The information presented in this section is derived from various official government publications and other publications and from the market research report prepared by BHCC which was commissioned by us, unless otherwise indicated. We believe that the sources of such information are appropriate sources for such information and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering and no representation is given as to its accuracy. See also the section headed "Risk Factors—Risks Relating to the Global Offering and Our Shares—Certain statistics contained in this prospectus are derived from a third party report and publicly available official sources" in this prospectus.

SOURCES OF INFORMATION

We commissioned BHCC, an independent market research consulting firm which is principally engaged in the provision of market research consultancy services, to conduct a detailed analysis of China's financial leasing market, including analyses of the healthcare, education, infrastructure construction, shipping, printing and machinery industries. Based on its analyses, BHCC prepared a market research report which consists of overviews of the following:

- China's economy;
- the financial leasing industry worldwide and in China; and
- characteristics, historical trends and prospects of the six target industries in which we operate.

BHCC's independent market research was undertaken through both primary and secondary research obtained from various sources within China. Primary research involved interviewing many leading industry participants from dozens of companies as well as industry experts. Secondary research involved reviewing 76 companies' credit reports, research reports issued by independent third parties and BHCC's proprietary database. Researchers from BHCC also visited peer companies to gather information about the market share, penetration ratio and other relevant information. All the statistics presented by BHCC in its market research report were verified and can objectively show characteristics of the industry and the Company.

In preparing the market research report, BHCC employed various methodologies, including scientific sampling and data deduction model. In addition, BHCC has relied on certain assumptions as follows:

- the world economy grows steadily, at an annual growth rate of 1%-3%;
- the effective exchange rate of the RMB remains relatively stable, with an annual fluctuation range of less than 5%;
- China's CPI remains steady, with an annual CPI of less than 3%;
- China's economy grows steadily, with an annual growth rate of 8%;

- the Chinese government will continue to provide a stable and consistent business environment, and there will be no major policy changes that will significantly impact the financial leasing business in the relevant industries analyzed in the report; and
- the Chinese financial leasing industry remains relatively stable, without taking new competitors into consideration.

We have extracted certain information from the research report of BHCC dated March 2011 in this section so as to provide our potential investors with a more comprehensive presentation of the industries in which we operate. We paid a fee of RMB200,000 to BHCC for the market research report. Except for this market research report, we did not commission any other customized research report in connection with the Listing or this prospectus.

OVERVIEW OF CHINA'S ECONOMY

Over the past three decades, China's economy has grown significantly due to the PRC Government's extensive economic reforms. China was the third largest economy in the world in terms of GDP in 2009, and according to official statistics, China surpassed Japan as the world's second largest economy in terms of nominal GDP in the second quarter of 2010. Between 2005 and 2009, the nominal GDP of China grew at a CAGR of 16.5% from approximately RMB18.5 trillion to approximately RMB34.1 trillion. The International Monetary Fund has forecast that the Chinese economy will have grown by 10.5% in 2010 and will grow by 9.6% in 2011, and the nominal GDP of China is expected to grow to RMB66.8 trillion by 2015 at a CAGR of 11.9% from 2009 to 2015. The table below sets forth certain economic indicators for China from 2005 to 2009.

	For the year ended December 31,					
	2005	2006	2007	2008	2009	CAGR
China's nominal GDP (RMB billion)	18,494	21,631	26,581	31,405	34,051	16.5%
China's fixed asset investment (RMB billion)	8,877	11,000	13,732	17,283	22,485	26.2%
China's urban fixed asset investment (RMB billion)	7,510	9,337	11,746	14,874	19,414	26.8%
China's urban equipment and tool spending (RMB billion)	1,644	2,040	2,569	3,357	4,257	26.9%
● *As a proportion of urban fixed asset investment*	*21.9%*	*21.8%*	*21.9%*	*22.6%*	*21.9%*	—
China's leasing and commercial services (RMB billion)	55	73	95	136	189	36.1%
● *As a proportion of urban equipment and tool spending*	*3.3%*	*3.6%*	*3.7%*	*4.0%*	*4.4%*	—

Source: National Bureau of Statistics of China

China's strong economic growth is mainly attributable to a significant expansion in fixed asset investment, which grew at a CAGR of 26.2% between 2005 and 2009. Such expansion in fixed asset investment has been largely driven by an acceleration in urbanization in China, as reflected in the corresponding growth in urban fixed asset investment. China's urban fixed asset investment has expanded rapidly from RMB7,510 billion in 2005 to RMB19,414 billion in 2009, at a CAGR of 26.8%. During the same period, a substantial proportion of urban fixed asset investment comprised equipment and tools spending, which increased from RMB1,644 billion to RMB4,257 billion at a CAGR of 26.9%.

Steady growth in total fixed asset investment, urban fixed asset investment and urban equipment and tool spending between 2005 and 2009 has provided favorable market opportunities for the further development of China's financial leasing industry. The proportion of urban equipment and tool spending which has been funded through leasing and commercial services increased from 3.3% in 2005 to 4.4% in 2009, and the volume of leasing and commercial services increased at a CAGR of 36.1% over the same period. However, the statistical data relating to leasing and commercial services only takes into account leasing of mechanical equipment, cultural goods and commodities, but not data relating to financial leasing conducted by affiliates of banks or financial institutions, aircraft leasing and automobile leasing. As such, the actual financial leasing transaction value in China is larger than that shown in the leasing and commercial services statistics in the above table.

OVERVIEW OF THE FINANCIAL LEASING INDUSTRY IN CHINA

Predominance of Bank Loan Financing

There are four main sources of financing in China's financial industry: bank loans, government bonds, corporate bonds and equity financing. Bank loans are currently the predominant source of financing due to the large capital base and extensive network of China's banking institutions and accounted for approximately 80.5% of all financing in 2009. Non-bank financing currently accounts for a much smaller proportion of all financing primarily because the debt and equity markets in China are still at an early stage of development and are not presently able to meet the growing demand for financing in China, particularly from privately owned enterprises.

	As of December 31,									
	2005		2006		2007		2008		2009	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Bank loans (RMB billion)[2]	2,462	80.2%	3,269	82.0%	3,921	78.7%	4,985	83.1%	10,523	80.5%
Government bonds (RMB billion)[3]	300	9.8%	268	6.7%	179	3.6%	103	1.7%	818	6.3%
Corporate bonds (RMB billion)[4]	201	6.6%	227	5.7%	229	4.6%	545	9.1%	1,232	9.4%
Equity financing (RMB billion)[5]	105	3.4%	225	5.6%	653	13.1%	366	6.1%	502	3.8%
Total (RMB billion)	**3,068**	**100.0%**	**3,987**	**100.0%**	**4,982**	**100.0%**	**5,998**	**100.0%**	**13,075**	**100.0%**

Notes:

(1) The above table does not take into account any financing resources obtained by financial institutions, which typically provide capital to end users in the economy such as government and private enterprises.

