遠東宏信有限公司
FAR EAST HORIZON LIMITED

(incorporated in Hong Kong with limited liability)

Stock Code: 3360

GLOBAL OFFERING

Joint Global Coordinators and Joint Sponsors

CICC 中金香港证券 Morgan Stanley UBS

Joint Bookrunners and Joint Lead Managers

CICC 中金香港证券 Morgan Stanley UBS HSBC

Sole Financial Advisor

中国国际金融有限公司
CHINA INTERNATIONAL CAPITAL CORPORATION LIMITED

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

遠東宏信有限公司
FAR EAST HORIZON LIMITED

(Incorporated in Hong Kong with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	816,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	81,600,000 Shares (subject to reallocation)
Number of International Offer Shares	:	734,400,000 Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price	:	HK$6.80 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	:	HK$0.01 per Share
Stock code	:	3360

Joint Global Coordinators and Joint Sponsors

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Joint Bookrunners and Joint Lead Managers

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Sole Financial Advisor

中国国际金融有限公司 CHINA INTERNATIONAL CAPITAL CORPORATION LIMITED

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VIII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 38D of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be determined by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and our Company on or about Thursday, March 24, 2011 and, in any event, not later than Monday, March 28, 2011. The Offer Price will be not more than HK$6.80 per Offer Share and is currently expected to be not less than HK$5.20 per Offer Share, unless otherwise announced. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK$6.80 per Offer Share, together with brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is less than HK$6.80 per Offer Share.

The Joint Global Coordinators (on behalf of the Underwriters), with the consent of our Company, may reduce the indicative Offer Price range stated in this prospectus and/or reduce the number of Offer Shares being offered pursuant to the Global Offering at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction of the indicative Offer Price range and/or the number of Offer Shares will be published in the South China Morning Post (in English), the Hong Kong Economic Times (in Chinese), the website of the Stock Exchange at **www.hkexnews.hk** and the website of the Company at **www.fehorizon.com** not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. For further details, see the sections headed "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus. If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before Monday, March 28, 2011 (Hong Kong time), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse. Announcement will be made by the Company and the announcement will be published on the website of the Stock Exchange at **www.hkexnews.hk** or the website of the Company at **www.fehorizon.com**.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States. The Offer Shares are being offered and sold only outside the United States in offshore transactions in accordance with Regulation S.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. For details of such grounds, see the section headed "Underwriting—Underwriting Arrangements and Expenses—The Hong Kong Public Offering—Grounds for Termination" in this prospectus.

March 18, 2011

EXPECTED TIMETABLE[1]

Latest time for completing electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2]	11:30 a.m. on Wednesday, March 23, 2011
Application lists open[3]	11:45 a.m. on Wednesday, March 23, 2011
Latest time for lodging **WHITE** and **YELLOW** Application Forms	12:00 noon on Wednesday, March 23, 2011
Latest time for completing payment of **WHITE FORM eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Wednesday, March 23, 2011
Latest time for giving **electronic application instructions** to HKSCC[4]	12:00 noon on Wednesday, March 23, 2011
Application lists close[3]	12:00 noon on Wednesday, March 23, 2011
Expected Price Determination Date[5]	Thursday, March 24, 2011
(1) Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before	Tuesday, March 29, 2011
(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers or Hong Kong business registration numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for the Hong Kong Offer Shares—Publication of Results" in this prospectus	Tuesday, March 29, 2011
(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk**[6] and our Company's website at **www.fehorizon.com**[7] from	Tuesday, March 29, 2011
Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** with a "search by ID" function from	Tuesday, March 29, 2011
Dispatch of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[8][9]	Tuesday, March 29, 2011
Dispatch of refund cheques and White Form e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before[9][10]	Tuesday, March 29, 2011
Dealings in the Shares on the Stock Exchange expected to commence on	Wednesday, March 30, 2011

Notes:

(1) All dates and times refer to Hong Kong dates and times, unless otherwise stated.

(2) You will not be permitted to submit your application to the White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, March 23, 2011, the application lists will not open and close on that day. For details, see the section headed "How to Apply for the Hong Kong Offer Shares—When May Applications Be Made—Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

(4) Applicants who apply for the Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed "How to Apply for the Hong Kong Offer Shares—Applying By Giving Electronic Application Instructions to HKSCC" in this prospectus.

(5) The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about Thursday, March 24, 2011 and, in any event, not later than Monday, March 28, 2011. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters) and our Company on or before Monday, March 28, 2011, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

(6) The announcement will be available for viewing on the "Main Board—Results of Allotment" page on the Stock Exchange's website at **www.hkexnews.hk**.

(7) Neither our Company's website nor any of the information contained on our Company's website forms part of this prospectus.

(8) Share certificates for the Hong Kong Offer Shares are expected to be issued on Tuesday, March 29, 2011 but will only become valid if the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date, which is expected to be on Wednesday, March 30, 2011. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the Share certificates do so entirely at their own risk. If the Global Offering does not become unconditional or the Underwriting Agreements are terminated in accordance with their terms, the Global Offering will not proceed. In such a case, we will make an announcement as soon as possible thereafter.

(9) Applicants who apply on **WHITE** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering and have indicated in their **WHITE** Application Forms that they wish to collect any refund cheques and Share certificates (where applicable) in person from the Hong Kong Share Registrar, may do so from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, March 29, 2011. Applicants being individuals who opt for personal collection must not authorize any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorized representatives bearing letters of authorization from their corporation stamped with the corporation's chop. Both individuals and representatives of corporations must produce, at the time of collection, identification and (where applicable) documents acceptable to Computershare Hong Kong Investor Services Limited.

Applicants who apply on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering and have indicated in their Application Forms that they wish to collect refund cheques in person may collect their refund cheques (if any) in person but may not elect to collect their Share certificates, which will be deposited into CCASS for the credit of their designated CCASS Participant stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed "How to Apply for the Hong Kong Offer Shares—Applying By Giving Electronic Application Instructions to HKSCC" in this prospectus.

Applicants who apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** and whose applications are wholly or partially successful, may collect their Share certificates in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, March 29, 2011.

For applicants who apply for less than 1,000,000 Hong Kong Offer Shares, Share certificates will be sent to the address specified in their application instructions to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** on Tuesday, March 29, 2011 by ordinary post and at their own risk.

Applicants who paid the application monies from a single bank account may have e-Refund payment instructions (if any) dispatched to the application payment account on Tuesday, March 29, 2011. Applicants who used multi-bank accounts to pay the application monies may have refund cheques (if any) dispatched to them on Tuesday, March 29, 2011.

Uncollected Share certificates (if applicable) and refund cheques (if applicable) will be dispatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms promptly thereafter. For details of further information, see the section headed "How to Apply for the Hong Kong Offer Shares—Dispatch/Collection of Share Certificates/e-Refund Payment Instructions/Refund Cheques" in this prospectus.

(10) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications in the event the final Offer Price is less than the price payable per Offer Share on application.

For details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares, see the sections headed "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, any of the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering.

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This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares.

There are risks associated with any investment. For details of some of the particular risks in investing in the Offer Shares, see the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

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.

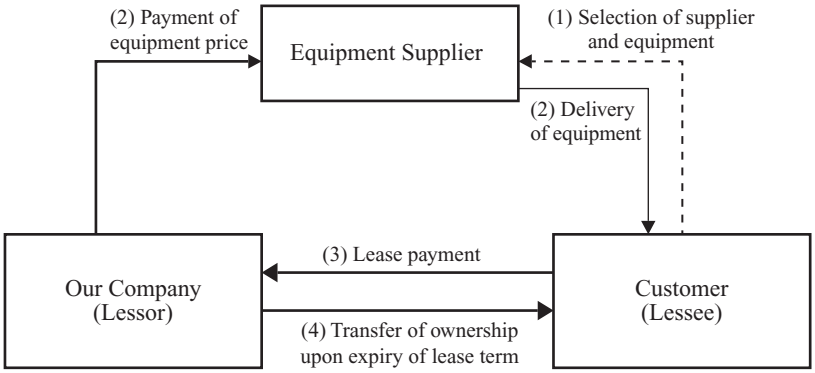
According to the report issued by our independent market research consultant, BHCC, we have established the following leading market positions:

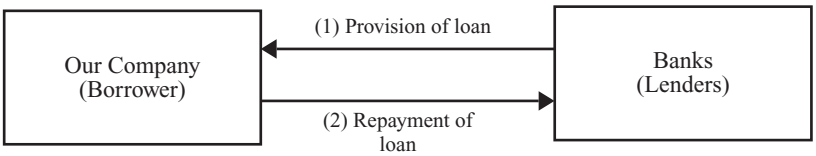
- For the year ended December 31, 2009, we were ranked first in terms of net profit and second in terms of revenue among the top 10 financial leasing companies in China by asset size.
- For the year ended December 31, 2009, we achieved a leading market share by aggregate value of new lease contracts 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 further develop 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.

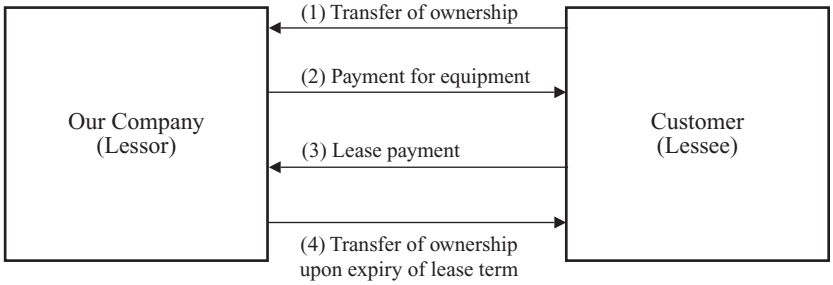
Financial leasing

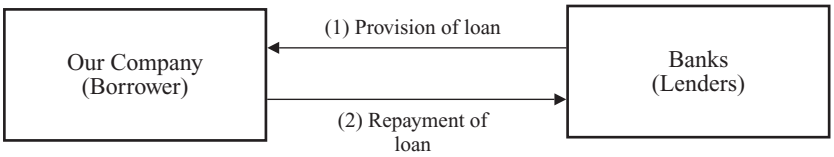
We tailor our services to customers primarily within our target industries. These services include customized financing solutions through equipment-based financial leasing, which comprises direct financial leasing and sale-leaseback transactions. We fund our financial leasing transactions as a whole 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.





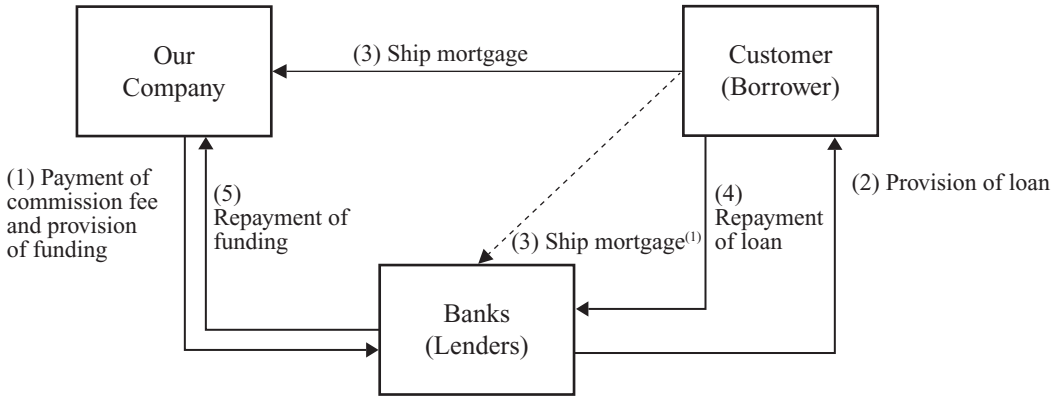
A typical sale-leaseback transaction usually involves two parties, namely lessor and lessee. The relationship between the two parties is illustrated in the following diagram.





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 and 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 plans, 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

Industry	Types of Services Provided
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
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 purchases of new and used vessels. See the section headed "Business—Trading and Others Segment" in this prospectus for further 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 have 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 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.(1)

	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

Note:

(1) The data set forth in the table above refers to Note 35 "Financial Risk Management Objectives and Policies—Liquidity Risk" as set forth in the "Accountants' Report" in Appendix I to this prospectus. This data represents our Group's financial assets and liabilities based on our contractual undiscounted cash flows. This data differs from the data set forth in Note 35 "Financial Risk Management Objectives and Policies—Interest Rate Risk" as set forth in the "Accountants' Report" in Appendix I to this prospectus.

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 our lease contracts have monthly payment dates, the interest rates we charge 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 from 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,
	2007	2008	2009	2010
			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,
	2007	2008	2009	2010
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 US$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; and 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	0	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;
- 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;
- we are a market leader within China's financial leasing industry and we have a growing customer base;
- we have an experienced, stable and cohesive management team and qualified staff with a proven track record and a performance-based corporate culture;
- we have diversified and sustainable funding sources to support our business growth and have strong capabilities in managing our funding risks; and
- we enjoy support from Sinochem Group and our strategic investors.

OUR STRATEGIES

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

- capitalize on growth opportunities of China's financial leasing market;
- expand our customer base and achieve deeper market penetration within our existing target industries through focused sales and marketing efforts;
- expand our business operations within other industries in China;
- diversify our services portfolio in China to enhance our value-adding capabilities;
- continue to optimize funding sources, minimize funding costs and effectively manage funding risks;
- continue to strengthen our risk management capabilities; and
- continue to select, develop, motivate and retain our talented and professional workforce.

THE GLOBAL OFFERING

The Global Offering comprises:

(a) the Hong Kong Public Offering of 81,600,000 Shares (subject to reallocation) for subscription by the public in Hong Kong; and

(b) the International Offering of an aggregate of 734,400,000 Shares (subject to reallocation and the Over-allotment Option) to be offered and sold only outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following is a summary of our consolidated financial information as of and for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010, extracted from the Accountants' Report set out in Appendix I to this prospectus. Results for interim periods are not indicative of results for the full year.

The results were prepared on the basis of presentation as set out in the Accountants' Report. The summary consolidated financial information should be read in conjunction with the consolidated financial statements set out in the Accountants' Report, including the related notes.

Consolidated Income Statements

The following table sets forth, for the periods indicated, our consolidated results of operations.

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
			US$'000	(unaudited)	
Revenue	90,883	155,119	211,362	145,120	230,949
Cost of sales	(32,525)	(65,689)	(74,527)	(53,437)	(81,036)
Gross profit	58,358	89,430	136,835	91,683	149,913
Other income and gains	3,936	9,349	2,652	1,238	6,498
Selling and distribution costs	(11,082)	(17,485)	(23,332)	(15,128)	(27,521)
Administrative expenses	(15,497)	(17,944)	(26,017)	(16,844)	(29,322)
Other expenses	515	(376)	(773)	(420)	(1,075)
Finance costs	—	(6)	—	—	—
Profit before tax	36,230	62,968	89,365	60,529	98,493
Income tax expense	(5,337)	(12,468)	(20,292)	(13,970)	(21,827)
Profit for the year/period	30,893	50,500	69,073	46,559	76,666
Attributable to:					
Owners of the parent	30,789	50,321	69,073	46,559	76,933
Non-controlling interests	104	179	—	—	(267)

Consolidated Statements of Financial Position

	As of December 31,			As of September 30,
	2007	2008	2009	2010
			US$'000	
Non-current assets				
Property, plant and equipment	903	1,412	1,862	3,343
Other assets	2,901	913	1,145	2,847
Available-for-sale investments	14,448	15,442	19,668	—
Deferred tax assets	99	123	4,152	8,050
Loans and accounts receivable	532,657	805,597	1,232,053	2,000,918
Total non-current assets	551,008	823,487	1,258,880	2,015,158
Current assets				
Inventories	70	63	613	59
Loans and accounts receivable	341,829	536,269	744,028	1,040,830
Prepayments, deposits and other receivables	6,925	2,588	26,072	19,099
Time and pledge deposits	—	—	—	68,166
Cash and cash equivalents	80,079	42,281	54,444	95,389
Total current assets	428,903	581,201	825,157	1,223,543
Current liabilities				
Trade and bills payables	48,655	33,925	97,262	142,183
Other payables and accruals	55,847	37,860	212,731	87,407
Interest-bearing bank and other borrowings	220,439	239,448	316,838	693,528
Tax payable	1,004	1,195	8,529	16,384
Total current liabilities	325,945	312,428	635,360	939,502
Net current assets	102,958	268,773	189,797	284,041
Total assets less current liabilities	653,966	1,092,260	1,448,677	2,299,199
Non-current liabilities				
Interest-bearing bank and other borrowings	376,835	727,004	930,455	1,447,166
Other payables and accruals	98,786	159,326	235,646	348,896
Deferred revenue	—	—	1,304	3,347
Deferred tax liability	—	2,390	5,436	4,883
Total non-current liabilities	475,621	888,720	1,172,841	1,804,292
Net assets	178,345	203,540	275,836	494,907
Equity				
Equity attributable to owners of the parent				
Issued capital	—	—	1	2
Reserves	178,244	203,278	275,835	494,427
	178,244	203,278	275,836	494,429
Non-controlling interests	101	262	—	478
Total equity	178,345	203,540	275,836	494,907

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma data relating to our net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only and is set out below to illustrate the effect of the Global Offering on our net tangible assets as of September 30, 2010 as if the Global Offering had taken place on September 30, 2010.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as of September 30, 2010 or as of any subsequent dates, including following the Global Offering.

	Unadjusted audited consolidated net tangible assets of the Group attributable to the owners of the Company as of September 30, 2010[1]	Estimated net proceeds from the Global Offering[2]	Unaudited pro forma adjusted net tangible assets of the Group attributable to the owners of the Company[3]	Unaudited pro forma adjusted net tangible assets per Share[4]	
	US$ (in millions)	US$ (in millions)	US$ (in millions)	US$	HK$
Based on an Offer Price of HK$5.20 per Offer Share	493.3	517.4	1,010.6	0.37	2.90
Based on an Offer Price of HK$6.80 per Offer Share	493.3	680.0	1,173.3	0.43	3.36

Notes:

(1) The unadjusted audited consolidated net tangible assets of the Group attributable to the owners of the Company as of September 30, 2010 is extracted from the Accountants' Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to the owners of the Company of US$494.4 million with an adjustment for intangible assets of US$1.1 million.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Prices of HK$5.20 and HK$6.80 per Offer Share, respectively, after deduction of underwriting fees and commissions and other related expenses payable by our Company and take no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in Note (2) above and on the basis that 2,720,000,000 Shares were in issue, assuming that the Capitalization Issue and the Global Offering had been completed on September 30, 2010 and that the Over-allotment Option is not exercised.

(4) As of December 31, 2010, the Group's property interests were valued by CBRE, an independent property valuer, and the property valuation report is set out in Appendix IV to this prospectus. The net revaluation surplus, representing the excess of market value of the property interests over their corresponding book value shown in investment properties, prepaid lease payments and property, plant and equipment, is approximately US$67,000. Such revaluation surplus has not been included in the Group's audited consolidated financial information as of September 30, 2010 and will not be included in the Group's financial statements for the year ended December 31, 2010. The above adjustment does not take into account the revaluation surplus. Had the property interests been stated at such valuation as of December 31, 2010, additional depreciation of US$1,591 would be charged against the consolidated income statement for the year ended December 31, 2010.

(5) No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to September 30, 2010.

PROFIT ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2010

On the bases set out in the section headed "Profit Estimate" in Appendix III to this prospectus and, in the absence of unforeseen circumstances, selected profit estimate data of the Group for the year ended December 31, 2010 are set out below:

Unaudited estimated profit attributable to the owners of the parent for the year ended December 31, 2010[1]	Not less than US$103.5 million (HK$807.1 million)
Unaudited estimated earnings per Share on a pro forma basis[2]	Not less than US$0.04 (HK$0.30)

Notes:

(1) Our estimated profit attributable to the owners of the parent for the year ended December 31, 2010 is extracted from the section headed "Financial Information—Profit Estimate for the Year Ended December 31, 2010" in this prospectus. The bases on which the above profit estimate has been prepared are summarized in the section headed "Profit Estimate" in Appendix III to this prospectus. The Directors have prepared the estimated profit attributable to the owners of the parent for the year ended December 31, 2010 based on the audited consolidated results of our Group for the nine months ended September 30, 2010 and an estimate of the consolidated results of our Group for the remaining three months ended December 31, 2010.

(2) The unaudited pro forma estimated earnings per Share on a pro forma basis is calculated by dividing the estimated profit attributable to the owners of the parent for the year ended December 31, 2010 by 2,720,000,000 Shares as if such Shares had been in issue on January 1, 2010. The number of Shares used in this calculation includes the Shares in issue as of the date of this prospectus and the Shares to be issued pursuant to the Capitalization Issue and the Global Offering but excludes any Shares which may be issued pursuant to the exercise of the Over-allotment Option.

GLOBAL OFFERING STATISTICS

	Based on an Offer Price of HK$5.20	Based on an Offer Price of HK$6.80
Market capitalization of the Shares (in millions)[1]	HK$14,144	HK$18,496
Unaudited pro forma adjusted net tangible assets per Share[2]	HK$2.90	HK$3.36
Prospective price/earnings multiple[3]	17.5 times	22.9 times

Notes:

(1) The calculation of the market capitalization of the Shares is based on the assumption that 2,720,000,000 Shares will be in issue and outstanding immediately following the completion of the Capitalization Issue and the Global Offering and that the Over-allotment Option is not exercised.

(2) The unaudited pro forma adjusted net tangible assets per Share has been arrived at after the adjustments referred to in the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus and on the basis that 2,720,000,000 Shares will be in issue immediately following the completion of the Capitalization Issue and the Global Offering and that the Over-allotment Option is not exercised.

(3) The calculation of prospective price/earnings multiple is based on the unaudited pro forma estimated earnings per Share calculated by reference to the estimated profit attributable to the owners of the Company for the year ended December 31, 2010 at the assumed Offer Prices of HK$5.20 and HK$6.80 per Offer Share.

DIVIDEND POLICY

We paid a dividend to our then equity holders of US$13.3 million, US$38.1 million, nil and US$78.9 million in the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, respectively. All dividends declared during the Track Record Period have been fully paid and settled. We may declare dividends in the future after taking into account our operations, earnings, financial condition, cash requirements and availability and other factors as we may deem relevant at such time. Any declaration of dividends may or may not reflect our prior declarations of dividends and any dividend recommendation will be at the absolute discretion of the Board.

Future dividend payments will depend mainly upon the availability of dividends received from our subsidiaries in the PRC. PRC law requires that dividends be paid only out of net profit calculated

according to PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions, including HKFRS. PRC law also requires foreign-invested enterprises, such as our subsidiaries in the PRC, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, these profits will not be available to be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any of our plans or at all. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

USE OF PROCEEDS

We estimate that the net proceeds from the Global Offering which we will receive, assuming an Offer Price of HK$6.00 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK$4,669.8 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised.

We are primarily engaged in the financial leasing business, which is asset and capital intensive. Therefore, we intend to use the net proceeds primarily to support the ongoing growth of our financial leasing business. We currently operate our business by targeting six industries which we believe to have sustainable growth potential, namely the healthcare, education, infrastructure construction, shipping, printing and machinery industries. We intend to use the net proceeds as follows:

- approximately 30%, or HK$1,400.9 million, will be used as working capital for our financial leasing business in the shipping industry in order to further strengthen our offshore ship leasing business; and
- the remaining 70%, or HK$3,268.9 million, will be used as working capital for our financial leasing business in the healthcare, education, infrastructure construction, printing and machinery industries, respectively, with an allocation for each industry receiving approximately 10% to 15% of the total, or HK$326.9 million to HK$490.3 million.

We will not use any portion of the net proceeds to repay related party borrowings.

Measures on the Administration of Foreign Investment in the Leasing Industry promulgated by MOFCOM in 2005 require that the risky assets of a foreign-invested financial leasing company, which are determined by the total amount of residual assets after deducting cash, bank deposits, PRC treasury securities and entrusted leased assets from the total assets of the enterprise, shall generally not exceed 10 times the company's net assets. We will use the net proceeds to strengthen our capital base in order to continue expanding our business while in strict compliance with the measures.

In the event the Over-allotment Option is exercised in full and assuming an Offer Price of HK$6.00 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), we will receive additional net proceeds of approximately HK$713.8 million and we intend to use this additional net proceeds as working capital for our target industries on a pro rata basis.

If the Offer Price is fixed at HK$6.80 per Offer Share (being the high end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, we will receive additional net proceeds of approximately HK$634.5 million and we intend to use this additional net proceeds as working capital for our target industries on a pro rata basis.

If the Offer Price is fixed at HK$5.20 per Offer Share (being the low end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds we receive will be reduced by approximately HK$634.5 million and we will reduce the working capital for our target industries accordingly on a pro rata basis.

To the extent that the net proceeds from the Global Offering are not immediately used for the above purposes, we presently intend to deposit such net proceeds into short-term interest-bearing deposits and/or money market instruments.

RISK FACTORS

There are certain risks and uncertainties relating to an investment in the Shares, details of which are set out in the section headed "Risk Factors" in this prospectus. A summary of these risks and uncertainties is set out below.

Risks Relating to Our Business

- Any inability to effectively mitigate credit risk and maintain our asset quality may have a material adverse impact on our business, financial condition and results of operations.
- Any inability to effectively mitigate credit risk and maintain our asset quality may have a material adverse impact on our liquidity and our continuing position in net cash outflows from operating activities.
- We cannot assure you that we can or will continue to match the maturity profile of our assets and liabilities as both our assets and liabilities grow. Any inability to do so will impact our liquidity and our ability to repay our borrowings and settle our outstanding liabilities, which could have a material adverse effect on our business, financial condition and results of operations.
- We may not be able to obtain sufficient funds on commercially acceptable terms to finance our operations or expansion plans, or at all.
- We may not be able to service our debts.
- Our provisions for impairment losses on lease receivables may not be adequate to cover future credit losses, and we may need to increase our provisions for impaired receivables to cover such future credit losses.
- The value of collateral or guarantees securing our leases, and the assets underlying our leases which are disposed of upon repossession, may be inadequate to cover related lease receivables.
- We may not be able to successfully enforce our rights to the underlying collateral or guarantees to our leases, or enforce our rights to repossess the assets underlying our leases.
- We cannot assure you that our revenue generated from advisory services will remain stable or continue to make a significant contribution to our total revenue.
- We rely on our key personnel and our ability to attract and retain qualified personnel.

- Our risk management systems and internal control policies may not be effective in mitigating the Group's risk exposure.
- Disruptions to our information technology systems may adversely affect our operations and financial condition.
- We may not be able to detect and prevent fraud or other misconduct committed by our employees or third parties.
- We may not have adequate insurance coverage to cover potential liabilities or losses.
- Failure to obtain, renew, or retain licenses, permits or approvals or failure to comply with applicable laws and regulations may affect our ability to conduct our business.
- If we encounter difficulties executing and integrating our growth strategy and expansion plans, our growth prospects may be limited and we may be unable to recoup the costs incurred thereby.
- The lack of valid title to a property we lease, and the non-renewal of certain of our leases, could adversely affect our business, results of operations and financial condition.

Risks Relating to the Industry

- We operate in an increasingly competitive market.
- The shipping industry in which we are involved is highly cyclical.
- Interest rate changes may adversely affect interest expense related to our borrowings, reduce net interest income and reduce demand for our leasing services.
- Fluctuations in equipment prices may adversely affect our operations and business.

Risks Relating to Conducting Operations in China

- Changes in the economic, political and social conditions in the PRC may have a material adverse effect on our business, results of operations and financial condition.
- Any slowdown of the Chinese economy may affect the target industries in which we operate and result in a material adverse effect on our business, results of operations and financial condition.
- We cannot assure you that the preferential tax treatment that we currently enjoy will be continued or, with respect to periods prior to January 1, 2008, will not be revoked.
- We may be subject to PRC income taxes on our worldwide income or be required to withhold PRC income tax on the dividends payable to our foreign shareholders, and your gains from selling our Shares may be subject to PRC income tax if we are deemed a PRC tax resident.
- Any limitation on the ability of our PRC subsidiaries to pay dividends to us and repay our debts to creditors could limit our ability to distribute profits to our Shareholders and fulfill our repayment obligations.
- PRC regulation of loans to and direct investments in PRC companies by offshore holding companies may delay or prevent us from providing loans or capital contributions to our

PRC subsidiaries, which could materially and adversely affect their liquidity and our ability to fund and expand our business.

- The uncertainties of the PRC legal system and its laws and regulations may have a negative impact on our operations.
- The recurrence of SARS or an outbreak of other epidemics, such as bird flu or Type A H1N1 influenza, natural disasters, acts of war or terrorism or other factors beyond our control may adversely affect our business, results of operations and financial condition.
- Fluctuation in the value of the RMB and government control over currency exchange may affect our business, results of operations and financial condition.
- It may be difficult to effect service upon, or to enforce judgments against us or the Directors or senior management residing in China, in connection with judgments obtained from courts other than PRC courts.
- The enforcement of the New Labor Contract Law and other labor-related regulations in China may adversely affect our business and our results of operations.
- The PRC Anti-Monopoly Law may restrict our business dealings or require us to divest our shares in certain assets in China.

Risks Relating to the Global Offering and our Shares

- There has been no prior public market for our Shares, and an active trading market may not develop.
- The price and trading volume of our Shares may be volatile which could result in substantial losses for investors purchasing our Shares in the Global Offering.
- Future sales or a major divestment of Shares by any of our Controlling Shareholders or our strategic investors could adversely affect the prevailing market price of our Shares.
- Our interests may conflict with those of our Controlling Shareholders, who may take actions that are not in, or may conflict with, our or our other Shareholders' best interests.
- Dividends declared in the past may not be indicative of our dividend policy in the future.
- Certain statistics contained in this prospectus are derived from a third party report and publicly available official sources.
- Purchasers of our Shares in the Global Offering will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

"AME System"	Asset Management Expert System
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them
"Articles" or "Articles of Association"	the articles of association of our Company (as amended from time to time), adopted by a special resolution of the Shareholders on March 14, 2011, a summary of which is set out in the section headed "Summary of the Articles of Association" in Appendix VI to this prospectus
"basis point(s)"	a unit relating to interest rates that is equal to 1/100th of a percentage point per annum
"BHCC"	Beijing Heading Century Consulting Co. Ltd (北京漢鼎世紀諮詢有限公司), an independent third party
"Board" or "Board of Directors"	the board of directors of our Company
"business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"Capitalization Issue"	the issuance of Shares to be made upon the capitalization of certain sums standing to the credit of the share premium account of our Company, as further described in the section headed "Statutory and General Information—Further Information About Our Group—Resolutions of Our Shareholders" in Appendix VII to this prospectus
"CBRC"	China Banking Regulatory Commission (中國銀行業監督管理委員會)
"CBRE"	CB Richard Ellis Limited, an independent property valuer
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct participant or a general clearing participant

"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Chemsunny"	Beijing Chemsunny Property Company Limited (北京凱晨置業有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Franshion
"China" or "the PRC"	the People's Republic of China excluding, for the purpose of this prospectus, Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
"CICC"	China International Capital Corporation Hong Kong Securities Limited
"CICC Fund"	CICC Alternative Investment Fund L.P., the indirect owner of TML, one of our Shareholders, and an affiliate of China International Capital Corporation Limited (中國國際金融有限公司)
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
"Company", "our", "we" or "us"	Far East Horizon Limited (遠東宏信有限公司), a company incorporated in Hong Kong with limited liability on May 15, 2008 (formerly known as Fully Ascent Limited (盛騰有限公司) and Far Eastern Hong Xin Co. Limited (遠東宏信有限公司)) and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company of its present subsidiaries, its present subsidiaries
"Controlling Shareholder(s)"	Greatpart and/or Sinochem Group
"CRM System"	Customer Relationship Management System
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"ERP"	enterprise resource planning
"Ever Trend"	Ever Trend Shipping Limited, a company incorporated in Hong Kong with limited liability on August 20, 2008 and a wholly-owned subsidiary of FEH Shipping

"Far Eastern"	International Far Eastern Leasing Co., Ltd (遠東國際租賃有限公司), a company incorporated in the PRC with limited liability on September 13, 1991 and a wholly-owned subsidiary of our Company
"FEH Shipping"	Far East Horizon Shipping Holdings Co., Limited (遠東宏信航運控股有限公司) (formerly known as Sino Advance Limited (華進有限公司)), a company incorporated in the Cayman Islands with limited liability on October 2, 2009 and a wholly-owned subsidiary of our Company
"Fortune Ally"	Fortune Ally Limited (聯瑞有限公司), a company incorporated in the Cayman Islands with limited liability on April 2, 2008 and under voluntary liquidation as of the Latest Practicable Date
"Fortune Ally Series A Shares"	the series A shares in the capital of Fortune Ally with a nominal value of US$0.0001 each
"FOTIC"	Foreign Economic Trade and Trust Co., Ltd (中國對外經濟貿易信託有限公司) (originally known as Foreign Economic Trade and Trust Investment Co., Ltd (中國對外經濟貿易信託投資公司)), a company incorporated in the PRC with limited liability on September 30, 1987 and wholly owned by Sinochem Corporation as of the Latest Practicable Date
"Franshion"	Franshion Properties (China) Limited, a company incorporated in Hong Kong whose shares are listed on the Stock Exchange (stock code: 0817) and whose controlling shareholder as of the Latest Practicable Date is Sinochem HK
"GDP"	gross domestic product
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Greatpart"	Greatpart Limited (廣柏有限公司), a company incorporated in the BVI with limited liability on July 3, 2008 and a wholly-owned subsidiary of Sinochem Group and our immediate Controlling Shareholder
"Green Application Form(s)"	the application form(s) to be completed by the White Form eIPO Service Provider
"Group"	our Company and our subsidiaries and, in respect of the period before our Company became the holding company of our present subsidiaries, our present subsidiaries

"HKAS"	Hong Kong Accounting Standards
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 81,600,000 Shares being initially offered for subscription in the Hong Kong Public Offering, subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting—Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated March 17, 2011 relating to the Hong Kong Public Offering and entered into by the Joint Bookrunners, the Hong Kong Underwriters, the Controlling Shareholders and our Company, as further described in the section headed "Underwriting—Underwriting Arrangements and Expenses—the Hong Kong Public Offering—Hong Kong Underwriting Agreement" in this prospectus
"HSBC"	The Hongkong and Shanghai Banking Corporation Limited
"IAS 39"	International Accounting Standard 39 "Financial Instruments: Recognition and Measurement" and its interpretations by the IASB
"IFRS"	International Accounting Standards, International Financial Reporting Standards, amendments and the related interpretations issued by the International Accounting Standards Board
"International Offer Shares"	the 734,400,000 Shares being initially offered in the International Offering together with, where relevant, any additional Shares which may be issued by our Company

	pursuant to the exercise of the Over-allotment Option, subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus
"International Offering"	the offer and sale of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering, which is expected to be entered into by the Joint Bookrunners, the International Underwriters, the Controlling Shareholders and our Company on or about March 24, 2011, as further described in the section headed "Underwriting—Underwriting Arrangements and Expenses—The International Offering—International Underwriting Agreement" in this prospectus
"International Underwriters"	the group of underwriters, led by the Joint Global Coordinators, that is expected to enter into the International Underwriting Agreement to underwrite the International Offering
"Jin Mao"	China Jin Mao (Group) Company Limited (中國金茂(集團)有限公司), a company incorporated in the PRC with limited liability and indirectly wholly-owned by Franshion
"Joint Bookrunners" or "Joint Lead Managers"	CICC, Morgan Stanley, UBS and HSBC
"Joint Global Coordinators" or "Joint Sponsors"	CICC, Morgan Stanley and UBS
"KKR Future Investments"	KKR Future Investments S.À.R.L., a société à responsabilité limitée incorporated in the Grand Duchy of Luxembourg, a wholly-owned affiliate of investment funds managed by Kohlberg Kravis Roberts & Co. L.P and one of our Shareholders
"Latest Practicable Date"	March 11, 2011, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
"LIBOR"	London Interbank Offer Rate
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange

"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about March 30, 2011 on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Ministry of Communications"	Ministry of Communications of the PRC (中華人民共和國交通部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Morgan Stanley"	Morgan Stanley Asia Limited
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%) of not more than HK$6.80 and expected to be not less than HK$5.20, such price to be determined by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and our Company on or before the Price Determination Date
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), pursuant to which our Company may be required to allot and issue up to an aggregate of 122,400,000 additional Shares (representing 15% of the initial Offer Shares) at the Offer Price to, among other things, cover over-allocations in the International Offering, if any, details of which are described in the section headed "Structure of the Global Offering—The International Offering—Over-allotment Option" in this prospectus
"PBOC"	People's Bank of China (中國人民銀行)
"PRC Government" or "State"	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them

"Price Determination Date"	the date, expected to be on or about March 24, 2011, on which the Offer Price will be determined and, in any event, not later than March 28, 2011
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganization"	the reorganization of the Group in preparation of the Listing, details of which are set out in the section headed "Our History and Reorganization—Reorganization" in this prospectus
"RMB" or "Renminbi"	the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAIC"	State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局) and its authorized department
"SAP System"	System Application & Products System
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council of the PRC (國務院國有資產監督管理委員會)
"Series A Shares"	the series A shares in the capital of our Company with a nominal value of HK$0.01 each (subsequent to the sub-division of series A shares of our Company with a nominal value of HK$1.00 each), which will be converted into Shares upon the Listing Date
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shanghai Domin"	Shanghai Domin Medical Engineering Co., Ltd (上海德明醫用設備工程有限公司), a company incorporated in the PRC with limited liability on March 4, 2010 and owned by Far Eastern (as to 74.95%), Yijia Decorate Engineering Co., Ltd (上海藝佳裝飾工程有限公司) (an independent third party) (as to 8.35%), Shanghai Xinglian Information Technology Co., Ltd (上海星聯信息技術有限公司) (an independent third party) (as to 8.35%) and Shanghai Dechuang System Project Co., Ltd (上海德創系統工程有限公司) (an independent third party) (as to 8.35%) as of the Latest Practicable Date

"Shanghai Donghong"	Shanghai Donghong Industrial Limited (上海東泓實業發展有限公司), a company incorporated in the PRC with limited liability on April 28, 2006 and an indirect wholly-owned subsidiary of our Company
"Shareholder(s)"	holder(s) of Shares
"Shares"	ordinary shares in the capital of our Company with nominal value of HK$0.01 each
"Sinochem Conglomerate"	Sinochem Group and its subsidiaries (including Sinochem Corporation, Sinochem Europe and Sinochem HK, but excluding the Group)
"Sinochem Corporation"	Sinochem Corporation (中國中化股份有限公司), a company established by Sinochem Group and China Ocean Shipping (Group) Company (中國遠洋運輸（集團）總公司) on June 1, 2009 and owned by Sinochem Group (as to 98%) and China Ocean Shipping (Group) Company (中國遠洋運輸（集團）總公司) (as to 2%) as of the Latest Practicable Date
"Sinochem Europe"	Sinochem Europe Capital Corporation Ltd. (中化歐洲資本有限公司), a company incorporated in BVI with limited liability on December 6, 2002 and indirectly owned by Sinochem Group (as to 98%) and China Ocean Shipping (Group) Company (中國遠洋運輸（集團）總公司) (as to 2%) as of the Latest Practicable Date
"Sinochem Group"	Sinochem Group (中國中化集團公司), a state-owned enterprise established in the PRC and formerly known as China National Chemicals Import & Export Corporation, which operates globally, mainly in the energy, agriculture, chemical, real estate and financial service, our ultimate Controlling Shareholder
"Sinochem HK"	Sinochem Hong Kong (Group) Company Limited (中化香港（集團）有限公司), a company incorporated in Hong Kong with limited liability on December 1, 1989 and indirectly owned by Sinochem Group (as to 98%) and China Ocean Shipping (Group) Company (中國遠洋運輸（集團）總公司) (as to 2%) as of the Latest Practicable Date
"Sinochem Shanghai"	Sinochem Shanghai Co., Ltd (中化上海有限公司), a company incorporated in the PRC with limited liability on August 14, 1992 and wholly owned by Sinochem Corporation as of the Latest Practicable Date

"Sinofert"	Sinofert Holdings Limited, a company incorporated in Bermuda whose shares are listed on the Stock Exchange (stock code: 0297) and whose controlling shareholder as of the Latest Practicable Date is Sinochem HK
"Stabilizing Manager"	UBS AG, Hong Kong Branch
"State Council"	the PRC State Council (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into on or about the Price Determination Date between the Stabilizing Manager and Greatpart, pursuant to which Greatpart will agree to lend up to 122,400,000 Shares to the Stabilizing Manager on the terms set forth therein, details of which are set forth in the section headed "Structure of the Global Offering—Stabilization" in this prospectus
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Techlink"	Techlink Investment Pte Ltd, one of our Shareholders and a private company limited by shares incorporated in Mauritius, which is wholly-owned by Tetrad Ventures Pte Ltd which, in turn, is wholly-owned by Government of Singapore Investment Corporation (Ventures) Pte. Ltd.
"Tianjin Haorui"	Far East Horizon Haorui (Tianjin) Leasing Co., Ltd. (遠東宏信昊瑞（天津）租賃有限公司), a company incorporated in the PRC with limited liability on November 29, 2010 and a wholly-owned subsidiary of Far Eastern
"TML"	Target Magic Limited, one of our Shareholders and a company incorporated in Hong Kong with limited liability on June 23, 2009, and wholly-owned by Top Dream Limited which, in turn, is wholly-owned by CICC Fund
"Track Record Period"	the period comprising the three financial years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010
"UBS"	UBS AG, Hong Kong Branch
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.S." or "United States"	the United States of America

"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States of America
"U.S. Securities Act"	the United States Securities Act of 1933, as amended
"White Form eIPO"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of White Form eIPO **www.eipo.com.hk**
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited

In this prospectus, the terms "associate", "connected person", "connected transaction", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

The English names of companies incorporated in the PRC are translations of their Chinese names and are included for identification purposes only.

In addition to other information in this prospectus, you should carefully consider the following risk factors before making an investment in the Shares. Our business could be materially and adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Any inability to effectively mitigate credit risk and maintain our asset quality may have a material adverse impact on our business, financial condition and results of operations.

The sustainability of our business and future growth depends largely on our ability to effectively manage our credit risk and maintain the quality of our receivables portfolio. As such, any deterioration in our asset quality or impairment in the collectability of other receivables could materially and adversely affect our results of operations. Our non-performing assets ratios were 1.70%, 1.90%, 1.20% and 0.73% as of December 31, 2007, 2008 and 2009 and September 30, 2010, respectively. We may not be able to effectively control the level of our non-performing assets in our current lease receivables portfolio or effectively control the level of new non-performing assets in the future. The amount of our non-performing assets may increase in the future due to a substantial increase in our lease contract values over the Track Record Period, a deterioration in the quality of our lease receivables portfolio, or a decline in the quality of future receivables. Our net lease receivables from customers have increased from US$878.2 million as of December 31, 2007 to US$1,350.5 million as of December 31, 2008, to US$1,971.2 million as of December 31, 2009 and have further increased to US$2,985.8 million as of September 30, 2010.

The quality of our lease receivables portfolio may deteriorate for a variety of reasons, including factors beyond our control, such as a slowdown in the economic growth of the PRC or global economies, a recurrence of a global credit crisis or other adverse macroeconomic trends which may cause operational, financial and liquidity problems for our customers thereby affecting their ability to make timely lease payments. If the level of our impaired lease receivables increases, our business, financial condition and results of operations may be materially and adversely affected.

Any inability to effectively mitigate credit risk and maintain our asset quality may have a material adverse impact on our liquidity and our continuing position in net cash outflows from operating activities.

We cannot assure you that we will not continue to experience periods of net cash outflows from operating activities in the future. 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 US$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 increase 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 US$695.6 million, US$1,076.6 million, US$1,341.5 million and US$2,006.6 million. For these reasons, we had net cash outflows from operating activities throughout the Track Record Period. At the same time, our cash flows from operating activities are also impacted by our ability to collect on our outstanding lease receivables. Therefore, our net cash flows from operating activities can be adversely impacted if we do not effectively manage our credit risk and fail to maintain the quality of our lease receivables portfolio. Our liquidity in the future will to an extent depend on our ability to maintain adequate cash inflows from operating activities, collected primarily from our outstanding lease receivables. If we do not effectively manage our credit risk, or should there be any prolonged or significant decrease in the quality of our lease receivables portfolio, our liquidity and our cash flows from operating activities could be materially and adversely affected.

We cannot assure you that we can or will continue to match the maturity profile of our assets and liabilities as both our assets and liabilities grow. Any inability to do so will impact our liquidity and our ability to repay our borrowings and settle our outstanding liabilities, which could have a material adverse effect on our business, financial condition and results of operations.

We strive to effectively match our asset growth with our fundraising on an ongoing basis through regular review and periodic adjustment of our funding sources and structure, as necessary, in view of the changes to our internal financial condition and our external business environment. 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 risk by regularly monitoring the relative maturities between our assets and liabilities and by 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. While we have not experienced net liquidity shortfalls during the Track Record Period with respect to our financial assets and liabilities as a whole or with respect to our current financial assets and liabilities (receivable or payable in one year or less), we cannot assure you that we will continue to do so in the future (see the section headed "Financial Information—Liquidity and Capital Resources—Liquidity" for more details regarding our net liquidity position during the Track Record Period). We may fail to effectively match the relative maturities of our assets and liabilities or manage our interest rate exposures between our borrowings and our lease receivables. Net liquidity shortfalls may result, and we may not be able to meet our financial liabilities as they fall due. In addition, such liquidity shortfalls may also impair our ability to obtain sufficient additional financing, if at all. As a result our liquidity may be impaired, which would have a material adverse affect on our business, financial condition and our results of operation.

We may not be able to obtain sufficient funds on commercially acceptable terms to finance our operations or expansion plans, or at all.

Due to the capital-intensive nature of our business operations, a substantial amount of capital as well as ongoing funding is required to support the growth of our lease receivables portfolio, as well as to fund future expansion. As of December 31, 2007, 2008 and 2009 and September 30, 2010, our total interest-earning assets, which include net lease receivables and entrusted loans, amounted to

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. For the years ended December 31, 2007, 2008 and 2009 and for the nine months ended September 30, 2010, our total costs of borrowing relating to our leasing and advisory business segment, or our interest expense, were US$25.8 million, US$51.2 million, US$58.0 million and US$59.5 million, respectively. We primarily fund our operations and expansion through both domestic and foreign bank loans and cash flow from our operations. The total interest expense of borrowings derived from our five largest financing sources (being commercial banks and finance companies) amounted to approximately US$18.7 million, US$35.0 million, US$36.0 million, and US$38.9 million, respectively, of our total costs of borrowing for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010. If there are changes in international and/or domestic macroeconomic conditions and policies, or if we fail to maintain our existing and future loan arrangements on commercially acceptable terms, we cannot assure you that we will be able to continue to obtain adequate funding in the future on reasonable commercial terms, or at all. If sufficient financing is not available to meet our needs, or cannot be obtained on commercially acceptable terms, or at all, we may not be able to refinance our existing portfolio, fund the operation and/or expansion of our business, introduce new services or compete effectively.

In 2007, the PBOC increased benchmark interest rates six times in order to prevent overheating of the 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 unchanged until September 2008, when it took action to reduce interest rates in the wake of the global financial crisis. The PBOC cut 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 benchmark lending rates have remained unchanged from 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 benchmark interest rates before 2009 have generally resulted in the narrowing of net interest spreads and a decline in the 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 to our net interest spread and net interest margin. As of the Latest Practicable Date, we confirm that these recent increases in PBOC benchmark interest

rates have not materially and adversely impacted our ability to obtain sufficient financing on commercially reasonable terms nor have our liquidity, financial condition or results of operations been materially and adversely impacted. While these increases in the PBOC benchmark interest rates have not significantly impacted our ability to obtain sufficient funds on commercially acceptable terms, further increases may do so or may cause us to be unable to obtain sufficient financing, or any at all. As a result, our liquidity, business, financial condition, results of operations and prospects would be materially and adversely affected.

We may not be able to service our debts.

Our financing agreements with 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 or 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 under our financing agreements. Such requirements for 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 liquidity, business, financial condition and our ability to obtain future financing.

Our provisions for impairment losses on lease receivables may not be adequate to cover future credit losses, and we may need to increase our provisions for impaired receivables to cover such future credit losses.

We make provisions for impairment losses on lease receivables in accordance with HKFRS. Our impairment provision on receivables amounted to US$11.4 million, US$17.0 million, US$25.8 million, and US$34.7 million, representing 1.29%, 1.26%, 1.31% and 1.16% of our net lease receivables as of December 31, 2007, 2008 and 2009 and September 30, 2010, respectively. This reflected both the growth of our business operations and our approach to provisions in view of the macroeconomic environment. The amount of such provisions for impairment losses is determined on the basis of our internal provisioning procedures and guidelines with consideration of factors, such as the nature and industry-specific characteristics of our customers and their creditworthiness, economic conditions and trends, write-off experience, delinquencies and the value of underlying collateral and guarantees. As our provisions under HKFRS require significant judgment and estimation, our allowance for impairment losses may not always be adequate to cover credit losses in our business operations. Our allowance may prove to be inadequate if adverse changes occur in the PRC economy or other economies in which our Group operates or if other events adversely affect specific customers, industries or markets. Under such circumstances, we may need to make additional provisions for our receivables, which could significantly reduce our profit and may materially and adversely affect our business, financial condition, results of operations and prospects.

The value of collateral or guarantees securing our leases and the assets underlying our leases which are disposed of upon repossession, may be inadequate to cover related lease receivables.

During the Track Record Period, approximately 50% of our leases were secured by guarantees. We also conduct financial leasing business within the shipping industry through entrusted loans, all of which are secured by collateral. To mitigate the risks, we usually request the lessees to provide guarantees for the leases but we must specifically agree guarantee arrangements with each lessee on a case-by-case basis, mainly considering the type of industries from which the lessees come. For example, the lessees that are public institutions such as hospitals and universities usually do not provide guarantees due to low risk and state-ownership. In the event of any material default on interest payment terms, we are contractually entitled to enforce our security rights over any collateral or guarantee and/or repossess and dispose of the assets underlying our leases to realize their value. The value of our collateral and/or assets underlying our leases to be disposed of may decline and may be materially and adversely affected by a number of factors, such as damage, loss, oversupply, devaluation or reduced market demand. Similarly, a significant deterioration in the financial condition of guarantors under our leases could significantly decrease the amounts we may recover under such guarantees.

Our policies require periodic internal re-evaluation of collateral and assets underlying our leases to be disposed of for impairment testing purposes. If the value of such collateral or assets underlying our leases to be disposed of prove to be inadequate to cover the related lease receivables, we may need to obtain additional security from our customers or other sources, and we cannot assure you that we could do so.

Declines in the value of such collateral, guarantees or assets underlying our leases or our inability to obtain additional security may result in impairments and require us to make additional impairment provisions against our lease receivables, which may, in turn, materially and adversely affect our business, financial condition and results of operations.

We may not be able to successfully enforce our rights to the underlying collateral or guarantees to our leases, or enforce our rights to repossess assets underlying our leases.

During the Track Record Period, approximately 50% of our leases were secured by guarantees. We also conduct our financial leasing business within the shipping industry through entrusted loans, all of which are secured by collateral. In the event of any material default on interest payment terms, we are entitled to enforce our security rights over any collateral or guarantee and/or repossess and dispose of the assets underlying our leases to realize their value. The lessees in the leases secured by guarantees are independent third parties with respect to the Group, its shareholders or directors or any of their respective associates. In the PRC, the procedures for liquidating or otherwise realizing the collateral value of tangible assets and the procedures for enforcing our rights to a guarantee or to repossess and dispose of the asset underlying our leases are usually time-consuming (the whole process may take three to six months) and in practice it may be difficult to realize such collateral value, enforce the guarantee or repossess and dispose of assets underlying our leases. Although we could apply to a PRC court in accordance with the PRC Civil Procedure Law for the attachment or disposal of any underlying collateral, the enforcement of a guarantee or the repossession of the assets underlying our leases upon default, it is uncertain whether any judgment made by local courts would be enforceable due to uncertainties of the PRC legal system governing such enforcement. In addition, under PRC law, our rights to any collateral securing our leases may be subordinated to other claims. For example, according to the PRC Bankruptcy Law, claims for the amount that a company in bankruptcy owed its employees prior to August 27, 2006 (being the date of publication of the PRC Bankruptcy Law), including but not limited to salaries, medical insurance and pension benefits, will have priority over our rights to collateral, if not adequately provided for in liquidation proceedings. If we are unable to bring an enforcement action with respect to any collateral or any guarantee related to any assets underlying our leases to be repossessed and disposed of on a timely basis, it may have a material adverse effect on our asset quality, financial condition or results of operations.

We cannot assure you that our revenue generated from advisory services will remain stable or continue to make a significant contribution to our total revenue.

The provision of advisory services has made significant contributions to our revenue during the Track Record Period. 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. The fees that we charge for the provision of our advisory services are set with each customer on a case-by-case basis. Although we expect our advisory services to continue to experience growth with the expansion of our business, we cannot assure you that the demand from our customers for advisory services will remain stable. In addition, failure to timely provide satisfactory and customized advisory services to address the specific needs of our customers may reduce revenue generated from our advisory services, which may materially and adversely affect our results of operation and overall financial position.

We rely on our key personnel and our ability to attract and retain qualified personnel.

We depend on the continued efforts of our senior management team and other key employees for our success. Our executive Directors (namely Mr. Kong Fanxing and Mr. Wang Mingzhe) and our senior management (namely Mr. Kong Fanxing, Mr. Fang Weihao, Mr. Niu Weidong, Mr. Wang

Mingzhe, Mr. Liu Honglai, Mr. Cao Jian and Mr. Shang Bing) play vital roles in the Company's operation. Each of them has more than eight years of experience in the financial leasing industry in China, and collectively they possess in depth understanding of our six target industries, our customers and competitors and the laws regulating our business. Therefore, they play an important role in formulating and implementing appropriate strategies for achieving business success for our Company. All of them have entered into employment contracts with us for initial terms of five years ending in 2014 or 2015. However, we cannot assure you that any of our key employees will not voluntarily terminate his or her employment with us or leave his or her position due to other reasons beyond our control. The loss of service of any of our key management, in particular our Executive Directors, could impair our ability to operate and make it difficult to implement our business and growth strategies. We may not be able to replace such persons within a reasonable period of time or with another person of equivalent expertise and experience, which may severely disrupt our business operations.

Our continued success also depends on our ability to attract and retain qualified personnel to manage our existing operations and future growth. Qualified individuals are in high demand and we may not be able to successfully attract, assimilate or retain all the personnel we need with the required industry expertise (such as personnel for our sales and marketing, quality control and asset management departments). We may also need to offer superior compensation and other benefits to attract and retain key personnel and therefore cannot assure you that our compensation and benefits payments will not increase unpredictably or at a greater rate than our revenues. Our failure to attract and retain qualified personnel and any increase in staffing costs to retain such personnel could have a negative impact on our ability to maintain our competitive position and grow our business, and may also have a material adverse effect on our financial condition and results of operations.

Our risk management systems and internal control policies may not be effective in mitigating the Group's risk exposure.

Our risk management systems and internal control policies may not be effective in mitigating our exposure to all types of risk, including unidentified or unanticipated risks. Some risk management and control methods are based upon historical market behavior and past events. As such, we may not be able to adequately identify or estimate future risk exposures, which could be significantly greater than indicated by measures based on historical data. Other risk management methods depend on evaluation of information regarding markets, customers or other relevant matters, which may be inaccurate, incomplete, obsolete or improperly evaluated. For instance, the information infrastructure in the PRC is relatively undeveloped and there is no extensive and unified nationwide credit information system. As such, we are only able to rely on publicly available resources and our internal resources to assess credit risks associated with a particular customer. Such assessment may not be based on complete, accurate or reliable information. Furthermore, as our Group enters new industry sectors, approaches other customer segments or develops additional product and service offerings, we may not be in a position to adequately identify and predict future risk exposures.

In addition, management of operational, legal or regulatory risks requires various sets of policies and procedures in order to accurately record and verify a large number of transactions and events. Such policies and procedures may not be fully effective. Any failure of our risk management procedures or any failure to identify applicable risks may have a material adverse effect on our results of operations and financial condition.

Disruptions to our information technology systems may adversely affect our operations and financial condition.

Our business operations are dependent on the ability of our information technology systems to accurately process a large number of transactions and information in a timely manner. These systems include the SAP System, the CRM System, the AME System and the leasing contract approval system. The proper functioning of our financial control, risk management, accounting, customer service and other data processing systems is critical to our business and our ability to compete effectively. We have established our own internal back-up systems to carry on principal functions in the event of system failures. However, we cannot assure you that our operations will not be materially disrupted if any of our systems fail due to, among other things, fire, natural disasters, power loss, software faults, computer virus attacks, conversion errors due to system upgrades, or security breaches. The "Network and Information Safety Measures" (網路與資訊安全管理辦法) formulated by our Information Technology Centre under the Quality Control Department may not be effective in preventing any harm or damage resulting from risks threatening our information technology systems. Any disruption to any of our information technology systems could harm our business and adversely affect our operations and financial condition.

We may not be able to detect and prevent fraud or other misconduct committed by our employees or third parties.

Fraud or other misconduct by employees (such as unauthorized business transactions and breaches of our internal policies and procedures) or third parties (such as breach of law) may be difficult to detect and prevent and could subject us to financial loss, sanctions imposed by governmental authorities and seriously harm our reputation. Our risk management systems, information technology systems and internal control procedures are designed to monitor our operations and overall compliance. However, we may be unable to identify non-compliance or suspicious transactions in a timely manner or at all. Furthermore, it is not always possible to detect and prevent fraud or other misconduct and the precautions we take to prevent and detect such activities may not be effective. Hence, there exists the risk that fraud or other misconduct may have previously occurred but was undetected, or may occur in the future. This may have a material adverse effect on our business, financial condition and results of operations.

We may not have adequate insurance coverage to cover potential liabilities or losses.

We have obtained insurance coverage for our business operations in accordance with legal requirements, and in respect of all assets which we deem material for our operations. We face various risks in connection with our businesses and may lack adequate insurance coverage or may have no relevant insurance coverage. In addition, in line with general practice in the PRC, we do not maintain business interruption insurance. As a result, our insurance coverage may be inadequate to cover such losses should they arise. Any such uninsured losses may materially and adversely affect our results of operations and financial position.

Failure to obtain, renew, or retain licenses, permits or approvals or failure to comply with applicable laws and regulations may affect our ability to conduct our business.

We are required to hold various licenses, permits and approvals issued by relevant authorities allowing us to conduct our business operations. Any infringement of legal or regulatory requirements, or any suspension or revocation of these licenses, permits and approvals may have a material adverse

impact on our business and operations. In addition, the licensing requirements within the PRC financial leasing industry are constantly evolving and we may be subject to more stringent regulatory requirements due to changes in the political or economic policies in China. We cannot assure you that we will be able to satisfy such regulatory requirements and as a result we may be unable to retain, obtain or renew relevant licenses, permits or approvals in the future. This may, in turn, hinder our business operations and materially and adversely affect our results of operations and financial condition.

If we encounter difficulties executing and integrating our growth strategy and expansion plans, our growth prospects may be limited and we may be unable to recoup the costs incurred thereby.

As part of our business strategy, we plan to expand our business to include other target industries in China with attractive growth potential. We intend to achieve this through expansion, alliances, joint ventures or partnerships, where suitable opportunities arise and under appropriate market conditions. However, as of the Latest Practicable Date, we do not have any finalized understandings, commitments or agreements in respect of such matters, and we have not engaged in any related negotiations or entered into any letter of intent (whether legally binding or not) with respect to any alliances, joint ventures or partnerships. We cannot assure you that we will be able to identify any suitable target industries, investment projects or business partners in the near future. In addition, failure to effectively manage our expansion may lead to increased costs, reduced growth and reduced profitability for us. Even upon completion of investments or partnerships, we may experience difficulties in integrating such businesses into our business model, and incur higher costs than initially anticipated. This may materially and adversely affect our business, results of operations and financial position.

The lack of valid title to a property we lease, and the non-renewal of certain of our leases, could adversely affect our business, results of operations and financial condition.

For our leased properties in China, as of December 31, 2010, (i) our landlords had not obtained or produced to us proper building ownership certificates for one building with a gross floor area of approximately 293 square meters (representing 2.8% of the total gross floor area we leased in China), and (ii) our landlords had not registered the leases for 46 office units with a gross floor area of approximately 9,996 square meters (representing 95.3% of our total gross floor area we leased in China). These leased properties are all used as offices. For details of further information on our properties, see the section headed "Business—Properties" in this prospectus. Our operations carried out on or from these properties may be adversely affected as a result of the absence of the right to lease these properties. However, our Directors believe that the defective title and non-registration are not crucial, and will not have a material impact on our overall operations.

As of December 31, 2010, we leased certain office space with gross floor area of 440.6 square meters in Beijing Chemsunny World Trade Centre under lease agreements with one of our connected persons, Beijing Chemsunny Property Company Limited (the "**Chemsunny Leases**"). The Chemsunny Leases will expire on December 31, 2011. In addition, we have also entered into a number of lease agreements with one of our connected persons, China Jin Mao (Group) Company Limited, for office space located at Jin Mao Tower in Shanghai with a total gross floor area of 7,988.9 square meters (the "**Jinmao Leases**"). The Jinmao Leases will expire on December 31, 2011. For details of further information on the Chemsunny Leases and the Jinmao Leases, see the section headed "Connected Transactions—Non-Exempt Continuing Connected Transactions" in this prospectus. We cannot assure

you that our landlords will renew any or all of the Chemsunny Leases or Jinmao Leases on commercially acceptable terms, or at all, upon expiry of their respective terms. Even if these leases are renewed after the Listing Date, the entry into new leases may constitute a connected transaction for Franshion and/or our Company under Chapter 14A of the Listing Rules, and therefore subject to the reporting, announcement and independent shareholders' approvals of Rule 14A.48 of the Listing Rules if the highest applicable percentage ratio (as defined under Rule 14A.10 of the Listing Rules and relating to the assets, profits, revenues and consideration which are subject of the connected transaction) is expected to exceed 5%. We cannot assure you that approval from the independent shareholders of Franshion and/or our Company for the lease renewals (if required) can or will be obtained.

As a result of the lack of valid title to a property we lease or the non-renewal of the Chemsunny Leases and/or the Jinmao Leases, we may be required to relocate our business operations that are currently carried out on properties for which we do not have unassailable legal rights to use or occupy temporarily or permanently, or we may be required to relocate our operations from leased properties under the Chemsunny Leases or the Jinmao Leases in the event of non-renewal. Such relocation could result in us incurring additional costs and business interruption, thereby adversely affecting our business, financial condition and results of operations.

RISKS RELATING TO THE INDUSTRY

We operate in an increasingly competitive market.

The financial services industry is an increasingly competitive industry, and we cannot assure you that we will be able to sustain our competitive advantage or effectively implement our business strategies. Our competitors comprise mainly bank-affiliated leasing companies, captive leasing companies, independent leasing companies and other financial service companies, which are all similarly involved in the financial leasing and/or financial services business. Competition from such entities may result in certain developments in our industry, business and operating environment, such as downward competitive pressure on interest rates charged to customers, expansion by existing competitors, adoption by our competitors of innovative financial services or comparatively effective branding efforts, any of which may have a material adverse impact on our business, financial condition and results of operations.

Upon China's accession to the World Trade Organization in 2001, the PRC leasing industry entered a phase of rapid development and the number of both foreign and domestic investors in the industry has increased. In order to fulfill its commitment to liberalize the PRC financial leasing market, China's MOFCOM implemented several policies to develop further the leasing industry and encourage additional investment. For instance, the *Measures on the Administration of Foreign Investment in the Leasing Industry* was promulgated in 2005 and permitted the incorporation of foreign investment leasing companies either through the establishment of wholly-owned or joint venture financial leasing companies. In order to encourage participation by domestic investors, the "*Circular on Issues in Connection with the Engagement in Financial Leasing Business*" was jointly promulgated by the MOFCOM and the State Administration of Taxation. This notice permitted the establishment of domestic pilot financial leasing companies. In 2007, the CBRC issued the newly revised "*Measures on Administration of Finance Leasing Companies*" which allowed qualified domestic promoters to invest in or establish financial leasing companies qualified as financial institutions with or without foreign investment. Pursuant to the *Decision of the State Council of PRC on the Fifth Batch of Administrative Examination and Approval Matters to be Cancelled or Delegated to Subordinate Authorities*

promulgated and effected on July 4, 2010, approval for the establishment or modification of foreign-invested enterprises engaged in financial leasing with a total investment amount of US$300 million or less can be approved by provincial-level governmental authorities instead of those at the national level. We believe these measures are likely to further increase competition in the PRC financial leasing industry. If we are unable to compete successfully against current and future participants in the industry, our business, results of operations and financial condition may be materially and adversely affected.

The shipping industry in which we are involved is highly cyclical.

Our net lease receivables (including entrusted loans) with respect to the shipping industry were US$103.9 million, US$123.8 million, US$112.0 million and US$366.0 million as of December 31, 2007, 2008 and 2009 and September 30, 2010, respectively, accounting for 11.9%, 9.2%, 5.7% and 12.3% of our net lease receivables (including entrusted loans) as of the same dates. The shipping industry is highly cyclical, with demand for and supply of vessels to be leased or sold affected by several factors, including global and regional economic and political conditions, changes in regulatory regimes, strikes or armed conflicts, extreme weather conditions and piracy. These factors are beyond our control and the nature, timing and degree of changes in industry conditions are largely unpredictable. Any decrease in demand for our services in the shipping industry due to cyclical downturns could result in extensive customer defaults, decreased revenue, an inability to grow or maintain our business, and could materially and adversely affect our business, results of operations and financial condition.

Interest rate changes may adversely affect interest expense related to our borrowings, reduce net interest income and reduce demand for our leasing services.

Our business is affected by interest rates, including both the interest rates charged to our financial leasing customers and the rate of interest we pay on our loans and financing obligations. In order to remain responsive to changing interest rates and to manage our interest rate exposure, we have implemented measures to adjust the structure of our assets and liabilities based on an assessment of the sensitivity of projected net interest income under various interest rate scenarios. However, an increase in interest rates, or the perception that such an increase may occur, could adversely affect our ability to obtain bank loans at favorable interest rates, our ability to maximize our interest income, our ability to originate new leases and our ability to grow. In addition, changes in interest rates or in the relationships between short-term and long-term interest rates or between different interest rate indices (i.e., basis risk) could affect the interest rates received on interest-earning assets differently from the interest rates paid on interest-bearing liabilities, which could, in turn, result in an increase in interest expense or a decrease in net interest income (which is our interest income minus our interest expense). In addition, our net interest income is also impacted by whether we can adjust the interest rates we charge our customers in response to fluctuations in interest rates for our interest-bearing bank borrowings to maintain our net interest spread and our net interest margin. If we fail to appropriately adjust the interest rates of our lease contracts in a timely manner, our net interest spread and our net interest margins may decrease, and as a result, our profitability and results of operations would be adversely impacted. Any increase in our interest expense or decrease in our net interest income could have a material adverse effect on our business, results of operations and financial condition.

Fluctuations in equipment prices may adversely affect our operations and business

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. There is no assurance that the demand for financial leasing services in these target industries will remain sustainable. Rapid increases in equipment prices may reduce overall demand and, accordingly, reduce our ability to generate new contracts.

Moreover, reductions in equipment prices may also affect our ability to recover the related lease receivables due to the increasing likelihood of default by our customers. In particular, the price at which we are able to sell any asset underlying our leases may be lower than the price at which we acquired it. In the event that we are required to recover a material portion of our equipment receivables but are only able to do so at values substantially below their acquisition prices, there may be a material adverse effect on our business, results of operations and financial condition.

RISKS RELATING TO CONDUCTING OPERATIONS IN CHINA

Changes in the economic, political and social conditions in the PRC may have a material adverse effect on our business, results of operations and financial condition.

The Chinese economy differs from the economies in developed countries in many respects, including the degree of government involvement, control of capital investment, as well as the overall level of development. We believe the PRC Government has indicated its commitment to the continued reform of the economic system as well as the structure of the government. The PRC Government's reform policies have emphasized the independence of enterprises and the use of market mechanisms. Since the introduction of these reforms, significant progress has been achieved in economic development, and enterprises have enjoyed an improved environment for their development. However, any changes in the political, economic or social conditions in the PRC may have a material adverse effect on our present and future business operations.

Any slowdown in the Chinese economy may affect the target industries in which we operate and result in a material adverse effect on our business, results of operations and financial condition.

Most of our revenue is derived from the provision of financial leasing services and extended value-added services. We rely primarily on domestic demand to achieve growth in our revenue. Such demand is materially affected by industrial development and the overall economic growth in China as well as policy support for our target industries and for our financial services. Any deterioration of these industries in China resulting from a global economic downturn or the Chinese government's macroeconomic measures affecting these industries may have a material adverse impact on our financial performance. Furthermore, any deterioration in the financial condition of our customers in these industries or any industry-specific difficulties encountered by these customers could affect our business (such as the deterioration of the quality of our existing lease receivables and our ability to generate new leases), thereby materially and adversely affecting our business, financial condition and results of operations.

Furthermore, the global crisis in financial services and credit markets since 2008 caused a slowdown in the growth of the global economy with a corresponding impact on the Chinese economy. Although there are signs of recovery in the global and Chinese economies, we cannot assure you that any such recovery is sustainable. In addition, if the crisis in global financial services and credit markets

were to persist, there is no certainty as to its impact on the global economy, especially the Chinese economy. As a result of global economic cycles, we cannot assure you that the Chinese economy will grow in a sustained or steady manner. Any slowdown or recession in the Chinese economy may affect our ability to secure new leases and contracts, and may increase the default rate on our existing leases and contracts and our ability to obtain sufficient financing, which may in turn have a material adverse effect on our business, results of operations and financial condition.

We cannot assure you that the preferential tax treatment that we currently enjoy will be continued or, with respect to periods prior to January 1, 2008, will not be revoked.

On March 16, 2007, the National People's Congress passed a new PRC Corporate Income Tax Law (the "**PRC CIT Law**"), which took effect on January 1, 2008. The PRC CIT Law replaces the PRC Income Tax Law for Foreign-Invested Enterprises and Foreign Enterprises, and applies a uniform 25% corporate income tax rate to both foreign-invested enterprises and domestic enterprises. The PRC CIT Law also provides a transitional period for enterprises that were entitled to certain preferential tax treatment prior to the promulgation of the PRC CIT Law. Each of Far Eastern and Shanghai Donghong was entitled to transitional tax rates of 18% in 2008, 20% in 2009, 22% in 2010 and 24% in 2011. Such transitional tax rates were granted by the Shanghai local tax authority according to national level preferential policies on the basis of the PRC CIT Law and the Notice on Implementing Transitional Enterprise Income Tax Preferential Policies by the State Council (國務院關於實施企業所得税過渡優惠政策的通知). As advised by our PRC legal advisor, we are not subject to any risk that these transitional tax benefits may be revoked by the relevant senior tax authority. Upon expiration of the tax privileges, Far Eastern and Shanghai Donghong will not benefit from any preferential tax treatment previously available and will instead be subject to the uniform tax rate of 25%.

