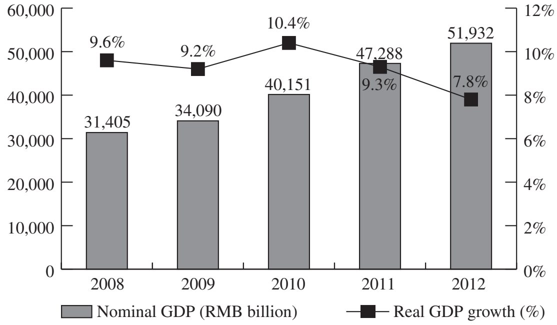
The information in this section has been derived from an independent report prepared by Euromonitor. The Euromonitor report is based on information from its database, publicly available sources, industry reports, data obtained from interviews and other sources. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, any of their respective directors, officers, affiliates, advisors or representatives, or any other party involved in the Global Offering, and no representation is given as to its accuracy. We, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, any of their respective directors, officers, affiliates, advisors or representatives, and any other party involved in the Global Offering make no representation as to the completeness, accuracy or fairness of such information and accordingly such information should not be unduly relied upon.

MACRO ENVIRONMENT IN CHINA

According to the National Bureau of Statistics, from 2008 to 2012, China's nominal GDP increased from RMB31,404.5 billion to RMB51,932.2 billion, with a CAGR of 13.4%. Beginning in 2010, China surpassed Japan to become the world's second-largest economy behind the United States. China's real GDP growth, though experiencing a slowdown due to being affected by the Eurozone debt crisis since 2011, still maintained a level that was notably higher than that of most major developing and developed countries, making China one of the fastest-growing major economies in the world.

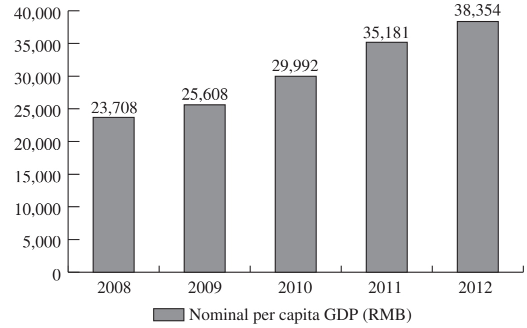
During this period, the PRC central government also set its policy direction towards transforming China's growth strategy by promoting urbanization and increasing personal income (particularly for mid- and low-income groups) to drive domestic consumption, as evidenced by the directives set forth in the 12th Five-Year Plan for China's National Economic and Social Development. As a result, China's nominal per capita GDP rose from RMB23,708 in 2008 to RMB38,354 in 2012, representing a CAGR of 16.1%.

China's nominal GDP and real GDP growth (2008 – 2012)



Source: National Bureau of Statistics

China's nominal per capita GDP (2008 – 2012)



Source: National Bureau of Statistics

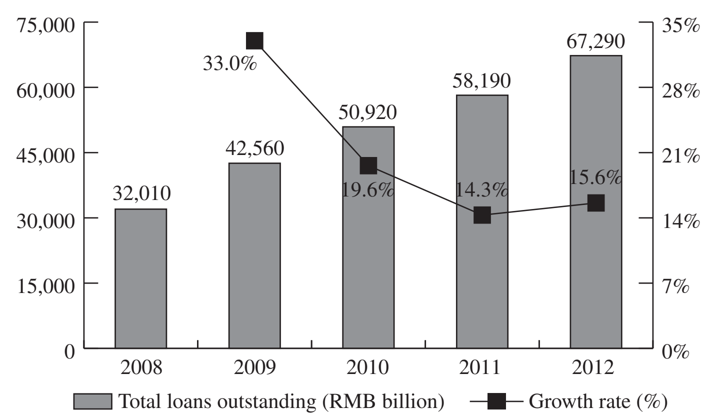
CHINA'S FINANCING AND BANKING ENVIRONMENT

China's financial services industry, particularly the banking industry, has experienced robust growth in the last decade along with its overall economic growth. Total added value (the balance of total output of enterprises from operation deducted by the material products and labor value transferred/consumed during operation) of China's financial services industry increased from RMB435.3 billion in 2001 to RMB2,495.8 billion in 2011, representing a CAGR of 19.1%, which was higher than China's real GDP growth in the same period.

Since the start of its economic reform in 1978, China has established multi-dimensional banking institutions that include the "big-five" state-owned banks, large commercial banks, city/rural commercial banks and credit cooperatives. While the banking industry forms the backbone of China's financial services industry, non-banking financial institutions (including pawnshops, guarantee companies and micro and small loan companies) in China have also achieved rapid growth and are able to offer flexible, expedient and diversified financial services to SMEs that are able to meet their financing needs.

