***This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole document before you decide to invest in the Offer Shares.***

***There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors." You should read that section carefully before you decide to invest in the Offer Shares.***

## OVERVIEW

We are a leading, integrated, credit-based guarantee and SME financing solutions provider in China with an exclusive focus on SMEs and microenterprises across China. Leveraging our extensive business platform, strong brand recognition and sound credit ratings, we offer a variety of credit-based financial solutions to service the financing and business needs of SMEs and microenterprises under our two business lines: credit guarantee and SME lending.

We focus on providing credit-based financing solutions to the SME and microenterprise sector in China because it is a fast-growing segment that has largely been underserved by the financial services industry. Major commercial banks in China are typically geared towards asset-based lending and have historically been reluctant to provide financing to SMEs and microenterprises due primarily to the latter's lack of acceptable collateral and credit histories and the high transaction costs involved. We have developed a credit evaluation system that enables us to make credit decisions based on the creditworthiness of each customer rather than the collateral provided, differentiating us from many traditional commercial banks and other guarantee and micro and small loan companies in China. As of October 31, 2013, 51.4% of our outstanding guarantees, 90.1% of our outstanding micro and small loans and 39.0% of our entrusted loans were not secured with collateral.

At present, our business remains relatively concentrated in Chongqing and Sichuan. Our business originated in, and has historically been focused on, Chongqing. We later expanded to Sichuan and subsequently to other selected regions in the PRC over nine years of operations. As a result, our geographic concentration in Chongqing and Sichuan has been decreasing. As of December 31, 2010, 2011 and 2012 and October 31, 2013, 82.2%, 70.9%, 69.1% and 59.2%, respectively, of our outstanding guarantees and 100.0%, 90.9%, 82.4% and 70.1%, respectively, of our outstanding micro and small loans were originated from Chongqing and Sichuan. We expect to continue to decrease our geographic concentration.

According to Euromonitor, as of May 31, 2013, we were the largest credit guarantee company in terms of the number of provinces covered by our credit guarantee network and the second-largest lender of micro and small loans in China in terms of the number of provincial-level cities covered by our micro and small loan network; we ranked fourth in the industry and first among all privately-owned credit guarantee providers in China in terms of the paid-in capital of our credit guarantee business; and we ranked third among all micro and small loan companies in China in terms of the paid-in capital of our micro and small loan business. Since our inception in Chongqing in 2004, our branch network has grown significantly to cover Chongqing, Sichuan, Liaoning, Beijing, Shanghai, Shenzhen and 13 other provinces in China, and we had serviced approximately 20,000 SMEs and microenterprises during the Track Record Period.

**Our Products and Services**

We principally operate in the following two business lines:

- *Credit Guarantee:* We guarantee SMEs' ability to repay financing or perform certain obligations through our credit guarantee network.

- *SME Lending:* We principally offer unsecured loans to micro and small enterprises, individual entrepreneurs and individuals through our micro and small loan network. We also engage in entrusted loan arrangements in which we deposit funds with an intermediary bank which will on-lend the funds to borrowers we select.

***Credit Guarantee***

We principally provide financing guarantees, in which we act as a guarantor to assess and share credit risks and to facilitate financing arrangements between SMEs and banks or other financial institutions. We select SME customers whom we determine to be creditworthy but may lack the necessary credit histories or collateral to obtain bank financing independently. To make financing from banks and other financial institutions more accessible to these SMEs, we guarantee the lenders that we will repay the loans if the borrowers we guarantee default. We also guarantee bond offerings and repurchase transactions to enhance their credit standing and make them more attractive to investors. To complement our financing guarantee business, we also advise our customers on financing planning and cash flow management.

In addition, we offer two types of non-financing guarantees. We provide contract bonds to guarantee a general contractor's performance of its obligations under a contract. We also issue attachment bonds in legal proceedings to guarantee a party's ability to indemnify the counterparty against damages caused by a wrongful or false attachment.

***SME Lending***

As an integrated financial services provider for SMEs and microenterprises in China, we also provide easily-accessible micro and small loans in an efficient manner to ensure our customers' uninterrupted liquidity throughout their operating cycles. We grant loans to micro and small enterprises as well as individual entrepreneurs in needs of quick access to funds. We focus on micro and small loans between RMB0.5 million and RMB3.0 million based on our risk assessment and return requirements.

