



宏信建发  
CDHORIZON

# Investor Presentation

## Horizon Construction Development

August 2024



## Disclaimer

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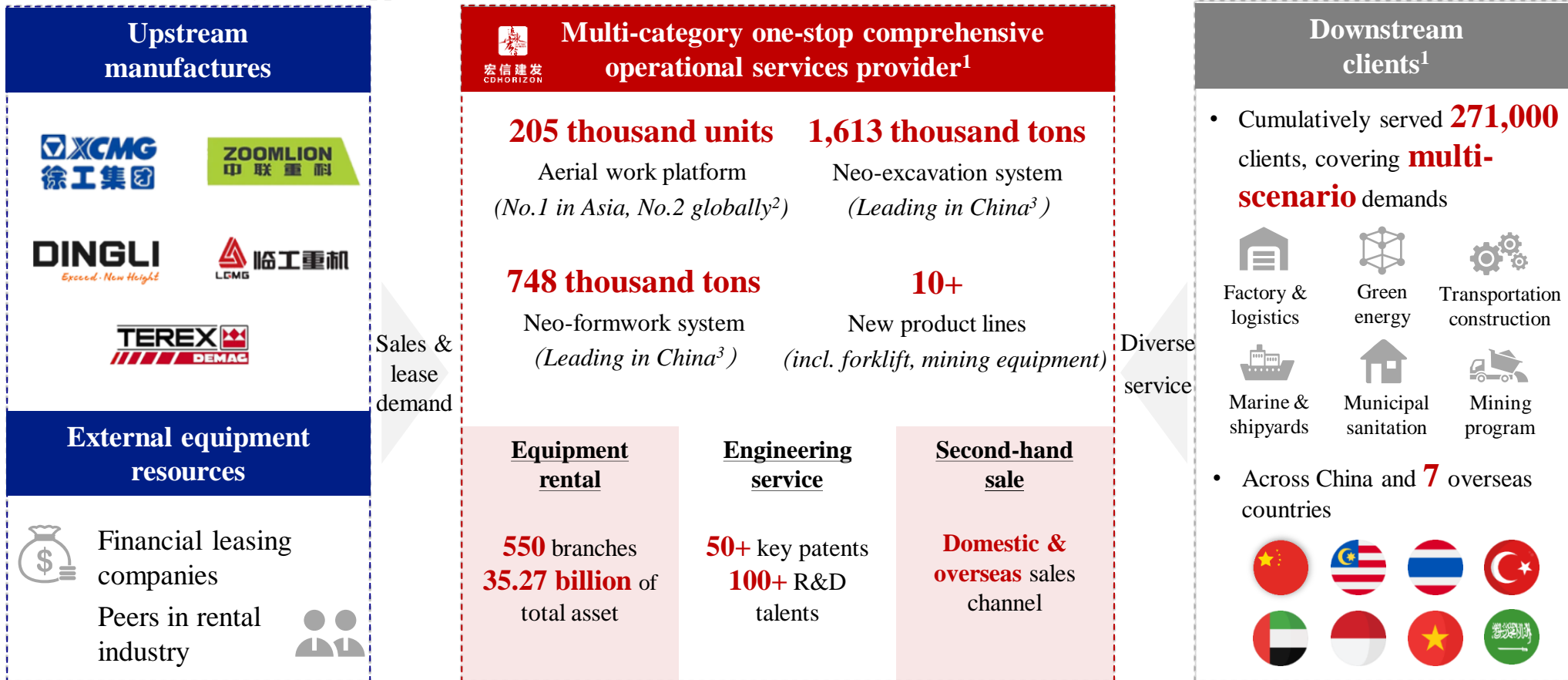
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Note: Unless otherwise specified, all monetary amounts stated herein are denominated in RMB.

# HCD: The leading equipment comprehensive operation service provider in China

- Horizon Construction Development (“HCD”) has been in the dominant position in China’s equipment operation service industry for years.
  - Total asset reaches about **RMB35.27 billion**, and the volumes of aerial work platforms (“AWP”), Neo-excavation systems & Neo-formwork systems under management are **leading the domestic market**.
  - Established **550** branches globally
  - Cumulatively served approximately **271,000** clients



Notes:

1. Data for the first half of 2024.

2. According to 2024 ACCESS50 (Global Top 50 AWP Rentals) by KHL Group;

3. According to Frost & Sullivan report

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

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

## Phase 1 (current phase)



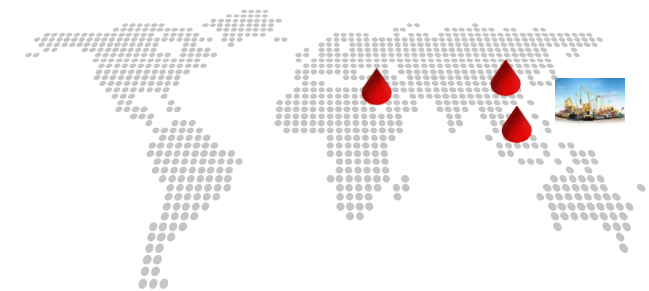
- Absolutely leading in China market
- Explore the Southeast Asian market
- Equipment operation with selective categories

## Phase 2



- Absolutely leading in China market and Southeast Asia market
- Explore the Middle East and North Africa market
- Comprehensive equipment operation

## Phase 3



- Market leaderships in China market, Southeast Asia market, Middle East and North Africa market
- **First-class comprehensive equipment operation service provider**

1 **Interim Business Overview**

2 Interim Financials Overview

# 1. Domestic Business



## The market environment in Mainland China

- In the first half of 2024, China's macro-economy focused on stable development and high-quality growth, while the investment in manufacturing sector and infrastructure showed steady increase, supporting the demand of equipment operation in construction sector in China
- Under the impact from supply and demand structure, the domestic rental price of aerial work platform and ring-lock scaffold continued to decrease.

### Domestic investment in manufacturing sector and infrastructure remained stable

China's investment in manufacturing sector in 1H24:

**+9.5% year-on-year**

China's investment in infrastructure in 1H24:

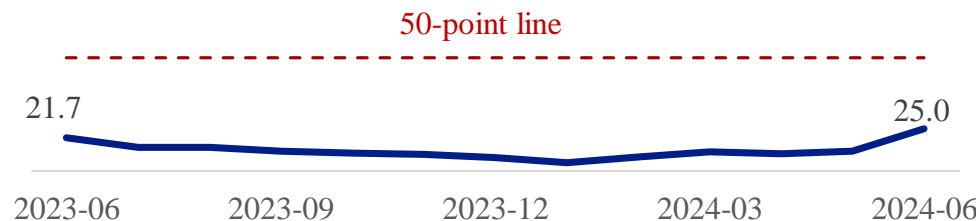
**+5.4% year-on-year**

### Pressure on rental price of AWP and ring-lock scaffold in China

Domestic rental price index of AWP



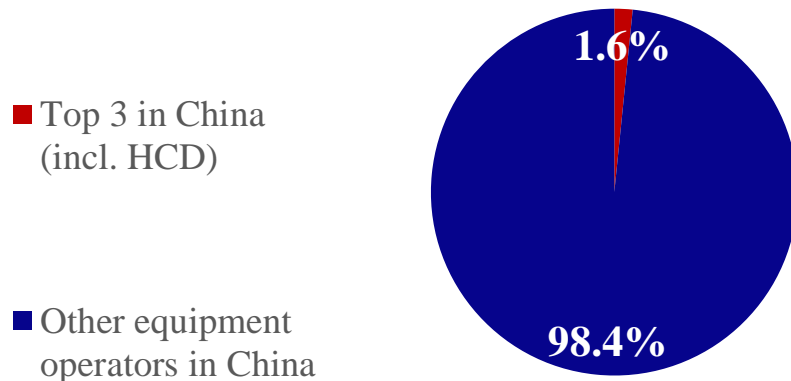
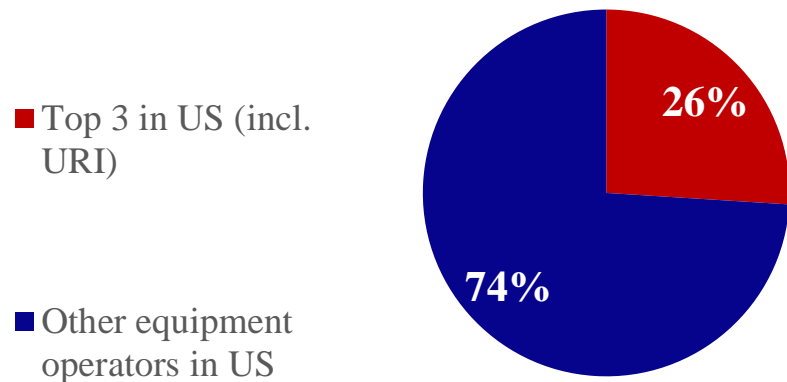
Domestic rental price index of ring-lock scaffold



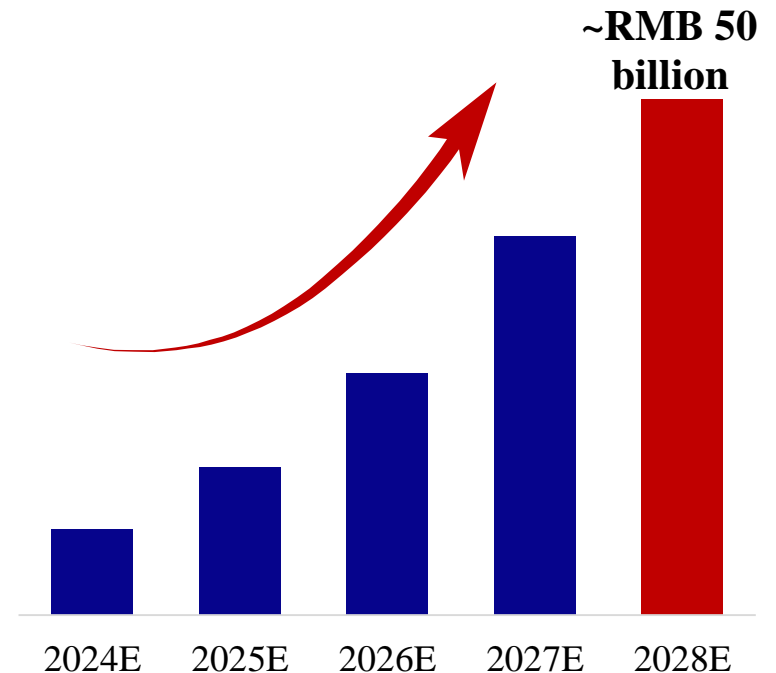
# Domestic strategy: Keep increasing our market share and enhancing our leading position in China

- Compared to mature markets, the consolidation potential of China’s equipment operation market is huge with significant room for improvement in the market concentration.
- The company will further increase the market share in China and expand its dominant edges in the market.

