



宏信建发
CDHORIZON

Investor Presentation

Horizon Construction Development

March 2024



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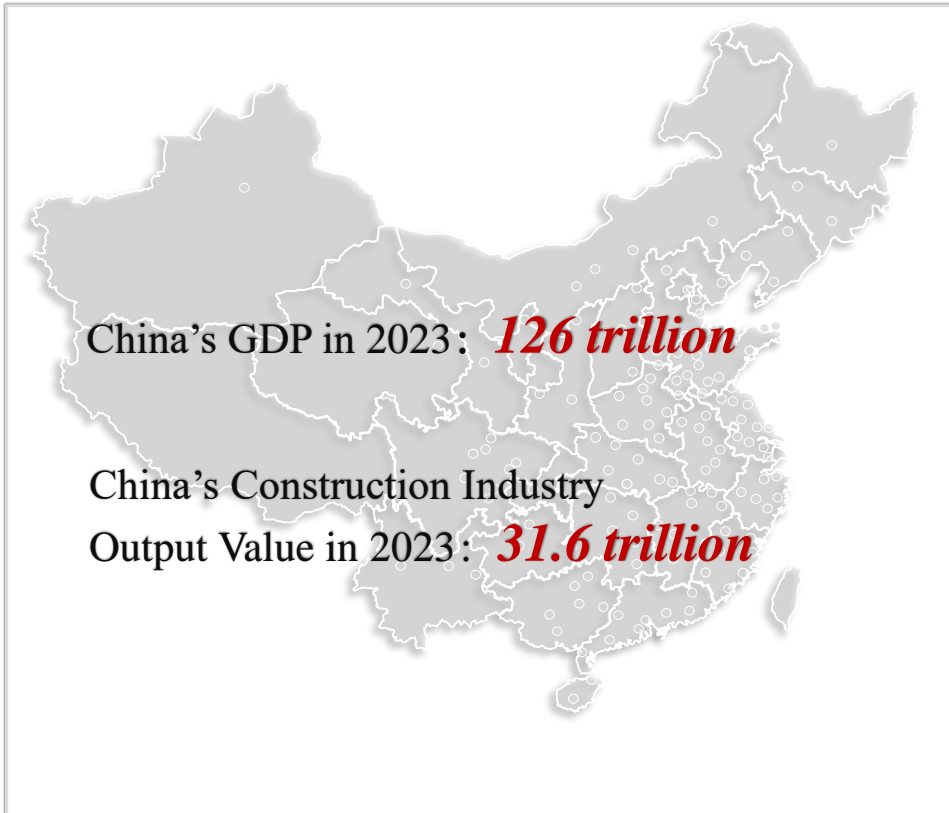
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Note: Unless otherwise specified, all monetary amounts stated herein are denominated in RMB.

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, and specializes in equipment operation services

Based on the huge market of China

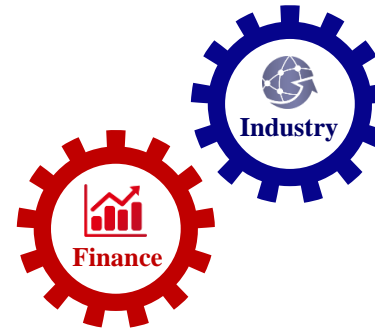


Born in Far East Horizon with strong comprehensive industrial operation capabilities

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



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— “Finance+Industry” strategy —



Financial Services



Equipment Operation



Healthcare



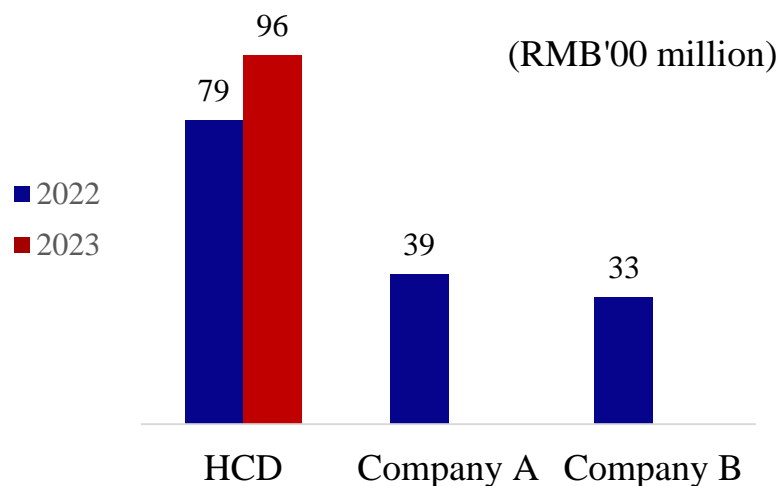
Others



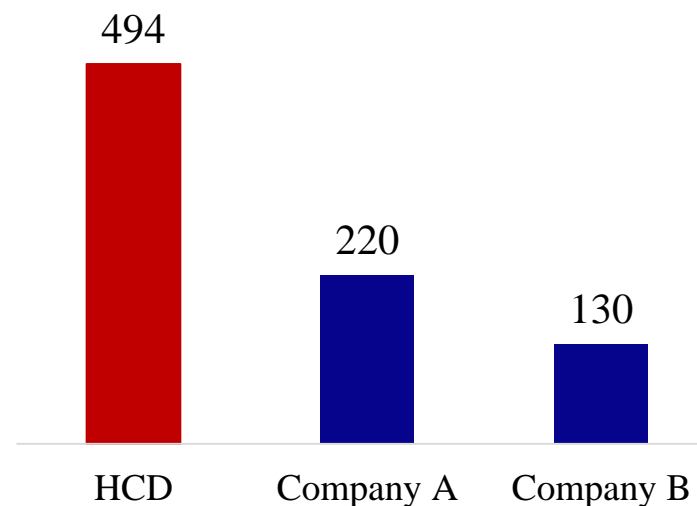
The company is in the leading position in China's equipment service industry

- Horizon Construction Development is a leading equipment operation service provider in China
 - The company’s total asset is about RMB31.2 billion, and the volumes of Aerial Work Platforms, Neo-excavation 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 **232,000**
 - **A total of 494 outlets globally**, including 490 domestic outlets (498 in mainland China and 1 in Hong Kong), 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⁾



Note: The above rankings are the rankings in China’s equipment operation industry, based on the source of Frost & Sullivan. Other company’s number of service outlets are published at the end of 2022 or 2023H1.

Company Vision: Devoted to becoming a world-class comprehensive equipment operation service provider

- Through "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)



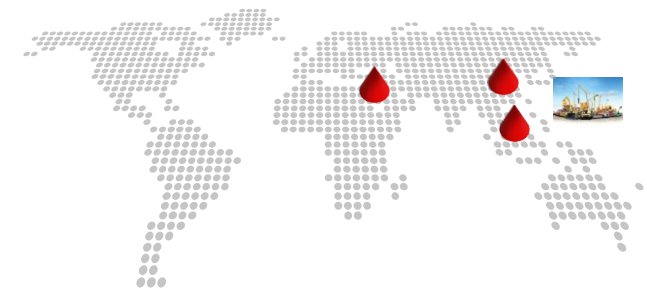
- Absolutely leading in China market
- Explore the Southeast Asian market
- Equipment operation with selective categories

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**

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Business Analysis

2

Results Overview

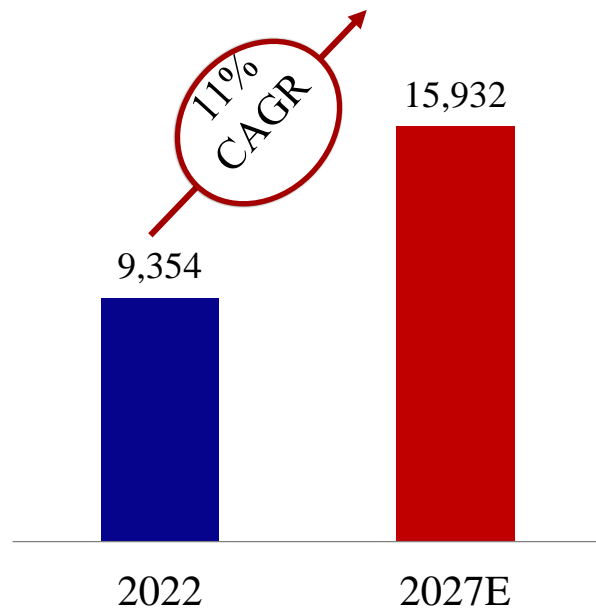


China's equipment operation industry has a sound growth prospects

- 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

(RMB'00 million)



Driving Factor 1: Equipment Utilization Rate Increasing

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

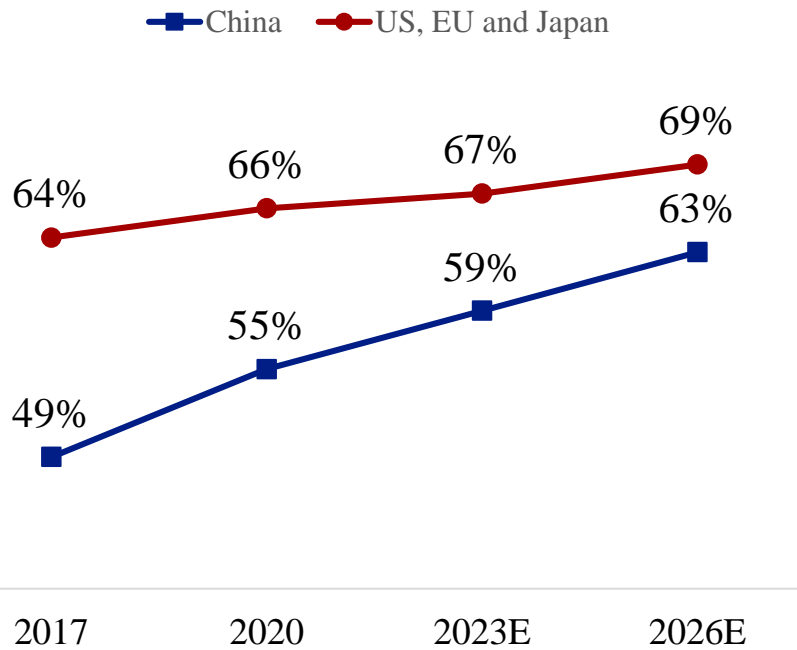
Driving Factor 2: Equipment Rental Penetration Rate Growing