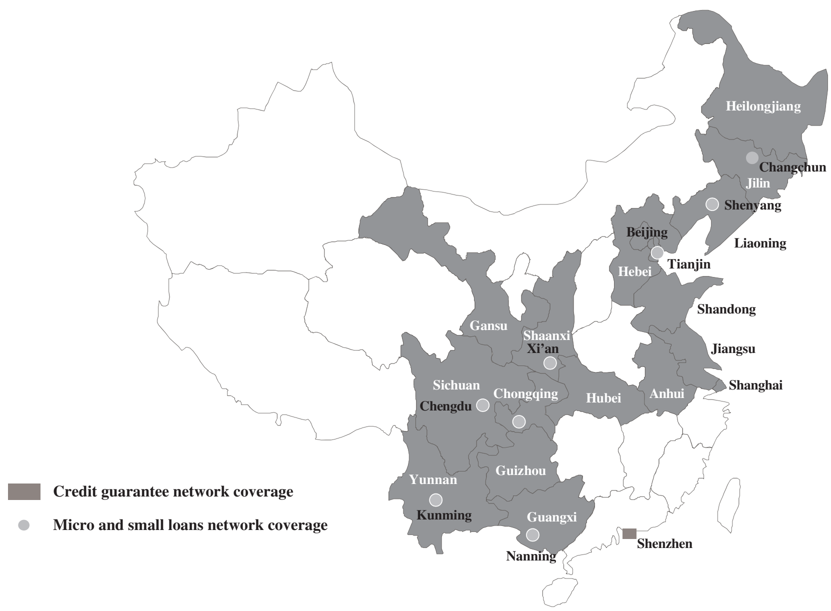
We also provide entrusted loans through our credit guarantee network to satisfy SMEs' need for short-term financing or relatively larger funding amounts, principally medium and small loans between RMB0.5 million and RMB30.0 million.

**Sales, Marketing and Branch Network**

We source our customers primarily through our sales and marketing team and referrals from commercial banks. As of October 31, 2013, our sales and marketing team consisted of over 970 employees who conduct client development activities primarily through direct on-site marketing, phone calls and sales campaigns.

Close cooperation with commercial banks is integral to our bank financing guarantee business. As of October 31, 2013, we had entered into cooperation arrangements with 65 commercial banks in China, including national commercial banks, local commercial banks, policy banks and rural banks, which had agreed to extend in aggregate over RMB38 billion of credit lines to borrowers we guarantee.

As of the Latest Practicable Date, we offered credit guarantees and entrusted loans through our credit guarantee network in 19 provinces in China, and also provided loans through our micro and small loans network in eight provincial-level cities in China. Our branch network as of the Latest Practicable Date is illustrated in the map below:




## CREDIT RISK MANAGEMENT

The business of providing unsecured guarantees or loans inherently involves credit risks as the financings we guarantee or make may not be repaid on time, or at all. We recognize the importance of an effective credit risk management system in mitigating our exposure to risks in our business and optimizing our returns. In general, we maintain a guarantee and loan portfolio with (i) a highly diverse customer base across China, (ii) manageable transaction sizes (usually between RMB3.0 million and RMB30.0 million for guarantees and between RMB0.5 million and RMB3.0 million for micro and small loans) and (iii) a relatively short maturity period (typically not more than one year) to minimize our credit and concentration risks. Based on our extensive experience in serving the SME and microenterprise sector, we have developed a credit evaluation system that focuses on comprehensive customer due diligence and segregation of credit approvals to determine the credit limit of each individual customer. By doing so, we aim to maintain an optimized business portfolio that maximizes return while minimizing risks. See "Risk Management" beginning on page 228.

According to PRC laws and regulations, the total balance of outstanding financing guarantees provided by a guarantee company such as us should not exceed ten times its net assets. As of December 31, 2010, 2011 and 2012 and October 31, 2013, each of our credit guarantee subsidiaries was in compliance with this maximum leverage ratio. The following table sets forth the net assets of our credit guarantee business and our aggregate outstanding financing guarantees as of the dates indicated:

| | As of December 31, | | | As of October 31, |
|---|---|---|---|---|
| | **2010** | **2011** | **2012** | **2013** |
| Net assets of credit guarantee business (RMB in millions) | 1,328.1 | 2,514.7 | 2,849.8 | 3,465.4 |
| Balance of outstanding financing guarantees (RMB in millions) | 6,873.8 | 12,193.7 | 13,399.1 | 18,282.5 |
| Leverage ratio[(1)] | 5.2 | 4.8 | 4.7 | 5.3 |

(1) The balance of outstanding financing guarantees divided by net assets of our credit guarantee business

A micro and small loan company may only borrow bank loans up to a certain percentage, usually 50%, of its paid-in capital for conducting lending business, depending on local regulations. As a result, the scale of our micro and small loan business depends primarily on its paid-in capital. The following table sets forth the growth of the paid-in capital of our SME lending business and the resulting increase in our outstanding micro and small loan balance as of the dates indicated:

| | As of December 31, | | | As of October 31, |
|---|---|---|---|---|
| | **2010** | **2011** | **2012** | **2013** |
| Paid-in capital of our SME lending business (RMB in millions) | 300.0 | 540.0 | 800.0 | 2,000.0 |
| Balance of outstanding micro and small loans (RMB in millions) | 575.5 | 1,185.9 | 1,736.9 | 2,956.8 |
| Leverage ratio[(1)] | 1.9 | 2.2 | 2.2 | 1.5 |

