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Notice to Hong Kong investors: The Company confirms that the Notes (as defined below) are intended for purchase by Professional Investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) only and have been listed on the SEHK on that basis. Accordingly, the Company confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

PUBLICATION OF PRICING SUPPLEMENT



遠東宏信有限公司
FAR EAST HORIZON LIMITED

FAR EAST HORIZON LIMITED
(the “Company”)
(Incorporated in Hong Kong with limited liability)
(Stock Code: 3360)

Issue of US\$550,000,000 5.875 per cent. Notes due March 2028 (the “Notes”)
(Stock Code: 5185)

**under the US\$4,000,000,000 Medium Term Note
and Perpetual Securities Programme**
(the “Programme”)

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Please refer to the pricing supplement dated 28 August 2024 in relation to the Notes (the “**Pricing Supplement**”) appended hereto, and the offering circular dated 28 June 2024 in relation to the Programme (the “**Offering Circular**”)⁽¹⁾ (the Offering Circular and the Pricing Supplement together, the “**Listing Documents**”, and each, a “**Listing Document**”). As disclosed in the Listing Documents, the Notes are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the SEHK on that basis.

None of the Listing Documents constitutes a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is any Listing Document an invitation to the public to make offers to subscribe for or purchase any securities, nor is any Listing Document circulated to invite offers by the public to subscribe for or purchase any securities.

None of the Listing Documents should be regarded as an inducement to subscribe for or purchase any Notes of the Company and no such inducement is intended.

By order of the Board
Far East Horizon Limited
KONG Fanxing
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 6 September 2024

Note:

- (1) A copy of the offering circular dated 28 June 2024 in relation to the Programme of the Company is available at: <https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0702/2024070200817.pdf>

As at the date of this announcement, the executive directors of the Company are Mr. KONG Fanxing (Chairman), Mr. WANG Mingzhe and Mr. CAO Jian, the non-executive directors of the Company are Mr. CHEN Shumin, Ms. WEI Mengmeng, Mr. LIU Haifeng David, Mr. KUO Ming-Jian and Mr. John LAW, and the independent non-executive directors of the Company are Mr. HAN Xiaojing, Mr. LIU Jialin, Mr. YIP Wai Ming and Mr. WONG Ka Fai Jimmy.

TABLE OF CONTENTS

PRICING SUPPLEMENT DATED 28 AUGUST 2024

IMPORTANT NOTICE

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Confirmation of your Representation: By accepting the e-mail and accessing the following Pricing Supplement, you shall be deemed to have represented to us that (1) you and any customers you represent are outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act and that the electronic e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (2) that you consent to the delivery of such Pricing Supplement by electronic transmission.

You are reminded that this Pricing Supplement has been delivered to you on the basis that you are a person into whose possession this Pricing Supplement may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Pricing Supplement to any other person.

The materials relating to the offering of securities to which this Pricing Supplement relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer (as defined in this Pricing Supplement) in such jurisdiction.

This Pricing Supplement has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Issuer, the Managers (as defined in this Pricing Supplement) nor any person who controls the Managers, nor any director, officer, employee or agent of the Issuer or the Managers, or affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the Pricing Supplement distributed to you in electronic format and the hard copy version available to you on request from the Managers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

ESG ratings may vary amongst ESG ratings agencies as the methodologies used to determine ESG ratings may differ. The Issuer's ESG ratings are not necessarily indicative of its current or future operating or financial performance, or any future ability to service the Notes and are only current as of the dates on which they were initially issued. Prospective investors must determine for themselves the relevance of any such ESG ratings information contained in the Offering Circular (as defined below) and this Pricing Supplement or elsewhere in making an investment decision. Furthermore, ESG ratings shall not be deemed to be a recommendation by the Managers or any other person to buy, sell or hold the Notes. Currently, the providers of such ESG ratings are not subject to any regulatory or other similar oversight in respect of their determination and award of ESG ratings. For more information regarding the evaluation methodologies used to determine ESG ratings, please refer to the relevant ratings agency's website (which website does not form a part of, nor is incorporated by reference in, the Offering Circular and this Pricing Supplement).

PRICING SUPPLEMENT OF THE NOTES

Paragraph 21 of the Hong Kong SFC Code of Conduct – As paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission applies to this offering of Notes, prospective investors should refer to the section on “Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct– Important Notice to Prospective Investors” appearing on pages ii to iii of the offering circular dated 28 June 2024 (the “**Offering Circular**”), and CMLs (as defined in the Offering Circular) should refer to the section on “Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct– Important Notice to CMLs (including private banks)” appearing on pages 196 to 198 of the Offering Circular.

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HKSE**”)) (“**Professional Investors**”) only.