(2) This refers to the bank loans made for the first time during the years indicated.

(3) For 2005 to 2008, government bonds could only be issued by the central government of the PRC. Since 2009, the Ministry of Finance is authorized to issue debt on behalf of local governments. Therefore, the amount of government bonds in 2009 consists of bonds issued by the central government as well as local governments.

(4) Corporate bonds consist of enterprise debts, corporate bonds, short-term financing bills and medium-term notes.

(5) Equity financing does not take into account public offering proceeds of financial institutions.

Source: National Bureau of Statistics of China

The Underserved Financing Demand of the SMEs

By the end of September 2009, there were approximately 10.3 million small-and-medium enterprises ("**SMEs**") (excluding sole proprietorships) in China (as determined by the standards set by the PRC Government), representing over 99% of all enterprises in China. In 2009, SMEs contributed to approximately 60% of China's GDP. It is estimated by BHCC that the total demand for financing by SMEs will increase from RMB2.46 trillion in 2007 to RMB5.44 trillion in 2012.

Chinese banks have traditionally focused on providing financing to large state-owned enterprises, among other things, due to the transaction size, cost effectiveness and their lending practices which require a rigid assessment of financial track record and the provision of guarantees, the requirements of which SMEs in China may not be able to satisfy. Although in recent years Chinese state-owned banks have provided more financing to SMEs, such financing has primarily been in the form of working capital loans rather than medium and long-term loans. As a result, the outstanding balance of bank loans for SMEs in China was RMB14.7 trillion in 2009, representing only 36.8% of total bank loans.

As Chinese banks are not able to satisfy the increasing financing requirements of SMEs, China has seen significant development in alternative financing markets that are complementary to traditional bank lending. This has led to the development of a more diversified financing market platform in China, which has resulted in considerable market potential for financial leasing services in China. Financial leasing companies consider leasing to be a relatively more secure financing product as compared to bank loans, because they have ownership of the asset underlying the lease until the lessee discharges all outstanding lease payments, and the installment repayment mechanism gradually reduces the repayment default risk. Financial leasing also enables SMEs with limited collateral to secure medium to long-term financing and make fixed investments with limited initial capital. Therefore, financial leasing has become one of the preferred medium to long-term financing instrument for SMEs.

Financial Leasing Markets Worldwide and in China

According to the World Leasing Yearbook 2011[1], global leasing volume of the top 50 countries was US$557 billion in 2009. Europe and Asia accounted for 37.9% and 20.2% of the world market volume in 2009, respectively. In 2009, the aggregate financial leasing volume from the top ten countries in the world reached approximately US$442 billion.

The chart below provides a summary of the aggregate leasing volume, growth rates and market penetration of the top ten countries by leasing volume in 2009.

Top Ten Countries by Leasing Volume in 2009

Ranking	Country	Annual volume (US$billion)	2008-2009 Growth Rate (%)	Market Penetration ratio (%)[2]
1.	US	173.90	-14.8	17.1
2.	Germany	55.30	-26.0	13.9
3.	Japan	53.25	-18.7	7.0
4.	China	41.01	86.7	3.1
5.	France	31.84	-19.8	10.0
6.	Italy	26.78	-32.3	13.1
7.	Brazil	23.31	-48.5	N/A
8.	United Kingdom	14.69	-31.2	17.6
9.	Canada	13.05	-12.9	14.0
10.	Russia	8.87	-60.4	4.1

Source: World Leasing Yearbook 2011

Notes:

(1) World Leasing Yearbook 2011 was published by Euromoney Trading Ltd in January 2011. Euromoney Trading Ltd is an international publishing, events and electronic information group delivering business information to the finance, legal, energy and transport sectors. The information quoted in this section was not commissioned by us or the Joint Sponsors.

(2) Market penetration ratio is based on taking leasing as a proportion of all fixed investment in plant and equipment.

Of the top ten countries above, the majority are developed economies with mature capital markets and financial services industries. Financial leasing, as an alternative financing instrument and funding service, began in the 1970s or earlier in these developed countries and expanded over the past half century as their economies grew.

Similar to its economy, China's financial leasing industry developed late but has experienced fast growth. In 2009, total leasing volume in China amounted to US$41.01 billion, which ranked it 4th globally according to the World Leasing Yearbook 2011 and represented a year-on-year growth rate of 86.7%. BHCC estimates that the financial leasing volume will have grown further to RMB600 billion by the end of 2010. Given the current low penetration ratio of China's financial markets and hence the room to grow and mature, BHCC expects the financial leasing industry in China to experience significant expansion.

DEVELOPMENT OF CHINA'S FINANCIAL LEASING INDUSTRY

Modern financial leasing as an alternative to bank loans originated in the early 1950s in the United States. In the early 1960s, the financial leasing industry developed in Europe, particularly in the United Kingdom and France, as well as in Asia, most notably Japan, to relieve SMEs from the difficulty of obtaining medium to long-term loans. Thereafter, financial leasing expanded rapidly worldwide, and has become one of the most important sources of medium to long-term debt financing.

At the beginning of the 1980s, financial leasing was introduced to China to provide funding for the import of advanced equipment and technologies. The leasing sector experienced a period of stagnation in the 1990s due to industrial and regulatory restructuring, but it has experienced rapid growth in the last decade with the support of strong economic growth and favorable regulatory policies in China. Following China's entry into the World Trade Organization in 2001, China's financial leasing industry expanded significantly with an influx of both foreign and domestic investors into the market. In order to fulfill its commitment to open China's financial leasing industry to the world, the PRC Government implemented several policies which were supported by newly promulgated laws and regulations to stimulate the leasing industry and encourage further investment:

- *Entry of foreign investors.* In 2001, the Ministry of Foreign Trade and Economic Cooperation promulgated the *Provisional Measures on the Administration of Examination and Approval of Foreign-invested Leasing Companies*, which permitted the incorporation of foreign-invested leasing companies either in the form of Sino-foreign equity joint ventures or Sino-foreign cooperative joint ventures. In 2005, MOFCOM promulgated the *Measures on the Administration of Foreign Investment in the Leasing Industry*, which permitted the establishment of foreign-invested enterprises in the form of Sino-foreign equity joint ventures, Sino-foreign cooperative joint ventures and wholly foreign-owned enterprises in the PRC to engage in leasing business or financial leasing business. As such, licenses were granted to foreign investors to establish leasing joint ventures or wholly foreign-owned leasing companies. For instance, GE Capital China and Caterpillar Finance China were licensed in 2004 and more than ten joint venture leasing companies have been established by international banks since 2005, such as Societe Generale, Macquarie Capital and Deutsche Bank.
- *Development of domestic players.* In order to encourage participation by domestic investors in China's leasing industry, the *Circular on Issues in Connection with the Engagement in Financial Leasing Business* was jointly enacted by MOFCOM and the

