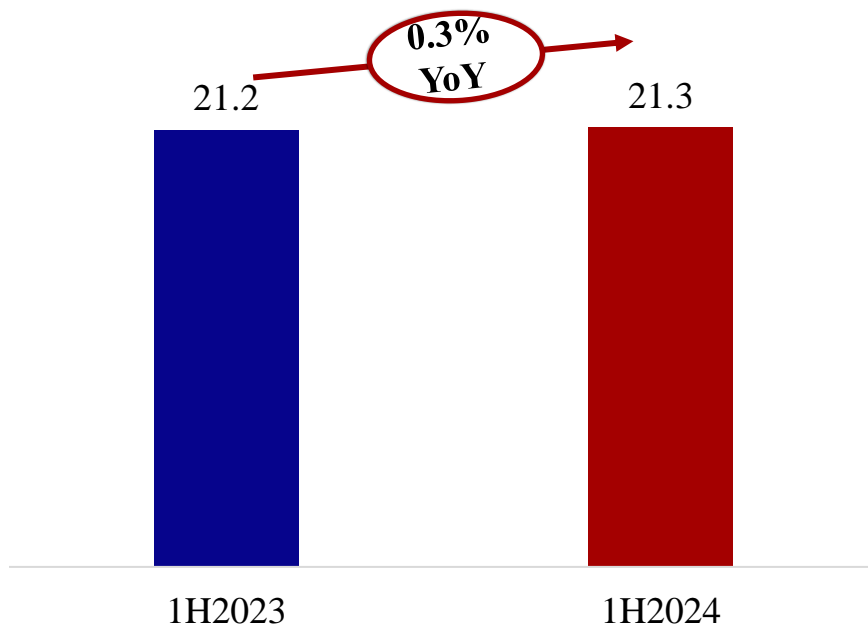




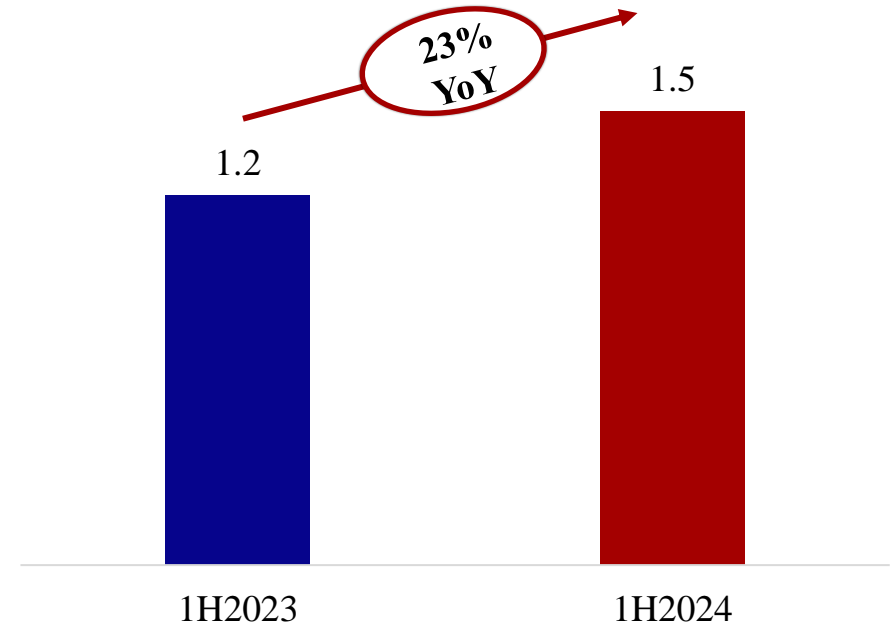
Horizon Healthcare: Continuously improve operating efficiency and performance

- Horizon Healthcare exerted the advantages of group-based hospital operation, continuously improved operating efficiency and decreased operating costs, achieving revenue of RMB2.12 billion and net profit of RMB0.15 billion, representing an increase of 0.3% yoy and 23% yoy
- With the completion of the equity acquisition of Yexian No.2 People's Hospital, the number of hospitals controlled by Horizon Healthcare was 26

Revenue (RMB'00 million)



Net profit (RMB'00 million)



*Note: The revenue and net profit for the first half of 2023 are data excluding hospitals that have withdrawn

Appendix: Condensed Balance Sheet



RMB'00 million	30 June 2024	31 December 2023	Change
Total assets	3,616.42	3,514.83	2.89%
Interest-earning assets	2,663.79	2,690.85	-1.01%
Total liabilities	3,025.89	2,939.14	2.95%
Interest-bearing liabilities	2,648.64	2,556.36	3.61%
Total equity	590.53	575.70	2.58%
Equity attributable to ordinary shareholders	481.94	500.99	-3.80%
Net assets per share (RMB/share)	11.16	11.61	-3.88%

Appendix: Condensed Income Statement



RMB'00 million	1H2024	1H2023	Change
Total revenue	180.36	183.62	-1.77%
Profit before tax	40.08	49.90	-19.69%
Operating profit before tax	42.29	47.83	-11.60%
Net profit attributable to ordinary shareholders	20.85	30.71	-32.10%
EPS (RMB/share)	0.49	0.73	-32.88%
ROA	1.30%	1.97%	-0.67pct
ROE	8.49%	13.27%	-4.78pct

* Note: The operating profit before tax excludes the investment gains and loss of certain financial equity investment projects



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Results Overview

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Business Analysis



Highlights

- 1. Leading position in industry and long-term stable performance**
- 2. Financial services: Long-term stable asset quality and interest spreads profit remained stable**
- 3. Industrial operation: Rapid expansion and multi-pole drivers helped to maintain stable performance**
- 4. Credit rating remained stable and ESG rating improved steadily**
- 5. Shareholders' returns continuously improved through multiple initiatives**
- 6. Long-term and stable management team with highly aligned interests**

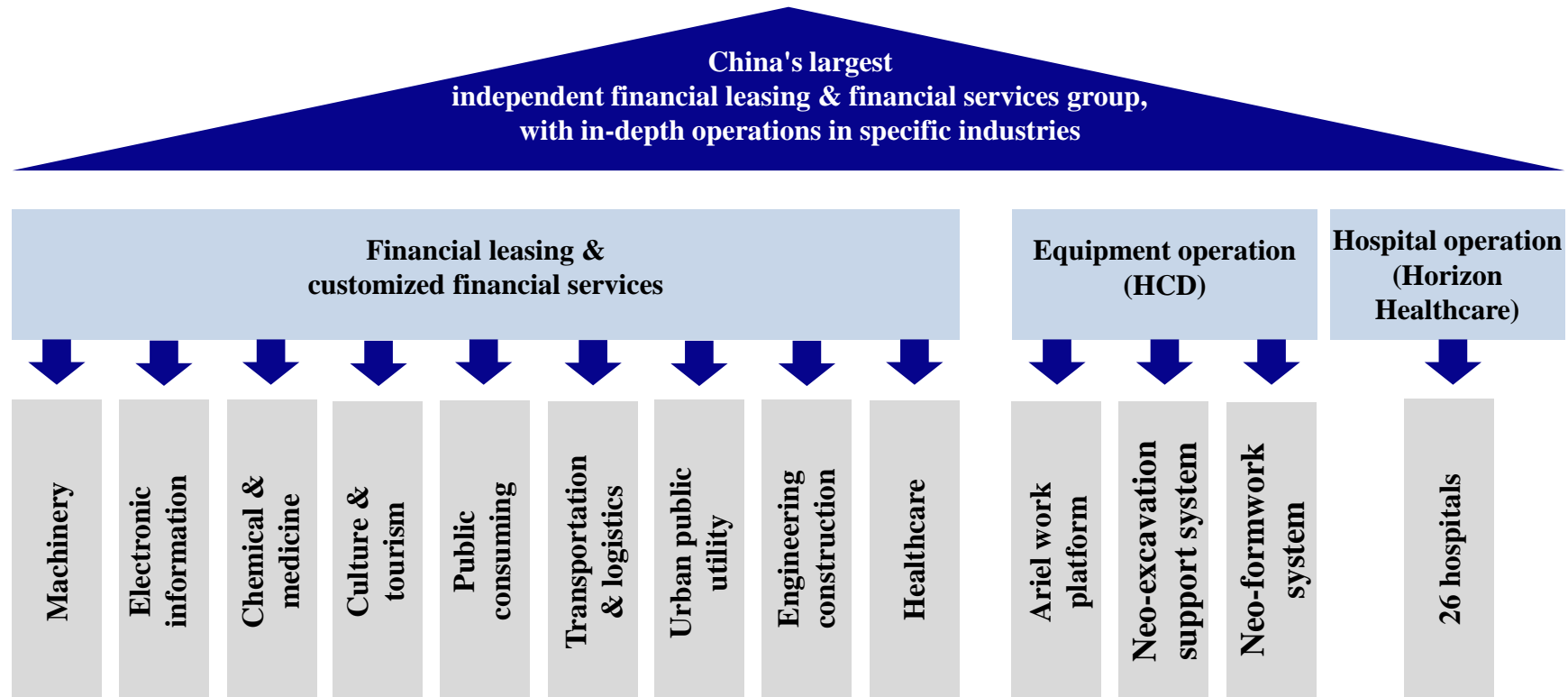
1. Leading position in industry and long-term stable performance