Notice to Hong Kong investors: The Issuer confirms that the Notes are intended for purchase by Professional Investors only and will be listed on the HKSE on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The HKSE has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme or the Notes on the HKSE is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Issuer or the Group or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents of this document, 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 document.

This document, together with the Offering Circular, include particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

28 August 2024

Far East Horizon Limited

Issue of U.S.\$550,000,000 5.875 per cent. Notes due March 2028 (the “Notes”) under its U.S.\$4,000,000,000 Medium Term Note and Perpetual Securities Programme (the “Programme”)

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Conditions**”) set forth in the Offering Circular. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement (including the Annex hereto) and the Offering Circular.

1. Issuer: Far East Horizon Limited

2. (i) Series Number: 31
- (ii) Tranche Number: 001
3. Specified Currency or Currencies: United States dollars (“**U.S.\$**”)
4. Aggregate Nominal Amount:
 - (i) Series: U.S.\$550,000,000
 - (ii) Tranche: U.S.\$550,000,000
5. (i) Issue Price: 99.372 per cent. of the Aggregate Nominal Amount
- (ii) Net Proceeds: Approximately U.S.\$545 million
6. (i) Specified Denominations: U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof
- (ii) Calculation Amount: U.S.\$1,000
7. (i) Issue Date: 5 September 2024
- (ii) Interest Commencement Date: Issue Date
8. Maturity Date: 5 March 2028
9. Interest Basis: 5.875 per cent. Fixed Rate (further particulars specified below)
10. Redemption/Payment Basis: Redemption at par
11. Change of Interest Basis or Redemption/Payment Basis: Not Applicable
12. Put/Call Options: Not Applicable
13. (i) Date of approval of the Financial Secretary of Hong Kong for issuance of Notes obtained: Not Applicable
- (ii) Date of Board approval for issuance of Notes obtained: 5 June 2024
14. Listing: Expected to be listed on the HKSE on or about 6 September 2024
15. Method of distribution: Syndicated

PROVISIONS RELATING TO INTEREST PAYABLE

16. Fixed Rate Note Provisions: Applicable
 - (i) Rate of Interest: 5.875 per cent. per annum payable semi-annually in arrear
 - (ii) Interest Payment Date(s): 5 March and 5 September in each year up to and including the Maturity Date, unadjusted
 - (iii) Fixed Coupon Amount(s): U.S.\$29.375 per Calculation Amount
(Applicable to Notes in definitive form)
 - (iv) Broken Amount(s): Not Applicable

(Applicable to Notes in definitive form)

(v)	Day Count Fraction:	30/360
(vi)	Determination Date(s):	Not Applicable
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17.	Floating Rate Note Provisions	Not Applicable
18.	Zero Coupon Note Provisions	Not Applicable
19.	Index Linked Interest Note Provisions	Not Applicable
20.	Dual Currency Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

21.	Issuer Call:	Not Applicable
22.	Investor Put:	Not Applicable
23.	Redemption in the case of Minimal Outstanding Amount:	Not Applicable
24.	Final Redemption Amount:	U.S.\$1,000 per Calculation Amount
25.	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7.6):	U.S.\$1,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26.	Form of Notes:	Registered Notes: Regulation S Registered Global Certificate registered in the name of a nominee for a common depository for Euroclear and Clearstream
27.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	Not Applicable
28.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
29.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of	Not Applicable

- the Issuer to forfeit the Notes and interest due on late payment:
30. Details relating to Instalment Notes:
- (i) Instalment Amount(s): Not Applicable
- (ii) Instalment Date(s): Not Applicable
31. Relevant Benchmark(s): Not Applicable
32. Other terms or special conditions: Condition 4.3 (*NDRC Post-issue Registration*) shall be deleted in its entirety and the following should apply to the Notes:

“4.3 NDRC Post-issue Submissions

The Issuer will provide or cause to be provided the requisite information and documents in connection with the Notes to NDRC within the prescribed timeframes after the Issue Date in accordance with the NDRC Measures (the “**NDRC Post-issue Submissions**”), including the submission with NDRC of the offering information relating to the Notes (the “**Initial NDRC Post-issue Submission**”).

The Trustee shall have no obligation to monitor and ensure the completion of the NDRC Post-issue Submissions or the Initial NDRC Post-issue Submission on or before the deadline referred to above or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Submissions or the Initial NDRC Post-issue Submission or to give notice to the Noteholders confirming the completion of the Initial NDRC Post-issue Submission. The Trustee shall not be liable to the Noteholders or any other person for not doing so.