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

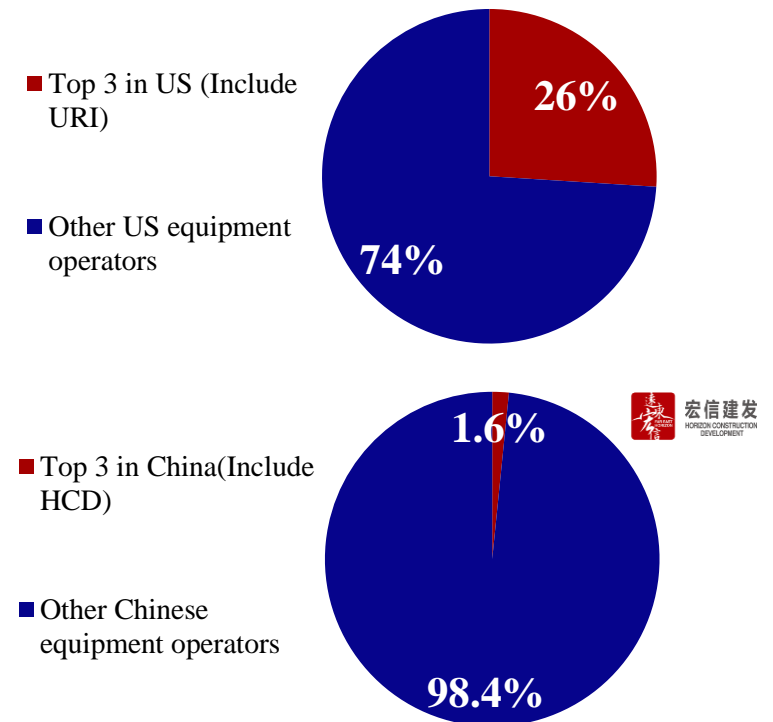
Compared with developed economies, there is still room for improvement in growth potential and market concentration in China's market

- 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)



3-firm Concentration Ratio (CR) in China's and the United States' equipment operation market



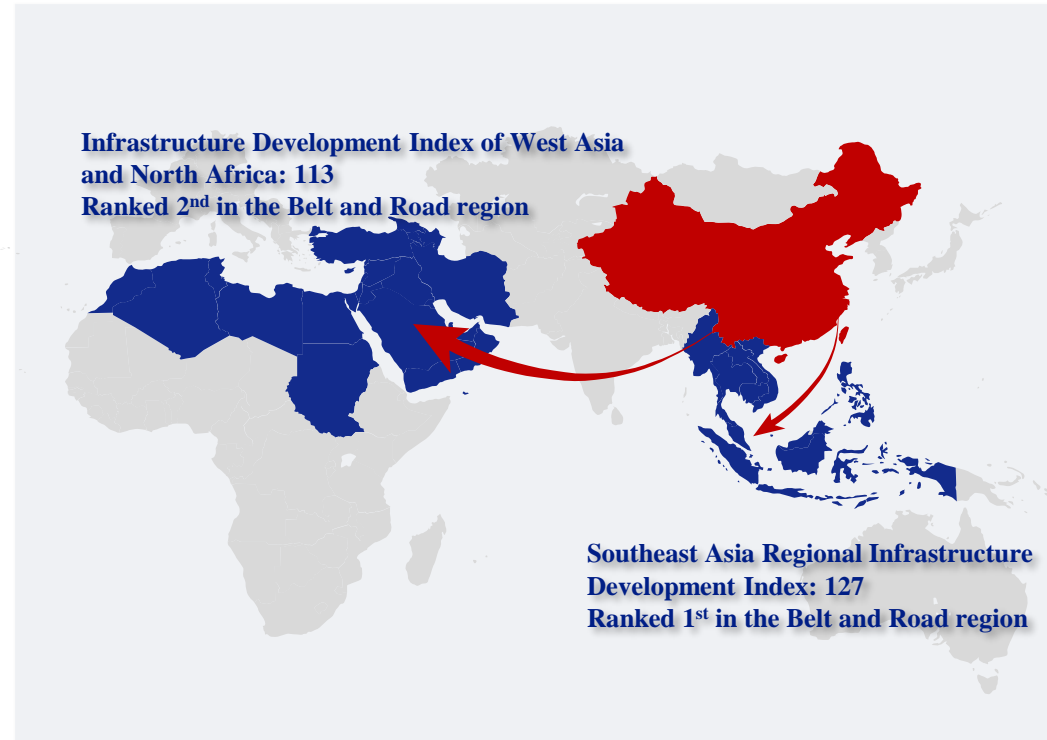
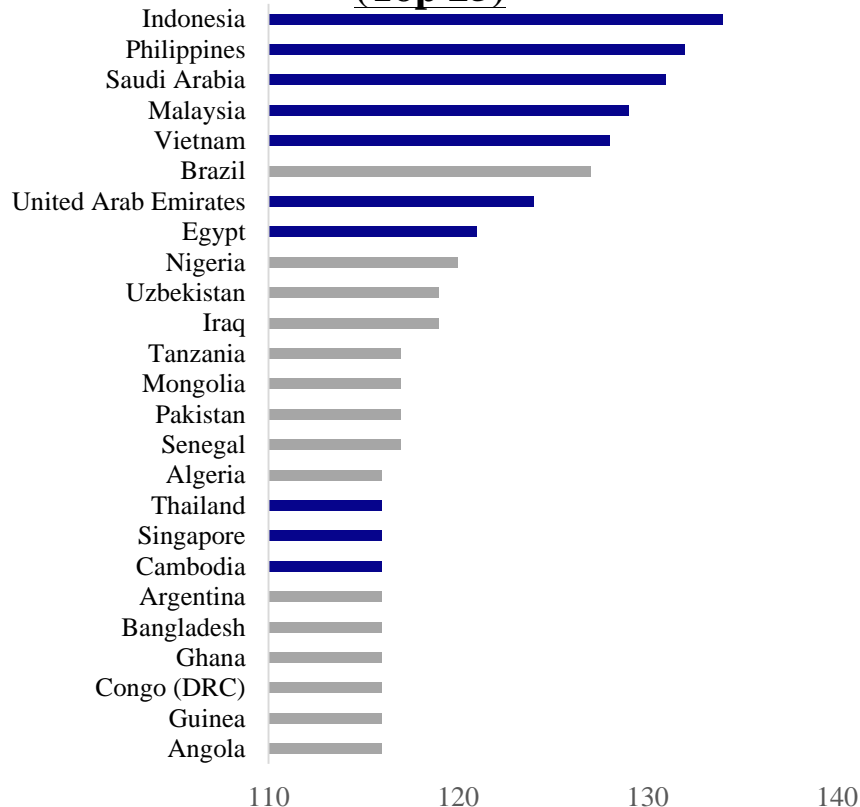


Southeast Asia and other global markets are still in the growth stage

- The demand for fixed asset investment and construction in Southeast Asia, West Asia and North Africa continues 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 2023

(Top 25)



- ① Forward-looking Market Layout
- ② Leading Service Capability
- ③ Steady Business Operating Style

① Forward-looking Market Layout: Based on advantages of three major product lines, leading position has been firmed

- The company has entered into the three core product lines from the early years, with a large scale and rich categories as well as a sufficient supply of equipment to meet the various needs of clients, forming a leading position in China

Multi-category one-stop comprehensive operational services⁽¹⁾



Aerial Work Platform

- Managed **178 thousand** units with rich categories and product lines
- Ranked **No.1 in Asia** and **No.3 globally** based on unit number⁽²⁾



Neo-excavation System

- Possessed **1,556 thousand** tons with **8** categories and **27** models
- Stock scale is **leading in China**



Neo-formwork System

- Possessed **721 thousand** tons with **12** categories and **3,400** models
- Stock scale is **leading in China**



Others

More categories for various scenarios, like warehousing, logistics, marine engineering, energy and transportation construction



Notes:

(1) All figures in this slides are the company's data of 2023

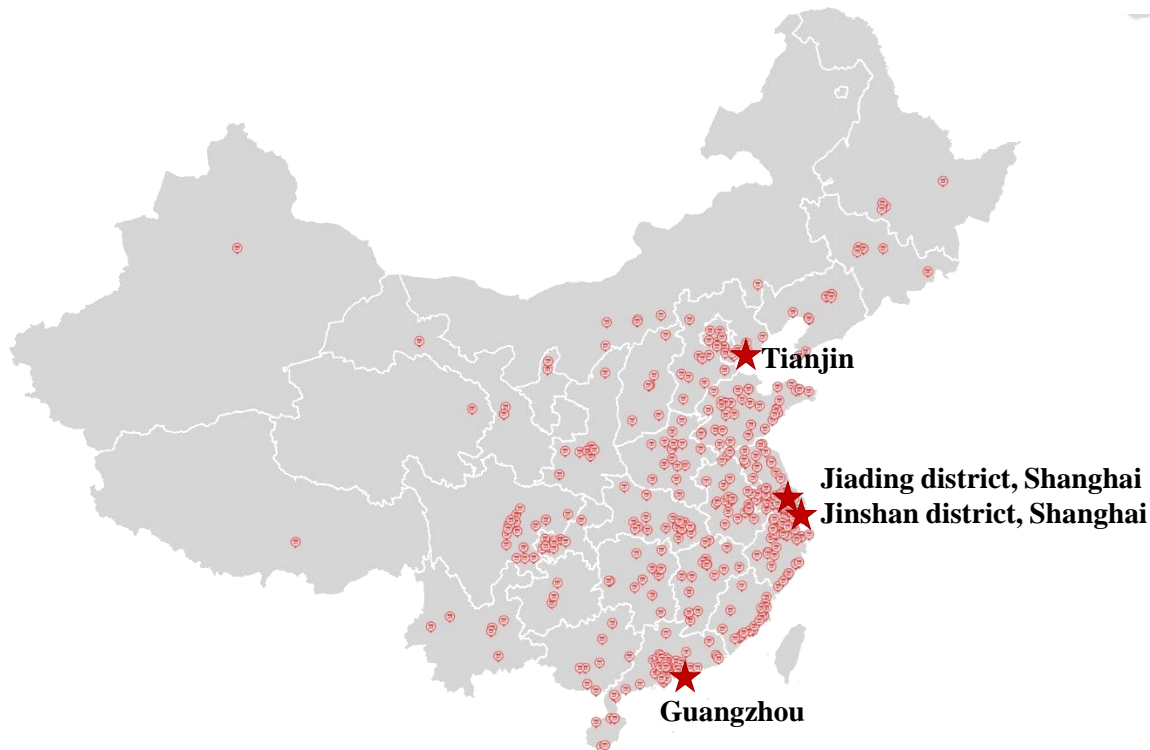
① Forward-looking Market Layout: Domestic and overseas outlet network both deployed



- The company has the largest outlet network in China, and meanwhile has deployed in overseas markets with a current focus on Southeast Asia

China's market

4 main bases and **489** outlets in mainland China and **1** in Hong Kong, covering nearly **200** cities



Overseas market

4 overseas outlets have been established, covering **2** foreign countries/regions

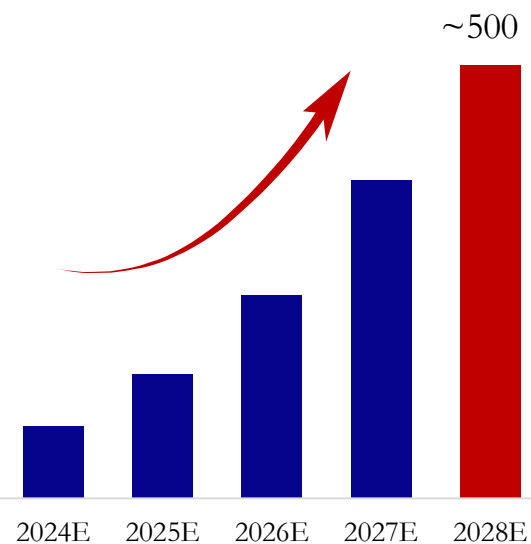


① Forward-looking Market Layout: Further consolidate the leading advantages in the domestic market