(1) The balance of outstanding micro and small loans divided by paid-in capital of our SME lending business

Despite our historical rapid growth, our net asset leverage ratio for the financing guarantee business remained relatively stable at 5.2 times, 4.8 times, 4.7 times and 5.3 times, respectively, as of December 31, 2010, 2011 and 2012 and October 31, 2013, while our paid-in capital leverage ratio for the SME lending business remained relatively stable at 1.9 times, 2.2 times and 2.2 times, respectively, as of December 31, 2010, 2011 and 2012. Following a series of equity contributions in our SME lending business in 2013, our paid-in capital leverage ratio decreased to 1.5 times as of October 31, 2013.

## COMPETITIVE STRENGTHS

We believe the following competitive strengths contribute to our success and distinguish us from our competitors:

- a leading integrated financial services company in China with national presence;
- focusing exclusively on the financing needs of SMEs and microenterprises in China;
- focusing on credit-based financing solutions supported by an effective risk management system;
- experienced and motivated management team; and
- strong financial and operational strength.

## BUSINESS STRATEGIES

Our goal is to become a premier diversified and integrated financial services company in China, focusing on meeting the diverse financing and business needs of SMEs and microenterprises and offering comprehensive credit-based financial services. To achieve our strategic goal, we intend to further leverage our existing competitive strengths and pursue the following business strategies:

- strategic expansion of our branch network;
- introducing and expanding capital efficient products and services to improve our return on equity;
- continuing to strengthen our risk management systems, internal controls and information technology capabilities;
- exploring new sales channels; and
- attracting, retaining, motivating and developing talented and experienced professionals.

## KEY OPERATING AND FINANCIAL DATA

The following table sets forth the key financial data and ratios during the periods indicated:

| | Year ended December 31, | | | Ten months ended October 31, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | (RMB in millions, except percentages) | | | | |
| **Net fee and interest income** | 321.9 | 870.3 | 1,143.3 | 925.8 | 1,246.8 |
| Profit before taxation | 109.8 | 576.2 | 634.0 | 505.8 | 369.6 |
| Profit margin before taxation(1) | 34.1% | 66.2% | 55.5% | 54.6% | 29.6% |
| Segment profit | | | | | |
| – Credit guarantee business | (22.5) | 224.1 | 466.5 | 342.7 | 256.2 |
| – SME lending business | 128.8 | 263.0 | 169.8 | 165.1 | 255.8 |
| Segment profit margin(2) | | | | | |
| – Credit guarantee business | N/A | 48.0% | 57.7% | 53.8% | 32.7% |
| – SME lending business | 65.3% | 65.2% | 50.6% | 57.0% | 55.3% |
| Profit | 90.0 | 476.2 | 517.8 | 412.4 | 273.9 |
| Net margin(3) | 28.0% | 54.7% | 45.3% | 44.5% | 22.0% |
| Return on average equity(4) | 9.0% | 29.2% | 22.9% | 22.9%(7) | 8.5%(7) |
| Return on average assets(5) | 4.3% | 13.1% | 10.8% | 10.5%(7) | 5.2%(7) |
| Cost/income ratio(6) | 38.5% | 28.7% | 31.2% | 31.2% | 45.1% |

(1) Profit before taxation divided by net fee and interest income

(2) Segment profit before taxation divided by segment revenue

(3) Profit divided by net fee and interest income

(4) Profit divided by average balance of total equity as of the beginning and end of a period

(5) Profit divided by average balance of total assets as of the beginning and end of a period

(6) Administrative expenses divided by net fee and interest income

(7) Annualized by dividing the actual figure by ten and multiplied by 12

Our net fee and interest income increased by 170.4% in 2011 from 2010 and further increased by 31.4% in 2012. Our profit increased by 429.1% in 2011 from 2010 and further increased by 8.7% in 2012. The increase in our net fee and interest income and profit during the Track Record Period was mainly attributable to the rapid expansion in our credit guarantee business and SME lending business based on our enhanced capital base and greater economies of scale achieved. Our net fee and interest income was RMB925.8 million and RMB1,246.8 million in the ten months ended October 31, 2012 and 2013, respectively. Our profit was RMB412.4 million in the ten months ended October 31, 2012, and RMB273.9 million in the same period in 2013.