## Top 3 concentration ratio (CR3) in China’s and the United States’ equipment operation market



## The company’s domestic asset management target for next five years



Note: The domestic asset management target is a forward-looking forecast figure, and the final result may change with the adjustment of the business target



# Initiative ①: Strategically densify branch network, and continue to strengthen service capability

- During 1H24, the company strategically deployed domestic branches in different market regions. There have been 515 branches in total in mainland China and Hong Kong, serving range across over 200 cities
- Empower logistic and maintenance through digital and intelligent system, thus achieving the quickest response to client needs and maintaining operating efficiency at the best level in the industry

## Branches in China

4 main bases and **514** branches in mainland China and **1** in Hong Kong, covering over **200** cities



## Service Efficiency



Equipment allocation capacity per capita

**1:5100**



Average service delivery mileage<sup>1</sup>

**36.6 km**



Service personnel

**Over 1,200**



Equipment service capacity per capita

**1:234**



## Initiative ②: Explore new equipment categories and application scenarios

- With the intensified efforts in expanding and deepening the business, in addition to the existing equipment lines, the company continued to enrich new equipment categories and explored new client scenarios, in order to provide diversified clients with comprehensive equipment operation solutions

### Multi-product Matrix

- Established a diversified product portfolio to better satisfy the comprehensive client needs
- Scaling up the new equipment categories with the existing clients and to continuously explore new potentials

Introduced **10+** new product lines



Diesel forklift



Dump truck



Excavator



Glass attachment lift



Tele-handler

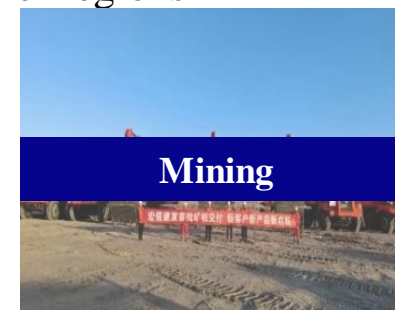


Spider crane

.....

### Multi-scenario Concentration

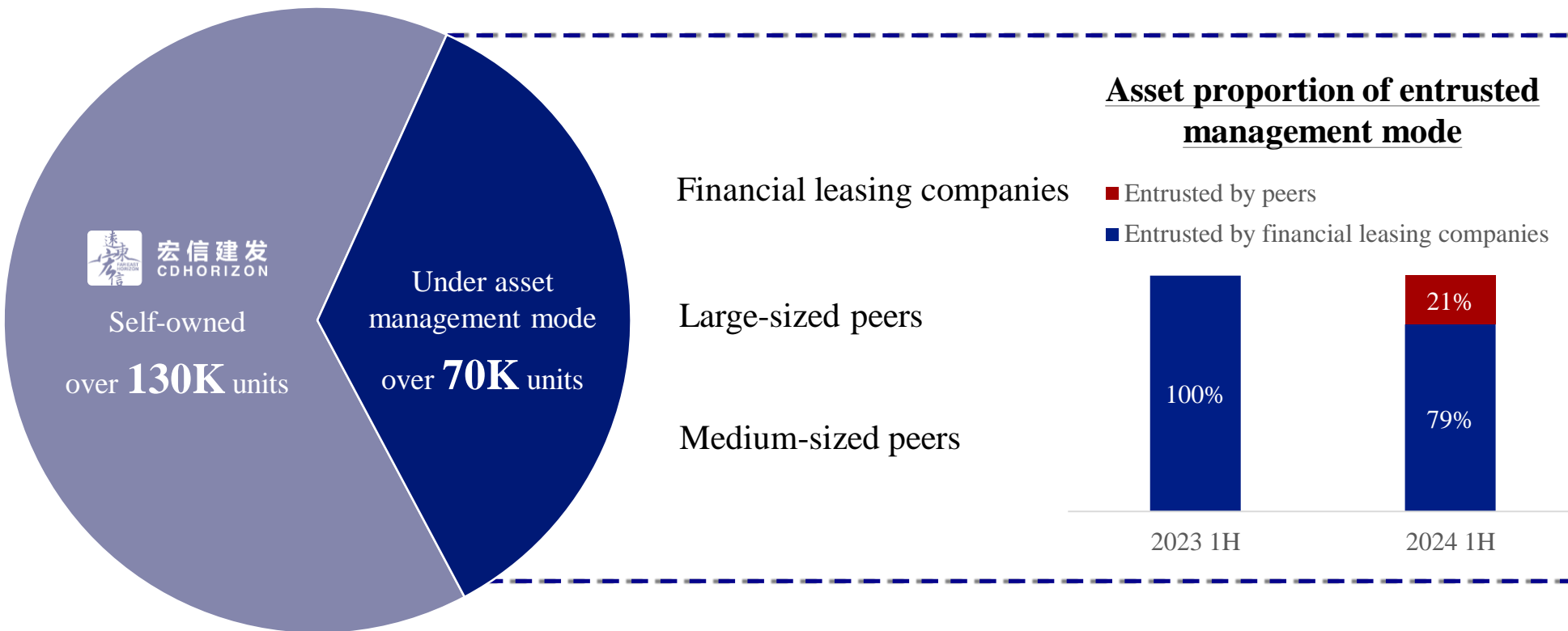
- Expanding non-construction scenarios to reinforce our ability to defend against single-industry risk
- Exploring the scalable verticals based on the industrial properties of regions





## Initiative ③: Build strong asset management capability

- Leveraging the nationwide operational network, digital management system and profound equipment operation experience, the company has further enlarged its market share based on its self-owned asset pool through asset management mode



Total fleet size of AWP's under management:  
over **200K** units



# Initiative ④: Deeply utilize digitalization to enhance operational efficiency

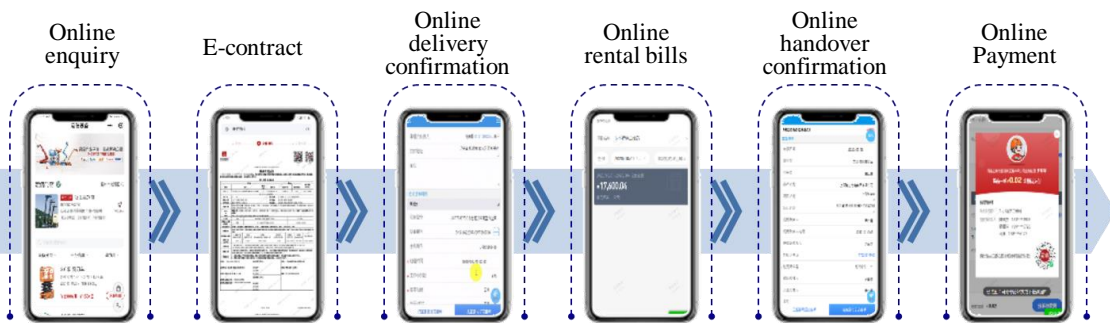
- Constantly utilizing digital methods to manage business processes

## Digital business management approach

Total fleet size  
Over **200K** units

+

Front-line & service team  
Over **3,600** personnel



Digitalization rate of contract signing and equipment delivery

~100%

## Recent R&D achievements

### Rental asset management platform for client use



Assisting large-sized clients, such as state-owned enterprises, in improving project management efficiency and construction safety. This platform has been used by over 200 clients.

### Vehicle-free freight platform



Independently developed and operated a vehicle-free freight platform system with the vehicle-free freight qualification. It helps realize centralized scheduling and optimal resource allocation, enhance the vehicle mileage utilization, and reduce the average waiting period as well as logistics transaction costs

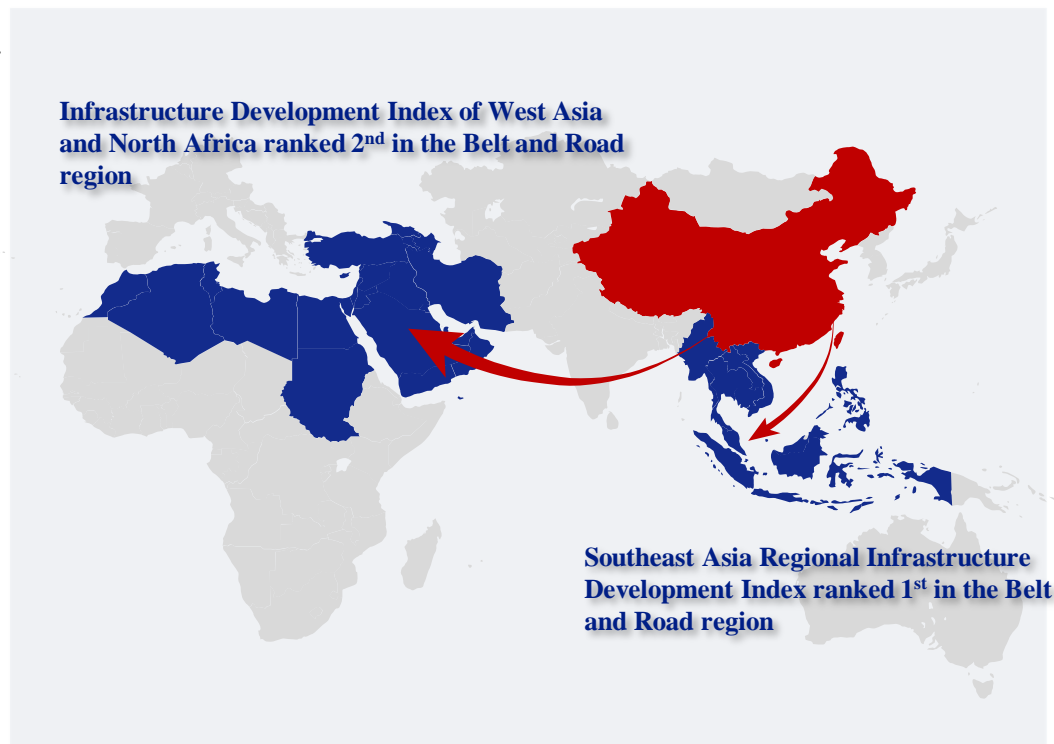
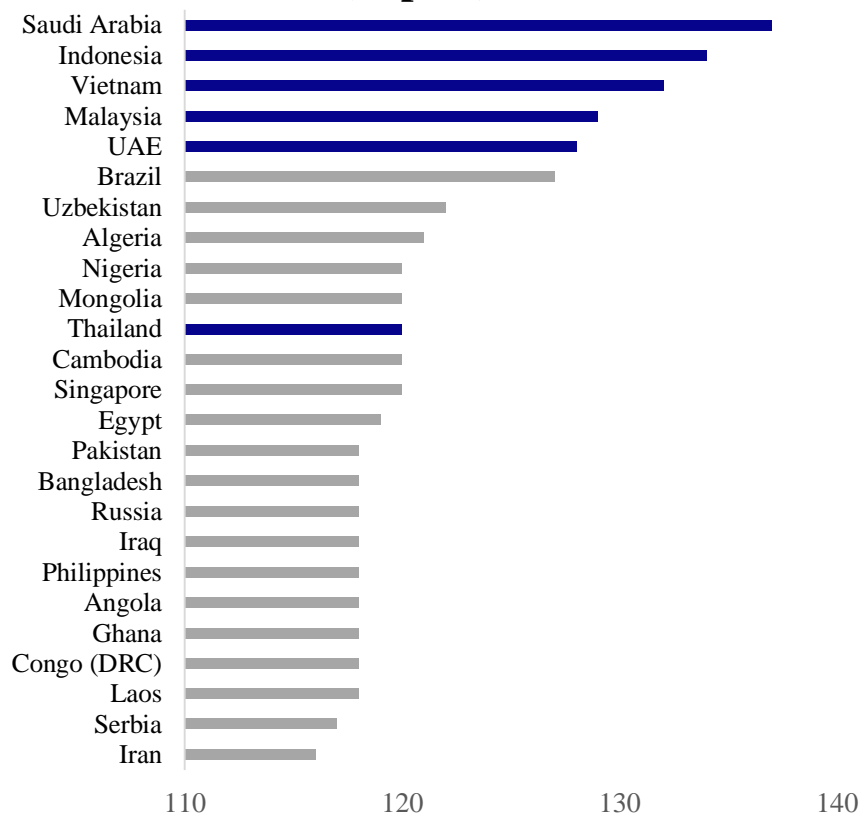
## 2. Overseas Business