According to the PBOC, the balance of the total outstanding loans for all PRC financial institutions increased from RMB32.0 trillion as of December 31, 2008 to RMB67.3 trillion as of December 31, 2012, representing a CAGR of 20.4%. Despite the general tightening of monetary policy since 2011, year-on-year growth in outstanding loans for all PRC financial institutions as of the end of 2011 and 2012 was still at 14.3% and 15.6%, respectively.

Balance of total outstanding loans and year-on-year growth rates



Source: the PBOC

According to the major index of commercial banks as published by the CBRC on its official website, the non-performing loans of the commercial banks in China experienced an increasing trend, recording RMB526.5 billion, RMB539.5 billion and RMB563.6 billion, respectively, for the three quarters in 2013. According to the monthly financial statistics reports published by the PBOC on its official website, the weighted average monthly inter-bank rates in the PRC recorded 6.58% in June 2013, a 3.66% increase from that of 2.92% in May 2013. Though such rate decreased to 3.54% in July 2013, it raised the market concern about the PRC banking industry in general. For the relevant risks in relation to such market condition to our business, see "Risk Factors — Risks Relating to Our Business and Industry — Our business model could be negatively affected by changes and fluctuations in the banking industry."

In the Decision on Major Issues Concerning Comprehensively Deepening Reforms (中共中央關於全面深化改革若干重大問題的決定) as adopted at the close of the Third Plenary Session of the 18th CPC Central Committee (中國共產黨第十八屆中央委員會第三次全體會議), it is provided that financial industry will be further opened up; qualified private capital will be allowed to establish medium and small financial institutions including banks under enhanced supervision; and financial innovation will be encouraged, with a more diverse financial market layers and products.

CHINA'S SME SEGMENT

According to Euromonitor, since the beginning of China's economic reform and the opening-up policies in 1978, SMEs have become the most vibrant and one of the fastest-growing economic segments. Since 2010, SMEs contributed over 60% of China's GDP and over 50% of the government's tax income in China, and created approximately 80% of total employment in the urban areas. SMEs have become an indispensable force in promoting economic and employment growth, driving technological and enterprise system innovation and helping China's economic transformation.

According to SAIC, there were more than 50 million SMEs and microenterprises in China as of December 31, 2011. SMEs play an important part in the national economy. From June 2007 to June 2012, the SMEs with a registered capital of less than RMB10 million recorded the fastest growth, contributing 89.1% of the growth of the total number of enterprises.

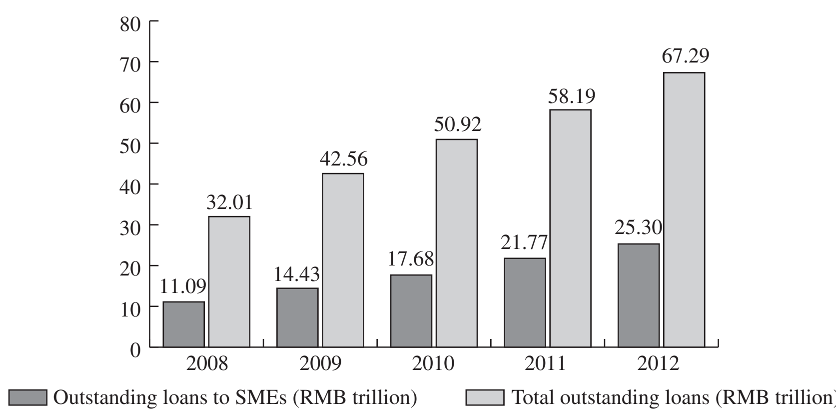
According to the National Bureau of Statistics, the number of SMEs under the "industrial enterprises above the designated size" category in China increased from 422,925 in 2008 to 449,130 in 2010 with a CAGR of 2%, while their total revenue, as a percentage of the total revenue for all the "industrial enterprises above the designated size," remained above 60% from 2008 to 2010, indicating the overall health of SMEs across all sectors. ("Industrial enterprises above the designated size" is officially defined by PRC state authorities as industrial companies having revenue of RMB5 million or above prior to 2011, and RMB20 million or above since 2011.)

Notwithstanding its importance to China's economic growth, the financing needs of SMEs have been largely underserved by traditional financial institutions, and there exists a significant need for financial services companies targeting small and microenterprises in China. PBOC uses different monetary measures, such as limiting the total loan amount and increasing the minimum amount of reserves of commercial banks, to conduct market intervention for macroeconomic purposes. As a result, China's commercial banks at times are restrained from conducting their lending business solely on the basis of operational and commercial considerations. Meanwhile, SMEs have become the most vibrant force in China's market economy, greatly contributing to China's economic growth and employment. The continuous, healthy development of the SME segment is vital to China's continued social and economic development.

