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本公告及上市文件僅供參考之用，並不構成收購、購買或認購證券的邀請或要約，或訂立任何協議以作出任何該等事宜的邀請，亦不被視作收購、購買或認購任何證券的要約邀請。

本公告及本文所述上市文件乃按上市規則（定義見下文）規定的僅作資料用途而刊發，並不構成提呈出售任何證券的要約或招攬購買任何證券的要約。本公告及其任何內容（包括上市文件）並非任何合約或承諾的依據。為免生疑，刊發本公告及本文所述上市文件不應被視為就香港法例第32章公司（清盤及雜項條文）條例而言根據本公司（定義見下文）所刊發或代其刊發的招股章程而作出的證券發售要約，亦概不構成就香港法例第571章證券及期貨條例而言的廣告、邀請或文件，其中載有向公眾人士的邀約，訂立或要約訂立有關購買、出售、認購或包銷證券的協議。

本公告及本文所附上市文件並不構成亦不屬在或向美國或在任何其他司法管轄權區購買或認購本公司證券的任何要約或招攬其中一部分。本公告所指的證券概無及將不會根據經修訂的一九三三年美國證券法（「證券法」）或美國任何州或其他司法管轄權區的證券法律登記，除根據證券法或適用州或當地證券法律獲豁免或屬不受證券法或適用州或當地證券法律的登記規定所規限的交易外，概不可在美國境內提呈發售或出售。本公告及本文所附上市文件及其中所載資料不得直接或間接在或向美國或在任何其他司法管轄權區派發。證券將僅依賴證券法下S規例在美國境外發售。概不會在或向美國或向香港公眾或在有關發售受限制或被禁止的任何其他司法管轄權區作出證券公開發售。

**香港投資者提示：**本公司確認，票據（定義見下文）將僅供專業投資者（定義見香港聯合交易所有限公司證券上市規則第37章）購買，並已按該基礎於香港聯交所上市。因此，本公司確認，票據並不適宜作為香港散戶的投資。投資者應審慎考慮所涉及的風險。

## 刊發補充發售通函及定價補充文件



**遠東宏信有限公司**  
FAR EAST HORIZON LIMITED

**遠東宏信有限公司**  
（「本公司」）

（於香港註冊成立的有限公司）

（股份代號：3360）

**於二零二七年到期的500,000,000美元6.625%票據（「票據」）**  
（股份代號：4571）

**根據4,000,000,000美元的中期票據及永續證券計劃（「該計劃」）發行**

本公告乃根據香港聯合交易所有限公司證券上市規則（「上市規則」）第37.39A條而作出。

請參閱本公告隨附的日期為二零二四年四月九日有關票據的補充發售通函（「補充發售通函」）及日期為二零二四年四月九日有關票據的定價補充文件（「定價補充文件」）以及日期為二零二三年七月二十四日有關該計劃的發售通函（「計劃發售通函」）<sup>(1)</sup>（計劃發售通函、補充發售通函及定價補充文件統稱為「上市文件」，各為一份「上市文件」）。誠如上市文件所披露，票據擬僅供專業投資者（定義見上市規則第37章）購買並已按此基礎於香港聯交所上市。

上市文件概不構成向任何司法管轄權區的公眾人士提呈出售任何證券的招股章程、通告、通函、宣傳冊或廣告，亦非邀請公眾人士提呈認購或購買任何證券的要約，且並非供分發以邀請公眾人士提呈認購或購買任何證券的要約。

上市文件概不得被視為認購或購買本公司任何票據的勸誘，且無意進行有關勸誘。

承董事局命  
遠東宏信有限公司  
主席、行政總裁及執行董事  
孔繁星

香港，二零二四年四月十七日

附註：

(1) 日期為二零二三年七月二十四日的有關本公司該計劃的發售通函載於：  
[https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0725/2023072500134\\_c.pdf](https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0725/2023072500134_c.pdf)

於本公告日期，本公司的執行董事為孔繁星先生（主席）、王明哲先生及曹健先生；本公司的非執行董事為陳樹民先生、衛濛濛女士、劉海峰先生、郭明鑑先生及羅強先生；以及本公司的獨立非執行董事為韓小京先生、劉嘉凌先生、葉偉明先生及黃家輝先生。

## 目錄

日期為二零二四年四月九日的補充發售通函

日期為二零二四年四月九日的定價補充文件

## IMPORTANT NOTICE

### NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES

THIS DOCUMENT IS AVAILABLE ONLY TO INVESTORS WHO ARE PURCHASING THE SECURITIES OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") ("REGULATION S").

**IMPORTANT:** You must read the following before continuing. The following applies to the supplemental offering circular following this page (the "**Supplemental Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Supplemental Offering Circular. In accessing the Supplemental Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS SUPPLEMENTAL OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY US ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS SUPPLEMENTAL OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

**Confirmation of your Representation:** In order to be eligible to view the following Supplemental Offering Circular or make an investment decision with respect to the securities, investors must be eligible to purchase the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. By accepting the e-mail and accessing the following Supplemental Offering Circular, you shall be deemed to have represented to us that (1) you and any customers you represent are eligible to purchase the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act and that you and any customers you represent are not, and the electronic e-mail address that you gave us and to which this e-mail has been delivered is not, located in the United States and (2) that you consent to the delivery of such Supplemental Offering Circular by electronic transmission.

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

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

This Supplemental Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Issuer, nor BNP Paribas, DBS Bank Ltd., Far East Horizon International Securities Limited, Guotai Junan Securities (Hong Kong) Limited, MUFG Securities Asia Limited, Standard Chartered Bank, UBS AG Hong Kong Branch, Bank of Communications Co., Ltd. Hong Kong Branch, BOCOM International Securities Limited, China CITIC Bank International Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), CLSA Limited, Crédit Agricole Corporate and Investment Bank, Guosen Securities (HK) Capital Company Limited, Industrial Bank Co., Ltd. Hong Kong Branch and SMBC Nikko Securities (Hong Kong) Limited (together, the "**Managers**"), or any person who controls the Managers, or any director, officer, employee or agent of the Issuer or the Managers, or affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the Supplemental Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Managers.

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



**遠東宏信有限公司**  
**FAR EAST HORIZON LIMITED**

*(incorporated in Hong Kong with limited liability)*

(Stock Code: 3360)

**U.S.\$500,000,000 6.625 per cent. Notes due 2027**

**issued under the**  
**U.S.\$4,000,000,000 Medium Term Note and Perpetual Securities Programme of**  
**Far East Horizon Limited**

This Supplemental Offering Circular is supplemental to the offering circular dated 24 July 2023 (the "**Programme Offering Circular**") in connection with the Programme (as defined below) and is prepared in connection with the issue of U.S.\$500,000,000 6.625 per cent. notes due 2027 (the "**Notes**") by Far East Horizon Limited (the "**Issuer**") under its U.S.\$4,000,000,000 Medium Term Note and Perpetual Securities Programme (the "**Programme**"). Terms defined in the Programme Offering Circular have the same meaning when used in this Supplemental Offering Circular. This Supplemental Offering Circular is supplemental to, and forms part of, and should be read in conjunction with the Programme Offering Circular and any other supplements to the Programme Offering Circular issued by the Issuer. With effect from the date of this Supplemental Offering Circular, the information appearing in the Programme Offering Circular shall be amended and/or supplemented by the inclusion of the information set out in this Supplemental Offering Circular.

Pursuant to the Administrative Measures for the Review and Registration of Medium and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) (the "**NDRC Foreign Debt Measures**"), which was issued by the NDRC on 5 January 2023 and came into effect on 10 February 2023, and other applicable implementation rules, regulations, certificates, circulars, notices or policies thereof as issued by the NDRC from time to time, issuance of the Notes has been registered with the NDRC. The Issuer is required to file with the NDRC the requisite information on the issuance of the Notes after the issuance of the Notes. The Issuer intends to provide or cause to be provided the requisite information on the issuance of the Notes to the NDRC within the time periods prescribed by the NDRC Foreign Debt Measures.

**Investing in the Notes involves certain risks. Prospective investors should have regard, among others, to the factors described under the sections entitled "Risk Factors" in the Programme Offering Circular and this Supplemental Offering Circular.**

Application will be made to The Stock Exchange of Hong Kong Limited (the "**HKSE**") for the listing of, and permission to deal in, the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (the "**Professional Investors**") only. This document is for distribution to Professional Investors only. **Notice to Hong Kong investors: The Issuer confirms that the Notes are intended for purchase by Professional Investors only and will be listed on the HKSE on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.**

**The HKSE has not reviewed the contents of this Supplemental Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Supplemental Offering Circular to Professional Investors only have been reproduced in this Supplemental Offering Circular. Listing of the Programme or the Notes on the HKSE is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Issuer, the Group or quality of disclosure in this document.** Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents of this Supplemental Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Supplemental Offering Circular.

The Notes will be issued in registered form and will initially be represented by a permanent registered global certificate in respect of the Notes (the "**Global Certificate**") without interest coupon registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depository for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered or sold within the United States. For a description of certain restrictions on offers and sales of the Notes and the distribution of the Programme Offering Circular and this Supplemental Offering Circular, see the section entitled "*Subscription and Sale*" in the Programme Offering Circular as amended by this Supplemental Offering Circular.

**Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers**  
*(in alphabetical order)*

<b>BNP PARIBAS</b>	<b>DBS Bank Ltd.</b>	<b>Far East Horizon International</b>	<b>Guotai Junan International</b>
<b>MUFG</b>	<b>Standard Chartered Bank</b>		<b>UBS</b>

**Joint Bookrunners and Joint Lead Managers**  
*(in alphabetical order)*

<b>Bank of Communications</b>	<b>China CITIC Bank International</b>	<b>China Zheshang Bank Co., Ltd. (Hong Kong Branch)</b>	<b>CITIC Securities</b>
<b>Crédit Agricole CIB</b>	<b>Guosen Securities (HK)</b>	<b>Industrial Bank Co., Ltd. Hong Kong Branch</b>	<b>SMBC Nikko</b>

## IMPORTANT NOTICE

The Issuer having made all reasonable enquiries, confirms that, to the best of its knowledge and belief, (i) the Programme Offering Circular, as amended and supplemented by this Supplemental Offering Circular, contains all information with respect to the Issuer, the Issuer and its subsidiaries taken as a whole (the "**Group**") and the Notes that is material in the context of the issue and offering of the Notes, (ii) the statements contained in the Programme Offering Circular, as amended and supplemented by this Supplemental Offering Circular, relating to the Issuer and the Group are in every material particular true and accurate and not misleading in any material respect, (iii) the opinions and intentions expressed in the Programme Offering Circular, as amended and supplemented by this Supplemental Offering Circular, with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iv) there are no other facts in relation to the Issuer, the Group, and the Notes, the omission of which would, in the context of the issue and offering of the Notes, make any statement in the Programme Offering Circular, as amended and supplemented by this Supplemental Offering Circular, misleading in any material respect and (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

The Notes will be issued on the terms set out in the Programme Offering Circular under "*Terms and Conditions of the Notes*", as amended and/or supplemented by the pricing supplement in respect of the Notes set forth in this Supplemental Offering Circular (the "**Pricing Supplement**"). The Programme Offering Circular, this Supplemental Offering Circular and the Pricing Supplement must be read and construed together with any further amendments or supplements to the Programme Offering Circular and with any information incorporated by reference in the Programme Offering Circular (see "*Documents Incorporated by Reference*").

## IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

Prospective investors should be aware that certain intermediaries in the context of the offerings of the Notes including certain Managers, may be "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("**OCs**") for the offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association ("**Association**") with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any relevant Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Manager or its group company has more than 50 per cent. interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any relevant Manager, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective

investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Manager and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

No person has been authorised to give any information or to make any representation in connection with the Issuer, the Group, or the issue or sale of the Notes other than those contained in the Programme Offering Circular, this Supplemental Offering Circular and any further amendment or supplement to the Programme Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of any of the Issuer, the Managers, the Trustee and the Agents. Neither the delivery of the Programme Offering Circular, this Supplemental Offering Circular or the Pricing Supplement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or the date upon which the Programme Offering Circular is most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which the Programme Offering Circular is most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

None of the Issuer, the Managers, the Trustee and the Agents represents that the Programme Offering Circular or this Supplemental Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any available exemption, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Managers, the Trustee or the Agents which would permit a public offering of the Notes or distribution of the Programme Offering Circular or this Supplemental Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and none of the Programme Offering Circular, this Supplemental Offering Circular, the Pricing Supplement nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

The distribution of the Programme Offering Circular, this Supplemental Offering Circular and the Pricing Supplement and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession the Programme Offering Circular, this Supplemental Offering Circular or the Pricing Supplement comes are required by the Issuer, the Managers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes may include Notes in bearer form that are subject to U.S. tax law requirements. The Notes may not be offered or sold within the United States except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act.

For a more complete description of these and certain further restrictions on offers, sales and transfers of the Notes and distribution of this Supplemental Offering Circular, see the sections entitled "*Subscription and Sale*" as amended by this Supplemental Offering Circular.

None of the Programme Offering Circular, this Supplemental Offering Circular nor the Pricing Supplement constitutes an offer of, or an invitation by or on behalf of the Issuer, the Managers, the Trustee or the Agents to subscribe for or purchase, the Notes in any jurisdiction where such offer or invitation is unlawful.

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

None of the Managers, the Trustee and the Agents has separately verified the information contained in the Programme Offering Circular or this Supplemental Offering Circular. To the fullest extent permitted by law, none of the Managers, the Trustee and the Agents makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in

the Programme Offering Circular or this Supplemental Offering Circular. To the fullest extent permitted by law, none of the Managers, the Trustee and the Agents accepts any responsibility for the contents of the Programme Offering Circular or this Supplemental Offering Circular and assumes no responsibility for the contents, accuracy, completeness or sufficiency of any such information, or for any other statement made or purported to be made by an Manager, the Trustee, an Agent or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or on their behalf, in connection with the Issuer, the Group or the issue and offering of the Notes in the Programme Offering Circular and this Supplemental Offering Circular. The Managers, the Trustee, each Agent and their respective affiliates, directors, officers, employees, agents, representatives and advisers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of the Programme Offering Circular and this Supplemental Offering Circular or any such statement. Neither the Programme Offering Circular and this Supplemental Offering Circular nor any other information provided or incorporated by reference in connection with the Programme is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Managers, the Trustee or the Agents that any recipient of the Programme Offering Circular or this Supplemental Offering Circular or of any such information should purchase the Notes. Each potential purchaser of the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in the Programme Offering Circular, this Supplemental Offering Circular and the Pricing Supplement and its purchase of the Notes should be based upon such investigation as it deems necessary.

In connection with the issue of the Notes, each Manager named as the stabilisation manager(s) (the "**Stabilisation Manager(s)**") (excluding China CITIC Bank International Limited who shall not be appointed or acting as a Stabilisation Manager or participate in any stabilisation action in any event) (or persons acting on behalf of any Stabilisation Manager) in the Pricing Supplement may over-allot the Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail for a limited period after the relevant Issue Date. However, there is no obligation on such Stabilisation Manager(s) (or persons acting on behalf of the Stabilisation Manager(s)) to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

Unless otherwise stated in this Supplemental Offering Circular, all translations from Renminbi into U.S. dollars were made at the rate of RMB7.0999 to U.S.\$1.00, the noon buying rate in the City of New York for cable transfers payable in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on 29 December 2023. All such translations in this Supplemental Offering Circular are provided solely for reference and no representation is made that the Renminbi amounts referred to herein have been, could have been or could be converted into U.S. dollars at any particular rate or at all.

Certain figures included in this Supplemental Offering Circular have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

## DOCUMENTS INCORPORATED BY REFERENCE

This Supplemental Offering Circular should be read and construed in conjunction with the Programme Offering Circular except for:

- (a) the section entitled "*Documents Incorporated by Reference*" as set out on page x thereof. For the avoidance of doubt, the Issuer's annual audited consolidated financial statements as at and for the year ended 31 December 2023 contained in its 2023 annual report are incorporated by reference into this Supplemental Offering Circular;
- (b) the sub-sections entitled "*Risk Factors – Risks Relating to the Group's Business*", "*Risk Factors – Risks Relating to the Industry*", "*Risk Factors – Risks Relating to Conducting Operations in China*" and "*Risk Factors – Risks Relating to the Securities*" as set out on pages 19 to 37 and pages 47 to 48 thereof;
- (c) the sections entitled "*Terms and Conditions of the Securities*" and "*Form of Pricing Supplement of the Securities*" as set out on pages 100 to 130 and pages 221 to 227 thereof;
- (d) the section entitled "*Capitalisation and Indebtedness*" as set out on page 138 thereof;
- (e) the section entitled "*Description of the Group*" as set out on pages 139 to 175 thereof;
- (f) the section entitled "*Substantial Shareholders*" as set out on pages 176 to 178 thereof;
- (g) the section entitled "*Directors*" as set out on pages 179 to 183 thereof;
- (h) the section entitled "*Form of Pricing Supplement of the Notes*" as set out on pages 206 to 220 thereof;
- (i) the sub-section entitled "*Subscription and Sale – Singapore*" as set out on page 204 thereof; and
- (j) the section entitled "*General Information*" as set out on pages 228 to 229 thereof,

each of which shall not be deemed to be incorporated into this Supplemental Offering Circular.

The Programme Offering Circular (other than the sections specified in (a) to (i) above) shall be incorporated in and form part of this Supplemental Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Supplemental Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Supplemental Offering Circular. Any documents themselves incorporated by reference in the documents incorporated by reference in this Supplemental Offering Circular shall not form part of this Supplemental Offering Circular.

Copies of documents incorporated by reference in this Supplemental Offering Circular may be obtained from the head office of the Issuer at Unit 6608, 66/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong and at the specified office of the Paying Agents.

## FORWARD-LOOKING STATEMENTS

This Supplemental Offering Circular includes forward-looking statements. The words "**anticipate**", "**believe**", "**expect**", "**plan**", "**intend**", "**targets**", "**aims**", "**estimate**", "**project**", "**will**", "**would**", "**may**", "**could**", "**continue**" and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Supplemental Offering Circular, including, without limitation, those regarding the Group's financial position, business strategy, management plans and objectives for future operations, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Group's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group expects to operate in the future. Important factors that could cause the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other factors referenced in this Supplemental Offering Circular:

- the competitive industries in which the Group operates;
- industry risks in the financial leasing business;
- general economic, political and social conditions and developments in the PRC and other jurisdictions in which the Group operates;
- the Group's ability to meet financial and other covenants provided under its financing agreements;
- legal proceedings and regulatory investigations; and
- other risks identified in the "*Risk Factors*" sections of the Programme Offering Circular and this Supplemental Offering Circular.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections entitled "*Risk Factors*" in the Programme Offering Circular and this Supplemental Offering Circular. Forward-looking statements speak only as of the date of this Supplemental Offering Circular and the Issuer expressly disclaims any obligation or undertaking to update publicly or revise any forward-looking statements in this Supplemental Offering Circular to reflect any change in the Group's expectations or any change in events, conditions or circumstances on which these forward-looking statements are based. Given the uncertainties of forward-looking statements, there can be no assurance that projected results or events will be achieved and undue reliance should not be placed on these statements.

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## SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth the summary consolidated financial information of the Issuer as at the dates and for the periods indicated.

The summary audited consolidated financial information of the Group as at and for the year ended 31 December 2021 is derived from the Issuer's annual consolidated financial statements as at and for the years ended 31 December 2022 prepared and presented in accordance with HKFRS and interpretation promulgated by the Hong Kong Institute of Certified Public Accountants, which are included in the Programme Offering Circular and have been audited by Ernst & Young, Certified Public Accounts.

The summary audited consolidated financial information of the Group as at and for the years ended 31 December 2022 and 2023 set forth below is derived from the Issuer's annual consolidated financial statements as at and for the year ended 31 December 2023 prepared and presented in accordance with HKFRS and interpretation promulgated by the Hong Kong Institute of Certified Public Accountants, which are incorporated by reference into this Supplemental Offering Circular and have been audited by Ernst & Young, Certified Public Accounts.

Issuer adopted certain new and revised HKFRSs for the first time for the consolidated financial statements as at and for the year ended 31 December 2023, including but not limited to Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction. Due to such adoption of the new and revised HKFRSs, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, and certain comparative amounts have been reclassified and restated to conform with the presentation and accounting treatment when preparing the consolidated financial statements as at and for the year ended 31 December 2023. For more details, please refer to Notes 2.2 and 52 of the Issuer's annual consolidated financial statements as at and for the year ended 31 December 2023.

The historical results do not necessarily indicate the Group's expected results for any future period.

### ANNUAL CONSOLIDATED INCOME STATEMENT OF THE GROUP

	For the year ended 31 December		
	2021	2022	2023
		<i>RMB'000</i>	
		<i>(restated)</i>	
Interest Income .....	19,168,370	21,677,501	22,467,103
Revenue from operating leases .....	4,463,348	5,440,268	6,126,865
Revenue from contracts with customers .....	10,150,267	9,615,249	9,508,737
Tax and surcharges .....	(138,062)	(147,296)	(142,907)
Cost of sales .....	(16,431,419)	(18,127,725)	(19,958,815)
Other income and gains .....	3,302,992	2,880,940	2,251,349
Selling and distribution costs .....	(2,568,648)	(2,771,706)	(3,628,535)
Administrative expenses .....	(5,309,607)	(4,497,498)	(4,515,957)
Impairment losses on financial and contract assets .....	(1,218,533)	(1,639,319)	(613,314)
Gains on derecognition of financial assets measured at amortised cost ...	7,349	1,486	–
Other expenses .....	(1,158,812)	(1,302,547)	(300,601)
Finance costs .....	(915,665)	(1,054,775)	(1,037,956)
Share of net profits of Associates .....	451,607	420,642	63,409
Share of net profits/(losses) of Joint ventures .....	210,111	(176,615)	205,882
<b>PROFIT BEFORE TAX</b> .....	<b>10,013,298</b>	<b>10,318,605</b>	<b>10,425,260</b>
Income tax expense .....	(3,785,040)	(3,718,648)	(3,508,237)
<b>PROFIT FOR THE YEAR</b> .....	<b>6,228,258</b>	<b>6,599,921</b>	<b>6,917,023</b>
<b>Attributable to:</b>			
Ordinary shareholders of the parent .....	5,512,245	6,128,954	6,192,972
Holders of perpetual securities .....	384,082	249,759	106,894
Non-controlling interests .....	331,931	221,208	617,157
	<b>6,228,258</b>	<b>6,599,921</b>	<b>6,917,023</b>

## ANNUAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE GROUP

	For the year ended 31 December		
	2021	2022	2023
		<i>RMB'000</i> <i>(restated)</i>	
<b>PROFIT FOR THE YEAR</b> .....	6,228,258	6,599,921	6,917,023
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>			
<b>Cash flow hedges:</b>			
Effective portion of changes in fair value of hedging instruments arising during the year .....	(871,716)	2,792,952	907,271
Reclassification to the consolidated statement of profit or loss .....	1,128,891	(3,270,351)	(693,910)
Income tax effect .....	(44,857)	16,629	3,236
	212,318	(460,770)	216,597
Exchange differences on translation of foreign operations .....	68,700	(195,373)	(80,561)
Reclassification adjustments for a foreign operation disposed of during the year .....	14,580	–	–
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods .....	295,598	(656,143)	136,036
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b> .....	295,598	(656,143)	136,036
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b> .....	6,523,856	5,943,778	7,053,059
Attributable to:			
Ordinary shareholders of the parent .....	5,807,843	5,472,811	6,328,986
Holders of perpetual securities .....	384,082	249,759	106,894
Non-controlling interests .....	331,931	221,208	617,179
	6,523,856	5,943,778	7,053,059

## ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GROUP

	As at 31 December		
	2021	2022 <i>RMB'000</i> <i>(restated)</i>	2023
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment .....	24,530,838	24,965,863	23,513,055
Investment properties .....	–	115,682	107,767
Right-of-use assets .....	1,865,058	1,873,637	2,388,496
Goodwill .....	373,982	270,512	171,523
Other intangible assets .....	72,228	85,969	121,749
Investments in joint ventures .....	2,604,136	2,977,525	3,572,175
Investment in associates .....	5,216,146	5,599,193	5,533,062
Financial assets at fair value through profit or loss .....	9,490,218	7,924,638	7,105,741
Derivative financial instruments .....	21,874	1,575,188	922,674
Loans and accounts receivables .....	118,618,025	118,171,325	100,463,939
Prepayments, other receivables and other assets .....	4,614,212	2,096,647	1,219,577
Deferred tax assets .....	5,394,566	6,118,290	6,052,352
Restricted deposits .....	–	–	1,560,000
<b>Total non-current assets</b> .....	<b>172,801,283</b>	<b>171,774,469</b>	<b>152,732,110</b>
<b>CURRENT ASSETS</b>			
Inventories .....	559,020	466,282	409,681
Loans and accounts receivables .....	133,599,982	148,966,908	170,302,904
Contract assets .....	276,859	304,295	383,863
Prepayments, other receivables and other assets .....	4,774,712	3,458,266	3,893,686
Debt investment at fair value through other comprehensive income .....	699,039	1,182,401	372,228
Financial assets at fair value through profit or loss .....	3,270,140	1,433,468	1,735,854
Derivative financial instruments .....	457	278,114	1,211,308
Restricted deposits .....	4,239,760	3,227,451	1,589,062
Cash and cash equivalents .....	15,659,036	15,903,843	18,852,540
<b>Total current assets</b> .....	<b>163,079,005</b>	<b>175,221,028</b>	<b>198,751,126</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables .....	13,890,322	13,975,210	9,509,889
Other payables and accruals .....	16,795,266	12,991,463	13,466,682
Derivative financial instruments .....	1,077,111	28,093	5,928
Interest-bearing bank and other borrowings .....	122,694,483	123,454,985	132,389,989
Lease liabilities .....	163,638	143,957	280,495
Income taxes payable .....	2,172,065	1,858,302	1,437,537
<b>Total current liabilities</b> .....	<b>156,792,885</b>	<b>152,452,010</b>	<b>157,090,520</b>
<b>NET CURRENT ASSETS</b> .....	<b>6,286,120</b>	<b>22,769,018</b>	<b>41,660,606</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> .....	<b>179,087,403</b>	<b>194,543,487</b>	<b>194,392,716</b>
<b>NON-CURRENT LIABILITIES</b>			
Convertible bonds-host debts .....	3,321,086	3,717,829	3,806,952
Interest-bearing bank and other borrowings .....	104,185,173	124,154,666	119,439,204
Lease liabilities .....	443,377	362,425	707,150
Derivative financial instruments .....	1,291,753	243,472	209,553
Deferred tax liabilities .....	386,850	902,566	860,952
Other payables and accruals .....	9,960,457	8,058,410	9,054,119
Deferred revenue .....	1,465,194	604,987	911,238
Other non-current liabilities .....	4,979,403	4,057,710	1,833,948
<b>Total non-current liabilities</b> .....	<b>126,033,293</b>	<b>142,102,065</b>	<b>136,823,116</b>
<b>Net assets</b> .....	<b>53,054,110</b>	<b>52,441,422</b>	<b>57,569,600</b>
<b>EQUITY</b>			
Equity attributable to ordinary shareholders of the parent .....			
Share capital .....	13,042,863	13,052,344	13,066,292
Equity component of convertible bonds .....	233,750	233,750	228,432
Reserves .....	28,245,937	31,962,781	36,804,645
	<b>41,522,550</b>	<b>45,248,875</b>	<b>50,099,369</b>
Holder of perpetual securities .....	7,514,376	3,080,425	1,573,876
Non-controlling interests .....	4,017,184	4,112,122	5,896,355
<b>Total equity</b> .....	<b>53,054,110</b>	<b>52,441,422</b>	<b>57,569,600</b>

## RISK FACTORS

*Prior to making an investment decision, prospective investors should carefully consider the following risk factors, along with the other matters set out in the Programme Offering Circular, as amended and supplemented by this Supplemental Offering Circular. PRC laws and regulations may differ from the laws and regulations in other countries. Additional risks not described below or not currently known to the Group or that it currently deems immaterial may also adversely affect the Group's business, financial condition or results of operations or the value of the Notes. The Group believes that the risk factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Group to make payment on or in connection with any Note may occur for reasons which may not be considered as significant risks by the Group based on information currently available to it or which it may not currently be able to anticipate. All of these factors are contingencies which may or may not occur and the Group is not in a position to express a view on the likelihood of any such contingency occurring.*

*The Group does not represent that the statements below regarding the risk factors of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in the Programme Offering Circular, as amended and supplemented by this Supplemental Offering Circular and reach their own views prior to making any investment decision.*

*The Programme Offering Circular and this Supplemental Offering Circular contain forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in the Programme Offering Circular, as amended and supplemented by this Supplemental Offering Circular.*

*The sub-sections entitled "Risk Factors – Risks Relating to the Group's Business", "Risk Factors – Risks Relating to the Industry" and "Risk Factors – Risks Relating to Conducting Operations in China" on pages 19 to 37 of the Programme Offering Circular shall be deleted in its entirety and replaced with the following:*

### **RISKS RELATING TO THE GROUP'S BUSINESS**

***Any inability to effectively mitigate credit risk and maintain its asset quality may have a material adverse impact on the Group's business, financial condition and results of operations***

The sustainability of the Group's business and future growth depends largely on its ability to effectively manage its credit risk and maintain the quality of its receivables portfolio. As such, any deterioration in its asset quality or impairment in the collectability of lease receivables could materially and adversely affect its results of operations. The Group's non-performing assets ratios were 1.06 per cent., 1.05 per cent. and 1.04 per cent. as at 31 December 2021, 2022 and 2023, respectively. The Group may not be able to effectively control the level of its non-performing assets in its current lease receivables portfolio or effectively control the level of new non-performing assets in the future. The amount of the Group's non-performing assets may increase in the future due to a substantial increase in its lease contract value, a deterioration in the quality of its lease receivables portfolio, or a decline in the quality of future receivables. The Group's net lease receivables from customers were RMB222,543.5 million, RMB234,934.5 million and RMB237,901.6 million as at 31 December 2021, 2022 and 2023, respectively.

The quality of the Group's lease receivables portfolio may deteriorate for a variety of reasons, including factors beyond its control, such as a slowdown in the economic growth of the PRC or global economies, including but not limited to as a result of U.S. – Sino trade tensions, a recurrence of a global credit crisis, military conflicts between Russia and Ukraine since 2022 and the resulting sanctions imposed by the U.S. and Europe against Russia, the conflict in Israel and Gaza that commenced in October 2023 which could increase the risk of destabilisation of the broader Gulf region, global inflation or other adverse macroeconomic trends which may cause operational, financial and liquidity problems for its customers thereby affecting their ability to make timely lease payments. Please see "Any slowdown in the Chinese economy may affect the target industries in which the Group operates and result in a material adverse effect on the Group's business, results of operations, financial condition and prospects". If the level of its impaired lease receivables increases, the Group's business, financial condition and results of operations may be materially and adversely affected.