Largest independent financial leasing group in China and in-depth operation in specific industries



- Financial leasing business: Leading in the industry, ranking first in terms of profitability, with net interest-earning assets of RMB266.4 billion
- Equipment operation business (HCD): China's leading equipment operation service provider, ranking among the top in the world, with assets of RMB35.3 billion
- Hospital operation business (Horizon Healthcare): A large-scale private medical group based in third, fourth and fifth tier cities, with 26 holding hospitals

Business Overview



*Note: The above ranking is collected and organized by the Company based on information from listed and other publicly disclosed financial leasing companies



The leading position in the industry is stable and widely recognized by the market



- Total assets: **RMB360+ billion**
- Net asset scale: **RMB50+ billion**
- Financial services customers: **30,000+**
- HCD customers: **271,000+**
- Annual outpatient visits: **4,000,000+**
- Cumulative investment: **RMB1+ trillion**



- Headquarters: **Hong Kong, China**
- Business operation centers: **Shanghai, Tianjin, Guangzhou**
- Independent offices: more than **30** core cities
- Overseas layout: **35** operation outlets in **Southeast Asia** and **Middle East**

Business Overview

Financial services leading in the industry

- Net assets ranked **No.1** • Profitability ranked **No.1**

Industrial operation with significant advantages

- Equipment operation ranked the **14th** in IRN World's Top 100 Rental Companies
- Hospital operation located in a **leading** position in China



*Note: The above financial services industry rankings mainly refer to China's financing leasing industry, while the equipment operation industry rankings are sourced from the IRN 2024's Global Construction Machinery Leasing Rankings

2. Financial services:

Long-term stable asset quality and interest spreads profit remained stable

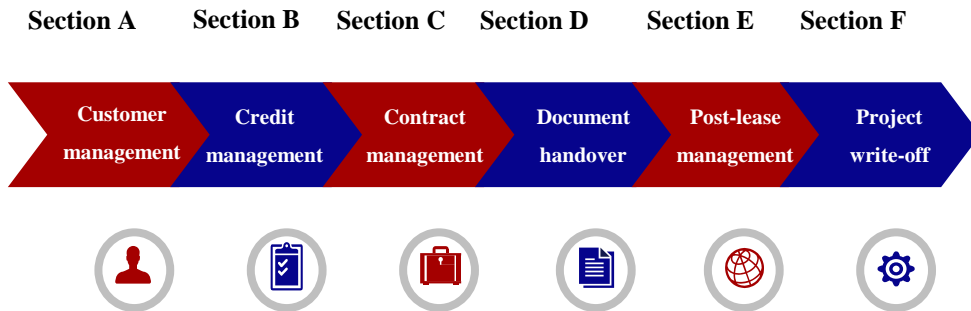
Financial services: Steady growth in performance across cycles and the business model shows strong vitality



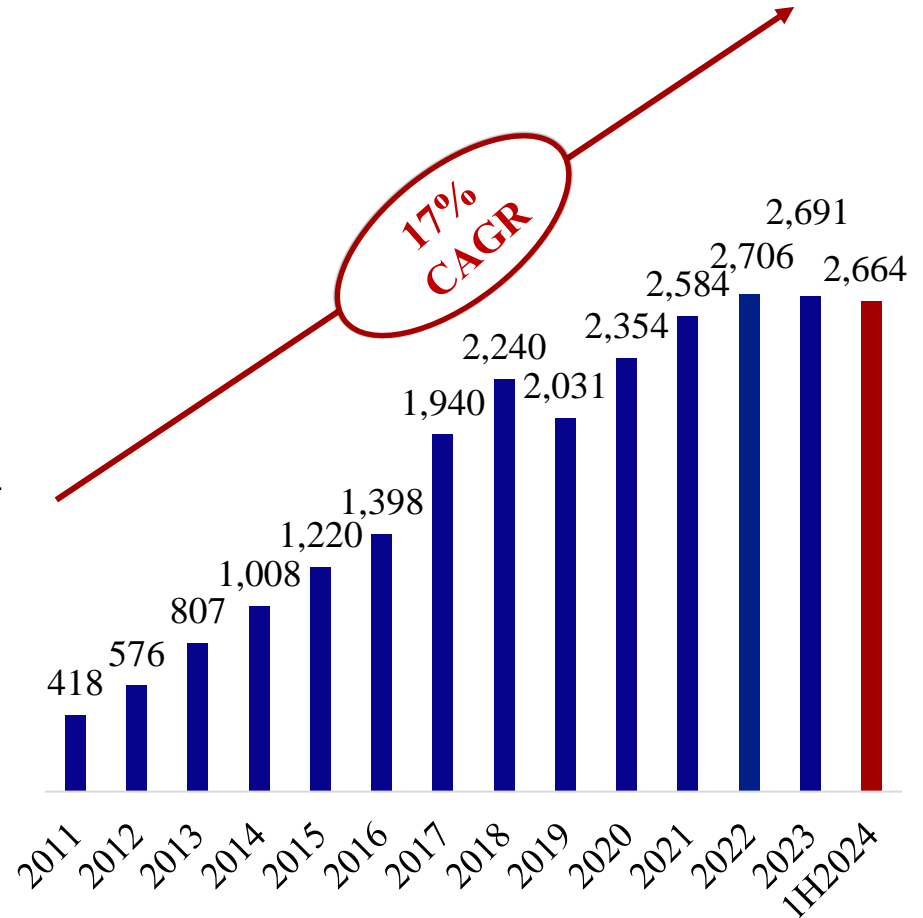
Large customer selection and adjustment space