# Overview of overseas markets

- The fixed asset investment and construction demand in Southeast Asia, Middle East and North Africa continue to expand
- It is expected that the demand for equipment operation services in these markets will continue to grow

## **Infrastructure Development Index of “Belt and Road” Cooperating Countries in 2024 (Top 25)**



HCD implements the "3+3+3" strategy to fully realize business layout in the selected overseas markets



# Accelerated overseas business development in the first half

- In the first half, while accelerating the business development in the Southeast Asian market which the company had tapped into, the company continued to explore the potential in the Middle East market and established the presence in the markets of Indonesia, Malaysia, Vietnam, Thailand, Saudi Arabia, the United Arab Emirates and Turkey.

## 7 overseas countries with HCD branches<sup>1</sup>



## Overseas business layout progress<sup>1</sup>

**35**  
Branches established

Approx. **RMB 1 billion<sup>2</sup>**  
Total original asset value

Approx. **4,800 units**  
of Equipment

Approx. **47,000 tons**  
of Material

Approx. **400**  
Employees

Approx. **400**  
Clients served

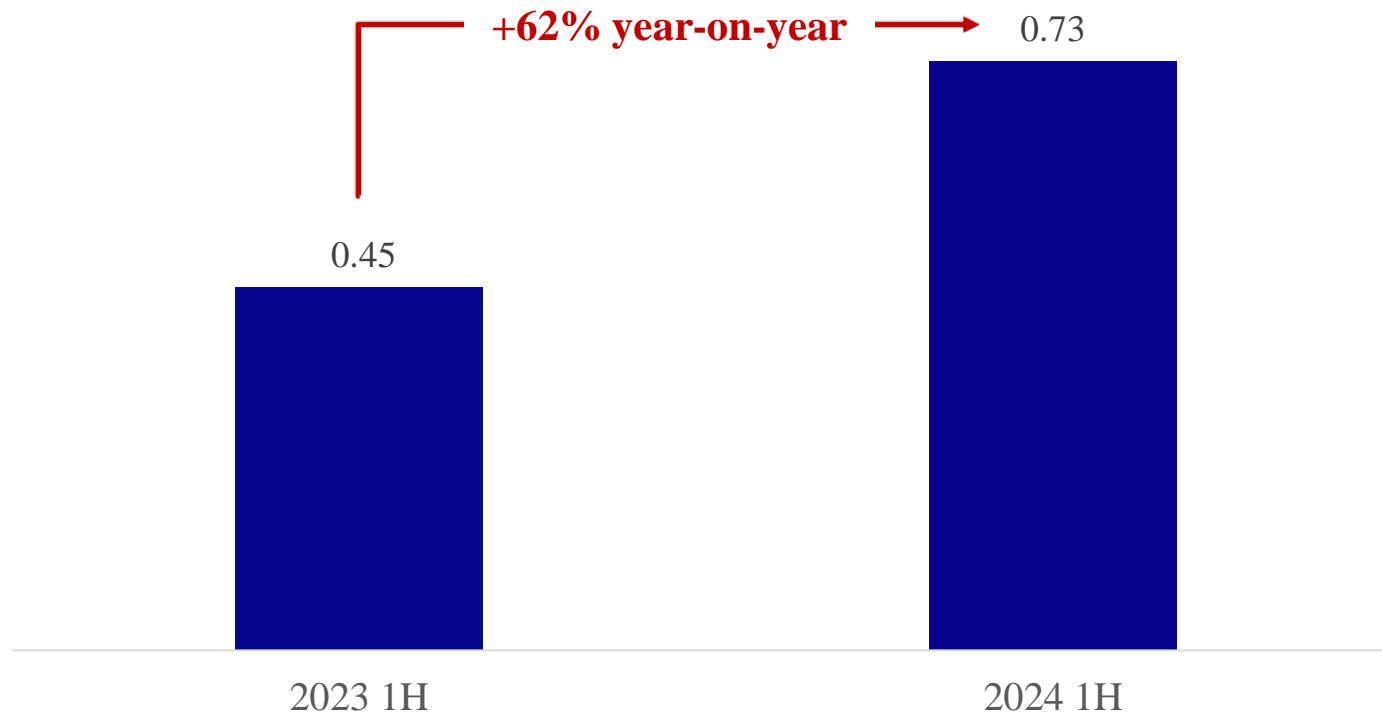
Note:  
1. As of 30 June 2024  
2. Including Hong Kong (China)



## Revenue generated from overseas markets

- The company's overseas business revenue has increased significantly, especially with the businesses in the first-batch overseas countries starting to contribute to the revenue increase

### Overseas Business Revenue (RMB'00 million)



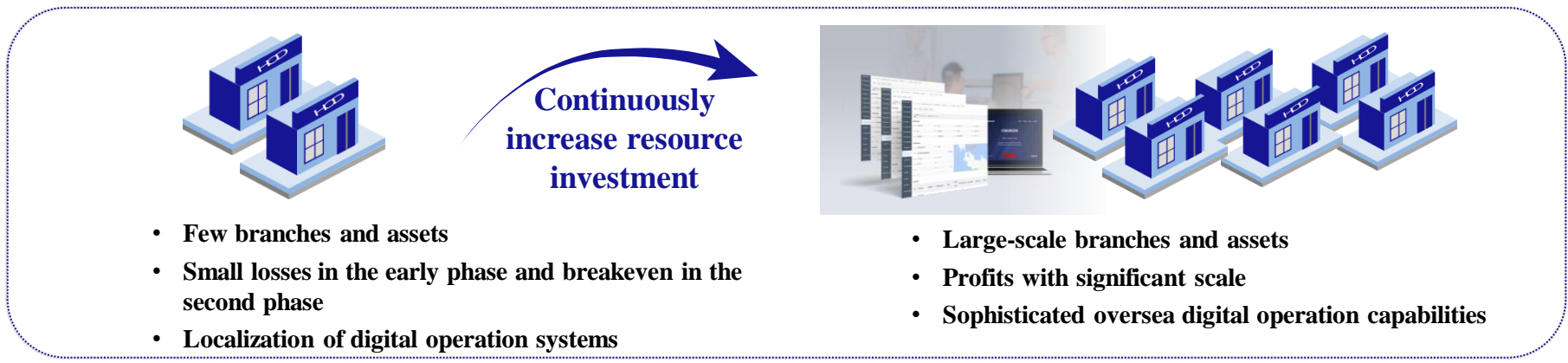
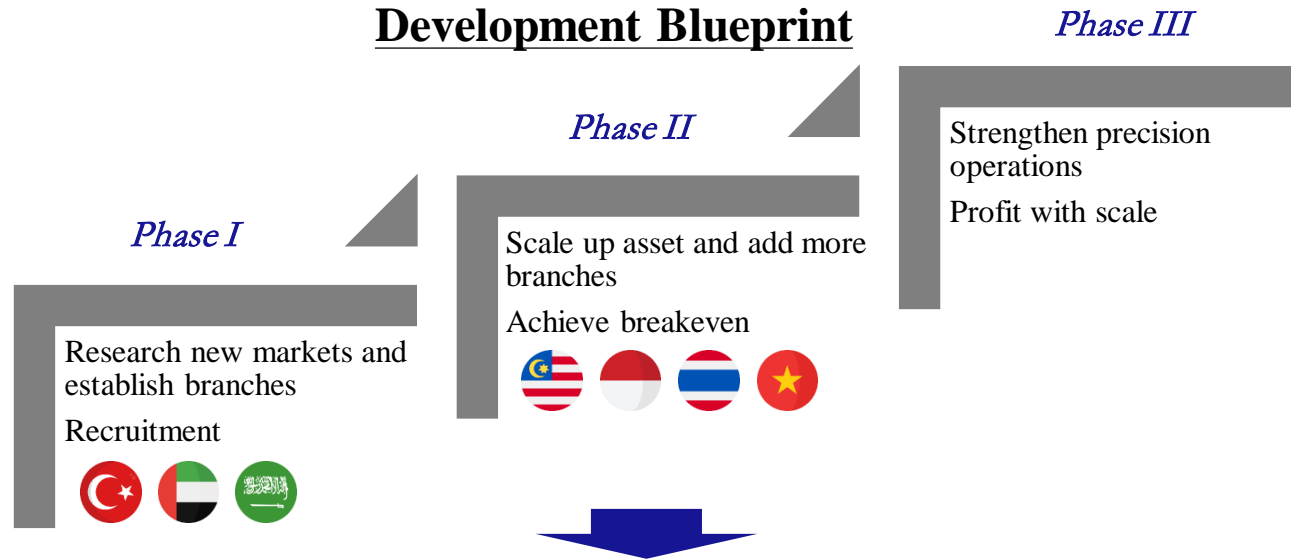




# Oversea business development planning

- In the future, the company's branches in each country will need to achieve large-scale asset layout, gradually realize breakeven and achieve profitability.