***Any inability to effectively manage its cash flow position may have a material adverse impact on the Group's liquidity and its continuing position in net cash outflows from operating activities***

The Group has experienced periods of net cash outflows from operating activities in the past. For the years ended 31 December 2021 and 2022, the Group recorded net cash outflows from operating activities amounting to RMB14,867.5 million and RMB7,685.6 million, respectively. For the year ended 31 December 2023, the Group recorded net cash inflows from operating activities in the amount of RMB3,726.5 million. Such fluctuations in the Group's cash flows from operating activities were primarily a result of steady market recovery from the COVID-19 pandemic, which led to increased investments in the leasing business. As the Group engages in the business of financial leasing, it correspondingly increases its bank and other borrowings, which are recorded as cash inflows from financing activities. The Group recorded net cash inflows from financing activities of RMB28,515.7 million, RMB9,611.4 million and RMB1,591.6 million for the years ended 31 December 2021, 2022 and 2023, respectively. Such fluctuations in the Group's cash flows from financing activities were primarily a result of fluctuating demand of funds required from bank borrowings and perpetual securities. At the same time, the Group's cash flows from operating activities were also impacted by its ability to collect on its outstanding lease receivables. Therefore, the Group's net cash flows from operating activities could be adversely impacted if it does not effectively manage its credit risk and fails to maintain the quality of its lease receivables portfolio and the Group cannot guarantee that it will not experience periods of net cash outflow from operating activities in the future. The Group's liquidity in the future will to some extent depend on its ability to maintain adequate cash inflows from operating activities, collected primarily from its outstanding lease receivables. If the Group does not effectively manage its credit risk, or should there be any prolonged or significant decrease in the quality of its lease receivables portfolio, its liquidity and cash flows from operating activities could be materially and adversely affected.

***The Group cannot guarantee that it can or will continue to match the maturity profile of its assets and liabilities as both its assets and liabilities grow. Any inability to do so will impact its liquidity and its ability to repay its borrowings and settle its outstanding liabilities, which could have a material adverse effect on its business, financial condition and results of operations***

The Group strives to effectively match its asset growth with its fund raising on an ongoing basis through regular review and periodic adjustment of its funding sources and structure, as necessary, in view of the changes to its internal financial condition and its external business environment. As at 31 December 2021, 2022 and 2023, the Group's total financial assets, based on the contractual undiscounted cash flows, amounted to RMB318,800.7 million, RMB333,627.5 million and RMB336,327.4 million, respectively, while its total financial liabilities, based on the contractual undiscounted cash flows, amounted to RMB285,013.5 million, RMB300,551.5 million and RMB298,184.6 million, respectively. The Group manages its liquidity risk by maintaining the stability of the leasing business, projecting cash flows, maintaining an efficient internal fund transfer mechanism, regularly monitoring the relative maturities between its assets and liabilities and by taking the necessary steps to maintain an appropriate and prudent balance of long-term and short-term funding sources. The Group manages its interest rate exposure by regularly assessing potential changes in interest rates using gap analysis. While the Group did not experience liquidity shortfalls for the years ended 31 December 2021, 2022 and 2023 with respect to its financial assets and liabilities as a whole or with respect to its current financial assets and liabilities (receivable or payable in one year or less), there is no assurance that the Group will continue to maintain this in the future. The Group may fail to effectively match the relative maturities of its assets and liabilities or manage its interest rate exposures between its borrowings and its lease receivables. Net liquidity shortfalls may occur and the Group may not be able to meet its financial liabilities as they fall due. In addition, such liquidity shortfalls may also impair the Group's ability to obtain sufficient additional financing, if at all. As a result, the Group's liquidity may be impaired, which would have a material adverse effect on its business, financial condition and its results of operation.

***The Group may not be able to obtain sufficient funds on commercially acceptable terms to finance its operations or expansion plans, or at all***

Due to the capital-intensive nature of its business operations, a substantial amount of capital as well as ongoing funding activities are required to support the growth of the Group's lease receivables portfolio and to fund future expansion. The Group primarily funds its operations and expansion through both domestic and foreign bank loans and cash flow from its operations. As at 31 December 2023, the aggregate amount of current and non-current interest-bearing bank and other borrowings of the Group was RMB132,390.0 million and RMB123,246.2 million, respectively. If there are changes in the international and/or domestic macroeconomic conditions or policies, or if the Group fails to maintain its existing and future loan arrangements on commercially acceptable terms, the Group may not be able to continue to obtain adequate funding in the future on reasonable commercial terms, or at all. If

sufficient financing is not available to meet its needs, or cannot be obtained on commercially acceptable terms, or at all, the Group may not be able to refinance its existing portfolio, fund the operation and/or expansion of its business, introduce new services or compete effectively.

The financial market and environment of mainland China experienced significant changes in recent years. Domestic interest rate liberalisation accelerated as the People's Bank of China ("PBOC") removed the higher limit of interest rates of deposits and competition in mainland China's banking industry became more intense as market interest rates fluctuated further. In addition, major overseas economies also experienced inflation due to tight energy supply amid geopolitical tensions since 2022, which was followed by interest rate hikes announced by central banks (such as the United States Federal Reserve). Furthermore, as the promotion of the internationalisation of Renminbi may result in domestic interest rates becoming more affected by foreign interest rates, there can be no assurance that there will not be further interest rate fluctuations.

The Group holds financial assets and financial liabilities on both fixed and floating rates. It is therefore exposed to interest rate risk as the fair value or future cash flows of a financial instrument will fluctuate when market interest rate changes. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings and lease receivables and other loans. For the year ended 31 December 2023, assuming that all other variables are held constant and based on the financial assets and financial liabilities as at 31 December 2022 (subject to re-pricing within the coming period), the Group's profit before tax may decrease up to RMB42.8 million when there is an increase in interest rate of 100 basis points and may increase up to RMB44.4 million when there is a decrease in interest rate of 100 basis points. To manage its interest rate risk, the Group monitors the sensitivity of projected net interest income under varying interest rate scenarios (simulation modelling). The Group aims to continuously monitor the impact of prospective interest rate movements which could reduce future net interest income, while actively using interest rate swaps and other financial instruments to hedge interest rate risk exposure. As at 31 December 2023, the net interest rate sensitive liabilities of the Group amounted to RMB23.4 billion, as compared to net interest rate sensitive liabilities of RMB20.8 billion as at 31 December 2022.

There can be no assurance that the PBOC will not raise lending rates, and any increase may cause the Group to be unable to obtain sufficient financing, or at all. As a result, the business, financial condition, results of operations and prospects of the Group would be materially and adversely affected.

***The Group may not be able to service its debts***

The Group's financing agreements with debt lenders contain a number of covenants, undertakings, restrictions and default provisions. Examples of major covenants, undertakings and restrictions that may trigger default provisions include:

- cross-default provisions in the Group's loans and debt securities;
- transfer of material operating assets without obtaining lender's prior approval;
- material changes to the Group's shareholding structure, including but not limited to merger or consolidation with another company or division, restructuring, change of controlling shareholder;
- seeking additional financing from third parties for the underlying assets without lender's prior approval; and
- failure of the Group's financial indicators to meet certain standards set out under the financing agreements.

As at the date of this Supplemental Offering Circular, none of the Group's lenders has claimed default against the Group under the above provisions. The Group has not breached any of the provisions that could result in any event of default in any of the three years ended 31 December 2021, 2022 and 2023. If it fails to comply with any of these provisions, or is unable to generate sufficient cash flows from its business operations, from the disposal of the assets underlying its leases, or from other business activities, or if it is unable to obtain further financing on favourable terms or at all to meet or repay its debts when due, the lenders may be entitled to accelerate the maturity of loans or foreclose on collateral supporting such loans, which would consequently adversely affect the Group's business, financial condition and its ability to obtain future financing.

***The Group's provisions for impairment losses on lease receivables may not be adequate to cover future credit losses, and it may need to increase its provisions for impaired receivables to cover such future credit losses***

The Group makes provisions for impairment losses on lease receivables in accordance with HKFRS. The Group's impairment provisions for lease receivables amounted to RMB5,920.0 million, RMB5,925.0 million and RMB5,448.7 million, respectively, representing 2.66 per cent., 2.52 per cent. and 2.29 per cent. of the Group's net lease receivables as at 31 December 2021, 2022 and 2023, respectively. This reflected both the growth of its business operations and its approach to provisions in view of the adverse macroeconomic environment. The amount of such provisions for impairment losses is determined on the basis of its internal provisioning procedures and guidelines, with consideration of factors such as the nature and industry-specific characteristics of its customers and their creditworthiness, economic conditions and trends, write-off experience, delinquencies and the value of underlying collateral and guarantees. As the Group's provisions under HKFRS require significant judgment and estimation, its allowance for impairment losses may not always be adequate to cover credit losses in the business operations. Its allowance may prove to be inadequate if adverse changes occur in the PRC economy or other economies in which the Group operates or if other events adversely affect specific customers, industries or markets. Under such circumstances, it may need to make additional provisions for its receivables, which could significantly reduce its profit and may materially and adversely affect its business, financial condition, results of operations and prospects.

***The value of collateral or guarantees securing the Group's leases and the assets underlying its leases to be disposed upon repossession may be inadequate***

As at 31 December 2023, certain of the Group's leases were secured by collateral or guarantees. To mitigate the risks, the Group usually requests that lessees provide guarantees for the leases. However, such guarantees need to be agreed and whether they are provided may depend upon the nature of the business of the particular lessees. For example, the lessees that are public institutions such as hospitals and universities usually do not provide guarantees due to low risk and their state-ownership. In the event of any material default on interest payment terms, the Group is contractually entitled to enforce its security rights over any collateral or guarantee, and/or repossess and dispose of the assets underlying its leases to realise their residual value. The value of its collateral and/or assets underlying its leases to be disposed of may decline and may be materially and adversely affected by a number of factors, such as damage, loss, oversupply, devaluation or reduced market demand. Similarly, a significant deterioration in the financial condition of guarantors under its leases could significantly decrease the amounts it may recover under such guarantees.

The Group's policies require periodic internal re-evaluations of collateral and assets underlying its leases to be disposed of for impairment testing purposes. If the value of such collateral or assets underlying its leases to be disposed of prove to be inadequate to cover the related lease receivables, the Group may need to obtain additional security from its customers or other sources, but there is no assurance that it could do so.

Decline in the value of such collateral, guarantees or assets underlying its leases to be disposed of or its inability to obtain additional security may result in impairments and require the Group to make additional impairment provisions against its lease receivables, which may, in turn, materially and adversely affect its business, financial condition and results of operations.

***The Group may not be able to successfully enforce its rights to the underlying collateral or guarantees to its leases, or enforce its rights to repossess leased assets***

As mentioned above, certain leases of the Group are secured either by guarantees or collateral. In the event of any material default on the payment terms thereof, the Group is entitled to enforce its security rights over any collateral or guarantee, and/or repossess and dispose of the assets underlying its leases to realise their residual value.

In the PRC, the procedures for liquidating or otherwise realising the collateral value of tangible assets and the procedures for enforcing the rights to a guarantee or to repossess and dispose of the assets underlying its leases are usually time-consuming. The whole process may take three to six months or a longer period of time. Furthermore, in practice it may be difficult to realise such collateral value, enforce the guarantee or repossess and dispose of the assets underlying the leases. The Group are entitled to apply to a PRC court in accordance with the PRC Civil Procedure Law (《民事訴訟法》) for the attachment and disposal of any underlying collateral, the enforcement of a guarantee or the repossession of the assets underlying its leases upon default. However, it still remains uncertain upon the judgment eventually made by local courts and the practice of the enforcement. In addition, under PRC law, the Group's rights to any collateral securing its leases may be subordinated to other claims. For example, according to the PRC Enterprise Bankruptcy Law (《企業破產法》), claims for the amount

that a company in bankruptcy owed its employees prior to 27 August 2006 (being the date of publication of the PRC Enterprise Bankruptcy Law), including but not limited to salaries, medical insurance and pension benefits, will have priority over the Group's rights to collateral. If the Group is unable to bring an enforcement action on any collateral, or guarantee and/or repossess and dispose of the assets underlying its leases on a timely basis, it may have a material adverse effect on its asset quality, financial condition or results of operations.

***The provision of advisory services has made significant contributions to the Group's revenue. There is no assurance that the Group's revenue generated from advisory services will remain stable or continue to make a significant contribution to its total revenue***

Revenue generated from the Group's advisory services (before business taxes and surcharges) amounted to RMB3,178.9 million, RMB1,822.6 million and RMB896.3 million for the years ended 31 December 2021, 2022 and 2023, respectively, representing approximately 9.5 per cent., 5.0 per cent. and 2.4 per cent. of its total revenue (before business taxes and surcharges), respectively. Such decreases in revenue generated from the Group's advisory service (before business taxes and surcharges) were primarily a result of active adjustment and continuous optimisation of the Group's the service structure in response to the evolving needs of the Group's customers due to changes in the external operating environment. The fees that the Group charges for the provision of its advisory services are set with each customer on a case-by-case basis. Although the Group strives to maintain healthy growth of service income of the business, there can be no assurance that the demand from its customers for advisory services will remain stable. In addition, failure to provide satisfactory and customised advisory services in a timely manner to address the specific needs of the Group's customers may reduce revenue generated from its advisory services, which may materially and adversely affect its results of operation and overall financial position.

***The Group relies on its key personnel and its ability to attract and retain qualified personnel***

The Group depends on the continued efforts of its senior management team and other key employees for its success. The executive directors of the Issuer (namely Mr. Kong Fanxing, Mr. Wang Mingzhe and Mr. Cao Jian) and its senior management (namely Mr. Kong Fanxing, Mr. Wang Mingzhe, Mr. Cao Jian, Mr. Wang Ruisheng, Mr. Li Jiancheng, Mr. Zhan Jing, Mr. Xu Huibin and Mr. Ma Hong) have played vital roles in the Issuer's operations. Most of them have more than 20 years of experience in the financial service industry in China and possess a deep understanding of the Group's nine target industries, its competitors and the laws regulating its business. Therefore, they play an important role in formulating and implementing appropriate strategies to achieve business success for the Issuer. All senior management team members have signed open-ended employment contracts with the Group and it cannot be guaranteed that any of the key employees will not voluntarily terminate his or her employment with the Group or leave his or her position due to other reasons beyond its control. The loss of service of any of the key management, in particular the executive directors, could impair the Group's ability to operate and make it difficult to implement its business and growth strategies. The Group may not be able to replace such persons within a reasonable period of time or with another individual of equivalent expertise and experience, which may severely disrupt its business operations.

The Group's continued success also depends on its ability to attract and retain qualified personnel to manage its existing operations and future growth. Qualified individuals are in high demand and the Group may not be able to successfully attract, assimilate or retain all the personnel it needs with the required industry expertise (such as personnel for its sales and marketing department, business operation centre and asset management department). The Group may also need to offer superior compensation and other benefits to attract and retain key personnel and therefore there is no assurance that the Group's compensation and benefits payments will not increase unpredictably or at a greater rate than its revenues. The Group's failure to attract and retain qualified personnel and any increase in staffing costs to retain such personnel could have a negative impact on its ability to maintain its competitive position and grow its business, and may also have a material adverse effect on its financial condition, results of operations and prospects.

***The Group's risk management systems and internal control policies may not be effective in mitigating the Group's risk exposure***

The Group's risk management systems and internal control policies may not be effective in mitigating its exposure to all types of risks, including unidentified or unanticipated risks. Some risk management and control methods are based upon historical market behaviours and past events. As such, the Group may not be able to adequately identify or estimate future risk exposures, which could be significantly greater than indicated by measures based on historical data. Other risk management methods depend on evaluation of information regarding markets, customers or other relevant matters, which may be inaccurate, incomplete, obsolete or improperly evaluated. For

instance, the information infrastructure in the PRC is relatively undeveloped and there is no extensive and unified nationwide credit information system. As such, the Group is only able to rely on publicly available resources and its internal resources to assess credit risks associated with a particular customer. Such assessment may not be based on complete, accurate or reliable information. Furthermore, as the Group enters new industry sectors, approaches other customer segments or develops additional product and service offerings, it may not be in a position to adequately identify and predict future risk exposures.

In addition, management of operational, legal or regulatory risks requires various sets of policies and procedures in order to accurately record and verify a large number of transactions and events. Such policies and procedures may not be fully effective. Any failure of the Group's risk management procedures or any failure to identify applicable risks may have a material adverse effect on its results of operations and financial condition.

***Disruptions to the Group's information technology systems may adversely affect its operations and financial condition***

The Group's business operations are dependent on the ability of its information technology systems to accurately process a large number of transactions and information in a timely manner. These systems include the System Application Products System, the Customer Marketing Management System, the Core Business Management System, and the Rent Integration Management System. The proper functioning of the Group's financial control, risk management, accounting, customer service and other data processing systems is critical to the Group's business and its ability to compete effectively. The Group has established its own internal back-up systems to carry on principal functions upon system failures.

However, it cannot be guaranteed that the Group's operations will not be significantly disrupted if any of the Group's systems fail due to, among other things, fire, natural disasters, power loss, software faults, computer virus attacks, conversion errors due to system upgrades, or security breaches. The "Network and Information Safety Measures" formulated by the Group's Information Technology centre may not be effective in preventing any harm or damage resulting from risks threatening its information technology systems. Any disruption to any of the Group's information technology systems could harm its business and adversely affect its operations and financial condition.

***The Group may not be able to detect and prevent fraud or other misconduct committed by its employees or third parties***

Fraud or other misconduct by employees (such as unauthorised business transactions and breaches of its internal policies and procedures) or third parties (such as breach of law) may be difficult to detect and prevent, and could subject the Group to financial loss, sanctions imposed by governmental authorities and serious harm to its reputation. The Group's risk management systems, information technology systems and internal control procedures are designed to monitor its operations and overall compliance. However, it may be unable to identify non-compliance or suspicious transactions in a timely manner or at all. Furthermore, it is not always possible to detect and prevent fraud or other misconduct and the precautions the Group takes to prevent and detect such activities may not be effective. Hence, there exists the risk that fraud or other misconduct may have previously occurred but was undetected, or that such fraud or misconduct may occur in the future. This may have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group may not be able to fully prevent or timely detect any money laundering and other illegal or improper activities***

The Group has strictly complied with applicable anti-money laundering laws and other relevant regulations. The Group is not aware of any money laundering or other major illegal or improper activities engaged by or involving any employee of its domestic or overseas operations.

However, the Group cannot assure potential investors that it can completely eradicate money laundering activities or other improper activities carried out by organisations or individuals through it. If the Group fails to timely detect and prevent money laundering activities or other illegal or improper activities, relevant regulatory agencies will have the power and authority to impose sanctions on it, which may adversely affect its reputation, financial condition and results of operations.

***The Group may not have adequate insurance coverage to cover potential liabilities or losses***

The Group has obtained insurance coverage for its business operations in accordance with legal requirements, and in respect of all assets which it deems material for its operations. The Group faces various risks in connection with

its businesses and may lack adequate insurance coverage or may have no relevant insurance coverage. In addition, the Group does not maintain business interruption insurance, which is in line with the general practice in the PRC. As a result, its insurance coverage may be inadequate to cover such losses should they arise. Any such uninsured losses may materially and adversely affect its results of operations and financial position.

***Failure to obtain, renew or retain licences, permits or approvals or failure to comply with applicable laws and regulations may affect the Group's ability to conduct its business***

The Group is required to hold various licences, permits and approvals issued by relevant authorities allowing it to conduct its business operations. Any infringement of legal or regulatory requirements, or any suspension or revocation of these licences, permits and approvals, may have a material adverse impact on the business operations of the Group. In addition, the licensing requirements within the PRC financial leasing industry are constantly evolving and the Group may be subject to more stringent regulatory requirements due to changes in political or economic policies in the PRC. It cannot be certain that the Group will be able to satisfy such regulatory requirements and as a result it may be unable to retain, obtain or renew relevant licences, permits or approvals in the future. This may in turn hinder the Group's business operations and materially and adversely affect its results of operations and financial condition.

Pursuant to existing foreign exchange regulations in the PRC, foreign exchange transactions for capital account purposes, including direct overseas investment and various international loans, may require the registration with the State Administration of Foreign Exchange of the PRC ("SAFE") (國家外匯管理局) or a bank to which SAFE has delegated its authority. If the Group fails to complete such registration to convert Renminbi into foreign currencies for such purposes, its capital expenditure plans, business operations and consequently its results of operations and financial condition could be materially and adversely affected.

***If the Group encounters difficulties in executing and integrating its growth strategy and expansion plans, its growth prospects may be limited and it may be unable to recoup the costs incurred***

As part of its business strategy, the Group plans to expand its business to include other target industries in the PRC with attractive growth potential. The Group intends to achieve this through expansion, alliances, joint ventures or partnerships, when suitable opportunities arise and under appropriate market conditions. In April 2012, the Group consolidated the electronic information business and incorporated the electronic business in the machinery industry into other industries. The Group incubated its new business in the electronic information industry and established a new business segment in this regard, namely the electronic information segment, in December 2012. This new business segment targets the information industry in the PRC and provides finance leases and other related value-added services to customers in this target market. In March 2015, the Group established a new business sector, namely the urban public utility business unit, which would focus on providing a wide range of financial products and professional consulting services to China's urban utilities industry. Through this new sector, the Group aims to seize the opportunities arising from the development of China's urban utilities by providing a wide range of financial products and professional consulting services to three main urban public utility industries, namely urban infrastructure construction, urban operation and municipal services. In 2019, the Group reconfigured its industrial layout from seven major business sectors to nine business sectors, namely healthcare, culture & tourism, engineering construction, machinery, chemical & medicine, electronic information, public consuming, transportation & logistics and urban public utility.

There can be no assurance that the Group will be able to identify any suitable target industries, investment projects or business partners in the near future. In addition, failure to effectively manage the Group's expansion may lead to increased costs, reduced growth and reduced profitability for the Group. Even upon completion of investments or partnerships, the Group may experience difficulties in integrating such businesses into its business model, and may incur higher costs than initially anticipated. This may materially and adversely affect the Group's business, results of operation and financial position.

***The Group's business may be impacted by political events, international trade disputes and other business interruptions***

Political events, international trade disputes, war, terrorism, and other business interruptions could harm or disrupt international commerce and the global economy, and could have an adverse effect on the Group and its customers, suppliers and other partners as well as associates and/or affiliates. In particular, the U.S.-China trade conflict has brought uncertainty to global markets and to a certain extent, impacted businesses and financial market sentiment, resulted in financial market volatility, and slowed investment and trade. The U.S.-China trade conflict manifests a deterioration in the relationship between China and the United States which has led to greater uncertainties in

the geopolitical situations in other parts of the world affecting China and Chinese companies. For example, export controls, economic and trade sanctions, entity list have been threatened and/or imposed by the U.S. government on a number of Chinese companies. The United States has also threatened to impose further export controls, sanctions, trade embargoes, and other heightened regulatory requirements on China and Chinese companies for alleged activities both inside and outside of China. The trade tensions between the United States and China could place pressure on the economic growth in China as well as the rest of the world. This may adversely affect the Group's business, financial condition, access to international capital markets and results of operations.

Against the backdrop of the trade conflict between the U.S. and China, the U.S. Department of Defense released in 2020 and January 2021 lists of Chinese companies (including Sinochem Group Co., Ltd. ("**Sinochem Group**"), a substantial shareholder of the Issuer) claiming that the companies are Communist Chinese military companies ("**CCMC**") for purposes of Section 1237 of the National Defense Authorization Act for Fiscal Year 1999. These lists are based on the U.S. government's intelligence, which apparently enabled the U.S. Department of Defense to determine that the companies therein are owned or controlled by the Chinese military. In November 2020, the U.S. President at the time signed an executive order, which prohibits any purchase for value or sale by any U.S. person of publicly traded securities (or securities that are derivative thereof or designed to provide investment exposure to such securities) of any company identified as a Communist Chinese military company. Any U.S. persons who hold such securities may be required to divest their holdings in such securities and may have to do so at a loss. On 3 June 2021, the U.S. issued an executive order that amended these restrictions and replaced the list of CCMCs with an initial list of 59 so-called "Chinese Military-Industrial Complex Companies" ("**CMICs**"). As at the date of this Supplemental Offering Circular, neither the Issuer nor Sinochem Group is listed as a CMIC. However, there remains uncertainty as to whether the U.S. government will take further actions in relation to China-based companies and the impact of such actions.

In 2022 and 2023, the international environment became more severe and complex. The Group believes that in 2024, the world may sustain "high debt, moderate inflation, low growth, and weak governance". At the macro level, more than 70 countries and regions around the world will hold elections, covering nearly half of the world's population. Economically, some overseas countries get closer to "protectionism" in economic policies, which could reset the global supply chain. China's economy may also face challenges, such as the flagging real estate market, high local government debt pressure, insufficient residents' demand and sluggish overseas markets could continue to adversely affect the economic growth in 2024. These events have had and continue to have a significant adverse impact on the global credit and financial markets which may adversely affect economic growth in Hong Kong, the PRC and other jurisdictions, which may in turn may adversely affect the Group's business, results of operation and financial position.

## **RISKS RELATING TO THE INDUSTRY**

### ***The Group operates in an increasingly competitive market***

The financial services industry is an increasingly competitive industry and there is no assurance that the Group will be able to sustain its competitive advantage or effectively implement its business strategies. The Group's competitors are mainly comprised of bank-affiliated leasing companies, captive leasing companies, independent leasing companies and other financial service companies, which are all similarly involved in the financial leasing and/or financial services business. Competition from such entities may have an impact in the Group's industry, business and operating environment, such as downward competitive pressure on interest rates charged to customers, expansion by existing competitors, adoption by its competitors of innovative financial services or comparatively effective branding efforts, any of which may have a material adverse effect on the Group's business, financial condition and results of operations. In addition, new rules promoting the development of financial leasing companies may be implemented by the relevant governments from time to time and these rules and measures may to further increase competition in the PRC financial leasing industry. If the Group is unable to successfully compete against current and future participants in the industry, its business, results of operations, financial condition and prospects may be materially and adversely affected.

### ***Interest rate changes may adversely affect interest expense related to the Group's borrowings, reduce net interest income and reduce demand for its leasing services***

The Group's business is affected by interest rates, both the interest rates charged to its financial leasing customers and the rates at which it pays interest on its loans and other financing obligations. In order to remain responsive to changing interest rates and to manage its interest rate exposure, the Group has implemented measures to adjust the structure of its assets and liabilities by assessing the sensitivity of projected net interest income under various interest rate scenarios. However, an increase in interest rates, or the perception that such an increase may occur,

could adversely affect the Group's ability to obtain bank loans at favourable interest rates, its ability to maximise its interest income, its ability to originate new leases and its ability to grow. In addition, changes in interest rates or in the relationships between short-term and long-term interest rates or between different interest rate indices (i.e. basis risk) could affect the interest rates received from interest-earning assets differently from the interest rates paid on interest-bearing liabilities, which could, in turn, result in an increase in interest expense or a decrease in the Group's net interest income (which is its interest income *minus* its interest expense). In addition, the Group's net interest income is also impacted by whether it can adjust the interest rates it charges its customers in response to fluctuations in interest rates for its interest-bearing bank borrowings so as to maintain its net interest spread and its net interest margin. If the Group fails to appropriately adjust interest rates on its lease contracts in a timely manner, its net interest spread and its net interest margins may decrease and, as a result, its profitability and results of operations would be adversely impacted. Any increase to its interest expense or decrease to its net interest income could have a material adverse effect on its business, results of operations and financial condition.

***Fluctuation of equipment prices may adversely affect the Group's operation and business***

The Group currently operates its business by targeting nine focused industries which it believes to have sustainable growth potential, namely healthcare, culture & tourism, engineering construction, machinery, chemical & medicine, electronic information, public consuming, transportation & logistics and urban public utility. There is no assurance that the demand for financial leasing services in these target industries will remain sustainable. Rapid increase of equipment price may reduce overall demand and accordingly reduce the Group's origination of new contracts. Moreover, reduction of equipment price may also affect the Group's ability to recover the related lease receivables due to the increasing likelihood of default by its customers. To be specific, the price at which the Group is able to sell any asset underlying its leases may be lower than the price at which it acquired such assets and this may have a material adverse effect on the Group's business, results of operations and financial condition.

***Certain industries in which the Group is involved are highly cyclical***

Certain industries, such as culture & tourism and transportation & logistics in which the Group is involved are highly cyclical with demand for and supply of services such as vessels to be leased or sold affected by several factors, including global and regional economic and political conditions, changes in regulatory regimes, strikes or armed conflicts, extreme weather conditions and piracy. These factors are beyond the Group's control and the nature, timing and degree of changes in industry conditions are largely unpredictable. Any decrease in demand for the Group's services in the above industries due to cyclical downturns could result in extensive customer defaults, decreased revenue and an inability to grow or maintain its business, and could materially and adversely affect its business, results of operations and financial condition.

***An outbreak of epidemics, natural disasters, acts of war or terrorism or other factors beyond its control may adversely affect the Group's business, results of operations and financial condition***

Areas in which the Group operate may be prone to infectious diseases or an outbreak of other infectious diseases, especially in the areas in which the Group or its customers operate, may result in material disruptions to the Group and its customers' businesses.

In addition, natural disasters such as earthquakes, floods, severe weather conditions or other catastrophic events may severely affect the regions in which the Group or its customers operate. These natural disasters could cause a material economic downturn in the affected area, nationally or internationally and could have a material adverse effect on the Group's business prospects, financial condition and results of operations.

Similarly, war, terrorist activity, threats of war or terrorist activity, social unrest and the corresponding heightened travel security measures instituted in response to such events, as well as geopolitical uncertainty and international conflict and tension, would affect economic development and construction projects. In turn, there could be a material adverse effect on the Group's business, financial condition and results of operations. In addition, the Group may not be adequately prepared in terms of contingency planning or have recovery capabilities in place to deal with a major incident or crisis. As a result, the Group's operational continuity may be adversely and materially affected and the Group's reputation seriously harmed.

## **RISKS RELATING TO DOMESTIC LAWS, REGULATIONS AND BUSINESS ENVIRONMENT**

### ***Changes in the economic, political and social conditions in the PRC may have a material adverse effect on the Group's business, results of operations and financial condition***

The Chinese economy could be influenced by the degree of government involvement and the control of capital investment, as well as the overall level of development. The Group believes the PRC government has indicated its commitment to the continued reform of the economic system as well as the structure of the government. The PRC government's reform policies have emphasised the independence of enterprises and the use of market mechanisms. Since the introduction of these reforms, significant progress has been made in economic development, and enterprises have enjoyed an improved environment for their development. However, any changes in the political, economic or social conditions in the PRC may have a material adverse effect on the Group's present and future business operations.