- In China's market, the company will further utilize the competitive strategy of market segmentation and the initiatives of expanding to new categories to further strengthen the leading advantages in the domestic market

Domestic Asset Management Target (2024-2028)

(RMB'00 million)

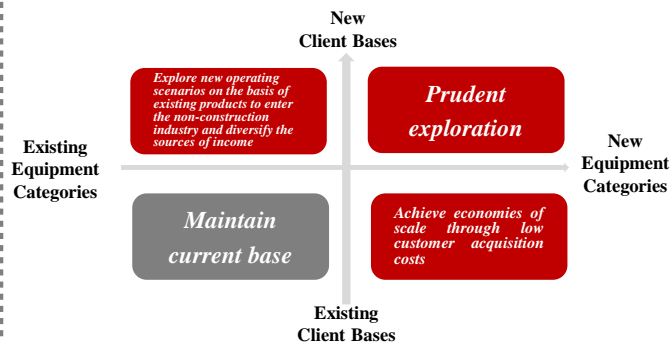


The competitive strategy of market segmentation increases market share



- In core regional markets, concentrate superior resources to improve market share and optimize market structure
- In non-core regional markets, cooperate with peers

Expand new equipment categories for new revenue sources



- Explore new equipment categories based on existing clientele and scenarios from construction industry
- Discover new operating scenarios with existing products

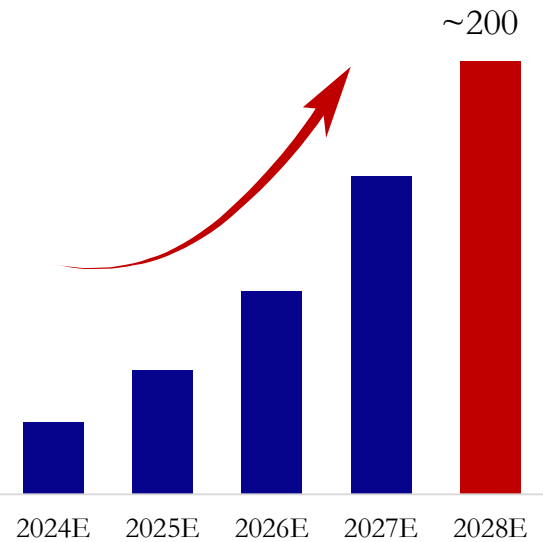
Note: The domestic asset management target is a forward-looking forecast figure, and the final result may change with the adjustment of the business target

① Forward-looking Market Layout: Implement the "3+3+3" strategy to accelerate the penetration of overseas markets

- At the same time, the company implements the "3+3+3" strategy to accelerate the overall business layout in overseas markets as a China's leading equipment operation service provider to go global

Overseas Asset Management Target (2024-2028)

(RMB'00 million)



Rapidly increase the investment into the Southeast Asia market



- Accelerate the network layout in Southeast Asia markets to scale up the business
- Establish an international operation system and leverage the advantages of large operating scale

Explore the Middle East, North Africa, Central and Eastern Europe markets



- Launch market scanning in the Middle East, North Africa, Central and Eastern Europe to explore overseas project needs and cooperation opportunities
- Assess the markets based on project-based demands

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

- ① Forward-looking Market Layout
- ② Leading Service Capability
- ③ Steady Business Operating Style

② Leading Service Capability: Digital management with large professional business team

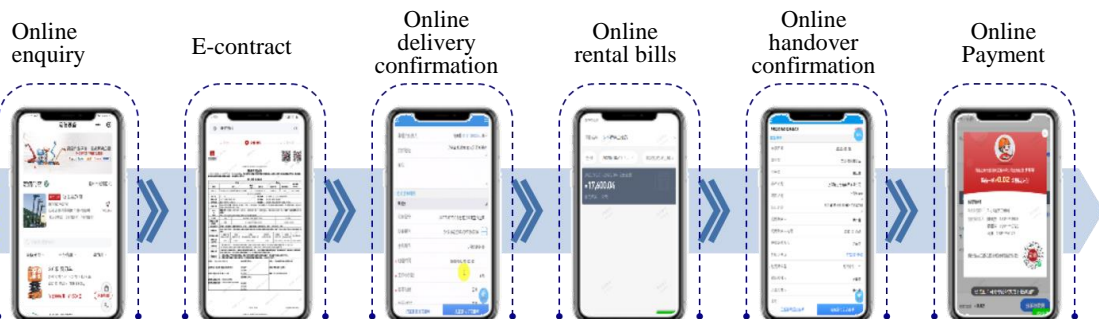
- A professional marketing team of over 1,000 people is close to clients through a dense outlet network across the country to meet clients needs promptly, and uses digitalized method to manage business processes

Large and professional equipment operation service and marketing team with digital management



More than **1,500** frontline marketing staff

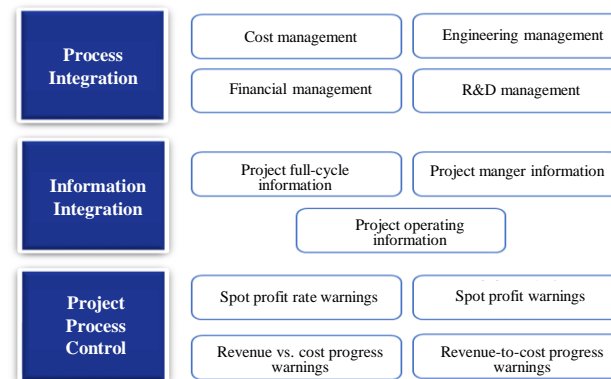
More than **300** frontline managers



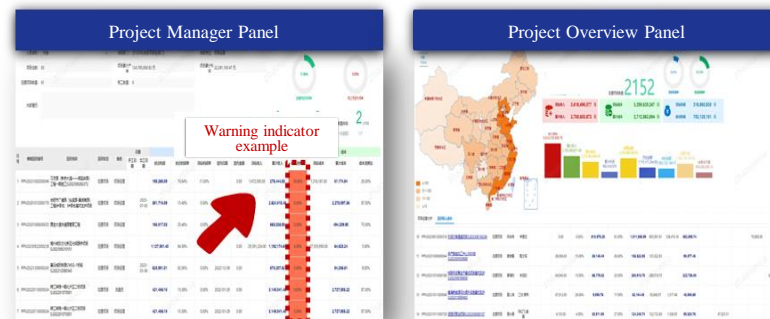
Over **99.4%** monthly contracts are executed online

Over **99.9%** equipment deliveries are confirmed by electronic billing

Digitalized engineering services



Project process management

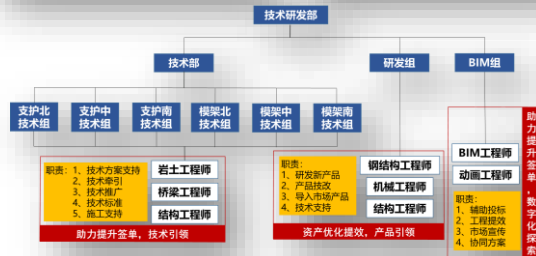


② Leading Service Capability: Outstanding technical strength and one-stop solution

- 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 and 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 to improve safety or save costs



One-stop comprehensive service capabilities

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





② Leading Service Capability: Fast response and efficient access

- The efficiency of logistics and maintenance has been further improved through digital and intelligent methods, and thus the overall business operation efficiency has reached the best level in the industry

Significant cost advantage in logistics



Equipment allocation capacity per employee is **1:5100**

Average service delivery mileage at **36 km⁽¹⁾**

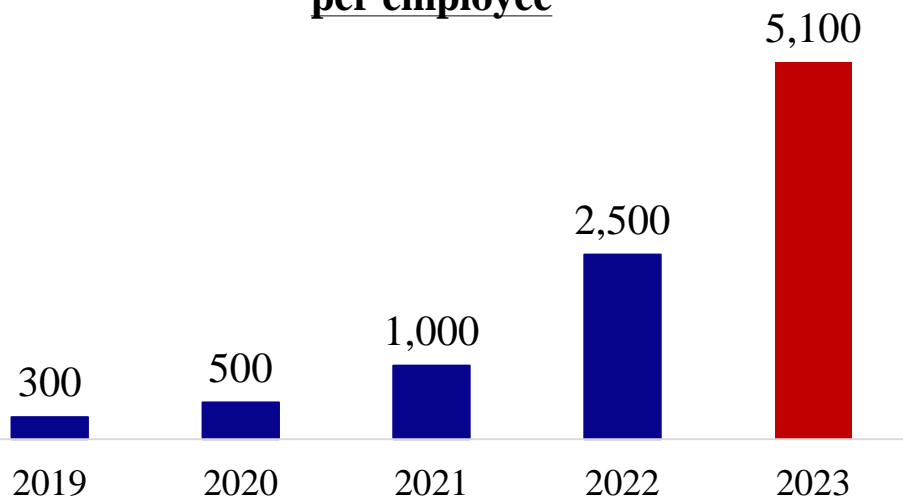
Efficient response to various service needs