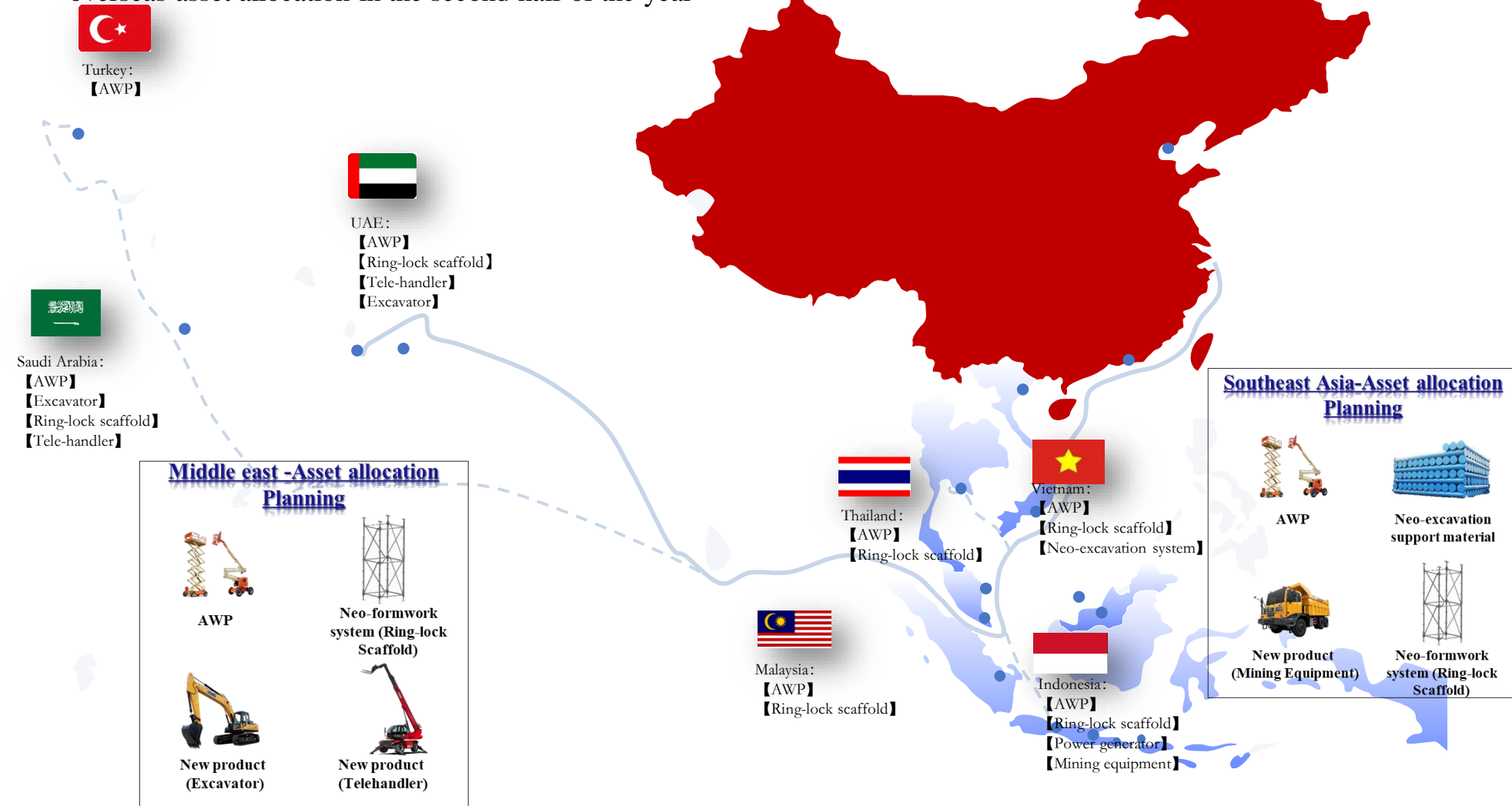
## Overseas Business Development Blueprint





# Open up the overseas supply chain and enlarge the export for equipment

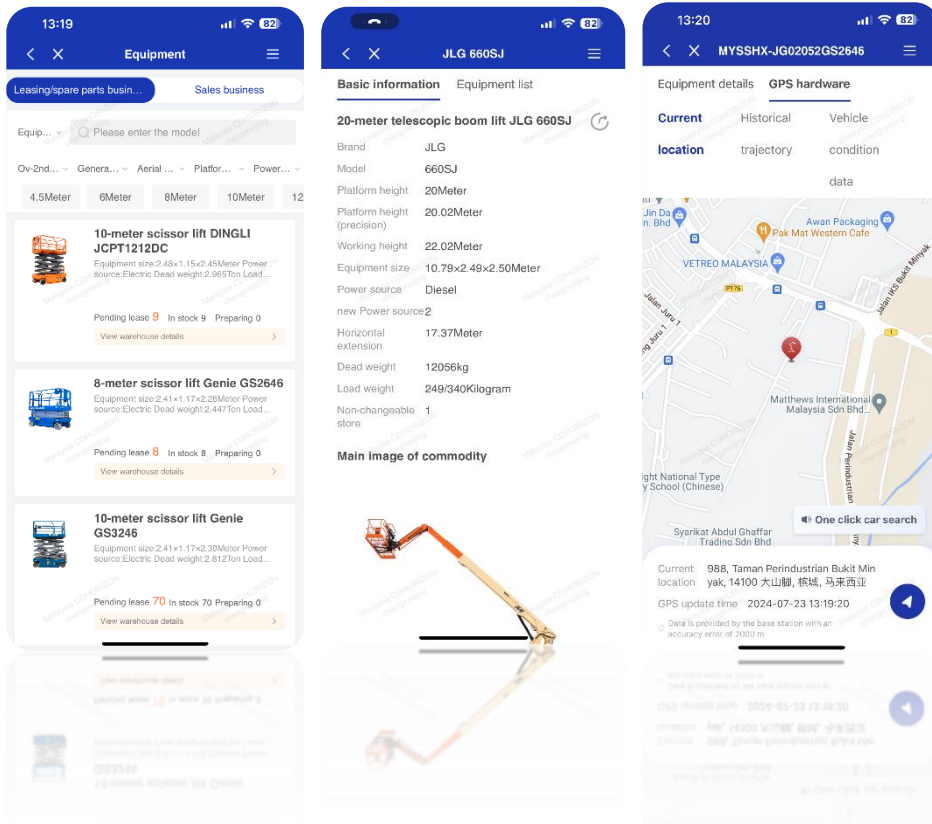
- In order to achieve large-scale operations, along with the establishment of overseas operating foundation and the opening-up of supply-chain channels, the company will further increase overseas asset allocation in the second half of the year



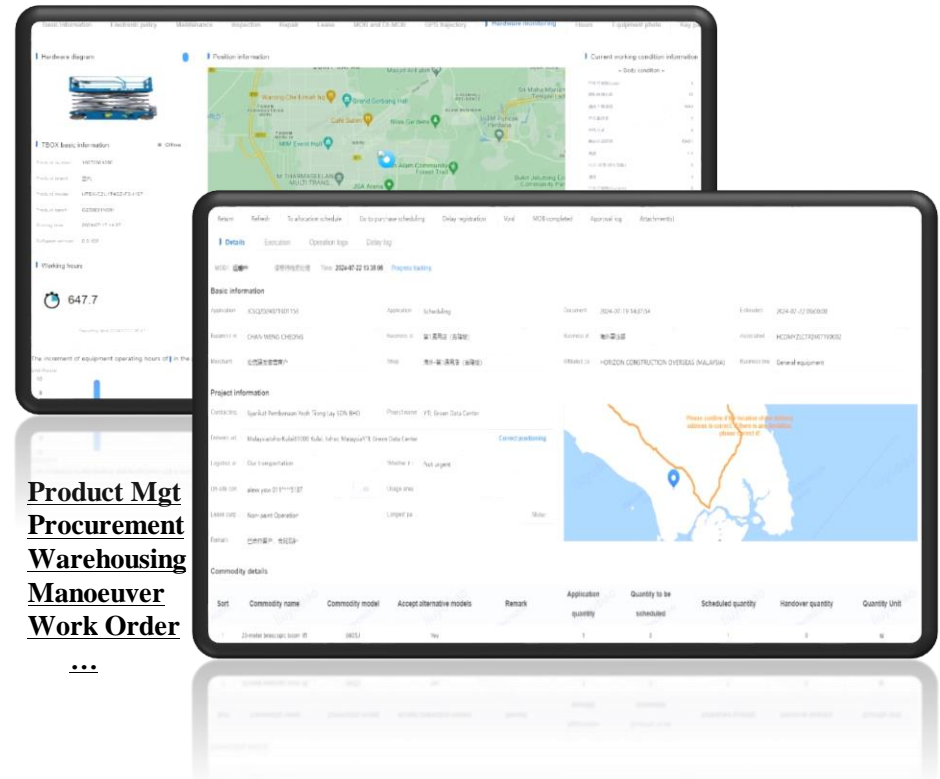
# Configure digital systems overseas to improve equipment management capability and operational efficiency

- In the first half of the year, the internationalization upgrade and localization deployment of HCD's digital system was completed, which has been launched in Southeast Asia.

## Localization of Rental Business System



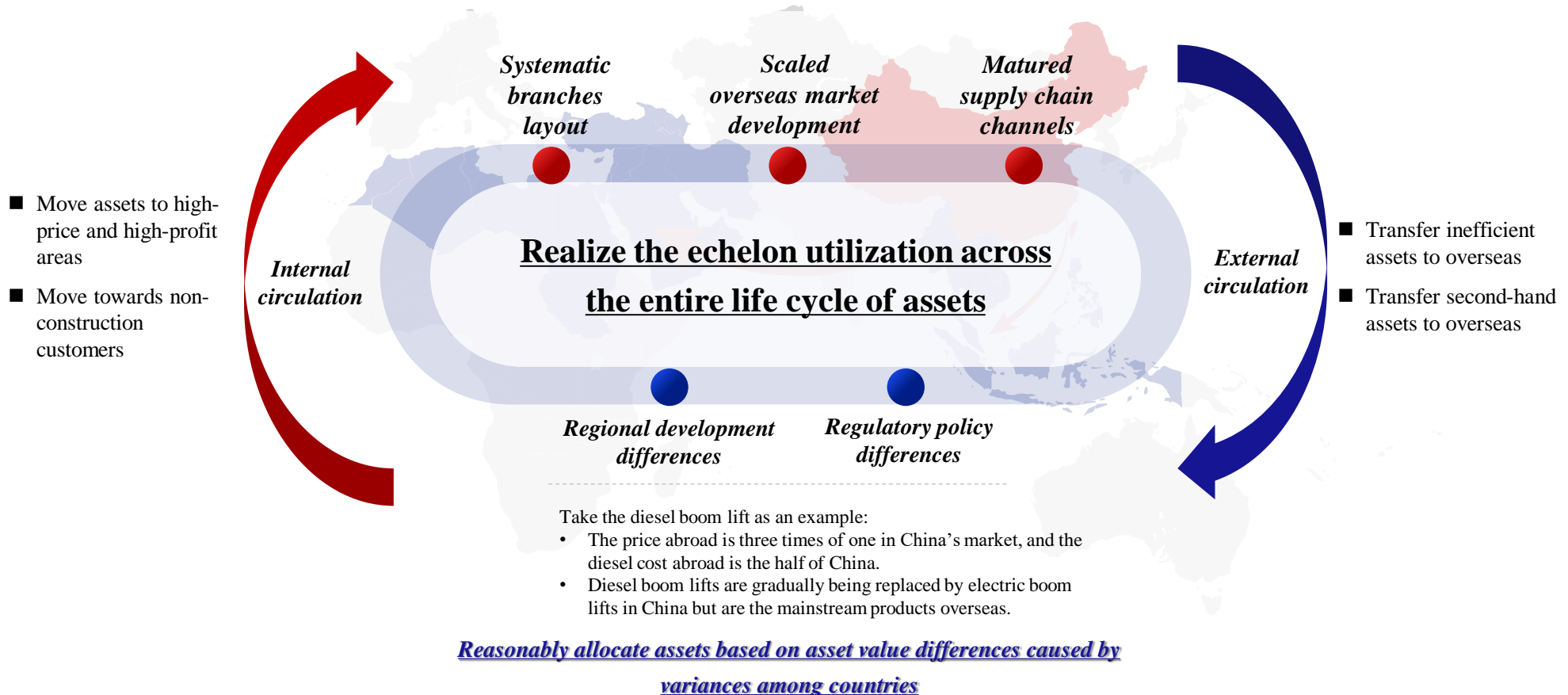
## Localization of Equipment Management System



# The company's unique layout advantages will improve the operational efficiency across the entire asset life cycle

- In the future, based on its unique domestic and overseas layout and supply-chain system, the company will more efficiently take advantage of the development and regulatory differences between each region to achieve echelon utilization of assets throughout the life cycle.

