OVERVIEW

We are a leading financial services company specializing in providing customized financing solutions through equipment-based financial leasing, as well as providing extended value-added services to customers in targeted major industries in China, according to the report issued by our independent market research consultant, BHCC. We currently operate our business by targeting six focused industries which we believe to have sustainable growth potential, namely the healthcare, education, infrastructure construction, shipping, printing and machinery industries.

We have accumulated 20 years of industry expertise and have expanded our customer base in our target industries by organizing and operating our financial leasing services, sales and marketing, and risk management systems through an industry-focused approach. Our typical leasing business model provides our customers with a commercial arrangement where: (i) our customer, as the lessee, will select an asset (such as equipment); (ii) we, as the lessor, will then purchase that asset; (iii) the lessee will have the use of that asset for the duration of the lease; (iv) the lessee will make a series of rental payments for the use of that asset; (v) we will recover a majority or the entire cost of the asset and earn interest from the rental payments made by the lessee; and (vi) the lessee has the option to acquire ownership of the asset from us upon expiry of the lease term. See the section headed "Business" for further details about our financial leasing business.

For finance leases, substantially all of the risks and rewards of ownership of the assets are transferred to the lessees. When we are a lessor under finance leases, an amount representing the minimum lease payment receivables and initial direct costs is included in the statement of financial position as loans and accounts receivable. Any unguaranteed residual value is also recognized at the inception of the finance lease. The difference between (i) the sum of the minimum lease payment receivables, initial direct costs and the unguaranteed residual value and (ii) their present value is recognized as unearned finance income. Unearned finance income is recognized over the period of the lease using the effective interest rate method. Operating leases refer to leases where substantially all of the rewards and risks of the assets remain with the lessors. Rental payments applicable to such operating leases are charged to the income statement on a straight-line basis over the term of such leases. The classification of leases adopted in HKAS17 provides that leases are classified based on the extent to which risks and rewards incidental to the ownership of a leased asset lie with the lessor or the lessee. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. For direct financial leasing and sale-leaseback transactions where we are the lessor, we have the legal ownership of the assets underlying the lease during the lease term and such ownership may be transferred to the lessee upon the expiry of the lease term, which is generally agreed in the lease contract with such lessee. During the Track Record Period, all of our customers (including direct financial leasing and sale-leaseback customers) elected to purchase the assets upon the expiry of the lease term. This is the typical type of transaction that individually or in combination would normally lead to a lease being classified as a finance lease under HKAS17. Consequently, our Group's leasing transactions are accounted for as finance leases.

By leveraging our understanding of our customers' specific needs in each target industry, we also provide extended value-added services primarily comprising advisory, trading and brokerage services to our customers. This has enabled us to develop a distinctive business model through which we provide an integrated range of customized services, develop deeper customer relationships, enhance the effectiveness of our risk management systems, and leverage our accumulated industry and management expertise to expand into other target industries in China with promising growth potential.

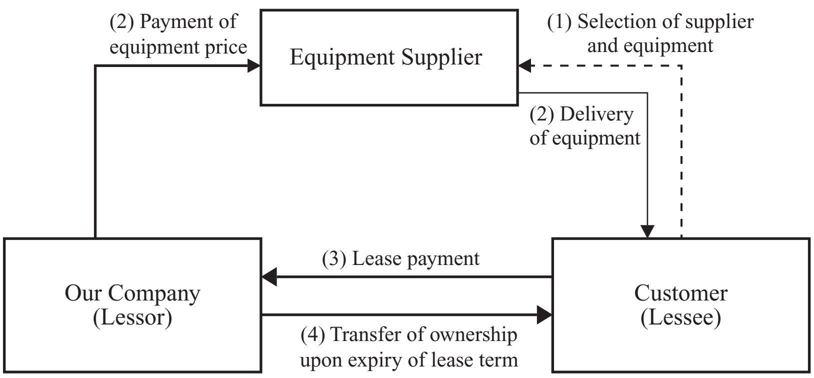
According to the report issued by our independent market research consultant, BHCC, we have established the following leading market positions:

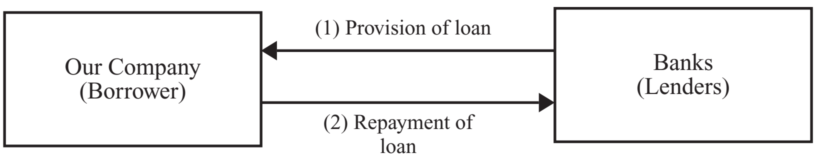
- For the year ended December 31, 2009, we were ranked first in terms of net profit and second in terms of revenue among the top 10 financial leasing companies in China by asset size.
- For the year ended December 31, 2009, we achieved a leading market share by aggregate value of new lease contracts in the provision of financial leasing services to (a) public hospitals, (b) universities and colleges, (c) printing firms and (d) automobile part manufacturers, accounting for approximately 23.9%, 64.5%, 41.4% and 38.9% in each respective customer segment.

Far Eastern (the major operating subsidiary for our leasing business) has 20 years of operating history since its establishment. In 2000, Sinochem Conglomerate acquired control of our Group and, in 2001, our operating center was relocated from Shenyang to Shanghai to establish our market position and enhance our business contacts within China's financial, trade and shipping hub. We commenced business operations within the healthcare industry in 2001 as part of our industry-focused strategy, and leveraged such experience to develop further and expand our business operations primarily to the education, infrastructure construction, shipping, printing and machinery industries. We have, since 2001, been developing a sustainable track record and a diversified and balanced portfolio of target industries. As of December 31, 2007, 2008 and 2009 and September 30, 2010, our net lease receivables were US$878.2 million, US$1,350.5 million, US$1,971.2 million and US$2,985.8 million, respectively, representing a CAGR of 49.8% between December 31, 2007 and December 31, 2009.

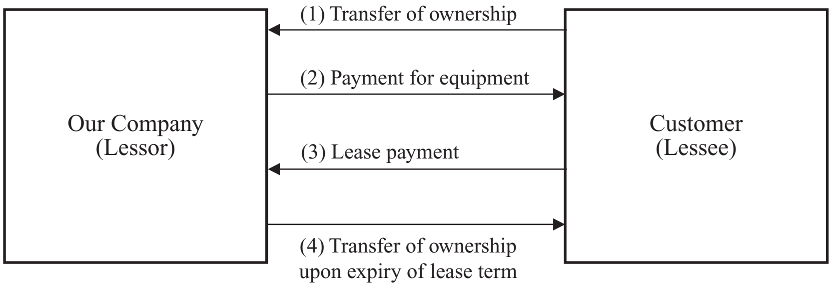
Financial leasing

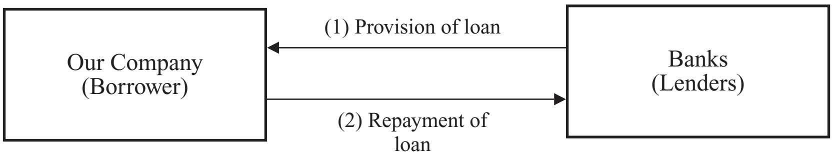
We tailor our services to customers primarily within our target industries. These services include customized financing solutions through equipment-based financial leasing, which comprises direct financial leasing and sale-leaseback transactions. We fund our financial leasing transactions as a whole primarily through bank loans. A typical direct financial leasing transaction usually involves three parties, namely lessor, lessee and equipment supplier. The relationship among the three parties is illustrated in the following diagram.



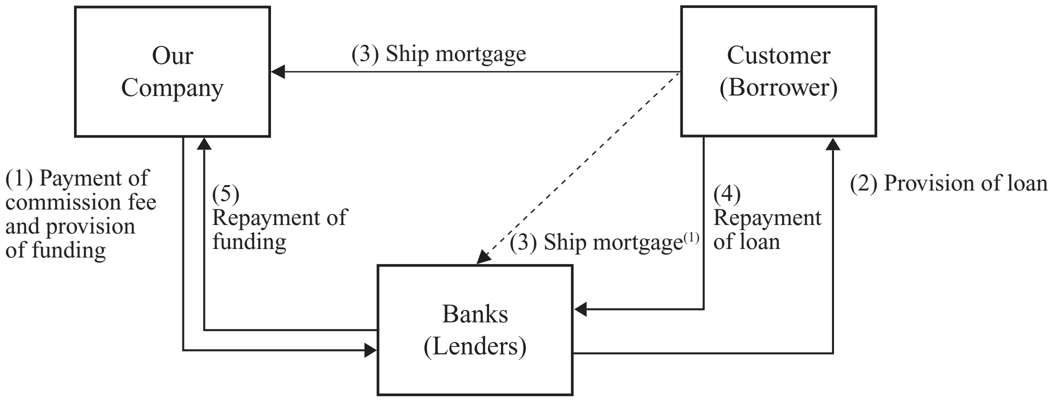


A typical sale-leaseback transaction usually involves two parties, namely lessor and lessee. The relationship between the two parties is illustrated in the following diagram.





Due to PRC regulatory restrictions, we ceased our ship financial leasing service in China in March 2008 and instead continued to conduct such business by way of entrusted loans whereby we entrust local financial institutions qualified for the lending business (such as banks and trust companies) to lend our money to domestic enterprises to provide financing for their ship construction or purchasing. The constructed or purchased ships will then be mortgaged to us as a guarantee for the repayment of the entrusted loans. Our PRC legal advisor has confirmed that the provision of entrusted loans within the shipping industry does not contravene PRC laws and regulations. In addition, we conduct our ship financial leasing business outside China by way of direct financial leasing and sale-leaseback transactions through our Hong Kong subsidiaries. Our Hong Kong legal advisor has confirmed that, our Hong Kong subsidiaries have been duly incorporated and have obtained business registration certificates from the Hong Kong Inland Revenue Department. There are no statutory provisions requiring us to obtain any additional licenses to conduct the businesses of bareboat chartering and ship brokerage in Hong Kong. Our Hong Kong legal advisor has further confirmed that these businesses (including financial leasing business in Hong Kong) do not fall within the provisions of, or are exempt from the provisions of, the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (the "**Money Lenders Ordinance**"). In particular, as our bareboat chartering arrangements involve us taking a mortgage which will be registered as a charge under the Companies Ordinance, it falls within the list of exempted loans set out in Part 2 of Schedule 1 to the Money Lenders Ordinance. Consequently, the Group was not required to hold a money lender's license in Hong Kong. In contrast to financial leasing, the legal ownership of the ships under the entrusted loans remains with our customers during and upon the expiry of the lease term. In the event of any material default in the payment of interest, we are contractually entitled to enforce our security rights over the ship mortgaged and disposal of the ship to realize its residual value to recover our losses. The relationship between the parties involved in a typical entrusted loan transaction is illustrated in the following diagram.



Note:

(1) Under PRC law, the mortgage of the ship is required to be registered in the name of the bank. In these transactions, we enter into supplementary agreements with the banks and the lessees under which the rights and obligations of the banks as the mortgagee are assigned to us.

Advisory and other services

Through our financial leasing services, we have established our customer base, developed customer relationships and deepened our industry knowledge within each target industry, thereby enabling us to be sensitive to our customers' needs and to provide customized extended value-added services, primarily comprising advisory, trading and brokerage services. Our advisory services are mainly designed to provide comprehensive business or finance solutions to our customers. See the section headed "Business—Leasing and Advisory Segment—Advisory Services" in this prospectus for further details of our advisory services. The table below sets forth the main types of advisory services that we provide to our customers in each target industry as of the Latest Practicable Date.

Industry	Types of Services Provided
Healthcare	● industry analysis, including analysis of policies and development strategies ● equipment operation analysis, including advisory services in relation to selection, installment and operation of equipment ● management consulting, including providing customers with research reports, management training and business development strategies based on competition in the local market ● financial consulting, including providing management staff of healthcare institutions with financial management plans and training, including innovative financing plan, optimal financial planning analysis, cost cutting and applying for governmental subsidies for fixed asset investment ● internal management optimization, including proposals for business and management process optimization ● fixed asset investment analysis, including comprehensive fixed asset investment strategies, feasibility studies of investment plans, information regarding market prices, management of investment projects as well as financing support for investment
Education	● financial consulting services, such as working capital and cash flow management consulting ● management consulting, such as national policy analysis and internal financial system structure consulting
Infrastructure Construction	● sharing of market information and statistics ● financial consulting services such as regulatory trends analysis and market data provision
Shipping	● vessel operation advisory services, such as ship selection and purchasing timing analysis and cash flow analysis ● industry competition analysis ● financial consulting, such as working capital and cash flow management consulting based on an analysis of the customer's financial statements and operational status, profit projection and vessel value assessment
Printing	● manufacturing/marketing planning, such as facility layout (U-type design/no-intersection design/production line layout), production capability utilization design and analysis of production capability ● market planning, including market positioning and business development strategy, target market analysis, business structure analysis, target customer analysis and product analyses ● process optimization, including enterprise operation management by utilizing the ERP system, manufacturing process optimization, inventory management and comprehensive quality management, such as input quality control, production quality control and output quality control ● corporate management consulting, including enterprise management idea analysis and management structure analysis

Industry	Types of Services Provided
Machinery	• management consulting, including liaising with customers and negotiation with their suppliers • market information exchange and policy trends analysis • industry competition analysis based on our accumulative industry expertise and market information • financial consulting services, including working capital and cash flow management consulting based on analysis of the customers' financial statements and operational status

We believe that our advisory services, which focus on the customer's experience and individual needs, are unique compared to those offered by our peers/competitors. Our comprehensive industry expertise accumulated during our provision of financial leasing services, our advanced financial analysis and risk management capabilities, and our in depth understanding of our customers' specific needs have enabled us to provide our customers with professional and customized advisory services, which has led to a significant contribution to our revenue during the Track Record Period. For example, in the printing industry, we help our customers to analyze competitive products by leveraging on the market information that we have accumulated during the provision of financial leasing services and formulate marketing plans accordingly. We provide advice as to how to manage inventory and optimize manufacturing processes. We also provide training to customers on how to manage their inventory stock, establish a product material center and utilize excess capacity.

Our leasing customers are free to decide whether or not to use our advisory services. The fees that we charge for the provision of our advisory services vary, according to the actual services provided to individual customers, and are agreed with each customer on a case-by-case basis. Our fees are determined primarily based on (i) the nature and estimated term for the provision of such services; (ii) the importance of the advisory services to the customer; (iii) our relationship with the customer; and (iv) the importance of the customer to our overall business.

In addition to the provision of advisory services, we also engage in the import and export trade and the domestic trade of medical equipment and spare parts, paper, ink, cardboard and paper goods primarily within the healthcare and printing industries, as well as trade agency services primarily within the machinery industry. We also provide brokerage services, which relate to sales and in this prospectus purchases of new and used vessels. See the section headed "Business—Trading and Others Segment" in this prospectus for additional details of our trading and brokerage services. We do not undertake material inventory risks in our advisory, trading or brokerage businesses. As such, our inventory stock and capital investment primarily arise from our financial leasing business.

Revenue contribution

Our businesses relating to our leasing and advisory segment (comprising the provision of financial leasing services and advisory services) and our trading and others segment (primarily comprising the provision of trading and brokerage services) accounted for US$190.7 million and US$20.6 million (or 90.2% and 9.8%), respectively, of our revenue for the year ended December 31, 2009, and accounted for US$202.1 million and US$28.9 million (or 87.5% and 12.5%), respectively, of our revenue for the nine months ended September 30, 2010. See the section headed "Financial Information—Description of Line Items in the Consolidated Income Statement—Revenue" in this prospectus for an explanation of our business segments.

The following table sets forth the contribution (before business taxes and surcharges) of each of (i) financial leasing (or interest income), (ii) advisory services (or fee income), (iii) trading services, (iv) brokerage services and (v) other services to our total revenue (before business taxes and surcharges) for the years or periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2007		2008		2009		2009		2010	
	US$'000, except percentages									
Leasing and advisory segment										
Financial leasing (interest income)	54,304	57.8%	96,791	60.6%	107,537	49.3%	76,881	51.4%	121,071	50.9%
Advisory services (fee income)	30,140	32.1%	43,441	27.2%	89,965	41.2%	59,108	39.5%	87,805	36.9%
Trading and others segment										
Trading services	7,798	8.3%	15,628	9.8%	17,844	8.2%	10,955	7.3%	22,985	9.7%
Brokerage services	1,491	1.6%	2,777	1.7%	1,577	0.7%	1,576	1.1%	5,010	2.1%
Other services	213	0.2%	1,089	0.7%	1,311	0.6%	1,067	0.7%	985	0.4%
Total	93,946	100.0%	159,726	100.0%	218,234	100.0%	149,587	100.0%	237,856	100.0%
Business taxes and surcharges	(3,063)		(4,607)		(6,872)		(4,467)		(6,907)	
Revenue (after business taxes and surcharges)	90,883		155,119		211,362		145,120		230,949	

The following table sets forth the contribution of each industry category to our total revenue (before business taxes and surcharges) for the years or periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2007		2008		2009		2009		2010	
							(unaudited)			
	US$'000, except percentages									
Healthcare	39,409	41.9%	59,524	37.3%	63,643	29.2%	44,539	29.8%	61,305	25.8%
Education	7,927	8.4%	14,899	9.3%	29,846	13.7%	18,675	12.5%	29,352	12.3%
Infrastructure construction	6,064	6.5%	12,632	7.9%	23,681	10.8%	17,522	11.7%	24,378	10.2%
Shipping	10,212	10.9%	14,493	9.1%	20,557	9.4%	13,675	9.1%	33,036	13.9%
Printing	22,678	24.1%	45,090	28.2%	58,785	26.9%	39,879	26.7%	58,763	24.7%
Machinery	4,479	4.8%	9,688	6.1%	19,534	9.0%	14,018	9.4%	22,918	9.7%
Others	3,177	3.4%	3,400	2.1%	2,188	1.0%	1,279	0.8%	8,104	3.4%
Total	93,946	100.0%	159,726	100.0%	218,234	100.0%	149,587	100.0%	237,856	100.0%

Customers

Our customers mainly comprise small-to-medium sized enterprises, large corporations and public institutions with operations primarily within our target industries. During the Track Record Period, over 80% of our customers in the printing, shipping, machinery and infrastructure construction industries were small-to-medium sized enterprises and the remaining customers were large corporations. During the same period, all of our customers in the education and healthcare industries were public institutions. Our customers were selected under stringent risk management procedures based on factors such as the stability of their cash flows and/or asset values, industry reputation and track record performance. As of September 30, 2010, our customer base comprised over 3,200 customers across nearly every province of China and was primarily distributed across regions which are enjoying strong growth along with the growth of the Chinese economy, such as the Bohai Rim, the Yangtze River Delta, the Pearl River Delta and central China. As of September 30, 2010, the net lease receivables attributable to our customers within the healthcare, education, infrastructure construction, shipping, printing and machinery industries amounted to US$846.3 million, US$468.2 million, US$364.8 million, US$366.0 million, US$527.3 million and US$237.9 million (representing approximately 28%, 16%, 12%, 12%, 18% and 8%), respectively, of the net lease receivables of our Group. We have also successfully tapped into our financial leasing customer base to provide customized extended value-added services.