Due primarily to establishing market dominance through better resource allocation, most commercial banks principally target large, state-owned companies and focus their financial services on key clients, industries, regions and products. Though in recent years traditional banks are attaching greater importance to serving SMEs and microenterprises under government guidance, they are still reluctant to lend to SMEs and microenterprises because: (i) the major bank loans, being asset-based loans and credit loans, often require borrowers to provide asset collateral and a full set of credit records, respectively, both of which SMEs and microenterprises generally lack; and (ii) the management and operations of SMEs and microenterprises are difficult for banks to evaluate as they are typically less structured or formalized compared to large, state-owned companies. Even for some commercial banks targeting SMEs, they are still largely focused on serving large, state-owned companies, similar to other major banks. As a result, there remains a significant need for financial services to SMEs and microenterprises in China.

According to the PBOC, while the balance of the total outstanding loans to SMEs from PRC financial institutions increased from RMB11.1 trillion in 2008 to RMB25.3 trillion in 2012 with a CAGR of 22.9%, they represented only 34.6% and 37.6% of the balance of the total outstanding loans of PRC financial institutions in 2008 and 2012, respectively.

Balance of the outstanding loans from all financial institutions in China



Source: PBOC

In recent years, the PRC government has encouraged commercial banks in China to provide loans to SMEs and microenterprises. As stipulated in the CBRC Guidance Opinion Regarding Furthering Financial Services for Small and Micro Enterprises (中國銀監會關於進一步做好小微企業金融服務工作之指導意見), the CBRC has required all banking and financial institutions to ensure that (i) the loan growth to micro and small enterprises will not be less than the average growth for other loans; and (ii) amount of new SME loans in this year shall not be less than the amount for the year.

FINANCING GUARANTEE INDUSTRY IN CHINA

The history of China's financing guarantee industry began in 1993, when the State Council approved the founding of China National Investment and Guaranty Co., Ltd. (中國投資擔保有限公司). Although the financing guarantee industry grew slowly before 2000 with a limited number of guarantee companies (most of which were owned by the government), it has since evolved into an established, regulated, well-accepted and fast-growing segment of China's financial services industry, dominated by private sector entities.

Policy Environment

The PRC government recognizes the mismatch between the banking industry's lack of focus on the SME segment and the significant financing demand of SMEs. Therefore, in recent years, the PRC government has published a series of policies and guidance to promote active participation of the financing guarantee industry to bridge the gap between commercial banks and the SME segment. For example:

- the CBRC has urged local governments to implement preferential policies and expand tax exemptions or reduction policies toward credit guarantee companies;

- regional credit guarantee associations are under government guidance to actively promote cooperation between private guarantee companies and commercial banks;

- in March 2010, as approved by the State Council, seven central government departments, including the CBRC and the NDRC, jointly issued the Temporary Regulations on Administration of Financing Guarantee Companies (融資性擔保公司管理暫行辦法), which officially established a more formalized regulatory framework for China's financing guarantee industry;

- in May 2012, the Ministry of Finance and the Ministry of Industry and Information Technology jointly issued a revised version of the Regulations on Administration of SME Credit Guarantee Funds, proposing to offer subsidies to guarantee companies of 1%, 2% and 3% of their annual average balance of the guarantees extended to medium-sized enterprises, small enterprises and microenterprises, respectively, subject to other restrictions and approvals;

- the PRC central government has initiated the construction of a credit system for the financing guarantee industry, and has required local authorities to set up re-guarantee centers (which are not profitable or competitive with financing guarantee institutions) to utilize a re-guarantee system to take a bigger role in sharing the risks of private financing guarantee companies. According to the report prepared by Euromonitor, as of December 31, 2012, 15 provincial regions have established provincial-level credit re-guarantee centers covering 18 provinces; and

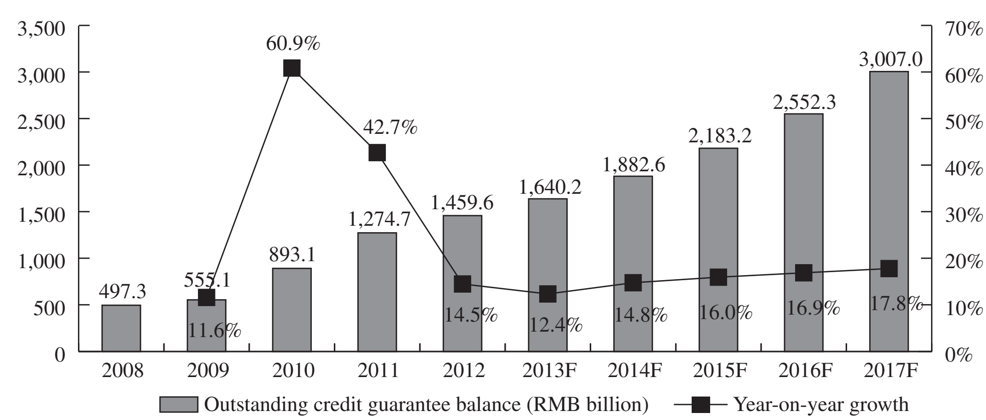
- in March 2013, the Ministry of Industry and Information Technology further issued the Implementation Program for Special Action to Support Small and Micro-enterprises, where it agreed to support over 500 guarantee and re-guarantee companies to provide guarantee services for small and microenterprises.