## Create a global equipment operation system and distribution channels



1

Interim Business Overview

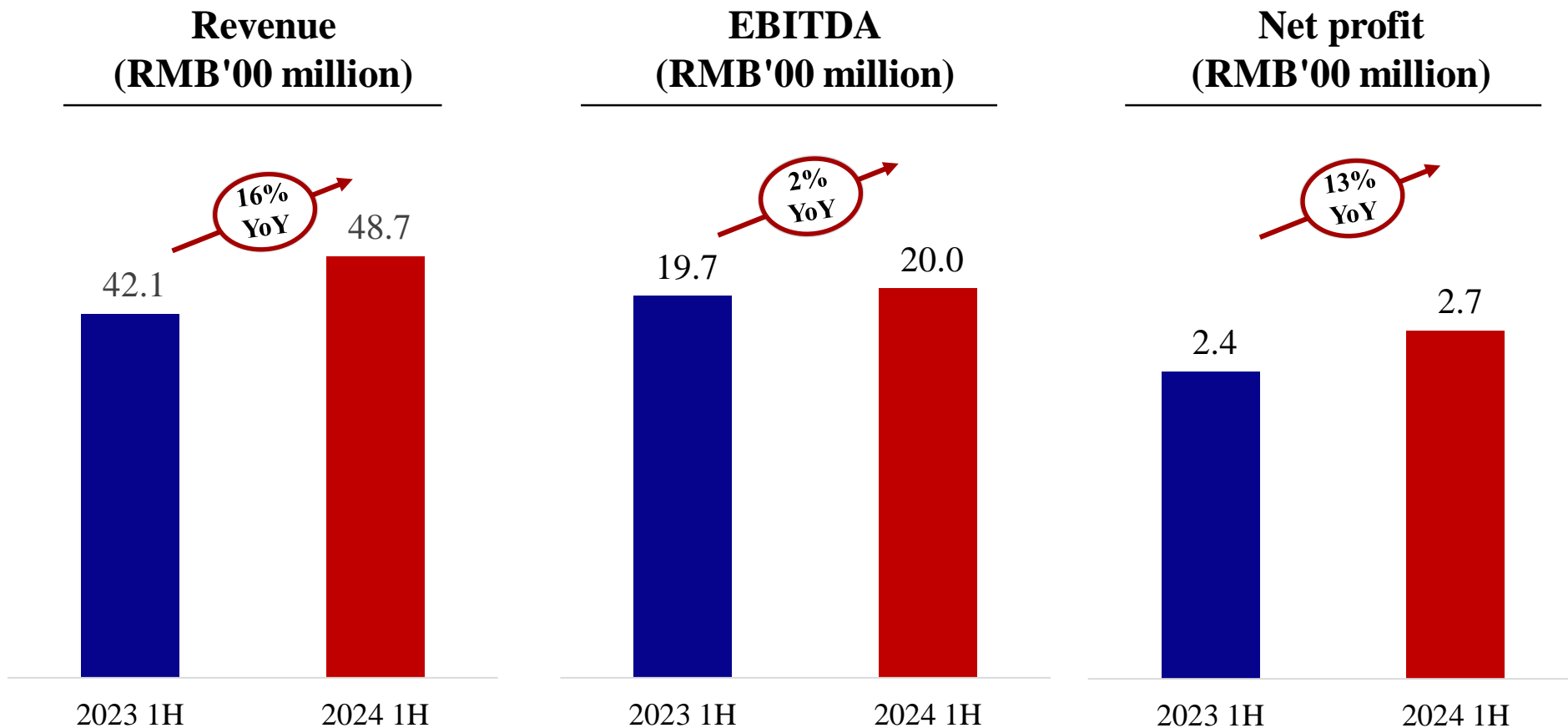
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**Interim Financials Overview**



## Maintain growth in the first half of 2024

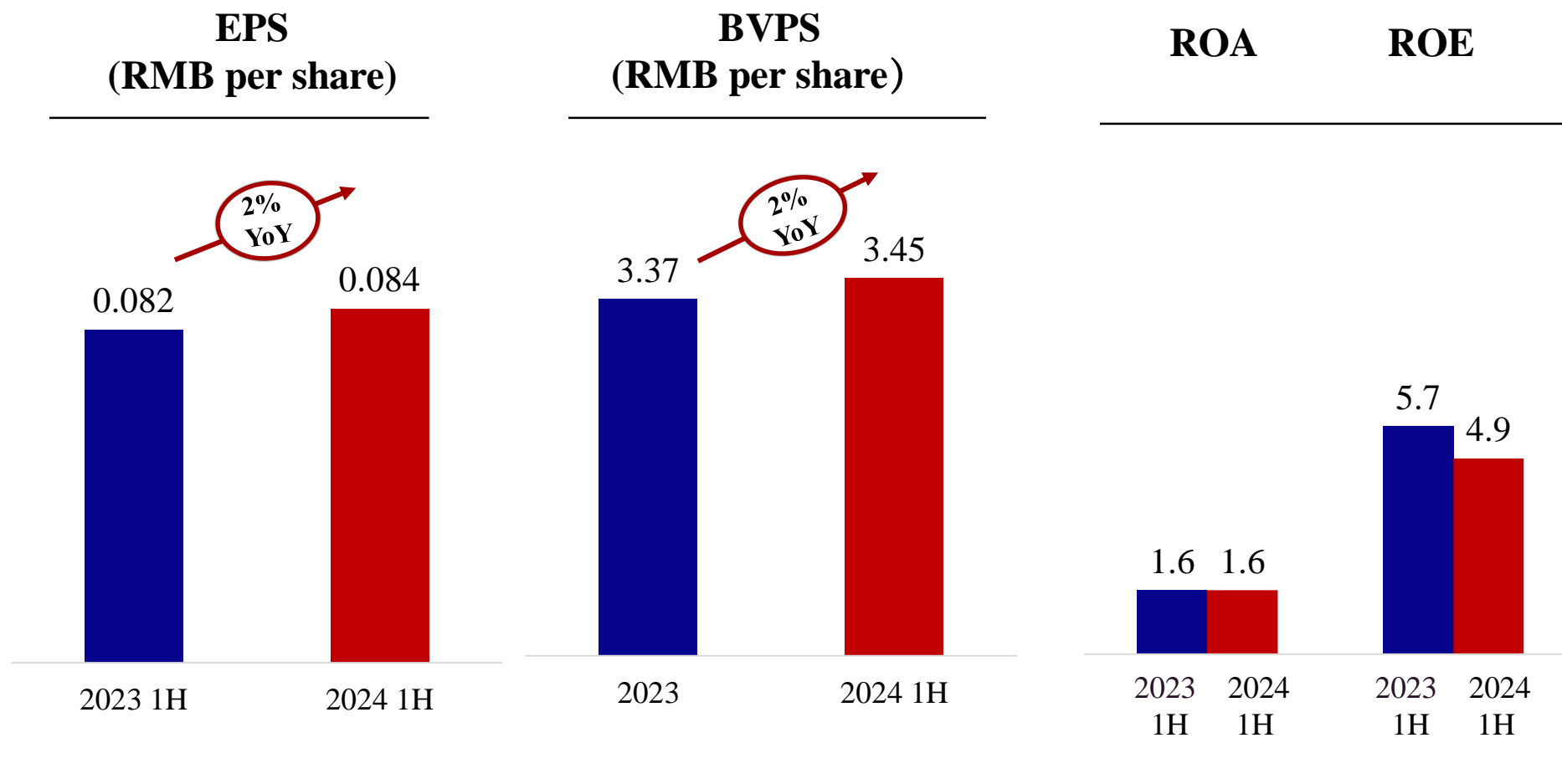
- In the first half of 2024, the company achieved overall performance growth, with total revenue increasing by approximately 16% year-on-year, EBITDA increasing by approximately 2% year-on-year, and net profit increasing by approximately 13%.





## Profitability level remained stable in the first half of 2024

- EPS is approximately RMB 0.084, with a year-on-year increase of approximately 2%. BVPS is RMB 3.45, with an increase of approximately 2% from the end of last year
- ROA is approximately 1.6%, stable compared to last year. Due to the increase in equity brought by IPO listing, ROE of approximately 4.9% is lower than the same period last year