State Administration of Taxation in 2004. This notice set out detailed requirements for the development of domestic-invested financial leasing pilot enterprises. In 2007, the CBRC issued the newly revised *Measures on Administration of Finance Leasing Companies*, which allowed qualified domestic institutions to invest in or establish financial leasing companies. As a result, there was an increased number of domestic investors entering China's leasing industry. This included China's equipment manufacturers (such as China Resources (Holdings) Co., Ltd., Shanghai Electric Group Co., Ltd., China Chang Jiang Energy Corp. (Group) and Xuzhou Construction Machinery Co., Ltd.) which were licensed by MOFCOM as well as commercial banks licensed by the CBRC (such as China Minsheng Bank, China Everbright Bank, Bank of China, China Construction Bank, Industrial and Commercial Bank of China, Bank of Communications and China Merchants Bank).

In 2008, the PBOC, CBRC, CSRC and China Insurance Regulatory Commission issued the *Several Opinions on Accelerating the Development of the Service Industry with Support from the Financial Sector* to encourage non-bank financial organizations, including financial leasing companies, to provide high quality and efficient trust and financial leasing services for China's service industry. This has effectively stimulated further development of alternative financing in China, including financial leasing.

COMPETITIVE LANDSCAPE

By the end of 2009, there were 164 financial leasing organizations in China. According to international practice, financial leasing companies can generally be classified into three categories based on their respective backgrounds:

(a) Affiliates of banks/financial institutions conducting financial leasing

Bank-affiliated financial leasing companies have the advantage of obtaining stable and sufficient sources of funding. However, they largely depend on their shareholders' marketing network to expand their business and tend to conduct large-scale equipment leasing, such as aircraft leasing and ship leasing. In 2009, there were 17 bank-affiliated financial leasing companies in China. The total transaction value of bank-affiliated financial leasing companies was approximately RMB170 billion and accounted for approximately 46% of the total business volume of all financial leasing companies.

(b) Captive financial leasing companies

Captive financial leasing companies are generally established by equipment manufacturers for the purpose of offering alternative financing options to their parent companies' customers. Captive lessors can promote the sales of their parent companies through their leasing services as well as their knowledge of the assets underlying the leases. However, the customer base of these captive lessors is limited by the scope of products sold by their parent companies. In 2009, there were 43 captive financial leasing companies in China.

(c) Independent financial leasing companies

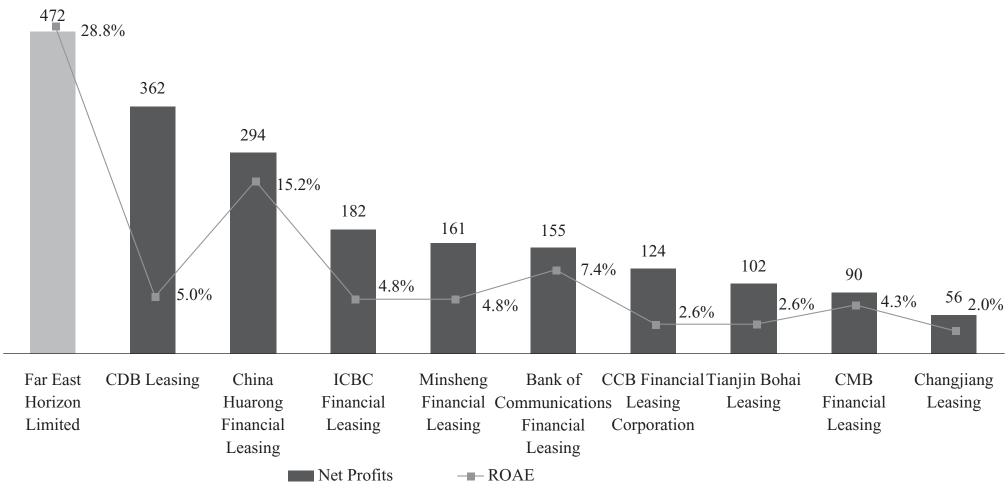
Independent financial leasing companies are able to operate more independently in terms of customer selection and business strategy. In addition to providing financial leasing services, they are also very flexible in providing customized and value-added services catering to specific client needs. In 2009, there were 104 independent financial leasing companies in China.

OUR POSITION IN THE FINANCIAL LEASING INDUSTRY

In 2009, of the ten largest financial leasing companies by asset size in China (the "**Ten Largest Financial Leasing Companies**"), only Far East Horizon Limited, Changjiang Leasing Co., Ltd. and Tianjin Bohai Leasing Co., Ltd. were independent financial leasing companies while the remaining seven companies, namely, CDB Leasing Co., Ltd., ICBC Financial Leasing Co., Ltd., Minsheng Financial Leasing Co., Ltd., China Huarong Financial Leasing Co., Ltd., Bank of Communications Finance Leasing Co., Ltd., CMB Financial Leasing Co., Ltd. and CCB Financial Leasing Corporation Limited, were bank or financial institution-affiliated financial leasing companies.

The following charts present the rankings of the Ten Largest Financial Leasing Companies in 2009 in terms of their (i) net profit and return on average equity ("**ROAE**"), (ii) revenue, and (iii) total assets and return on average assets ("**ROAA**").

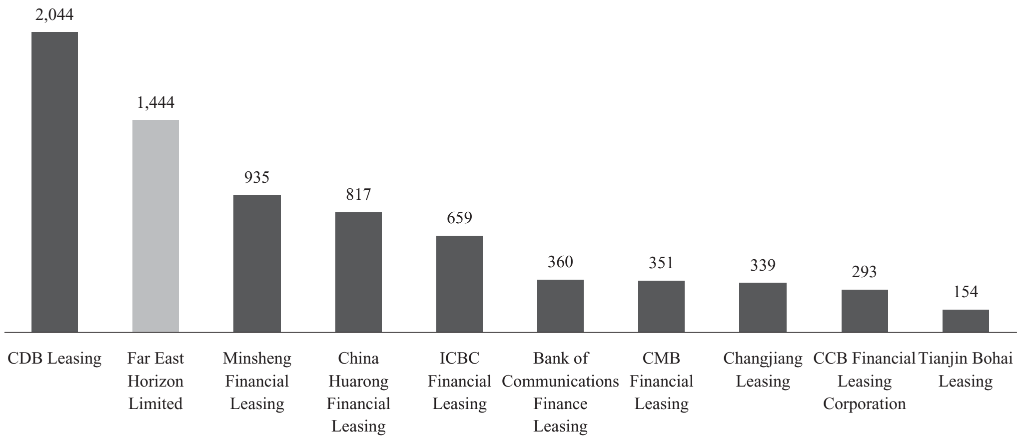
Net Profit and ROAE of the Ten Largest Financial Leasing Companies in 2009 (RMB million)



Source: BHCC

Net profit and ROAE are two key indicators of profitability for financial leasing companies. Net profit is the measure of absolute earnings generation capability whereas ROAE is a key measure of efficient deployment of capital and shareholder returns. Far East Horizon Limited was ranked first in terms of both net profit and ROAE among the Ten Largest Financial Leasing Companies in 2009.