First-ever A-F section operation & management process



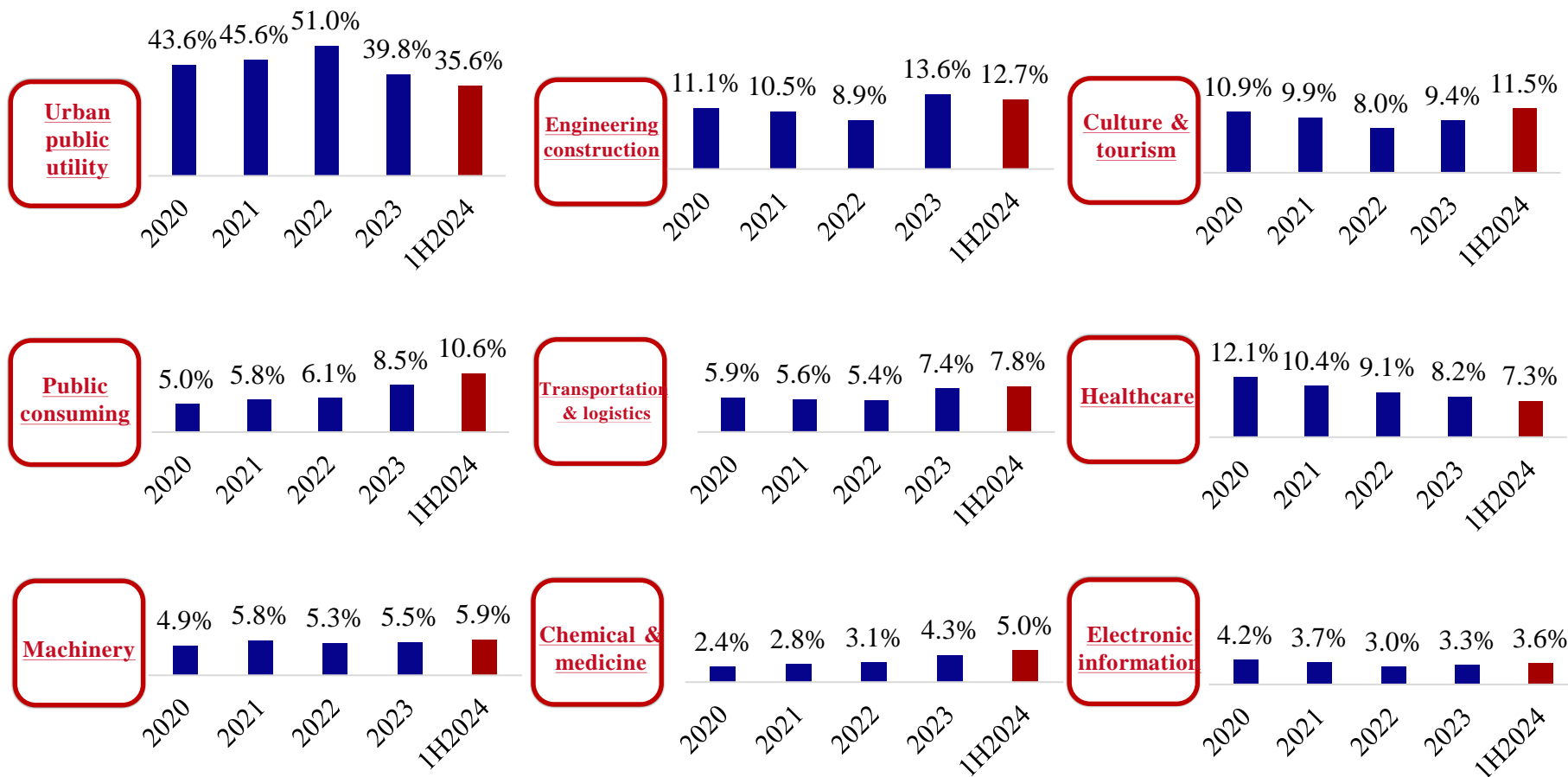
Net interest-earning assets (RMB'00 million)



Financial services: Deeply cultivate and flexibly allocate in nine major industries



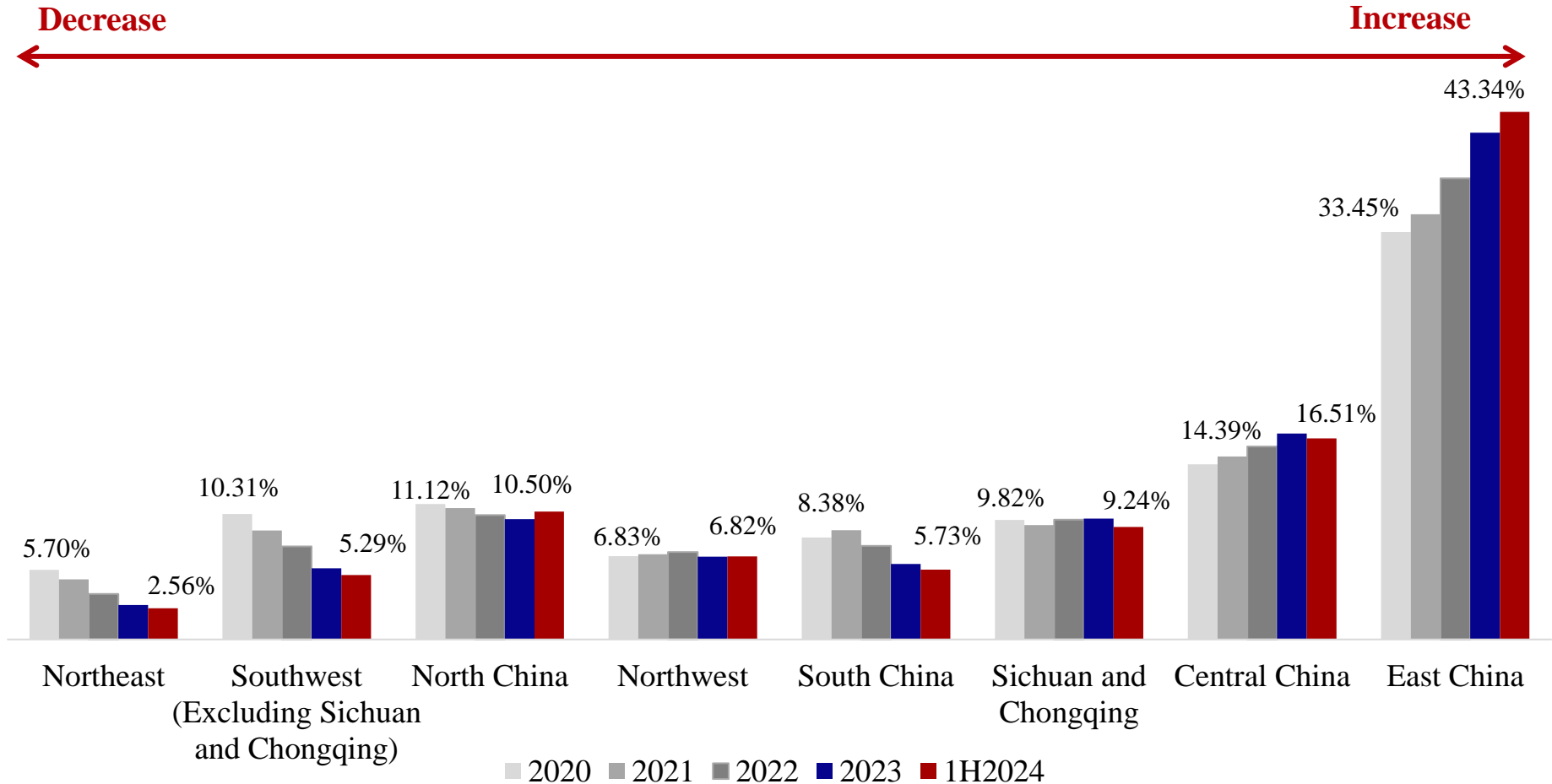
Changes in the proportion of net interest-earning assets in nine major industries in recent years



Financial business: Continuously optimizing regional strategies along the coast and Yangtze River towards the east and south