In addition, prior to January 1, 2008, Far Eastern enjoyed a preferential tax rate of 15%, and Shanghai Donghong enjoyed a tax exemption, in each case granted by the Shanghai local tax bureau subsequent to their respective registration within the Pu Dong New District of Shanghai. According to our PRC legal advisor, there is no formal legal basis upon which Far Eastern and Shanghai Donghong enjoyed their preferential tax rate and tax exemption, respectively, prior to January 1, 2008, as the relevant PRC regulations applicable at that time that provided reduced income tax rates or tax exemption did not apply to Far Eastern, being a foreign invested enterprise of non-manufacturing nature, nor to Shanghai Donghong.

As advised by our PRC legal advisor, the tax benefits granted to Far Eastern and Shanghai Donghong prior to January 1, 2008 may be challenged and/or revoked by the relevant senior PRC tax authorities. In which case, we may be subject to the risks of repaying tax amounting to the difference between the statutory income tax rate and the preferential income tax rate. For Far Eastern, as advised by our PRC legal advisor, the risk of the tax benefits granted to Far Eastern being revoked is remote in the view that these benefits already granted by the Shanghai local tax bureau, in practice, have generally been available to foreign invested enterprises of a non-manufacturing nature registered within Pu Dong New District of Shanghai at that time. However, in the case of revocation by the senior tax authority, the estimated tax repayment may amount to approximately RMB43.3 million for the year 2007. By considering the remoteness of such potential revocation as advised by our PRC legal advisor, we believe that it will not have a material adverse impact on our financial condition as a whole. For Shanghai Donghong, in the case of revocation by the tax authority, the estimated tax repayment may amount to approximately RMB2.5 million for the year 2007. By considering the comparatively small

amount of tax exemption granted to Shanghai Donghong, we believe that such potential revocation of the tax exemption will also not have a material adverse impact on our financial condition as a whole.

As advised by our PRC legal advisor, no penalties will be imposed on us by the relevant authorities for enjoying the tax preferential treatment prior to January 1, 2008. As of the Latest Practicable Date, we are not aware of any revocation of tax benefits granted to non-manufacturing foreign-invested enterprises in the Pu Dong New District of Shanghai.

We may be subject to PRC income taxes on our worldwide income or be required to withhold PRC income tax on dividends payable to our foreign shareholders, and your gains from selling our Shares may be subject to PRC income tax if we are deemed to be a PRC tax resident.

On December 6, 2007, the State Council adopted the Regulation on the Implementation of PRC Corporate Income Tax Law, or the PRC CIT Law, effective as of January 1, 2008, which defines the term "de facto management bodies" as "bodies that substantially carry out comprehensive management and control of the business operations, employees, accounts and assets of enterprises". Under the PRC CIT Law, an enterprise outside of China whose "de facto management bodies" are located in China is considered a "resident enterprise" and will be subject to a uniform 25% enterprise income tax rate on its global income. In April 2009, the State Administration of Taxation further specified criteria for the determination of "de facto management bodies" for foreign enterprises which are controlled by PRC enterprises. If all of these criteria are met, the relevant foreign enterprise controlled by a PRC enterprise will be deemed to have its "de facto management bodies" located in China and therefore be considered a PRC resident enterprise. These criteria include: (i) the enterprise's day-to-day operational management is primarily exercised in China, (ii) decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organizations or personnel in China, (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in China and (iv) 50% or more of voting board members or senior executives of the enterprise habitually reside in China.

We are currently not treated as a PRC resident enterprise by the relevant tax authorities. We cannot assure you that we will not be considered a "resident enterprise" under the PRC CIT Law and not be subject to the enterprise income tax rate of 25% on our global income in the future. In addition, although the PRC CIT Law and the Implementation Rules on PRC CIT Law provide that equity investment income such as dividends distributed between resident enterprises (which refers to the investment income obtained by one resident enterprise from another resident enterprise, but excluding any investment income obtained through continuously holding publicly issued and listed shares in a resident enterprise for less than 12 months), is exempted income, it is not clear whether a foreign incorporated "resident enterprise" could qualify for such exemption.

Furthermore, according to the PRC CIT Law, PRC income tax at the rate of 10% is applicable to dividends payable to investors that are "non-resident enterprises" (and that do not have an establishment or place of business in China, or that have such an establishment or place of business but the relevant income is not effectively connected with the establishment or place of business) to the extent such dividends have their source within China, unless otherwise stipulated in any tax treaties entered into between the PRC and other relevant countries or jurisdictions. Similarly, any gain realized on the transfer of shares by such investors is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within China (except for gains derived from the transfer of shares of a PRC resident enterprise within a public securities market, or unless otherwise stipulated in

the tax treaties entered into between the PRC and other relevant countries or jurisdictions). If we are considered a Chinese "resident enterprise", it is unclear whether the dividends we pay with respect to our Shares, or the gain you may realize from the transfer of our Shares, would be treated as income derived from sources within China and be subject to PRC tax. If we are required under the PRC CIT Law to withhold PRC income tax on our dividends payable to our foreign shareholders, or if you are required to pay PRC income tax on the transfer of your Shares, the value of your investment in our Shares may be materially and adversely affected.

Any limitation on the ability of our PRC subsidiaries to pay dividends to us and repay their debts to creditors could limit our ability to distribute profits to our Shareholders and fulfill our repayment obligations.

We are a holding company incorporated in Hong Kong, and we rely on dividends paid by our PRC operating subsidiaries for our cash requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders, to service any debt we may incur, and to pay our operating expenses. PRC regulations currently permit payments of dividends only out of accumulated profits, as determined in accordance with the accounting standards and regulations in China, which differ in many aspects from generally accepted accounting principles in other jurisdictions. Our PRC subsidiaries are required to allocate certain percentages of any accumulated profits after tax each year to their statutory common reserve fund as required under the PRC Company Law, until the aggregate accumulated statutory common reserve funds exceed 50% of its registered capital. These reserve funds cannot be distributed as cash dividends. In addition, if our PRC subsidiaries incur debt on their own or enter into certain agreements in the future, the instruments governing the debt or such other agreements may restrict their ability to pay dividends or make other distributions to us. Therefore, these restrictions on the availability and usage of our major source of funding may materially and adversely affect our ability to pay dividends to our Shareholders and to service our debts.

Our PRC subsidiaries receive substantially all of their revenue in Renminbi, which is not freely-convertible into other currencies. As a result, any restriction on currency exchange may limit the ability of our PRC subsidiaries to use their Renminbi revenues to pay dividends to our Company. Under existing foreign exchange regulations in the PRC, following completion of the Global Offering, our PRC subsidiaries may make payments of dividends without the prior approval of SAFE by producing documents including, but not limited to, commercial documents evidencing dividend allocation, provided that they are processed through PRC banks licensed to engage in foreign currency transactions. The PRC Government has stated publicly that it intends to make the Renminbi freely convertible in the future. However, uncertainty exists as to timing and whether the PRC Government will restrict access to foreign currency for current account transactions if foreign currency becomes scarce in the PRC, in which case the ability of our PRC subsidiaries to pay dividends to our Company or to satisfy their other foreign exchange requirements may be adversely affected.

PRC regulation of loans to and direct investments in PRC companies by offshore holding companies may delay or prevent us from providing loans or capital contributions to our PRC subsidiaries, which could materially and adversely affect their liquidity and our ability to fund and expand our business.

Under PRC law, any capital contributions and loans made by our Company (as a foreign shareholder) to our PRC-incorporated subsidiaries are subject to the relevant PRC regulatory regime. In terms of a foreign shareholder's loan, the loan made by our Company to our PRC subsidiaries must

be registered with SAFE or any government bureau or agency to which it has delegated this authority. Otherwise, the loans cannot be remitted into China and converted into Renminbi. In respect of capital contributions made by our Company to our PRC subsidiaries, our Company must submit applications to and obtain approvals from the competent foreign investment authority (e.g., MOFCOM or its relevant local branch). Due to the discretionary and arbitrary nature of the aforementioned PRC regulatory authorities (i.e., SAFE and MOFCOM), we cannot assure you that we will be able to register the loans or obtain the approvals in a timely fashion, or at all. If we fail to complete such registration or obtain such approvals, our ability to finance the operations of our PRC subsidiaries and expansion projects may be adversely affected. In particular, our plans to use the proceeds of the Global Offering in the manner described in the section headed "Future Plans and Use of Proceeds" may also be adversely affected, which in turn could harm our business, results of operations and financial condition.

The uncertainties of the PRC legal system and its laws and regulations may have a negative impact on our operations.

Our core business is conducted in the PRC and substantially all of our operations are located in the PRC, hence our business operations are regulated primarily by PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law systems, past court judgments in the PRC have limited precedential value and may be cited only for reference. Furthermore, PRC written statutes often require detailed interpretations by courts and enforcement bodies for their application and enforcement. Since 1979, the PRC Government has been committed to developing and refining its legal system and has achieved significant progress in the development of its laws and regulations governing business and commercial matters, such as in foreign investment, company organization and management, commercial transactions, tax and trade. However, as these laws and regulations are still evolving, in view of how China's financial services industry is still developing, and because of the limited number and non-binding nature of published cases, there exist uncertainties about their interpretation and enforcement, and such uncertainties may have a negative impact on our business and prospects.

We intend to continue exploring growth opportunities within other target industries in China with growth potential and thus may be subject to further laws and regulations applicable to these new industries. MOFCOM promulgated the *Measures on the Administration of Foreign Investment in the Leasing Industry* on February 3, 2005 to regulate the operation of foreign-invested leasing and financial leasing businesses generally (which is applicable to Far Eastern). Under these Measures, the risky assets of a foreign-invested financial leasing company (see the section headed "PRC Regulatory Overview—Measures on the Administration of Foreign Investment in the Leasing Industry" for the definition of "risky assets") shall not in general exceed ten times the company's net assets. We cannot assure you that we will not be subject to any further regulatory measures imposing stricter requirements such as further restrictions on the proportion of risky assets or the introduction of minimum capital adequacy requirements. If we fail to meet any such additional regulatory requirements, MOFCOM or other relevant regulators may take corrective actions (including, for example, restricting the growth of our lease receivables and our business activities), thereby materially and adversely affecting our business, results of operations and financial condition.

The recurrence of SARS or an outbreak of other epidemics, such as bird flu or Type A H1N1 influenza, natural disasters, acts of war or terrorism or other factors beyond our control may adversely affect our business, results of operations and financial condition.

Certain areas in the PRC, including the areas in which we operate, may be prone to infectious diseases such as Severe Acute Respiratory Syndrome, or SARS. Outbreaks of infectious diseases in the past have damaged the regional and national economies in the PRC. A recurrence of SARS or other infectious diseases such as H5N1 bird flu or Type A H1N1 influenza, especially in the areas in which we or our customers operate, may result in material disruptions to our and our customers' businesses. Natural disasters such as earthquakes, floods, severe weather conditions or other catastrophic events may severely affect the regions where we or our customers operate. For example, in May 2008, Sichuan Province experienced a strong earthquake, measuring approximately 8.0 on the Richter magnitude scale, causing widespread damage and casualties. These natural disasters could cause a material economic downturn in the affected area or nationally and could have a material adverse effect on our business prospects, financial condition and results of operations.

Similarly, war, terrorist activity, threats of war or terrorist activity, social unrest and the corresponding heightened travel security measures instituted in response to such events, as well as geopolitical uncertainty and international conflict and tension, including the current heightened level of hostility on the Korean Peninsula, could affect economic development and construction projects. In turn, there could be a material adverse effect on our business, financial condition and results of operations. In addition, we may not be adequately prepared in terms of contingency planning or have recovery capabilities in place to deal with a major incident or crisis. As a result, our operational continuity may be adversely and materially affected and our reputation seriously harmed.

Fluctuation in the value of the RMB and government control over currency exchange may affect our business, results of operations and financial condition.

We conduct our businesses mainly in RMB. Our equipment import transactions with our overseas equipment vendors within the shipping industry are denominated in U.S. dollars. For the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, the aggregate contract value of transactions dominated in U.S. dollars was approximately nil, US$7.45 million, US$34.0 million and US$644.6 million, respectively. The significant increase in 2010 was due to the offshore ship leasing business in 2010 by Hong Kong subsidiaries. Our reporting currency is U.S. dollars in accordance with HKFRS. As such, we must convert our functional currency, RMB, to our reporting currency, U.S. dollars. The conversion of Renminbi into U.S. dollars has been based on rates published by the PBOC. These rates range within a managed band based on market supply and demand with reference to a basket of currencies. During the period from January 1, 2010 to September 30, 2010, the Renminbi appreciated approximately 1.9% against the U.S. dollar. We recorded foreign exchange gains for the year ended December 31, 2007 and the nine months ended September 30, 2010 of US$2.3 million and US$0.7 million, respectively. We recorded foreign exchange losses for the years ended December 31, 2008 and 2009 of US$0.2 million and US$0.1 million, respectively. We cannot predict how the RMB will fluctuate in the future, and currency translation losses may occur upon conversion between the functional and reporting currencies. Any unfavorable movement in the exchange rate may have a material adverse effect on our results of operations and financial condition.

Pursuant to existing foreign exchange regulations in the PRC, we are permitted to carry out current account foreign exchange transactions (including dividend payouts) without submitting

certifying documents of such transactions to SAFE for approval in advance, as long as the transactions are processed by banks designated for foreign exchange trading. However, foreign exchange transactions for capital account purposes, including direct overseas investment and various international loans, may require the prior approval or registration with SAFE. If we fail to obtain SAFE's approval to convert RMB into foreign currencies for such purposes, our capital expenditure plans, business operations and subsequently our results of operations and financial condition could be materially and adversely affected.

It may be difficult to effect service upon, or to enforce judgments against us or the Directors or senior management residing in China, in connection with judgments obtained from courts other than PRC courts.

Although we are incorporated in Hong Kong, substantially all of our Directors and members of our senior management reside in China. Almost all of our assets and most of the assets of our Directors and the members of our senior management are located within China. Therefore, it may not be possible for investors to effect service of process upon us or those persons inside China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. On July 14, 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (the "**Arrangement**"), pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in China if the parties in dispute do not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against our assets or Directors in China in order to seek recognition and enforcement for foreign judgments in China.

Furthermore, China does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom, or most other European countries or Japan. Hence, the recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

The enforcement of the New Labor Contract Law and other labor-related regulations in China may adversely affect our business and our results of operations.

On June 29, 2007, the PRC Government enacted a new labor law, namely, the Labor Contract Law of the PRC (中華人民共和國勞動合同法) (the "**New Labor Contract Law**"), which became effective on January 1, 2008. The New Labor Contract Law establishes additional restrictions and increases the cost to employers upon termination of employees, including specific provisions related to fixed-term employment contracts, temporary employment, probation, consultation with the labor union and

employee general assembly, employment without a contract, dismissal of employees, compensation upon termination and overtime work, and collective bargaining. According to the New Labor Contract Law, an employer is obligated to sign an unlimited term labor contract with an employee if the employer continues to employ the employee after two consecutive fixed term labor contracts. The employer must also pay compensation to employees if the employer terminates an unlimited term labor contract. Unless an employee refuses to extend an expired labor contract, compensation is also required when the labor contract expires and the employer does not extend the labor contract with the employee under the same terms or better terms than those in the original contract. Further, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on January 1, 2008, employees who have served more than one year with an employer are entitled to a paid vacation ranging from five to 15 days, depending on their length of service. Employees who waive such vacation time at the request of employers shall be compensated at three times their normal salaries for each waived vacation day. As a result of these protective labor measures or any additional future measures, our labor costs may increase. We cannot give assurance that any disputes, work stoppages or strikes will not arise in the future.

The PRC Anti-Monopoly Law may restrict our business dealings or require us to divest our shares in certain assets in China.

The PRC Anti-Monopoly Law, which attempts to prevent monopolistic activities and protect fair competition in the PRC, became effective on August 1, 2008. It prohibits business entities (including us and all of our subsidiaries) from engaging in monopolistic behavior, entering into monopolistic agreements, abusing a dominant market position or pursuing consolidations which exclude, restrict or potentially inhibit competition. The PRC Anti-Monopoly Law does not prohibit any business entity from increasing its market share to achieve or maintain a dominant market position through fair competition, nor does it set limits on the market share that any one entity can achieve or maintain in the PRC. The PRC Anti-Monopoly Law also provides clear standards under which business operators are excluded from anti-monopoly examination.

Under the PRC Anti-Monopoly Law, an entity that enters into monopolistic agreements or abuses its dominant market position may be subject to penalties, including confiscation of illegal gains and fines ranging from 1% to 10% of its revenue for the preceding year. If an entity pursues an illegal consolidation, it may be forced to terminate the consolidation, divest its shares and assets or businesses within a limited period of time or otherwise unwind the consolidation. The operating flexibility of our PRC subsidiaries and our business expansion through a merger with or acquisition of other competitors may be subject to strict examination and approval by MOFCOM, which is the main authority in charge of reviewing anti-monopoly issues related to business combinations. As the PRC Anti-Monopoly Law has only come into effect recently and has not been fully interpreted and implemented, its effect on our business is not yet known and we cannot give assurances that the relevant authorities will not interpret the law in such a manner or announce specific rules such that the implementation of the PRC Anti-Monopoly Law will affect our business in general or will contradict the PRC Government's existing policies. In the event of non-compliance with the PRC Anti-Monopoly Law, we may be subject to substantial fines and other penalties. In the event of these circumstances, our business model, revenues and shareholder value may be materially and adversely affected.

RISKS RELATING TO THE GLOBAL OFFERING AND OUR SHARES

There has been no prior public market for our Shares, and an active trading market may not develop.

Before the Global Offering, there was no public market for our Shares. The initial offer price range of our Shares, and the Offer Price, will be the result of negotiations between the Joint Global Coordinators (on behalf of the Underwriters) and us. In addition, while we have applied to have our Shares listed on the Stock Exchange, there can be no guarantee that (i) an active trading market for our Shares will develop or, (ii) if it does, that it will be sustained following the completion of the Global Offering, or (iii) that the market price of our Shares will not decline below the Offer Price. You may not be able to resell your Shares at a price that is attractive to you, or at all.

The price and trading volume of our Shares may be volatile which could result in substantial losses for investors purchasing our Shares in the Global Offering.

The price and trading volume of our Shares may be volatile. The market price of our Shares may fluctuate significantly and rapidly as a result of the following factors, amongst others, some of which are beyond our control:

- variations in our results of operations (including variations arising from foreign exchange rate fluctuations);
- loss of significant customers or material defaults by our lessees;
- changes in securities analysts' estimates of our financial performance;
- announcements by us of significant acquisitions, greenfield developments, strategic alliances or joint ventures;
- additions or departures of key personnel;
- fluctuations in stock market price and volume;
- involvement in litigation; and
- general economic and stock market conditions.

In addition, stock markets and the shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced increasing price and volume fluctuations in recent years, some of which have been unrelated or disproportionate to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the market price of our Shares.

Future sales or a major divestment of Shares by any of our Controlling Shareholders or our strategic investors could adversely affect the prevailing market price of our Shares.

The future sale of a significant number of our Shares in the public market after the Global Offering, or the possibility of such sales, by our Controlling Shareholders or strategic investors could adversely affect the market price of our Shares and could materially impair our future ability to raise capital through offerings of our Shares. Although our Controlling Shareholders and strategic investors have agreed to a lock-up of their Shares, any major disposal of our Shares by any of our Controlling Shareholders and strategic investors upon expiry of the relevant lock-up periods (or the perception that

these disposals may occur) may cause the prevailing market price of our Shares to fall which could negatively impact our ability to raise equity capital in the future.

Our interests may conflict with those of our Controlling Shareholders, who may take actions that are not in, or may conflict with, our or our other Shareholders' best interests.

Immediately following the completion of the Capitalization Issue and the Global Offering, our Controlling Shareholders will, in aggregate, beneficially own 47.60% of our Shares, or approximately 45.55% if the Over-allotment Option is exercised in full. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. If the interests of our Controlling Shareholders conflict with the interests of our other Shareholders, or if our Controlling Shareholders cause our business to pursue strategic objectives that conflict with the interests of our other Shareholders, the non-controlling shareholders could be disadvantaged by the actions that our Controlling Shareholders choose to cause us to pursue.

Our Controlling Shareholders could have significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including but not limited to mergers, privatizations, consolidations and the sale of all, or substantially all, of our assets, election of directors, and other significant corporate actions. Our Controlling Shareholders have no obligation to consider the interests of our Company or the interests of our other Shareholders, other than pursuant to the Non-competition Undertaking (see the section headed "Relationship with Controlling Shareholders— Non-competition Undertaking" in this prospectus for further details). As such, our Controlling Shareholders' interests may not necessarily be in line with the best interests of our Company or the interests of our other Shareholders, which may have a material adverse effect on our Company's business operations and the price at which our Shares are traded on the Stock Exchange.

Dividends declared in the past may not be indicative of our dividend policy in the future.

For the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, we distributed dividends of US$13.3 million, US$38.1 million, nil and US$78.9 million, respectively, to our then shareholders. A declaration of dividends is proposed by our Board of Directors and the amount of any dividends will depend on various factors, including, without limitation, our results of operations, financial condition, future prospects and other factors which our Board of Directors may determine are important. Accordingly, our historical dividend distributions are not indicative of our future dividend distribution policy and potential investors should be aware that the amount of dividends paid previously should not be used as a reference or basis upon which future dividends are determined.

Certain statistics contained in this prospectus are derived from a third party report and publicly available official sources.

This prospectus, particularly the section headed "Industry Overview" in this prospectus, contains information and statistics, including but not limited to information and statistics relating to the PRC and the financial leasing industry and markets. Such information and statistics have been derived from various official government and other publications and from a third party report commissioned by us. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to

believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering and no representation is given as to its accuracy.

Purchasers of our Shares in the Global Offering will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

The Offer Price of our Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience immediate dilution in the pro forma net tangible asset value of US$0.37 (HK$2.87) per Share based on the mid-point of the Offer Price range of HK$5.20 to HK$6.80 per Offer Share. This calculation is based on the assumption that 2,720,000,000 Shares will be in issue and outstanding immediately following the completion of the Capitalization Issue and the Global Offering but excludes any Shares which may be issued pursuant to the exercise of the Over-allotment Option.

In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of our Shares may experience further dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share.

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering, including but not limited to the statements in the Sing Tao Daily on March 15, 2011 and the articles appearing on the Sing Pao Daily, Hong Kong Commercial Daily, Headline Daily, Sing Tao Daily and Ta Kung Pao on March 16, 2011, which may or may not include certain information, financial projections, valuations and other information about us and the Global Offering that does not appear in our prospectus. We have not authorized the disclosure of any such information in the press or media and we do not accept any responsibility for the accuracy or completeness of any such press articles or media. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us, or of any assumptions underlying such projections, valuations or other forward-looking information included in or referred to by the press or other media. To the extent that any such information appearing in the press or other media other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, prospective investors should not rely on any such information. In making the decision as to whether to purchase the Shares, investors should rely only on the information contained in this prospectus and should not rely on any other information.

This prospectus contains certain forward-looking statements and information relating to our Company and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and the negative of these words and other similar expressions, as they relate to the Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- the effects of the global financial markets and economic crisis
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements in this section.

In this prospectus, statements of or references to our intentions or those of the Directors are made as of the date of this prospectus. Any such information may change in light of future developments.

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and the Companies Ordinance.

MANAGEMENT PRESENCE

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. The business operations of the Group are substantially located in China. Due to the business requirements of the Group, none of the executive Directors has been, is or will be based in Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements of Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we put in place certain measures in order to ensure that regular communication is maintained between the Stock Exchange and us. For details of such waiver, see the section headed "Directors and Senior Management—Management Presence in Hong Kong" in this prospectus.

CONNECTED TRANSACTIONS

We have entered into certain transactions which would constitute continuing connected transactions of our Company under the Listing Rules following the completion of the Global Offering. We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the announcement requirements set out in Chapter 14A of the Listing Rules for certain continuing connected transactions. For details of such continuing connected transactions and the waiver, see the section headed "Connected Transactions" in this prospectus.

RULE 4.04(1) OF THE LISTING RULES AND PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES ORDINANCE

Rule 4.04(1) of the Listing Rules requires us to include in this prospectus an accountants' report covering the consolidated results of our Group in respect of each of the three financial years immediately preceding the date of this prospectus.

Paragraph 27 of Part I of the Third Schedule to the Companies Ordinance requires us to set out our gross trading income or sales turnover for each of the three financial years preceding the date of this prospectus including an explanation of the method used for the computation of such income or turnover, and a reasonable breakdown between the more important trading activities.

Paragraph 31 of Part II of the Third Schedule to the Companies Ordinance requires us to include in this prospectus a report by the auditors with respect to (i) our profits and losses for each of the three financial years immediately preceding the date of this prospectus and (ii) our assets and liabilities at the last date to which our accounts were made up.

The accountants' report of our Group for each of the three years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010 has been prepared and is set forth in Appendix I to this prospectus. However, strict compliance with Rule 4.04 of the Listing Rules and

paragraphs 27 and 31 of the Third Schedule to the Companies Ordinance would be unduly burdensome for our Company as there would not be sufficient time for us and the reporting accountants to finalize the audited financial statements for the financial year ended December 31, 2010 for inclusion in this prospectus. If the full year results for 2010 are included in this prospectus, there will be a significant delay to our proposed listing timetable. If our financial statements are required to be audited up to December 31, 2010, we and the reporting accountants would have to undertake a considerable amount of work to prepare, update and finalize the accountants' report and this prospectus, and the section headed "Financial Information" in this prospectus will need to be updated to cover such additional period. It is expected that the date of issuance of this prospectus and the Listing Date would be postponed by about six weeks to on or around April 28, 2011 and May 12, 2011, respectively, if this prospectus is to reflect financial information covering our audited results for the year ended December 31, 2010.

The Group has maintained steady development of new contracts and revenue, steady relationship with its customers, profit margin level and settlement of lease receivables by customers as scheduled.

Our Directors confirm, after having performed sufficient due diligence, that since September 30, 2010 (which includes (1) the period from September 30, 2010, being the date of the latest audited consolidated financial position of the Group as set out in Appendix I to this prospectus, to December 31, 2010 and (2) the period from January 1, 2011 to the Latest Practicable Date):

- there has been no material adverse change in the financial and trading position or prospects of the Group; and

- there has been no material event that would affect the information contained in the Accountants' Report as set out in Appendix I to this prospectus and in the section headed "Financial Information" in this prospectus.

We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with Rule 4.04(1) of the Listing Rules.

We have also submitted an application to the SFC for a certificate of exemption from strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies Ordinance in relation to the inclusion of the accountants' report for the financial year ended December 31, 2010 in this prospectus on the grounds that it would be unduly burdensome on our Company and the exemption would not prejudice the interest of the investing public and a certificate of exemption has been granted by the SFC under section 38A of the Companies Ordinance on the condition that particulars of the exemptions are set out in this prospectus and this prospectus will be issued on or before March 18, 2011.

In addition, our Directors have confirmed that all information that is reasonably necessary for potential investors to make an informed assessment of the financial results or financial position of our Group has been included in this prospectus. The Company will comply with Rules 13.46(1) and 13.49(1) of the Listing Rules in respect of the publication of annual reports and annual results. We expect to publish the annual results for the year ended December 31, 2010 in accordance with Rule 13.49(1) of the Listing Rules on March 31, 2011 and publish the annual report in accordance with Rule 13.46(1) not later than April 30, 2011.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to us. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

CSRC APPROVAL

We have obtained the approval of the CSRC for the Global Offering and the making of the application to list the Shares on the Stock Exchange on March 7, 2011. In granting such approval, the CSRC accepts no responsibility for our financial soundness or for the accuracy of any of the statements made or opinions expressed in this prospectus.

INFORMATION ON THE GLOBAL OFFERING

We have not authorized anyone to provide any information or to make any representation not contained in this prospectus. You should not rely on any information or representation not contained in this prospectus as having been authorized by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters or any of our or their respective directors, officers or representatives or any other person involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The listing of, and permission to deal in, the Shares on the Stock Exchange is sponsored by the Joint Sponsors. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is underwritten by the Hong Kong Underwriters. The International Underwriting Agreement is expected to be entered into on or about the Price Determination Date, subject to agreement on the Offer Price between our Company and the Joint Global Coordinators (on behalf of the Underwriters). For details of the Underwriters and the underwriting arrangements, see the section headed "Underwriting" in this prospectus.

RESTRICTIONS ON OFFERS AND SALES OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING OF THE SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option).

Save as disclosed in this prospectus, no part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek such listing of, or permission to deal in, the share or loan capital of our Company on any other stock exchange.

HONG KONG REGISTER OF MEMBERS

Our register of members is maintained by the Hong Kong Share Registrar in Hong Kong. All Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on our register of members maintained in Hong Kong.

STAMP DUTY

Dealings in the Shares will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the seller on every sale of the Shares. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisors if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the Shares or exercising any rights attaching to the Shares. We emphasize that none of our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to the Shares.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares is set out in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

For details of the structure of the Global Offering, including its conditions, see the section headed "Structure of the Global Offering" in this prospectus.

CURRENCY TRANSLATIONS

Unless otherwise specified, amounts denominated in RMB and US$ have been converted, for the purpose of illustration only, into Hong Kong dollars in this prospectus at the following exchange rates:

US$1.00 : RMB6.60

US$1.00 : HK$7.80

No representation is made that any amounts in RMB or US$ were or could have been or could be converted into Hong Kong dollars at such rates or any other exchange rates on such date or any other date.

ROUNDING

In this prospectus, because certain amounts have been rounded, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items, and actual numbers may differ from those contained herein due to rounding.

DIRECTORS

Name	Address	Nationality
Chairman and Non-Executive Director		
LIU Deshu (劉德樹)	Room 102, Gate 3, Building 17 Vanke Xishan Courtyard, Xiaojiahe Haidian District, Beijing The People's Republic of China	Chinese
Executive Directors		
KONG Fanxing (孔繁星)	No. 5, Xiagang Lane Xicheng District, Beijing The People's Republic of China	Chinese
WANG Mingzhe (王明哲)	No. 58, Lane 667 Jufeng Road, Pudong New District Shanghai The People's Republic of China	Chinese
Non-Executive Directors		
YANG Lin (楊林)	Room 1801, Building 13, Yard 5 Sanlihe Road Haidian District, Beijing The People's Republic of China	Chinese
SHI Dai (石岱)	Room 501, Unit 2, Building 32 Park Minwang Dongcheng District, Beijing The People's Republic of China	Chinese
LIU Haifeng David (劉海峰)	Suite 1813, South West Tower Convention Plaza Apartments Convention Plaza 1 Harbour Road Wan Chai Hong Kong	Chinese
SUN Xiaoning (孫小寧)	Room 17B, 138 Qinghai Road Jing'an District Shanghai The People's Republic of China	Chinese

Name	Address	Nationality
Independent Non-Executive Directors		
HAN Xiaojing (韓小京)	No.34, District 2, Yuan Zhong Yuan 9 Wangfu Road, Changping District, Beijing The People's Republic of China	Chinese
LIU Jialin (劉嘉凌)	House 16, Strawberry Hill 8 Plunketts Road The Peak Hong Kong	Chinese
CAI Cunqiang (蔡存強)	Room 1602, No. 11, Lane 1673 Zhangyang Road, Pudong New District Shanghai The People's Republic of China	Chinese
YIP Wai Ming (葉偉明)	Unit H, 38/F, Tower 6, Sorrento 1 Austin Road West Tsim Sha Tsui Kowloon Hong Kong	Chinese

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Global Coordinators and Joint Sponsors	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street, Central Hong Kong Morgan Stanley Asia Limited Level 46 International Commerce Centre 1 Austin Road West Hong Kong UBS AG, Hong Kong Branch 52/F, Two International Finance Centre 8 Finance Street, Central Hong Kong
Joint Bookrunners and Joint Lead Managers	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street, Central Hong Kong Morgan Stanley Asia Limited Level 46 International Commerce Centre 1 Austin Road West Hong Kong UBS AG, Hong Kong Branch 52/F, Two International Finance Centre 8 Finance Street, Central Hong Kong The Hongkong and Shanghai Banking Corporation Limited Level 15, HSBC Main Building 1 Queen's Road, Central Hong Kong
Sole Financial Advisor	China International Capital Corporation Limited 28th Floor, China World Office 2 No.1 Jian Guo Men Wai Avenue Beijing 100004 The People's Republic of China
Legal Advisors to Our Company	*As to Hong Kong and U.S. laws:* Paul, Hastings, Janofsky & Walker 22/F, Bank of China Tower 1 Garden Road Hong Kong *As to PRC law:* Tian Yuan Law Firm 11th Floor, Tower C, Corporate Square 35 Financial Street Xicheng District Beijing 100033 The People's Republic of China

Legal Advisors to the Joint Sponsors and the Underwriters	*As to Hong Kong and U.S. laws:* Freshfields Bruckhaus Deringer 11th Floor, Two Exchange Square 8 Connaught Place, Central Hong Kong *As to PRC law:* King & Wood PRC Lawyers 40th Floor, Tower A, Beijing Fortune Plaza 7 Dongsanhuan Zhonglu Chaoyang District Beijing 100020 The People's Republic of China
Auditors and Reporting Accountants	Ernst & Young *Certified Public Accountants* 18th Floor, Two International Finance Centre 8 Finance Street, Central Hong Kong
Property Valuer	CB Richard Ellis Limited 4/F Three Exchange Square 8 Connaught Place Central, Hong Kong
Receiving Bankers	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong Standard Chartered Bank (Hong Kong) Limited 15th Floor, Standard Chartered Tower 388 Kwun Tong Road Hong Kong Industrial and Commercial Bank of China (Asia) Limited 33rd Floor, ICBC Tower 3 Garden Road Central Hong Kong Wing Lung Bank Limited 45 Des Voeux Road Central Hong Kong

Registered Office and Headquarter	4701 Office Tower Convention Plaza 1 Harbor Road Wanchai Hong Kong
Principal Place of Business in the PRC	35th Floor, Jin Mao Tower 88 Century Avenue Pudong Shanghai The People's Republic of China
Company's Website	**www.fehorizon.com** *(The information on the website does not form part of this prospectus)*
Joint Company Secretaries	Ms. CHU Man Yee, Karen *(ACS, ACIS)* Ms. MAK Sze Man, Celia *(ACS, ACIS)*
Authorized Representatives	Mr. KONG Fanxing No. 5, Xiagang Lane Xicheng District Beijing The People's Republic of China Ms. CHU Man Yee, Karen Flat 15, 4/F, Block 40 Heng Fa Chuen Hong Kong
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Compliance Advisor	Guotai Junan Capital Limited 27th Floor, Low Block Grand Millennium Plaza, 181 Queen's Road Central Hong Kong
Principal Bankers	China Development Bank Corporation Shanghai Branch No.68, Puming Road Pudong New District Shanghai The People's Republic of China Bank of China Limited Shanghai Baoshan Sub-branch No.1008, Baoyang Road Baoshan District Shanghai The People's Republic of China

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

SOURCES OF INFORMATION

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

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

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

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

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

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

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

OVERVIEW OF CHINA'S ECONOMY

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

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

Source: National Bureau of Statistics of China

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

Steady growth in total fixed asset investment, urban fixed asset investment and urban equipment and tool spending between 2005 and 2009 has provided favorable market opportunities for

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

OVERVIEW OF THE FINANCIAL LEASING INDUSTRY IN CHINA

Predominance of Bank Loan Financing

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

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

Notes:

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

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

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

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

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

Source: National Bureau of Statistics of China

The Underserved Financing Demand of the SMEs

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

Chinese banks have traditionally focused on providing financing to large state-owned enterprises, among other things, due to the transaction size, cost effectiveness and their lending

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

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

Financial Leasing Markets Worldwide and in China

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

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

Top Ten Countries by Leasing Volume in 2009

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

Source: World Leasing Yearbook 2011

Notes:

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

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

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

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

DEVELOPMENT OF CHINA'S FINANCIAL LEASING INDUSTRY

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

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

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

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

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

COMPETITIVE LANDSCAPE

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

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

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

(b) Captive financial leasing companies

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

(c) Independent financial leasing companies

Independent financial leasing companies are able to operate more independently in terms of customer selection and business strategy. In addition to providing financial leasing services, they are

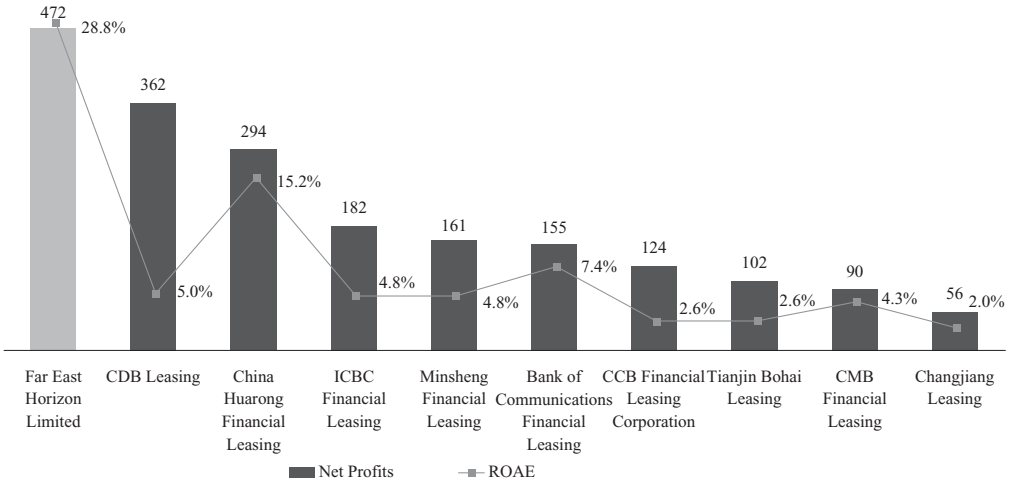
also very flexible in providing customized and value-added services catering to specific client needs. In 2009, there were 104 independent financial leasing companies in China.

OUR POSITION IN THE FINANCIAL LEASING INDUSTRY

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

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

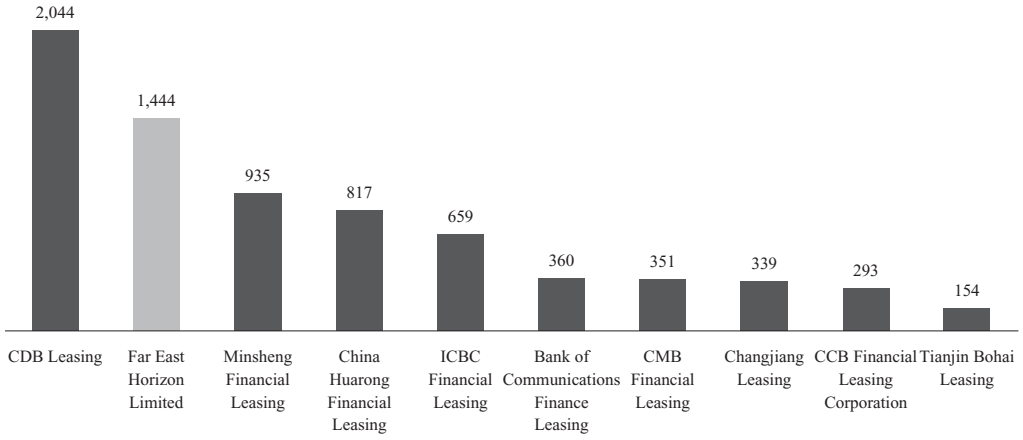
Net Profit and ROAE of the Ten Largest Financial Leasing Companies in 2009 (RMB million)



Source: BHCC

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

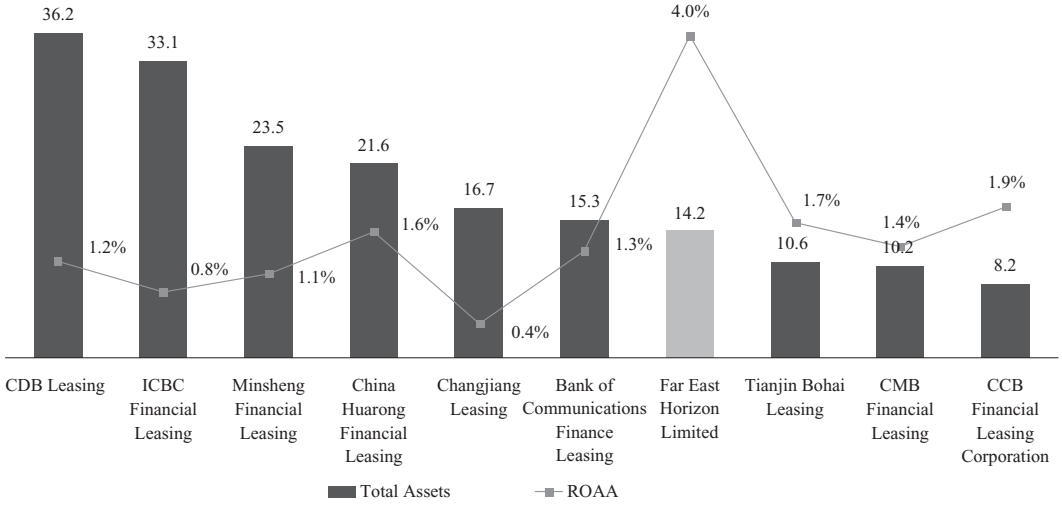
Revenue of the Ten Largest Financial Leasing Companies in 2009
(RMB million)



Source: BHCC

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

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



Source: BHCC

ROAA is also a key indicator of the profitability of the leasing business. Far East Horizon Limited, which was ranked 7th in terms of total assets, had the highest ROAA among the Ten Largest Financial Leasing Companies. Far East Horizon Limited's higher ROAA is primarily due to its

business model, which allows the Group to generate complementary source of fee income in addition to its interest income derived from the traditional leasing business. Its business is operated with an industry focus approach and its individual business departments, equipped with a professional workforce, are organized and focused on six target industries. This has helped to establish stringent procedures to select and identify suitable industries and targeted customers. Far East Horizon Limited has a well-established marketing system in accordance with the characteristics of each target industry and has implemented a proactive marketing strategy to identify specific needs of our customers. Secondly, it focuses on providing not only traditional financial leasing services, which is the source of the traditional interest income, but also value-added services including advisory services, which generates fee income, and trading and brokerage services.

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

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

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

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

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

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

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

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

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

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

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

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

Source: BHCC

INDUSTRY TRENDS IN OUR SIX TARGET INDUSTRIES

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

(i) Healthcare Industry

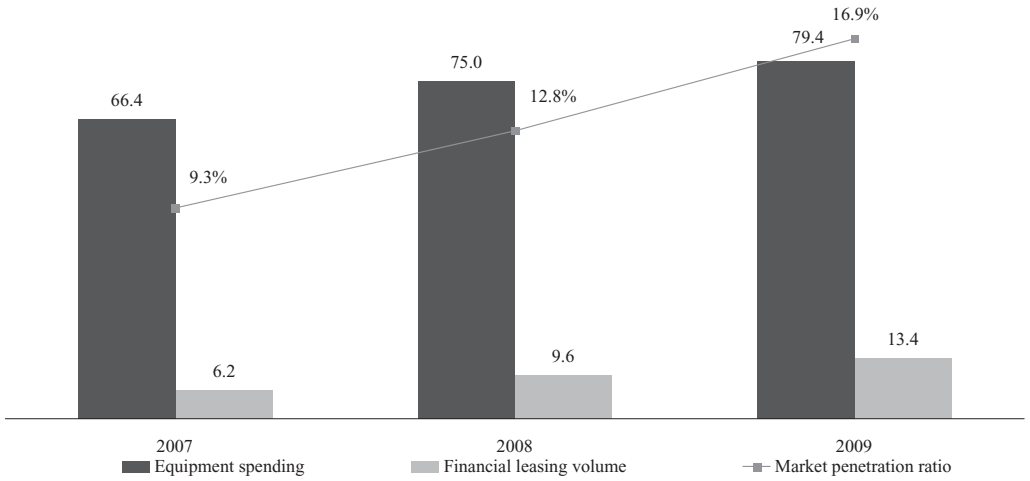
In recent years, the number of healthcare organizations in China has increased significantly. By the end of 2009, based on data from the National Bureau of Statistics of China, there were 20,291 hospitals in China. According to the PRC Ministry of Health, the total healthcare spending incurred in the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

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

Financial leasing for the healthcare industry in China has benefited from the overall development of the healthcare industry in China. The financial leasing volume of healthcare equipment grew at a CAGR of 47.0% between 2007 and 2009. Continuous improvement of healthcare services in rural areas, on-going reform of public hospitals, accelerating expansion of private hospitals and the evolving business model of one-stop service within the healthcare industry are the key drivers for the

rapid growth of financial leasing in the healthcare industry. In 2009, total spending on healthcare equipment in China was approximately RMB79.35 billion, of which approximately RMB13.4 billion was spent on financial leasing transactions, representing a market penetration ratio of 16.9%. It is estimated by BHCC that the total amount of healthcare equipment spending will have increased to RMB100 billion in 2010, with RMB20 billion spent on financial leasing transactions, thereby increasing the market penetration ratio to 20%. The chart below sets out information regarding the total healthcare equipment spending, the financial leasing volume in China and corresponding market penetration ratios between 2007 and 2009.

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

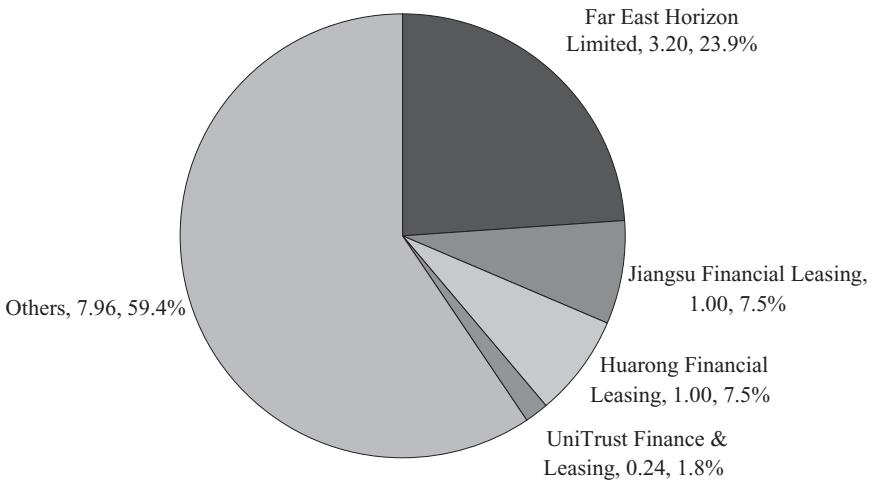


Source: State Food & Drug Administration Information Center, Health Statistics Database of Ministry of Health

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

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

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



Source: BHCC

(ii) Education Industry

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

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

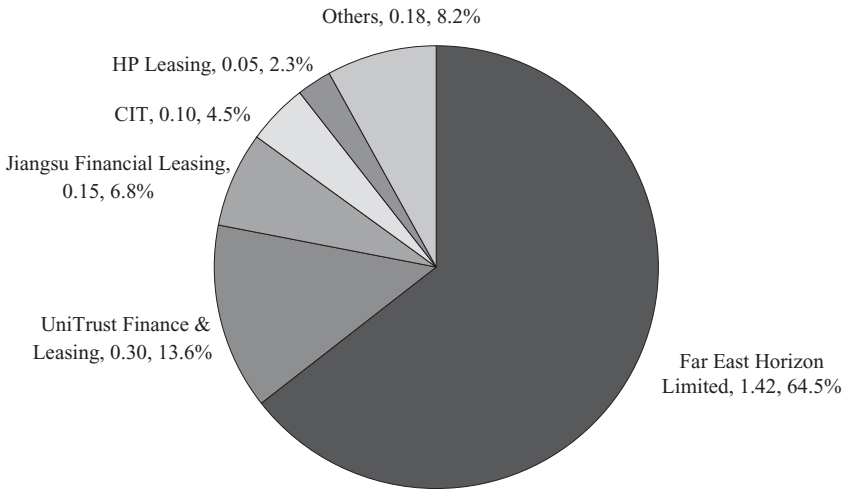
Currently, financial leasing for the education industry in China is still in the early stages of development, and BHCC estimates that the penetration ratio was approximately 2.0% in 2009. Given that financial leasing is still a relatively new financing option for educational institutions in China and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

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

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

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

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



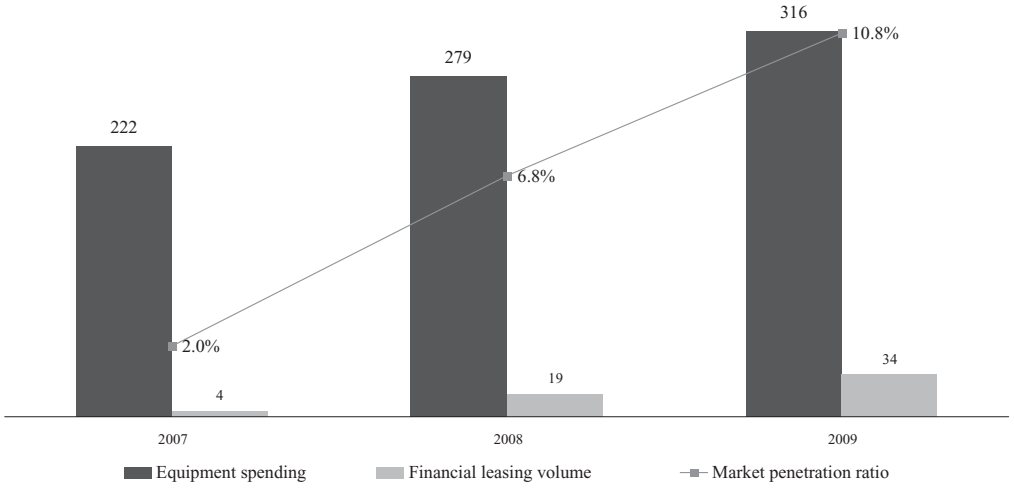
Source: BHCC

(iii) Infrastructure Construction Industry

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

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

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



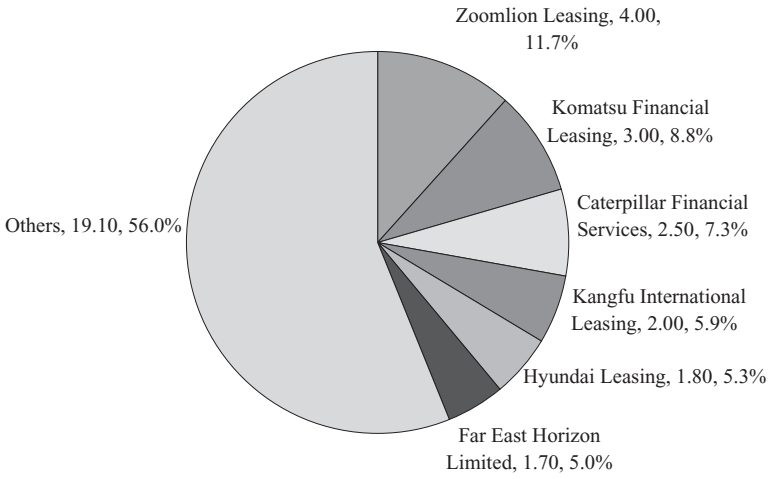
Source: China Construction Machinery Association

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

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

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

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



Source: BHCC

(iv) Shipping Industry

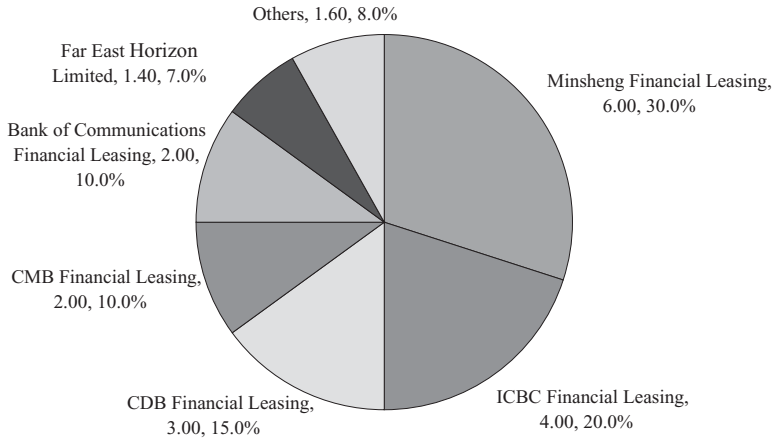
The growth of international trade has resulted in the rapid development of the shipping industry and growth in port and container throughput in China. Based on statistics from the PRC Ministry of Communications, there were approximately 6,100 enterprises providing domestic waterage service in China in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

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

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

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

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



Source: BHCC

(v) Printing Industry

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

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

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

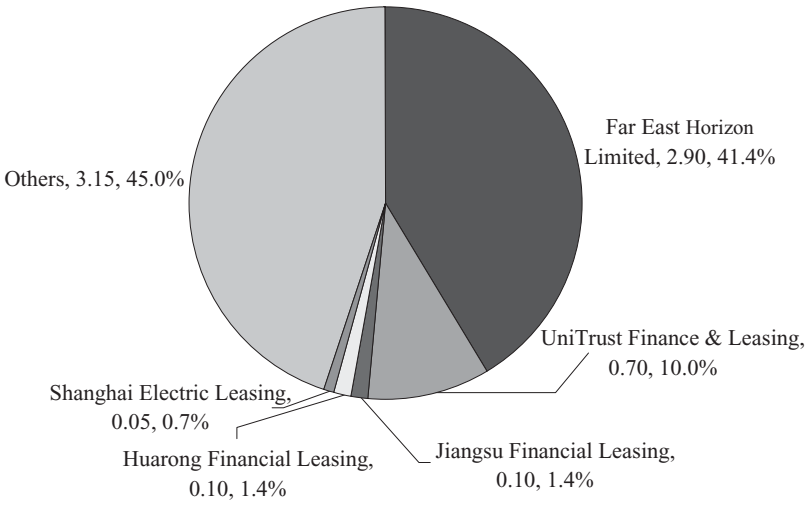
Note:

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

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

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

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



Source: BHCC

(vi) Machinery Industry

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

Note:

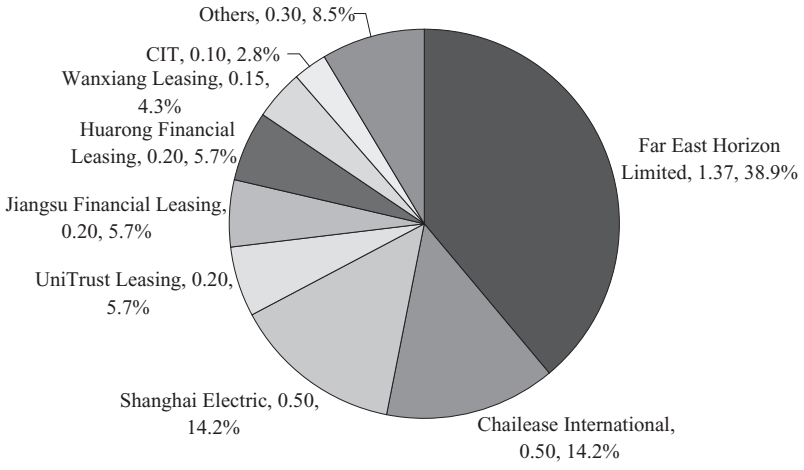
(1) Financial China Information & Technology Co., Ltd. is a company incorporated in the PRC in 2002, which provides services including mainly investment consultation, enterprise management consultation and market research. The information quoted in this section was not commissioned by us or the Joint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

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

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

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

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



Source: BHCC

Note:

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

Our business is mainly conducted in China. The key laws and regulations regulating our business operations in China include the following:

- Measures on the Administration of Foreign Investment in the Leasing Industry (外商投資租賃業管理辦法)
- Notice of the General Office of Ministry of Communications on Improving Administration of Ship Financial Leasing in the PRC (交通運輸部辦公廳關於規範國內船舶融資租賃管理的通知)
- Regulations on Supervision and Control of Medical Equipment (醫療器械監督管理條例), Rules on Administration of License for Business Dealing in Medical Equipment (醫療器械經營企業許可證管理辦法), Official Replies to Relevant Issues about Medical Equipment Leasing (關於租賃醫療器械有關問題的批復) and Comments in Response to Some Regulatory Issues about Medical Equipment Financial Leasing (關於融資租賃醫療器械監管問題的答覆意見)
- Regulations on the Administration of Printing Industry (印刷業管理條例)
- Notice of State Administration of Taxation on Levying Turnover Tax on Financial Leasing Business (國家稅務總局關於融資租賃業務徵收流轉稅問題的通知) and Supplemental Notice of State Administration of Taxation on Levying Turnover Tax on Financial Leasing Business (國家稅務總局關於融資租賃業務徵收流轉稅問題的補充通知)
- Notice of Ministry of Finance and State Administration of Taxation on Some Issues about Policies on Business Tax (財政部、國家稅務總局關於營業稅若干政策問題的通知)
- Announcement of State Administration of Taxation, No.13 in 2010—Announcement on Tax Issues Concerning Lessee Selling Assets in Financial Sale-leaseback (國家稅務總局公告2010年第13號—關於融資性售後回租業務中承租方出售資產行為有關稅收問題的公告)
- The PRC Contract Law (合同法)
- Enterprise Accounting Codes No. 21—Leasing (企業會計準則第21號—租賃)
- Rules on Administration of Foreign-Invested Construction Enterprise (外商投資建築業企業管理規定) and Notice of Ministry of Construction on Circulation of the Implementation Details of Qualification Administration in Rules on Administration of Foreign-Invested Construction Enterprises (建設部關於印發建設部關於外商投資建築業企業管理規定中有關資質管理的實施辦法的通知)
- Regulation of Safe Production Licenses (安全生產許可證條例)
- Notice of Ministry of Communications on the Administrative Rules relating to Vessel Transactions (交通運輸部關於發佈船舶交易管理規定的通知)

Measures on the Administration of Foreign Investment in the Leasing Industry

MOFCOM promulgated the *Measures on the Administration of Foreign Investment in the Leasing Industry* (the "**Measures**") on February 3, 2005 to regulate the operation of foreign-invested leasing business and financial leasing business.

The Measures apply to the establishment of foreign-invested enterprises by foreign investors such as foreign companies, enterprises and other economic organizations in the form of Sino-foreign equity joint ventures, Sino-foreign cooperative joint ventures and wholly foreign-owned enterprises in

the PRC to engage in the leasing business or financial leasing business as well as to carry out business activities. Under the Measures, foreign investors with total assets of no less than US$5 million are permitted to apply to MOFCOM for establishing wholly foreign-owned financial leasing companies in the PRC. Foreign-invested financial leasing companies must satisfy the following conditions: (i) the registered capital shall not be less than US$10 million; (ii) the term of operation of a foreign-invested financial leasing company in the form of a limited liability company normally shall not exceed 30 years; and (iii) it shall be staffed by appropriate professionals and its senior management personnel shall possess the appropriate professional qualifications and not less than three years' experience in the business. Although the Measures offer a choice of investment vehicle of either a limited liability company or a joint stock company, a joint stock company may not be a viable choice for investors that wish to have a wholly foreign-owned financial leasing business in China because more than half of the promoters of a joint stock company must be domiciled in China pursuant to the PRC Company Law.

Under the Measures, foreign-invested financial leasing companies may conduct the following businesses: (i) financial leasing business; (ii) leasing business; (iii) purchase of leased property inside and outside China; (iv) maintenance of assets underlying the leases and disposal of the residual value of assets underlying the leases; (v) lease transaction consultancy and security services; and (vi) other businesses approved by MOFCOM. "Financial leasing business" is defined as the business in which a lessor, based on a lessee's selections with respect of the seller and the leased object, agrees to purchase the assets underlying the leases from a seller, makes the leased object available to the lessee for use and collects rental from the lessee. Foreign-invested financial leasing companies may carry out financial leasing business by means such as direct leasing, sub-leasing, sale-leaseback, leveraged leasing, entrusted leasing and joint leasing. The leased objects allowed include (i) movable properties such as manufacturing equipment, telecommunication equipment, medical equipment, scientific and research equipment, inspection and testing equipment, engineering and machinery equipment and office equipment; (ii) transportation equipment, such as airplanes, automobiles and ships; and (iii) intangible assets such as software and technology that are attached to the moveable properties and transportation equipment mentioned above provided that the value of such attached intangible assets shall not exceed half value of the movable properties or transportation equipment they are attached to. The Group primarily engages in financial leasing business through Far Eastern within China, a wholly owned subsidiary of the Company. As confirmed by our PRC legal advisor, the conversion of Far Eastern into a wholly foreign owned enterprise in November 2008 has been duly approved by MOFCOM and registered with SAIC, and fully complied with the Measures.

The Measures require that the risky assets of a foreign-invested financial leasing company, which are determined by the total amount of residual assets after deducting cash, bank deposits, PRC treasury securities and entrusted leased assets from the total assets of the enterprise, shall generally not exceed ten times the company's net assets as of the end of each financial year. The Measures further require that foreign-invested financial leasing companies shall submit a report on their business operations and an audited financial statements of the past year to MOFCOM for filing purposes before March 31 of each year. In accordance with the Measures and other relevant laws and regulations, Far Eastern has set up appropriate business development and capital management programs and established a comprehensive evaluation system. It actively adjusts its capital structure in light of changes in the market and the risks being confronted, by adjusting its dividend policy or financing channels. With its comprehensive evaluation system, Far Eastern is able to timely report this ratio as required by the Measures along with its year end financials to MOFCOM for filing purposes before

March 31 of each year. During the Track Record Period, there were no significant changes in the policies or processes for managing the capital of Far Eastern. During the Track Record Period, we did not receive any comments from MOFCOM in relation to these filings. In addition, if the leased property to be imported by a foreign-invested financial leasing company based on the selection of the lessee is subject to special policy administrations such as quota or licensing, the lessee or the financial leasing company shall carry out application procedures in accordance with the relevant provisions.

Notice of the General Office of Ministry of Communications on Improving Administration of Ship Financial Leasing in the PRC

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, a lessor engaged in ship financial leasing in China shall be legally qualified for dealing in the business by obtaining approval from the relevant government authority. The Notice also provides that 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 investment in the enterprise shall not exceed 50% of the total investment.

To comply with the Notice, Far Eastern, as a wholly foreign-owned enterprise, ceased to provide ship financial leasing service in China since March 2008 when the Notice became effective. Instead, 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. Currently, the ship financial leasing business of our Group is mainly conducted through FEH Shipping's wholly-owned subsidiaries. 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 which were entered into before the effective date of the Notice shall not be deemed by the relevant PRC authorities as a breach of the Notice.

Regulations on Supervision and Control of Medical Equipment, Rules on Administration of License for Business Dealing in Medical Equipment, Official Replies to Relevant Issues about Medical Equipment Leasing and Comments in Response to Some Regulatory Issues about Medical Equipment Financial Leasing

The State Council promulgated the *Regulations on Supervision and Control of Medical Equipment* (the "**Regulations on Medical Equipment**") on January 4, 2000 to regulate the research, production, operation and use of medical equipment. According to the Regulations on Medical Equipment, establishment of a business dealing in category one medical equipment shall be filed for record with the drug regulatory bureaus at the provincial level. Establishment of a business dealing in category two and category three medical equipment shall be filed for review and approval with the drug regulatory bureaus at the provincial level and a license for business dealings in medical equipment shall be obtained.

The State Food and Drug Administration promulgated the *Rules on Administration of License for Business Dealing in Medical Equipment* on August 9, 2004 to regulate the administration and supervision of licenses for business dealings in medical equipment. According to these rules, entities engaged in business dealings in medical equipment shall submit relevant materials to the food/drug

regulatory bureaus at the provincial level or the authorized food/drug regulatory agencies at the municipal level to apply for the license for business dealings in medical equipment.

The State Food and Drug Administration promulgated the *Official Replies to Relevant Issues about Medical Equipment Leasing* and *Comments in Response to Some Regulatory Issues about Medical Equipment Financial Leasing* on April 15, 2004 and June 1, 2005, respectively. Accordingly, medical equipment financial leasing conducted by financial leasing companies shall be categorized as business dealings in medical equipment and a license for business dealings in medical equipment shall be obtained in accordance with the Regulations on Medical Equipment.

Far Eastern, Shanghai Donghong and Shanghai Domin have all been issued with licenses for business dealings in category two and category three medical equipment.

Regulations on the Administration of Printing Industry

On August 2, 2001, the State Council promulgated the *Regulations on the Administration of Printing Industry* to regulate the operation of the printing industry. According to this regulation, the PRC Government implements a licensing system of printing operations and any enterprises or individuals shall obtain the operation license before engaging in the printing industry.

Shanghai Donghong has been issued a printing industry operation license for business dealings in relevant printing business.

Notice of State Administration of Taxation on Levying Turnover Tax on Financial Leasing Business and Supplemental Notice of State Administration of Taxation on Levying Turnover Tax on Financial Leasing Business

The State Administration of Taxation promulgated the *Notice of State Administration of Taxation on Levying Turnover Tax on Financial Leasing Business* on June 15, 2000. According to this notice, the financial leasing business conducted by entities approved by the PBOC shall be levied business tax according to the Provisional Regulations on Business Tax and no value added tax shall be levied, whether or not the ownership of the leased goods has been transferred to the lessee. For the same business conducted by other entities, value added tax rather than business tax shall be levied if the ownership of the leasing goods has been transferred to the lessee; while business tax rather than value added tax shall be levied if the ownership of the leasing goods has not been transferred to the lessee.

The State Administration of Taxation promulgated the *Supplemental Notice of State Administration of Taxation on Levying Turnover Tax on Financial Leasing Business* on November 15, 2000. According to this notice, the *Notice of State Administration of Taxation on Levying Turnover Tax on Financial Leasing Business* shall be applicable to the financial leasing business conducted by foreign-invested enterprises and foreign enterprises approved by Ministry of Foreign Trade and Economic Cooperation.

Notice of Ministry of Finance and State Administration of Taxation on Some Issues about Policies on Business Tax

The Ministry of Finance and the State Administration of Taxation jointly promulgated the *Notice of Ministry of Finance and State Administration of Taxation on Some Issues about Policies on*

Business Tax on January 15, 2003. According to this notice, if an entity is approved by the PBOC, the Ministry of Foreign Trade and Economic Cooperation and the State Economic and Trade Commission to conduct financial leasing business, its turnover in the financial leasing business shall be calculated as the total price and off-price fees received from the lessee (including the residual value) after deducting the actual cost of leasing goods borne by the lessor. Such actual cost of leasing goods shall include the purchase price, duty, value added tax, consumption tax, miscellaneous transportation cost, installation cost, insurance premium and accrued interest on loans (including accrued interest on foreign currency and RMB-denominated loans) of the leasing goods borne by the lessor.

Announcement of State Administration of Taxation, No.13 in 2010—Announcement on Tax Issues Concerning Lessee Selling Assets in Financial Sale-leaseback

On September 8, 2010, the State Administration of Taxation promulgated the *Announcement on Tax Issues Concerning Lessee Selling Assets in Financial Sale-leaseback* for introducing some preferential tax treatments on the lessees in financial sale-leaseback. Under this announcement, "financial sale-leaseback" is defined as the business in which a lessee for the purpose of financing sells its assets to an enterprise which has been approved to engage in the financial leasing business and then have the sold assets leased back from such enterprise. According to the announcement, the lessee in financial sale-leaseback can enjoy the following preferential tax treatments: (i) no value added tax and business tax shall be imposed on the lessee's activities of selling assets in financial sale-leaseback; (ii) the lessee's activities of selling assets in financial sale-leaseback would not be recognized as sales income and the depreciation of the assets of financial leasing shall still be made by lessees based upon the book value before the sale of the assets. The financing interest paid by the lessee during the financial leasing period shall be deducted as financial costs before making payments of corporate income tax.

The PRC Contract Law

The National People's Congress promulgated *the PRC Contract Law* on March 15, 1999 for regulating the civil contractual relationship among natural persons, legal persons and other organizations. Chapter 14 of the PRC Contract Law sets mandatory rules about financial leasing contracts.

Under the PRC Contract Law, the financial leasing contracts shall be in written format and shall include terms such as the name, quantity, specifications, technical performance and inspection method of the leased object, the lease term, the composition, payment term, payment method and currency of the rent and the ownership of the leased object upon expiration of the lease.

Under the financial leasing contracts, the lessor shall conclude a purchase contract based on the lessee's selections in respect of the seller and the leased property, and the seller shall deliver the leased property to the lessee as agreed. The lessee has the rights of a buyer when taking delivery of the leased property. Without the consent of the lessee, the lessor may not modify relevant particulars related to the lessee of the purchase contract which has been concluded based on the lessee's selections in respect of the seller and the leased property.

In respect of the usage and maintenance of the leased property, the lessee shall take due care of the leased property and use it properly. The obligation to maintain and repair the leased object while in the possession of the lessee shall be performed by the lessee. The lessor is not liable for injury to the body or damage to the property of a third party caused by the leased property while in the possession

of the lessee. However, the ownership of the leased property vests in the lessor. If the lessee becomes bankrupt, the leased property does not become part of the property available for distribution in the bankruptcy. If the leased property fails to meet the requirements stipulated by the parties or is not fit for the purpose for which it is to be used, the lessor shall not be liable, unless the lessee selected the leased property in reliance on the technical ability of the lessor or the lessor interfered in the selection of the leased property.

The lessor and the lessee may stipulate in which party ownership of the leased property shall vest upon expiration of the lease. If they have not stipulated in which party ownership shall vest upon expiration, if such stipulation is not clear, or if ownership cannot be determined in accordance with the PRC Contract Law, the ownership of the leased object shall vest in the lessor. If the parties have stipulated that ownership of the leased property shall vest upon the lessee upon expiration of the lease, and the lessee has already paid most of the rent but is unable to pay the balance, and if the lessor terminates the contract and repossesses the leased property on those grounds, the lessee may demand a partial refund if the value of the leased property repossessed exceeds the rent and any other expenses owed by the lessee.

The PRC Contract Law includes a general mandate that the interest rate charged to a customer under a financial leasing contract shall take into account the purchase cost of the property or asset underlying a lease contract and should allow for a reasonable profit margin for the lessor, except as otherwise agreed upon by the contracting parities. Having said this, our Group's practice to adjust interest rates charged to customers with reference to PBOC benchmark interest rates fully complies with PRC Contract Law. Furthermore, there are no regulatory restrictions relating to the interest rates charged by our Group to our customers under relevant PRC laws, regulations and rules.

Enterprise Accounting Codes No. 21—Leasing

The Ministry of Finance promulgated the *Enterprise Accounting Codes No. 21—Leasing* (the "**Codes**") on February 15, 2006 to regulate the accounting and information disclosure about financial leasing and operating leasing.

Under the Codes, leasing means an agreement to transfer the use rights of an asset to another party for a specified period in return for a rental payment. These Codes do not apply to the leasing of land-use rights or buildings through operating lease or the licensing of films, video tapes, scripts, writings, patents and copyrights, and the impairment losses of long-term credits formed by the financial leasing of a lessor.

In respect of any leasing, the Codes require the lessor and the lessee to classify the leasing as financial leasing or as operating leasing at the commencement of the lease. The Codes also set out factors to be considered in such classification. The accounting treatment of financial leasing and operating leasing to be applied to the lessor and the lessee are specified in separate sets of detailed provisions in the Codes. The lessor and the lessee are also required to comply with several disclosure requirements in respect of their lease transaction on the notes of their balance sheet. In addition, they are required to disclose each sale-leaseback transaction as well as the important provisions of these sale-leaseback contracts.