Risk control

Along with the growth of our customer base in the target industries, our risk management system and information technology system have undergone evaluation and upgrading to institutionalize our accumulated knowledge and expertise, thereby ensuring adherence to prudent risk management standards. Our risk management procedures consist of (i) the stringent selection of suitable target industries, (ii) segmentation of suitable target customers, (iii) customer credit assessment and approval procedures, and (iv) portfolio monitoring and management. As of December 31, 2007, 2008 and 2009 and September 30, 2010, our non-performing assets amounted to US$14.9 million, US$25.6 million, US$23.6 million and US$21.8 million, respectively. Our non-performing assets ratio (defined as the percentage of non-performing assets over net lease receivables) was maintained at low levels amounting to 1.70%, 1.90%, 1.20% and 0.73% as of December 31, 2007, 2008 and 2009 and September 30, 2010, respectively. For details of our risk management system, see the section headed "Risk Management" in this prospectus.

Liquidity

We fund our lease receivable portfolio principally through our bank and other borrowings. We manage liquidity primarily by monitoring the maturities of our assets and liabilities in order to ensure that we have sufficient funds to meet our obligations as they become due. One of our primary focuses is on maintaining stable sources of funding. We have also sought to increase the proportion of our non-current liabilities to improve the stability of our sources of funding.

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from amounts or maturity mismatches of assets and liabilities. We manage our liquidity risk through daily monitoring. We aim to optimize the structure of our assets and liabilities, maintain the stability of our leasing business, project cash flows and evaluate the level of current assets and the terms of our liquidity and maintain an efficient internal funds transfer mechanism. For details, see the section headed "Risk Management—Liquidity Risk Management" in this prospectus.

The following table sets forth, as of the dates indicated, the maturity profile of our Group's financial assets and liabilities based on the related contractual undiscounted cash flows.

	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Over 5 years	Total
			US$'000			
			As of September 30, 2010			
Total financial assets	97,215	394,526	897,703	2,189,676	27,352	3,606,472
Total financial liabilities	30,467	291,791	674,999	1,886,300	14,388	2,897,945
Net liquidity gap	66,748	102,735	222,704	303,376	12,964	708,527
			As of December 31, 2009			
Total financial assets	49,739	248,866	656,381	1,329,127	17,226	2,301,339
Total financial liabilities	179,667	63,714	424,059	1,279,649	1,296	1,948,385
Net liquidity gap	(129,928)	185,152	232,322	49,478	15,930	352,954
			As of December 31, 2008			
Total financial assets	37,120	162,558	457,279	885,888	—	1,542,845
Total financial liabilities	21,359	167,303	167,155	948,589	—	1,304,406
Net liquidity gap	15,761	(4,745)	290,124	(62,701)	—	238,439
			As of December 31, 2007			
Total financial assets	81,852	113,801	302,351	608,020	—	1,106,024
Total financial liabilities	63,017	120,007	169,503	512,599	—	865,126
Net liquidity gap	18,835	(6,206)	132,848	95,421	—	240,898

As of December 31, 2009, we had a net liquidity shortfall of US$129.9 million for the category of "on demand" because we borrowed US$160.0 million on an on demand basis from Fortune Ally.

Impact of interest rate movements

Our results of operations depend to a large extent on our net interest income (that is, our interest income minus our interest expense) from our financial leasing business. Our interest expense is largely determined by market interest rates, which are the interest rates that we are charged for our interest-bearing bank borrowings. This is sensitive to many factors over which we have no control, including the regulatory framework of the banking and financial sectors in the PRC and domestic and international economic and political conditions. Currently, RMB-denominated loans which are loaned by commercial banks are subject to minimum interest rates based on the PBOC benchmark interest rates, but generally are not subject to any maximum interest rates. Adjustments to the PBOC benchmark interest rates have impacted the average market interest rates for loans. The interest rates charged for most of our bank borrowings are set on a floating basis based on PBOC benchmark interest rates, and are generally adjusted at each subsequent payment date as necessary should PBOC benchmark interest rates fluctuate. As of September 30, 2010, approximately 55.2%, 2.1% and 24.0% of our bank loan agreements provide that the interest rates on the bank loans can be adjusted quarterly, semi-annually and annually, respectively. As of September 30, 2010, approximately 8.3% of our bank loan agreements provide that the interest rates on the bank loans can be adjusted monthly. Our remaining bank loan agreements are mostly short-term loan agreements (with terms of one year or shorter) and have fixed interest rates.

Our lease contracts are generally priced based on a floating interest rate, which fluctuates at a preset margin above a base interest rate, thereby allowing us to transfer the impact of interest rate fluctuations to our customers to a significant extent. The base interest rate references the PBOC benchmark interest rates, and the preset margin is a commercial term in the lease contract which we negotiate on a case-by-case basis with the individual customer based on its industry. Based on this floating rate mechanism, the interest rates we charge our customers for most of our lease contracts are readjusted periodically at every subsequent payment date if necessary. As over 80% of all our lease contracts have monthly payment dates, the interest rates we charge to our customers can be adjusted at each subsequent month should the PBOC benchmark interest rates fluctuate. Our remaining lease contracts have quarterly or semi-annual payment dates, and the interest rates for these lease contracts are accordingly adjusted at each subsequent payment date as necessary. For these reasons, the interest rates that we charge for our lease contracts vary depending on our commercial arrangement with the individual customer based on its industry and on a case-by-case basis, and we generally do not set a defined range for interest rates charged to our leasing customers.

In 2007, the PBOC increased its benchmark interest rates six times in order to prevent overheating of the PRC economy, increasing each of the one-to-three year benchmark RMB lending rate and the three-to-five year benchmark RMB lending rate by a total of 126 basis points over the course of the year. As a result, the one-to-three year and three-to-five year benchmark RMB lending rates rose to 7.56% and 7.74% by the end of 2007, respectively. Since then, the PBOC maintained interest rates until September 2008, when it took action to reduce interest rates in the wake of the global financial crisis. The PBOC cut interest rates on five instances during the last four months of 2008, reducing the one-to-three year and three-to-five year benchmark RMB lending rates by 216 and 198 basis points, respectively. As a result, the one-to-three year and three-to-five year benchmark RMB lending rates fell to 5.40% and 5.76% by the end of 2008, respectively. The PBOC benchmark lending rates have remained unchanged between December 23, 2008 until October 20, 2010, when one-to-three year and three-to-five year benchmark RMB rates were increased to 5.60% and 5.96%, respectively. These changes in the PBOC benchmark interest rates before 2009 generally resulted in the narrowing of net interest spreads and a decline in net interest margins of PRC financial services companies in 2009, including ours, which adversely affected our profitability. Readjustments to the interest rates we are charged for our bank borrowings may lag behind our readjustments to the interest rates charged to our customers. This is because interest rate readjustments for both our bank borrowings and our lease contracts with respect to our customers take place at each subsequent payment date. Over 80% of our lease contracts have monthly payment dates, while most of our bank borrowings have quarterly or semi-annual payment dates. As interest rate readjustments for our bank borrowings tend to take place at a more gradual pace, our net interest spreads may narrow and our net interest margins may decrease as a result.

On December 26, 2010, the PBOC increased benchmark interest rates and the one-to-three year and three-to-five year benchmark RMB lending rates rose to 5.85% and 6.22%, respectively. On February 9, 2011, the PBOC further increased benchmark interest rates and the one-to-three year and three-to-five year benchmark RMB lending rates rose to 6.10% and 6.45%, respectively. Current interest rate levels may continue to present challenges with respect to our net interest spread and net interest margin. As of the Latest Practicable Date, we confirm that these recent increases in the PBOC benchmark interest rates have not materially and adversely affected our ability to obtain sufficient financing on commercially reasonable terms nor have our liquidity, financial condition and results of operations been materially and adversely affected. While these increases in the PBOC benchmark interest rates have not significantly affected our ability to obtain sufficient financing on commercially acceptable terms, further increases may do so or may cause us to be unable to obtain sufficient financing at all.

For more details on historical PBOC benchmark interest rates, see the section headed "Industry Overview—Our Position in the Financial Leasing Industry" as set forth in this prospectus.

Interest rate sensitivity

The table below demonstrates the sensitivity of our Group's profit before tax to a reasonably possible change in interest rates, with all other variables held constant.

The sensitivity of our profit before tax is the effect of the assumed changes in interest rates on the profit before tax, based on the financial assets and financial liabilities held at year end or period end and subject to repricing within the coming year.

	Increase/(decrease) in the Group's profit before tax			
	As of December 31,			As of September 30,
	2007	2008	2009	2010
	US$'000			
Change in basis points				
+100 basis points	6,349	6,280	7,633	10,798
- 100 basis points	(6,349)	(6,280)	(7,633)	(10,798)

The interest rate sensitivities set out in the table above are for illustration purposes only and are based on simplified scenarios. The figures represent the effect of the pro forma movements in the profit before tax based on the projected yield curve scenarios and our Group's current interest rate risk profile. This effect, however, does not incorporate actions that would be taken by management to mitigate the impact of this interest rate risk. The projections above also assume that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on the profit before tax and equity in the case where some interest rates change while others remain unchanged.

Operation and growth

We operate our business through our headquarters in Hong Kong, our operating center in Shanghai and our regional offices. In order to be close to our customer base within the target industries, we have established regional offices to serve as direct contact points with our customers. As of the Latest Practicable Date, we had established nine regional offices in Shenyang, Beijing, Jinan, Changsha, Wuhan, Zhengzhou, Chengdu, Chongqing and Shenzhen, covering four major economic areas in China (namely the Bohai Rim, the Yangtze River Delta, the Pearl River Delta and central China).

With our distinctive business model, established market position, extensive network across China, quality customer base and risk management capabilities, we are well positioned to expand our business operations into other target industries with promising growth potential and to grow along with our customers and China's economy.

We have enjoyed rapid growth during the Track Record Period. Our revenue grew from US$90.9 million for the year ended December 31, 2007 to US$211.4 million for the year ended December 31, 2009, representing a CAGR of 52.5%. The tables below present (i) our revenue and profit attributable to the equity holders, (ii) our interest income, interest expense, net interest income, net interest spread and net interest margin, (iii) total assets and (iv) selected financial ratios during the Track Record Period.

Revenue and profit attributable to equity holders during the Track Record Period

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
				(unaudited)	
	US$'000				
Revenue	90,883	155,119	211,362	145,120	230,949
Profit attributable to owners of the parent and non-controlling interests	30,893	50,500	69,073	46,559	76,666

Interest income, interest expense, net interest income, net interest spread and net interest margin during the Track Record Period

	Year ended December 31,			Nine months ended September 31,	
	2007	2008	2009	2009	2010
				(unaudited)	
	US$'000, except percentages				
Interest income(1)	54,304	96,791	107,537	76,881	121,071
Interest expenses(2)	25,795	51,198	57,989	43,357	59,483
Net interest income	28,509	45,593	49,548	33,524	61,588
Net interest spread(3)	2.30%	2.14%	1.21%	1.14%	1.72%
Net interest margin(4)	4.08%	4.09%	2.97%	2.91%	3.26%

Notes:

(1) Interest income is revenue for the financial leasing portion of our leasing and advisory segment.

(2) Interest expense is the cost of sales for the financial leasing portion of our leasing and advisory segment.

(3) Calculated as the difference between the average yield and the average cost. The average yield is calculated by dividing interest income by the average total balance of interest-earning assets. The average cost is calculated by dividing interest expense by the average total balance of our interest-bearing liabilities.

(4) Calculated by dividing net interest income by the average balance of total interest-earning assets.

Total assets during the Track Record Period

	As of December 31,			As of September 30, 2010
	2007	2008	2009	
	US$'000			
Total assets	979,911	1,404,688	2,084,037	3,238,701

Selected financial ratios during the Track Record Period

	Year ended December 31,			Nine months ended September 30, 2010
	2007	2008	2009	
Return on average assets(1)	4.05%	4.24%	3.96%	3.84%(4)
Return on average equity(2)	23.24%	26.45%	28.82%	26.53%(4)
Non-performing asset ratio(3)	1.70%	1.90%	1.20%	0.73%

Notes:

(1) This represents the net profit as a percentage of the average of period-beginning balance and period-ending balance of total assets. The decrease since 2008 was primarily due to increased asset reserve ratio and increased income tax payment.

(2) This represents the net profit for the period as a percentage of the average of period-beginning balance and period-ending balance of total equity.

(3) This is calculated by dividing non-performing assets by net lease receivables at the end of the relevant reporting period.

(4) Calculated on an annualized basis.

For the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, we had net cash outflows from operating activities in the amounts of US$228.1 million, US$295.2 million, US$415.1 million and $764.0 million, respectively, as we expanded our business and increased the balance of our net lease receivables. As we engage in the business of financial leasing, we correspondingly increased our bank and other borrowings, which are recorded as cash inflows from financing activities. Net cash inflows from financing activities were US$299.5 million, US$246.5 million, US$438.2 million and US$843.4 million for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, respectively. This trend in our net cash inflows from financing activities is primarily attributable to trends relating to (i) cash outflows due to repayments on borrowings and (ii) cash inflows due to cash received from borrowings. For the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, cash outflows due to repayments on borrowings were US$446.1 million, US$787.4 million, US$1,061.9 million and US$1,139.9 million, respectively, while cash inflows due to cash received from borrowings were US$695.6 million, US$1,076.6 million, US$1,341.5 million and US$2,006.6 million, respectively. For these reasons, we had net cash outflows from operating activities throughout the Track Record Period. As of September 30, 2010, the balance of our cash and cash equivalents was US$95.4 million.

For a detailed analysis of our operating results, see the section headed "Financial Information—Results of Operations" in this prospectus.

ASSET QUALITY

We measure and monitor the asset quality of our lease receivables portfolio through our AME system. For further details of our asset quality management, see the section headed "Risk Management—Credit Risk Management—Management of Asset Portfolio" in this prospectus. We classify our lease receivables using a five-category lease receivable classification system, which complies with our AME System. There are no PRC laws, regulations or rules which require us to classify our lease receivables under specific statutory guidelines for asset quality; however, we have voluntarily put in place a five-category lease receivable classification system which is modeled after the statutory requirements relating to asset quality classification promulgated by the CBRC for finance leasing companies and other financial institutions subject to its regulation. As a result, our five-category lease receivable classification system is similar and comparable to those of the financial leasing companies and other financial institutions regulated by the CBRC, which includes many of our competitors within the PRC. While there are no accounting standards that directly relate to our lease receivable classification system, our provisioning policies for financial assets are governed by relevant accounting standards and the accompanying guidance. For further details, see the section headed "Financial Information—Significant Factors Affecting Our Results of Operations—Asset Quality and Provisioning Policy" in this prospectus.

Asset quality—Classification criteria

In determining the classification of our lease receivables portfolio, we apply a series of criteria that are derived from our own internal regulations regarding the management of lease assets. These criteria are designed to assess the likelihood of repayment by the borrower and the collectability of principal and interest on our lease receivables.

Our lease receivable classification criteria focus on a number of factors, to the extent applicable. Our lease classifications include:

Pass. There is no reason to doubt that the loan principal and interest will not be paid by the lessee in full and/or on a timely basis. There is no reason whatsoever to suspect that the lease receivables will be impaired.

Special Mention. Even though the lessee has been able to pay the lease payments in a timely manner, there are still factors that could adversely affect its ability to pay, such as if lease payments have been overdue for 30 days or more and the financial position of the lessee has worsened or its net cash flow has become negative, then the lease receivables for this lease contract should be classified as special mention or lower.

Substandard. The lessee's ability to pay is in question as it is unable to make its payments in full with its operating revenues, and we are likely to incur losses notwithstanding the enforcement of any guarantees underlying the lease contract. We take into account other factors, for example, if lease payments have been overdue for over six months, then the lease receivables for this lease contract should be classified as substandard or lower.

Doubtful. The lessee's ability to pay is in question as it is unable to make lease payments in full and/or on a timely basis with its operating revenues and we are likely to incur significant losses notwithstanding the enforcement of any guarantees underlying the lease contract. We take into account other factors, for example, if lease payments have been overdue for more than one year, the lease receivables for this lease contract shall be classified as doubtful or lower.

Loss. After taking all possible steps or going through all necessary legal procedures, lease payments remain overdue or only a very limited portion has been recovered. We take into account other factors, for example, if lease payments have been overdue for more than two years, the lease receivables for this lease contract shall be classified as a loss.

Distribution of lease receivables by classification

The following table sets forth, as of the dates indicated, the distribution of our lease receivable portfolio by the five-category lease receivable classification described above. We use the term "non-performing assets" synonymously to refer to the receivables identified as "individually assessed" in Note 18 to our consolidated financial statements included in the Accountants' Report in Appendix I to this prospectus. Under our five-category assets classification system, our identified impaired lease receivables (or non-performing assets) are classified as substandard, doubtful or loss, as applicable.

	As of December 31,						As of September 30,	
	2007		2008		2009		2010	
	Amount	%	Amount	%	Amount	%	Amount	%
	US$'000, except percentages							
Pass	697,281	79.4%	1,107,605	82.0%	1,652,089	83.8%	2,445,860	81.9%
Special mention	166,046	18.9%	217,312	16.1%	295,514	15.0%	518,117	17.4%
Substandard	5,571	0.6%	15,611	1.2%	16,294	0.8%	13,150	0.4%
Doubtful	9,318	1.1%	8,588	0.6%	6,855	0.4%	8,200	0.3%
Loss	—	0.0%	1,425	0.1%	440	0.0%	494	0.0%
Net lease receivables	878,216	100.0%	1,350,541	100.0%	1,971,192	100.0%	2,985,821	100.0%
Non-performing assets(1)	14,889		25,624		23,589		21,844	
Non-performing asset ratio(2)	1.70%		1.90%		1.20%		0.73%	

Notes:

(1) Non-performing assets are defined as those lease receivables having objective evidence of impairment as a result of one or more events that occur after initial recognition and such events have an impact on the estimated future cash flows of lease receivables that can be reliably estimated. These lease receivables are graded as "Substandard", "Doubtful" or "Loss".

(2) The non-performing assets ratio is the percentage of non-performing assets over net lease receivables as of the applicable date.

Our non-performing assets decreased by 7.4% to US$21.8 million as of September 30, 2010 from US$23.6 million as of December 31, 2009, primarily due to (i) the continuation of our conservative policies regarding risk management and provisioning, (ii) upgrades of certain lease receivables in asset quality and (iii) improvement in the quality of our overall asset portfolio as the general economic conditions in China continued to improve. The non-performing asset ratio of our lease receivable portfolio decreased to 0.73% as of September 30, 2010 from 1.20% as of December 31, 2009 for the reasons discussed above, and also as the balance of new net lease receivables increased significantly between December 30, 2009 and September 30, 2010.