Our returns on average equity and average assets increased in 2011 compared to those in 2010 due to the substantial growth of our business and profit in 2011. Our returns on average equity and average assets decreased in 2012 compared to those in 2011 due to the respective significant increases in our average equity and assets in 2012. Due to the combination of (i) equity contributions from our shareholders and other investors around May 2013; (ii) substantially increased administrative expenses, in particular our non-cash share-based payments; and (iii) increased impairment losses and provisions for guarantee losses, our annualized returns on average equity and average assets in the ten months ended October 31, 2013 were substantially lower compared to those in same period in 2012.

Our profit margin before taxation decreased to 29.6% in the ten months ended October 31, 2013 from 54.6% in the same period in 2012, mainly attributable to the combination of following:

- a 123.4%, or RMB71.2 million, increase in provisions for guarantee losses collectively assessed in our credit guarantee business as a result of (i) substantially increased outstanding guarantee balance, especially in the second half of 2013, which significantly increased the period-end base we used for making collective assessment on provisions for guarantee losses; and (ii) increased provision ratio from 1.9% in 2012 to 2.0% in the ten months ended October 31, 2013, reflecting our increasing historical default rate and loss ratio as well as then prevailing general market and economic conditions;

- a 111.8%, or RMB118.4 million, increase in our impairment losses due to (i) our increased default payments attributable in part to the challenging credit and economic conditions in China in 2013; and (ii) the increased impairment losses collectively assessed as a result of the substantial increase in the outstanding balance of our loans, especially in the second half of 2013, which significantly increased the period-end base we used for making collective assessment on impairment losses; and

- a 94.2%, or RMB272.5 million, increase in our administrative expenses, particularly non-cash share-based payment expenses of RMB117.3 million relating to our newly-implemented share incentive scheme in June 2013.

See "Financial Information — Results of Operations — Profit Before Taxation and Profit Margin Before Taxation" beginning on page 326 for more details.

The following table sets forth the key operating data in our credit guarantee and SME lending businesses as of the dates or for the periods indicated:

| | As of or for the year ended December 31, | | | As of or for the ten months ended October 31, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | (RMB in millions, except percentages) | | | |
| **Credit Guarantee** | | | | |
| Balance of outstanding guarantees(1) | | | | |
| Financing guarantees | 6,873.8 | 12,193.7 | 13,399.1 | 18,282.5 |
| Non-financing guarantees | 1,924.9 | 2,018.8 | 1,287.1 | 1,127.9 |
| **Total** | 8,798.7 | 14,212.5 | 14,686.2 | 19,410.4 |
| Average guarantee and consulting fee rate(2) | | | | |
| Financing guarantees | 2.65% | 4.22% | 5.55% | 5.26% |
| Non-financing guarantees | 0.36% | 0.72% | 0.63% | 0.35% |
| Default rate(3) | 0.4% | 0.4% | 1.2% | 1.4% |
| Provision ratio(4) | 1.2% | 1.6% | 1.9% | 2.0% |
| Loss ratio(5) | 0.3% | 0.2% | 0.6% | 1.1% |
| Loss/revenue ratio(6) | 6.4% | 3.5% | 11.2% | 18.8% |
| **SME Lending** | | | | |
| Balance of outstanding loans | | | | |
| Micro and small loans(7) | 575.5 | 1,185.9 | 1,736.9 | 2,956.8 |
| Entrusted loans(8) | 370.2 | 479.4 | 308.7 | 931.9 |
| **Total** | 945.7 | 1,665.3 | 2,045.6 | 3,888.7 |
| Average interest and handling fee rate(9) | | | | |
| Micro and small loans | 21.63% | 22.74% | 22.81% | 22.99% |
| Entrusted loans | 29.46% | 25.26% | 24.67% | 23.81% |
| Impaired loan ratio(10) | 4.9% | 4.2% | 3.1% | 2.4% |
| Micro and small loans | 0.7% | 0.7% | 2.0% | 2.6% |
| Entrusted loans | 11.5% | 12.8% | 9.4% | 1.8% |
| Allowance coverage ratio(11) | 50.1% | 69.7% | 131.6% | 168.3% |
| Micro and small loans | 269.2% | 293.8% | 180.4% | 156.6% |
| Entrusted loans | 30.0% | 40.1% | 73.5% | 223.8% |
| Provision for impairment losses ratio(12) | 2.5% | 2.9% | 4.1% | 4.1% |
| Loss/revenue ratio(13) | 8.7% | 6.7% | 11.9% | 16.6% |

(1) As of December 31, 2010, 2011 and 2012 and October 31, 2013, 25.3%, 48.0%, 48.8% and 48.6%, respectively, of our outstanding guarantees were secured by collateral. As of the same dates, the loan-to-value ratio (equal outstanding secured guarantees divided by the value of collateral of land and building) of our secured guarantees was 93.3%, 97.5%, 67.7% and 76.9%, respectively.