After a phase of rapid growth, China's financing guarantee industry began to show trends of polarization under the pressure from business contraction affecting the SME segment in 2011, with the defaults of several leading guarantee companies in late 2011. An industry-wide overhaul, led by the government, was carried out in many provinces and cities locally, imposing higher standards in capital requirement and financial conditions for market entry and eliminating illegally-operated and unqualified guarantee companies. Moreover, since late 2012, the CBRC has started to revise the 2010 Temporary Regulations on Administration of Financing Guarantee Companies, with new provisions that address the sustainability of financing guarantee companies, profit model and further refining the rules and regulations governing the industry to improve the regulatory requirements for the development of the industry.

Market Trends and Growth Drivers

According to the CBRC, the total balance of the outstanding financing guarantee in China increased from RMB497.3 billion to RMB1,459.6 billion from 2008 to 2012, representing a CAGR of 30.9%. Although the growth has significantly slowed down in 2012 following the economic slowdown and tightening of market regulations, it still reported a year-on-year growth rate of 14.5%. Given that the financing guarantee industry is noticeably better regulated after the government-led overhaul in 2012, which was driven by continuous substantial demand from the SME segment for non-bank financing services and government policy support, Euromonitor is of the view that total balance of the outstanding guarantees in China will continue to grow from RMB1,459.6 billion in 2012 to RMB3,007.0 billion by 2017, with a CAGR of 16.4%.

Balance of the outstanding credit guarantee (2008 – 2017F)



Source: CRBC, Euromonitor

The financing guarantee industry has also played an active role in meeting the financing needs of SMEs and microenterprises. According to the CBRC, the balance of the outstanding loans to SMEs backed by financing guarantees accounted for over 70% of the total balance of the outstanding loans backed by financing guarantees, and this proportion increased from 73.1% in 2008 to 78.4% in 2012.

In summary, Euromonitor considers that China's financing guarantee industry will continue to be driven by the following key growth factors:

- the vital role of SMEs and microenterprises for China's social and economic development and the government's support for their continuous growth;
- the continued reliance on non-bank financial institutions to bridge the gap between the banking system's lack of focus on the SME segment and the significant financing demand of SMEs;
- the continued policy support from government towards a healthy development and functioning of China's financing guarantee industry; and
- an increasingly structured and formalized regulatory environment to eliminate illegal and unqualified players in the financing guarantee market.

Competitive Landscape

Financing guarantee industry

There is a large number of financing guarantee companies in China. According to the CBRC, at the end of 2011, China had a total of 8,402 financing guarantee companies, an increase of 39.2% from the previous year. At the end of 2012, the number of financing guarantee companies increased by 2.2% year-on-year to 8,590, of which 22.2% were state-owned and 77.8% were privately or foreign-owned. Private and foreign companies far outnumbered state-owned ones, reflecting increasing private capital inflow into this business.

As the balance of a financing guarantee company's outstanding financing guarantees cannot exceed ten times its net assets and paid-in capital is a key component of that, in practice the amount of a financing guarantee company's paid-in capital determines the amount of financing it can guarantee and, consequently, its revenues. As such, a company's paid-in capital is one of the most important factors in measuring its strength.

According to the report prepared by Euromonitor, at the end of 2012, the entire financing guarantee industry recorded a paid-in capital of RMB828.2 billion. Among all industry participants, 54 enterprises had a paid-in capital of over RMB1 billion, 4,150 enterprises had a paid-in capital of RMB100 million to RMB1 billion and the remaining 3,673 enterprises had a paid-in capital of RMB20 million to RMB100 million.

As of the end of May 2013, the six largest guarantee companies in terms of registered capital in the industry each had a paid-in capital of above RMB3 billion. Their combined paid-in capital accounted for about 2.7% of the industry's total registered capital, indicative of a highly fragmented market. However, with the tightening of the regulatory requirements, and the recent drawback from commercial banks to cooperate with guarantee companies resulting from the collapse of certain major guarantee companies, Euromonitor considers that, going forward, the few large guarantee companies that continue to enjoy the support of commercial banks will continue to expand their businesses, and the resources and advantages are likely to become concentrated in a smaller number of large and medium-sized guarantee companies.