The non-performing asset ratio of our lease receivable portfolio decreased to 1.20% as of December 31, 2009 from 1.90% as of December 31, 2008. In addition, our non-performing assets decreased by 7.9% to US$23.6 million as of December 31, 2009 from US$25.6 million as of December 31, 2008. These decreases were primarily due to the following factors or considerations: (i) we decided to be more conservative in our management of non-performing assets and disposition of impaired leases in 2009, and as a result, we terminated 12 risky projects classified as "doubtful" or "loss" in the printing, healthcare, and infrastructure construction industries with an outstanding amount of approximately RMB38.5 million in total (including lease receivables and damages) and recovered approximately RMB37.7 million; (ii) through the global economic downturn, we gained an in-depth understanding of the customers and industries we serve and as a result, further improved our internal procedures and rules with respect to risk management and (iii) our customers' businesses grew and their financial condition improved in light of PRC government policy incentives for healthcare, education and infrastructure construction and the favorable economic conditions in China in general.

Our non-performing assets increased by 72.1% to US$25.6 million as of December 31, 2008 from US$14.9 million as of December 31, 2007, and the non-performing asset ratio of our lease receivable portfolio increased to 1.90% as of December 31, 2008 from 1.70% as of December 31, 2007. These increases in the balance of our non-performing assets and our non-performing asset ratio were due to the adverse impact of the global economic downturn that began in the second half of 2008, when we reclassified certain performing assets as non-performing assets.

For further details regarding (i) our non-performing assets ratio by industry and (ii) changes in the asset quality of our lease receivable portfolio, see the section headed "Financial Information—Description of Certain Line Items in the Consolidated Statement of Financial Position—Loans and Accounts Receivables—Lease Receivables" in this prospectus.

Provisions for lease receivables

We assess our lease receivables for impairment, determine a level of allowance for impairment losses, and recognize any related provisions made in a year, using the concept of impairment under HKAS39. Provision for bad and doubtful receivables is made based on our assessment of the recoverability of loans and receivables. The identification of doubtful receivables requires our management's judgment and estimates. Our management measures and monitors the asset quality of the lease receivables portfolio by classifying the lease receivables using the five-category classification system described above by referring to guidelines promulgated by the CBRC relating to asset quality for finance leasing companies and other financial institutions under its regulation. Lease receivables in the first two categories, Pass and Special Mention, are regarded as performing assets as no objective evidence of impairment exists and are collectively assessed for impairment. Lease receivables in the remaining three categories, Substandard, Doubtful and Loss, are regarded as non-performing assets and are measured for impairment individually since objective evidence of impairment exists individually for such lease receivables. Where the actual outcome or future expectation differs from the original estimate, these differences will have an impact on the carrying amounts of the receivables and doubtful debt expenses or write-back in the period in which these estimates have changed. For further details, see the section headed "Financial Information—Significant Factors Affecting Our Results of Operations—Asset Quality and Provisioning Policy" in this prospectus.

Distribution of provision by assessment methodology

The following table sets forth the distribution of provisions by our assessment methodology as of the dates indicated[(1)].

	As of December 31,			As of September 30,
	2007	2008	2009	2010
	US$'000, except percentages			
Asset impairment provisions:				
Individually assessed	5,189	7,435	8,013	8,302
Collectively assessed	6,173	9,578	17,788	26,430
Total	11,362	17,013	25,801	34,732
Non-performing assets	14,889	25,624	23,589	21,844
Provision coverage ratio	76.31%	66.39%	109.38%	159.00%

Note:

(1) Because our Group is not regulated by the CBRC, we are not required to provide general provisions as the commercial banks and other financial institutions under the supervision of the CBRC generally are. We provide collectively assessed provisions for performing assets fully in accordance with the relevant standards stated in HKAS39 and do not need to account for general provisions in connection with PRC governmental or regulatory requirements that may be relevant to commercial banks or other financial institutions within the PRC. Instead, our provisioning policies are based on relevant or applicable accounting standards and guidelines. Therefore in accordance with HKAS39 Paragraph 64 we assess such performing assets for impairment on a collective basis. In determining our impairment provision for collectively assessed lease receivables, we make reference to the international rating-based approach of Basel II (which multiplies (i) the probability of default by (ii) the loss given default and by (iii) the exposure at default). In order to determine the parameters for this model, we look at: (i) our historical migration ratios of performing assets to non-performing assets and (ii) the individually assessed impairments results for non-performing assets.

Our provision coverage ratio has generally shown an improving trend from 76.31% in 2007 to 109.38% in 2009 due to our increasingly active and prudent management of our asset quality. However, the decrease to 66.39% in 2008 mainly resulted from an increase in non-performing assets, due to the adverse impact of the global economic downturn that began in the second half of 2008 when we reclassified certain performing assets as non-performing assets. As a result, the provision coverage ratio decreased between these dates.

As we continued to expand the scale of our operations and also in the wake of the global financial crisis that began in the second half of 2008, we believed that we needed to take measures to better protect ourselves against systemic risk and move toward international standards and practices. Consequently, we increased our provisions for asset impairment, and as a result our provision coverage ratios rose to 109.38% and 159.00% as of December 31, 2009 and September 30, 2010, respectively. In addition, our provision coverage ratio increased as a result of improvement in the quality of our overall asset portfolio as the general economic conditions in China continued to improve.

Our write-off ratios were 12.11%, 0.00%, 0.92% and 0.15%, as of December 31, 2007, 2008 and 2009 and as of September 30, 2010, respectively, and our provision coverage ratios were 76.31%, 66.39%, 109.38% and 159.00%, respectively, as of the same dates. In light of this, we believe that the provisions made by us during the Track Record Period were adequate to cover any actual losses incurred from write-offs.

Write-offs of lease receivables

The following table sets forth our write-off ratios as of the dates indicated.

	As of December 31,			As of September 30,
	2007	2008	2009	2010
	US$'000, except percentages			
Write-off	963	—	236	35
Non-performing assets, as of the beginning of the relevant financial year or period[(1)]	7,955	14,889	25,624	23,589
Write-off ratio[(2)]	12.11%	0.00%	0.92%	0.15%

Notes:

(1) We use the balance of non-performing assets as of the beginning of the relevant financial year or period as it is more meaningful given that we, as a matter of accounting procedure, write off non-performing assets after we have reclassified our assets according to their respective asset quality classifications and have made provisions for them. As a result, the write-off ratio, which is calculated as the percentage of lease receivable write-offs over the balance of non-performing assets as of the beginning of the relevant financial year or period, is likewise more meaningful.

(2) The write-off ratio is calculated as the percentage of lease receivable write-offs over the balance of non-performing assets as of the beginning of the relevant financial year or period.

Our write-off ratios have decreased during the Track Record Period, from 12.11% as of December 31, 2007 to 0.15% as of September 30, 2010. Our write-off ratios decreased overall during the Track Record Period as a result of our stringent risk management controls and our management of asset quality. We have implemented a stringent selection process both with respect to potential industries and customers and strictly adhere to our internal policies with respect to credit assessment and approval procedures. We also carefully manage and monitor our portfolio to help reduce risk. Although we maintain high asset quality, our write-off ratio in 2007 was significantly higher than during the rest of the Track Record Period when we wrote off a majority of losses caused prior to 2007 as a result of certain one-off write-offs related to a small number of projects that had relatively large asset values. For further details about our risk management with respect to our asset portfolio, see the section headed "Risk Management—Credit Risk Management—Management of Asset Portfolio" in this prospectus.

OUR COMPETITIVE STRENGTHS

Our competitive strengths include the following:

We have capitalized on China's robust economic growth by strategically focusing on selected industries which have been expanding as China's economy has grown.

Over the past three decades, China's economy has grown significantly, in large part due to the Chinese government's extensive economic reforms. According to the National Bureau of Statistics of China, the nominal GDP of China grew at a CAGR of 16.5% from RMB18.5 trillion to RMB34.1 trillion between 2005 and 2009. In addition, China's urban fixed assets investment grew at a CAGR of 26.8% from RMB7,510 billion to RMB19,414 billion between 2005 and 2009. Based on data from the World Bank, China was the third largest economy in the world in terms of GDP in 2009.

Our target industries have also enjoyed rapid growth along with the Chinese economy and the Chinese financial leasing industry. In particular, the total expenditure or total output value of our target industries has increased in recent years. Based on the report issued by our independent market research consultant, BHCC, the total spending of the healthcare and education industries in China grew at a

CAGR of 19.5% and 19.2%, respectively, between 2007 and 2009, while the total output value of the machinery industry in China grew at a CAGR of 25.6%, respectively, between 2006 and 2008.

The financial leasing industry in China has also developed rapidly in recent years, consistent with the growth in China's economy and our six target industries. Based on information in the World Leasing Yearbook 2011, the Chinese leasing industry grew 86.7% in 2009 and achieved a new level of business leasing volume of US$41.01 billion, making it the second highest performer in Asia (after Japan) by achieving a ranking of fourth in the world.

We currently operate our business within our six target industries, which have each experienced continued growth despite the global financial crisis. In particular, our revenue grew from US$90.9 million for the year ended December 31, 2007 to US$211.4 million for the year ended December 31, 2009, representing a CAGR of 52.5%.

We have developed a distinctive business model providing customized and integrated financial services to target industries by leveraging our established industry expertise and thorough understanding of our customers' specific needs.

Our distinctive business model enables us to provide a customized and integrated range of financial services primarily across a well-balanced portfolio comprising our target industries, so as to support the growth of our customers' businesses along with the growth of the Chinese economy. In addition, we are also able to leverage our accumulated industry and management expertise derived from our business model to expand into other target industries in China with promising growth potential. For the year ended December 31, 2009, our revenue (before business taxes and surcharges) attributable to each of the healthcare, education, infrastructure construction, shipping, printing and machinery industries amounted to US$63.6 million, US$29.8 million, US$23.7 million, US$20.6 million, US$58.8 million and US$19.5 million, representing approximately 29.2%, 13.7%, 10.8%, 9.4%, 26.9% and 9.0% of our total revenue (before business taxes and surcharges), respectively.

We believe that our business model is distinctive for the following reasons:

- *Integrated and customized range of financial services.* Through our financial leasing business, we have established our nationwide customer base, developed customer relationships and deepened our industry knowledge within each target industry, thereby enabling us to be sensitive to our customers' needs and to provide an integrated and customized range of value-added services relating to advisory, brokerage and trading services. By leveraging our in depth industry expertise to provide a broad range of value-added services, we are able to further deepen our customer relationships, develop stronger customer loyalty and cater to their changing needs through every business cycle. This enables us to differentiate ourselves from our competitors whose scope of services may be restricted due to their business models and/or regulatory restrictions. As testimony to the quality of our integrated financial services, a substantial portion of our customer base uses both our financial leasing services and extended value-added services.

- *Effective operational and project execution capabilities in step with our business growth.* We have established a systematic and integrated business operation process which is customized in accordance with industry-specific needs and operated by our employees with industry expertise. This process can effectively support large-scale business operations in line with our business growth so as to maximize revenue. During the nine months ended September 30, 2010, we have undertaken approximately 1,800 projects for approximately 1,200 customers.

- *Strong asset and customer quality through effective risk management systems.* We maintain strong asset and customer quality and minimize impaired lease receivables through a rigorous and effective risk management system, which comprises (i) stringent selection of suitable target industries, (ii) segmentation of suitable target customers, (iii) customer credit assessment and approval procedures, and (iv) portfolio monitoring and management. Our risk management capabilities have achieved the ISO9001 Quality Management System Certificate from the British Standards Institution since 2004 and are in turn further enhanced and supported by our information technology systems. As such, we have been able to enhance our asset quality by maintaining low non-performing asset ratios. As of December 31, 2007, 2008 and 2009 and September 30, 2010, our non-performing assets amounted to US$14.9 million, US$25.6 million, US$23.6 million and US$21.8 million, respectively. Our non-performing asset ratio (defined as the percentage of non-performing assets over net lease receivables) has decreased from 1.90% as of December 31, 2008 to 0.73% as of September 30, 2010.

- *Industry-specific sales and marketing initiatives.* Our sales and marketing team comprised 410 staff as of September 30, 2010. Our sales and marketing team has specialized industry knowledge and covers nearly all of the provinces of China. In order to enhance our sales and marketing efforts, expand our business network and maintain a sustained industry presence and promote our specialized industry knowledge among key industry players, we regularly organize and/or participate in industry exhibitions, trade associations and customer forums and visit existing and potential customers within industrial parks. Through such activities, we gain first-hand market information which in turn, enables us to remain responsive and competitive to our customer needs.

We are a market leader within China's financial leasing industry and we have a growing customer base.

We enjoy a leading market share in a majority of our target industries and are one of the top performers among China's financial leasing companies in terms of revenue and net profit. Based on the report issued by our independent market research consultant, BHCC, we have established the following leading market positions:

- For the year ended December 31, 2009, we were ranked first in terms of net profit and second in terms of revenue among the top 10 financial leasing companies in China by asset size.

- For the year ended December 31, 2009, we achieved a leading market share by aggregate value of new lease contracts in the provision of financial leasing services to (a) public hospitals, (b) printing firms, (c) universities and colleges and (d) automobile part manufacturers, accounting for approximately 23.9%, 41.4%, 64.5% and 38.9% in each respective customer segment.

Our leading market position in a majority of our target industries is supported by a growing customer base with whom we have well established long-term relationships. As of December 31, 2010, approximately 70% of our completed leases with our customers had a term of over three years. Our customers primarily comprise small-to-medium sized enterprises, large corporations and public institutions within our target industries, each of which has been selected under stringent risk management procedures based on factors such as the stability of their cash flows and/or asset values, industry reputation and track record performance. As of September 30, 2010, our customer base comprised over 3,200 customers located in nearly every province of China and was divided primarily within regions which are enjoying growth along with China's economy, such as the Bohai Rim (comprising Beijing Tianjin, Shandong, Liaoning and Hebei), the Yangtze River Delta (comprising Jiangsu, Zhejiang and Shanghai), the Pearl River Delta (comprising Guangdong, Guangxi and Hainan) and central China (comprising Hunan, Hubei, Chongqing, Sichuan and Henan). As testimony to our customers' loyalty and reliance on our services, we also have a large number of repeat customers. As of September 30, 2010, approximately 68% of our leasing programs were derived from repeat customers. We have also successfully tapped into our financial leasing customer base to provide extended value-added services, in addition to providing our integrated financial services to new customers. As of the Latest Practicable Date, our average relationship with our customers has lasted approximately four years.

We have an experienced, stable and cohesive management team and qualified staff with a proven track record and a performance-based corporate culture.

Our management team has successfully developed our business into a leading financial services company in China. We have a proven track record of successful growth and profitability, with our revenue and profit after tax growing at a CAGR of 52.5% and 49.5%, respectively, between December 31, 2007 and December 31, 2009. Our executive Directors and key senior management have been with our Group since 2002 and have contributed their management expertise and business acumen to lead our Group since the relocation of our operating center to Shanghai in 2001.

Our senior management members have an average of over eight years of experience in China's financial services industry. We have a highly capable, committed and motivated management team, whose strong entrepreneurship has led to the successful development of our businesses within our target industries. Our management team also shares a vision of loyalty, teamwork, cohesiveness, continuous learning and excellence with our employees. As of September 30, 2010, approximately 93% of our employees have a bachelor's degree and above and approximately 55% have a master's degree and above. Due to our employees' diversified educational backgrounds, work experience and our internal training, our employees possess the necessary professional and specialized expertise within the relevant target industry divisions in which they operate.

We are committed to motivating and developing our employees and creating a meritocratic system under which compensation is dependent on the satisfaction of attainable performance targets. We have fostered a distinct culture and set of core values which we seek to reinforce with our Directors, senior management and employees. These core values embrace the spirit of continuous learning and innovation, integrity, discipline, a competitive spirit, harmony and cooperation.

We have diversified and sustainable funding sources to support our business growth and have strong capabilities in managing our funding risks.

Our business growth and working capital requirements are primarily supported by interest-bearing bank and other borrowings and equity.

Since 2002, we have developed strong relationships with approximately 60 domestic and foreign financial institutions from which we have obtained loan financing (including syndicated loans), with each banking facility having an average term of 2.4 years. As of September 30, 2010, these financial institutions included, among others, 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, each providing approximately 21.7%, 29.5%, 8.1%, 20.4% and 20.3% of the outstanding loan balance, respectively. Among these loans, domestic loans and overseas loans accounted for approximately 92% and 8%, respectively. These relationships have allowed us to secure sustainable sources of financing to support our business growth and working capital requirements.

We have also diversified our funding sources to include financial instruments, such as asset backed securitization, so as to expand our funding sources and maintain a capital-adequate and cost efficient funding base. In 2006, we broke new ground by issuing China's first leasing asset-backed security program, namely the "Far Eastern Debut Leasing Asset Backed Security Management Program" with an issue size of RMB486 million[(1)]. In September 2010, we received a syndicated loan of RMB6.0 billion from China Development Bank (as the lead arranger) for a term of three years. In November 2010, we received another syndicated loan of RMB4.5 billion from the big four commercial banks (as joint lead arrangers) for a term of three years. We have also accessed private equity financing through total investments of US$160 million in 2009 from KKR Future Investments (an affiliate of KKR Asian Fund L.P.), Techlink (an affiliate of Government of Singapore Investment Corporation (Ventures) Pte. Ltd.) and TML (an affiliate of CICC Fund). Such private equity financing has allowed us to continue our rapid expansion while maintaining reasonable gearing ratios.

Moreover, by adhering to our funding strategies, we have successfully increased the proportion of non-current interest-bearing bank and other borrowings, which amounted to 63.1% and 67.6% of our total interest-bearing bank and other borrowings as of December 31, 2007 and September 30, 2010, respectively, to more adequately match the maturity profile of our assets.

We are also able to effectively match our funding with our asset growth on an ongoing basis through regular review and adjustment of our funding sources and structure in view of the changes in our internal and external business environments. As of December 31, 2007, 2008 and 2009 and September 30, 2010, our total financial assets, based on the contractual undiscounted cash flows, amounted to US$1,106.0 million, US$1,542.8 million, US$2,301.3 million and US$3,606.5 million, respectively, while our total financial liabilities, based on the contractual undiscounted cash flows, amounted to US$865.1 million, US$1,304.4 million, US$1,948.4 million and US$2,897.9 million, respectively. We manage our liquidity risks by regularly monitoring the relative maturities between our assets and liabilities and taking the necessary steps to maintain an appropriate and prudent balance of long-term and short-term funding sources. We manage our interest rate exposure by regularly assessing potential changes in interest rates using gap analysis. We further strengthen research capabilities to determine interest rate fluctuations and trends by formulating regular tracking and reporting systems.

Note:

(1) Far Eastern Debut Leasing Asset Backed Security Management Program was launched by Far Eastern in May 2006 and was publicly traded on the Shanghai Stock Exchange. Far Eastern sold asset-back securities based on its lease receivables to investors at a discount for working capital and financing to support the general expansion of our business operations. There were two classes of beneficiary certificates under the program, namely preferential beneficiary certificates and secondary beneficiary certificates. The preferential beneficiary certificates were purchased by the qualified domestic investors in China and its maturity date was January 24, 2008. Far Eastern subscribed all the secondary beneficiary certificates and the maturity date of the secondary beneficiary certificates was December 24, 2008. Accordingly, we recognized in 2008 a gain from settlement of the financial instrument in the amount of US$3.2 million as these two classes of beneficiary certificates under the program matured and were settled.

We enjoy support from Sinochem Group and our strategic investors.