(2) Guarantee and consulting fee income divided by average balance of guarantees.

(3) Payment made on default borrower's behalf divided by guarantees released. Default rate indicates the quality of our guarantee portfolio. In November and December 2013, 15 guarantee customers defaulted, resulting in us paying RMB68.4 million on their behalf, and as a result, the default rate in our credit guarantee business increased from 1.4% in the ten months ended October 31, 2013 to 1.7% in 2013.

(4) Provisions for guarantee losses at period end divided by the balance of the outstanding guarantees. The provision ratio indicates the level of reserve we set aside for our guarantee portfolio.

(5) Impairment losses on default payment receivables divided by guarantees released. Loss ratio indicates the level of estimated loss for our default payments.

(6) Impairment losses on default payment receivables divided by segment revenue from our credit guarantee business. Loss/revenue ratio is a benchmark our management uses to monitor our financial results in relation to impairment loss incurred.

(7) As of December 31, 2010, 2011 and 2012 and October 31, 2013, 0.2%, 1.9%, 8.0% and 10.0%, respectively, of our outstanding micro and small loans were secured by collateral. During the Track Record Period, only a small portion of our micro and small loans were secured by collateral such as land use rights and land ownership, and our loan amount is generally small on average. As such, our valuation of the collateral for these loans is primarily limited to the basic information procured during the due diligence process, and accordingly we are not able to provide a meaningful loan-to-value ratio for the collaterals of our micro and small loans.

(8) As of December 31, 2012 and October 31, 2013, 35.0% and 61.0%, respectively, of our outstanding entrusted loans were secured by collateral and the loan-to-value ratio (equal outstanding secured entrusted loans divided by the value of collateral of land and buildings) of such secured entrusted loans was 69.9% and 57.3%, respectively.

(9) Interest and handling fee income divided by average balance of loans.

(10) The balance of impaired loans divided by the balance of the outstanding loans. Impaired loan ratio indicates the quality of our loan portfolio.

(11) Allowance for impairment loss divided by the balance of impaired loans. Allowance coverage ratio indicates the level of allowance we set aside to cover probable loss in our loan portfolio.

(12) Allowance for impairment losses divided by the balance of outstanding loans. Provision for impairment losses ratio measures the cumulative level of provisions for our loans.

(13) Impairment loss on loans divided by segment revenue from our SME lending business. Loss/revenue ratio is a benchmark our management uses to monitor our financial results in relation to impairment loss incurred.

Due to the unfavorable overall credit market and industry conditions in China since 2012, particularly in the Yangtze River Delta region, we made a substantial number of default payments and, as a result, the default rate in our credit guarantee business increased from 0.4% in 2011 to 1.2% in 2012 and further to 1.4% in the ten months ended October 31, 2013. Our loss/revenue ratio in the credit guarantee business also increased significantly from 3.5% in 2011 to 11.2% in 2012 and further to 18.8% in the ten months ended October 31, 2013. See "Business — Provisioning Policies and Asset Quality — Provisioning for Guarantee Loss and Impairment Losses on Default Payment Receivables" beginning on page 199.

Similarly, the impaired loan ratio in our micro and small loan business also increased from 0.7% in 2011 to 2.0% in 2012 and further to 2.6% in the ten months ended October 31, 2013. As the provision for impairment losses ratio in our loan portfolio rose in light of the challenging credit and economic conditions, our loss/revenue ratio for the SME lending business also increased from 6.7% in 2011 to 11.9% in 2012 and further to 16.6% in the ten months ended October 31, 2013. See "Business — Provisioning Policies and Asset Quality — Provisions for Loan Loss" beginning on page 205.

The following table sets forth the breakdown of our segment revenue for the periods indicated:

| | Year ended December 31, | | | | | | Ten months ended October 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 | | 2011 | | 2012 | | 2012 | | 2013 | |
| | Amount | % of total | Amount | % of total | Amount | % of total | Amount | % of total | Amount | % of total |
| | (RMB in millions, except percentages) | | | | | | | | | |
| **Credit Guarantee** | | | | | | | | | | |
| Net guarantee and consulting fee income | 123.2 | 38.3% | 452.7 | 52.0% | 784.5 | 68.6% | 615.1 | 66.4% | 740.7 | 59.4% |
| Net interest and handling fee income[1] | 1.5 | 0.4 | 14.5 | 1.7 | 23.3 | 2.1 | 21.2 | 2.3 | 43.8 | 3.5 |
| | 124.7 | 38.7 | 467.2 | 53.7 | 807.8 | 70.7 | 636.3 | 68.7 | 784.5 | 62.9 |
| **SME Lending** | | | | | | | | | | |
| Net interest and handling fee income | 197.2 | 61.3 | 403.1 | 46.3 | 335.5 | 29.3 | 289.5 | 31.3 | 462.3 | 37.1 |
| **Total** | **321.9** | **100.0%** | **870.3** | **100.0%** | **1,143.3** | **100.0%** | **925.8** | **100.0%** | **1,246.8** | **100.0%** |

(1) Net interest and handling fee income in our credit guarantee business consists of interest income from restricted bank deposits and cash at banks in this business.