Regional distribution of interest-earning asset balances

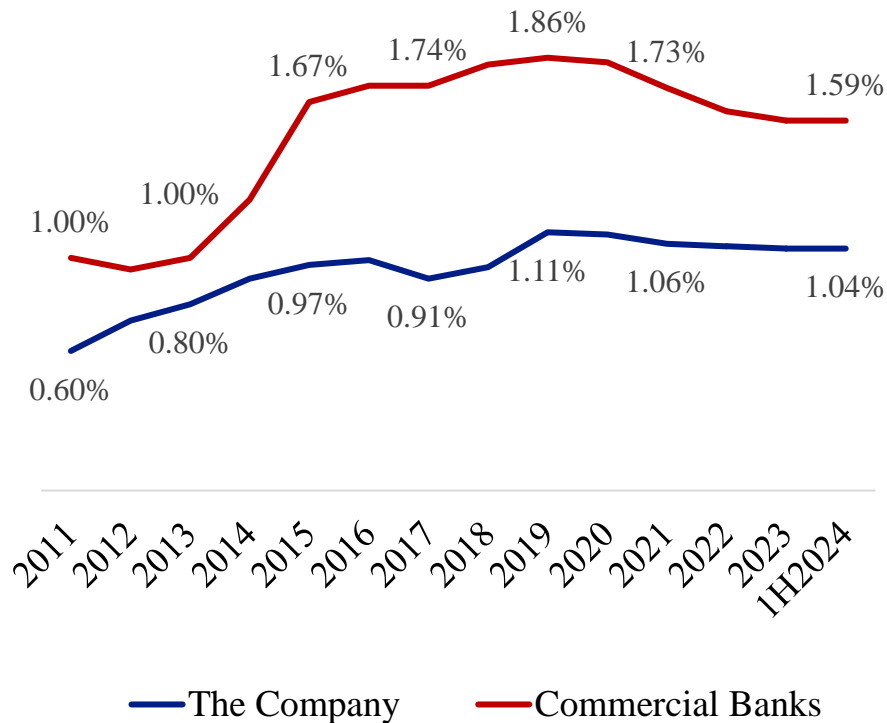


*Note: The data is sourced from internal statistics

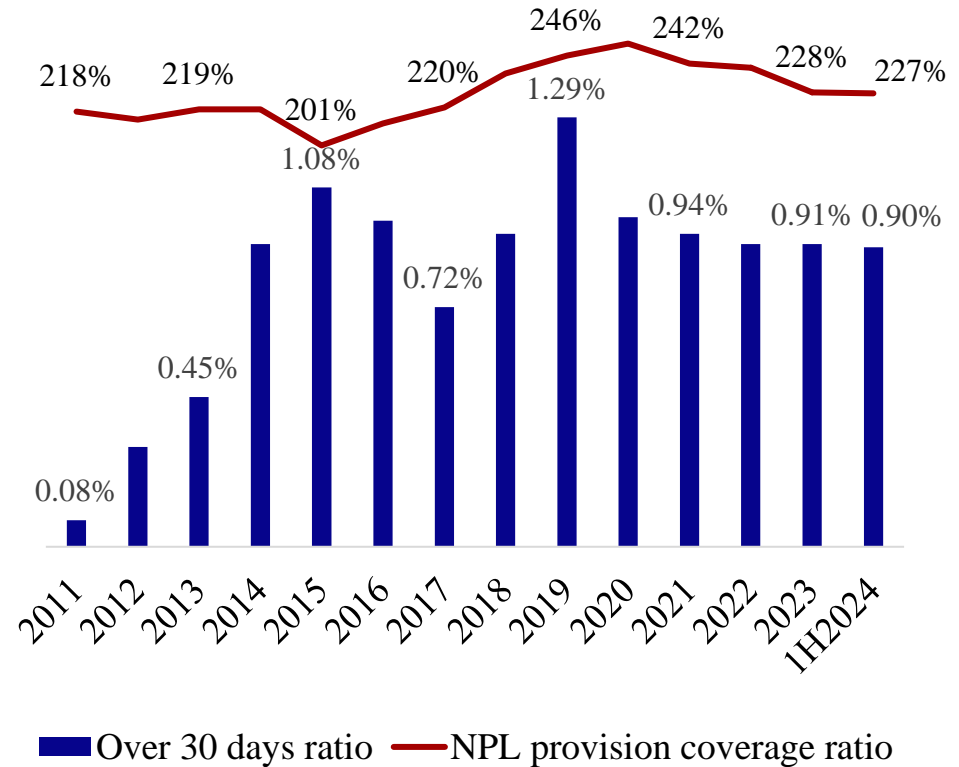
Financial services: Adhere to the business strategy of putting asset quality first, and the asset safety has been tested in cycles



NPL has maintained stable for a long time since listing



Over 30 days ratio and NPL provision coverage ratio remained stable



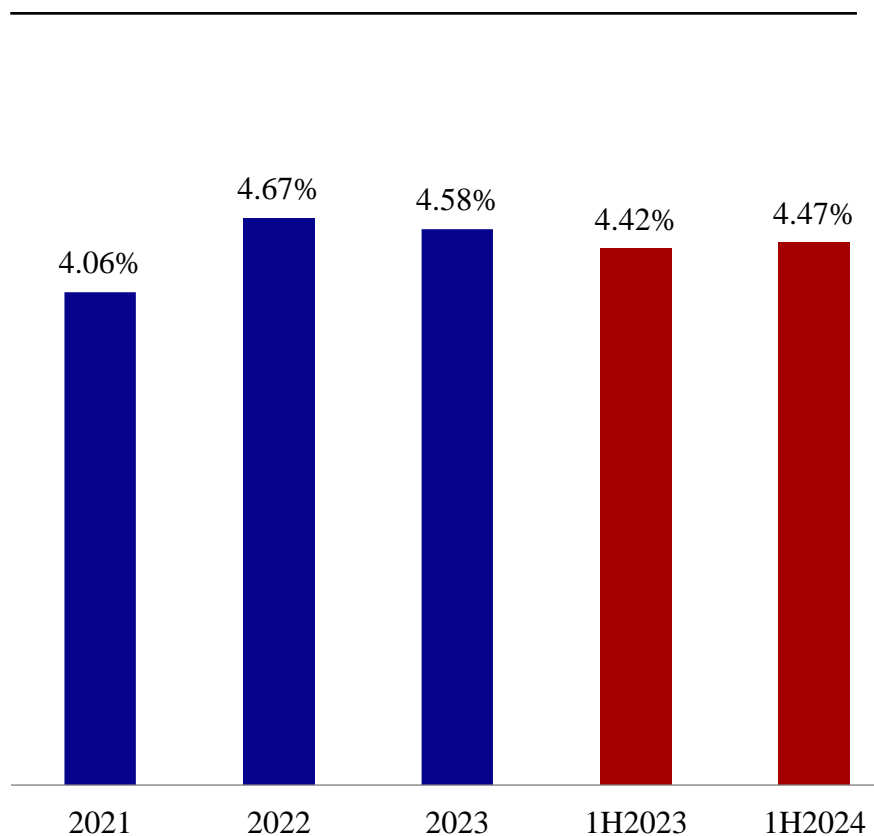
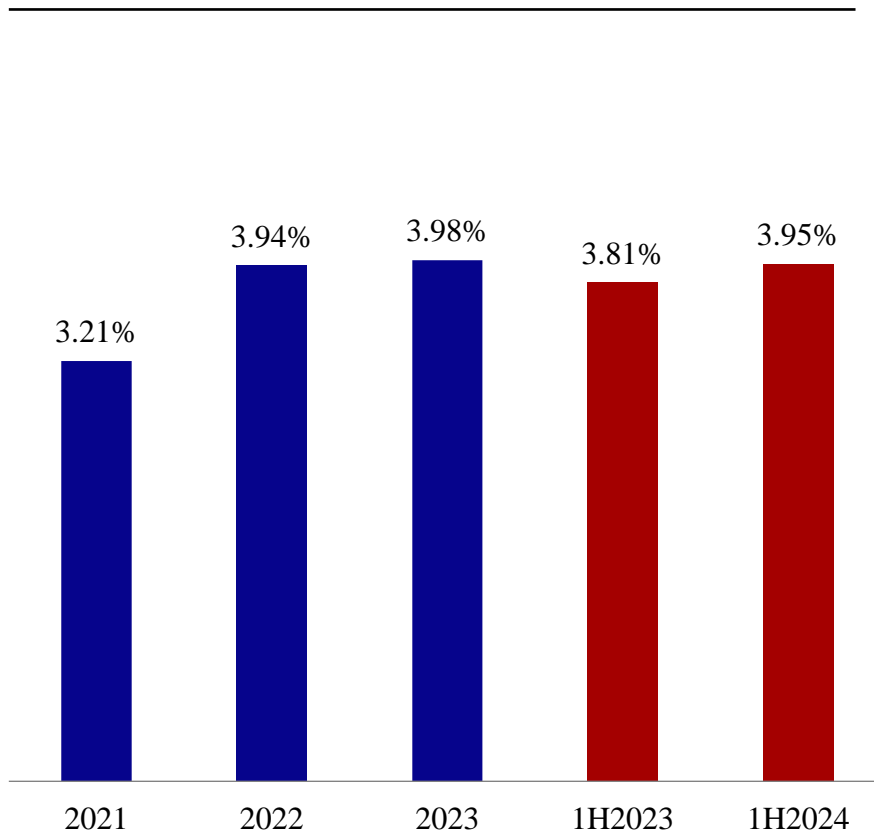
*Note: The source of NPL data for commercial banks is the website of the State Administration of Financial Supervision and Administration and data for 2024 is the first quarter data