Rules on Administration of Foreign-Invested Construction Enterprise and Notice of Ministry of Construction on Circulation of the Implementation Details of Qualification Administration in Rules on Administration of Foreign-Invested Construction Enterprises

The former Ministry of Construction and Ministry of Foreign Trade and Economic Cooperation jointly promulgated *Rules on Administration of Foreign-Invested Construction Enterprise* on September 27, 2002. According to it, foreign-invested construction enterprises shall make applications to the competent administrative department in charge of construction to obtain the qualification certificate for their business operations.

In accordance with *Notice of Ministry of Construction on Circulation of the Implementation Details of Qualification Administration in Rules on Administration of Foreign-Invested Construction Enterprises* issued by the former Ministry of Construction on April 8, 2003, the qualification certificate for foreign-invested construction enterprise shall also be applicable to any construction enterprise reinvested and newly established by a foreign-invested enterprise legally established in China in its own name or such enterprise established through acquisition of the equity interests of investors in another construction enterprise.

Shanghai Domin, as a construction enterprise reinvested by a foreign-invested enterprise legally established in China, has obtained the qualification certificate for foreign-invested construction enterprise for the purpose of conducting medical engineering services.

Regulation of Safe Production Licenses

The State Council of PRC promulgated the *Regulation of Safe Production Licenses* on January 13, 2004. According to it, the State implements a safe production licensing system on mining enterprises, construction enterprises and enterprises that produce dangerous chemicals, fireworks and fire crackers, and civil equipment for blasting explosions. The aforesaid enterprises may not engage in production activities without safe production licenses.

Shanghai Domin has obtained the safe production license for the purpose of conducting medical engineering services.

Notice of Ministry of Communications on the Administrative Rules relating to Vessel Transactions

The Ministry of Communications of the PRC promulgated the *Notice of Ministry of Communications on the Administrative Rules relating to Vessel Transactions* on March 5, 2010, which became effective on April 1, 2010. This notice applies to transfer of ownership of Chinese flag vessels and related brokerage activities (excluding the transaction of vessels under construction). Under this notice, any entities engaging in ship brokerage activities shall make a filling for record with the relevant governmental authorities.

From April 1, 2010 (being the effective date of this notice) to the Latest Practicable Date, Shanghai Donghong had not conducted any ship brokerage business. Shanghai Donghong will make the necessary filings according to this notice before engaging in such business in the future.

REGULATORY BODY

MOFCOM is the principal regulatory authority responsible for the supervision and regulation of foreign-invested financial leasing company operating in China. Our Company's financial leasing business in the PRC is subject to the administration of MOFCOM.

MOFCOM is an executive agency of the State Council of the PRC. It is responsible for formulating policy on foreign trade, export and import regulations, foreign direct investments, consumer protection, market competition and negotiating bilateral and multilateral trade agreements.

To establish a foreign-invested financial leasing company, the investor shall submit all application materials to MOFCOM's provincial branch at the place where the company will be located. MOFCOM's provincial branch shall, after preliminary examination of the submitted application materials, submit the application materials together with a preliminary examination opinion to MOFCOM within 15 working days from the date on which it receives all application materials. MOFCOM shall make a decision with respect to whether or not it shall grant an approval within 45 working days from the date on which it receives all application materials. If it decides to grant an approval, it shall issue the foreign investment enterprise approval certificate; if it decides not to grant an approval, it shall explain in written form. Pursuant to the *Decision of the State Council of PRC on the Fifth Batch of Administrative Examination and Approval Matters to be Cancelled or Delegated to Subordinate Authorities* promulgated and effected on July 4, 2010, the approval process for the establishment or modification of foreign-invested enterprises engaged in financial leasing business with a total investment amount of US$300 million or less can be approved by provincial-level governmental authorities without the need to submit the application to national level authorities.

OVERVIEW

Our Company was incorporated in Hong Kong on May 15, 2008 and, as part of the Reorganization, became the ultimate holding company of our principal operating subsidiaries, namely Far Eastern, FEH Shipping, Shanghai Donghong, Shanghai Domin and Tianjin Haorui. As of the Latest Practicable Date, we were 68% indirectly owned by Sinochem Group through its wholly-owned subsidiary, Greatpart, 18.75% directly owned by KKR Future Investments (an affiliate of KKR Asian Fund L.P.), 11.25% directly owned by Techlink (an affiliate of Government of Singapore Investment Corporation (Ventures) Pte. Ltd.) and 2% directly owned by TML (an affiliate of CICC Fund). Our operating subsidiaries are principally engaged in the provision of financial leasing, advisory, trading and brokerage services.

The following are important milestones in our corporate and shareholding history to date:

Year	Event
1991	Establishment of Far Eastern as an equity joint venture enterprise in Shenyang
2001	Relocation of the registered office of Far Eastern from Shenyang to Shanghai
	Commencement of our strategy to focus on China's major industries with sustainable growth potential through our involvement within the healthcare industry
2002	Commencement of our operations within the education industry
2003	Commencement of our operations within the shipping industry
2004	Issuance of the ISO9001 Quality Management System Certificate by the British Standards Institution
	Commencement of our operations within the infrastructure construction industry and the printing industry
2005	Commencement of our operations within the machinery industry and establishment of our first regional office in Changsha to serve our customers regionally
2006	Far Eastern was honored as an "Advanced Central Enterprise" by the Ministry of Personnel and State-owned Assets Supervision and Administration Committee of the State Council
	Issuance of the PRC's first leasing asset-backed security, the "Far Eastern Debut Leasing Asset Backed Security Management Program" with an issue size of RMB486 million
	Establishment of Shanghai Donghong to primarily engage in our trading and other business segment
2007	Far Eastern was listed among the top 40 "Best Developing Enterprises in Lu Jia Zui Financial Zone" by the Shanghai Lujiazui Administrative Committee for the year 2006
2008	Our Company was incorporated in Hong Kong
2009	Investment in our Group by three strategic investors comprising 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)
	Establishment of FEH Shipping (formally named as Sino Advanced Limited) for the development of the offshore ship leasing and ship brokerage business
2010	Establishment of Shanghai Domin through which we engage in the medical equipment engineering business to provide further value-added services to customers within the healthcare industry
2010	Establishment of Tianjin Haorui through which we conduct financial leasing business

HISTORY AND DEVELOPMENT

Our Group's history dates back to September 13, 1991 when Far Eastern was established in Shenyang as an equity joint venture enterprise. The shareholders of Far Eastern at that time were Sinochem Group (then named as China National Chemicals Import & Export Corporation) (as to 20%), China Construction Bank Corporation (then named as People's Construction Bank of China) (as to 30%), The Nippon Credit Bank, Ltd. (as to 30%), Crown Leasing Corporation Tokyo (as to 10%) and Chanyin Capital Corporation (產銀 Capital 株式會社) (then named as Korea Industrial Leasing Corporation) (as to 10%).

During the 1997-1998 Asian financial crisis, the Japanese banking industry was adversely affected, resulting in the insolvency and/or nationalization of several Japanese financial institutions, including two of our then shareholders, The Nippon Credit Bank, Ltd. and Crown Leasing Corporation Tokyo. In order to ensure the stability and continuing operations of our business, Sinochem Conglomerate consolidated its control of our Group by acquiring the shareholding interests of the other shareholders in Far Eastern with effect from July 24, 2000 through the following restructuring steps:

- Crown Leasing Corporation Tokyo, as part of its insolvency proceedings pursuant to approval from the Tokyo District Court, and in order to minimize the incurrence of further operational costs, transferred its 10% shareholding interest in Far Eastern to Sinochem HK for nil consideration.
- As part of its restructuring further to the nationalization of The Nippon Credit Bank, Ltd. by the Japanese government, The Nippon Credit Bank, Ltd. (i) assigned to Sinochem HK all the benefits and rights to the shareholder's loan amounting to US$31,545,224.64 and its accrued interest owed by Far Eastern for a consideration of US$4,000,000 and (ii) transferred its 30% shareholding interest in Far Eastern to Sinochem HK for a consideration of US$1.
- Pursuant to a share transfer agreement dated February 28, 2000, Chanyin Capital Corporation transferred its 10% shareholding interest in Far Eastern to Sinochem HK for a consideration of US$900,000 which was a mutually agreed price based on commercial negotiations.
- Pursuant to a share transfer agreement dated February 28, 2000, China Construction Bank Corporation transferred its 30% shareholding interest in Far Eastern to Sinochem Group for a consideration of US$3,000,000 (which was determined based on the same investment amount contributed by China Construction Bank during its initial investment in Far Eastern).

Following the completion of the abovementioned restructuring steps, as of July 24, 2000, Far Eastern was jointly owned by Sinochem Group (as to 50%) and Sinochem HK (as to 50%) and had a registered capital of US$10,000,000. Upon acquiring control of our Group, Sinochem Conglomerate commenced the implementation of several business strategies and reforms and dedicated more financial resources to further develop, enhance and expand our business operations. Since 2002, our executive Directors, namely Mr. Kong Fanxing and Mr. Wang Mingzhe, and majority of our senior management have been with our Group and have been instrumental in steering our Group towards the achievement of these strategies, reforms and expansion plans. For details of these directors' and senior management's biographies, see the section headed "Directors and Senior Management" in this prospectus.

Relocation to Shanghai, implementation of our industry-focused strategy and expansion of our business network

As part of our restructuring plans, on August 14, 2001, we relocated our operational center from Shenyang to Shanghai in order to establish our market position and enhance our network of business contacts within China's financial, trade and shipping hub.

In order to capitalize on the growth opportunities within, and to focus our business model on, fundamental industries in the PRC, we commenced our business operations within the healthcare industry in November 2001. The implementation of this industry-focused strategy to facilitate our business expansion plans was further enhanced with our subsequent involvement in the education, infrastructure construction, shipping, printing and machinery industries between the years 2002 and 2005. In addition, we extended our business network through the establishment of nine regional offices between the years 2005 and 2010 in Shenyang, Beijing, Jinan, Changsha, Wuhan, Zhengzhou, Chengdu, Chongqing and Shenzhen.

Further capital contributions to Far Eastern by Sinochem Conglomerate

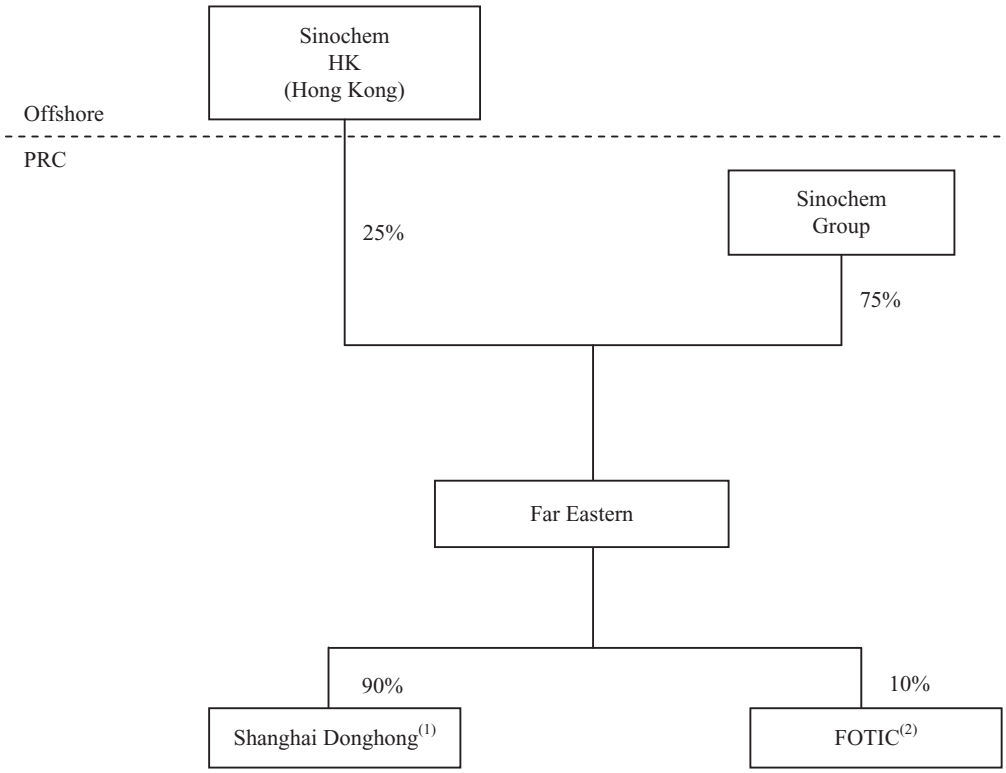
Between the years 2002 and 2004, Sinochem Conglomerate contributed further financial resources to Far Eastern through a series of registered capital increases as set out below.

- On November 22, 2002, Sinochem Group contributed US$5,000,000 to the registered capital of Far Eastern and thereby increased the registered capital of Far Eastern from US$10,000,000 to US$15,000,000. Consequently, the equity interests of each of Sinochem Group and Sinochem HK in Far Eastern was changed to 67% and 33%, respectively.
- On July 13, 2004, the registered capital of Far Eastern was increased from US$15,000,000 to US$60,470,000 subsequent to the contribution of US$35,300,000 and US$10,170,000 by Sinochem Group and Sinochem HK, respectively. Consequently, the equity interests of each of Sinochem Group and Sinochem HK in Far Eastern became 75% and 25%, respectively.

Establishment of Shanghai Donghong

In order to establish a business vehicle through which a broader range of integrated services could be provided to our customers, on April 28, 2006, Shanghai Donghong was established in Shanghai by Far Eastern (as to 90%) and Sinochem Shanghai (then named as Sinochem Shanghai Corporation) (as to 10%) to primarily provide trading and other services.

Our shareholding structure immediately after the preceding developments is set out below.



Notes:

(1) The remaining shareholder of Shanghai Donghong was Sinochem Shanghai (as to 10%), which was wholly owned by Sinochem Group.

(2) FOTIC is a financial services provider incorporated in Beijing on September 30, 1987. On November 10, 2005, Far Eastern acquired 10% of the equity interests in the registered capital of FOTIC from Sinochem Fertilizer Company Limited (中化化肥有限公司) for a consideration of RMB105,539,070.4, which was a mutually agreed price based on commercial terms, pursuant to an equity transfer agreement dated September 1, 2004. The remaining shareholder of FOTIC was Sinochem Group (as to 90%).

REORGANIZATION

From May 2008, we further rationalized our internal organization structure to enhance the development of our business operations. From May 2008, we underwent a series of reorganization steps which involved (i) the offshore restructuring of our shareholding structure, (ii) the acquisition of full control of Shanghai Donghong, (iii) the establishment of FEH Shipping, (iv) the strategic investment by 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), (v) the further restructuring of domestic subsidiaries, (vi) the further restructuring of offshore business in relation to shipping industry and (vii) further organizational adjustments in 2011 prior to the Global Offering.

(i) Offshore restructuring of our shareholding structure

Our Group underwent the restructuring steps set out below in order to establish an offshore shareholding structure through which our Company would hold the entire equity interests in the registered capital of Far Eastern.

- On June 13, 2008, Sinochem HK acquired one share of Fortune Ally from Offshore Incorporations (Cayman) Ltd. (an independent third party) for a consideration of US$1.00 (being its par value), pursuant to which it became the sole shareholder of Fortune Ally.

- Our Company was incorporated in Hong Kong on May 15, 2008 by GNL08 Limited (an independent third party) under the name of "Fully Ascent Limited". On June 13, 2008, Fortune Ally acquired one share of our Company from GNL08 Limited, for a consideration of HK$1.00 (being its par value). Consequently, Fortune Ally became the sole shareholder of our Company. Our Company's name was changed to "Far Eastern Hong Xin Co. Limited" with effect from October 23, 2008 and then changed to "Far East Horizon Limited" with effect from December 16, 2010.

- On July 9, 2008, Sinochem HK contributed US$27,560,922.28 to the registered capital of Far Eastern. In addition, Sinochem Europe became an additional third shareholder of Far Eastern through its contribution of US$39,000,000 to the registered capital of Far Eastern. Consequently, the registered capital of Far Eastern was increased from US$60,470,000 to US$127,030,922.28, and Sinochem Group, Sinochem HK and Sinochem Europe owned Far Eastern as to 35.66%, 33.64% and 30.7%, respectively.

- On November 13, 2008, Sinochem Group completed the transfer of its entire equity interest in the registered capital of Far Eastern to Sinochem HK for a consideration of RMB572,000,000 pursuant to an equity transfer agreement dated August 6, 2008. The consideration for the equity transfer was determined with reference to the appraised value of the 35.66% equity interest held by Sinochem Group in Far Eastern. DeveChina Asset Evaluation Co., Ltd. (中發國際資產評估有限公司), an independent third party, conducted the appraisal and concluded that the appraised value of the 35.66% equity interest should be RMB571,500,000 pursuant to the market methodology adopted by them for the appraisal. Following completion of such transfer, Far Eastern was owned by Sinochem HK (as to 69.3%) and Sinochem Europe (as to 30.7%).

- On March 11, 2009, each of Sinochem HK and Sinochem Europe completed the transfer of their respective equity interests in the registered capital of Far Eastern to our Company, pursuant to equity transfer agreements dated February 18, 2009. In consideration of such equity transfers, on March 13, 2009, our Company issued 9,999 ordinary shares to Fortune Ally, and Fortune Ally in turn issued 6,929 ordinary shares to Sinochem HK and 3,070 ordinary shares to Sinochem Europe. Consequently, the issued share capital of Fortune Ally was owned as to 69.3% by Sinochem HK and 30.7% by Sinochem Europe and our Company became the sole shareholder of Far Eastern.

- On September 16, 2009, pursuant to two share transfer agreements dated September 15, 2009 and entered into by Greatpart (a wholly-owned subsidiary and investment vehicle of Sinochem Group), respectively, with Sinochem HK and Sinochem Europe:

  (a) Greatpart acquired all the shares of Fortune Ally held by Sinochem HK (comprising 6,930 ordinary shares) for a consideration of US$189,601,896.15; and

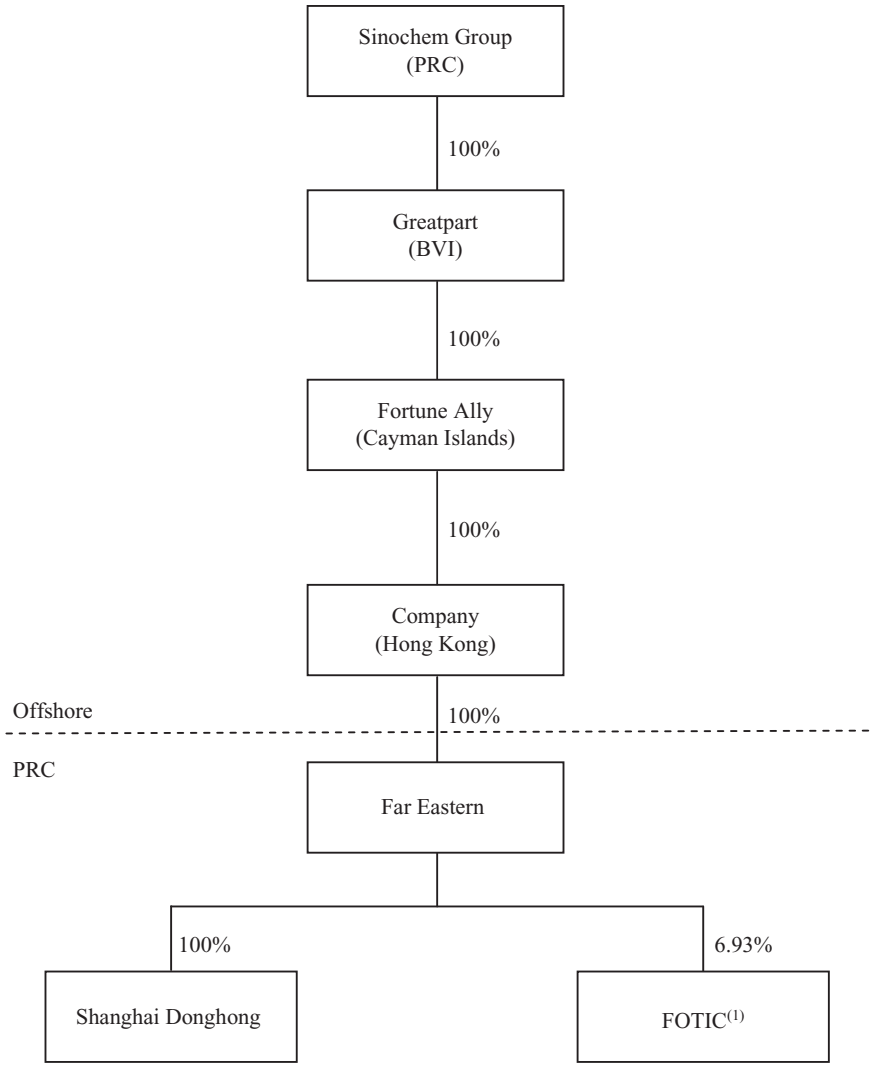
  (b) Greatpart acquired all the shares of Fortune Ally held by Sinochem Europe (comprising 3,070 ordinary shares) for a consideration of US$83,993,913.59.

The consideration for the above transfers were determined by reference to the appraised value of the entire equity interests in Far Eastern. DeveChina Asset Evaluation Co., Ltd. (中發國際資產評估有限公司), an independent third party, conducted the appraisal and concluded that the appraised value of the entire equity interest should be RMB1,724,132,000 pursuant to the market methodology adopted by them for the appraisal. Consequently, our Company became an indirect wholly-owned subsidiary of Sinochem Group.

(ii) Acquisition of full control of Shanghai Donghong

On September 15, 2009, pursuant to an equity transaction agreement dated September 7, 2009, Far Eastern acquired the remaining 10% equity interests in the registered capital of Shanghai Donghong from Sinochem Shanghai for a consideration of RMB1,798,000, based on its appraised net asset value, pursuant to which Shanghai Donghong became a wholly-owned subsidiary of Far Eastern.

Our Group's shareholding structure following the completion of the restructuring of our shareholding structure and the acquisition of the remaining equity interests of Shanghai Donghong is set out below.



Note:

(1) On January 22, 2008, subsequent to a further capital contribution by the remaining shareholder of FOTIC (being Sinochem Group) in the registered capital of FOTIC, the equity interests in the registered capital of Far Eastern in FOTIC was diluted from 10% to 6.93%. On July 24, 2009, Sinochem Group transferred its entire shareholding in FOTIC to Sinochem Corporation. Therefore, the remaining shareholder of FOTIC was Sinochem Corporation which was owned by Sinochem Group (as to 98%) and China Ocean Shipping (Group) Company (中國遠洋運輸（集團）總公司) (as to 2%).

(iii) Establishment of FEH Shipping

FEH Shipping is a company incorporated in the Cayman Islands on October 2, 2009 by Offshore Incorporations (Cayman) Ltd. (an independent third party). In order to establish a business

vehicle through which we can conduct our offshore ship leasing and ship brokerage business, our Company acquired FEH Shipping from Offshore Incorporations (Cayman) Ltd., on December 17, 2009, for a consideration of US$1.00 (being its par value). Subsequent to its date of incorporation and as of September 30, 2010, FEH Shipping acquired 42 wholly-owned subsidiaries (each incorporated in Hong Kong) as special purpose vehicles to undertake our ship leasing and ship brokerage business. None of these entities has any operations before becoming our subsidiaries. In line with common market practice and in order to manage risk, special purpose vehicles are usually established to carry on the businesses of ship leasing and ship brokerage. Each special purpose vehicle is managed separately and usually corresponds to only one financial leasing contract (e.g. leased ship). Therefore, we may have the assets of special purpose vehicle insulated from other assets of the Group as soon as risks arise from the assets of the special purpose vehicle. For details of further information on these 42 subsidiaries, see the section headed "Notes to Financial Information—Corporate Information and Reorganization" in the Accountants' Report set out in Appendix I to this prospectus.

We primarily use these special purpose vehicles to conduct bareboat chartering and ship brokerage and more special purpose vehicles are expected to be established in the future in line with the development of our business. We usually identify customers who may be interested in purchasing a particular vessel but may not have immediately available capital to fund the purchase or may prefer to retain that capital for other purposes. The customers typically sign purchase contracts with vendors and pay a deposit (normally in the region of 10% to 20%). The customer will then assign its rights and obligations under the contracts to us and we will undertake the remaining payment obligations under such contracts. At the same time, we will sign charter agreements with the customers pursuant to which the customers will be entitled to full time use of the ships in return for regular payments to us over the course of a period of time (typically six to eight years), after which the customer will have an option to acquire ownership of the vessel. We will also enter into a security arrangement that provides us with a mortgage over certain rights and interests of the customer. As of the Latest Practicable Date, all of our offshore bareboat chartering customers were companies incorporated in Hong Kong.

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.

(iv) Strategic investment by 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)

Investment of US$160,000,000

In order to develop further the growth of our business, enhance our corporate governance structure and leverage further expertise on international financial services, we invited three strategic investors, namely KKR Future Investments, Techlink and TML, to invest a total of US$160,000,000.

Consequently, on September 16, 2009, Fortune Ally, Greatpart (as the direct controlling shareholder of Fortune Ally), KKR Future Investments, Techlink and TML entered into a subscription agreement, pursuant to which, each of KKR Future Investments, Techlink and TML subscribed for 5,859,375, 3,515,625 and 625,000 Fortune Ally Series A Shares, respectively, at the respective investment amounts of US$93,750,000, US$56,250,000 and US$10,000,000 (corresponding to a subscription price of US$16 for each Fortune Ally Series A Share). The subscription price of US$16 was determined on an arm's length basis as a result of negotiation among the parties after taking into account the profitability and future development of the Company. These subscriptions were completed on September 23, 2009. Fortune Ally contributed the proceeds of the investment amounting to US$160,000,000 to our Company by way of two shareholder's loans.

In connection with this investment, Fortune Ally, Greatpart (as the direct controlling shareholder of Fortune Ally), KKR Future Investments, Techlink and TML entered into a shareholders' agreement on September 23, 2009 (the "**First Shareholders' Agreement**") to govern the terms and conditions of transfers of shares in Fortune Ally as well as its management and the conduct of its operations. The Company was not a party to the First Shareholders' Agreement. No shareholders of Fortune Ally shall transfer any shares of Fortune Ally except as expressly permitted under the First Shareholders' Agreement. KKR Future Investments, Techlink and TML, as investors in Fortune Ally, were granted right of first refusal, tag-along rights and post-IPO tag-along rights. The shareholders of Fortune Ally also enjoyed pre-emptive rights in case Fortune Ally issued any equity securities. The First Shareholders' Agreement was terminated on March 8, 2011.

Upon completion of the investment of Fortune Ally on September 23, 2009, Sinochem Group's interest in Fortune Ally was reduced to 68% and the Fortune Ally Series A Shares subscribed by our strategic investors comprised 32% of the outstanding shareholding interest of Fortune Ally on a fully diluted basis (with KKR Future Investments, Techlink and TML each holding shareholding interests of 18.75%, 11.25% and 2%, respectively).

Further financing and capitalization of shareholder's loans

In order to address the increasing working capital needs of our Group, Fortune Ally, Greatpart, KKR Future Investments, Techlink and TML entered into another subscription agreement on June 7, 2010, pursuant to which, Greatpart, KKR Future Investments, Techlink and TML completed the subscription of further shares in Fortune Ally on June 9, 2010 at the total investment amount of US$55,680,000, in proportion to their respective shareholding interests in Fortune Ally (and in the case of the Fortune Ally Series A Shares, on an as-converted basis) (the "**Capital Increase**"). Consequently, 2,366,400 ordinary shares of US$0.0001 each of Fortune Ally were allotted and issued credited as fully paid to Greatpart, and 652,500, 391,500 and 69,600 Fortune Ally Series A Shares were allotted and issued credited as fully paid to each of KKR Future Investments, Techlink and TML, respectively. Upon completion of these subscriptions, the shareholding interests of Greatpart, KKR Future Investments, Techlink and TML in Fortune Ally (on an as-converted basis) remained as 68%, 18.75%, 11.25% and 2%, respectively. Fortune Ally in turn granted a shareholder's loan in the amount of US$55,680,000 to our Company on June 9, 2010. Therefore, the aggregate shareholder's loan granted by Fortune Ally to our Company amounted to US$215,680,000 (comprising the aggregate of the US$55,680,000 loan and the US$160,000,000 loan). The entire amount of the US$55,680,000 loan was used for capital injection into Far Eastern. In relation to the US$160,000,000 loan, US$10,000,000 of which was used as the working capital of the Company and the remaining amount was used for capital injection into Far Eastern.

On June 30, 2010, the aggregate shareholders' loan of US$215,680,000 from Fortune Ally was capitalized by our Company into 8,496 new ordinary shares of HK$1.00 each, and these ordinary shares were allotted and issued credited as fully paid to Fortune Ally. Consequently, the issued and paid-up share capital of our Company increased from 10,000 ordinary shares to 18,496 ordinary shares.

The principal details relating to the investments made by KKR Future Investments, Techlink and TML in our Group are set out in the table below:

	KKR Future Investments	Techlink	TML
● **Investor**			
● **Date of initial subscription agreement**	September 16, 2009	September 16, 2009	September 16, 2009
● **Initial investment amount**	US$93,750,000	US$56,250,000	US$10,000,000
● **Payment date in relation to the initial investment amount**	September 23, 2009	September 23, 2009	September 23, 2009
● **Date of investment agreement in relation to the Capital Increase**	June 7, 2010	June 7, 2010	June 7, 2010
● **Amount in relation to the Capital Increase**	US$10,440,000	US$6,264,000	US$1,113,600
● **Cost per Fortune Ally Series A Share**	US$16	US$16	US$16
● **Payment date in relation to the Capital Increase**	June 8, 2010	June 9, 2010	June 7, 2010
● **Effective cost per Share**(1)	US$0.29	US$0.29	US$0.29
● **Discount to the Offer Price**(2)	62.06%	62.06%	62.06%
● **Shareholding percentage of the Company after completion of the Reorganization and upon completion of the Global Offering**(3)	13.13%	7.87%	1.40%
● **Date of conversion of the Series A Shares**	Listing Date	Listing Date	Listing Date

Notes:

(1) For illustration purpose only and based on 2,720,000,000 Shares without taking into account of Shares pursuant to Over-allotment Options.

(2) For illustration purpose only. Assuming the Offer Price is HK$6.00 per Share, being the mid-point of the indicative Offer Price range.

(3) Assuming no exercise of the Over-allotment Options.

Under the subscription agreement entered into between Fortune Ally, KKR Future Investments, Techlink, TML and Greatpart dated June 7, 2010, Fortune Ally shall use the proceeds from the investment for the following purpose:

- to provide capital for the growth and expansion of Fortune Ally and the Company and any of its subsidiaries (the "**Fortune Ally Group**");
- to fund the capital expenditures of the Fortune Ally Group;
- as ordinary working capital for the Group, including towards repayment of any loans incurred by the Fortune Ally Group in the normal course of business; or
- as otherwise approved by all the directors of Fortune Ally.

(v) Further restructuring of domestic subsidiaries

Our domestic subsidiaries underwent the following restructuring steps:

- *Establishment of Shanghai Domin.* In order to (i) utilize fully the business information that we have obtained and client relationships that we have established in the healthcare industry to accelerate profit growth and (ii) provide integrated services to our customers in the healthcare industry to distinguish us from our competitors, on March 4, 2010, Far Eastern and three other independent third party investors, namely Yijia Decorate Engineering Co., Ltd[(1)] (上海藝佳裝飾工程有限公司) (as to 8.35%), Shanghai Xinglian Information Technology Co., Ltd[(2)] (上海星聯信息技術有限公司) (as to 8.35%) and Shanghai Dechuang System Project Co., Ltd[(3)] (上海德創系統工程有限公司) (as to 8.35%), established Shanghai Domin as a business vehicle through which we intend to provide medical engineering services. The medical engineering services mainly include plan formulation, equipment selection, project implementation, technology training and operation maintenance for clean operating rooms and central supply rooms. The senior management team of Shanghai Domin have several years of management and business operation experience in the healthcare industry and some of them have also obtained the relevant engineering qualifications. We established business relationships with Yijia Decorate Engineering Co., Ltd, Shanghai Xinglian Information Technology Co., Ltd and Shanghai Dechuang System Project Co., Ltd through previous business cooperation. Certain businesses of these three companies, which include the medical equipment sale, engineering equipment installation and the research and sale of electronic equipment, were related to the businesses that Shanghai Domin intended to conduct. Therefore, we invited them as co-founders of Shanghai Domin, and we believe that their experience and expertise will contribute to the business success of Shanghai Domin after its establishment.
- *Divestment of FOTIC.* Fortune Ally, as the indirect sole owner of Far Eastern, undertook under the First Shareholders' Agreement that it shall cause the 6.93% shares held by Far Eastern in FOTIC to be transferred or otherwise be disposed of. In order to perform the

Notes:

(1) The shareholders of Yijia Decorate Engineering Co., Ltd are Wang Zixing, Wu Keqiang and Zhou Zhihong who are independent third parties.

(2) The shareholders of Shanghai Xinglian Information Technology Co., Ltd are Zhu Yuanming and Zhu Xiaodan who are independent third parties.

(3) The shareholders of Shanghai Dechuang System Project Co., Ltd are Pan Meiying and Shen Haoxun who are independent third parties.

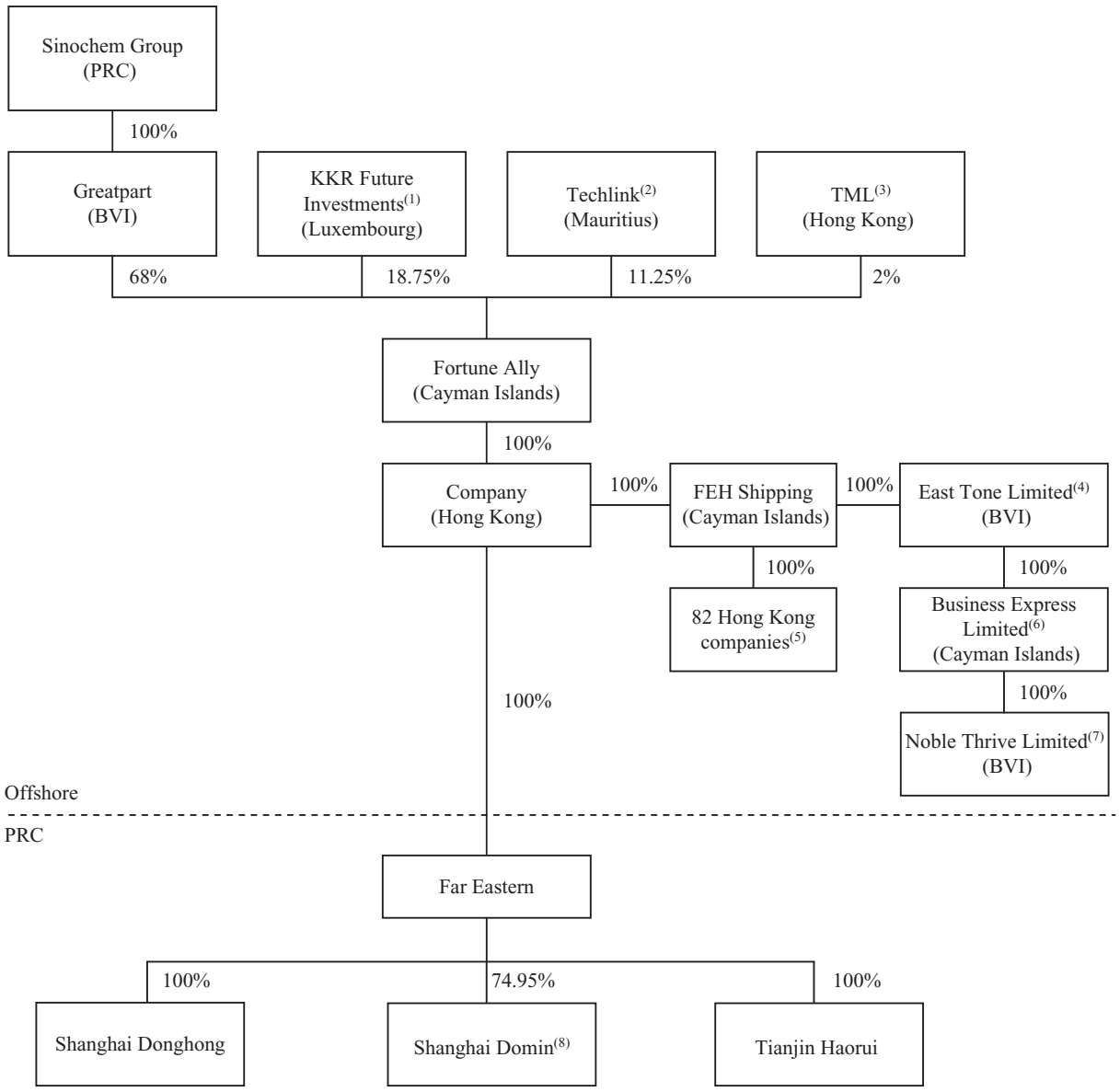
above mentioned undertaking of Fortune Ally, on May 14, 2010, pursuant to a share transfer agreement between Sinochem Finance Co., Ltd. and Far Eastern dated November 16, 2009, Far Eastern completed the sale of its 6.93% equity interest in the registered capital of FOTIC to Sinochem Finance Co., Ltd. (a wholly-owned subsidiary of Sinochem Corporation) for a consideration of RMB134,294,760. The consideration was determined on arm's length commercial negotiations with reference to the appraised value of the 6.93% equity interest held by Far Eastern in FOTIC and our PRC legal advisor has confirmed that the consideration does not contravene the relevant PRC laws. DeveChina Asset Evaluation Co., Ltd. (中發國際資產評估有限公司), an independent third party, conducted the appraisal and concluded that the appraised value of the 6.93% equity interest should be RMB149,216,400 pursuant to the earnings methodology adopted by them for the appraisal. The related gain on the disposal of FOTIC's 6.93% equity interest is US$4,251,000 which was derived by deducting the investment cost (RMB105,539,070) from the transaction price (RMB134,294,760)(1). Upon completion of such sale, we ceased to have an interest in FOTIC.

- *Establishment of Tianjin Haorui.* On November 29, 2010, Far Eastern established Tianjin Haorui in Tianjin as its wholly owned subsidiary to further enhance our Group's provision of financial leasing services to our customers. The financial leasing services provided by Tianjin Haorui are mainly related to vessels for non-domestic waterway transportation, ocean engineering structure and large-scale machinery equipment.

Note:

(1) The RMB/USD foreign exchange rate used for the calculation of the related gain is 6.76465 (the average rate for the nine months ended September 30, 2010).

We set out below a diagram regarding the shareholding structure of our Group immediately upon completion of the preceding restructuring steps under this section headed "Reorganization".



Notes:

(1) KKR Future Investments is a wholly-owned subsidiary of KKR Future Holdings Limited, which is in turn a subsidiary of KKR Asian Fund L.P. KKR Associates Asia L.P. is a general partner of KKR Asian Fund L.P.

(2) Techlink is wholly-owned by Tetrad Ventures Pte Ltd which, in turn, is wholly-owned by Government of Singapore Investment Corporation (Ventures) Pte. Ltd.. GIC Special Investments Private Limited manages the investments of Techlink, and is wholly-owned by Government of Singapore Investment Corporation Private Limited.

(3) TML is wholly-owned by Top Dream Limited which, in turn, is wholly-owned by CICC Fund.

(4) East Tone Limited was incorporated in BVI on November 8, 2010 and one subscriber share in East Tone Limited was allotted to FEH Shipping on November 26, 2010 at a consideration of US$1.00.

(5) Subsequent to September 30, 2010 and as of October 31, 2010, an additional 40 wholly-owned subsidiaries (each incorporated in Hong Kong) were acquired by FEH Shipping to conduct ship leasing and ship brokerage business. Therefore, there were a total of 82 Hong Kong companies wholly owned by FEH Shipping as of October 31, 2010. None of these entities had any operations before becoming our subsidiaries. These 82 Hong Kong companies are Ever Trend Shipping Limited, Good Master Shipping Limited, China Bloom Shipping Limited, Max Power Shipping Limited, Sky Bright Transportation Limited, Wealth Spread Shipping Limited, Treasure Shipping Limited, Chinese Port Shipping Limited, Surplus Transportation Limited, Speedway Transportation Limited, Halcyon Ocean Shipping Limited, Grand Eastern Shipping Limited, Sino Trend Shipping Company Limited, Goodway Transportation Limited, Wide Treasure Industrial Limited, Speedlink Transportation Limited, Treasure Transportation Limited, Wisdom Dragon Limited, Great Fame

Enterprise Limited, Earn Luck Enterprise Limited, New Vantage Shipping Limited, Well Fame Shipping Limited, Winway Shipping Limited, Easy Sky Shipping Limited, Good Vantage Shipping Limited, Trend Dragon Corporation Limited, Fastlink Shipping Limited, Golden Mark Shipping Limited, Max Ocean Shipping Limited, Treasure Line Shipping Limited, Unite Shipping Limited, Wincome Shipping Limited, On Faith Transportation Limited, Treasure Wide Corporation Limited, Ocean Vantage Shipping Limited, Trend Shipping Limited, Eternal Way Shipping Limited, Kongway Shipping Limited, Ocean Trend Shipping Limited, Billion Way Shipping Limited, Easy Grand Shipping Limited, Megaway Shipping Limited, Lucky Sail Limited, Most Luck (China) Limited, Allied Grace (China) Limited, Keen Bright (China) Limited, Bright Time (China) Limited, Smart Talent (China) Limited, Big Team (China) Limited, Full Earn (Hong Kong) Limited, China Grand Shipping Limited, Forever Trend Shipping Limited, Kong Step Shipping Limited, China Most Transportation Limited, Gold Power Transportation Limited, Super Express Transportation Limited, Billion Team Shipping Limited, China Best Shipping Limited, Grand Star Shipping Limited, Kong Talent Shipping Limited, On Best Shipping Limited, Fast Profit Shipping Limited, Ascent Shipping Limited, Best View Shipping Limited, China Champ Shipping Limited, East Joy Shipping Limited, Fast Champ Shipping Limited, Fast Lead Shipping Limited, Fast Star Shipping Limited, Gold Max Shipping Limited, Golden Impact Shipping Limited, Long Mark Shipping Limited, Mega Star Shipping Limited, Ocean Smart Shipping Limited, Peace Shipping Limited, Power Trend Shipping Limited, Richwill Shipping Limited, Vantage Shipping Limited, Vast Shipping Limited, Wealth Star Shipping Limited, Win Step Shipping Limited and Grace Way Shipping Limited.

(6) On November 26, 2010, East Tone Limited acquired Business Express Limited from Offshore Incorporations (Cayman) Limited for a consideration of US$1.00.

(7) Noble Thrive Limited was incorporated in BVI on November 8, 2010 and one subscriber share in Noble Thrive Limited was allotted to Business Express Limited on November 26, 2010 at a consideration of US$1.00.

(8) The remaining shareholders of Shanghai Domin comprised Yijia Decorate Engineering Co., Ltd (上海藝佳裝飾工程有限公司) (as to 8.35%), Shanghai Xinglian Information Technology Co., Ltd (上海星聯信息技術有限公司) (as to 8.35%) and Shanghai Dechuang System Project Co., Ltd (上海德創系統工程有限公司) (as to 8.35%), which are all independent third parties.

(vi) Further restructuring of offshore business in relation to shipping industry

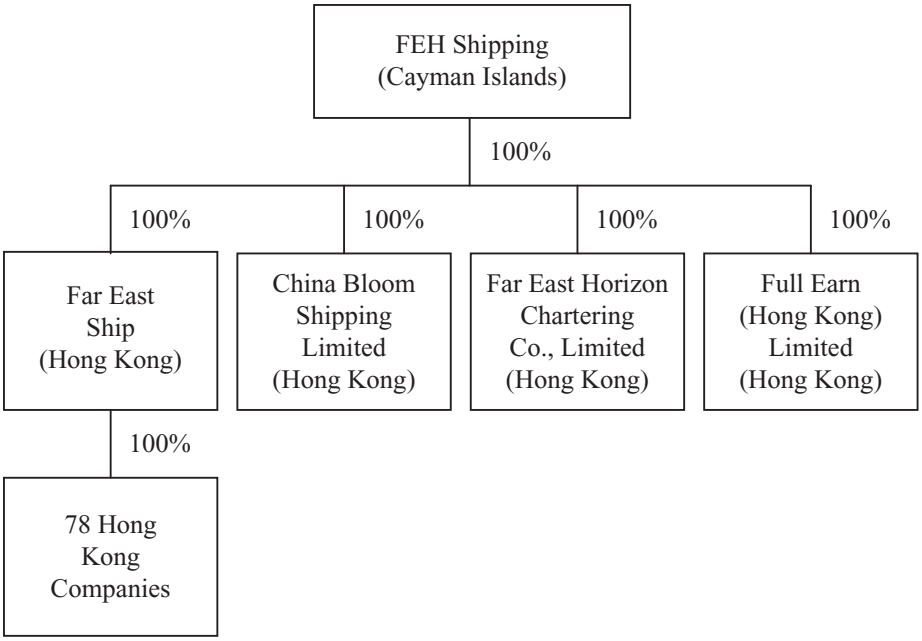
In order to diversify and expand our offshore business, we conducted an inter-group restructuring in December 2010 in relation to our existing 82 Hong Kong subsidiaries wholly owned by FEH Shipping. We used one of the 82 Hong Kong subsidiaries, namely Far East Horizon Ship Finance Co., Limited (formerly known as Big Team (China) Limited) ("**Far East Ship**") as a platform to focus on ship leasing business. The entire shareholding of 67 Hong Kong subsidiaries(1) (out of the 82 companies) originally owned by FEH Shipping were transferred to Far East Ship on December 29, 2010. We plan to further transfer the entire shareholding of another 11 Hong Kong subsidiaries(2) (out of 82 companies) currently wholly owned by FEH Shipping to Far East Ship. Upon the completion of the above shareholding transfer, there will be a total of 78 Hong Kong companies wholly owned by Far East Ship to focus on offshore ship leasing business. Each of the remaining three subsidiaries, namely China Bloom Shipping Limited, Fast East Horizon Chartering Co., Limited (formerly known as Trend Dragon Corporation Limited) and Full Earn (Hong Kong) Limited, will focus on other businesses in Hong Kong (such as ship brokerage business).

Notes:

(1) The 67 Hong Kong subsidiaries are Great Fame Enterprise Limited, Golden Mark Shipping Limited, Wealth Spread Shipping Limited, Sky Bright Transportation Limited, Easy Sky Shipping Limited, Goodway Transportation Limited, Fastlink Shipping Limited, Well Fame Shipping Limited, Winway Shipping limited, Wide Treasure Industrial Limited, New Vantage Shipping Limited, Wisdom Dragon Limited, Speedlink Transportation Limited, Treasure Transportation Limited, Earn Luck enterprise Limited, Max Ocean Shipping Limited, Treasure Line Shipping Limited, Unite Shipping Limited, Wincome Shipping Limited, Trend Shipping Limited, Ocean Vantage Shipping Limited, Ocean Trend Shipping Limited, Megaway Shipping Limited, Eternal Way Shipping Limited, Easy Grand Shipping Limited, Billion Way Shipping Limited, Kongway Shipping Limited, On Faith Transportation Limited, Treasure Wide Corporation Limited, Lucky Sail Limited, Most Luck (China) Limited, Allied Grace (China) Limited, Keen Bright (China) Limited, Bright Time (China) Limited, Smart Talent (China) Limited, China Grand Shipping Limited, Forever Trend Shipping Limited, Kong Step Shipping Limited, China Most Transportation Limited, Gold Power Transportation Limited, Super Express Transportation Limited, Billion Team Shipping Limited, China Best Shipping Limited, Grand Star Shipping Limited, Kong Talent Shipping Limited, On Best Shipping Limited, Fast Profit Shipping Limited, Ascent Shipping Limited, Best View Shipping Limited, China Champ Shipping Limited, East Joy Shipping Limited, Fast Champ Shipping Limited, Fast Lead Shipping Limited, Fast Star Shipping Limited, Gold Max Shipping Limited, Golden Impact Shipping Limited, Long Mark Shipping Limited, Mega Star Shipping Limited, Ocean Smart Shipping Limited, Peace Shipping Limited, Power Trend Shipping Limited, Richwill Shipping Limited, Vantage Shipping Limited, Vast Shipping Limited, Wealth Star Shipping Limited, Win Step Shipping Limited, Grace Way Shipping Limited.

(2) The 11 Hong Kong companies are Ever Trend Shipping Limited, Good Master Shipping Limited, Max Power Shipping Limited, Surplus Transportation Limited, Sino Trend Shipping Company Limited, Grand Eastern Shipping Limited, Treasure Shipping Limited, Chinese Port Shipping Limited, Speedway Transportation Limited, Halcyon Ocean Shipping Limited and Good Vantage Shipping Limited.

The following diagram sets out the shareholding structure under FEH Shipping immediately upon the completion of the further restructuring of offshore business.



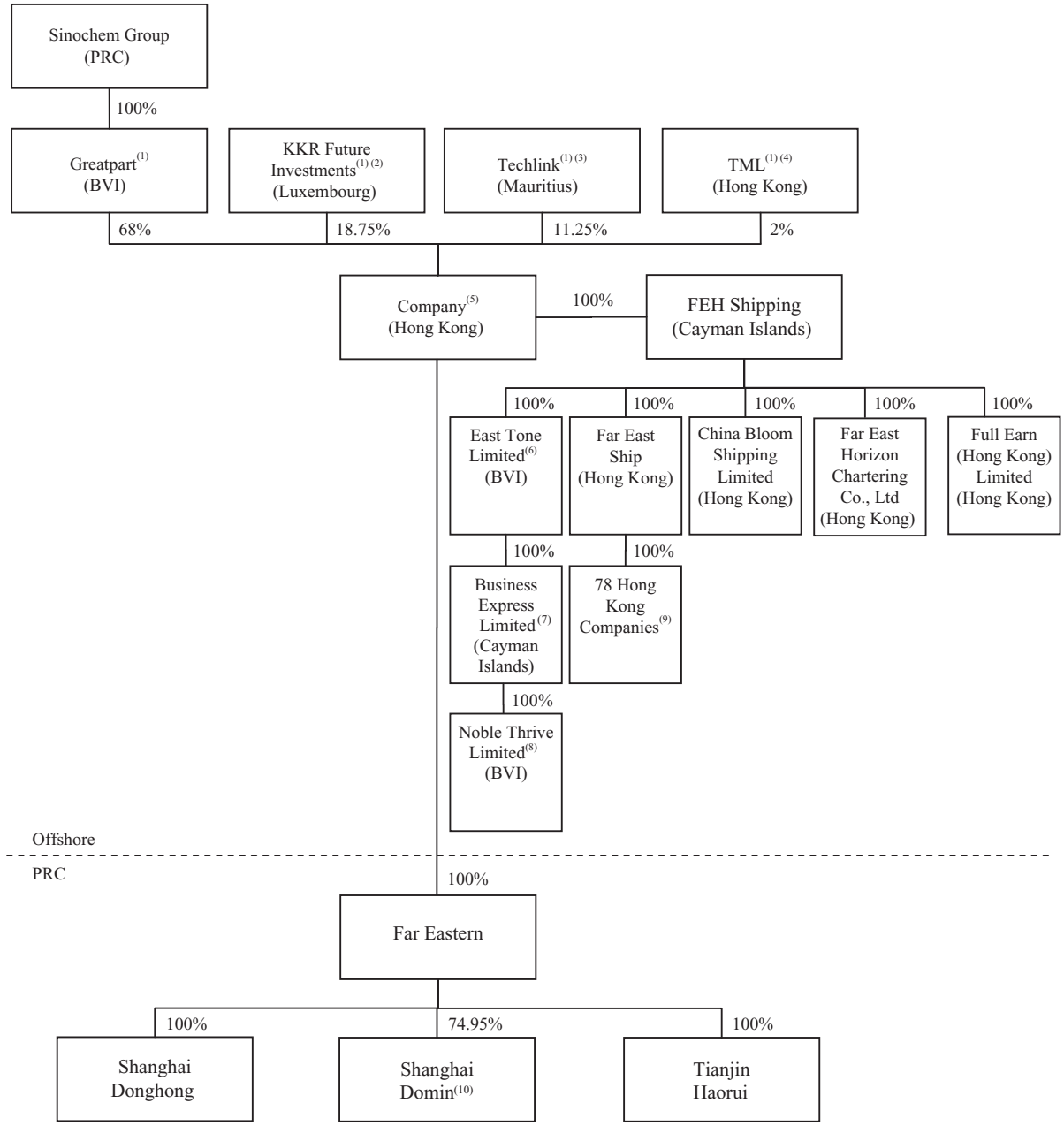
(vii) Further organizational adjustments in 2011 prior to the Global Offering

In anticipation of the listing of our Shares on the Stock Exchange, the following additional restructuring steps were undertaken:

- On March 7, 2011, our Company distributed dividends amounting to approximately US$1.12 million to Fortune Ally, a portion of which was in turn used to offset its account payables due to our Company. Upon completion of such distribution and settlement of account payables, our Company issued to Fortune Ally 8,704 new series A shares in the capital of our Company with a nominal value of HK$1.00 each, such that upon completion of such issuance, Fortune Ally had a shareholding interest of (a) 68% in our Company held in the form of ordinary shares, and (b) 32% in our Company held in the form of series A shares.
- On March 8, 2011, Fortune Ally distributed (a) all of its ordinary shares in our Company to Greatpart, and (b) all of its series A shares in the capital of our Company with a nominal value of HK$1.00 each to KKR Future Investments, Techlink and TML, by way of a dividend in specie, in proportion to their respective shareholdings (on an as-converted basis). Upon completion of these distributions, Greatpart, KKR Future Investments, Techlink and TML had a shareholding interest of 68%, 18.75%, 11.25% and 2%, respectively, in our Company (on an as-converted basis) and Fortune Ally ceased to be our Shareholder.

In addition, our Company, Greatpart (as our immediate Controlling Shareholder), KKR Future Investments, Techlink and TML entered into a shareholders' agreement on March 8, 2011 (the "**Second Shareholders' Agreement**") to govern the terms and conditions of transfers of shares in our Company as well as the management and the conduct of our operations. The First Shareholders' Agreement was terminated on March 8, 2011.

The following diagram sets out the shareholding structure of our Group immediately upon completion of the further restructuring of offshore business and the further organizational adjustments.



Notes:

(1) As of the Latest Practicable Date, each of Greatpart, KKR Future Investments, Techlink and TML held 68%, 18.75%, 11.25% and 2% of the shareholding interests of Fortune Ally, respectively.

(2) KKR Future Investments is a wholly-owned subsidiary of KKR Future Holdings Limited, which is in turn a subsidiary of KKR Asian Fund L.P. KKR Associates Asia L.P. is a general partner of KKR Asian Fund L.P.

(3) Techlink is wholly-owned by Tetrad Ventures Pte Ltd which, in turn, is wholly-owned by Government of Singapore Investment Corporation (Ventures) Pte. Ltd.. GIC Special Investments Private Limited manages the investments of Techlink, and is wholly owned by Government of Singapore Investment Corporation Private Limited.

(4) TML is wholly-owned by Top Dream Limited which, in turn, is wholly-owned by CICC Fund.

(5) Pursuant to a shareholders' written resolution dated March 11, 2011, each of the shares of par value HK$1.00 each in the then existing authorized share capital and those in the then existing issued share capital of the Company was subdivided into 100 shares of par value HK$0.01 each. Refer to the section headed "Statutory and General Information—Further Information about Our Group—Changes in Share Capital of Our Group" for further details.

(6) East Tone Limited was incorporated in BVI on November 8, 2010 and one subscriber share in East Tone Limited was allotted to FEH Shipping on November 26, 2010 at a consideration of US$1.00.

(7) On November 26, 2010, East Tone Limited acquired Business Express Limited from Offshore Incorporations (Cayman) Ltd. for a consideration of US$1.00.

(8) Noble Thrive Limited was incorporated in BVI on November 8, 2010 and one subscriber share in Noble Thrive Limited was allotted to Business Express Limited on November 26, 2010 at a consideration of US$1.00.

(9) The 78 Hong Kong companies are Great Fame Enterprise Limited, Golden Mark Shipping Limited, Wealth Spread Shipping Limited, Sky Bright Transportation Limited, Easy Sky Shipping Limited, Goodway Transportation Limited, Fastlink Shipping Limited, Well Fame Shipping Limited, Winway Shipping limited, Wide Treasure Industrial Limited, New Vantage Shipping Limited, Wisdom Dragon Limited, Speedlink Transportation Limited, Treasure Transportation Limited, Earn Luck enterprise Limited, Max Ocean Shipping Limited, Treasure Line Shipping Limited, Unite Shipping Limited, Wincome Shipping Limited, Trend Shipping Limited, Ocean Vantage Shipping Limited, Ocean Trend Shipping Limited, Megaway Shipping Limited, Eternal Way Shipping Limited, Easy Grand Shipping Limited, Billion Way Shipping Limited, Kongway Shipping Limited, On Faith Transportation Limited, Treasure Wide Corporation Limited, Lucky Sail Limited, Most Luck (China) Limited, Allied Grace (China) Limited, Keen Bright (China) Limited, Bright Time (China) Limited, Smart Talent (China) Limited, China Grand Shipping Limited, Forever Trend Shipping Limited, Kong Step Shipping Limited, China Most Transportation Limited, Gold Power Transportation Limited, Super Express Transportation Limited, Billion Team Shipping Limited, China Best Shipping Limited, Grand Star Shipping Limited, Kong Talent Shipping Limited, On Best Shipping Limited, Fast Profit Shipping Limited, Ascent Shipping Limited, Best View Shipping Limited, China Champ Shipping Limited, East Joy Shipping Limited, Fast Champ Shipping Limited, Fast Lead Shipping Limited, Fast Star Shipping Limited, Gold Max Shipping Limited, Golden Impact Shipping Limited, Long Mark Shipping Limited, Mega Star Shipping Limited, Ocean Smart Shipping Limited, Peace Shipping Limited, Power Trend Shipping Limited, Richwill Shipping Limited, Vantage Shipping Limited, Vast Shipping Limited, Wealth Star Shipping Limited, Win Step Shipping Limited, Grace Way Shipping Limited, Ever Trend Shipping Limited, Good Master Shipping Limited, Max Power Shipping Limited, Surplus Transportation Limited, Sino Trend Shipping Company Limited, Grand Eastern Shipping Limited, Treasure Shipping Limited, Chinese Port Shipping Limited, Speedway Transportation Limited, Halcyon Ocean Shipping Limited and Good Vantage Shipping Limited. Please note that the last 11 Hong Kong companies are still wholly owned by FEH Shipping but we plan to have them transferred to Far East Ship.

(10) The remaining shareholders of Shanghai Domin comprise Yijia Decorate Engineering Co., Ltd (上海藝佳裝飾工程有限公司) (as to 8.35%), Shanghai Xinglian Information Technology Co., Ltd (上海星聯信息技術有限公司) (as to 8.35%) and Shanghai Dechuang System Project Co., Ltd (上海德創系統工程有限公司) (as to 8.35%), which are all independent third parties.

Regulations and approvals from PRC governmental authorities relating to the Reorganization

The Catalog for the Guidance of Foreign Investment in Industry (外商投資產業指導目錄) promulgated by the National Development and Reform Commission and MOFCOM was amended on December 1, 2007. It classifies certain businesses of foreign invested enterprises into certain categories—"encouraged", "restricted" and "prohibited". The categorization affects the regulatory approval process for a foreign invested enterprise operating in a categorized business and the availability of tax and other incentives. Our PRC legal advisor is of the opinion that the business scope of all of the acquired companies established in the PRC during the Reorganization does not fall within the restricted or prohibited categories of business under the Catalog for the Guidance of Foreign Investment in Industry (外商投資產業指導目錄) and hence it does not have any impact on the Group's business and the Reorganization.

The Provisions for the Alteration of Investors' Equities in Foreign Invested Enterprises, issued by Ministry of Foreign Trade and Economic Cooperation of the PRC and SAIC and effective on May 28, 1997, applies to equity changes in foreign invested enterprises incorporated in the PRC under PRC laws. The Reorganization undertaken by the Group included equity changes in Far Eastern (being a foreign invested enterprise), and is therefore governed by these provisions.

Our PRC legal advisor has confirmed that the Group has obtained all necessary approvals from the relevant PRC governmental authorities for the Reorganization and the Reorganization is in compliance with the applicable PRC laws, rules and regulations, including the relevant SAFE rules and circulars.

Pursuant to Securities Law of the People's Republic of China and Notice of the State Council regarding the Further Strengthening of the Administration of Share Issuance and Listing of Joint Stock Companies Outside the Mainland (關於進一步加強在境外發行股票和上市管理的通知), the Global Offering is subject to the approvals of SASAC and CSRC. We obtained the approval of SASAC on June 3, 2010 and CSRC's approval on March 7, 2011.

INVESTMENT TERMS OF OUR STRATEGIC INVESTORS

Conversion terms of the Series A Shares

Under the Second Shareholders' Agreement and the then memorandum and articles of association of our Company, upon a "Qualified IPO", the Series A Shares will be mandatorily converted into the number of Shares which is equal to the quotient of (a) a face value of US$16 (which shall be adjusted to reflect any stock splits, stock dividends, combinations or other recapitalizations of the Shares) divided by (b) the conversion price of US$16 (which shall be adjusted pursuant to the terms of the Second Shareholders' Agreement). A "Qualified IPO" is defined as an initial public offering and listing of our Company's ordinary shares on The New York Stock Exchange, the Stock Exchange, the Nasdaq National Market or another internationally recognized stock exchange as agreed, which shall satisfy stipulated requirements such as the following:

(a) our Company will raise no less than US$250,000,000;

(b) our Company's market value based on the final offer price for our Shares will be equal to or greater than US$1 billion; and

(c) our Company's ordinary shares held by a Shareholder can gain full liquidity after expiration of any lock-up period.

This conversion price is based on a one-for-one conversion of each Series A Share into one Share, subject to adjustments upon the occurrence of certain events, such as dividend distributions, share subdivisions, consolidations, reclassifications or issues below the conversion price.

Following such conversion, the 510,000, 306,000 and 54,400 Series A Shares held by KKR Future Investments, Techlink and TML (after taking into account the share subdivision as set out more particularly under the section headed "Statutory and General Information—Further Information about our Group—Changes in Share Capital of Our Group") will be converted into 510,000, 306,000 and 54,400 Shares, respectively. The Global Offering and proposed listing of our Shares on the Stock Exchange will be a "Qualified IPO" for purposes of the Second Shareholders' Agreement. Upon conversion of the Series A Shares, our Company will have one class of shares, being the Shares.

For details of the issuance and conversion of the Series A Shares, see the section headed "Statutory and General Information—Further Information About Our Group—Changes in Share Capital of Our Group" in this prospectus.

Other terms of the investment

Shareholders' rights

Under the Second Shareholders' Agreement, each of KKR Future Investments, Techlink and TML was granted certain preferential rights customary to strategic investors, including the approval of certain reserved matters of the Group (such as any amendment of business scope or constitutional documents, any material investments or disposals, or any liquidation), pre-emptive rights upon any issuance or transfer of shares, and information rights. In addition, our Company was required to use commercially reasonable efforts to facilitate liquidity for the strategic investors' investment in our Company after the "Qualified IPO" (subject to our Company's interests and applicable law or listing rules). Such rights will cease upon completion of the Global Offering.

Lock-up

During the period of six months following the Listing Date (the "**First Six-Month Period**"), (i) Sinochem Group has agreed not to dispose of any shares in Greatpart, and (ii) Greatpart has agreed not to dispose of any Shares.

During the six months following the First Six-Month Period, (i) Sinochem Group has agreed not to dispose of any shares in Greatpart and (ii) Greatpart has agreed not to dispose of any Shares, if, in each case, immediately after such disposal Sinochem Group would no longer be a controlling shareholder of our Company.

In addition, each of KKR Future Investments, Techlink and TML has agreed not to dispose of any Shares during the First Six-Month Period.

Information regarding KKR

KKR Future Investments is a wholly-owned subsidiary of KKR Future Holdings Limited, which is in turn a subsidiary of KKR Asian Fund L.P., an exempted limited partnership organized and existing under the laws of the Cayman Islands focused on private equity investments in Asia. The general partner of KKR Asian Fund L.P. is KKR Associates Asia L.P., an exempted limited partnership organized and existing under the laws of the Cayman Islands. Each of KKR Future Holdings Limited (as the sole shareholder of KKR Future Investments), KKR Asian Fund L.P. (as the controlling shareholder of KKR Future Holdings Limited), KKR Associates Asia L.P. (as the general partner of KKR Asian Fund L.P.), KKR SP Limited (as the voting partner of KKR Associates Asia L.P.), KKR Asia Limited (as the general partner of KKR Associates Asia L.P.), KKR Fund Holdings L.P. (as the sole member of KKR Asia Limited), KKR Fund Holdings GP Limited (as a general partner of KKR Fund Holdings L.P.), KKR Group Holdings L.P. (as a general partner of KKR Fund Holdings L.P. and the sole shareholder of KKR Fund Holdings GP Limited), KKR Group Limited (as the general partner of KKR Group Holdings L.P.), KKR & Co. L.P. (as the sole shareholder of KKR Group Limited), KKR Management LLC (as the general partner of KKR & Co. L.P.) and Mr. Henry R. Kravis and Mr. George R. Roberts (as designated members of KKR Management LLC) may be deemed, to be interested in the Shares. Mr. Henry R. Kravis and Mr. George R. Roberts disclaim beneficial ownership of the Shares. KKR Asian Fund L.P. is managed by Kohlberg Kravis Roberts & Co. L.P., a Delaware limited partnership and an affiliate of KKR & Co. L.P., a global alternative asset manager whose common units are traded on the New York Stock Exchange (Symbol: KKR). KKR Future Investments is an independent third party to our Group (other than being our Shareholder).

Information regarding Techlink

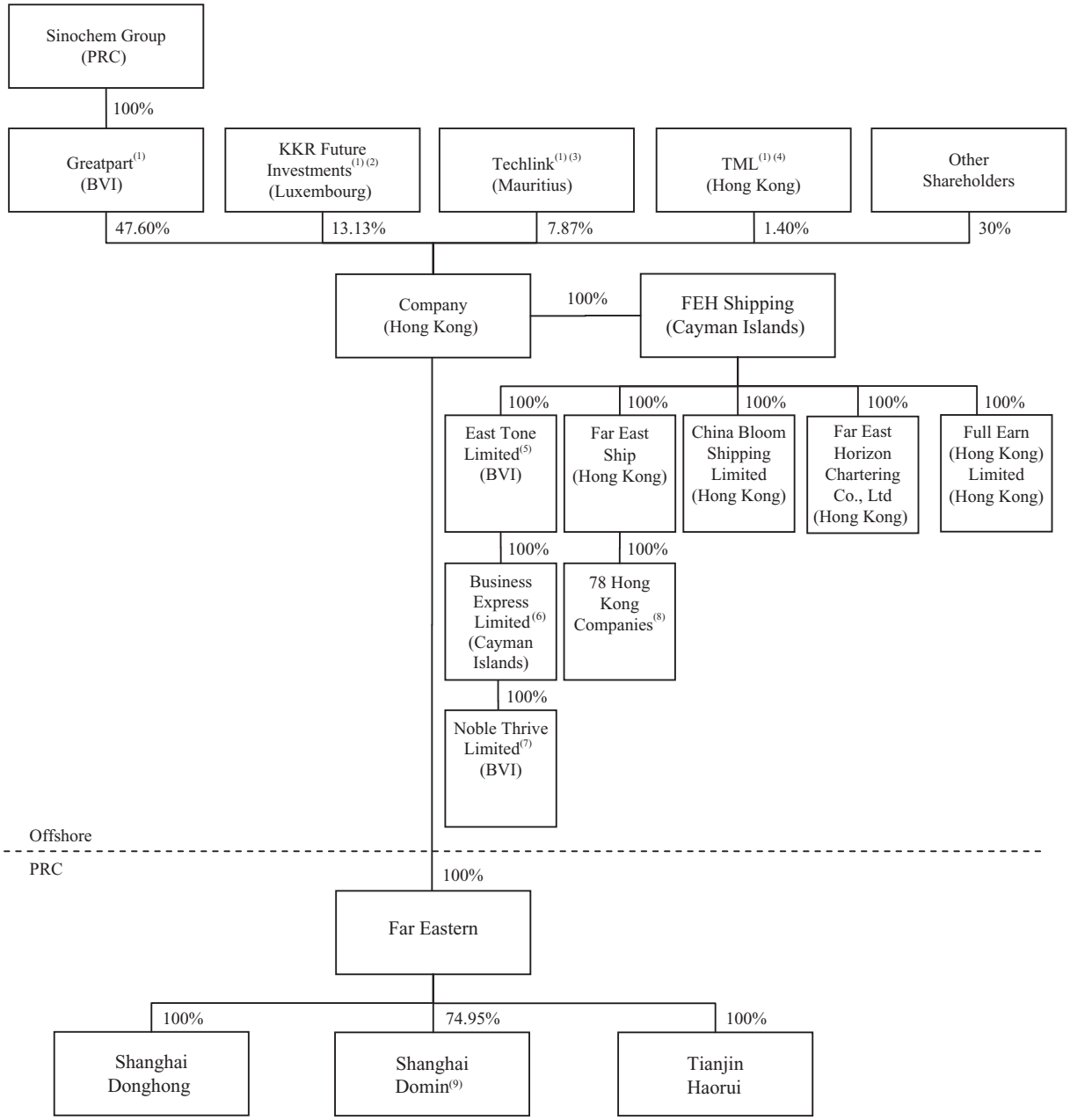
Techlink is wholly-owned by Tetrad Ventures Pte Ltd which, in turn, is wholly-owned by Government of Singapore Investment Corporation (Ventures) Pte. Ltd.. GIC Special Investments Private Limited manages the investments of Techlink, and is wholly-owned by Government of Singapore Investment Corporation Private Limited. GIC Special Investments Private Limited is the private equity and infrastructure investment arm of Government of Singapore Investment Corporation Private Limited, which is a global asset management company established in 1981 to manage Singapore's foreign reserves. Techlink is an independent third party to our Group (other than being our Shareholder).

Information regarding TML

TML is wholly-owned by Top Dream Limited which, in turn, is wholly-owned by CICC Fund. The general partner of CICC Fund is CICC Alternative Investment Management Ltd., which is wholly-owned by CICC Investment Group Company Limited, which in turn is wholly-owned by China International Capital Corporation (Hong Kong) Limited, which in turn is wholly-owned by China International Capital Corporation Limited. China International Capital Corporation Limited, China's first joint venture investment bank, was established in July 1995 as a strategic partnership among established Chinese and international financial institutions and corporations. It provides investment banking, capital markets, institutional and individual securities sales and trading, fixed income, asset management, private equity and research services that meet international standards to both institutional and individual clients. TML is an independent third party to our Group (other than being our Shareholder).

