



宏信建发
HORIZON CONSTRUCTION
DEVELOPMENT

Investor Presentation

Horizon Construction Development

August 2023



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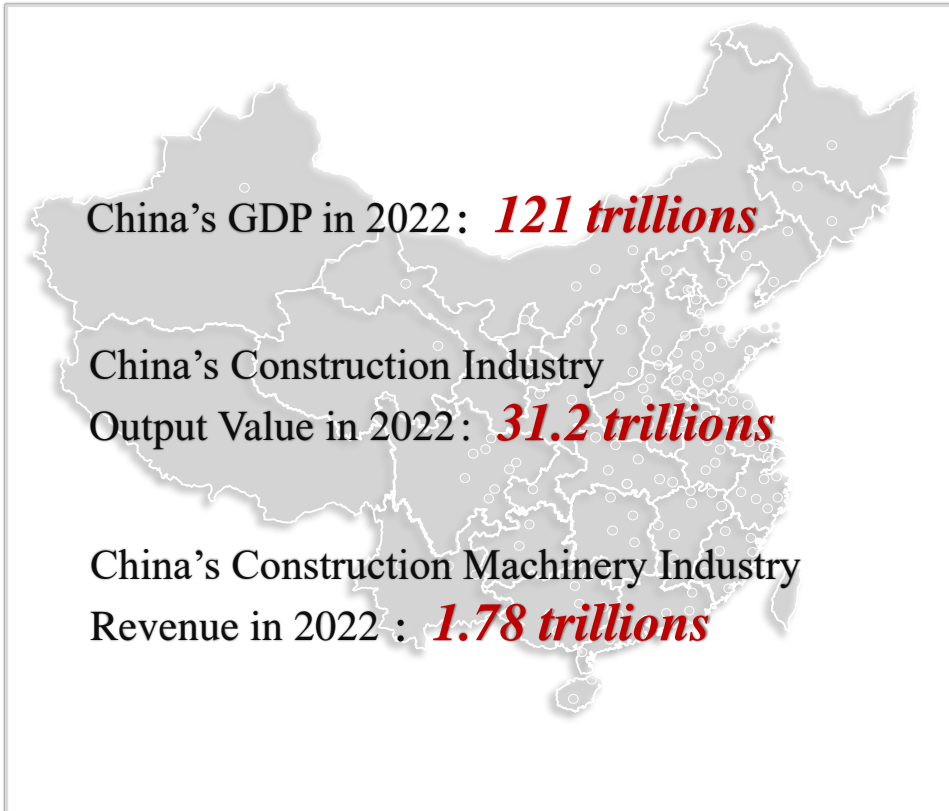
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Note: Unless otherwise specified, all monetary amounts stated herein are denominated in RMB.

The company is an equipment operation service provider under Far East Horizon

- Based on the huge Chinese market, the company was incubated by Far East Horizon, which has comprehensive industrial operation capabilities. The company specializes in equipment operation services

Based on the huge market of China

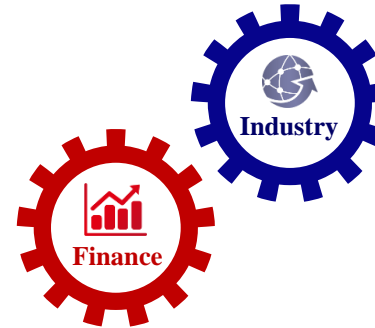


Born in Far East Horizon with strong comprehensive industrial operation capabilities

- Far East Horizon adheres to the "finance + industry" two-wheel drive development strategy
- Possess strong industrial comprehensive operation ability and foundation



远东宏信
FAR EAST HORIZON



— “Finance+Industry” strategy —



Financial Services



Equipment Operation



Healthcare



Others

Equipment operation service is the core link of the industrial chain that runs through the entire life cycle of equipment

- The equipment operation industry was born out of division of labor. The company is committed to providing related services for the entire life cycle of equipment
- After years of development, Horizon Construction Development is becoming a core enterprise in China's equipment operation service field, an important supplier of equipment services for customers, and the main channel for manufacturers to reach end users

Upstream Manufacturers



Equipment Operation Services



Downstream Clients

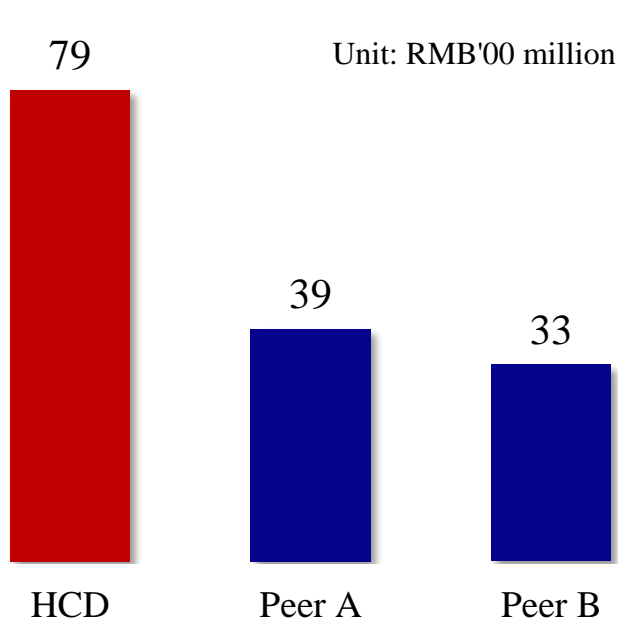




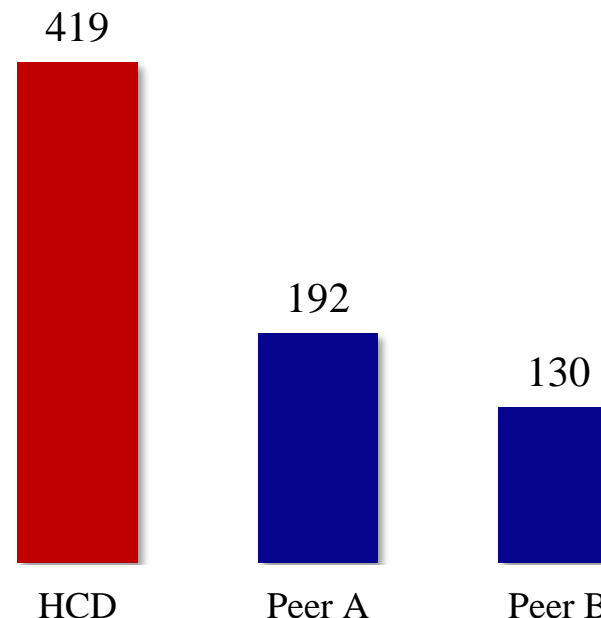
The company is in the leading position in China's equipment service industry

- Horizon Construction Development is a leading equipment operation service provider in China
 - The company's total asset is about **30.6 billion yuan**, and the volumes of aerial work platforms, Neo-excavation support systems, and Neo-formwork systems under management are **in leading position** in China
 - Our equipment covers the entire construction cycle of the project and is applicable to many operational scenarios. The cumulative number of customers served has reached about **191,000**
 - **A total of 419 service outlets**, including 415 domestic outlets, covering nearly 200 cities across the country. After becoming a national leader, **we have started to deploy 4 outlets in overseas markets**

Total revenue leading in China⁽¹⁾

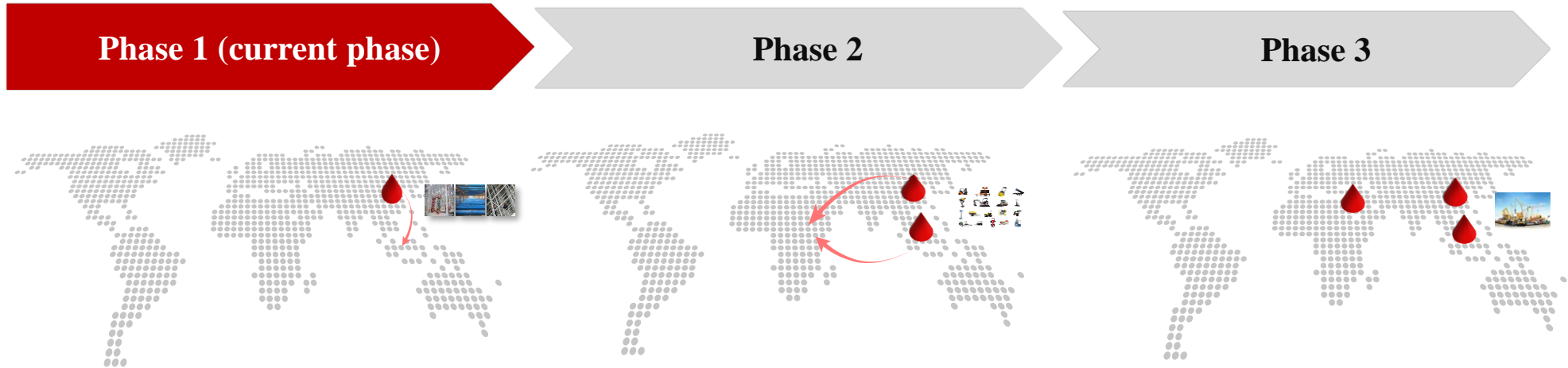


Total number of service outlets leading in China⁽¹⁾



Future vision: Committed to building a world-class comprehensive equipment operation service provider

- In the future, the company will adopt the "3+3+3" strategy, and is committed to building a first-class comprehensive operation service provider across multiple national markets



- Absolutely leading in mainland China market
- Explore the Southeast Asian market
- Equipment operation with selective categories
- Absolutely leading in mainland China market and Southeast Asia market
- Explore the Middle East and North Africa market
- Comprehensive equipment operation
- Market leaderships in mainland China market, Southeast Asia market, Middle East and North Africa market
- **First-class comprehensive equipment operation service provider**

① **Business Analysis**

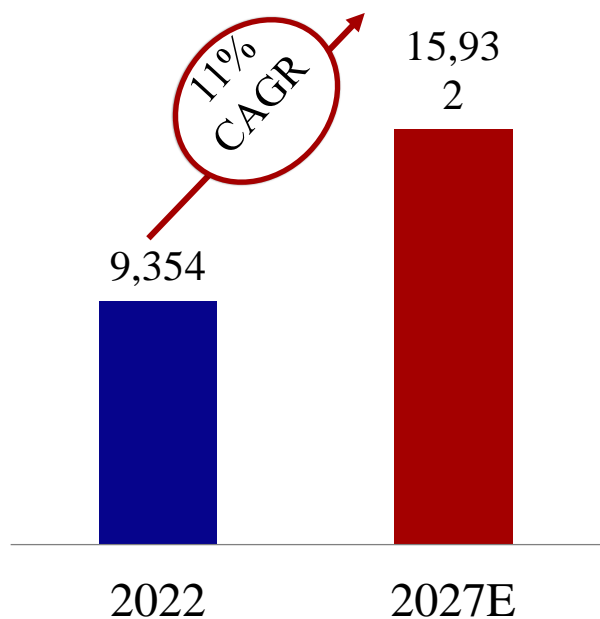
② **Results Overview**

China's equipment operation industry has a sound growth prospects

- China's equipment operation industry has a huge space, and the market size is expected to exceed 1.5 trillion yuan in 2027
- Various factors drive Chinese customers to use equipment to replace labor, and the trend of using external equipment to operate services is irreversible

China equipment operation industry future market size

Unit: RMB'00 million



Driving Factor 1: Increased Equipment Utilization Rate

- The cost of acquiring equipment continues to decrease, increasing equipment reliability and serviceability
- The number of employees in the construction industry of the right age has decreased, and labor costs have continued to rise
- Other reasons (more stringent safety requirements and environmental standards, etc.)