The following table sets forth the ranking of the six largest credit guarantee companies in China by registered capital as of May 31, 2013:

Ranking	Company	Type	Registered capital as of May 31, 2013
			(RMB billion)
1	China United SME Guarantee Corporation	Joint venture	5.1
2	Hebei Financing Investment Holding Group Co., Ltd.	State-owned	4.5
3	China National Investment & Guarantee Co., Ltd.	Joint venture	3.5
4	**Hanhua Financial Holding Co., Ltd.**	**Private**	**3.0**
4	Chongqing Sanxia Guarantee Group	State-owned	3.0
4	Chongqing Xingnong Financing & Guarantee Co., Ltd.	State-owned	3.0

Source: Euromonitor

A financing guarantee company's geographic presence is another important factor in measuring its strength. According to Euromonitor, most financing guarantee companies operate in one or two provinces where their headquarters are based, due to the fact that: (i) the procedures for setting up a branch office in different provincial regions are complex, requiring the approval from regulatory authorities located in the province of the headquarters and the province of the planned branch office; (ii) inter-regional or nationwide operations place higher requirements on a company's management team, as regulations require a nationwide company to have at least two independent directors, a chief compliance officer and a chief risk officer; and (iii) regulatory authorities in certain regions have more stringent registered capital requirements for companies with multi-regional operations. Therefore, a financing guarantee company with nationwide operations usually has greater capital strength and a larger distribution network capable of serving a much larger customer group.

In terms of presence and locations of operation, according to Euromonitor, Hanhua Financial Holding Co., Ltd. ranks first in the industry with a presence in 20 provinces as of May 31, 2013. The following table sets out the ranking of the top five guarantee companies in China by geographical coverage as of May 31, 2013:

Ranking	Company	Type	Geographical presence as of May 31, 2013
1	**Hanhua Financial Holding Co., Ltd.**	**Private**	**20**[1]
2	High Technology Investment Group Limited	Private	16
3	Fullerton Guarantee Limited	Foreign	10
4	Credit Orienwise Group Ltd.	Private	9
5	Chongqing Sanxia Guarantee Group	State-owned	5

Source: Euromonitor

Note[1]*:* As of May 31, 2013, Hanhua Financial Holding Co., Ltd. held licenses in 16 provinces and had branch establishments in four other provinces pending license approval. For the remaining four companies listed in the above table, the number of geographical presence represents only the number of provinces with branch presence, without regard to licensing status.

THE SMALL LOAN INDUSTRY IN CHINA

Development of micro and small loan industry in China can be divided into three phases:

- 1994-1999: the pilot scheme for rural credit loan businesses started in 1994, principally as a tool to lessen poverty rates;

- 1999-2005: PRC government started to be more actively involved in developing the micro and small loan business; and

- 2005 to present: micro and small loan businesses have become more commercialized; starting from May 2008, pursuant to the Guiding Opinions on the Pilot Operation of Small Loan Companies promulgated by the PBOC and the CBRC, micro and small loan companies were granted legal status and became a platform for private capital and financial institutions servicing SMEs and microenterprises.

Major Participants in China's Small Loan Market

In China, institutions that offer micro and small loans mainly include non-governmental organizations, city/rural banks and small loan companies. These three types of institution are governed by different regulatory agencies, laws and regulations, and vary in flexibility with regard to their operations:

- ***Non-governmental organizations*** **–** which can only take donations and cannot finance (through share capital or debt) or take deposits. Their scope of operation is strictly limited to the geographical area where they are licensed.

- ***City/rural banks*** **–** which are similar to other commercial banks and can take deposits and provide all-round financial services. City/rural banks can make equity and debt financing under the supervision of the CBRC. As financial institutions, the Ministry of Commerce and the NDRC governs them, and they are required to have at least three years' operating experience, be profitable in the most recent two consecutive years, and extend at least 60% of their total loans to the agriculture sector.

- ***Small loan companies*** **–** which, as defined by the CBRC, can be either a limited liability company or a company limited by shares. In general, a small loan company is not allowed to take deposits and its bank loans may not exceed 50% of its paid-in capital. A small loan company normally offers unsecured, uncollateralized loans to SMEs and personal customers, with a loan amount to a single client generally not exceeding 5% of its paid-in capital (adjustable according to local regulations).

Policy Environment

Various banking laws and regulations in China are generally not applicable to micro and small loan companies. The CBRC and the PBOC have published guidance rules on micro and small loan companies, which were further expanded and codified into local rules and regulations by the competent local authorities. In general, a micro and small loan company is regulated locally at the provincial or the municipal level.