OUR STRUCTURE FOLLOWING THE COMPLETION OF THE GLOBAL OFFERING

The following chart shows our corporate and shareholding structure immediately following completion of the Capitalization Issue and the Global Offering assuming the Over-allotment Option is not exercised and the full conversion of all outstanding Series A Shares into Shares.



Notes:

(1) As of the Latest Practicable Date, each of Greatpart, KKR Future Investments, Techlink and TML held 68%, 18.75%, 11.25% and 2% of the shareholding interests of Fortune Ally, respectively.

(2) KKR Future Investments is a wholly-owned subsidiary of KKR Future Holdings Limited, which is in turn a subsidiary of KKR Asian Fund L.P. KKR Associates Asia L.P. is a general partner of KKR Asian Fund L.P.. As KKR Future Investments will hold more than 10% of the issued share capital of the Company upon completion of the Global Offering, in accordance with Rule 8.24 of the Listing Rules it will not be considered as part of the public float for the purposes of Rule 8.08 of the Listing Rules.

(3) Techlink is wholly-owned by Tetrad Ventures Pte Ltd which, in turn, is wholly-owned by Government of Singapore Investment Corporation (Ventures) Pte. Ltd.. GIC Special Investments Private Limited manages the investments of Techlink, and is wholly owned by Government of Singapore Investment Corporation Private Limited. As Techlink will hold less than 10% of the issued share capital of the Company upon completion of the Global Offering, in accordance with Rule 8.24 of the Listing Rules it will be considered as part of the public float for the purposes of Rule 8.08 of the Listing Rules.

(4) TML is wholly-owned by Top Dream Limited which, in turn, is wholly-owned by CICC Fund. As TML will hold less than 10% of the issued share capital of the Company upon completion of the Global Offering, in accordance with Rule 8.24 of the Listing Rules it will be considered as part of the public float for the purposes of Rule 8.08 of the Listing Rules.

(5) East Tone Limited was incorporated in BVI on November 8, 2010 and one subscriber share in East Tone Limited was allotted to FEH Shipping on November 26, 2010 at a consideration of US$1.00.

(6) On November 26, 2010, East Tone Limited acquired Business Express Limited from Offshore Incorporations (Cayman) Ltd. for a consideration of US$1.00.

(7) Noble Thrive Limited was incorporated in BVI on November 8, 2010 and one subscriber share in Noble Thrive Limited was allotted to Business Express Limited on November 26, 2010 at a consideration of US$1.00.

(8) See Note (8) on page 113 for the details of the 78 Hong Kong companies.

(9) The remaining shareholders of Shanghai Domin comprise Yijia Decorate Engineering Co., Ltd (上海藝佳裝飾工程有限公司) (as to 8.35%), Shanghai Xinglian Information Technology Co., Ltd (上海星聯信息技術有限公司) (as to 8.35%) and Shanghai Dechuang System Project Co., Ltd (上海德創系統工程有限公司) (as to 8.35%), which are all independent third parties.

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.

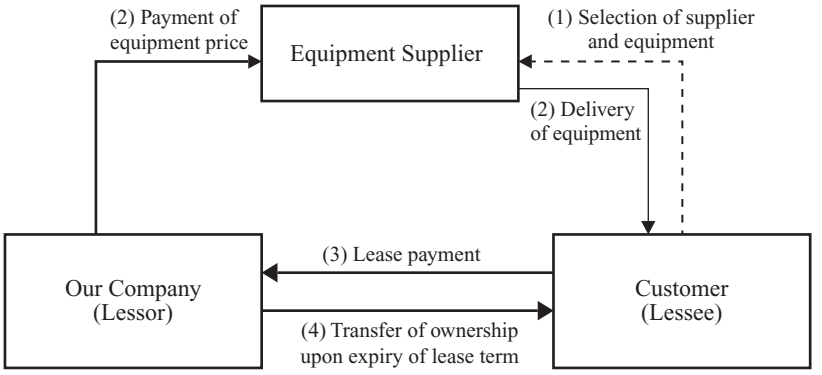
According to the report issued by our independent market research consultant, BHCC, we have established the following leading market positions:

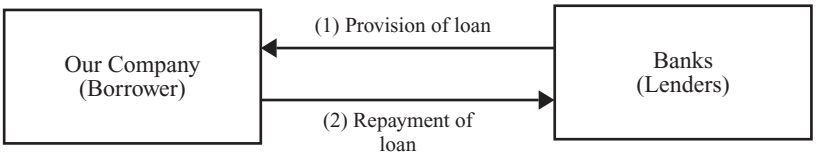
- For the year ended December 31, 2009, we were ranked first in terms of net profit and second in terms of revenue among the top 10 financial leasing companies in China by asset size.
- For the year ended December 31, 2009, we achieved a leading market share by aggregate value of new lease contracts 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.

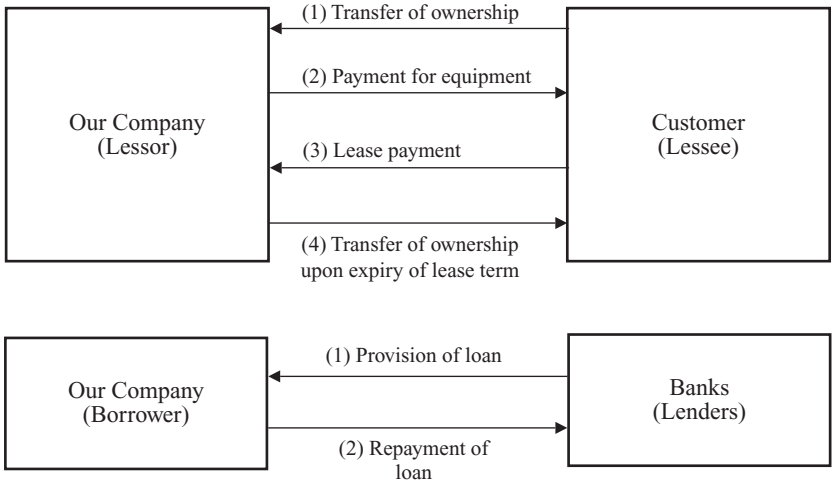
Financial leasing

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.

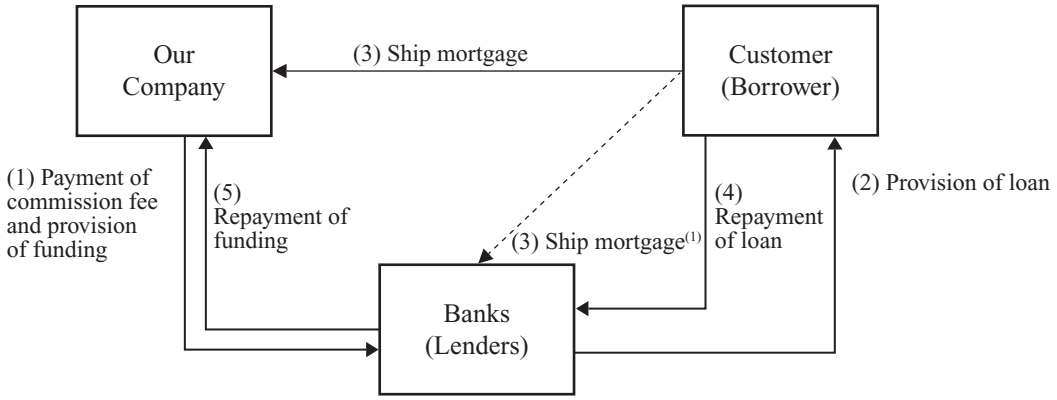




A typical sale-leaseback transaction usually involves two parties, namely lessor and lessee. The relationship between the two parties is illustrated in the following diagram.



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,
	2007	2008	2009	2010
			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,
	2007	2008	2009	2010
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.

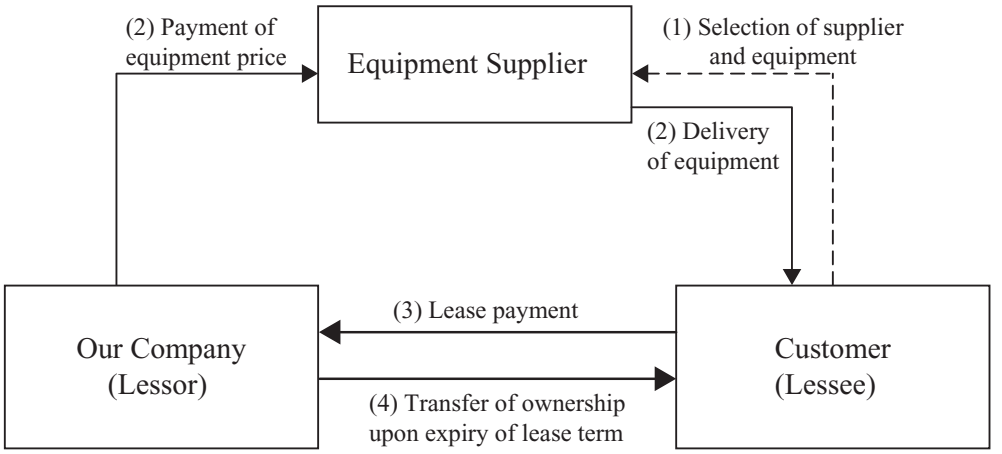
There are no regulatory restrictions relating to the maximum or minimum interest rates charged by us to our customers under the relevant PRC laws and regulations. As advised by our PRC legal advisor, our practice of adjusting the interest rates that we charge our customers with reference to PBOC benchmark 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.

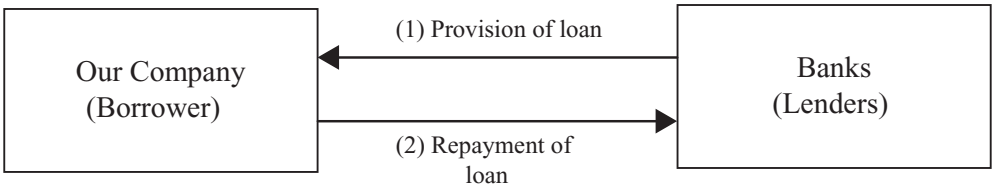
Direct Financial Leasing

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.





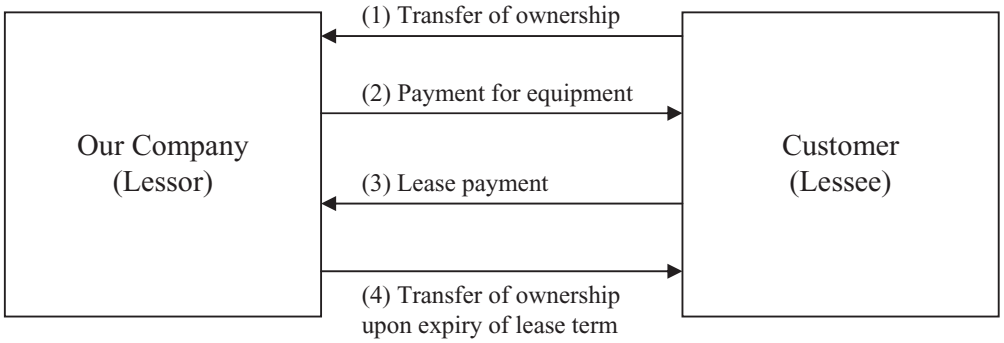
Sale-leaseback

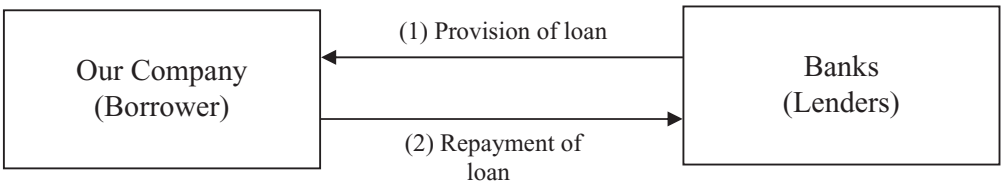
Sale-leaseback is a form of financial leasing where the lessor purchases the asset from the lessee who originally owned such asset but subsequently sells it to the lessor to satisfy its financing needs. The lessee then leases the asset back from the lessor for a relatively long term, such that the lessee 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

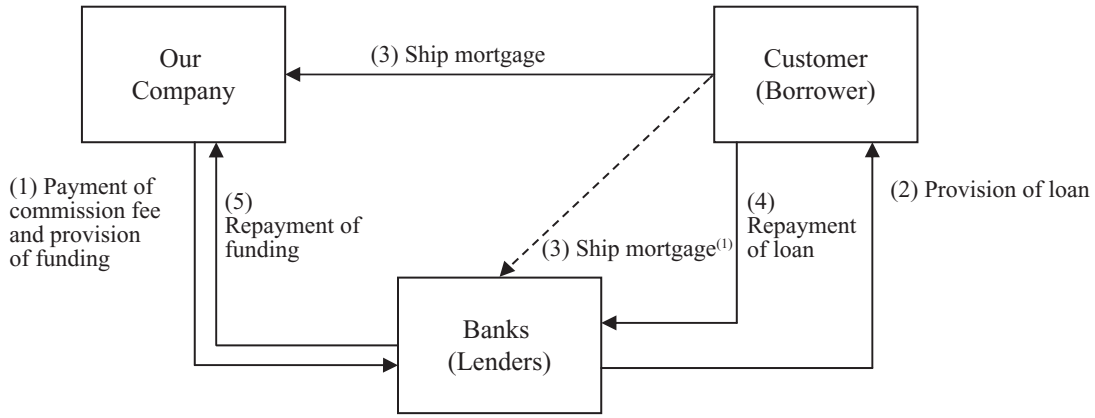
sometimes may not pay the full or part of the purchase price, which is agreed with our suppliers on a case-by-case basis. For more details, see the section headed "—Notes to Financial Information—Summary of Significant Accounting Policies—Leases—Finance Leases" in the Accountants' Report set out in Appendix 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:

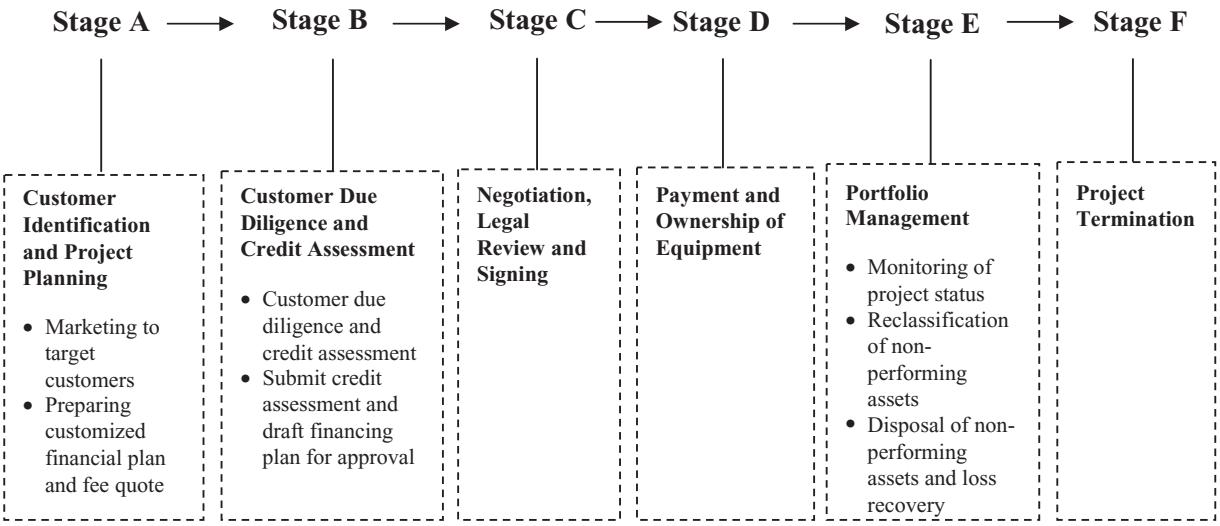
(1) Under PRC law, the mortgage of the ship is required to be registered in the name of the bank. In these transactions, we enter into supplementary agreements with the banks and the lessees under which the rights and obligations of the banks as the mortgagee are assigned to us.

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.

OVERVIEW

As a financial services provider, we are subject to substantial liquidity risk, credit risk, and interest rate risk in our business operations, whilst we are exposed to relatively limited operational risk and exchange rate risk. Our risk management principle is to implement an integrated and dynamic risk management system and continue to optimize our risk management system to protect the long-term interests of our shareholders, customers and employees.

We have established a prudent risk management system, as a result of which our non-performing asset ratio as of December 31, 2007, 2008 and 2009 and September 30, 2010 was 1.70%, 1.90%, 1.20% and 0.73%, respectively.

We have adopted the following strategies to achieve our risk management objectives:

- continue to optimize our business model, integrating it with our enhanced corporate governance structure to strategically reduce systematic risks, including strategic selection of industries and sub-sectors within each industry;
- continue to remain selective in the screening of customers, based on our thorough industry understanding;
- continue to strengthen our risk management capabilities by taking advantage of a two-layer risk management structure with company-level and industry business division level;
- continue to optimize our customer evaluation model based on our extensive customer base and our in depth understanding of our customers' common characteristics;
- continue to utilize our broad customer base and industry contacts to effectively dispose of repossessed assets in the event of default, thereby mitigating potential losses; and
- continue to cultivate a strong risk management culture through rigorous implementation of our risk management policies and measures, as well as company-wide advanced employee training.

We have implemented our prudent risk management system across three dimensions:

Business model dimension. Our business is organized and operated with an industry focus approach. Such a business model helps manage systematic risk through established procedures, primarily comprising (i) a stringent selection process of suitable fundamental and sustainable industries, (ii) segmentation of suitable targeted customers, (iii) customer credit assessment and approval procedures, and (iv) portfolio monitoring and management. We believe these established procedures enable us to maintain relatively low overall risk.

Strategic dimension. Our risk management initiatives at the strategic level are led by our CEO and senior management under the supervision of our Risk Management Committee, with the management focus on risks arising from our strategic planning, business operations, corporate credit environment, finance and accounting, and the financial markets. We have established a vertical reporting procedure involving relevant functional departments in our strategic risk management system, and a monthly risk reporting framework has been established to monitor the overall risk balance at the corporate level and to regularly oversee our risk management system at strategic level.

Operational dimension. Our risk management initiatives at the operational level primarily focus on the management of our credit risk (which includes risks arising from new industry selection, new customer selection, customer credit assessment and approval, as well as portfolio monitoring and management), operational risk, liquidity risk and interest rate risk. We have established "three lines of defense" at the operational level, including:

(i) in terms of credit risk and operational risk management, we have been (a) controlling project risks by ensuring strict adherence to internal credit facility standards and preliminary screening guidelines, (b) assessing credit risks of new customers and projects through standardized credit evaluation procedures before entering into any business contract, (c) strengthening our internal authorization and approval policies and procedures, and (d) instituting effective supervision and monitoring measures during post transaction portfolio management;

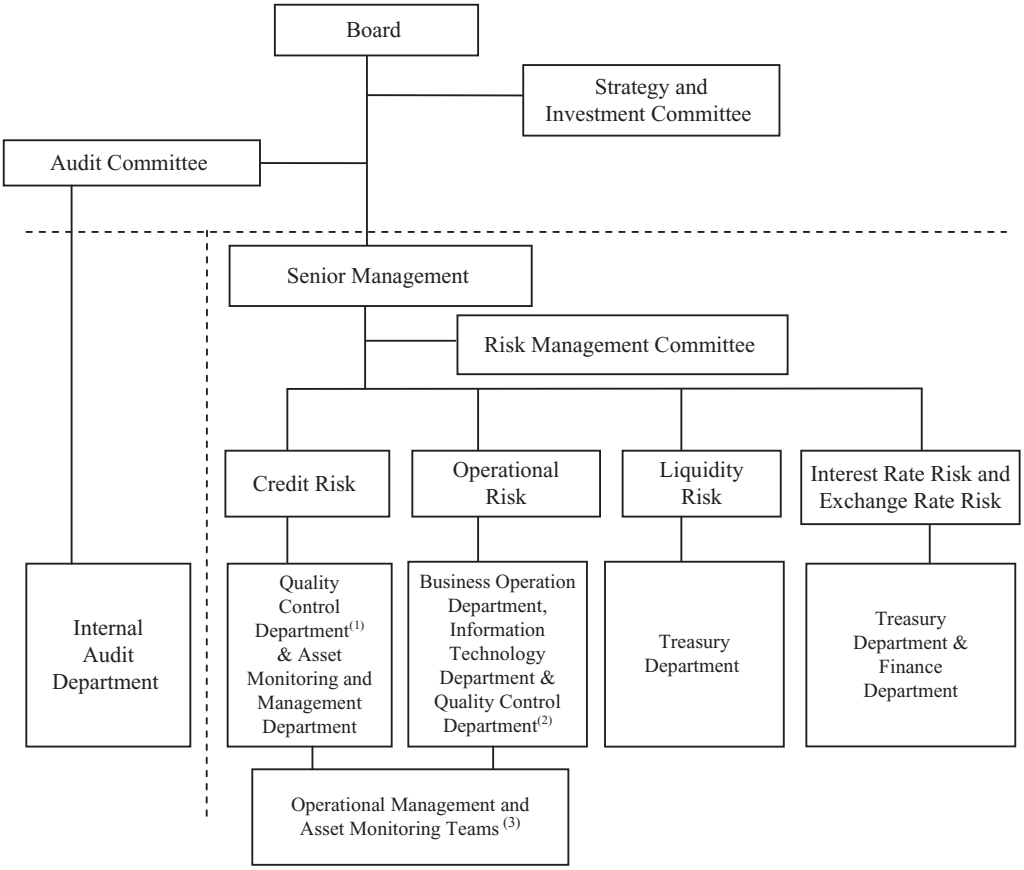
(ii) in terms of liquidity risk management, we have been prudently managing our balance sheet to match the durations of our assets and liabilities; and

(iii) in terms of interest rate risk management, we have been hedging our interest rate risk by matching our lease pricing mechanisms with interest on our borrowings.

In addition, we have established an independent Internal Audit Department which oversees our risk management system. It reports directly to the Audit Committee on a regular basis and performs independent audits of the reasonableness, completeness and effectiveness of our operational management and risk controls.

RISK MANAGEMENT STRUCTURE

We began to develop our risk management procedures when we started our financial leasing services. Our senior management and Quality Control Department are primarily responsible for managing the various risks to which we are exposed. With the expansion of our business and increased risk, we have established a comprehensive risk management system. The following chart sets forth our risk management structure:



Notes:

(1) The Operational Management Center of the Quality Control Department, together with the Asset Monitoring and Management Department, is responsible for credit risk management. In addition, there is another center under the Quality Control Department, namely the Legal Center.

(2) Together with the Business Operation Department, the Information Technology Department and Legal Center of the Quality Control Department are mainly responsible for operational risk management.

(3) Each of our six industry business divisions has its respective operational management team and asset monitoring and management team. Through a dual-reporting system, these teams are required to report to both their respective industry business divisions and functional departments such as the Quality Control Department.

Board

The Board of Directors takes the ultimate responsibility for our overall risk management. It oversees risk management functions through the Strategy and Investment Committee and the Audit Committee of the Board of Directors.

Strategy and Investment Committee

The Strategy and Investment Committee of the Board of Directors is primarily responsible for providing strategic guidance concerning our risk management generally, designing the overall

framework and providing structural advice regarding the development, implementation and optimization of our risk management system. The Chairman of this committee, Mr. Liu Haifeng David, has approximately 18 years' experience in the investment banking business. For details, see the section headed "Directors and Senior Management".

Audit Committee

The Audit Committee of the Board of Directors is primarily responsible for monitoring our internal controls and the independent Internal Audit function, reviewing and overseeing the implementation of our internal control rules and measures, evaluating our internal audit capabilities, mandating external auditors, as well as examining and verifying our financial information and related disclosure. The Audit Committee will also report to and make recommendations to the Board of Directors. The Chairman of this committee, Mr. Yip Wai Ming, has over 20 years of experience in accounting and finance. For details, see the section headed "Directors and Senior Management".

Senior Management

Our senior management, comprising our CEO (Mr. Kong Fanxing), CFO (Mr. Wang Mingzhe) and CCO (Mr. Liu Honglai), primarily manages risks associated with our business operations. Our CEO chairs our Risk Management Committee. Our CFO is in charge of liquidity risk and interest rate risk management, while our CCO is in charge of credit risk and operational risk management. Our CFO and CCO report to our CEO and our CEO makes recommendations and reports on our overall risk management operations to the Board of Directors. Our senior management is also responsible for the implementation of risk management strategies, plans, policies and systems as determined by our Board of Directors.

Risk Management Committee

We established a Risk Management Committee in May 2006 to oversee risk management processes within our Group. The main duties and responsibilities of the Risk Management Committee are to design risk management systems and policies, to review, approve and supervise overall risk management measures and procedures and their general implementation. The Chairman of this committee, Mr. Kong Fanxing, has significant experience in corporate management and risk management. For details, see the section headed "Directors and Senior Management".

Quality Control Department

Our Quality Control Department, along with the designated quality control team in each industry business division, is responsible for implementing and monitoring the risk management system of our Group. There are two centers under our Quality Control Department, namely the Operational Management Center and the Legal Center. The Operational Management Center is responsible for formulating and implementing risk management rules and guidelines and supervising compliance with these rules through active involvement throughout our business. The Legal Center is in charge of our overall legal risk management, in particular business contract review, negotiation and finalization. All major lease contracts are required to undergo credit assessment by our centralized credit assessment team (i.e. the Operational Management Centre of Quality Control Department), while the credit assessment for relatively small lease contracts in the healthcare and printing industries can be approved by the credit assessment team in the relevant industry business division. We have clear levels of approval authority for various levels of the organization. Quality control professionals

are the core members within the credit assessment team at company and divisional levels. The head of this department, Mr. Liu Honglai, has significant experience in risk management. For details, see the section headed "Directors and Senior Management".

Information Technology Department

Our Information Technology Department (formerly known as Information Technology Center under the Quality Control Department) is in charge of formulation, inspection and maintenance of our information technology system and provides technical support for our risk management. The head of this department, Mr. Liu Haolai, has significant experience in risk management. For details, see the section headed "Directors and Senior Management".

Strategic Management Department

The Strategic Management Department is responsible for conducting research regarding overall strategies, development plans and operational enhancement of our Company. The head of this department, Mr. Shang Bing, has significant experience in corporate management. For details, see the section headed "Directors and Senior Management".

Asset Monitoring and Management Department

Our Asset Monitoring and Management Department, along with the designated asset monitoring team in each industry business division, is mainly responsible for the continuous management of our asset portfolio and the assets underlying our leases during the lease term. Our Asset Monitoring and Management Department works closely with our industry business divisions to (i) regularly monitor the asset portfolios, by periodically reviewing the status of lease receivables, any possible default on lease payments by our customers, and regular investigations and on-site inspections of customers, (ii) make timely adjustments to asset quality categorization based on regular assessment of asset quality, and (iii) carry out material event reporting, collateral collection, loss recovery and foreclosed asset disposal activities to preserve the collateral value of the assets underlying our leases. In addition, an internal information technology system has been adopted to record the status of lease payments and lease receivables, as well as the likelihood and occurrence of any events of default or other material events. The head of this department, Mr. Liu Honglai, has extensive experience in risk management. For details, see the section headed "Directors and Senior Management".

Business Operation Department

Our Business Operation Department is responsible for designing logistics solutions, and post-signing execution of logistics procedures, which include arranging for delivery of goods, customs clearance, transmission of payments and collection of payments, insurance coverage and obtaining relevant approvals and licenses. The risk management function of our Business Operation Department helps our Group achieve (i) timely delivery of equipment and goods to our customers, (ii) payment security and cost efficiency, and (iii) sufficient insurance coverage for leased equipment. The head of this department, Mr. Liu Honglai, has extensive experience in risk management. For details, see the section headed "Directors and Senior Management".

Internal Audit Department

Our Internal Audit Department oversees our risk management system and operates independently from each of the Quality Control, Asset Monitoring and Management and Business

Operations departments. It reports directly to the Audit Committee on a regular basis and performs independent audits of the reasonableness, completeness and effectiveness of our operational management and risk controls. There are three teams in our Internal Audit Department, namely our operational audit team, management audit team, and IT audit team. During the course of its audits, the Internal Audit Department is authorized to comprehensively inspect, analyze, evaluate and audit all of our business and operational procedures to identify any material issues or risk matters, and to provide advice for improvement and rectification. The Internal Audit Department is also our main communication channel with relevant external regulatory entities, such as courts and public safety bureaus. Our Internal Audit Department conducts follow-up audits to monitor the updated status of previously identified issues to ensure corrective and remedial measures have been duly implemented and are enforced. It also evaluates the non-compliance of our risk management policies and procedures by key personnel in the operational process, and may make recommendations to our senior management and the Board of Directors to impose certain penalties. The head of this department, Mr. Kong Fanxing, has extensive experience in operations management. For details, see the section headed "Directors and Senior Management".

Treasury Department

Our Treasury Department is responsible for managing our external funding sources and internal fund transfers. The risk management function of our Treasury Department includes: 1) monitoring and maintaining our capital base and cash flow at an appropriate level; 2) closely monitoring and analyzing our asset liability structure, liquidity condition and changes in funding cost; and 3) formulating and implementing risk management policies and procedures in respect of interest rate risk and exchange rate risk arising from our daily operation. The head of this department, Mr. Wang Mingzhe, has extensive experience in risk management and financial management. For details, see the section headed "Directors and Senior Management".

Finance Department

Our Finance Department is responsible for budget management and formulating and implementing policies and procedures in respect of accounting. It supervises utilization of funds by each industry business division and provides financial training to our employees. The head of this department, Mr. Wang Mingzhe, has extensive experience in risk management and financial management. For details, see the section headed "Directors and Senior Management".

The table below sets out the composition, chairman and set-up date of each committee/ department as of the Latest Practicable Date.

	Composition/ Number of Staff	Chairman	Date of Establishment
Board	All Directors	Mr. Liu Deshu	May 2008
Strategy and Investment Committee	Mr. Liu Haifeng David (non-executive Director) Mr. Kong Fanxing (executive Director) Mr. Cai Cunqiang (independent non-executive Director)	Mr. Liu Haifeng David	December 8, 2010 with effect from the Listing Date
Audit Committee	Mr. Yip Wai Ming (independent non-executive Director) Mr. Han Xiaojing (independent non-executive Director) Ms. Sun Xiaoning (non-executive Director)	Mr. Yip Wai Ming	December 8, 2010 with effect from the Listing Date
Senior Management	CEO (Mr. Kong Fanxing) CFO (Mr. Wang Mingzhe) CCO (Mr. Liu Honglai)	Mr. Kong Fanxing	July 2001
Risk Management Committee	Senior management team Head of Finance Department Head of Treasury Department Head of Quality Control Department	Mr. Kong Fanxing	May 2006
Quality Control Department	35 employees	Mr. Liu Honglai	September 2001
Information Technology Department	19 employees	Mr. Liu Honglai	December 2010(1)
Strategic Management Department	11 employees	Mr. Shang Bing	December 2010(2)
Asset Monitoring and Management Department	16 employees	Mr. Liu Honglai	December 2009(3)
Business Operation Department	12 employees	Mr. Liu Honglai	July 2001
Internal Audit Department	16 employees	Mr. Kong Fanxing	July 2005
Treasury Department	20 employees	Mr. Wang Mingzhe	July 2001
Finance Department	52 employees	Mr. Wang Mingzhe	July 2001

Notes:

(1) The Information Technology Department was formerly known as the Information Technology Center under the Quality Control Department.

(2) The Strategic Management Department was formerly known as the Strategic Management Center under the Quality Control Department.

(3) The Asset Monitoring and Management Department was formerly known as the Asset Monitoring and Management Center under the Quality Control Department.

CREDIT RISK MANAGEMENT

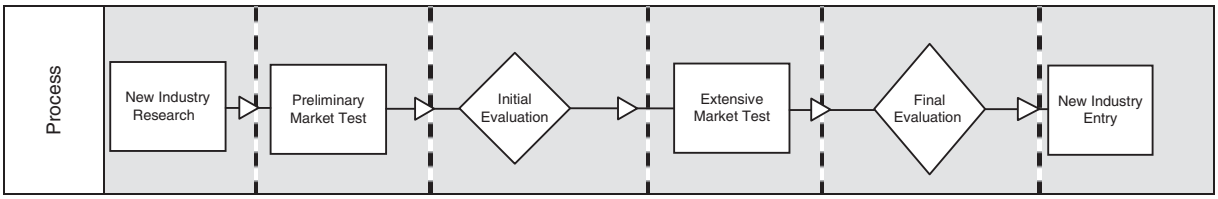
Credit risk is one of the major risks to which our Group is exposed. Credit risk arises from a customer's inability or unwillingness to meet its financial obligations to make timely payments to us. As our customers are spread across six key industries, we believe our overall credit risk exposure is well mitigated.

Our Quality Control Department and Asset Monitoring and Management Department, along with the operational management team and asset monitoring team within each of our industry business divisions, are mainly responsible for management of credit risk arising from our business, for which we have established a comprehensive risk management system.

Management of Risks Arising from New Industry Selection and Entry

The selection of and entry into new industries is a core part of our credit risk management process. Industry selection assists us in reducing overall risk exposure for the Company at the strategic level. Using this methodology, we have chosen six target industries on which to focus currently. At the same time, we have developed a six-step new industry selection procedure to conduct research, test the market, evaluate and make the decision whether to proceed with entering into a new industry. When targeting potential new industries to enter, we primarily take into account the following factors: (i) growth potential; (ii) extent of the customer base; (iii) presence of a large equipment vendor base and (iv) sustainability of the industry.

The following chart summarizes our new industry selection procedure:



The new industry selection process commences from new industry research based on domestic and overseas industry experience. Based on research results, we carry out a preliminary market test with a controlled volume and develop comprehensive business plans considering entry feasibility, growth potential, market capacity, capital needs, equipment, staff and other resources required for entry into the new industry. We normally conduct further market tests and more comprehensive evaluations if the initial results are positive, whereas we terminate any further market development immediately if the initial evaluation results in negative feedback. Once the entire new industry selection process is completed and all internal approvals are received, we will formally enter the new target industry and scale up our operations when and as appropriate. It normally takes 1.5 to two years from initial research to official establishment of a new industry business division.

Management of Risks Arising from the Customer Selection Process

With respect to each industry we serve, we have developed differentiated customer selection criteria based on the specific industry characteristics. These criteria normally include:

- total assets, revenues and stability of cash flows of target customers within the particular industry;

- competitive advantages, customer base, industry qualifications and ranking of target customers within the particular industry; and
- the operating and credit histories of target customers.

We make periodic adjustments to optimize our customer selection criteria, aiming to select top quality customers within each industry we serve.

Management of Risks Arising from Customer Credit Assessment and Approval

The following table sets forth our down payment and loan to value ratios as of the dates indicated:

	As of December 31,			As of September 30,
	2007	2008	2009	2010
Down payment ratio	10.42%	6.45%	8.02%	13.69%
Loan to value ratio	89.58%	93.55%	91.98%	86.31%

We have developed a set of systematic and comprehensive procedures to manage the credit risk of our leasing customers. All contracts above specified approval limits for each industry must be approved by our centralized credit underwriting team. All major lease contracts are required to undergo credit assessment by our centralized credit assessment team (i.e. the Operational Management Centre of Quality Control Department), while the credit assessment for relatively small lease contracts in the healthcare and printing industries can be approved by the credit assessment team in the respective industry business divisions. Credit control professionals are the core members of the credit assessment team at both company and divisional levels. For details of our leasing business project flow, see the section headed "Business—Our Business Operations—Leasing and Advisory Segment—Financial Leasing" in this prospectus. In recognition of our established risk management system, our domestic and international insurers have granted us insurance coverage of our lease receivables within the printing industry against any risk of lease default. We believe we are a pioneer in securing these insurance policies, and we are exploring opportunities to extend such insurance coverage to lease receivables within our other target industries.

Customer information diligence. We collect customer information through various channels as a basis for assessment of a customer's creditworthiness. Information collection mainly focuses on organizational documents, investment agreements, financial statements, documentary evidence of credit history and tax documents. Information is normally obtained directly from the leasing customer, from publicly available information or from third parties when necessary. The relevant industry business division also conducts on site checks at clients' premises to verify the accuracy of certain information. Independent reference checks are consistently conducted with industry associations, financial institutions, suppliers and other business partners to ensure information collected is duly verified. Collected customer information ranging from financial to operational information is recorded and regularly updated in our customer relationship management (CRM) system by the relevant industry business division. With the support of our IT system and leveraging on our expertise and knowledge of the industry, we are able to proactively monitor our customers' credit quality.

Credit assessment. Based on information collected during the customer information diligence stage, we conduct a credit assessment to determine the credit rating of the customer, perform a comprehensive evaluation of the project plan and review risks that may arise from the proposed

transaction. We assess the customer's credit based on factors such as the customer's financial condition, cash flow, liquidity position, market position, geographic coverage, credit history, collateral coverage and the strength of any guarantor supporting the lease agreement. In addition, we control the credit volume for both individual and group customers. Based on the credit assessment result, we formulate an overall project plan, in particular for customized financial solutions, and include the same in a written credit assessment report. This forms the basis of a comprehensive analysis of the proposed transaction.

Credit approval. All major lease contracts are required to undergo credit assessment by our centralized credit assessment team (i.e. the Operational Management Centre of Quality Control Department), while the credit assessment for relatively small lease contracts in the healthcare and printing industries can be approved by the credit assessment team in the respective industry business divisions. We believe that the delegation of approval power in the healthcare and printing industries will not affect our risk management in these two industry divisions because (i) the internal control and risk management systems in these two divisions are well established compared to our other industry business divisions and (ii) the credit assessment measures implemented by these two divisions were formulated by our centralized credit assessment team, which applies to all the industries. We control our risk in these two industries by implementing stringent internal standards, efficient process management in the healthcare industry and implementing rigorous customer selection rules and maintaining credit insurance in the printing industry. For additional details, see the section headed "Business" in this prospectus; and (iii) our central credit assessment team will supervise and appraise the implementation of the risk management performance by these two divisions and determine whether to withdraw the approval power delegated in certain cases. We have established independent credit assessment teams in these two divisions, comprising quality control managers who specialize in risk management in these two industries and work under the close supervision of the centralized credit assessment team. Our non-performing asset ratio for the healthcare industry has declined from 1.52% as of December 31, 2007 (being the year of the delegation of approval power) to 0.31% as of September 30, 2010. Our non-performing asset ratio for the printing industry has declined from 3.57% in 2008 (being the year preceding the delegation of approval power) to 2.25% as of September 30, 2010. However, in principal, all of the lease contracts must be approved by our senior management after the credit assessment. The table below sets forth a brief introduction to our contract approval hierarchy:

	Division level	Vice president	CCO	CFO	CEO
Financing value up to RMB10 million and term of contract up to 5 years[1]	√	√	√		
Financing value over RMB10 million and up to RMB20 million and term of contract is 5 years or less[1]	√	√	√	√	
Financing value greater than RMB20 million or term of contract greater than 5 years	√	√	√	√	√

Note:

(1) Currently, the credit assessment teams at the healthcare and printing industry division level are authorized to approve contracts with financing value lower than RMB15 million and RMB5 million, respectively, and no additional approval from the centralized credit assessment team and senior management is required. Contracts with a financing value exceeding RMB15 million and RMB5 million in the healthcare and printing industry divisions will be approved based on the principals set out in the table above.

Our sales and marketing function is segregated from the quality control and asset management functions at both the company level and the industry business divisional levels in order to minimize potential conflicts of interest.

Management of Asset Portfolio

We apply risk management measures to monitor the quality of our asset portfolio, the assets underlying our leases and the efficiency of our credit assessment workflow. These measures are integrated into our continuing asset management efforts with the following key features:

- *Regular monitoring of asset portfolio*. We regularly monitor the quality of our asset portfolio and the assets underlying our leases by conducting the following procedures:
  - (a) *Daily monitoring of overdue lease receivables*. We have established a comprehensive system to timely identify overdue lease receivables on a daily basis, and our Asset Monitoring and Management Department will develop action plans in the event of delinquencies with support from our IT systems.
  - (b) *On-site customer visits*. We regularly deploy our asset management personnel to conduct visits of each customer's premises to monitor the financial condition of the customer, condition of leased equipment and to otherwise observe the condition of the collateral provided by the customer. Customer visit plans are prepared and implemented based on the customer's previous performance record.
  - (c) *Material event reporting procedures*. We have established a material event reporting procedure to closely monitor the occurrence of material adverse events of our customers.
- *Regular assessment of asset quality and updating of ratings*. We periodically assess the quality of our assets and make timely adjustments to our asset categorization in the following manner:
  - (a) *Regular assessment of asset quality*. We maintain an asset categorization procedure operated through the use of an asset characterizing model integrated into the AME System (see the section headed "Business—Information Technology" in this prospectus for more details of the AME System). Under this categorization procedure, our assets are divided into five categories, namely "pass", "special mention", "substandard", "doubtful" and "loss". The first two categories (which include "pass" and "special mention" categories) of assets are considered low risk assets, and the remaining three categories (which include "substandard", "doubtful" and "loss" categories) of assets are considered high risk assets. We apply a series of criteria in determining the classification of each of our assets, which focus on a number of factors, including (i) the customer's ability and willingness to make lease payments, (ii) the customer's payment history, (iii) the profitability of the leasing project, (iv) the collateral provided for the lease and (v) the possibility of legal enforcement in the event of delinquent lease payments. These criteria are designed to assess the likelihood of repayment by the leasing customer and the collectability of lease payments and collateral recovery. We apply collective provisions to our low risk assets and individual provisions for our high risk assets. The amount of such provisions for impairment losses is determined on the basis of our internal provisioning procedures and guidelines, which we attempt to benchmark to market practice.
  - (b) *Updating of ratings*. We closely observe a number of factors to decide whether the relevant assets should be re-categorized. These include the nature and characteristics of our individual customers, credit records, history of write-offs, payment delinquencies and the value of collateral or guarantees.

- *Loss recovery*. To mitigate potential losses, our Asset Monitoring and Management Department will appoint a team to develop and implement a loss recovery plan.

  (a) *Offsetting of lease receivables*. In order to minimize the impact of any default in lease payments, we have established a controlled procedure to allow for offset lease receivables against our payables to a defaulting customer (such as refundable deposits).

  (b) *Disposal of assets underlying our leases*. If necessary, we may dispose of the leased equipment at an appropriate price. We are generally able to obtain the latest market demand information and efficiently process such foreclosure sales for used equipment through our extensive customer network. The following table sets forth (i) the total balances of outstanding lease receivables relating to lease contracts we have foreclosed on, (ii) the total amounts recovered from the sale and disposal of these assets and (iii) the total gain or loss from the sale and disposal of such repossessed equipment or assets during the year or period indicated. The losses we suffered from disposal of equipment as of December 31, 2009 were all in the printing industry. We were not able to recover the losses under credit insurance policies, because the relevant leasing contracts were entered into prior to 2009 and were not covered by the insurance policy we purchased in 2009.

Disposals of equipment and assets underlying our lease receivables over the Track Record Period

	For the year ended December 31,			For the nine months ended September 30,
	2007	2008	2009	2010
			RMB'000	
Total recovered from sales and disposals	—	—	5,630	5,540
Total balances of outstanding lease receivables relating to foreclosed customers	—	—	6,650	5,236
Total gain or (loss)	—	—	(1,020)	304

  (c) *Credit insurance*. With regard to lease receivables in the printing industry, we may also claim compensation from credit insurers, with whom we maintain policies against credit default.

Asset Quality Analysis

As evidence of our rigorous risk management, we believe we have been able to maintain strong and consistent asset quality during the Track Record Period. The key indicators we have adopted to monitor our asset quality are set out below:

Indicator	Calculation
Non-performing Asset Ratio (**不良資產佔比**)	Non-performing assets divided by net lease receivables (不良資產佔比=不良資產餘額/應收融資租賃款淨額)
Provision Coverage Ratio (**撥備覆蓋率**)	Asset impairment provisions divided by non-performing assets (撥備覆蓋率=減值準備金額/不良資產餘額)
30-day Lease Overdue Ratio (**30天逾期率**)	Overdue net lease receivables (over 30 days) divided by net lease receivables (逾期率=30天以上逾期融資租賃款淨額/應收融資租賃款淨額)
Write-off Ratio (**核銷率**)	Total write-offs divided by non-performing assets at the beginning of reporting period (核銷率=核銷金額/不良資產期初餘額)

The following table provides asset quality information of our Group for each of the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, respectively.

	At December 31,			Nine months ended September 30,
	2007	2008	2009	2010
	US$'000, except percentage			
Net lease receivables	878,216	1,350,541	1,971,192	2,985,821
Asset impairment provisions	11,362	17,013	25,801	34,732
Non-performing assets	14,889	25,624	23,589	21,844
Overdue net lease receivables	13,328	5,283	7,554	8,990
Write-off receivables	963	—	236	35
Non-performing asset ratio	1.70%	1.90%	1.20%	0.73%
Provision coverage ratio	76.31%	66.39%	109.38%	159.00%
30-day lease overdue ratio	1.52%	0.39%	0.38%	0.30%
Write-off ratio	12.11%	0.00%	0.92%	0.15%

Our non-performing asset ratio increased from 1.70% in 2007 to 1.90% in 2008 due to our estimate that the global financial crisis could possibly have an adverse impact on certain of our customers in the printing and shipping industries. The decline of this ratio to 1.20% in 2009 mainly resulted from the following factors: (i) in 2009, we decided to be more conservative in our management of non-performing assets and disposition of impaired leases, and as a result we terminated 12 risky projects classified as "doubtful" or "loss" in the printing, healthcare, and infrastructure industries amounting to approximately RMB38.5 million in total (including lease receivables and damages) and recovered approximately RMB37.7 million; (ii) through the global economic downturn we enhanced our 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) overall, our customers' businesses grew and their financial conditions generally improved in light of government policy incentives for healthcare, education and infrastructure construction and the favorable economic conditions in China in general.

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 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 lease overdue ratio (over 30 days) decreased from 1.52% in 2007 to 0.38% in 2009 due to our continuous focus on our risk management system and our attentive customer relationship management.

Our write-off ratios have decreased over the Track Record Period, from 12.11% as of December 31, 2007 to 0.15% as of September 30, 2010 as a result of our stringent risk management controls and our management of asset quality. The 2007 ratio was relatively high due to the fact that in 2007 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. This is in line with relevant government guidelines which set out the circumstances under which the non-performing assets must be written off. Such circumstances include, among other things, bankruptcy of the debtor and the court judgment in favor of the creditor being unenforceable.

LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due and may arise from balance or maturity mismatches of assets and liabilities. We have prudently managed our balance sheet and been able to generally maintain level of matching of our assets and liabilities that we believe to be appropriate. In addition, we have adopted effective strategies to manage our liquidity risk through ongoing capital budgeting, liquidity risk monitoring and timely refinancing. For details, see the section headed "Financial Information—Liquidity and Capital Resources" in this prospectus.

Our Treasury Department is mainly responsible for managing and controlling our liquidity risk and monitors the relative maturities between the Group's assets and liabilities. The Group uses a broad range of financing instruments such as bank borrowings from both domestic and foreign banks, corporate bonds and direct private financing facilities to maintain a diverse and cost effective funding base. For details of our funding capabilities, see the section headed "Business—Funding Capabilities" in this prospectus. We maintain acceptable matching of our assets and liabilities by the overall management of the size, term and pricing of our assets and liabilities. Firstly, we try to maintain the asset and liability ratio at a level of around 85% as a target of our risk management, thus the size of our assets and liabilities can be acceptably matched. Secondly, the terms of our lease contracts range from three to five years while the terms of our bank borrowings are three years in average. Although our short-term borrowings (representing loan agreements with terms of one year or less) are maintained at about 20% for the purpose of cost savings, the overall terms of our assets and liabilities are acceptably matched. Thirdly, most of our assets and liabilities are both priced based on floating interest rates so as to mitigate interest rate risk. We have promulgated Measures Governing Liquidity Management (《流動性管理辦法》) which sets out objectives, responsibilities and measures relating to liquidity risk management. For instance, the Treasury Department is responsible for determining an appropriate asset and liability ratio every year, according to the mechanism set out in the Measures Governing Liquidity Management, to be approved by our senior management, which ratio will serve as one of the targets for our liquidity management. The asset and liability ratio is determined by reference to (i) regulatory requirements; (ii) the common industry practice of top financial leasing companies in the PRC; and (iii) requirements by commercial banks providing us with loans. The Treasury Department will formulate emergency response plans if the actual asset and liability ratio is significantly higher or lower than this target. The Treasury Department will also regularly conduct stress tests on our cash flow and report material risks to our senior management where the results of the tests suggest that cash outflows may exceed inflows. We manage our liquidity risk by actively monitoring various liquidity indicators including liquidity ratios after adjustment, cash position balances, proportion of short-term interest-bearing bank and other borrowings over total interest-bearing bank and other borrowings and by optimizing the structure of our assets and liabilities, maintaining an efficient internal fund transfer mechanism, projecting cash flows and evaluating the level of our current assets.

OPERATIONAL RISK MANAGEMENT

Operational risk is the risk resulting from inadequate or failed internal controls and systems, human errors or external events. The Board of Directors and our senior management oversee the overall controls of our Company. Our Business Operation Department and the Quality Control Department are mainly responsible for managing and controlling our operational risk. In order to establish rules and procedures to identify, assess, monitor, control and mitigate operational risks, we have established operational risk management policies and procedures. These contain requirements designed to prevent losses from operational errors and maintain our reputation. The Legal Center of the Quality Control Department and the Business Operation Department are mainly responsible for formulating and coordinating the implementation of these measures and internal control policies. They also conduct regular inspections to review compliance with these measures. The industry business divisions are responsible for assessing their respective operational risks, implementing our operational risk management policies and procedures and reporting to the Operational Management Center of our Quality Control Department. Our Internal Audit Department performs periodic investigations into the quality of the internal controls systems and procedures within each industry business division and makes recommendations to the Audit Committee.

We have undertaken various measures to strengthen our operational risk management and adopted standardized operational procedures. For example, we formulated standardized leasing terms and conditions and also streamlined the leasing contract approval process. The standardized leasing terms and conditions are formulated and implemented by the Quality Control Department regularly, and any deviation from the standardized terms and conditions will need to be reviewed and approved by our Quality Control Department. Before a leasing contract becomes effective, it must be approved by multiple departments including our Quality Control, Asset Monitoring, Treasury, Finance and Business Operation Departments. In addition, we leverage our information technology systems through the consistent use of our leasing contract approval system to enhance operational efficiency. See the section headed "Business—Information Technology" in this prospectus for additional details of this system. Another example is the application of a series of efficient measures to monitor and control risks arising from the business operation stage of the leasing project process, including risks of logistical arrangements, insurance coverage, delivery of goods, equipment installation and inspection and payment procedures. Various measures are adopted in order to ensure proper management of these risks. For example, any payments shall be made strictly according to the relevant leasing contract and be subject to the prior review and a diligence check by our Business Operation Department, Treasury Department and Finance Department.

INTEREST RATE RISK MANAGEMENT

The interest rate risks that we face are relatively limited because both our assets and liabilities are based on floating interest rates. The limited interest rate risk we incur primarily arises from the difference in the duration of our assets and total of our liabilities. Our Treasury Department and Finance Department are mainly responsible for managing and controlling our interest rate risk. We manage our interest rate risk exposure by adjusting the structure of our assets and liabilities based on an assessment of potential changes in interest rates using gap analysis, which provides a measure of the repricing characteristics of the Company's assets and liabilities. We have adopted certain measures to deal with interest rate risk, including (i) further strengthening research capabilities to determine likely interest rate fluctuations and trends by formulating regular tracking and reporting systems and (ii) adjusting interest rate pricing policies for lease contracts to minimize interest rate gaps and

inconsistencies between assets and liabilities. We have also formulated and implemented Measures Governing Interest Rate Risk Management (《利率風險管理辦法》) to further regulate interest rate risk management based on our past experience. These measures introduced a mechanism to assess the impact of potential interest changes using gap analysis. The Treasury Department is responsible for formulating response plans and reporting material risks and response plans to our senior management for approval.

EXCHANGE RATE RISK MANAGEMENT

Our primary business operations are exposed to limited foreign exchange rate risk because (i) our domestic operations are primarily funded through domestic funding in local currency, and (ii) our international operations within our ship financial leasing business are conducted and funded in U.S. dollars. Our exposure to the risk of changes in foreign exchange is primarily due to (i) a relatively small portion of our debt obligations being in U.S. dollars and being utilized to fund our domestic operations, and (ii) conversion of the RMB from our PRC operations to our reporting currency in U.S. dollars. Our Treasury Department and Finance Department are responsible for managing and controlling our exchange rate risk. We have formulated and implemented a policy titled "Measures Governing Exchange Rate Risk Management" (《滙率風險管理辦法》) to manage our exchange rate risk. According to these measures, we manage our currency exposures primarily by establishing tracking and reporting systems which record the latest exchange rate fluctuation information to enable us to effectively manage exchange rate risk in the long run. Moreover, if foreign debt is going to be utilized for domestic operations, the Treasury Department shall formulate plans to mitigate the foreign exchange risk and report material risks and response plans to senior management for approval.

OVERVIEW

Immediately following the completion of the Capitalization Issue and the Global Offering, Greatpart will own approximately 47.60% of our issued share capital (assuming the Over-allotment Option is not exercised) and approximately 45.55% (assuming the Over-allotment Option is exercised in full). Greatpart is an investment holding company which is wholly-owned by Sinochem Group. Accordingly, Greatpart and Sinochem Group are our Controlling Shareholders.

Sinochem Group is a state-owned enterprise under the supervision of SASAC. Sinochem Group was founded in 1950 and is currently one of the largest state-owned conglomerates in China. Its business covers a range of sectors including energy, agriculture, chemical, real estate and financial service. Sinochem Group and its subsidiaries (excluding our Group) are collectively referred to as Sinochem Conglomerate in this prospectus.

Currently, Sinochem Group is the controlling shareholder of Franshion and Sinofert (each of whose shares are listed on the Stock Exchange) and Sinochem International Corporation (whose shares are listed on the Shanghai Stock Exchange).

Franshion is a developer of, and investor in, large-scale and quality commercial real estate projects in China and is the flagship real estate development company of Sinochem Conglomerate. As of the Latest Practicable Date, Sinochem Group had a shareholding interest of approximately 62.87% in Franshion.

Sinofert is a supplier of chemical fertilizer, distributor of imported chemical fertilizer and a producer of phosphatic compound fertilizer in China. As of the Latest Practicable Date, Sinochem Group had a shareholding interest of approximately 52.69% in Sinofert.

Sinochem International Corporation is involved in rubber, chemicals, metallurgy, chemical goods and products logistics. As of the Latest Practicable Date, Sinochem Group had a shareholding interest of approximately 55.17% in Sinochem International Corporation.

INDEPENDENCE FROM SINOCHEM CONGLOMERATE

Our Group is independent of, and does not place undue reliance on, Sinochem Conglomerate, for the following reasons:

Operational Independence

We are able to operate independently of Sinochem Conglomerate due to the following factors:

- *Clear delineation of business activities between Sinochem Conglomerate and our Group*. In comparison with the business activities of Sinochem Conglomerate (which covers a range of sectors including energy, agriculture, chemical, real estate, and financial service), we engage in separate business activities relating to the provision of equipment-based leasing services, advisory, trading and brokerage services to customers primarily operating within six target industries in China, namely the healthcare, education, infrastructure construction, shipping, printing and machinery industries. Our Group's Controlling Shareholder, Sinochem Group, has confirmed to us that we are designated as the uniform platform for financial leasing and financial leasing-related services within the Sinochem Conglomerate (including our Group) and the business activities of Sinochem

Conglomerate do not overlap with that of our Group. See the section headed "Non-competition Undertaking" below for further details of Sinochem Group's confirmation to us.

- *Location and lease of properties*. We occupy different office spaces from Sinochem Conglomerate. We rent a number of properties from certain of our connected persons, namely Chemsunny, Jin Mao and Sinochem HK (collectively the "**Lessors**"), as office premises, details of which are set out in the section headed "Connected Transactions—Continuing Connected Transactions—Non-Exempt Continuing Connected Transactions" in this prospectus. Each of our property leases was entered into on normal commercial terms after arm's length negotiations. We believe that in the event any of the Lessors ceases to lease any of the properties to us, we would be able to find suitable alternative premises from independent third parties in the same region without substantial undue delay or inconvenience.

  In addition, we have a right to terminate the lease of any premises leased from the Lessors prior to expiry of the lease term, and the lease agreements do not contain any provisions that would restrict our ability to lease similar properties from independent third parties. Furthermore, for the year ending December 31, 2011, our Directors expect that the maximum aggregate amounts (including rental, management fees and other fees) payable to the Lessors in respect of the leases will not exceed RMB36,104,091, which is approximately 2.5% of our revenue and approximately 7.1% of our total cost of sales for the year ended December 31, 2009. Therefore, our Directors are of the view that we do not in any way rely on the Lessors to secure our use of offices.

- *Staff*. Save as described in the section headed "—Management Independence" below, we employ our own staff (including the management).

- *Customer base*. Our sales and marketing functions are carried out independently from those of Sinochem Conglomerate. Our revenue is substantially derived from independent third party customers within the healthcare, education, infrastructure construction, shipping, printing and machinery industries. For the years ended December 31, 2007, 2008, 2009 and the nine months ended September 30, 2010, only approximately 0.2%, 0.5%, 0.2% and 0.2% respectively of our revenue were derived from certain saving deposit arrangements with members of Sinochem Conglomerate in the form of interest income, and these arrangements will be terminated on or before the Listing Date. See the section headed "— Financial Independence" below for further details of such saving deposit arrangements with Sinochem Conglomerate.

- *Operational functions*. Our operational functions, such as cash and accounting management, invoicing and billing, are run independently of Sinochem Conglomerate. Although Sinochem Conglomerate provides us with certain information technology services, grants a license to us to use certain trademarks and leases certain properties to us (see the section headed "Connected Transactions—Continuing Connected Transactions" in this prospectus), save for the trademarks licensed to us under the trademark license agreement, other services provided by Sinochem Conglomerate are readily available in the market and we may engage independent third party providers to provide us with such services.

As such, our business operations are clearly delineated and independent from the business operations of Sinochem Conglomerate.

Management Independence

We are able to carry on our business independently from Sinochem Conglomerate from a management perspective. Our Board comprises two executive Directors, five non-executive Directors and four independent non-executive Directors. As of the Latest Practicable Date, one of our executive Directors and three of our non-executive Directors held certain positions within Sinochem Conglomerate, details of which are set out below:

Name of Directors	Name of company	Relationship with Sinochem Group	Position
Mr. Liu Deshu (Non-executive Director)	Sinochem Group	—	President
	Sinochem Corporation	98% directly owned by Sinochem Group	Chairman
	Sinofert Holdings Limited	52.69% indirectly owned by Sinochem Group	Chairman
	Sinochem Quanzhou Petrochemical Co., Ltd. (中化泉州石化有限公司)	Wholly-owned by Sinochem Corporation	Chairman
Mr. Kong Fanxing (Executive Director)	Sinochem Group	—	Assistant President
Mr. Yang Lin (Non-executive Director)	Sinochem Group	—	Chief Financial Officer
	Sinochem Corporation	98% directly owned by Sinochem Group	Chief Financial Officer
			Chairman of Budget and Evaluation Committee
	Sinochem International Corporation (中化國際（控股）股份有限公司)	55.17% indirectly owned by Sinochem Group	Director
	Sinofert Holdings Limited	52.69% indirectly owned by Sinochem Group	Director
	Sinochem Finance Co., Ltd. (中化集團財務有限責任公司)	Wholly-owned by Sinochem Corporation	Chairman
Ms. Shi Dai (Non-executive Director)	Sinochem Group	—	Deputy General Manager of Human Resources Department
	Sinochem Corporation	98% directly owned by Sinochem Group	Deputy General Manager of Human Resources Department
	Sinochem Ningbo Ltd. (中化寧波（集團）有限公司)	51% directly owned by Sinochem Group	Director

Our Chairman, Mr. Liu Deshu, holds certain positions within Sinochem Conglomerate. As the President of Sinochem Group, Mr. Liu takes an executive role in Sinochem Group and spends majority of his time in the overall management of Sinochem Group. His duties and responsibilities as Chairman of Sinochem Corporation, Sinofert and Sinochem Quanzhou Petrochemical Co., Ltd. are primarily to preside over and participate in board meetings to make major business decisions, and he is not involved in the daily operation of these companies. Mr. Liu has a non-executive role on our Board and his role in our Company will be to preside over and participate in board meetings to make decisions on important matters of our Company. However, as the Chairman and a non-executive Director, he will not be involved in the day-to-day management of our Company.

Our Vice Chairman, executive Director and Chief Executive Officer, Mr. Kong Fanxing, as the Assistant President of Sinochem Group in charge of our Group, devotes substantially all of his time to the daily operations of our Group, and is not involved in the day-to-day management of Sinochem Group. It is intended that Mr. Kong will resign from the position of Assistant President of Sinochem Group within one month from the Listing Date.

Our non-executive Director, Mr. Yang Lin, as the Chief Financial Officer of Sinochem Group and Sinochem Corporation and the Chairman of the Budget and Evaluation Committee of Sinochem Corporation, is responsible for overseeing the financial, accounting and fund management affairs of Sinochem Group and Sinochem Corporation. Mr. Yang's role as director of Sinochem International Corporation Sinofert and as Chairman of Sinochem Finance Co., Ltd. is in the form of non-executive role, primarily to preside over (as to Sinochem Finance Co., Ltd.) and participate in board meetings to make major business decisions. As a non-executive Director of our Company, Mr. Yang's duties and responsibilities are primarily to attend meetings of our Board and to make decisions on important matters of our Company. Mr. Yang is not involved in the day-to-day management of our Company.

Our non-executive Director, Ms. Shi Dai, as the Deputy General Manager of the Human Resources Department of Sinochem Group and Sinochem Corporation, is responsible for overseeing the human resources management affairs of Sinochem Group and Sinochem Corporation. Ms. Shi's role as director of Sinochem Ningbo Ltd. is in the form of non-executive role, primarily to attend board meetings. As a non-executive Director of our Company, Ms. Shi's duties and responsibilities are primarily to attend meetings of our Board and meetings of the remuneration and nomination committee under our Board and to make decisions on important matters of our Company. Ms. Shi is not involved in the day-to-day management of our Company.

During the Track Record Period, except for Mr. Kong Fanxing, who derived all of his remuneration from our Company, Mr. Liu Deshu, Mr. Yang Lin and Ms. Shi Dai derived all of their remunerations from Sinochem Conglomerate.

Save as disclosed above, none of our Directors and senior management hold any position within Sinochem Conglomerate. Furthermore, as the business activities of Sinochem Conglomerate do not compete, or are not likely to compete, with our businesses, the overlapping roles assumed by Mr. Liu Deshu, Mr. Kong Fanxing, Mr. Yang Lin and Ms. Shi Dai in most cases will not affect the requisite degree of impartiality of these Directors in discharging their fiduciary duties owed to our Company. However, as the four Directors hold certain positions within Sinochem Conglomerate, they are considered conflicted Directors and shall be subject to the corporate governance measures set out under paragraphs (a) to (c) of the section headed "—Corporate Governance Measures".

Financial Independence

Certain members of our Group had obtained loans from or had been provided with guarantees by Sinochem Conglomerate during the Track Record Period. We had also entered into certain saving deposit arrangements with Sinochem Conglomerate during the Track Record Period. As at December 31, 2007, 2008 and 2009 and September 30, 2010, a total amount of US$4,401,000, US$13,738,000, US$17,957,000 and US$9,389,000 respectively in cash was deposited with Sinochem Conglomerate. Agreements for loans, guarantees and saving deposits were entered into on normal commercial terms after arm's length discussion between us and Sinochem Conglomerate. Interest rates under the agreements (if applicable) were determined according to the benchmark rates published by the PBOC. All these transactions between us and Sinochem Conglomerate will be terminated on or before the Listing Date in accordance with the terms and conditions of the relevant agreements. As such, our Directors believe that we are financially independent from Sinochem Conglomerate.

NON-COMPETITION UNDERTAKING

Sinochem Group, our ultimate Controlling Shareholder, has entered into a non-competition undertaking (the "**Non-competition Undertaking**") dated March 11, 2011 in favor of our Company. Pursuant to the Non-competition Undertaking, Sinochem Group has confirmed to our Company that as at the date of the Non-competition Undertaking, Sinochem Group and/or its subsidiaries (other than any members of our Group) do not have any business which, directly or indirectly, competes with the businesses of our Group, that is (i) financial leasing and financial leasing-related advisory services, (ii) trading services within the healthcare and printing industries which include medical equipment and parts, paper, ink, cardboard and paper goods, as well as trade agency services within the machinery industry, and (iii) ship brokerage services in the form of broker sales and purchases of new and used vessels within the shipping industry (the "**Restricted Business**").

Pursuant to the Non-competition Undertaking, Sinochem Group has undertaken to our Company that it will not, and will procure that none of its subsidiaries (other than any members of our Group) will, during the Restricted Period (as defined below), directly or indirectly, either on its own account or in conjunction with or on behalf of any person, firm or company, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise) any business in the PRC or elsewhere in the world which is or is likely to be in competition with the Restricted Business.

Such non-competition undertaking does not apply to interests in parties which:

(a) are engaged in the Restricted Business through having, directly or indirectly, any interests in the shares of any member of our Group; or

(b) are engaged in the Restricted Business through having interests directly or indirectly in the shares of a company other than our Group provided that:

  (i) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's consolidated sales or consolidated assets, as shown in that company's latest audited accounts; and

  (ii) the total number of the shares held by Sinochem Group and/or its subsidiaries (as defined in the Listing Rules and other than any members of our Group) in aggregate does not exceed 10% of the issued shares of that class of the company in question and

Sinochem Group and/or its subsidiaries (other than any members of our Group) are not entitled to appoint a majority of the directors of that company.

The "**Restricted Period**" is defined in the Non-competition Undertaking as the period commencing on the Listing Date and ending on the earlier of the date on which:

(a) our Shares cease to be listed on the Stock Exchange; and

(b) Sinochem Group and/or its subsidiaries (other than any members of our Group) cease to be the controlling shareholders of our Company.

Further Undertakings

Sinochem Group has further undertaken to procure that, during the Restricted Period, any business investment or other commercial opportunity relating to the Restricted Business (the "**New Opportunity**") identified by or offered to Sinochem Group and/or its subsidiaries (other than any members of our Group) (the "**Offeror**") is first referred to us in the following manner:

(a) Sinochem Group is required to, and shall procure its subsidiaries (other than any members of our Group) to, refer, or to procure the referral of, the New Opportunity to us, and shall as soon as possible give written notice to us of any New Opportunity containing all information reasonably necessary for us to consider whether (i) such New Opportunity would constitute competition with our business, and (ii) it is in the interest of our Group to pursue such New Opportunity (including, but not limited to, the nature of the New Opportunity and the details of the investment or acquisition costs) (the "**Offer Notice**").

(b) After receipt of the Offer Notice, an independent board committee comprising all of our independent non-executive Directors shall consider the New Opportunity. When considering whether or not to pursue a New Opportunity, our independent board committee will consider whether the relevant business opportunities are expected to present a sustainable level of profitability, accord with the then current development strategy of our Group, and in other respects would be in the best interests of our Shareholders as a whole. Our independent board committee may appoint an independent financial advisor or other professional advisors at our Company's cost to advise it in respect of the New Opportunity. The Offeror shall provide all information reasonably required by such independent board committee, independent financial advisor and/or other professional advisors to assist them in their assessment of the New Opportunity. Our independent board committee shall have 28 days (or if an independent financial advisor and/or other professional advisors are appointed, 42 days) (or in each case, such longer period of time as may be reasonably requested by the independent board committee) since the date of the Offer Notice to consider whether the New Opportunity should be pursued. The independent board committee shall notify the Offeror in writing of its decision to pursue or not to pursue the New Opportunity.

(c) The Offeror will be entitled to pursue the New Opportunity only if (i) the Offeror has received a notice from our independent board committee declining the New Opportunity and confirming that such New Opportunity would not constitute competition with our business, or (ii) the Offeror has not received such notice from our independent board committee within the period of time specified in (b) above from our receipt of the Offer Notice.

If there is a material change in the terms and conditions of the New Opportunity referred to or procured to be referred to by the Offeror, the Offeror will refer the New Opportunity as so revised to us in the manner as set out above.

Sinochem Group has further undertaken to, if we decide to pursue the New Opportunity, procure the New Opportunity to be first referred to us on fair and reasonable terms and conditions.

Option to Acquire New Business and Pre-emptive Rights

Sinochem Group has undertaken that, if we decide not to pursue the New Opportunity and Sinochem Group and/or its subsidiaries (other than any members of our Group) are entitled to pursue the New Opportunity, it will grant us or procure its subsidiaries (other than any members of our Group) to grant us an option to acquire any of new business pursuant to the New Opportunity during the Restricted Period. The exercise of such option is subject to our Company's corporate governance requirements. In the event that, during the Restricted Period, Sinochem Group or any of its subsidiaries (other than any members of our Group) intend to sell, assign or in any way dispose to a third party any new business pursuant to the New Opportunity, the seller shall first offer to our Company the right to acquire such new business. None of Sinochem Group or its subsidiaries (other than any members of our Group) may proceed with the sale, assignment or otherwise disposal of such new business pursuant to the New Opportunity to any third party, unless the terms of sale, assignment or disposal are no more favorable than those offered to our Company, following the rejection to acquire such new business by our Company.

Pursuant to the Non-competition Undertaking and in order to facilitate our enforcement of the Non-competition Undertaking, Sinochem Group has undertaken to provide us with all information necessary for us to determine whether Sinochem Group's obligations under the Non-competition Undertaking have been complied with, provided that we will be subject to any confidentiality obligations which may be reasonably imposed by Sinochem Group.

CORPORATE GOVERNANCE MEASURES

The following corporate governance measures will be adopted by our Company to protect the rights of our minority Shareholders:

(a) any conflicted Director, meaning any Director who is also a director or member of the senior management of our Controlling Shareholders or their respective subsidiaries (other than our Group), will abstain from participation and voting in any board meeting or part thereof when matters in which any conflicted Director or his or her associates have a material interest are discussed, unless his or her attendance is expressly requested by a majority of the independent non-executive Directors or except in certain prescribed circumstances where the conflicted Director's or his or her associates' interest in such matters discussed would not cause any conflict of interest between our Group and our Controlling Shareholders, such as provision of indemnity or security to the Director or his or her associates in respect of obligations undertaken by the Director or his or her associates at the request of our Company, or any arrangement in which the Director or his or her associates is interested in the same manner as other shareholders, bondholders or employees (as the case may be) of our Company. See the section headed "Summary of the Articles of Association" in Appendix VI to this prospectus for more details of the prescribed circumstances;

(b) our independent board committee, comprising all of our independent non-executive Directors, shall decide whether or not to exercise an option or to pursue a New Opportunity. Such independent board committee may appoint an independent financial advisor or other professional advisors at our Company's cost to advise it. Sinochem Group shall provide all information reasonably required by such independent board committee, independent financial advisor and/or other professional advisors to assist them in their assessment of the New Opportunity and/or option;

(c) any conflicted Director (as defined in (a) above) shall not hold any executive position in either: (i) our Company or our subsidiaries; or (ii) any Controlling Shareholders or their respective subsidiaries (other than our Group) which is engaged in the same or similar business as that of our Company, save that Mr. Kong Fanxing will continue to serve as the executive Director of our Company and the Assistant President of Sinochem Group until he resigns from his position as the Assistant President of Sinochem Group within one month from the Listing Date;

(d) the measures referred to in (a) to (c) above have been incorporated in our Articles of Association, which have been adopted by the Shareholders on March 14, 2011 prior to the Listing, or in the terms of reference of the independent board committee;

(e) our independent board committee will review, on an annual basis, all decisions made in the relevant twelve-month period in relation to whether to exercise an option or pursue a New Opportunity, and the compliance and enforcement of the Non-competition Undertaking by Sinochem Group. Our Company will disclose such decisions and basis for them in our annual reports or by way of public announcements; and

(f) our Company has appointed Guotai Junan Capital Limited as our compliance advisor who shall provide us with professional advice and guidance, in respect of compliance with the Listing Rules and applicable laws.