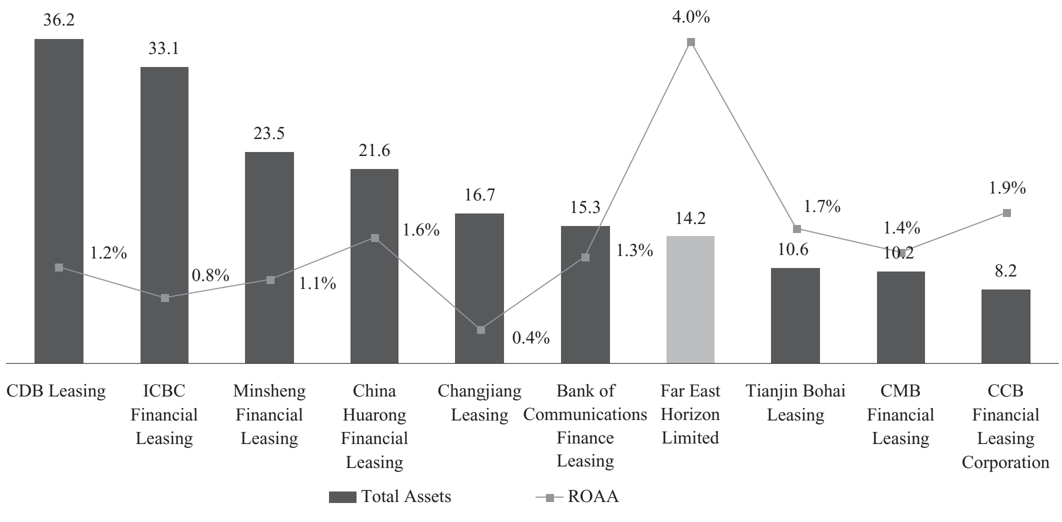
Revenue of the Ten Largest Financial Leasing Companies in 2009 (RMB million)



Source: BHCC

In 2009, the Ten Largest Financial Leasing Companies had aggregate revenues of approximately RMB7.4 billion. The revenue of the top two companies far exceeded the revenue of the other eight of the Ten Largest Financial Leasing Companies.

Total Assets and ROAA of the Ten Largest Financial Leasing Companies in 2009 (RMB billion)



Source: BHCC

ROAA is also a key indicator of the profitability of the leasing business. Far East Horizon Limited, which was ranked 7th in terms of total assets, had the highest ROAA among the Ten Largest Financial Leasing Companies. Far East Horizon Limited's higher ROAA is primarily due to its business model, which allows the Group to generate complementary source of fee income in addition to its interest income derived from the traditional leasing business. Its business is operated with an industry focus approach and its individual business departments, equipped with a professional workforce, are organized and focused on six target industries. This has helped to establish stringent procedures to select and identify suitable industries and targeted customers. Far East Horizon Limited has a well-established marketing system in accordance with the characteristics of each target industry and has implemented a proactive marketing strategy to identify specific needs of our customers. Secondly, it focuses on providing not only traditional financial leasing services, which is the source of the traditional interest income, but also value-added services including advisory services, which generates fee income, and trading and brokerage services.

The business model and strategy form the key basis for the competitive edge of Far East Horizon Limited. It allows Far East Horizon Limited to:

(1) conduct comprehensive industry studies, in order to acquire a deeper understanding of the specific needs of their customers within each target industry, thereby enabling it to provide an integrated range of customized services to their customers that distinguishes it from its peers; and

(2) generate complementary fee income from advisory services which are not assets or capital-intensive compared to financial leasing services, and is not associated with material inventory or credit risk.

Therefore, Far East Horizon Limited's income is primarily derived from two categories of services:

(1) income from financial leasing, or interest income, which accounted for approximately 49.3% of Far East Horizon Limited's total revenue (before business taxes and surcharges) in 2009; and

(2) income derived from advisory services (which is not assets/capital intensive), or fee income, which accounted for approximately 41.2% of Far East Horizon Limited's total revenue (before business taxes and surcharges) in 2009.

In addition, Far East Horizon Limited has diversified and sustainable funding sources to support its business growth and to maintain its competitive funding capabilities. Far East Horizon Limited has developed strong relationships with approximately 60 domestic and foreign financial institutions since 2002, ranging from the big four commercial banks, national joint stock commercial banks, city and rural commercial banks, a policy bank (namely China Development Bank) and foreign-invested banks. The average cost of borrowings for the Group was 5.24% in 2009. With respect to the interest rates that could be paid by us to the lending financial institutions, the RMB-denominated loans lent by commercial banks are usually subject to minimum rates not less than 90% of the corresponding PBOC benchmark rates, but generally are not subject to any maximum rates. We set out below the details and movement of the PBOC short-term and long-term benchmark interest rates during the Track Record Period and up to the Latest Practicable Date.

Period	Six months or shorter	Six months to one year (inclusive)	One year to three years (inclusive)	Three years to five years (inclusive)	More than five years
January 1, 2007-March 17, 2007	5.58%	6.12%	6.30%	6.48%	6.84%
March 18, 2007-May 18, 2007	5.67%	6.39%	6.57%	6.75%	7.11%
May 19, 2007-July 20, 2007	5.85%	6.57%	6.75%	6.93%	7.20%
July 21, 2007-August 21, 2007	6.03%	6.84%	7.02%	7.20%	7.38%
August 22, 2007-September 14, 2007	6.21%	7.02%	7.20%	7.38%	7.56%
September 15, 2007-December 20, 2007	6.48%	7.29%	7.47%	7.65%	7.83%
December 21, 2007-September 15, 2008	6.57%	7.47%	7.56%	7.74%	7.83%
September 16, 2008-October 8, 2008	6.21%	7.20%	7.29%	7.56%	7.74%
October 9, 2008-October 29, 2008	6.12%	6.93%	7.02%	7.29%	7.47%
October 30, 2008-November 26, 2008	6.03%	6.66%	6.75%	7.02%	7.20%
November 27, 2008-December 22, 2008	5.04%	5.58%	5.67%	5.94%	6.12%
December 23, 2008-October 19, 2010	4.86%	5.31%	5.40%	5.76%	5.94%
October 20, 2010-December 25, 2010	5.10%	5.56%	5.60%	5.96%	6.14%
December 26, 2010-February 8, 2011	5.35%	5.81%	5.85%	6.22%	6.40%
February 9, 2011-Latest Practicable Date	5.60%	6.06%	6.10%	6.45%	6.60%