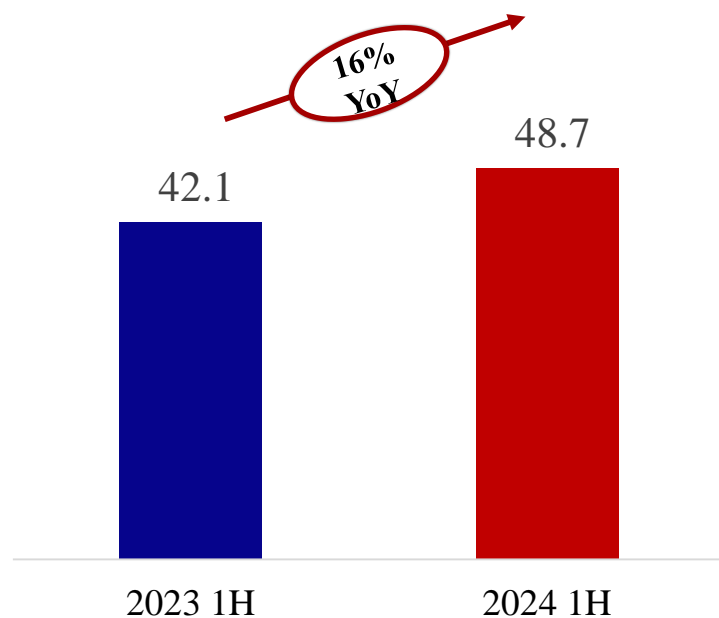




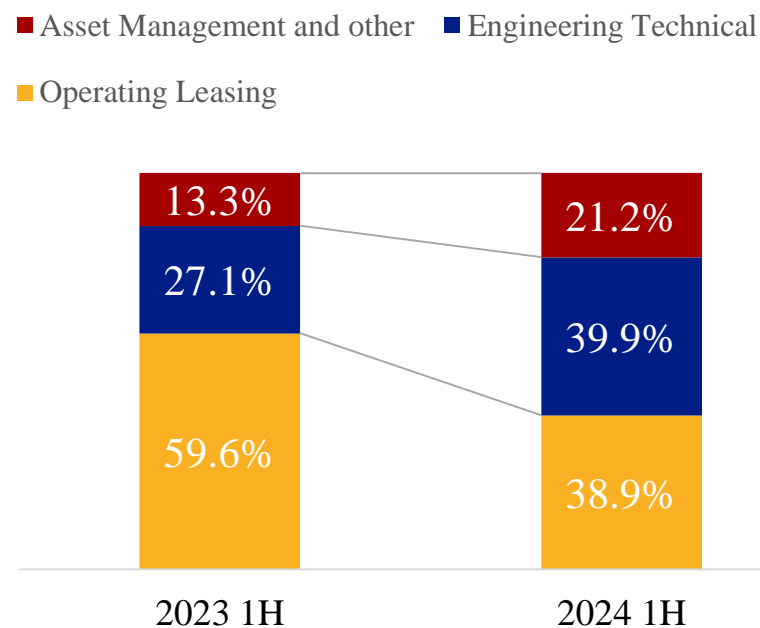
## Total revenue continues to grow

- In the first half of 2024, the company's revenue reached approximately RMB 4.87 billion, a year-on-year increase of approximately 16%
- The revenue structure has been further diversified, with the proportion of non-operating leasing revenue reaching over 61%.

### Revenue (RMB'00 million)



### Revenue Structure







# Fundamental business maintained resilience

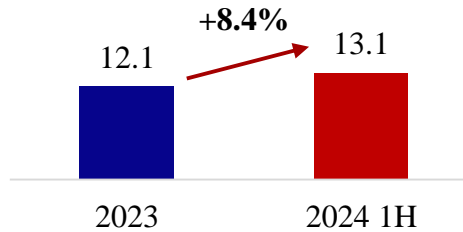
- The self-owned equipment volume of main product lines were all higher than at the end of last year
- The utilization rates of aerial work platforms was lower than the same period last year, and the utilization rate of Neo-excavation and Neo-formwork systems was higher than the same period last year.

## Equipment

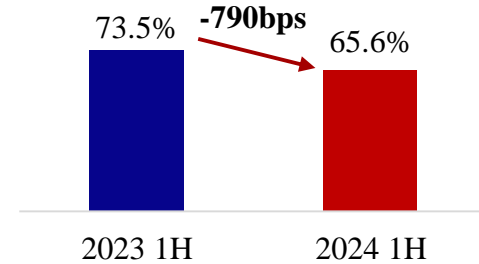


Aerial Work Platform

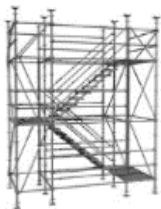
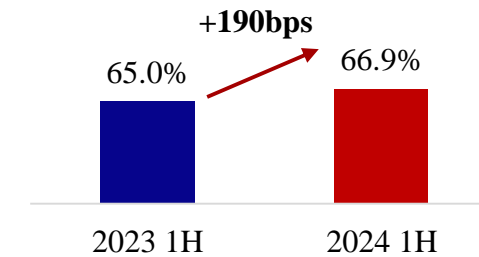
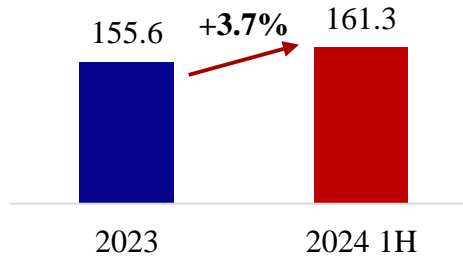
## Equipment Owned by HCD (10k units/10k tons)<sup>1</sup>



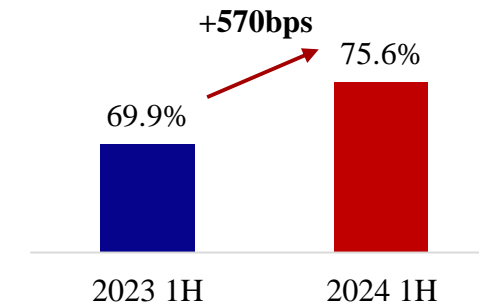
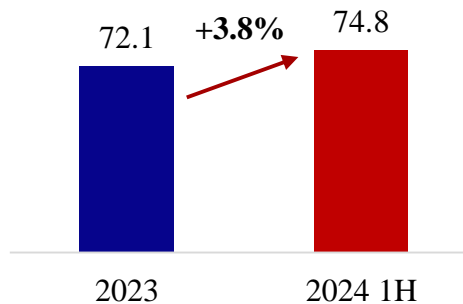
## Utilization Rate



Neo-excavation System



Neo-formwork System



Note:

1. The volume of AWP include self-owned equipment only. And the volumes of Neo-excavation system and Neo-formwork include short-term sublease assets due to engineering project requirements.

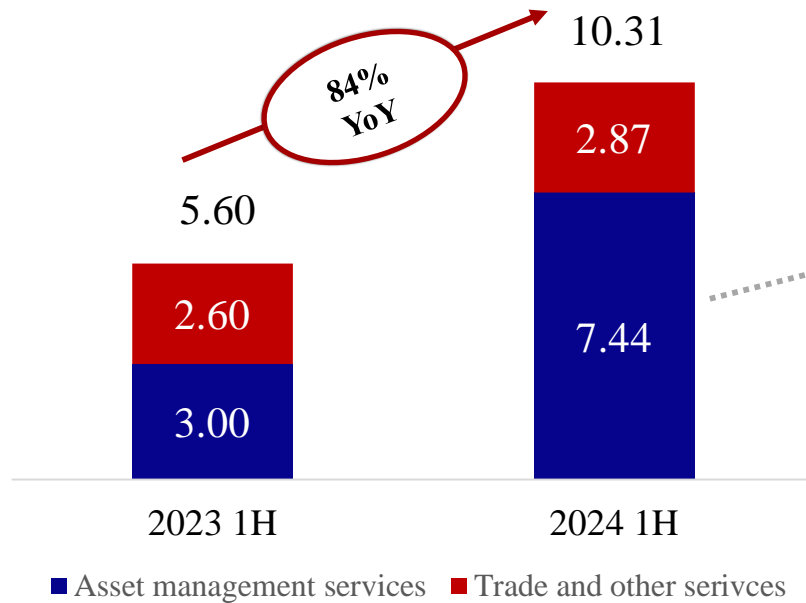


## Asset management service capabilities are demonstrated

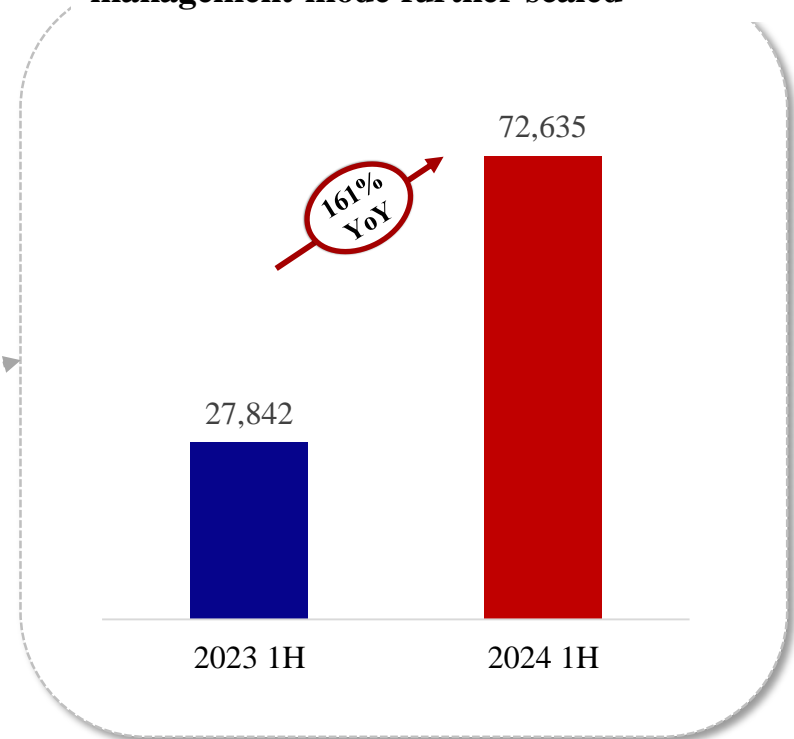
- Based on the Group's nationwide operation network, digital management system and profound equipment operation experience, the company's asset management and other service revenue (formerly "platform and other service revenue") in the first half of the year was approximately RMB 1.031 billion, a year-on-year increase of approximately 84%

### Revenue of asset management and other services

(RMB'00 million)



### The units of AWP under asset management mode further scaled



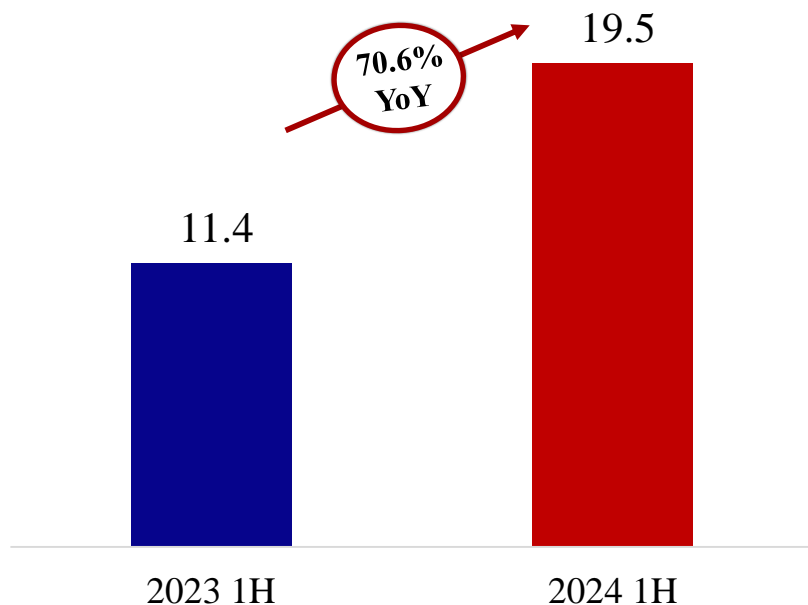


## Engineering solutions capabilities further improved

- With the enhancement of the company’s engineering technology and the improvement of project undertaking capacity, the company’s solution capabilities have been constantly strengthened. The company actively expands the business scale of engineering technical services. In the first half of the year, the revenue of this business segment was approximately RMB 1.95 billion, a year-on-year increase of approximately 70.6%.