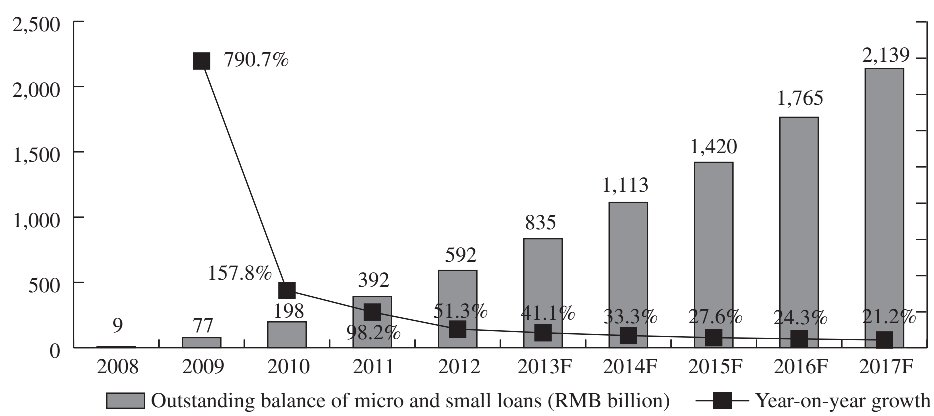
Local governments have launched a series of supporting policies to encourage SME lending, such as the Implementation Opinions on Financial Support to Small and Micro Enterprises Development (關於金融支持小微企業發展的實施意見) and Guidance Opinions on Financial Support to Economic Structure Adjustment and Reform and Upgrade (關於金融支持經濟結構調整和轉型升級的指導意見), both of which were promulgated by the State Council, while local regulatory agencies hope small loan companies can play a bigger role in helping SMEs with financing problems and strengthening business innovation to achieve better performance.

Market Trends

According to the PBOC, China's small loan industry grew at a substantial annual growth rate during the period of 2008–2012, representing a CAGR of 188.1%. In 2012 the small loan industry extended an aggregate of RMB200.5 billion of additional loans compared to 2011, with a balance of outstanding loans of RMB592.1 billion as of the end of 2012. Despite its rapid growth, the small loan industry's total balance of outstanding loans is still small as a percentage of China's total outstanding loans. As of the end of 2012, the balance of outstanding loans made by small loan companies accounted for only 0.9% of the total balance of the outstanding loans. The small loan industry recorded substantial growth in new loans and outstanding loans in 2012.

According to Euromonitor, China's small loan industry is expected to continue to grow after already recording substantial growth. Euromonitor projects that the growth rate of the small loan industry will remain over 20% as SMEs and microenterprises in China continue to face the widespread difficulty of financing through the banking sector. Euromonitor forecasts that the balance of outstanding loans of the small loan industry will grow at a CAGR of 26.5%, and is likely to reach RMB2,138.8 billion by 2017, nearly four times the amount at the end of 2012.

Balance of outstanding micro and small loans



Source: PBOC, Euromonitor

Competitive Landscape

From a macro perspective, small loan companies are in competition with commercial banks, with a major disadvantage of being prohibited from taking deposits from the general public as a source of funding. Typically, small loan companies have to resort to either shareholders' equity or bank borrowings not exceeding 50% of their paid-in capital, although certain local governments have relaxed the ceiling to 100%.

In order to properly service the financing needs of the SMEs and microenterprises, commercial banks would have to increase their branch network and employ additional personnel to cater to the local SMEs and microenterprises, which would mean more frequent loan applications, leading to an increase in overall costs.

Micro and small loan companies are generally monitored and regulated by the relevant local governmental authorities. Since there is no nationwide supervising authority for micro and small loan companies, they are generally restricted from operating across regions. For a small loan company to expand its business to other regions, it must register a new company in its target regional market, which is a more complicated and more time-consuming process than setting up a branch office. Therefore, most micro and small loan companies in China are still operating within one city, and the small loan business is highly regional. Yet it is this local level characteristic that makes it easier for small loan companies to service local SMEs and microenterprises as compared to commercial banks. Moreover, small loan companies typically offer micro and small loans in a more convenient, efficient and personal manner, and are subject to more simplified evaluation, approval and procedural formalities as opposed to commercial banks.

The small loan industry is fragmented. According to Euromonitor, at the end of 2012, there were a total of 6,080 small loan companies in China, an increase of approximately 1,800 companies from 4,282 at the end of 2011, with a total paid-in capital of RMB514.7 billion, averaging RMB85 million per company.