## LIQUIDITY AND CAPITAL RESOURCES

Our business of providing guarantees and loans is capital-based, and our SME lending business is particularly capital intensive and requires a substantial amount of operating cash. Our liquidity and capital requirements primarily relate to extending micro and small loans and entrusted loans, making default payments, maintaining security deposits at banks and other working capital requirements. We have, in the past, funded our working capital and other capital requirements primarily by capital contributions from shareholders, bank borrowings and cash flows from operations.

The following table sets forth a breakdown of our principal sources of capital for the periods indicated:

| | Year ended December 31, | | | | | | Ten months ended October 31, | |
|---|---|---|---|---|---|---|---|---|
| | 2010 | | 2011 | | 2012 | | 2013 | |
| | Amount | % of total | Amount | % of total | Amount | % of total | Amount | % of total |
| | (RMB in millions, except percentages) | | | | | | | |
| Cash flows from operations | 318.1 | 33.8% | 772.8 | 45.6% | 642.0 | 56.6% | 611.5 | 18.9% |
| Capital contributions from shareholders | 412.0 | 43.8 | 498.2 | 29.4 | 60.0 | 5.3 | 2,296.6 | 70.9 |
| Borrowings | 211.3 | 22.4 | 425.2 | 25.0 | 433.0 | 38.1 | 332.2 | 10.2 |
| **Total** | **941.4** | **100.0%** | **1,696.2** | **100.0%** | **1,135.0** | **100.0%** | **3,240.3** | **100.0%** |

As of December 31, 2010, 2011 and 2012 and October 31, 2013, interest rates for our outstanding borrowings ranged between 5.7% and 12.0%, 5.4% and 15.0%, 5.4% and 15.0% and 6.2% and 15.0%, respectively. In 2010, 2011 and 2012 and the ten months ended October 31, 2013, the average interest and handling fee rate for our micro and small loans was 21.63%, 22.74%, 22.81% and 22.99%, respectively.

We monitor our cash flows and cash balance on a regular basis and strive to maintain an optimal cash position and sufficient liquidity for working capital needs while supporting a reasonable level of business expansion. For example, in our credit guarantee business, we normally maintain an average cash balance of around 2% of our outstanding guarantee balance. For our SME lending business, we normally maintain a sufficient amount of cash for general working capital needs, such as administrative expenses and payment of interest on bank loans, and apply the remainder of available cash for micro and small loan lending. See "Financial Information — Liquidity and Capital Resources — Cash Management" beginning on page 335.

During the Track Record Period, our business growth was mainly supported by funding from equity contributions which were classified as cash inflows from financing activities. However, the continuous growth in our guarantee and SME loan portfolios during the Track Record Period resulted in increased cash outflows in the form of increased securities deposits placed with banks and loans to customers, which were classified as cash outflow from operating activities. As a result of these classifications, we reported negative operating cash flows during the Track Record Period, particularly in the ten months ended October 31, 2013 when we deployed a significant amount of funds from capital contributions to support business expansion.

We plan to use the net proceeds from this Global Offering to further expand our credit guarantee and SME lending businesses. See "Future Plans and Use of Proceeds" beginning on page 360. As a result, we expect to continue to report negative operating cash flows in the near term after our Listing. See "Risk Factors — Risks Relating to Our Business and Industry — We reported negative operating cash flows during the Track Record Period and expect to continue to do so in the near term subsequent to the Listing" and "Risk Factors — Risks Relating to Our Business and Industry — Our business expansion relies heavily on our capital base" on page 39.

## INTRA-GROUP LIABILITIES

As of October 31, 2013, we guaranteed the following liabilities of certain members of our Group: (i) RMB75 million of borrowings by our micro and small loan subsidiaries; (ii) RMB160 million of borrowings by one of our asset management subsidiaries; and (iii) RMB187 million of repurchase transactions originated by our micro and small loan and asset management subsidiaries. As of October 31, 2013 and the Latest Practicable Date, none of the liabilities of our credit guarantee subsidiaries were guaranteed by other entities within our Group.