Our ultimate Controlling Shareholder, Sinochem Group, is one of the largest state-owned conglomerates in China and a Global Fortune 500 corporation with a well established presence and performance in China. Its business covers a range of sectors including energy, agriculture, chemical, real estate and financial services. Our strategic investors, namely KKR Future Investments (an affiliate of KKR Asian Fund L.P.), Techlink (an affiliate of Government of Singapore Investment Corporation (Ventures) Pte. Ltd.) and TML (an affiliate of CICC Fund) are managed by reputable institutions with established financial expertise. Founded in 1976 and led by Henry Kravis and George Roberts, Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, "**KKR**") is a leading global alternative asset manager with US$61 billion in assets under management as of December 31, 2010. GIC Special Investments Private Limited is the private equity and infrastructure investment arm of Government of Singapore Investment Corporation Private Limited. China International Capital Corporation Limited is the first joint venture investment bank in China, established as a strategic partnership among established Chinese and international financial institutions. As such, we believe that we can leverage our support from, and relationship with, Sinochem Group and our strategic investors to enhance our competitive edge by improving management capabilities and corporate governance and further strengthening our brand equity and credibility.

OUR STRATEGIES

We intend to implement the following principal strategies to grow our business and create value for our Shareholders:

Capitalizing on growth opportunities of China's financial leasing market

We believe China's financial leasing industry is still underdeveloped, and that our target industries still enjoy sustainable growth potential. Hence, there are promising opportunities to explore the attractive growth potential of China's financial leasing industry and our target industries. With a market penetration rate of just 3.1% in 2009, China has significant potential for growth when compared to more developed markets, such as the United States and Germany which have penetration rates of 17.1% and 13.9% in 2009 (*Source: World Leasing Yearbook 2011*). In addition, we believe that there is substantial growth potential in market demand for our financial leasing services arising from the growth of private sector enterprises and public institutions in China. In addition to conventional bank lending, our ability to understand the value of the assets underlying the leases as well as our customers' needs provide a differentiated yet highly efficient competitive advantage. For close to 20 years, we have successfully developed our business by taking advantage of the rapid growth of China's economy and the continuing opening up of China's financial market. We intend to continue to capitalize on growth opportunities in China's financial leasing market by leveraging our industrial expertise, established presence in our target industries and our extensive customer network.

Expanding our customer base and achieve deeper market penetration within our existing target industries through focused sales and marketing efforts

We are constantly evaluating opportunities to leverage our significant industry expertise and extend our services to additional customer segments within each of our existing target industries. In this respect, we plan to devote more attention, manpower and resources to expanding our customer base and strengthening our customer relationships through focused sales and marketing efforts and further segmentation of China's economic areas in which we operate. These sales and marketing efforts will include the regular organization of, and participation in, additional industry exhibitions and trade associations so as to maintain our industry presence and promote our specialized industry knowledge among key industry players. We believe that such focused sales and marketing efforts will strengthen market demand for our integrated financial services and enable us to capture more market and customer segments ahead of our competitors.

Expanding our business operations within other industries in China

We intend to continue exploring growth opportunities within other target industries in China with growth potential and in which we believe our services can be competitive, so as to complement our existing business. We are currently exploring business opportunities in other industries, such as the textile leasing industry, public transportation industry, public utilities and the media and broadcast leasing industry and may expand into these new industries only when suitable opportunities arise. However, we do not have any existing timetable to expand into these new industries. We believe that our track record and experience in China's financial leasing industry has provided us with sufficient insights into industry trends, customer needs and market potential, which will equip us with the required capabilities to pursue suitable expansion into these new industries.

Diversifying our services portfolio in China to enhance our value-adding capabilities

We believe innovation is key to the continuing growth of our business. We intend to continue to develop a differentiated services portfolio targeting specific customers' needs so that we can differentiate ourselves from our competitors and enhance our market competitiveness. Going forward, where suitable opportunities arise, we intend to expand our services portfolio to include the following:

- *Exploring medical engineering business in the healthcare industry.* We intend to provide design, engineering, construction and management services to surgery rooms of medical institutions through Shanghai Domin.
- *Extending our services across the printing industry value chain.* In addition to providing financial leasing services to printing companies, we intend to enhance and extend our services across the printing industry value chain by leveraging our customer base to (i) consolidate raw material procurement demand of printing companies and procure from paper factories at a bulk discount and then sell to printing companies and (ii) process purchase orders between end customers and printing companies.
- *Provision of operating leases in the infrastructure construction industry.* In order to enhance the flexibility of our financial leasing services in accordance with industry specific requirements, we are studying the feasibility of providing operating leases to our customers in the infrastructure construction industry.

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

Continue to optimize funding sources, minimize funding costs and effectively manage funding risks

We will continue to seek to minimize our costs of funding and expand our funding sources on a sustainable basis to maintain the liquidity necessary to manage our business growth and to provide competitive pricing to our customers.

We intend to leverage our previous experience in the issuance of the “Far Eastern Debut Leasing Asset Backed Security Management Program” in 2006 and utilize similar financing channels under appropriate market conditions. We are studying the feasibility of issuing debt securities, including structured debt securities, and may do so when suitable opportunities arise and under appropriate market conditions. As of the Latest Practicable Date, we do not have fixed timetable to issue debt securities. We will also leverage the opening up of China’s financial markets to explore further financing options where suitable opportunities arise and under appropriate market conditions. In addition, we intend to increase our participation in the capital markets (including both equity and debt financing) as additional funding sources. For instance, the Global Offering will be another source of direct funding from the international capital markets as the use of net proceeds from the Global Offering will reduce the Group’s leverage ratio and enhance our financial strength, thereby potentially lowering funding costs. We also intend to continue to seek and enhance our strategic cooperation with both domestic and foreign financial institutions to facilitate timely funding at competitive rates for our business operations, and will continue to adhere to our stringent processes to effectively manage our liquidity and interest rate risks.

Continue to strengthen our risk management capabilities

We intend to continue to enhance our risk management capabilities by continuing to focus on implementing an integrated and dynamic risk management system and optimizing our prudent risk management systems to protect the long-term interests of our Shareholders, customers and employees. We also intend to proactively streamline our procedures to enhance our stringent selection process of suitable fundamental and sustainable industries, the segmentation of suitable target customers, our customer credit assessment and approval procedures, and portfolio monitoring and management. In addition, we intend to upgrade our information technology system, to more closely monitor and control the status of assets, financing project management and overall asset monitoring of our Company.

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

We believe that part of our success is greatly attributable to our ability to select, develop, motivate and retain our talented and professional workforce. We plan to further strengthen our workforce to meet our strategic goals. We will continue to focus on recruiting and cultivating the technical expertise and industrial knowledge of our workforce, provide training and development programs to enhance their professional knowledge and capability, and create a supportive culture promoting personal and professional development. We will continue to rely on an incentive-based compensation structure to help align employees’ compensation with their contribution to our business. We will also continue to improve our human resources policies to attract, train, incentivize and retain employees.

OUR BUSINESS OPERATIONS

We categorize our business operations into two major business segments: (i) leasing and advisory segment and (ii) trading and others segment. Our leasing and advisory segment relates to the provision of financial leasing services and advisory services. Our trading and others segment primarily relates to the provision of trading and brokerage services. The following table sets forth the contribution (before business taxes and surcharges) of each of (i) financial leasing (or interest income); (ii) advisory services (or fee income); (iii) trading services; (iv) brokerage services; and (v) other services to our total revenue (before business taxes and surcharges) for the years or periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2007		2008		2009		2009		2010	
	US$'000, except percentages									
Leasing and advisory segment										
Financial leasing (interest income)	54,304	57.8%	96,791	60.6%	107,537	49.3%	76,881	51.4%	121,071	50.9%
Advisory services (fee income)	30,140	32.1%	43,441	27.2%	89,965	41.2%	59,108	39.5%	87,805	36.9%
Trading and others segment										
Trading services	7,798	8.3%	15,628	9.8%	17,844	8.2%	10,955	7.3%	22,985	9.7%
Brokerage services	1,491	1.6%	2,777	1.7%	1,577	0.7%	1,576	1.1%	5,010	2.1%
Other services	213	0.2%	1,089	0.7%	1,311	0.6%	1,067	0.7%	985	0.4%
Total	93,946	100.0%	159,726	100.0%	218,234	100.0%	149,587	100.0%	237,856	100.0%
Business taxes and surcharges	(3,063)		(4,607)		(6,872)		(4,467)		(6,907)	
Revenue (after business taxes and surcharges)	90,883		155,119		211,362		145,120		230,949	

Leasing and Advisory Segment

For financial reporting purposes, our advisory services have been categorized within the same business segment as our financial leasing services as these two services are complementary services within our financial leasing business. Our leasing and advisory segment includes two types of income, namely interest income and fee income. Interest income consists entirely of income from financial leasing, which primarily includes direct financial leasing and sale-leaseback transactions. Fee income relates to income primarily from our value-added advisory services accompanying the financial leasing business.

Financial Leasing

Financial leasing is the principal business activity of our Group. We primarily provide two types of equipment-based leasing services: (i) direct financial leasing and (ii) sale-leaseback. Our leasing operations cover primarily six selected industries, namely the healthcare, education, infrastructure construction, shipping, printing and machinery industries. We also have some leasing transactions in other industries such as textile, public transportation, public utilities and media and broadcasting. However, none of these industries is individually significant or representative of the category as a whole. As of the Latest Practicable Date, we have not entered the markets for these industries to the extent we have for our current six key industries. Our lease contracts are generally priced at a floating interest rate, which floats at a preset margin above a base interest rate, thereby allowing us to transfer the impact of interest rate fluctuations to our customers to a significant extent.

The base interest rate references PBOC benchmark interest rates, and the preset margin is a commercial term in the lease contract which we negotiate on a case-by-case basis with the individual customer based on its industry. Based on this floating mechanism, the interest rates we charge our customers for most of our lease contracts are readjusted periodically at every subsequent payment date, if necessary. As over 80% of all our lease contracts have monthly payment dates, the interest rates we charge to customers can be adjusted at each subsequent month should PBOC benchmark interest rates fluctuate. Our remaining lease contracts have quarterly or semi-annual payment dates; for these customers, interest rates are accordingly adjusted at each subsequent payment date as necessary. For these reasons, the interest rates that we charge on our lease contracts vary depending on our commercial arrangements with the individual customer based on its industry, and we generally do not set a defined range for interest rates charged to our leasing customers.

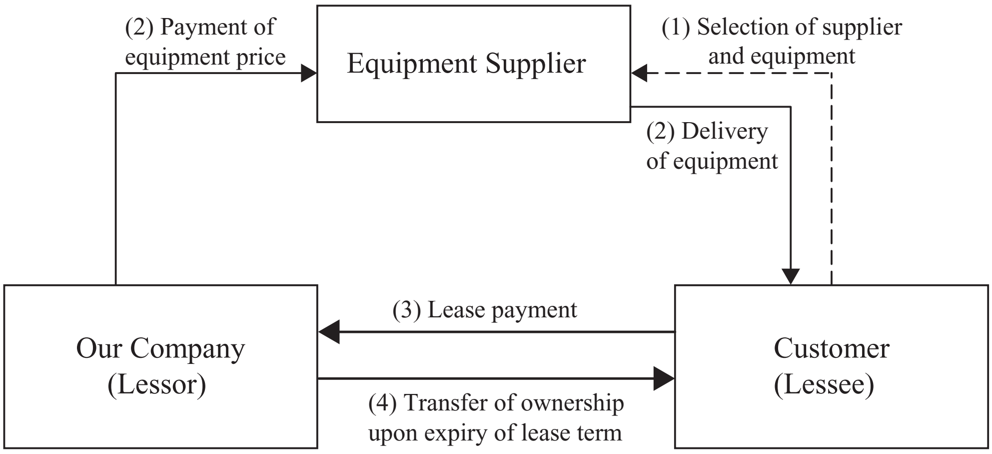
There are no regulatory restrictions relating to the maximum or minimum interest rates charged by us to our customers under the relevant PRC laws and regulations. As advised by our PRC legal advisor, our practice of adjusting the interest rates that we charge our customers with reference to PBOC benchmark interest rates has fully complied with the relevant PRC laws and regulations as of the Latest Practicable Date. Our revenue generated from our financial leasing business (before business taxes and surcharges) amounted to US$54.3 million, US$96.8 million, US$107.5 million and US$121.1 million for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, representing approximately 57.8%, 60.6%, 49.3% and 50.9% of our total revenue, respectively.

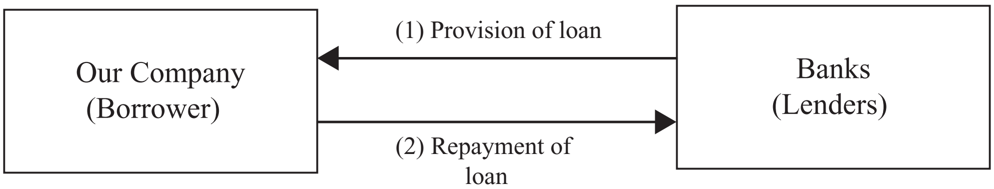
Direct Financial Leasing

A direct financial lease is typically for one specific user, with financial terms designed to recoup most, if not all, of the initial cost of the asset being leased during the initial contractual lease term. Over 80% of all our lease contracts have monthly payment dates. A direct financial lease is generally non-cancellable without our consent during its term and typically ranges from three to five years. Upon expiry of the lease term, we usually provide the lessee with an option to purchase the asset underlying the lease at a nominal value so as to incentivize the lessee to purchase such asset. During the Track Record Period, all of our direct financial leasing customers chose to purchase the asset underlying the lease upon the expiry of the lease term.

Although the lessor has legal ownership of the asset underlying the lease (including those secured by guarantees) during the lease term in direct financial leasing transactions, the lease contracts are structured such that substantially all the risks and rewards of ownership are transferred to the lessees. As a result, from an accounting perspective, the assets underlying the leases are not recorded on our Group's balance sheet. However, for situations where we have already paid to suppliers of machinery and equipment the purchase price of the assets to be leased in a new lease contract, but the term of such lease contract has not yet begun, we record these paid amounts as "leased assets" among our current assets. Once the term of the lease contract begins, we derecognize the amount relating to the "leased asset" and recognize the lease receivables due under the lease contract. We usually obtain the ownership of the leased assets before the commencement of the term of the lease contracts but sometimes may not pay the full or part of the purchase price, which is agreed with our suppliers on a case-by-case basis. For additional details, see the section headed "—Notes to Financial Information—Summary of Significant Accounting Policies—Leases—Finance Leases" in the Accountants' Report set out in this prospectus.

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



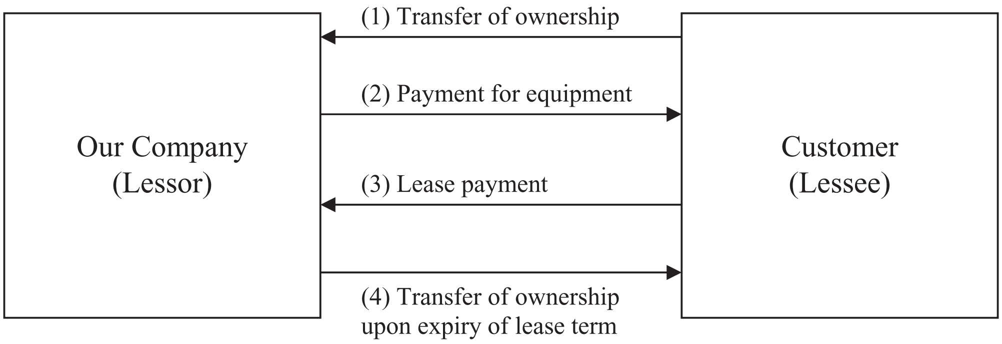


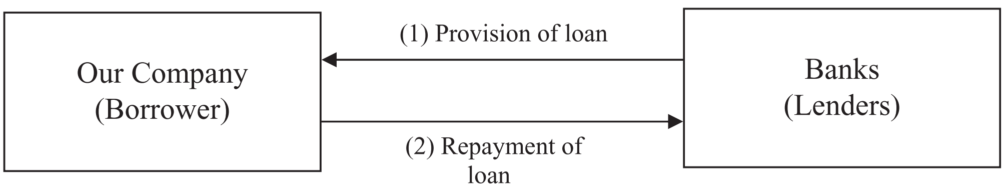
Sale-leaseback

Sale-leaseback is a form of financial leasing where the lessor purchases the asset from the lessee who originally owned such asset but subsequently sells it to the lessor to satisfy its financing needs. The lessee then leases the asset back from the lessor for a relatively long term, such that the lessee can continue to be able to use the asset as a lessee (and not as an owner). Over 80% of our lease contracts have monthly payment dates. A sale-leaseback contract is generally non-cancellable without our consent during its term and typically ranges from three to five years. Upon expiry of the lease term, we usually provide the lessee with an option to purchase the asset underlying the lease at a nominal value so as to incentivize the lessee to purchase such asset. During the Track Record Period, all of our sale-leaseback customers chose to purchase the asset underlying the lease upon the expiry of the lease term.

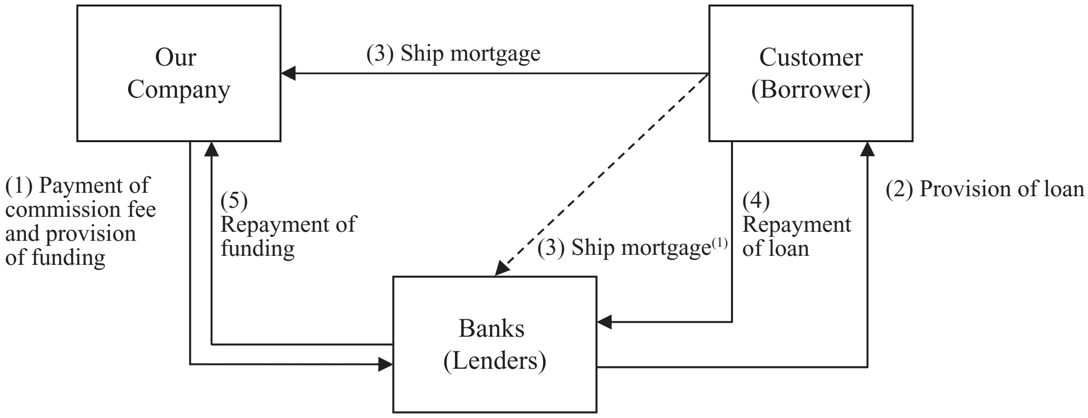
Although the lessor has legal ownership of the asset underlying the lease (including those secured by guarantees) during the lease term in sale-leaseback transactions, the lease contracts are structured such that substantially all the risks and rewards of ownership are transferred to the lessees. As a result, from an accounting perspective, the assets underlying the leases are not recorded on our Group's balance sheet. However, for the situations where we already paid to suppliers of machinery and equipment the purchase price of the assets to be leased in a new lease contract, but the term of such lease contract has not yet begun, we record these paid amounts as "leased assets" among our current assets. Once the term of the lease contract begins, we derecognize the amount relating to the "leased asset" and recognize the lease receivables due under the lease contract. We usually obtain the ownership of the leased assets before the commencement of the term of the lease contracts but sometimes may not pay the full or part of the purchase price, which is agreed with our suppliers on a case-by-case basis. For more details, see the section headed "—Notes to Financial Information—Summary of Significant Accounting Policies—Leases—Finance Leases" in the Accountants' Report set out in Appendix I to this prospectus.