CONTINUING CONNECTED TRANSACTIONS

We have entered into a number of continuing agreements and arrangements with our connected persons in our ordinary and usual course of business. Upon the listing of the Shares on the Stock Exchange, the transactions disclosed in this section will constitute continuing connected transactions under the Listing Rules.

Connected Persons

Sinochem Group

Sinochem Group, as one of the Controlling Shareholders of our Company, is a connected person of our Company.

Sinochem Corporation

Sinochem Corporation is owned as to 98% by Sinochem Group, a connected person of our Company. Pursuant to the Listing Rules, Sinochem Corporation is an associate of Sinochem Group and hence a connected person of our Company.

Sinochem HK

Sinochem HK is a wholly-owned subsidiary of Sinochem Corporation. Pursuant to the Listing Rules, Sinochem HK is an associate of Sinochem Group and hence a connected person of our Company.

Franshion

Franshion is owned as to approximately 62.87% as of the Latest Practicable Date by Sinochem Group, a connected person of our Company. Pursuant to the Listing Rules, Franshion is an associate of Sinochem Group and hence a connected person of our Company.

Chemsunny

Chemsunny is a wholly-owned subsidiary of Franshion. Sinochem HK is the controlling shareholder of Franshion and is a wholly-owned subsidiary of Sinochem Corporation. Pursuant to the Listing Rules, Chemsunny is an associate of Sinochem Group and hence a connected person of our Company.

Jin Mao

Jin Mao is a wholly-owned subsidiary of Franshion. Pursuant to the Listing Rules, Jin Mao is an associate of Sinochem Group and hence a connected person of our Company.

Exempt Continuing Connected Transactions

We set out below a summary of the continuing connected transactions between our Company and Sinochem Corporation which are all exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Information Technology Service Agreement

On March 11, 2011, our Company and Sinochem Corporation entered into an information technology service agreement (the "**IT Service Agreement**") whereby Sinochem Corporation agreed to provide and to procure the relevant service providers (which are all branches, subsidiaries or other entities controlled by Sinochem Corporation) to provide equipments of servers including ERP server and mail server and provide system management and operation and maintenance service, back-end support service and other information technology services to our Group.

Prior to the signing of the IT Service Agreement, Sinochem Corporation has been providing information technology services to our Group. Sinochem Corporation provides a standardized ERP system and related services to Sinochem Group and our Group. In view of the economies of scale achieved by Sinochem Corporation in providing such services, our Company considers that it may not be in the best interests of our Company to establish and operate our own ERP system. Nevertheless, our Directors will review the need for an independent ERP system if and when it considers appropriate.

The IT Service Agreement is terminable by either party by giving written notice at least six months in advance to the other side, or if either party has committed a breach of any terms of the agreement and such breach is not remedied within a reasonable period of time, the non-defaulting party is entitled to terminate the IT Service Agreement.

The IT Service Agreement has a term of three years. Our Company may request for a renewal of the agreement on the same terms for a term of three years before the expiry of the agreement, subject to compliance with the Listing Rules. The annual service fee payable under the IT Service Agreement from us to Sinochem Corporation is RMB850,000, which we believe reflects the fair market value of services provided by Sinochem Corporation under the IT Service Agreement.

The IT Service Agreement is entered into on normal commercial terms and each applicable percentage ratio calculated by reference to Rule 14.07 of the Listing Rules is, on an annual basis, less than 0.1% and accordingly will qualify as continuing connected transactions under Rule 14A.33(3) of the Listing Rules which will be exempt from reporting, announcement and independent shareholders' approval requirements.

Trademark License Agreement

On March 11, 2011, our Company and Sinochem Corporation entered in to a trademark license agreement (the "**Trademark License Agreement**") whereby Sinochem Corporation agreed to grant a license, on a non-exclusive and non-transferable basis, to our Company for a consideration of RMB 1 to use certain trademarks registered in the name of Sinochem Corporation. During the term of the Trademark License Agreement, our Company, Far Eastern, Shanghai Donghong and Shanghai Domin are entitled to use the trademarks listed therein as part of each of their corporate logos, in their official documentation and records, and in conducting any publicity-related activities, in accordance with the terms and conditions of the Trademark License Agreement. Where Sinochem Corporation obtains registration of any other trademark under its name and such trademark is required by our Company for its business use, then upon the application by our Company, Sinochem Corporation may license the use of such other trademark to our Company by entering into a separate agreement with our Company.

The Trademark License Agreement is terminable if our Company commits a breach of the agreement which is not rectified within 10 days of Sinochem Corporation giving written notice to us, or if and when Sinochem Group ceases to be the ultimate controlling shareholder of our Company.

The Trademark License Agreement has a term of three years. The term of the Trademark License Agreement can be extended by entering into a written agreement by our Company and Sinochem Corporation, and the period of each extension will be three years.

Full particulars of the trademarks licensed to our Company by Sinochem Corporation under the Trademark License Agreement are set out in Appendix VII to this prospectus.

The Trademark License Agreement is entered into on normal commercial terms and each applicable percentage ratio calculated by reference to Rule 14.07 of the Listing Rules is, on an annual basis, less than 0.1% and accordingly will qualify as continuing connected transactions under Rule 14A.33(3) of the Listing Rules which will be exempt from reporting, announcement and independent shareholders' approval requirements.

Non-Exempt Continuing Connected Transactions

We set out below a summary of the continuing connected transactions between our Group and Chemsunny, Jin Mao and Sinochem HK which are exempt from independent Shareholders' approval requirement but are subject to the reporting and announcement requirements under the Listing Rules (the "**Non-Exempt Continuing Connected Transactions**"), including the background, the reasons and the consideration of the Non-Exempt Continuing Connected Transactions.

Lease Agreements with Chemsunny

(1) Chemsunny Plaza Lease Agreement and Supplementary Chemsunny Plaza Lease Agreement

On May 25, 2007, Far Eastern entered into a lease agreement (the "**Chemsunny Plaza Lease Agreement**") with Chemsunny whereby Far Eastern leased from Chemsunny Room C608 on Floor 6 of Beijing Chemsunny World Trade Centre ("**Chemsunny Plaza**") with a gross floor area of 297.62 square meters to be used as office space. The initial term of the Chemsunny Plaza Lease Agreement was from June 1, 2007 to December 31, 2009. Pursuant to the Chemsunny Plaza Lease Agreement, Far Eastern agreed to pay a monthly rental of RMB68,452.60 (calculated based on RMB230 per square meter per month) to Chemsunny on a quarterly basis with a three-month rent free period. Far Eastern also agreed to pay car parking fees and water, electricity, gas, telephone, overtime air conditioning and other miscellaneous fees and to pay a monthly management fee of RMB8,928.60 (calculated based on RMB30 per month per square meter) to Beijing Chemsunny Property Management Company Limited (北京世紀凱晨物業管理有限公司), a subsidiary of Franshion. After the Chemsunny Plaza Lease Agreement expired, Far Eastern and Chemsunny entered into a supplementary agreement (the "**Supplementary Chemsunny Plaza Lease Agreement**") to extend the term of the Chemsunny Plaza Lease Agreement to a new period from January 1, 2010 to December 31, 2011. Other provisions of the Chemsunny Plaza Lease Agreement remain unchanged for the extended term. The Chemsunny Plaza Lease Agreement and the Supplementary Chemsunny Plaza Lease Agreement were agreed upon following arm's length negotiations and were based on normal commercial terms.

(2) Supplementary Chemsunny Plaza Lease Agreement II

According to a confirmation letter entered into between Sinochem Group, Sinochem Corporation, Chemsunny and Far Eastern on August 26, 2010, the parties confirmed as follows:

- On May 25, 2007, Sinochem Group entered into a lease agreement (the "**Original Lease Agreement**") with Chemsunny pursuant to which Sinochem Group leased a total gross floor area of 538.19 square meters on Floor 6 of Chemsunny Plaza from Chemsunny ("**Floor 6 Leased Property**"). The monthly rental under the Original Lease Agreement was approximately RMB123,783.7 (calculated on RMB230 per square meter per month). The initial term of the Original Lease Agreement was from June 1, 2007 to December 31, 2009.

- From June 1, 2008 to June 30, 2009, Sinochem Group sub-leased to Far Eastern an office space with respect to 143 square meters on Floor 6 of Chemsunny Plaza (the "**Additional Area on Floor 6**"). Far Eastern paid a monthly rental of approximately RMB32,890 (calculated on RMB230 per square meter per month) to Sinochem Group according to the terms stipulated in the Original Lease Agreement. The initial term of the sub-lease with respect to the Additional Area on Floor 6 was from June 1, 2008 to December 31, 2009. After the reorganization of Sinochem Group and the incorporation of Sinochem Corporation, Sinochem Corporation took over the Original Lease Agreement as the lessee from July 1, 2009 and continued to sub-lease the Additional Area on Floor 6 to Far Eastern until June 30, 2010, during which Far Eastern paid a rental of approximately RMB394,680 (calculated on RMB230 per square meter per month) to Sinochem Corporation.

On May 26, 2010, Far Eastern entered into a lease agreement (the "**Supplementary Chemsunny Plaza Lease Agreement II**") with Chemsunny (together with Chemsunny Plaza Lease Agreement and Supplementary Chemsunny Plaza Lease Agreement, the "**Lease Agreements with Chemsunny**") whereby Far Eastern leased the Additional Area on Floor 6 from Chemsunny. The term of the Supplementary Chemsunny Plaza Lease Agreement II is from July 1, 2010 to December 31, 2011, and the monthly rental and management fee are calculated on the same basis as that under the Chemsunny Plaza Lease Agreement, i.e. RMB32,890 per month for the rental (calculated based on RMB230 per square meter per month) and RMB4,290 per month for the management fee (calculated based on RMB30 per square meter per month). Far Eastern also needs to pay a deposit of RMB98,670.00 to Chemsunny for the lease of the Additional Area on Floor 6. The Supplementary Chemsunny Plaza Lease Agreement II was agreed upon following arm's length negotiations and was based on normal commercial terms.

Jin Mao Tower Lease Agreements

Far Eastern and Shanghai Donghong have entered into a number of lease agreements (collectively the "**Jin Mao Tower Lease Agreements**", and each a "**Jin Mao Tower Lease Agreement**") with Jin Mao for office space and other ancillary facilities located at Jin Mao Tower, Pudong New Area, Shanghai. Each of the Jin Mao Tower Lease Agreements was entered into following arm's length negotiations and on normal commercial terms. In addition to the rental amounts set out below, Far Eastern and Shanghai Donghong are also required to pay applicable car parking fees, electricity, telephone, overtime air conditioning and other miscellaneous fees to Jin Mao (or Shanghai Jin Mao Imtech Facility Services Co., Ltd. (上海金茂英泰設施管理有限公司), a subsidiary of Franshion).

The principal details of the Jin Mao Tower Lease Agreements are as follows:

(a) Lease agreement with respect to Units 01, 02, 04, 08, 09 on 33/F, Units 01, 02, 03, 04, 07, 08, 09, 10 on 35/F and Units 04, 05, 06, 09, 10 on 36/F of Jin Mao Tower (Block 4)

Lessee:	Far Eastern
Date of lease:	June 16, 2009
Term:	August 1, 2009 to July 31, 2011
Property:	Units 01, 02, 04, 08, 09 on 33/F, Units 01, 02, 03, 04, 07, 08, 09, 10 on 35/F and Units 04, 05, 06, 09, 10 on 36/F of Jin Mao Tower (Block 4)
Gross floor area:	4,209.80 square meters
Use:	Office space
Rent/fees:	For the period from August 1, 2009 to June 30, 2011: ● Monthly rental: RMB1,084,375.09 (Unit 09 on 33/F, Units 09 and 10 on 35/F and Units 09 and 10 on 36/F for RMB129.42 per square meter per month; all other units for RMB275.00 per square meter per month) For the period from July 1, 2011 to July 31, 2011: ● Monthly rental: RMB156,815.05 (based on RMB37.25 per square meter per month) Far Eastern is also required to pay RMB3,253,125.27 (three months' rental) to Jin Mao as deposit.

(b) Lease agreement with respect to Units 06 and 07 on 33/F of Jin Mao Tower (Block 4)

Lessee:	Far Eastern
Date of lease:	June 16, 2009
Term:	August 1, 2009 to July 31, 2011
Property:	Units 06 and 07 on 33/F of Jin Mao Tower (Block 4)
Gross floor area:	560.96 square meters
Use:	Office space
Rent/fees:	For the period from August 1, 2009 to June 30, 2011: ● Monthly rental: RMB154,264.00 (based on RMB275.00 per square meter per month) For the period from July 1, 2011 to July 31, 2011: ● Monthly rental: RMB20,895.76 (based on RMB37.25 per square meter per month) Far Eastern is also required to pay RMB462,792.00 (three months' rental) to Jin Mao as deposit.

(c) Lease agreement with respect to Unit 10 on 37/F of Jin Mao Tower (Block 4)

Lessee:	Far Eastern
Date of lease:	September 28, 2010
Term:	October 1, 2010 to July 31, 2011
Property:	Unit 10 on 37/F of Jin Mao Tower (Block 4)
Gross floor area:	178.21 square meters
Use:	Office space
Rent/fees:	Monthly rental: RMB 24,058.35 (based on RMB135.00 per square meter per month) Far Eastern is also required to pay RMB72,175.05 (three months' rental) to Jin Mao as deposit.

(d) Lease agreement with respect to Unit 05 on 33/F of Jin Mao Tower (Block 4)

Lessee:	Far Eastern
Date of lease:	November 16, 2009
Term:	January 1, 2010 to July 31, 2011
Property:	Unit 05 on 33/F of Jin Mao Tower (Block 4)
Gross floor area:	189.50 square meters
Use:	Office space
Rent/fees:	For the period from January 1, 2010 to June 30, 2011: ● Monthly rental: RMB52,112.50 (based on RMB275.00 per square meter per month) For the period from July 1, 2011 to July 31, 2011: ● Monthly rental: RMB7,058.88 (based on RMB37.25 per square meter per month) Far Eastern is also required to pay RMB156,337.50 (three months' rental) to Jin Mao as deposit.

(e) Lease agreement with respect to Unit 03 on 33/F of Jin Mao Tower (Block 4)

Lessee:	Far Eastern
Date of lease:	April 9, 2010
Term:	June 1, 2010 to July 31, 2011
Property:	Unit 03 on 33/F of Jin Mao Tower (Block 4)
Gross floor area:	136.11 square meters
Use:	Office space
Rent/fees:	For the period from June 1, 2010 to June 30, 2011: ● Monthly rental: RMB37,430.25 (based on RMB275.00 per square meter per month) For the period from July 1, 2011 to July 31, 2011: ● Monthly rental: RMB5,070.10 (based on RMB37.25 per square meter per month) Far Eastern is also required to pay RMB112,290.75 (three months' rental) to Jin Mao as deposit.

(f) Lease agreement with respect to Unit 04 on 32/F of Jin Mao Tower (Block 4)

Lessee:	Far Eastern
Date of lease:	September 28, 2010
Term:	November 15, 2010 to July 31, 2011
Property:	Units 04 on 32/F of Jin Mao Tower (Block 4)
Gross floor area:	292.73 square meters
Use:	Office space
Rent/fees:	Monthly rental: RMB79,037.10 (based on RMB270.00 per square meter per month) Far Eastern is also required to pay RMB237,111.30 (three months' rental) to Jin Mao as deposit.

(g) Lease agreement with respect to Unit 04A on 35/F of Jin Mao Tower (Block 4)

Lessee:	Far Eastern
Date of lease:	September 28, 2010
Term:	November 15, 2010 to July 31, 2011
Property:	Units 04A on 35/F of Jin Mao Tower (Block 4)
Gross floor area:	257.57 square meters.
Use:	Office space
Rent/fees:	Monthly rental: RMB69,543.90 (based on RMB270.00 per square meter per month) Far Eastern is also required to pay RMB208,631.70 (three months' rental) to Jin Mao as deposit.

(h) Lease agreement with respect to Unit 03 on 36/F of Jin Mao Tower (Block 4)

Lessee:	Far Eastern
Date of lease:	September 28, 2010
Term:	November 15, 2010 to July 31, 2011
Property:	Units 03 on 36/F of Jin Mao Tower (Block 4)
Gross floor area:	269.23 square meters
Use:	Office space
Rent/fees:	Monthly rental: RMB72,692.10 (based on RMB270.00 per square meter per month) Far Eastern is also required to pay RMB218,076.30 (three months' rental) to Jin Mao as deposit.

(i) Lease agreement with respect to Unit 03 on 32/F, Unit 05 on 35/F and Units 01 and 02 on 36/F of Jin Mao Tower (Block 4)

Lessee:	Far Eastern
Date of lease:	September 28, 2010
Term:	November 15, 2010 to July 31, 2011
Property:	Unit 03 on 32/F, Unit 05 on 35/F and Units 01 and 02 on 36/F of Jin Mao Tower (Block 4)
Gross floor area:	1,384.8 square meters
Use:	Office space
Rent/fees:	Monthly rental: RMB373,896.00 (based on RMB270.00 per square meter per month) Far Eastern is also required to pay RMB1,121,688.00 (three months' rental) to Jin Mao as deposit.

(j) Lease agreement with respect to Units 07 and 08 on 36/F of Jin Mao Tower (Block 4)

Lessee:	Shanghai Donghong
Date of lease:	June 16, 2009
Term:	August 1, 2009 to July 31, 2011
Property:	Units 07 and 08 on 36/F of Jin Mao Tower (Block 4)
Gross floor area:	510.02 square meters
Use:	Office space
Rent/fees:	Monthly rental: RMB140,255.50 (based on RMB275.00 per square meter per month) Shanghai Donghong is also required to pay RMB420,766.50 (three months' rental) to Jin Mao as deposit.

On November 29, 2010, each of Far Eastern and Shanghai Donghong entered into an agreement (collectively the "**Renewal Agreements**") with Jin Mao to extend the term of each of the Jin Mao Tower Lease Agreements to December 31, 2011 based on substantially the same monthly rental payment. All other major terms of these agreements remain unchanged.

Convention Plaza Lease Agreement

On March 1, 2011, our Company entered into a lease agreement (the "**Convention Plaza Lease Agreement**") with Sinochem HK whereby our Company leases from Sinochem HK Unit 4706, 47th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong with a gross floor area of 1,378 square feet (approximately 128 square meters) for commercial use. The term of the Convention Plaza Lease Agreement is from March 1, 2011 to February 28, 2013. Pursuant to the Convention Plaza Lease Agreement, our Company agrees to pay a monthly rental of HK$92,326 (based on HK$67 per square foot per month) to Sinochem HK. Our Company also agrees to pay management fees and air conditioning fees of HK$8,916 per month to Sinochem HK. Our Company also needs to pay HK$303,726 (three months' rental, management fees and air conditioning fees) to Sinochem HK as deposit. The Convention Plaza Lease Agreement was agreed upon following arm's length negotiations and was based on normal commercial terms.

The Lease Agreements with Chemsunny, the Jin Mao Tower Lease Agreements and the Convention Plaza Lease Agreement are similar in nature and entered into with parties that are

associates of Sinochem Group. As such, the transactions are aggregated pursuant to Rules 14A.25 and 14A.26 of the Listing Rules.

The total amounts (including the rental, management fees and other fees) paid by our Group for the premises leased under the Lease Agreements with Chemsunny and the Jin Mao Tower Lease Agreements for the three years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010 were approximately US$1,567,000, US$2,518,000, US$3,020,000 and US$2,324,000, respectively. As confirmed by our Directors, the total estimated amount (including the rental, management fees and other fees) paid by our Group under the Lease Agreements with Chemsunny and the Jin Mao Tower Lease Agreements during the year ended December 31, 2010 was approximately RMB29,500,000. As the term of a number of lease agreements (Jin Mao Tower Lease Agreements (c), (f), (g), (h) and (i)) entered into between our Group and Jin Mao started after September 30, 2010, there was a significant increase of the amount paid for the year ended December 31, 2010 as compared to the historical amount paid for the nine months ended September 30, 2010 (i.e. US$2,324,000).

The rental, other fee and management fee are estimated based on arm's length negotiations between our Group and Chemsunny, Jin Mao and Sinochem HK, respectively, on the then prevailing market rates and on normal commercial terms.

Based on the terms of the Lease Agreements with Chemsunny, the Jin Mao Tower Lease Agreements and the Convention Plaza Lease Agreement, our Company estimates that the aggregated amount (including the rental, management fees and other fees) payable by our Group for the premises leased under the Lease Agreements with Chemsunny, the Jin Mao Tower Lease Agreements and the Convention Plaza Lease Agreement for the year ending December 31, 2011 will not exceed RMB36,104,091 (based on the exchange rate of HK$1 to RMB0.843613 as at March 3, 2011).

The proposed annual cap for the year ending December 31, 2011 is determined on the following basis: (i) the total gross floor area being leased under the Lease Agreements with Chemsunny, the Jin Mao Tower Lease Agreements and the Convention Plaza Lease Agreement will not increase further; (ii) rental level under the Renewal Agreements remains substantially the same; (iii) the amount of management fee, car park fee and other miscellaneous fees under the Lease Agreements with Chemsunny and the Jin Mao Tower Lease Agreements will increase by approximately 10% in 2011; (iv) the monthly management fees and air conditioning fees under the Convention Plaza Lease Agreement will remain the same during its term; and (v) the proposed annual cap for the year ending December 31, 2011, being RMB36,104,091, represents an increase of approximately 22% as compared to the year ended December 31, 2010, which is a result of our Group paying a full year's rental under many of the lease agreements in 2011 as opposed to a portion of the year during the year ended December 31, 2010 and the payment of rental under the Convention Plaza Lease Agreement.

A breakdown of the total gross floor area leased under the Lease Agreements with Chemsunny and the Jin Mao Tower Lease Agreements and the annual percentage increase for the years ended December 31, 2007, 2008, 2009 and 2010 are set out below:

Year ended	Total gross floor area (square meters)	Percentage increase (%)
December 31, 2007	3,500.90	N/A
December 31, 2008	5,322.91	52.04
December 31, 2009	5,578.40	4.80
December 31, 2010	8,429.55	51.11

In calculating the proposed cap for the year ending December 31, 2011, we have taken into account the increase of the total gross floor area rented in 2010. As many of the new leases were entered into during the course of 2010 and our Group therefore only paid rental under those leases for part of the year ended December 31, 2010, the total amount of rental to be paid by our Group in the year ending December 31, 2011 is expected to increase by a substantial amount as compared to the amount paid for the year ended December 31, 2010. As confirmed by our Directors, the total estimated amount (including the rental, management fees and other fees) paid under the Lease Agreements with Chemsunny and the Jin Mao Tower Lease Agreements during the year ended December 31, 2010 was approximately RMB29,500,000. The proposed annual cap for the year ending December 31, 2011, being RMB36,104,091, represents an increase of approximately 22% as compared to the year ended December 31, 2010. As the increase is a result of our Group paying a full year's rental under many of the lease agreements in 2011 as opposed to a portion of the year during the year ended December 31, 2010 and the payment of rental under the Convention Plaza Lease Agreement, our Company and our Directors believe that the proposed cap for the year ending December 31, 2011 is fair and reasonable as compared to the historical value of transactions.

Since each of the applicable percentage ratios (other than the profit ratio) in respect of the annual transaction amount for the Non-Exempt Continuing Connected Transactions for the year ending December 31, 2011 will exceed 0.1% but be less than 5%, these continuing connected transactions are subject to the reporting and announcement requirements but are exempt from the requirement of independent Shareholders' approval under Chapter 14A of the Listing Rules.

We will assess the applicable percentage ratios (other than the profit ratio) in respect of the Non-Exempt Continuing Connected Transactions after the year ending December 31, 2011 and will comply with the requirements of Chapter 14A of the Listing Rule depending on the circumstances at the relevant time.

THE DIRECTORS' VIEWS

In the view of our Directors (including our independent non-executive Directors), it is in the interests of our Group to continue with all of the connected transactions described in this section after the Listing, and that all these transactions are conducted on normal commercial terms, were entered into in the ordinary and usual course of business of our Group, the terms and the proposed annual cap are fair and reasonable and are in the interests of the Shareholders as a whole.

THE INDEPENDENT VALUER'S VIEWS

CBRE, an independent property valuer, has confirmed that in the view of the prevailing market conditions and rental level of similar types of properties in the vicinity, the premises under each of the

Lease Agreements with Chemsunny, the Jin Mao Tower Lease Agreements and the Convention Plaza Lease Agreement are leased on normal commercial terms and the rentals payable under each of these agreements are at market level and are fair and reasonable.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors are of the view that the Non-Exempt Continuing Connected Transactions described above, and for which a waiver has been sought, have been entered into in the ordinary and usual course of business of our Group, on normal commercial terms that are fair and reasonable and in the interest of the Shareholders as a whole, and that the proposed annual cap is fair and reasonable and in the interests of the Shareholders as a whole.

APPLICATION FOR WAIVER

The transactions described in "—Non-Exempt Continuing Connected Transactions" above constitute our non-exempt continuing connected transactions and would normally require reporting and announcement but are exempt from the requirement of independent Shareholders' approval for the year ending December 31, 2011 under Chapter 14A of the Listing Rules. As these transactions are expected to continue after Listing and have been fully disclosed in this prospectus, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver pursuant to Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement requirements under Chapter 14A of the Listing Rules in respect of the Non-Exempt Continuing Connected Transactions for the year ending December 31, 2011 subject to the condition that the annual transaction value shall not exceed the estimated annual cap as stated above.

We will comply with the applicable requirements under the Listing Rules, and will immediately inform the Stock Exchange if there are any changes to the Non-Exempt Continuing Connected Transactions.

DIRECTORS

As of the Listing Date, the Board consists of 11 Directors, comprising two executive Directors, five non-executive Directors and four independent non-executive Directors. The functions and duties of the Board include convening shareholders' meetings, reporting on the Board's work at these meetings, implementing the resolutions passed on these meetings, determining business and investment plans, formulating our annual budget and final accounts, and formulating our proposals for profit distributions and for the increase or reduction of registered capital. In addition, the Board is responsible for exercising other powers, functions and duties in accordance with the Articles of Association.

The following table sets out certain information relating to our Directors.

Name	Age	Position	Date of Appointment	Date of Joining Our Group
LIU Deshu (劉德樹)	59	Chairman and Non-executive Director	December 8, 2010	December 2010
KONG Fanxing (孔繁星)	47	Vice Chairman and Executive Director	October 16, 2009	April 2001
WANG Mingzhe (王明哲)	40	Executive Director	October 16, 2009	October 1995
YANG Lin (楊林)	47	Non-executive Director	October 16, 2009	November 2002
SHI Dai (石岱)	44	Non-executive Director	October 16, 2009	October 2009
LIU Haifeng David (劉海峰)	41	Non-executive Director	October 16, 2009	October 2009
SUN Xiaoning (孫小寧)	42	Non-executive Director	October 16, 2009	October 2009
HAN Xiaojing (韓小京)	56	Independent non-executive Director	March 11, 2011	March 2011
LIU Jialin (劉嘉淩)	48	Independent non-executive Director	March 11, 2011	March 2011
CAI Cunqiang (蔡存強)	61	Independent non-executive Director	March 11, 2011	March 2011
YIP Wai Ming (葉偉明)	46	Independent non-executive Director	March 11, 2011	March 2011

Directors

Mr. LIU Deshu (劉德樹), aged 59, is a non-executive Director and Chairman of the Company. Mr. Liu is responsible for making decision on the important matters of the Company through board meetings. Mr. Liu majored in machinery manufacturing technics and equipment in Tsinghua University in China from 1975 to 1979 and obtained a bachelor's degree from Tsinghua University in April 1979. He also obtained an MBA degree from China Europe International Business School in May 1998. In March 1998, Mr. Liu was appointed as the president of Sinochem Group (a company mainly focusing on energy, agriculture, chemical, real estate and financial service) and has held that position ever since. Prior to joining Sinochem Group, he had been the deputy general manager, the general manager and the chairman of China National Machinery Import & Export Corporation (a company mainly conducting import and export business as well as project contracting business). Currently, Mr. Liu is also the chairman of Sinofert Holdings Limited (the company is listed on the Stock Exchange and is acting as the holding platform for fertilizer business), the chairman of Sinochem Corporation (a company with diverse business such as energy, real estate and finance) and the chairman of Sinochem Quanzhou Petrochemical Co., Ltd. (中化泉州石化有限公司) (a company mainly conducting oil refining and production and sale of chemicals). Mr. Liu has approximately 30 years of experience in foreign trade, machinery and petrochemical industry.

Mr. KONG Fanxing (孔繁星), aged 47, is an executive Director, Chief Executive Officer and Vice Chairman of the Company. Mr. Kong is responsible for the overall daily operations of the Company. Mr. Kong received an EMBA degree from Peking University in January 2006, a master's degree in economics and a bachelor's degree in economics from University of International Business and Economics (對外經濟貿易大學) in China in June 1991 and July 1986, respectively. Mr. Kong joined Sinochem Group in August 1991 and worked there until December 1993. From December 1993 to April 1998, Mr. Kong worked in Sinochem International Industrial Company (中化國際實業公司) (a company mainly conducting petrochemical storage and logistics). In April 1998, he became the general manager of Sinochem International Engineering Trade Company (中化國際工程貿易公司) and served there until July 1998. In July 1998, Mr. Kong rejoined Sinochem International Industrial Company (中化國際實業公司) as the deputy general manager. In January 1999, he joined Sinochem International Tendering Co., Ltd. (中化國際招標有限責任公司) (a company mainly conducting tendering, bidding and trading business) as the deputy general manager and was promoted to the role of general manager in August 1999. In November 2000, Mr. Kong returned to Sinochem Group where he held the position of the deputy chief of the fertilizer division. At the same time, Mr. Kong was also the executive deputy general manager of Sinochem International Fertilizer Trading Company (中化國際化肥貿易公司) (a company mainly conducting the production, trading and distribution of fertilizer). He held both positions until April 2001 when he joined Far Eastern where he has served as the general manager ever since. Mr. Kong has been the Assistant President of Sinochem Group and the President and Chief Executive Officer of the Company since September 2009, and the Chairman as well as the general manager of Shanghai Donghong since April 2006. Mr. Kong has nearly 20 years of experience in enterprise management.

Mr. WANG Mingzhe (王明哲), aged 40, is an executive Director and Chief Financial Officer of the Company. Mr. Wang is responsible for the finance planning and treasury management of the Company. Mr. Wang obtained a bachelor's degree in economics from Hangzhou Institute of Electronic Engineering (杭州電子工業學院) in China in July 1993 and an MBA degree from North-eastern University (東北大學) in China in March 2003. He joined Far Eastern in October 1995 and has worked there since then. In Far Eastern, Mr. Wang served as the manager of the business development department from October 1995 to May 2001, the deputy general manager of the first business division from May 2001 to December 2003, the deputy general manager (and later the general manager) of quality control department from December 2003 to December 2007, and the assistant general manager from December 2007 till now. Currently, Mr. Wang is also serving as the Chief Financial Officer of Far Eastern. In September 2009, Mr. Wang was appointed as the Company's Vice President and Chief Financial Officer and he has held these positions ever since. Mr. Wang served as the supervisor of Shanghai Donghong from April 2006 to August 2008 and a director of Shanghai Donghong from August 2008 to January 2011. In August 2008, Mr. Wang was appointed as the deputy general manager of Shanghai Donghong and he has held the position ever since. Mr. Wang has over 15 years of experience in finance management.

Mr. YANG Lin (楊林), aged 47, is a non-executive Director of the Company. Mr. Yang is responsible for determining significant matters of the Company jointly with other Directors. Mr. Yang obtained a bachelor's degree in economics from Tianjin Commerce College (天津商學院) in China in July 1985. In 1990, Mr. Yang enrolled at University of Stuttgart in Germany (德國思圖加特大學) for enterprise management course and completed the course in 1993. He then worked for Siemens AG and Wella AG from 1993 to 1994. In July 1994, Mr. Yang joined Sinochem Group and has worked there ever since. In Sinochem Group, Mr. Yang served as the deputy general manager of the finance and accounting department from August 1998 to January 2002, the general manager of the Treasury

department from January 2002 to July 2010 and the deputy general manager of the investment and development department from May 2009 to January 2010. Currently, Mr. Yang is the Chief Financial Officer of Sinochem Group as well as the Chief Financial Officer and the Chairman of Budget and Evaluation Committee of Sinochem Corporation. Mr. Yang has been serving as the director of Sinochem International Corporation (中化國際（控股）股份有限公司) (the company is listed on the Shanghai Stock Exchange and is mainly conducting rubber, chemical logistics, pesticide and energy business) since June 2010 and the director of Sinofert Holdings Limited (the company is listed on the Stock Exchange and is acting as the holding platform for fertilizer business) since August 2010. He also served as the director of Sino-Ocean Land Holdings Limited (a company listed on the Stock Exchange) from January 2002 to October 2007 and the director of Far Eastern from November 2002 until now. Currently, Mr. Yang is also the Chairman of Sinochem Finance Co., Ltd. (a company mainly conducting non-bank financing). Mr. Yang has approximately 18 years of experience in finance and treasury management.

Ms. SHI Dai (石岱), aged 44, is a non-executive Director of the Company. Ms. Shi is responsible for determining significant matters of the Company jointly with other Directors. Ms. Shi obtained a bachelor's degree in engineering from Shanghai Jiaotong University (上海交通大學) in China in July 1990, a bachelor's degree in economics from University of International Business and Economics (對外經濟貿易大學) in China in June 1994 and an MBA degree from China Europe International Business School in September 2010. From August 1994 to September 2001, Ms. Shi worked in Sinochem Group and served as the manager of risk management department since July 1999. She then served as the deputy general manager of Xi'an Jinzhu Modern Chemicals Co., Ltd. (西安金珠近代化工有限公司) (a company mainly conducting the production and sale of fluorine chemical products) from September 2001 to February 2004. In February 2004, Ms. Shi rejoined Sinochem Group as the deputy general manager of the investment department. In December 2004, Ms. Shi was appointed as the Deputy General Manager of Human Resources Department of Sinochem Group and she has held that position since then. Currently, Ms. Shi is also the director of Sinochem Ningbo Ltd. (a company with diverse business such as research, production and trading) as well as the Deputy General Manager of Human Resources Department of Sinochem Corporation. Ms. Shi has approximately 17 years of experience in risk management and human resources management.

Mr. LIU Haifeng David (劉海峰), aged 41, is a non-executive Director of the Company. Mr. Liu is responsible for determining significant matters of the Company jointly with other Directors. Mr. Liu is a Member of KKR Asia Limited and the Head of KKR Greater China. Prior to joining KKR in 2006, Mr. Liu had been with Morgan Stanley Private Equity (an entity with its main business as private equity investment) since 1993 and was lastly Managing Director and Co-head of Morgan Stanley Private Equity Asia. Mr. Liu has approximately 18 years of experience in private equity investment. Over the past 18 years, Mr. Liu has established one of the leading investment track records in Greater China and was responsible for a number of successful and innovative investments such as Mengniu Dairy, Ping An Insurance, Belle International, Nanfu Battery, Paradise Retail, Hengan International, Shanshui Cement, Yageo Corporation, Modern Farming, our Company, VATs Liquor Store and China International Capital Corporation. Mr. Liu graduated from Columbia University as Class Salutatorian with a B.S. in Electrical Engineering in May 1993. He is a member of Tau Beta Pi National Engineering Honor Society and a winner of the Edwin Howard Armstrong Memorial Award for the top electrical engineering student at Columbia University.

Ms. SUN Xiaoning (孫小寧), aged 42, is a non-executive Director of the Company. Ms. Sun is responsible for determining significant matters of the Company jointly with other Directors. Ms. Sun

obtained a bachelor's degree in economics from East China Normal University (華東師範大學) in China in July 1991. In September 1991, Ms. Sun joined the People's Bank of China and worked there until July 1998. She held various positions such as financial analyst and project officer in the People's Bank of China. After that, Ms. Sun enrolled at the Wharton School of University of Pennsylvania and was awarded an MBA degree in May 2000. Ms. Sun then joined McKinsey & Company (a management consulting firm providing management consulting services) in August 2000 and worked there until March 2005. Between March 2005 and June 2008, Ms. Sun was an investment officer and later a senior investment officer of International Finance Corporation (國際金融公司) (a member of the World Bank Group focusing on the sustainable economic growth in developing countries). In July 2008, Ms. Sun joined The Government of Singapore Investment Corporation (Beijing) Co Ltd. (a leading sovereign wealth funds and one of the largest investment management organizations in the world) where she served as a Vice President until April 2010 when she was promoted as, and has since held the position of a Senior Vice President. Ms. Sun has 20 years of experience in finance industry.

Mr. HAN Xiaojing (韓小京), aged 56, is an independent non-executive Director of the Company. Mr. Han is responsible for supervising the operation of the Company and is a member of the audit committee and the remuneration and nomination committee. Mr. Han obtained a bachelor's degree in law from Zhongnan University of Economics and Law (中南財經政法大學) (formerly known as Hubei Finance College (湖北財經學院)) in China in 1982 and a master's degree in law from China University of Political Science and Law (中國政法大學) in China in July 1985. From 1986 to 1992, Mr. Han worked at China Law Center (中國法律事務中心). During the same period, he spent two years at Zimmerman Lawyers (齊默爾曼律師事務所) for study from 1989 to 1991, and worked one year at Livasiri & Co., Hong Kong between 1991 and 1992. In 1992, Mr. Han was involved in the establishment of Commerce & Finance Law Offices (北京市通商律師事務所), and has been a partner there ever since. Mr. Han has approximately 24 years of experience in the legal profession. Currently, Mr. Han is also an independent non-executive Director of Sino-Ocean Land Holdings Limited (a real estate company listed on the Stock Exchange) and an independent director of Shenzhen Overseas Chinese Town Co., Ltd. (深圳華僑城股份有限公司) (the company is listed on the Shenzhen Stock Exchange and its main businesses include development and operation of real estate and hotel, operations in traveling and cultural industry and investment in paper packing and printing). Mr. Han is admitted to practicing law in the PRC.

Mr. LIU Jialin (劉嘉淩), aged 48, is an independent non-executive Director of the Company. Mr. Liu is responsible for supervising the operation of the Company and is a member of the remuneration and nomination committee. Mr. Liu obtained a bachelor's degree in science from Peking University in 1982 and a degree of master of science in physics from Massachusetts Institute of Technology in 1989. From 1992 to 2007, Mr. Liu worked for Morgan Stanley group of companies and once served as a Managing Director in the Fixed Income Division in Hong Kong as well as a member of the Management Committee and Asia Executive Committee. In 2008, Mr. Liu became the Managing Director of Shelter Cove Capital Limited (now known as Voras Capital Management (HK) Limited) (an entity conducting investment management business) and has held the position there ever since. Mr. Liu has 22 years of experience in finance and securities industry. Mr. Liu has not provided any service to the Group during his appointment with Morgan Stanley. Mr. Liu has confirmed to us that there are no factors that may affect his independence under Rule 3.13 of the Listing Rules.

Mr. CAI Cunqiang (蔡存強), aged 61, is an independent non-executive Director of the Company. Mr. Cai is responsible for supervising the operation of the Company and is a member of the

strategy and investment committee. Mr. Cai majored in sea vessel steering and graduated from Shanghai Maritime College (上海海運學院) (now known as Shanghai Maritime University (上海海事大學)) in 1977. Mr. Cai has worked for Shanghai Maritime College (上海海運學院) (now known as Shanghai Maritime University (上海海事大學)) since 1977. He was promoted to be a deputy professor in 1993 and later a professor in 1995. In 2001, Mr. Cai became the deputy dean of Shanghai Maritime College (上海海運學院) (now known as Shanghai Maritime University (上海海事大學)) and was awarded the special government allowance by the State Council. Currently, Mr. Cai is the deputy president, the professor and the tutor of PHD students of Shanghai Maritime University (上海海事大學). He is also a part-time lawyer in Shanghai Yingtai Law Firm (上海瀛泰律師事務所), an arbitrator of China Maritime Arbitration Commission (中國海事仲裁委員會), and an independent director of Winsan (Shanghai) Industrial Corporation Ltd. (運盛（上海）實業股份有限公司) (a company listed on the Shanghai Stock Exchange with its main business as real estate). Mr. Cai is admitted to practicing law in the PRC. Mr. Cai has 34 years of experience in the shipping industry.

Mr. YIP Wai Ming (葉偉明), aged 46, is an independent non-executive Director of the Company. He is responsible for supervising the operation of the Company and is a member of the Audit Committee. Mr. Yip graduated from the University of Hong Kong with a bachelor of social sciences degree in November 1987. He also obtained a degree of bachelor of laws from the University of London in August 2001. Mr. Yip started his career in Ernst & Young in 1987, and was a senior manager at the time of his departure in 1996. In 1996, Mr. Yip joined ING Bank N.V. and departed there as an associate director in 1998. In 1999, Mr. Yip joined Fulbond Holdings Limited (福邦控股有限公司) as the chief financial officer and worked there until 2001. He served as the vice president of Hi Sun Technology (China) Limited (高陽科技（中國）有限公司) from 2001 to 2003, the chief financial officer of Haier Electronics Group Co., Ltd. (海爾電器集團有限公司) from 2004 to 2009, the deputy general manager of Yuzhou Properties Company Limited (禹洲地產股份有限公司) from February 2010 to September 2010. Currently, Mr. Yip is an independent non-executive director of BBMG Corporation (北京金隅股份有限公司), Ju Teng International Holdings Limited (巨騰國際控股有限公司) and Pax Global Technology Limited (百富環球科技有限公司), all of which are companies listed on the Stock Exchange. Mr. Yip is a fellow of the Association of Chartered Certified Accountants, an associate of the Hong Kong Institute of Certified Public Accountants and a member of the Chinese Institute of Certified Public Accountants. He has over 20 years of experience in accounting and finance.

Save as disclosed herein, there are no other matters in respect of each of our Directors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules and there are no other material matters relating to our Directors that need to be brought to the attention of our Shareholders.

Senior Management

The senior management team of our Group, in addition to the executive Directors listed above, is as follows:

Name	Age	Position	Date of Appointment	Date of Joining Our Group
KONG Fanxing (孔繁星)	47	Vice Chairman, President and Chief Executive Officer	September 16, 2009	April 2001
FANG Weihao (方蔚豪)	38	Executive Vice President	September 16, 2009	April 2001
NIU Weidong (牛衛東)	41	Senior Vice President	September 16, 2009	June 2001
WANG Mingzhe (王明哲)	40	Vice President and Chief Financial Officer	September 16, 2009	October 1995
LIU Honglai (劉宏來)	40	Vice President and Chief Credit Officer	September 16, 2009	July 2002
CAO Jian (曹健)	36	Assistant General Manager	September 6, 2010	September 2002
SHANG Bing (尚兵)	44	Assistant General Manager	January 1, 2011	January 2011

Mr. KONG Fanxing (孔繁星), aged 47, is the Vice Chairman, President and Chief Executive Officer of the Company and the General Manager of Far Eastern. His biographical details are set out above under the paragraph headed "Directors".

Mr. FANG Weihao (方蔚豪), aged 38, is the Executive Vice President of the Company and the Executive Deputy General Manager of Far Eastern. Mr. Fang is responsible for the management of healthcare, education and machinery business divisions in our Group. Mr. Fang obtained a bachelor's degree in engineering from Beijing Institute of Technology University (北京理工大學) in China in July 1994 and an MBA degree from China Europe International Business School in July 2006. Mr. Fang worked in Sinochem International Industrial Company (中化國際實業公司) from July 1994 to July 1999, and then joined Sinochem International Tendering Co., Ltd. (中化國際招標有限責任公司) as a department manager in July 1999, where he was promoted to the role of assistant general manager in August 2000. In August 2000, Mr. Fang also started to serve as an assistant general manager at China New Technology Development Co., Ltd. (中國新技術發展貿易有限公司) (a holding platform for fluorine chemical business). From November 2000 to April 2001, Mr. Fang concurrently held the position of deputy general manager both in Sinochem International Tendering Co., Ltd. (中化國際招標有限責任公司) and China New Technology Development Co., Ltd. (中國新技術發展貿易有限公司). In April 2001, Mr. Fang joined Far Eastern as a deputy general manager. He was subsequently promoted to the role of Executive Deputy General Manager in January 2008 and has held this position since then. In Shanghai Donghong, Mr. Fang served as a director from April 2006 to January 2011 and has been the deputy general manager since April 2006. Mr. Fang has more than 11 years of experience in enterprise management.

Mr. NIU Weidong (牛衛東), aged 41, is the Senior Vice President of the Company and the Deputy General Manager of Far Eastern. Mr. Niu is responsible for printing, shipping and infrastructure construction business divisions in our Group. Mr. Niu obtained an MBA degree from Shanghai Jiaotong University (上海交通大學) in China in July 2006 and graduated from Shandong Finance College (山東財政學院) with the major as investment economy in July 1993. From June 1993 to February 2001, Mr. Niu worked in Sinochem Shandong Import & Export Group Corporation, High Technology Branch (中化山東進出口集團公司高科技分公司). Mr. Niu then joined Sinochem Furan International Chemicals Co., Ltd (中化國際呋喃化工品有限責任公司), where he worked until June 2001 when he joined Far Eastern. In Far Eastern, Mr. Niu was the general manager of the quality control

department from January 2003 to December 2003, the general manager of the first business division from December 2003 to December 2007 and the general manager of the printing industry division from December 2005 to December 2007. In Shanghai Donghong, Mr. Niu served as a director from April 2006 to January 2011 and has been the deputy general manager since August 2008. Mr. Niu has over nine years of experience in the financial leasing industry.

Mr. WANG Mingzhe (王明哲), aged 40, is the Vice President and Chief Financial Officer of the Company and the Chief Financial Officer and the Assistant General Manager of Far Eastern. His biographical details are set out above under the paragraph headed "Directors".

Mr. LIU Honglai (劉宏來), aged 40, is the Vice President and Chief Credit Officer of the Company and the Assistant General Manager and the General Manager of the Quality Control Department of Far Eastern. Mr. Liu is responsible for the management of quality control department, asset monitoring and management department, business operation department and information technology department. Mr. Liu obtained an MBA degree from Peking University in July 2002 and a bachelor's degree in economics from Hunan College of Finance (湖南財經學院) in China in July 1993. From July 1993 to July 2001, Mr. Liu worked in Bank of Communications, Harbin Branch (交通銀行哈爾濱分行). In July 2002, Mr. Liu joined Far Eastern and has worked there since then. Mr. Liu served as the supervisor of Shanghai Donghong from August 2008 to September 2009. Mr. Liu was appointed as a director of Shanghai Donghong in September 2009 and he held the position until January 2011. Mr. Liu has over 17 years of experience in the financial service industry.

Mr. CAO Jian (曹健), aged 36, is the Assistant General Manager of the Company, the Assistant General Manager of Far Eastern as well as the Executive Director and the General Manager of Shanghai Domin. Mr. Cao is responsible for the management of business development department. Mr. Cao obtained a bachelor's degree in economics from Nankai University (南開大學) in China in June 1997, a master's degree in economics from University of International Business and Economics (對外經濟貿易大學) in China in December 2006 and an MBA from Shanghai Jiaotong University (上海交通大學) in China in June 2008. From August 1997 to February 1998, Mr. Cao worked in Sinochem Xinzhong Oil Staging Co., Ltd. (中化興中石油轉運有限公司) (a company mainly conducting petrochemical storage and logistics). He then joined Foreign Economic Trade and Trust Investment Company (中國對外經濟貿易信託投資公司) (a company mainly conducting trust business) as the business manager of its finance department and worked there until July 1999. In July 1999, Mr. Cao became a manager of the human resources department in Sinochem Group and held this position until September 2002 when he joined the healthcare business division of Far Eastern. In the healthcare business division of Far Eastern, Mr. Cao served as a project manager from September 2002 to December 2003, a district principal from December 2003 to October 2004, the deputy general manager from October 2004 to September 2005, the executive deputy general manager from September 2005 to May 2009 and the general manager from May 2009 until now. In September 2010, Mr. Cao was appointed as the Assistant General Manager of Far Eastern and in February 2010, he was appointed as the Executive Director and the General Manager of Shanghai Domin. Mr. Cao has over 8 years of experience in the financial leasing industry.

Mr. SHANG Bing (尚兵), aged 44, is the Assistant General Manager of our Company and is mainly responsible for the management of strategic management department and investment department. Mr. Shang obtained a bachelor of arts from Sichuan University in China in July 1989. After graduation, Mr. Shang joined MOFCOM and worked as an officer in the Department of Outward

Investment and Economic Cooperation until October 1991. He then joined Embassy of the PRC in the Kingdom of Thailand in November 1991 and worked there until August 1995. In September 1995, Mr. Shang returned to MOFCOM and served there until 2003. From 2003 to 2007, Mr. Shang worked in Chongqing Lifan Holding Company Limited (重慶力帆控股有限公司) (a company mainly focusing on the production and sale of engines, motorcycles and automobiles) and held several positions there such as special assistant to the chairman, director and executive director. In April 2008, Mr. Shang joined Deloitte Touche Tohmatsu CPA Ltd., Beijing Branch (a company providing audit services, tax services, enterprise management consulting and finance consulting) and worked there until December 2010 for several positions such as director. Mr. Shang has over 21 years of experience in relation to government affairs and enterprise management.

JOINT COMPANY SECRETARIES

Ms. CHU Man Yee, Karen (朱敏怡), aged 39, is our joint company secretary. Ms. Chu is a senior manager of the corporate services division of Tricor Services Limited. She is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Ms. Chu has over 15 years of experience in the company secretarial area. Ms. Chu currently acts as the joint company secretary of MicroPort Scientific Corporation listed on the Stock Exchange (stock code: 853) and MIE Holdings Corporation listed on the Stock Exchange (stock code: 1555). Ms. Chu is neither the Company's full-time employee nor a member of the Company's senior management.

Ms. MAK Sze Man, Celia (麥詩敏), aged 37, is our joint company secretary. Ms. Mak is a manager of the corporate services division of Tricor Services Limited. She is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Ms. Mak has more than 10 years of experience in company secretarial industry. Ms. Mak currently acts as the joint company secretary of Zhongsheng Group Holdings Limited listed on the Stock Exchange (stock code: 881). Ms. Mak is neither the Company's full-time employee nor a member of the Company's senior management.

Our Directors believe that the experience and expertise that Ms. Chu and Ms. Mak possess in company secretarial industry and professional support from Tricor Services Limited will contribute to the corporate governance of the Company.

AUDIT COMMITTEE

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Code on Corporate Governance Practices, as set out in Appendix 14 to the Listing Rules. The audit committee consists of two independent non-executive Directors, being Mr. Yip Wai Ming and Mr. Han Xiaojing, and one non-executive Director, being Ms. Sun Xiaoning. The Chairman of the audit committee is Mr. Yip Wai Ming, who holds appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules. The primary functions of the audit committee are to deal with matters relating to external auditors, review the financial information, oversee financial notification systems, internal control procedures and risk management system and review the annual budget and final accounts.

STRATEGY AND INVESTMENT COMMITTEE

We have established a strategy and investment committee. The strategy and investment committee consists of one non-executive Director, being Mr. Liu Haifeng David, who is the chairman

of the strategy and investment committee, one executive Director, being Mr. Kong Fanxing, and one independent non-executive Director, being Mr. Cai Cunqiang. The primary functions of the strategy and investment committee are to make recommendations to the Board about the strategy, investment plans and investment profit forecast, oversee and formulate risk management and internal control procedures and review material risk matters and transactions.

REMUNERATION AND NOMINATION COMMITTEE

We have established a remuneration and nomination committee with written terms of reference in compliance with the Code on Corporate Governance Practices, as set out in Appendix 14 to the Listing Rules. The remuneration and nomination committee consists of two independent non-executive Directors, being Mr. Liu Jialin, who is the chairman of the remuneration and nomination committee, and Mr. Han Xiaojing, and one non-executive Director, being Ms. Shi Dai. The primary functions of the remuneration and nomination committee are to make recommendations to the Board on the remuneration package of the Directors and senior management, make suggestions to the shareholders about Directors' service contracts, review the composition of the Board, evaluate the independence of the independent non-executive Directors and make recommendations to the Board of Directors on the appointment of the Directors.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration our Directors have received (including fees, salaries, allowances, benefits in kind, performance related bonuses and pension scheme contributions) for the years ended December 31, 2007, 2008, 2009 and 2010 were approximately US$266,000, US$283,000, US$585,000 and US$702,000, respectively.

The aggregate amount of fees, salaries, discretionary bonus, defined contribution benefit plans (including pension), housing and other allowances, and other benefits in kind paid to our five highest paid individuals of our Company, including Directors, during each of the three years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010 were approximately US$852,000, US$1,044,000, US$1,030,000 and US$788,000, respectively.

We have not paid any remuneration to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010. Further, none of our Directors had waived any remuneration during the same period.

Save as disclosed above, no other payments have been paid or are payable, in respect of the three years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, by us or any of our subsidiaries to our Directors.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. The business operations of the Group are substantially located in China. Due to the business requirements of the Group, none of the executive Directors has been, is or will be based in Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and us:

(a) we have appointed Mr. Kong Fanxing and Ms. Chu Man Yee, Karen as our authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our Company's principal channel of communication with the Stock Exchange. Ms. Chu is ordinarily resident in Hong Kong. Both of the authorized representatives will be available to meet the Stock Exchange in Hong Kong within reasonable notice and will be readily contactable by telephone, facsimile and email. Each of the authorized representatives is authorized to communicate on behalf of our Company with the Stock Exchange;

(b) each of the authorized representatives has means to contact all members of the Board of Directors (including the independent non-executive Directors) and of the senior management team promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters. To enhance the communication between the Stock Exchange, the authorized representatives and the Directors, our Company will implement a policy that (i) each executive Director, non-executive Director and independent non-executive Director will have to provide their respective mobile and office phone numbers, residential phone numbers and fax numbers and email addresses, if applicable, to the authorized representatives; (ii) in the event that an executive Director, non-executive Director or independent non-executive Director expects to travel and be out of office, he/she will have to provide the phone number of the place of his/her accommodation to the authorized representatives; and (iii) all the executive Directors, non-executive Directors, independent non-executive Directors and authorized representatives will provide their mobile phone numbers, office phone numbers and fax numbers and email addresses, if applicable, to the Stock Exchange;

(c) all Directors who are not ordinarily resident in Hong Kong have valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and meet with the Stock Exchange upon reasonable notice; and

(d) we have appointed a compliance advisor pursuant to Rule 3A.19 of the Listing Rules, who will act as an additional channel of communication with the Stock Exchange and will have access at all times to the authorized representatives, the Directors and other officers of our Company to ensure that it is in a position to provide prompt responses to any queries or requests from the Stock Exchange in respect of our Company, and will also provide professional advice on matters relating to compliance with the Listing Rules and other obligations for companies listed in Hong Kong.

COMPLIANCE ADVISOR

We have appointed Guotai Junan Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. The compliance advisor will provide advice to us and/or communicate with the Stock Exchange when consulted by us in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) when a transaction, which is regulated by the Listing Rules, is contemplated including share issues and share repurchases;

(c) when a transaction contemplated by our Company might be a connected transaction or a transaction which needs to be disclosed according to Chapters 14 and 14A of the Listing Rules;

(d) when we propose to use the net proceeds of the Global Offering in a manner different from that detailed in this prospectus or when our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

(e) when the Stock Exchange makes an inquiry to us regarding unusual movements in the price or trading volume of the Shares or any other matters.

The term of this appointment shall commence on the Listing Date and is expected to end on the earlier of (a) the date on which we distribute our annual report in respect of the financial results for the first full financial year commencing after the Listing Date or (b) the date of early termination of the compliance advisor agreement.

So far as our Directors are aware, immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised and all the outstanding Series A Shares are fully converted into Shares, the following persons will have an interest or a short position in the Shares or underlying shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name	Nature of interest	Shares held immediately following the completion of the Capitalization Issue and the Global Offering	
		Number	Percentage
Sinochem Group[1]	Interest in a controlled corporation	1,294,720,000	47.60%
Greatpart[1]	Beneficial owner	1,294,720,000	47.60%
KKR Future Investments[2]	Beneficial owner	357,000,000	13.13%
KKR Future Holdings Limited[2]	Interest in a controlled entity	357,000,000	13.13%
KKR Asian Fund L.P.[2]	Interest in a controlled entity	357,000,000	13.13%
KKR Associates Asia L.P.[2]	General partner	357,000,000	13.13%
KKR SP Limited[2]	Interest in a controlled entity	357,000,000	13.13%
KKR Asia Limited[2]	General partner	357,000,000	13.13%
KKR Fund Holdings L.P.[2]	Interest in a controlled entity	357,000,000	13.13%
KKR Fund Holdings GP Limited[2]	General partner	357,000,000	13.13%
KKR Group Holdings L.P.[2]	General partner	357,000,000	13.13%
KKR Group Limited[2]	General partner	357,000,000	13.13%
KKR & Co. L.P.[2]	Interest in a controlled entity	357,000,000	13.13%
KKR Management LLC[2]	General partner	357,000,000	13.13%
Mr. Henry R. Kravis and Mr. George R. Roberts[2]	Interest in a controlled entity	357,000,000	13.13%
Techlink[3]	Beneficial owner	214,200,000	7.87%
Tetrad Ventures Pte Ltd[3]	Interest in a controlled corporation	214,200,000	7.87%
Government of Singapore Investment Corporation (Ventures) Pte. Ltd.[3]	Interest in a controlled corporation	214,200,000	7.87%
GIC Special Investments Private Limited[3]	Interest in a controlled corporation	214,200,000	7.87%
Government of Singapore Investment Corporation Private Limited[3]	Interest in a controlled corporation	214,200,000	7.87%

Notes:

(1) Sinochem Group is the beneficial owner of 100% of the issued share capital of Greatpart and is deemed to be interested in the number of Shares held by Greatpart.

(2) Each of KKR Future Holdings Limited (as the sole shareholder of KKR Future Investments), KKR Asian Fund L.P. (as the controlling shareholder of KKR Future Holdings Limited), KKR Associates Asia L.P. (as the general partner of KKR Asian Fund L.P.), KKR SP Limited (as the voting partner of KKR Associates Asia L.P.), KKR Asia Limited (as the general partner of KKR Associates Asia L.P.), KKR Fund Holdings L.P. (as the sole member of KKR Asia Limited), KKR Fund Holdings GP Limited (as a general partner of KKR Fund Holdings L.P.), KKR Group Holdings L.P. (as a general partner of KKR Fund Holdings L.P. and the sole shareholder of KKR Fund Holdings GP Limited), KKR Group Limited (as the general partner of KKR Group Holdings L.P.), KKR & Co. L.P. (as the sole shareholder of KKR Group Limited), KKR Management LLC (as the general partner of KKR & Co. L.P.) and Mr. Henry R. Kravis and Mr. George R. Roberts (as designated members of KKR Management LLC) may be deemed, to be interested in the Shares. Mr. Henry R. Kravis and Mr. George R. Roberts disclaim beneficial ownership of the Shares.

(3) Techlink is wholly-owned by Tetrad Ventures Pte Ltd which, in turn, is wholly owned by Government of Singapore Investment Corporation (Ventures) Pte. Ltd.. GIC Special Investments Private Limited manages the investments of Techlink, and is wholly owned by Government of Singapore Investment Corporation Private Limited. Each of Tetrad Ventures Pte Ltd, Government of Singapore Investment Corporation (Ventures) Pte. Ltd., GIC Special Investments Private Limited and Government of Singapore Investment Corporation Private Limited is deemed to be interested in the Shares held by Techlink under the SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised and all the outstanding Series A Shares are fully converted into Shares, have an interest or a short position in the Shares or underlying shares of our Company which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid prior to and immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised):

		HK$
Authorized share capital:		
10,000,000,000	Shares	100,000,000
Issued and to be issued, fully paid or credited as fully paid:		
1,849,600	Shares in issue as of the date of this prospectus	18,496
870,400	Shares to be issued on conversion of the Series A Shares	8,704
1,901,280,000	Shares to be issued pursuant to the Capitalization Issue	19,012,800
816,000,000	Shares to be issued pursuant to the Global Offering	8,160,000
2,720,000,000	Total	27,200,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and Shares are issued pursuant to the Capitalization Issue and the Global Offering and upon the conversion of the Series A Shares. For details of the conversion of the Series A Shares, see the section headed "Our History and Reorganization—Investment Terms of Our Strategic Investors—Conversion Terms of the Series A Shares" in this prospectus. The above table does not take into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the conditions stated in the section headed "Structure of the Global Offering—Conditions of the Global Offering" in this prospectus, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements and options which will or might require the exercise of such powers, provided that the aggregate nominal amount of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by our Directors other than pursuant to:

(a) a rights issue;

(b) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares; or

(c) a specific authority granted by the Shareholders;

shall not exceed the aggregate of 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Capitalization Issue and the Global Offering (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option).

This general mandate to issue Shares will expire at the earliest of:

(1) the conclusion of the next annual general meeting of our Company;

(2) the expiration of the period within which the next annual general meeting of our Company is required by law or the Articles of Association to be held; and

(3) the revocation or variation of the authority given by an ordinary resolution of the Shareholders in general meeting.

For details of this general mandate, see the section headed "Statutory and General Information—Further Information About Our Group—Resolutions of Our Shareholders" in this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions stated in the section headed "Structure of the Global Offering—Conditions of the Global Offering" in this prospectus, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Capitalization Issue and the Global Offering (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option).

This repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules. For details of a summary of the relevant Listing Rules, see "Statutory and General Information—Further Information About Our Group—Repurchases By Our Company of Our Own Securities" in this prospectus.

This general mandate to repurchase Shares will expire at the earliest of:

(1) the conclusion of the next annual general meeting of our Company;

(2) the expiration of the period within which the next annual general meeting of our Company is required by law or the Articles of Association to be held; and

(3) the revocation or variation of the authority given by an ordinary resolution of the Shareholders in general meeting.

For details of this general mandate, see the section headed "Statutory and General Information—Further Information About Our Group—Resolutions of Our Shareholders" in Appendix VII to this prospectus.

You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, as of and for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010 included in the Accountants' Report set out in Appendix 1 to this prospectus. The Accountants' Report has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants. The following discussion and analysis and other parts of this prospectus contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this prospectus.

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. We have two business segments: (i) leasing and advisory and (ii) trading and others.

Our leasing and advisory segment primarily consists of (i) financial leasing and (ii) advisory services. We tailor our financial leasing products and services to customers primarily within our six target industries, which currently include healthcare, education, infrastructure construction, shipping, printing and machinery. We provide customized financing solutions through equipment-based financial leasing, which primarily comprises direct financial leasing and sale-leasebacks. Through the financial leasing business, we have established our customer base, developed customer relationships and enhanced our industry knowledge within each target industry, thereby enabling us to be sensitive to our customers' needs and to provide customized and extended value-added services, such as advisory services. Our advisory services primarily provide comprehensive business or finance solutions to our customers. Our revenue from the leasing and advisory segment was US$81.5 million, US$135.8 million, US$190.7 million, US$131.6 million and US$202.1 million for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010, respectively, growing at a CAGR of 53.0% from 2007 to 2009[(1)].

Our trading and others segment primarily consists of (i) trading services and (ii) brokerage services. We learn about our customers' various needs through our leasing and advisory segment, and as a result we are able to also provide customized trading and brokerage services. Trading services include import and export trade and domestic trade primarily within the healthcare and printing industries of medical equipment and spare parts, paper, ink, cardboard and paper goods, as well as trade agency services primarily within the machinery industry. Our brokerage services relate to brokered sales and purchases of new and used shipping vessels. Our revenue from the trading and others segment was US$9.4 million, US$19.3 million, US$20.6 million, US$13.5 million and US$28.9 million for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010, respectively, growing at a CAGR of 48.4% from 2007 to 2009.[(2)]

Notes:

(1) Total revenue and revenue at the business segment level are calculated with business taxes and surcharges deducted.

(2) Total revenue and revenue at the business segment level are calculated with business taxes and surcharges deducted.

BASIS OF PRESENTATION

Our Company is a wholly-owned subsidiary of Fortune Ally Limited, a company incorporated in the Cayman Islands. Our ultimate holding company is Sinochem Group, a company established in the People's Republic of China. As part of the Reorganization, Sinochem HK and Sinochem Europe transferred their respective interests in Far Eastern to our Company on March 13, 2009. As a result, our Company became the holding company of Far Eastern.

As our Company and Far Eastern were under the common control of Sinochem Group both before and after the Reorganization, the Reorganization has been reflected in the financial information disclosed in the Accountants' Report included in Appendix I to this prospectus and discussed herein as a combination of entities under common control. Accordingly, our Company was treated as the holding company of Far Eastern and its subsidiaries for the Track Record Period rather than from the date of acquisition of Far Eastern on March 13, 2009. A business combination involving entities under common control is outside the scope of IFRS 3 "Business Combinations". Accordingly, the principles of merger accounting have been applied. Far Eastern was treated as a subsidiary of our Company throughout the Track Record Period and its results are therefore combined herein for the entire Track Record Period.

The consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of our Group for the Track Record Period include the results and changes in equity and cash flows of all companies now comprising our Group, as if the current structure had been in existence throughout the Track Record Period, or since the respective dates of acquisition, incorporation or establishment where this is a shorter period. The consolidated statements of financial position of the Group as of December 31, 2007, 2008 and 2009 and September 30, 2010 have been prepared to present the state of affairs of our Group as if our current Group structure had been in existence at those dates or since the respective dates of acquisition, incorporation or establishment where an entity did not exist at those dates.

According to HKAS21 Para. 38, "An entity may present its financial statements in any currency (or currencies). If the presentation currency differs from the entity's functional currency, it translates its results and financial position into the presentation currency. For example, when a group contains individual entities with different functional currencies, the results and financial position of each entity are expressed in a common currency so that consolidated financial statements may be presented." We use the US dollar as our presentation currency mainly because it is the functional currency of our listing entity, Far East Horizon Limited, and the major SPVs of our Group located outside of the PRC. The US dollar is also a more widely-used international currency. Moreover, the weight of our US dollar-based business versus our Renminbi-based business has increased since our Group commenced business denominated in US$ in Hong Kong in 2008.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

China's economic environment

Our results of operations and financial condition are significantly affected by China's economic environment. China has experienced rapid economic growth over the past three decades largely as a result of the PRC government's extensive economic reforms, which have been focused on transforming China's centrally-planned economy into a more market-based economy. From 2005 to 2009, China's

nominal GDP grew at a CAGR of 16.5%, and fixed asset investments increased at a CAGR of 26.2%, according to the National Bureau of Statistics of the PRC. The growth of China's economy has led to increased corporate activity and investment, which has benefited the business of financial leasing. In particular, small and medium enterprises (SMEs) have been a major driver of the economic growth in China. In 2009, SMEs contributed 60% of China's GDP according to the report issued by our independent market research consultant, BHCC. As SMEs are traditionally underserved by conventional banks and financial institutions, SMEs present growth opportunities for financial services companies in general, including companies such as ours. During times of favorable economic conditions, businesses that wish to expand look to companies such as ours to help finance and expand their businesses. Conditions in the PRC economic environment also impact rates of payment delinquency, default rates and the values of assets underlying leases.

We focus our business on industries which we believe are fundamental to the continuing economic development of the PRC economy, which currently include, among others, healthcare, education, infrastructure construction, shipping, printing and machinery. For the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010, our revenue relating to these six target industries (before business taxes and surcharges) accounted for 96.6%, 97.9%, 99.0%, 99.1% and 96.6% of our total revenue (before business taxes and surcharges), respectively. Certain parts of our business are sensitive to the business cycles of these industries, particularly the shipping industry. For details of the business cycle of the shipping industry, see "Risk Factors—Risks Relating to the Industry—The shipping industry in which we are involved is highly cyclical" in this prospectus. Any development in the shipping industry or any one of the other target industries we focus on may impact rates of payment delinquency and default rates and affect the values of our lease receivables. Any significant development in any of the target industries we serve may also impact the demand of companies in such industry for our services. As a result, our ability to generate new business in any affected industry and our growth prospects in general could be impacted.

Government regulations and policies

Major parts of the PRC financial services industry are principally regulated by MOFCOM, the China Banking Regulatory Commission and/or the State Administration of Taxation, depending on business scope and whether an entity is foreign-invested, among other factors. We are primarily regulated by MOFCOM as we have been approved by MOFCOM as a "foreign-invested financial leasing company". Our business and results of operations could be materially affected by changes in the policies, laws and regulations relating to the PRC financial services industry, including the extent and scope to which we can engage in certain businesses or activities. In particular, MOFCOM has promulgated the Measures on the Administration of Foreign Investment in the Leasing Industry (外商投資租賃業管理辦法) (the "Measures") on February 3, 2005 to regulate the operation of foreign-invested leasing businesses and financial leasing businesses. Under the Measures, we are allowed to engage in the financial leasing business, the purchase of assets relating to our leases in and outside China, the repair, maintenance and disposal of assets underlying our leases, lease-related consulting, the provision of guarantees and other commercial activities as approved by MOFCOM. Any changes in such policies or new policies in general by the PRC government may cause us to adjust or change our business practices or our business model in general, which may impact our business and results of operations. In addition, changes in policies or any new policies that are particular to any of the six target industries we serve may also impact the economic or operating environment of our customers, and as a result affect our business and results of operations. For details, see "PRC Regulatory Overview" in this prospectus.

The Measures also require that the risky assets of a foreign-invested financial leasing company, which are determined by the total amount of residual assets after deducting cash, bank deposits, PRC treasury securities and entrusted leased assets from the total assets of the enterprise, shall generally not exceed ten times the company's net assets. Any subsequent development, such as more stringent governmental supervision, controls and policies regarding the composition of risky assets in our asset portfolio, may also affect our business and results of operations.

Interest rate environment

Our results of operations depend to a great extent on our net interest income from our financial leasing business, which is our interest income minus our interest expense. Interest income from our leasing and advisory segment (before business taxes and surcharges) represented 57.8%, 60.6%, 49.3%, 51.4% and 50.9% of our total revenue (before business taxes and surcharges) for the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010, respectively. The interest rate we charge our customers is an important factor that influences our Company's interest income. The interest rate charged to a customer is primarily dependent upon the risk profile of the customer, the value of the assets underlying the lease over time and the characteristics of the customer's industry. For details of our credit risk management, see "Risk Management—Credit Risk Management" in this prospectus.