According to the Guiding Opinions on the Pilot Operation of Small Loan Companies jointly issued by the PBOC and the CBRC, the maximum leverage ratio of a small loan company is 50%, namely, a small loan company is generally allowed to finance up to 50% of its paid-in capital from bank borrowings. As such, the paid-in capital of a small loan company directly determines its lending ability and, therefore, constitutes a key factor in assessing a small loan company's overall strength. The following table sets forth the ranking by registered capital of the five largest small loan companies in China as of May 31, 2013:

Ranking	**Company**	**Type**	**Registered capital as of May 31, 2013**
			(RMB billion)
1	United Asia Finance	Foreign	3.3
2	Alibaba Small-loan Co., Ltd.	Private	1.6
3	**Hanhua Financial Holding Co., Ltd.**	**Private**	**1.3**
4	Longma Xingda Small-loan Co., Ltd.	Private	1.2
5	Chengdu Tonsun Small-loan Co., Ltd.	Private	1.0

Source: Euromonitor

As small loan companies are regulated at a local level and cross-region business establishment is a complicated and time-consuming process, the majority of micro and small loan companies operate only in one city; nationwide presence is uncommon in the industry. Only a few participants including United Asia Finance, Hanhua Financial Holding Co., Ltd. and Alibaba Small-loan Co., Ltd., have operations in multiple regions, giving them a significant competitive advantage in terms of business scale, diversity of customer base, brand recognition and product launch. The following table sets out the three largest small loan companies by the number of provincial-level cities covered by their branch network as of May 31, 2013:

Ranking	Company	Type	Geographical presence (according to the number of provincial-level cities covered by their branch network) as of May 31, 2013
1	United Asia Finance	Foreign	11
2	**Hanhua Financial Holding Co., Ltd.**	**Private**	**6**[1]
3	Alibaba Small-loan Co., Ltd.	Private	2

Source: Euromonitor

Note[1]: Only the loan subsidiaries of Hanhua Financial Holding Co., Ltd. are included.

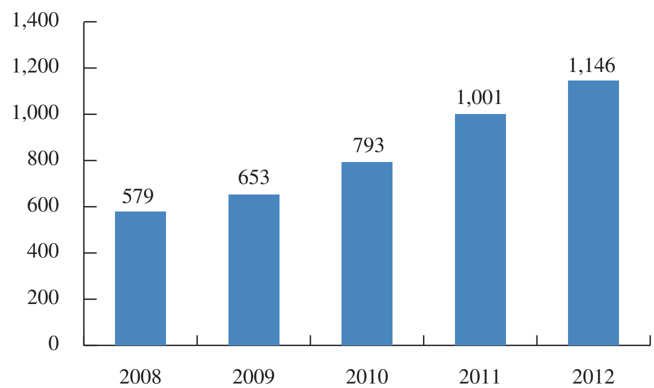
MACRO ENVIRONMENT IN CHONGQING AND WESTERN CHINA

Chongqing is the largest in size and the most populous among the four directly administered municipalities in the PRC, covering an area of 82,400 square kilometers with a residential population of over 30 million as of December 31, 2012. Also since 2007, Chongqing has been approved by the PRC government as a trial area for China's Coordinated Urban and Rural Development Comprehensive Reform (全國統籌城鄉綜合配套改革試驗區) and also designated as one of the five national central cities (國家中心城市) together with Beijing, Shanghai, Tianjin and Guangzhou.

Due to the Western Development Strategy ("西部大開發"戰略) implemented by the PRC government, which aims to develop the western areas of China including six provinces (Gansu, Guizhou, Qinghai, Shaanxi, Sichuan, and Yunnan), five autonomous regions (Guangxi, Inner Mongolia, Ningxia, Tibet, and Xinjiang) and one municipality (Chongqing), and the rising production costs in coastal areas of eastern China, industries in eastern China are in the process of gradually relocating to western China, and Chongqing also takes advantage of this relocation. Chongqing has accelerated economic growth over the past five years. According to the "Statistical Communique of Chongqing on the 2012 National Economic and Social Development" ("2012年重慶市國民經濟和社會發展統計公報"), from 2008 to 2012, Chongqing's nominal GDP grew at a

CAGR of 18.6%, which is higher than the 13.4% CAGR of national nominal GDP for the same period. The per capita nominal GDP of Chongqing in 2012 was RMB39,083 which was also higher than the national per capita nominal GDP.

Chongqing's nominal GDP (2008-2012, RMB in billion)



Source: Statistical Communique of Chongqing on the 2012 National Economic and Social Development

The Chongqing municipal government has been actively developing Chongqing into an economic and financial center in the upper reaches of the Yangtze River, and the development of Chongqing's financial industry has achieved significant progress and has increasingly contributed to Chongqing's overall economic growth. According to the "Statistical Communique of Chongqing on the 2012 National Economic and Social Development", in 2012, the added value of Chongqing's financial industry was approximately RMB91.6 billion, increased by 20.8% from 2011, which accounted for 8% of Chongqing's GDP.