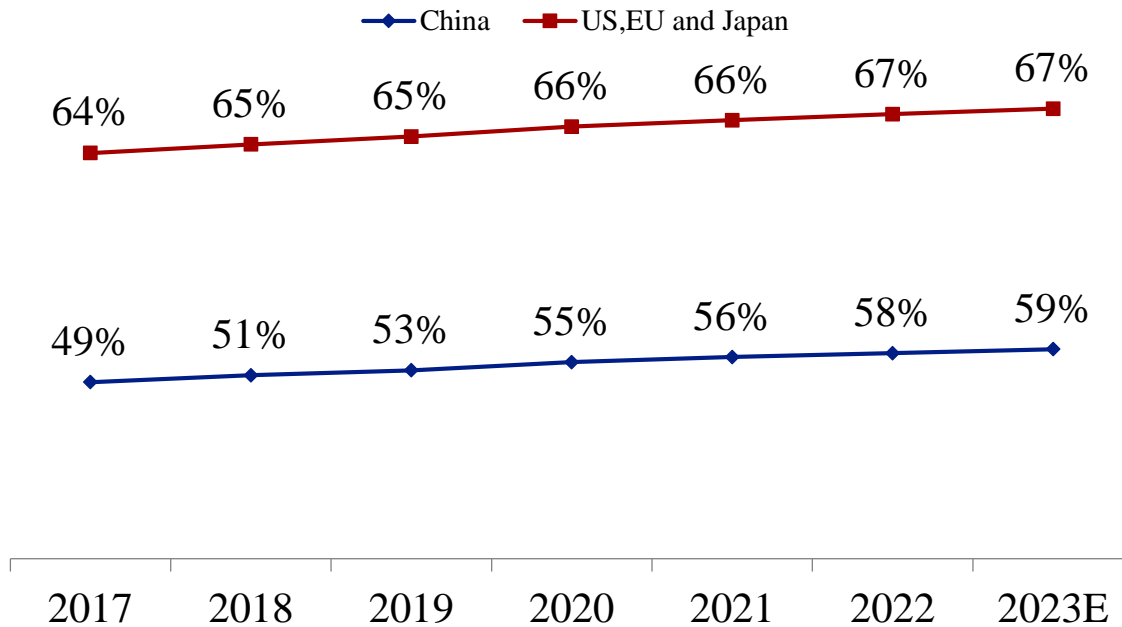
Driving Factor 1: Increased Equipment Rental Penetration Rate

- External service providers can provide more suitable, reliable and reasonably priced equipment combinations
- Save capital to develop core business
- Save equipment daily management costs
- Other reasons (e.g., unwillingness to take the risk of equipment obsolescence, etc.)

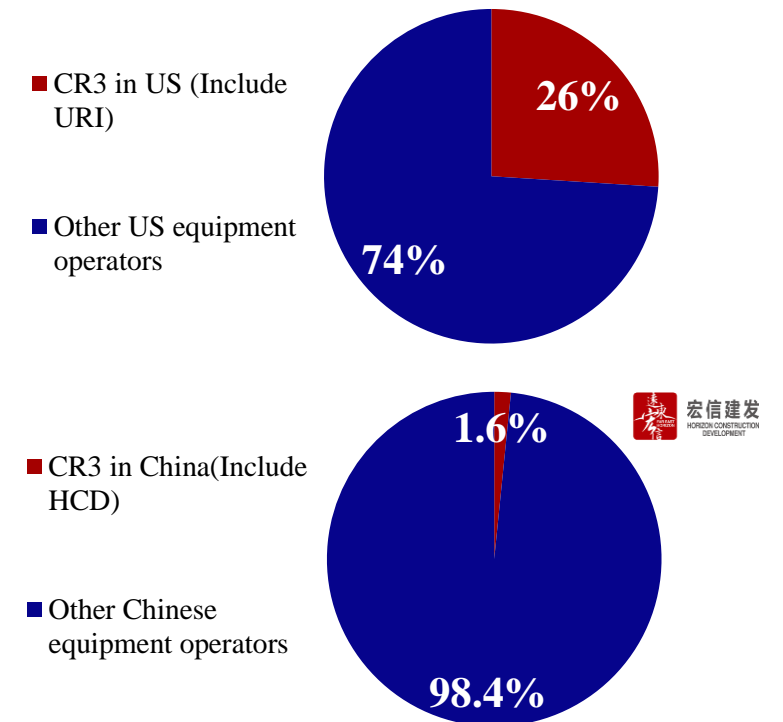
Compared with developed economies, there is still room for improvement in growth potential and market concentration

- China's equipment operation industry is still not fully mature, and the penetration rate still has huge room for improvement
- In the process of industry maturity, the potential of Chinese market consolidation is huge, and there is still a lot of room for improvement compared with European and American markets

Penetration rate of equipment rental services in Chinese market and major developed markets (Including forecast)



CR 3 ratio in China and the United States equipment operation market



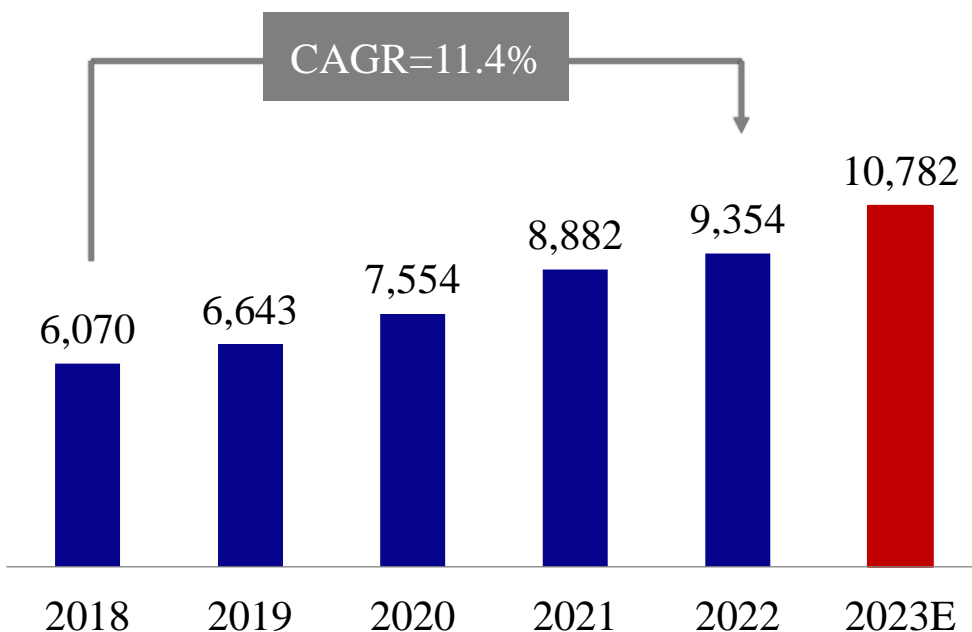


Compared with the industry average growth rate, the company gains market share faster

- Since 2018, the company's compound growth rate has far exceeded the average level of the equipment operation industry in China, and it has continuously gained market share

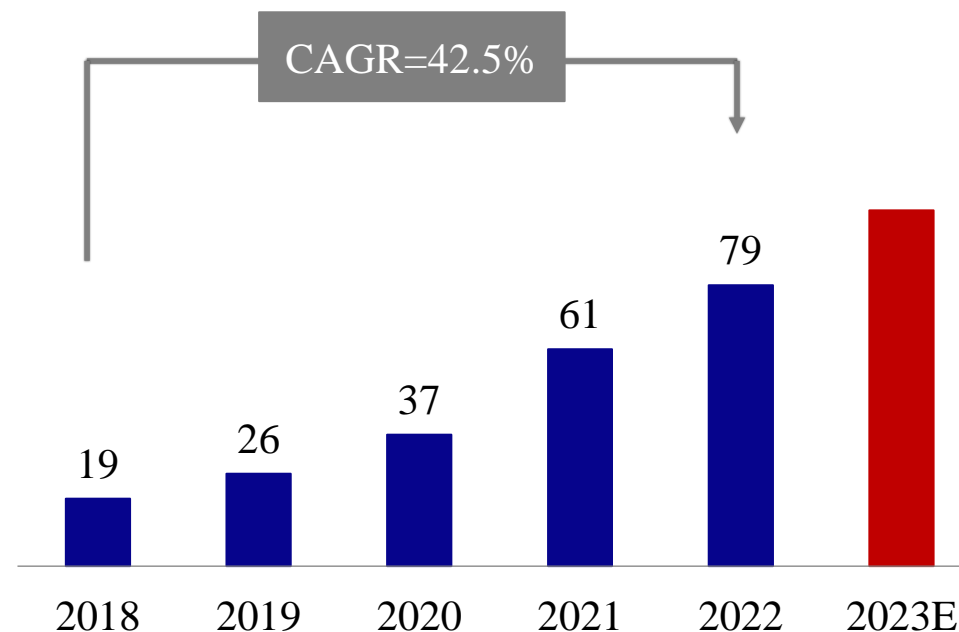
Total market size of equipment operation industry⁽¹⁾

Unit: RMB'00 million



Revenue of the company over the years

Unit: RMB'00 million



Note: The market size is calculated based on the total rental revenue of the industry

- ① Prosperous Core Business line
- ② Leading Service Capability
- ③ Optimal Operational Efficiency
- ④ Steady Business Operating Style

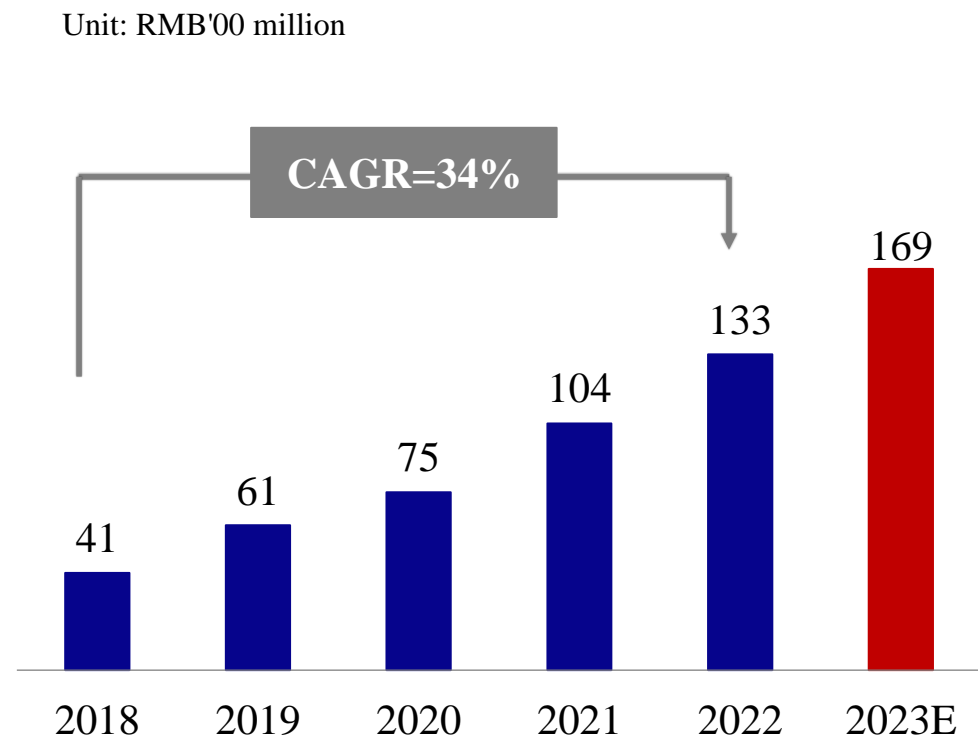
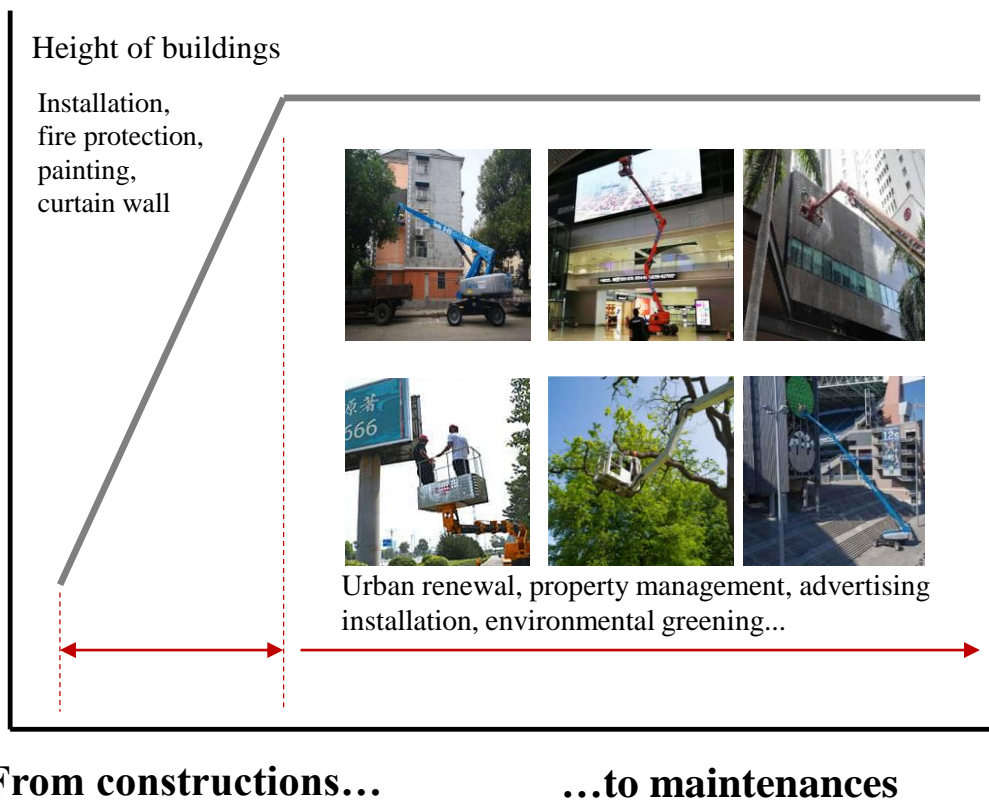