### ***Any slowdown in the Chinese economy may affect the target industries in which the Group operates and result in a material adverse effect on the Group's business, results of operations, financial condition and prospects***

Most of the Group's revenue is derived from the provision of financial leasing services and extended value-added services. The Group relies primarily on domestic demand to achieve growth in its revenue. Such demand is materially influenced by industrial development and the overall economic growth in China as well as policy support for its target industries and for its financial services. Any deterioration of these industries in China resulting from a global economic downturn or the macroeconomic policies and measures affecting these industries may have a material adverse impact on its financial performance and prospects. Furthermore, any deterioration in the financial condition of the Group's customers in these industries or any industry-specific difficulties encountered by these customers could affect its business (such as the deterioration of the quality of its existing lease receivables and its ability to generate new leases), thereby materially and adversely affecting its business, financial condition or results of operations.

The future performance will continue to be, materially affected by geopolitical, economic and market conditions and the PRC government's economic and monetary policies, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation, and the availability and cost of capital and credit. For example, the ongoing trade dispute between the PRC and the United States and the increase in tariffs that the United States plans to impose on Chinese imports have contributed to increased market volatility, weakened business and consumer confidence and diminished expectations for economic growth around the world. In Europe, the United Kingdom's exit from the European Union took place on 31 January 2020. There is also substantial uncertainty relating to the impact of the United Kingdom's withdrawal from the European Union on the economic conditions of other part of the world, such as the PRC's, including but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies) and a possible economic recession involving more countries and areas. The military conflict between Russia and Ukraine since late February 2022 and the conflict in Israel and Gaza since October 2023 could also lead to disruption, instability and volatility in global markets and industries and could adversely impact macroeconomic conditions and give rise to regional instability.

As a result of global economic conditions, it cannot be certain that the Chinese economy will grow in a sustained or steady manner. Any slowdown or recession in the Chinese economy may affect the Group's ability to secure new leases and contracts and its ability to obtain sufficient financing, which may in turn have a material adverse effect on its business, results of operations, financial condition and prospects.

### ***The Group may be subject to PRC income taxes on its worldwide income***

Under the PRC EIT Law, the term "de facto management bodies" is defined as "bodies that substantially carry out comprehensive management and control of the business operations, employees, accounts and assets of enterprises". Under the PRC EIT Law, an enterprise outside of China whose "de facto management bodies" are located in China is considered a "resident enterprise" and will be subject to a uniform 25 per cent. enterprise income tax rate on its global income. In April 2009, the State Taxation Administration ("STA") (國家稅務總局) issued the *Notice on Issues Relevant to Foreign-registered Chinese-invested Holding Enterprises Determined as Resident Enterprises in Accordance with Actual Management Organization Standard* (國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知), which has been amended on 29 December 2017, to further specify criteria for the determination of the "de facto management bodies" for foreign enterprises which are controlled by PRC enterprises. If all of these criteria are met, the relevant foreign enterprise

controlled by a PRC enterprise will be deemed to have its "de facto management bodies" located in China and therefore be considered a PRC resident enterprise. These criteria include: (i) the enterprise's day-to-day operational management is primarily exercised in China, (ii) decisions relating to the enterprise's financial and human resource matters are made by, or are subject to approval by, organisations or personnel in China, (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in China and (iv) 50 per cent. or more of voting board members or senior executives of the enterprise habitually reside in China. In addition, STA issued the *Measures for the Administration of Income Tax for Chinese-controlled Resident Enterprises Registered Overseas* (the "**Measures**") (境外註冊中資控股居民企業所得稅管理辦法(試行)) to provide more guidance on the implementation of the aforesaid circular which came into effect on 1 September 2011 and was revised on 17 April 2015, 28 June 2016 and 15 June 2018. The Measures specify that STA is entitled to decide whether a foreign enterprise controlled by a PRC company or a PRC company group shall be deemed a "resident enterprise" through the application of such foreign enterprises or the investigation conducted by the competent tax authorities.

In January 2014, STA issued the Circular on the Determination of PRC Tax Resident Enterprises Subject to Criteria of "De Facto Management Body" (關於依據實際管理機構標準實施居民企業認定有關問題的公告), which requires a Chinese-controlled offshore-incorporated enterprise that falls within the criteria of "de facto management body" to make an application for the classification as a "resident enterprise", which in turn will be confirmed by the province-level tax authority. However, it is still unclear how the PRC tax authorities will determine whether a non-PRC entity (that has not already been notified of its status for EIT purposes) will be classified as a "resident enterprise".

The Issuer is currently not treated as a PRC resident enterprise by the relevant tax authorities and has not applied for such a treatment. Although the Issuer currently has no controlling shareholders, there is no assurance that it will not be considered a "resident enterprise" under the PRC EIT Law and not be subject to the enterprise income tax rate of 25 per cent. on its global income in the future.

Under the PRC EIT Law and the implementation regulations thereunder, PRC withholding tax at a rate of 10 per cent. is normally applicable to PRC-sourced income of non-resident enterprises, subject to adjustment by applicable treaty. The PRC EIT Law's implementation regulations further set forth that interest income is viewed as PRC-sourced income if the enterprise that pays interest is domiciled in the PRC. In October 2017, STA issued, and further amended in July 2018 the Announcement on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告), which further specified the withholding of PRC-sourced income tax of non-resident enterprises. If the Issuer is deemed a PRC resident enterprise for tax purposes, interest paid to overseas Noteholders and Securityholders may be regarded as PRC-sourced and therefore be subject to PRC withholding tax at the rate of up to 10 per cent. in the case of a non-resident enterprise holder and 20 per cent. in the case of a non-resident individual holder. Similarly, any gain realised on the transfer of the Notes by such investors is also subject to a 10 per cent. PRC income tax in the case of a non-resident enterprise holder and 20 per cent. in the case of a non-resident individual holder (or lower treaty rate, if any) if such gain is regarded as income derived from sources within the PRC.

***The Group's profits and results of operations may be materially and adversely affected by tax reforms in the PRC***

On 23 March 2016, the Ministry of Finance of the PRC and the STA jointly released the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (關於全面推開營業稅改徵增值稅試點的通知), whereby business tax in certain industry sectors will be replaced by value-added tax with effect from 1 May 2016. On 19 April 2016 and 18 August 2016, the STA respectively released the Announcement on Matters relating to the Tax Collection and Administration in Comprehensive Promotion of the Pilot Programme of Replacing Business Tax with Value-added Tax (關於全面推開營業稅改徵增值稅試點有關稅收徵收管理事項的公告) which was further amended on 18 December 2017, 29 January 2018, 15 June 2018, 19 January 2019, 3 February 2019 and 16 September 2019 and the Announcement on Several Collection and Administration Issues in Pilot Programme of Replacing Business Tax with Value-added Tax (關於營改增試點若干徵管問題的公告), as amended on 15 June 2018 and 19 January 2019, which specifically provided the relevant tax collection and administration matters regarding the implementation of the replacement of business tax with value-added tax. On 19 November 2017, the State Council amended the Interim Regulations of the PRC on Value-added Tax (中華人民共和國增值稅暫行條例), based on which, value-added tax at a rate of 6 per cent. and 17 per cent. shall be imposed on the Group's indirect financing business and direct financing business, respectively. On 4 April 2018, the Ministry of Finance and the STA promulgated the Notice of

Adjustment on Value-added Tax Rates (財政部、國家稅務總局關於調整增值稅稅率的通知) to adjust the value-added tax from a rate of 17 per cent. where applicable to 16 per cent., which came into effect on 1 May 2018. On 20 March 2019, Ministry of Finance, the STA and General Administration of Customs issued the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告), which came into effective on 1 April 2019, to adjust the value-added tax from a rate of 16 per cent. where applicable to 13 per cent. There is no assurance that the PRC governmental authorities will not adopt any new taxation policies to the financing leasing industry in the PRC in the future. Any future actions and policies adopted by the PRC government may affect the Chinese economy and adversely impact financial leasing industry in the PRC, which could materially and adversely affect the Group's profits and results of operations.

***Any limitation on the ability of the Issuer's PRC subsidiaries to pay dividends to the Issuer and repay its debts to creditors could limit the Issuer's ability to fulfill its payment obligations***

The Issuer is a holding company incorporated in Hong Kong, and it relies on dividends and intercompany loan repayments paid by its PRC operating subsidiaries for its cash requirements, including the funds necessary to service the Notes and any other debt it may incur, and to pay its operating expenses. PRC regulations currently permit payments of dividends only out of accumulated profits, as determined in accordance with the accounting standards and regulations in the PRC. The Issuer's PRC subsidiaries are required to allocate certain percentages of any accumulated profits after tax each year to their statutory common reserve fund as required under the PRC Company Law, until the aggregate accumulated statutory common reserve funds exceed 50 per cent. of its registered capital. These reserve funds cannot be distributed as cash dividends. In addition, if the Issuer's PRC subsidiaries incur debts on their own or enter into certain agreements in the future, the instruments governing the debts or such other agreements may restrict their ability to pay dividends or make other repayments or distributions to the Issuer. Therefore, these restrictions on the availability and usage of the Issuer's major source of funding may materially and adversely affect its ability to service the Notes and its other debts.

The Issuer's PRC subsidiaries receive substantially all of their revenue in Renminbi, which is not freely convertible into other currencies. As a result, any restriction on currency exchange may limit the ability of the PRC subsidiaries to use their Renminbi revenues to pay dividends to the Issuer.

On 8 August 2017, the State Council promulgated the Notice on Several Measures for Promoting the Growth of Foreign Investment (國務院關於促進外資增長若干措施的通知), which provided that foreign investors may freely remit abroad the profits, dividends and other investment returns lawfully obtained inside PRC in Renminbi or foreign currencies. Such provision has also been included in the Foreign Investment Law of the PRC (中華人民共和國外商投資法), promulgated by the Standing Committee of the National People's Congress of the PRC on 15 March 2019 and became effective on 1 January 2020. On 5 January 2018, the PBOC promulgated the Notice on Further Fine-tuning the Policies on Cross-border Renminbi Business to Promote Trade and Investment Facilitation (中國人民銀行關於進一步完善人民幣跨境業務政策促進貿易投資便利化的通知), to further specify that regarding the profits, dividends and other investment returns obtained inside PRC by foreign investors, banks shall handle Renminbi cross-border settlement after reviewing relevant supporting materials to ensure that the profits of foreign investors be remitted abroad freely in accordance with the PRC laws.

If there is restriction with respect to access to foreign currency for current account transactions in the PRC pursuant to applicable laws and regulations updated from time to time, the ability of the PRC subsidiaries to pay dividends to the Issuer or to satisfy their other regulatory requirements may be adversely affected.

***PRC regulation of loans to and direct investments in PRC companies by offshore holding companies is applicable to loans or capital contributions from the Group to its PRC subsidiaries, which could materially and adversely affect their liquidity and its ability to fund and expand its business***

Under the PRC law, any capital contributions and loans made by the Issuer (as a foreign shareholder) to the Group's PRC-incorporated subsidiaries are subject to the relevant PRC regulatory regime. In terms of a foreign shareholder's loan, the loan made by the Issuer to its PRC subsidiaries must be registered with the NDRC (as applicable) and SAFE or any government bureau or agency to which SAFE has delegated its authority. Otherwise, the loan cannot be remitted into the PRC and (if required) converted into Renminbi. In respect of capital contributions made by the Issuer to its PRC subsidiaries, the Issuer must complete the registration formalities with the competent business registration authority (e.g. the State Administration for Market Regulation ("SAMR") or its relevant local branch), and the foreign exchange registrations with the relevant bank. There can be no assurance

that the Group will be able to register the loans or complete the registration and filing in a timely fashion, or at all. If the Group fails to complete such registration or filings, its ability to finance the operations of its PRC subsidiaries and expansion projects may be adversely affected, which in turn could harm the Group's business, results of operations and financial condition.

### ***The PRC legal system and its laws and regulations could have impact on the Group's operations***

The Group's core business is conducted in the PRC and substantially all of its operations are located in the PRC, hence its business operations are regulated primarily by PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. PRC written statutes often require detailed interpretations by courts and enforcement bodies for their application and enforcement.

The Group intends to continue exploring growth opportunities within other target industries in China with growth potential and thus may be subject to further laws and regulations applicable to these new industries. On 18 September 2013, China's Ministry of Commerce ("**MOFCOM**") (中華人民共和國商務部) promulgated the *Measures for Supervision and Administration of Financial Leasing Enterprises* (融資租賃企業監督管理辦法), which provides for a uniform regulatory system for the operation, supervision and administration of both foreign-invested and domestic-invested financial leasing enterprises. In accordance with the *Notice Concerning the Clarification of the Operating Rules with respect to the Settlement of Renminbi in the Context of Foreign Direct Investment* (關於明確外商直接投資人民幣結算業務操作細則的通知), promulgated by the PBOC on 14 June 2012 and amended on 5 June 2015, apart from some certain special types of foreign invested enterprises, such as foreign invested holding companies and foreign invested financial leasing companies, the total amount of the Renminbi and foreign currency loans of an foreign invested enterprise shall not exceed the difference between the total investment and its registered capital approved by relevant governmental authorities. On 8 May 2018, the General Office of MOFCOM promulgated the *Notice of the General Office of the Ministry of Commerce on Matters concerning the Adjustments to the Duties of Administration of Financial Leasing Companies, Commercial Factoring Companies and Pawnshops* (國務院辦公廳關於融資租賃公司、商業保理公司和典當行管理職責調整有關事宜的通知) (the "**2018 Notice**"). According to the 2018 Notice, MOFCOM has transferred the duties of the development of the rules on business operations and regulation of financial leasing companies, commercial factoring companies and pawnshops to the China Banking and Insurance Regulatory Commission (now National Financial Regulatory Administration, the "**NFRA**", such reference include (before April 2018) China Banking Regulatory Commission and (from April 2018 to May 2023) China Banking and Insurance Regulatory Commission), and, from 20 April 2018, the relevant duties has been performed by the NFRA. On 26 May 2020, the NFRA has published the *Interim Measures for the Supervision and Management of Financial Leasing Companies* (融資租賃公司監督管理暫行辦法), which specified regulatory particulars for operations of financial leasing companies. In 2022, NFRA issued the *Off-site Supervision Regulation of Financial Leasing Companies* (《融資租賃公司非現場監管規程》), which clarified the division of responsibilities on financial leasing company off-site supervision and standardised the offsite supervision procedures, contents and methods. In addition, the financial supervision bureaus of various provinces and cities in China, such as Guangdong, Yunnan, Jilin, Anhui and Fujian, issued the *Detailed Supervision and Management Rules for Financial Leasing Companies* (《融資租賃公司監督管理實施細則》) in 2022 and 2023, which further strengthened the supervision of financial leasing companies. In 2023, NFRA published a series of regulatory policies and documents including the *Notice on Further Improving the Supervision over Financial Leasing Companies* (《關於進一步做好金融租賃公司監管工作的通知》) and the *Notice on Promoting Standardized Operation and Compliant Management of Financial Leasing Companies* (《關於促進金融租賃公司規範經營和合規管理的通知》), which significantly tightened the supervision over financial leasing companies, while financial leasing companies also better complied with these regulatory requirements to further standardise their own business practices. In addition, the financial supervision bureaus of various cities continued to refine industry regulatory administrative rules, and strengthened the standardisation and management of financial leasing industry.

There is no assurance that the Group will not be subject to any further regulatory measures imposing stricter requirements such as further restrictions on the proportion of risky assets or the introduction of minimum capital adequacy requirements. Despite the due disclosure and prior notice on the further regulatory measures, if the Group fails to meet any such additional regulatory requirements, the NFRA or other relevant regulators may take corrective actions (including, for example, restricting the growth of the Group's lease receivables and its business activities), thereby materially and adversely affecting the Group's business, results of operations and financial condition.

***The issuance of the NDRC Foreign Debt Measures is recent development and its implementation affect the enforceability and/or effective performance of the Notes***

Effective from 10 February 2023, the NDRC Foreign Debt Measures superseded the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044 號)). According to the NDRC Foreign Debt Measures, domestic enterprises and their overseas controlled entities or branches shall procure the registration with the NDRC of any foreign debt with contract maturities of over one year prior to raising such debt. According to the NDRC Foreign Debt Measures, a domestic enterprise is required to, with respect to its foreign debt with contract maturities of over one year: (i) submit to the NDRC the offering information (including, without limitation, the information related to the major business indicators of such enterprise and issue details of the relevant foreign debt) within ten PRC working days after the completion of the issuance or drawdown of such foreign debt, (ii) submit to the NDRC information on the foreign debt raised under the pre-issuance registration within ten PRC working days after the expiry date of such registration, (iii) submit to the NDRC the requisite information, including, without limitation to, the use of proceeds, plan and arrangement of payment of interest and principal, and major business indicators, within five PRC working days before the end of January and the end of July of each year, and (iv) submit the relevant information to the NDRC promptly upon the occurrence of any material event that may affect the due performance of its obligations under their foreign debt and take measures to avoid the spillover of default risks of its onshore debt securities and cross-default risks (each, a "NDRC Post-Issue and Continuing Filing"). Issuance of the Notes with the NDRC has been registered with the NDRC.

Failure to comply with any obligations relating to the NDRC Post-Issue and Continuing Filings under the NDRC Foreign Debt Measures may result in the relevant entities being ordered to make corrections within a time limit, and in the case of aggravating circumstances or in the case that such corrections are not made within the prescribed time limit, relevant entities and their main persons-in-charge will be warned. The NDRC Foreign Debt Measures are relatively new and there is a lack of clear statutory interpretation regarding how it would be enforced and interpreted. The implementation and enforcement of the NDRC Foreign Debt Measures may be subject to executive and policy discretion of the NDRC.

While the NDRC Foreign Debt Measures have set out the legal consequences for issuers and professional parties in cases of non-compliance of the NDRC Foreign Debt Measures, the NDRC Foreign Debt Measures are silent on whether any such non-compliance would affect the validity and enforceability of the Notes. There is no assurance that the failure to comply with the NDRC Foreign Debt Measures would not result in adverse consequences on the Issuer's ability to perform or comply with any of its obligations under the Notes. Potential investors in the Notes are advised to exercise due caution when making their investment decisions. The Issuer will undertake to file or cause to be filed the NDRC Post-Issue and Continuing Filing within the prescribed time periods in accordance with the NDRC Foreign Debt Measures.

The NDRC Foreign Debt Measures is a recent regulation and its interpretation may involve uncertainty, which may adversely affect the enforceability and/or effective performance of the Notes.

***Any failure to comply with PRC regulations regarding the Issuer's employee equity incentive plans may subject the PRC plan participants or the Group to fines and other legal or administrative sanctions***

The Issuer is a company listed on the HKSE. Directors, executive officers and other employees of the Issuer who are PRC citizens or who have resided in the PRC for a continuous period of not less than one year and who have been granted restricted shares (the "RSUs") or options will be subject to the *Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company* (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知), issued by SAFE in February 2012, according to which, employees, directors, supervisors and other senior management members participating in any stock incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to limited exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company participating in such stock incentive plan, and complete certain other procedures. Failure to complete such SAFE registrations may subject them to legal sanctions and may also limit the participants' ability to receive dividends or sales proceeds from the Issuer's equity incentive plans. There are also regulatory uncertainties that could restrict the Issuer's ability to adopt additional equity incentive plans for its directors and employees.

In addition, STA has issued circulars concerning employee share options or restricted shares. Under these circulars, employees working in the PRC who exercise their share options or receive RSUs will be subject to PRC individual income tax. The PRC subsidiaries of an overseas listed company have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees related to their share options or RSUs. Although the Issuer currently withholds income tax from its PRC employees in connection with their exercise of options and the granting of their RSUs, if the employees fail to pay, or the PRC subsidiaries fail to withhold the relevant taxes according to the applicable PRC laws, rules and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

***Additional procedures may be required to effect service upon, or to enforce judgments against, the Group or the Directors or senior management residing in China in connection with judgments obtained from courts other than PRC courts***

Although the Issuer is incorporated in Hong Kong, most of the Issuer's directors (the "**Directors**" and each a "**Director**") and all of the members of the Issuer's senior management reside in China. Almost all of the Group's assets and most of the assets of its Directors and the members of its senior management are located within China. Therefore, additional procedures may be required for investors to effect service of process upon the Issuer or those persons inside China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of certain jurisdictions. The Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**2019 Arrangement**") was entered into by Hong Kong and the Supreme People's Court on 18 January 2019 and came into force on 29 January 2024. With some exceptions, the 2019 Arrangement applies to the reciprocal recognition and enforcement of effective judgments in civil and commercial cases between courts of the PRC and Hong Kong, and also applies to the reciprocal recognition and enforcement of effective judgments on civil compensation in criminal cases. Since the 2019 Arrangement came into effect recently, the outcome and effectiveness of any action brought under the 2019 Arrangement are uncertain, and the result remains uncertain for holders of the Notes to effect service of process against the Issuer's assets or Directors in China in order to seek recognition and enforcement for Hong Kong court judgments in China.

Furthermore, China does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom or certain European countries, or Japan, which could affect the recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision.

***The enforcement of the Labour Contract Law and other labour-related regulations in China may adversely affect the Group's business and its results of operations***

In China, Labour Contract Law of the PRC (中華人民共和國勞動合同法), as amended in December 2012 with such amendments effect from 1 July 2013 (the "**Labour Contract Law**"), the *Interim Provisions on Labour Dispatching* (勞務派遣暫行規定) which came into effect on 1 March 2014 and the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008 provide for regulation on employment contract, temporary employment, paid vacation, employment termination and related compensation. These laws and regulation in general have improved employee benefit and protection, implemented more restrictions on the use of dispatched workers, temporary employees and increased cost to employers upon termination of employees. As a result of these protective labour measures or any additional future measures, the Group's labour costs may increase. The Group cannot give assurance that any disputes, work stoppages or strikes will not arise in the future.

***The PRC Anti-Monopoly Law may restrict the Group's business dealings or require it to divest its shares in certain assets in China***

The PRC Anti-Monopoly Law (中華人民共和國反壟斷法), which attempts to prevent monopolistic activities and protect fair competition in the PRC, became effective on 1 August 2008 and amended on 24 June 2022 and took effective on 1 August 2022. It prohibits business entities (including the Group and all of its subsidiaries) from engaging in monopolistic behaviour, entering into monopolistic agreements, abusing a dominant market position or pursuing consolidations which exclude, restrict or potentially inhibit competition. The PRC Anti-Monopoly Law does not prohibit any business entity from increasing its market share to achieve or maintain a dominant market position through fair competition, nor does it set limits on the market share that any one entity

can achieve or maintain in the PRC. The PRC Anti-Monopoly Law also provides clear standards under which business operators are excluded from anti-monopoly examination.

Under the PRC Anti-Monopoly Law, an entity that enters into monopolistic agreements or abuses its dominant market position may be subject to penalties, including confiscation of illegal gains and fines ranging from 1 per cent. to 10 per cent. of its revenue for the preceding year. If an entity pursues an illegal consolidation, it may be forced to terminate the consolidation, divest its shares and assets or businesses within a limited period of time or otherwise unwind the consolidation. The operating flexibility of the Group's PRC subsidiaries and the Group's business expansion through a merger with or acquisition of other competitors may be subject to strict examination and approval by SAMR, which is the main authority in charge of reviewing anti-monopoly issues related to business combinations. Also, application and interpretation of the PRC Anti-Monopoly Law could affect on the Group's business. There is no assurances as to how the implementation of the PRC Anti-Monopoly Law will affect the Group's business in general or if the PRC government's existing policies will alternate in the future. In the event of non-compliance with the PRC Anti-Monopoly Law, the Group may be subject to substantial fines and other penalties. In the event of these circumstances, its business model and revenues may be materially and adversely affected.

## CAPITALISATION AND INDEBTEDNESS

The section entitled "Capitalisation and Indebtedness" on page 138 of the Programme Offering Circular shall be deleted in its entirety and replaced with the following:

The following table sets forth the consolidated capitalisation and indebtedness of the Group as at 31 December 2023 on an actual basis; and on an adjusted basis to give effect to the issue of the Notes before deduction of any fees, commissions and expenses. It should be read in conjunction with the consolidated financial statements of the Group and the notes thereto incorporated by reference into this Supplemental Offering Circular.

	As at 31 December 2023			
	(RMB'000)	(USD'000) <sup>(1)</sup> (actual)	(RMB'000) (as adjusted)	(USD'000) <sup>(1)</sup>
<b>Interest-bearing bank and other borrowings</b>				
– Current .....	132,389,989	18,646,740	132,389,989	18,646,740
– Non-current .....	119,439,204	16,822,660	119,439,204	16,822,660
– Convertible bonds-host debts .....	3,806,952	536,198	3,806,952	536,198
– Notes to be issued.....	-	-	3,549,950	500,000
<b>Total borrowings</b> .....	<u>255,636,145</u>	<u>36,005,598</u>	<u>259,186,095</u>	<u>36,505,598</u>
<b>Equity</b>				
Equity attributable to ordinary shareholders of the parent				
– Share capital.....	13,066,292	1,840,349	13,066,292	1,840,349
– Equity component of convertible bonds .....	228,432	32,174	228,432	32,174
– Reserves .....	36,804,645	5,183,826	36,804,645	5,183,826
	<u>50,099,369</u>	<u>7,056,349</u>	<u>50,099,369</u>	<u>7,056,349</u>
Holdings of perpetual securities.....	1,573,876	221,676	1,573,876	221,676
Non-controlling interests .....	5,896,355	830,484	5,896,355	830,484
<b>Total equity</b> .....	<u>57,569,600</u>	<u>8,108,509</u>	<u>57,569,600</u>	<u>8,108,509</u>
<b>Total capitalisation<sup>(2)</sup></b> .....	<u>313,205,745</u>	<u>44,114,107</u>	<u>316,755,695</u>	<u>44,614,107</u>

<sup>(1)</sup> Calculated at the exchange rate of RMB7.0999 to U.S.\$1.00, the noon buying rate in the City of New York for cable transfers payable in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on 29 December 2023.

<sup>(2)</sup> The capitalisation represents the sum of total equity and total borrowings.

Save as indicated in this Supplemental Offering Circular, there has been no material change in the capitalisation of the Group since 31 December 2023.

## DESCRIPTION OF THE GROUP

*The section entitled "Description of the Group" on pages 139 to 175 of the Programme Offering Circular shall be deleted in its entirety and replaced with the following:*

### OVERVIEW

The Group is one of China's leading innovative financial service companies, specialised in providing (i) customised financing solutions, through equipment-based financial leasing, and (ii) extended value-added services to customers in targeted major industries in China. International Far Eastern Leasing Co., Ltd. ("**Far Eastern**"), the Group's major operating subsidiary for its leasing business, has more than 30 years of operating history since its establishment. Other principal operating subsidiaries include Far East Horizon (Tianjin) Financial Leasing Co., Ltd. (遠東宏信(天津)融資租賃有限公司) ("**Far East Tianjin**"), Far East Horizon Financial Leasing Co., Ltd. (遠東宏信融資租賃有限公司) ("**Far East Financial**"), Horizon Construction Development Limited ("**Horizon Construction Development**") and Far East Horizon Financial Leasing (Guangdong) Co., Ltd. (遠東宏信融資租賃(廣東)有限公司) ("**Far East Guangdong**"). In 2001, the Group's operating centre was relocated from Shenyang to Shanghai to establish its market position and enhance its business contacts within China's financial, trade and transportation hub.

Over the past two decades, the Group has evolved from a single financial service company into an integrated service provider backed by the mainland and headquartered in Hong Kong with influence extended to reach Southeast Asia so as to facilitate national economic and sustainable social development. On 30 March 2011, the Issuer became listed on the HKSE and the Group achieved steady growth in scale and improvement in profitability cover the last 12 years. According to the 2023 report issued by KPMG related to the survey conducted in respect of the leasing industries in China, the Issuer ranked the first in terms of both net assets and profitability amongst the PRC leasing companies (融資租賃公司), based on the data for the year ended 31 December 2022.

The Group's current business mainly concentrates in the following nine major industries:

- Healthcare – this industry business segment mainly provides financial leasing, advisory and trading services for public and private hospitals throughout China. This business segment ceases to provide services to pharmaceutical manufacturing enterprises and medical equipment manufacturing enterprises when compared to 2018.
- Culture & tourism – this industry business segment mainly focuses on educational institutions and cultural venues. The leased educational equipment mainly comprises information technology equipment, laboratory equipment and practical training equipment. Riding on industry knowledge and close relationship with the clients, the Group extends its service to advisory services (e.g. working capital and cash flow management consulting) as well as management consulting services (e.g. national policy analysis).
- Engineering construction – this industry business segment mainly provides infrastructure construction equipment financial leasing services to mid-to-high-end construction companies within China. In light of China's rapidly developing urbanisation and increasing demand for the construction of basic infrastructure, the Group extended its services to three major sectors of the construction industry, namely construction, construction materials, electric power production and supply.
- Machinery – this industry business segment mainly provides machinery equipment financial leasing services for manufacturing companies in China with a primary focus on automobile parts producers, with the aim of achieving sustainable growth and technology enhancement in the Chinese manufacturing industry.
- Chemical & medicine – this industry business segment mainly offers equipment financial leasing services for various chemical industries in China, primarily focusing on chemical companies and pharmaceutical manufacturing.
- Electronic information – this industry business segment mainly includes the segment sectors of the electronic information manufacturing, information technology application and information transportation and services.

- Public consuming – this industry business segment involves the segment sectors of manufacturing, packaging, food, textile and light industry and commercial and retail industries.
- Transportation & logistics – this industry business segment mainly includes the segment sectors of the transportation infrastructure, transportation services, transportation extension services, materials and trading, farming, forestry, animal husbandry and fishery and green ecology industries.
- Urban public utility – this industry business segment mainly includes the segment sectors of urban infrastructure construction, urban operation and municipal services.

Based on its operational philosophy and development strategy of "finance + industry", the Group endeavours to realise its vision of "integrating global resources and promoting industry development" by innovating its products and services to provide its customers with tailor-made integrated operations services. The Group believes that the Group has been leading the development of the industries in which it has been actively participating in for more than a decade, and it has been listed among the Fortune China 500 and Forbes Global 2000.

In 2021, the Issuer had been included in the FTSE4Good Index Series for five consecutive years. The FTSE4Good Index Series is an index designed to measure the performance of companies demonstrating strong environmental, social and governance practices. The Group's inclusion into the China Fortune 500, the Forbes Global 2000 and FTSE4Good Index Series indicates that the scale of the Group's business has officially entered the ranks of important companies in the world, and the business model and operating results have been widely recognised in the global market. It has also secured an "A" in MSCI ESG Ratings for two consecutive years, and its sustainable finance framework received top ratings for Asian financial institutions from Moody's and Sustainable Fitch, marking its excellent ESG achievements.

In recent years, the Group received several accolades from various forums and organisation in the industry, including "Best Listed Leasing Company at the China Financial Leasing Soaring Award", "Leading Enterprise in Financial Leasing Industry - Golden Tripod Award", "Best Business Mode Innovation Award in China's Financial Leasing Industry", "Top 10 Enterprises in China's Financial Leasing Industry" and "Top 10 Influential Brands in China's Financial Leasing Industry".