Financial services: Long-term advantages in asset returns and stable interest spreads



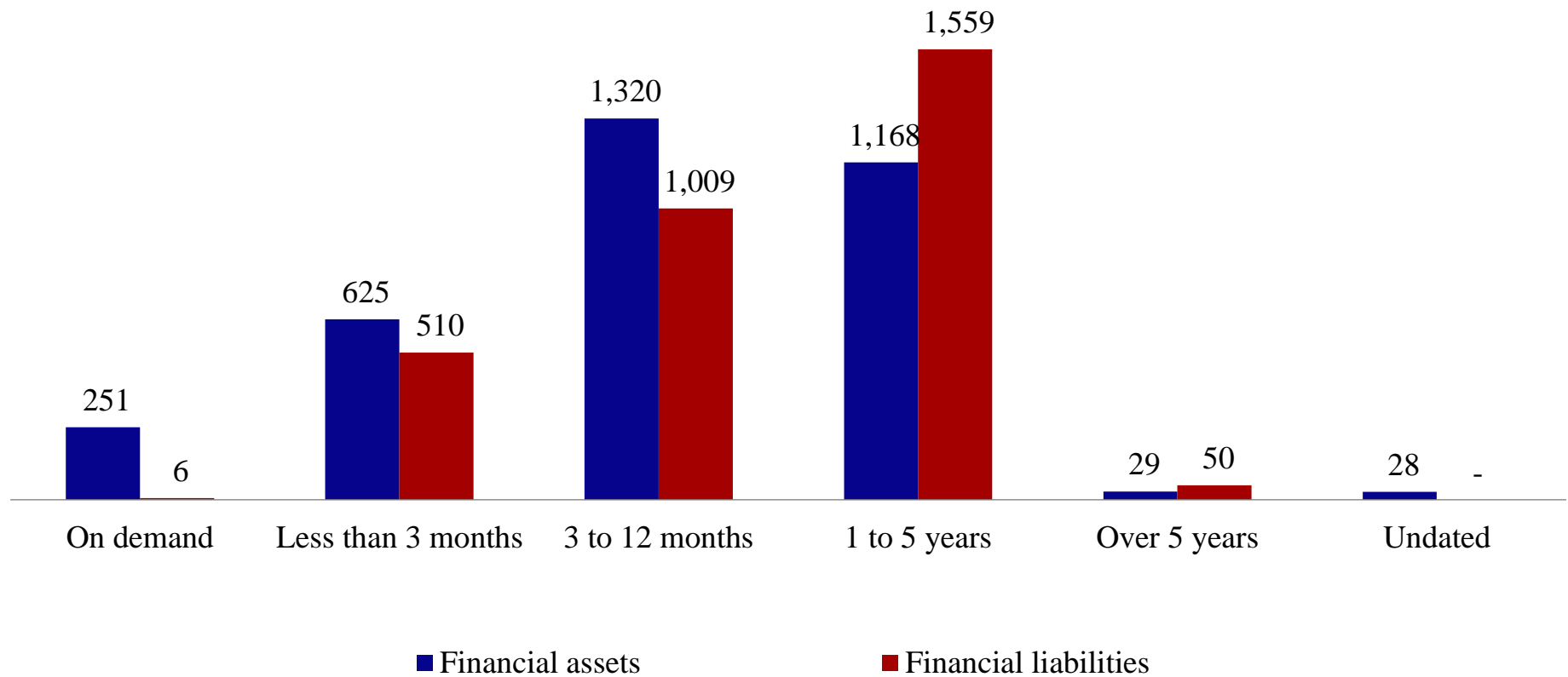
Net interest spread (NIS)

Net interest margin (NIM)





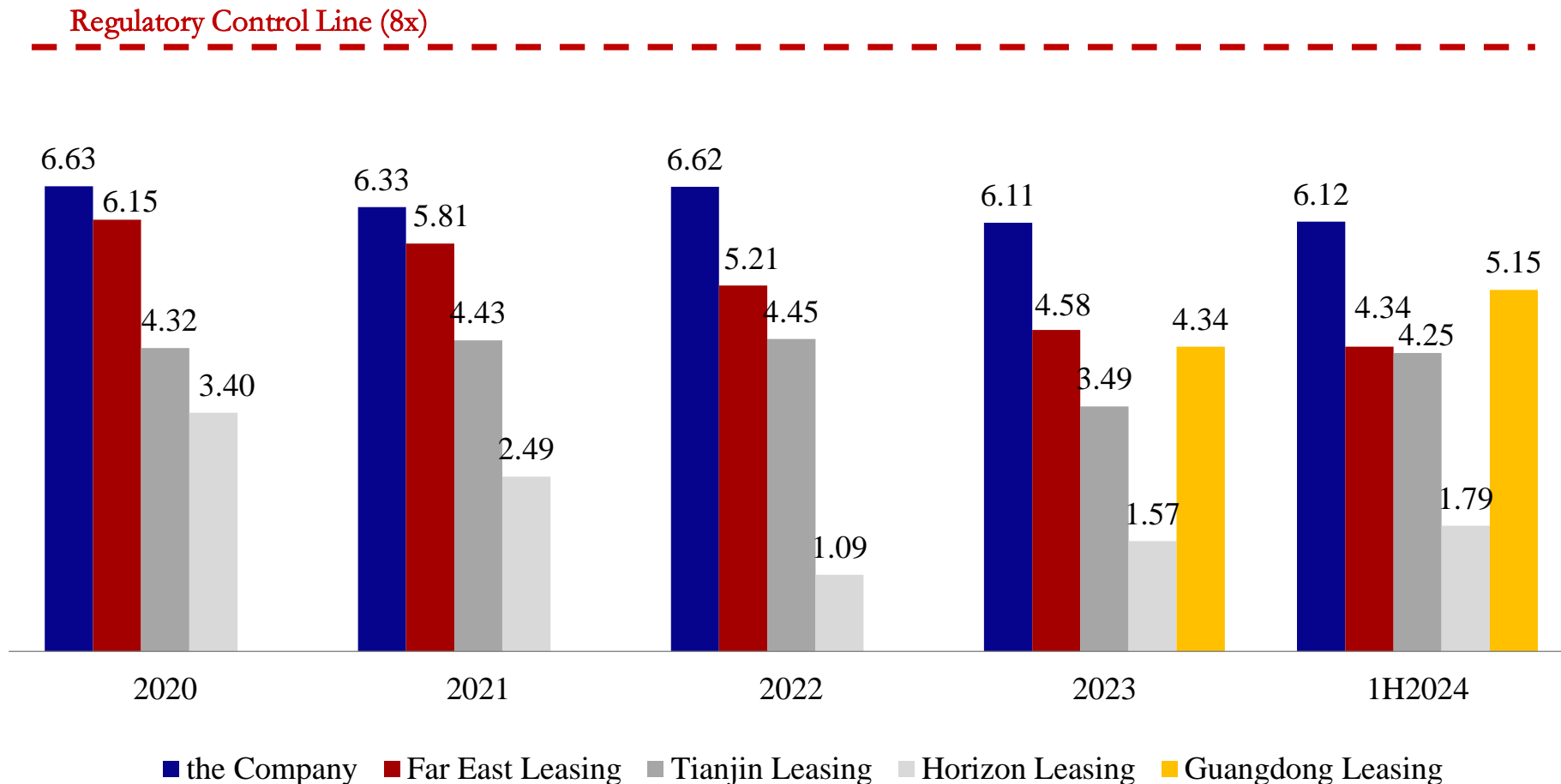
Matching of financial asset and financial liabilities (RMB'00 million)