① Prosperous Core Business line: Aerial work platform

- Aerial work platforms have a diversified customer base structure, and the current business is mainly focused on new construction demand. In the past, the demand scene will move closer to stock buildings, and the relationship between market growth and new construction volume is weak

Demand scenarios and development trends of aerial work platform in China

The equipment operation service market size of aerial work platform in China





① Prosperous Core Business line: Neo-excavation system

- Benefiting from technology promotion and development, the Neo-excavation support system has continuously replaced the traditional shoring system in the fields of foundation pits and cofferdams

Upgrading trend of foundation pit shoring and cofferdam system in China

The equipment operation service market size of Neo-excavation system in China

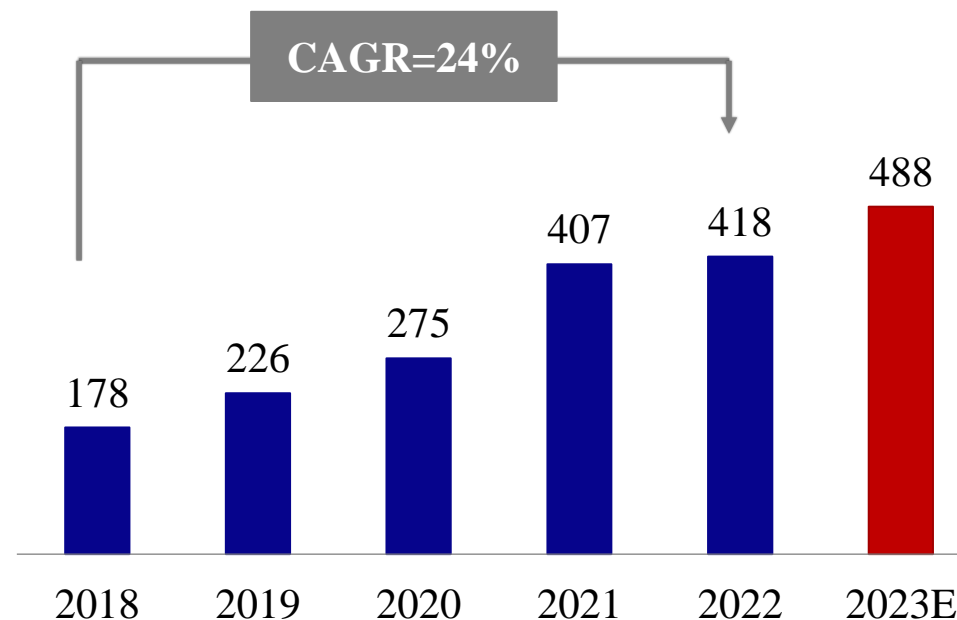
Neo-excavation system
(Prefabricated Temporary Steel Structure)

Unit: RMB'00 million

Traditional shoring system
(concrete, etc.)



- Shorten the construction period
- Reduce construction risk
- More environmental-friendly
- Reduce project costs






① Prosperous Core Business line: Neo-formwork system

- The Neo-formwork system has benefited from market demand and policy promotion, creating a trend of replacement for the huge stock of traditional scaffolding


Upgrading trend of formwork system in China

The equipment operation service market size of Neo-formwork system in China

Traditional scaffold (steel-pipe fasteners or bamboo material)

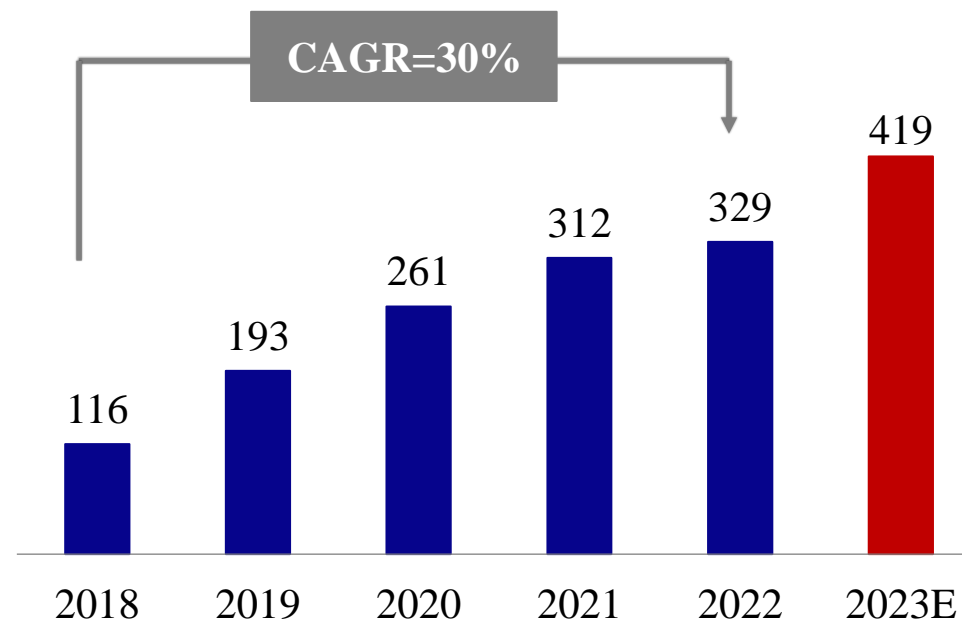


Neo-formwork system (Ring-lock scaffold)



- Shorten the construction period
- Greatly improve safety
- Save steel consumption
- Reduce construction costs

Unit: RMB'00 million



- ① Prosperous Core Business line
- ② Leading Service Capability
- ③ Optimal Operational Efficiency
- ④ Steady Business Operating Style



②Leading Service Capability- Rich equipment models and leading scale

- The company has a large-scale product line with rich categories and specifications, and a good supply of equipment can meet various customer needs



Aerial work platform

159 thousand units
No.1 in Asia and No.3 in
Globally

Diversified
Product Line



Scissor lift



Boom lift



Spider lift



Glass attachment
lift



Neo-excavation system

1551 thousand tons,
Leading in China

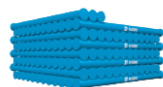
8 Categories
27 Models



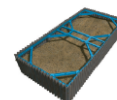
H-steel



Sheet pile



steel support



H- beam



Neo-formwork system

651 thousand tons,
Leading in China

12 Categories
3,400+ Models



Ring-lock
scaffold



Steel-pipe fastener
scaffold

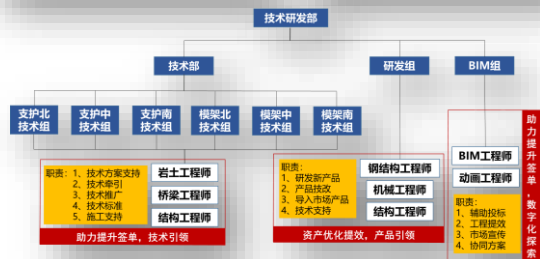


② Leading Service Capability-Outstanding technical strength, one-stop solution

- Based on the all-round and multi-dimensional service model covering the whole project cycle, the company can provide customers with tailor-made one-stop solutions

Industry-leading technical team

The company has a **technical research and development team of more than 100 people**, covering geotechnical engineering, structural engineering, steel structure engineering, bridge engineering, BIM engineering



Excellent research and development capabilities

The company has **more than 50 important patents** in Neo-excavation systems and Neo-formwork systems, which help to tailor solutions for projects, improve safety or save costs



One-stop comprehensive service capability

Through gaining technical capabilities, the company can provide **comprehensive one-stop solutions that integrating scheme design and construction management** for key, large-scale and high-end projects



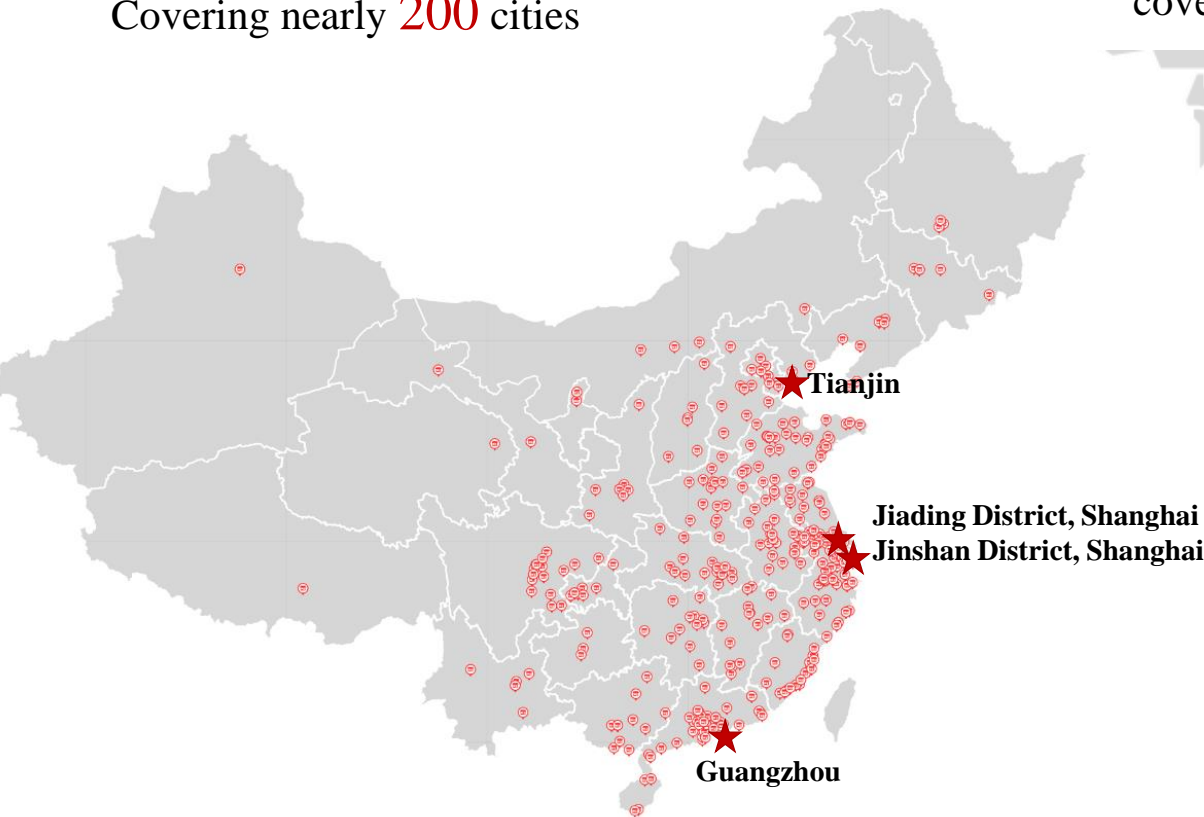
② Leading Service Capability— Huge outlet network, enter into overseas markets