Bank-affiliated financial leasing companies usually have larger asset sizes given their ready access to the capital resources of their affiliated banks. As a result, they tend to focus on the financing of large assets, such as aircraft, vessels and large-scale equipment. Moreover, since most of the bank-affiliated lessors were established after 2007 following the CBRC's policy to allow qualified domestic financing institutions to invest in the financial leasing business, bank-affiliated lessors are relatively newer companies with high asset growth rates in the early stages of development and supported by frequent capital injections from their affiliated banks.

Independent financial leasing companies are important participants in China's financial leasing industry as they constitute 66.5% of China's financial leasing companies in 2009. The table below sets out the performance of the five largest independent financial leasing companies by asset size in 2009. Far East Horizon Limited was ranked second in terms of asset base among all independent financial leasing companies, but was ranked first in terms of revenue, ROAA and ROAE.

Five Largest Independent Financial Leasing Companies in China By Asset Size in 2009

No.	Financial leasing company	Assets	Revenue	Net profits	ROAA	ROAE
		(RMB million)	(RMB million)	(RMB million)		
1	Changjiang Leasing Co., Ltd.	16,730	339	56	0.4%	2.0%
2	Far East Horizon Limited	14,230	1,444	472	4.0%	28.8%
3	Tianjin Bohai Leasing Co., Ltd.	10,610	154	102	1.7%	2.6%
4	Chailease International Leasing Co., Ltd.	4,030	928	63	1.8%	10.4%
5	New Century International Leasing Co., Ltd.	3,730	121	6	0.3%	3.9%

Source: BHCC

INDUSTRY TRENDS IN OUR SIX TARGET INDUSTRIES

This section provides an analysis of the financial leasing industry trends for each of the six industries that our Group targets, namely, healthcare, education, infrastructure construction, shipping, printing and machinery. In 2009, the six target industries contributed approximately 69.5% of China's GDP.

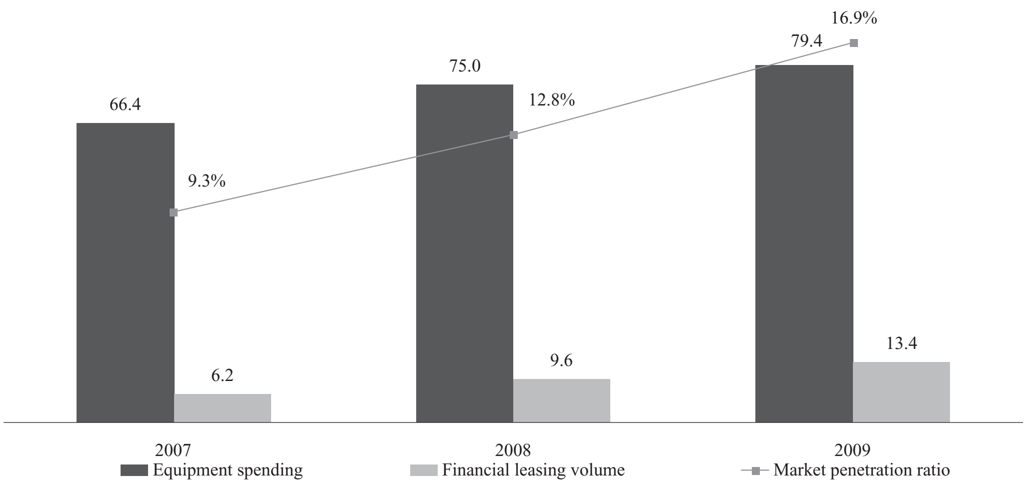
(i) Healthcare Industry

In recent years, the number of healthcare organizations in China has increased significantly. By the end of 2009, based on data from the National Bureau of Statistics of China, there were 20,291 hospitals in China. According to the PRC Ministry of Health, the total healthcare spending incurred in the PRC amounted to RMB1,128.95 billion, RMB1,453.54 billion, RMB1,611.90 billion for the years ended December 31, 2007, 2008 and 2009, respectively, representing a CAGR of 19.5% between 2007 and 2009.

Although most international markets for healthcare equipment suffered from the global financial crisis in 2008, the healthcare industry in China maintained high growth during this period. Under China's reform policy for the healthcare industry, a significant portion of investment in the healthcare industry will be used for improving the quality of healthcare infrastructure in rural areas, thereby creating higher demand for basic healthcare equipment, which currently accounts for approximately 75% of the entire healthcare equipment market in China. Furthermore, as the significant majority of existing healthcare equipment requires upgrades or replacement, BHCC expects demand for healthcare equipment in China to grow rapidly.

Financial leasing for the healthcare industry in China has benefited from the overall development of the healthcare industry in China. The financial leasing volume of healthcare equipment grew at a CAGR of 47.0% between 2007 and 2009. Continuous improvement of healthcare services in rural areas, on-going reform of public hospitals, accelerating expansion of private hospitals and the evolving business model of one-stop service within the healthcare industry are the key drivers for the rapid growth of financial leasing in the healthcare industry. In 2009, total spending on healthcare equipment in China was approximately RMB79.35 billion, of which approximately RMB13.4 billion was spent on financial leasing transactions, representing a market penetration ratio of 16.9%. It is estimated by BHCC that the total amount of healthcare equipment spending will have increased to RMB100 billion in 2010, with RMB20 billion spent on financial leasing transactions, thereby increasing the market penetration ratio to 20%. The chart below sets out information regarding the total healthcare equipment spending, the financial leasing volume in China and corresponding market penetration ratios between 2007 and 2009.