For the purpose of this Condition 4.3:

(a) “**NDRC**” means the National Development and Reform Commission of the People’s Republic of China or its local counterparts; and

(b) “**NDRC Foreign Debt Measures**” means the Administrative Measures for the Review and Registration of Medium and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第 56 號)) which was issued by NDRC on 5 January 2023 and came into effect on 10 February 2023, and other applicable implementation rules, regulations, certificates, circulars, notices or policies thereof as issued by NDRC from time to time.”

DISTRIBUTION

33. (i) If syndicated, names of Managers: DBS Bank Ltd.
Far East Horizon International Securities Limited
MUFG Securities Asia Limited
Standard Chartered Bank
UBS AG Hong Kong Branch
ABCI Capital Limited
BNP Paribas
BOCOM International Securities Limited
China CITIC Bank International Limited
Crédit Agricole Corporate and Investment Bank
Guotai Junan Securities (Hong Kong) Limited
J.P. Morgan Securities (Asia Pacific) Limited
SMBC Nikko Securities (Hong Kong) Limited
- (ii) Stabilisation Manager(s) (if any): Any of the Managers in its capacity as stabilisation manager (excluding China CITIC Bank International Limited who shall not be appointed or acting as the Stabilisation Manager or participate in any stabilisation action in any event)
34. If non-syndicated, name of relevant Dealer: Not Applicable
35. U.S. Selling Restrictions: Reg. S Category 1; TEFRA not applicable
36. Prohibition of Sales to EEA Retail Investors: Not Applicable
37. Prohibition of Sales to UK Retail Investors: Not Applicable
38. Additional selling restrictions: Not Applicable

OPERATIONAL INFORMATION

39. Any clearing system(s) other than Euroclear or Clearstream and the relevant identification number(s): Not Applicable
40. Delivery: Delivery against payment
41. Registrar: The Hongkong and Shanghai Banking Corporation Limited
42. Additional Paying Agent(s) (if any): Not Applicable
ISIN: XS2886144232
Common Code: 288614423

GENERAL AND OTHER INFORMATION

43. Hong Kong SFC Code of Conduct:
- (i) Rebates: Not Applicable
- (ii) Contact email addresses of the Overall Coordinators where underlying investor: DCMOmnibus@dbs.com
Asia-Syndicate@hk.sc.mufg.jp

information in relation to omnibus orders should be sent:

SYNHK@sc.com
sh-asia-ccs-dcm-filing@ubs.com
DCM@fehorizoncapital.com
abcic.dcm@abci.com.hk
dcm_project.fi@bocomgroup.com
Project.Skylark@ca-cib.com
HKG-Syndicate@ca-cib.com
dcm.skyward@gtjas.com.hk
investor.info.hk.oc.bond.deals@jpmorgan.com
dcmnea@smbcnikko-hk.com

(iii) Marketing and Investor Targeting Strategy:

as indicated in the Offering Circular

44. Rating:

The Notes to be issued as expected to be rated BBB- by S&P

LISTING APPLICATION

This Pricing Supplement comprises the final terms required for the issue of the Notes described herein pursuant to the U.S.\$4,000,000,000 Medium Term Note and Perpetual Securities Programme of Far East Horizon Limited.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: (S.D.) _____

Duly authorised

Annex – Additional Disclosure

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. Based on its operational philosophy of "finance + industry", the Group endeavours to realise its vision of "Integrating global resources and promoting industry development" by making innovations in products and services to provide its customers with tailor-made integrated operations services. Over the past more than 10 years, the Group has been leading the development of the industry, and has been listed among the Fortune China 500 and Forbes Global 2000. According to the 2024 report issued by KPMG related to the survey conducted in respect of the leasing industries in China, the Issuer ranked the first in terms of both total assets and total revenue amongst the PRC leasing companies (融資租賃公司), based on the data for the year ended 31 December 2023.

On 9 August 2024, the Issuer announced the unaudited interim results of the Group for the six months ended 30 June 2024, together with the comparative figures for the six months ended 30 June 2023 on the website of HKSE. Such announcement contains the full text of the 2024 interim report of the Issuer and the interim consolidated financial statements contained therein are incorporated by reference into the Offering Circular pursuant to the section titled "*Documents Incorporated by Reference*" on page xi of the Offering Circular.

General Overview

Overall, in the first half of 2024, in response to the continuously complex and ever-changing international environment and the challenges of the domestic macro-economy, the Group consolidated its development foundation through continuous upgrading and innovation at strategic and operational levels while focusing on internationalization, marketization and specialization and adhering to the "finance + industry" strategy based on the mission of "Integrating global resources and promoting industry development".

Financial Services

In the face of a complex market environment, the Group carried out a new round of upgrading and optimization to its operating model, with a more agile organization, where employee deployment has been upgraded from a regional station approach to flexible collaboration, which reactivated internal marketization. Focusing on the quality of development, the Group prioritised asset quality and liquidity security, and maintained a high-quality customer base, while liquidity remained stable and abundant. At the same time, the Group focused on five major areas – technology finance, green finance, inclusive finance, pension finance, and digital finance, constantly innovating and enriching its connotation to provide high-quality financial services for the real economy and social development.