- The company has the largest business service outlet network in China, and has deployed outlets in overseas markets. At the current stage, the company is focusing on Southeast Asia

Mainland China business outlets

4 main bases and **415** service outlets

Covering nearly **200** cities



Oversea business outlets

4 overseas business outlets have been set up,
covering **3** overseas countries/regions



- ① Prosperous Core Business line
- ② Leading Service Capability
- ③ **Optimal Operational Efficiency**
- ④ Steady Business Operating Style

③ Optimal operational efficiency – Precision marketing, digital management

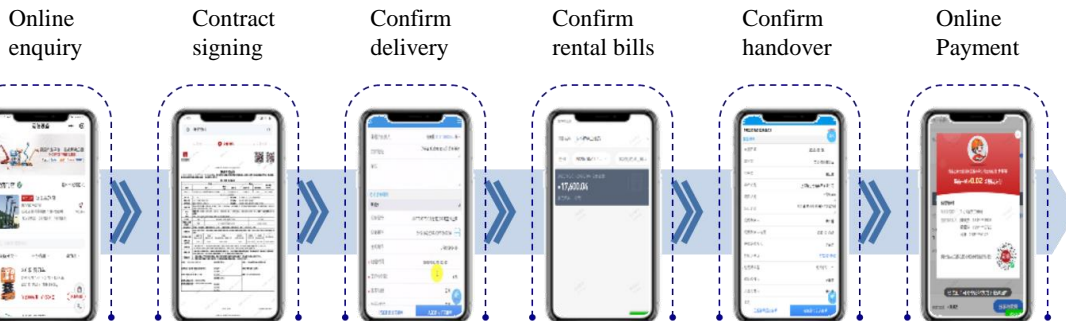
- A professional marketing team of more than 1,000 people is close to customers through densely distributed business outlets across the country, and manages business processes through our digital system, and customers can complete the business process through the digital platform without leaving home

Large and professional equipment operation service marketing team Digital business management



More than **1,200** frontline marketing staff

More than **200** frontline managers



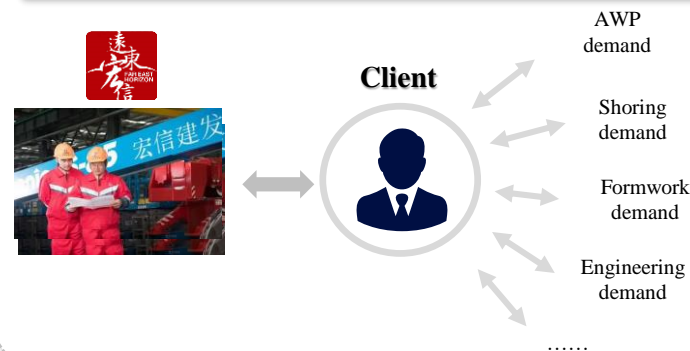
More than **99%** monthly contracts are executed online

More than **99.7%** equipment deliveries are confirmed by electronic billing

Strategy: Precise Marketing Target Cities

Screen out **90** key development cities based on market size, regional economy and population. The total GDP of the target area is **60** trillion yuan, covering a population of more than **590 million**. Focus on increasing the market share of the target area

Tactics: cross-selling, collaborative operations





③ Optimal operational efficiency-Fast response and efficient access

- Improve the efficiency of logistics and maintenance through digital and intelligent means, and the overall business operation efficiency has reached the best level in the industry

Significant advantage in logistics cost



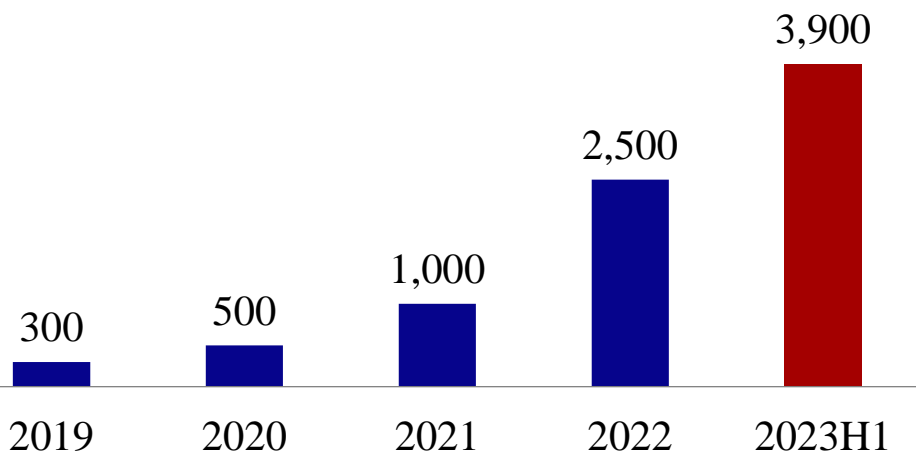
Equipment allocation capacity per employee is **1:3900**
Average Service Delivery Mileage at **37** kilometers⁽¹⁾

Efficiently respond to various service needs

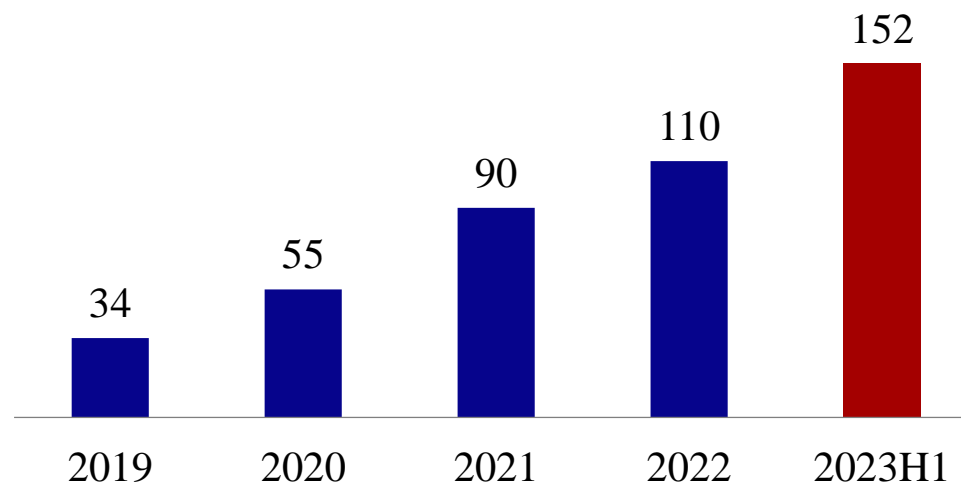


More than **1,000** service personnels
Equipment service capacity per employee is **1:152**
Service arrives in **1.5** hours on average⁽¹⁾

Equipment allocation capacity per employee



Equipment service capacity per employee



Note: (1) AWP business

- ① Prosperous Core Business line
- ② Leading Service Capability
- ③ Optimal Operational Efficiency
- ④ Steady Business Operating Style

④ Steady Business Operating Style – Resources

- The company has a strong lineup of shareholders, including high-quality long-term strategic investors in the industrial chain, to help the company find a development path that is stable and progressive

Controlling shareholder



China's leading financial service provider, with deep business understanding and resources in China's industries for more than 30 years

High-quality industrial investors



The company has unique resources in the industry



Comprehensive service collaboration



Resources assurance



Equipment quality and supply

④ Steady Business Operating Style – Financial policies and capital structure

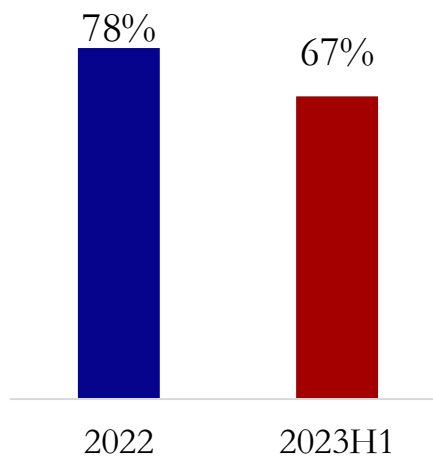
- The company focuses on the main business of equipment operation over long-term, adheres to a stable management style, and achieve long-term profit maximization and risk minimization

Prudent financial policy

- The depreciation period of the main equipment asset is **10 years**, which is lower than the industry average
- The expected credit loss ratio is **15.9%**, which is higher than the industry average

Stable capital structure

- The leverage ratio remains at a healthy level, and the asset-liability ratio in 2023H1 is **67%**



Abundant liquidity and credit

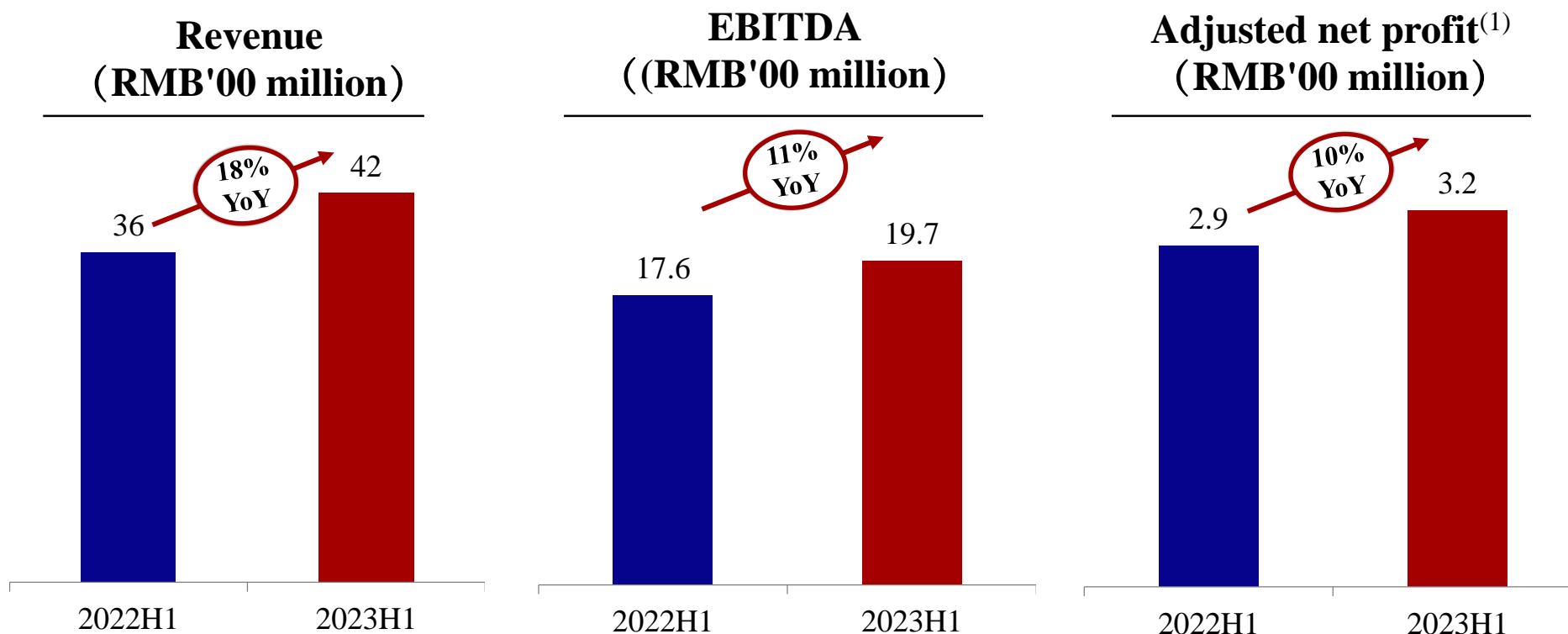
- More than **82** cooperative financial institutions, all kinds of leading financial institutions basically achieve full coverage, the total credit line exceeds **40 billion**, the average term exceeds **4 years**, the liquidity is abundant, and there is no duration mismatch