China's Healthcare Equipment Spending and Financial Leasing Volume in 2007-2009 (RMB billion)

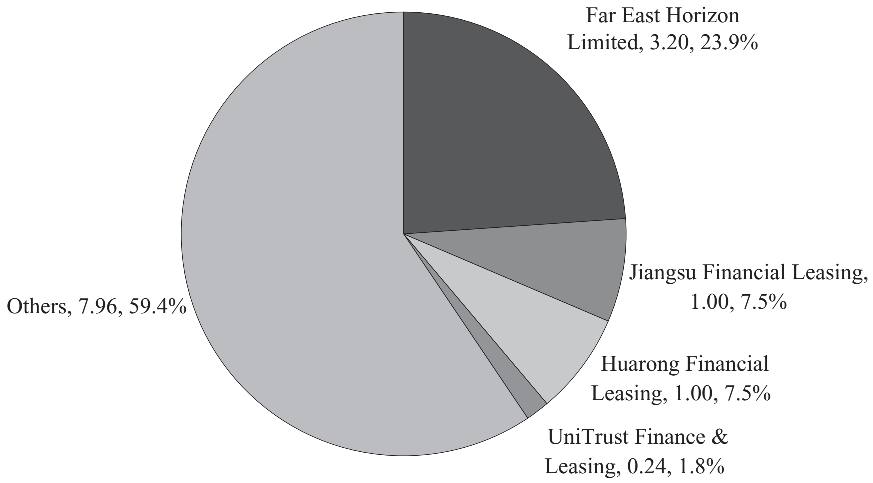


Source: State Food & Drug Administration Information Center, Health Statistics Database of Ministry of Health

Given the specialized knowledge involved in financial leasing of healthcare equipment, independent financial leasing companies tend to enjoy a competitive advantage in this sector. Among the three leading financial leasing companies in terms of market share by aggregate value of new lease contracts in 2009, two are independent financial leasing companies.

The chart below sets out information regarding the financial leasing market share by aggregate value of new lease contracts from China's public hospitals in 2009.

Financial Leasing Market Share by Aggregate Value of New Lease Contracts from China's Public Hospitals in 2009
(RMB billion)



Source: BHCC

(ii) Education Industry

According to statistics from the PRC Ministry of Education, in 2009, there were 2,689 tertiary institutions (colleges and universities) and 29,761 high schools in China. Total state-level funding of education grew at a CAGR of 21.5% from RMB981.5 billion in 2006 to RMB1,450.0 billion in 2008.

Historically, China had funded the education of 25% of the students of the world with only 5% of the world's spending on education. In 2008, China's public finance expenditure on education amounted to RMB1,045.0 billion, equivalent to only 3.3% of China's GDP. It is estimated by BHCC that spending on education in a developing country like China should at least constitute more than 4% of the country's GDP. The PRC State Council has issued the *National Medium to Long-Term Education Reform and Development Planning Outline (2010-2020)* in May 2010 to encourage greater investment in the education industry to increase state spending on education to 4% of China's GDP by 2012. In addition to state funding, private sector funding will play a critical role in supporting the increasing demand for educational investments in China, thereby providing significant market opportunities for the financial leasing industry.

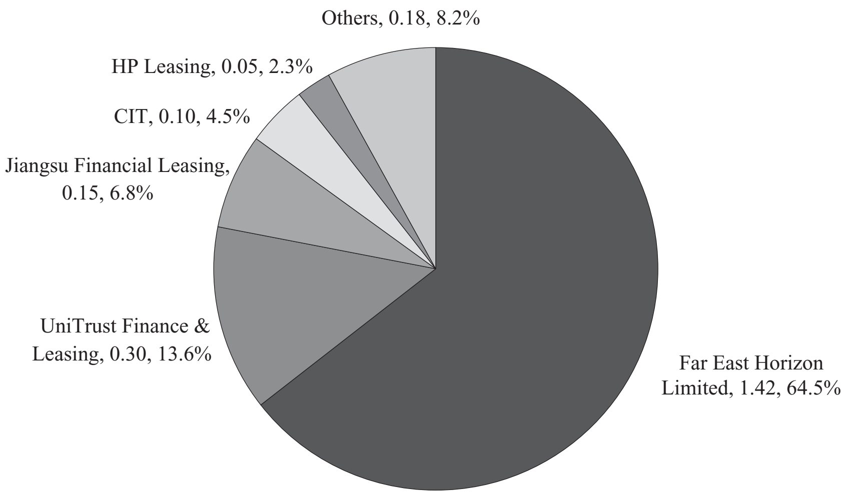
Currently, financial leasing for the education industry in China is still in the early stages of development, and BHCC estimates that the penetration ratio was approximately 2.0% in 2009. Given that financial leasing is still a relatively new financing option for educational institutions in China and customers tend to have greater loyalty to existing financial leasing service providers, the financial leasing market for the education industry is highly concentrated. In 2009, total transaction volume of leasing in the education industry for universities and colleges reached RMB2.2 billion, representing a CAGR of 96.5% since 2007. Three independent financial leasing companies, namely, Far East Horizon Limited, UniTrust Finance & Leasing Co., Ltd. and Jiangsu Financial Leasing Co., Ltd, accounted for

83% of the total transaction volume of leasing in the education industry for universities and colleges in 2009. For the first half of 2010, the total financial leasing volume in the education industry reached RMB1.5 billion, representing an increase of 67.3% over the corresponding period in 2009. It is estimated by BHCC that the total transaction volume of leasing in the education industry for universities and colleges will increase by 72.7% in 2010 to reach RMB3.8 billion, representing a penetration ratio of 2.8%.

Information technology equipment constitutes a large part of financial leasing for the education industry. Independent financial leasing companies dominate the market because they can provide products of different brands as well as customized and flexible services.

The chart below sets out information regarding the financial leasing market share by aggregate value of new lease contracts from China's universities and colleges in 2009.

Financial Leasing Market Share by Aggregate Value of New Lease Contracts from China's Universities and Colleges in 2009
(RMB billion)



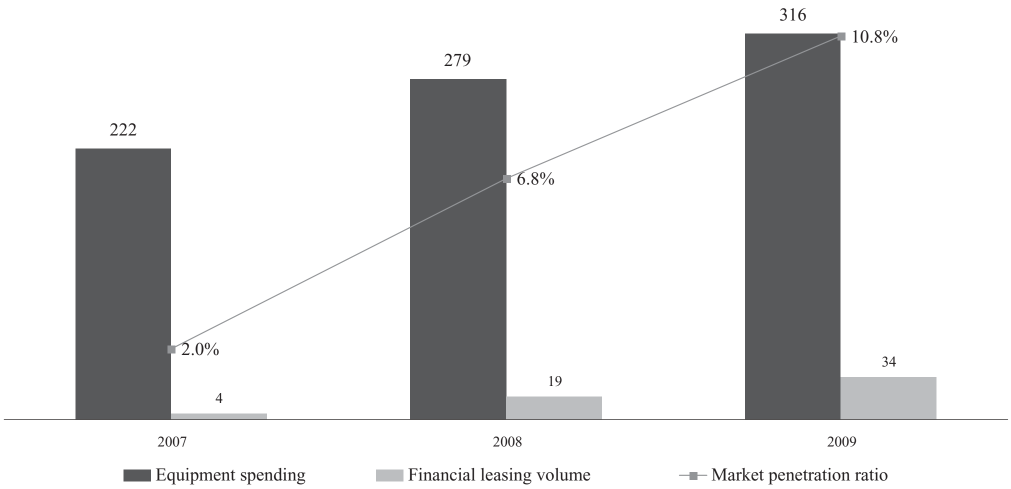
Source: BHCC

(iii) Infrastructure Construction Industry

The *Eleventh Five-year Plan for 2006 to 2010* issued by the National People's Congress of the PRC in March 2006 encouraged investment in infrastructure, which resulted in steadily growing demand for infrastructure-related construction equipment during the past four years.