In addition, our net interest income is impacted by our interest expense, which is primarily determined by market interest rates. Our interest expense is largely determined by the interest rates that we are charged for our interest-bearing bank borrowings, which are 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. In recent years, as part of the overall reform of the banking system, the People's Bank of China has implemented a series of initiatives designed to gradually liberalize interest rates and move towards a more market-based interest rate regime. Currently, RMB-denominated loans which are loaned by commercial banks are subject to minimum rates based on the PBOC benchmark interest rates, but generally are not subject to any maximum rates. Adjustments to 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 have interest rates that can be adjusted quarterly, semi-annually and annually, respectively. As of September 30, 2010, approximately 8.3% of our bank loan agreements have interest rates that can be adjusted monthly. The remaining bank loan agreements are mostly short-term loan agreements (having terms that are one year or shorter) which have fixed interest rates. As both our assets and liabilities are primarily based on floating interest rates, the impact of fluctuations in the interest rate environment has historically been limited.

Moreover, our net interest income is also impacted by whether we can adjust the interest rates we charge our customers in response to fluctuations in interest rates for our interest-bearing bank borrowings to maintain our net interest spread and our net interest margin. Our ability to correspondingly adjust the interest rates of our lease contracts in a timely manner, or at all, affects our net interest spread and net interest margin, and as a result, impacts our profitability and our results of operations. The PRC Contract Law includes a general mandate that the interest rate charged to a customer under a financial leasing contract shall take into account the purchase cost of the property or asset underlying a lease contract and should allow for a reasonable profit margin for the lessor, except

as otherwise agreed upon by the contracting parities. Having said this, our Group's practice to adjust interest rates charged to customers with reference to PBOC benchmark interest rates fully complies with PRC Contract Law. Furthermore, there are no regulatory restrictions relating to the interest rates charged by our Group to our customers under relevant PRC laws, regulations and rules.

Our Treasury Department and Finance Department are mainly responsible for managing and controlling these interest rate risks and have established systems and control measures to minimize such risks. For details of our interest risk management, see "Risk Management—Interest Rate Risk Management" in this prospectus.

Access to funding

One of the major factors in determining the success of our efforts to expand our operations is whether we can sustain and expand our access to funding. As our Company's products and services depend upon financing and access to cash, any expansion of our business will need to be supported with additional funding from various sources. Our total interest-earning assets, which include 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 as of December 31, 2007, 2008 and 2009 and September 30, 2010, 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 as of December 31, 2007, 2008 and 2009 and September 30, 2010, respectively. We have been able to maintain our levels of borrowing in step with the expansion of our business, while broadening our funding sources and channels. For example, we have borrowed loans and syndicated loans from various PRC and foreign banks. In addition, we have accessed private equity financing, such as through investments in 2009 by KKR Future Investments (an affiliate of KKR), Techlink (an investment vehicle of GICSI) and TML (an affiliate of CICC Fund). This Global Offering presents a source of funding that is unique to us, as we are the first independent financial leasing company from the PRC to list on the Stock Exchange. We are also 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. Our ability to continue to access additional funding may be influenced by factors affecting the PRC and global credit environment over which we have no control, including the cyclical nature of the credit supply and any changes in policies or regulations or new policies and regulations that impact these funding sources. Any developments such as these that impact our ability to sustain our funding or to expand our business would impact our business and profitability.

Asset quality and provisioning policy

The quality of our assets is affected by the industries and the customers we select. We believe that our focus on our six target industries and our careful selection and vetting process in choosing our customers help to minimize our credit risk and ensure our asset quality. We monitor our non-performing assets closely and dispose of the assets underlying a lease and record a write-off if we determine there is little likelihood of continued payment. As a result of our stringent management and controls to ensure our asset quality, our non-performing asset ratios were 1.70%, 1.90%, 1.20% and 0.73% while our non-performing assets were US$14.9 million, US$25.6 million, US$23.6 million and US$21.8 million as of December 31, 2007, 2008 and 2009 and September 30, 2010, respectively. The amount of our non-performing assets may fluctuate in the future due to substantial growth in our

lease receivables portfolio during the Track Record Period and/or deterioration in the quality of our lease receivables portfolio. Factors which are not under our control, such as macroeconomic developments which affect the business and operating environment of our customers, may affect the level of non-performing assets in our current portfolio of lease receivables or the level of new lease receivables that become non-performing in the future.

We prepare our financial statements in accordance with HKFRS and assess our provisions based on non-performing lease receivables on an individual basis and our performing lease receivables on a collective basis. Based on such assessments, we set aside provisions for impairment losses for both our performing and non-performing assets. The amount of these provisions is determined on the basis of our internal provisioning procedures and guidelines upon consideration of factors such as the nature and characteristics of our industry-specific customers, credit record, economic conditions and trends, history of write-offs, payment delinquencies and the value of the assets underlying the leases as collateral or guarantees. Our provisioning policies for financial assets comply with Hong Kong Accounting Standard 39. According to Hong Kong Accounting Standard 39 Paragraph 64: "An entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment." Our Group measures and monitors the asset quality of our lease receivable portfolio by classifying lease receivables using a five-category lease receivable classification system modeled after CBRC's guidelines relating to asset quality for finance leasing companies and other financial institutions under its regulation. Under our five-category lease receivable classification system, the first two categories ("pass" and "special mention") are comprised of lease receivables that are regarded as performing assets because "no objective evidence of impairment exists." Therefore in accordance with Hong Kong Accounting Standard 39 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 (ii) by the loss given default and (iii) by 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 impairment results for non-performing assets. The other 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.

Our provisions may prove to be inadequate if unanticipated changes occur in the PRC economy or other economies in which we operate or if other events affect specific customers, industries or markets. Under such circumstances, we may need to make additional provisions for our lease receivables, which could significantly impact our profitability, financial condition, results of operations and growth prospects. For details of our various policies that assist us in maintaining asset quality, see "Risk Management" in this prospectus.

Competitive landscape in the PRC financial services industry

After China's entry into the World Trade Organization in 2001, the PRC leasing industry entered a phase of rapid development which witnessed increases in both foreign and domestic investors

entering the market. In order to fulfill its commitment to the World Trade Organization, MOFCOM has implemented various policies which have been supported by new laws and regulations to develop the finance leasing industry and encourage investment.

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. Our competitors include non-bank financial services 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. Bank-affiliated leasing companies typically focus on big ticket leasing and have a customer base built largely on the bank's network. Captive leasing companies typically focus on supporting their companies' equipment sales and plan their business expansion in line with the demands of these equipment sales. Independent leasing companies, such as our Company, utilize diversified capital sources and provide services to a broader customer base with relatively greater flexibility and independence.

Increased competition affects the pricing of our leases to our customers, as well as the pricing of and the income from our advisory, trading and brokerage services. At the same time, the financial leasing industry has high barriers to entry, which include operational qualifications that are difficult to obtain, high initial start-up capital and costs and the need for strong and sustainable capital funding capabilities, professional and industry-specific risk management expertise and sales and marketing expertise.

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of our Group's financial statements requires our management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at each balance sheet date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Impairment of non-financial assets (other than goodwill)

We assess whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Intangible assets with indefinite lives are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment occurs when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When value in use calculations are undertaken, our management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Impairment of available-for-sale financial assets

Our Group classifies certain assets as available-for-sale and recognizes movements in their fair values in equity. When the fair value declines, our management makes assumptions about the decline in value to determine whether there is an impairment that should be recognized in the income statement.

Provision for bad and doubtful receivables

Provision for bad and doubtful receivables is made based on an 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 by referring to guidelines promulgated by the CBRC relating to asset quality for 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 expectation in future is different from the original estimate, these differences will have an impact on the carrying amounts of the receivables and doubtful debt expenses/write-back in the period in which these estimates have been changed.

Fair value of financial instruments

For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models or other valuation models.

Valuation techniques make use of observable market information to the greatest extent; however, when the observable market information cannot be obtained, our management will be required to make assumptions regarding the credit risk, market volatility and correlations of our Group and the counterparties, and any changes in these underlying assumptions will affect the fair value of financial instruments.

RECENT ACCOUNTING PRONOUNCEMENTS

Future amendments to HKFRS 39 "Financial Instruments: Recognition and Measurement"

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity must classify financial assets as subsequently measured at either amortized cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions"). The changes resulting from the Additions only affect the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other requirements in HKAS 39 in respect of liabilities are carried forward into HKFRS 9. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of these additions.

HKFRS 9 is intended to replace HKAS 39 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting, derecognition and impairment of financial assets continues to apply. Thus far, our directors have concluded that the adoption of the above issued but not effective HKFRS 9 would not have a significant impact on our results of operations and financial position.

On June 25, 2009, the International Accounting Standards Board ("IASB") published a request for information on the feasibility of an expected loss model for the impairment of financial assets. This formed the basis of an exposure draft (the "ED"), Financial Instruments: Amortized Cost and Impairment, published in November 2009 with a comment deadline of June 30, 2010. After a series of discussions regarding the ED by the IASB and the US Financial Accounting Standards Board ("FASB"), during a joint meeting held on December 8, 2010, the boards agreed to publish a supplemental document seeking input from constituents on a revised impairment model and expect to release a publication concerning the model in January 2011.

In January 2011, the IASB and FASB issued their joint supplementary document *Financial Instruments: Impairment* ("SD")—a supplement to their original exposure drafts (the "original EDs") which addressed the impairment of financial assets. This supplement retains the fundamental concept of impairment proposed in the original ED while addressing operational concerns that were raised. The comment period for the SD ends on April 1, 2011. During the comment period, the boards will discuss issues related to their original EDs that are not within the scope of the SD using feedback on the original EDs. Decisions made by the boards during the comment period will be updated, if necessary, based on feedback received and the outcome of other redeliberations, including those related to the topics in the SD. The IASB intends to finalize the requirements on accounting for the impairment of financial assets by June 30, 2011. The effective date for the proposals will be discussed during redeliberations. As of the Latest Practicable Date, the IASB has not yet published definitive guidance in this regard. As a result, our Company believes that at this stage of the process there is insufficient clarity as to how this will impact our Group's business operations and financial condition.

We continually monitor new developments with respect to the impairment model and evaluate the impact on our results of operations and financial position.

CONSOLIDATED INCOME STATEMENT

The following table sets forth, for the periods indicated, our consolidated results of operations.

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
			(US$'000)	(unaudited)	
Revenue[1]	90,883	155,119	211,362	145,120	230,949
Cost of sales	(32,525)	(65,689)	(74,527)	(53,437)	(81,036)
Gross profit	58,358	89,430	136,835	91,683	149,913
Other income and gains	3,936	9,349	2,652	1,238	6,498
Selling and distribution costs	(11,082)	(17,485)	(23,332)	(15,128)	(27,521)
Administrative expenses	(15,497)	(17,944)	(26,017)	(16,844)	(29,322)
Other expenses	515	(376)	(773)	(420)	(1,075)
Finance costs	—	(6)	—	—	—
Profit before tax	36,230	62,968	89,365	60,529	98,493
Income tax expense	(5,337)	(12,468)	(20,292)	(13,970)	(21,827)
Profit for the year/period	30,893	50,500	69,073	46,559	76,666
Attributable to:					
Owners of the parent	30,789	50,321	69,073	46,559	76,933
Non-controlling interests	104	179	—	—	(267)

Note:
(1) Total revenue and revenue at the business segment level are calculated with business taxes and surcharges deducted.

DESCRIPTION OF LINE ITEMS IN THE CONSOLIDATED INCOME STATEMENT

Revenue

Our Group is organized into two business segments based on our products and services: (i) leasing and advisory and (ii) trading and others. Our leasing and advisory segment includes two types of income, interest income and fee income. Interest income consists entirely of income from financial leasing, which primarily includes direct financial leasing and sale-leaseback transactions. Lease contracts are generally priced at a market interest rate, determined with reference to and usually higher than prevailing interest rates for commercial lending. The interest rates we charge our customers for most of our lease contracts are adjusted based on the fluctuations of the PBOC benchmark interest rates. Fee income relates to income primarily from our advisory services. Our trading and others segment consists primarily of trading services and brokerage services. Trading services include import and export trade and domestic trade primarily within the healthcare and printing industries of medical equipment and spare parts, paper, ink, cardboard and paper goods, as well as trade agency services primarily within the machinery industry. Our brokerage services relate to brokered sales and purchases of new and used shipping vessels. Our advisory, trading, and brokerage services are not capital intensive. On the other hand, our financial leasing business is capital intensive, and is supported by the stability of our funding and the breadth of our funding sources as evidenced by the balanced growth of our assets and liabilities.

With respect to financial leasing, interest income is recognized on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial lease or a shorter period, when appropriate, to the net carrying amount of the financial lease. For services such as advisory services (in our leasing and advisory segment) and

brokerage services (in our trading and others segment), revenue is recognized when the services have been rendered and the revenue can be reasonably estimated. For the sale of goods as it relates to our trading services, revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, provided that our Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

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	

For a period on period analyses of the material trends in revenue for each of (i) financial leasing (or interest income), (ii) advisory services (or fee income) and (iii) trading and others business segment (which includes trading services, brokerage services and other services), please see "—Results of Operations—Nine months ended September 30, 2010 compared to nine months ended September 30, 2009—Revenue" and "—Results of Operations—Years ended December 31, 2009, 2008 and 2007—Revenue."

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	
	US$'000, except percentages						(unaudited)			
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%

Cost of sales

Cost of sales is mainly comprised of borrowing costs related to our financial lease arrangements and also includes the cost of inventories sold with respect to our trading services.

The other costs that are incurred in relation to our financial lease arrangements, the delivery of advisory services and brokerage services are recognized as operating expenses based on the nature of the costs incurred. Such costs and expenses are recorded in various line items among our operating expenses. We typically use the same personnel in the delivery of different services to the same customer. Our accounting systems do not account for the costs and expenses of advisory services and brokerage services individually. Therefore, we do not account for the cost of performing these services separately. As such, our management believes that our current method of classifying our costs is more objective and relevant.

Our Company and our Directors believe that our business and pricing model is unique and it differentiates us from our Company's peers/competitors. Our Company operates our advisory services with a view to building and maintaining long term relationships with our customers. Our Company believes that the extensive customer base of our financial leasing business helps us develop our advisory services business, and that vice versa our advisory services help us expand our financial leasing business. Our customers and the projects we advise them on vary greatly. Consequently, our advisory services are tailor-made for our customers. As such, fees for advisory services are set on a case-by-case basis for each contract and for each customer according to numerous factors relating to the customer and the project. For additional details regarding (i) the particular types of services provided among our advisory services for each industry, (ii) details on the various factors we take into consideration in setting fee rates for advisory services and (iii) the broad range in the aggregate values of our advisory service contracts in monetary amounts and their spread among various contract sizes, please see "Business—Our Business Operations—Leasing and Advisory Segment—Advisory Services" as set forth in this prospectus. As a result, the rates we charge our individual customers for advisory services vary widely. Therefore, our Company believes that our comprehensive pricing considerations and our commercial position in the context of our long term relationship with our customers are more relevant and meaningful in evaluating our profitability and our prospectus for business growth. For these reasons, our Directors believe that an analysis of the cost of sales for advisory services does not aid in evaluating the profitability or the prospects of business growth relating to advisory services.

Other income and gains

Other income and gains consist of bank interest income, foreign exchange gains or losses, gains from redemption of financial instruments, dividend income from available-for-sale instruments, gains from disposal of available-for-sale investments, government grants and others.

Selling and distribution costs

Selling and distribution costs consist primarily of sales and marketing staff salaries and benefits, advertising costs, travel expenses, depreciation costs and other selling and marketing expenses. Our selling and distribution costs as a percentage of revenue were 12.2%, 11.3%, 11.0%, 10.4% and 11.9% for 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010, respectively.

Administrative expenses

Administrative expenses consist primarily of impairment of loans and accounts receivable, administrative and management staff salaries and benefits, depreciation of property, plant and equipment, rental expenses, amortization of land use rights, stamp duties, consulting expenses (primarily fees paid to banks and other professional parties as we expand our business), insurance expenses and pension contributions. Our administrative expenses as a percentage of revenue were 17.1%, 11.6%, 12.3%, 11.6% and 12.7% for 2007, 2008 and 2009 and the nine months ended September 30, 2009 and 2010, respectively.

Other expenses

Our other expenses consist of loss on disposal of items of property, plant and equipment, donations, commission expenses (primarily bank surcharges) and litigation expenses.

Finance costs

Finance costs consist of interest on bank loans that were made for purposes other than the provision of our financial leasing products and services.

Income tax expense

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the nine months ended September 30, 2010. We recorded no taxable income in Hong Kong for the years ended December 31, 2007, 2008 and 2009, and as a result we made no provisions for these periods.

PRC Corporate Income Tax

Prior to January 1, 2008, Far Eastern was entitled to a preferential corporate income tax rate of 15% and all other subsidiaries in the PRC are subject to corporate income taxes at the statutory rate of 33%. For each of the PRC subsidiaries of the Group, the corporate income tax is provided for at the applicable rate of the profits for the purposes of PRC statutory financial reporting, adjusted for those items which are not assessable or deductible.

On March 16, 2007, the National People's Congress approved the PRC Corporate Income Tax Law (the "New CIT Law"), which became effective on January 1, 2008. The New CIT Law introduced a wide range of changes which include, but are not limited to, the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25%. Pursuant to relevant recognition by local tax authorities, Far Eastern and Shanghai Donghong Co., Ltd are entitled to transitional corporate income tax rates of 18% in 2008, 20% in 2009 and 22% in 2010.

RESULTS OF OPERATIONS

Nine months ended September 30, 2010 compared to nine months ended September 30, 2009

***Revenue*[(1)]**

Our total revenue increased by 59.1% to US$230.9 million for the nine months ended September 30, 2010 from US$145.1 million for the nine months ended September 30, 2009, due to growth in both our leasing and advisory segment and our trading and others segment.

Leasing and advisory segment[(2)]

Revenue from our leasing and advisory segment represented 90.7% and 87.5% of our total revenue for the nine months ended September 30, 2009 and 2010, respectively. Revenue from our leasing and advisory segment increased by 53.6% to US$202.1 million for the nine months ended September 30, 2010 from US$131.6 million for the nine months ended September 30, 2009. This was primarily due to increases in our interest income and fee income, as discussed below.

Interest income

Interest income from our leasing and advisory segment (before business taxes and surcharges) represented 51.4% and 50.9% of our total revenue (before business taxes and surcharges) for the nine months ended September 30, 2009 and 2010, respectively. Interest income (before business taxes and surcharges) increased by 57.5% to US$121.1 million for the nine months ended September 30, 2010 from US$76.9 million for the nine months ended September 30, 2009, primarily due to an increase in the average total balance of interest-earning assets.

Increases and decreases in interest income are primarily driven by two factors, our average total balance of interest-earning assets and our average yield. Our average total balance of interest-earning assets increased by 64.3%, to US$2,521.2 million for the nine months ended September 30, 2010 from US$1,534.3 million for the nine months ended September 30, 2009, as we expanded our business operations. Our average yield decreased to 6.40% for the nine months ended September 30, 2010 from 6.68% for the nine months ended September 30, 2009 primarily because the effects of the decreases of the PBOC benchmark interest rates in the last four months of 2008 were fully reflected in the results for the nine months ended September 30, 2010 as the proportion of our lease contracts signed after the deceases in the interest rates continued to increase.

Notes:

(1) Total revenue and revenue at the business segment level are calculated with business taxes and surcharges deducted.

(2) Total revenue and revenue at the business segment level are calculated with business taxes and surcharges deducted.

The following table sets forth the average total balance of interest-earning assets, interest income and average yield distributed among our industry categories for the periods indicated.

	For the nine months ended September 30,					
	2009			2010		
	Average balance[1]	Interest income[2]	Average yield[3]	Average balance[1]	Interest income[2]	Average yield[3]
	US$'000, except percentages					
Healthcare	571,257	26,836	6.26%	786,975	36,125	6.12%
Education	222,009	11,155	6.70%	392,290	19,192	6.52%
Infrastructure construction	176,443	8,524	6.44%	306,404	13,096	5.70%
Shipping	112,391	8,001	9.49%	238,988	11,767	6.56%
Printing	334,534	15,184	6.05%	473,845	23,643	6.65%
Machinery	99,373	6,424	8.62%	198,467	12,109	8.14%
Others	18,293	757	5.52%	124,167	5,139	5.52%
Total interest-earning assets[4]	1,534,300	76,881	6.68%	2,521,136	121,071	6.40%

Notes:
(1) Calculated as the average of the beginning and ending balances of total interest-earning assets for the period indicated.
(2) The interest income of each industry category is revenue before business taxes and surcharges.
(3) Average yield is calculated by dividing interest income by average total balance of interest-earning assets. This is then calculated on an annualized basis.
(4) Consist of net lease receivables and entrusted loans.

Analysis by average total balance of interest-earning assets

The largest contributors to the increase in our average total balance of interest-earning assets were healthcare, education, printing and infrastructure construction, which collectively contributed 66.4% of the total increase in our average total balance of interest-earning assets between the nine months ended September 30, 2009 and the nine months ended September 30, 2010. The increase in our average total balance of interest-earning assets for education, printing and infrastructure construction generally reflected our business expansion as well as the contribution from the expansion of our marketing and promotional efforts, including organizing more conventions and exhibitions for key industry participants and experts and increasing the number of our sales and marketing personnel.

Healthcare. The contribution of healthcare to the total increase in our average total balance of interest-earning assets between the nine months ended September 30, 2010 and the nine months ended September 30, 2009 was 21.9%. This is primarily because the aggregate value of new lease contracts for healthcare increased. The aggregate value of new lease contracts for healthcare increased by 31.7% to US$409.8 million for the nine months ended September 30, 2010 from US$311.1 million for the nine months ended September 30, 2009, as we (i) enhanced our ability to address the needs of current and potential customers by further segmenting our sales network into more refined districts, enabling us to assign more dedicated personnel with industry and regional expertise to further enhance our customer coverage and (ii) strengthened our cooperation with various equipment vendors to enhance our leasing business.

Education. The contribution of education to the total increase in our average total balance of interest-earning assets between the nine months ended September 30, 2010 and the nine months ended September 30, 2009 was 17.3%. This is primarily because the aggregate value of new lease contracts for education increased. The aggregate value of new lease contracts for education increased by 82.0% to US$232.8 million for the nine months ended September 30, 2010 from US$127.9 million for the

nine months ended September 30, 2009 as we expanded our business operations and our marketing and promotional efforts.

Printing. The contribution of printing to the total increase in our average total balance of interest-earning assets between the nine months ended September 30, 2010 and the nine months ended September 30, 2009 was 14.1%. This is primarily because the aggregate value of new lease contracts for printing increased. The aggregate value of new lease contracts for printing increased by 29.9% to US$431.9 million for the nine months ended September 30, 2010 from US$332.5 million for the nine months ended September 30, 2009, as we have launched new teams that target paper manufacturers, packaging manufacturers and printing machine manufacturers, in order to further customize our services for the printing industry.

Infrastructure construction. The contribution of infrastructure construction to the total increase in our average total balance of interest-earning assets between the nine months ended September 30, 2010 and the nine months ended September 30, 2009 was 13.2%. This is primarily because the aggregate value of new lease contracts for infrastructure construction increased. The aggregate value of new lease contracts for infrastructure construction increased by 84.6% to US$318.4 million for the nine months ended September 30, 2010 from US$172.5 million for the nine months ended September 30, 2009, as we developed more flexible and customized financing solutions for our customers.

Analysis by average yield

Our average yield decreased to 6.40% for the nine months ended September 30, 2010 from 6.68% for the nine months ended September 30, 2009 for the following reasons. First, our overall average yield decreased as the effects of the decreases of the PBOC benchmark interest rates in the last four months of 2008 were more fully reflected in our results for the nine months ended September 30, 2010 as the proportion of our lease contracts signed after the interest rate decreases continued to increase. Our average yield for shipping decreased to 6.56% for the nine months ended September 30, 2010 from 9.49% for the nine months ended September 30, 2009, primarily because we entered into additional ship leasing transactions denominated in U.S. dollars, which use the LIBOR interest rate as a base rate. These transactions took place in the more competitive global leasing market, where the interest spreads are more narrow than in the PRC domestically. Our average yield for infrastructure construction decreased to 5.70% for the nine months ended September 30, 2010 from 6.44% for the nine months ended September 30, 2009, primarily because we entered into more lease contracts with shorter terms, which tend to price at lower yields. During the nine months ended September 30, 2009, very few of our contracts with customers in infrastructure construction were for terms of one year or less. In contrast, during the nine months ended September 30, 2010, over 25% of the aggregate value of new lease contracts for infrastructure construction were for terms of one year or less. We signed more contracts with terms of one year or less during the nine months ended September 30, 2010 because of increased demand among our customers for contracts with such length of term. Whether the terms were for one year or less or for longer than a year, our contracts for infrastructure construction were substantially the same. These decreases were partially offset by an increase in the average yield for printing, which increased to 6.65% for the nine months ended September 30, 2010 from 6.05% for the nine months ended September 30, 2009, primarily because we entered into new lease contracts with higher yields in the first three quarters of 2010 as we exercised our enhanced bargaining power due to the economic recovery which began in the second half of 2009 and which increased demand in the printing industry. This increase in demand was particularly beneficial to our financial leasing business for printing because until 2009 our lease contracts in printing, unlike those in our other target industries, did not refer to PBOC benchmark interest rates as their base interest rate. When the PRC

economy began to recover in the second half of 2009, we took advantage of this recovery in demand to negotiate printing lease contracts that referenced PBOC benchmark interest rates. In other words, this increase in demand enhanced our bargaining power in printing and allowed us to structure contract terms so that the rate we charged our customers could reflect the changes in the PBOC rates accordingly.

Fee income

Fee income from our leasing and advisory segment (before business taxes and surcharges) represented 39.5% and 36.9% of our total revenue (before business taxes and surcharges) for the nine months ended September 30, 2009 and 2010, respectively. Fee income (before business taxes and surcharges) increased by 48.5% to US$87.8 million for the nine months ended September 30, 2010 from US$59.1 million for the nine months ended September 30, 2009.

The following table sets forth our fee income (before business taxes and surcharges) distributed among our industry categories for the periods indicated.

	For the nine months September 30,	
	2009	2010
	US$'000	
Healthcare	15,639	21,678
Education	7,520	10,161
Infrastructure construction	8,998	11,217
Shipping	3,706	15,723
Printing	15,129	15,271
Machinery	7,594	10,789
Others	522	2,966
Total	59,108	87,805

The largest contributors to the total increase in our fee income (before business taxes and surcharges) were shipping, healthcare and machinery, which collectively contributed 74.1% of the total increase in our fee income between the nine months ended September 30, 2009 and 2010.

Shipping. Fee income from shipping (before business taxes and surcharges) contributed 41.9% of the total increase in fee income between the nine months ended September 30, 2009 and 2010. This increase in fee income from shipping was primarily due to: (i) an increase in the amount of services provided to our financial leasing customers as our business operations expanded, (ii) our expanded offering of products and services, such as U.S. dollar-dominated financial leasing products and consolidated financing arrangements for the acquisition of new ships, which lowered our customers' ship acquisition costs and attracted additional customers, (iii) the increased promotion of our dock logistics and customized ship services and (iv) an increase in the number of our sales and marketing personnel for shipping.

Healthcare. Fee income from healthcare (before business taxes and surcharges) contributed 21.0% of the total increase in fee income between the nine months ended September 30, 2009 and 2010. This increase in fee income from healthcare was primarily due to: (i) an increase in the amount of services provided to our financial leasing customers as our business operations expanded, (ii) lease contracts where the direct leasing method predominates, as in the case for healthcare, tend to require more value-added services, (iii) our enhanced ability to address the needs of current and potential

customers as a result of further segmenting our sales network into more refined districts, enabling us to assign more dedicated personnel with industry and regional expertise to further enhance our customer coverage and (iv) we strengthened our cooperation with various equipment vendors to enhance our leasing business.

Machinery. Fee income from machinery (before business taxes and surcharges) contributed 11.1% of the total increase in fee income between the nine months ended September 30, 2009 and 2010. This increase in fee income from machinery was primarily due to: (i) an increase in the amount of services provided to our financial leasing customers as our business operations expanded, (ii) lease contracts where the direct leasing method predominates, as in the case for machinery, tend to require more value-added services, (iii) our enhanced ability to address the needs of current and potential customers as a result of further segmenting our sales network into more refined districts, enabling us to assign more dedicated personnel with industry and regional expertise to further enhance our customer coverage and (iv) we increased the number of our sales and marketing personnel for the machinery industry and increased our marketing efforts to customers who are among the highest-grossing in their respective industries.

Trading and others segment[(1)]

Revenue from our trading and others segment represented 9.3% and 12.5% of our total revenue for the nine months ended September 30, 2009 and 2010, respectively. Revenue from our trading and others segment increased by 113.3% to US$28.9 million for the nine months ended September 30, 2010 from US$13.5 million for the nine months ended September 30, 2009, primarily due to an increase in trading revenue from printing and brokerage revenue from shipping between these same periods.

Trading revenue from printing (before business taxes and surcharges) increased by US$10.3 million, or 107.5%, between the nine months ended September 30, 2010 and the nine months ended September 30, 2009 as a result of our efforts to meet the increased demand for paper among our printing customers. Brokerage revenue from shipping (before business taxes and surcharges) increased to US$5.0 million for the nine months ended September 30, 2010 from US$1.6 million for the nine months ended September 30, 2009. This is primarily because demand for brokerage services for the sale and purchase of ships increased, as ship-owners from within China expected a recovery within the shipping industry and prepared for a rise in exports from China relative to the first three quarters of 2009.

Cost of sales

Our cost of sales increased by 51.6% to US$81.0 million for the nine months ended September 30, 2010 from US$53.4 million for the nine months ended September 30, 2009.

Note:
(1) Total revenue and revenue at the business segment level are calculated with business taxes and surcharges deducted.

Leasing and advisory segment

Our cost of sales for the leasing and advisory segment consists solely of our cost of sales for financial leasing. Our cost of sales for financial leasing is derived entirely from our interest expense relating to our interest-bearing bank and other borrowings. The following table sets out the average total balance of our interest-bearing bank and other borrowings, our interest expense and our average cost for the periods indicated.

	For the nine months ended September 30,					
	2009			2010		
	Average balance[1]	Interest Expense	Average cost[2]	Average balance[1]	Interest Expense	Average cost[2]
	US$'000, except percentages					
Interest-bearing bank and other borrowings	1,042,700	43,357	5.54%	1,693,994	59,483	4.68%

Notes:
(1) Calculated as the average of the beginning and ending balances of interest-bearing bank and other borrowings.
(2) Calculated by dividing interest expense by the average total balance of interest-bearing bank and other borrowings. This is then further calculated on an annualized basis.

Cost of sales for financial leasing increased by 37.2% to US$59.5 million for the nine months ended September 30, 2010 from US$43.4 million for the nine months ended September 30, 2009, as we continued to increase our level of interest-bearing bank and other borrowings to fund our on-going business expansion. The decrease in the average cost of our interest-bearing bank and other borrowings for the first three quarters of 2010 reflected the full effects of the decreases in the PBOC benchmark interest rates in the last four months of 2008, which (i) have resulted in lower interest rates on new borrowings as a result of our refinancing in the first three quarters of 2010, replacing long-term borrowings made at higher interest rates before the decreases in the PBOC benchmark interest rates, and also (ii) led to a lower average cost across our borrowings in general.

Our average total balance of interest-bearing and other borrowings increased by 62.5% between the nine months ended September 30, 2010 and the nine months ended September 30, 2009, which is in line with the increase in our average total balance of interest-earning assets of 64.3% over the same periods.

Trading and others segment

Our cost of sales for the trading and others segment primarily consists of our cost of sales for trading services. Our cost of sales for trading services is derived from the cost of inventories. Cost of sales for trading services increased by 113.8% to US$21.6 million for the nine months ended September 30, 2010 from US$10.1 million for the nine months ended September 30, 2009, primarily due to an increase in the aggregate value of trade transactions in printing, which resulted in an increase in our cost of sales related to trading services from printing between the nine months ended September 30, 2009 and 2010.

Gross profit and gross profit margin

Our gross profit increased by 63.5% to US$149.9 million for the nine months ended September 30, 2010 from US$91.7 million for the nine months ended September 30, 2009. Our gross profit margin was 63.2% and 64.9% for the nine months ended September 30, 2009 and 2010, respectively.

Leasing and advisory segment

Our gross profit margins in the leasing and advisory segment were 67.1% and 70.6% for the nine months ended September 30, 2009 and 2010, respectively.

Increases and decreases in our net interest income impact our gross profit margin. We measure the margins of our interest income through net interest margin, which is calculated by dividing (i) net interest income by (ii) the average balance of total interest-earning assets. As a result, fluctuations in our net interest margin are reflected through fluctuations in our average balance of total interest-earning assets and our net interest spread.

The following table sets forth our interest income, interest expense, net interest income, net interest spread and net interest margin for the periods indicated.

	Nine months ended September 30,	
	2009	2010
	US$'000, except percentages	
Interest income[1]	76,881	121,071
Interest expense[2]	43,357	59,483
Net interest income	33,524	61,588
Net interest spread[3]	1.14%	1.72%
Net interest margin[4]	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.

Our net interest spread increased to 1.72% for the nine months ended September 30, 2010 compared to 1.14% for the nine months ended September 30, 2009. The increase in net interest spread was primarily due to a decrease of 86 basis points in the average cost on our interest-bearing borrowings, which was partially offset by a decrease in the average yield on our interest-earning assets of 28 basis points. Our average cost decreased primarily because of the full effects of the decreases in the PBOC benchmark interest rates which are discussed in this section under the heading "Results of Operations—Nine months ended September 30, 2010 compared to nine months ended September 30, 2009—Cost of sales". For further information about changes in our average yield, see the heading "Results of Operations—Nine months ended September 30, 2010 compared to nine months ended September 30, 2009—Revenue—Analysis by average yield" in this section. At the same time, our average total balance of interest-earning assets increased by 64.3% between the same periods. As a result, our net interest income increased by 83.7% to US$61.6 million for the nine months ended September 30, 2010 from US$33.5 million for the nine months ended September 30, 2009. For the foregoing reasons, our net interest margin increased to 3.26% for the nine months ended September 30, 2010 compared to 2.91% over the same period in 2009.

Trading and others segment

Gross profit for the trading and others segment increased by 111.7% to US$7.3 million for the nine months ended September 30, 2010 from US$3.4 million for the nine months ended September 30,

2009, primarily due to an increase in our trading revenue from printing and an increase in brokerage revenue from shipping.

Other income and gains

The following table sets forth a breakdown of our other income and gains for the periods indicated:

	For the nine months ended	
	2009	2010
	US$'000	
Bank interest income	390	1,020
Foreign exchange gain/(loss)	(35)	725
Gain from settlement of financial instruments	—	—
Dividend income from available-for-sale financial investments	—	—
Gain from disposal of available-for-sale financial investments	—	4,251
Government grants	883	—
Others	—	502
Total	1,238	6,498

Other income and gains increased by US$5.3 million to US$6.5 million for the nine months ended September 30, 2010 from US$1.2 million for the nine months ended September 30, 2009, primarily reflecting a gain from disposal of available-for-sale investments and an increase in bank interest income in the nine months ended September 30, 2010.

Selling and distribution costs

The following table sets forth a breakdown of our selling and distribution costs for the periods indicated:

	For the nine months ended	
	2009	2010
	US$'000	
Salaries and benefits	9,555	18,155
Entertainment expenses	912	1,495
Travel expenses	3,079	5,217
Advertising costs	16	41
Transportation costs	79	84
Communication expenses	325	498
Office expenses	105	117
Conference expenses	411	517
Consulting fees	280	405
Amortization of intangible assets and other long-term assets	—	343
Others	366	649
Total	15,128	27,521

Selling and distribution costs increased by US$12.4 million, or 81.9%, to US$27.5 million for the nine months ended September 30, 2010 from US$15.1 million for the nine months ended September 30, 2009, primarily reflecting an increase in our costs relating to sales and marketing staff

salaries and benefits of 90.0% as we increased our headcount for selling and distribution personnel to 410 as of September 30, 2010 from 267 as of September 30, 2009. This increase in headcount for selling and distribution personnel was necessary for the expansion of our business operations. Also, this increase in selling and distribution costs also reflected, to a lesser degree, an increase in our travel expenses.

Administrative expenses

The following table sets forth a breakdown of our administrative expenses for the periods indicated.

	Nine months ended September 30,	
	2009	2010
	US$'000	
Impairment of loans and accounts receivable	5,104	10,091
Administrative and management staff salaries and benefits	5,273	10,279
Rental expenses	2,371	2,642
Others[(1)]	4,096	6,310
Total	16,844	29,322

Note:

(1) Others includes consultancy fees, entertainment expenses, travel expenses, repairs, office expenses, conference expenses, amortization of intangible assets, insurance expenses and other miscellaneous expenses.

Administrative expenses increased by US$12.5 million, or 74.1%, to US$29.3 million for the nine months ended September 30, 2010 from US$16.8 million for the nine months ended September 30, 2009. This primarily reflects increases in our expenses relating to the impairment of loans and accounts receivable and administrative and management staff salaries and benefits primarily due to our increased headcount as our business expanded. Our total number of full-time employees increased from 618 at the end of 2009 to 810 as of September 30, 2010. Other administrative expenses grew as we expanded our business operations between the nine months ended September 30, 2009 and 2010.

Impairment of loans and accounts receivable

Impairment of loans and accounts receivable increased by 97.7% to US$10.1 million for the nine months ended September 30, 2010 compared to US$5.1 million for the nine months ended September 30, 2009, as net lease receivables increased by 73.8% between these same periods, in particular net lease receivables relating to shipping, healthcare and education. As a result of this increase in net lease receivables, additional provisions were set aside. We also adopted a more conservative approach to provisioning given uncertain macroeconomic conditions in the midst of the global economic downturn.

Other expenses

The following table sets forth a breakdown of our other expenses for the periods indicated:

	For the nine months ended	
	2009	2010
	US$'000	
Commission expenses	325	888
Loss on the disposal of items of property, plant and equipment	95	187
Donations	—	—
Recovery of litigation expenses	—	—
Total	420	1,075

Other expenses increased by US$0.7 million, or 156.0%, to US$1.1 million for the nine months ended September 30, 2010 from US$0.4 million for the nine months ended September 30, 2009, and the increase primarily related to an increase in our commission expenses, mainly comprised of bank charges, for the nine months ended September 30, 2010 as our business expanded.

Finance costs

Finance costs consist of interest on bank loans that were made for purposes other than the provision of our financial leasing products and services, such as to fund our operational expenses in the ordinary course of business. We did not incur any finance costs for the nine months ended September 30, 2009 and 2010.

Income tax expense

Income tax expense increased by US$7.9 million, or 56.2%, to US$21.8 million for the nine months ended September 30, 2010 from US$14.0 million for the nine months ended September 30, 2009. This increase was primarily due to an increase in our operating profit between the same periods. Our effective tax rates for the nine months ended September 30, 2009 and 2010 were 23.1% and 22.2%, respectively.

Profit for the period

For the foregoing reasons, our profit for the period increased by US$30.1 million, or 64.7%, to US$76.7 million for the nine months ended September 30, 2010 from US$46.6 million for the nine months ended September 30, 2009. Our net profit margin remained relatively stable, and was 32.1% and 33.2% for the nine months ended September 30, 2009 and 2010, respectively.

Years ended December 31, 2009, 2008 and 2007

Revenue[(1)]

Our total revenue increased by 36.3% to US$211.4 million in 2009 from US$155.1 million in 2008, primarily due to the growth of our leasing and advisory segment. Our total revenue increased by

Note:

(1) Total revenue and revenue at the business segment level are calculated with business taxes and surcharges deducted.

70.7% to US$155.1 million in 2008 from US$90.9 million in 2007, primarily due to the growth of our leasing and advisory segment and to a lesser extent from our trading and others segment.

Leasing and advisory segment[(2)]

Revenue from our leasing and advisory segment represented 89.7%, 87.6% and 90.2% of our total revenue for 2007, 2008 and 2009, respectively. Revenue from our leasing and advisory segment increased by 40.4% to US$190.7 million in 2009 from US$135.8 million in 2008. Revenue from our leasing and advisory segment increased by 66.7% to US$135.8 million in 2008 from US$81.5 million in 2007. These increases are primarily due to increases in our interest income and fee income, as discussed below.

Interest income

Interest income from our leasing and advisory segment (before business taxes and surcharges) represented 57.8%, 60.6% and 49.3% of our total revenue (before business taxes and surcharges) in 2007, 2008 and 2009, respectively. Interest income (before business taxes and surcharges) increased by 11.1% to US$107.5 million in 2009 from US$96.8 million in 2008, primarily due to an increase in the average total balance of interest-earning assets, which was partially offset by a decrease in the average yield. Interest income (before business taxes and surcharges) increased by 78.2% to US$96.8 million in 2008 from US$54.3 million in 2007, primarily due to an increase in the average total balance of interest-earning assets coupled with an increase in average yield.

Increases and decreases in interest income are primarily driven by two factors, our average total balance of interest-earning assets and our average yield.

Our average total balance of interest-earning assets increased by 49.7%, to US$1,668.2 million in 2009 from US$1,114.4 million in 2008 as we expanded our business. Our average yield decreased to 6.45% in 2009 from 8.69% in 2008.

Our average total balance of interest-earning assets increased by 59.5%, to US$1,114.4 million in 2008 from US$698.9 million in 2007 as we expanded our business. Our average yield increased to 8.69% in 2008 from 7.77% in 2007.

Note:

(2) Total revenue and revenue at the business segment level are calculated with business taxes and surcharges deducted.

The following table sets forth the average total balance of interest-earning assets, interest income and average yield of our industry categories for the years indicated.

	For the year ended December 31,								
	2007			2008			2009		
	Average balance[1]	Interest income[2]	Average yield[3]	Average balance[1]	Interest income[2]	Average yield[3]	Average balance[1]	Interest income[2]	Average yield[3]
	US$'000, except percentages								
Healthcare	310,249	21,007	6.77%	445,838	35,956	8.06%	618,703	37,107	6.00%
Education	55,938	4,478	8.01%	126,584	8,970	7.09%	244,432	15,670	6.41%
Infrastructure construction	51,428	3,983	7.74%	101,457	8,852	8.72%	190,602	12,179	6.39%
Shipping	77,094	5,567	7.22%	113,828	9,605	8.44%	117,888	10,076	8.55%
Printing	147,777	14,072	9.52%	253,936	25,187	9.92%	363,927	21,896	6.02%
Machinery	28,054	2,568	9.15%	54,219	6,037	11.13%	116,170	9,597	8.26%
Others	28,311	2,629	9.29%	18,519	2,184	11.79%	16,469	1,012	6.15%
Total interest-earning assets[4]	698,852	54,304	7.77%	1,114,379	96,791	8.69%	1,668,189	107,537	6.45%

Notes:
(1) Calculated as the average of the beginning and ending balances of total interest-earning assets for the year indicated.
(2) The interest income of each industry category is revenue before business taxes and surcharges.
(3) Average yield is calculated by dividing interest income by the average total balance of interest-earning assets.
(4) Consist of net lease receivables and entrusted loans.

Analysis by average total balance of interest-earning assets between 2009 and 2008

The largest contributors to the total increase in our average total balance of interest-earning assets were healthcare, education, printing and infrastructure construction, which collectively contributed 88.5% of the total increase in our average total balance of interest-earning assets between 2009 and 2008. The increase in our average total balance of interest-earning assets for healthcare, education, printing and infrastructure construction generally reflected our business expansion as well as the increase in the number of our sales and marketing personnel.

Healthcare. The contribution of healthcare to the total increase in our average total balance of interest-earning assets between 2009 and 2008 was 31.2%. This is primarily because the aggregate value of new lease contracts for healthcare increased. The aggregate value of new lease contracts for healthcare increased by 45.2% to US$466.5 million in 2009 from US$321.3 million in 2008, as we increased our marketing efforts to customers who are among the highest-grossing in their respective industries by customizing and offering flexible financial products.

Education. The contribution of education to the total increase in our average total balance of interest-earning assets between 2009 and 2008 was 21.3%. This is primarily because the aggregate value of new lease contracts for education increased. The aggregate value of new lease contracts for education increased by 67.7% to US$206.6 million in 2009 from US$123.2 million in 2008, reflecting our continued sales and marketing efforts and the increasing recognition of our brand by the market.

Printing. The contribution of printing to the total increase in our average total balance of interest-earning assets between 2009 and 2008 was 19.9%. This is primarily because the aggregate value of new lease contracts for printing increased. The aggregate value of new lease contracts for

printing increased by 58.4% to US$412.2 million in 2009 from US$260.3 million in 2008, primarily as we organized more conventions and exhibitions for key printing industry participants and experts.

Infrastructure construction. The contribution of infrastructure construction to the total increase in our average total balance of interest-earning assets between 2009 and 2008 was 16.1%. This is primarily because the aggregate value of new lease contracts for infrastructure construction increased. The aggregate value of new lease contracts for infrastructure construction increased by 96.9% to US$231.7 million in 2009 from US$117.7 million in 2008, reflecting the effects of the PRC government's fiscal stimulus package of RMB4.1 trillion in 2009, much of which was focused on infrastructure spending.

Analysis by average yield between 2009 and 2008

Our average yield decreased to 6.45% in 2009 from 8.69% in 2008. This is because of a decrease in the PBOC benchmark interest rates between 2008 and 2009, as a result of the loosening of monetary policy by the PRC government in response to the global economic downturn beginning in the second half of 2008. The PBOC cut 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. Our lease contracts are generally priced at a floating interest rate, which floats at a preset margin above a base interest rate. The base interest rate generally 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. As the interest rates we charge our customers for most of our lease contracts are readjusted periodically at each subsequent payment date[(1)], the decrease in the average yield in 2009 reflects (i) the effects in 2009 of these reductions in interest rates during the last four months of 2008 and (ii) the time lag between these decreases in the PBOC benchmark interest rates and when we can adjust the interest rate we charge out to our customers, which is usually the next payment date. The impact of these two dynamics is more pronounced in industries such as healthcare, infrastructure construction, printing and machinery, where average yields decreased more relative to decreases for other industries between 2008 and 2009, such as education, which was not as affected by these dynamics because we typically structure our contracts with customers in the education industry with a relatively longer period between payment dates, meaning that the effect of lower interest rates is not felt as quickly.[(2)]

While the interest rates that we charge out to our customers can be adjusted at each subsequent payment date should PBOC benchmark interest rates fluctuate, this does not mean that we can be expected to fully or timely mitigate the effects of fluctuations of PBOC benchmark interest rates on our net interest margins. For example, our net interest margin decreased to 2.97% in 2009 from 4.09% in 2008. This is because in early 2008, when PBOC benchmark interest rates continued increasing, we decided to borrow in the form of long-term borrowings, which locked in the higher interest rates of

Notes:

(1) A majority of all of our lease contracts have monthly payment dates; as a result, the interest rates we charge out to customers can be adjusted at each subsequent month should PBOC benchmark interest rates fluctuate.

(2) A majority of our lease contracts for education have semi-annual payment dates. This payment structure takes into account the timing of cash inflows for certain customers in education, because a significant portion of the cash inflows of such educational institutions come in the form of tuition, which tends to be paid to these educational institutions semi-annually. As a result, adjustments in the interest rates we charge to such customers in the education industry generally take place at a more gradual pace.

early 2008 for the remainder of 2008 and for 2009 with respect to a significant portion of our bank borrowings. When PBOC benchmark interest rates fell beginning in the last four months of 2008, the rates we charged out to our customers in 2009 correspondingly fell. At the same time, a significant portion of our bank borrowings from early 2008 locked in the higher interest rates of 2008 for much of 2009, leading to a decrease of our net interest margin in 2009. For more details, see the section headed "—Results of Operations—Years ended December 31, 2009, 2008 and 2007—Gross Profit and Gross Profit Margin" as set forth in this prospectus.

The increase in our average yield for shipping between 2009 and 2008 partially offset the overall decrease in our average yield between 2009 and 2008. Our average yield for shipping for the year ended December 31, 2008 was 8.44%, while it was 8.55% for the year ended December 31, 2009. This is because many lower-yielding, shipping-related projects were terminated in early 2009 and were subsequently replaced with higher-yielding, shipping leases in the second half of 2009 as the economic conditions and expectations within the PRC shipping industry improved by the second half of 2009. As a result, this growth in our average yield for shipping in the second half of 2009 partially mitigated the overall decrease in our average yield in 2009.

Analysis by average total balance of interest-earning assets between 2008 and 2007

The largest contributors to the total increase in our average total balance of interest-earning assets were healthcare, printing, education and infrastructure construction, which collectively contributed 87.2% of the total increase in our average total balance of interest-earning assets between 2008 and 2007. The increase in our average total balance of interest-earning assets for education, printing and infrastructure generally reflected our business expansion as well as the increase in the number of our sales and marketing personnel.

Healthcare. The contribution of healthcare to the total increase in our average total balance of interest-earning assets between 2008 and 2007 was 32.6%. This is primarily because the aggregate value of new lease contracts for healthcare increased. The aggregate value of new lease contracts for healthcare increased by 44.9% to US$321.3 million in 2008 from US$221.7 million in 2007, as we further expanded into Southwestern China.

Printing. The contribution of printing to the total increase in our average total balance of interest-earning assets between 2008 and 2007 was 25.5%. This is primarily because the aggregate value of new lease contracts for printing increased. The aggregate value of new lease contracts for printing increased by 31.7% to US$260.3 million in 2008 from US$197.6 million in 2007, as we continued to develop sales and marketing personnel with industry expertise and began providing group credit facilities for our customers.

Education. The contribution of education to the total increase in our average total balance of interest-earning assets between 2008 and 2007 was 17.0%. This is primarily because the aggregate value of new lease contracts for education increased. The aggregate value of new lease contracts for education increased by 118.1% to US$123.2 million in 2008 from US$56.5 million in 2007, reflecting the expansion of our business to more inland regions such as Northern and Southwestern China.

Infrastructure construction. The contribution of infrastructure construction to the total increase in our average total balance of interest-earning assets between 2008 and 2007 was 12.0%. This is primarily because the aggregate value of new lease contracts for infrastructure construction increased.

The aggregate value of new lease contracts for infrastructure construction increased by 100.9% to US$117.7 million in 2008 from US$58.6 million in 2007, primarily due to (i) the increased number of financial leasing agreements in market niches of road, highway and municipal infrastructure, (ii) our establishment of full nationwide coverage for our customers and (iii) the development and promotion of short-term financing solutions for our customers.

Analysis by average yield between 2008 and 2007

Our average yield increased to 8.69% in 2008 from 7.77% in 2007. This is because in 2007 the PBOC increased benchmark interest rates six times in order to prevent overheating of the 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. As the interest rates we charge our customers for most of our lease contracts are readjusted periodically at each payment date, the increase in the average yield in 2008 reflects (i) the full year effects in 2008 of these increases in interest rates during 2007 and (ii) the time lag between the increases in the PBOC benchmark interest rate and when we can adjust the interest rate we charge out to our customers, which is usually the next payment date.

Our average yield for education decreased to 7.09% in 2008 from 8.01% in 2007, despite an increase in the average total balance of interest-earning assets, because a substantial portion of these contracts were signed in the second half of 2008. As a result we did not begin collecting interest income for these contracts until the second half of 2008.

Fee income

Fee income from our leasing and advisory segment (before business taxes and surcharges) represented 32.1%, 27.2% and 41.2% of our total revenue (before business taxes and surcharges) for the years ended December 31, 2007, 2008 and 2009, respectively. Fee income (before business taxes and surcharges) as a percentage of total revenue increased to 41.2% in 2009 from 27.2% in 2008 because our fee income increased significantly by 107.1% to US$90.0 million in 2009 from US$43.4 million in 2008.

The following table sets forth fee income (before business taxes and surcharges) distributed among our industry categories for the years indicated.

	For the year ended December 31,		
	2007	2008	2009
		US$'000	
Healthcare	13,358	16,797	23,563
Education	3,449	5,929	14,176
Infrastructure construction	2,081	3,780	11,502
Shipping	3,022	1,894	8,484
Printing	5,778	10,179	21,127
Machinery	1,903	3,646	9,937
Others	549	1,216	1,176
Total	30,140	43,441	89,965

2009 as compared to 2008

Fee income (before business taxes and surcharges) increased by 107.1% to US$90.0 million in 2009 from US$43.4 million in 2008. This is generally because we organized more forums and workshops for key industry participants in various industries, which helped us secure additional business and increase the aggregate value of new lease contracts for our target industries in 2009 as compared to 2008. The largest contributors to the total increase in our fee income (before business taxes and surcharges) were printing, education, infrastructure construction and healthcare, which collectively contributed 72.4% of the total increase in our fee income between 2009 and 2008.

Printing. Fee income from printing (before business taxes and surcharges) contributed 23.5% of the total increase in fee income between 2009 and 2008. This increase in fee income from printing was primarily due to an increase in the amount of services provided to our financial leasing customers as our business operations expanded and an increase in the number of our sales and marketing personnel.

Education. Fee income from education (before business taxes and surcharges) contributed 17.7% of the total increase in fee income between 2009 and 2008. This increase in fee income from education was primarily due to (i) an increase in the amount of services provided to our financial leasing customers as our business operations expanded, (ii) our continued sales and marketing efforts and the increasing recognition of our brand by the market and (iii) an increase in the number of our sales and marketing personnel.

Infrastructure construction. Fee income from infrastructure construction (before business taxes and surcharges) contributed 16.6% of the total increase in fee income between 2009 and 2008. This increase in fee income from infrastructure construction was primarily due to (i) an increase in the amount of services provided to our financial leasing customers as our business operations expanded, (ii) the effects of the PRC government's fiscal stimulus package of RMB4 trillion in 2009, much of which was focused on infrastructure spending, and (iii) an increase in the number of our sales and marketing personnel.

Healthcare. Fee income from healthcare (before business taxes and surcharges) contributed 14.5% of the total increase in fee income between 2009 and 2008. This increase in fee income from healthcare was primarily due to (i) an increase in the amount of services provided to our financial leasing customers as our business operations expanded, (ii) our increased marketing efforts to customers who are among the highest-grossing in their respective industries by customizing and offering flexible financial products, (iii) the expansion of our administrative services for healthcare facilities which contributed to an increase in fee income from healthcare and (iv) an increase in the number of our sales and marketing personnel.

2008 as compared to 2007

Fee income (before business taxes and surcharges) increased by 44.1% to US$43.4 million in 2008 from US$30.1 million in 2007. This is generally because we organized more forums and workshops for key industry participants in various industries, which helped us secure additional business and increase the aggregate value of new lease contracts for our target industries in 2008 as compared to 2007. The largest contributors to the total increase in our fee income (before business taxes and surcharges) were printing, healthcare and education, which collectively contributed 77.6% of the total increase in our fee income between 2008 and 2007.

Printing. Fee income from printing (before business taxes and surcharges) contributed 33.1% of the total increase in fee income between 2008 and 2007. This increase in fee income from printing was primarily due to (i) an increase in the amount of services provided to our financial leasing customers as our business operations expanded, (ii) our continued development of sales and marketing personnel with industry expertise and (iii) our offering of group credit facilities for our customers.

Healthcare. Fee income from healthcare (before business taxes and surcharges) contributed 25.9% of the total increase in fee income between 2008 and 2007. This increase in fee income from healthcare was primarily due to (i) an increase in the amount of services provided to our financial leasing customers as our business operations expanded, (ii) the expansion of our administrative services for healthcare facilities which contributed to an increase in fee income from healthcare and (iii) our expansion into Southwestern China.

Education. Fee income from education (before business taxes and surcharges) contributed 18.6% of the total increase in fee income between 2008 and 2007. This increase in fee income from education was primarily due to (i) an increase in the amount of services provided to our financial leasing customers as our business operations expanded, (ii) the expansion of our business to more inland regions such as Northern and Southwestern China and (iii) an increase in the number of our sales and marketing personnel.

Shipping. Fee income from shipping (before business taxes and surcharges) decreased to US$1.9 million in 2008 from US$3.0 million in 2007 as a result of a softening of demand relating to the global economic downturn which began in the second half of 2008.

Trading and others segment[(1)]

Revenue from our trading and others segment represented 10.3%, 12.4% and 9.8% of our revenue in 2007, 2008 and 2009, respectively. Revenue from our trading and others segment increased by 7.1% to US$20.6 million in 2009 from US$19.3 million in 2008. This is primarily because trading revenue from printing (before business taxes and surcharges) increased by US$6.0 million between 2008 and 2009, which was partially offset by a decrease in trade revenue from healthcare (before business taxes and surcharges) of US$3.8 million and a decrease in brokerage revenue from shipping (before business taxes and surcharges) of US$1.2 million between these same periods. Revenue for our trading and others segment increased by 105.5% to US$19.3 million in 2008 from US$9.4 million in 2007. This is primarily because trading revenue from printing and healthcare (both before business taxes and surcharges) increased by US$6.9 million and US$1.7 million between 2007 and 2008, respectively. Trading revenue from printing increased primarily because we had only begun our trading services for printing in 2007, whereas this business became fully developed by 2008.

Cost of sales

Our cost of sales increased by 13.5% to US$74.5 million in 2009 from US$65.7 million in 2008. Our cost of sales increased by 102.0% to US$65.7 million in 2008 from US$32.5 million in 2007.

Note:

(1) Revenue at the business segment level is calculated with business taxes and surcharges deducted.

Leasing and advisory segment

Our cost of sales for the leasing and advisory segment consists solely of our cost of sales for financial leasing. Our cost of sales for financial leasing is derived entirely from our interest expense relating to our interest-bearing bank and other borrowings. The following table sets forth the average total balance of our interest-bearing bank and other borrowings, our interest expense and our average cost for the years indicated.

	For the year ended December 31,								
	2007			2008			2009		
	Average balance[1]	Interest Expense	Average cost[2]	Average balance[1]	Interest Expense	Average cost[2]	Average balance[1]	Interest Expense	Average cost[2]
	US$'000, except percentages								
Interest-bearing bank and other borrowings	471,353	25,795	5.47%	781,863	51,198	6.55%	1,106,873	57,989	5.24%

Notes:
(1) Calculated as the average of the beginning and ending balances of interest-bearing bank and other borrowings.
(2) Calculated by dividing interest expense by the average total balance of interest-bearing bank and other borrowings.

Cost of sales for financial leasing increased by 13.3% to US$58.0 million in 2009 from US$51.2 million in 2008, as we continued to increase our level of interest-bearing bank and other borrowings to fund our on-going business expansion, which was partially offset by decreases in benchmark interest rates by the PBOC beginning in September 2008 in response to the global economic downturn that began in the second half of 2008, which lowered interest rates for our bank borrowings in 2009.

Cost of sales for financial leasing increased by 98.5% to US$51.2 million in 2008 from US$25.8 million in 2007, as we increased our level of interest-bearing bank and other borrowings to fund our on-going business expansion, coupled with increases in benchmark interest rates by the PBOC throughout 2007 to prevent overheating of the PRC economy, which increased interest rates for our bank borrowings in 2008.

Trading and others

Our cost of sales for the trading and others segment primarily consists of our cost of sales for trading services. Our cost of sales for trading services is derived from the cost of inventories. Cost of sales for trading services increased by 14.1% to US$16.5 million in 2009 from US$14.5 million in 2008, primarily due to increases in the aggregate value of trading transactions in printing, which resulted in an increase of 68.6% in our cost of sales related to trading from printing between 2008 and 2009. This was partially offset by a decrease of 72.7% in our cost of sales related to trading from healthcare between 2008 and 2009, as our Company took a significant role in the procurement process for trade relating to healthcare in 2008 which we did not do in 2009 because we began to refine our focus to areas of healthcare perceived by us to have more growth potential, such as clean room engineering and infection control.

Cost of sales for trading services increased by 115.3% to US$14.5 million in 2008 from US$6.7 million in 2007, primarily due to increases in the aggregate value of trading transactions in both printing and healthcare, which resulted in an increase of 282.0% in our cost of sales related to trading from printing and an increase of 27.0% in our cost of sales related to trading from healthcare between 2007 and 2008.

Gross profit and gross profit margin

Our gross profit increased by US$47.4 million, or 53.0%, to US$136.8 million in 2009 from US$89.4 million in 2008. Our gross profit increased by US$31.1 million, or 53.2%, to US$89.4 million in 2008 from US$58.4 million in 2007. Our gross profit margin was 64.2%, 57.7% and 64.7% in 2007, 2008 and 2009, respectively.

Leasing and advisory segment

Our gross profit margin in the financial leasing and services segment was 68.4%, 62.3% and 69.6% in 2007, 2008 and 2009, respectively.

Increases and decreases in our net interest income impact our gross profit margin. We measure the margins of our interest income through net interest margin, which is calculated by dividing (i) net interest income by (ii) the average balance of total interest-earning assets. As a result, fluctuations in our net interest margin are reflected through fluctuations in our average balance of total interest-earning assets and our net interest spread.

The following table sets forth our interest income, interest expense, net interest income, net interest spread and net interest margin for the years indicated.

	For the year ended December 31,		
	2007	2008	2009
	US$'000, except percentages		
Interest income[1]	54,304	96,791	107,537
Interest expense[2]	25,795	51,198	57,989
Net interest income	28,509	45,593	49,548
Net interest spread[3]	2.30%	2.14%	1.21%
Net interest margin[4]	4.08%	4.09%	2.97%

Notes:

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

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

Our net interest spread decreased to 1.21% in 2009 from 2.14% in 2008, as our average yield decreased by 224 basis points and our average cost decreased by 131 basis points. Our average yield decreased because we readjusted the interest rates charged to our customers downward in response to the reduction of PBOC's benchmark rates, while our average cost decreased relatively less as readjustments to the interest rates we are charged for our bank borrowings lagged behind what we charged our customers primarily because a significant portion of our bank borrowings locked in fixed interest rates from early 2008 for 2009. At the same time, our average total balance of interest-earning assets increased 49.7% between the same periods. As a result, our net interest income increased by 8.7% to US$49.5 million in 2009 from US$45.6 million in 2008. For the foregoing reasons, our net interest margin decreased to 2.97% in 2009 from 4.09% in 2008.

Our net interest spread decreased to 2.14% in 2008 compared to 2.30% in 2007, as our average yield increased by 92 basis points and our average cost increased by 108 basis points. Our average cost

increased because the interest rates we were charged for our bank borrowings in 2008 increased in response to the increases in the PBOC benchmark rates in 2007. Given the tight money environment, we decided to borrow in the form of long-term bank borrowings in early 2008, which locked in higher interest rates with respect to a significant portion of our bank borrowings for the remainder of the year. At the same time, our average total balance of interest-earning assets increased by 59.5% between the same periods. As a result, our net interest income increased by 59.9% to US$45.6 million for in 2008 compared to US$28.5 million in 2007. For the foregoing reasons, our net interest margin remained relatively stable, increasing to 4.09% in 2008 from 4.08% in 2007.

Between 2007 and 2008, our net interest spread decreased while our net interest margin remained relatively stable. Net interest spread decreased for the following reasons: (i) our average yield was 7.77% and 8.69% in 2007 and 2008, respectively, representing an increase of 11.8%; at the same time, (ii) our average cost was 5.47% and 6.55% in 2007 and 2008, respectively, representing an increase of 19.7%. This led to a decrease in our net interest spread between 2007 and 2008.

On the other hand, our net interest margin remained relatively stable for the following reasons: (i) our net interest income was US$28.5 million and US$45.6 million in 2007 and 2008, respectively, representing an increase of 59.9%; at the same time, (ii) our average total balance of interest-earning assets was US$698.9 million and US$1,114.4 million in 2007 and 2008, respectively, representing an increase of 59.5%. As the increase in our net interest income and our average total balance of interest-earning assets were generally in line with each other, our net interest margin remained relatively stable.

Trading and others segment

Gross profit for the trading and others segment decreased by 14.2% to US$4.1 million in 2009 from US$4.8 million in 2008, primarily due to an increase in our cost of sales for trading from printing that outpaced the increase in our revenue for trade from printing.

Gross profit for the trading and others segment increased by 80.7% to US$4.8 million to 2008 from US$2.6 million in 2007, primarily due to increases in our trading revenue from printing and healthcare between 2007 and 2008.

Other income and gains

The following table sets forth a breakdown of our other income and gains for the years indicated:

	For the year ended December 31,		
	2007	2008	2009
		US$'000	
Bank interest income	333	1,027	630
Foreign exchange gain/(loss)	2,256	(197)	(63)
Gain from settlement of financial instruments	—	3,155	—
Dividend income from available-for-sale financial investments	1,184	4,404	—
Gain from disposal of available-for-sale financial investments	—	—	—
Government grants	153	757	1,990
Others	10	203	95
Total	3,936	9,349	2,652

Other income and gains decreased by US$6.7 million to US$2.7 million in 2009 from US$9.3 million in 2008, primarily reflecting (i) a gain from settlement of financial instruments in the amount of US$3.2 million in 2008 which did not recur in 2009, (ii) dividend income from available-for-sale financial instruments in the amount of US$4.4 million in 2008 which did not recur in 2009, partially offset by an increase in government grants in the amount of US$1.2 million. Other income and gains increased by US$5.4 million to US$9.3 million in 2008 from US$3.9 million in 2007, primarily reflecting (i) a gain from settlement of financial instruments in the amount of US$3.2 million in 2008 due to the maturity and settlement of asset backed securities related to our "Far Eastern Debut Leasing Asset Backed Security Management Program" which we started in 2006, (ii) dividend income from available-for-sale financial instruments in the amount of US$4.4 million in 2008, partially offset by (iii) a change due to a foreign exchange loss of US$0.2 million in 2008 from a foreign exchange gain of US$2.3 million in 2007 as a result of the appreciation of the Renminbi during the same year.

Selling and distribution costs

The following table sets forth a breakdown of our selling and distribution costs for the years indicated:

	For the year ended December 31,		
	2007	2008	2009
		US$'000	
Salaries and benefits	6,582	10,929	14,776
Entertainment expenses	488	1,026	1,484
Travel expenses	2,081	3,283	4,818
Advertising costs	25	44	29
Transportation costs	181	76	116
Communication expenses	256	412	483
Office expenses	34	100	178
Conference expenses	259	653	572
Consulting fees	927	633	425
Amortization of intangible assets and other long-term assets	—	—	7
Others	249	329	444
Total	11,082	17,485	23,332

Selling and distribution costs increased by US$5.8 million, or 33.4%, to US$23.3 million in 2009 from US$17.5 million in 2008, primarily reflecting increases in our costs relating to sales and marketing staff salaries and benefits and travel expenses. More particularly, our costs relating to sales and marketing staff salaries and benefits increased by 35.2% between 2009 and 2008 as we increased headcount for our sales and marketing personnel to 286 in 2009 from 187 in 2008. This increase in headcount of selling and distribution personnel was necessary for the expansion of our business.

Selling and distribution costs increased by US$6.4 million, or 57.8%, to US$17.5 million in 2008 from US$11.1 million in 2007, primarily reflecting increases in our costs relating to sales and marketing staff salaries and benefits and travel expenses. More particularly, our costs relating to sales and marketing staff salaries and benefits increased by 66.0% between 2008 and 2007 as we increased headcount for our sales and marketing personnel to 187 in 2008 from 145 in 2007. This increase in headcount for selling and distribution personnel was necessary for the expansion of our business.

Administrative expenses

The following table sets forth a breakdown of our administrative expenses for the periods indicated.

	For the year ended December 31,		
	2007	2008	2009
		US$'000	
Impairment of loans and accounts receivable	6,485	4,693	9,053
Administrative and management staff salaries and benefits	3,987	5,216	7,910
Rental expenses	1,725	2,568	3,102
Others[(1)]	3,300	5,467	5,952
Total	15,497	17,944	26,017

Note:

(1) Others includes consultancy fees, entertainment expenses, travel expenses, repairs, office expenses, conference expenses, amortization of intangible assets, insurance expenses and other miscellaneous expenses.

Administrative expenses increased by US$8.1 million, or 45.0%, to US$26.0 million in 2009 from US$17.9 million in 2008, primarily reflecting increases in our expenses relating to impairment of loans and accounts receivable and administrative and management staff salaries and benefits as our total number of full-time employees increased from 437 as of December 31, 2008 to 618 as of December 31, 2009. Other administrative expenses grew in line with our business expansion between 2008 and 2009.

Administrative expenses increased by US$2.4 million, or 15.8%, to US$17.9 million in 2008 from US$15.5 million in 2007, primarily reflecting increases in our expenses relating to administrative and management staff salaries and benefits as our total number of full-time employees increased from 323 as of December 31, 2007 to 437 as of December 31, 2008 and rental expenses, partially offset by a decrease in our expense relating to impairment of loans and accounts receivable. Other administrative expenses grew 65.7% between 2008 and 2007 because of an increase in consulting fees relating to the arrangement of syndicated loans in 2008, which were arranged as part of the continuing expansion of our business.

Impairment of loans and accounts receivable

Impairment of loans and accounts receivable increased by 92.9% to US$9.1 million in 2009 compared to US$4.7 million in 2008, primarily due to the time-lagged effects of the global economic downturn that began in the second half of 2008.

Impairment of loans and accounts receivable decreased by 27.6% to US$4.7 million in 2008 compared to US$6.5 million in 2007. Although we adopted a more conservative approach to provisioning in 2008 given uncertain macroeconomic conditions in the midst of the global economic downturn which began in the second half of 2008, impairment of loans and accounts receivable decreased in 2008 due to collection efforts in 2008, especially with respect to several high-value lease contracts classified as non-performing as of the end of 2007.

Other expenses

The following table sets forth a breakdown of our other expenses for the years indicated:

	For the year ended December 31,		
	2007	2008	2009
		US$'000	
Commission expenses	92	270	673
Loss on the disposal of items of property, plant and equipment	24	17	99
Donations	13	89	1
Recovery of litigation expenses	(644)	—	—
Total	(515)	376	773

Other expenses increased by US$0.4 million, or 105.6%, to US$0.8 million in 2009 from US$0.4 million in 2008, with the changes relating primarily to an increase in our commission expenses primarily due to the expansion of our business. Other expenses decreased by US$0.9 million, or 173.0%, to US$0.4 million in 2008 from a gain of US$0.5 million in 2007, primarily because we recorded a recovery of litigation expenses in 2007, which was mainly due to the reversal of a provision recorded by Far Eastern in 2006 in response to litigation with one of its lessees, because the estimated amount in 2006 of the total liability to be borne by Far Eastern in connection with this litigation was more than the actual amount set forth in the final court ruling in 2007.

Finance costs

Finance costs consist of interest on bank loans that were made for purposes other than the provision of our financial leasing products and services, such as to fund our operational expenses in the ordinary course of business. Finance costs were nil, US$6,000 and nil for 2007, 2008 and 2009, respectively. The amount of US$6,000 was related to a bank loan taken out by Shanghai Donghong in 2008, which was fully settled within the same year.