A typical sale-lease back transaction usually involves two parties, namely lessor and lessee. The relationship between the two parties is illustrated in the following diagram. We fund our financial leasing transactions as a whole primarily through bank loans.





Due to PRC regulatory restrictions, we ceased our ship financial leasing service in China on March 2008 and instead continue to conduct such business by way of entrusted loans (see the section headed "—Shipping Industry" below) whereby we entrust local financial institutions qualified to engage in the lending business (such as banks and trust companies) to lend our money to domestic enterprises to provide financing for their ship construction or purchasing. The constructed or purchased ships will then be mortgaged to us as a guarantee for the repayment of the entrusted loans. In addition, we conduct ship financial leasing business outside China through our Hong Kong subsidiaries wholly-owned by FEH Shipping. The relationship between the parties involved in typical entrusted loan transactions is illustrated in the following diagram. We do not have additional risk management measures specially implemented for entrusted loan transactions because our risk exposure is similar to that in typical financial leasing transactions. In the event of any material default on interest payment terms, we are contractually entitled to enforce our security rights over the equipment mortgaged, and dispose of the assets to realize their residual value to recover our losses. For details of our risk management measures in the shipping industry, see the section headed "Business—Our Business Operations—Industry Analysis".



Note:

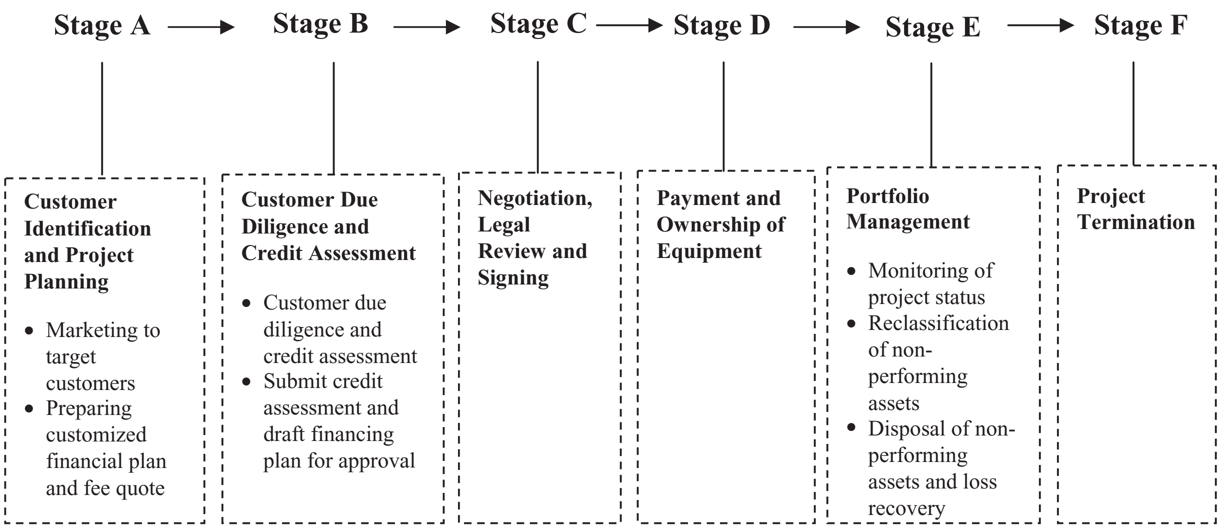
(1) Under PRC law, the mortgage of the ship is required to be registered in the name of the bank. In these transactions, we enter into supplementary agreements with the banks and the lessees under which the rights and obligations of the banks as the mortgagee are assigned to us.

We are not a financial conglomerate for purpose of paragraph 36 of Appendix 16 of the Listing Rules. The Group does not engage in the business of securities trading, giving advice in connection with securities, commodities trading, leveraged foreign exchange trading, insurance activities, money lending, or any related financial business. In particular, the Group is not licensed within the PRC or any other jurisdiction to conduct the business of money lending. Financial leasing is distinguishable from money lending. As advised by the Company's PRC legal advisor, while the relationship in the case of money lending is a debtor-creditor relationship where money is lent to the debtor by the creditor, in the case of financial leasing the relationship is one of lessee-lessor.

Our typical leasing business model is that the Group (being the lessor) will enter into a commercial arrangement with its customers (being the lessee) where the lessor purchases the leased asset from the seller according to the instructions of the lessee, and then leases it to the lessee in return for rental fees. As advised by our PRC legal advisor, our leasing business is not money lending under PRC laws and regulations.

Financial Leasing Operational Workflow

We have designed a systematic operational workflow from Stage A to Stage F, which applies to financial leasing projects in each of our target industries. Under this workflow, various risk control measures and procedures are consistently applied to every lease project, which involves the active participation of different departments in our Group. The chart below sets out the process workflow of our leasing business operations:



Stage A: Customer Identification and Project Planning

We commence a leasing project in Stage A during which target customers are carefully identified, appropriate projects are selected and tailored financing plans and price quotes are duly prepared. Each project is initiated by the relevant industry business division and reviewed and assisted by other relevant departments, such as the Quality Control Department, Finance Department and Treasury Department. For details of our customer identification and project planning process, see the section headed "Risk Management—Credit Risk Management" in this prospectus.

Stage B: Customer Due Diligence and Credit Assessment

Once the customer identification and project planning process under Stage A has been completed, we enter into Stage B procedures where we conduct more detailed research into the background and creditworthiness of the customer. This stage is mainly driven by the relevant industry business division, which is in charge of preparing customer due diligence and credit assessment reports and the finalized financing plan to be approved by the Quality Control Department. For details of our credit assessment process, see the section headed "Risk Management—Credit Risk Management" in this prospectus. Depending on the customer's creditworthiness, we will determine down payment amounts, interest rates and other key terms in Stage B.

Stage C: Negotiation, Legal Review and Signing

Upon obtaining approval from the Quality Control Department, the relevant industry business division takes the lead in participating in contract negotiations and reviewing legal documents (with the support of the Legal Centre of the Quality Control Department). The leasing contract must be individually approved by various departments before it is signed. For details of our management of risk arising from the legal process, see the section headed "Risk Management—Operational Risk Management" in this prospectus.

Stage D: Payment and Ownership of Equipment

After the leasing contract is signed, the Business Operation Department, Treasury Department and Finance Department are jointly responsible for ensuring the satisfaction of the contractual conditions precedent prior to approving payment for the leased equipment, while the Business Operation Department is in charge of monitoring logistics, insurance coverage, delivery of goods, equipment installation and inspection procedures during Stage D. See the section headed "—Information Technology" below for details of our contract approval system and the section headed "Risk Management—Operational Risk Management" in this prospectus for more details of management of risks arising from our business operation process.

Stage E: Portfolio Management

Our Asset Monitoring and Management Department and the relevant industry business division is principally responsible for portfolio management through timely collection of lease payments, monitoring of project status and preparation of regular project reports. When there are "negative signals" (such as missed lease payments which may lead to potential lease defaults), certain risk control procedures will be initiated to claim outstanding lease receivables in order to mitigate potential losses. Our Asset Monitoring and Management Department will review the classification of non-performing assets and closely monitor the loss recovery procedures (including restructuring of lease receivables repayment terms or the repossession and subsequent disposal of the asset underlying the lease). The restructuring of repayment terms primarily comprises acceleration of lease receivables payments and the extension of the repayment term depending on the circumstances for each case. Under our financial leasing contracts, we are usually entitled to several remedies including, among other things, acceleration of lease receivables repayment when there is a default of the customer. We may decide whether to exercise this remedy by primarily considering (i) the credit record of the customer; (ii) our relationship with the customer; (iii) the current status and the prospects of the customer's financial condition; and (iv) the difficulty of repossessing the assets underlying our leases and realizing their value. For the years ended December 31, 2007, 2008, 2009 and the nine months ended September 30, 2010, we accelerated the lease payments of customers who defaulted and as a result recovered approximately RMB18 million, RMB18 million, RMB109 million and RMB11 million in lease receivables, respectively. Before we decide whether to grant a customer extension of a repayment term, we conduct stringent due diligence and determine whether an extension of the repayment term is the optimal option for mitigating risks according to the customer's credit record and financial condition. The term to be extended does not exceed half of the initial lease term and the total lease term after extension does not exceed five years. We usually do not extend the repayment term as this may increase our risk exposure. As of December 31, 2010, we have only granted extension of the repayment term to five risky projects. All of these five projects (with a total contract amount of approximately RMB33 million) are in the printing industry and the extended terms vary from five months to 18 months. Two of the contracts have been completed as of the Latest Practicable Date. As of the Latest Practicable Date, we believe that we have effectively managed to restructure the repayment terms to mitigate potential risks, by considering the characteristics of each industry and customer and the structure of each project. Our Treasury Department and Finance Department also actively assist in controlling the risk of overdue lease receivables and repayment difficulties. Our AME System is utilized through the entire asset management process. See the section headed "—Information

Technology" below for more details of our AME System and the section headed "Risk Management—Credit Risk Management—Management of Asset Portfolio" in this prospectus for more details of our asset quality management.

Stage F: Project Termination

The lease project is terminated upon full performance of the leasing contract. During the termination procedure, the Finance Department is responsible for ensuring due receipt of lease payments and the timely despatch of lease receipts, while the Asset Monitoring and Management Department is in charge of completing the transfer of ownership of lease equipment to our customer.

Advisory Services

Our business is operated with an industry focus approach and our respective business departments are staffed with professional personnel who are organized around and focused on six key target industries. The opportunity to provide financial leasing services to our prospective customers has enabled us to understand better their needs and the various types of customized value-added services that they may require. Accordingly, we also provide advisory services in addition to financial leasing in line with our strategy to provide our customers with an integrated range of services. The provision of advisory services is optional to our leasing customers who are free to choose whether or not to enter into advisory contracts with us. During the Track Record Period, the coverage ratio for customers using both financial leasing services and advisory services was approximately 90%.

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

As mentioned above, we provide advisory services in conjunction with our leasing business to our customers across our target industries. From our experience in arranging financial leases for our customers, we learned that our existing and prospective financial leasing customers usually need assistance or advisory services in relation to their financing options, cash management and operation of the leased assets. Therefore, we have focused on the development of various value-added businesses such as advisory services to our existing and prospective leasing customers. Our advisory services are customized based on the specific needs and requirements of customers from different industries. We constantly and closely interact with our advisory customers to determine the service content and scope to provide optimal solutions with a focus on how our services may add value to the business operations of the customer. We believe that our advisory services, which focus on the customer experience and the customer's individual needs, are unique from our peers/competitors. Our comprehensive industry expertise accumulated during our provision of financial leasing services, advanced financial analysis and risk management capabilities, and our in depth understanding of customers' specific needs have enabled us to provide our customers with professional and customized advisory services, which has led to a significant contribution to our revenue during the Track Record Period. For example, in the printing industry, we help our customers to analyze competitive products by leveraging the market information that we have accumulated from our financial leasing business and formulate marketing plans accordingly. We provide advice as to how to manage inventory and optimize manufacturing processes. We also provide training to customers on how to manage their inventory stock, how to establish product material center, and how to utilize excess capacity. These advisory services primarily include the selection of equipment suppliers, advises over various forms of financing, assisting customers with cash flow management and analysis, and the provision of financing solutions typical to the respective target industries. The table below sets forth the main types of advisory services that we provide to our customers in each target industry as of the Latest Practicable Date. For details of the advisory services in each target industry, see the section "–Industry Analysis".

Industry	Types of Services Provided
Healthcare	● industry analysis, including analysis of policies and development strategies ● equipment operation analysis, including advisory services in relation to selection, installment and operation of equipment ● management consulting, including providing customers with research reports, management training and business development strategies based on competition in the local market ● financial consulting, including providing management staff of healthcare institutions with financial management plans and training, including innovative financing plan, optimal financial planning analysis, cost cutting and applying for governmental subsidies for fixed asset investment ● internal management optimization, including proposals for business and management process optimization ● fixed asset investment analysis, including comprehensive fixed asset investment strategies, feasibility studies of investment plans, information regarding market prices, management of investment projects as well as financing support for investment
Education	● financial consulting services, such as working capital and cash flow management consulting ● management consulting, such as national policy analysis and internal financial system structure consulting
Infrastructure Construction	● sharing of market information and statistics ● financial consulting services such as regulatory trends analysis and market data provision
Shipping	● vessel operation advisory services, such as ship selection and purchasing timing analysis and cash flow analysis ● industry competition analysis ● financial consulting, such as working capital and cash flow management consulting based on an analysis of the customer's financial statements and operational status, profit projection and vessel value assessment
Printing	● manufacturing/marketing planning, including facility layout (U-type design/no-intersection design/production line layout), production capability utilization design and analysis of production capability ● market planning, such as market positioning and business development strategy, target market analysis, business structure analysis, target customer analysis and product analyses ● process optimization, including enterprise operation management by utilizing an ERP system, manufacturing process optimization, inventory management and comprehensive quality management, such as input quality control, production quality control and output quality control ● corporate management consulting, including enterprise management idea analysis and management structure analysis

Industry	Types of Services Provided
Machinery	• management consulting, including liaising with customers and negotiation with their suppliers • market information exchange and policy trends analysis • industry competition analysis based on our accumulative industry expertise and market information • financial consulting services, including working capital and cash flow management consulting based on analysis of the customers' financial statements and operational status

The fees that we charge for the provision of our advisory services vary, according to the actual services provided to individual customers in the respective target industries and are agreed with each customer on a case-by-case basis. Our fees are determined primarily based on (i) the nature and estimated term of services; (ii) the importance of the advisory services to the customer; (iii) our relationship with the customer; and (iv) the importance of the customer to our overall business. Therefore, we do not have a fixed fee rate for charging our customers in relation to advisory services. As of the Latest Practicable Date, there are no PRC rules regulating such fee rates (including fee caps). Apart from financial leasing contracts, we usually enter into separate advisory service contracts with customers under which we provide a series of advisory services in each contract. During the Track Record Period, approximately 85%, 10% and 5% of our advisory contracts were priced at below RMB0.5 million, RMB0.5–RMB1 million and above RMB1 million, respectively.

Revenue generated from our advisory services (before business taxes and surcharges) amounted to US$30.1 million, US$43.4 million, US$90.0 million and US$87.8 million for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, representing approximately 32.1%, 27.2%, 41.2% and 36.9% of our total revenue, respectively.

Trading and Others Segment

Along with the provision of leasing services to our customers, we have explored and identified business opportunities in other business segments in accordance with our customers' specific needs, such as trading and brokerage services. We believe that the provision of new value-added services in addition to the leasing business would help enhance our competitive strength, customers' loyalty and diversify our operational risks. We established Shanghai Donghong in 2006 through which we conduct our trading business. We engage in the import and export trade and domestic trade of medical equipment and spare parts, paper, ink, cardboard and paper goods primarily within the healthcare and printing industries, as well as trade agency services primarily within the machinery industry. We are able to leverage our established customer relationships and business contacts within target industries so as to procure collective sales or purchases of equipment, thereby achieving economies of scale and lowering transaction costs and expenses. As of the Latest Practicable Date, there are approximately 80 suppliers in our trading business, among which over 30 suppliers have maintained business relationships with us for more than one year. The average relationship term of our suppliers is relatively short due to the following reasons: (i) our trading business has increased rapidly in recent years and we have therefore identified many new suppliers in recent years; (ii) we have terminated our business relationships with certain unsuitable suppliers who had bad credit records or became bankrupt in the past; and (iii) certain suppliers are designated by our leasing customers from diversified industries. As of the Latest Practicable Date, all of our suppliers are independent third parties and there is no concentration in a few suppliers. Payment methods with our suppliers include payment before delivery, payment upon receipt and payment by installments. The credit term for our trading business in the printing industry is usually 30 days and there is usually no credit term granted for the healthcare industry.

We also provide ship brokerage services in the form of broker sales and purchases of new and used vessels within the shipping industry. We act as brokers and liaise with vendors and purchasers within the shipping industry to match purchase orders and sales information. We usually charge approximately 1% of the transaction consideration for the provision of our brokerage services. The target customers for our ship broker business are primarily small-to-medium sized enterprises seeking to acquire ships, and the large-scale ship manufacturers which are seeking to sell their ships to suitable purchasers. We are able to leverage our industrial expertise and knowledge to negotiate and provide customized ship brokerage services to our customers. In particular, we are able to conduct collective purchases for small-to-medium sized private enterprises to help them achieve economies of scale, increase their collective bargaining power and achieve lower purchase prices, thereby saving costs. In addition to trading and ship brokerage business, we also provide project management, equipment and technology consultancy services in the healthcare industry.

We do not undertake material inventory risks in our trading and others business segment. Our inventory stock within the trading business is derived primarily from the procurement of products required by our customers, such as the supply of paper products to printing companies. In respect of our ship brokerage business, we act as an intermediary for the sale and purchase of vessels for a brokerage fee and do not undertake any inventory risks as our brokerage contracts do not require us to hold vessels as part of our inventory.

Revenue generated from our trading and others segment amounted to US$9.4 million, US$19.3 million, US$20.6 million, and US$29.0 million for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, representing approximately 10.3%, 12.4%, 9.5% and 12.2% of our total revenue, respectively. For more details of our trading and other services provided for customers in each target industry, see the section headed "—Industry Analysis" below.

Industry Analysis

In view of China's economic growth, developing urbanization and our growing customer base, we have developed our business operations primarily within a well-balanced portfolio of six target industries with sustainable growth potential and which, we believe, will continue to benefit from China's economic growth, namely the healthcare, education, infrastructure construction, shipping, printing and machinery industries. We have strong and extensive relationships with equipment vendors in each target industry so as to help meet the specific demands of our customers.

The following table sets forth the contribution of each industry category to our total revenue (before business taxes and surcharges) for the years or periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2007		2008		2009		2009		2010	
							(unaudited)			
	US$'000, except percentages									
Healthcare	39,409	41.9%	59,524	37.3%	63,643	29.2%	44,539	29.8%	61,305	25.8%
Education	7,927	8.4%	14,899	9.3%	29,846	13.7%	18,675	12.5%	29,352	12.3%
Infrastructure construction	6,064	6.5%	12,632	7.9%	23,681	10.8%	17,522	11.7%	24,378	10.2%
Shipping	10,212	10.9%	14,493	9.1%	20,557	9.4%	13,675	9.1%	33,036	13.9%
Printing	22,678	24.1%	45,090	28.2%	58,785	26.9%	39,879	26.7%	58,763	24.7%
Machinery	4,479	4.8%	9,688	6.1%	19,534	9.0%	14,018	9.4%	22,918	9.7%
Others(1)	3,177	3.4%	3,400	2.1%	2,188	1.0%	1,279	0.8%	8,104	3.4%
Total	93,946	100.0%	159,726	100.0%	218,234	100.0%	149,587	100.0%	237,856	100.0%

Note:
(1) Others include, among others, textile, public transportation, public utilities and media and broadcasting industries.