- **Technology finance:** Based upon its profound industry foundation, combined with its own resource endowment, and giving full play to its operating mechanism acclaimed for flexibility, the Group established a new value evaluation system for technology and innovation enterprises, which focused on specialised and sophisticated high-tech enterprises that produce new and unique products. By tapping into the true value and future development potential of enterprises, the Group increased financial support and innovated financial service models, which not only improved the coverage and inclusiveness of the service provision for technology and innovation enterprises, but also formed a virtuous cycle of "technology-industry finance".
- **Green finance:** By formulating policies to restrict business cooperation with high-polluting and high-emission enterprises, the Group reduced the carbon emissions of its investment portfolio. In accordance with the requirements of the Catalog for Guiding the Transition of Industries to Green and Low-carbon Energy (綠色低碳轉型產業目錄) and the Catalog for Green Bonds (綠色債券目錄), the Group encouraged financial businesses, including financial leasing, to invest

in green and sustainable industries, helping enterprises to achieve green and low-carbon transformation and development.

- **Inclusive finance:** The Group further increased support for inclusive finance. Through innovative business models, simplified business procedures, professional technology empowerment, personalised solutions, and coverage of long-tail customer base, the Group provided more convenient financial services to micro, small and medium-sized enterprises. The Group served nearly 15,000 micro, small and medium-sized enterprises, granting loans of over RMB40 billion.
- **Pension finance:** The Group continued to increase its investment in the elderly care industry. Horizon Healthcare, a subsidiary of Issuer, is a large social medical platform in China, with 26 member hospitals, covering 13 provinces and nearly 30 counties and cities nationwide, with the actual number of beds available amounting to approximately 10,000. A nationwide hospital operation network covering Eastern China, Southern China, Northern China, Southwest China, and Northeast China has been formed. Focusing on the "medical + elderly care" service model, Horizon Healthcare established a standardised "medical, health, nursing and elderly care" operation and management system to provide "friendly, respectable, reliable and trustworthy" healthcare and elderly care services for the elderly.
- **Digital finance:** The Group launched a new generation of core business systems, which greatly enhanced the availability of financial services by accurately identifying and proactively reaching out to customers in need through big data technology. The Group further improved service efficiency by using electronic contracts, video interviews, remote video due diligence, automatic invoice recognition and verification, automatic asset ownership verification and registration, and automatic contract text recognition and comparison.

In addition, the Group fully integrated environmental, social and governance (ESG) elements into its corporate management and business operations, continuously optimised corporate governance, deepened climate risk management, established "dual carbon" targets, and implemented carbon reduction measures. In the meantime, the Issuer incorporated ESG standards into its financial services system to promote sustainable economic and environmental development. The Issuer also supported real enterprises, promoted inclusive finance, and strengthened the development of talent diversity and protection of rights and interests. The Issuer's ESG practices continued to be recognised by international institutions. The Issuer has been awarded grade A by MSCI ESG Rating since 2022, its CDP climate change rating advanced to B- in 2023, and its S&P CSA score increased to 40 points year by year, all of which are at the leading level in the domestic industry, demonstrating the Issuer's responsibility and commitment. In July this year, S&P Global released the Sustainability Yearbook (China Edition) 2024. The Group was included in the Yearbook with a CSA score ranking third in the financial and capital market services industry, and was awarded the special recognition of "Industry Mover". The Issuer has once again been internationally recognised for its exploration and practice in ESG and sustainable development over the years.

Industrial Operation

In terms of industrial operations, Horizon Construction Development and Horizon Healthcare gave full play to their own advantages, and achieved steady operations. Meanwhile, in line with the national vision of coordinated regional development and the building of a healthy China, they have been developing steadily with their respective focuses, and their operating contribution has been rising, forming a leading industrial group of national scale with social influence.

Horizon Construction Development firmly implemented its established strategies as always to realise its vision of becoming "a top global company" in pursuit of high-quality and sustainable development and continued its strategy of developing overseas and domestic markets. In view of the severe external environment, Horizon Construction Development insisted on stepping up efforts in its principal market in China by expanding its network layout, continuing to develop and deepen the cultivation in the regions

