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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)

PROPOSED SPIN-OFF AND SEPARATE LISTING OF HORIZON CONSTRUCTION DEVELOPMENT LIMITED ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

THE PROPOSED SPIN-OFF

The Company proposes to spin-off and separately list the shares of Horizon Construction Development, a subsidiary of the Company, on the Main Board of the Stock Exchange. The separate listing of the Horizon Construction Development Shares on the Main Board of the Stock Exchange constitutes a spin-off of Horizon Construction Development by the Company under PN15. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

HORIZON CONSTRUCTION DEVELOPMENT’S APPLICATION FOR LISTING

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. It is intended that Horizon Construction Development will conduct an offering of its new shares in connection with the Proposed Listing. Subject to certain conditions, the Qualifying Shareholders will be provided with an assured entitlement to the Horizon Construction Development Shares by way of a preferential application for the Horizon Construction Development Shares under the Global Offering. Details of such assured entitlement have not yet been finalised. The Company will make further announcement(s) in this regard as and when appropriate.

Upon completion of the Proposed Spin-off and the Proposed Listing, the Company is expected to have an interest of over 50% in Horizon Construction Development and Horizon Construction Development will remain as a subsidiary of the Company.

The Spin-off Group is principally engaged in the provision of operating lease services, engineering and technical services and platform and other services.

LISTING RULES IMPLICATIONS

The Proposed Spin-off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. Based on the information available as at the date of this announcement, as the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the Proposed Spin-off is expected to be more than 5% but less than 25%, the Proposed Spin-off constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

GENERAL

Shareholders and other investors are reminded that there is no assurance that the Listing Committee will approve the Proposed Spin-off and the Proposed Listing. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate.

As the Proposed Listing is conditional upon, among other things, the approval of the Listing Committee, the final decision of the Board and the board of directors of Horizon Construction Development, market conditions and other considerations, the Proposed Spin-off may or may not materialise. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Company proposes to spin-off and separately list the shares of Horizon Construction Development, a subsidiary of the Company, on the Main Board of the Stock Exchange. The separate listing of the Horizon Construction Development Shares on the Main Board of the Stock Exchange constitutes a spin-off of Horizon Construction Development by the Company under PN15. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

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 PROPOSED SPIN-OFF

The Proposed Spin-off involves the spin-off and separate listing of the Horizon Construction Development Shares on the Main Board of the Stock Exchange by way of a Global Offering by Horizon Construction Development. The details of the Global Offering have yet to be finalised. As at the date of this announcement, the Company directly holds approximately 80.95% of Horizon Construction Development Shares. It is intended that upon completion of the Proposed Spin-off and the Proposed Listing, the Company will have an interest of over 50% in Horizon Construction Development and Horizon Construction Development will remain as a subsidiary of the Company.

THE SPIN-OFF GROUP

Horizon Construction Development was incorporated in the Cayman Islands as an exempted company with limited liability on 28 September 2020. The Spin-off Group is the leading equipment operation service provider in China, which provides comprehensive and multi-dimensional services covering the full cycle of projects. It is principally engaged in the provision of operating lease services, engineering and technical services and platform and other services.

RATIONALE AND BENEFITS OF THE PROPOSED SPIN-OFF

The business of the Spin-off Group has grown to a size sufficient to command a separate listing status and the Board considers that the Proposed Spin-off is beneficial to the Group and the Shareholders for the following reasons:

1. The Proposed Spin-off will allow the Retained Group to focus on its other core businesses, enable the Group to allocate financial resources more effectively and improve capital utilization efficiency;
2. The Proposed Spin-off is in line with the Group's operational philosophy of "Finance + Industry", which reflects the Group's capacity of industrial control and operational incubation, and will booster investors' confidence in the performance of the Retained Group and the Spin-off Group;
3. The Proposed Spin-off and the Proposed Listing will allow the management of both the Retained Group and the Spin-off Group to focus more effectively on their respective businesses and improve the ability of the Spin-off Group to recruit, motivate and retain key management personnel;
4. While the Spin-off Group will be able to further build on its reputation and be in a better position to negotiate and solicit more business, the Retained Group will retain a holding of over 50% of the issued share capital of Horizon Construction Development and will continue to benefit and enjoy the greater shareholder value from the business prospects and results of the Spin-off Group;
5. The Spin-off Group's profile in the international capital market will be enhanced by establishing the presence of Horizon Construction Development as an internationalized operation platform upon completion of the Proposed Listing, and providing access to international capital markets;
6. The proceeds to be raised from the Global Offering will provide capital support for the operation of the Spin-off Group, in particular, expansion of service network and product line, investment in digitalization transformation, retaining and attracting talents and other development plan which are of strategic importance; and

7. The value of the Spin-off Group is expected to be enhanced through the Proposed Listing given that:
- (1) the Spin-off Group's profile amongst its customers, suppliers and other business partners and brand recognition will be enhanced, which is beneficial for its expansion to other domestic markets or overseas markets;
 - (2) the Spin-off Group will be able to have direct and independent access to both equity and debt capital markets, which will contribute to broader financing channels and reduction on financing cost. The Proposed Spin-off will provide clarity on the credit profile of the Spin-off Group for rating agencies and financial institutions, which may help the Spin-off Group secure efficient and cost effective financing for its sustainable development;
 - (3) the Proposed Listing will lead to a more direct alignment of the Spin-off Group's management's responsibilities and accountability and employees' interests and benefits with its operating and financial performance, optimized corporate governance structure, management efficiency as well as enhanced corporate management as a result of heightened scrutiny of the investor community. This is anticipated to enhance management focus, which should in turn lead to improved decision-making processes, faster response-time to market changes and increased operational efficiency; and
 - (4) after the Proposed Listing, it will be relatively easier to measure the management's performance against the stock market performance of the Spin-off Group. It will also be possible to link management incentives to performance, thereby increasing management motivation and commitment.