The Group's typical leasing business model provides its customers with a commercial arrangement whereby: (i) its customer, as the lessee, will select an asset (such as equipment); (ii) the Group, as lessor, will then purchase that asset; (iii) the lessee will have use of that asset for the duration of the lease; (iv) the lessee will make a series of rental payments for the use of that asset; (v) the Group will recover a majority or the entire cost of the asset and earn interest from the rental payments made by the lessee; and (vi) the lessee has the option to acquire ownership of the asset from the Group upon expiry of the lease term.

By leveraging its understanding of the customers' specific needs in each target industry, the Group also provides extended value-added services primarily comprising advisory, engineering, trading and brokerage services to its customers. This has enabled the Group to develop a distinctive business model through which it provides an integrated range of tailor-made financial services, develops deeper customer relationships, enhances the effectiveness of its risk management systems, and leverages its accumulated industry and management expertise to expand into other target industries in China with promising growth potential.

The following sets out an overview of the growth of the Group's focus on target industries:

- Between 2011 and 2012, the Group further expanded its business operations into the textile (now part of the Group's public consuming industry business segment) and electronic information industries (having first consolidated and incorporated the electronic information business in the earlier machinery business into other industries), increasing its focus from six business segments to eight.
- In 2013, the Group resolved to build up a whole-packaging industry chain to expand the scope of its printing business and enhance its operating capabilities by renaming the printing sector as the packaging sector. Further, in order to get involved in areas of railway transportation, pipeline transportation and smart logistics, the Group also renamed its shipping sector as the transportation sector in the same year.
- In 2015, the Group established a new business segment, namely the urban public utility business segment, which focuses on providing a wide range of financial products and professional consulting services to China's urban utilities industry, increasing its portfolio of focused business segments from eight to nine. In the same year, amidst slow macroeconomic growth, intensified competition in the financial market and

downturn of industries, the Group continued to integrate its finance business and industrial operation business, and focused on healthcare, infrastructure construction and education business sectors, and maintained stable business growth.

- In 2018, under the operational philosophy of "finance + industry", the Group continued to implement the principle of healthy operations, strengthened its strategic guidance, focused on reducing operational risks and improved asset security. The Group also reconfigured its industries focus from nine to seven, being healthcare, education, infrastructure construction, industry and machinery, public consuming, transportation & logistics and urban public utility.
- In 2019, in order to adapt to the external environment, especially for the continuously changing industry and to optimise its organisational structure, the Group reconfigured the original seven industry layout into nine industries to cover healthcare, culture & tourism, engineering construction, machinery, chemical & medicine, electronic information, public consuming, transportation & logistics and urban public utility.

In terms of healthcare services, the Group's expanding and leading hospital operational and management business covers, as at 31 December 2023, 25 controlled hospitals with approximately 10,000 actual available beds, forming a nationwide hospital operation network in regions including Eastern China, Southern China, Northern China, Southwest China and Northeast China. The Group has developed strong industry expertise in the healthcare industry and is able to customise its services and enhance its sales and marketing capabilities primarily through: (i) establishing a dedicated sales team comprising former healthcare industry professionals which have been honed within the context of the healthcare industry; (ii) establishing its business network which is in close proximity to its customers' operations throughout China; (iii) maintaining close and regular contact with its customers by organising industry exhibitions and forums, and participating in industry specific associations to gain market information on the latest market trends within the healthcare industry; (iv) leveraging its established relationships with sales agents of healthcare equipment in order to source suitable healthcare equipment to better serve its customers and enhance its competitiveness; and (v) forming its operating pattern integrated by finance, hospital, management and engineering through continuously improving its professionalism in those aspects.

In terms of culture & tourism services, the Group steadily promoted the layout of high-end high school education at home and abroad. By adhering to the principle of "people orientation, fusion of Chinese and western education and training elites", the Group continued to deepen and improve the level of teachers, curriculum system, campus facilities and operation flow management of schools within the Group, so as to cultivate outstanding students with social contribution, scientific innovation and international competitiveness.

In terms of engineering construction services, the Group relies on more than 13 years of experience, with a focus on infrastructure investment. The Group continues to explore integrated operation services such as equipment operation, engineering services and Public-Private-Partnership (PPP), in order to improve the service system for the Group's investments, financing, construction and operations. The Group has followed the trend of new industry development and has implemented a series of measures, such as adjustment of asset structures, enhancement of customer structures, expansion of business sites and development of comprehensive businesses. In particular, the Group established Horizon Construction Development, a leading equipment operation service provider in China, with diversified equipment and strong service capabilities. In recent years, Horizon Construction Development has steadily expanded its overseas business layout, deepened cooperation with upstream and downstream partners, continuously improved its international development and enhanced its global competitiveness. As at 31 December 2023, the total number of outlets had further expanded, reaching 494 in aggregate, including 490 outlets in nearly 200 cities in mainland China, covering Eastern China, Southern China, Northern China, Southwest China and Northeast China, and Hong Kong of China and four outlets in overseas region, covering Malaysia and Indonesia.

In terms of urban public utility services, the Group established its urban public utility business unit in 2015. Through this sector, the Group aims to seize the opportunities arising from the development of China's urban public utilities by providing a wide range of financial products and professional consulting services to three main urban public utility industries, namely urban infrastructure construction, urban operation and municipal services. The Group has established extensive cooperative relations with domestic and overseas renowned manufacturers, agencies, associations, research institutions, government authorities and other business partners and built a nationwide service network with a mature business process management system. The business scope of this business sector mainly comprises: (i) financing services, including providing financing for equipment purchase, sale-leaseback of current assets, operating lease, factoring and commercial paper financing; (ii) capital services, including making equity investments as strategic investor, acting as financial adviser in mergers and acquisitions

and providing consulting services; and (iii) industrial services, including investing in PPP projects, cooperating with government authorities on industrial investment funds and providing value-added services.

As at 31 December 2023, the Group's total net interest-earning assets amounted to RMB269,085 million, which remained stable as compared to the beginning of the year (approximately RMB270.6 billion). In 2023, the Group dynamically adjusted the promotion policies of each industry sector in accordance with the environment and industry patterns. While cultivating the market in depth, it also strengthened risk management and control in a prudent manner, and strengthened the risk identification of sub-sectors and customer qualifications. Based on its comprehensive risk management regulatory framework, the Group placed strict control measures at the end of asset introduction, and strengthened management measures at the end of asset management, thereby achieving stable and improving asset quality. The non-performing asset ratio further dropped to 1.04 per cent., and the proportion of interest-earning assets overdue for more than 30 days remained at 0.91 per cent.

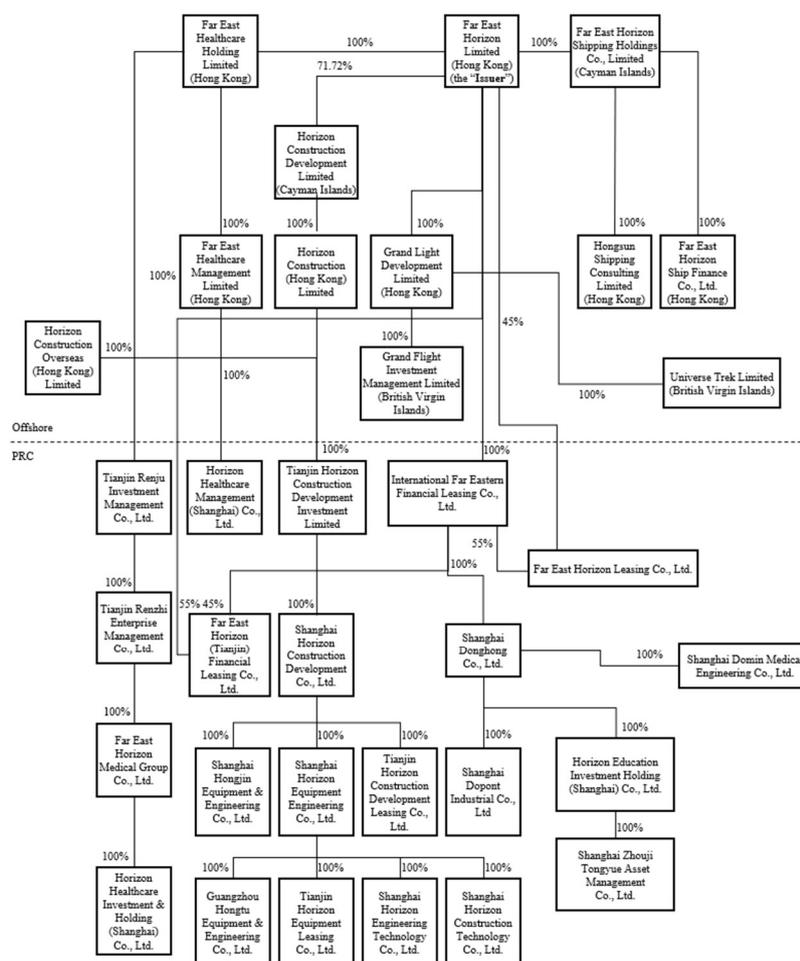
For the years ended 31 December 2021, 2022 and 2023, the Group's consolidated revenue was approximately RMB33,643.9 million, RMB36,585.7 million and RMB37,959.8 million, respectively, and its net lease receivables as at 31 December 2021, 2022 and 2023 were RMB222,543.5 million, RMB234,934.5 million and RMB237,901.6 million, respectively. For the year ended 31 December 2023, the Group's net profit attributable to shareholders of ordinary shares amounted to RMB6.2 billion, representing a year-on-year increase of approximately 1.0 per cent.

## **GROUP HISTORY AND STRUCTURE**

The Issuer is a company listed on the HKSE. It is also the ultimate holding company of the Group's principal operating subsidiaries, Far Eastern, Far East Tianjin, Far East Financial, Horizon Construction Development and Far East Guangdong.

Far Eastern, one of the Group's principal operating subsidiaries, was established in 1991 as an equity joint venture enterprise in Shenyang, China. The registered office of Far Eastern was relocated to Shanghai in 2001, which was an important step in the commencement of the Group's strategy to focus on China's major industries with sustainable growth potential through its operations in the healthcare industry. In the following few years, the Group gradually entered into the other key industries. In 2008, the Issuer was incorporated in Hong Kong. In 2009, three strategic investors, KKR Future Investment (an affiliate of KKR Asian Fund L.P.), Techlink (an affiliate of Government of Singapore Investment Corporation (Ventures) Pte. Ltd.) and Target Magic Limited (an affiliate of CICC fund) became shareholders of the Issuer. In 2006, the Group established Shanghai Donghong, through which it conducts its trading business. In 2009, FEH Shipping (formerly named Sino Advance Limited) was established for the development of the offshore ship leasing and ship brokerage business of the Group. On 30 March 2011, the Issuer became listed on the HKSE. In July 2011, Shanghai Horizon Equipment Engineering Co., Ltd. was established in the PRC to carry on the business of operating lease of construction machinery and related equipment. In December 2013, Far East Tianjin was established in the PRC to focus on the provision of financial services. The company mainly caters to the needs of clients in North China, and with finance leasing as its core business, it helps clients solve financial and capital problems that they encounter during the development process. In January 2017, Far East Financial was established in the PRC to provide financial services to clients in East China. In 2014, the Group actively integrated its internal resources and incorporated Horizon Construction Development Limited as a comprehensive equipment service provider in the construction sector in China, mainly engaged in the lease of equipment and engineering construction in the fields of industrial equipment, turnover materials, pavement equipment and electric power equipment. On 25 May 2023, Horizon Construction Development Limited, an integrated equipment operation service provider and a subsidiary of the Issuer became listed on the HKSE. As at 28 March 2024, the market capitalisation of the Issuer was approximately U.S.\$3.2 billion.

The following sets out the Group's simplified corporate structure as at 31 December 2023:



## BUSINESS SEGMENTS

The Group categorises its business operations into two major business segments: (i) financial and advisory segment; and (ii) industrial operation segment. The Group's financial and advisory segment relates to the provision of financial leasing services and advisory services. Its industrial and operation segment primarily relates to the provision of trading and brokerage services. The following table sets forth the contribution (before business taxes and surcharges) of each of: (i) financial services (interest income); (ii) advisory services (fee income); and (iii) industrial operation to the total revenue of the Group (before business taxes and surcharges) for the years indicated:

	Year ended 31 December					
	2021		2022		2023	
	RMB '000	%	RMB '000	%	RMB '000	%
<b>Financial and advisory segment</b>						
Financial services (interest income)	19,168,370	56.7	21,677,501	59.0	22,467,103	59.0
Advisory services (fee income) ...	3,178,894	9.4	1,822,575	5.0	896,331	2.4
<b>Industrial operation segment</b>						
Industrial operation.....	11,434,721	33.9	13,232,942	36.0	14,739,271	38.7
<b>Total.....</b>	<b>33,781,985</b>	<b>100.0</b>	<b>36,733,018</b>	<b>100.0</b>	<b>38,102,705</b>	<b>100.0</b>

## Financial and Advisory Segment

### *Financial Leasing and Factoring*

Financial leasing is the principal business activity of the Group. It primarily provides two types of equipment-based leasing services: (i) direct financial leasing and (ii) sale-leaseback. The Group's leasing operations cover primarily its nine target industries, namely the healthcare, culture & tourism, engineering construction, machinery, chemical & medicine, electronic information, public consuming, transportation & logistics and urban public utility industries.

As at 31 December 2023, a majority of the Group's lease contracts signed in 2022 were priced at a fixed interest rate, while some of the Group's lease contracts were priced at a floating interest rate, which floats at a pre-set margin above a base interest rate, thereby allowing it to transfer the impact of interest rate fluctuations to its customers to a significant extent. For the floating mechanism, the base interest rate references the PBOC benchmark interest rates, and the pre-set margin is a commercial term in the lease contract which the Group negotiates on a case-by-case basis with the individual customer based on its industry. In this case, the interest rates it charges its customers are re-adjusted periodically at every payment date, if necessary. For these reasons, the interest rates that are charged on the Group's lease contracts vary depending on its commercial arrangements with the individual customers based on the relevant industry, and it does not set a defined range for interest rates charged to its leasing customers.

The Group understands that its practice of adjusting the interest rates which it charges to customers, with reference to the PBOC benchmark interest rates, fully complied with the relevant PRC laws and regulations as at 31 December 2023. The revenue generated from the Group's financial business (before business taxes and surcharges) amounted to RMB19,168.4 million, RMB21,677.5 million and RMB22,467.1 million for the years ended 31 December 2021, 2022 and 2023, respectively, representing approximately 56.7 per cent., 59.0 per cent. and 59.0 per cent. of the Group's total revenue, respectively.

In recent years, the Group's interest margin and interest spread remained stable, supporting profit generation albeit with relatively moderate financial leasing volume growth. The Group was able to stabilise its interest margin by (i) deeply cultivating high-quality industries and customers and maintaining an active customer coverage strategy to keep relatively stable price in terms of revenue and (ii) leveraging the advantages of financing diversification and flexibly adjusting the financing structure to maintain stable financing costs.

The STA promulgated the *Notice of the State Administration of Taxation on Levying Turnover Tax on Financial Leasing Business* (《國家稅務總局關於融資租賃業務徵收流轉稅問題的通知》) on 7 July 2000. According to this notice, the financial leasing business conducted by entities approved by the PBOC shall be levied business tax according to the *Provisional Regulations of the People's Republic of China on Business Tax* (《中華人民共和國營業稅暫行條例》), which was abolished on 19 November 2017, and no value-added tax ("VAT") shall be levied, whether or not the ownership of the leased goods has been transferred to the lessee. For the same business conducted by other entities, VAT, rather than business tax, shall be levied if the ownership of the leased goods has been transferred to the lessee, while business tax rather than VAT shall be levied if the ownership of the leased goods has not been transferred to the lessee. The STA promulgated the *Supplemental Notice of the State Administration of Taxation on Levying Turnover Tax on Financial Leasing Business* (《國家稅務總局關於融資租賃業務徵收流轉稅問題的補充通知》) on 15 November 2000, which stipulates that the *Notice of the State Administration of Taxation on Levying Turnover Tax on Financial Leasing Business* shall be applicable to the financial leasing business conducted by foreign-invested enterprises and foreign enterprises approved by Ministry of Foreign Trade and Economic Cooperation (對外貿易經濟合作部, the predecessor of MOFCOM). The Notice of the State Administration of Taxation on Levying Turnover Tax on Financial Leasing Business and the Supplemental Notice of the State Administration of Taxation on Levying Turnover Tax on Financial Leasing Business were abolished on 16 June 2023.

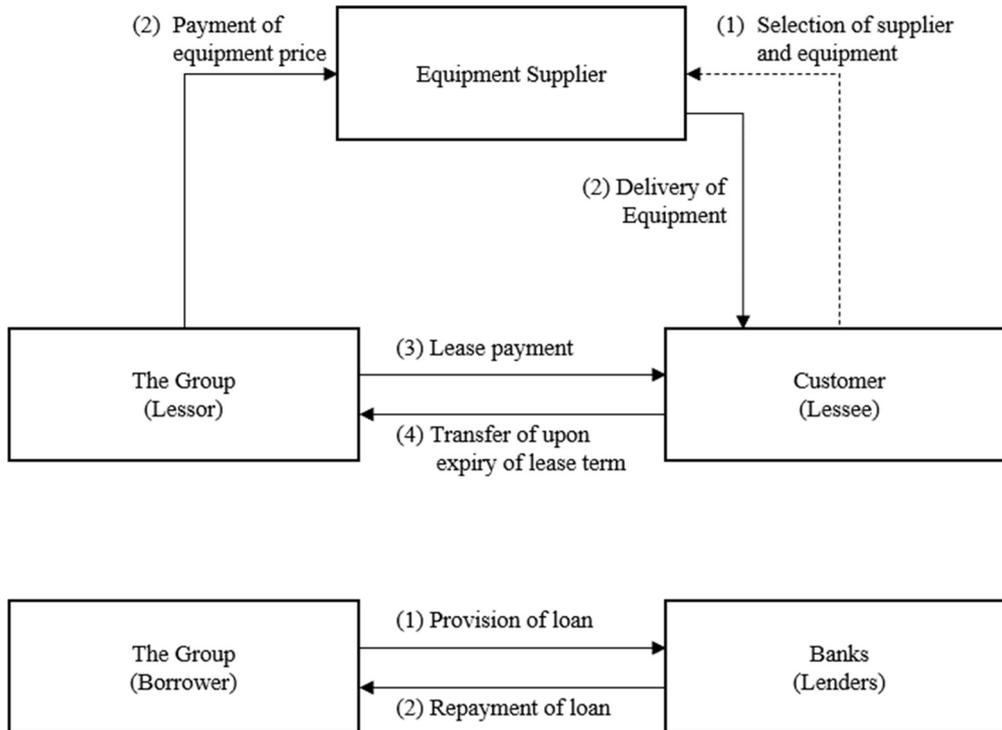
On 16 November 2011, the Ministry of Finance and the STA promulgated the *Notice of the Ministry of Finance and the State Administration of Taxation on Carrying out the Pilot Practice of Levying Value-Added Tax in Lieu of Business Tax on the Transportation Industry and Some Modern Service Industries in Shanghai* (《財政部國家稅務總局關於在上海市開展交通運輸業和部份現代服務業營業稅改徵增值稅試點的通知》), which became effective on 1 January 2012 and was discontinued on 1 August 2013. According to this notice, Shanghai is the pilot city approved by the State Council for levying VAT in lieu of business tax on the transportation industry and some modern service industries. This notice stipulates that all entities and individuals providing services in the transportation industry and some modern service industries (including tangible movables leasing) (hereinafter

referred to as "**taxable services**") within the territory of the PRC are VAT taxpayers and shall pay VAT and shall no longer pay the business tax, and the tax rate shall be 17 per cent. for the tangible movables leasing service. This notice indicates that for financial leasing services of tangible movables provided by general taxpayers among the pilot taxpayers who engage in financial leasing business upon approval by the PBOC, NFRA and the MOFCOM, the policy on VAT refund upon collection shall be applicable to the part in excess of three per cent. of their actual burden of VAT. On 24 May 2013, the Ministry of Finance and the STA promulgated the *Notice of the Ministry of Finance and the State Administration of Taxation on Carrying out the Pilot Practice of Levying Value-Added Tax in Lieu of Business Tax on the Transportation Industry and Some Modern Service Industries Nationwide* (《財政部國家稅務總局關於在全國開展交通運輸業和部分現代服務業營業稅改徵增值稅試點稅收政策的通知》), which became effective on 1 August 2013 and was discontinued on 1 January 2014. This notice expands the pilot practice of levying value-added tax in lieu of business tax on the transportation industry and some modern service industries from the pilot provinces and cities to a nationwide scope and adopts substantially the same policies as those adopted in the *Notice of the Ministry of Finance and the State Administration of Taxation on Carrying out the Pilot Practice of Levying Value-Added Tax in Lieu of Business Tax on the Transportation Industry and Some Modern Service Industries in Shanghai* (《財政部國家稅務總局關於在上海市開展交通運輸業和部分現代服務業營業稅改徵增值稅試點的通知》). The *Notice of the Ministry of Finance and the State Administration of Taxation on Including Railway Transport and Postal Services under the Pilot Program of Replacing Business Tax with Value-Added Tax* (《財政部、國家稅務總局關於將鐵路運輸和郵政業納入營業稅改徵增值稅試點的通知》 (including its attachments)), which became effective on 1 January 2014 and was discontinued on 1 May 2016, stipulates that the policy that VAT refund upon collection shall be applicable to the portion in excess of three per cent. of the actual burden of VAT for taxpayers who provide financial leasing services of tangible movables until 31 December 2015. On 23 March 2016, the Ministry of Finance and the STA promulgated the *Notice of the Ministry of Finance and the State Administration of Taxation on Overall Implementation of the Pilot Program of Levying Value-Added Tax in Lieu of Business Tax* (《財政部國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》), which became effective on 1 May 2016 and further amended on 11 July 2017 and 1 April 2019. This notice stipulates that for financial leasing services of tangible movables provided by general taxpayers among the pilot taxpayers who engage in financial leasing business upon approval by the PBOC, NFRA and the MOFCOM, the policy on VAT refund upon collection shall be applicable to the part in excess of three per cent. of their actual burden of VAT. As a financial leasing company engaging in tangible movables, Far Eastern shall be governed by these notices.

**(A) Direct Financial Leasing**

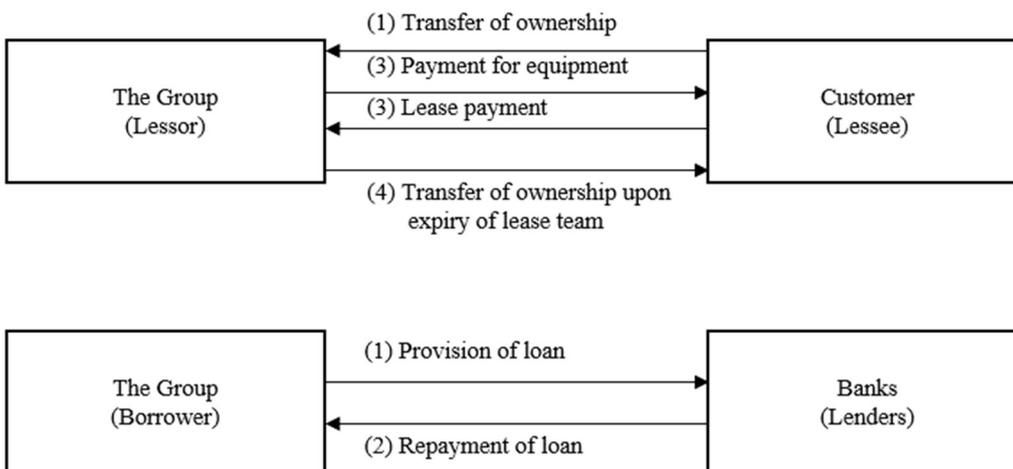
A direct financial lease is typically for one specific user, with financial terms designed to recoup most, if not all, of the initial cost of the asset being leased during the initial contractual lease term. Around 65.0 per cent. of all of the lease contracts of the Group have quarterly payment dates, while the remaining have monthly payment dates. A typical direct financial lease cannot be terminated without the Group's consent during its term and typically ranges from two to five years. Upon expiry of the lease term, the Group usually provides the lessee with an option to purchase the asset underlying the lease at a nominal value so as to incentivise the lessee to purchase such asset.

A typical direct financial leasing transaction usually involves three parties, namely the lessor, the lessee and the equipment supplier. The relationships among the three parties are illustrated in the following diagram. The Group funds its financial leasing transactions as a whole primarily through bank loans.



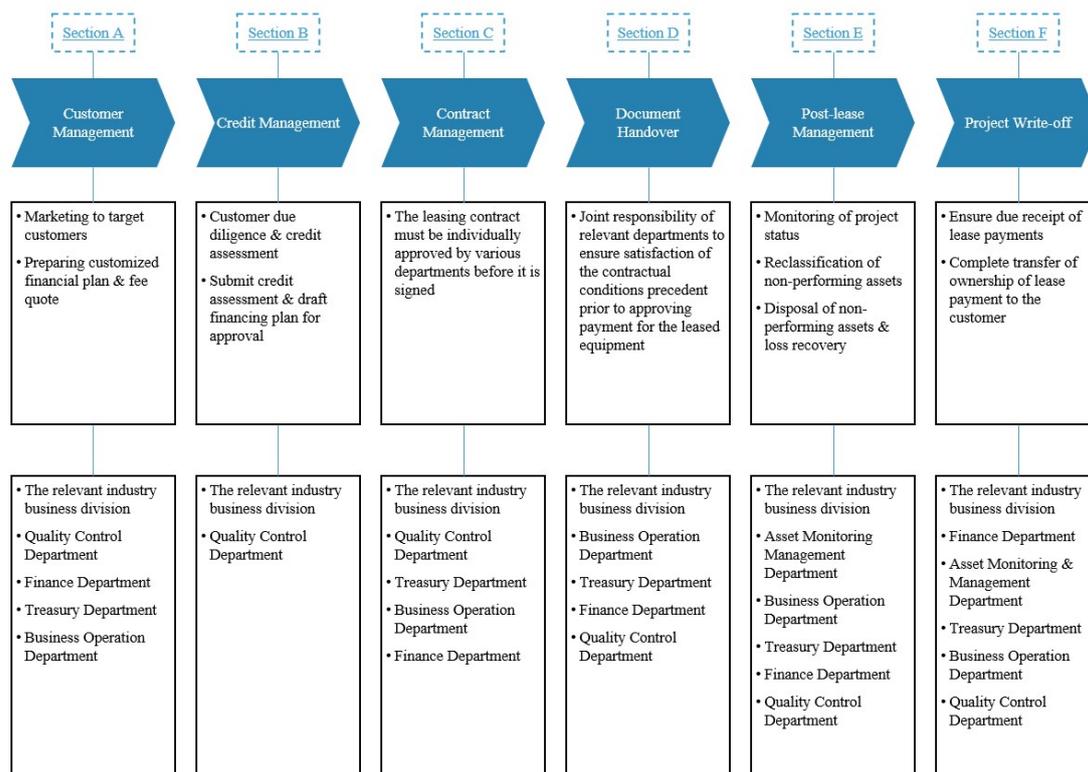
**(B) Sale-leaseback**

Sale-leaseback is a form of financial leasing where the lessor purchases the asset from the lessee who originally owned such asset but subsequently sells it to the lessor to satisfy its financing needs. The lessee then leases the asset back from the lessor for a relatively long term, such that the lessee can continue to use the asset as a lessee (and not as an owner). The majority of the Group’s lease contracts have quarterly payment dates, while a portion have monthly payment dates. A typical sale-leaseback contract cannot be terminated without the Group’s consent during its term, and typically ranges from two to five years. Upon expiry of the lease term, the Group usually provides the lessee with an option to purchase the asset underlying the lease at a nominal value so as to incentivise the lessee to purchase such asset.



**Financial Leasing Operational Workflow**

The Group has designed a systematic operational workflow in six sections, which applies to financial leasing projects in each of its target industries. Under this workflow, various risk control measures and procedures are consistently applied to every lease project, which involves the active participation of different departments in the Group. The chart below sets out the workflow process of the Group’s leasing business operations:



#### *Section A: Customer Management*

The Group commences a leasing project in Section A, during which target customers are carefully identified, appropriate projects are selected and tailored financing plans and price quotes are duly prepared. Each project is initiated by the relevant industry business division and reviewed and assisted by other relevant departments, such as the Finance Department, Business Operation Center and Treasury Department.

#### *Section B: Credit Management*

Once the customer identification and project planning process under Section A has been completed, Section B procedures are entered into where more detailed research into the background and creditworthiness of the customer is conducted. This stage is mainly driven by the relevant industry business division, which is in charge of preparing customer due diligence and credit assessment reports and the finalised financing plan to be approved by the Business Operation Center. Depending on the customer's creditworthiness, the Group will determine down payment amounts, risk mitigation measures and other key terms in Section B.

#### *Section C: Contract Management*

Upon obtaining approval from the Business Operation Center, the relevant industry business division takes the lead in participating in contract negotiations and reviewing legal documents (with the support of the Legal Centre of the Business Operation Center). The leasing contract must be individually approved by various departments before it is signed. The Finance Department also assists at Section C.

#### *Section D: Document Handover*

After the leasing contract is signed, the Business Operation Center, Treasury Department and Finance Department are jointly responsible for ensuring the satisfaction of the contractual conditions precedent prior to approving payment for the leased equipment, while the Business Operation Center is also in charge of monitoring logistics, insurance coverage, delivery of goods, equipment installation and inspection procedures during Section D. The relevant industry business division continues to assist at Section D.

### *Section E: Post-lease Management*

The Group's Asset Monitoring and Management Department and the relevant industry business division is principally responsible for asset monitoring and management through timely collection of lease payments, monitoring of project status and preparation of regular project reports. When there are "negative signals" (such as missed lease payments which may lead to potential lease defaults), certain risk control procedures will be initiated to claim outstanding lease receivables in order to mitigate potential losses. The Asset Monitoring and Management Department will review the classification of non-performing assets and closely monitor the loss recovery procedures (including restructuring of lease receivables repayment terms or the repossession and subsequent disposal of the assets underlying the lease). The restructuring of repayment terms primarily comprises acceleration of lease receivables payments and the extension of the repayment term depending on the circumstances for each case. Under its financial leasing contracts, the Group is usually entitled to several remedies including, among other things, acceleration of lease receivables repayment when there is a default of the customer. It may decide whether to exercise this remedy by primarily considering: (i) the credit record of the customer; (ii) its relationship with the customer; (iii) the current status and the prospects of the customer's financial condition; and (iv) the difficulty of repossessing the assets underlying its leases and realising their value. Before the Group decides whether to grant a customer extension of a repayment term, it conducts stringent due diligence and determines whether an extension of the repayment term is the optimal option for mitigating risks according to the customer's credit record and financial condition. The term to be extended does not exceed half of the initial lease term and the total lease term after extension does not exceed five years. The Group usually does not extend the repayment term as this may increase its risk exposure. The Group's Treasury Department and Finance Department also actively assist in controlling the risk of overdue lease receivables and repayment difficulties. The Business Operation Center also helps manage the portfolio at this stage.