with gaps to fill in and areas with low market share in China. As at 30 June 2024, the total number of outlets had further expanded, reaching 550 in aggregate and the number of outlets reached 515, covering over 200 cities in mainland China and Hong Kong of China, covering China nationwide, and providing high quality and convenient services for its corporate customers. The number of customers has simultaneously achieved strong growth. Horizon Construction Development has been gradually establishing a diversified, high-quality, and stable customer base, covering a wide range of fields such as municipal construction, housing construction, transportation construction, marine engineering, industrial manufacturing, green energy, warehousing and logistics, culture and art, commercial entertainment, and mining. As at 30 June 2024, the cumulative number of customers served (in terms of individual customer) was approximately 271,000. At the same time, Horizon Construction Development has steadily expanded its overseas business layout, deepened cooperation with upstream and downstream partners, continuously improved its international development and enhanced its global competitiveness. It steadily promoted overseas operations. While accelerating the development of its existing Southeast Asian markets, Horizon Construction Development continued to explore the potential markets in the Middle East, and made steady progress in expanding its presence and business in international markets such as Malaysia, Vietnam, Indonesia, Thailand, Saudi Arabia, the United Arab Emirates and Turkey. As at 30 June 2024, Horizon Construction Development had 35 outlets in overseas regions. In addition to developing markets at home and abroad, Horizon Construction Development strived to develop product offerings with various categories and customer services for various industries, providing one stop services for construction customers such as spider cranes, telescopic forklifts, glass suction cup trucks, and automotive cranes. Meanwhile, Horizon Construction Development also made progress in new industries such as mining machinery, offshore shipyards and petrochemical industry.

In 2024, Horizon Construction Development ranked the 14th place in IRN World's Top 100 Rental Companies, which is awarded by KHL Group, one of the world's largest international building information providers. As at 30 June 2024, Horizon Construction Development, a leader in the equipment operation service market for aerial work platforms, neo-excavation support systems, neo-formwork systems and other equipment, managed approximately 205,000 pieces of aerial work platform equipment and approximately 2,361,000 tons of materials, with the total original value of its operating assets leading in the equipment service market. Meanwhile, it coordinated the development aerial work platforms, neo-excavation support systems and neo-formwork systems, and incubated and operated a wide range of products and services such as electric power equipment, pavement equipment, telescopic forklifts, glass sucker trucks, automobile cranes, forklift trucks, truck-mounted high-altitude vehicles and mining machinery.

Striving to becoming a platform with distinctive specialty features and the largest healthcare service population at the county-level in China, Horizon Healthcare developed basic medical care, consumer medical care, integrated medical and elderly care and other businesses by switching its approach from disease-centred to health-centred, from strong reliance on medical insurance to non-medical insurance extension, and taking its affiliated hospitals as service platforms, in order to develop value-creation capability in various dimensions. For the first half of 2024, in the face of tightening regulation on medical insurance, declining willingness of residents to pay, and intensified competition in the industry, Horizon Healthcare actively engaged in strategic upgrading, on the one hand, to increase the number of patients to hedge against the pressure of controlled medical insurance expenses, and on the other hand, to actively expand its new businesses such as consumer medical care and healthcare business. In addition, by expanding the proportion of centralised procurement of drugs and consumables to reduce the operating costs of hospitals, the overall profit level in the first half of 2024 maintained growth over the same period last year.

Financial Performance

For the six months ended 30 June 2024, the Group prioritised safe and stable operations and adhered to a prudent operating strategy. In spite of the complicated and ever-changing macro environment, the

Group continued to adhere to the operational philosophy of "finance + industry" and took various business initiatives out of prudence on the basis of strengthening risk management and control, thus maintaining safe and stable operation as a whole. In recent years, due to changes in the external environment, the industries and target customer groups subject to expansion by the Issuer have basically stabilised, the demand for advisory services as a source of income has declined. For the six months ended 30 June 2024, revenue derived from advisory services decreased by 65.69 per cent. as compared with the corresponding period of the previous year. However, at the same time, the Issuer also actively expanded and provided additional products and services other than advisory services based on its understanding of the needs of the target industries and customer groups, so as to maintain the stable growth of the Issuer's overall revenue. For the six months ended 30 June 2024, revenues were generally stable, with a slight year-on-year decrease.

For the six months ended 30 June 2024, operating profit before tax amounted to RMB4,228,713,000, representing a year-on-year decrease of 11.60 per cent. from the corresponding period of the previous year. As affected by the change in fair value of certain non-operating financial assets, as well as the one-off cross-border income tax, the profit attributable to holders of ordinary shares during the period was RMB2,085,076,000, representing a decrease of 32.10 per cent. as compared with the corresponding period of the previous year. The following table sets forth the comparative figures for the six months ended 30 June 2023.

