

CCXAP affirms and withdraws Far East Horizon Limited's ratings

Hong Kong, 21 October 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Far East Horizon Limited (“FE Horizon” or the “Company”) at A_g- with stable outlook, and simultaneously withdrawn all ratings.

The affirmation of the rating before withdrawal reflects our expectation of FE Horizon's stable operation performance despite challenges from decelerating industry growth and the board economic slowdown in China. This is underpinned by FE Horizon's leading market position, sound profitability, and strong access to low-cost funding.

CCXAP has withdrawn the ratings of FE Horizon due to business reasons, and will no longer update the ratings.

Rating Rationale

Credit Strengths

Leading market position as one of the largest financial leasing companies in China. FE Horizon has a strong market position in China's financial leasing sector with reputable brand and long-standing client relationships. It ranks top five financial leasing companies in China by total assets and total equities (including those bank-supported leasing companies). As of 30 June 2025, the Company's total asset increased to RMB363.8 billion from RMB347.0 billion as of end-2022, while the net interest-earning assets decreased to RMB266.6 billion from RMB270.6 billion over the same period. The Company's distinctive industrial understanding, supported by its “finance + industry” business strategy and industry expertise, also enables it to provide customized and integrated financial services to its clients.

Sound profitability with relatively stable income generation capability. From 2022 to 2024, its total revenue increased to RMB37.9 billion from RMB36.7 billion, with a compound annual growth rate (“CAGR”) of 1.6%. Benefited from the overseas expansion of equipment leasing business in 2024, its revenue from industrial operation services increased to RMB16.2 billion from RMB13.2 billion over the same period, with a CAGR of 10.6%. In the first half of 2025, FE Horizon recorded a total revenue of RMB17.4 billion. Apart from that, FE Horizon's profitability is sound with an average pre-tax net income/asset ratio of 2.8% and an average return on equity (“ROE”) of 11.0% over the past three years.

Strong access to funding. FE Horizon has diversified funding channels with its listed status. It has low-cost and relatively stable borrowings from diversified banks and financial institutions. It also has strong ability to raise fund in onshore and offshore debt capital market. For example, the Company issued five tranches of offshore bonds from January to April 2025, raising around RMB1.4 billion and USD650 million. It also has a good track record in accessing innovative financial products such as ABS and ABN.

Apart from that, FE Horizon is one of the core investments of Sinochem Holdings, which is the key shareholder and indirectly owns 19.3% of FE Horizon's equity interest through its subsidiary.

Sinochem Holdings is one of the four state-owned oil companies in China and is wholly owned by State Council SASAC. The Company is expected to receive liquidity facilities from Sinochem Holdings. For example, some of FE Horizon's convertible bonds were converted into shares in 2024, which also reduced the Company's debt burden.

Credit Challenges

Decelerating industry growth due to tightening regulations. As a stricter regulatory environment combined with sluggish internal momentum, the growth rate of the number of leasing companies and contract balances has shown negative growth in recent years. As of 30 June 2024, there were around 8,671 financial leasing companies in China, a decrease of 180 from that of 2023; while the balance of financing leasing contracts decreased by 0.6% YoY to RMB5.6 trillion. The decelerating market growth will also intensify market competition and weaken the pricing margins of finance companies, thereby restricting FE Horizon's business expansion. The regulatory change also requires a higher standard of management and internal control for financial leasing companies and increase their management pressure.

Asset quality is subject to the challenge of economic slowdown. The Company's asset quality is undermined by China's broad slowdown pressure, and there could be operating and financial challenges for the Company's clients, which in turn adversely affect its asset quality. As of 30 June 2025, its non-performing asset ratio (calculated by non-performing assets/net interest-earning assets) was 1.05%, which was maintained at a stable level. In addition, FE Horizon has concentrated leasing asset portfolios in the urban public utility sector which is subject to higher policy and regulatory risk. Over the past two years, the Company has implemented a higher standard of risk control and has slightly decreased its exposure to the riskier assets. As of 30 June 2025, the amount of interest-earning assets decreased to RMB266.6 billion from RMB270.6 billion as of end-2022. At the same time, urban public utility accounted for 30.7% of its total net interest-earning assets, decreasing from 39.8% as of end-2023.

Rating Outlook

Not applicable as the ratings have been withdrawn.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [Finance Companies \(April 2019\)](#).

Regulatory Disclosures

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http://www.ccxap.com/en/rating_services/category/6/

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