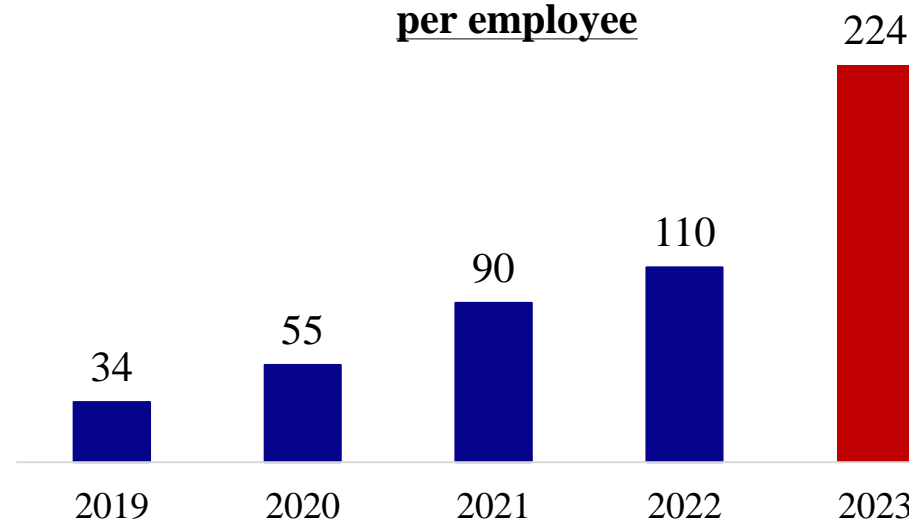
More than **1,000** service personnel

Equipment service capacity per employee is **1:224**

Equipment allocation capacity per employee



Equipment service capacity per employee

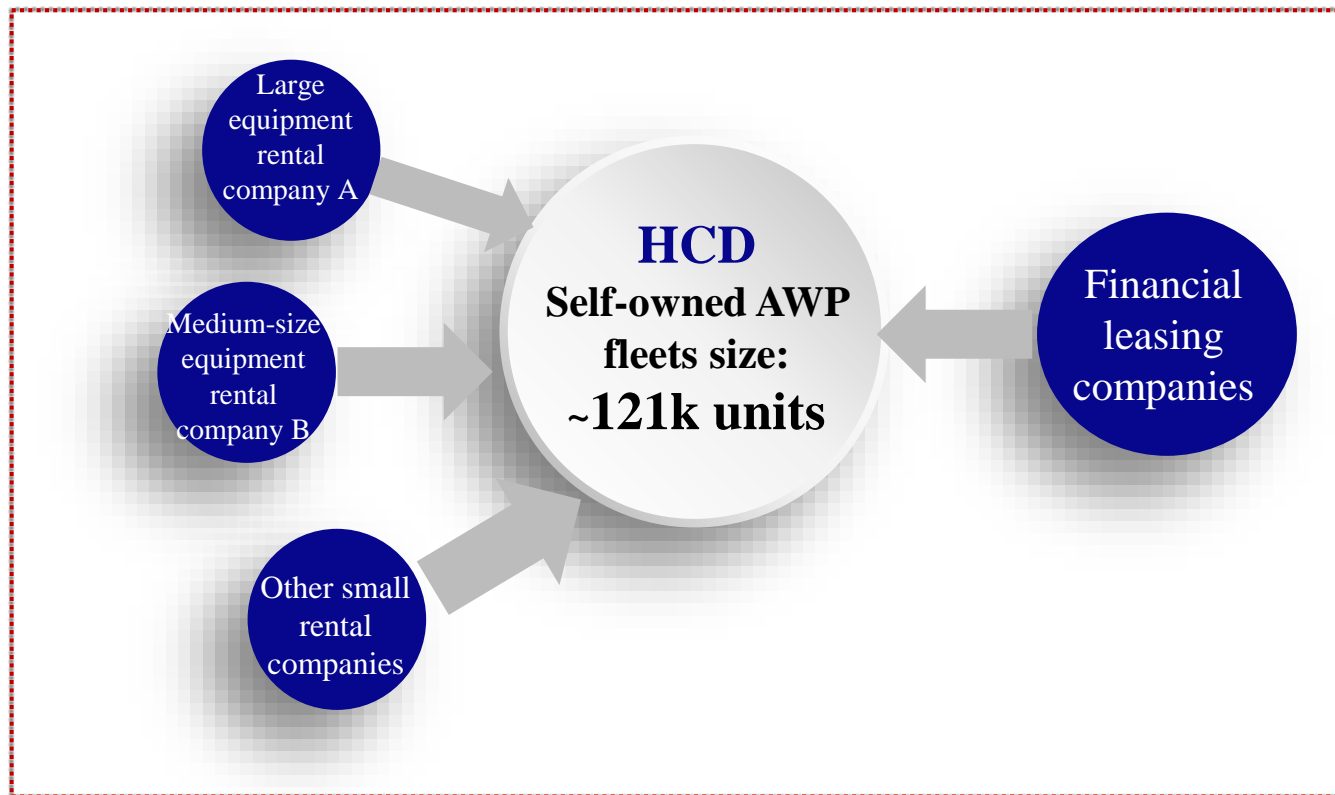


Note: (1) for AWP business

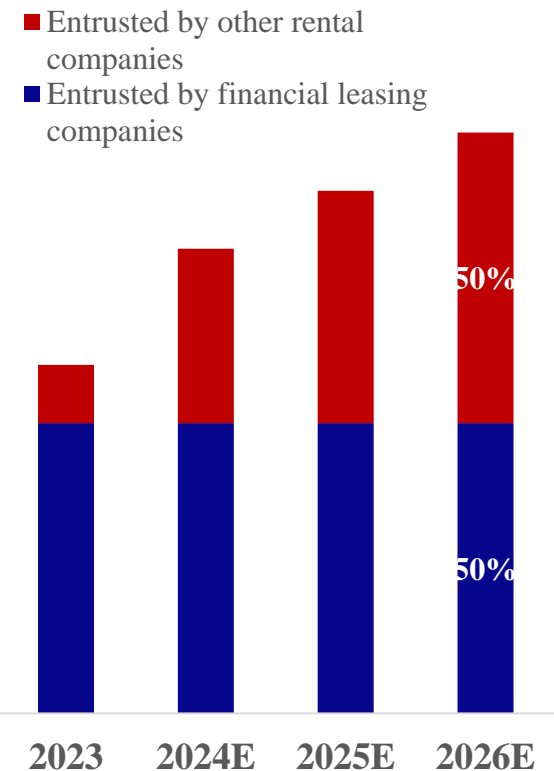
② Leading Service Capability: Cultivating strong asset management capability

- Based on the existing business framework, the company undertake resources from business partners and across industry chain, and cultivate a strong asset entrustment management capabilities, and take full advantages of scale to optimize the market structure

Total fleets size of AWP's under management : ~178k units



Asset Planning of Entrusted Management Mode (2024-2028)



Note: The planning of entrust assets is a forward-looking forecast figure, and the final result may change with the adjustment of the business target

- ① Forward-looking Market Layout
- ② Leading Service Capability
- ③ Steady Business Operating Style



③ Steady Business Operating Style: Superior 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 stable and progressive development path

Controlling shareholder



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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



③ Steady Business Operating Style – Financial policies and capital structure

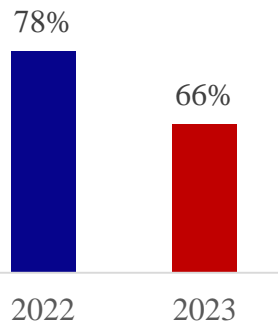
- The company focuses on the main business of equipment operation over long-term, adheres to a stable management style, and achieve long-term profit maximization and risk minimization

Prudent financial policy

- The depreciation period of the main equipment asset is **10 years**⁽¹⁾, which is lower than the industry average
- The expected credit loss ratio is **16.6%**, which is higher than the industry average

Stable capital structure

- The leverage ratio remains at a healthy level, and the asset-liability ratio at the end of 2023 is **66%**



Abundant liquidity and credit

- Cooperate with **93** cooperative financial institutions, with nearly full coverage of all kinds of leading financial institutions
- Total credit amount over **40 billion**, average term over **4 years**, abundant liquidity without duration mismatch



Corporate credit rating of **AAA** with **Stable Outlook** by China

Chengxin International⁽²⁾



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 certain fixed assets for the accounting or reporting period commencing on 1 January 2024. For more details, please refer to the company's announcement issued on 12 March 2024.

(2) In 2023 November, China Chengxin International Credit Rating Co., Ltd. assigned the credit rating to Shanghai Horizon Equipment & Engineering Co., Ltd. (上海宏信設備工程有限公司), a subsidiary of the company

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Business Analysis

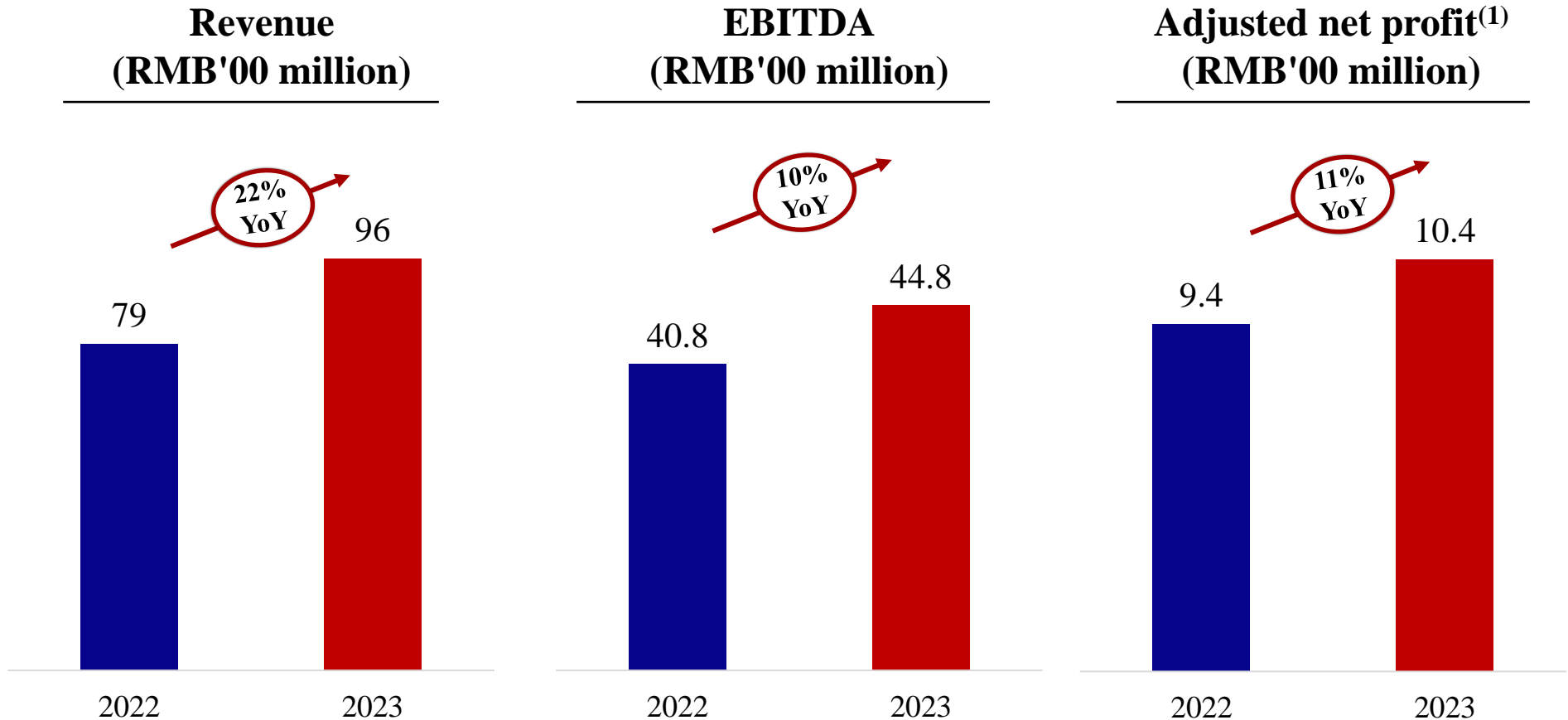
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Results Overview



2023FY Results: Maintained a solid growth

- In 2023, the company achieved a solid growth in overall performance, with a total revenue up by approximately 22% year-on-year, EBITDA up by around 10% year-on-year, and adjusted net profit up by 11% year-on-year.