ASSURED ENTITLEMENT AND FURTHER ANNOUNCEMENT

The Board will give due regard to the interests of the Shareholders by providing the Qualifying Shareholders with an assured entitlement to the Horizon Construction Development Shares by way of a preferential application for the Horizon Construction Development Shares under the Global Offering, subject to certain conditions, if the Board and the board of directors of Horizon Construction Development decide to proceed with the Proposed Spin-off and the Global Offering, and the Listing Committee has given its approval to the Proposed Listing. Details of such assured entitlement have not yet been finalised. The Company will make further announcement(s) in this regard as and when appropriate.

INFORMATION ON THE GROUP

The Group is one of China's leading innovative financial companies focusing on the Chinese fundamental industries and leveraging the business model of integrating finance and industry to serve enterprises of greatest vitality with the support of the fast-growing and enormous economy in China. It provides integrated finance, investment, trade, advisory and engineering services in healthcare, culture & tourism, engineering construction, machinery, chemical & medicine, electronic information, livelihood & consumption, transportation & logistics, urban public utility as well as other fundamental sectors.

LISTING RULES IMPLICATIONS

The Proposed Spin-off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. Based on the information available as at the date of this announcement, as the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the Proposed Spin-off is expected to be more than 5% but less than 25%, the Proposed Spin-off constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

GENERAL

A redacted form of the application proof of Horizon Construction Development's listing document (the "**Application Proof**") is expected to be available for reviewing and downloading on the Stock Exchange's website at <http://www.hkexnews.hk/APP/SEHKAPPMainIndex.htm>. The Application Proof contains, among other things, certain business and financial information relating to the Spin-off Group. Shareholders should note that the Application Proof is in draft form and the information contained in it is subject to change which may be material.

Shareholders and other investors are reminded that there is no assurance that the Listing Committee will approve the Proposed Spin-off and the Proposed Listing. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate.

As the Proposed Listing is conditional upon, among other things, the approval of the Listing Committee, the final decision of the Board and the board of directors of Horizon Construction Development, market conditions and other considerations, the Proposed Spin-off may or may not materialise. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"Board"	the board of Directors of the Company
"Company"	Far East Horizon Limited (遠東宏信有限公司), a company incorporated in Hong Kong with limited liability and listed on the Main Board of the Stock Exchange
"Director(s)"	the directors of the Company

“Global Offering”	the offering to the public in Hong Kong for subscription, and the international offering with certain professional and institutional investors and other investors (including the preferential offering to the Qualifying Shareholder(s)), of the Horizon Construction Development Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Horizon Construction Development” (宏信建發)	Horizon Construction Development limited (宏信建設發展有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 28 September 2020
“Horizon Construction Development Shares”	ordinary shares in the share capital of Horizon Construction Development
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholders”	Shareholders with registered addresses in, or who are otherwise known by the Company to be resident in, any of the Specified Territories
“PN15”	Practice Note 15 to the Listing Rules
“PRC”	the People’s Republic of China
“Proposed Listing”	the proposed listing of the Horizon Construction Development Shares on the Main Board of the Stock Exchange
“Proposed Spin-off”	the proposed spin-off and separate listing of the Horizon Construction Development Shares on the Main Board of the Stock Exchange
“Qualifying Shareholders”	Shareholders whose names appear in the register of members of the Company on the Record Date, other than Non-Qualifying Shareholders
“Record Date”	the record date for ascertaining the Qualifying Shareholders who shall be entitled to assured entitlements
“Retained Group”	the Company and its subsidiaries, excluding the Spin-off Group

“Shareholder(s) “	shareholders of the Company
“Specified Territories”	jurisdictions outside Hong Kong where, taking into account the legal restrictions under the applicable laws or requirements of the relevant regulatory body or stock exchange of such jurisdictions, the Company and Horizon Construction Development consider the exclusion of the Shareholders with registered addresses in, or who are otherwise known by the Company to be residents of, such jurisdictions from the preferential offering to be necessary or expedient
“Spin-off Group”	Horizon Construction Development and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage

By Order of the Board
Far East Horizon Limited
KONG Fanxing
Chief Executive Officer and Executive Director

Hong Kong, 30 June 2021

As at the date of this announcement, the executive directors of the Company are Mr. KONG Fanxing and Mr. WANG Mingzhe, the non-executive directors of the Company are Mr. NING Gaoning (Chairman), Mr. YANG Lin, Mr. LIU Haifeng David, Mr. KUO Ming-Jian and Mr. John LAW, and the independent non-executive directors of the Company are Mr. CAI Cunqiang, Mr. HAN Xiaojing, Mr. LIU Jialin and Mr. YIP Wai Ming.