	For the six months ended 30 June		
	2024	2023	Change %
	RMB'000	RMB'000	
Revenue	18,036,339	18,361,807	-1.77%
Cost of sales	(9,914,209)	(9,909,226)	0.05%
Gross profit	8,122,130	8,452,581	-3.91%
Other income/gains ⁽¹⁾	608,672	688,125	-11.55%
Selling and administrative expenses	(3,538,985)	(3,529,882)	0.26%
Other expenses and losses ⁽¹⁾	(41,997)	(47,269)	-11.15%
Finance costs	(581,489)	(532,069)	9.29%
Gains and loss on investment in joint ventures/associates	83,397	251,029	-66.78%
Pre-provision operating profit	4,651,728	5,282,515	-11.94%
Provision for assets	(644,107)	(292,125)	120.49%
Profit before tax	4,007,621	4,990,390	-19.69%
Operating profit before tax ⁽²⁾	4,228,713	4,783,397	-11.60%
Income tax expense	(1,696,585)	(1,501,331)	13.01%
Profit for the period ⁽³⁾	2,311,036	3,489,059	-33.76%
Attributable to:			
Holders of ordinary shares of the Issuer	2,085,076	3,070,724	-32.10%
Holders of perpetual securities	31,390	64,935	-51.66%
Non-controlling interests	194,570	353,400	-44.94%

Notes:

- (1) There is a difference in terms of caliber between the amount of other income/gains as well as other expenses and losses and the consolidated statement of profit or loss in the financial report. The gain or loss on change in fair value of interest-earning financial assets here is included in provision for asset, the gain or loss on change in fair value of non-interest earning financial assets and financial liabilities here are included in "other income/gains" (net gain) or in "other expenses and losses" (net loss) on a net basis. In the consolidated statement of profit or loss, the gain on change in fair value of financial assets and financial liabilities is included in "other income and gains", and the loss on changes in fair value is included in "other expenses".
- (2) Operating profit before tax: To better reflect the key operational performance of current major operations of the Group, the calculation of operating profit before tax has excluded the investment gain or loss on certain financial equity investment projects (including the investments in provincial asset management companies and investments in private equity funds).
- (3) The year-on-year decrease in the profit for the period of the Group in the first half of 2024 was mainly attributable to:
- (i) The size of interest-earning assets decreased, with the average balance decreasing by 3.91% from RMB274,693,818,000 for the first half of 2023 to RMB263,959,174,000 for the first half of 2024, resulting in the decrease in the interest income from financial services, revenue from advisory services, and gross profit. In the first half of 2024, the financial and advisory segment achieved revenue and gross profit of RMB10,862,039,000 and RMB6,062,901,000, representing a decrease of RMB695,307,000 and RMB485,676,000, respectively, as compared with the corresponding period of the previous year;
 - (ii) The industrial operation business remained stable, with revenue and profit before tax of the equipment operation segment amounting to RMB4,872,421,000 and RMB406,890,000, representing an increase of RMB666,450,000 and RMB69,194,000, respectively, as compared with the corresponding period of the previous year. Revenue and profit before tax of the hospital operation segment amounted to RMB2,126,120,000 and RMB211,890,000, representing an increase of RMB7,120,000 and RMB26,120,000, respectively, as compared with the corresponding period of the previous year;
 - (iii) The investment gains of certain financial equity investment projects (including investments in provincial asset management companies and investments in private equity funds) decreased by RMB428,086,000, which was mainly attributable to the decrease in gains on investment in joint ventures/associates and other gains (gains on change in fair value) of RMB280,022,000 and RMB138,608,000, respectively;
 - (iv) In view of the overseas capital needs of the Group, domestic companies distributed cross-border dividends to overseas companies in the first half of 2024, and the income tax actually paid was RMB315,855,000.

As at 30 June 2024, the total assets of the Group increased by RMB10,158,819,000 or 2.89 per cent. from the end of the previous year to RMB361,642,055,000. Net interest-earning assets decreased by RMB2,705,641,000 or 1.01 per cent. from 31 December 2023 to RMB266,379,098,000.

The main component of the Group's assets was interest-earning assets, which accounted for 71.92 per cent. of the Group's total assets as at 30 June 2024. For the six months ended 30 June 2024, the Group dynamically adjusted the promotion policies of each industry sector in accordance with the environment and industry patterns. While cultivating the market in depth, it also strengthened risk management and control in a prudent manner, and strengthened the risk identification of sub-sectors and customer qualifications. Under the premise of asset safety, the Group steadily promoted the expansion of financial business to maintain its interest-earning assets at a basically stable size.

The following table sets forth net interest-earning assets of the Group by industry as of the dates indicated⁽¹⁾.