FINANCIAL GUARANTEE INDUSTRY IN CHONGQING AND SICHUAN

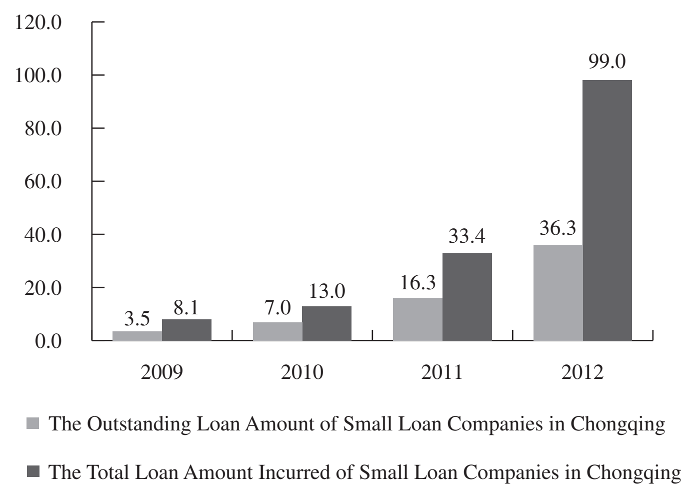
According to Chongqing Finance Bureau, as of December 31, 2012, there were 153 guarantee companies in Chongqing with total assets of RMB32.2 billion, net assets of RMB25.0 billion and paid-in capital of RMB27.2 billion. The outstanding financing guarantee amount of guarantee companies in Chongqing was RMB96.2 billion, increased by RMB30.4 billion from 2011, and represented an increase of 46.3% from 2011 to 2012.

According to the Financing Guarantee Association of Sichuan ("四川省融資擔保業協會"), as of December 31, 2012, there were 492 guarantee companies in Sichuan with total assets of RMB55.7 billion, net assets of 43.9 billion and paid-in capital of RMB38.6 billion. The outstanding financing guarantee amount of guarantee companies in Sichuan was RMB189.0 billion, increased by RMB35.0 billion from 2011, and represented an increase of 22.7% from 2011 to 2012.

THE SMALL LOAN INDUSTRY IN CHONGQING AND SICHUAN

According to the Chongqing Association of Microcredit ("重慶市小額貸款公司協會"), as of December 31, 2012, there were 181 small loan companies in Chongqing. The outstanding loan amount of small loan companies in Chongqing was RMB36.3 billion, increased by RMB20.0 billion from 2011, and represented an increase of 122.7% from 2011 to 2012 and a CAGR increase of 130.4% from 2009 to 2012. The total loan amount incurred of small loan companies in Chongqing was RMB99.0 billion, increased by RMB55.6 billion from 2011, and represented an increase of 166.4% from 2011 to 2012 and a CAGR of increase of 118.7% from 2009 to 2012.

The outstanding loan amount and the total loan amount incurred of small loan companies in Chongqing (2009 – 2012, RMB in billion)



Source: Chongqing Association of Microcredit

According to the Sichuan Association of Microcredit ("四川省小額貸款公司協會"), as of December 31, 2012, there were 239 small loan companies in Sichuan with total assets of RMB41.3 billion, net assets of RMB36.7 billion and paid-in capital of RMB35.7 billion. The outstanding loan amount of small loan companies in Sichuan was RMB37.6 billion, increased by RMB21.4 billion from 2011, and represented an increase of 131.3% from 2011 to 2012. The total loan amount incurred of small loan companies in Sichuan was RMB67.6 billion, increased by 144.3% from 2011.

SOURCE

We appointed an independent third party, Euromonitor, to conduct a customized and detailed analysis of the credit guarantee and micro and small loan industries in China in order to evaluate the existing market scale and future market potential, and provide an objective and fair overview of China's credit guarantee and micro and small loan industries in its report.

Euromonitor primarily adopted the top-down research method, assisted by information collected through the bottom-up research method to prepare its report. It conducted primary research, secondary research and used its internal database as a major data source for its report. Primary research involves visits to observers from credit guarantee and micro and small loan companies and banks, China's national or regional associations, governmental or semi-official agencies and other sectors, and interviews with different stakeholders. Secondary research relates to employment of professional analysts to collect information from various publications. Euromonitor seeks to ensure the accuracy of the projections included in its report by conducting both quantitative and qualitative analyses on the market size and growth trends, and used data from government authorities, industry public information and industry interviews, cross-checked with historical market information, as the basis for the projections. Euromonitor used various sources of information, which accuracy was verified, and analyzed, and compared each interviewee's information and opinion to avoid bias.

We paid Euromonitor RMB305,280 for its research services, which we believe reflects the prevailing market rate. Except for Euromonitor's report, we have not appointed anyone else to prepare any other research report for the listing report or this prospectus.

We prepare this section of this prospectus based on Euromonitor's report so as to provide our prospective investors with a comprehensive description of our industry. This prospectus also records some information excerpted from Euromonitor's report, which can be referred to in "Summary," "Risk Factors," "Industry Overview," "Business" and "Financial Information."