As there was no intra-group lending between our credit guarantee subsidiaries and other group entities and since each of these subsidiaries is a limited liability company under PRC law, our Company is only liable for a credit guarantee subsidiary's debts to the extent of our equity contribution. Accordingly, our obligations under outstanding guarantees will not adversely affect the business and operations of other entities within our Group in the event that any of our credit guarantee subsidiaries fail to meet their contingent liabilities under outstanding guarantees.

As of December 31, 2011 and 2012 and October 31, 2013, 0.5%, 7.2% and 8.2%, respectively, of our micro and small loans were guaranteed by our credit guarantee subsidiaries, amounting to RMB6.0 million, RMB125.0 million and RMB239.8 million, respectively. In the event that the relevant credit guarantee subsidiaries were to be liquidated or enter bankruptcy, these loans would no longer be guaranteed, as a result of which our micro and small loan subsidiaries would be exposed to potentially greater credit risks for the RMB337.8 million as of October 31, 2013. Given the insignificant balance of these guaranteed micro and small loans, we believe that it would not materially affect the business and operations of our other subsidiaries if any of these loans were no longer guaranteed by our credit guarantee subsidiaries. During the Track Record Period, most of our loans micro and small loans guaranteed by our credit guarantee subsidiaries were repaid when due. The default rate of these micro and small loans guaranteed by our credit guarantee subsidiaries was nil, 1.2% and 1.2% as of December 31, 2011 and 2012 and October 31, 2013, respectively.

## RECENT DEVELOPMENTS

The information set out below is based on the profit estimate for 2013 prepared by our Directors, which was based on our audited consolidated financial statements in the ten months ended October 31, 2013 and unaudited management accounts for the two months ended December 31, 2013. The actual results for 2013 are, however, subject to the completion of the audit and final adjustments.

In November and December 2013, we continued to experience rapid business growth. Both of our guarantee balance and loan balance as of December 31, 2013 increased compared to those as of October 31, 2013. As a result, the growth of our net fee and interest income in 2013 is estimated to be generally in line with the growth in the ten months ended October 31, 2013. However, our net profit margin is estimated to decrease in 2013 compared to that in 2012, due primarily to (i) the increased level of provisions we collectively assessed for guarantee losses and impairment losses on loans, corresponding to our increased outstanding guarantees and loans; (ii) a continuous increase in the general and administrative expenses for our business expansion; and (iii) impairment losses made on the default payments in November and December 2013.

In November and December 2013, 15 guarantee customers defaulted, which resulted in us paying RMB68.4 million on their behalf. In 2013, we made 53 default payments in an aggregate amount of RMB258.8 million, resulting in a default rate of 1.7% in our credit guarantee business. As of December 31, 2013, the balance of our impaired micro and small loans increased to RMB83.5 million from RMB77.9 million as of October 31, 2013, resulting in an impaired micro and small loan ratio of 2.5% as of December 31, 2013. In addition, the balance of our impaired entrusted loans increased to RMB39.4 million as of December 31, 2013 from RMB16.4 million as of October 31, 2013, mainly due to defaults on two entrusted loans with a total amount of RMB20.0 million, which were classified as impaired loans as of December 31, 2013, resulting in an impaired entrusted loan ratio of 2.6% as of the same date.

The Directors confirm that since October 31, 2013 (being the date to which the latest audited consolidated financial information of our Group was prepared) and up to the date of this prospectus, there has been no material adverse change in our business and financial condition (including any material deterioration in the financial condition and creditworthiness of our customers or their counter-guarantors as a whole and any material decrease in the valuation of the collateral provided) and there has been no event since October 31, 2013 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report set forth in Appendix I to this prospectus.

## USE OF PROCEEDS

In line with our strategies, we intend to use our proceeds from the Global Offering as follows: (i) approximately 70%, or HK$1,663.0 million, to increase the capital base of our micro and small loan business; (ii) approximately 20%, or HK$475.1 million, to increase the capital base of our credit guarantee business; and (iii) approximately 10%, or HK$237.6 million, to develop and offer new products and services to meet the diverse financing and business needs of SMEs and microenterprises, and to replenish our working capital and for general corporate use. See "Future Plans and Use of Proceeds" beginning on page 360.

## CONTROLLING SHAREHOLDERS

Immediately following the completion of the Global Offering, Mr. Tu, through Loncin Group, Loncin Holdings and Huitai, will in aggregate own approximately 33.33% of our issued share capital (assuming the Over-allotment Option is not exercised). Mr. Zhang Guoxiang holds approximately 62.1% of the equity interests of Huitai. Mr. Tu, Loncin Group, Loncin Holdings, Huitai and Mr. Zhang Guoxiang will continue to be our Controlling Shareholders after the Global Offering. Our Directors are of the view that there is a clear delineation between the businesses operated by us and our Controlling Shareholders. Each of the Controlling Shareholders has confirmed that none of them has any interest in a business which competes with, or is likely to compete with, us, whether directly or indirectly, which would otherwise require disclosure under Rule 8.10 of the Listing Rules. See "Relationship with Our Controlling Shareholders" beginning on page 255.