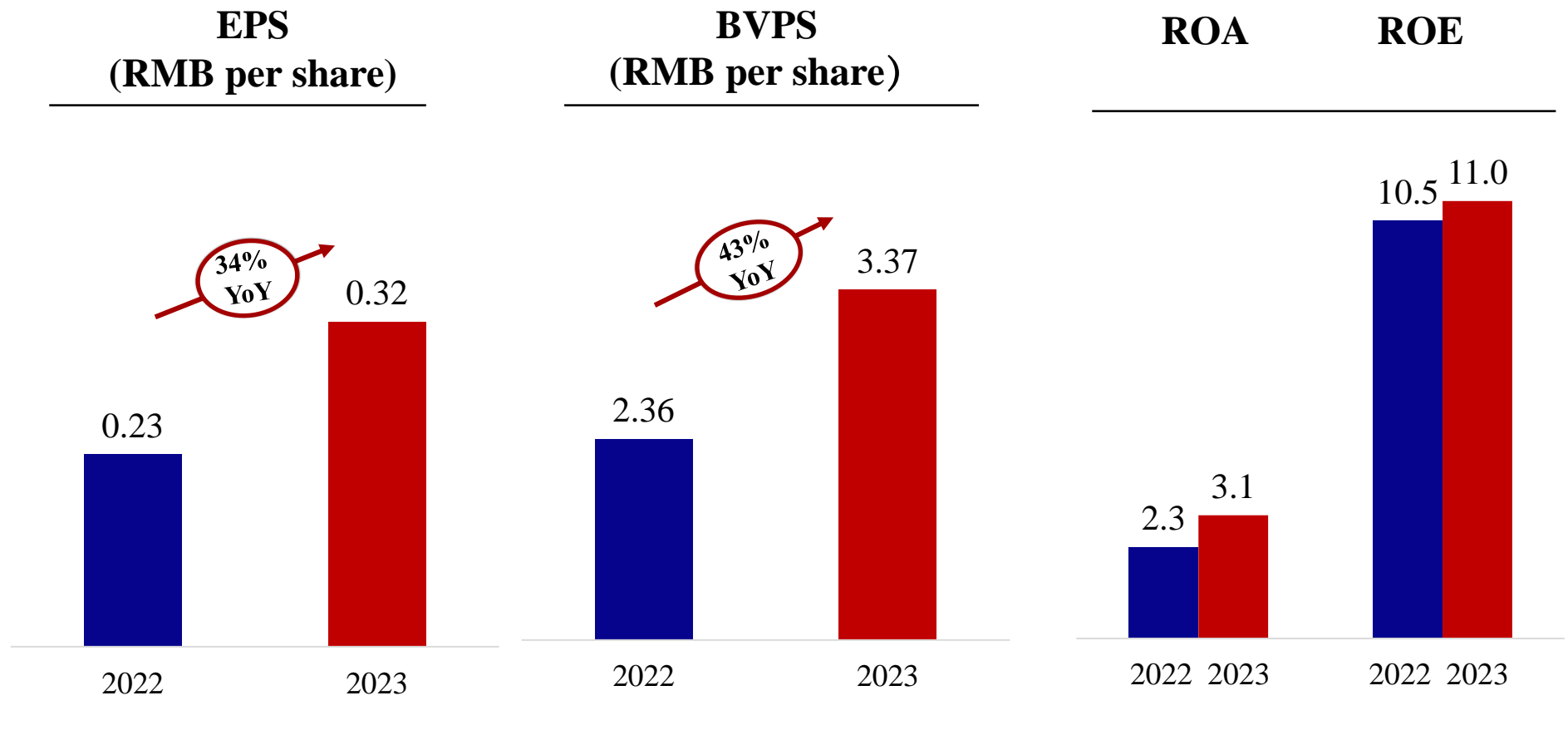


Note: (1) Adjusted net profit is calculated after restoring the interest expenses and foreign exchange gains or losses from redemption liabilities on ordinary, as well as the listing expenses on the basis of net profit attributable to the ordinary shareholders



2023FY Profitability: Further enhanced

- The full-year EPS was around RMB0.32, with a year-on-year increase of about 34%; book value per share was RMB3.37, with a year-on-year increase of about 43%
- In 2023, ROA was approximately 3.1% and ROE was around 11.0%, both steadily increasing compared to the previous year

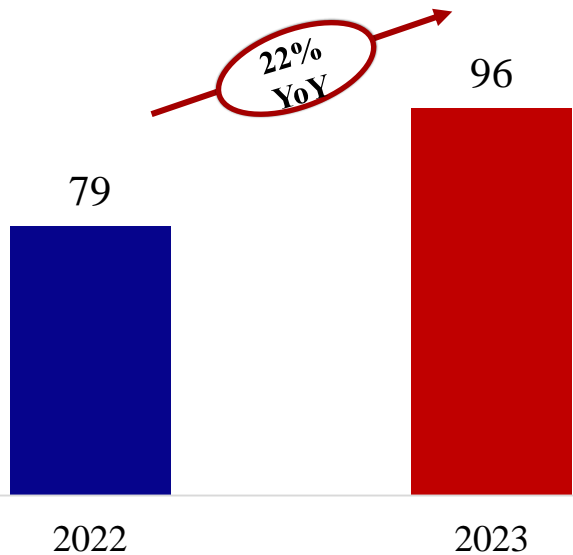




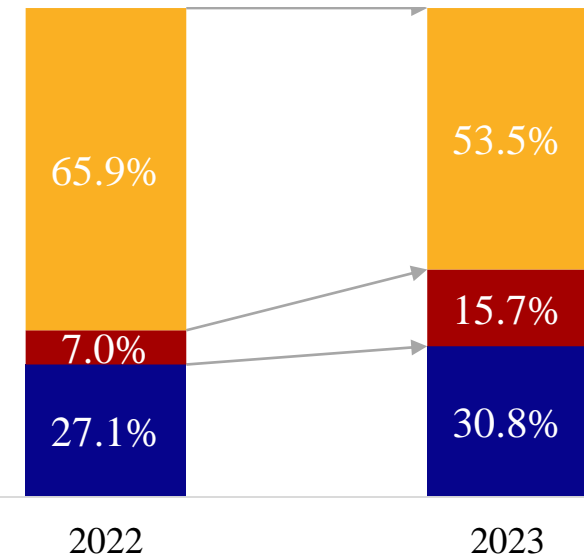
Total Revenue: Continued robust growth

- In 2023, the company recorded revenue of approximately RMB9.61 billion, with a year-on-year growth of 22%
- Revenue structure has been further diversified, and the proportion of non-operating lease services revenue has surpassed 45%

Revenue (RMB'00 million)



Revenue Structure



■ Operating lease services
■ Platform and other services
■ Engineering and technical services



Fundamental business maintained resilience

- The equipment volume of the Aerial Work Platform (“AWP”) and Neo-formwork System both increased, while Neo-excavation System remained stable.
- The utilization rates of all three key equipment lines in 2023 were better than the previous year, maintaining at a good level

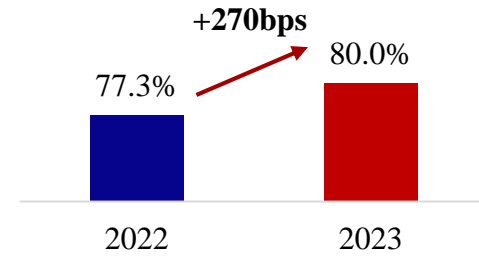
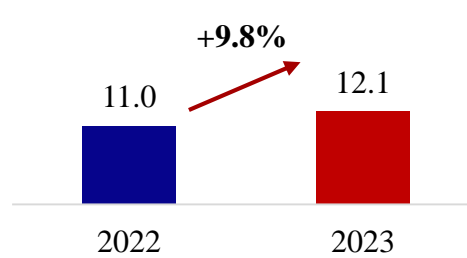
Equipment

Volume of Equipment Owned or Under Management (10k units/10k tons)⁽¹⁾

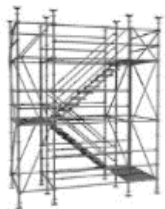
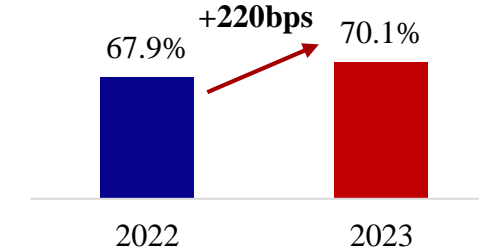
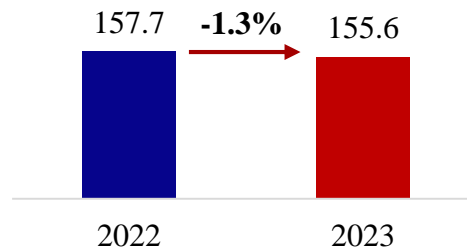
Utilization Rate



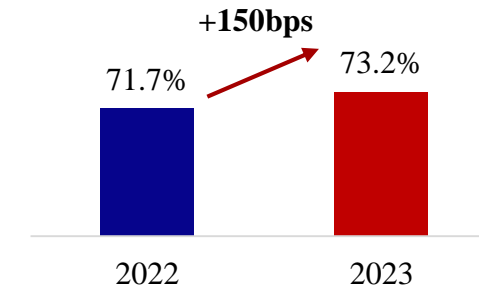
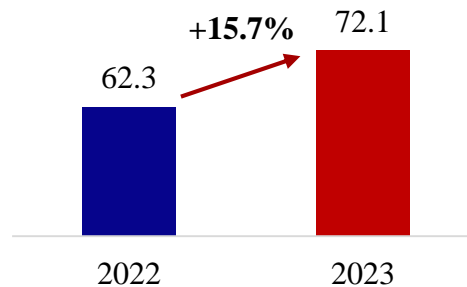
Aerial Work Platform



Neo-excavation System



Neo-formwork System



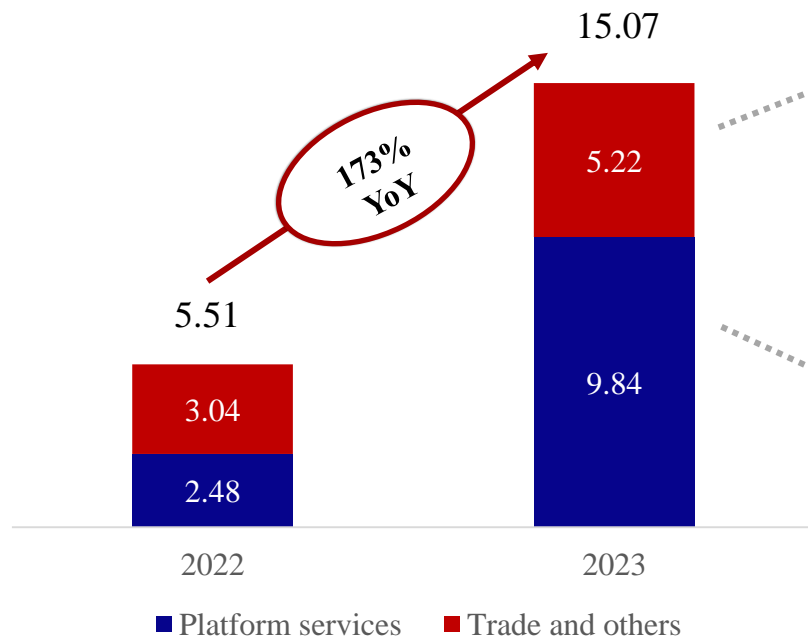
Note: (1) The volume of AWP refers to the volume of AWP owned by the company.