Financial services: Leverage has been maintained at a reasonable level and risks have been well controlled



The leverage level of the Company and main financial leasing business entities



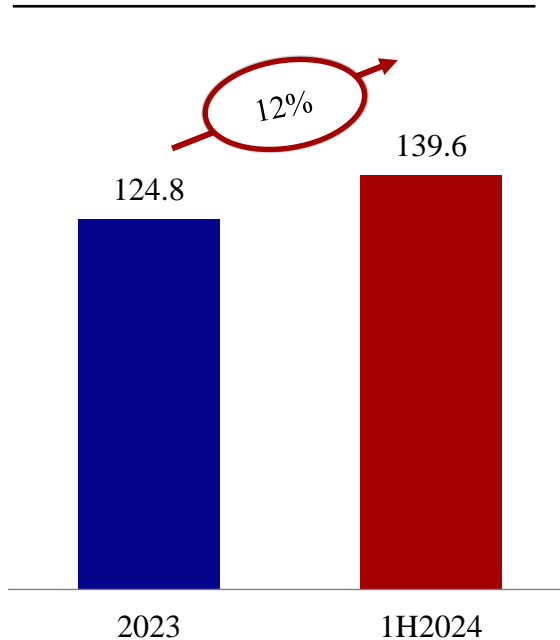
*Note: The Company's main financial leasing business entities include International Far Eastern Financial Leasing Co., Ltd.(Far East Leasing), Far Eastern Horizon (Tianjin) Financial Leasing Co., Ltd.(Tianjin Leasing) , Far Eastern Horizon Financial Leasing Co., Ltd.(Horizon Leasing) and Far East Horizon Financial Leasing (Guangdong) Co., Ltd. (Guangdong Leasing). The leverage ratio of the company=total assets/net assets, and the leverage ratio of domestic operating entities=risk assets/net assets

Financial business: Prudent promotion of inclusive finance and gradual maturity of business model



- The net interest-earning assets of inclusive finance reached RMB13.96 billion, representing an increase of 12% compared to the end of 2023. NPL ratio was 1.31%, down 12bps from the end of 2023. The interest income was RMB0.65 billion, representing an increase of 29% yoy
- By the end of the first half of 2024, nearly 40 inclusive finance business outlets have been established in more than 20 provinces across the country, forming a complete customer service network system, providing efficient and convenient financial solutions and related services for small, medium and micro enterprise customers

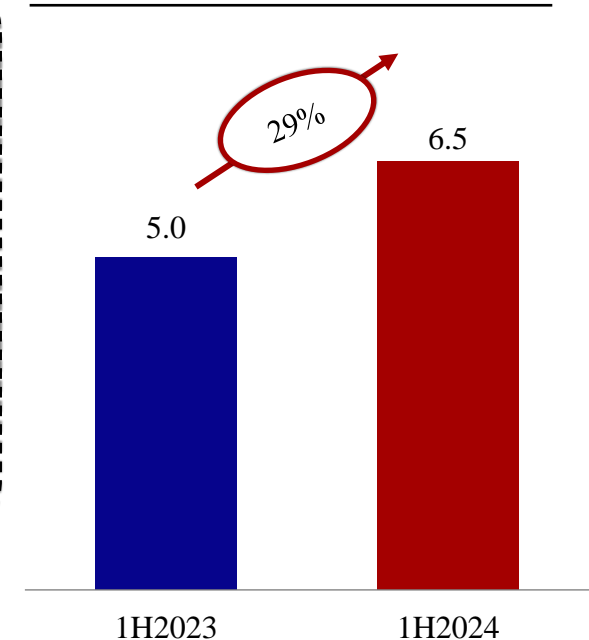
Net interest-earning assets
(RMB'00 million)



Business model

- Accumulated serve to nearly **15,000** small, medium and micro enterprise customers
- Deepen on **machinery, public consuming, culture & tourism** industries
- Establish a leading operational system in the industry, including **online intelligent import, remote due diligence, model decision-making, electronic signing, and bank enterprise direct connection**

Interest income
(RMB'00 million)



3. Industrial operation:

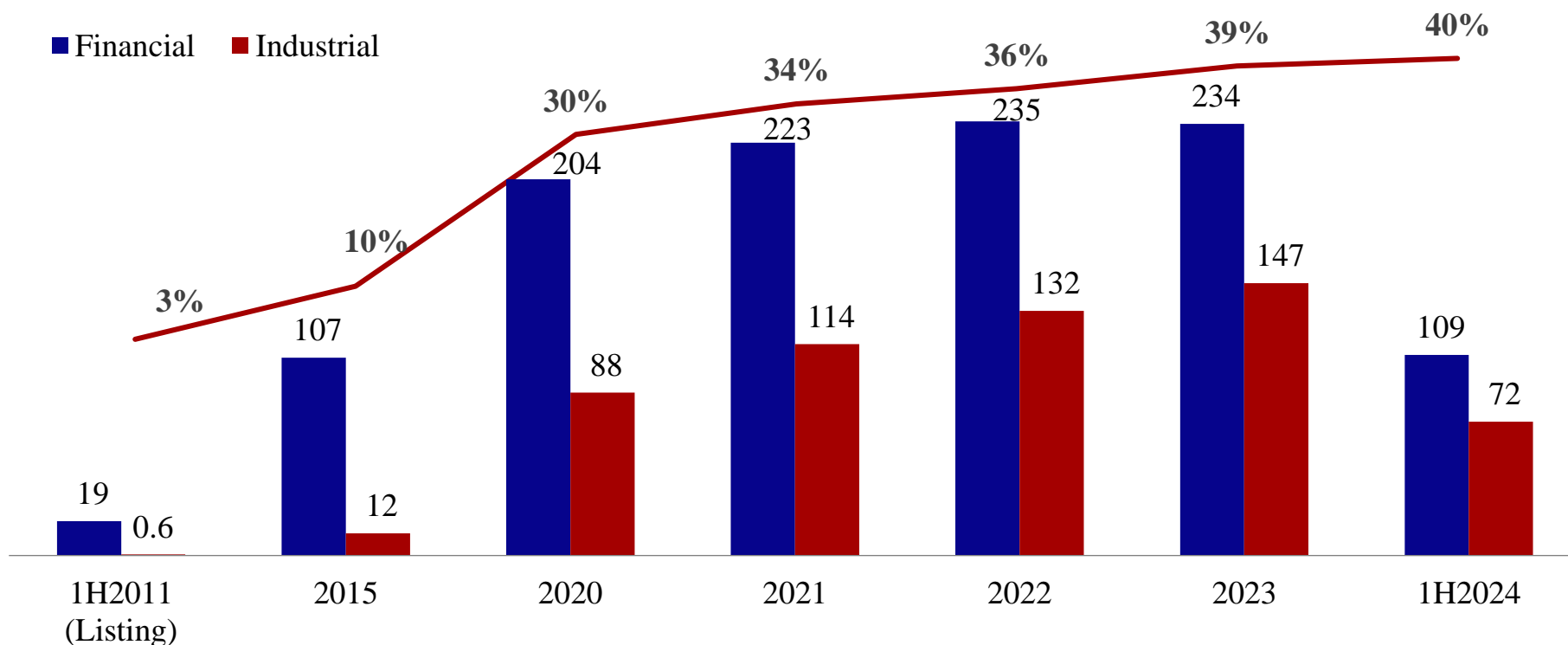
Rapid expansion and multi-pole drivers helped to maintain stable performance

The income structure is constantly optimized, and the contribution of the industry continues to rise



- The two-wheel-driven strategy of “finance + industry” has achieved remarkable results. With the growth of Horizon Construction Development (HCD) and the improvement of operation of Horizon Healthcare, the proportion of revenue from industrial operation business increased from 3% in 2011 to 40%
- The rapid development of industrial operation business has effectively helped the Company to hedge against cyclical and environmental impacts and to achieve a healthy and stable financial structure

Historical segment revenue* and industry operation business revenue ratio (RMB'00 million)