The following table sets forth our net lease receivables among our industry categories, as of the dates indicated.

	As of December 31,						As of September 30,	
	2007		2008		2009		2010	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	US$'000, except percentages							
Healthcare	368,125	41.9%	523,551	38.8%	699,209	35.5%	846,284	28.3%
Education	78,412	8.9%	174,756	12.9%	314,107	15.9%	468,205	15.7%
Infrastructure construction	69,710	7.9%	133,203	9.9%	248,001	12.6%	364,806	12.2%
Shipping	103,893	11.9%	123,762	9.2%	112,013	5.7%	365,962	12.3%
Printing	200,386	22.8%	307,485	22.8%	420,369	21.3%	527,320	17.7%
Machinery	35,117	4.0%	73,320	5.4%	159,020	8.1%	237,914	8.0%
Others(1)	22,573	2.6%	14,464	1.0%	18,473	0.9%	175,330	5.8%
Total	878,216	100.0%	1,350,541	100.0%	1,971,192	100.0%	2,985,821	100.0%

Note:
(1) Others include, among others, textile, public transportation, public utilities and media and broadcasting industries.

The table below sets out the financial leasing method in our target industries.

Industry	Leasing method
Healthcare	Direct financial leasing and sale-leaseback
Education	Direct financial leasing and sale-leaseback
Infrastructure Construction	Direct financial leasing and sale-leaseback
Shipping	Direct financial leasing, sale-leaseback and entrusted loan
Printing	Direct financial leasing and sale-leaseback
Machinery	Direct financial leasing and sale-leaseback

Healthcare Industry

The healthcare industry was the first target industry that we entered in 2001, and it remains our largest target industry among the six target industries in which we are primarily involved. We are committed to providing comprehensive financial solutions to our healthcare customers, namely public and private hospitals throughout China, comprising financial leasing, advisory and trading services. We command the leading market share of 23.9% in 2009 within China's public hospitals based on the market research consultant report issued by BHCC, our independent market research consultant, and have achieved strong growth during the Track Record Period. For details, see the section headed "Industry Overview" in this prospectus. Our revenue (before business taxes and surcharges) from the healthcare industry increased from US$39.4 million in 2007 to US$63.6 million in 2009, representing a CAGR of 27.1%. Our revenue (before business taxes and surcharges) from the healthcare industry in 2009 represented approximately 29.2% of our Group's total revenue (before business taxes and surcharges) for the same period.

We have developed strong industry expertise in the healthcare industry and are able to customize our services and enhance our sales and marketing capabilities primarily through the following:

(i) the establishment of a dedicated sales team comprising mostly former healthcare industry professionals with substantial industry knowledge and experience as well as sales and marketing skills which have been honed within the context of the healthcare industry;

(ii) the establishment of our business network in close proximity to our customers' operations throughout China;

(iii) the maintenance of close and regular contact with our customers by organizing industry exhibitions and forums to create platforms for market information exchange among industry players and participating in industry specific associations to gain first-hand market information on the latest market trends within the healthcare industry; and

(iv) leveraging our established relationships with sales agents of healthcare equipment in order to source suitable healthcare equipment to better serve our customers and enhance our competitiveness.

For our healthcare equipment leasing customers, we provide both direct financial leasing and sale-leaseback services. Direct financial leasing is adopted mainly to finance the purchase of new healthcare equipment and represents approximately half of our aggregate contract value in the healthcare industry as of September 30, 2010. Sale-leasebacks are more frequently adopted by our healthcare customers to satisfy their financing needs for the construction of basic hospital facilities. The leased equipment consists of a wide variety of healthcare equipment, such as tomography, magnetic resonance imaging, ultrasound imaging, life support machines and operating room disinfection systems.

Along with our in depth understanding of the healthcare industry and continuing penetration into the healthcare market during our operating history, we have extended our services to include diversified, value-added services, such as advisory and trading services. Our trading services for healthcare industry customers mainly focus on the trading of disinfection equipment. There has been high demand for disinfection equipment in the Chinese healthcare market since 2005 due to the promulgation of more stringent sanitation standards by the Chinese regulatory authorities in response to the outbreak of SARS in 2003. As such, we believe that the trading of disinfection equipment has significant growth potential. In addition to a trading services business, we also provide various advisory services which include (i) industry analysis, including analysis of policies and development strategies in healthcare industries by cooperating with universities and research institutions; (ii) equipment operation analysis, including advisory services in relation to selection, installment and operation of equipment; (iii) management consulting, including providing customers with research reports, management training and business development strategies based on the competition in the local market; (iv) financial consulting services including providing management staff of healthcare institutions with financial management plans and training, including innovative financing plans, optimal finance planning analysis, cost cutting, applying for governmental subsidiaries for fixed asset investment; (v) internal management optimization, including proposals for business and management process optimization; and (vi) fixed asset investment analysis, including comprehensive fixed asset investment strategies including feasibility studies of investment plans, information regarding market prices, management of investment projects as well as providing financing support for the investment. We also intend to develop our engineering services capability in connection with the engineering, construction and management of healthcare infrastructure facilities in the future so as to enhance and further develop our vertical integration within the healthcare leasing industry.

Education Industry

We commenced our operations in the educational equipment financial leasing business in 2002. We provide financial leasing services and advisory services for diverse types of educational institutions within China, such as colleges, universities, high schools and professional educational institutions. We command the dominant market share of 64.5% in 2009 within China's universities and colleges based on the independent market research consultant report issued by BHCC, and have achieved strong growth momentum during the Track Record Period. For details, see the section headed "Industry Overview" in this prospectus. Our revenue (before business taxes and surcharges) from the education industry increased from US$7.9 million in 2007 to US$29.8 million in 2009, representing a CAGR of 94.0%. Our revenue (before business taxes and surcharges) from the education industry in 2009 represented approximately 13.7% of our Group's total revenue (before business taxes and surcharges) for the same period.

Educational institutions are geographically dispersed across China. In order to identify and reach our potential customers in the education industry, we have established a strong sales and marketing team who are effective in promoting our products and services to educational institutions through various sales and marketing activities and the establishment of education professional alliances and forums to expand our presence in the education market and further deepen our industry expertise and customer relationships.

Our leased educational equipment mainly comprises information technology equipment, laboratory equipment and practical training equipment.

Based on our in depth understanding of the specific needs of educational institutions and our close relationship with our customers, we have extended our services to include value-added services including (i) financial consulting services, such as working capital and cash flow management consulting based on an analysis of the customer's financial statements and operational status as well as finance policy training for education institutions; and (ii) management consulting services which include national policy analysis and consulting on structuring internal financial system.

As our educational industry customers are generally high quality customers with stable cash flow, they maintain good asset quality and are able to make timely and regular lease payments. Their payment schedules are also customized to appropriately match their fund allocation capabilities. We maintain a low risk profile within the education industry.

Infrastructure Construction Industry

We entered the infrastructure construction industry in 2004 primarily to provide infrastructure construction equipment financial leasing services to mid-to-high end construction companies within China. In light of China's rapidly developing urbanization and increasing demand for the construction of basic infrastructure, we have extended our services to three major sectors of the construction industry, namely road and bridge construction, municipal facilities and infrastructure, and hoisting construction. Capitalizing on the rapid growth of the industry and our in depth understanding of the sector, we have achieved strong growth during the Track Record Period. Our revenue (before business taxes and surcharges) from the infrastructure construction industry increased from US$6.1 million in 2007 to US$23.7 million in 2009, representing a CAGR of 97.6%. Our revenue (before business taxes and surcharges) from the infrastructure construction industry in 2009 represented approximately 10.9% of our Group's total revenue (before business taxes and surcharges) for the same period.

We maintain a sales team with significant industry understanding and finance expertise to provide customized services to our customers in the infrastructure construction industry. We frequently liaise with industry experts and retain an external expert as our regular advisor. We maintain frequent and close contact with major construction equipment manufacturers and trading companies domestically and overseas in order to gain first-hand information regarding industry and regulatory trends. Active involvement in industry associations and customer forums are also considered key sales and marketing activities to help us strengthen industry presence and promote our services.

Our leased construction equipment mainly comprises excavating machines, earthmoving machines, road maintaining machines, pavement equipment, pile machines, concrete machines, drilling machines and hoisting construction equipment.

Our advisory services provided in the infrastructure construction industry include (i) sharing of market information and statistics, providing customers with regulatory trend analysis and market data based on industry expertise and accumulated market information; and (ii) finance consulting services such as working capital and cash flow management consulting based on analysis of the customers' financial statements and operational status as well as finance policy training for educational institutions.

Shipping Industry

We began to provide our services within the ship financial leasing industry in 2003. We primarily provide ship leasing services to shipping companies established in China or ultimately owned by Chinese entities in the form of direct financial leases whereby our shipping customers purchase vessels with our financing support. In addition, we also provide ship broker services for the sale and purchase of new and used vessels. Our revenue (before business taxes and surcharges) from the shipping industry increased from US$10.2 million in 2007 to US$20.6 million in 2009, representing a CAGR of 41.9%. Our revenue (before business taxes and surcharges) from the shipping industry in 2009 represented approximately 9.4% of our Group's total revenue (before business taxes and surcharges) for the same period.

We leverage our industry expertise within the shipping industry and provide ship financing services which are specially customized to provide reliable funding support for our shipping customers. Our specialized sales team is capable of providing comprehensive financing solutions and professional advisory services for our customers who request necessary, industry-specific financing advice at the time they purchase vessels. We believe that our provision of an integrated and customized range of financial services to our shipping customers has enhanced our customers' trust and reliance on our services and enabled us to establish our market position within the ship financing market. Our extensive network of ship builders, sellers and purchasers allows us to expand further into ship broker services.

Our operations in the ship financial leasing market are divided into the U.S. dollar financing business and the RMB financing business. Our U.S. dollar financing services are provided primarily to shipping companies operating on international shipping lines, and our RMB financing services are provided principally to shipping companies operating on domestic shipping lines. As of September 30, 2010, a majority of our ship financial leasing services were structured as direct financial leases to facilitate our customers' investment plans to purchase new vessels. As of September 30, 2010, we had approximately 100 customers in the shipping industry.

We provide ship broker services, which involves the purchase and sale of new and used vessels. See the section headed "—Trading and Others Segment" above for further details of our ship brokerage business. In addition, we also provide various advisory services to our shipping industry customers which include (i) vessel operation advisory services such as ship selection and purchasing timing analysis; (ii) industry competition analysis based on our accumulative industry expertise and market information; and (iii) finance consulting services such as working capital and cash flow management consulting based on an analysis of the customer's financial statements and operational status, profit projection, and vessel value assessment.

On March 28, 2008, the Ministry of Communications issued the Notice of the General Office of Ministry of Communications on Improving Administration of Ship Financial Leasing in the PRC (the "**Notice**"). According to the Notice, where a lessor conducts ship financial leasing in China in the form of Sino-foreign equity joint ventures, Sino-foreign cooperative joint ventures or wholly foreign-owned enterprises, the foreign shareholding shall not exceed 50% of the total investment. To comply with the Notice, Far Eastern, a wholly foreign-owned enterprise, ceased to provide ship financial leasing services in China since March 2008 when the Notice became effective. Instead, we continue to conduct ship financial leasing business in China by way of entrusted loans whereby we entrust local financial institutions qualified to engage in the lending business (such as banks and trust companies) to lend our money to domestic enterprises to provide financing for their ship construction or purchasing. The constructed or purchased ships will then be mortgaged to us as a guarantee for the repayment of the entrusted loans. In addition, we also conduct ship financial leasing business outside China through the offshore subsidiaries wholly-owned by FEH Shipping. Therefore, our lease receivables relating to the shipping industry currently include entrusted loans granted for ship leasing and offshore ship leasing receivables.

As confirmed by our PRC legal advisor, our provision of entrusted loans within the shipping industry does not contravene PRC laws and regulations. In addition, the performance of those ship leasing contracts that we concluded before the effective date of the Notice and the receipt of related interest income after the effective date will not be deemed by the relevant PRC authorities as a breach of the Notice.

Printing Industry

We began to provide our financial leasing business in the printing industry in 2004, and we believe that we were among the first financial leasing companies in China to provide financial leasing services for printing enterprises as there was a very limited number of competitors in the printing industry when we entered the market in 2004. We provide diversified services to our printing customers, which mainly include financial leasing services and extended value-added services comprising consultancy services, purchase order services and raw materials procurement services. We had the leading market share of 41.4% in 2009 within China's printing firms based on the independent market research consultant report issued by BHCC, and have achieved strong revenue growth, particularly in fee income. For details, see the section headed "Industry Overview" in this prospectus. Our revenue (before business taxes and surcharges) from the printing industry increased from US$22.7 million in 2007 to US$58.8 million in 2009, representing a CAGR of 61.0%. Our revenue (before business taxes and surcharges) from the printing industry in 2009 represented approximately 26.9% of our Group's total revenue (before business taxes and surcharges) for the same period.

We have established ourselves within the printing industry by targeting three major regional markets, namely the Pearl River Delta, Yangtze River Delta and Bohai Rim. Most participants in the printing industry consist of small-to-medium sized enterprises primarily operating in their respective sub-divided local markets. Due to the characteristics of the industry, we focus our sales and marketing efforts on such local markets by closely liaising and establishing strategic alliances with local market participants such as local distributors and suppliers of raw materials (such as paper and ink) and manufacturers of equipment, prudently conducting due diligence by collecting customer information regarding the local market and regularly analyzing the local competitive environment. As such, we are able to provide customized products and services to our printing customers and enhance customer loyalty.

Our leased printing equipment primarily consists of plate making machines, printing machines and binding machines.

In line with the provision of an integrated and customized range of financial services to our printing customers, we also provide a full range of extended value-added services. We match downstream printing companies with upstream newsprint providers and other suppliers to provide ongoing after-sales support services. We provide import and export trade and domestic trade for paper, ink, cardboard and paper goods. Our tailor-made advisory services in the printing industry include (i) manufacturing planning such as facility layout (U-type design/no-intersection design/production line layout), production capability utilization design, and balance analysis of production capability; (ii) market planning such as market positioning and business development strategy, target market analysis, business structure analysis, target customer analysis and products analysis; (iii) process optimization, including enterprise operation management by utilizing an ERP system, manufacturing process optimization, inventory management and comprehensive quality management (incoming quality control/production quality control/outputting quality control); and (iv) corporate management consulting, including enterprise management idea analysis and management structure analysis.

Machinery Industry

The machinery industry is a relatively new focus for us with our machinery business division being formed in 2005. We provide machinery equipment leasing services for various manufacturing companies in China, primarily focusing on automobile parts producers with the aim of helping achieve sustainable growth and technology enhancement in the Chinese manufacturing industry. We have successfully acquired different types of customers to achieve the leading position with a 38.9% market share in 2009 within China's automobile part manufacturers based on the independent market research consultant report issued by BHCC. For details, see the section headed "Industry Overview" in this prospectus. Our revenue (before business taxes and surcharges) from the machinery industry increased from US$4.5 million in 2007 to US$19.5 million in 2009, representing a CAGR of 108.8%. Our revenue (before business taxes and surcharges) from the machinery industry in 2009 represented approximately 9.0% of our Group's total revenue (before business taxes and surcharges) for the same period.

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

Our advisory services provided in the machinery industry include (i) management consulting, such as assisting customers in negotiations with their suppliers; (ii) market information exchange and policy trends analysis; (iii) industry competition analysis based on our accumulated industry expertise and market information; and (iv) financial consulting services, such as working capital and cash flow management consulting based on an analysis of the customer's financial statements and operational status.

Apart from the provision of integrated financial services, we also provide trade agency services for clients in the machinery industry.

The following table below sets forth the non-performing asset ratio in each industry category for the years or periods indicated:

	As of December 31,						As of September 30, 2010	
	2007		2008		2009			
	US$'000	Non-performing assets ratio	US$'000	Non-performing assets ratio	US$'000	Non-performing assets ratio	US$'000	Non-performing assets ratio
Healthcare	5,583	1.52%	8,186	1.56%	2,814	0.40%	2,584	0.31%
Education	—	0.00%	1,062	0.61%	—	0.00%	1,246	0.27%
Infrastructure construction	2,346	3.37%	4,771	3.58%	7,616	3.07%	5,221	1.43%
Shipping	—	0.00%	—	0.00%	767	0.68%	—	0.00%
Printing	1,615	0.81%	10,983	3.57%	9,150	2.18%	11,883	2.25%
Machinery	93	0.26%	622	0.85%	3,242	2.04%	910	0.38%
Others	5,252	23.27%	—	0.00%	—	0.00%	—	0.00%
Total non-performing assets	**14,889**	**1.70%**	**25,624**	**1.90%**	**23,589**	**1.20%**	**21,844**	**0.73%**

The following table below sets forth the number of assets underlying our leases in each industry category for the years or periods indicated:

	As of December 31,			As of September 30,
	2007	2008	2009	2010
Healthcare	3,618	4,041	4,659	5,137
Education(1)	57	114	201	308
Infrastructure construction	828	1,564	2,594	3,468
Shipping	16	28	42	64
Printing	1,737	2,889	3,974	5,065
Machinery	560	856	2,336	5,013
Others	105	5,755	290,732	622,869
Total	6,921	15,247	304,538	641,924

Note:

(1) In the education industry, we usually combine various small instruments into one package. Therefore, the number displayed in the table is the number of packages instead of equipment in other industries.

The number of assets underlying our leases for the industry category of "others" grew significantly in 2009 and the nine months ended September 30, 2010, primarily due to the general expansion of our business, which reflects new lease contracts for industries outside our six target industries and encompasses a growing range of industries, such as textiles, public transportation, public utilities and media and broadcasting. The underlying assets relating to lease contracts for the industry category of "others" tend to have lower values.

The following table below sets forth the risk management measures adopted in each industry category during the Track Record Period:

Healthcare	Our healthcare customers generally include hospitals with a proven track record and a satisfactory business scale. We control our risk in the healthcare industry mainly by (i) applying stringent internal standards in selecting our healthcare customers with the aim of retaining high quality

	customers with stable cash flow and strong credit ratings, and (ii) efficient process management of leased healthcare equipment through our well-developed customer management capabilities.
Education	As our educational industry customers are generally high quality customers with stable cash flow, they maintain good asset quality and are able to make timely and regular lease payments. We control our risk in the education industry by stringent selection of clients from educational institutions that (1) have diversified funding sources other than financial leasing, such as government subsidies and bank loans; and (2) are able to maintain stable cash flow.
Infrastructure construction	We control our risk in the infrastructure construction industry by (i) stringent selection of clients from reputable construction companies which must have an operating history or management history amounting to a stipulated number of years, and with asset value reaching a required threshold; (ii) equipment management and control characterized by conducting detailed audits on customer credit diligence; and (iii) adopting strict tracking techniques to ensure asset safety.
Shipping	We control our risk in the shipping industry by (i) stringent selection of clients from companies within China that have long-term contract relationships with their customers; and (ii) engaging independent firms to evaluate the remaining market value of all of the used vessels. These strategies and initiative allow us to maintain a consistently low non-performing assets ratio while achieving strong growth during the Track Record Period.
Printing	Most of our customers within the printing industry are small-to-medium sized enterprises. We control our risk in the printing industry by the following measures: (i) the establishment of rigorous internal rules governing the stringent selection of customers. These rules require each customer to have at least two full years of operational history. In addition, customers in different sub-divided markets must satisfy different revenue or production value thresholds, depending on the extent of economic development of the specific market in which the customer

	is located. Accordingly, we put substantial emphasis on our risk management capability in our business operations within the printing industry, particularly in relation to the management of leased printing equipment. Our familiarity and in-depth understanding of local markets greatly facilitate our customer credit assessment and selection process, and further enhance our asset management efficiency in the printing industry, and in recognition of our established risk management system, we have been able to secure credit insurance coverage for our lease receivables within the printing industry against any risk of lease default. As there are currently a very limited number of insurers in China that can provide credit insurance coverage for lease receivables, we believe that we are a pioneer in securing these insurance policies.
Machinery	We control our risk in machinery industry by (i) stringent equipment selection and control characterized by conducting customer credit diligence and (ii) matching the specific demands for our customers in relation to deal structure.