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



2023 H1 Results: Maintained a solid growth in overall performance

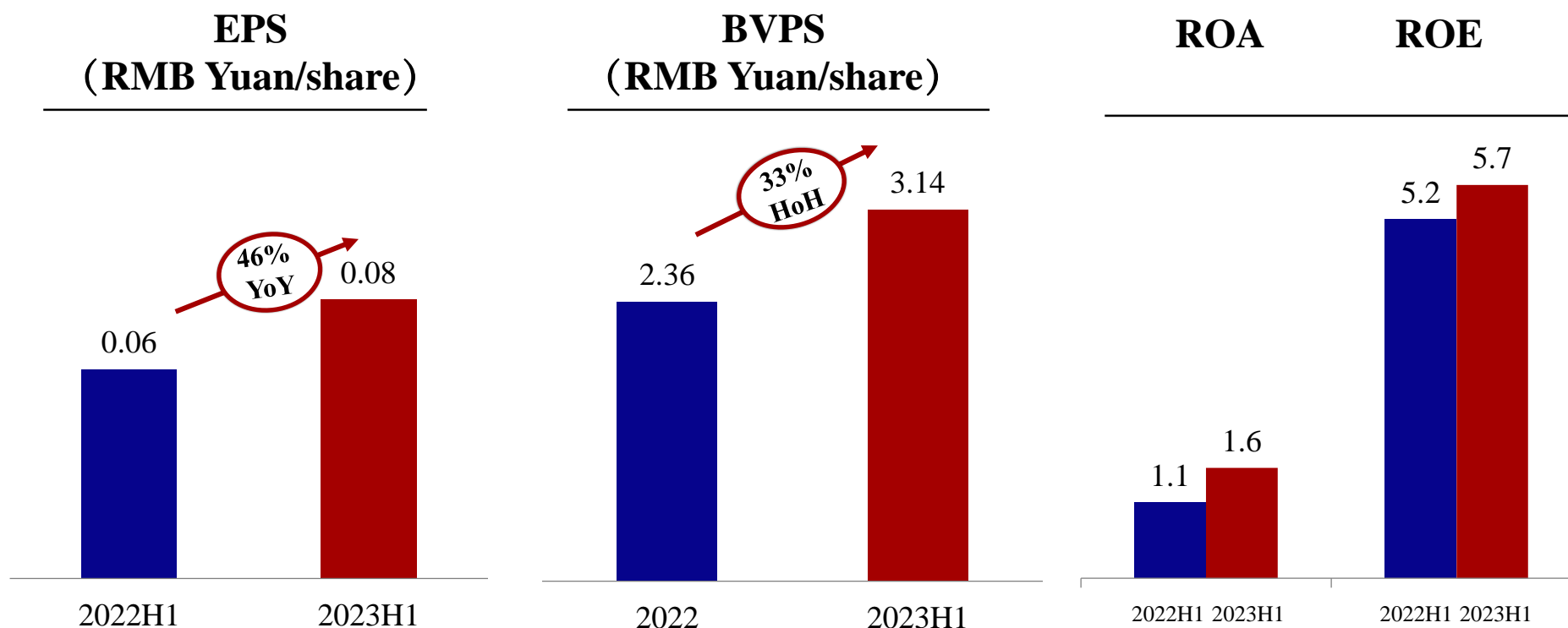
- In the first half of 2023, the company achieved a solid growth in overall performance, with total revenue increasing by approximately 18% year-on-year, EBITDA increasing by 11% year-on-year, and adjusted net profit increasing by approximately 10%





2023 H1 Profitability: Further enhanced

- EPS is 0.08 yuan, an increase of about 46% year-on-year; book value per share is 3.14 yuan, an increase of about 33% from the beginning of the year
- In the first half of the year, the ROA was about 1.6%, and the ROE was about 5.7% in the first half of the year, both of which have steadily increased compared with the same period last year

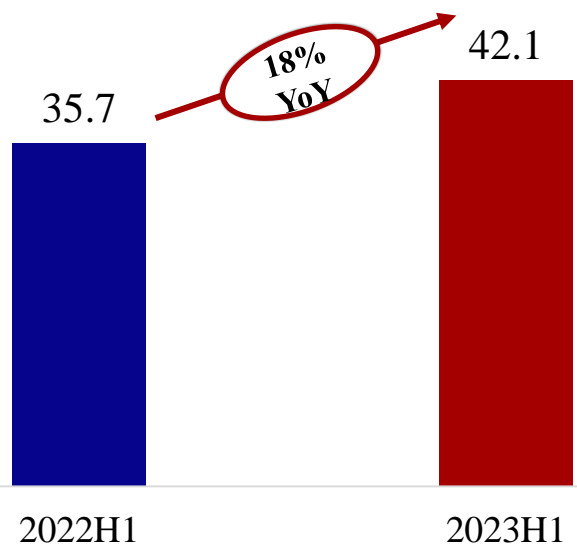




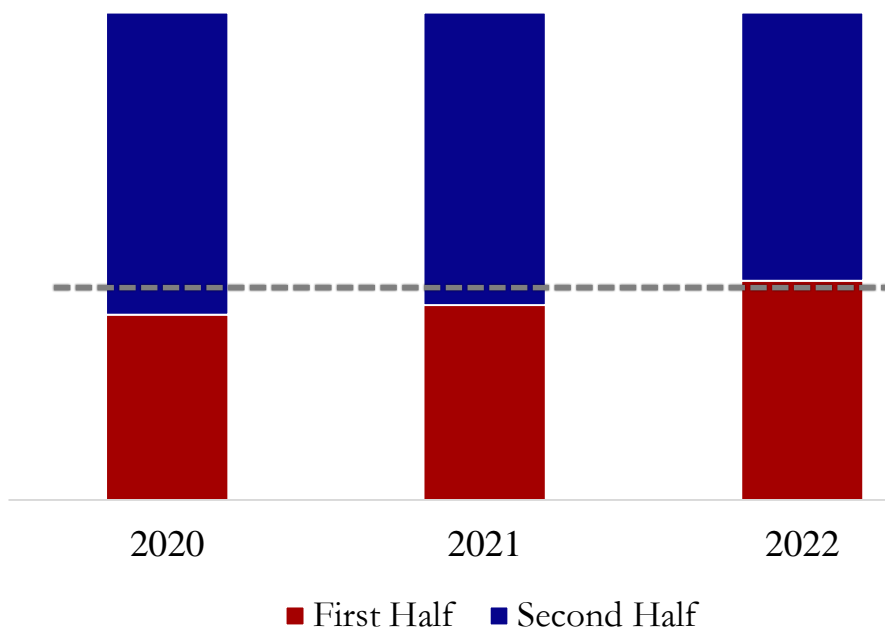
Total Revenue: Maintain solid growth

- In the first half of 2023, the company's revenue scale reached approximately RMB 4.21 billion, with a year-on-year growth rate of 18%
- Due to seasonal factors in the industry, the historical average revenue in the first half of the year is smaller than that in the second half of the year

Revenue (RMB'00 million)



Proportion of revenue earned in the first half of the past years



■ First Half ■ Second Half



Fundamental leasing business continues to grow

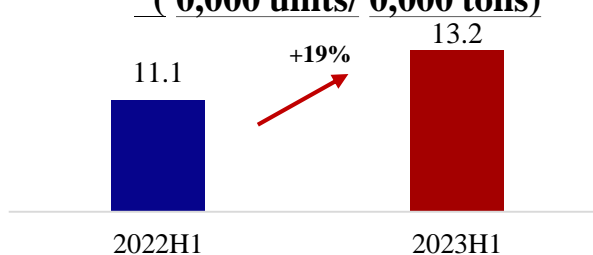
- The fleet size of Aerial Work Platforms (“AWP”) and Neo-formwork System increased, while Neo-Excavation System remain stable. The utilization rates of the three major product lines are better than that of the same period last year, among which the AWP has improved significantly

Equipment

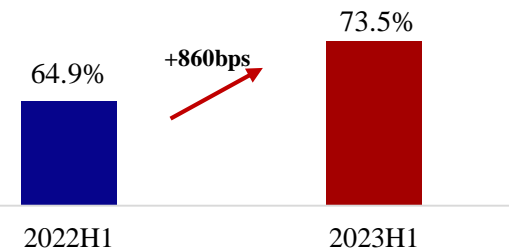


Aerial Work Platforms

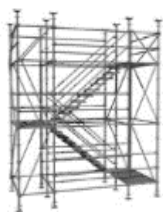
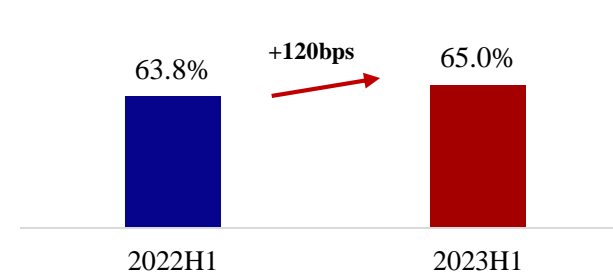
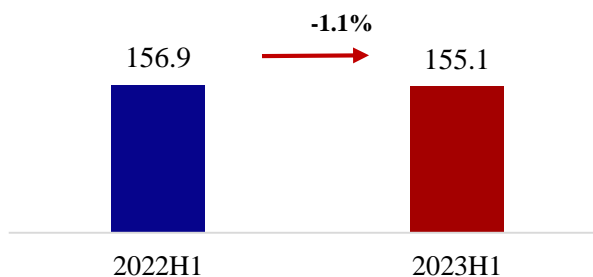
Volume of Owned Equipment (‘0,000 units/‘0,000 tons)



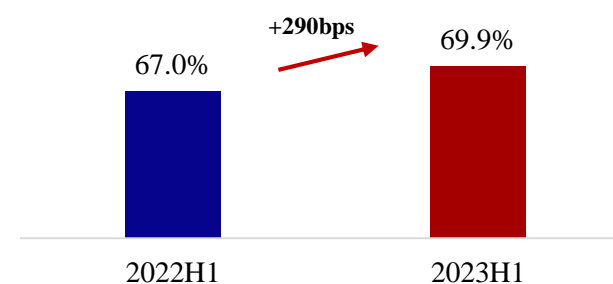
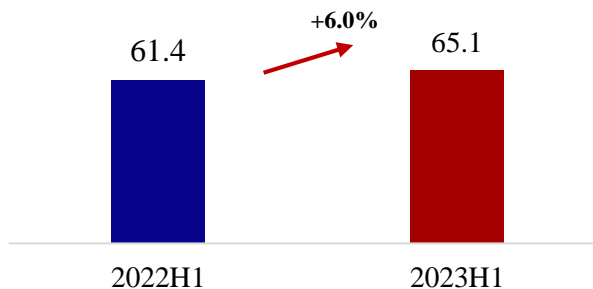
Utilization Rates