### *Section F: Project Write-off*

The lease project is terminated upon full performance of the leasing contract. During the termination procedure, the Finance Department is responsible for ensuring due receipt of lease payments and the timely despatch of lease receipts, while the Asset Monitoring and Management Department is in charge of completing the transfer of ownership of lease equipment to the Group's customer. The relevant industry business division, Treasury Department, Business Operation Department and Quality Control Department cooperate closely with the Finance Department and Asset Monitoring and Management Department for project termination.

In June 2012, Far Eastern obtained approval from MOFCOM to expand its scope of business to include commercial factoring and related advisory services.

### *Advisory Services*

The Group's business is operated with an industry focus approach and its respective business departments are staffed with professional personnel who are organised around and focused on the key target industries. The opportunity to provide financial leasing services to its prospective customers has enabled the Group to better understand their needs and the various types of customised value-added services that they may require. Accordingly, the Group also provides advisory services in addition to financial leasing in line with its strategy to provide its customers with an integrated range of services. The provision of advisory services is optional to the Group's leasing customers, who are free to decide whether or not to enter into an advisory contract with the Group. In recent years, due to changes in the external environment, the industries and target customer groups subject to expansion by the Group have basically stabilised, so the demand for advisory services as a source of income has declined. At the same time, the Group also actively expanded and provided additional products and services other than advisory services based on its understanding of the needs of the target industries and customer groups, so as to maintain the stable growth of the Group's overall revenue.

The Group believes that its business model allows it to generate fee income that is complementary to the financial leasing services provided to its financial leasing customers. The advisory services are normally provided in conjunction with the provision of its financial leasing services to the same customer. However, the level of advisory services required by such customers differs in accordance with their specific needs and sophistication, and hence the service component varies significantly from customer to customer and has to be specifically agreed with each customer. As such, the fees for the advisory service component are distinct from the financial leasing arrangements and are clearly set out in the advisory contracts with its customers which are separate from the financial leasing agreements.

Based on the specific needs and requirements of the Group's existing and prospective financial leasing customers from different industries, the Group has focused on the development of various value-added businesses such as its advisory services to better serve those customers. The Group constantly and closely interacts with its advisory customers to determine the service content and scope in order to provide optimal solutions in relation to financing options, cash management and operation of the leased assets appropriate for their businesses, which the Group believes are unique from its peers and competitors. The Group's comprehensive industry expertise accumulated through its provision of financial leasing services, advanced financial analysis and risk management capabilities, and its deep understanding of customers' specific needs, have enabled the Group to provide its customers with professional and customised advisory services, which has led to a significant contribution to the Group's revenue. For example, in the packaging industry, the Group assists customers in analysing competitive products by leveraging the market information that it has accumulated from its financial leasing business and formulating marketing plans accordingly. The Group provides advice as to how to manage inventory and optimise manufacturing processes. The Group also provides training to customers on how to manage their inventory stock, how to establish an operating centre for product material and how to utilise excess capacity. These advisory services primarily include the selection of equipment suppliers, advice in respect of various forms of financing, assisting customers with cash flow management and analysis, and the provision of financing solutions typical to the respective target industries.

The fees that the Group charges for the provision of advisory services vary according to the actual services provided to individual customers in the respective target industries and are agreed with each customer on a case-by-case basis. The Group's fees are determined primarily based on: (i) the nature and estimated term of services; (ii) the importance of the advisory services to the customers; (iii) the Group's relationship with the customers; and (iv) the importance of the customers to the Group's overall business. Therefore, the Group does not have a fixed-fee rate for charging its customers in relation to the advisory services.

Revenue generated from the Group's advisory services (before business taxes and surcharges) amounted to RMB3,178.9 million, RMB1,822.6 million and RMB896.3 million for the years ended 31 December 2021, 2022 and 2023, respectively, representing approximately 9.4 per cent., 5.0 per cent. and 2.4 per cent of its total revenue (before business taxes and surcharges), respectively.

### **Industrial Operation Segment**

Along with the provision of leasing services to its customers, the Group has explored and identified business opportunities in other business segments in accordance with its customers' specific needs, such as trading and brokerage services, financial services, industrial investment and operation services, hospital operations, operational leasing and management consulting.

In terms of revenue, hospital operation and operating lease are the two most significant business segments of the Group's industrial operation segment. As at 31 December 2023, the number of hospitals controlled by the Group was 25, while the number of actual available beds amounted to approximately 10,000. For the years ended 31 December 2021, 2022 and 2023 the Group's revenue (before taxes and surcharges) from hospital operation was RMB4,003.1 million, RMB3,668.4 million and RMB4,238.0 million, respectively, representing 35.0 per cent., 27.7 per cent. and 28.8 per cent. of the Group's total revenue from the industrial operation segment, respectively.

By 2018, the Group's equipment operation business development had established a relatively optimised complete preliminary marketing system and the assets scale has joined the front ranks in sub-markets such as engineering equipment and scaffolds. For the years ended 31 December 2021, 2022 and 2023, the Group's revenue (before taxes and surcharges) from equipment operation was RMB6,141.2 million, RMB7,877.6 million and RMB9,610.6 million respectively, representing 53.7 per cent., 59.5 per cent. and 65.2 per cent. of the Group's total revenue from the industrial operation segment, respectively.

The Group believes that the provision of value-added services, in addition to its leasing business, will help enhance its competitive strength and customer loyalty, and diversify its operational risk. By matching up the organisational operation of financial resources with the discovery and cultivation of industrial resources, the Group creates an operational advantage with the characteristics of joint development of finance and industry. The Group is able to leverage its established customer relationships and business contacts within target industries so as to procure collective sales and purchases of equipment, thereby achieving economies of scale and lowering transaction costs and expenses.

Revenue generated from the Group's industrial and operation segment (before business taxes and surcharges) amounted to RMB11,434.7 million, RMB13,232.9 million and RMB14,739.3 million for the years ended 31

December 2021, 2022 and 2023, respectively, representing approximately 33.9 per cent., 36.0 per cent. and 38.7 per cent. of its total revenue (before business taxes and surcharges), respectively.

## THE GROUP'S TARGET INDUSTRIES

Prior to 2018, the Group had operated its business in nine focused industries which it believed to have sustainable growth potential, including healthcare, education, infrastructure construction, industry and machinery, packaging, transportation, electronic information, urban public utility and comprehensive development industries. The Group has accumulated years of industry expertise and has expanded its customer base in each of its target industries by organising and operating its financial leasing services, sales and marketing, and risk management systems through an industry-focused approach. In 2018, the Group adjusted its industry focus to include seven major industries, namely healthcare, education, infrastructure, construction, industry and machinery, public consuming and transportation & logistics and urban public utility.

In 2019, the Group reconfigured its industrial layout and the current business is mainly concentrated in following nine major industries: healthcare, culture & tourism, engineering construction, machinery, chemical & medicine, electronic information, public consuming, transportation & logistics and urban public utility. Through active adjustment, the Group has created a more industry-focused operational structure, and strengthened its risk identification capability.

The Group's industry selection process consists of six steps which take approximately one and a half years to two years: (i) firstly the Group conducts a search in the new industry assessing the feasibility of that new industry based on the Group's domestic and overseas industry experience; (ii) the Group then takes a preliminary industry test with a controlled volume; (iii) at the initial evaluation stage, the Group develops comprehensive business plans considering entry feasibility, growth potential, market capacity, capital needs, equipment, staff and other resources required for entry into such new industry; (iv) if the initial evaluation results of the new industry is positive, the Group tests the market extensively through conducting more comprehensive evaluations; (v) after the extensive market test, the Group finalises business plans and evaluation processes for the new industry; and (vi) the Group formally enters into the new target industry and scales up its operations in that industry appropriately.

### The Group's Business in the Healthcare Industry

The healthcare industry was the first target industry which the Group entered into in 2001, and it remains the Group's largest target industry among the nine target industries in which it is currently primarily involved. As one of the first comprehensive finance industry service providers in China focusing on healthcare, the Group is committed to providing comprehensive financial solutions to its healthcare customers, namely public and private hospitals throughout China, comprising financial leasing, advisory and trading services.

The Group actively responds to the national strategies of "Healthy China" and "Actively Responding to Aging Population", and continues to focus on its layout in third-, fourth-, and fifth-tier cities and counties with relatively weak medical resources. With the mission of "good medical care not far away", it aims to strengthen the professional and service capabilities of basic medical care, and accelerate the replication of consumer medical business. Since 2014, the Group has continued to expand its healthcare industry network by continually investing in hospitals and other medical institutions. In 2023, the number of hospitals controlled by Far East Horizon Healthcare Industry Development Co., Ltd. ("**Horizon Healthcare**") was 25 with the actual number of beds available amounted to approximately 10,000, respectively. A nationwide hospital operation network covering Eastern China, Southern China, Northern China, Southwest China, and Northeast China had been formed. The Group continued to adjust its business structure, optimize asset efficiency, and accelerate strategic upgrading and transformation, and completed the equity transfer of four hospitals, including Zhengzhou Renji Hospital and Zhoushan Dinghai Hospital, and the execution of equity transfer agreement for Siyang Yunbei Hospital in 2023. At the same time, the Group continued to adhere to the "One System, One Network and One Hospital (一套體系、一張網絡、一家醫院)" operating mode and continued to strengthen the core competitiveness of its member hospitals by focusing on discipline development and construction.

The Group was one of the leading market players in the year of 2023 in the for-profit healthcare industry based on market information and has developed strong industry expertise in the healthcare industry. The Group is able to customise its services and enhance its sales and marketing capabilities primarily through the following:

- establishing a dedicated sales team comprising former healthcare industry professionals which have been honed within the context of the healthcare industry;

- establishing its business network which is in close proximity to its customers' operations throughout China;
- maintaining of close and regular contact with its customers by organising industry exhibitions and forums, and participating in industry specific associations to gain market information on the latest market trends within the healthcare industry;
- leveraging its established relationships with sales agents of healthcare equipment in order to source suitable healthcare equipment to better serve its customers and enhance its competitiveness; and
- forming its operating pattern integrated by finance, hospital, management and engineering through continuously improving its professionalism in those aspects.

For its healthcare equipment financial leasing customers, the Group provides both direct financial leasing and sale-leaseback services. Direct financial leasing is adopted mainly to finance the purchase of new healthcare equipment. Sale-leasebacks are more frequently adopted by the Group's healthcare customers to satisfy their financing needs for the construction of basic hospital facilities. The leased equipment consists of a wide variety of healthcare equipment, such as tomography, magnetic resonance imaging, ultrasound imaging, life support machines and operating room disinfectant systems. Major and targeted customers of the Group in healthcare industry are mainly in industries including hospital, equipment agents and medical institutions.

According to the *Regulations on Supervision and Control of Medical Equipment* (《醫療器械監督管理條例》) ("Regulations on Medical Equipment") promulgated by the State Council and amended on 7 March 2014, 4 May 2017 and 9 February 2021 (which became effective on 1 June 2021), and the *Measures on the Supervision and Administration of the Business Operations of Medical Devices* (《醫療器械經營監督管理辦法》) promulgated by the State Food and Drug Administration ("SFDA") (國家食品藥品監督管理總局, which had been integrated into the SAMR in 2018 and no longer existed) on 30 July 2014 and amended on 17 November 2017 and 10 March 2022, no approval or filing is required for establishment of a business operation in category one medical device; establishment of a business operation in category two medical device, except for the ones of which safety and effectiveness are not affected by the process of circulation, shall be filed for record with the drug regulatory bureaus in charge at the municipal level; and establishment of a business operation in category three medical device shall be registered for review and approval with the drug regulatory bureaus in charge at the municipal level. SFDA promulgated the *Official Replies to Relevant Issues about Medical Equipment Leasing* (《關於租賃醫療器械有關問題的批覆》) and *Comments in Response to Some Regulatory Issues about Medical Equipment Financial Leasing* (《關於融資租賃醫療器械監管問題的答覆意見》) on 15 April 2004 and 1 June 2005, respectively. On 22 May 2018, the National Health Commission and the National Medical Products Administration (國家藥品監督管理局) promulgated the *Measures on Administration of the Configuration and Use of Large Medical Equipment (For Trial Implementation)* (《大型醫用設備配置與使用管理辦法(試行)》), which implemented hierarchical and classified planning and licence management for large medical equipment according to the catalogue approved by the State Council. Accordingly, medical equipment financial leasing conducted by financial leasing companies shall be categorised as business dealings in medical equipment and a licence for business dealings in medical equipment shall be obtained in accordance with the Regulations on Medical Equipment. Far Eastern, Shanghai Donghong and Shanghai Domin have all been issued with licences for business dealings in certain categories of medical equipment.

Along with its in-depth understanding of the healthcare industry and continuing penetration into the healthcare market during its operating history, the Group has extended its services to include diversified, value-added services, such as advisory and trading services. In addition to a trading services business, the Group also provides various advisory services which include:

- industry analysis, including analysis of policies and development strategies in healthcare industries by cooperating with universities and research institutions;
- equipment operation analysis, including advisory services in relation to selection, instalment and operation of equipment;
- management consulting, including providing customers with research reports, management training and business development strategies based on the competition in the local market;

- financial consulting services, including providing management staff of healthcare institutions with financial management plans and training, *plus* innovative financing plans, optimal finance planning analysis, cost cutting and applying for governmental subsidies for fixed-asset investment;
- internal management optimisation, including proposals for business and management process optimisation; and
- fixed-asset investment analysis, including comprehensive fixed-asset investment strategies, feasibility studies of investment plans, information regarding market prices, management of investment projects and providing financing support for the investment.

The Group also intends to develop its engineering services capability in connection with the engineering, construction and management of healthcare infrastructure facilities in the future so as to enhance and further develop its vertical integration within the healthcare leasing industry.

### **The Group's Business in the Culture & Tourism Industry**

The Group's business in the culture & tourism industry includes the education business. As one of the first comprehensive financial service organisations engaged in fields of education, science and technology, culture & tourism and sports in China, the Group has long been providing solutions in terms of investment and financing and consulting for multiple education, science, culture & tourism and sports organisations in China. Under the strategy of "finance + industry" of the Issuer, the Group has actively developed the K12 educational field covering kindergartens and non-compulsory schools, as well as developing culture & tourism and sport industry operation businesses.

The Group commenced its operations in the educational equipment financial leasing business in 2002. It provides financial leasing services and advisory services for diverse types of educational institutions within China, such as colleges, universities, high schools and professional educational institutions. The Group believes that it commands the dominant market share within China's universities and colleges, and has achieved strong-growth momentum over recent years. There has been significant breakthrough in the education industry business segment of the Group, with profound strategic implications for further improvement of the Group's operating capability in this business segment. As at 31 December 2023, the Group had two non-compulsory schools, and steadily promoted the layout of high-end high school education at home and abroad. By adhering to the principle of "people orientation, fusion of Chinese and western education and training elites", the Group continued to deepen and improve the level of teachers, curriculum system, campus facilities and operation flow management of schools within the Group, so as to cultivate outstanding students with social contribution, scientific innovation and international competitiveness.

Educational institutions are geographically dispersed across China. In order to identify and reach its potential customers in the education industry, the Group has established a strong sales and marketing team which is effective in promoting its products and services to educational institutions through various sales and marketing activities and the establishment of education professional alliances and forums to further penetrate the education market and further deepen the Group's industry expertise and customer relationships.

The leased educational equipment mainly comprises information technology equipment, laboratory equipment and practical training equipment. Based on its deep understanding of the specific needs of educational institutions and its close relationship with customers, the Group has extended its services to include value-added services such as: (i) financial advisory services, including working capital and cash flow management consulting based on an analysis of a customer's financial statements and operational status as well as financing policy training for education institutions; and (ii) management consulting services which include national policy analysis and consulting on the structure of an internal financial system.

As customers of the Group in the education industry are generally high-quality customers with stable cash flow, they represent high-asset quality and are able to make timely and regular lease payments. Their payments schedules are also customised to appropriately match their fund allocation capabilities. The Group maintains a low-risk profile within the education industry. Major customers of the Group's education industry mainly come from industries including colleges, high schools, universities, vocational education institutions, cultural venues and sports and recreation.

The customers of the Group in the tourism industry are mainly high-level domestic customers, such as tourism investment groups established by provincial and municipal governments, and these groups generally operate

physical facilities, such as natural scenic spots, cultural scenic spots, and high-end hotels, generating a strong driving force for social-economic development for the local communities. The Group benefits from its large-scale asset investment, stable cash flow, and strong financing and repayment ability.

### **The Group's Business in the Engineering Construction Industry**

The Group entered the engineering construction industry in 2004 primarily to provide infrastructure construction equipment financial leasing services to mid-to-high-end construction companies within China. In light of China's rapidly developing urbanisation and increasing demand for the construction of basic infrastructure, the Group extended its services to three major sectors of the construction industry, namely construction, construction materials, electric power production and supply. The Group systematically promoted its operating leasing business for the infrastructure construction and has become a leading industrial enterprise in the market segments of road equipment, industrial equipment and mould bases. In 2015, the Group continued to promote comprehensive services such as operation of machinery and scaffolding equipment and effective linkage with the financial business in an orderly manner to lay out a framework of an industry service corporation, and the network of the Group's operation services has gradually spread nation-wide and created relevant advantages in related sub-markets. In 2016, in order to adapt to the market environment, the Group made strategic moves to reduce the allocation of resources to certain sluggish industries, which led to a lower growth rate for its engineering construction business sector. Since 2017, the Group continued to explore integrated operation services, such as equipment operation, engineering services and Public-Private-Partnership (PPP), in order to improve the service system for the Group's investments, financing, construction and operations.

The Group established Horizon Construction Development, a comprehensive equipment service provider in the construction sector in China, which is mainly engaged in the lease of equipment and engineering construction in the fields of industrial equipment, turnover materials, pavement equipment and electric power equipment. On 25 May 2023, Horizon Construction Development was listed on the main board of HKSE. In 2023, Horizon Construction Development ranked the 14th place in IRN World's Top 100 Rental Companies, which is awarded by KHL Group, one of the world's largest international building information providers.

As at 31 December 2023, Horizon Construction Development, a leader in the equipment operation service market for aerial work platforms, new support systems, new formwork systems and other equipment, owned over 177,600 aerial work platforms and about 2.28 million tons of materials, with the total original value of its operating assets leading in the equipment service market. The Group's aerial work platform equipment mainly consists of scissor-type and boom-type aerial work platforms, which are extensively used in construction, installation and subsequent maintenance of industrial buildings, municipal venues, commercial sites, energy chemical, transportation logistics and other fields. The neo-excavation support systems consist of temporary steel structures for construction purpose such as steel support, Larsen pile and structural steel, which are widely used in fields such as civil construction, municipal pipelines, subways and bridge infrastructures. The neo-formwork systems mainly consist of socket type scaffolding, mainly used in fields such as industrial construction, municipal construction, housing construction and traffic construction. The pavement equipment consists of paving machines, road rollers and milling machines, which are used in the construction and maintenance of asphalt concrete pavements such as high-grade roads, airport runways, test-drive tracks and municipal roads. The electric power equipment consists of generators and load boxes, which are mainly used in temporary power supply for engineering construction, large-scale exhibitions, advertising campaigns, marine engineering, urban construction, field engineering, and mining.

As at 31 December 2023, Horizon Construction Development continued its strategy of developing overseas and domestic markets. The total number of outlets had further expanded, reaching 494 in aggregate. It had 490 outlets in nearly 200 cities in mainland China, covering Eastern China, Southern China, Northern China, Southwest China and Northeast China, and Hong Kong of China, and providing high quality and convenient services for its corporate customers. Horizon Construction Development has been gradually establishing a diversified, high-quality, and stable customer base, covering a wide range of fields such as municipal construction, housing construction, transportation construction, marine engineering, industrial manufacturing, green energy, warehousing and logistics, culture and art, and commercial entertainment. The number of customers has simultaneously achieved strong growth. As at 31 December 2023, the cumulative number of customers served (in terms of individual customer) was approximately 232,000. In recent years, Horizon Construction Development has steadily expanded its overseas business layout, deepened cooperation with upstream and downstream partners, continuously improved its international development and enhanced its global competitiveness. It steadily promoted overseas sales. At present, there are 4 outlets in overseas region, covering Malaysia and Indonesia.

Capitalising on the rapid growth of the industry and its deep understanding of the sector, the Group has achieved strong growth over recent years. It maintains a competitive sales team with significant industry understanding and finance expertise to provide customised services to its customers in the engineering construction industry.

The Group frequently liaises with industry experts and retains an external expert as its regular adviser. It maintains frequent and close contact with major construction equipment manufacturers and trading companies domestically and overseas in order to gain first-hand information on industry and regulatory trends. Active involvement in industry associations and customer forums are also considered key sales and marketing activities to help the Group strengthen industry penetration and promote its services. Its leased construction equipment is mainly comprised of excavating machines, earthmoving machines, road maintaining machines, pavement equipment, pile machines, concrete machines, drilling machines and hoisting construction equipment.

The Group's advisory services in the engineering construction industry include: (i) sharing of market information and statistics, and providing customers with regulatory trend analysis and market data based on industry expertise and accumulated market information; and (ii) financial consulting services such as working capital and cash flow management consulting based on analysis of the customers' financial statements and operational status as well as financial policy. Major customers of the Group's engineering construction industry mainly come from industries including transportation construction, urban development, industrial construction, construction materials, cultural venues and electricity.

### **The Group's Business in the Machinery Industry**

The Group formed its machinery business division in 2005. The Group provides industrial machinery equipment financial leasing services for various manufacturing companies in China, primarily focusing on automobile parts producers, with the aim of achieving sustainable growth and technology enhancement in the Chinese manufacturing industry. The Group successfully penetrated into different customer areas and was one of the leading market players in 2021, 2022 and 2023 in the machinery industry, based on market information.

As its financing services are extended to a number of sectors within the machinery industry, such as machine tools, automotive, public transportation, energy and electronic devices, the Group's sales and marketing strategy focuses on active involvement and liaison with various industry associations, such as automobile industry associations and mechanical bearing industry associations, to collect the latest industry information and, more importantly, machinery purchase and financing demand information to facilitate its marketing efforts. The Group also organises machinery exhibitions regularly and involves its key customers, various manufacturing companies and machinery equipment purchasers to promote its services. Its sales staff make regular visits to a number of key government industrial parks to develop business relationships with various manufacturing companies. As the financial leasing business of the machinery industry involves mostly small-ticket machine tool leasing, and requires industry-specific financing expertise and an extended sales network to reach customers which are spread across China, the Group has established a specialised sales team equipped with the necessary industry expertise and marketing capability to maintain sufficient coverage of a diverse customer base and to provide customised small-ticket financial leasing services for machinery equipment.

The advisory services provided in the machinery industry include (i) market information and statistics exchange and providing customers with regulatory trend analysis and market data based on industry expertise and accumulated market information, and (ii) financial consulting services, such as working capital and cash flow management consulting based on an analysis of the customer's financial statements and operational status as well as financial policy. Major customers of the Group's machinery industry mainly come from industries including automobile parts manufacture, railway transportation equipment manufacture, electrical power equipment manufacture, general equipment and basic parts manufacture and electronics machinery manufacture.

### **The Group's Business in the Chemical & Medicine Industry**

The chemical & medicine business development department was established in October 2019. It offers equipment financial leasing services for various chemical industries in China, primarily focusing on chemical companies and pharmaceutical manufacturing, with the aim of achieving sustainable growth and technology enhancement in China's chemical industry. China has become the world's largest chemical production and trading country and has established a unique whole-industry-chain chemical system. The chemical & medicine business development department mainly focuses on high-value-added sub-sectors in the chemical industry, such as pesticides, dyes, adhesives, coatings, rubber and plastic additives, etc. Factors, such as having a large population base, aging community, and continued growth in per capita disposable income have led to continued increase in demand for medicines. The chemical & medicine business development department focuses on supplying chemical raw

materials, chemical-pharmaceutical preparations and products for other subdivided medical fields. Major customers of the Group's chemical & medicine industry mainly come from industries including chemical and pharmaceutical manufacturing.

### **The Group's Business in the Electronic Information Industry**

In April 2012, the Group consolidated the electronic information business and incorporated the electronic business in the machinery industry into other industries. The Group commenced its new business in the electronic information industry and established the electronic information segment in December 2012.

The electronic information segment targets the information industry in the PRC and is an integrated financial services institution providing diversified financial solutions to upstream and downstream customers of various industry chains. Demands in electronic information industry have been increasing, with frequent hot topics on 5G base station, wearable devices and other aspects. The electronic information segment is currently involved in fields such as electronic information manufacturing and information technology application. Relying on vast industry experience and resource-coordination skills, and through the dedicated corporation of corporate customers, well-known domestic and overseas manufacturers, agents, associations, government and business partners, the electronic information segment has built up a national customer service network, with Shanghai as its centre.

Through continued in-depth research and pioneering in the electronic information manufacturing and information technology application fields, the electronic information segment is committed to providing the industry chain with quality and professional financial services, operational services and investment services. Major customers of the Group's electronic information industry mainly come from industries including electronics manufacture, 3C (computer, communications and consumer-electronics) and electronic terminals, electrical machinery and applications of information technology.

### **The Group's Business in the Public Consuming Industry**

This industry segment mainly includes segment sectors of packaging, food, textile and light industry, and commercial and retail industries.

This industry segment is targeted at products reflecting a consumer-oriented focus, and is developing in line with industry trends of the upgrading of consumption and consumer intelligence, which in turn follow the general upward trajectory and changes to general consumers' livelihoods. Complementary concentration on other segment sectors within this industry segment (such as textile and apparel, food and beverage and retail and commerce) allows the Group to provide more comprehensive financial solutions. These include tailored financial leasing solutions, factoring services, providing financial services to small and medium-sized enterprises in the targeted industry sectors and facilitating asset securitisation products and structured financing products and equity pledge financing.

Through continued in-depth research and pioneering in the public consuming industry application fields, the industry segment is committed to providing the industry chain with quality and professional financial services, operational services and investment services.

### **The Group's Business in the Transportation & Logistics Industry**

The Group began to provide its services within the ship financial leasing industry in 2003. It primarily provides ship leasing services to shipping companies established in China, or ultimately owned by Chinese entities, in the form of direct financial leases, whereby its shipping customers purchase vessels with its financing support. In addition, it also provides ship brokerage services for the selling and purchasing of new and used vessels. In July 2013, the Group renamed its shipping sector as the transportation sector to expand its business to include railway transportation, pipeline transportation and smart logistics industries. In 2016, the growth of demand in the shipping industry remained sluggish, and the problem of over-capacity could not be fundamentally resolved in the short term with the downturn and volatility of the shipping market expected to continue for a certain period. The Group undertook measures such as writing off bad debts and monitoring assets in this business sector. Since 2017, with the gradual recovery of the shipping market, shipping prices also gradually increased, and the imbalance between supply and demand was alleviated. Therefore, in 2018, as the shipping business picked up, the Group restarted its ship financial leasing services.

The Group leverages its industry expertise within the transportation & logistics industry and provides transportation financing services which are specially customised to provide reliable funding support for its transport customers. The Group's specialised sales team is capable of providing comprehensive financing

solutions and professional advisory services for its customers, who request essential, industry-specific financing advice at the time they purchase vessels. The Group believes that its provision of an integrated and customised range of financial services to its transport customers has enhanced its customers' trust and reliance on its services and enabled it to establish its market position within the transportation financing market. Its extensive network with ship builders, sellers and purchasers allows it to continue its expansion into ship brokerage service. Major customers of the Group's transportation & logistics industry mainly come from industries including logistics, transportation infrastructure, supply chain management, and smart system and smart transportation.

The Group's operations in the transportation financial leasing market are divided into the U.S. dollar financing business and the CNY financing business. Its U.S. dollar financing services are provided primarily to shipping companies operating on international shipping lines, while its CNY financing services are provided principally to shipping companies operating on domestic shipping lines. The Group also provides various advisory services to its transportation & logistics industry customers, which include: (i) vessel operation advisory services, such as ship selection and purchase timing analysis; (ii) industry competition analysis, based on its cumulative industry expertise and market information; and (iii) financial consulting services, such as working capital and cash flow management consulting based on an analysis of the customer's financial statements and operational status, profit projection and vessel value assessment.

### **The Group's Business in the Urban Public Utility Industry**

In March 2015, the Group established the urban public utility business unit. Through this sector, the Group aims to seize the opportunities arising from the development of China's urban public utilities by providing a wide range of financial products and professional consulting services to three main urban public utility industries, namely urban infrastructure construction, urban operation and municipal services.

The business scope of this business sector mainly comprises: (i) financing services, including providing financing for equipment purchase, sale-leaseback of current assets, operating lease, factoring and commercial paper financing; (ii) capital services, including making equity investments as strategic investors, acting as financial adviser in mergers and acquisitions and providing consulting services; and (iii) industrial services, including investing in PPP projects, cooperating with government authorities on industrial investment funds and providing value-added services.

Through its long-term efforts, the Group has established extensive cooperative relations with domestic and overseas renowned manufacturers, agencies, associations, research institutions, government authorities and other business partners, and has built a nationwide service network with a mature business process management system. Major customers of the Group's urban public utility industry mainly come from industries including city transportation, water treatment, energy, waste treatment and gas supply.

### **COMPETITIVE STRENGTHS**

The Group believes that it has the following competitive strengths:

**The Group has capitalised on China's robust economic growth by strategically focusing on selected industries that are in line with the strategic direction of "serving the industrial upgrading and serving the city upgrading" and with promising growth potential.**

Over the past more than four decades, China's economy has grown significantly, in large part, due to the Chinese government's extensive economic reforms. According to the National Bureau of Statistics of China, the nominal GDP of China grew from RMB21.9 trillion to RMB126.06 trillion between 2006 and 2023. Based on data from the World Bank, China was the second largest economy in the world considering 2021 nominal GDP.

China achieved steady economic growth in 2023 despite headwinds from both at home and abroad. Based on preliminary estimation, the GDP in 2023 reached RMB126.06 trillion on a constant price basis, representing a year-on-year increase of 5.2 per cent. and marking the fourth consecutive year with GDP exceeding RMB100 trillion.

The Group's target industries have also enjoyed rapid growth along with the Chinese economy and the Chinese financial leasing industry. In particular, the total expenditure or total output value of its target industries has increased over the recent three years.

The Group currently operates its business within its redefined nine target industries which have each experienced continued growth.

**The Group, adhering to "Finance + Industry" business strategy, has developed a distinctive business model providing customised and integrated financial services and value-added services to target industries by leveraging its established industry expertise and thorough understanding of its customers' specific needs.**

The Group's distinctive business model enables it to provide a customised and integrated range of financial services primarily across a portfolio comprising its target industries, so as to support the growth of its customers' businesses along with the growth of the Chinese economy. In addition, the Group is also able to leverage its accumulated industrial and management expertise derived from its business model to expand into other target industries in China with promising growth potential. The Group believes that its business model is distinctive for the following reasons:

- it provides an integrated and customised range of financial services;
- it has effective operational and project execution capabilities in step with its business growth;
- it maintains strong asset and customer quality through effective risk management systems; and
- it has industry-specific sales and marketing initiatives.