### Revenue of engineering and technical services

(RMB'00 million)



### Vigorously expand the business scope of engineering technology business

The company actively expands the business scale of engineering technical services and significantly promotes the engineering business of neo-formwork systems, achieving solid results.

In the first half of the year, neo-excavation support systems and neo-formwork systems served a total of more than 2,630 engineering projects.

#### Benchmark Projects in 24H1



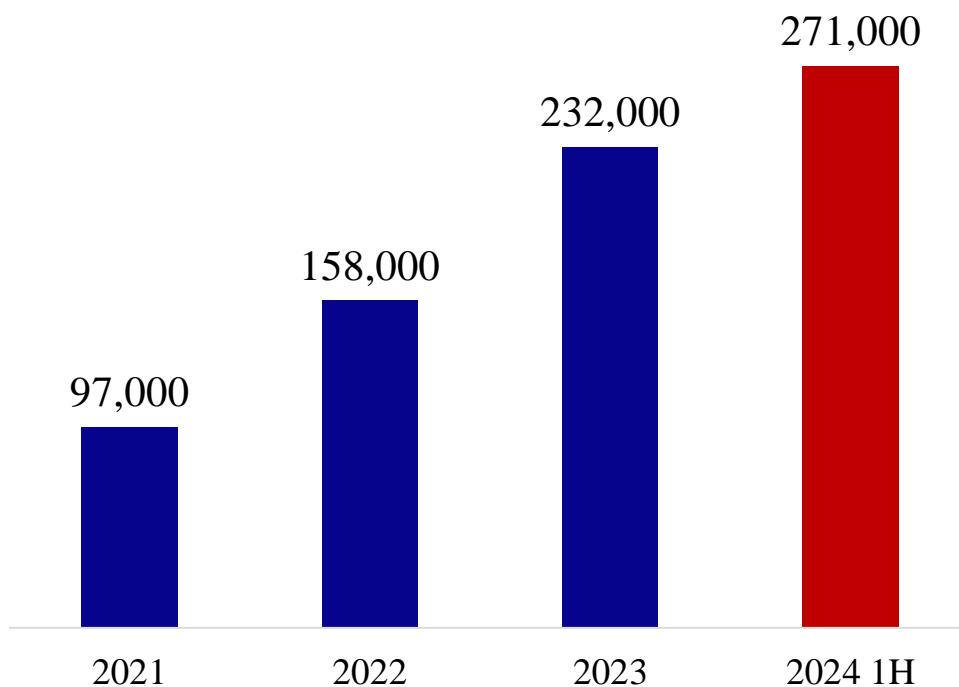
Neo-excavation system engineering projects such as Macau Taipa Terminal and a national backbone cold chain logistics base

Neo-formwork system engineering project in Rojana Industrial Park, Thailand

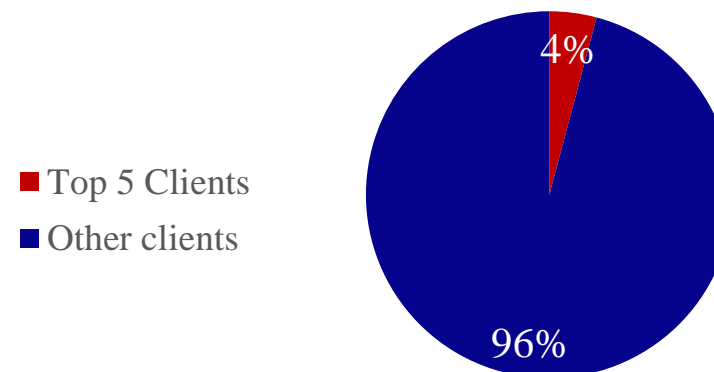
# The enhancement of comprehensive service ability drives clientele scale and stickiness, thus maintaining a strong risk resistance ability

- Thanks to the full-cycle, well-round multi-product and function service model, the company steadily increased the excellent and diverse clientele, enabling the served downstream sectors to become more various and equipping the overall businesses with strong anti-cyclical properties.

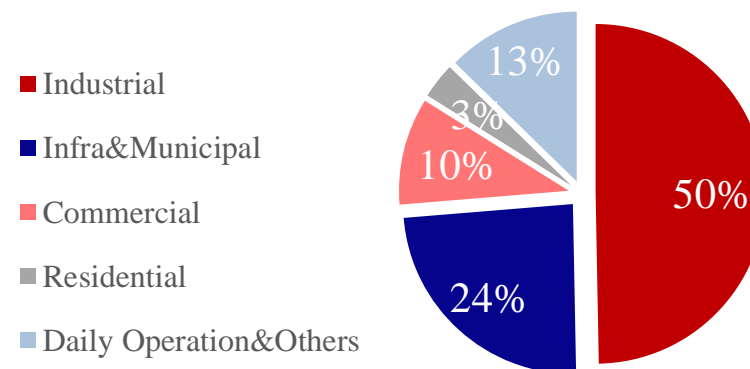
## Total number of clients served



## Top 5 Client (Entity-level) Concentration Rate in 1H24



## Equipment Usage Scenarios Breakdown in 1H24<sup>1</sup>



Note:

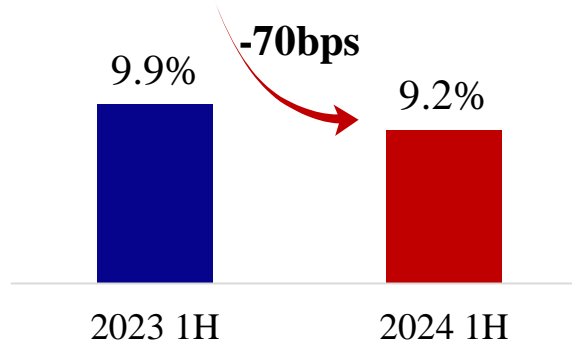
1. Based on the confirmed turnover derived from the equipment operated and managed by the company



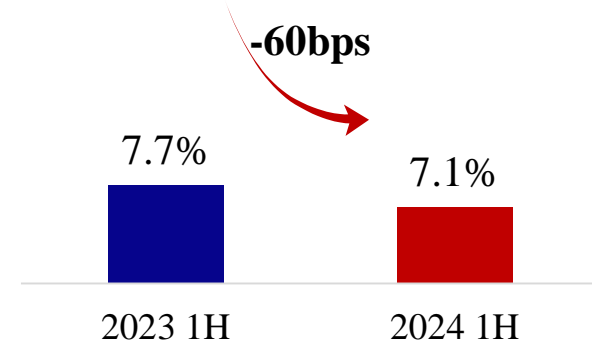
# Significant reduction in core expense ratios

- The major expense rates were considerably narrowed down, while the business scale kept growing.

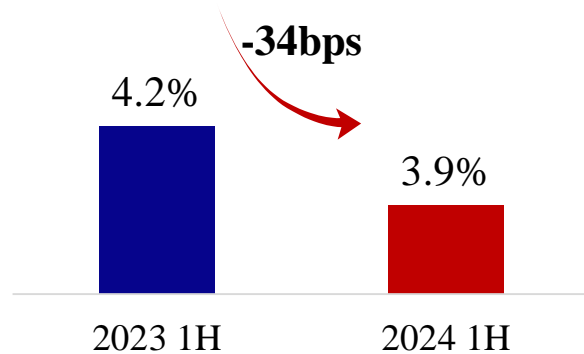
## Logistics and lifting expense ratio



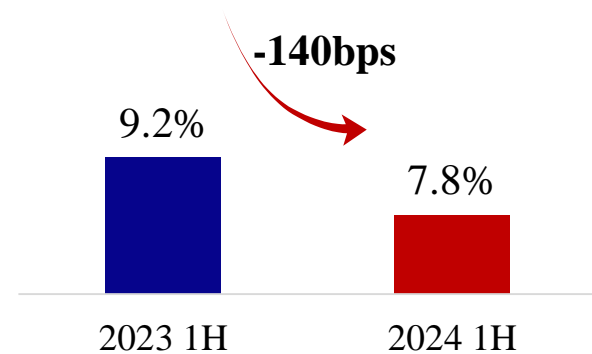
## Repair and maintenance expense ratio



## Average funding cost rate<sup>1</sup>



## Finance expense ratio<sup>2</sup>



Notes:

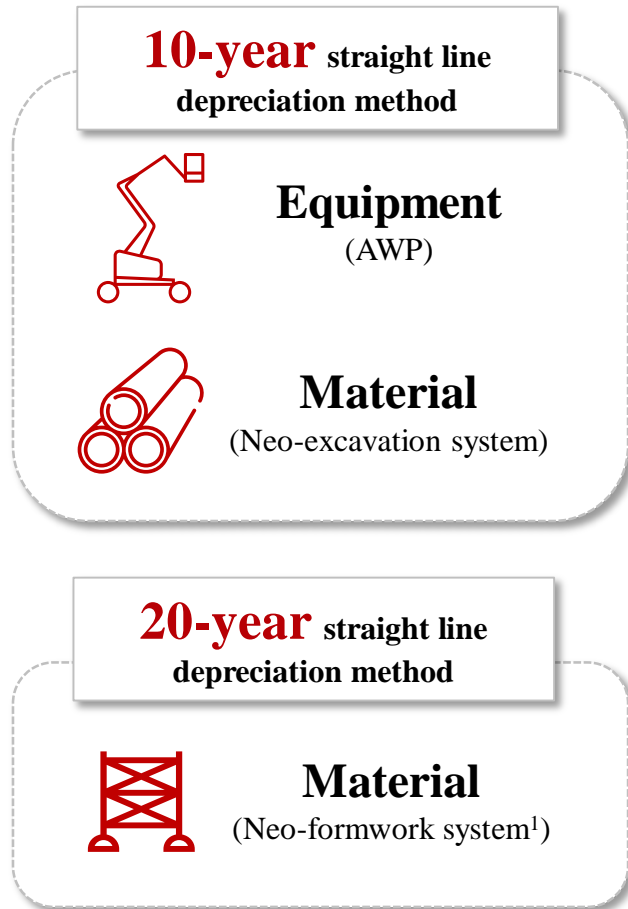
1. Average financing rate = interest expense during the year/corresponding average balance of interest-bearing bank and other borrowings;

2. Finance expense rate has excluded the impact of the interest from redemption liabilities on ordinary

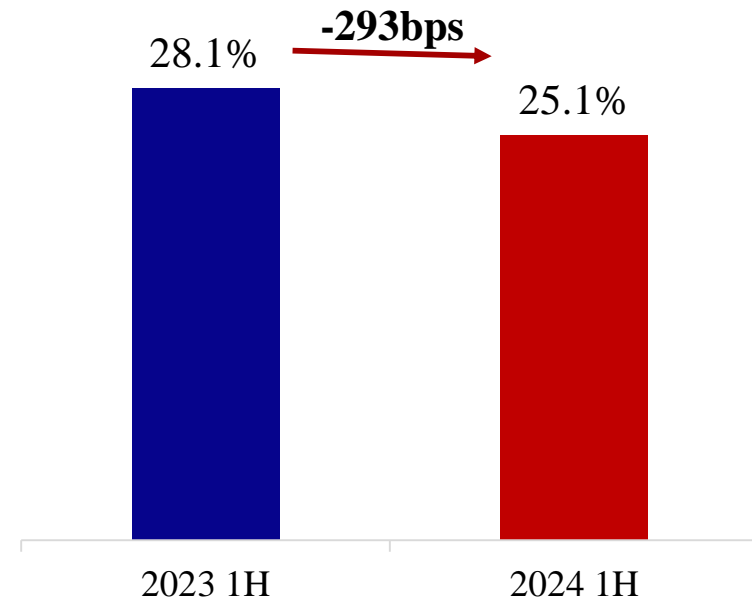


## Stable depreciation expense ratio

- Adhering to the principle of prudence and conservatism, the depreciation cost rate of the company's equipment and material assets is stable.