SALES AND MARKETING

The following table below sets forth the total number of sales team members as of each of the dates indicated:

	As of December 31,			As of September 30,
	2007	2008	2009	2010
Total number of sales team members	145	187	286	410

We organize our sales and marketing activities by industry divisions, and our sales and marketing network has been developed along with the development of our industry divisions. Each industry division has its own sales and marketing strategies and plans, conducts market and consumer research, coordinates marketing activities for its particular industry and promotes partnership and cooperation relationships with customers, and conducts sales and marketing activities with personnel having substantial industry expertise. We have established a nationwide sales and marketing network throughout our nine regional offices in four major economic areas of China, including the Bohai Rim, the Yangtze River Delta, the Pearl River Delta and central China. Our nine regional offices are strategically located in Shenyang, Beijing, Jinan, Changsha, Wuhan, Zhengzhou, Chengdu, Chongqing and Shenzhen in close proximity to the principal offices of our key target customers. In addition, we intend to establish more regional offices as our customer base grows. We provide our services directly through our sales staff. We send our sales staff directly to the customers to understand their requests and needs, and to establish close relationships with them. The industry expertise and background of our staff result in better sales and marketing achievements. As of September 30, 2010, we had a total of 410 staff actively involved in sales and marketing of our products and services in nearly all of the provinces of China. The following table indicates the geographical spread in terms of the number of our customers in the four major economic areas in China as of September 30, 2010(1):

	Healthcare	Education	Infrastructure construction	Shipping	Printing	Machinery
Bohai Rim(2)	198	30	65	28	277	119
Yangtze River Delta(3)	60	25	100	39	484	109
Pearl River Delta(4)	135	12	25	9	196	46
Central China(5)	318	70	53	6	142	82
Other regions(6)	322	63	63	21	150	33
Total	1,033	200	306	103	1,249	389

Notes:

(1) There is no overlapping of customers across different business segments.

(2) The Bohai Rim comprises Beijing, Tianjin, Shandong, Liaoning and Hebei.

(3) The Yangtze River Delta comprises Jiangsu, Zhejiang and Shanghai.

(4) The Pearl River Delta comprises Guangdong, Guangxi and Hainan.

(5) Central China comprises Hunan, Hubei, Chongqing, Sichuan and Henan.

(6) The other regions comprise Anhui, Fujian, Gansu, Guizhou, Heilongjiang, Jilin, Jiangxi, Inner Mongolia, Ningxia, Qinghai, Shanxi, Shaanxi, Xinjiang and Yunnan.

We promote customer awareness of our brands and products through our advertising and promotional activities. We have combined our sales and marketing efforts with various activities, including the following:

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

These activities have enabled us to (i) establish strong relationships with our customers as well as other key participants within the relevant industry, (ii) collect the latest industry information as well as demand and supply trends to facilitate our marketing efforts, and (iii) maintain a stable customer base and achieve effective market penetration to potential customers. During the Track Record Period, our advertising expenses amounted to approximately US$25,000, US$44,000, US$29,000 and US$41,000, respectively.

CUSTOMERS

The following table below sets forth the total number of customers as of each of the dates indicated:

	As of December 31,			As of September 30,
	2007	2008	2009	2010
Total number of customers	1,367	1,964	2,676	3,324

Our main customer base consists of small-to-medium sized enterprises, large corporations and public institutions. As of September 30, 2010, we had over 3,200 customers across our six target industries. We have established comprehensive systems adopting certain criteria for our customer selection process, including proven track record and certain business scale, with the aim of selecting high quality customers with strong profitability potential, long-term financing demands, stable cash flows and a sound financial base. See the section headed “Risk Management” in this prospectus for further details on our customer selection process. As testimony to the demand and standards of our services, a substantial portion of our business in each of these six key industries is derived from repeat customers. As of the Latest Practicable Date, the average years of relationship we maintained with our customers were approximately four years. The table below sets forth the average years of relationship with our customers within our six target industries.

	Average years of relationship
Healthcare	4
Education	4
Infrastructure Construction	3
Shipping	4
Printing	4
Machinery	3

Our five largest customers contributed in aggregate less than 30% of our revenue for each of the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010. As of the Latest Practicable Date, none of our Directors or any of their respective associates or, any Shareholder who, owned 5% or more of our issued share capital as of the Latest Practicable Date had any interest in any of the top five customers of our Group.

SUPPLIERS

Our suppliers consist of financial institutions which provide us with loan facilities and suppliers in our trading business. For each of the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, purchases from our five largest suppliers accounted for 57.51%, 53.26%, 48.33% and 52.15%, respectively, of our total purchases, while purchases from our largest supplier accounted for 22.48%, 14.16%, 17.43% and 19.75% respectively, of our total purchase. None of our Directors or any of their respective associates or, any Shareholder who owned 5% or more of our issued share capital as of the Latest Practicable Date had any interest in any of our five largest suppliers for each of the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010.

FUNDING CAPABILITIES

We have established strong and effective funding capabilities and have prudently managed our balance sheet by maintaining our gearing ratios at a level that we consider to be reasonable (namely around 85%). See the section headed "Financial Information—Liquidity and Capital Resources—Capital Management" in this prospectus for further details regarding our gearing ratios. We aim to make full use of capital leverage for our operations to keep our gearing ratio relatively high but at the same time closely manage the levels of our gearing ratio to avoid any potential liquidity risk. By reference to the gearing ratios of commercial banks and our main competitors in China, we believe that our gearing ratio was maintained at reasonable levels during the Track Record Period. In 2009, the average gearing ratio for ten largest financial leasing companies by asset size in China was approximately 80% and our gearing ratio was 84%. We have been able to secure sufficient equity and debt financing to match the expansion of our business operations and working capital requirements. We have achieved stable funding while diversifying our funding sources by implementing the following funding strategies:

(i) steady and effective management of our funding through stringent and dynamic capital budgeting systems to optimize funding continuity and maturity profiles and to mitigate liquidity risks;

(ii) operating through streamlined capital management workflows to enhance capital efficiency;

(iii) diversifying funding channels to ensure capital supply and balanced funding mix; and

(iv) strategic selection of multiple domestic and overseas financial instruments to effectively manage funding costs.

Through our funding strategies, we are able to effectively match our funding with our asset growth on an ongoing basis through regular review, adjustment and structuring of our funding sources and instruments in view of the changes in our internal and external business environments. We conduct regular capital planning, reporting and forecasting through our established and stringent capital budgeting system, and thereafter formulate appropriate funding plans which aim to mitigate our exposure to liquidity and interest rate risks. We manage our liquidity risks by regularly monitoring the relative maturities between our assets and liabilities and taking the necessary steps to maintain an appropriate and prudent balance of long-term and short-term funding sources. We manage our interest rate exposure arising from our interest payments on our loans and financing obligations by regularly assessing potential changes in interest rates using gap analysis and further strengthening research capabilities to forecast interest rate fluctuations and trends by formulating regular tracking and reporting systems. See the sections headed "Risk Management" and "Financial Information" in this prospectus for further details on the management of our liquidity and interest rate risks.

As a result of our funding strategies, we have maintained diversified funding channels through various types of banks and non-bank financial institutions, and have established a well-balanced portfolio of funding sources such as loans and syndicated loans, trust financing and other financial instruments, such as asset backed securitization, so as to vary our funding sources and maintain a capital-adequate and cost efficient funding base.

We have been able to increase our funding sources and channels during our operating history in the past decade through strengthening relationships and establishing strategic cooperation with major domestic and foreign financial institutions. Since 2002, we have developed strong relationships with approximately 60 domestic and foreign financial institutions from which we have obtained loan financing (including syndicated loans), with each banking facility having an average term of 2.4 years. As of September 30, 2010, these financial institutions included, among others, 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, each providing approximately 21.7%, 29.5%, 8.1%, 20.4% and 20.3% of the outstanding loan balance, respectively. Among these loans, domestic loans and overseas loans accounted for approximately 92% and 8%, respectively. These relationships have allowed us to secure sustainable sources of financing to support the expansion of our business and working capital requirements. While our related party borrowings from Sinochem Conglomerate amounted to US$313.7 million as of September 30, 2010, these related party borrowings will be fully repaid by our Group by drawing down part of our available banking facilities on or before the Listing Date.

In 2006, we broke new ground by issuing China's first leasing asset-backed security program, namely the "Far Eastern Debut Leasing Asset Backed Security Management Program" with an issue size of RMB486 million. This enabled our Group to reduce our reliance on domestic financial institutions for the extension of credit during the term of this security from 2006 to 2008. In September 2010, we received a syndicated loan of RMB6.0 billion from China Development Bank (as the lead arranger) for a term of three years. In November 2010, we received another syndicated loan of RMB4.5 billion from the big four commercial banks (as joint lead arrangers) for a term of three years. In addition, we have also accessed private equity financing through total investments of US$160 million in 2009 from KKR Future Investments (an affiliate of KKR Asian Fund L.P.), Techlink (an affiliate of Government of Singapore Investment Corporation (Ventures) Pte. Ltd.) and TML (an affiliate of CICC Fund). Such private equity financing has allowed us to continue our rapid expansion while maintaining reasonable gearing ratios.

We have successfully developed sufficient funding capacity in anticipation of the expansion of our business and working capital requirements. As of December 31, 2007, 2008 and 2009 and September 30, 2010, our total interest-earning assets, which includes net lease receivables and entrusted loans, were US$878.2 million, US$1,350.5 million, US$1,985.9 million and US$3,057.1 million, respectively, while our interest-bearing bank and other borrowings were US$597.3 million, US$966.5 million, US$1,247.3 million and US$2,140.7 million, respectively. We are studying the feasibility of issuing debt securities, including structured debt securities, and may do so where suitable opportunities arise and under appropriate market conditions. As of the Latest Practicable Date, we do not have fixed timetable to issue debt securities. We will also leverage the opening up of China's financial markets to explore further financing options where suitable opportunities arise and under appropriate market conditions. As of the Latest Practicable Date, we do not have any firm plans for the issuance of any debt securities. Moreover, by adhering to our funding strategies, we have successfully increased the proportion of non-current interest-bearing bank and other borrowings, which amounted to 63.1% and 67.6% of our total interest-bearing bank and other borrowings as of December 31, 2007 and September 30, 2010, respectively, to more adequately match the maturity profile of our assets. With respect to the interest rates that could be paid by us to the borrowing 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.

As of January 31, 2011, being the latest practicable date for determining this indebtedness statement, we had total borrowings of US$2,785 million, including bank borrowings of US$2,237 million and other borrowings of US$548 million. As of January 31, 2011, we had total banking facilities in the amount of US$3,736 million, of which US$1,499 million was unutilized.

As of January 31, 2011, being the latest practicable date for determining this indebtedness statement, we have no other borrowings or indebtedness, such as bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments.

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

- transfer of material operating assets (e.g. 20% of the total assets) without obtaining the lender's prior approval;
- material changes to our shareholding structure, including but not limited to merger or consolidation with another company, division, restructuring, change of controlling shareholder (e.g. Sinochem Group ceases to be the controlling shareholder of the Company or Sinochem Group ceases to be under the direct control of the State-owned Assets Supervision and Administration Commission);
- seeking additional financing from third parties for the underlying asset without the lender's prior approval; and
- failure of our financial indicators to meet certain standards set out in our financing agreements. Such financial indicators include (i) our asset and liability ratio shall not exceed 90% (as of September 30, 2010, the asset and liability ratio of Far Eastern was 84.03%); (ii) our net assets shall be no lower than RMB3 billion (as of September 30, 2010, the net assets of Far Eastern were RMB3.2 billion); (iii) the aggregate of non-current borrowings and equity divided by net lease receivables shall not be lower than 60% (as of September 30, 2010, this indicator of Far Eastern was 67.61%); (iv) the non-performing asset ratio shall not exceed 3% (as of September 30, 2010, the non-performing asset ratio of Far Eastern was 0.79%); (v) the interest protection multiple (being the profit before interest and tax divided by interest cost) shall not be lower than 150% (as of September 30, 2010, such ratio of Far Eastern was 250%); and (vi) the borrower shall continue making profit for three continuous years after the execution of the loan agreement.

As of the Latest Practicable Date, none of our lenders have claimed default against us under any of the provisions in the financing agreements during the Track Record Period and we have not breached any of the provisions in such a way that could result in any event of default during the Track Record Period. If we fail to comply with any of the requirements of our financing arrangements, or are unable to generate sufficient cash flows from our business operations, from the disposal of the assets underlying our leases, or from other business activities, or if we are unable to obtain further financing on favorable terms or at all to meet or repay our debts when due, the lenders may be entitled to accelerate the maturity of loans or foreclose on collateral supporting such loans, which would consequently materially and adversely affect our business, financial condition and our ability to obtain future financing.

COMPETITION

The opening up of the financial leasing industry in China has resulted in increased competition. Our competitors are mainly non-bank financial service providers, in particular bank-affiliated leasing companies, captive leasing companies and independent leasing companies which operate either on a similar or larger scale than our Group. Based on the report issued by our independent market research consultant, BHCC, as of December 31, 2009, there were 164 financial leasing entities operating in China, including domestic, foreign and foreign-invested enterprises. The financial leasing industry has high entry barriers, which include operational qualifications, initial starting capital, strong and sustainable capital funding capabilities, professional and industrialized risk management and sales and marketing strengths.

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

Our ability to compete against these competitors is, to a significant extent, dependent on our ability to distinguish our services from those of our competitors through the following factors:

- provision of integrated, customized and supplemental value-added services that are competitive in terms of quality and effectiveness;
- extensive market coverage in China by leveraging sales and marketing capabilities;
- specific industry focus and professional expertise;
- diversified capital sourcing capabilities; and
- strong brand equity and established customer relationships.

For further details of our competitive advantages, see the section headed "—Our Competitive Strengths" above. In response to the competitive environment, we intend to continue to implement our strategies to differentiate us from our competitors and to enable us to compete effectively in China's financial services industry.

INFORMATION TECHNOLOGY

Our information technology (IT) systems are integral to many aspects of our business operations, including transaction processing, quality control, risk management, customer services and financial management. We have adopted a number of advanced IT systems, including for example, the SAP System, the CRM System, the leasing contracts approval system, and the AME System, to improve the efficiency and quality of our services and to further strengthen our risk and financial management capabilities.

- *SAP System.* This system integrates our financial accounting and management accounting functions, which, by conducting comprehensive financial accounting for our Group, covers a wide range of accounting management projects.

- *CRM System*. This is a customer relationship management system purchased from TurboCRM in 2007. This system has been adopted in all the industry business departments of our Company to record information of our customers, sales channels and suppliers, and to serve as an information platform for sales and marketing activities based on comprehensive customer records. This system has been automatically connected to our leasing contract approval system.
- *Leasing Contract Approval System.* This has been developed by us based on the Domino platform to control our entire leasing business approval procedure. The system integrates all stages of the leasing contract approval process from the beginning of project feasibility appraisal and credit valuation through contract approval, leasing commencement, lease collection and post-signing risk alert stages. This system has been automatically connected to the SAP system such that the business data are integrated into the overall financial and accounting management system of the Group to form an enhanced risk management system.
- *AME System.* This system is designed to closely monitor and control the status of assets, financing project management and overall asset monitoring of our Company. The system effectively analyses and presents our asset status and resources allocation.

We may face IT risks arising from the improper performance or malfunction of our IT systems on which our operations significantly rely. The IT center of our Quality Control Department is responsible for managing and controlling our IT risks. We manage our IT risks in terms of information technology governance, information system formulation, system maintenance and information security. We have established an IT team consisting of 18 employees with extensive IT knowledge and experience, to design our IT systems and to supervise implementation of IT related rules and measures. We have also formulated and implemented a series of internal rules to regulate information system governance measures, procedures and tools, inspection of our internet environment and equipment maintenance, and information safety strategies, anti-virus protection and internet controls. We have established an internal IT back-up system at our operating center in Shanghai.

For more details of our IT systems utilized to strengthen our risk management system, see the section headed “Risk Management—Credit Risk Management” in this prospectus.

INSURANCE

As of September 30, 2010, we maintained a range of insurance cover on our fixed assets underlying our leases.

We maintain asset insurance for the assets underlying our leases to cover any loss or damage to such assets during the leasing period in the infrastructure construction, shipping, printing and machinery industries. In line with common market practice, we usually do not maintain asset insurance for assets in the healthcare and education industries. The insurance payments are generally paid by our customers in line with leasing industry practice and our Company is usually the beneficiary of such insurance. In the year ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, the actual pay-out resulting from our asset insurance claims amounted to RMB757,785, RMB213,840, RMB685,318 and RMB99,000, respectively. Currently there are a very limited number of insurance companies in China that can provide credit insurance coverage for lease receivables and as of the Latest Practicable Date, the credit insurance products available in the market can only cover lease receivables in the printing industry. However, we have been able to secure such insurance policies. We started to purchase credit insurance in 2009. The credit insurance premiums paid for the year ended December 31, 2009 and the nine months ended September 30, 2010 are approximately RMB3 million and RMB11 million, respectively. We have entered into two credit insurance contracts which cover our lease receivables within printing industry, one for the period from September 2009 to August 2010 and another the from September 2010 to August 2011. The maximum amount that can be claimed by us under each insurance contract is RMB250 million. Those leave receivables before September 2009 are not covered by these insurance policies. As of December 31, 2010, there have been no claims made under these credit insurance contracts. As of the Latest Practicable Date, we are discussing with the relevant credit insurers and plan to extend such insurance coverage to our other target industries, namely the healthcare, education, infrastructure construction, shipping and machinery. We also carry property insurance and cargo transportation insurance coverage for our trade business. We maintain directors and officers' liability insurance coverage.

We provide social security insurance for our employees as required by PRC social security regulations, such as pension insurance, unemployment insurance, work injury insurance and medical insurance.

During the Track Record Period, we did not experience any business interruptions which had a material adverse effect on our business. Based on industry practice in China, our experience in running our businesses, the availability of insurance products in China and advice received from insurance agents, our Directors are of the view that we have sufficient insurance coverage for our current operations.