The integrated business model effectively contributes to the Group's continuous growth momentum and provides supplementary cash flow to the operations.

**The Group is one of the top financial leasing companies in China in terms of total assets and net profits with nationwide and diversified customer base.**

The Group enjoys a leading market share in a majority of its target industries and is one of the top performers among China's financial leasing companies in terms of total assets and net profit. As at 31 December 2023, the Group has a leading position among the top 10 financial leasing companies in China in terms of net profit and total assets and achieved a leading market share in terms of the aggregate value of new lease contracts in revenue terms in the provision of financial leasing services to public hospitals, printing firms, universities and colleges and automobile part manufacturers.

The Group's leading market position in the majority of its target industries is bolstered by a growing customer base with whom it has well established long-term relationships. Its customers primarily comprise of small-to-medium-sized enterprises, large corporations and public institutions within its target industries, each of which has been selected under stringent risk management procedures based on factors such as the stability of their cash flows and/or asset values, industry reputation and track record. As at 31 December 2023, the Group's customers were located in nearly every province of China and were located primarily within the key economy growth regions, such as the Bohai Rim (comprising Beijing Tianjin, Shandong, Liaoning and Hebei), the Yangtze River Delta (comprising Jiangsu, Zhejiang, Shanghai and Anhui), the Pearl River Delta (comprising Guangdong, Guangxi and Hainan) and central China (comprising Hunan, Hubei, Chongqing, Sichuan and Henan). As testimony to its customers' loyalty and reliance on its services, the Group also has a large number of repeat customers. The Group has further successfully penetrated into its financial leasing customer base to provide extended value-added services, in addition to providing its integrated financial services to new customers.

**The Group has diversified and sustainable funding sources to support its business growth and has strong capabilities in managing its funding risks.**

The Group's business growth and working capital requirements are primarily supported by interest-bearing bank and other borrowings and equity. Since 2002, the Group has developed strong relationships with approximately 400 domestic (commercial banks and policy banks) and foreign financial institutions of different nationalities, from which it has obtained loan financing (including syndicated loans). As at 31 December 2023, these financial institutions included, among others, the big six commercial banks in China, national joint stock commercial banks, China Development Bank, The Export Import Bank of China, Agricultural Development Bank of China, city and rural commercial banks and foreign-invested banks. In September 2021, the Group finalised a strategic cooperation agreement with Shanghai Pudong Development Bank. In July and August 2022, the Group signed a strategic cooperation agreement with Bank of China Shanghai Branch and Bank of Communications, Shanghai Branch, respectively. These relationships have allowed the Group to secure the sustainable sources of financing to support its business growth and working capital requirements. The Group also encourages foreign syndicated facility renewal to further developed offshore facilities markets such as Hong Kong and Taiwan.

The Group has also diversified its funding sources to include private banking, trusts, third-party wealth management and the employment of financial instruments, such as asset backed securitisation, perpetual securities and medium term notes. Since its first issuance of offshore Renminbi bonds in a principal amount of RMB1,250 million in May 2011, the Issuer has been very active in the bond market. The Issuer issued senior perpetual securities in June 2014 and June 2017, and further subordinated perpetual securities in December 2017, further achieving diversification in fund raising. In July 2020, the Group successfully issued U.S.\$300 million convertible bonds. The issuance of the bond was not only the first convertible bond of an overseas financial leasing company, but also raised low-cost funds for the Group.

In the onshore market, the Group has issued asset-backed securities products since 2006 and has been active in the issuance of asset-backed securities ("ABS") in China. Far Eastern was the first finance leasing company in the PRC being approved to issue medium term notes in the inter-bank market publicly, and regularly issues in the market. In February 2020, the Group successfully completed the issuance of the first RMB2 billion of renewable disease prevention and control securities. The funds raised are planned to be used in part to support the development of enterprises in epidemic areas and pharmaceutical companies, which reflects the Group's social responsibility and active participation in epidemic prevention work..

The Group has further enriched its bond portfolios by introducing innovative products, such as renewable corporate bonds, and has formed the new stage of alternate issue of various products, such as corporate bonds, private placement note and ultra-short financing bills in different markets. Currently, the Group is fully equipped with the ability to issue securities and be a mature issuer in the capital markets.

The Group is also able to match effectively its funding with its asset growth on ongoing basis through regular review and adjustment of its funding sources and structure in view of the changes in its internal and external business environments. In 2023, facing the complex domestic and foreign financial environment, the Group continued to step up domestic indirect financing, and also pushed ahead domestic direct financing and various overseas financing products, so as to secure a wide range of resources for the Group's development. With increasingly diverse financing methods and improving product characteristics, the Group issued sustainable development-linked corporate bonds under public offering which facilitated investment in leasing business in green sectors and small-and-micro-inclusive businesses, issued the first small-and-micro enterprise high-quality development ABS to consistently implement the national strategy to pursue high-quality development and help small, medium and micro enterprises to achieve high-quality development, and issued the first free trade zone offshore bond of the financial leasing industry which achieved a new breakthrough in offshore capital resources.

The Group manages its liquidity risks by regularly monitoring the relative maturities between the assets and liabilities and taking the necessary steps to maintain an appropriate and prudent balance of long-term and short-term funding sources. The Group manages its interest rate exposure by regularly assessing potential changes in interest rates using gap analysis. It further strengthens research capabilities to determine interest rate fluctuations and trends by formulating regular tracking and reporting systems.

**The Group has an experienced, stable and cohesive management team and qualified industrial specialists with proven track record and a performance-based corporate culture.**

The Group's management team has successfully developed its business into a leading financial services company in China. The executive directors of the Issuer and the key senior management have been with the Group since 2002 and have contributed their management expertise and business acumen to lead the Group.

As at 31 December 2023, approximately 56.6 per cent. of its employees have a bachelor's degree and above and approximately 8.2 per cent. have a master's degree and above. Due to the employees' diversified education background, work experience and internal training, the employees of the Group possess the necessary professional and specialised expertise within the relevant target industry division in which they operate.

**The Group has prudent risk management and internal control practices.**

The Group's risk management principle is to implement an integrated and dynamic risk management system, and continue to optimise its prudent risk management system to protect the long-term interests of its shareholders, customers and employees. Besides, the Group adopts different types of risk management measures across the target industries to monitor the risk and optimise the asset allocation.

The Issuer voluntarily adopts similar five-category asset classification to banks that accurately reveal the asset risk profile and confirm the quality of assets primarily by obtaining information on the qualification of stock and assets. On such basis, the Group has deployed management resources and efforts in a focused manner to

effectively implement measures on category management, and has strengthened risk anticipation and the relevance of risk prevention to improve the ability to control asset risks. With above-market-standard asset risk measures in place, the Issuer believes that it stands out from its peers. Hence, changings in regulatory requirements and regulatory environment tend to have limited and manageable impact to the Group.

**The Group has strengthened risk control system and risk identification capability.**

The Group continuously strengthened its risk control system to improve its risk identification capability. At the industry level, the Group focused more on basic industries in relation to national policies and livelihood, and introduced sub-sectors with development potential. At the regional level, the Group focused on new type urbanisation, regional coordinated development, as well as key regions with improving economic structure. At the customer level, the Group prioritised enterprises with strong risk resistance capability, stable operation and sustainable development to form a more effective protection on the business and operation of the Group.

**BUSINESS STRATEGIES**

The Group intends to achieve sustainable business growth by the following principal strategies:

**Capitalising on growth opportunities of China's financial leasing market.**

The Group believes China's financial leasing industry is still underdeveloped, and that its target industries still enjoy sustainable growth potential. Hence, there are promising opportunities to explore the attractive growth potential of China's financial leasing industry and its target industries. Furthermore, the Group intends to continue exploring growth opportunities within other target industries in China with growth potential and in which it believes its services can be competitive, so as to complement its existing business. The Group believes that its track record and experience in China's financial leasing industry has provided it with sufficient insights into industry trends, customer needs and market potential, which will equip it with the required capabilities to pursue suitable expansion and penetration into these new industries.

In addition, the Group believes that there is substantial growth potential in the market demand for its financial leasing services arising from the growth of private sector enterprises and public institutions. In addition to conventional bank lending, the Group's ability to understand the value of the assets underlying the leases as well as its customers' needs provides a differentiated and effective competitive advantage. For close to 30 years, the Group has been successfully developing its business by taking advantage of the rapid growth of China's economy and the continuing opening up of China's financial market. The Group intends to continue to capitalise on growth opportunities of China's financial leasing market by leveraging its industrial expertise, established presence in its target industries and extensive customer network.

**Expanding the Group's customer base and achieving deeper market penetration within its existing target industries through focused sales and marketing efforts and the expansion of its existing services.**

The Group is constantly evaluating opportunities to leverage its significant industry expertise and extend its services to additional customer segments within each of its existing target industries. In this respect, the Group plans to devote more attention, manpower and resources to expanding its customer base and strengthening its customer relationships through focused sales and marketing efforts and further segmentation of China's economic areas in which it operates. These sales and marketing efforts will include the regular organisation of, and participation in, more industry exhibitions and trade associations so as to maintain industry presence and promote its specialised industry knowledge among key industry players. The Group believes that such focused sales and marketing efforts will strengthen market demand for its integrated financial services and enable it to further capture larger market share and more customer segments ahead of its competitors.

The Group intends to adhere to the line of taking root in industry, the development strategy of "finance + industry" and closely focus on the real economy. Through the integration of financial resources and industrial resources, an interactive and complementary trend is formed, and the advantages of combining and integrating are maximised to form a unique value discovery and value-adding approach, in order to achieve the vision of the enterprise "Integrating global resources and promoting industry development".

**Diversifying services portfolio in China to enhance the Group's value-adding capabilities.**

The Group believes innovation is key to the continuing growth of its business. It intends to continue to develop a differentiated services portfolio, targeting specific customers' needs so that it can differentiate itself from its competitors and enhance its market competitiveness. Going forward, when suitable opportunities arise, the Group

intends to expand its services portfolio to explore opportunities in new business segments including inclusive finance business, factoring business, PPP business and overseas investment business.

Through the diversification of its services portfolio and expanded scope of integrated value-added services, the Group intends to continue to broaden its customer base, develop a greater understanding of its customers' needs, cultivate long-lasting relationships and secure more repeat business. The Group intends to extend the reach of its new services within China by leveraging its brand equity, business network, established customer base, expertise within the industry value chain, sales and marketing expertise, and management expertise to set strategic directions pertaining to its service portfolio diversification and, where required, acquire suitable management and technical expertise.

**Continue to optimise funding sources, minimise funding cost and effectively manage funding risks.**

The Group will continue to seek to minimise its costs of funding and expand its funding sources on a sustainable basis to maintain the liquidity necessary to manage its business growth and to provide competitive pricing to its customers. The Group intends to leverage its previous experience in the issuance of Far Eastern asset-backed security management programmes and domestic medium term notes in the PRC inter-bank market and use similar financing channels under appropriate market conditions. The Group will leverage the opening up of China's financial markets to explore further financing options where suitable opportunities arise and under appropriate market conditions. In addition, the Group intends to increase its participation in the capital markets (including both equity and debt financing) as additional funding sources. The Group also seeks to enhance its strategic cooperation with both domestic and foreign financial institutions to facilitate timely funding at competitive rates for its business operations, and will continue to adhere to its stringent processes to effectively manage its liquidity and interest rate risks.

The Group intends to continue to optimise its liability structure and effectively control its finance costs. The Group's major measures are as follows: (i) the Group will deepen its cooperation with domestic major banks and non-bank institutions; (ii) the Group will actively focus on development in international market, enhance its communications with rating agencies and investors, as well as expand its cooperation with overseas financial markets; and (iii) the Group will continue to explore new channels and products, thereby further enhancing and enriching its financing structure.

**Continue to strengthen risk management capabilities.**

The Group intends to continue to enhance its risk management capabilities by continuing to implement an integrated and dynamic risk management system and optimising its prudent risk management systems to protect the long-term interests of its shareholders, customers and employees. The Group also intends to proactively streamline its procedures to enhance its stringent selection process of suitable fundamental and sustainable industries, the segmentation of suitable target customers, its customer credit assessment and approval procedures, and its portfolio monitoring and management. In addition, the Group intends to upgrade its information technology system, and to more closely monitor and control the status of assets, its financing project management and overall asset monitoring system.

**Continue to select, develop, motivate and retain a talented and professional workforce.**

The Group believes that part of its success is greatly attributable to its ability to select, develop, motivate and retain its talented and professional workforce. The Group plans to further strengthen its workforce to meet its strategic goals. The Group will continue to focus on recruiting and cultivating the technical expertise and industrial knowledge of its workforce and training and development programmes to enhance its employees' professional knowledge and capability. The Group is dedicated to the creation of a supportive culture, promoting personal and professional development. The Group will continue to rely on an incentive-based compensation structure to better align employees' compensation with their contribution to its business. The Group will also continue to improve its human resources policies to attract, train, incentivise and retain employees.

**SALES AND MARKETING**

The Group organises its sales and marketing activities by industry divisions, and its sales and marketing network has been developed along with the development of its industry divisions. Each industry division has its own sales and marketing strategies and plans, conducts market and consumer research, coordinates marketing activities for the particular industry, promotes partnership and cooperation relationships with customers, and conducts sales and marketing activities with personnel having substantial industry expertise. As at 31 December 2023, the Group headquartered in Hong Kong, has business operations centres in Shanghai, Tianjin and Guangzhou, and has offices

which are strategically located in major cities throughout China such as Beijing, Shenyang, Ji'nan, Zhengzhou, Wuhan, Chengdu, Chongqing, Changsha, Shenzhen, Xi'an, Harbin, Xiamen, Kunming, Hefei, Nanning and Urumqi, forming a client service network that covers the national market. In addition, it intends to establish more regional offices as its client base grows. The Group provides its services directly through its sales staff. It sends its sales staff directly to the customers to understand their requests and needs, and to establish close relationships with them. The industry expertise and background of the staff bring better sales and marketing achievements.

The Group promotes customer awareness of its brands and products through its advertising and promotional activities. It has combined its sales and marketing efforts with various activities, including the following:

- organisation of interactive meetings and regular industry exhibitions involving its customers, industry professionals, suppliers and manufacturers, and representatives of regulatory authorities of each of the nine target industries;
- frequent liaison with various industry associations;
- organisation and sponsorship of a number of customer forums;
- regular visits made by its sales staff to its existing and potential customers (at, for example, industrial parks); and
- advertisement in a variety of media such as journals, magazines and television networks with specific industry focus.

These activities have enabled the Group to: (i) establish strong relationships with its customers as well as other key participants within the relevant industry; (ii) collect the latest industry information as well as demand and supply trends to facilitate its marketing efforts; and (iii) maintain a stable customer base and achieve comprehensive market coverage in its reach to potential customers.

## **CUSTOMERS**

The main customer base of the Group consists of small-to-medium-sized enterprises, large corporations and public institutions. The Group has established comprehensive systems adopting certain criteria for its customer-selection process, including proven track record and business scale factors, such as the target customer's total assets, revenue, stability of cash flow, competitive advantages, customer base, industry qualifications and ranking, operating and credit histories and main customer characteristics. The Group aims to select high-quality customers with strong profitability potential, long-term financing demands, stable cash flows and a sound financial base.

The Group's five largest customers contributed in aggregate less than five per cent. of the Group's total revenue for each of the years ended 31 December 2021, 2022 and 2023.

## **FUNDING CAPABILITIES**

The Group has established strong and effective funding capabilities and has prudently managed its balance sheet by maintaining gearing ratios at a level that the Group considers reasonable. The Group aims to make full use of capital leverage for its operations to keep its gearing ratio relatively high but at the same time closely managing the levels of gearing ratio to avoid any potential liquidity risk. By reference to the gearing ratios of commercial banks and main competitors in China, the Group believes that its gearing ratio was maintained at reasonable levels for the three years ended 31 December 2021, 2022 and 2023. It has been able to secure sufficient equity and debt financing to match the expansion of its business operations and working capital requirements. It has achieved stable funding while diversifying its funding sources by implementing the following funding strategies:

- steady and effective management of its funding through stringent and dynamic capital budgeting systems to optimise funding continuity and maturity profiles, and to mitigate liquidity risks;
- operating through streamlined capital management workflows to enhance capital efficiency;
- diversifying funding channels to ensure capital supply and balanced funding mix; and
- strategic selection of multiple domestic and overseas financial instruments to effectively manage funding costs.

Through these funding strategies, the Group is able to:

- effectively match its funding with its asset growth on an ongoing basis through regular review, adjustment and structuring of its funding sources and instruments while closely monitoring changes in its internal and external business environments;
- manage its liquidity risks by regularly monitoring the relative maturities between its assets and liabilities and taking the necessary steps to maintain an appropriate and prudent balance of long-term and short-term funding sources;
- manage its interest rate exposure arising from its interest payments on its loans and financing obligations by regularly assessing potential changes in interest rates using gap analysis and further strengthening research capabilities to forecast interest rate fluctuations and trends by formulating regular tracking and reporting systems; and
- maintain diversified funding channels through various types of banks and non-bank financial institutions, and has established a well-balanced portfolio of funding sources such as loans and syndicated loans, trust financing, private banking, third-party wealth management and other financial instruments such as asset-backed securitisation perpetual securities and medium term notes so as to vary its funding sources and maintain a capital-adequate and cost-efficient funding base.

Moreover, by adhering to its funding strategies, the Group has successfully increased the proportion of long-term interest-bearing bank and other borrowings to more adequately match the maturity profile of its assets.

Depending on its business development and capital needs, subject to market conditions, the Group will, from time to time, explore suitable fund raising channels, including leveraging both equity and/or debt markets, as well as any other financing possibilities.

## COMPETITION

The opening up of the financial leasing industry in China has resulted in increased competition. The Group's competitors are mainly non-bank financial service providers, in particular bank-affiliated leasing companies, captive leasing companies and independent leasing companies which operate either on a similar or larger scale than the Group. Benefiting from China's supportive policies, China's financial leasing industry has increased greatly in the number of its participants in recent years. According to the China Financial Leasing Industry Development Report for the Third Quarter of 2023 (《2023年第三季度中國融資租賃業發展報告》), as of the first three quarters of 2023, there were approximately 9,170 financial leasing enterprises in China, representing a decrease of about 670 from 9,840 at the end of last year. The financial leasing industry erects high entry barriers, which include operational qualifications, initial starting capital, strong and sustainable capital funding capabilities, professional and industrialised risk management and sales and marketing strengths.

Bank-affiliated leasing companies typically focus on big ticket leasing and have a customer base largely built on the banks' network. Captive leasing companies (which refers to the internal leasing division or the subsidiary leasing arm owned by a manufacturer or a dealer for the purposes of offering alternative financing options to the parent company's customers) typically focus on supporting their equipment sales and planning their business expansions in line with their equipment sale demand. Independent leasing companies utilise diversified capital sources and provide services to a relatively broader customer base characterised by greater flexibility, independence and discretion.

The Group's ability to compete against these competitors is, to a significant extent, dependent on its ability to distinguish its services from those of the Group's competitors through the following factors:

- provision of integrated, customised and supplemental value-added services that are competitive in terms of quality and effectiveness;
- extensive market coverage in China by leveraging on its sales and marketing capabilities;
- specific industry focus and professional expertise;
- diversified capital sourcing capabilities; and

- strong brand equity and established customer relationships.

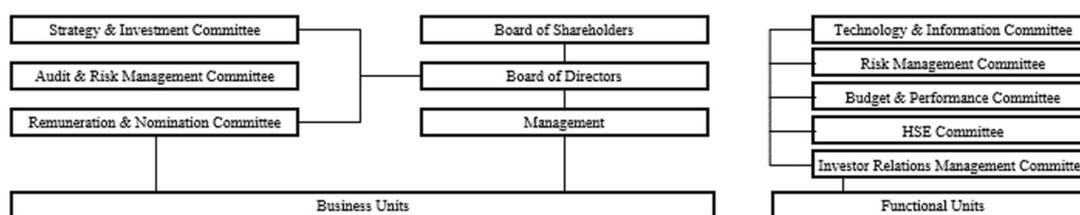
The Group intends to continue to implement its strategies to differentiate itself from its competitors and to enable it to compete effectively in China's financial services industry.

## RISK MANAGEMENT

As a financial services provider, the Group is subject to liquidity risk, credit risk and interest rate risk in its business operations while it is exposed to relatively limited operational risk and exchange rate risk. The Group's risk management principle is to implement an integrated and dynamic risk management system, and continue to optimise its prudent risk management system to protect the long-term interests of its shareholders, customers and employees.

The Issuer has established the Audit and Risk Management Committee and Internal Audit Department which report to the board of directors. Owing to the prudent risk management system the Group has established, the Group's non-performing asset ratio as at 31 December 2021, 2022 and 2023 was 1.06 per cent., 1.05 per cent. and 1.04 per cent., respectively. The assets are interest-earning.

The chart below sets forth the Group's organisation structure and reporting system for its internal risk management.



The Group has adopted the following strategies to achieve its risk management objectives:

- continue to optimise its business model, integrating it with the Group's enhanced corporate governance structure to strategically reduce systematic risks, including strategic selection of industries and sub-sectors within each industry;
- continue to remain selective in the screening of customers, based on the Group's thorough industry understanding. In 2019, the Group endeavoured to minimise risk by addressing information asymmetry regarding its customers by obtaining further information of the relevant market and the customers themselves;
- continue to strengthen the Group's risk management capabilities by taking advantage of a layered and independent risk management structure. In 2016, the Group established a collective management system covering four levels, namely the Group headquarters level, industrial group level, platform companies level and enterprise level, which strengthened collective management and control. This mitigates the increasing risks that the Group faces with its active adoption of its "finance + industry" strategy, which involves the rapid development into its main target industries such as hospital, education and engineering equipment sectors;
- continue to optimise the Group's customer evaluation model based on its extensive customer base and its deep understanding of the customers' common characteristics. The Group has implemented differentiation risk management for different industries;
- continue to utilise the Group's broad customer base and industry contacts to effectively dispose of repossessed assets due to events of default, thereby mitigating potential losses;
- continue to cultivate a strong risk management culture through rigorous implementation of the Group's risk management policies and measures, as well as company-wide senior employee training;
- continue to optimise the asset allocation and comprehensively control the asset introduction risks;

- continue to construct a strict asset monitoring system, including putting in place asset management localisation systems and enhancing internet monitoring systems, which has helped strengthened the risk prevention and mitigation; and
- continue to optimise its risk assets disposal capabilities by forming special teams to provide collective litigation support, establishing and implementing various supporting mechanisms, enhancing the efficiency of cross-department collaboration and rapidly developing the regional disposal resources.

### **Risk Management Procedures**

The following table below sets forth the risk management measures adopted by the Group in the following nine major industries:

<b>Healthcare</b> .....	The Group's healthcare customers generally include hospitals with a proven track record and of a satisfactory business scale. The Group controls its risk in the healthcare industry mainly by (i) stringent internal standards in selecting its healthcare customers with the aim of retaining high-quality customers with stable cash flow and strong credit ratings, and (ii) efficient process management of leased healthcare equipment through its well-developed customer management capabilities.
<b>Culture &amp; tourism</b> .....	The Group controls its risk in the culture & tourism industry by prioritising two groups of customers: (i) the customers in the culture & tourism industry which have access to high-end scenic spots with unique monopoly tourism resources; (ii) higher-education institutions with stable enrolment rate and K-12 education institutions with rapid income growth rate and a long-term focus on education. These two groups of customers share the following favourable common characteristics: (i) ability to maintain stable cash flow; (ii) extensive financing channels and outstanding financing capabilities, which make them appear as partners for the financial institutions; and (iii) the first group of customers is the main driving force for China to increase domestic demand and local consumption, while the second group has a high degree of stability, and some of them possess more growth potential.
<b>Engineering construction</b> .....	The Group controls its risk in the engineering construction industry by: (i) stringent selection of clients from reputable construction companies, which must have an operating history or management history amounting to a stipulated number of years, and with asset value reaching a required threshold; (ii) equipment management and control characterised by conducting detailed audits on customer credit diligence; and (iii) adopting strict tracking techniques to ensure asset safety.
<b>Machinery</b> .....	The Group controls its risk in the machinery industry by: (i) stringent equipment selection and controls characterised by conducting customer credit diligence; and (ii) matching the specific demands for its customers in relation to deal structure.
<b>Chemical &amp; medicine</b> .....	The Group controls its risks in the chemical & medicine industry by: (i) developing relationships with state-owned customers, and maintaining close relationships with current customers in the private sector with cost advantages; and (ii) prioritising a strong demand and related industry chain for the medicine industry, attracting customers with specialty raw material and those which have medicines with clinical value and remarkable efficacy, and customers with poor environmental and safety management are restricted.
<b>Electronic information</b> .....	The Group controls its risk in the electronic information industry by: (i) conducting in-depth research on the industry; (ii) stringent internal standards in selecting customers and projects; and (iii) conducting careful

and continual testing of the technologies and/or products.

<b>Public consuming</b> .....	The Group controls its risk in the public consuming industry by: (i) conducting in-depth research on the industry; (ii) stringent internal standards in selecting customers and projects; and (iii) conducting careful and continual testing of the technologies and/or products.
<b>Transportation &amp; logistics</b> .....	The Group controls its risk in the transportation & logistics industry by: (i) for the logistic segment, stringent selection of clients from companies that have long-term establishment, stable operating capacity and relatively high credit rating; (ii) for the ship segment, stringent selection of clients as well as stringent controls on lease amounts while engaging independent firms to evaluate the remaining market value of vessels and track the value of the ship.
<b>Urban public utility</b> .....	Customers in the urban public utility sector are usually of good quality and are businesses of a large scale and are able to make timely repayment. The Group controls its risk in the urban public utility industry by: (i) stringent selection of customers according to the Group's strict internal standards and targeting highly qualified urban public companies as customers (mainly comprise urban utilities companies in the capital cities and also the ones in the cities with GDP over RMB200 billion); (ii) selecting customers that have business stability, large income and a monopoly position in the located city, provide indispensable services for the operation of the cities and continually to receive persistent large amounts of government subsidies; and (iii) ensuring customers have a stable cash flow, diversified financing sources and good repayment records of their financings in the past.

The Group has implemented its prudent risk management system across three dimensions:

#### ***Business Model Dimension***

The Group's business is organised and operated with an industry-focus approach. Such a business model helps manage systematic risk through established procedures, primarily comprising: (i) a stringent selection process of suitable fundamental and sustainable industries; (ii) segmentation of suitable targeted customers; (iii) customer credit assessment and approval procedures; and (iv) portfolio monitoring and management.

#### ***Strategic Dimension***

The Group's risk management initiatives at the strategic level are led by its Chief Executive Officer and senior management under the supervision of its Audit and Risk Management Committee, with the management focusing on risks arising from its strategic planning, business operations, corporate credit environment, finance and accounting, and the financial markets. The Group has established a vertical reporting procedure involving relevant functional departments in its strategic risk management system, and a monthly risk reporting framework has been established to monitor the overall risk balance at the corporate level and to regularly oversee its risk management system at strategic level.

#### ***Operational Dimension***

The Group's risk management initiatives at the operational level primarily focus on the management of its credit risk (which includes risks arising from new industry selection, new customer selection and customer credit assessment and approval, as well as portfolio monitoring and management), operational risk, liquidity risk, currency risk and interest rate risk. The Group has organised its credit, strategy, asset management and finance departments to organise a joint assessment group to carry out market testing, verification steps and a period of pilot assessment before initiating any new industry projects. If any risks are identified during that period, the particular business project will not go ahead. The Group has established "three lines of defence" at the operational level, mainly:

- in terms of credit risk and operational risk management, the Group has been: (i) controlling project risks by ensuring strict adherence to internal credit facility standards and preliminary screening guidelines; (ii)

assessing credit risks of new customers and projects through standardised credit evaluation procedures before entering into any business contract; (iii) strengthening its internal authorisation and approval policies and procedures; and (iv) instituting effective supervision and monitoring measures during post-transaction portfolio;

- in terms of liquidity risk management, the Group has been prudently managing such risk through daily execution of the following objectives: maintaining the stability of the leasing business, projecting cash flows and evaluating the level of current assets and liquidity of the Group, and maintaining an efficient internal fund transfer mechanism;
- in terms of currency risk management, the Group has adopted prudent currency risk management which hedges risk exposures one by one under comprehensive risk exposure management. The Group proactively hedged against foreign exchange exposure based on the currency and terms through using the operation of financial instruments such as foreign exchange forwards and currency swaps; and
- in terms of interest rate risk management, the Group has been hedging its interest rate risk by matching its lease pricing mechanisms with interest on its borrowings.

In addition, the Group has established an independent internal audit department which oversees its risk management system. It reports directly to the audit committee of the Group on a regular basis and performs independent audits of the reasonableness, completeness and effectiveness of its operational management and risk controls.

### Five-category Net Interest-earning Assets Classification

The Group implements a five-category classification of interest-earning assets that accurately reveal the asset risk profile and confirm the quality of assets primarily by obtaining information on the qualification of stock and assets. On such basis, the Group has deployed management resources and efforts in a focused manner to effectively implement measures on category management, and has strengthened risk anticipation and the relevance of risk prevention to improve the ability to control asset risks.

### Classification Criteria

In determining the classification of the interest-earning assets portfolio, the Group applies a series of criteria that are derived from its own internal regulations regarding the management of lease assets. These criteria are designed to assess the likelihood of repayment by the borrower and the collectability of principal and interest on its interest-earning assets. The Group's interest-earning assets classification criteria focus on a number of factors, if applicable; and asset classifications include:

- **Pass:** There is no reason to doubt that the loan principal and interest will not be paid by the debtor in full and/or on a timely basis. There is no reason whatsoever to suspect that the interest-earning assets will be impaired.
- **Special mention:** Even though the debtor has been able to pay his payments in a timely manner, there are still factors that could adversely affect its ability to pay, which are related to changes in the economic, policy and industrial environment, the structure of the debtor's property rights and the debtor's management mechanisms, organisational framework and management personnel adjustments, operating capabilities, material investments and credit size and conditions, as well as the impact of changes in the value of core assets on the debtor's ability to repay; while taking into consideration the impact of subjective factors, including any change in the debtor's willingness to repay, on the quality of assets, such as if payments have been overdue for 30 days or more, then the interest-earning assets for this contract shall be classified as special mention or lower.
- **Substandard:** The debtor's ability to pay is in question as it is unable to make its payments in full with its operating revenues, and it is likely to incur losses notwithstanding the enforcement of any guarantees underlying the contract. The Group takes into account other factors, for example, if lease payments have been overdue for over three months, then the interest-earning assets for this contract shall be classified as substandard or lower.
- **Doubtful:** The debtor's ability to pay is in question as it is unable to make payments in full and/or on a timely basis with its operating revenues and it's likely for the Issuer to incur significant losses

notwithstanding the enforcement of any guarantees underlying the contract. The Group takes into account other factors, for example, if payments have been overdue for over six months, the interest-earning assets for this contract shall be classified as doubtful or lower.