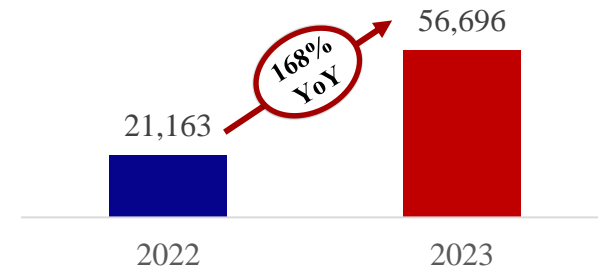
Superior platform-based comprehensive service capabilities

- The full-year revenue of platform and other services reached about RMB1.51 billion, increasing about 173% year-on-year
- Leveraging extraordinary platform service capabilities and client resources, the company has integrated and revitalize the idle or scattered but good-quality equipment in the market, to better serve downstream clients, resulting in the revenue of platform services up about 298% year-on-year in 2023. Also, the revenue of trade and others achieved growth.

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



The management volume of AWP under platform mode further scaled



Overseas sales channels further expanded

In 2023, the company sold **over 1,500** units of equipment,. Besides the continuously-enlarged domestic sales network, the company has entered into the **overseas markets in Indonesia and Malaysia** to offer less-priced and good-quality second-hand AWP.



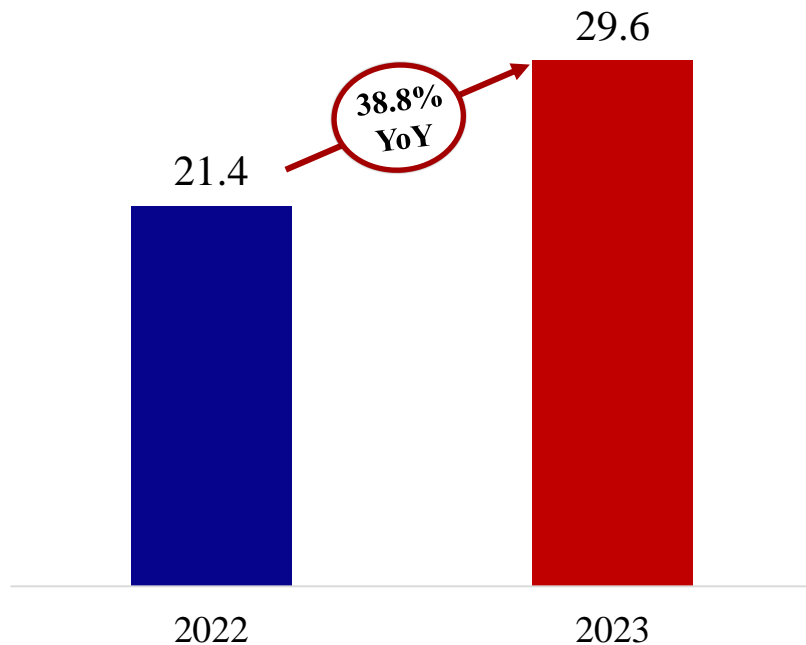
Note: The difference in total data in the chart is due to rounding.



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 expanded the business scale of engineering and technical services, creating the full-year revenue of about RMB2.96 billion with a year-on-year increase of about 38.8%.

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



Continued to increase the marketing and promotion of technical services

In 2023, the company held 28 large-scale technical-related seminars in Chengdu, Jinan, Wuhan, Changsha and other cities. Neo-excavation System and Neo-formwork System served more than 3,500 engineering projects in total and more than 1,500 bid-winning projects.



Insisted in R&D to strengthen technical service capabilities

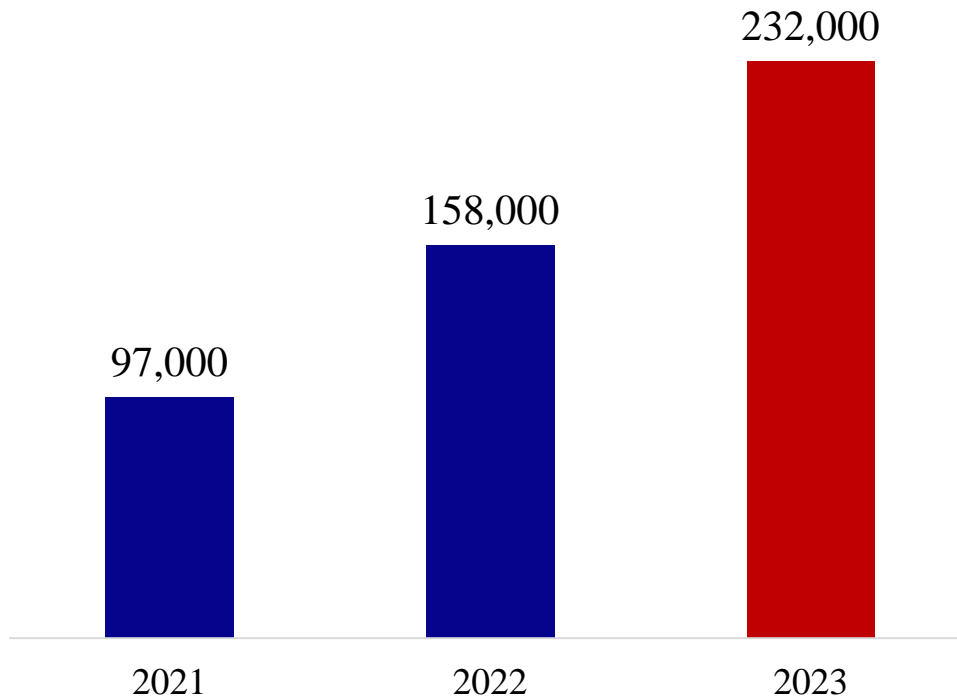
In March 2023, the company's prefabricated truss-shaped steel support system was reviewed by the Appraisal Meeting of the Shanghai Civil Engineering Society, and it was considered as a new type of green and low-carbon steel support technology. Application prospects, scientific and technological achievements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



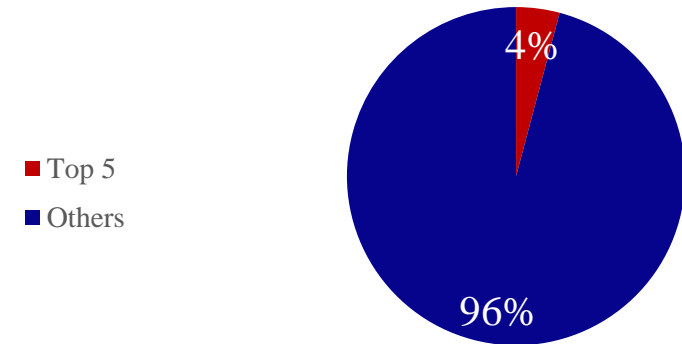
The enhancement of comprehensive service ability drives clientele scale and stickiness, thus maintaining a strong risk resistance ability

- 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.

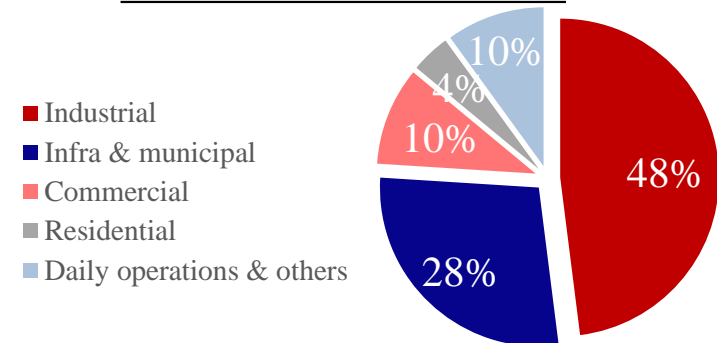
Total number of clients served



Top 5 entity-level Client Concentration Rate in 2023



Equipment Usage Scenarios Breakdown in 2023 (1)



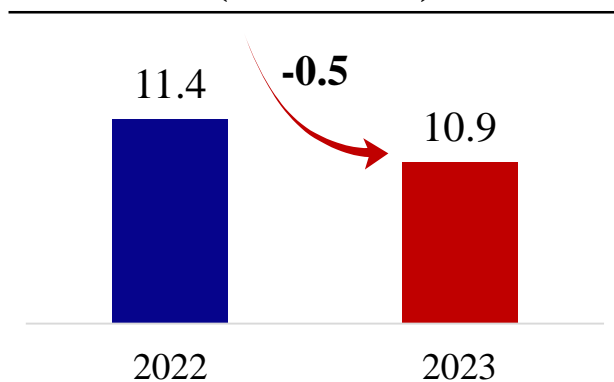
Note: (1) Based on the confirmed turnover derived from the equipment operated and managed by the company



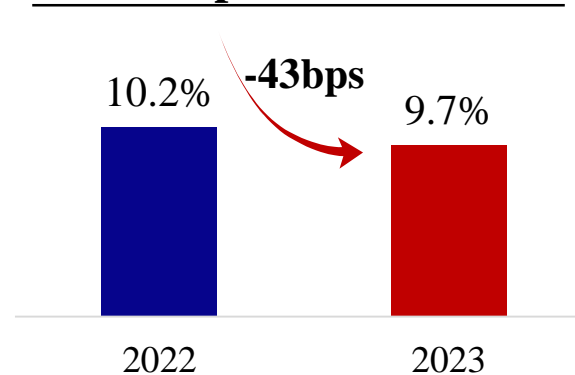
Significant reduction in core expense ratios

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

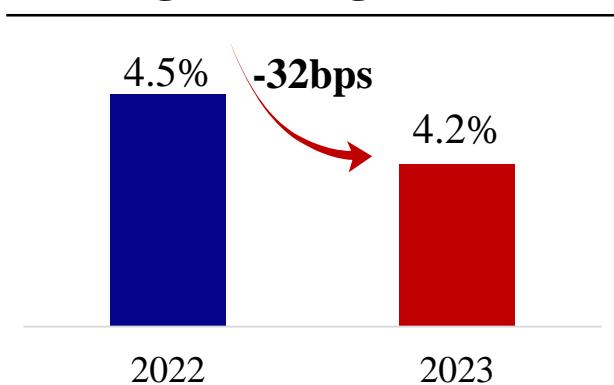
Unit price of logistic cost (RMB/km)