## PROFIT ESTIMATE

| | |
|---|---|
| Estimated consolidated profit attributable to equity shareholders of our Company for the year ended December 31, 2013(1)(3) | not less than RMB266.7 million (approximately HK$336.5 million) |
| Unaudited pro forma estimated earnings per Share for the year ended December 31, 2013(2)(3) | not less than RMB0.06 (approximately HK$0.076) |

(1) The bases on which the profit estimate has been prepared are summarized in Part A of Appendix III to this prospectus. The Directors have prepared the estimated consolidated profit attributable to equity shareholders of our Company in 2013 based on the audited consolidated results in the ten months ended October 31, 2013 and the unaudited consolidated results based on the unaudited management accounts of our Group for the two months ended December 31, 2013.

(2) The calculation of unaudited pro forma estimated earnings per Share is based on the estimated consolidated profit attributable to equity shareholders of our Company in 2013 and assuming that a total of 4,418,000,000 Shares had been in issue during the entire year. The calculation of the unaudited pro forma estimated earnings per Share does not take into account any Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The estimated consolidated profit attributable to equity shareholders of our Company and the unaudited pro forma estimated earnings per Share are converted into Hong Kong dollars at an exchange rate of HK$1.00 to RMB0.79226, the exchange rate prevailing on October 31, 2013 set by the PBOC for foreign exchange transactions.

See "Appendix III — Profit Estimate" to this prospectus for more information.

## DIVIDEND POLICY

In accordance with our Articles of Association, dividends may be paid only out of distributable profits as determined under PRC GAAP or HKFRSs, whichever is lower. We paid cash dividends of RMB7.5 million, RMB80.4 million and RMB135.2 million to our non-controlling interests in 2010, 2011 and 2012, respectively. We expect to distribute no less than 20.0% of our annual distributable earnings as dividends which our management deems a reasonable payout ratio, taking into account the need for preserving sufficient capital for business growth and providing our minority shareholders with reasonable returns for their investment, and after considering the payout ratios generally adopted by PRC financial services companies listed in Hong Kong. There is, however, no assurance that we will be able to declare dividends of such an amount or any amount each year or in any year. See "Financial Information — Dividend Policy" beginning on page 357.

## OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 988,000,000 H Shares are newly issued in the Global Offering; (ii) the Over-allotment Option is not exercised; and (iii) 4,418,000,000 Shares are issued and outstanding following the completion of the Global Offering.

| | Based on an Offer Price of HK$2.28 | Based on an Offer Price of HK$2.88 |
|---|---|---|
| Market capitalization | HK$10.07 billion | HK$12.72 billion |
| Unaudited pro forma adjusted net tangible assets per Share attributable to our Shareholders | HK$1.84 | HK$1.97 |

For the calculation of the unaudited pro forma adjusted net tangible asset value per Share attributable to our Shareholders, see "Appendix II — Unaudited Pro Forma Financial Information."

## OUR RISKS AND CHALLENGES

We face a number of risks set forth in "Risk Factors." In particular, our business is subject to extensive regulation and supervision by national, provincial and local government authorities, which may interfere with the manner in which we conduct our business and may adversely impact our business, financial condition and results of operations. Given that our business involves providing unsecured guarantees and loans to customers, we rely on the creditworthiness of each individual customer and its counter-guarantors rather than collateral. We may not be able to locate the counter-guarantors after our customer defaults and there is no assurance that these persons will have sufficient financial resources to make full payment on the borrower's behalf, or at all. In addition, the process of attaching and subsequently realizing the value of the assets of the default customers or its counter-guarantors through legal proceedings is time-consuming and may not be successful. Given our principal business of offering bank financing guarantees, we rely heavily on cooperation with commercial banks. Furthermore, regulatory capital requirements limit our ability to leverage our capital and may adversely affect our growth and profitability.

You should read "Risk Factors" beginning on page 35 in its entirety before you decide to invest in the Offer Shares.

## LISTING EXPENSES

In the first ten months of 2013, we incurred RMB14.4 million in expenses for the Global Offering, and we expect to incur an additional RMB122.0 million (including the commission and expenses that can be capitalized, assuming an Offer Price of HK$2.58 per H Share, which is the mid-point of the stated range of the Offer Price of between HK$2.28 and HK$2.88 per H Share, and no exercise of the Over-Allotment Option) until the completion of the Global Offering. We do not expect these expenses to have a material impact on our results of operations in 2014 as to be reflected in our consolidated statements of comprehensive income for 2014.