Income tax expense

Income tax expense increased by US$7.8 million, or 62.8%, to US$20.3 million in 2009 from US$12.5 million in 2008. Income tax expense increased by US$7.1 million, or 133.6%, to US$12.5 million in 2008 from US$5.3 million in 2007. These increases were due primarily to increases in our operating profit in 2008 and 2009. Our effective tax rates for 2007, 2008 and 2009 were 14.7%, 19.8% and 22.7%, respectively. These increases in our effective tax rates were primarily due to the transitional corporate income tax rates of 18% in 2008 and 20% in 2009 at which we were assessed for our PRC corporate income taxes under the New CIT Law and also because we began withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from January 1, 2008, which are assessed at a rate of 5%.

Profit for the year

For the foregoing reasons, our profit for the year increased by US$18.6 million, or 36.8%, to US$69.1 million in 2009 from US$50.5 million in 2008, while our profit increased by US$19.6 million, or 63.5%, to US$50.5 million in 2008 from US$30.9 million in 2007. Our net profit margin remained relatively stable between 2007 and 2009, and was 34.0%, 32.6% and 32.7% in 2007, 2008 and 2009, respectively.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As of December 31,			As of September 30,
	2007	2008	2009	2010
			US$'000	
Non-current assets				
Property, plant and equipment	903	1,412	1,862	3,343
Other assets	2,901	913	1,145	2,847
Available-for-sale investments	14,448	15,442	19,668	—
Deferred tax assets	99	123	4,152	8,050
Loans and accounts receivable	532,657	805,597	1,232,053	2,000,918
Total non-current assets	551,008	823,487	1,258,880	2,015,158
Current assets				
Inventories	70	63	613	59
Loans and accounts receivable	341,829	536,269	744,028	1,040,830
Prepayments, deposits and other receivables	6,925	2,588	26,072	19,099
Time and pledged deposits	—	—	—	68,166
Cash and cash equivalents	80,079	42,281	54,444	95,389
Total current assets	428,903	581,201	825,157	1,223,543
Current liabilities				
Trade and bills payables	48,655	33,925	97,262	142,183
Other payables and accruals	55,847	37,860	212,731	87,407
Interest-bearing bank and other borrowings	220,439	239,448	316,838	693,528
Tax payable	1,004	1,195	8,529	16,384
Total current liabilities	325,945	312,428	635,360	939,502
Net current assets	102,958	268,773	189,797	284,041
Total assets less current liabilities	653,966	1,092,260	1,448,677	2,299,199
Non-current liabilities				
Interest-bearing bank and other borrowings	376,835	727,004	930,455	1,447,166
Other payables and accruals	98,786	159,326	235,646	348,896
Deferred revenue	—	—	1,304	3,347
Deferred tax liability	—	2,390	5,436	4,883
Total non-current liabilities	475,621	888,720	1,172,841	1,804,292
Net assets	178,345	203,540	275,836	494,907
Equity				
Equity attributable to owners of the parent				
Issued capital	—	—	1	2
Reserves	178,244	203,278	275,835	494,427
	178,244	203,278	275,836	494,429
Non-controlling interests	101	262	—	478
Total equity	178,345	203,540	275,836	494,907

DESCRIPTION OF CERTAIN LINE ITEMS IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

As of September 30, 2010, our total assets amounted to US$3,238.7 million, an increase of 55.4% compared to US$2,084.0 million as of December 31, 2009. Our total assets increased by 48.4% to US$2,084.0 million as of December 31, 2009 as compared to US$1,404.7 million as of December 31, 2008, an increase of 43.3% compared to US$979.9 million as of December 31, 2007. The principal component of our assets is loans and accounts receivable, representing 89.2%, 95.5%, 94.8% and 93.9% of our total assets as of December 31, 2007, 2008 and 2009 and September 30, 2010, respectively.

Loans and accounts receivable

The following table sets forth a breakdown of loans and accounts receivable 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							
Lease receivables	1,006,015		1,491,256		2,193,717		3,355,139	
Less: Unearned finance income	(127,799)		(140,715)		(222,525)		(369,318)	
Net lease receivables	878,216	99.1%	1,350,541	99.3%	1,971,192	98.4%	2,985,821	97.0%
Entrusted loans	—	0.0%	—	0.0%	14,685	0.8%	71,276	2.3%
Others	8,180	0.9%	8,953	0.7%	16,671	0.8%	21,732	0.7%
Loans and accounts receivable[(1)]	886,396	100.0%	1,359,494	100.0%	2,002,548	100.0%	3,078,829	100.0%

Note:
(1) This amount is not net of provisions.

Loans and accounts receivable consist of (i) net lease receivables, which are lease receivables less unearned finance income, (ii) entrusted loans and (iii) others, which include lease interest receivables, notes receivables and accounts receivables.

As of September 30, 2010, our loans and accounts receivable (net of provisions) amounted to US$3,041.7 million, an increase of 53.9% compared to US$1,976.1 million as of December 31, 2009. As of the Latest Practicable Date, we had collected and settled US$495.3 million of the loans and accounts receivable (net of provisions) that were outstanding as of September 30, 2010, which was US$3,041.7 million. Our loans and accounts receivable (net of provisions) increased by 47.3% to US$1,976.1 million as of December 31, 2009 as compared to US$1,341.9 million as of December 31, 2008, which increased by 53.4% compared to US$874.5 million as of December 31, 2007.

Net lease receivables is the most important component of loans and accounts receivable, representing 99.1%, 99.3%, 98.4% and 97.0% of loans and accounts receivable as of December 31, 2007, 2008 and 2009 and September 30, 2010, respectively.

Entrusted loans are certain receivables that are classified separately on our balance sheet from lease receivables. This type of entrusted loan differs from the type of entrusted loan that arises from our financial leases in the shipping industry. Entrusted loans in this case represent receivables from transactions where our Group granted loans to the borrower, who is our customer, via an intermediary such as a bank or a trust company and which do not stipulate a specific use of the funds and do not include pledges of specific equipment or assets as collateral. On the other hand, entrusted loans that arise from our financial leases in the shipping industry are classified as lease receivables and they stipulate a use of the funds and may include pledges of certain assets. For more details on entrusted loans that arise from our lease contracts in shipping, please see the section headed "Business—Our Business Operations—Industry Analysis—Shipping Industry" as set forth in this prospectus.

Lease receivables

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	% change	Amount	% of total	% change	Amount	% of total	% change
	US$'000, except percentages										
Healthcare	368,125	41.9%	523,551	38.8%	42.2%	699,209	35.5%	33.6%	846,284	28.3%	21.0%
Education	78,412	8.9%	174,756	12.9%	122.9%	314,107	15.9%	79.7%	468,205	15.7%	49.1%
Infrastructure construction	69,710	7.9%	133,203	9.9%	91.1%	248,001	12.6%	86.2%	364,806	12.2%	47.1%
Shipping	103,893	11.9%	123,762	9.2%	19.1%	112,013	5.7%	(9.5)%	365,962	12.3%	226.7%
Printing	200,386	22.8%	307,485	22.8%	53.4%	420,369	21.3%	36.7%	527,320	17.7%	25.4%
Machinery	35,117	4.0%	73,320	5.4%	108.8%	159,020	8.1%	116.9%	237,914	8.0%	49.6%
Others	22,573	2.6%	14,464	1.0%	(35.9)%	18,473	0.9%	27.7%	175,330	5.8%	849.1%
Net lease receivables	878,216	100.0%	1,350,541	100.0%	53.8%	1,971,192	100.0%	46.0%	2,985,821	100.0%	51.5%

As of September 30, 2010, our net lease receivables amounted to US$2,985.8 million, an increase of 51.5% compared to US$1,971.2 million as of December 31, 2009. Our net lease receivables increased by 46.0% to US$1,971.2 million as of December 31, 2009 as compared to US$1,350.5 million as of December 31, 2008. Our net lease receivables increased by 53.8% to US$1,350.5 million as of December 31, 2008 compared to US$878.2 million as of December 31, 2007. These increases were a result of increases in the number of customers we serve and a general increase in new lease contracts across our six target industries.

Between September 30, 2010 and December 31, 2009

Net lease receivables for shipping increased by US$253.9 million between September 30, 2010 and December 31, 2009, primarily due to our focus on gaining market share during this period of economic recovery, especially with respect to the overseas shipping market. This also reflects the fact that shipping assets generally have higher average asset values than leased assets in certain other industries. Net lease receivables for education, healthcare and infrastructure construction increased by US$154.1 million, US$147.1 million and US$116.8 million between September 30, 2010 and December 31, 2009, respectively, as we assigned more dedicated sales and marketing personnel to target these industries. Net lease receivables in our other industries increased from December 31, 2009

to 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.

Net lease receivables for shipping, machinery, education and infrastructure construction grew the fastest among our six target industries between September 30, 2010 and December 31, 2009, growing by 226.7%, 49.6%, 49.1% and 47.1%, respectively.

Between December 31, 2009 and December 31, 2008

Net lease receivables for healthcare, education, infrastructure construction and printing increased by US$175.7 million, US$139.4 million, US$114.8 million and US$112.9 million between December 31, 2009 and December 31, 2008, respectively. Net lease receivables for machinery, infrastructure construction, education and printing grew the fastest among our six target industries between December 31, 2009 and December 31, 2008, growing 116.9%, 86.2%, 79.7% and 36.7%, respectively, as we assigned more dedicated sales and marketing personnel to target these industries. Net lease receivables for shipping decreased by 9.5% between December 31, 2009 and December 31, 2008 as we employed a more conservative strategy and controlled the growth in our shipping-related assets in response to the global shipping downturn which began in the second half of 2008.

Between December 31, 2008 and December 31, 2007

Net lease receivables for healthcare, printing, education and infrastructure construction increased by US$155.4 million, US$107.1 million, US$96.3 million and US$63.5 million between December 31, 2008 and December 31, 2007, respectively. Net lease receivables for education, machinery, printing and healthcare grew the fastest among our six target industries between December 31, 2008 and December 31, 2007, growing by 122.9%, 108.8%, 53.4% and 42.2%, respectively, as we generally assigned more dedicated sales and marketing personnel to target these industries.

Amortization of lease receivables

The following table sets forth the aggregate values of our lease receivables, broken down by the time period that has elapsed since the date of effectiveness of the relevant lease contracts, minus amortization, as of the dates indicated.

	As of December 31,			As of September 30,
	2007	2008	2009	2010
			US$'000	
Net lease receivables				
Within 1 year	559,107	798,368	1,232,954	1,954,156
1-2 years	225,327	396,160	494,334	716,245
2-3 years	68,390	122,033	196,489	238,217
3 years and beyond	25,392	33,980	47,415	77,203
	878,216	1,350,541	1,971,192	2,985,821

Net lease receivables within one year represent net lease receivables relating to new lease contracts that became effective within one year of the reporting date indicated, and were still valid to the end of the year or period. As of December 31, 2007, 2008 and 2009 and September 30, 2010, net lease receivables within one year as set forth in this table above represent 63.7%, 59.1%, 62.5% and

65.4% of our net lease receivables as of each of the respective dates. This indicates that our ability to sign and execute new lease contracts has been largely consistent and sustainable over the Track Record Period.

Maturity profile of lease receivables

The table below illustrates the net amount of lease receivables we will receive within the number of years indicated.

	As of December 31,			As of September 30,
	2007	2008	2009	2010
			US$'000	
Net lease receivables				
Within 1 year	339,712	535,265	738,427	1,019,538
1-2 years	271,549	426,079	597,641	843,658
2-3 years	165,863	248,626	377,413	546,219
3 years and beyond(1)	101,092	140,571	257,711	576,406
Total	878,216	1,350,541	1,971,192	2,985,821

Note:
(1) The ceiling on the aging of these receivables is eight years.

Net lease receivables within the first year represent net lease receivables which we will receive within one year of the reporting date indicated. As of December 31, 2007, 2008 and 2009 and September 30, 2010, net lease receivables due within one year as set forth in this table above represent 38.7%, 39.6%, 37.5% and 34.1% of our net lease receivables as of each of the respective dates. This indicates that our net lease receivables, as they come due, have been spread consistently and as a result our cash inflows have historically provided us with relatively consistent and sustainable liquidity that has helped match our liabilities.

Asset quality

We measure and monitor the asset quality of our lease receivables portfolio through our AME System. For more details of our asset quality management, see "Risk Management—Credit Risk Management—Management of Asset Portfolio" as set forth in this prospectus. We classify our lease receivables using a five-category lease receivable classification system, which complies with our AME System. No PRC laws, regulations or rules 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 under 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 certain accounting standards and the accompanying guidance. For more details, please see the section "Financial Information—Significant Factors Affecting Our Results of Operations—Asset quality and provisioning policy".

Asset quality—Classification criteria

In determining the classification of our lease receivables, we apply a series of criteria that are derived from our own Regulations on 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, and include the following ratings:

Pass: There is no reason to doubt that the loan principal and interest will 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. For example:

- The lessee has been able to pay the lease payments.
- Relevant government authorities have not issued any rules or regulations relating to the industry in which the lessee operates which limit or restrict the future development of this industry.
- There have been no adverse changes or events in the external business and operating environment.
- The lessee is in sound financial and operating condition and no circumstances have arisen which would affect the ability of the lessee to pay in full and/or on a timely basis.
- The assets or machinery underlying the lease are used properly and no circumstances have arisen which affect the lessee's intent to pay in full and/or on a timely basis.

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:

- Changes in the macroeconomic environment, government policies and regulations, or circumstances which have arisen in the market and industry in which the lessee operates, that adversely impact the lessee's business and may affect its ability to pay in full and/or on a timely basis.
- The lessee has reorganized its business, or engaged in a merger, restructuring, spin-off, or similar transaction, which could negatively impact its ability to pay in full and/or on a timely basis.
- There has been a material adverse event which impacts the lessee's affiliates, parent entities, subsidiaries, or its key shareholders.
- Key financial indicators with respect to the lessee fall significantly, or fall below the industry average.
- If the lease relates to work-in-progress, and there has been a material adverse event impacting its progress which would negatively impact the lessee's ability to pay in full and/or on a timely basis. Such material adverse events include, for example, an infrastructure construction project significantly falling behind schedule or significant budget overruns.
- The lessee does not cooperate with us.

- The collateral, secured assets or pledged assets have been impaired in value.
- Circumstances with respect to the guarantor have arisen that impact its financial and operational condition, which would affect its ability to carry out its contractual obligations.
- The assets or machinery underlying the lease have not performed to the lessee's expectations, which likely makes the lessee less inclined to pay in full and/or on a timely basis.
- 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. Other factors include:

- The lessee is operating at a loss, and its net cash flow is negative.
- The lessee has failed to resolve issues with its internal management, which prevents it from paying in full and/or on a timely basis.
- The lessee has found it difficult to access additional funding and to pay in full and/or on a timely basis.
- The lessee is unable to fulfill its obligations to other creditors.
- The lessee is in need of debt restructuring.
- The lessee has to auction off collateral or pledged assets underlying the lease, or use its guarantee to ensure payment in full.
- The economic benefits of the assets and machinery underlying the lease prove to be less than what is anticipated, or the pecuniary return on the assets and machinery underlying the lease is less than our uncollected lease payments because these assets and machinery are outdated or overused, or it is not economically reasonable to repossess these assets and machinery in view of their technology, wear-and-tear or other factors.
- 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. Other factors include:

- A suspension or semi-suspension of the lessee's production has taken place.
- The lessee has become insolvent.
- The lessee has modified its capital structure to evade its obligations towards its bank creditors or other debt obligations.
- The lessee's debt obligations remain overdue or unpaid following a reasonable debt restructuring and no progress has been made with their repayment.

- The lessee's bank creditors have taken legal steps to recover funds from the lessee.
- The lessee has resorted to improper means, such as fraud or misrepresentation, to obtain a loan from a bank lender.
- 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. Other factors include:

- The lessee or the guarantor has declared bankruptcy, ceased operations, dissolution or wound down its business and is unable to pay off the outstanding lease amounts after legal settlement.
- Though the lessee has not wound down its business, it is no longer engaged in business operations. There is no possibility for production to resume. In view of these circumstances, the amount of uncollected outstanding lease payments has been confirmed.
- Though the lessee has not ceased its business operations, there is no market demand for its products and it has become insolvent, incurred serious losses and is on the verge of ceasing operations, and the government will not provide any assistance. In view of these circumstances, the amount of uncollected outstanding lease payments has been confirmed.
- The lessee is deceased or declared as missing or deceased in accordance with General Principles of the Civil Law of the People's Republic of China. The lease receivables for this lease contract cannot be recovered following settlement of the lessee's property or legacy or after taking recourse to the guarantor.
- The lessee has broken the law and has been legally sanctioned, but its property is insufficient to fully pay the outstanding lease amount and there is no other person to assume these obligations. The lease receivables for this lease contract cannot be recovered after taking recourse to the guarantor.
- The assets and machinery underlying the lease cannot be used anymore due to outdated technology or overuse; or these assets and machinery have been damaged and we are unable to recover any compensation from insurance.
- The lessee suffered from a major act of God which resulted in a significant loss to the lessee and we are unable to recover any compensation. Part of or the entire loan will not be repaid.
- The lessee and the guarantor are unable to pay the outstanding lease amounts, and we have taken legal steps to enforce the contract against the lessee and/or the guarantee against the guarantor, only to find that they have insufficient assets to facilitate any recovery. The court will provide no further relief and the outstanding lease amounts will not be recovered.
- 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. 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 that event has 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 industries with an aggregate outstanding amount of approximately RMB38.5 million (including lease receivables and damages) and recovered approximately RMB37.7 million; (ii) through the global economic downturn we enhanced our 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 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.

Non-performing assets ratio by industry

The following table sets forth our non-performing assets broken down among the six target industries, as of the dates indicated.

	As of December 31,						As of September 30,	
	2007		2008		2009		2010	
		Non-performing assets ratio		Non-performing assets ratio		Non-performing assets ratio		Non-performing assets ratio
	US$'000, except percentages							
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 non-performing assets ratio relating to infrastructure construction has historically been relatively higher than the other industries in which we operate, primarily because such lease contracts generally involve assets with higher values. Consequently, when circumstances or events arise which would cause the lease receivables relating to a certain lease contract to be re-categorized as a non-performing asset, the non-performing asset ratio increases more conspicuously. As a result, the non-performing assets ratio relating to infrastructure construction has been higher than that of most of the other industries during the Track Record Period. Shipping is also considered to be a high risk industry, as average asset values tend to be higher than those in other industries. However, our non-performing asset ratios relating to shipping were generally low during the Track Record Period because the financed portion of shipping leases, as a percentage of the total value of the assets underlying our leases, generally ranged between 50% to 60% and are low relative to our other industries, such as healthcare, education and infrastructure construction. As a result, any recovery to us from repossessing the underlying assets, especially in the case of shipping vessels despite their high average asset values, is generally sufficient to cover the total outstanding amounts due as lease receivables under the relevant lease contract. Education is a relatively low risk industry, as most customers are schools that have consistent and reliable sources of funding.

Our overall non-performing asset ratio decreased from 1.20% as of December 31, 2009 to 0.73% as of September 30, 2010. The non-performing assets ratio relating to infrastructure construction decreased to 1.43% as of September 30, 2010 from 3.07% as of December 31, 2009. This is in view of the fact that we started growing our business in infrastructure construction recently. Therefore as our business in infrastructure construction grew in recent years, the total balance of lease receivables grew significantly, which made our non-performing assets ratio relating to infrastructure construction less susceptible to the re-categorization of lease receivables for any particular non-performing lease contract as of September 30, 2010 as compared to earlier periods.

The non-performing assets ratio relating to machinery decreased to 0.38% as of September 30, 2010 from 2.04% as of December 31, 2009 primarily because the non-performing assets ratio as of December 31, 2009 was higher than previous periods as the underlying asset value for a certain customer with whom we had a high value machinery lease contract experienced payment difficulties. However, our non-performing assets ratio relating to machinery recovered as of September 30, 2010 as the balance of non-performing assets relating to machinery decreased and our net lease receivables relating to machinery grew significantly between December 31, 2009 and September 30, 2010.

Our overall non-performing asset ratio decreased from 1.90% as of December 31, 2008 to 1.20% as of December 31, 2009. The non-performing assets ratio relating to machinery increased from 0.85% as of December 31, 2008 to 2.04% as of December 31, 2009, primarily because a certain customer with whom we have a machinery lease contract, under which the asset value was rather high in value compared to other machinery lease contracts, experienced payment difficulties which caused the lease receivables under this contract to be re-categorized as a non-performing asset.

Our overall non-performing asset ratio increased from 1.70% as of December 31, 2007 to 1.90% as of December 31, 2008 primarily due to prudential considerations at the time that the global economic downturn might adversely impact customers in the printing industry. The non-performing assets ratio relating to printing increased from 0.81% as of December 31, 2007 to 3.57% as of December 31, 2008 as most customers in the printing industry were small to mid-sized enterprises that were generally more susceptible to the global economic downturn than more highly capitalized companies.

The non-performing assets and non-performing assets ratio for the industry category of "others" were higher in 2007 than in subsequent years because the underlying asset value for a certain customer with whom we had a high value lease contract experienced payment difficulties. This customer was in the agricultural products industry. However, we subsequently collected all outstanding amounts and this lease contract was re-categorized as performing again.

Changes in the asset quality of our lease receivable portfolio

The following table sets forth changes in the outstanding balance of our non-performing assets of our lease receivable portfolio as of the dates indicated.

	Amount	Non-performing assets ratio
	US$'000, except percentages	
As of December 31, 2007	14,889	1.70%
Downgrades[1]	17,866	
Upgrades	(1,436)	
Recoveries	(5,695)	
Transfers-out[2]	—	
Write-offs	—	
As of December 31, 2008	25,624	1.90%
Downgrades[1]	7,451	
Upgrades	(4,003)	
Recoveries	(5,247)	
Transfers-out[2]	—	
Write-offs	(236)	
As of December 31, 2009	23,589	1.20%
Downgrades[1]	12,417	
Upgrades	(2,563)	
Recoveries	(11,564)	
Transfers-out[2]	—	
Write-offs	(35)	
As of September 30, 2010	21,844	0.73%

Notes:

(1) Represents downgrades of lease receivables classified as pass or special mention at the end of the previous year and lease receivables newly re-classified in the current year to non-performing categories.

(2) Consists primarily of the transfer of non-performing assets to foreclosed assets.

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. For details, see "Financial Information—Significant Factors Affecting Our Results of Operations—Asset Quality and Provisioning Policy" and "Financial Information—Significant Accounting Judgments and Estimates—Provision for bad and doubtful receivables" 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) Since our Group is not regulated by the CBRC, we are not required to provide general provisions as the commercial banks or other financial institutions under the supervision of 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 HKAS 39 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 (ii) by the loss given default and (iii) by 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 impairment 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, and 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 September 30, 2010, respectively, while on the other hand, 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	0	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 over 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-time write-offs relating 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 "Risk Management—Credit Risk Management—Management of Asset Portfolio" in this prospectus.

Certain other assets

Other components of our assets consist primarily of (i) cash and cash equivalents, (ii) prepayments, deposits and other receivables and (iii) time and pledged deposits.

Cash and cash equivalents were US$80.1 million, US$42.3 million, US$54.4 million and US$95.4 million as of December 31, 2007, 2008 and 2009 and September 30, 2010, respectively, representing 8.2%, 3.0%, 2.6% and 2.9% of total assets as of the same dates, respectively.

Prepayments, deposits and other receivables were US$6.9 million, US$2.6 million, US$26.1 million and US$19.1 million as of December 31, 2007, 2008 and 2009 and September 30, 2010, respectively, representing 0.7%, 0.2%, 1.3% and 0.6% of total assets as of the same dates, respectively. The increase in prepayments, deposits and other receivables to US$26.1 million as of December 31, 2009 from US$2.6 million as of December 31, 2008 was due to (i) the expansion of our business operations as we signed more lease contracts whose contract terms had not yet begun, thereby leading us to accumulate and record leased assets and (ii) an increase in due from related parties from a related party, Sinochem Hong Kong (Group) Company Limited. This amount due from Sinochem Hong Kong (Group) Company Limited was subsequently fully settled in January 2010.

Time and pledged deposits were US$68.2 million as of September 30, 2010, representing 2.1% of total assets as of the same date.

Liabilities and source of funds

As of September 30, 2010, our total liabilities amounted to US$2,743.8 million, an increase of 51.7% compared to US$1,808.2 million as of December 31, 2009. Our total liabilities increased by 50.5% to US$1,808.2 million as of December 31, 2009 as compared to US$1,201.1 million as of December 31, 2008. Our total liabilities increased by 49.9% to US$1,201.1 million as of December 31, 2008 compared to US$801.6 million as of December 31, 2007.

Interest-bearing bank and other borrowings have historically been our primary source of funding and represented 74.5%, 80.5%, 69.0% and 78.0% and of our total liabilities, as of December 31, 2007, 2008 and 2009 and September 30, 2010, respectively.

Interest-bearing bank and other borrowings

Our Group's business growth and capital requirements are primarily supported by multiple credit facilities granted by various financial institutions to our operating entities.

As of September 30, 2010, our total interest-bearing bank and other borrowings amounted to US$2,140.7 million, an increase of 71.6% compared to US$1,247.3 million as of December 31, 2009. This is primarily because we increased the amount of bank loans during the nine months ended September 30, 2010 in order to support the growth of our lease receivable portfolio as we expanded our business operations. Our total interest-bearing bank and other borrowings increased by 29.1% to US$1,247.3 million as of December 31, 2009 as compared to US$966.5 million as of December 31, 2008. Our total interest-bearing bank and other borrowings increased by 61.8% to US$966.5 million as of December 31, 2008 compared to US$597.3 million as of December 31, 2007.

A small portion of our interest-bearing bank borrowings in 2008 had fixed interest rates, which have been subsequently replaced with variable rate interest-bearing bank borrowings. Going forward, we will generally not take out fixed rate interest-bearing bank borrowings, but we may do so in exceptional circumstances.

As of January 31, 2011, being the latest practicable date for determining this indebtedness, 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.

As of the Latest Practicable Date, the Directors confirm that there has been no material change in the Company's indebtedness and contingent liabilities since the Indebtedness Date.

Our financing agreements with 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:

- a 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 or a 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 under our financing agreements. Such requirements for indicators include: (1) 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%); (2) 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); (3) 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%); (4) 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%); (5) the interest protection multiple (being 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 (6) 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.

Distribution between current and non-current interest-bearing bank and other borrowings

	As of December 31,						As of September 30, 2010	
	2007		2008		2009			
	Amount	%	Amount	%	Amount	%	Amount	%
	US$'000, except percentages							
Current	220,439	36.9%	239,448	24.8%	316,838	25.4%	693,528	32.4%
Non-current	376,835	63.1%	727,004	75.2%	930,455	74.6%	1,447,166	67.6%
Total	597,274	100.0%	966,452	100.0%	1,247,293	100.0%	2,140,694	100.0%

During the Track Record Period, our current interest-bearing bank and other borrowings (including the current portion of long-term borrowings) as a percentage of our total interest-bearing bank and other borrowings were 36.9%, 24.8%, 25.4% and 32.4% of our total interest-bearing bank and other borrowings as of December 31, 2007, 2008 and 2009 and September 30, 2010, respectively. The proportion of current interest-bearing bank and other borrowings (including the current portion of long-term borrowings) over total interest-bearing bank and other borrowings increased to 32.4% as of

September 30, 2010 from 25.4% as of December 31, 2009 primarily because a specific long-term bank loan had neared the end of its term, and was therefore reclassified as a current bank borrowing. In general, we have made no changes to our policies with respect to the term structure of our current and non-current bank and other borrowings. The term structure of our interest-bearing bank and other borrowings is consistent with the term structure of our net lease receivables. We have also generally tried to match our current assets with our current liabilities. For details, see "Financial Information—Description of Certain Line Items in the Consolidated Statement of Financial Position—Lease and Accounts Receivables—Lease Receivables—Maturity Profile of Lease Receivables" in this prospectus.

Distribution between secured and unsecured interest-bearing bank and other borrowings

	As of December 31,						As of September 30,	
	2007		2008		2009		2010	
	Amount	%	Amount	%	Amount	%	Amount	%
	US$'000, except percentages							
Secured	463,973	77.7%	550,440	57.0%	686,178	55.0%	1,188,608	55.5%
Unsecured	133,301	22.3%	416,012	43.0%	561,115	45.0%	952,086	44.5%
Total	597,274	100.0%	966,452	100.0%	1,247,293	100.0%	2,140,694	100.0%

The proportion of our interest-bearing bank and other borrowings that were unsecured was 22.3%, 43.0%, 45.0% and 44.5% of our total interest-bearing bank and other borrowings as of December 31, 2007, 2008 and 2009 and September 30, 2010, respectively. During the Track Record Period, we carefully managed our funding risk and as a result we have strengthened our balance sheet.

Distribution between bank loans, related-party borrowings and other loans

	As of December 31,						As of September 30,	
	2007		2008		2009		2010	
	Amount	%	Amount	%	Amount	%	Amount	%
	US$'000, except percentages							
Bank loans	503,043	84.2%	683,772	70.8%	916,323	73.5%	1,823,698	85.2%
Related-party borrowings	94,231	15.8%	277,680	28.7%	234,127	18.8%	313,663	14.7%
Other loans	—	0.0%	5,000	0.5%	96,843	7.7%	3,333	0.1%
Total	597,274	100.0%	966,452	100.0%	1,247,293	100.0%	2,140,694	100.0%

The proportion of our related-party borrowings as a percentage of our total bank and other borrowings was 15.8%, 28.7%, 18.8% and 14.7% as of December 31, 2007, 2008 and 2009 and September 30, 2010, respectively. The proportion of related-party borrowings as a percentage of our total bank and other borrowings decreased between December 31, 2009 and September 30, 2010 as we chose to take out more bank loans to expand our business. The proportion of related-party borrowings as a percentage of our total bank and other borrowings decreased between December 31, 2008 and December 31, 2009 as we received private equity financing and repaid a portion of our related-party borrowings. The proportion of related-party borrowings as a percentage of our total bank and other borrowings increased between December 31, 2007 and December 31, 2008 as we increased our

related-party borrowings to finance our ongoing business expansion. Our related-party borrowings had interest rates that were generally in line with market interest rates.

The following table sets forth the parties with whom we have existing related party borrowings and the terms of such borrowings during the Track Record Period.

Related party	Terms of borrowing
FOTIC	Six months to one year
Sinochem Finance Co., Ltd. (中化集團財務有限責任公司)	Six months to one year
Sinochem HK	Three years to four years

The Company will fully repay all related party borrowings on or before the Listing Date in accordance with the terms and conditions of the relevant agreements.

The Company confirms that all the balances due from/to Sinochem Group and the guarantee provided by Sinochem Group, which are set out in notes 19, 21, 23 and 24 of the Accountants' Report as set forth in Appendix I of this prospectus, will be fully settled on or before the Listing Date in accordance with the terms and conditions of the relevant agreements entered into.

Certain other liabilities

Other components of our liabilities consist primarily of (i) other payables and accruals, as well as (ii) trade and bills payables.

Other payables and accruals were US$154.6 million, US$197.2 million, US$448.4 million and US$436.3 million as of December 31, 2007, 2008 and 2009 and September 30, 2010, respectively, representing 19.3%, 16.4%, 24.8% and 15.9% of total liabilities as of the same dates, respectively. Other payables and accruals increased during the Track Record Period, primarily due to increases in our lease deposits. These increases in our lease deposits were as a result of our business expansion.

Lease deposits are collected from our financial leasing customers and are calculated based on a certain percentage of the entire value of the lease contract. When the term of a lease contract expires, the lessor must return the full lease deposit to the lessee and has no obligation to remit to the lessee any interest earnings. The balance of the lease deposit can also be applied and used to settle any outstanding lease amounts for a lease contract with a term that is about to expire.

As of the Latest Practicable Date, we had settled US$25.9 million of the lease deposits that were outstanding as of September 30, 2010, which were US$394.3 million.

In addition, advances from customers have generally increased during the Track Record Period as we expanded our business operations, whereas due to related parties has generally decreased as we increased the proportion of our financing from external sources. As of the Latest Practicable Date, we had settled US$15.3 million of the advances from customers that were outstanding as of September 30, 2010, which were US$26.5 million. These two trends with respect to advances from customers and due to related parties were generally offsetting in their impact on other payables and accruals during the Track Record Period.

Trade and bills payables were US$48.7 million, US$33.9 million, US$97.3 million and US$142.2 million as of December 31, 2007, 2008 and 2009 and September 30, 2010, respectively, representing 6.1%, 2.8%, 5.4% and 5.2% of total liabilities as of the same dates, respectively.

As of the Latest Practicable Date, we had settled US$99.4 million of the trade and bills payables that were outstanding as of September 30, 2010, which were US$142.2 million.

SHAREHOLDERS' EQUITY

The following table sets forth the components of the changes in our total equity attributable to shareholders for the periods or years indicated.

	Shareholders' equity
	US$'000
At December 31, 2007	178,345
Total comprehensive income for the year	63,274
Dividend	(38,079)
Appropriation to reserve funds	—
At December 31, 2008	203,540
Total comprehensive income for the year	72,559
Acquisition of non-controlling interests	(263)
Issue of shares	—
At December 31, 2009	275,836
Total comprehensive income for the year	81,569
Capitalization of shareholder's loan	215,680
Capital injection	734
Dividend	(78,912)
At September 30, 2010	494,907

Our total shareholders' equity increased to US$494.9 million at September 30, 2010 from US$275.8 million at December 31, 2009, which in turn increased from US$203.5 million at December 31, 2008. Our total shareholders' equity at December 31, 2007 was US$178.3 million. As of September 30, 2010, shareholders' loans in the aggregate amount of US$215,680,000 from Fortune Ally had been capitalized by our Company into 8,496 new ordinary shares. These ordinary shares were allotted and issued credited as fully paid to Fortune Ally. Consequently, the issued and paid-up share capital of our Company increased from 10,000 ordinary shares to 18,496 ordinary shares.

As of September 30, 2010, we had US$106.8 million in retained profits, representing reserves available for distribution to shareholders.

CASH FLOWS

The following table sets forth a summary of our cash flows for the periods indicated.

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
			US$'000		
Net cash flow from operating activities	(228,105)	(295,190)	(415,101)	(222,757)	(763,972)
Net cash flow from investing activities	405	7,431	(10,850)	(200)	(39,257)
Net cash flow from financing activities	299,496	246,514	438,224	316,720	843,360
Effect of exchange rate changes on cash and cash equivalents	2,687	3,447	(110)	(78)	814
Net increase/(decrease) in cash and cash equivalents	74,483	(37,798)	12,163	93,685	40,945

Cash flow from operating activities

In 2007, 2008, 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 US$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 increase 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 in 2007, 2008, 2009 and the nine months ended September 30, 2010. This trend in our net cash inflows from financing activities is primarily attributable to (i) cash outflows due to repayments of borrowings and (ii) cash inflows due to cash received from borrowings. In 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.

Net cash outflow from operating activities for the nine months ended September 30, 2010 was US$764.0 million. Net cash generated from operating activities before working capital changes was US$105.5 million. Changes in working capital consisted primarily of an increase of loans and accounts receivable of US$1,032.1 million relating to the expansion of our business, which was partially offset by an increase in other long term liabilities of US$117.2 million relating to an increase in lease deposits due after one year.

Net cash outflow from operating activities for 2009 was US$415.1 million. Net cash generated from operating activities before working capital changes was US$99.8 million. Changes in working capital consisted primarily of an increase of loans and accounts receivable of US$654.2 million relating to the expansion of our business, which was partially offset by an increase in our trade and bills payables of US$63.3 million and an increase in other payables, accrued liabilities and expenses of US$91.1 million relating to the expansion of our business.

Net cash outflow from operating activities for 2008 was US$295.2 million. Net cash generated from operating activities before working capital changes was US$61.1 million. Changes in working capital consisted primarily of an increase of loans and accounts receivable of US$394.0 million relating to the expansion of our business, which was partially offset by an increase in our other payables, accrued liabilities and expenses of US$60.3 million relating to the expansion of our business.

Net cash outflow from operating activities for 2007 was US$228.1 million. Net cash generated from operating activities before working capital changes was US$40.3 million. Changes in working capital consisted primarily of an increase of loans and accounts receivable of US$315.4 million relating to the expansion of our business, which was partially offset by an increase in our trade and bills payables of US$19.4 million and an increase in other payables, accrued liabilities and expenses of US$36.3 million relating to expansion of our business.

Cash flow from investing activities

Net cash outflow from investing activities for the nine months ended September 30, 2010 was US$39.3 million, primarily because we increased our pledged deposits and time deposits by US$67.5 million due to borrowings from overseas banks that required pledged and time deposits. The effect of the deposits was partially offset by cash received from disposal of available-for-sale financial investment in the amount of US$19.9 million.

Net cash outflow from investing activities for 2009 was US$10.9 million, primarily due to an increase in our balance due from related parties in the amount of US$10.0 million, as we made a loan to Sinochem HK in 2009, which was repaid in 2010.

Net cash inflow from investing activities was US$7.4 million in 2008, primarily due to amounts relating to cash received from the settlement of financial instruments in the amount of US$4.4 million and dividend income from available-for-sale financial investment in the amount of US$4.4 million.

Net cash inflow from investing activities was US$405,000 in 2007, primarily due to dividend income from available-for-sale financial investment in the amount of US$1.2 million, which was partially offset by cash paid for acquisition of property, plant and equipment, intangible and other long term assets in the amount of US$779,000.

Cash flow from financing activities

Net cash inflow from financing activities was US$843.4 million for the nine months ended September 30, 2010, primarily due to cash received from borrowings in the amount of US$2,006.6 million which was partially offset by repayments of borrowings in the amount of US$1,139.9 million.

Net cash inflow from financing activities was US$438.2 million in 2009, primarily due to cash received from borrowings in the amount of US$1,341.5 million which was partially offset by repayments of borrowings in the amount of US$1,061.9 million.

Net cash inflow from financing activities was US$246.5 million in 2008, primarily due to cash received from borrowings in the amount of US$1,076.6 million which was partially offset by repayments of borrowings in the amount of US$787.4 million.

Net cash inflow from financing activities was US$299.5 million in 2007, primarily due to cash received from borrowings in the amount of US$695.6 million which was partially offset by repayments of borrowings in the amount of US$446.1 million.

LIQUIDITY AND CAPITAL RESOURCES

Capital management

The primary objective of our Group's capital management activities is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. We manage our capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, we may adjust dividend payments to shareholders, return capital to shareholders, raise new debt or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

Our Group monitors capital using a gearing ratio, which is calculated as bank and other borrowings divided by total capital plus bank and other borrowings. The following table sets out the gearing ratios as of the dates indicated.

	As of December 31,			As of September 30,
	2007	2008	2009	2010
	US$'000, except percentages			
Bank and other borrowings	620,671	966,452	1,407,293	2,140,694
Total capital	178,345	203,540	275,836	494,907
Capital and net debt	799,016	1,169,992	1,683,129	2,635,601
Gearing ratio	78%	83%	84%	81%

We aim to make full use of capital leverage for our operations to keep our gearing ratios relatively high but at the same time closely manage our gearing ratios to avoid potential liquidity risk. By reference to the gearing ratios of commercial banks and our main competitors in China, we believe that our gearing ratios were maintained at reasonable levels during the Track Record Period.

Measures on the Administration of Foreign Investment in the Leasing Industry

The primary objectives of the capital management of Far Eastern, the principal subsidiary of our Group in the PRC, are to ensure that it complies with the regulatory requirements of the MOFCOM in addition to the general requirements that are relevant to our Group. In accordance with the Measures and other relevant laws and regulations, Far Eastern has set up appropriate business development and capital management programs and established a comprehensive evaluation system. It actively adjusts its capital structure in light of changes in the market and the risks being confronted, by adjusting its dividend policy or financing channels. With its comprehensive evaluation system, Far Eastern is able to timely report this ratio as required by the Measures along with its year end financials to MOFCOM for filing purposes before March 31 of each year. During the Track Record Period, there were no significant changes in the policies or processes for managing the capital of Far Eastern.

In accordance with the requirements of the Measures, Far Eastern's assets at risk should not exceed 10 times its equity. Calculations of assets at risk to equity as of each of the balance sheet dates during the Track Record Period are as follows:

	As of December 31,			As of September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Total assets	970,144	1,399,470	2,044,235	2,989,011
Less: Cash	74,037	38,329	49,145	138,423
Total assets at risk	896,107	1,361,141	1,995,090	2,850,588
Equity	177,948	203,974	427,076	477,442
Ratio of assets at risk to equity	5.04	6.67	4.67	5.97

The table above shows that we have consistently complied with the gearing requirements of the Measures.

Net Current Assets

	As of December 31,			As of September 30,	As of
	2007	2008	2009	2010	January 31, 2011
	US$'000				
CURRENT ASSETS					
Inventories	70	63	613	59	480
Loans and accounts receivable	341,829	536,269	744,028	1,040,830	1,379,980
Prepayments, deposits and other receivables	6,925	2,588	26,072	19,099	44,060
Time and pledged deposits	—	—	—	68,166	96,010
Cash and cash equivalents	80,079	42,281	54,444	95,389	22,560
Total current assets	428,903	581,201	825,157	1,223,543	1,543,090
CURRENT LIABILITIES					
Trade and bills payables	48,655	33,925	97,262	142,183	195,708
Other payables and accruals	55,847	37,860	212,731	87,407	90,070
Interest-bearing bank and other borrowings	220,439	239,448	316,838	693,528	882,661
Tax payable	1,004	1,195	8,529	16,384	20,720
Total current liabilities	325,945	312,428	635,360	939,502	1,189,159
NET CURRENT ASSETS	102,958	268,773	189,797	284,041	353,931

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 an effort to ensure that we have sufficient funds to meet obligations as they become due. We have been focusing on maintaining stable sources of funding. We have also sought to increase the proportion of our non-current liabilities to improve our stable funding sources.

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 assets and liabilities, maintain the

stability of our leasing business, project cash flows and evaluate the level of current assets and terms of our liquidity and maintain an efficient internal funds transfer mechanism. For details, see "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 contractual undiscounted cash flows.(1)

	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

Note:

(1) The data set forth in the table above refers to Note 35 "Financial Risk Management Objectives and Policies—Liquidity Risk" as set forth in the "Accountants' Report" in Appendix I to this prospectus. This data represents our Group's financial assets and liabilities based on our contractual undiscounted cash flows. This data differs from the data set forth in Note 35 "Financial Risk Management Objectives and Policies—Interest Rate Risk" as set forth in the "Accountants' Report" in Appendix I to this prospectus.

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.

Capital expenditures

Our capital expenditures were US$0.8 million, US$1.4 million and US$1.2 million in 2007, 2008 and 2009, respectively, and were primarily related to our efforts to expand our business, which included expenditures for additions of property, plant and equipment and purchases of automobiles due to an increase in personnel. In the nine months ended September 30, 2010, our capital expenditure was US$2.7 million, approximately US$1.3 million of which was related to the acquisition of two new offices, while the remaining balance was used as expenditures for additions of property, plant and equipment.

Working capital

Taking into account the amount of cash currently held by us, cash flows from our operations, banking facilities available to us and the estimated net proceeds of the Global Offering, the Directors

are of the opinion that our working capital is sufficient for our requirements for at least the next 12 months from the date of this prospectus.

After making due enquires with the Company, the Joint Sponsors are of the opinion that the listing suitability of the Company is not affected by the implementation of the "Presentation of Financial Statements—Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" and the current disclosure regarding liquidity and working capital sufficiency of the Company in the prospectus is adequate.

CONTINGENT LIABILITIES, OPERATING LEASE ARRANGEMENTS AND COMMITMENTS

A number of legal proceedings were initiated by third parties against our Group as defendant. The table below sets forth the total outstanding claims as of each of the dates indicated.

	As of December 31,			As of September 30,
	2007	2008	2009	2010
			US$'000	
Claimed amounts	1,711	1,463	417	—

Our Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years. As of each of the dates indicated, our Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As of December 31,			As of September 30,
	2007	2008	2009	2010
			US$'000	
Within one year	2,034	1,394	2,680	3,364
In the second to fifth years, inclusive	1,157	13	1,462	411
	3,191	1,407	4,142	3,775

In addition, our Group had the following capital commitments and irrevocable credit commitments as of each of the dates indicated:

	As of December 31,			As of September 30,
	2007	2008	2009	2010
			US$'000	
Contracted, but not provided for:				
Capital expenditure for acquisition of property and equipment	36	139	570	70
Irrevocable credit commitments:	40,823	136,899	155,370	591,295

Our irrevocable credit commitments represent leases that have been signed but where the term of the lease has not started. The increase from December 31, 2009 to September 30, 2010 was primarily due to the expansion of our business during the nine months ended September 30, 2010.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of March 11, 2011, being the most recent practicable date such information is available to us, we did not have any material off-balance sheet arrangements or contingencies except as included under the section headed "—Contingent Liabilities, Operating Lease Arrangements and Commitments" above.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

Our Group's principal financial instruments comprise lease receivables, bank loans, other interest-bearing loans, and cash and short term deposits. The main purpose of these financial instruments is to finance our operations. Our Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from our Group's financial instruments are credit risk, interest rate risk, currency risk and liquidity risk. For details of our liquidity risk, see "Financial Information—Liquidity and Capital Resources—Liquidity". For details of our risk management policies with respect to interest rate risk, currency risk, credit risk and liquidity risk, see "Risk Management".

Credit risk

Credit risk is the risk of loss arising from a lessee's or counterparty's inability to meet its obligations. Our Group trades only with counterparties who we believe to be recognized and reputable third-parties. In accordance with the policy of our Group, we examine and verify the credit risk of all customers that we have credit transactions with. In addition, we monitor and control the lease receivables continuously to ensure that we will not face significant exposure to bad debts. For details, see "Risk Management—Credit Risk Management".

Other financial assets of our Group include cash and bank deposits, account receivables, notes receivables, available-for-sale financial assets, entrusted loans and other account receivables. The credit risk of these financial assets is from the counterparty's inability to meet its obligations. The maximum exposure to credit risk equals to the carrying amount of these assets.

Credit risk is often greater when lessees are concentrated in a single industry or geographical location or have comparable economic characteristics. Our customers are mainly located in the PRC.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of adverse movements in market interest rates. Our Group's exposure to the risk of changes in market interest rates relates primarily to our long-term liabilities and lease receivables. Our operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets including investment securities and interest-bearing liabilities mature or re-price at different times or in different amounts.

Our Treasury Department and Finance Department are mainly responsible for managing and controlling our interest rate risk. We manage our interest rate risk exposure by adjusting the structure of our assets and liabilities based on assessing the sensitivity of projected net interest income under varying interest rate scenarios. We aim to mitigate the impact of prospective interest rate movements which could reduce future net interest income, while balancing the cost of such hedging on the current

revenue. We have adopted certain measures to deal with interest rate risk, including (i) further strengthening our research capabilities to determine interest rate fluctuations and trends by formulating regular tracking and reporting systems and (ii) adjusting interest rate pricing policies for lease contracts to minimize interest rate gaps and inconsistencies between assets and liabilities. We have also formulated and implemented the Measures Governing Interest Rate Risk Management 《利率風險管理辦法》to further regulate interest rate risk management based on our past experience.

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

The sensitivity of the 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 subject to repricing within the coming year.

	Group increase/(decrease) in 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 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 rates change while others remain unchanged.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Our exposure to the risk of changes in foreign exchange relates primarily to the operating activities of our Group (when receipt or payment is settled using a currency that is different from the functional currency).

We conduct our businesses mainly in RMB, with certain transactions denominated in US$, and, to a lesser extent, other currencies. Our Group's treasury operations exposure mainly arises from its transactions in currencies other than the RMB. When negotiating contracts with counterparties, we have avoided taking on significant foreign exchange risk.

The exchange rate of RMB to US$ is managed under a floating exchange rate system. The HK$ exchange rate has been pegged to the US$ and therefore the exchange rate of RMB to HK$ has fluctuated in line with the changes in the exchange rate of RMB to US$.

The table below indicates a sensitivity analysis of exchange rate changes of the currencies to which we had significant exposure on our monetary assets and liabilities and our forecasted cash flows.

The analysis calculates the effect of a reasonably possible movement in the currency rates against the RMB, with all other variables held constant, on profit before tax and equity. A negative amount in the table reflects a potential net reduction in profit before tax, while a positive amount reflects a potential net increase. This effect, however, is based on the assumption that the Group's foreign exchange exposures as at each balance sheet date are kept unchanged and, therefore, have not incorporated actions that would be taken by the Group to mitigate the adverse impact of this foreign exchange risk.

	Change in currency rate	As of December 31, 2007	2008	2009	As of September 30, 2010
		US$'000			
Effect on profit before tax	-1%	(408)	9	1,527	257

The table below sets forth a breakdown of our assets and liabilities analyzed by currency, as of September 30, 2010:

	As of September 30, 2010			
	RMB	US$'000	Others	Total
	US$'000 equivalent		US$'000 equivalent	US$'000
Financial assets:				
Cash and cash equivalents	71,864	23,525	—	95,389
Time and pledge deposits	68,166	—	—	68,166
Loans and accounts receivable	2,822,824	218,924	—	3,041,748
Prepayments, deposits and other receivables	16,587	1,066	—	17,653
Total financial assets	2,979,441	243,515	—	3,222,956
Financial liabilities				
Interest-bearing bank and other borrowings	1,918,840	221,854	—	2,140,694
Trade and bills payables	142,183	—	—	142,183
Other payables and accruals	383,633	47,406	—	431,039
Total financial liabilities	2,444,656	269,260	—	2,713,916
Net position	534,785	(25,745)	—	509,040

FINANCIAL INSTRUMENTS

As of the Latest Practicable Date, we have not entered into any financial instruments for hedging purposes.

PROFIT ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2010

On the bases set out in the section headed "Profit Estimate" in Appendix III to this prospectus and, in the absence of unforeseen circumstances, selected profit estimate data of the Group for the year ended December 31, 2010 are set out below:

Unaudited estimated profit attributable to the owners of the parent for the year ended December 31, 2010[1]	Not less than US$103.5 million (HK$807.1 million)
Unaudited estimated earnings per Share on a pro forma basis[2]	Not less than US$0.04 (HK$0.30)

Notes:

(1) Our estimated profit attributable to the owners of the parent for the year ended December 31, 2010 is extracted from the section headed "Financial Information—Profit Estimate for the Year Ended December 31, 2010" in this prospectus. The bases on which the above profit estimate has been prepared are summarized in the section headed "Profit Estimate" in Appendix III to this prospectus. The Directors have prepared the estimated profit attributable to the owners of the parent for the year ended December 31, 2010 based on the audited consolidated results of our Group for the nine months ended September 30, 2010 and an estimate of the consolidated results of our Group for the remaining three months ended December 31, 2010.

(2) The unaudited pro forma estimated earnings per Share on a pro forma basis is calculated by dividing the estimated profit attributable to the owners of the parent for the year ended December 31, 2010 by 2,720,000,000 Shares as if such Shares had been in issue on January 1, 2011. The number of Shares used in this calculation includes the Shares in issue as of the date of this prospectus and the Shares to be issued pursuant to the Capitalization Issue and the Global Offering but excludes any Shares which may be issued pursuant to the exercise of the Over-allotment Option.

DIVIDEND POLICY

We paid a dividend to our then equity holders of US$13.3 million, US$38.0 million, nil and US$78.9 million in the years ended December 31, 2007, 2008 and 2009 and the nine months ended September 30, 2010, respectively. All dividends declared during the Track Record Period have been fully paid and settled. We may declare dividends in the future after taking into account our operations, earnings, financial condition, cash requirements and availability and other factors as we may deem relevant at such time. Any declaration of dividends may or may not reflect our prior declarations of dividends and any dividend recommendation will be at the absolute discretion of the Board.

Future dividend payments will depend upon the availability of dividends received from our subsidiaries in the PRC. PRC law requires that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions, including HKFRS. PRC law also requires foreign-invested enterprises, such as our subsidiaries in the PRC, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any of our plans or at all. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma data relating to our net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only and is set out below to illustrate the effect of the Global Offering on our net tangible assets as of September 30, 2010 as if the Global Offering had taken place on September 30, 2010.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as of September 30, 2010 or as of any subsequent dates, including following the Global Offering.

	Unadjusted audited consolidated net tangible assets of the Group attributable to the owners of the Company as of September 30, 2010[1]	Estimated net proceeds from the Global Offering[2]	Unaudited pro forma adjusted net tangible assets of the Group attributable to the owners of the Company[3]	Unaudited pro forma adjusted net tangible assets per Share[4]	
	US$ (in millions)	US$ (in millions)	US$ (in millions)	US$	HK$
Based on an Offer Price of HK$5.20 per Offer Share	493.3	517.4	1,010.6	0.37	2.90
Based on an Offer Price of HK$6.80 per Offer Share	493.3	680.0	1,173.3	0.43	3.36

Notes:

(1) The unadjusted audited consolidated net tangible assets of the Group attributable to the owners of the Company as of September 30, 2010 is extracted from the Accountants' Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to the owners of the Company of US$494.4 million with an adjustment for intangible assets of US$1.1 million.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Prices of HK$5.20 and HK$6.80 per Offer Share, respectively, after deduction of underwriting fees and commissions and other related expenses payable by our Company and take no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in Note (2) above and on the basis that 2,720,000,000 Shares were in issue assuming that the Capitalization Issue and the Global Offering had been completed on September 30, 2010 and that the Over-allotment Option is not exercised.

(4) As of December 31, 2010, the Group's property interests were valued by CBRE, an independent property valuer, and the property valuation report is set out in Appendix IV to this prospectus. The net revaluation surplus, representing the excess of market value of the property interests over their corresponding book value shown in investment properties, prepaid lease payments and property, plant and equipment, is approximately US$67,000. Such revaluation surplus has not been included in the Group's audited consolidated financial information as of September 30, 2010 and will not be included in the Group's financial statements for the nine months ended September 30, 2010. The above adjustment does not take into account the revaluation surplus. Had the property interests been stated at such valuation as of December 31, 2010, additional depreciation of US$1,591 would be charged against the consolidated income statement for the nine months ended September 30, 2010.

(5) No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to September 30, 2010.

RECONCILIATION OF APPRAISED PROPERTY VALUES WITH NET BOOK VALUES

Disclosure of the reconciliation between the valuation of the interests in properties attributable to the Group and such property interests in the Group's consolidated balance sheets as of September 30, 2010 contained in the Accountants' Report set out in Appendix I to this prospectus as required under Rule 5.07 of the Listing Rules, is set forth below.

	US$'000
Buildings included in property, plant and equipment	1,276
Net book value as of September 30, 2010	1,276
Movement from October 1, 2010 to December 31, 2010	51
Add: Additions during the period	68
Less: Depreciation during the period	17
Net book value as of December 31, 2010	1,327
Valuation surplus	67
Valuation as of December 31, 2010	1,394

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

The Directors confirm that as of the Latest Practicable Date, there were no circumstances which would give rise to a disclosure required under Rules 13.13 to 13.19 of the Listing Rules upon the listing of the Shares on the Stock Exchange.

NO MATERIAL ADVERSE CHANGE

The Group has maintained steady development of new contracts and revenue, a steady relationship with its customers and its profit margin level and settlement of leases receivable from its customers as scheduled.

Our Directors confirm, after having performed sufficient due diligence, that since September 30, 2010 (which includes (1) the period from September 30, 2010, being the date of the latest audited consolidated financial position of the Group as set out in Appendix I to this prospectus, to December 31, 2010 and (2) the period from January 1, 2011 to the Latest Practicable Date):

- there has been no material adverse change in the financial and trading position or prospects of the Group; and
- there has been no material event that would affect the information contained in the Accountants' Report as set out in Appendix I to this prospectus and in the section headed "Financial Information" in this prospectus.

WAIVER AND EXEMPTION

We have submitted an application to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, and such waiver has been granted by the Stock Exchange. We have also submitted an application to the SFC for a certificate of exemption from strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies Ordinance in relation to the inclusion of the accountants' report for the full year ended December 31, 2010 in this prospectus on the ground that it would be unduly burdensome on us and the exemption would not prejudice the interest of the investing public and a certificate of exemption has been granted by the SFC under section 38A of the Companies Ordinance on the condition that particulars of the exemptions are set out in this prospectus and this prospectus will be issued on or before March 18, 2011. For more details of the waiver and exemption, see the section headed "Waivers and Exemptions from Compliance with the Listing Rules and Companies Ordinance" in this prospectus.

FUTURE PLANS

For details of our future plans, see the section headed "Business—Our Strategies" in this prospectus.

USE OF PROCEEDS

We estimate that the net proceeds from the Global Offering which we will receive, assuming an Offer Price of HK$6.00 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK$4,669.8 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised.

We are primarily engaged in financial leasing business which is asset and capital intensive. Therefore, we intend to use the net proceeds primarily to support the ongoing growth of our financial leasing business. We currently operate our business by targeting six industries which we believe to have sustainable growth potential, namely the healthcare, education, infrastructure construction, shipping, printing and machinery industries. We intend to use the net proceeds as follows:

- approximately 30%, or HK$1,400.9 million, will be used as working capital for our financial leasing business in the shipping industry in order to further strengthen our offshore ship leasing business; and
- the remaining 70%, or HK$3,268.9 million, will be used as working capital for our financial leasing business in the healthcare, education, infrastructure construction, printing and machinery industries, respectively, with an allocation for each industry receiving approximately 10% to 15% of the total, or HK$326.9 million to HK$490.3 million.

We will not use any portion of the net proceeds to repay related party borrowings.

Measures on the Administration of Foreign Investment in the Leasing Industry promulgated by MOFCOM in 2005 require that the risky assets of a foreign-invested financial leasing company, which are determined by the total amount of residual assets after deducting cash, bank deposits, PRC treasury securities and entrusted leased assets from the total assets of the enterprise, shall generally not exceed 10 times the company's net assets. We will use the net proceeds to strengthen our capital base in order to continue expanding our business while in strict compliance with the measures.

In the event the Over-allotment Option is exercised in full and assuming an Offer Price of HK$6.00 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), we will receive additional net proceeds of approximately HK$713.8 million and we intend to use this additional net proceeds as working capital for our target industries on a pro rata basis.

If the Offer Price is fixed at HK$6.80 per Offer Share (being the high end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, we will receive additional net proceeds of approximately HK$634.5 million and we intend to use this additional net proceeds as working capital for our target industries on a pro rata basis.

If the Offer Price is fixed at HK$5.20 per Offer Share (being the low end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds we receive will be reduced by approximately HK$634.5 million and we will reduce the working capital for our target industries accordingly on a pro rata basis.

To the extent that the net proceeds from the Global Offering are not immediately used for the above purposes, we presently intend to deposit such net proceeds into short-term interest-bearing deposits and/or money market instruments.

OUR CORPORATE INVESTORS

The Corporate Placing

As part of the International Offering, our Company and the Joint Bookrunners have entered into placing agreements with a number of investors (the "**Corporate Investors**" and each a "**Corporate Investor**") which have agreed to purchase the number of International Offer Shares that may be purchased at the Offer Price with an aggregate amount of US$250 million. Assuming the Offer Price is fixed at HK$5.20, being the low end of the Offer Price range shown in this prospectus, the total number of International Offer Shares to be purchased by our Corporate Investors (each rounded down to the nearest board lot of 1,000 Shares) would be 375,000,000 International Offer Shares, representing approximately 45.96% of the total Offer Shares initially available under the Global Offering and approximately 13.79% of our Company's enlarged share capital immediately following completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Each of the Corporate Investors and their respective beneficial owners is an independent third party and not a connected person (as such term is defined in the Listing Rules) of the Company. None of the Corporate Investors will be a substantial shareholder of our Company upon the Listing and during the six-month lock-up period as described below, nor will any Corporate Investor subscribe for any Offer Shares under the Global Offering other than pursuant to the respective placing agreements. The Offer Shares to be subscribed for by the Corporate Investors will rank *pari passu* in all respects and will be counted towards the public float of our Company. None of the Corporate Investors has a representative on our Board.

The International Offer Shares to be purchased by each of the Corporate Investors will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of an over-subscription under the Hong Kong Public Offering as described in the section entitled "Structure of the Global Offering—The Hong Kong Public Offering" nor by any exercise of the Over-allotment Option to be granted by our Company to the Joint Global Coordinators for the International Offering.

The Corporate Investors

Hillhouse Capital Management Ltd.

Hillhouse Capital Management Ltd. ("**Hillhouse**") has agreed to purchase the number of International Offer Shares that may be purchased at the Offer Price with US$50 million (rounded down to the nearest board lot of 1,000 Shares). Assuming the Offer Price is fixed at HK$5.20, being the low end of the Offer Price range shown in this prospectus, the total number of Shares to be purchased by Hillhouse would be 75,000,000 Shares, representing approximately 9.19% of the total Offer Shares initially available under the Global Offering and approximately 2.76% of our Company's enlarged share capital immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Gaoling Fund is an Asia focused fund managed by Hillhouse. Hillhouse manages capital for world-class institutional investors, concentrating on making equity investments over a long term investment horizon. Hillhouse takes a research intensive, bottoms-up approach to investing that is highly focused on business fundamentals. As of March 1, 2011, Hillhouse has approximately US$5 billion under management.

Owl Creek Asset Management, L.P.

Owl Creek Asset Management L.P. ("**Owl Creek**") has agreed to purchase the number of Shares that may be purchased at the Offer Price with US$40 million (rounded down to the nearest board lot of 1,000 Shares). Assuming the Offer Price is fixed at HK$5.20, being the low end of the Offer Price range shown in this prospectus, the total number of Shares to be purchased by Owl Creek would be 60,000,000 Shares, representing approximately 7.35% of the total Offer Shares initially available under the Global Offering and approximately 2.21% of our Company's enlarged share capital immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Owl Creek is an investment firm with over $6.7 billion under management that makes opportunistic, event-driven investments across industries and across all parts of a company's capital structure. The firm has a flagship fund with approximately $6.6 billion under management that invests globally as well as a dedicated Asia fund with approximately $240 million under management. The funds invest in both long and short value equities and long and short distressed debt. Within both categories, Owl Creek operates as a bottom-up value investor, searching for undervalued investment opportunities and seeking situation-specific investments which are marginally or not correlated to the overall markets. Jeffrey Altman launched Owl Creek in 2002 and is the managing partner. He is joined by Daniel Krueger, Jeffrey Lee, and Shai Tambor as partners on the investment team and by Daniel Sapadin as partner and Chief Operating Officer. Additionally, there are four traders, two assistant traders and sixteen analysts who bring the investment team to 26, each bringing a unique perspective to the fund. Owl Creek has offices in New York, Hong Kong and London.

OZ Master Fund, Ltd., OZ Asia Master Fund, Ltd. and OZ Global Special Investments Master Fund, L.P.

OZ Master Fund, Ltd. , OZ Asia Master Fund, Ltd. and OZ Global Special Investments Master Fund, L.P. (collectively, the "**OZ Funds**") have agreed to purchase the number of Shares that may be purchased at the Offer Price with US$30 million (rounded down to the nearest board lot of 1,000 Shares). Assuming the Offer Price is fixed at HK$5.20, being the low end of the Offer Price range shown in this prospectus, the total number of Shares to be purchased by the OZ Funds would be 45,000,000 Shares, representing approximately 5.51% of the total Offer Shares initially available under the Global Offering and approximately 1.65% of our Company's enlarged share capital immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Each of the OZ Funds is an exempted company incorporated in the Cayman Islands. The investment manager of each of the OZ Funds is OZ Management LP, an operating entity of Och-Ziff Capital Management Group LLC. Och-Ziff Capital Management Group LLC is a leading global institutional asset management firm with over US$28.7 billion of assets under management as of March 1, 2011.

Prime Capital Management Company Limited

Prime Capital Management Company Limited ("**Prime Capital**") has agreed to purchase the number of Shares that may be purchased at the Offer Price with US$50 million (rounded down to the nearest board lot of 1,000 Shares). Assuming the Offer Price is fixed at HK$5.20, being the low end of the Offer Price range shown in this prospectus, the total number of Shares to be purchased by Prime

Capital would be 75,000,000 Shares, representing approximately 9.19% of the total Offer Shares initially available under the Global Offering and approximately 2.76% of our Company's enlarged share capital immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Prime Capital is a limited liability company registered in Hong Kong since July 2004 and it obtained the licenses from SFC and Securities & Exchange Commission, US in September 2004 and March 2006, respectively. The holding company of Prime Capital is C-Power Investments Limited, which is wholly owned by Mr. Liu Yijun who is the founder of Prime Capital and the portfolio manager of Dragon Billion China Fund which focuses on the investments of Chinese companies listed in mainland China, Hong Kong, US and the other global markets. Currently Prime Capital manages a total of US$1.5 billion firm asset including US$1.4 billion in Dragon Billion China Fund which is one of the largest China focused hedge funds.

Sun Hung Kai Properties Limited/The Kwok Family/Mr. Raymond Ping Luen Kwok

Joylight Limited ("**Joylight**"), Homeway Services Limited ("**Homeway**") and Premier Goal Company Limited ("**Premier Goal**") have each agreed to purchase the number of Shares that may be purchased at the Offer Price with US$10 million (a total of US$30 million) (rounded down to the nearest board lot of 1,000 Shares). Assuming the Offer Price is fixed at HK$5.20, being the low end of the Offer Price range shown in this prospectus, the total number of Shares to be purchased by Sun Hung Kai Properties Limited ("**SHKP**"), the Kwok family and Mr. Raymond Ping Luen Kwok through Joylight, Homeway and Premier Goal would be 45,000,000 Shares, representing approximately 5.51% of the total Offer Shares initially available under the Global Offering and approximately 1.65% of our Company's enlarged share capital immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Joylight, Homeway and Premier Goal are private companies incorporated in the British Virgin Islands. Joylight is wholly and ultimately owned by SHKP. SHKP is one of the largest property companies in Hong Kong and listed on the Stock Exchange (stock code: 0016). The SHKP group's core business is the development of property for sale and investment. The SHKP group also has investments in hotels, property management, telecommunications, transportation, infrastructure, logistics and others. Homeway is beneficially held by the Kwok family interests. The Kwok family is the controlling shareholder of SHKP. Premier Goal is beneficially owned by Mr. Raymond Ping Luen Kwok and his family members.

Value Partners Limited

Value Partners Limited ("**Value Partners**") has agreed to procure collective investment fund(s) and/or managed accounts which Value Partners or its fellow subsidiary is acting as investment manager or investment advisor for (the "**Investor Funds**") to purchase the number of Shares that may be purchased at the Offer Price with US$50 million (rounded down to the nearest board lot of 1,000 Shares). Assuming the Offer Price is fixed at HK$5.20, being the low end of the Offer Price range shown in this prospectus, the total number of Shares to be purchased by Value Partners through the Investor Funds would be 75,000,000 Shares, representing approximately 9.19% of the total Offer Shares initially available under the Global Offering and approximately 2.76% of our Company's enlarged share capital immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Value Partners acts as investment manager or investment advisor to certain investment funds. Value Partners is a leading Asia Pacific asset management company headquartered in Hong Kong and a wholly-owned subsidiary of Value Partners Group Limited, a company listed on the Stock Exchange (stock code: 806). Value Partners products include a range of absolute return long-biased equity investment funds which invest in the Asia Pacific equity markets, with some focusing on the Greater China markets. Value Partners also manages hedge funds and provides investment advisory services for institutional investors. Value Partners' products and services also form part of a comprehensive range of investment solutions offered by the Value Partners Group under Value Partners brand and Sensible Asset Management brand.

Conditions Precedent

The subscription obligations of the Corporate Investors will be conditional only upon, among other things, the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into by, inter alia, the Company and the Joint Bookrunners and having become unconditional and not having been terminated (in accordance with their respective original terms or as subsequently waived or varied by agreement of the relevant parties) by no later than 8 a.m. on March 30, 2011.

Restrictions on Disposals by the Corporate Investors

Each of the Corporate Investors has agreed that, without our prior written consent and that of the Joint Bookrunners and the Company, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of any Shares purchased pursuant to the International Offering (or interest in any company or entity holding any of the Shares so subscribed) other than transfer to its wholly-owned subsidiary, subject to the undertaking that such subsidiary will abide by the restrictions on disposal imposed on the relevant Corporate Investor. In the event of a disposal of any Shares at any time after the six-month period, the Corporate Investors will use their best endeavors to ensure that any such disposal will not create a disorderly or false market for the Shares and is otherwise in compliance with the Companies Ordinance and the SFO and all relevant securities laws and regulations and rules of securities exchanges of all competent jurisdictions.

Each of the Corporate Investors is obliged not to subscribe for or purchase or participate in the subscription or purchase of International Offering (other than the subscription of the International Offer Shares under the respective placing agreements) and is obliged to use its best endeavors to procure that none of its associates (as defined in the Listing Rules) will participate in the International Offering.

HONG KONG UNDERWRITERS

Joint Lead Managers

China International Capital Corporation Hong Kong Securities Limited
Morgan Stanley Asia Limited
UBS AG, Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited

Co-lead Managers

ABCI Securities Company Limited
Essence International Financial Holdings Limited
First Shanghai Securities Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 81,600,000 Hong Kong Offer Shares and the International Offering of initially 734,400,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the Application Forms relating thereto.

Subject to the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, and to certain other conditions set out in the Hong Kong Underwriting Agreement (including the Joint Global Coordinators (on behalf of the Underwriters) and our Company agreeing upon the Offer Price), the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus and the Application Forms relating thereto and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination by notice to our Company from the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters), if prior to 8:00 a.m. on the Listing Date:

(1) there shall develop, occur, exist or come into effect:

(a) any local, national, regional or international event, or series of events, in the nature of force majeure (including, without limitation, acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemics, pandemics, outbreaks of diseases, economic sanction, strikes, lock-outs, fire, explosion, flooding, civil commotion, riot, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism);

(b) any change or development involving a prospective change, or any event or series of events likely to result in any change, or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency credit or market conditions (including, without limitation, any conditions affecting stock and bond markets, money and foreign exchange markets, investment markets and credit markets);

(c) any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ National Markets, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange, or a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies, or any disruption in monetary or trading or securities settlement or clearance services, procedures or matters; or

(d) any general moratorium, on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at the federal or New York state level or other competent authority), London, the European Union, Japan, the PRC or any other jurisdiction relevant to any member of our Group, or there is a disruption in commercial banking, foreign exchange trading or securities settlement or clearance services in those places;

(e) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union, Japan or any other jurisdiction relevant to any member of our Group;

(f) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, the United States, Japan, the United Kingdom or the European Union (taken as a whole or any member thereof) on the PRC or any other jurisdiction relevant to any member of our Group;

(g) a change or development involving a prospective change in taxation or exchange control, currency exchange rates or foreign investment regulations (including,

without limitation, a devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control in Hong Kong, the PRC, the United States, Japan, the United Kingdom or the European Union or any other jurisdiction relevant to any member of our Group;

(h) any litigation, legal action, claim or legal proceeding of any third party being threatened or instigated against any member of the Group;

(i) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company;

(j) the chairman or chief executive officer of our Company vacating his or her office;

(k) the commencement by any governmental, law enforcement agency, regulatory or political body or organization of any action against a Director or an announcement by any governmental, regulatory or political body or organization that it intends to take any such action;

(l) a contravention by any member of our Group of the Listing Rules or applicable laws;

(m) a prohibition on our Company for whatever reason from allotting or selling the Shares (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering;

(n) any non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law or regulation by any of our Company and the Controlling Shareholders;

(o) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Shares) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(p) an order or petition for the winding-up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group,

which, after consultation with our Company (provided that it is reasonably practical to do so), any of the above events, individually or in the aggregate, in the sole opinion of the Joint Global Coordinators, (i) is or will or may have a material adverse effect on the business, financial or other condition or prospects of our Group as a whole, (ii) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering, (iii) makes it or will make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering, or (iv) has or will have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(2) there has come to the notice of the Joint Global Coordinators:

(a) that any statement contained in this prospectus, the Application Forms and/or any announcement or advertisement issued by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become untrue or incorrect in all material respects or misleading in any respect, or that any forecast, expression of opinion, intention or expectation expressed in this prospectus and/or any announcements issued by our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest in any material respect and based on reasonable assumptions, when taken as a whole;

(b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission therefrom;

(c) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than on any of the Hong Kong Underwriters or the International Underwriters);

(d) any event, act or omission which gives or is likely to give rise to any liability of any of our Company and the Controlling Shareholders pursuant to the indemnities given by our Company and the Controlling Shareholders under the Hong Kong Underwriting Agreement;

(e) any material adverse change or development involving a prospective material adverse change in the assets, liabilities, conditions, business affairs, prospects, profits, losses or financial or trading position or performance of any member of the Group;

(f) any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties given by our Company and the Controlling Shareholders under the Hong Kong Underwriting Agreement;

(g) that approval by the CSRC or by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares in issue and to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) under the Global Offering and the Capitalization Issue and the conversion of the Series A Shares is refused or not granted, other than subject to customary conditions, on or before the date of the listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(h) that our Company withdraws this prospectus (and any other documents used in connection with the contemplated subscription and sale of the Shares) or the Global Offering.