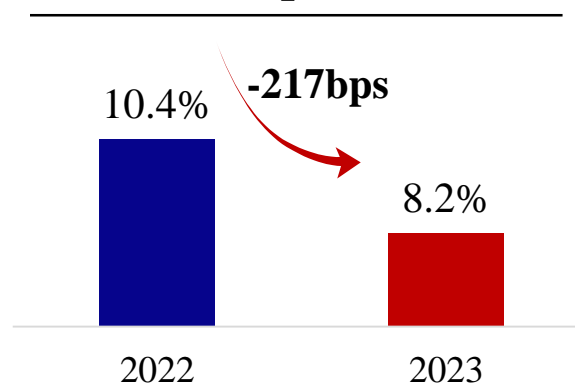
Logistics and lifting expense ratio



Average funding cost rate⁽¹⁾



Finance expense ratio⁽²⁾



Notes:

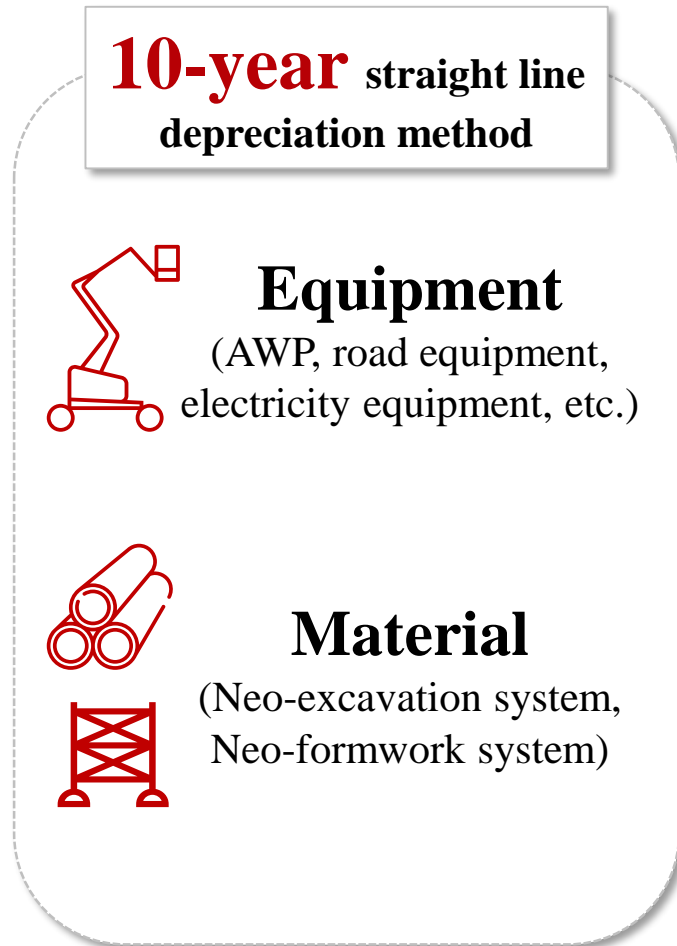
(1) Average financing rate = interest expense during the year/corresponding average balance of interest-bearing bank and other borrowings

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

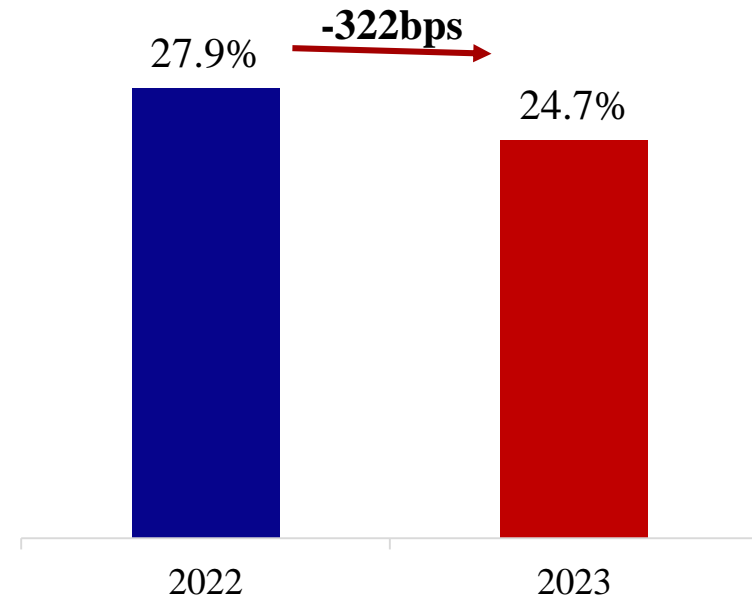


Prudent depreciation policy with stable depreciation expense ratio

- Adhering to the principle of prudence and conservation, the company adopted a 10-year depreciation method for the main asset categories used in operating lease as well as engineering and technical services, with a stable depreciation expense rate



Depreciation cost as a percentage of total revenue

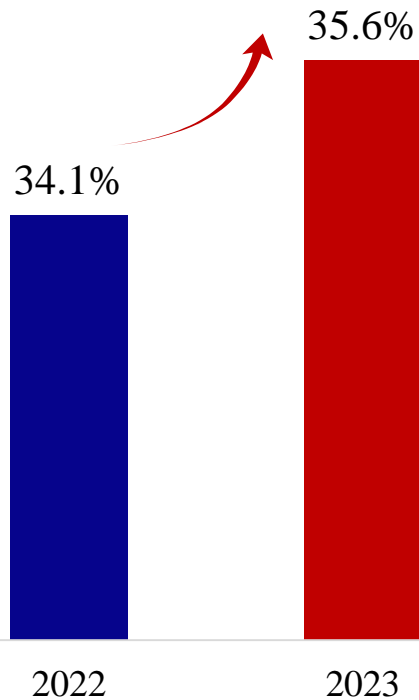




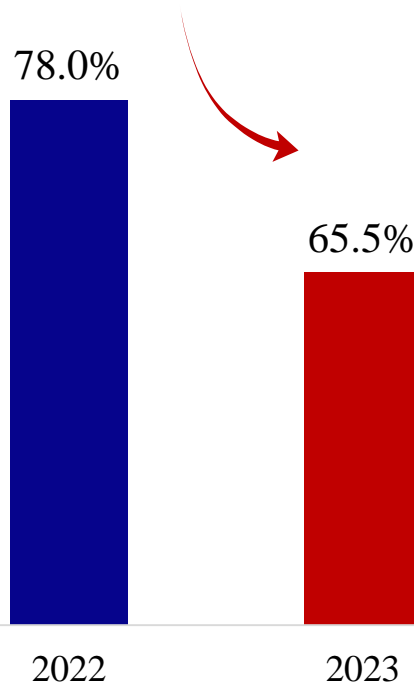
Stable and healthy capital structure with reduced leverage

- The liquidity of the company maintained sufficient, and its proportion of current asset increased
- The company's equity has been enlarged after the initial public offering. The asset-liability ratio and leverage ratio were descending, while the operating capital maintained abundant

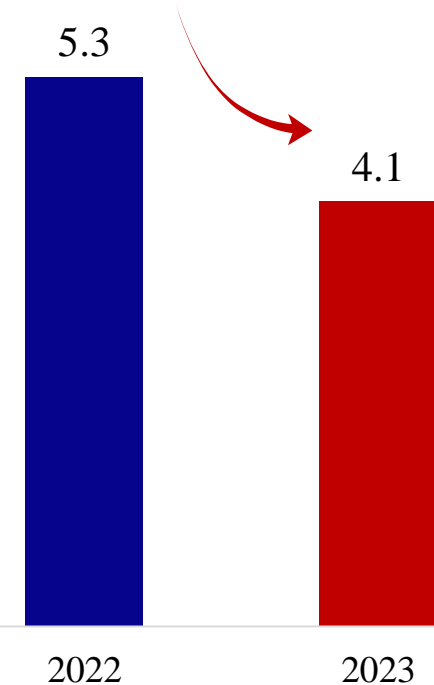
**Current asset
as % of total assets**



Asset-liability ratio



Net debt⁽¹⁾ to EBITDA ratio



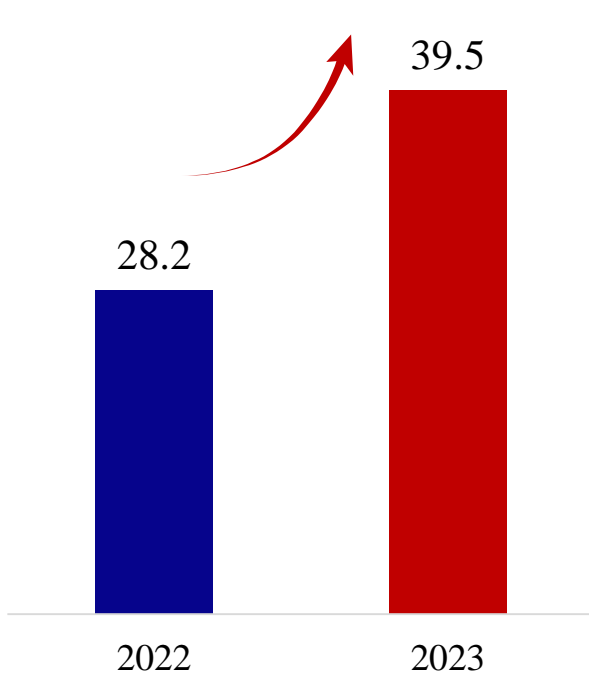
Note: (1) Net debt = total liabilities – cash and cash equivalents



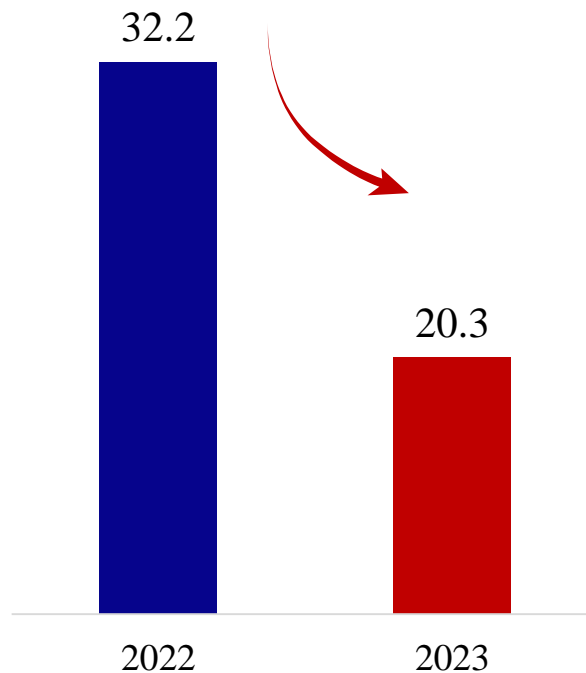
Free cash flow improved

- 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 2023

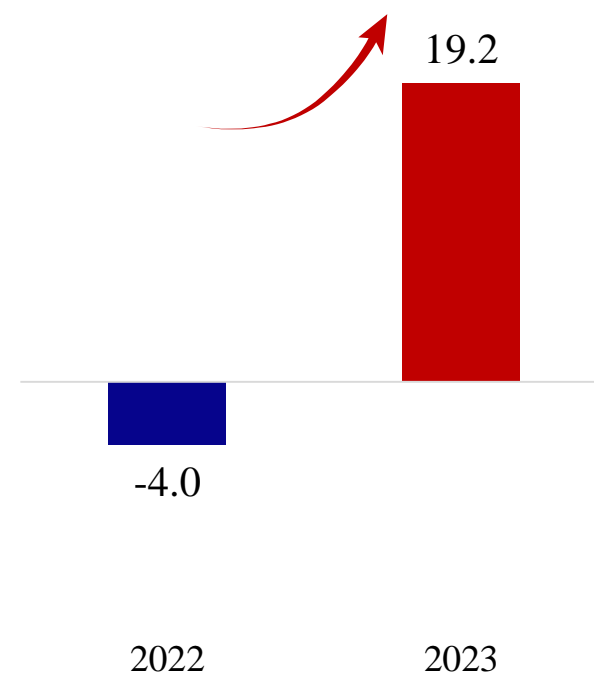
Operating cash flow (RMB'00 million)