	30 June 2024		31 December 2023		Change %
	RMB'000	% of total	RMB'000	% of total	
Healthcare	19,402,455	7.28%	21,925,524	8.15%	-11.51%
Culture & tourism	30,704,396	11.53%	25,263,239	9.39%	21.54%
Engineering construction	33,804,507	12.69%	36,703,882	13.64%	-7.90%
Machinery	15,742,632	5.91%	14,813,080	5.50%	6.28%
Chemical & medicine	13,429,010	5.04%	11,553,955	4.29%	16.23%
Electronic information	9,671,880	3.63%	8,893,903	3.31%	8.75%
Public consuming	28,246,685	10.60%	22,788,579	8.47%	23.95%

	30 June 2024		31 December 2023		Change %
	RMB'000	% of total	RMB'000	% of total	
Transportation & logistics	20,685,230	7.77%	20,000,073	7.43%	3.43%
Urban public utility	94,692,303	35.55%	107,142,504	39.82%	-11.62%
Total	266,379,098	100.00%	269,084,739	100.00%	-1.01%

Notes:

- (1) Interest-earning assets for culture & tourism, chemical & medicine, public consuming and other industries among the target industries of the Group maintained faster growth in the first half of 2024, which was attributable to (i) the Group's business expansion and in-depth exploration of their respective industries, expanding the customer base in the above industries and increasing the introduction of high-quality customers in the above industries; (ii) the Group's adaptation to the changes in the macro economy and the trend of the industrial environment and adjustments to the layout of key industries; and (iii) the Group's continuous maintenance of quality industries and customers and exploration of their needs for financial service.
- (2) As at 30 June 2024, the interest-earning assets of urban public utility were further divided into sub-sectors, including public transportation infrastructure, water, electricity, gas and other operational services, urban environmental governance, energy-saving and carbon-reduction projects, smart city upgrading and transformation, emerging industry facilities and operation services, and other industries.
- (3) As at 30 June 2024, the net interest-earning assets of the Group's inclusive finance business amounted to RMB13,959 million, which maintained stable growth as compared to RMB12,476 million as at 31 December 2023.
- (4) In December 2023, taking into comprehensive account of the changes in policies and adjustments to its own business plans, the Group decided not to pursue held-to-maturity infrastructure investment projects with characteristics such as long payback periods in the future, and accelerated and took the initiative to dispose of such existing assets. Pursuant to the relevant HKAS provisions, from 1 January 2024, the Group has reclassified the abovementioned financial assets measured at amortised cost into financial assets at fair value through profit or loss, which ceased to be accounted for as interest-earning assets out of prudence. As at 30 June 2024, the balance of the above assets was RMB7,721 million.

The table below sets forth net interest-earning assets of the Group by region as of the dates indicated.

	30 June 2024		31 December 2023	
	RMB'000	% of total	RMB'000	% of total
Northeast China	6,830,608	2.56%	7,582,575	2.82%
Northern China	27,979,209	10.50%	26,582,312	9.88%
Eastern China	115,461,829	43.34%	112,032,722	41.63%
Southern China	15,259,703	5.73%	16,675,126	6.20%
Central China	43,972,033	16.51%	45,507,907	16.91%
Northwest China	18,167,979	6.82%	18,277,483	6.79%
Southwest China	38,707,737	14.54%	42,426,614	15.77%
Total	266,379,098	100.00%	269,084,739	100.00%

In view of the complex and volatile internal and external environment, the Group continues to take prudent operation as its principle while actively adjusting and optimising its management model and operation strategy in the first half of 2024. By redesigning the organizational structure in charge of asset matters, establishing asset management teams that encompass better expertise and efficiency, as well as optimising and upgrading its post-lease operation system, the Group accomplished accurate identification of and effective prevention and control on various types of risks. For the six months ended 30 June 2024, the total asset size of the Group slightly decreased, but the overall stability of asset quality was not undermined. Leveraging effective asset management and risk prevention and control measures, the Group was not significantly affected by the changing external environment, and its asset quality presented a sound and healthy trend in general.

Redesigning the organizational structure in charge of asset matters in all aspects to address the changes in asset situation and enhance the efficiency of asset management

In the first half of 2024, the Group redesigned the organisational structure in charge of asset matters in all aspects to facilitate the efficient mitigation of distressed assets with the strongest systematic protection. Faced with the complicated asset situation, the Group took quick actions in establishing a new organisational structure featured flattening and de-administration to ensure efficient decision-making and strong execution. Customer monitoring and disposal of assets at risk have been divided into two separate but synergistic segments. Under this model, each team would be able to focus on its own core tasks of customer monitoring and asset disposal, which strengthened the capabilities of customer monitoring and asset disposal, allowed precise execution of strategies and swift response to market changes, achieved effective risk isolation, and accelerated the process of eliminating non-performing assets, thereby laying a solid foundation for the steady development of the Group.