*Note: The above data is the income amount before taxes and surcharges. In 2011, the industry operation mainly focused on brokerage business and hospital engineering and operation related income



HCD: A leading equipment operation service provider in China

- Total assets: **RMB35.3 billion**
- Customers served: **271,000**
- Outlets: **515** domestic + **35** overseas
- Ranked the **14th** in IRN World's Top 100 Rental Companies
- Ranking **No.2** in ACCESS Global Top 50 Aerial Machinery Leasing
- The first domestic **AAA** enterprise credit rating in the industry

Multi-category one-stop integrated operational services

Aerial work platform

- Managing about **205 thousand** units, with rich and diverse categories and product lines
- The number of aerial work platforms ranks **first** in **Asia** and **second** in the **world** *

Neo-excavation support system

- With a stock size of **1.613 million** tons, it is the **leading** one in the **country**

Neo-formwork system

- With a stock of **748,000** tons, it is the **leading** stock in the **country**

Other products

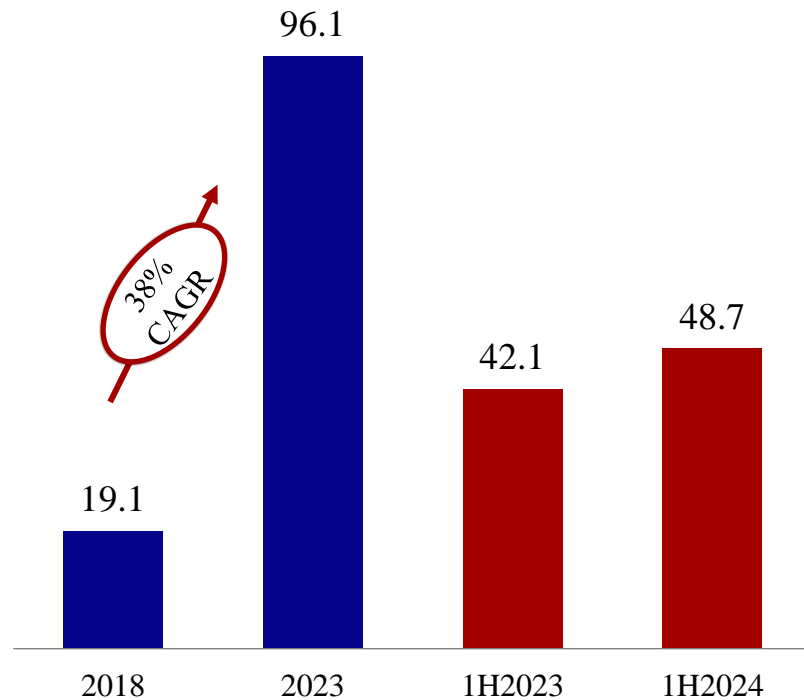
- **10+** new equipment categories such as forklifts and mining machines have been introduced to expand non-building application scenarios

*Note: According to the "2024 Access 50 of Global Aerial Work Machinery Leasing" issued by international industry evaluation agency, KHL Group

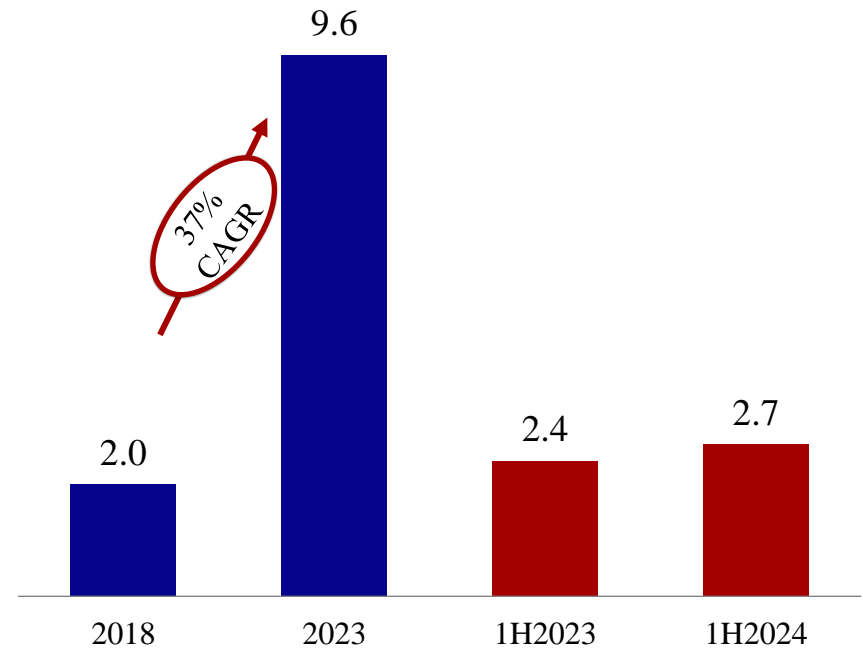
HCD: Continuously integrating domestic and overseas markets, maintaining a growth trend in performance



Revenue (RMB'00 million)



Net profit (RMB'00 million)

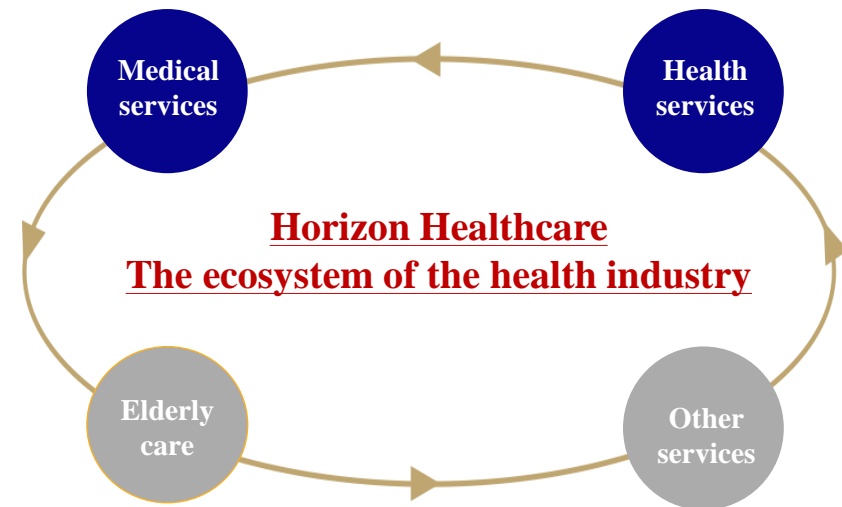




Horizon Healthcare: China's largest social capital medical service organization

- **26** holding hospitals
- About **10,000** beds available
- Annual outpatient visits exceed **4,000,000**
- Effective supplementation of the public healthcare system
- Layout in third, fourth, and fifth tier cities and counties
- Adhering to the operation mode of “one system, one network, one hospital”