Neo-Excavation System



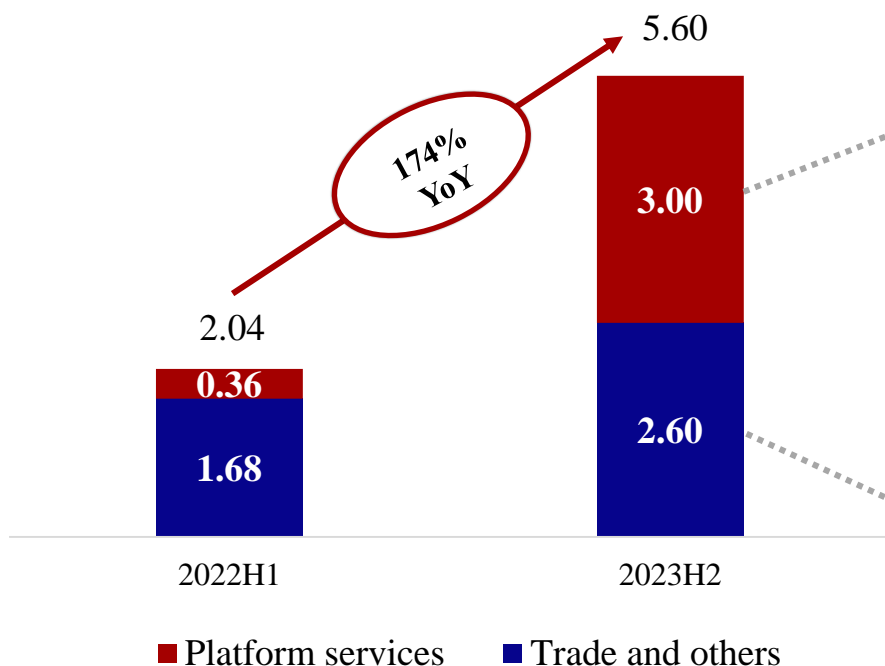
Neo-formwork System



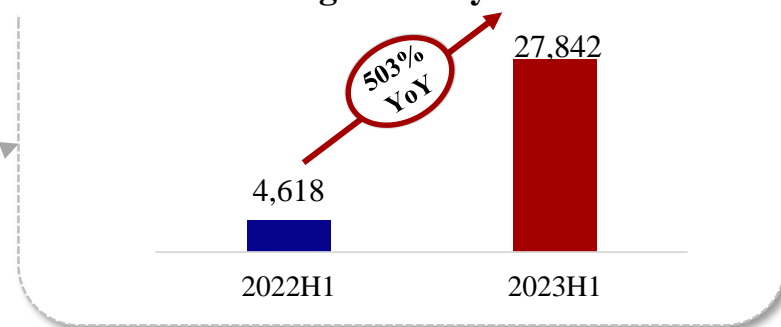
Continuous output of equipment management capabilities

- The company's equipment management capabilities have been recognized by more partners, and it has made considerable progress in equipment management service capabilities. In the first half of the year, the revenue from platforms services was about 560 million yuan, a year-on-year increase of about 174%. The revenue of trade and others also increased

Revenue of platform and other services (RMB'00 million)



The total volume of AWP under platform mode increased significantly



Opening more sales channels at domestic and overseas markets

From 2023, in addition to domestic sales channels, the company has begun to deploy overseas markets such as Indonesia, Malaysia, and Hong Kong, China.

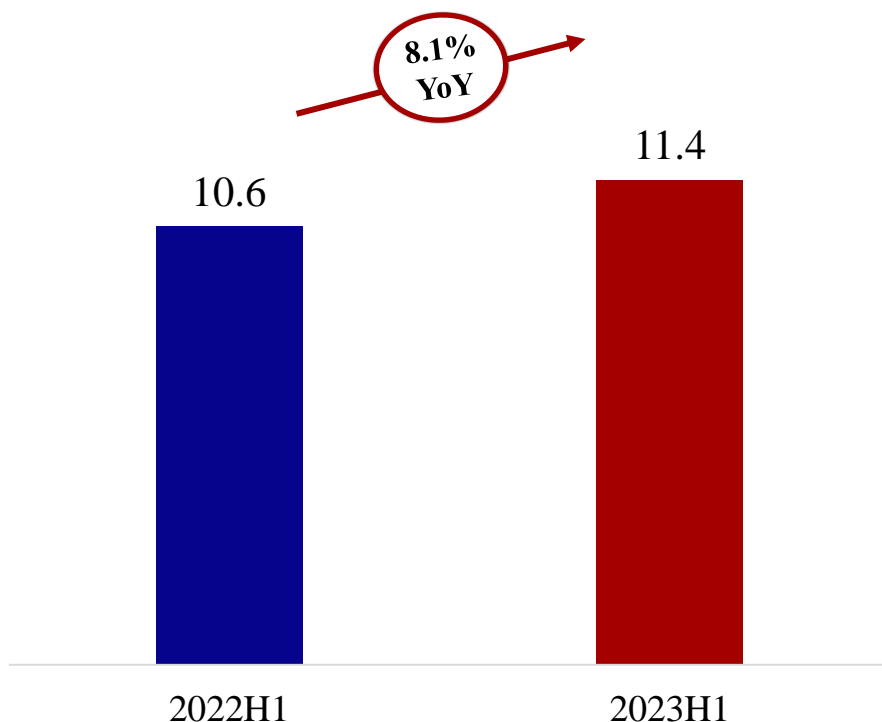
Good industry reputation, in-depth industry knowledge and rich experience in equipment supply, repair and maintenance enable us to provide high-quality second-hand aerial work platforms at reasonable prices for customers at domestic or abroad



Engineering solutions proven effective

- Thanks to the enhancement of the company's ability to enhance engineering solutions, the company's engineering and technical service revenue in the first half of the year was about 1.1 billion yuan, a year-on-year increase of about 8%

Revenue of engineering and technical services (RMB'00 million)



Continue to increase the marketing and promotion of technical services

From January to June 2023, the company hosted 12 large-scale technical exchange meetings in Chengdu, Jinan, Wuhan, Changsha and other places. In the first half of the year, Neo-Excavation System and Neo-formwork System engineers served more than 2,700 engineering projects in total with more than 1,100 bid-winning projects.



Continuous research and development to enhance technical service capabilities

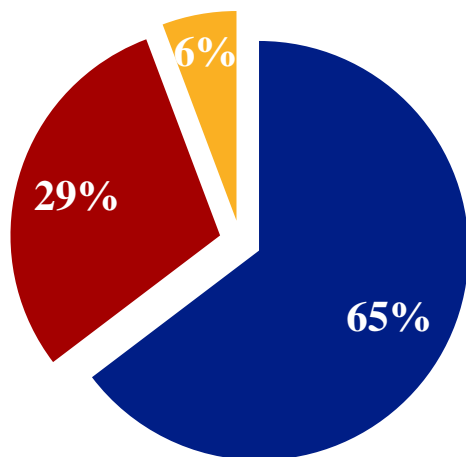
In March 2023, the company's prefabricated truss-shaped steel support system was reviewed by the Appraisal Meeting of the Shanghai Civil Engineering Society, and it was considered as a new type of green and low-carbon steel support technology. Application prospects, scientific and technological achievements have generally reached the international advanced level.



Diversified revenue structure demonstrates stronger service capabilities

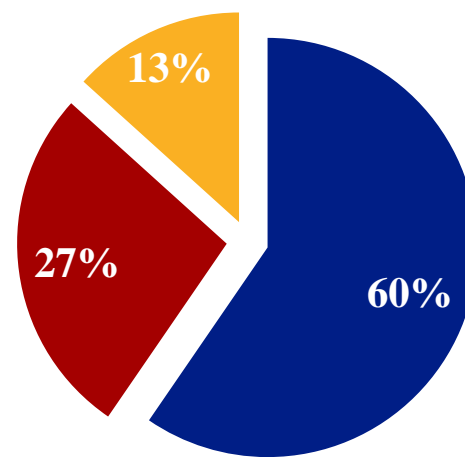
- The revenue structure has been further diversified, and the proportion of revenue other than operating leases has reached about 40%

2022H1 Revenue Structure



■ Operating Leasing
■ Engineering and Technical
■ Platform and Other

2023H1 Revenue Structure

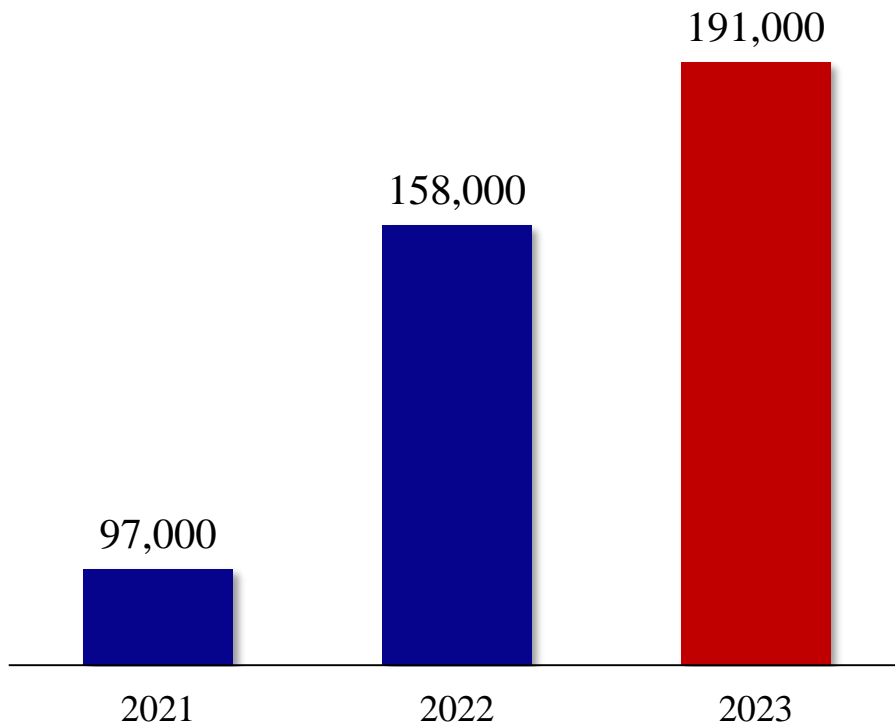


■ Operating Leasing
■ Engineering and Technical
■ Platform and Other

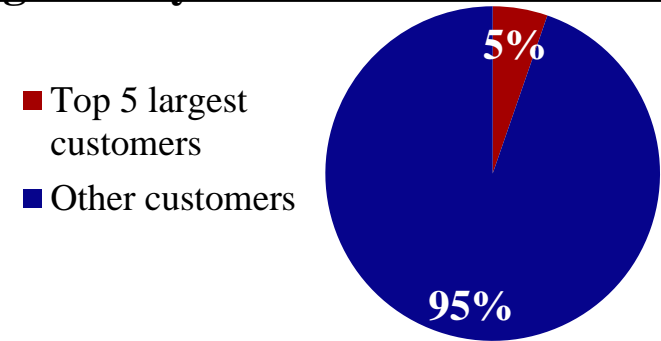
The service ability drives the increase in the number and stickiness of customers, thereby maintaining a strong ability to resist risks

- The business of AWP, Neo-excavation system and Neo-formwork system mainly operated by the company has diversified demands from downstream industries, especially AWP has a high degree of customer dispersion and strong anti-cyclical properties.