According to the National Bureau of Statistics of China, there were 55,757 enterprises in China's infrastructure construction industry in 2009. The total production value of the infrastructure construction industry grew at a CAGR of 23.2% from RMB5,001.8 billion in 2007 to RMB7,586 billion in 2009. During the same period, the spending on equipment in the infrastructure construction industry in China grew at a CAGR of 19.2% from RMB222.3 billion to RMB315.7 billion while the total financial leasing volume grew rapidly at a CAGR of 178.4% from RMB4.4 billion to RMB34.1 billion. Accordingly, the market penetration increased from 2.0% in 2007 to 10.8% in 2009.

China's Infrastructure Construction Equipment Spending and Financial Leasing Volume from 2007 – 2009
(RMB billion)



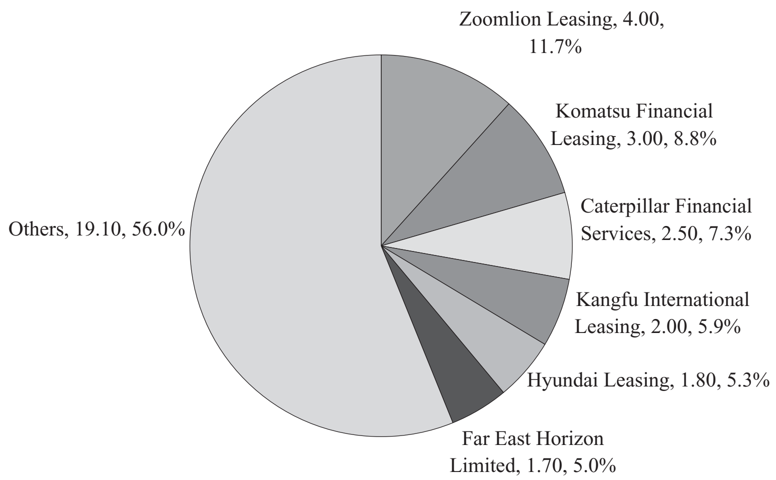
Source: China Construction Machinery Association

According to estimates by the China Construction Machinery Association, in 2010, the total demand for infrastructure construction machinery in China will have reached RMB360 billion and the financial leasing penetration ratio will have increased to 15%.

Continuous urbanization, government promotion of equipment upgrades and improvement in equipment management are key drivers for financial leasing in the infrastructure industry. The financial leasing market in the infrastructure industry is dominated by independent financial leasing companies and captive lessors.

The chart below sets out information regarding the market share by aggregate value of new lease contracts from the infrastructure construction industry in China in 2009.

Financial Leasing Market Share by Aggregate Value of New Lease Contracts from the Infrastructure Construction Industry in China in 2009
(RMB billion)



Source: BHCC

(iv) Shipping Industry

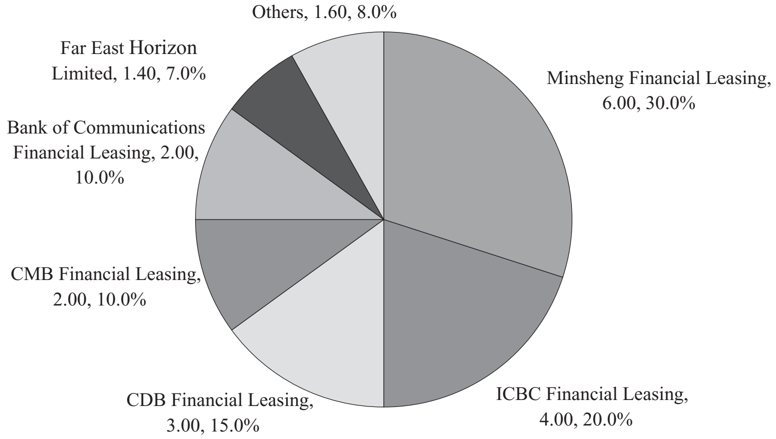
The growth of international trade has resulted in the rapid development of the shipping industry and growth in port and container throughput in China. Based on statistics from the PRC Ministry of Communications, there were approximately 6,100 enterprises providing domestic waterage service in China in 2009. The number of ports with throughput capacity of one billion tons or above in China increased from three in 2000 to 14 in 2007, with annual container throughput exceeding 100 million twenty-foot equivalent units (TEUs) for the first time.

Shipping is a capital intensive industry. In China, most ships are bought by shipping enterprises with loans or internally generated funds. In recent years, an increasing number of shipping enterprises have been exploring new financing solutions, with financial leasing increasingly becoming the preferred choice of financing.

Currently, financial leasing in shipping is still in the early stages of development in China and is mainly dominated by bank-affiliated lessors. In 2009, the total financial leasing volume in the shipping industry reached approximately RMB20 billion, representing a CAGR of 65.5% from RMB7.3 billion in 2007 and a market penetration of approximately 1%. It is estimated by BHCC that the total financial leasing volume in the shipping industry will have increased by 82.0% in 2010 to reach approximately RMB36.4 billion and the market penetration ratio will have reached approximately 1.6%. Bank-affiliated lessors enjoy a competitive advantage over their peers due to their strong balance sheets and strong capital support from their affiliated banks. However, independent financial leasing companies such as Far East Horizon Limited have been gaining a competitive advantage by providing integrated financial leasing and extended value-added services with industry expertise.

The chart below sets out information regarding the financial leasing market share by aggregate value of new lease contracts from the shipping industry in China in 2009.

Financial Leasing Market Share by Aggregate Value of New Lease Contracts from the Shipping Industry in China in 2009
(RMB billion)



Source: BHCC

(v) Printing Industry

According to statistics published by the General Administration of Press and Publication of the PRC(1) in June 2010, there were 101,857 printing enterprises in China in 2009. Most of these printing companies are small private enterprises located around the Yangtze River delta, Pearl River delta and the Bohai Rim region in China. According to the China Research Institute of Printing Science and Technology, in 2007, 2008 and 2009, the production value of China's printing industry amounted to RMB440 billion, RMB475 billion and RMB575 billion, respectively, representing a CAGR of 14.3% between 2007 and 2009.