Under this new framework, firstly, the Group has established the asset disposal department by deploying staff with the greatest competence in disposal, pooling expert resources from all directions, and establishing lean, efficient, flexible and agile professional teams. The department is specialised in handling distressed assets and firmly implements the strategic objectives of "disposal, recovery and mitigation for real" in pursuit of maximising risk mitigation. Secondly, the Group has newly set up a customer monitoring department to establish a more stringent and efficient risk monitoring system. The department focuses on capturing and evaluating risk signals, and pursues accurate and timely risk identification through close monitoring by dedicated staff. Meanwhile, it conducted deeper industry research and analysis to build an all-encompassing industry risk-resistant barrier to safeguard the assets of the Group. Lastly, the Group optimised and upgraded its post-lease operation system in all aspects. Integrating "disposal strategy, decision-making, operation execution, data monitoring, and system optimisation", the system gets past the information barriers and create a one-stop, compact and efficient "command center" by accelerating the decision-making process, strengthening the execution of solutions, closely tracking asset data, and promoting system iteration in real time, striving to ensure the efficient disposal of assets at risk.

In the first half of 2024, the Group made remarkable progress in asset disposal based upon its newly established organisation structure in charge of asset matters, and successfully explored and implemented various innovative disposal strategies, including but not limited to the effective disposal of collaterals and pledges, the flexible assignment of debts, the establishment of a strategy to "initiate legal actions before negotiations, and facilitate negotiations through legal actions" with legal means, the in-depth investigation of property clues to execute seizure and other initiatives, thus optimising asset management and maximising value.

Setting great store by talent cultivation as well as optimising and upgrading the incentive mechanism to unleash the potential for asset disposal

In the first half of 2024, the Group optimised and upgraded its assessment and incentive mechanism, designed incentive plans based on asset differences, allocated resources towards value creators, and quantified contribution value for precise management, which not only strengthened process monitoring but also ensured the achievement of results, as well as tapped and unleashed the maximum disposal value and potential of assets. Meanwhile, the Group implemented an integrated personnel training system to build up a professional risk management team, and assigned personnel nationwide in order to ensure geographical coverage, rapid response to customer needs, efficient handling of risky events, and fully utilise its advantages in resource deployment. In addition, through regular reviews and correction mechanisms, the Group ensured that all team members are fully aware of their work focuses, and continued to explore and innovate disposal strategies in order to optimise risk disposal and build a solid line of defense for the asset safety of the Group.

As at 30 June 2024, total liabilities of the Group amounted to RMB302,589,203,000, representing an increase of RMB8,675,567,000 or 2.95 per cent. as compared to 31 December 2023, among which, the interest-bearing bank and other borrowings were the main component of the Group's total liabilities, accounting for 87.53 per cent. of the total, which increased by 0.55 percentage point as compared to 86.98 per cent. as at the end of last year.

Being faced with the complicated and ever-changing financial environment domestically and overseas, the Group adhered to the established strategy of "finance + industry", continued to consolidate reliable financing resources, optimized the debt structure, and thus made good progress in both direct financing and indirect financing, supporting the effective advancement of the Issuer's overall strategy.

With respect to direct financing market, the Group further expanded its issuance offerings, gave play to the unique characteristics of its assets, and optimized its product structure. Since 2024, the Group has launched asset securitization products with themes including "small-and-micro enterprise high-quality development", "supporting industrial upgrading" and "Yangtze River Delta integration" to fully implement the national strategy of high-quality development and support small-and-micro enterprises and regional economies in pursuit of high-quality development. The issuance of US\$500 million three-year notes under the Programme was conducted in the international bond market with a high subscription rate, enhancing the ability to access global resources.

With respect to indirect financing market, the Group continued to strengthen its strategic cooperation relationship with various financial institutions in the financial and industrial segments, as well as in the domestic and offshore markets, in accordance with the strategic needs of the Issuer and in line with the policy directions of green, inclusive and technological innovation. In the first half of the year, the Issuer withdrew "green" syndicated loans of EUR160 million and "sustainable development" syndicated loans of US\$150 million, which would be used to support renewable energy, sewage treatment and energy efficiency upgrading.

In conclusion, the Group had increasingly diverse financing methods with a continuously improving liability structure, and was able to secure its needs for resources in a sustainable and stable manner through flexible deployment across various channels, products and markets. Looking forward to the future, the Group is confident that with the robust operation momentum and profound financial market cooperation foundation, and can further improve its competitiveness on liability side.

As at 30 June 2024, the total equity of the Group was RMB59,052,852,000, representing an increase of RMB1,483,252,000 or 2.58 per cent. from 31 December 2023. In the first half of 2024, the Issuer maintained safe and sound operation, ensuring the steady increase in the equity attributable to ordinary shareholders of the Issuer. At the same time, the distribution of a special dividend by way of distribution in specie of the shares of Horizon Construction Development also contributed to the significant increase in non-controlling interests.