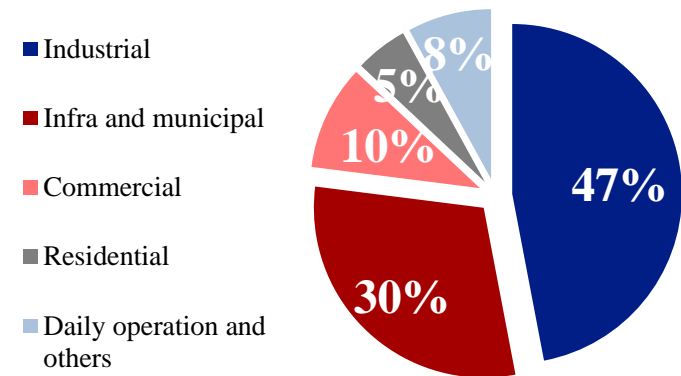
Total number of customer served



Top 5 largest single-entity customers concentrate ratio

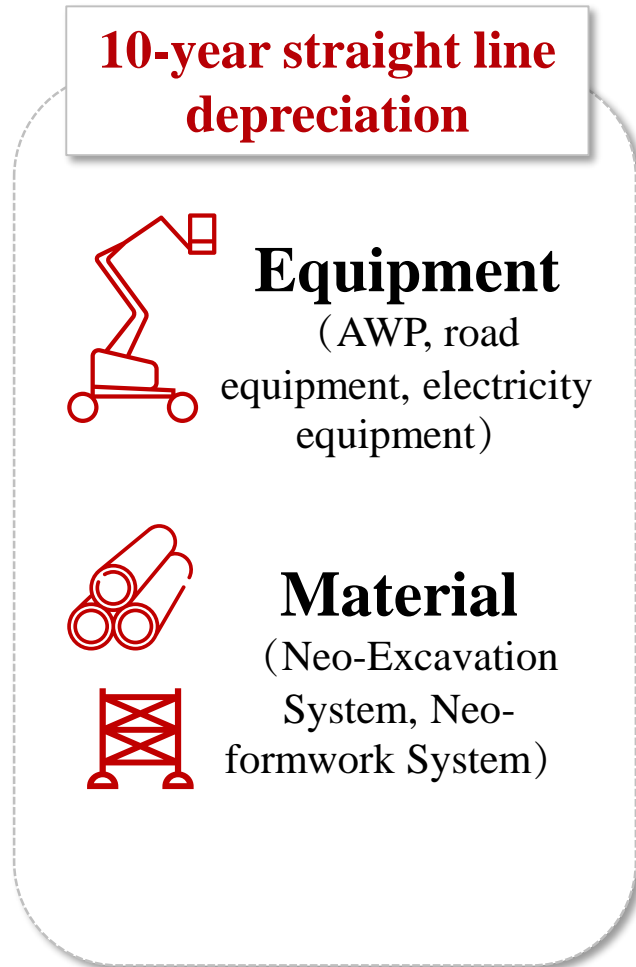


Distribution of our equipment usage scenarios in 2023H1

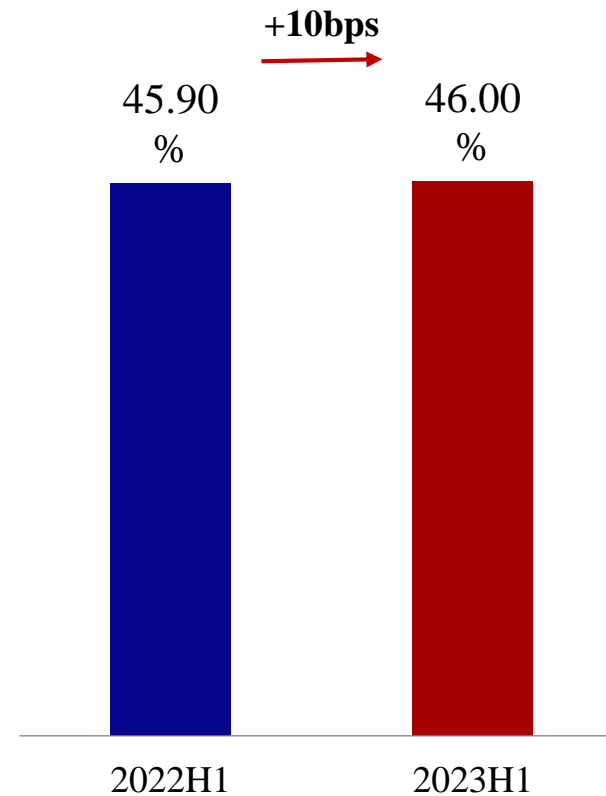


The depreciation policy is stable and the proportion of depreciation costs continues to be stable

- The 10-year depreciation method is adopted for major operating lease asset categories, and the depreciation cost rate is stable



Depreciation cost as percentage of operating lease revenue

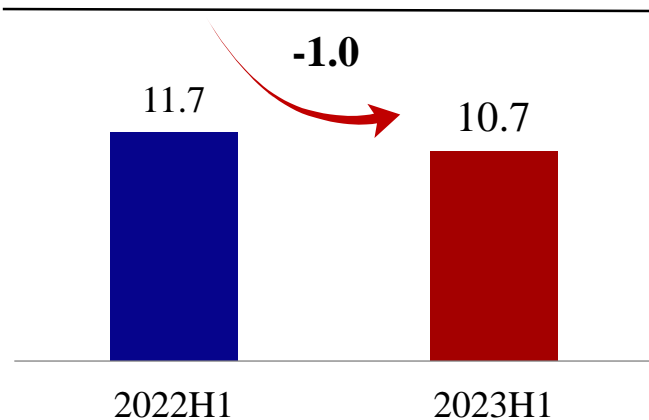




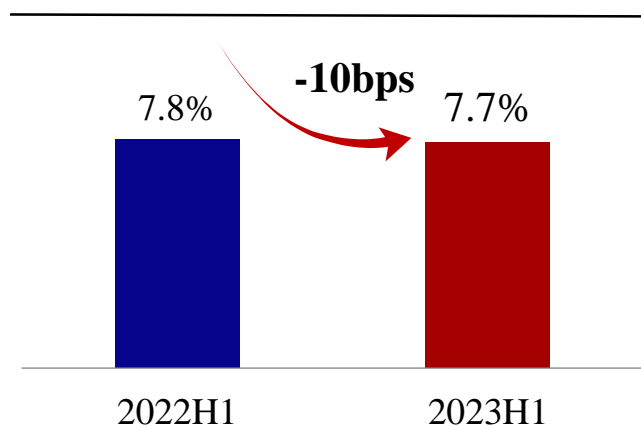
Significant reduction in various major expenses

- While the business scale is growing, the major expense rates are significantly reduced

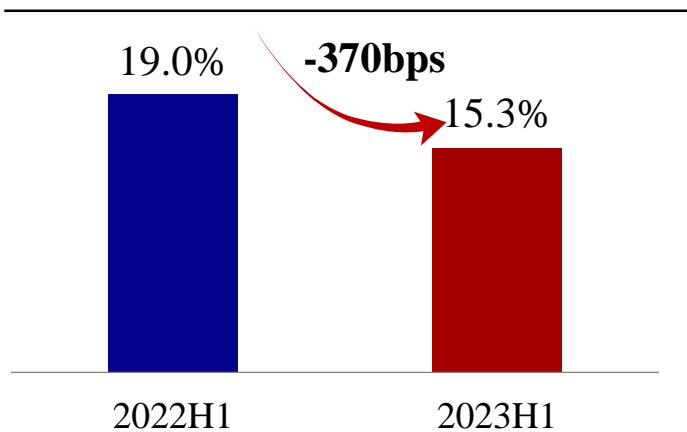
Unit price of logistics cost (Yuan/kilometer)



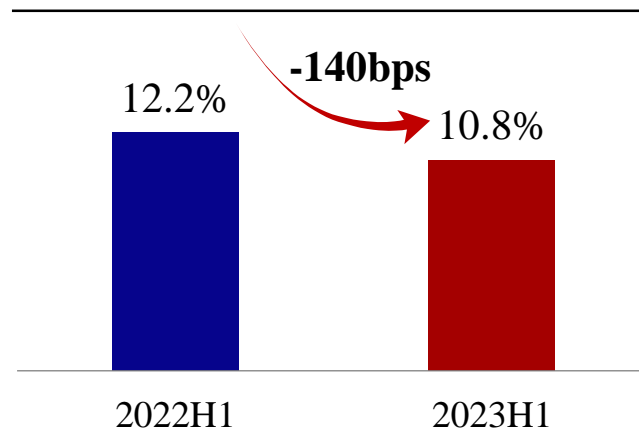
Maintenance cost rate



Staff and labor cost rate



Finance cost rate

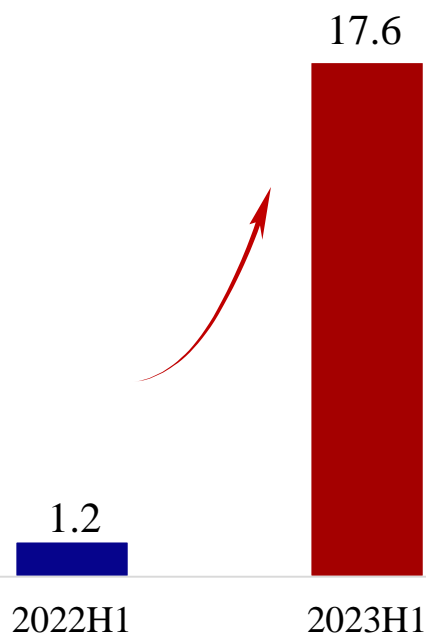




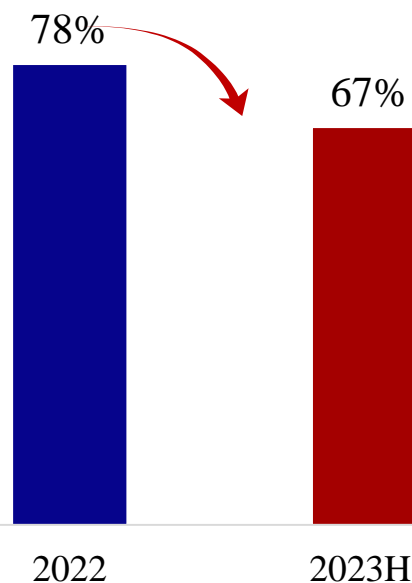
The capital structure is generally stable with the leverage reduced

- Our liquidity remains ample, and its net current assets have increased
- After the initial public offering, our funding became sufficient and our equity increased, thus our asset-liability ratio and leverage decreased

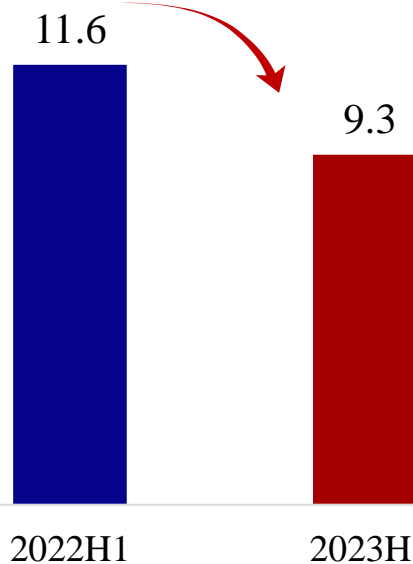
Net current assets (RMB'00 million)



Asset-liability ratio declined



Net debt to EBITDA ratio decreased⁽¹⁾

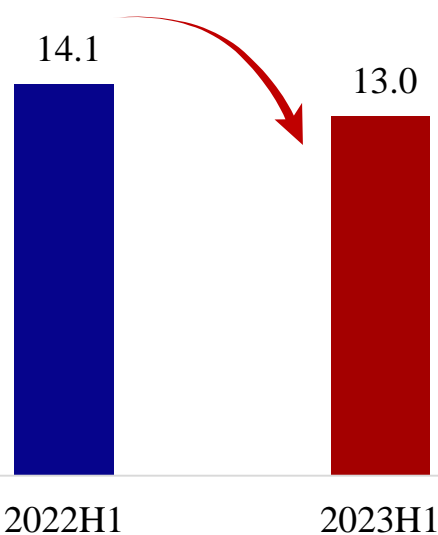


Note: (1) The ratio of net debt to EBITDA is calculated as: (total liabilities - cash and cash equivalents)/EBITDA

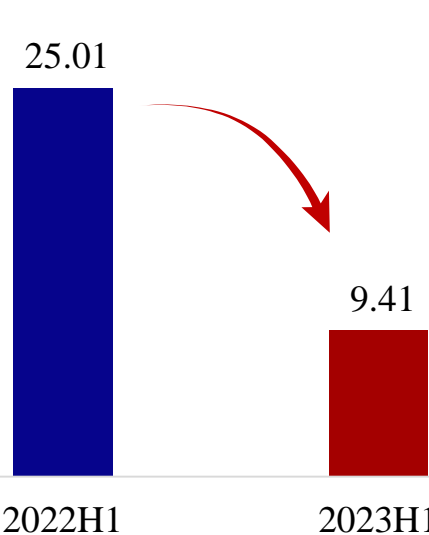
Free cash flow increased

- With the company's comprehensive operation services capability further enhanced, and by vigorously expanding the equipment management business with low capital occupation, the free cash flow has returned to positive in the first half of 2023.