INTELLECTUAL PROPERTY

We conduct our business under the "Far Eastern" and "遠東" brand names. We were licensed by Sinochem Corporation to lawfully use the Sinochem corporate logo. We are the registered owner of the domain name of our website: www.fehorizon.com.

We do not license any of our intellectual property rights to any third parties.

Our Directors confirm that we are not involved in any proceedings in respect of, and we have not received notice of any claims of infringement of, any intellectual property rights that may be threatened or pending, in which we may be involved whether as claimant or respondent.

For further details of our intellectual property rights, see the section headed "Statutory and General Information—Further Information About Our Business—Intellectual Property Rights" in Appendix VII to this prospectus.

EMPLOYEES

As of September 30, 2010, we had 810 full-time employees. The following tables show the breakdown of our full-time employees by function as of September 30, 2010.

Function	Number of Employees	Percentage of Total
Business Development	576	71.1%
Risk Control and Asset Management	89	11.0%
Treasury and Finance	67	8.3%
Senior Management	6	0.7%
Others	72	8.9%
Total	**810**	**100.0%**

For the years ended December 31, 2007, 2008, 2009 and the nine months ended September 30, 2010, we incurred employee benefit expenses of US$10.6 million, US$16.1 million, US$22.7 million and US$28.4 million, respectively, representing approximately 11.6%, 10.4%, 10.7%, and 12.3% of our total revenue for those periods.

We believe we have a high quality work force with specialized industry expertise, with approximately 93% of our employees having bachelor's degrees and above and approximately 55% having master's degrees and above as of September 30, 2010.

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

Training and Development

We place great emphasis on the training and development of our employees. We have developed a series of training courses with individualized emphasis and focus based on our accumulated industry experience over the years since we entered the financial leasing market. We invest in continuing education and training programs for our management staff and other employees with a view to constantly upgrading their skills and knowledge. We also arrange for internal and external professional training programs to develop our employees' skills and knowledge. These programs include further educational studies, fundamental economics and finance knowledge and skills training and professional development courses for our management personnel. New employees are required to attend induction training courses to ensure that they are equipped with the necessary skills to perform their duties, and they are also required to participate in a one-year mentoring program to learn closely from our experienced employees with outstanding performance.

Employee Relations

We have not experienced any strikes or significant labor disputes which have materially affected our operations, and we consider our relations with our employees to be good.

In accordance with PRC regulations, we have established an employee labor union, in which all our employees are eligible to participate. Our labor union organizes various activities for our employees, such as charity fund raising activities to assist our employees who are in financial difficulties due to serious illnesses. We also provide financial assistance to our new college graduate employees who need funds for renting apartments in Shanghai. Our labor union has established a labor dispute committee to assist our employees in dealing with their potential labor disputes with our Company.

We have not experienced any major disputes with, nor has there been any major labor action taken by, our labor union which has had a material effect on our business.

Employee Benefits

In accordance with applicable PRC regulations, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance) and housing funds for our employees. We also provide supplemental commercial medical insurance, property insurance and safety insurance in addition to those required under PRC regulations. As of the Latest Practicable Date, we had complied with all statutory social insurance and housing fund obligations applicable to us under PRC laws in all material aspects.

PROPERTIES

Owned Properties

In January 2010, we purchased two office units with a total gross floor area of approximately 686 square meters for our regional offices in Jinan and Zhengzhou cities, respectively. We have obtained the building ownership certificates for these two properties.

Leased Properties

As of December 31, 2010, we leased 48 office units with a total gross floor area of approximately 10,493 square meters throughout China.

In respect of one office unit leased in China, the lessor has not obtained the building ownership certificate yet from the relevant authorities. This office unit has a gross floor area of approximately 293 square meters, accounting for 2.8% of the total gross floor area of our leased properties in China. According to our PRC legal advisor, Tian Yuan Law Firm, the lessor has not obtained the building ownership certificate to show its legal title to the property, which in turn might affect the validity of the lease agreement.

As of December 31, 2010, the lease for 46 office units, representing approximately 9,996 square meters and approximately 95.3% of the total gross floor area of our leased properties in China, have not been registered with the relevant PRC authorities yet. Our PRC legal advisor, Tian Yuan Law Firm, has advised us that the lack of registration of the lease agreements will not affect the validity of the lease agreements under PRC law. However, the failure to register the lease agreements may result in third parties challenging our interests in the respective leased office units.

As of the Latest Practicable Date, we had not received any notices from any third parties concerning the titles of or our interests in any of our leased properties that might affect our current occupation. We will use our reasonable endeavors to procure that the relevant lessors obtain the building ownership certificate and register the lease agreements with the relevant authorities. However, we are unable to estimate the exact time required for the building ownership certificate to be obtained and the lease agreements to be registered as it is the responsibility of the relevant lessors under the relevant PRC laws and regulations and is not a matter within our control. Our PRC legal advisor, Tian Yuan Law Firm, has advised that we will not be subject to any fines imposed by the relevant PRC authorities in relation to the current use of the defective property. The fines for the non-registration of the lease agreements may amount to approximately RMB200,000 according to the relevant PRC laws and regulations.

Our Directors believe that the defective title and non-registration of the lease agreements are not crucial and will not have a material impact on our overall operations because (i) the properties concerned are all used as office and our businesses rely primarily on our skilled workforce as opposed to the locations of our offices and (ii) if we are required to relocate, there are numerous comparable offices available for lease within a relatively short period of time. Our Directors estimate that the relocation will result in additional cost of approximately RMB1.0 million and it may take up to one month to complete the relocation.

For further details of our leased properties, refer to the property valuation report set out in Appendix IV to this prospectus.

ENVIRONMENTAL COMPLIANCE

As a financial services provider, we are not subject to any significant environmental regulation. We do not currently have any environmental liabilities and do not expect to incur any environmental liabilities that could have any material impact on our financial condition or business operations in the future.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We are involved, from time to time, in legal proceedings arising in the ordinary course of our operations. A majority of these legal proceedings involve claims initiated by us to recover payment of leasing receivables from our customers. As of the Latest Practicable Date, we had a total of two outstanding legal proceedings initiated by us against our lessees and their guarantees in the PRC. The total outstanding lease receivables under dispute in relation to these two proceedings amounted to approximately RMB6 million. The first proceeding was initiated by us on February 21, 2011 to recover the lease receivables and relevant penalties of approximately RMB1.5 million unpaid by our lessee under a sale-leaseback contract, with the request of joint and several liability for such unpaid lease receivables and relevant penalties by the lessee’s guarantor. The second proceeding was initiated by us on February 21, 2011 to recover the lease receivables and relevant penalties of approximately RMB4.5 million unpaid by the same lessee under another sale-leaseback contract, with the request of joint and several liability for such unpaid lease receivables and relevant penalties by the lessee’s guarantor. As of the Latest Practicable Date, these two proceedings were on-going in the relevant courts. As these proceedings arose in the ordinary course of our operations (as one of our risk control mechanism) and relatively small amounts of lease receivables are involved, we believe that these proceedings would not have any material adverse effect on our business, financial conditions or results of operation.

As of December 31, 2007, 2008 and 2009, we were involved in three legal proceedings in which we served as defendant, with claimed amounts of approximately US$1.7 million, US$1.5 million and US$0.4 million, respectively. All three legal proceedings were initiated by our equipment suppliers to recover amounts allegedly unpaid in connection with certain equipment purchases. The relevant courts entered final judgment in favor of our Group for these three legal proceedings, and our Directors consider that since these legal proceedings have been finally settled in favor of our Group, they would not have any material adverse effect on our business, financial condition or results of operation.

As of the Latest Practicable Date, we had a total of four outstanding legal proceedings initiated by third parties in the PRC. The first proceeding was initiated by the our equipment supplier on December 11, 2010 to recover amounts of approximately RMB1 million allegedly unpaid in connection with certain equipment purchase and payment of relevant interest loss in relation to the purchase price. Our maximum financial exposure for the first proceeding is the amount of RMB1 million claimed by the equipment supplier plus the outstanding interest which is RMB1.116 million in total. The second proceeding was initiated by our lessee on December 18, 2010 to recover certain equipment allegedly undelivered by the equipment supplier and payment of penalties and costs of approximately RMB160,000. We do not have any financial exposure in the second proceeding since the lessee has continued to make lease payments to us despite the dispute between the lessee and the equipment supplier. The third proceeding was initiated by a third party on June 10, 2010 to recover amounts allegedly unpaid by our lessee in connection with certain equipment which was also sold to us under a sale-leaseback contract and payment of rental and penalties of approximately RMB14.9 million. The maximum financial exposure for the third proceeding is the amount of the outstanding rentals unpaid by the lessee, which is RMB5.57 million. The fourth proceeding was initiated by our lessee on January 24, 2011 to recover the value-added tax allegedly not offset due to our delayed provision of the relevant invoice for certain equipment leased from us and the amount involved in this proceeding is approximately RMB820,000. Our maximum financial exposure in the fourth proceeding is RMB820,000. As of the Latest Practicable Date, the first, second and fourth proceedings were on-going in the relevant courts. For the third proceeding, the relevant court has delivered a preliminary judgment against us and we have appealed this preliminary judgment. If the relevant courts entered final judgment against us in all of these four proceedings, our maximum financial exposure is expected to be approximately RMB7.5 million. As these proceedings arose in the ordinary course of our operations and relatively small amounts of payment are involved, we believe that these proceedings would not have any material adverse effect on our business, financial conditions or results of operation. We have made provisions of approximately RMB3.21 million for the last three proceedings and did not make any provision for the first proceeding since the financial leasing transaction related to the first proceeding has not begun and no lease receivables exist in relation to the first proceeding. We have not made any provision for the first proceeding as we have not yet deemed that it is probable that a future outflow of resources will be required to settle this proceeding and we cannot make any reliable estimates as to what this outflow may be. The lease receivables relating to the second, third and fourth proceedings have been respectively classified as “special mention”, “doubtful” and “pass”. We make provisions for our lease receivables whether they are performing or non-performing, therefore the amount of RMB3.21 million reflects provisioning that is in line with our usual practices as part of our five-category lease receivable classification system. While the second legal proceeding did not result in any financial exposure to us because it was classified as “special mention”, we assessed provisions for the lease receivables due under this contract on a collective basis as we ordinarily do. As there is a low risk that we will be unsuccessful in all these proceedings and given that we are entitled to continue to receive rental payments, we consider that adequate provisions have been made for these outstanding legal proceedings.

As of the Latest Practicable Date, we also had one outstanding legal proceeding in India involving one of our leased ships (namely Tongli Yantai, the "**Ship**") which is indirectly owned by us through one of our Hong Kong subsidiaries. The Ship has been arrested by the charterer of another ship in India since December 9, 2010. Both the charterer and the ship are unrelated and independent to us (the "**Unrelated Ship**). Such charterer has brought a maritime claim against a third party who is independent from and unrelated to us (the "**Defendant**") in relation to the loss allegedly suffered by the charterer due to the sinking of the Unrelated Ship. The charterer based its arrest of the Ship on an allegation that the Ship and the Unrelated Ship are both beneficially owned by the Defendant (i.e. that the two vessels are "sister ships") thereby affording it a right of arrest of the Ship. We have been advised by our local counsels that the charterer's allegations and arrest of the Ship are, in their view, without merit and wrongful. We have made an application for the release of the Ship before the relevant Indian court which conducted a preliminary hearing on March 7, 2011 to release the Ship. We will have several rounds of hearing before a verdict can be granted. As of the Latest Practicable Date, no verdict has been granted by the relevant Indian court. If the relevant Indian court enters final judgment against us, our maximum financial exposure in relation to the arrest of the Ship is expected to be approximately US$5 million. However, as we are still entitled to lease receivables from the lessee of the Ship and we have received part of the lease receivables and deposit from the lessee before the Ship was arrested, our Directors believe that this proceeding would not have any material adverse effect on our business, financial condition or results of operation. As of the Latest Practicable Date, the lessee continued to pay the lease receivables to us. We made provisions of approximately US$2.25 million for this legal proceeding in India which we consider to be adequate as we have received part of the lease receivables and deposit and continue to receive the lease receivables before and after the Ship was arrested.

Our Directors confirm that we have not otherwise received notice of any other litigation or arbitration proceedings pending or threatened against us or any of our Directors that could have a material adverse effect on our financial condition or results of operation.

Approvals and Compliance

(a) Ship brokerage business conducted within China

We conduct our ship brokerage business within China through Shanghai Donghong, while our ship brokerage business outside of China is conducted through FEH Shipping and its subsidiaries incorporated in Hong Kong. Under the Industry Categories for Guiding Foreign Investment (2004) (which has been replaced by the updated Industry Categories for Guiding Foreign Investment (2007) on December 1, 2007) and the Interim Provisions on the Domestic Investment of Foreign-funded Enterprises (關於外商投資企業境內投資的暫行規定), prior to December 1, 2007, Shanghai Donghong was required to obtain approval from MOFCOM before commencing its ship brokerage business within China; however, Shanghai Donghong commenced its business operations in April 2006 but was not aware of the necessity of such approval. The requirement for MOFCOM approval was abolished on December 1, 2007 according to the updated Industry Categories for Guiding Foreign Investment (2007). Under the PRC Laws on Administrative Penalty (中華人民共和國行政處罰法) the relevant governmental authorities do not have the power to impose any penalties and/or sanctions against Shanghai Donghong following its failure to obtain MOFCOM approval, since the two year statutory limitation period commencing December 1, 2007 has expired. As such, we have been advised by our PRC legal advisor, Tian Yuan Law Firm, that the risk of enforcement by the relevant governmental authorities for Shanghai Donghong's failure to obtain MOFCOM approval is remote. Notwithstanding such abolition of the requirement for MOFCOM approval, Shanghai Donghong is still required under the Regulations of the People's Republic of China on the Administration of Company Registration (中華人民共和國公司登記管理條例) to register with the SAIC to include our ship brokerage business within China into the business scope under its business license. Shanghai Donghong did not make such registration with the SAIC, as it regarded the ship brokerage business as one type of advisory business which was already included in its business scope and thus was not aware of the necessity of such registration. As such, we have been advised by our PRC legal advisor, Tian Yuan Law Firm, that Shanghai Donghong may be subject to a maximum fine of RMB100,000. In order to prevent further non-compliance, the Group will (i) make the necessary consultations with legal advisors before commencing any new business; and (ii) make inquiries with the relevant authorities regarding whether it is necessary for the Group to obtain any approvals or make any registrations before conducting any new business.

As of the Latest Practicable Date, we had not received any notices from MOFCOM and/or SAIC regarding the non-compliance issues disclosed above. To rectify these issues, we have (i) commenced consultations with the SAIC on the registration procedures to include our ship brokerage business within China into the scope of the business license of Shanghai Donghong, (ii) commenced the preparation work (including employee training) as the result of the consultation with the SAIC and (iii) ceased our ship brokerage business through Shanghai Donghong in March 2009 until such registration procedures with the SAIC have been completed. We will complete the registration procedures as soon as practicable and cease ship brokerage business through Shanghai Donghong until such completion. Revenue derived from our ship brokerage business within China amounted to approximately US$1,500,000, US$2,800,000, US$41,000 and nil for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, representing 1.6%, 1.7%, 0.0% and 0.0% of our total revenue, respectively, for the same periods. In view of the comparatively small amount of revenue contributed by our ship brokerage business within China, and our intention to focus on the ship brokerage business outside of China through FEH Shipping, the Directors are of the view that any cessation of our ship brokerage business within China through Shanghai Donghong will not have a material adverse impact on our business operations as a whole.

(b) Licenses and permits

The licenses and permits required for our Group's operation in the PRC primarily include enterprise business license, organization code certificate, tax registration certificate, foreign exchange registration certificate, medical device distributing enterprise license, construction enterprises qualification certificate, work safety license and engineering design, construction qualification certificate and printing industry operation license issued by the local branches of SAIC, local quality and technical supervision authorities, local taxation bureaus, local branches of SAFE, local food and drug administration and local urban construction, communications commission and local administration bureau of press and publication. Regarding certain licenses and permits without expiry date, neither the licenses and permits themselves indicate any expiry dates, nor do the issuance authorities make further instructions regarding expiration dates.

(c) Sections 111 and 122 of the Companies Ordinance

Section 111 of the Companies Ordinance requires a Hong Kong company to hold its first annual general meeting within 18 months of its incorporation. Section 111(5) of the Companies

Ordinance states that the company and every officer of the company who is in default relating to the requirements under section 111 of the Companies Ordinance shall be liable to a fine.

Section 122 of the Companies Ordinance requires the directors of every Hong Kong company to lay before its annual general meeting a profit and loss account and balance sheet. Section 122(3) of the Companies Ordinance states that if any person being a director of a company fails to take all reasonable steps to comply with the provisions of section 122 of the Companies Ordinance, he or she shall, in respect of each offence, be liable to imprisonment and a fine.

(i) The Company

The first annual general meeting of our Company was held on May 19, 2009 but the accounts for the year ended December 31, 2008 were not tabled. As such, the requirements under section 122 of the Companies Ordinance were not complied with. Our Company subsequently held its second annual general meeting on April 20, 2010 approving, amongst other things, the audited accounts for the year ended December 31, 2009.

(ii) Ever Trend

No annual general meeting of Ever Trend was held within the period as provided for in section 111 of the Companies Ordinance and no financial statements were prepared and tabled at the annual general meeting of Ever Trend within the period as provided for in section 122 of the Companies Ordinance.

The then directors of our Company were not aware of such non-compliance until recently. In order to rectify such non-compliance, we applied to the court on August 25, 2010 for court orders:

- for our Company to hold an annual general meeting where the financial statements of our Company, from its date of incorporation to December 31, 2008, will be laid before the meeting and approved;
- for a general meeting of Ever Trend for the year 2008 to be called pursuant to section 111(2) of the Companies Ordinance; and
- for Ever Trend to hold an annual general meeting where the financial statements of Ever Trend, from its date of incorporation to December 31, 2008, will be laid before the meeting and approved.

We obtained court orders on September 14, 2010 to rectify the above non-compliance. The Company and Ever Trend have complied with these court orders as they held general meetings on August 20, 2010 to rectify the above non-compliance.

The Directors consider that there may have been a previous deficiency in our Group's internal controls in ensuring timely financial reporting. However, going forward, regular training will be provided to all Directors and senior management by the joint company secretaries and compliance advisor, who are fully qualified to provide advice on the Companies Ordinance. The purpose of such training is designed to avoid the recurrence of such an incident. Independent non-executive Directors with professional knowledge have also been appointed to the Board. In addition, our Audit Committee is responsible for overseeing the financial reporting and internal control procedures of our Company. Our Company will also continue to engage Hong Kong legal advisors.

Save as disclosed above, as of the Latest Practicable Date, as advised by our PRC legal advisor, we had complied with all applicable laws and regulations of China in all material respects, and had obtained all necessary licenses, permits, approvals or certificates, in each case, that are necessary for the commencement and continuance of our operations in China. Furthermore, as advised by our Hong Kong legal advisor, our Hong Kong subsidiaries have been duly incorporated and have obtained business registration certificates from the Hong Kong Inland Revenue Department to operate their respective businesses in Hong Kong and, save as disclosed above, had complied with all applicable provisions of the Business Registration Ordinance and the Companies Ordinance.