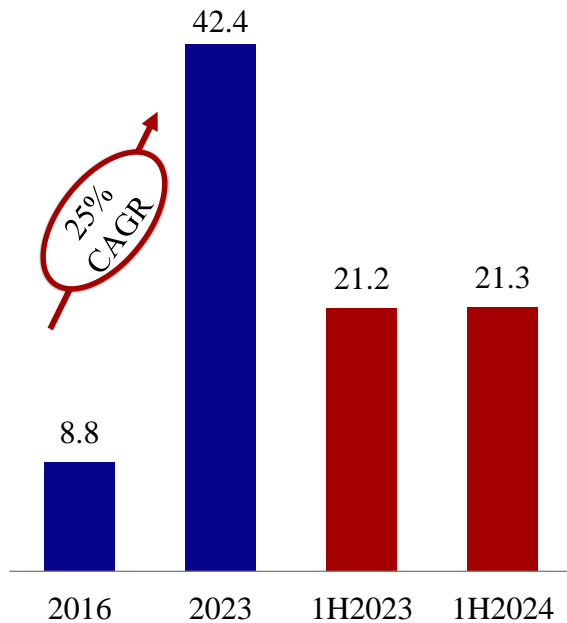
Business overview of Horizon Healthcare



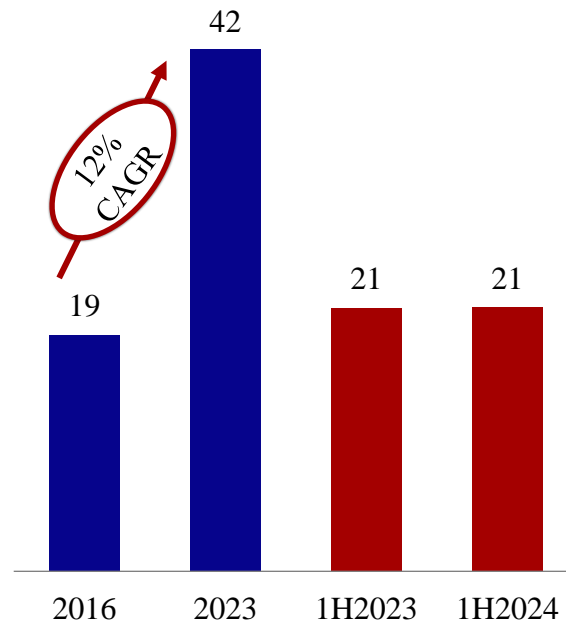
Horizon Healthcare: Steady growth in operating performance and continuous improvement in operational efficiency



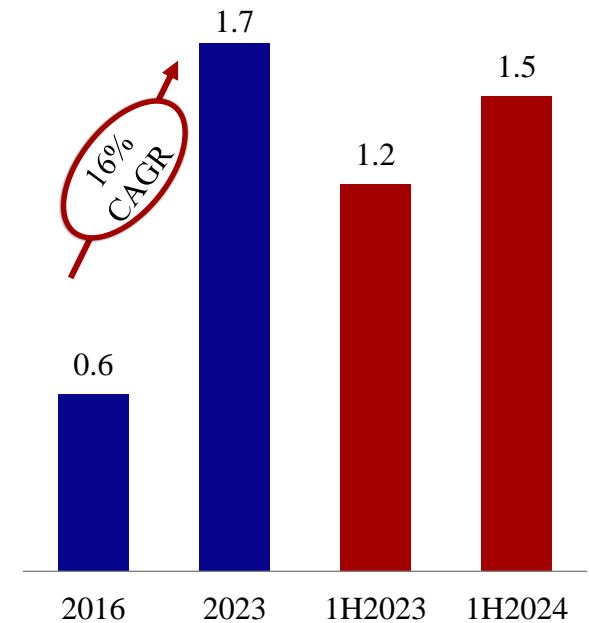
Revenue (RMB'00 million)



Revenue per bed (RMB thousand)



Net profit (RMB'00 million)



4. Credit rating remained stable and ESG rating improved steadily

BBB- credit rating confirmed by S&P and ESG rating maintained industry-leading



Credit rating maintain stable and S&P confirmed
BBB- long-term issuer rating with a stable outlook

ESG rating are all in the forefront of
the domestic financial industry

Global
Rating

BBB- By S&P

**STANDARD
& POOR'S**



Maintained **A** since 2022, ranked in the
forefront of financial institutions in China



Raised to **B**-grade in 2023, above the
industry average

Domestic
Rating

AAA By CCXI, Brilliance and
United Credit Ratings



FTSE4Good

Selected for **7** consecutive years by the
FTSE Social Responsibility Index Series



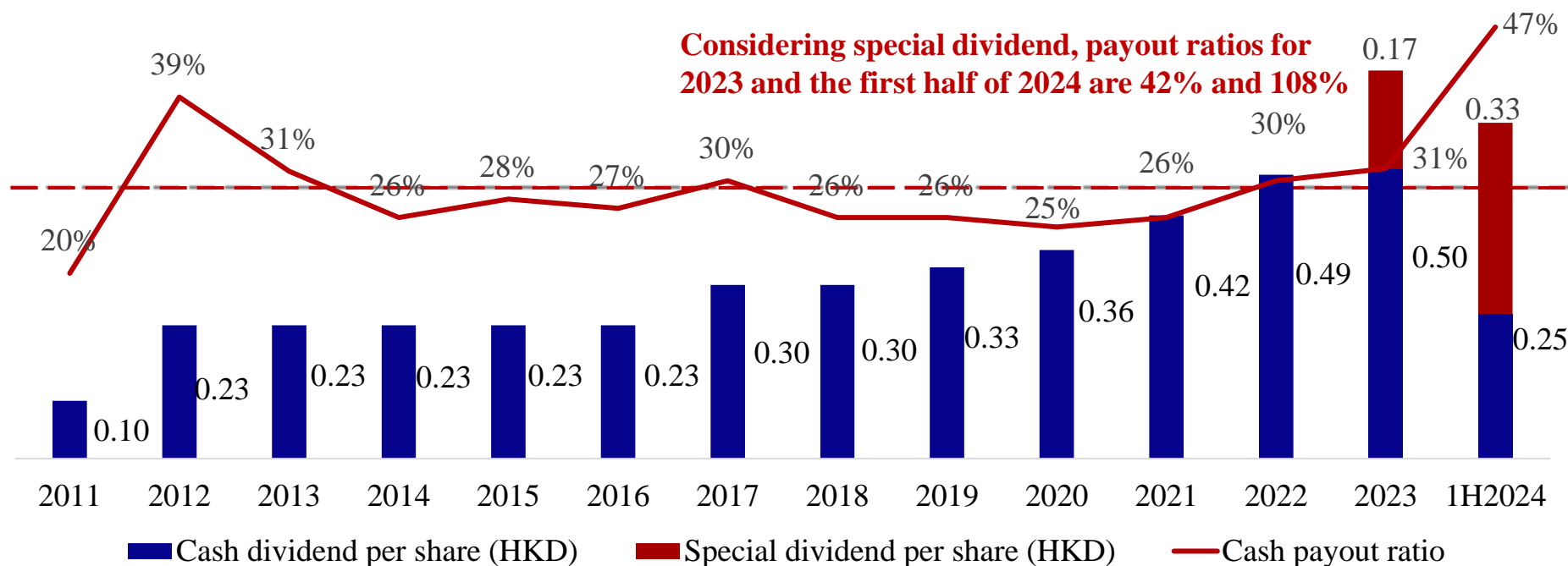
CSA rating score was **40** in 2023,
exceeding the average of the industry

**5. Shareholders' returns continuously improved
through multiple initiatives**

Stable dividend payout since listing and continuously improving shareholder returns through multiple initiatives



- Since its listing, the total cash dividend paid has reached **HKD15.69 billion**, exceeding the amount of public equity financing after the Company's IPO and listing
- **Cash dividend:** The **first interim dividend** since the listing will be distributed this year, with a dividend of **HKD0.25** per share. The payout ratio will be further increased in the future
- **Share repurchase:** The Board has approved the **share repurchase plan**, and will repurchase an appropriate amount of shares at an appropriate time to enhance shareholder returns
- **Special dividend:** **2** special dividend distributions have been completed, with a total of **30%** of HCD shares, equivalent to approximately **HKD 0.50 per share***



*Note: converted based on the closing share price of HCD on the trading day before the ex-right date

6. Long-term and stable management team with highly aligned interests

Long-term and stable management with highly aligned interests achieved excellent performance



The core management team has joined the Company for more than 20 years with highly aligned interests



KONG Fanxing

Chairman of the board, executive director and CEO, joined in 2001



WANG Mingzhe

Executive director and CFO, joined in 1995



CAO Jian

Executive director and Senior Vice President, joined in 2002

Managed the Company to achieve long-term outstanding performance

Stable Results

Since listed in 2011, key metrics keep growing at high CAGR

Revenue 19%

Profit 15%

Leading Position

As for now
Position in industry

Net Equity No.1

Profitability No.1

*Note: The above ranking is collected and organized by the Company based on information from listed and other publicly disclosed financial leasing companies

Q & A



Far East Horizon



Company Website:

www.fehorizon.com

Contact of Investor Relations:

ir@fehhorizon.com

Horizon Construction Development



Horizon Healthcare