## Depreciation cost as a percentage of total revenue



Note:

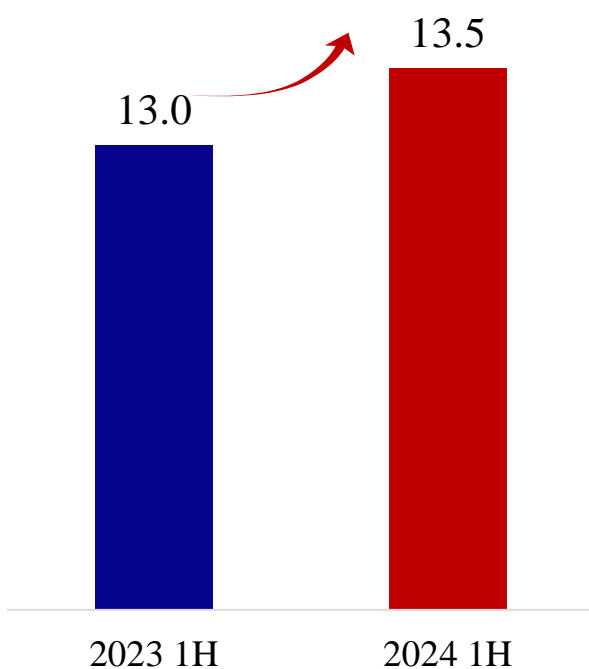
1. On 12 March 2024, the board of directors of the company announced that, the Group will make changes to the depreciation life and expected net residual value rate of Neo-formwork system for the accounting or reporting period commencing on 1 January 2024.



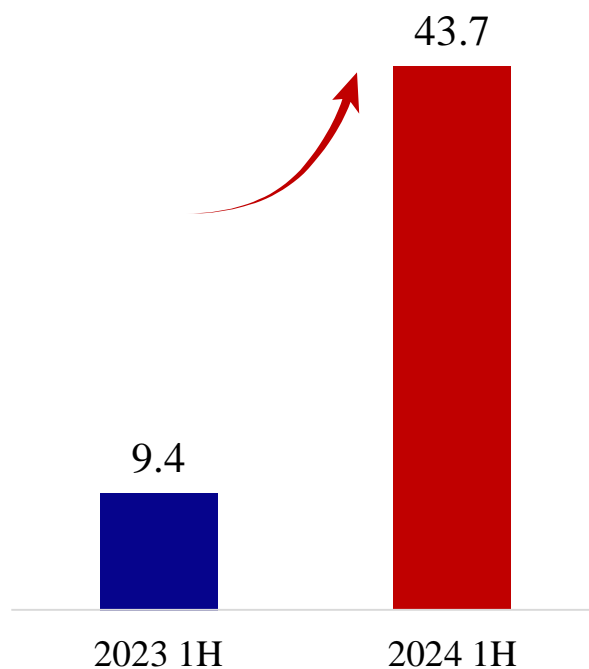
## Free cash flow performance

- The company's operating cash flow has increased year-on-year. On the other hand, the company continued to optimize its domestic fleet structure, increased its overseas equipment layout, and actively developed new rental product lines. Related capital expenditures were mainly reflected in the first half of the year.

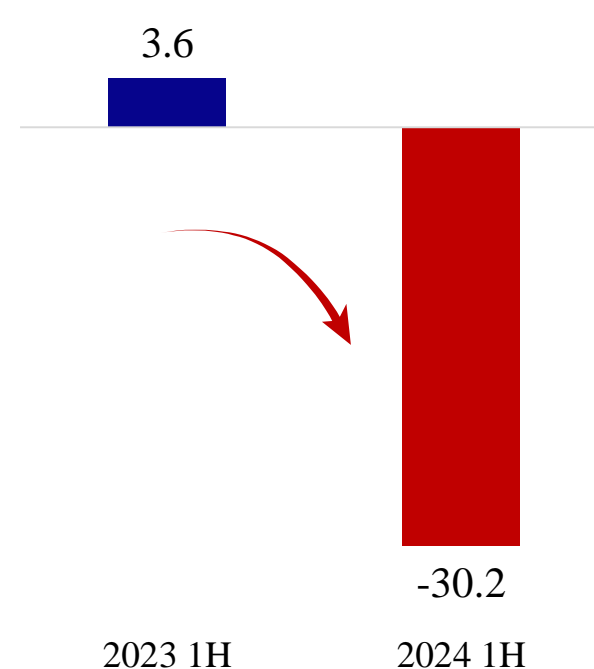
### Operating cash flow (RMB'00 million)



### CAPEX (RMB'00 million)



### Free cash flow<sup>1</sup> (RMB'00 million)



Note:

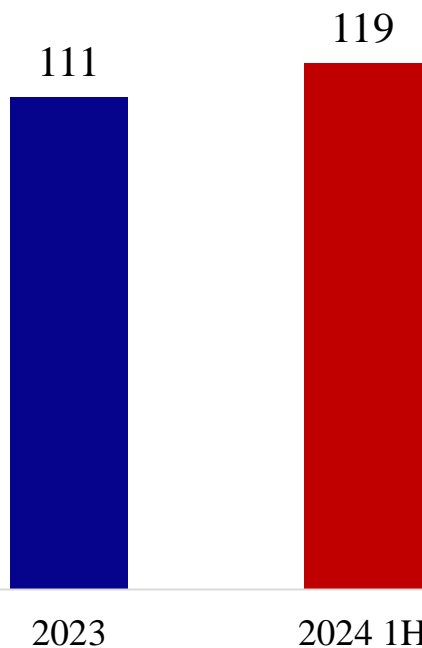
1. Free cash flow is calculated by deducting capital expenditure from operating cash flow



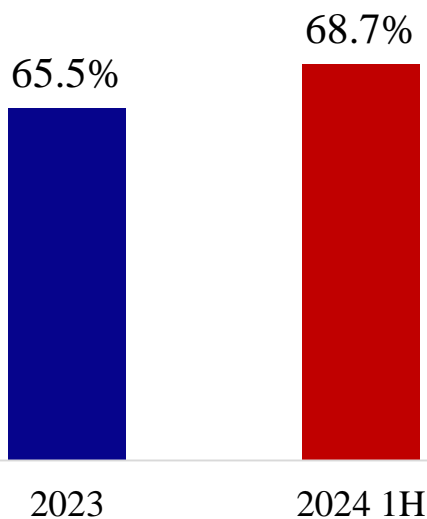
## Stable and healthy capital structure, poised for interim dividend payout

- During the period, the company's leverage increased slightly with business expansion, and the company's cash and cash equivalents remained sufficient.
- The board of directors approved the declaration of an interim dividend of HK\$0.05 per share, which will be paid out on October 31, 2024

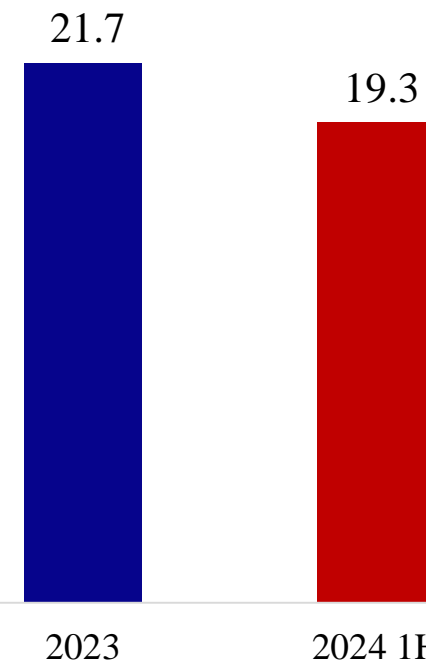
**Current asset  
(RMB'00 million)**



**Asset-liability ratio**



**Cash and cash equivalents  
(RMB'00 million)**







## Appendix: Condensed Balance Sheet

<b>(RMB'00 million)</b>	<b>30 June 2024</b>	<b>31 Dec 2023</b>	<b>Change</b>
<b>Total assets</b>	<b>353</b>	312	<b>12.9%</b>
<b>Equipment and material for leasing and services</b>	<b>209</b>	176	<b>18.6%</b>
<b>Trade receivables and contract assets</b>	<b>64</b>	54	<b>17.5%</b>
<b>Total liabilities</b>	<b>242</b>	205	<b>18.5%</b>
<b>Total equity</b>	<b>110</b>	108	<b>2.4%</b>
<b>Equity attributable to owners of the parent</b>	<b>110</b>	108	<b>2.4%</b>
<b>Net assets per share (RMB/share)</b>	<b>3.45</b>	3.37	<b>2.4%</b>

## Appendix: Condensed Income Statement

(RMB'00 million)	2024H1	2023H1	Change
<b>Revenue</b>	<b>48.7</b>	42.1	<b>15.8%</b>
<b>EBITDA</b>	<b>20.0</b>	19.7	<b>2.0%</b>
<b>Net profit</b>	<b>2.7</b>	2.4	<b>13.1%</b>
<b>EPS (RMB/share)</b>	<b>0.084</b>	0.082	<b>2.4%</b>
<b>ROA</b>	<b>1.6%</b>	1.6%	<b>0pct</b>
<b>ROE</b>	<b>4.9%</b>	5.7%	<b>-0.8pct</b>



## Appendix: Condensed Cash Flow Statement

(RMB'00 million)	2024H1	2023H1	Change
<b>Net change in cash and cash equivalents</b>	<b>-2.2</b>	2.0	<b>-212%</b>
<b>Net cash flows from operating activities</b>	<b>13.5</b>	13.0	<b>4%</b>
<b>Net cash flows from investing activities</b>	<b>-31.1</b>	-6.0	<b>-416%</b>
<b>Net cash flows from financing activities</b>	<b>15.4</b>	-5.0	<b>410%</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>19.3</b>	23.6	<b>-18%</b>



# Q & A



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