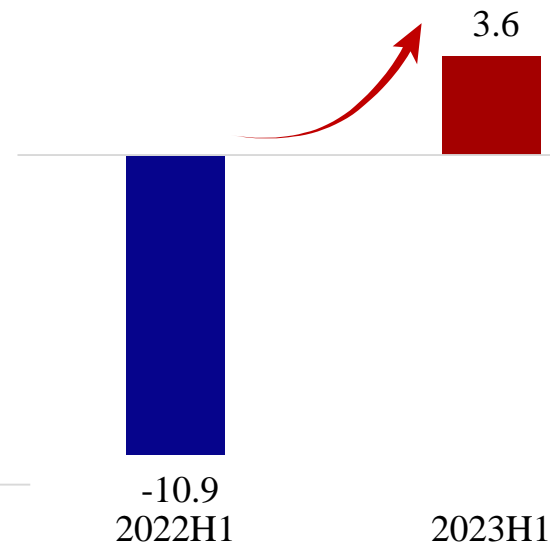
Operating Cash flow
(RMB'00 million)



Capex
(RMB'00 million)



Free Cash Flow⁽¹⁾
(RMB'00 million)



Condensed Balance Sheet

Unit: RMB'00 million	30 June 2023	31 Dec 2022	Change
Total assets	306	303	1.0%
Equipment and material for leasing and services	180	184	-2.4%
Trade receivables and contract assets	66	57	15.0%
Total liabilities	205	236	-13.0%
Total equity	101	67	50.7%
Equity attributable to owners of the parent	101	67	50.7%
Net assets per share (RMB yuan/share)	3.14	2.36	33.1%

Condensed Income Statement

Unit: RMB'00 million	2023.1-6	2022.1-6	Change
Revenue	42.06	35.65	18.0%
EBITDA	19.65	17.64	11.4%
Adjusted net profit ⁽¹⁾	3.18	2.89	9.8%
EPS (RMB Yuan/share)	0.08	0.06	46.4%
ROA	1.6%	1.1%	0.5pct
ROE	5.7%	5.2%	0.5pct

Note: (1) Adjusted net profit is calculated after restoring the interest expenses and net foreign exchange gains and losses of ordinary share redemption liabilities, as well as the listing expenses on the basis of net profit attributable to the ordinary shareholders

Condensed Income Statement

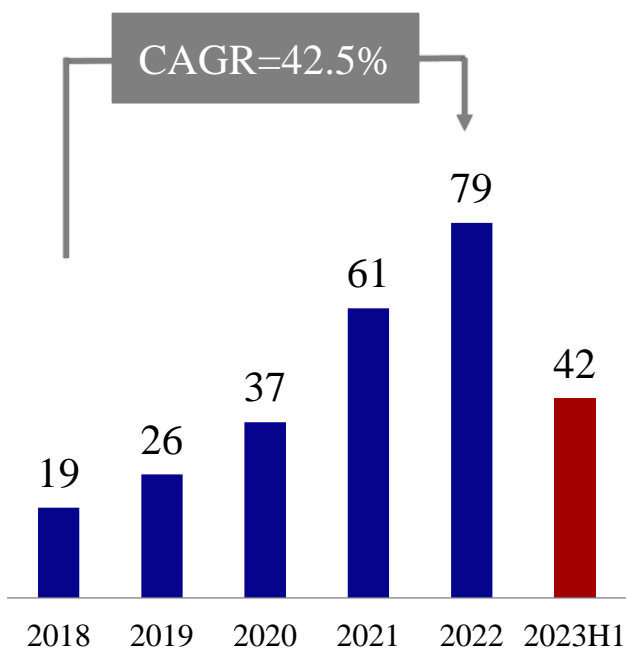
Unit: RMB'00 million	2023.1-6	2022.1-6	Change
Net profit	2.37	1.59	49.0%
Interest expenses and net foreign exchange gains and losses of the ordinary share redemption liabilities	0.68	1.25	-45.5%
Listing expenses	0.13	0.05	129.2%
Adjusted net profit	3.18	2.89	9.8%

Condensed Cash Flow Statement

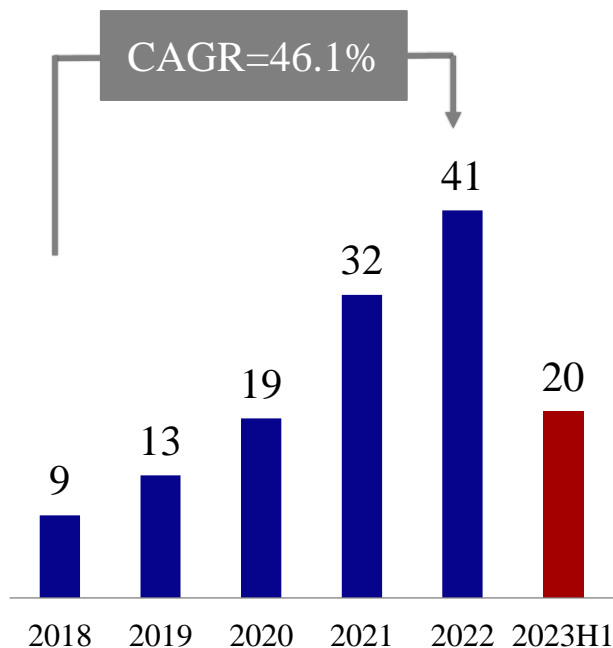
Unit: RMB'00 million	2023.1-6	2022.1-6	Change
Net change in cash and cash equivalents	2.0	6.1	-67.3%
Net cash flows from operating activities	13.0	14.1	-8.1%
Net cash flows from investing activities	-6.0	-23.9	-74.7%
Net cash flows from financing activities	-5.0	15.9	N/A
Cash and cash equivalents at the end of the period	23.6	11.2	110.9%

In the past, the company successfully achieved anti-cyclical high growth

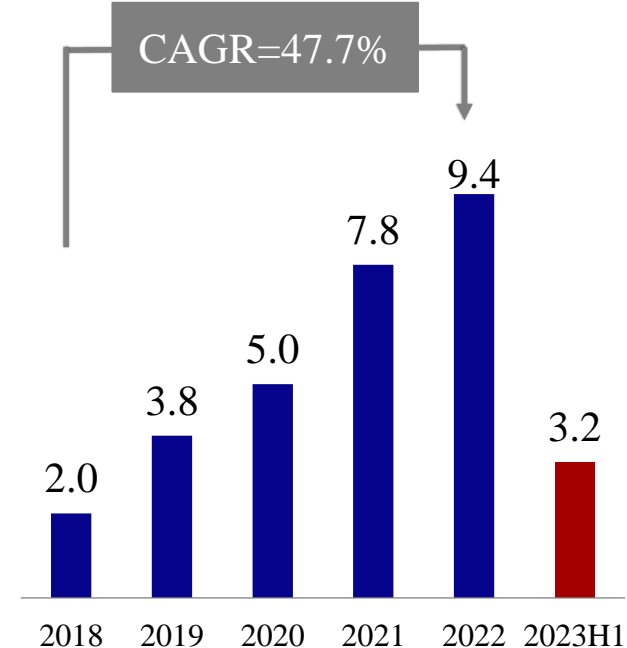
Revenue over the years (RMB'00 million)



EBITDA over the years (RMB'00 million)



Net profit over the years⁽¹⁾ (RMB'00 million)



Note: (1) Adjusted net profit applied after 2020

In the future, based on the existing core competitiveness, the company will expand into larger incremental markets

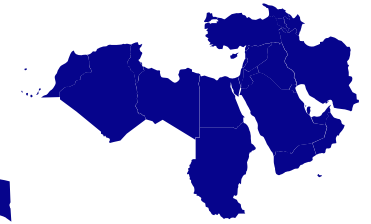
Based on mainland China, implement the "3+3+3" internationalization strategy



Mainland China

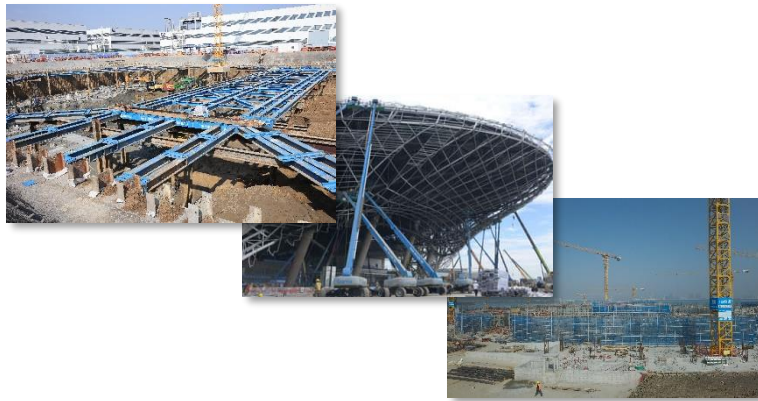


Southeast
Asia



Middle East and
North Africa

Serve more diverse customer groups and equipment needs



Traditional Constructions



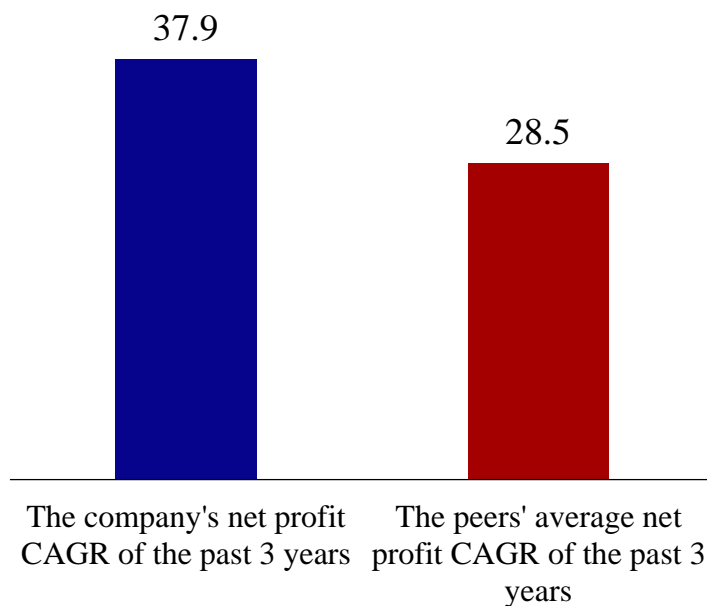
Urban operation and maintenance, industrial operation and maintenance, cultural and consumption, emergency support, new infrastructure construction...

At present, the company's growth rate is leading, and its valuation has great potential for improvement

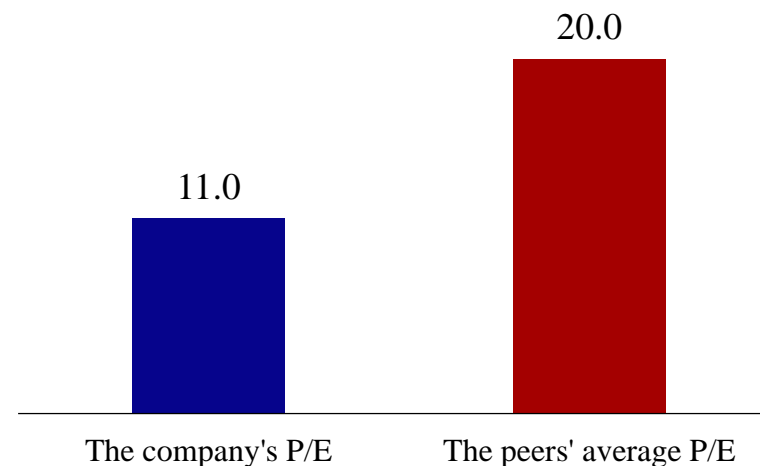
- The company's overall growth rate is higher than other listed companies in the same industry
- The company's P/E multiple has a significant discount compared to its peers in the market

The company's growth rate Is higher than peers ⁽¹⁾

Unit: %



The company's P/E multiple has a significant discount compared to peers ⁽¹⁾





Q & A



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