CAPEX (RMB'00 million)



Free cash flow⁽¹⁾ (RMB'00 million)





Appendix: Condensed Balance Sheet

(RMB'00 million)	31 Dec 2023	31 Dec 2022	Change
Total assets	312	303	3.1%
Equipment and material for leasing and services	176	184	-4.4%
Trade receivables and contract assets	54	48	13.0%
Total liabilities	205	236	-13.4%
Total equity	108	67	61.5%
Equity attributable to owners of the parent	108	67	61.5%
Net assets per share (RMB/share)	3.37	2.36	42.8%



Appendix: Condensed Income Statement

(RMB'00 million)	2023FY	2022FY	Change
Revenue	96.11	78.78	22.0%
EBITDA	44.80	40.81	9.8%
Adjusted net profit⁽¹⁾	10.43	9.43	10.7%
EPS (RMB/share)	0.32	0.23	34.5%
ROA	3.1%	2.3%	0.8pct
ROE	11.0%	10.5%	0.5pct

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

Appendix: Condensed Income Statement

(RMB'00 million)	2023FY	2022FY	Change
Net profit	9.62	6.64	44.9%
Interest expenses and foreign exchange gains or losses from redemption liabilities on ordinary shares	0.68	2.38	-71.4%
Listing expenses	0.13	0.40	-68.9%
Adjusted net profit	10.43	9.43	10.7%

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



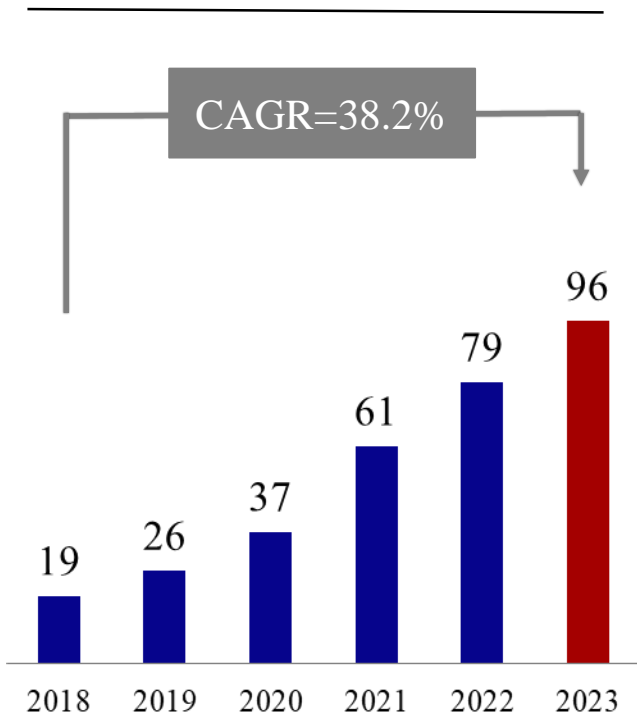
Appendix: Condensed Cash Flow Statement

(RMB'00 million)	2023FY	2022FY	Change
Net change in cash and cash equivalents	0.1	16.5	-99%
Net cash flows from operating activities	39.5	28.2	40%
Net cash flows from investing activities	-18.3	-34.6	-47%
Net cash flows from financing activities	-21.1	22.9	-192%
Cash and cash equivalents at the end of the period	21.7	21.6	0%

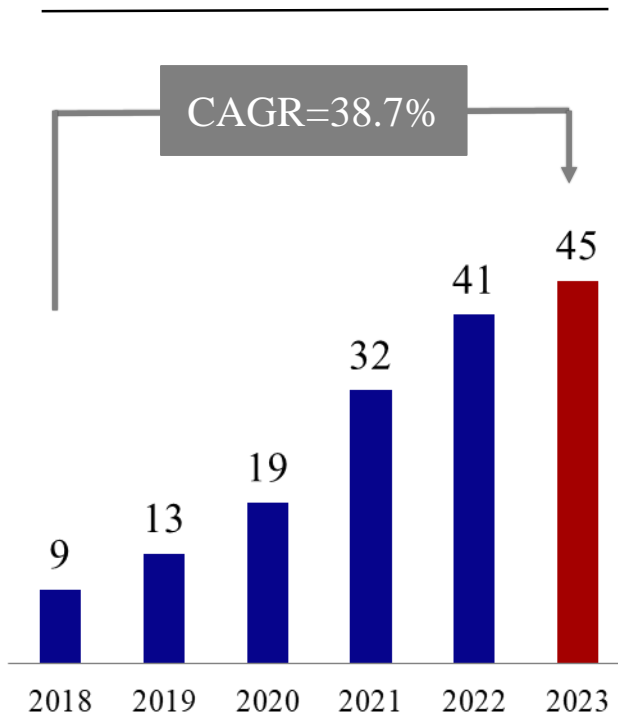


Record of successful anti-cyclical high growth

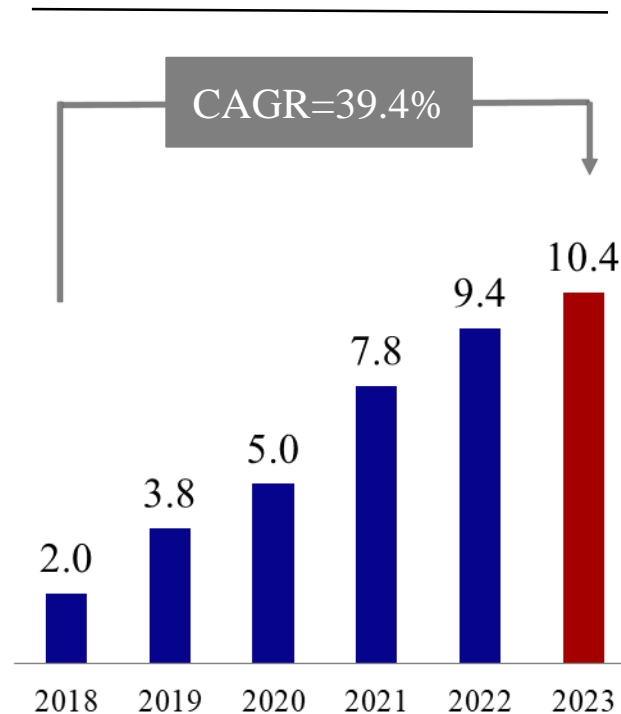
Revenue (RMB'00 million)



EBITDA (RMB'00 million)



Adjusted net profit⁽¹⁾ (RMB'00 million)



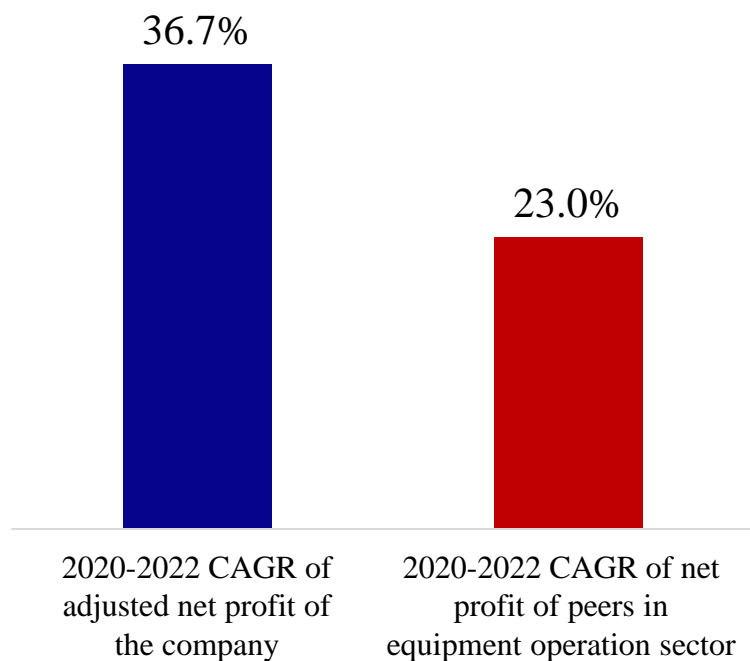
Note: (1) figures of 2018 and 2019 are net profit, while other years are adjusted net profit



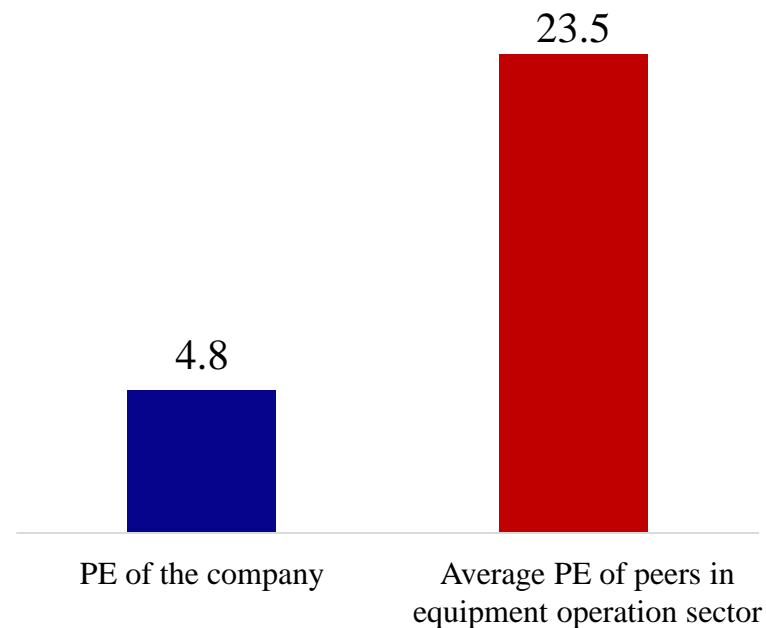
Leading growth pace and great potential of valuation improvement

- The company's overall growth is faster than other listing peers
- PE multiple of the company has a significant discount compared to peers

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



The company's PE multiple⁽²⁾ is noticeably discounted compared to peers⁽¹⁾



Notes:

(1) Including similar large-scale peers listed in China, the United States and the United Kingdom 40

(2) Data as of 7 March 2024



Q & A



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