- **Loss:** After taking all possible steps or going through all necessary legal procedures, payments remain overdue or only a very limited portion has been recovered.

### Asset Management Measures

The Group's asset size remains small relative to the total addressable market, providing the Group with ample flexibility for adjusting business selection. It has maintained a stable level of asset quality over a long period of time. Based on its comprehensive risk management regulatory framework, the Group placed strict control measures at the end of asset introduction, and strengthened management measures at the end of asset management, thereby achieving stable and improving asset quality. In recent years, new assets achieved better performance in terms of quality as non-performing assets from newly invested assets (namely those invested in or after 2021) contributed to less than one-third of the total non-performing assets.

The Group proactively and optimised asset portfolio according to changes in macro and business environment. It has strategically adjusted exposure of its nine major industries to adapt to market changes. As at 31 December 2023, the net interest-earning assets breakdown by industry is as follows:

- Healthcare: 8.2 per cent. (12.1 per cent. as at 31 December 2020);
- Culture & tourism: 9.4 per cent. (10.9 per cent. as at 31 December 2020);
- Engineering construction: 13.6 per cent. (11.1 per cent. as at 31 December 2020);
- Machinery: 5.5 per cent. (4.9 per cent. as at 31 December 2020);
- Chemical & medicine: 4.3 per cent. (2.4 per cent. as at 31 December 2020);
- Electronic information: 3.3 per cent. (4.2 per cent. as at 31 December 2020);
- Public consuming: 8.5 per cent. (5.0 per cent. as at 31 December 2020);
- Transportation & logistics: 7.4 per cent. (5.9 per cent. as at 31 December 2020); and
- Urban public utility: 39.8 per cent. (43.6 per cent. as at 31 December 2020).

At the same time, the Group has increased its allocation to economically developed areas. As at 31 December 2023, the net interest-earning assets breakdown by region is as follows:

- Eastern China: 41.6 per cent. (33.5 per cent. as at 31 December 2020);
- Central China: 16.9 per cent. (14.4 per cent. as at 31 December 2020);
- Southwest China: 15.8 per cent. (20.1 per cent. as at 31 December 2020);
- Northern China: 9.9 per cent. (11.1 per cent. as at 31 December 2020);
- Northwest China: 6.8 per cent. (6.8 per cent. as at 31 December 2020);
- Southern China: 6.2 per cent. (8.4 per cent. as at 31 December 2020); and
- Northeast China: 2.8 per cent. (5.7 per cent. as at 31 December 2020).

The Group intends to make continuing efforts to optimise the asset allocation and risk control, diversity methods of asset process monitoring, enhance the ability of disposal of non-performing assets and strengthen professional service capabilities in the industry, so as to have a stronger grasp and faster response speed for customers and assets.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Issuer established an Environmental, Social and Governance Committee (the "ESG Committee") in 2021. Currently the ESG Committee consists of three members, namely, Mr. WONG Ka Fai Jimmy (an independent non-executive Director and chairman of the Committee), Mr. HAN Xiaojing (an independent non-executive Director) and Mr. John LAW (a non-executive Director). The primary function of the ESG Committee is to review and monitor the environmental, social and governance policies and practices of the Issuer to improve the governance structure of the Issuer and strengthen the decision-making function of the Board.

### Environmental

The Group has practiced the green development philosophy in depth. It has:

- formulated the Comprehensive Action Plan for Carbon Neutrality 2023-2025 and integrated climate governance into the ESG governance structure;
- refined the sustainability financing system and applied the philosophy of responsible investment to support the goals of carbon peak and carbon neutrality;
- has set up the ESG Task Force and became a TCFD supporter in 2023. It has conducted a comprehensive analysis of climate-related scenarios, risks and opportunities, and adjusted its strategies accordingly; and
- implemented green operation, energy conservation and emission reduction, and included the progress in achieving greenhouse gas emission reduction targets into the performance appraisal indicators.

### Social

The Group adheres to the corporate philosophy of "integrating global resources and promoting industry development" and strives to provide high-quality products and services to the real sector. It leverages cutting-edge FinTech to offer convenient and efficient financial solutions to MSMEs and improve their access to finance. As at the end of 2023, Far East Horizon Inclusive Financial Leasing (Tianjin) Co., Limited (遠東宏信普惠融資租賃(天津)有限公司) ("**Fehorizon Inclusive**") Inclusive provided a cumulative total of more than RMB36 billion of funds for MSMEs and served a total of more than 11,500 customers.

The Group values talent as the core competitiveness of enterprise development and fosters a corporate culture of "one family" with fair competition, diversity and win-win results. It implements employee care measures, a fair performance appraisal mechanism, and a hierarchical and classified talent training system to enhance employees' happiness, belonging, and growth. The Group pursues equal pay for equal work. It balances gender pay gaps through gender pay assessment and is committed to creating a workplace of gender equality and strives to build a diverse talent team.

Furthermore, the Group supports social public welfare undertakings by making charity donations and carrying out public welfare projects, such as poverty alleviation, rural revitalization, disaster relief, and youth care. In 2023, the Group adhered to the public benefit philosophy of "showing big love through small good deeds" and actively fulfilled its corporate citizen responsibilities. It carried out the requirements of the central government on rural revitalization and public benefit, and relying on Beijing Horizon Charity Foundation and Shanghai Horizon Charity Foundation (collectively known as Horizon Charity Foundation), it participated in and promoted, through professional operation, the development of public welfare and charity undertakings.

### Governance

With stable and solid operation and management models, the Issuer has continuously deepened and promoted the building of a diverse and professional Board of Directors and optimised and refined the director duty performance appraisal system. It has strived to ensure investors' rights and interests, making sure that all shareholders, especially small and medium-sized shareholders, are treated equally and fully exercise their legitimate rights.

The Group keeps abreast of changes in laws, regulations and regulatory requirements and never oversteps the bottom line for operational compliance. It has worked continuously to create a robust and prudent risk management culture, improved the comprehensive risk management system with the Board of Directors as its highest level decision-making body, reviewed the internal and external environments, and made necessary adjustments to management strategies from time to time, thereby fully guaranteeing the reasonableness, soundness and effectiveness of its risk management. It has adhered to lofty commercial ethics, strengthened the building of

the anti-corruption mechanism, and effectively prevented the risk of corruption. It has rebuilt, through integration, the procurement and supply management system and built a sustainable supply chain.

With excellent ESG management practices, the Issuer has won sustainability related honours and gotten affirmation of international institutes many times. The Group's MSCI ESG rating maintained at A, its S&P CSA ESG score jumped from 38 to 41 in 2023, its CDP rating rose from C to B-, and its sustainability financing framework was awarded with "SQS2 excellent" rating by Moody's.

## **INFORMATION TECHNOLOGY**

The Group's information technology ("IT") systems are integral to many aspects of its business operations, including transaction processing, quality control, risk management, customer services and financial management. The Group has adopted a number of advanced IT systems to improve the efficiency and quality of its services and to further strengthen its risk and financial management capabilities.

The Group may face IT risks arising from the malfunction of its IT systems on which its operations significantly rely. The Information Management Department is responsible for managing and controlling its IT risks. The Group manages its IT risks in terms of information technology governance, information system formulation, system maintenance and information security. The Group has established an IT team, with extensive IT knowledge and experience, to design its IT systems and to supervise implementation of IT related rules and measures. The Group has also formulated and implemented a series of internal rules to regulate information system governance measures, procedures and tools, inspection of its internet environment and equipment maintenance, and information safety strategies, anti-virus protection and internet controls. The Group has also established an internal back-up IT system at its operation centre in Shanghai.

## **INSURANCE**

As at 31 December 2023, the Group maintains a range of insurance coverage on its fixed assets underlying its leases. The Group maintains asset insurance for the assets underlying its leases to cover any loss or damage to such assets during the leasing period. In line with common market practice, the Group usually does not maintain asset insurance for assets from hospitals and universities. The insurance payments are generally paid by its customers in line with leasing industry practice and the Issuer is usually the beneficiary of such insurance.

The Group also carries property insurance and cargo transportation insurance coverage for its trade business. In addition, the Group maintains directors, and officers' liability insurance coverage. The Group provides social security insurance for its employees as required by PRC social security regulations, such as pension insurance, unemployment insurance, work injury insurance and medical insurance. The Group does not have any business interruption insurance, which is not required under PRC laws and regulations.

## **INTELLECTUAL PROPERTY**

The Issuer conducts its business under the "Far East Horizon" and "遠東宏信" brand names. It is the registered owner of the domain name of its website: [www.fehorizon.com](http://www.fehorizon.com). It does not license any of its intellectual property rights to any third parties.

## **EMPLOYEES**

As at 31 December 2023, the Group had 19,337 full-time employees, a decrease of 2,549 full-time employees as compared to 21,886 as at 31 December 2022. The Group believes that it has a high-quality workforce with specialised industry expertise, with approximately 56.6 per cent. of its employees having bachelor's degrees and above, and approximately 8.2 per cent. having master's degrees and above as at 31 December 2023. Its senior management members have an average of more than 24 years of experience in China's financial services industry.

## **Training and Development**

The Group places great emphasis on the training and development of its employees. The Group has developed a series of training courses with individualised emphasis and focus based on its accumulated industry experience over years since the Group entered the financial leasing market. The Group invests in continuing education and training programmes for its management staff and other employees with a view to constantly upgrading their skills and knowledge. The Group has arranged for internal and external professional training programmes to develop its employees' skills and knowledge. These programmes include further educational studies, fundamental economics and finance knowledge and skills training and professional development courses for its management personnel.

New employees are required to attend induction training courses to ensure that they are equipped with the necessary skills to perform their duties, and they are also required to participate in a one-year mentoring programme to learn closely from other experienced employees with outstanding performance.

### **Employee Relations**

Neither of the Issuer nor the Group has experienced any strikes or significant labour disputes which have materially affected its operations, and it considers its relations with the employees to be good.

In accordance with PRC regulations, the Group has established an employee labour union, in which all of its employees are eligible for participation. The labour union organises various activities for its employees, such as charity fund raising activities to help employees in poor economic condition due to serious illnesses. The Group also provides financial assistance to its new college graduate employees who need funds for renting apartments in Shanghai. The labour union has established a labour dispute committee to assist its employees in dealing with their potential labour disputes with the Issuer.

### **Employee Benefits**

In accordance with applicable PRC regulations, the Group has made contributions to social security insurance funds, including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for its employees. The Group also provides supplemental commercial medical insurance, property insurance and safety insurance in addition to those required under the PRC regulations. As at 31 December 2023, the Group complied with all statutory social insurance and housing fund obligations applicable to the Group under the PRC laws in all material aspects.

The Group has established effective employee incentive schemes to correlate the remuneration of our employees with their overall performance and contribution to Group rather than operating results, and have established a merit-based remuneration awards system. Employees are promoted, not only in terms of position and seniority, but also in terms of professional classification. Senior employees of the Issuer are reviewed every quarter on the basis of, among other criteria, their performance as business leaders to achieve stipulated performance targets (such as budget targets) and their risk management capabilities on the operational matters under their charge.

With a view of promoting the Group to establish and complete the medium-to long-term stimulation and restriction system for fully arousing the enthusiasm of the management, attracting and retaining the excellent management talents, and effectively integrating the interests of shareholders, the Issuer adopted a share option scheme (the "**2014 Share Option Scheme**") on 7 July 2014. Since the total share options under the 2014 Share Option Scheme had been fully granted, on 5 June 2019, the Issuer adopted a new share option scheme (the "**2019 Share Option Scheme**") to incentivise and reward the selected participants thereunder. The Issuer also adopted a restricted share award scheme (the "**2014 Restricted Share Award Scheme**") on 11 June 2014 and made certain amendments to such scheme on 2 June 2016 and 20 March 2019.

Since all restricted shares and all share options under the 2014 Restricted Share Award Scheme and the 2019 Share Option Scheme, have been fully granted, on 13 March 2024, the Issuer adopted a new restricted share reward scheme (the "**2024 Restricted Share Award Scheme**") and proposed to adopt a new share option scheme (the "**2024 Share Option Scheme**"), which is subject to the approval by the annual general meeting of the Issuer to be convened on 5 June 2024 ("**2024 AGM**") and is conditional upon the HKSE granting the approval of the listing of, and permission to deal in, such number of shares to be issued by the Issuer pursuant to the exercise of the share options in accordance with the terms of the 2024 Share Option Scheme.

#### ***2024 Restricted Share Award Scheme***

The 2024 Restricted Share Award Scheme aims to provide participants with an opportunity to gain ownership in the Issuer, to encourage and retain participants to work for the Issuer; and to provide additional incentives which motivate them in achieving performance targets, so as to fulfil the goal of increasing the value of the Issuer and to connect the participants' interests directly to those of the shareholders of the Issuer through the ownership of shares,

Subject to the approval of the Board, the number of shares granted under the 2024 New Restricted Share Award Scheme shall not exceed 6 per cent. of the total number of shares of the Issuer in issue as at the date of the Board's approval and adoption of the 2024 New Restricted Share Award Scheme, i.e., 258,908,151 shares.

### ***2024 Share Option Scheme***

The purpose of the 2024 Share Option Scheme is to reward the participants for their contribution to the Group, encourage the participants to continue their efforts towards enhancing the value of the Issuer and its shares in the interests of the Issuer and its shareholders as a whole.

As approved by the Board and pending shareholders' review and approval, the total number of new shares in respect of which the share options may be granted under the 2024 Share Option Scheme shall not exceed 4 per cent. of the Issuer's total issued shares as at the date of approval and adoption of the 2024 Share Option Scheme by the shareholders, which is 172,605,434 Shares (the "**Scheme Mandate Limit**") (subject to changes approved later) assuming there is no change to the Issuer's total issued shares from the date of the announcement of the proposed adoption of 2024 Share Option Scheme to the date of the 2024 AGM approving the 2024 Share Option Scheme.

### **PROPERTIES**

As at 31 December 2023, the Group has not obtained the property ownership certificates for four buildings with a total net book value of RMB141,535,000, but was in the process of applying for the property ownership certificates for the above buildings.

### **ENVIRONMENTAL COMPLIANCE**

As a financial service provider, the Group is not subject to any significant environmental regulation. It does not currently have any environmental liabilities and does not expect to incur any environmental liabilities that could have any material impact on its financial condition or business operations in the future.

### **LEGAL PROCEEDINGS**

The Group is involved, from time to time, in legal proceedings arising in the ordinary course of its operations. A majority of these legal proceedings involve claims initiated by it to recover payment of leasing receivables from its customers.

As at 31 December 2023, no legal proceeding was initiated by any third party against the Group as a defendant which could have a material adverse effect on the financial condition, prospects or results of operations of the Issuer or the Group, or which are otherwise material in the context of the issue of the Notes under the Programme.

## SUBSTANTIAL SHAREHOLDERS

*The section entitled "Substantial Shareholders" on pages 176 to 178 of the Programme Offering Circular shall be deleted in its entirety and replaced with the following:*

Based on the information available to the Directors of the Issuer, as at 31 December 2023 (including such information as was available on the website of the HKSE) or so far as they are aware of, as at 31 December 2023, the entities or individuals who had interests or short positions in the shares or underlying shares of the Issuer which fall to be disclosed to the Issuer under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Issuer under section 336 of the SFO or had otherwise notified to the Issuer were as follows:

Name of shareholder	Capacity/nature of interest	Number of ordinary shares <sup>(1)</sup>	Approximate percentage of interest
Sinochem Capital Investment Management (Hong Kong) Limited <sup>(2)</sup> .....	Beneficial owner	919,914,440 (L)	21.31%
Sinochem Capital Investment Management Limited <sup>(2)</sup> .....	Interest in a controlled corporation	919,914,440 (L)	21.31%
Sinochem Corporation <sup>(2)</sup> .....	Interest in a controlled corporation	919,914,440 (L)	21.31%
Sinochem Group Co., Ltd <sup>(2)</sup> .....	Interest in a controlled corporation	919,914,440 (L)	21.31%
The State-owned Assets Supervision and Administration Commission of the State Council <sup>(2)</sup> .....	Interest in a controlled corporation	919,914,440 (L)	21.31%
KONG Fanxing.....	Beneficial owner	85,176,620 (L) <sup>(3)</sup>	1.97%
	Interest in a controlled corporation	868,947,897 (L) <sup>(4)</sup>	20.13%
Idea Prosperous Limited <sup>(4)</sup> .....	Entrusted to exercise voting rights	868,947,897 (L)	20.13%
JPMorgan Chase & Co. <sup>(5)</sup> .....	Interest in a controlled corporation	59,745,195 (L)	1.38%
		45,755,469 (S)	1.06%
	Investment manager	680,000 (L)	0.01%
	Person having a security interest in shares	79,251,558 (L)	1.83%
	Approved lending agent	133,682,851 (P)	3.09%
Aim Future Limited <sup>(6)</sup> .....	Interest in a controlled corporation	505,844,000 (L)	11.72%
Gold Stone Enterprise Limited <sup>(6)</sup> .....	Interest in a controlled corporation	505,844,000 (L)	11.72%
Cantrust (Far East) Limited <sup>(6)</sup> .....	Trustee	505,844,000 (L)	11.72%
UBS Group AG <sup>(7)</sup> .....	Interest in a controlled corporation	494,031,053 (L)	11.44%

Name of shareholder	Capacity/nature of interest	Number of ordinary shares <sup>(1)</sup>	Approximate percentage of interest
		59,071,727 (S)	1.36%
Sunshine Trust Company Limited <sup>(8)</sup>	Trustee	272,237,062 (L)	6.30%
LIU Haifeng David .....	Interest in a controlled corporation	365,842,100 (L) <sup>(9)</sup>	8.47%
Capital Rise Limited <sup>(9)</sup> .....	Beneficial owner	314,775,100 (L)	7.29%
Capital Bridge Limited <sup>(9)</sup> .....	Interest in a controlled corporation	364,775,100 (L)	8.45%
DCP Capital Partners L.P. <sup>(9)</sup> .....	Interest in a controlled corporation	364,775,100 (L)	8.45%
DCP General Partner, Ltd <sup>(9)</sup> .....	Interest in a controlled corporation	364,775,100 (L)	8.45%
DCP, Ltd. <sup>(9)</sup> .....	Interest in a controlled corporation	364,775,100 (L)	8.45%
Julian Juul WOLHARDT <sup>(9)</sup> .....	Interest in a controlled corporation	364,775,100 (L)	8.45%
HSBC Holdings plc <sup>(10)</sup> .....	Interest in a controlled corporation	15,512,731 (L)	0.35%
	Trustee	581,097,410 (L)	13.46%
	Custodian (other than an exempt custodian interest)	6,007,364 (L)	0.13%

- <sup>(1)</sup> The letter "L" denotes the person's long position in the shares of the Issuer. The letter "S" denotes the person's short position in the shares of the Issuer. The letter "P" denotes the person's shares of the Issuer by approved lending agent.
- <sup>(2)</sup> Sinochem Capital Investment Management (Hong Kong) Limited is 100 per cent. controlled by Sinochem Capital Investment Management Limited, which is 100 per cent. controlled by Sinochem Corporation, which is in turn controlled as to 98 per cent. by Sinochem Group Co., Ltd. Sinochem Group Co., Ltd is 100 per cent. controlled by the State-owned Assets Supervision and Administration Commission of the State Council.
- <sup>(3)</sup> The interest includes 13,169,599 underlying shares in respect of the share options granted pursuant to the Issuer's 2014 Share Option Scheme, 19,709,663 underlying shares in respect of the share options granted pursuant to the Issuer's 2019 Share Option Scheme and 50,627,358 underlying shares in respect of the awarded shares granted pursuant to the Issuer's 2014 Restricted Share Award Scheme. In addition to the share interest in respect of the share options and awarded shares granted, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Kong Fanxing is interested in 1,670,000 ordinary shares of the Issuer as at 31 December 2023.
- <sup>(4)</sup> The interest includes 272,237,062 shares held directly by Idea Delicacy Limited, 40,726,000 shares held directly by Powerful Force HK Limited, 159,670,000 shares held directly by Will of Heaven HK Limited, 107,503,000 held directly by Swallow Gird HK Limited, 197,945,000 held directly by Energon HK Limited and an aggregate of 90,866,835 held directly by certain employees of the Issuer. All of them had unconditionally, irrevocably and permanently entrusted Idea Prosperous Limited, a company 100 per cent. owned by Mr. Kong Fanxing, to exercise the voting rights attached to the shares.
- <sup>(5)</sup> Details of the shareholding structure were set out in Form 2 – Corporate Substantial Shareholder Notice for the relevant event on 21 December 2023.
- <sup>(6)</sup> The interest is held directly by Will of Heaven HK Limited, Swallow Gird HK Limited, Powerful Force HK Limited and Energon HK Limited. Will of Heaven HK Limited, Swallow Gird HK Limited, Powerful Force HK Limited and Energon HK Limited are 100 per cent. controlled by Aim Future Limited, which is in turn 100 per cent. controlled by Gold Stone Enterprise Limited. Cantrust (Far East) Limited is the trustee of The Gold Stone I Trust and holds 100 per cent. interest in Gold Stone Enterprise Limited.
- <sup>(7)</sup> Details of the shareholding structure were set out in Form 2 – Corporate Substantial Shareholder Notice for the relevant event on 1 November 2023.
- <sup>(8)</sup> The interest is held directly by Idea Delicacy Limited, which is 100 per cent. controlled by Sunshine Trust Company Limited.

<sup>(9)</sup> The interest includes (1) 1,067,000 ordinary shares of the Issuer held directly by New Trace Limited which is 100 per cent. controlled by Mr. Liu Haifeng David; (2) 314,775,100 ordinary shares of the Issuer held directly by Capital Rise Limited; and (3) 50,000,000 ordinary shares of the Issuer held directly by Capital Lead Limited. Capital Bridge Limited holds the entire share capital of Capital Rise Limited and Capital Lead Limited respectively. Capital Bridge Limited is 100 per cent. controlled by DCP Capital Partners L.P., which is 100 per cent. controlled by DCP General Partner, Ltd, which in turn is 100 per cent. controlled by DCP Partners Limited. DCP Partners Limited is 100 per cent. controlled by DCP, Ltd., which is 50 per cent. controlled by Mr. Julian Juul Wolhardt and 50 per cent. controlled by Mr. Liu Haifeng David.

<sup>(10)</sup> Details of the shareholding structure were set out in Form 2 – Corporate Substantial Shareholder Notice for the relevant event on 30 June 2023.

As at 31 December 2023, the interests or short positions of the Directors and chief executives of the Issuer in the shares, underlying shares and debentures of the Issuer and any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Issuer and the HKSE pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Issuer and the HKSE, were detailed as follows:

<b>Name of Director</b>	<b>Name of corporation</b>	<b>Capacity/nature of interest</b>	<b>Total number of ordinary shares<sup>(1)</sup></b>	<b>Approximate percentage of interest in the Issuer</b>
KONG Fanxing.....	The Issuer	Beneficial owner	85,176,620 (L) <sup>(2)</sup>	1.97%
		Interest in a controlled corporation	868,947,897 (L) <sup>(3)</sup>	20.13%
WANG Mingzhe.....	The Issuer	Beneficial owner	33,450,801 (L) <sup>(4)</sup>	0.77%
LIU Haifeng David.....	The Issuer	Interest in a controlled corporation	365,842,100 (L) <sup>(5)</sup>	8.47%
LIU Jialin.....	The Issuer	Beneficial owner	125,000 (L)	0.00%
		Interest of spouse	125,000 (L)	0.00%
CAO Jian.....	The Issuer	Beneficial owner	32,164,112 (L) <sup>(6)</sup>	0.74%

*(appointed on 24 February 2023)*

<sup>(1)</sup> The letter "L" denotes the person's long position in the shares of the Issuer.

<sup>(2)</sup> The interest includes 13,169,599 underlying shares in respect of the share options granted pursuant to the Issuer's 2014 Share Option Scheme, 19,709,663 underlying shares in respect of the share options granted pursuant to the Issuer's 2019 Share Option Scheme and 50,627,358 underlying shares in respect of the awarded shares granted pursuant to the Issuer's 2014 Restricted Share Award Scheme. In addition to the share interest in respect of the share options and awarded shares granted, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Kong Fanxing is interested in 1,670,000 ordinary shares of the Issuer as at 31 December 2023.

<sup>(3)</sup> The interest includes 272,237,062 shares held directly by Idea Delicacy Limited, 40,726,000 shares held directly by Powerful Force HK Limited, 159,670,000 shares held directly by Will of Heaven HK Limited, 107,503,000 held directly by Swallow Gird HK Limited, 197,945,000 held directly by Energon HK Limited and an aggregate of 90,866,835 held directly by certain employees of the Issuer. All of them had unconditionally, irrevocably and permanently entrusted Idea Prosperous Limited, a company 100 per cent. owned by Mr. Kong Fanxing, to exercise the voting rights attached to the share.

<sup>(4)</sup> The interest includes 4,220,264 underlying shares in respect of the share options granted pursuant to the Issuer's 2014 Share Option Scheme, 9,473,906 underlying shares in respect of the share options granted pursuant to the Issuer's 2019 Share Option Scheme and 19,170,631 underlying shares in respect of the awarded shares granted pursuant to the Issuer's 2014 Restricted Share Award Scheme. In addition to the share interest in respect of the share options and awarded shares granted, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Wang Mingzhe is interested in 586,000 ordinary shares of the Issuer as at 31 December 2023.

<sup>(5)</sup> The interest includes (1) 1,067,000 ordinary shares of the Issuer held directly by New Trace Limited which is 100 per cent. controlled by Mr. Liu Haifeng David; (2) 314,775,100 ordinary shares of the Issuer held directly by Capital Rise Limited; and (3) 50,000,000 ordinary shares of the Issuer held directly by Capital Lead Limited. Capital Bridge Limited holds the entire share capital of Capital Rise Limited and Capital Lead Limited respectively. Capital Bridge Limited is 100 per cent. controlled by DCP Capital Partners L.P.,

which is 100 per cent. controlled by DCP General Partner, Ltd, which in turn is 100 per cent. controlled by DCP Partners Limited. DCP Partners Limited is 100 per cent. controlled by DCP, Ltd., which is 50 per cent. controlled by Mr. Julian Juul Wolhardt and 50 per cent. controlled by Mr. Liu Haifeng David.

- <sup>(6)</sup> The interest includes 3,533,264 underlying shares in respect of the share options granted pursuant to the Company's 2014 Share Option Scheme, 9,473,906 underlying shares in respect of the share options granted pursuant to the Company's 2019 Share Option Scheme and 19,156,942 underlying shares in respect of the awarded shares granted pursuant to the Company's 2014 Restricted Share Award Scheme. In addition to the share interest in respect of the share options and awarded shares granted, to the best of the directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Cao Jian is not interested in the ordinary shares of the Company as at 31 December 2023.

## DIRECTORS

*The section entitled "Directors" on pages 179 to 183 of the Programme Offering Circular shall be deleted in its entirety and replaced with the following:*

The Board of the Issuer currently consists of 12 Directors, comprising three executive Directors, five non-executive Directors and four independent non-executive Directors. The Board is responsible for leadership and control of the Issuer and oversees the Group's businesses, strategic decisions and performance, and is collectively responsible for promoting the success of the Issuer by directing and supervising its affairs. Other duties of the Board include convening shareholders' meetings, reporting on the Board's work at these meetings, implementing the resolutions passed on these meetings, determining business and investment plans, formulating the Issuer's annual budget and final accounts, and formulating its proposals for profit distributions and for the increase or reduction of registered capital. In addition, the Board is responsible for exercising other powers, functions and duties in accordance with the Articles of Association of the Issuer.

<u>Name</u>	<u>Position</u>
KONG Fanxing .....	Chairman and Executive Director
WANG Mingzhe .....	Executive Director
CAO Jian .....	Executive Director
CHEN Shumin.....	Non-executive Director
WEI Mengmeng .....	Non-executive Director
LIU Haifeng David.....	Non-executive Director
KUO Ming-Jian.....	Non-executive Director
John LAW .....	Non-executive Director
HAN Xiaojing .....	Independent Non-executive Director
LIU Jialin.....	Independent Non-executive Director
YIP Wai Ming .....	Independent Non-executive Director
WONG Ka Fai Jimmy .....	Independent Non-executive Director

**Mr. KONG Fanxing** (孔繁星), aged 60, is an executive Director, the Chairman and the Chief Executive Officer of the Issuer. Mr. Kong received an EMBA degree from Peking University in March 2005, a master's degree in Economics and a bachelor's degree in Economics from University of International Business and Economics (對外經濟貿易大學) in China in June 1991 and July 1986, respectively. Mr. Kong joined Sinochem Group in August 1991. During the period which Mr. Kong worked for Sinochem Group, he had been the general manager of Sinochem International Engineering Trade Company (中化國際工程貿易公司), the deputy general manager of Sinochem International Industrial Company (中化國際實業公司), the deputy general manager, general manager of Sinochem International Tendering Co., Ltd. (中化國際招標有限責任公司), the deputy chief of the fertiliser division of China National Chemicals Import & Export Corporation (中國化工進出口總公司), the executive deputy general manager of Sinochem International Fertilizer Trading Company (中化國際化肥貿易公司), etc., respectively. In April 2001, he joined Far Eastern and has become an executive director and the general manager since then. Mr. Kong has been the President and Chief Executive Officer of the Issuer since September 2009, and has been the Chairman of the Issuer since December 2022. Currently, Mr. Kong is also an executive director and the general manager of Far Eastern, a director and the chairman of the board of directors of Horizon Construction Development, the chairman and general manager of Far East Tianjin and Far East Financial, the chairman and general manager of Fehorizon Inclusive, the chairman and general manager of Far East Guangdong, the executive director and general manager of Shanghai Donghong Industrial Development Co., Ltd. (上海東泓實業發展有限公司) and Donghong Investment Co., Ltd. (東泓投資有限公司), an executive director of Far East Horizon Healthcare Industry Development Co., Ltd. (遠東宏信健康產業發展有限公司) and Far East Horizon Industrial Investment (Tianjin) Co., Ltd. (遠東宏信實業投資(天津)有限公司), the executive director and general manager of Yuanhong Investment (Guangdong) Co., Ltd. (遠宏投資(廣東)有限公司) and a director of Far East Horizon Shipping Holdings Co., Ltd. (遠東宏信航運控股有限公司), etc.

Mr. Kong has over 29 years of experience in enterprise management.