In China, nearly 70% of high end printing equipment is imported. In September 2009, the PRC Government issued the *Cultural Industries Promotion Plan* which encouraged the development of the printing industry, particularly emerging and high technology printing. It is estimated by BHCC that the market share of digital printing equipment, a typical type of high end printing equipment, will increase from 4% in 2005 to 14% by 2010.

Increasing application of digitalized and network-based printing, industrial consolidation and accelerated equipment upgrades are key drivers for financial leasing in the printing industry. As the printing industry is entering a phase of high end equipment upgrades, printing firms in China have an increasing demand for financial leasing to fund their purchases of high end printing equipment. In 2009, the total financial leasing volume within China's printing firms was RMB7 billion, representing a CAGR of 82.6% from RMB2.1 billion in 2007. Such financial leasing volume is estimated by BHCC

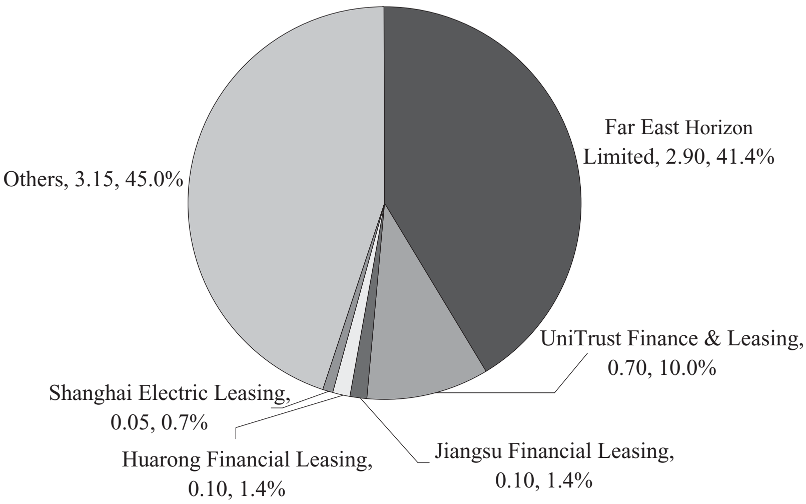
Note:

(1) The General Administration of Press and Publication of the PRC is the administrative agency mainly responsible for regulating news and publication industry, printing industry, copyrights and internet publications in China. The information quoted in this section was not commissioned by us or the Joint Sponsors.

to have increased by 82.9% to RMB12.8 billion in 2010. The penetration ratio of financial leasing in China reached 34.9% in 2009 and is estimated to have increased to 36.8% in 2010. Currently, the financial leasing market in the printing industry is led by independent financial leasing companies, which tend to provide more dedicated services to SME customers than bank-affiliated leasing companies.

The following chart sets out information regarding the financial leasing market share by aggregate value of new lease contracts from China's printing firms in 2009.

Financial Leasing Market Share by Aggregate Value of New Lease Contracts from China's Printing Firms in 2009
(RMB billion)



Source: BHCC

(vi) Machinery Industry

The machinery industry lays a solid foundation for a number of industries, such as automobiles, aviation machinery and electronic devices. Machine tools are powered mechanical devices typically used to fabricate metal components of machines by machining (the selective removal of metal). According to statistics published by Financial China Information & Technology Co., Ltd.[(1)] in May 2010, there were 6,665 enterprises in the machine tool industry in China by the end of 2009. China has been the largest machinery spending country and importing country in the world since 2002 and was also the largest machinery production country in the world in 2009. The total output value of the machinery industry in China reached RMB401.4 billion in 2009, representing a CAGR of 25.6% since 2006. It is estimated by BHCC that the machinery output value of China will have increased by 15% in 2010.

Note:

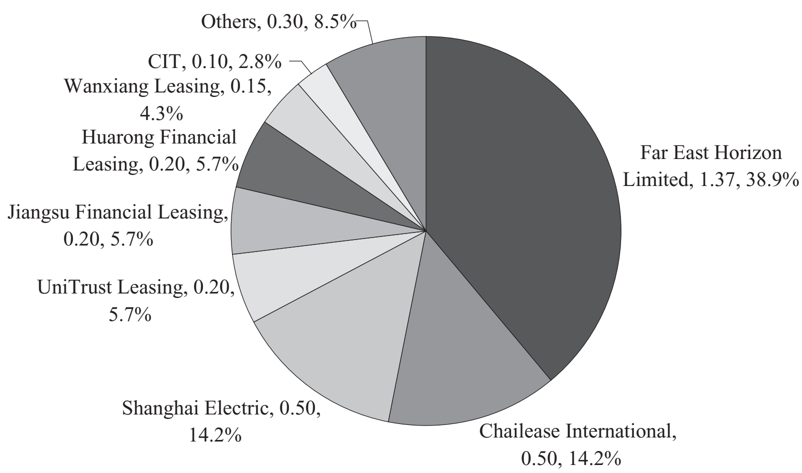
(1) Financial China Information & Technology Co., Ltd. is a company incorporated in the PRC in 2002, which provides services including mainly investment consultation, enterprise management consultation and market research. The information quoted in this section was not commissioned by us or the Joint Sponsors.

Financial leasing in the machine tool industry is mainly provided to SMEs. Currently, the market penetration ratio of financial leasing in the machine tool industry is less than 1% in China, far behind that in the United States of approximately 30%.

Increasing application of digital control machine tools, government promotion of technological advancement and foreseeable upgrades of outdated machine tools are the key drivers for increasing demand for financial leasing in the machinery industry. In 2009, the total financial leasing volume of several major financial leasing companies(1) in the automobile parts industry was approximately RMB3.6 billion, representing a CAGR of 73.2% since 2007. The market is highly concentrated, with the top three financial leasing companies having a market share of 67% in 2009. Due to the wide range of highly specialized machinery involved, captive financial leasing companies and independent financial leasing companies with sector expertise enjoy a relative advantage over bank-affiliated lessors.

The following chart sets out information regarding the financial leasing market share by aggregate value of new lease contracts from China's automobile parts manufacturers in 2009.

Financial Leasing Market Share by Aggregate Value of New Lease Contracts from the Automobile Parts Manufacturers in China in 2009
(RMB billion)



Source: BHCC

Note:
(1) These refer to Far East Horizon Limited, Chailease International, Shanghai Electric, Unitrust Leasing, Jiangsu Financial Leasing, Huarong Financial Leasing, Wanxiang Leasing and CIT.