**Mr. WANG Mingzhe** (王明哲), aged 53, is an executive Director and the Chief Financial Officer of the Issuer. Mr. Wang obtained a bachelor's degree in Economics from Hangzhou Institute of Electronic Engineering (杭州電子工業學院) in China in July 1993 and an MBA degree from Northeastern University (東北大學) in China in March 2003. Mr. Wang joined Far Eastern in October 1995 and has worked there since then. In Far Eastern, Mr. Wang served as the manager of the business development department, the deputy general manager of the first business division, the deputy general manager, the general manager and assistant general manager of quality control department and the chief financial officer, etc. In September 2009, Mr. Wang was appointed as the Chief Financial Officer of the Issuer and he has held the position since then. Currently, Mr. Wang is also the general manager of operation centre of the company, a director and chief financial officer of Far East Tianjin and Far East Financial, a director of Far East Guangdong, a director and the chief financial officer of Fehorizon Inclusive, the chief financial officer of East Horizon Factoring (Tianjin) Co., Limited (遠宏商業保理(天津)有限公司), the executive director and general manager of Tianjin Horizon Asset Management Co. Ltd. (天津宏信資產管理有限公司), the chief financial officer of Shanghai Donghong Co., Ltd. (上海東泓實業發展有限公司) and Donghong Investment Co., Ltd. (東泓投資有限公司), the executive director and general manager of Shanghai Depeng Industrial Co., Ltd. (上海德朋實業有限公司) and a director of Far East Horizon Shipping Holdings Co., Ltd. (遠東宏信航運控股有限公司), etc.

Mr. Wang has over 28 years of experience in finance management.

**Mr. CAO Jian** (曹健), aged 49, is an executive Director and the Senior Vice President of the Issuer. Mr. Cao graduated from Nankai University (南開大學) with a bachelor's degree in finance in June 1997, and obtained a master's degree in finance from the University of International Business and Economics (對外經濟貿易大學) in December 2006 and an MBA from Shanghai Jiaotong University (上海交通大學) in June 2008.

Mr. Cao started his career in 1997, and joined Far Eastern in September 2002 and gained extensive experience in corporate management, serving multiple managerial roles, among others, the deputy general manager, the standing deputy general manager and the general manager of the healthcare business division, the assistant president and the vice president of the Issuer. Mr. Cao was appointed as the senior vice president of the Issuer in January 2013, and has concurrently served as the general manager of the factoring business division since December 2021, and currently serves as the executive director and the general manager of East Horizon Factoring (Tianjin) Co., Limited (遠宏商業保理(天津)有限公司) and a director of Far East Guangdong.

Mr. Cao has over 21 years of experience in the financial leasing industry.

**Mr. CHEN Shumin** (陳樹民), aged 57, is a non-executive Director of the Issuer. Mr. Chen is currently the deputy chief accountant of Sinochem Holdings Corporation Limited (中國中化控股有限責任公司, "Sinochem"), and the vice chairman and general manager of Sinochem Hong Kong (Group) Company Limited. He is also a member of the Second Accounting Standards Advisory Committee for Business Enterprises of the Ministry of Finance of the People's Republic of China. Mr. Chen received a bachelor's degree in financial accounting from Beijing Business College (北京商學院) and a master's degree in business administration from Xiamen University (廈門大學). Mr. Chen holds the qualifications of senior accountant and financial manager.

After graduation, Mr. Chen worked in China International Book Trading Corporation (中國國際圖書貿易總公司) and joined Sinochem in April 1989. He served as the head of the finance section in the company's finance and accounting department, the manager of the finance department of Sinochem Asia Group (中化亞洲集團公司), deputy chief accountant, general manager of the accounting management department, director of finance department, member of the party committee and vice president of the financial business division of Sinochem Group. Mr. Chen has served as the deputy chief accountant of Sinochem since June 2021, and has served as the vice chairman and general manager of Sinochem Hong Kong (Group) Company Limited since September 2023.

**Ms. WEI Mengmeng** (衛濛濛女士), aged 42, is a non-executive Director of the Issuer. Ms. Wei is the secretary to the party committee and the general manager of China Foreign Economy and Trade and Trust Co., Ltd. (中國對外經濟貿易信託有限公司, "FOTIC"), a subsidiary of Sinochem. She is also a member of the China Trustee Association's Professional Committee of Industrial Development Research. Ms. Wei obtained a bachelor's degree in international economics and trade and a master's degree in finance from the University of International Business and Economics.

Ms. Wei joined FOTIC after graduation, and had successively served as the general manager of securities products department, the general manager of securities trust business department, the general manager of wealth management centre, the assistant to the general manager and deputy general manager of FOTIC. Ms. Wei has served as the general manager of FOTIC since July 2022.

**Mr. LIU Haifeng David** (劉海峰), aged 54, has been a non-executive Director of the Issuer since October 2009. He is the executive chairman of DCP. Prior to establishing DCP, Mr. Liu was a partner of KKR, the co-head of KKR Asia Private Equity and CEO of KKR Greater China. Prior to joining KKR, Mr. Liu was a managing director and the co-head of Morgan Stanley Private Equity Asia. Mr. Liu has established one of the leading investment track records in Greater China over the past 28 years and was responsible for a number of successful and innovative investments, including: Ping An Group, Mengniu Dairy, Haier Electronics, China International Capital Corp, Far East Horizon, Oriental Yuhong, Dongbao Pharmaceutical, Simple Love Yogurt, Nanfu Battery, COFCO Joycome, Sunner Poultry, Hengan Intl., Belle Intl., Modern Dairy, United Envirotech, and Yuehai Feed. Mr. Liu is an advisory director of the Private Equity Investment Fund Committee of the Asset Management Association of China (AMAC) and the chairman of the China Venture Capital and Private Equity Association (CVCA). Mr. Liu graduated from Columbia University as Class Salutatorian with a B.S. in Electrical Engineering. He is a member of Tau Beta Pi National Engineering Honor Society and a winner of the Edwin Howard Armstrong Memorial Award for the top electrical engineering student at Columbia University. "KKR" as defined in this paragraph means Kohlberg Kravis Roberts & Co. L.P. together with its affiliates.

**Mr. KUO Ming-Jian** (郭明鑑), aged 62, was appointed as a non-executive Director of the Issuer in March 2013. Mr. Kuo is currently the chairman of Cathay United Bank and a director of Cathay Financial Holding Co., Ltd. (a company listed in Taiwan, stock code: 2882). He took the roles as vice chairman and senior advisor of Blackstone Group L.P. (a company listed on the New York Stock Exchange, NYSE: BX), Hong Kong during 2007 to 2018. Before joining Blackstone Group L.P., Mr. Kuo was a director of H&Q Asia Pacific. From February 2002 to June 2005, Mr. Kuo was an executive director and senior president of JPMorgan Chase & Co (a company listed on the New York Stock Exchange, NYSE: JPM) in Hong Kong. From September 1998 to June 2005, he was an executive director and senior president of J.P. Morgan Chase Bank, Taiwan. From September 1989 to September 1998, Mr. Kuo was a vice president of Citibank (Taiwan). Mr. Kuo was an independent non-executive director of Cathay Financial Holdings Co., Ltd. and Cathay Life Insurance Co., Ltd.

Mr. Kuo is also an independent non-executive director of Samson Holding Limited (a company listed on the HKSE, stock code: 0531) and an independent director of Huali Industrial Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 300979). Mr. Kuo was a director of Long Chen Paper & Packing Co., Ltd. (a company listed in Taiwan, stock code: 1909) from August 2014 to May 2023.

Mr. Kuo received his undergraduate degree from Fu-Jen Catholic University and holds an MBA degree from City University of New York.

**Mr. John LAW** (羅強), aged 73, was appointed as a non-executive Director of the Issuer on 25 October 2012. Mr. Law worked for J.P. Morgan & Co. as training head of Asia Pacific Region, as risk manager for Greater China Region and as senior credit officer for Asia Pacific Region, Euroclear respectively. He then worked for Citigroup (a company listed on the New York Stock Exchange, NYSE: C) from August 2000 to November 2003 as the regional credit officer for Asia Pacific Financial Markets. Prior to joining the Issuer, he worked for International Finance Corporation from March 2004 to September 2012 as the principal banking specialist for global financial markets. Mr. Law is currently a non-executive director of Rizal Commercial Banking Corporation (a company listed on the Philippine Stock Exchange, stock code: RCB) and a non-executive director of Khan Bank (a company listed on the Mongolian Stock Exchange, stock code: KHAN).

Mr. Law holds a master degree in business administration (finance) from Indiana University in USA and has more than 34 years' experience in finance.

**Mr. HAN Xiaojing** (韓小京), aged 69, was appointed as an independent non-executive Director of the Issuer in March 2011. From 1986 to 1992, Mr. Han worked at China Law Center (中國法律事務中心). During the same period, he spent three and a half years at Zimmerman Lawyers (默爾曼律師事務所) in Canada and Livasiri & Co. (廖綺雲律師事務所) in Hong Kong for study. In 1992, Mr. Han was involved in the establishment of Commerce & Finance Law Offices (北京市通商律師事務所), and has been a founding partner there ever since. Mr. Han is admitted to practicing law in the PRC and has 37 years of experience in the legal profession.

Currently, Mr. Han is an independent non-executive director of Sino-Ocean Group Holdings Limited (遠洋集團控股有限公司) (a company listed on the HKSE, stock code: 3377), Vital Innovations Holdings Limited (維太創科控股有限公司) (a company listed on the HKSE, stock code: 6133) and Angelalign Technology Inc. (時代天使科技有限公司) (a company listed on the HKSE, stock code: 6699). He also serves as a supervisor of Ping An Bank Company Limited (平安銀行股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000001).

**Mr. LIU Jialin** (劉嘉凌), aged 61, was appointed as an independent non-executive Director of the Issuer in March 2011. From 1992 to 2007, Mr. Liu worked for Morgan Stanley group of companies and once served as a member of the Management Committee and Asia Executive Committee as well as a Managing Director in the Fixed Income Division in Hong Kong. Currently, Mr. Liu is the managing director of Cinda International Asset Management Limited (信達國際資產管理有限公司) and an independent non-executive director of Horizon Construction Development (a company listed on the HKSE, stock code: 9930). Mr. Liu has 35 years of experience in finance and securities industry.

Mr. Liu served as an independent non-executive director of Changyou Alliance Group Limited (a company listed on the HKSE, stock code: 1039) from April 2017 to July 2023.

Mr. Liu obtained a bachelor's degree in science from Peking University and a degree of Master of Science in physics from Massachusetts Institute of Technology.

**Mr. YIP Wai Ming** (葉偉明), aged 59, was appointed as an independent non-executive Director of the Issuer in March 2011. Mr. Yip graduated from the University of Hong Kong (香港大學) with a bachelor of social sciences degree in November 1987. He also obtained a degree of bachelor of laws from the University of London (倫敦大學) in August 2001. Mr. Yip started his career in Ernst & Young in 1987, and was a senior manager at the time of his departure in 1996. From 1996 to 2022, Mr. Yip served as an associate director in ING Bank N.V., the chief financial officer in Fulbond Holdings Limited (福邦控股有限公司), the vice president of Hi Sun Technology (China) Limited (高陽科技(中國)有限公司) (a company listed on the HKSE, stock code: 0818), the chief financial officer of Haier Electronics Group Co., Ltd. (海爾電器集團有限公司) (a company listed on the HKSE, stock code: 1169), the deputy general manager of Yuzhou Properties Company Limited (禹州地產股份有限公司) (a company listed on the HKSE, stock code: 1628) and an independent non-executive director of Poly Culture Group Corporation Limited (保利文化集團股份有限公司) (a company listed on the HKSE, stock code: 3636), etc., respectively. Currently, Mr. Yip is an independent non-executive director of Ju Teng International Holdings Limited (巨騰國際控股有限公司) (a company listed on the HKSE, stock code: 3336), Pax Global Technology Limited (百富環球科技有限公司) (a company listed on the HKSE, stock code: 0327), Yida China Holdings Limited (億達中國控股有限公司) (a company listed on the HKSE, stock code: 3639), and Sinohope Technology Holdings Limited (新火科技控股有限公司) (a company listed on the HKSE, stock code: 1611) and Peijia Medical Limited (沛嘉醫療有限公司) (a company listed on the HKSE, stock code: 9996).

Mr. Yip is a fellow of the Association of Chartered Certified Accountants, an associate of the Hong Kong Institute of Certified Public Accountants and a member of the Chinese Institute of Certified Public Accountants.

Mr. Yip has over 33 years of experience in accounting and finance.

**Mr. WONG Ka Fai Jimmy** (黃家輝), aged 54, is an independent non-executive Director of the Issuer. Mr Wong is an adjunct lecturer at the Business School of the University of New South Wales, Australia. Mr. Wong received his bachelor's and master's degree of arts from the University of Cambridge in 1992 and 1997, respectively, and his master's degree of business administration from the Australian Graduate School of Management in 1998. Mr. Wong worked at UBS AG, Hong Kong Branch between 2006 and 2020. He became a managing director in 2011, and served as the head of the Financial Institutions Group, Asia Pacific from 2015 to 2020. In his role, he oversaw corporate finance and mergers & acquisitions advisory transactions throughout the Asia Pacific region. Prior to joining UBS AG, Mr. Wong worked as an assistant director at the Financial Institutions Group, Asia of ABN AMRO Bank NV, Hong Kong Branch from 2003 to 2006, and as an associate director in Telecom & Media Group of Credit Suisse First Boston (Hong Kong) Limited from 1999 to 2002. Before joining the investment banking sector, Mr. Wong was an engineer and worked as product manager for data services at Hong Kong Telecommunications Limited from 1992 to 1997.

In April 2023, Mr. Wong was appointed as an independent non-executive director of Mobvista Inc. (a company listed on the HKSE, stock code: 1860).

Mr. Wong has over 20 years of working experience in investment banking.

## PRICING SUPPLEMENT OF THE NOTES

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

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

**The HKSE has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme or Notes on the HKSE is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Issuer and the Group (as defined in the offering circular dated 24 July 2023 (the "Programme Offering Circular") relating to the Programme), or quality of disclosure in this document.** Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document (read together with the Programme Offering Circular and the supplemental offering circular dated 9 April 2024 (the "Supplemental Offering Circular")), include particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group (as defined in the Programme Offering Circular). The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

9 April 2024

### Far East Horizon Limited

#### Issue of U.S.\$500,000,000 6.625 per cent. Notes due 2027 (the "Notes")

#### under its U.S.\$4,000,000,000 Medium Term Note and Perpetual Securities Programme (the "Programme")

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

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "Conditions") set forth in the Programme Offering Circular. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Programme Offering Circular as supplemented by the Supplemental Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement, the Programme Offering Circular and the Supplemental Offering Circular.

- |    |                                   |                                  |
|----|-----------------------------------|----------------------------------|
| 1. | Issuer:                           | Far East Horizon Limited         |
| 2. | (i) Series Number:                | 30                               |
|    | (ii) Tranche Number:              | 001                              |
| 3. | Specified Currency or Currencies: | United States dollars ("U.S.\$") |
| 4. | Aggregate Nominal Amount:         |                                  |

	(i)	Series:	U.S.\$500,000,000
	(ii)	Tranche:	U.S.\$500,000,000
5.	(i)	Issue Price:	99.799 per cent. of the Aggregate Nominal Amount
	(ii)	Net Proceeds:	Approximately U.S.\$498 million
6.	(i)	Specified Denominations:	U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof
	(ii)	Calculation Amount:	U.S.\$1,000
7.	(i)	Issue Date:	16 April 2024
	(ii)	Interest Commencement Date:	Issue Date
8.		Maturity Date:	16 April 2027
9.		Interest Basis:	6.625 per cent. Fixed Rate ( <i>further particulars specified below</i> )
10.		Redemption/Payment Basis:	Redemption at par
11.		Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
12.		Put/Call Options:	Not Applicable
13.	(i)	Date of approval of the Financial Secretary of Hong Kong for issuance of Notes obtained:	Not Applicable
	(ii)	Date of Board approval for issuance of Notes obtained:	3 July 2023
14.		Listing:	Expected to be listed on the HKSE on or about 17 April 2024
15.		Method of distribution:	Syndicated

#### **PROVISIONS RELATING TO INTEREST PAYABLE**

16.		Fixed Rate Note Provisions:	Applicable
	(i)	Rate of Interest:	6.625 per cent. per annum payable semi-annually in arrear
	(ii)	Interest Payment Date(s):	16 April and 16 October in each year up to and including the Maturity Date, unadjusted
	(iii)	Fixed Coupon Amount(s): ( <i>Applicable to Notes in definitive form</i> )	U.S.\$33.125 per Calculation Amount

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

#### **PROVISIONS RELATING TO REDEMPTION**

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

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

26.	Form of Notes:	Registered Notes:  Regulation S Registered Global Certificate registered in the name of a nominee for a common depository for Euroclear and Clearstream
27.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	Not Applicable
28.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No

29. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: Not Applicable
30. Details relating to Instalment Notes:
- (i) Instalment Amount(s): Not Applicable
- (ii) Instalment Date(s): Not Applicable
31. Relevant Benchmark(s): Not Applicable
32. Other terms or special conditions: Condition 4.3 (*NDRC Post-issue Registration*) shall be deleted in its entirety and the following should apply to the Notes:

**"4.3 NDRC Post-issue Submissions**

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

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

For the purpose of this Condition 4.3:

- (a) "**NDRC**" means the National Development and Reform Commission of the People's Republic of China or its local counterparts; and
- (b) "**NDRC Foreign Debt Measures**" means the Administrative Measures for the Review and Registration of Medium and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令 第 56 號)) which was issued by NDRC on 5 January 2023 and came into effect on 10 February 2023, and other

applicable implementation rules, regulations, certificates, circulars, notices or policies thereof as issued by NDRC from time to time."

## DISTRIBUTION

- |     |   |   |
|-----|---|---|
| 33. | (i) If syndicated, names of Managers          | BNP Paribas<br>DBS Bank Ltd.<br>Far East Horizon International Securities Limited<br>Guotai Junan Securities (Hong Kong) Limited<br>MUFG Securities Asia Limited<br>Standard Chartered Bank<br>UBS AG Hong Kong Branch<br>Bank of Communications Co., Ltd. Hong Kong Branch<br>BOCOM International Securities Limited<br>China CITIC Bank International Limited<br>China Zheshang Bank Co., Ltd. (Hong Kong Branch)<br>CLSA Limited<br>Crédit Agricole Corporate and Investment Bank<br>Guosen Securities (HK) Capital Company Limited<br>Industrial Bank Co., Ltd. Hong Kong Branch<br>SMBC Nikko Securities (Hong Kong) Limited |
|     | (ii) Stabilisation Manager(s) (if any)        | Any of the Managers in its capacity as stabilisation manager (excluding China CITIC Bank International Limited who shall not be appointed or acting as the Stabilisation Manager or participate in any stabilisation action in any event)   |
| 34. | If non-syndicated, name of relevant Dealer:   | Not Applicable  |
| 35. | U.S. Selling Restrictions:                    | Reg. S Category 1; TEFRA not applicable   |
| 36. | Prohibition of Sales to EEA Retail Investors: | Not Applicable  |
| 37. | Prohibition of Sales to UK Retail Investors:  | Not Applicable  |
| 38. | Additional selling restriction:               | The selling restriction related to Singapore as set out on page 204 of the Programme Offering Circular should be deleted in its entirety and the selling restriction related to Singapore set out in the Supplemental Offering Circular should apply to the Notes   |

## OPERATIONAL INFORMATION

- |     |   |   |
|-----|---|---|
| 39. | Any clearing system(s) other than Euroclear or Clearstream and the relevant identification number(s): | Not Applicable  |
| 40. | Delivery:   | Delivery versus payment                               |
| 41. | Registrar:  | The Hongkong and Shanghai Banking Corporation Limited |

42. Additional Paying Agent(s) (if any): Not Applicable
43. ISIN Code: XS2800583606
44. Common Code: 280058360

#### **GENERAL AND OTHER INFORMATION**

45. Hong Kong SFC Code of Conduct:
- (i) Rebates: Not Applicable
- (ii) Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent: asia\_syndicate@bnpparibas.com  
DCMOmnibus@dbs.com  
DCM@fehorizoncapital.com  
dcm.skyward@gtjas.com.hk  
Asia-Syndicate@hk.sc.mufg.jp  
SYNHK@sc.com  
sh-asia-ccs-dcm-filing@ubs.com
46. Rating: The Notes to be issued are expected to be rated BBB- by S&P Global Ratings, a division of S&P Global Inc.

#### **LISTING APPLICATION**

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

#### **RESPONSIBILITY**

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

*Signed on behalf of the Issuer:*

By: \_\_\_\_\_  
Duly authorised

## SUBSCRIPTION AND SALE

*The selling restrictions set forth in the sub-section entitled "Subscription and Sale – Singapore" on page 204 of the Programme Offering Circular shall be deleted in its entirety and replaced with the following:*

Each Manager has acknowledged that none of the Programme Offering Circular, the Supplemental Offering Circular and the Pricing Supplement have been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase, and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Programme Offering Circular, the Supplemental Offering Circular, the Pricing Supplement or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

## GENERAL INFORMATION

### 1. **Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream under Common Code of 280058360 and the International Securities Identification Number of XS2800583606.

### 2. **Legal Entity Identifier**

The legal entity identifier of the Issuer is 549300S9XRGO1ZPUHE62.

### 3. **Authorisations**

Issuance of the Notes has been registered with the NDRC. The Issuer has obtained all necessary consents, approvals and authorisations in Hong Kong in connection with the establishment and update of the Programme and the issuance of the Notes. The establishment of the Programme was authorised by resolutions of the Issuer's Board passed on 30 March 2012. The update of the Programme and the issue of the Notes was authorised by the written resolution dated 3 July 2023 passed by the Directors of the Issuer.

### 4. **No Material Adverse Change**

Save as disclosed in this Supplemental Offering Circular, there has been no material adverse change in the financial or trading position of the Issuer or of the Group since 31 December 2023.

### 5. **Litigation**

None of the Issuer or the Group is involved in any litigation, arbitration or administrative proceedings relating to claims which are material in the context of the issue of the Notes and, so far as the Issuer or any member of the Group is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

### 6. **Available Documents**

For so long as the Notes remain outstanding, copies of the following documents will, when published, be available during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the head office of the Issuer at Unit 6608, 66/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong and at the specified office of the Paying Agents:

- (i) the Notes Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
- (ii) the Agency Agreement;
- (iii) the Articles of Association of the Issuer;
- (iv) the published annual report of the Group and audited consolidated accounts of the Group for the years ended 31 December 2022 and 2023 (the Issuer currently prepares consolidated audited accounts on an annual basis); and
- (v) a copy of the Programme Offering Circular and this Supplemental Offering Circular (including the Pricing Supplement).

Upon prior written request and proof of holding, copies of the documents referred to in subparagraphs (i) to (iii) above will also be (a) available during normal business hours (being 9:00 a.m. to 3:00 p.m. local time on weekdays (excluding public holidays)) at the following address of The Hongkong and Shanghai Banking Corporation Limited: Level 26, HSBC Main Building, 1 Queen's Road Central, Hong Kong, so long as any of the Notes is outstanding or (b) through electronic mail from the Trustee.

7. **Listing of the Notes**

Application will be made to the HKSE for permission to deal in, and for listing of, the Notes, by way of debt issues to Professional Investors only. Listing of, and permission to deal in, the Notes on the HKSE is expected to be effective on or about 17 April 2024.

**ISSUER**

**Far East Horizon Limited**

Unit 6608, 66/F,  
International Commerce Centre,  
1 Austin Road West,  
Kowloon,  
Hong Kong

**AUDITORS OF THE ISSUER**

**Ernst & Young**

Certified Public Accountants  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay,  
Hong Kong

**ISSUING AND PAYING AGENT**

**The Hongkong and Shanghai  
Banking Corporation Limited**  
Level 26, HSBC Main  
Building  
1 Queen's Road Central  
Hong Kong

**TRUSTEE**

**The Hongkong and Shanghai  
Banking Corporation Limited**  
Level 26, HSBC Main  
Building  
1 Queen's Road Central  
Hong Kong

**REGISTRAR AND TRANSFER  
AGENT**

**The Hongkong and Shanghai  
Banking Corporation Limited**  
Level 26, HSBC Main  
Building  
1 Queen's Road Central  
Hong Kong

**LEGAL ADVISERS**

*To the Issuer as to English  
and Hong Kong law*

**Clifford Chance**  
27th Floor  
Jardine House  
One Connaught Place  
Hong Kong

*To the Managers  
as to PRC law*

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District Beijing, China

*To the Managers as to  
English Law*

**Fangda Partners**  
26/F, One Exchange  
Square  
8 Connaught Place  
Central  
Hong Kong

## PRICING SUPPLEMENT OF THE NOTES

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

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

**The HKSE has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme or Notes on the HKSE is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Issuer and the Group (as defined in the offering circular dated 24 July 2023 (the “Programme Offering Circular”) relating to the Programme), or quality of disclosure in this document.** Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document (read together with the Programme Offering Circular and the supplemental offering circular dated 9 April 2024 (the “Supplemental Offering Circular”)), include particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group (as defined in the Programme Offering Circular). The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

9 April 2024

### Far East Horizon Limited

Issue of U.S.\$500,000,000 6.625 per cent. Notes due 2027  
(the “Notes”)

under its U.S.\$4,000,000,000 Medium Term Note and Perpetual Securities Programme  
(the “Programme”)

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

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

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|--------------------------------------|----------------------------------|
| 1. Issuer:                           | Far East Horizon Limited         |
| 2. (i) Series Number:                | 30                               |
| (ii) Tranche Number:                 | 001                              |
| 3. Specified Currency or Currencies: | United States dollars (“U.S.\$”) |
| 4. Aggregate Nominal Amount:         |                                  |
| (i) Series:                          | U.S.\$500,000,000                |
| (ii) Tranche:                        | U.S.\$500,000,000                |

5. (i) Issue Price:	99.799 per cent. of the Aggregate Nominal Amount
(ii) Net Proceeds:	Approximately U.S.\$498 million
6. (i) Specified Denominations:	U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof
(ii) Calculation Amount:	U.S.\$1,000
7. (i) Issue Date:	16 April 2024
(ii) Interest Commencement Date:	Issue Date
8. Maturity Date:	16 April 2027
9. Interest Basis:	6.625 per cent. Fixed Rate ( <i>further particulars specified below</i> )
10. Redemption/Payment Basis	Redemption at par
11. Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
12. Put/Call Options:	Not Applicable
13. (i) Date of approval of the Financial Secretary of Hong Kong for issuance of Notes obtained:	Not Applicable
(ii) Date of Board approval for issuance of Notes obtained:	3 July 2023
14. Listing:	Expected to be listed on the HKSE on or about 17 April 2024
15. Method of distribution	Syndicated

## **PROVISIONS RELATING TO INTEREST PAYABLE**

16. Fixed Rate Note Provisions:	Applicable
(i) Rate of Interest:	6.625 per cent. per annum payable semi-annually in arrear
(ii) Interest Payment Date(s):	16 April and 16 October in each year up to and including the Maturity Date, unadjusted
(iii) Fixed Coupon Amount(s): ( <i>Applicable to Notes in definitive form</i> )	U.S.\$33.125 per Calculation Amount
(iv) Broken Amount(s): ( <i>Applicable to Notes in definitive form</i> )	Not Applicable
(v) Day Count Fraction:	30/360

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

### **PROVISIONS RELATING TO REDEMPTION**

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

### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

26. Form of Notes:	Registered Notes: Regulation S Registered Global Certificate registered in the name of a nominee for a common depository for Euroclear and Clearstream
27. Additional Financial Centre(s) or other special provisions relating to Payment Dates:	Not Applicable
28. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No

29. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: Not Applicable
30. Details relating to Instalment Notes:
- (i) Instalment Amount(s): Not Applicable
- (ii) Instalment Date(s): Not Applicable
31. Relevant Benchmark(s): Not Applicable
32. Other terms or special conditions: Condition 4.3 (*NDRC Post-issue Registration*) shall be deleted in its entirety and the following should apply to the Notes:

**“4.3 NDRC Post-issue Submissions**

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

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

For the purpose of this Condition 4.3:

- (a) “**NDRC**” means the National Development and Reform Commission of the People’s Republic of China or its local counterparts; and
- (b) “**NDRC Foreign Debt Measures**” means the Administrative Measures for the Review and Registration of Medium and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會

令 第 56 號 )) which was issued by NDRC on 5 January 2023 and came into effect on 10 February 2023, and other applicable implementation rules, regulations, certificates, circulars, notices or policies thereof as issued by NDRC from time to time.”

## DISTRIBUTION

- |   |   |
|---|---|
| 33. (i) If syndicated, names of Managers          | BNP Paribas<br>DBS Bank Ltd.<br>Far East Horizon International Securities Limited<br>Guotai Junan Securities (Hong Kong) Limited<br>MUFG Securities Asia Limited<br>Standard Chartered Bank<br>UBS AG Hong Kong Branch<br>Bank of Communications Co., Ltd. Hong Kong Branch<br>BOCOM International Securities Limited<br>China CITIC Bank International Limited<br>China Zheshang Bank Co., Ltd. (Hong Kong Branch)<br>CLSA Limited<br>Crédit Agricole Corporate and Investment Bank<br>Guosen Securities (HK) Capital Company Limited<br>Industrial Bank Co., Ltd. Hong Kong Branch<br>SMBC Nikko Securities (Hong Kong) Limited |
| (ii) Stabilisation Manager(s) (if any)            | Any of the Managers in its capacity as stabilisation manager (excluding China CITIC Bank International Limited who shall not be appointed or acting as the Stabilisation Manager or participate in any stabilisation action in any event)   |
| 34. If non-syndicated, name of relevant Dealer:   | Not Applicable  |
| 35. U.S. Selling Restrictions:                    | Reg. S Category 1; TEFRA not applicable   |
| 36. Prohibition of Sales to EEA Retail Investors: | Not Applicable  |
| 37. Prohibition of Sales to UK Retail Investors:  | Not Applicable  |
| 38. Additional selling restriction:               | The selling restriction related to Singapore as set out on page 204 of the Programme Offering Circular should be deleted in its entirety and the selling restriction related to Singapore set out in the Supplemental Offering Circular should apply to the Notes   |

## OPERATIONAL INFORMATION

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|---|----------------|
| 39. Any clearing system(s) other than Euroclear or Clearstream and the relevant identification number(s): | Not Applicable |
|---|----------------|

42. Additional Paying Agent(s) (if any): Not Applicable
43. ISIN Code: XS2800583606
44. Common Code: 280058360

#### **GENERAL AND OTHER INFORMATION**

45. Hong Kong SFC Code of Conduct:
- (i) Rebates: Not Applicable
- (ii) Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent: asia\_syndicate@bnpparibas.com  
DCMOmnibus@dbs.com  
DCM@fehorizoncapital.com  
dcm.skyward@gtjas.com.hk  
Asia-Syndicate@hk.sc.mufg.jp  
SYNHK@sc.com  
sh-asia-ccs-dcm-filing@ubs.com
46. Rating: The Notes to be issued are expected to be rated BBB- by S&P Global Ratings, a division of S&P Global Inc.

#### **LISTING APPLICATION**

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

#### **RESPONSIBILITY**

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

*Signed on behalf of the Issuer:*

By: (Sd.)  
Duly authorised