Undertakings to the Stock Exchange Pursuant to the Listing Rules

(A) Undertakings by Our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the date on which our securities first commence dealing on the Stock Exchange (whether or not such issue of

Shares or securities will be completed within six months from the commencement of dealing), except pursuant to the Global Offering or any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to our Company that, except pursuant to any lending of Shares pursuant to the Stock Borrowing Agreement, it will not and will procure that the relevant registered holder(s) will not:

(a) in the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner; and

(b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights interests or encumbrances in respect of, any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be the controlling shareholder of our Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to our Company that within the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the date on which dealings in the Shares commence on the Stock Exchange, it will:

(i) when it pledges or charges any Shares beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of Shares so pledged or charged; and

(ii) when it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform our Company of such indications.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by Our Company

We have undertaken to each of the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, and the Controlling Shareholders have undertaken to procure that, except pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option) during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is six months after the Listing Date (the "**First Six-Month Period**"), we will not without the prior written consent of the Joint Global

Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, and will procure that our subsidiaries will not:

(i) offer, accept subscription for, pledge, issue, sell, lend, mortgage, assign, charge, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any options, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of its share capital or other securities or any interest therein (including, but not limited to, any securities convertible into or exercisable or exchangeable for or that represent the right to receive such share capital);

(ii) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of any of its or their share capital or securities or any interest therein;

(iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or

(iv) offer to or agree to do any of the foregoing or announce any intention to do so,

whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise and whether or not such issue of Shares or securities will be completed within such period. In the event that, during the period of six months immediately following the expiry of the First Six-Month Period (the "**Second Six-Month Period**") we enter into any of the transactions specified in (i), (ii) or (iii) above or publicly announce any intention to effect any such transaction, we will take all reasonable steps to ensure that any such transaction or announcement will not create a disorderly or false market for the Shares or other securities of our Company.

(B) Undertakings by the Controlling Shareholders

Each of the Controlling Shareholders undertakes to each of our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except as disclosed in this prospectus, it will not, without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) at any time during the First Six-Month Period, (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital, debt capital or other securities of our Company or any interest therein held by it (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of our Company or any interest therein), (ii) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital, or (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above, or (iv) offer to or agree to do any of the foregoing or announce any intention to do so, whether any of the foregoing transactions is to be settled by delivery of such share capital or other securities, in cash or otherwise; and

(b) at any time during the Second Six-Month Period, enter into any transaction described in (a)(i), (a)(ii) or (a)(iii) above or offer to or agree to or publicly announce any intention to effect any such transaction if, immediately following such transaction, any of the Controlling Shareholders would cease to be a controlling shareholder of our Company.

In the event that any Controlling Shareholder enters into any transaction described in (a)(i), (a)(ii) or (a)(iii) above or offers to or agrees to or publicly announces any intention to effect any such transaction during the Second Six-Month Period, it will take all reasonable steps to ensure that any such transaction or announcement will not create a disorderly or false market for the Shares or other securities of our Company.

Each of the Controlling Shareholders has further undertaken to our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that it will, at any time within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is 12 months after the Listing Date:

(a) upon any pledge or charge in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any Shares or securities or interests in the Shares or securities of our Company beneficially owned by it for a bona fide commercial loan, immediately inform our Company and the Joint Global Coordinators in writing of such pledge or charge together with the number of Shares or securities so pledged or charged; and

(b) upon any indication received by it, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities or interests in the Shares or securities of our Company will be disposed of, immediately inform our Company and the Joint Global Coordinators in writing of such indication.

We have agreed and undertaken to the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and each of the Hong Kong Underwriters, that, upon receiving such information in writing from the Controlling Shareholders, we shall, as soon as practicable, notify the Stock Exchange and make a public disclosure of such information by way of an announcement which is published in accordance with the Listing Rules.

Undertaking by each of KKR Future Investments, Techlink and TML

In consideration of our Company, the Joint Global Coordinators and the Hong Kong Underwriters entering into the Hong Kong Underwriting Agreement, each of KKR Future Investments, Techlink and TML has undertaken to each of our Company, the Joint Global Coordinators and the Hong Kong Underwriters that, at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date, it will not, and will procure that none of its affiliates or companies controlled by it or any nominee or trustee holding in trust for it will not, without the prior written consent of our Company and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) (i) offer, accept subscription for, sell, pledge, mortgage, charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any share sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital of our Company or any securities of our Company or any

interest therein (including, but not limited to, any securities which are convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or interest therein), (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the share capital, debt capital or other securities of our Company or any interest therein, (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or (iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in (i), (ii) or (iii) above, whether any of the foregoing transactions described in (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so.

Indemnity

We have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters' Interests in Our Company

Except for its obligations under the Hong Kong Underwriting Agreement and save as disclosed in this prospectus, none of the Hong Kong Underwriters has any shareholding interest in our Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company.

Following the completion of the Capitalization Issue and the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we and the Controlling Shareholders will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set out therein, the International Underwriters would severally agree to procure purchasers for, or to purchase, Offer Shares being offered pursuant to the International Offering (excluding, for the avoidance of doubt, the Offer Shares which are subject to the Over-allotment Option). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

We expect to grant to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 122,400,000 Shares, representing no more than 15% of the initial Offer Shares, at the same price per

Offer Share under the International Offering, to, among other things, cover over-allocations in the International Offering, if any.

Commissions and Expenses

The Joint Global Coordinators (on behalf of the Hong Kong Underwriters) will receive an underwriting commission equal to 1.5% of the aggregate Offer Price in respect of all the Hong Kong Offer Shares, out of which they will pay any sub-underwriting commissions payable. The Joint Bookrunners may receive an additional incentive fee of up to 1.3% of the Offer Price of all the Offer Shares.

For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the Joint Global Coordinators and the relevant International Underwriters.

The aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are estimated to amount in aggregate to approximately HK$226.2 million (assuming an Offer Price of HK$6.00 per Offer Share, being the mid-point of the indicative Offer Price range stated in this prospectus) and the Over-allotment Option is not exercised at all), are payable and borne by our Company.

INDEPENDENCE OF THE JOINT SPONSORS

Ms. Chen Shirley Shiyou was a non-executive director of the Company from October 16, 2009 to the Listing Date and also a director of TML which is wholly-owned by CICC Fund. TML is a shareholder of the Company with a 2% shareholding interest immediately prior to the Listing. CICC, TML and CICC Fund are members of the CICC Group, the "sponsor group" for the purposes of Rule 3A.01(9). As the shareholding of TML in the Company is below the threshold under Rule 3A.07(1) and Ms. Chen is not a director of CICC, nor a member of the sponsor group, the independence of CICC as a sponsor would not be affected under Rule 3A.07(1) and Rule 3A.07(3) of the Listing Rules.

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets

including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering" in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(a) the Hong Kong Public Offering of 81,600,000 Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in the section headed "—The Hong Kong Public Offering" below; and

(b) the International Offering of an aggregate of 734,400,000 Shares (subject to reallocation and the Over-allotment Option as mentioned below) to be offered and sold only outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

We are initially offering 81,600,000 new Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Shares initially available under the Global Offering. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the section headed "—Conditions of the Global Offering" below.

Allocation

Allocation of Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation) is to be divided into two pools for allocation purposes: Pool A and Pool B with any odd board lots being allocated to Pool A. Accordingly, the maximum number of Hong Kong Offer Shares initially in Pool A and Pool B will be 40,800,000 and 40,800,000, respectively. The Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and

the Stock Exchange trading fee payable) or less. The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable). Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 40,800,000 Hong Kong Offer Shares (being 50% of the 81,600,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached as further described below:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then no Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 81,600,000 Offer Shares, representing 10% of the Offer Shares initially available under the Global Offering;

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 244,800,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 326,400,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be

increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 408,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate. In addition, the Joint Global Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering in such proportions as the Joint Global Coordinators deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$6.80 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the section headed "Structure of the Global Offering—Pricing and Allocation" below, is less than the maximum price of HK$6.80 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For details, see the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

The International Offering will consist of an initial offering of 734,400,000 Offer Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly

invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the section headed "—Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Over-allotment Option

We expect to grant to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 122,400,000 Shares, representing no more than 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, to, among other things, cover over-allocations in the International Offering, if any. In the event that the Over-allotment Option is exercised, we will make an announcement.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, as stabilizing manager, on behalf of the Underwriters, may effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager, its affiliates or any persons acting for it, to conduct any such stabilizing action. Such stabilization action, if commenced, may be discontinued at any time, and is required to be brought to an end after a limited period. Should stabilizing transactions be effected in connection with the Global Offering, this will be at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules, as amended, includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time or period for which the Stabilizing Manager, its affiliates or any person acting for it will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on Friday, April 22, 2011, being the 30th day after the date of closing of the application lists under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Joint Global Coordinators, their affiliates or any person acting for them may cover such over-allocation by, among other methods, using Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or through the stock borrowing arrangements mentioned below or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilization, the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The number of Shares which can be over-allocated will not exceed the number of Shares which may be sold pursuant to the exercise in full of the Over-allotment Option, being 122,400,000 Shares, representing 15% of the Offer Shares initially available under the Global Offering.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager may choose to borrow up to 122,400,000 Shares from Greatpart pursuant to the Stock Borrowing Agreement. The stock borrowing arrangements under the Stock Borrowing Agreement will comply with the requirements set out in Listing Rule 10.07(3), including:

(a) the stock borrowing arrangements are fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;

(b) the maximum number of Shares to be borrowed from Greatpart by the Stabilizing Manager is the maximum number of Shares that may be issued upon full exercise of the Over-allotment Option;

(c) the same number of Shares borrowed under the Stock Borrowing Agreement is returned to Greatpart or its nominee (as the case may be) within 3 business days after the last day on which the Over-allotment Option may be exercised or, if earlier, the date on which the Over-allotment Option is exercised in full;

(d) borrowing of Shares pursuant to the Stock Borrowing Agreement will be effected in compliance with applicable Listing Rules, laws and other regulatory requirements; and

(e) no payments will be made to Greatpart by the Stabilizing Manager in relation to the Stock Borrowing Agreement.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price is expected to be fixed by agreement between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or about Thursday, March 24, 2011 and in any event no later than Monday, March 28, 2011.

The Offer Price will not be more than HK$6.80 per Offer Share and is expected to be not less than HK$5.20 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Joint Global Coordinators (on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case,

we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of our Company (**www.fehorizon.com**) and the website of the Stock Exchange (**www.hkexnews.hk**) notices of the reduction. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by our Company and the Joint Global Coordinators (on behalf of the Underwriters), will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between our Company and the Joint Global Coordinators (on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Joint Global Coordinators may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Global Coordinators.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of and results of allocations of Offer Shares under the Hong Kong Public Offering are expected to be announced on Tuesday, March 29, 2011 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of our Company (**www.fehorizon.com**) and the website of the Stock Exchange (**www.hkexnews.hk**).

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Global Coordinators (on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

(a) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering (including pursuant to the exercise of the Over-Allotment Option) and upon the conversion of the Series A Shares and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(b) the Offer Price having been agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective Underwriting Agreements,

in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before Monday, March 28, 2011, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will as soon as possible publish or cause to be published a notice of the lapse of the Hong Kong Public Offering in the South China Morning Post (in English), the Hong Kong Economic Times (in Chinese) and on the websites of our Company (**www.fehorizon.com**) and the website of the Stock Exchange (**www.hkexnews.hk**). In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares—Dispatch/ Collection of Share Certificates/e-Refund Payment Instructions/Refund Cheques" in this prospectus. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates issued in respect of the Hong Kong Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering (including pursuant to the exercise of the Over-Allotment Option) and upon the conversion of the Series A Shares.

No part of our Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made to enable the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, March 30, 2011, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, March 30, 2011. The Shares will be traded on the Main Board of the Stock Exchange in board lots of 1,000 Shares each.

There are three channels to make an application for the Hong Kong Offer Shares. You may either (i) use a **WHITE** or **YELLOW** Application Form, (ii) apply online through the designated website of the White Form eIPO Service Provider, referred to herein as the "**White Form eIPO**" service or (iii) give **electronic application instructions** to instruct HKSCC to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf.

Except where you are a nominee and provide the required information in your application, you or your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **WHITE** or **YELLOW** Application Form or applying online through **White Form eIPO** service or by giving **electronic application instructions** to HKSCC.

I. HOW TO APPLY FOR HONG KONG OFFER SHARES

1. Who Can Apply for Hong Kong Offer Shares

You can apply for the Hong Kong Offer Shares available for subscription by the public on a **WHITE** or **YELLOW** Application Form if you, and any person(s) for whose benefit you are applying, if any, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are not within the United States (within the meaning of Regulation S) or are a person described in paragraph h(3) of Rule 902 of Regulation S; and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you wish to apply for Hong Kong Offer Shares online through the **White Form eIPO** service, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the application form must be signed by a duly authorized officer, who must state his or her representative capacity.

If an application is made by a person duly authorized under a valid power of attorney, we and the Joint Global Coordinators, as our agents, may accept it at our or their discretion, and subject to any conditions we or they think fit, including production of evidence of the authority of the attorney. We and the Joint Global Coordinators, as our agents, will have full discretion to reject or accept any application, in full or in part, without giving any reason.

You may only apply by means of the **White Form eIPO service if you are an individual applicant. Corporations or joint applicants may not apply by means of White Form eIPO.**

We, the Joint Global Coordinators, the White Form eIPO Service Provider (where applicable) and our and their respective agents have full discretion to reject or accept any application, in full or in part, without giving any reason.

The Hong Kong Offer Shares are not available to the existing beneficial owner of Shares, the Directors or chief executive or their respective associates or any other connected persons of our Company or persons who will become our connected persons immediately following the completion of the Global Offering or are within the United States (within the meaning of Regulation S) (other than a person described in paragraph h(3) of Rule 902 of Regulation S) or persons who do not have a Hong Kong address or legal or natural persons of the PRC.

2. Applying By Using An Application Form

Which Application Form to Use

Use a **WHITE** Application Form if you want the Hong Kong Offer Shares issued in your own name.

Use a **YELLOW** Application Form if you want the Hong Kong Offer Shares issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and this prospectus during normal business hours from 9:00 a.m. on Friday, March 18, 2011 until 12:00 noon on Wednesday, March 23, 2011 from:

China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbor View Street Central Hong Kong	**Morgan Stanley Asia Limited** Level 46 International Commerce Centre 1 Austin Road West Kowloon Hong Kong	**UBS AG, Hong Kong Branch** 52/F, Two International Finance Centre 8 Finance Street Central Hong Kong	**The Hongkong and Shanghai Banking Corporation Limited** Level 15, HSBC Main Building 1 Queen's Road, Central Hong Kong

or any of the following branches of The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank (Hong Kong) Limited and Industrial and Commercial Bank of China (Asia) Limited:

(a) The Hongkong and Shanghai Banking Corporation Limited

	Branch Name	Address
Hong Kong Island	Hong Kong Office	Level 3, 1 Queen's Road Central, Hong Kong
	North Point Branch	G/F, Winner House, 306-316 King's Road, North Point, Hong Kong
	Des Voeux Road Central Branch	China Insurance Group Bldg, 141 Des Voeux Road Central, Hong Kong
	Hay Wah Building Branch	G/F, Hay Wah Bldg, 71-85 Hennessy Road, Wan Chai, Hong Kong
Kowloon	Kwun Tong Branch	No. 1, Yue Man Square, Kwun Tong, Kowloon
	Mong Kok Branch	L/G & U/G, 673 Nathan Road, Mong Kok, Kowloon
	Whampoa Garden Branch	Shop No. G6 & 6A, G/F, Site 4, Whampoa Garden, Kowloon
New Territories	Citywalk Branch	Shops G21-22, Citywalk, 1 Yeung Uk Road, Tsuen Wan, New Territories

(b) Standard Chartered Bank (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island	Central Branch	Shop no. 16, G/F and Lower G/F, New World Tower, 16-18 Queen's Road Central, Central
Kowloon	Kwun Tong Hoi Yuen Road Branch	G/F, Fook Cheong Building, No. 63 Hoi Yuen Road, Kwun Tong, Kowloon
	Mong Kok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
	Tsimshatsui Branch	G/F, 10 Granville Road, Tsimshatsui
New Territories	Shatin Centre Branch	Shop 32C, Level 3, Shatin Shopping Arcade, Shatin Centre, 2-16 Wang Pok Street, Shatin
	Yuen Long Fung Nin Road Branch	Shop B at G/F and 1/F, Man Cheong Building, 247 Castle Peak Road, Yuen Long

(c) Industrial and Commercial Bank of China (Asia) Limited

	Branch Name	Address
Hong Kong Island	Queen's Road Central Branch	122-126 Queen's Road Central, Central
	Wanchai Branch	117-123 Hennessy Road, Wanchai
Kowloon	Mong Kok Branch	G/F., Belgian Bank Building, 721-725 Nathan Road, Mongkok
New Territories	Sha Tsui Road Branch	Shop 4, G/F., Chung On Building, 297-313 Sha Tsui Road, Tsuen Wan
	Kwai Fong Branch	C63A-C66, 2/F, Kwai Chung Plaza, Kwai Fong
	Tai Po Branch	Shop F, G/F, Mee Fat Building, No 34-38 Tai Wing Lane, Tai Po

(d) Wing Lung Bank Limited

	Branch Name	Address
Hong Kong Island	Head Office	45 Des Voeux Road Central, Central
Kowloon	Tsimshatsui Branch	4 Carnarvon Road, Tsimshatsui
	To Kwa Wan Branch	64 To Kwa Wan Road, Kowloon

You can collect a **YELLOW** Application Form and this prospectus during normal business hours from 9:00 a.m. on Friday, March 18, 2011 until 12:00 noon on Wednesday, March 23, 2011 from:

- the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong; or
- your stockbroker, who may have such Application Forms and this prospectus available.

How to Complete the Application Form

(i) Obtain an Application Form as described in the section headed "—Where to Collect the Application Forms" above.

(ii) Complete the Application Form in ink and sign it. There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions your application may be rejected and returned by ordinary post together with the accompanying cheque or banker's cashier order to you (or the first-named applicant in the case of joint applicants) at your own risk to the address stated in the Application Form.

(iii) Each Application Form must be accompanied by payment, in the form of either one cheque or one banker's cashier order. Cheque or banker's cashier orders should be crossed "Account Payee Only" and made payable to "HSBC Nominees (Hong Kong) Limited—Far East Horizon Public Offer." You should read the detailed instructions set out in the Application Form carefully as an application is liable to be rejected if the cheque or banker's cashier order does not meet the requirements set out in the Application Form.

(iv) Lodge the **WHITE** or **YELLOW** Application Form in one of the collection boxes by the time and at one of the locations as described in section headed "—Where to Collect the Application Forms" above.

In order for the YELLOW Application Forms to be valid:

(i) **If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):**

- the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.

(ii) **If the application is made by an individual CCASS Investor Participant:**

- the Application Form must contain the CCASS Investor Participant's name and Hong Kong Identity Card number; and
- the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(iii) **If the application is made by a joint individual CCASS Investor Participant:**

- the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong Identity Card numbers; and
- the participant I.D. must be inserted in the appropriate box in the Application Form.

(iv) **If the application is made by a corporate CCASS Investor Participant:**

- the Application Form must contain the CCASS Investor Participant's company name and Hong Kong Business Registration number; and
- the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or incomplete details of the CCASS Participant or the omission or inadequacy of participant I.D. or other similar matters may render the application invalid.

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked "For nominees" account numbers or other identification codes for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner.

If your application is made through a duly authorized attorney, we and the Joint Global Coordinators, as our agents, may accept it at our or their discretion, and subject to any conditions we or they think fit, including evidence of the authority of your attorney. We and the Joint Global Coordinators, as our agents, will have full discretion to reject or accept any application, in full or in part, without giving any reason.

3. Applying Through White Form eIPO

General

(a) If you are an individual and meet the criteria set out in the section headed "—Who Can Apply for Hong Kong Offer Shares" above, you may apply through **White Form eIPO** by submitting an application through the designated website at **www.eipo.com.hk**. If you apply through White Form eIPO, the Offer Shares will be issued in your own name.

(b) Detailed instructions for application through the **White Form eIPO** service are set out on the designated website at **www.eipo.com.hk**. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the White Form eIPO Service Provider and may not be submitted to our Company.

(c) In addition to the terms and conditions set out in this prospectus, the White Form eIPO Service Provider may impose additional terms and conditions upon you for the use of the **White Form eIPO** service. Such terms and conditions are set out on the designated website at **www.eipo.com.hk**. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

(d) By submitting an application to the White Form eIPO Service Provider through the **White Form eIPO** service, you are deemed to have authorized the White Form eIPO Service Provider to transfer the details of your application to our Company and the Hong Kong Share Registrar.

(e) You may submit an application through the **White Form eIPO** service in respect of a minimum of 1000 Hong Kong Offer Shares. Each **electronic application instruction** in respect of more than 1000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at **www.eipo.com.hk**.

(f) You may submit your application to the White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** from 9:00 a.m. on Friday, March 18, 2011 until 11:30 a.m. on Wednesday, March 23, 2011 or such later time as described in the section headed "When May Applications Be Made—Effect of Bad Weather on the Opening of the Application Lists" below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, March 23, 2011, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the section headed "When May Applications Be Made—Effect of Bad Weather on the Opening of the Application Lists" below.

(g) You will not be permitted to submit your application to the White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m. on Wednesday, March 23, 2011, you will be permitted to continue the application process (by completing full payment of application monies) until 12:00 noon on the last day for submitting applications (that is Wednesday, March 23, 2011), when the application lists close. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Wednesday, March 23, 2011, or such later time as described in the section headed "When May Applications Be Made—Effect of Bad Weather on the Opening of the Application Lists" below, the White Form eIPO Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at **www.eipo.com.hk**.

(h) Warning: The application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the White Form eIPO Service Provider to public investors. We, the Directors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters and the White Form eIPO Service Provider take no responsibility for such applications, and provide no assurance that applications through the **White Form eIPO** service will be submitted to our Company or that you will be allotted any Hong Kong Offer Shares.

Environmental Protection

The advantage of **White Form eIPO** is that it saves paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated White Form eIPO Service Provider, has indicated that it will contribute HK$2 for each "FAR EAST HORIZON LIMITED" **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Source of DongJiang—Hong Kong Forest" project initiated by Friends of the Earth (HK).

Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the **White Form eIPO** service, you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offering to submit your electronic application instructions. In the event that you have problems connecting to the designated website for the **White Form eIPO** service, you should submit a **WHITE** Application Form. However, once you have submitted electronic application instructions and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** Application Form. See "—How Many Applications May You Make" below.

Additional Information

For the purposes of allocating Hong Kong Offer Shares, each applicant giving electronic application instructions through White Form eIPO service to the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Offer Shares for which you have applied, or if your application is otherwise rejected by the White Form eIPO Service Provider, the White Form eIPO Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the White Form eIPO Service Provider on the designated website at **www.eipo.com.hk**.

4. Applying By Giving Electronic Application Instructions to HKSCC

General

CCASS Participants may give **electronic application instructions** via CCASS to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2/F, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form. Prospectuses are available for collection from the above address.

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our Company and the Hong Kong Share Registrar.

Application for Hong Kong Offer Shares by HKSCC Nominees on your behalf

Where a WHITE Application Form is signed by HKSCC Nominees on behalf of persons who have given electronic application instructions to apply for the Hong Kong Offer Shares:

(i) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees does the following things on behalf of each such person:

- agrees that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;
- undertakes and agrees to accept the Hong Kong Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;
- undertakes and confirms that that person has not applied for or taken up any Offer Shares under the International Offering nor otherwise participated in the International Offering;
- (if the **electronic application instructions** are given for that person's own benefit) declares that only one set of **electronic application instructions** has been given for that person's benefit;
- (if that person is an agent for another person) declares that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorized to give those instructions as that other person's agent;
- understands that the above declaration will be relied upon by our Company, the Directors and the Joint Global Coordinators in deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes a false declaration;
- authorizes our Company to place the name of HKSCC Nominees on our register of members as the holder of the Hong Kong Offer Shares allotted in respect of that person's **electronic application instructions** and to send Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;
- confirms that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;
- confirms that person has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf and will not rely on any other information and representations, save as set out in any supplement to this prospectus, and that person agrees that none of our Company, the Directors, the Joint Global Coordinators, the Joint Bookrunners,

the Joint Lead Managers, the Joint Sponsors, the Underwriters and any of the parties involved in the Global Offering will have any liability for any such other information or representation;

- agrees that our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters and any of our and their respective directors, officers, employees, partners, agents or advisors are liable only for the information and representations contained in this prospectus and any supplement thereto;
- agrees to disclose that person's personal data to our Company, the Hong Kong Share Registrar, the receiving bankers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters and any of our and their respective advisors and agents and any information which they may require about that person for whose benefit the application is made;
- agrees (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees is accepted, the application cannot be rescinded for innocent misrepresentation;
- agrees that any application made by HKSCC Nominees on behalf of that person pursuant to the **electronic application instructions** given by that person is irrevocable before Wednesday, March 30, 2011, such agreement to take effect as a collateral contract with our Company and to become binding when that person gives the **electronic application instructions** and such collateral contract to be in consideration of our Company agreeing that we will not offer any Hong Kong Offer Shares to any person before the fifth day after the opening of the application lists, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day) if a person responsible for this prospectus under Section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;
- agrees that once the application of HKSCC Nominees is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering published by our Company;
- agrees to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares;
- agrees with our Company, for our Company and for the benefit of each Shareholder (and so that we will be deemed by our acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for our Company and on behalf of each Shareholder, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance and the Articles of Association; and
- agrees that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or the Offer Price is less than the initial price per Offer Share paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and Stock Exchange trading fee, by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

Minimum Subscription Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 1,000 Hong Kong Offer Shares. Such instructions in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application may be rejected.

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

Section 40 of the Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies Ordinance.

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bankers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters and any of our and their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Warning

The application for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. We, the Directors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, March 23, 2011 or such later time as described in the section headed "—When May Applications Be Made—Effect of Bad Weather on the Opening of the Application Lists" below.

II. WHEN MAY APPLICATIONS BE MADE

1. Application on WHITE or YELLOW Application Forms

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on Wednesday, March 23, 2011, or, if the application lists are not open on that day, then by the time and date stated in the section headed "—Effect of Bad Weather on the Opening of the Application Lists" below.

Your completed Application Form, together with payment attached, should be deposited in the special collection boxes provided at any of the branches of The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank (Hong Kong) Limited and Industrial and Commercial Bank of China (Asia) Limited listed above in the section headed "—Applying by Using an Application Form—Where to Collect the Application Forms" at the specified times on the following dates:

Friday, March 18, 2011—9:00 a.m. to 4:30 p.m.
Saturday, March 19, 2011—9:00 a.m. to 1:00 p.m.
Monday, March 21, 2011—9.00 a.m. to 4:30 p.m.
Tuesday, March 22, 2011—9:00 a.m. to 4:30 p.m.
Wednesday, March 23, 2011—9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, March 23, 2011.

No proceedings will be taken on applications for the Hong Kong Offer Shares and no allotment of any such Hong Kong Offer Shares will be made until after the closing of the application lists.

2. White Form eIPO

You may submit your application to the White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** from 9:00 a.m. Friday, March 18, 2011 until 11:30 a.m. on Wednesday, March 23, 2011 or such later time as described in the section headed "—Effect of Bad Weather on the Opening of the Application Lists" below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications

will be 12:00 noon on Wednesday, March 23, 2011, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the section headed "—Effect of Bad Weather on the Opening of the Application Lists" below. You will not be permitted to submit your application to the White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

3. Electronic Application Instructions to HKSCC via CCASS

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, March 18, 2011—9:00 a.m. to 8:30 p.m.(1)
Saturday, March 19, 2011—8:00 a.m. to 1:00 p.m.(1)
Monday, March 21, 2011—8:00 a.m. to 8:30 p.m.(1)
Tuesday, March 22, 2011—8:00 a.m. to 8:30 p.m.(1)
Wednesday, March 23, 2011—8:00 a.m.(1) to 12:00 noon

Note:
(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, March 18, 2011 until 12:00 noon on Wednesday, March 23, 2011 (24 hours daily, except on the last application day).

The latest time for inputting **electronic application instructions** via CCASS will be 12:00 noon on Wednesday, March 23, 2011, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the section headed "—Effect of Bad Weather on the Opening of the Application Lists" below.

4. Effect of Bad Weather on the Opening of the Application Lists

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above, or
- a "black" rainstorm warning

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, March 23, 2011. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists of the Hong Kong Public Offering do not open and close on Wednesday, March 23, 2011 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong on the other dates mentioned in the section headed "Expected Timetable" in this prospectus, such dates mentioned in the section headed "Expected Timetable" in this prospectus may be affected. An announcement will be made in such event.

III. HOW MANY APPLICATIONS MAY YOU MAKE

Multiple applications or suspected multiple applications are liable to be rejected.

You may make more than one application for the Hong Kong Offer Shares only if you are a nominee, in which case you may give both electronic application instructions to HKSCC (if you are a CCASS Participant) and lodge more than one Application Form in your own name on behalf of different beneficial owners. In the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code

for **each** beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed and will be rejected.

If you have made an application by giving **electronic application instructions** to HKSCC and you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

If you apply by means of the **White Form eIPO**, once you complete payment in respect of any electronic application instruction given by you or for your benefit to the White Form eIPO Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under the **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service by giving electronic application instructions through the designated website at **www.eipo.com.hk** and completing payment in respect of such electronic application instructions, or of submitting one application through the **White Form eIPO** service and one or more applications by any other means, all of your applications are liable to be rejected.

It will be a term and condition of all applications that by completing and delivering a **WHITE** or **YELLOW** Application Form or submitting an **electronic application instruction**, you:

- (if the application is made for your own benefit) warrant that the application made pursuant to a **WHITE** or **YELLOW** Application Form or by **electronic application instructions** is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider through **White Form eIPO** service;

- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider through White Form eIPO service, and that you are duly authorized to sign the Application Form or give **electronic application instructions** as that other person's agent.

Save as referred to above, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider through **White Form eIPO** service; or
- both apply (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider through **White Form eIPO** service; or
- apply on one **WHITE** or **YELLOW** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider through White Form eIPO service for more than 40,800,000 Hong Kong Offer Shares (being 50% of the 81,600,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering); or
- have applied for or taken up, or indicated an interest for or have been or will be placed any of the International Offer Shares under the International Offering.

All of your applications will also be rejected as multiple applications if more than one application is made for your **benefit** (including the part of an application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange.

"**Statutory control**" means you:

- control the composition of the board of directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

IV. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allotted the Hong Kong Offer Shares are set out in the notes attached to the Application Forms (whether you are making your application by

an Application Form or giving electronic application instruction to HKSCC to cause HKSCC Nominees to apply on your behalf), and you should read them carefully. You should note in particular the following situations in which the Shares will not be allotted to you:

- **If your application is revoked:**

  By completing and submitting an Application Form or submitting an **electronic application instruction,** you agree that your application or the application made by HKSCC Nominees or to the **White Form eIPO** Service Provider through White Form eIPO service on your behalf cannot be revoked before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day), unless a person responsible for this prospectus under Section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

  This agreement will take effect as a collateral contract with our Company and will become binding when you lodge your Application Form or give your electronic application instruction to HKSCC or the White Form eIPO Service Provider and an application has been made by HKSCC Nominees on your behalf. This collateral contract will be in consideration of our Company agreeing that we will not offer any Hong Kong Offer Shares to any person on or before the fifth day after the opening of the application lists, except by means of one of the procedures referred to in this prospectus.

  If your application or the application made by HKSCC Nominees on your behalf or to the White Form eIPO Service Provider through **White Form eIPO** service has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

- **Full discretion of our Company, the Joint Global Coordinators, the White Form eIPO Service Provider or our or their respective agents or nominees to reject or accept:**

  We, the Joint Global Coordinators, the White Form eIPO Service Provider and our or their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

- **If your allotment of Hong Kong Offer Shares is void:**

  The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** to HKSCC or apply by a **YELLOW** Application Form) will be void if the Listing Committee does not grant permission to list the Shares either:

  - within three weeks from the closing of the applications lists; or
  - within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

- **You will not receive any allotment if:**
  - you make multiple applications or are suspected of making multiple applications;
  - you or the person for whose benefits you apply for have taken up or indicated an interest or applied for or received or have been or will be placed or allocated (including conditionally and/or provisionally) International Offer Shares under the International Offering. By filling in any of the Application Forms or submitting an electronic application instruction to HKSCC via CCASS or applying by **White Form eIPO** via the White Form eIPO Service Provider, you agree not to apply for or indicate an interest for Offer Shares in the International Offering. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offering;
  - your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored upon its first presentation;
  - your Application Form is not completed in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);
  - your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at **www.eipo.com.hk**;
  - you apply for more than 40,800,000 Hong Kong Offer Shares, being 50% of the 81,600,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering;
  - we believe that by accepting your application, we would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is received or your address is located;
  - the Underwriting Agreements do not become unconditional; or
  - the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement are/is terminated in accordance with their respective terms.

You should also note that you may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest for Offer Shares under the International Offering, but may not do both.

V. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK$6.80 per Hong Kong Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. This means that for one board lot of 1,000 Hong Kong Offer Shares you will pay HK$6,868.54. The Application Forms have tables showing the exact amount payable for the numbers of Hong Kong Offer Shares that may be applied for.

When you apply for the Hong Kong Offer Shares, you must pay the maximum Offer Price, together with brokerage, SFC transaction levy and Stock Exchange trading fee in full. You must pay the amount payable upon application for Hong Kong Offer Shares by one cheque or one banker's

cashier order in accordance with the terms set out in the Application Form (if you apply by an Application Form) or this prospectus.

If your application is successful, brokerage is paid to the Stock Exchange or its participants (as the case may be), the SFC transaction levy is paid to the Stock Exchange collecting on behalf of the SFC and the Stock Exchange trading fee is paid to the Stock Exchange.

VI. PUBLICATION OF RESULTS

We expect to announce the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Tuesday, March 29, 2011 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), on the website of the Stock Exchange (**www.hkexnews.hk**) and on our website (**www.fehorizon.com**).

In addition, we expect to announce the results of allocations and the Hong Kong Identity Card/passport/Hong Kong Business Registration numbers of successful applicants under the Hong Kong Public Offering at the times and date and in the manner specified below:

- Results of allocations for the Hong Kong Public Offering will be available from our designated results of allocations website at **www.iporesults.com.hk**, the website of the Stock Exchange at **www.hkexnews.hk** and the website of the Company at **www.fehorizon.com** on a 24-hour basis from 8:00 a.m. on Tuesday, March 29, 2011 to 12:00 midnight on Monday, April 4, 2011. The user will be required to key in the Hong Kong Identity Card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result;
- Results of allocations will be available from our Hong Kong Public Offering allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Tuesday, March 29, 2011 to Friday, April 1, 2011; and
- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Tuesday, March 29, 2011 to Thursday, March 31, 2011 and at all the receiving bank branches and sub-branches at the addresses set out in the section headed "—Applying by Using an Application Form—Where to Collect the Application Forms" above.

VII. DISPATCH/COLLECTION OF SHARE CERTIFICATES/e-REFUND PAYMENT INSTRUCTIONS/REFUND CHEQUES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the initial price per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable thereon) paid on application, or if the conditions of the Hong Kong Public Offering as set out in the section headed "Structure of the Global Offering—Conditions of the Global Offering" in this prospectus are not fulfilled or if any application is revoked or any allocation pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

No temporary documents of title will be issued in respect of the Hong Kong Offer Shares. No receipt will be issued for sums paid on application.

If you apply by **WHITE** or **YELLOW** Application Form, subject as mentioned below, in due course, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post on Tuesday, March 29, 2011, at your own risk, to the address specified in the application:

(a) (i) Share certificate(s) for all the Hong Kong Offer Shares applied for, if the application is wholly successful or (ii) Share certificate(s) for the number of Hong Kong Offer Shares successfully applied for, if the application is partially successful (for wholly and partially successful applicants on **YELLOW** Application Forms, Share certificate(s) for the Hong Kong Offer Shares successfully applied for will be deposited into CCASS as described below); and/or

(b) refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Hong Kong Offer Shares unsuccessfully applied for, if the application is partially unsuccessful or (ii) all the application monies, if the application is wholly unsuccessful and/ or (iii) the difference between the Offer Price and the initial price per Offer Share paid on application in the event that the Offer Price is less than the initial price per Offer Share paid on application, in each case including brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, without interest.

Part of your Hong Kong Identity Card number/passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third-party for refund purposes. Your banker may require verification of your Hong Kong Identity Card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

Subject as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the initial price per Offer Share paid on application in the event that the Offer Price is less than the initial price per Offer Share paid on application and Share certificate(s) for successful applicants under **WHITE** Application Forms or **White Form eIPO** service are expected to be posted on or before Tuesday, March 29, 2011. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s).

If you apply by giving **electronic application instructions** to HKSCC, and your application is wholly or partially successful:

(a) your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account on Tuesday, March 29, 2011 or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees; and

(b) refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the initial

price per Hong Kong Offer Share paid on application, in each case including the related brokerage of 1.0%, SFC transaction levy of 0.003%, and Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, March 29, 2011. No interest will be paid thereon.

If you apply using a **WHITE** Application Form:

If you apply for 1,000,000 Hong Kong Offer Shares or more and have indicated in your **WHITE** Application Form that you wish to collect refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) in person, you may collect your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, March 29, 2011, or any other place or date notified by our Company in the newspapers as the place or date of dispatch/ collection of Share certificates/e-Refund payment instructions/refund cheques.

If you are an individual who opts for personal collection, you must not authorize any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, your authorized representative must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited.

If you do not collect your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) personally within the time period specified for collection, they will be dispatched promptly to you by ordinary post to the address as specified in your Application Form at your own risk.

If you apply for less than 1,000,000 Shares or if you have applied for 1,000,000 Shares or more but have not indicated in your Application Form that you wish to collect your Share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) in person, or if your application is rejected, nor accepted or accepted in part only, or if the conditions of the Hong Kong Public Offering as set out in the section headed "Structure of the Global Offering—Conditions of the Global Offering" in this prospectus are not fulfilled, or if your application is revoked or any allotment pursuant thereto has become void, your Share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) will be sent to the address on your Application Form on Tuesday, March 29, 2011 by ordinary post and at your own risk.

If you apply using a **YELLOW** Application Form:

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form on Tuesday, March 29, 2011 or in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant), for Hong Kong Offer Shares credited to the stock account of your designated CCASS

Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, we expect to announce the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering on Tuesday, March 29, 2011 in the manner as described in the section headed "—Publication of Results" above. You should check the announcement made by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, March 29, 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account, you can check the number of Hong Kong Offer Shares allocated to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account.

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you apply for 1,000,000 Hong Kong Offer Shares or more and have not indicated on your **YELLOW** Application Form that you will collect your refund cheque(s) (if any) in person, or if you have applied for less than 1,000,000 Hong Kong Offer Shares, or if your application is rejected, nor accepted or accepted in part only, or if the conditions of the Hong Kong Public Offering as set out in the section headed "Structure of the Global Offering—Conditions of the Global Offering" in this prospectus are not fulfilled, or if your application is revoked or any allotment pursuant thereto has become void your refund cheque(s) (if any) will be sent to the address on your **YELLOW** Application Form by ordinary post and at your own risk on Tuesday, March 29, 2011.

If you apply through **White Form eIPO**:

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the White Form eIPO Service Provider through the designated website **www.eipo.com.hk** and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, March 29, 2011, or any other date notified by our Company in the newspapers as the date of dispatch/ collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the White Form eIPO Service Provider promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions to the White Form eIPO Service Provider on Tuesday, March 29, 2011, by ordinary post and at your own risk.

If you apply through the **White Form eIPO** service and paid the application monies from a single bank account, refund monies (if any) will be dispatched to the application payment account in

the form of e-Refund payment instructions. If you apply through **White Form eIPO** service and paid the application monies from multiple bank accounts, refund monies (if any) will be dispatched to the address as specified on the your **White Form eIPO** application in the form of refund cheque(s), by ordinary post at your own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the White Form eIPO Service Provider set out in the section headed "—Applying Through White Form eIPO—Additional Information" above.

If you apply by giving electronic application instructions to HKSCC via CCASS:

We expect to publish the application results of the Hong Kong Public Offering including the results of CCASS Participants' applications (and in the case of CCASS Clearing Participants and CCASS Custodian Participants, we shall include information relating to the beneficial owner, if supplied), your Hong Kong identity card/passport/Hong Kong business registration number or other identification code (Hong Kong Business Registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner as described in the section headed "—Publication of Results" above on Tuesday, March 29, 2011. You should check the announcement made by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, March 29, 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees.

If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, March 29, 2011. Immediately after the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

VIII. REFUND OF APPLICATION MONIES

If you do not receive any Hong Kong Offer Shares for any reason, we will refund your application monies, including brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. No interest will be paid thereon.

If your application is accepted only in part, our Company will refund to you the appropriate portion of your application monies (including the related brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%) without interest.

If the Offer Price as finally determined is less than the initial price per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon) paid on application, we will refund to you the surplus application monies, together with the related brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, without interest.

All such interest accrued prior to the date of dispatch of e-Refund payment instructions/refund cheques will be retained for our benefit.

In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the Joint Global Coordinators, cheques for applications (on Application Forms) for certain small denominations of Hong Kong Offer Shares (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on Tuesday, March 29, 2011 in accordance with the various arrangements as described above.

IX. DEALINGS AND SETTLEMENT

Commencement of Dealings in the Shares

Dealings in the Shares on the Stock Exchange are expected to commence on Wednesday, March 30, 2011.

The Shares will be traded in board lots of 1,000 each. The stock code of the Offer Shares is 3360.

Shares will be Eligible for Admission into CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangements as such arrangements will affect their rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

18th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

March 18, 2011

The Directors
FAR EAST HORIZON LIMITED
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED
MORGAN STANLEY ASIA LIMITED
UBS AG, HONG KONG BRANCH

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Far East Horizon Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the year ended December 31, 2007, 2008 and 2009 and nine months ended September 30, 2010 (collectively the "Track Record Period") and comparative financial information (the "Comparative Financial Information") of the Group for the nine months ended September 30, 2009, prepared on the basis of presentation and preparation set out in note 2.1 and 2.2 of Section II below, for inclusion in the prospectus of the Company dated March 18, 2011 (the "Prospectus") in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated in Hong Kong on May 15, 2008 as a company with limited liability under the Hong Kong Companies Ordinance. Pursuant to the group reorganization (the "Reorganization") as detailed in note 1 of Section II below, the Company became the holding company of the subsidiaries now comprising the Group. Details of the Company's interests in its subsidiaries as at the date of this report are set out in note 1 of Section II below. The Group is principally engaged in providing financing to its customers for a wide array of assets under finance lease arrangements, the provision of leasing advisory services, import and export trade and other services as approved by the Ministry of Foreign Trade and Economic Cooperation of the People's Republic of China (the "PRC").

All companies now comprising the Group have adopted December 31, as their financial year end date. The statutory financial statements of the Group for the year ended December 31, 2009 were audited by us (the "Audited Financial Statements"). The statutory financial statements or management accounts of the Group's subsidiaries were prepared in accordance with the relevant accounting principles applicable to these companies in their respective jurisdictions and details of their statutory auditors for the three years ended December 31, 2009 were set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements (the "Underlying Financial Statements") of the Group for the years ended December 31, 2007 and 2008, and nine months ended September 30, 2009 and September 30, 2010 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs", which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information set out in this report, includes the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the Track Record Period, and the statements of financial position of the Group and the Company as at December 31, 2007, 2008 and 2009 and September 30, 2010 (when applicable), together with the notes thereto. The Comparative Financial Information set out in this report, includes the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the nine months ended September 30, 2009 (unaudited), together with the notes thereto. The Financial Information and Comparative Financial Information have been prepared, based on the Audited Financial Statements and the Underlying Financial Statements, after making such adjustments as we consider appropriate.

The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information and the Comparative Financial Information in accordance with HKFRSs issued by the HKICPA, and for the contents of the Prospectus in which this report is included. The directors of the respective companies of the Group are responsible for the preparation and true and fair presentation of the respective financial statements and, where appropriate, management accounts in accordance with the relevant accounting principles and financial regulations applicable to these companies. In preparing the Financial Information and the Comparative Financial Information, it is fundamental that appropriate accounting policies are selected and applied consistently, and that judgments and estimates made are prudent and reasonable.

It is our responsibility to form an independent opinion and a review conclusion, based on our audit and review, on the Financial Information and the Comparative Financial Information, respectively, and to report our opinion and review conclusion thereon to you.

Procedures performed in respect of the Financial Information

For the purpose of this report, we have carried out an independent audit on the Financial Information in accordance with Hong Kong Standards on Auditing issued by the HKICPA, and such additional procedures we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Procedures performed in respect of the Comparative Financial Information

For the purpose of this report, we have also performed a review of the Comparative Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit

procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Comparative Financial Information.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of presentation and preparation set out in note 2.1 and 2.2 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group and the Company (where applicable) as at December 31, 2007, 2008 and 2009 and September 30, 2010 and of the consolidated results and cash flows of the Group for each of the period ended of the Track Record Period.

Review conclusion in respect of the Comparative Financial Information

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Comparative Financial Information does not give a true and fair view of the consolidated results and cash flows of the Group for nine months ended September 30, 2009.

I. FINANCIAL INFORMATION

(a) Consolidated Income Statements of the Group

	Notes	Year ended December 31,			Nine months ended September 30,	
		2007	2008	2009	2009	2010
		US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
REVENUE	6	90,883	155,119	211,362	145,120	230,949
Cost of sales		(32,525)	(65,689)	(74,527)	(53,437)	(81,036)
Gross profit		58,358	89,430	136,835	91,683	149,913
Other income and gains	6	3,936	9,349	2,652	1,238	6,498
Selling and distribution costs		(11,082)	(17,485)	(23,332)	(15,128)	(27,521)
Administrative expenses		(15,497)	(17,944)	(26,017)	(16,844)	(29,322)
Other expenses		515	(376)	(773)	(420)	(1,075)
Finance costs	7	—	(6)	—	—	—
PROFIT BEFORE TAX	8	36,230	62,968	89,365	60,529	98,493
Income tax expense	11	(5,337)	(12,468)	(20,292)	(13,970)	(21,827)
PROFIT AFTER TAX		30,893	50,500	69,073	46,559	76,666
Attributable to:						
Owners of the parent		30,789	50,321	69,073	46,559	76,933
Non-controlling interests		104	179	—	—	(267)
		30,893	50,500	69,073	46,559	76,666

I. FINANCIAL INFORMATION (continued)

(b) Consolidated Statements of Comprehensive Income of the Group

	Notes	Year ended December 31,			Nine months ended September 30,	
		2007	2008	2009	2009	2010
		US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
PROFIT FOR THE YEAR/PERIOD		30,893	50,500	69,073	46,559	76,666
OTHER COMPREHENSIVE INCOME						
Available-for-sale financial investments:						
Changes in fair value	34	—	—	4,210	—	—
Gain from disposal	6	—	—	—	—	(4,251)
Exchange differences		—	—	—	—	33
Income tax effect		—	—	(927)	—	935
		—	—	3,283	—	(3,283)
Exchange differences on translation of financial statements of entities in Mainland China		6,622	12,774	203	146	8,186
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX		6,622	12,774	3,486	146	4,903
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		37,515	63,274	72,559	46,705	81,569
Attributable to:						
Owners of the parent		37,408	63,083	72,559	46,705	81,825
Non-controlling interests		107	191	—	—	(256)
		37,515	63,274	72,559	46,705	81,569

I. FINANCIAL INFORMATION (continued)

(c) Consolidated Statements of Financial Position of the Group

	Notes	As at December 31, 2007	As at December 31, 2008	As at December 31, 2009	As at September 30, 2010
		US$'000	US$'000	US$'000	US$'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	903	1,412	1,862	3,343
Other assets	15	2,901	913	1,145	2,847
Available-for-sale financial investment	16	14,448	15,442	19,668	—
Deferred tax assets	26	99	123	4,152	8,050
Loans and accounts receivable	18	532,657	805,597	1,232,053	2,000,918
Total non-current assets		551,008	823,487	1,258,880	2,015,158
CURRENT ASSETS					
Inventories	17	70	63	613	59
Loans and accounts receivable	18	341,829	536,269	744,028	1,040,830
Prepayments, deposits and other receivables	19	6,925	2,588	26,072	19,099
Time and pledged deposits	21	—	—	—	68,166
Cash and cash equivalents	21	80,079	42,281	54,444	95,389
Total current assets		428,903	581,201	825,157	1,223,543
CURRENT LIABILITIES					
Trade and bills payables	22	48,655	33,925	97,262	142,183
Other payables and accruals	23	55,847	37,860	212,731	87,407
Interest-bearing bank and other borrowings	24	220,439	239,448	316,838	693,528
Tax payable		1,004	1,195	8,529	16,384
Total current liabilities		325,945	312,428	635,360	939,502
NET CURRENT ASSETS		102,958	268,773	189,797	284,041
TOTAL ASSETS LESS CURRENT LIABILITIES		653,966	1,092,260	1,448,677	2,299,199
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	24	376,835	727,004	930,455	1,447,166
Other payables and accruals	23	98,786	159,326	235,646	348,896
Deferred revenue	25	—	—	1,304	3,347
Deferred tax liabilities	26	—	2,390	5,436	4,883
Total non-current liabilities		475,621	888,720	1,172,841	1,804,292
Net assets		178,345	203,540	275,836	494,907
EQUITY					
Equity attributable to owners of the parent					
Issued capital	27	—	—	1	2
Reserves	28(a)	178,244	203,278	275,835	494,427
		178,244	203,278	275,836	494,429
Non-controlling interests		101	262	—	478
Total equity		178,345	203,540	275,836	494,907

I. FINANCIAL INFORMATION (continued)

(d) Consolidated Statements of Changes in Equity of the Group

	Attributable to owners of the parent							
	Issued capital	Capital reserve	Reserve funds	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	US$'000 (note 27)	US$'000 (note 28(a))	US$'000 (note 28(a))	US$'000	US$'000	US$'000	US$'000	US$'000
At January 1, 2007	—	60,499	4,384	741	21,957	87,581	(6)	87,575
Total comprehensive income for the year	—	—	—	6,619	30,789	37,408	107	37,515
Capital injection of the subsidiaries	—	66,561	—	—	—	66,561	—	66,561
Dividend (note 12)	—	—	—	—	(13,306)	(13,306)	—	(13,306)
Appropriation to reserve funds	—	—	4,580	—	(4,580)	—	—	—
At December 31, 2007 and January 1, 2008	—	127,060	8,964	7,360	34,860	178,244	101	178,345
Total comprehensive income for the year	—	—	—	12,762	50,321	63,083	191	63,274
Dividend (note 12)	—	—	—	—	(38,049)	(38,049)	(30)	(38,079)
Appropriation to reserve funds	—	—	7,386	—	(7,386)	—	—	—
At December 31, 2008 and January 1, 2009	—	127,060	16,350	20,122	39,746	203,278	262	203,540

I. FINANCIAL INFORMATION (continued)

(d) Consolidated Statements of Changes in Equity of the Group (continued)

	Attributable to owners of the parent								
	Issued capital	Capital reserve	Available-for-sale investment revaluation reserve	Reserve funds	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	US$'000 (note 27)	US$'000 (note 28(a))	US$'000	US$'000 (note 28(a))	US$'000	US$'000	US$'000	US$'000	US$'000
At December 31, 2008 and January 1, 2009	—	127,060	—	16,350	20,122	39,746	203,278	262	203,540
Total comprehensive income for the year	—	—	3,283	—	203	69,073	72,559	—	72,559
Acquisition of non-controlling interests	—	(1)	—	—	—	—	(1)	(262)	(263)
Issue of shares	1	(1)	—	—	—	—	—	—	—
At December 31, 2009 and January 1, 2010	1	127,058	3,283	16,350	20,325	108,819	275,836	—	275,836
Total comprehensive income for the period	—	—	(3,283)	—	8,175	76,933	81,825	(256)	81,569
Capitalization of shareholder's loan (note 27(c))	1	215,679	—	—	—	—	215,680	—	215,680
Capital injection	—	—	—	—	—	—	—	734	734
Dividend (note 12)	—	—	—	—	—	(78,912)	(78,912)	—	(78,912)
At September 30, 2010	2	342,737	—	16,350	28,500	106,840	494,429	478	494,907
At January 1, 2009	—	127,060	—	16,350	20,122	39,746	203,278	262	203,540
Total comprehensive income for the period (unaudited)	—	—	—	—	146	46,559	46,705	—	46,705
Acquisition of non-controlling interests	—	(1)	—	—	—	—	(1)	(262)	(263)
Issue of shares	1	(1)	—	—	—	—	—	—	—
At September 30, 2009 (unaudited)	1	127,058	—	16,350	20,268	86,305	249,982	—	249,982

I. FINANCIAL INFORMATION (continued)

(e) Consolidated Statements of Cash Flows of the Group

	Notes	Year ended December 31,			Nine months ended September 30,	
		2007	2008	2009	2009	2010
		US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		36,230	62,968	89,365	60,529	98,493
Adjustments for:						
Finance costs and bank charges		93	276	445	581	888
Dividend income from available-for-sale investment	6	(1,184)	(4,404)	—	—	—
Gain from settlement of financial instruments	6	—	(3,155)	—	—	—
Disposal income from available-for-sale financial investments	6	—	—	—	—	(4,251)
Loss on disposal of items of property, plant and equipment, net		24	17	99	95	(315)
Depreciation	8	231	386	482	350	614
Provision for impairment of lease receivables	18	6,500	4,666	9,003	5,124	8,436
Provision for impairment of other assets		559	27	50	(20)	1,655
Amortization of intangible assets and other long term assets	8	108	120	299	196	626
Foreign exchange loss/(gain), net	6	(2,256)	197	63	35	(725)
		40,305	61,098	99,806	66,890	105,421
Net decrease/(increase) on operating assets:						
Inventories		701	11	(550)	(670)	560
Loans and accounts receivable		(315,416)	(394,024)	(654,229)	(325,777)	(1,032,078)
Prepayments, deposits and other receivables		(3,705)	4,814	122	(35,151)	(959)
Due from related parties		(147)	(180)	(477)	(454)	(1,270)
Other long term assets		—	—	(439)	(439)	(1,729)
		(318,567)	(389,379)	(655,573)	(362,491)	(1,035,476)
Net increase/(decrease) in operating liabilities:						
Trade and bills payables		19,424	(17,475)	63,275	27,318	42,672
Other payables, accrued liabilities and expenses		36,326	60,277	91,146	4,020	23,663
Due to related parties		(176)	346	(184)	(150)	222
Other liabilities		—	—	1,303	52,827	117,231
		55,574	43,148	155,540	84,015	183,788
Net cash flows used in operating activities before tax		(222,688)	(285,133)	(400,227)	(211,586)	(746,267)
Income tax paid		(5,417)	(10,057)	(14,874)	(11,171)	(17,705)
NET CASH FLOWS USED IN OPERATING ACTIVITIES		(228,105)	(295,190)	(415,101)	(222,757)	(763,972)
CASH FLOWS FROM INVESTING ACTIVITIES						
Cash received from settlement of financial instruments		—	4,442	—	—	—
Dividend income from available-for-sale financial investment		1,184	4,404	—	—	—
Cash received from disposal of available-for-sale financial investment		—	—	—	—	19,852
Proceeds from disposal of property, plant and equipment		—	—	245	242	1,194
Cash paid for acquisition of property, plant and equipment, intangible and other long term assets		(779)	(1,415)	(1,095)	(442)	(2,778)
Increase in pledged deposits and time deposits		—	—	—	—	(67,525)
Due from related parties		—	—	(10,000)	—	10,000
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		405	7,431	(10,850)	(200)	(39,257)

I. FINANCIAL INFORMATION (continued)

(e) Consolidated Statements of Cash Flows of the Group (continued)

	Notes	Year ended December 31,			Nine months ended September 30,	
		2007	2008	2009	2009	2010
		US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital injection of subsidiary		64,341	—	—	—	56,421
Due to related parties		—	—	160,000	160,000	—
Cash received from borrowings		695,562	1,076,649	1,341,511	961,161	2,006,633
Repayments of borrowings		(446,121)	(787,365)	(1,061,947)	(803,300)	(1,139,894)
Finance costs		—	(6)	—	—	—
Dividends paid		(13,306)	(38,079)	—	—	(78,912)
Cash paid for acquisition of non-controlling interests		—	—	(263)	(263)	—
Cash received/(paid) for other financing activities		(980)	(4,685)	(1,077)	(878)	(888)
NET CASH FLOWS FROM FINANCING ACTIVITIES		299,496	246,514	438,224	316,720	843,360
Effect of exchange rate changes on cash and cash equivalents		2,687	3,447	(110)	(78)	814
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		74,483	(37,798)	12,163	93,685	40,945
Cash and cash equivalents at beginning of year/period		5,596	80,079	42,281	42,281	54,444
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		80,079	42,281	54,444	135,966	95,389
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	21	80,079	33,502	48,586	130,109	94,046
Non-pledged time deposits with original maturity of less than three months when acquired	21	—	8,779	5,858	5,857	1,343
Cash and cash equivalents as stated in the statement of financial position		80,079	42,281	54,444	135,966	95,389

I. FINANCIAL INFORMATION (continued)

(f) Statements of Financial Position of the Company

	Notes	As at December 31, 2008	As at December 31, 2009	As at September 30, 2010
		US$'000	US$'000	US$'000
NON-CURRENT ASSETS				
Prepayments, deposits and other receivables	19	—	—	155,258
Investment in subsidiaries	20	—	364,495	420,175
Total non-current assets		—	364,495	575,433
CURRENT ASSETS				
Prepayments, deposits and other receivables	19	—	10,450	29,898
Cash and cash equivalents	21	—	199	1,056
Total current assets		—	10,649	30,954
CURRENT LIABILITIES				
Other payables and accruals	23	1	160,007	1,757
Tax payable		—	—	133
Interest-bearing bank and other borrowings	24	—	—	134,800
Total current liabilities		1	160,007	136,690
NET CURRENT LIABILITIES		(1)	(149,358)	(105,736)
TOTAL ASSETS LESS CURRENT LIABILITIES		(1)	215,137	469,697
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	24	—	—	38,519
Total non-current liabilities		—	—	38,519
Net assets/(liabilities)		(1)	215,137	431,178
EQUITY				
Issued capital	27	—	1	2
Reserves	28(b)	(1)	215,136	431,176
Total equity/(net deficiency of assets)		(1)	215,137	431,178

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION AND REORGANIZATION

Far East Horizon Limited (the "Company") is a limited liability company which was incorporated in Hong Kong on May 15, 2008. Pursuant to the special resolutions dated October 15, 2008 and November 29, 2010 respectively, the Company changed its name from Fully Ascent Limited to Far Eastern Hong Xin Co., Limited and then Far East Horizon Limited. The registered office of the Company is located at Room 4701, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

The Company is a wholly-owned subsidiary of Fortune Ally Limited ("Fortune Ally"), a company incorporated in the Cayman Islands. In the opinion of the directors, the Company's ultimate holding company is Sinochem Group, a company established in the People's Republic of China (the "PRC"). Sinochem Group is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (the "SASAC").

The Group is principally engaged in providing financing to its customers for a wide array of assets under finance lease arrangements, the provision of leasing advisory services, import and export trade, and other services as approved by the Ministry of Foreign Trade and Economic Cooperation of the PRC (collectively referred to as the "Relevant Businesses") in the PRC during the years ended December 31, 2007, 2008 and 2009 and the Nine months ended September 30, 2010.

Prior to the incorporation of the Company, the Relevant Businesses were carried out by International Far Eastern Leasing Co., Ltd. ("Far Eastern Leasing"), a company owned as to 69.3% and 30.7%, respectively, by Sinochem Hong Kong (Group) Company Limited ("Sinochem Hong Kong") and Sinochem Europe Capital Corporation Limited ("Sinochem Europe"), both of which were subsidiaries of Sinochem Group.

Far Eastern Leasing was established in 1991 in Shenyang Province as a Sino-foreign joint venture with share capital amounting to US$10 million pursuant to the approval of the Ministry of Foreign Trade and Economic Cooperation of the PRC. The initial investors of Far Eastern Leasing included China Construction Bank Corporation (then named as People's Construction Bank of China) (as to 30%), Sinochem Group (then named as China National Chemicals Import & Export Corporation) (as to 20%), The Nippon Credit Bank, Ltd. (as to 30%), Crown Leasing Corporation Tokyo (as to 10%) and Chanyin Capital Corporation (then named as Korea Industrial Leasing Corporation) (as to 10%).

In accordance with the approval from Ministry of Foreign Trade and Economic Cooperation of the PRC in February 2000, China Construction Bank transferred its shares in Far Eastern Leasing to Sinochem Group. Meanwhile, the Nippon Credit Bank Ltd., Crown Leasing Corporation Tokyo and Chanyin Capital Corporation transferred all their shares in Far Eastern Leasing to Sinochem Hong Kong.

In July 2001, Far Eastern Leasing obtained its new business license since it moved its operating base from Shenyang Province to Pudong District, Shanghai and in accordance with the approval from Ministry of Foreign Trade and Economic Cooperation of the PRC in December 2001, Sinochem Group increased capital contribution to Far East Leasing by US$5 million and the share capital of Far Eastern Leasing amounted to US$15 million after the capital injection, of which Sinochem Group and Sinochem Hong Kong held US$10 million (67%) and US$5 million (33%), respectively.

II. NOTES TO FINANCIAL INFORMATION (continued)

1. CORPORATE INFORMATION AND REORGANIZATION (continued)

Pursuant to the approval from the Ministry of Commerce of the PRC (the "MOFCOM") in January 2004, Sinochem Group further increased capital contribution to Far Eastern Leasing by RMB290 million, equivalent to US$35.30 million, while Sinochem Hong Kong increased its contribution by USD10.17 million, upon which the share capital of Far Eastern Leasing amounted to US$60.47 million, with Sinochem Group holding US$45.30 million (74.91%) and Sinochem Hong Kong holding US$15.17 million (25.09%), respectively.

Pursuant to the approval from the MOFCOM in December 2007, Sinochem Hong Kong further increased its capital contribution to Far Eastern Leasing by US$27.56 million while Sinochem Europe, a newly introduced investor and a wholly owned subsidiary of Sinochem Group, injected capital of US$39 million, which increased the share capital of Far Eastern Leasing to US$127.03 million, of which Sinochem Group held US$45.30 million (35.66%), Sinochem Hong Kong held US$42.73 million (33.64%) and Sinochem Europe held US$39 million (30.70%), respectively.

Pursuant to the approvals from the MOFCOM and the SASAC in October 2008 and September 2008, respectively, Sinochem Group which held 35.66% equity interest in Far Eastern Leasing transferred all of its shares to Sinochem Hong Kong. After the transfer, Sinochem Hong Kong held US$88.03 million (69.30%) and Sinochem Europe held US$39 million (30.70%) in Far Eastern Leasing, respectively.

In 2009, in order to rationalize the corporate structure of the Group and in accordance with the approval document [2009 No. 108] from the MOFCOM, Sinochem Hong Kong and Sinochem Europe transferred their respective interests in Far Eastern Leasing to the Company on March 13, 2009 (the "Reorganization"). As consideration for the Reorganization, the Company issued 9,999 additional ordinary shares with par value of HK$1.00 each to Fortune Ally, which in turn issued an aggregate of 9,999 additional ordinary shares with par value of US$1.00 each to Sinochem Hong Kong and Sinochem Europe.

On September 16, 2009, September 23, 2009 and June 9, 2010, Fortune Ally granted shareholder's loans to the Company amounting to US$150,000,000, US$10,000,000 and US$55,680,000 respectively. As at September 30, 2010, the aggregate shareholder's loan of US$215,680,000 from Fortune Ally was capitalized into 8,496 new ordinary shares of HK$1.00 each, and these ordinary shares were allotted and issued as fully paid to Fortune Ally. Consequently, the issued and paid-up share capital of the Company increased from 10,000 ordinary shares of HK$1.00 each to 18,496 ordinary shares of HK$1.00 each.

II. NOTES TO FINANCIAL INFORMATION (continued)

1. CORPORATE INFORMATION AND REORGANIZATION (continued)

Particulars of the subsidiaries are set out below:

Company name	Notes	Place and date of incorporation/ establishment and operations	Nominal value of registered/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
International Far Eastern Leasing Co. Ltd.	* i	PRC September 13, 1991	US$332,710,922	100	—	Finance leasing
Shanghai Donghong Co., Ltd. (上海東泓實業發展有限公司)	** # i	PRC April 28, 2006	RMB5,000,000	—	100	Trading
Ever Trend Shipping Limited	ii	Hong Kong August 20, 2008	HK$2	—	100	Ship leasing
Good Master Shipping Limited	ii	Hong Kong September 3, 2009	HK$1	—	100	Ship leasing
Shanghai Domin Medical Engineering Co., Ltd. (上海德明醫用設備工程有限公司)	** # iii	PRC March 4, 2010	RMB20,000,000	—	74.95	Engineering & trading
China Bloom Shipping Limited	iii	Hong Kong October 15, 2009	HK$1	—	100	Ship leasing
Max Power Shipping Limited	iii	Hong Kong September 3, 2009	HK$1	—	100	Ship leasing
Sky Bright Transportation Limited	iii	Hong Kong August 3, 2009	HK$1	—	100	Ship leasing
Wealth Spread Shipping Limited	iii	Hong Kong October 15, 2009	HK$1	—	100	Ship leasing
Treasure Shipping Limited	iii	Hong Kong November 18, 2009	HK$1	—	100	Ship leasing
Chinese Port Shipping Limited	iii	Hong Kong November 18, 2009	HK$1	—	100	Ship leasing
Surplus Transportation Limited	iii	Hong Kong September 3, 2009	HK$1	—	100	Ship leasing
Speedway Transportation Limited	iii	Hong Kong November 19, 2009	HK$1	—	100	Ship leasing
Halcyon Ocean Shipping Limited	iii	Hong Kong December 4, 2009	HK$1	—	100	Ship leasing
Grand Eastern Shipping Limited	iii	Hong Kong November 5, 2009	HK$1	—	100	Ship leasing
Sino Trend Shipping Co., Ltd.	iii	Hong Kong October 22, 2009	HK$1	—	100	Ship leasing
GoodWay Transportation Limited	iii	Hong Kong February 4, 2010	HK$1	—	100	Ship leasing
Wide Treasure Industrial Limited	iii	Hong Kong April 22, 2010	HK$1	—	100	Ship leasing
Speedlink Transportation Limited	iii	Hong Kong April 22, 2010	HK$1	—	100	Ship leasing

II. NOTES TO FINANCIAL INFORMATION (continued)

1. CORPORATE INFORMATION AND REORGANIZATION (continued)

Company name	Notes	Place and date of incorporation/ establishment and operations	Nominal value of registered/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Treasure Transportation Limited	iii	Hong Kong April 22, 2010	HK$1	—	100	Ship leasing
Wisdom Dragon Limited	iii	Hong Kong April 15, 2010	HK$1	—	100	Ship leasing
Great Fame Enterprise Limited	iii	Hong Kong April 22, 2010	HK$1	—	100	Ship leasing
Earn Luck Enterprise Limited	iii	Hong Kong April 22, 2010	HK$1	—	100	Ship leasing
New Vantage Shipping Limited	iii	Hong Kong May 6, 2010	HK$1	—	100	Ship leasing
Well Fame Shipping Limited	iii	Hong Kong May 6, 2010	HK$1	—	100	Ship leasing
Winway Shipping Limited	iii	Hong Kong May 6, 2010	HK$1	—	100	Ship leasing
Easy Sky Shipping Limited	iii	Hong Kong March 18, 2010	HK$1	—	100	Ship leasing
Good Vantage Shipping Limited	iii	Hong Kong March 18, 2010	HK$1	—	100	Ship leasing
Trend Dragon Corporation Limited	iii	Hong Kong February 22, 2010	HK$1	—	100	Ship leasing
Fastlink Shipping Limited	iii	Hong Kong April 12, 2010	HK$1	—	100	Ship leasing
Golden Mark Shipping Limited	iii	Hong Kong May 6, 2010	HK$1	—	100	Ship leasing
Max Ocean Shipping Limited	iii	Hong Kong May 6, 2010	HK$1	—	100	Ship leasing
Treasure Line Shipping Limited	iii	Hong Kong June 11, 2010	HK$1	—	100	Ship leasing
Unite Shipping Limited	iii	Hong Kong June 11, 2010	HK$1	—	100	Ship leasing
Wincome Shipping Limited	iii	Hong Kong June 11, 2010	HK$1	—	100	Ship leasing
Treasure Wide Corporation Limited	iii	Hong Kong July 22, 2010	HK$1	—	100	Ship leasing
On Faith Transportation Limited	iii	Hong Kong July 29, 2010	HK$1	—	100	Ship leasing
Trend Shipping Limited	iii	Hong Kong August 16, 2010	HK$1	—	100	Ship leasing

II. NOTES TO FINANCIAL INFORMATION (continued)

1. CORPORATE INFORMATION AND REORGANIZATION (continued)

Company name	Notes	Place and date of incorporation/ establishment and operations	Nominal value of registered/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Ocean Vantage Shipping Limited	iii	Hong Kong August 16, 2010	HK$1	—	100	Ship leasing
Ocean Trend Shipping Limited	iii	Hong Kong August 16, 2010	HK$1	—	100	Ship leasing
Megaway Shipping Limited	iii	Hong Kong August 16, 2010	HK$1	—	100	Ship leasing
Kongway Shipping Limited	iii	Hong Kong August 16, 2010	HK$1	—	100	Ship leasing
Eternal Way Shipping Limited	iii	Hong Kong August 16, 2010	HK$1	—	100	Ship leasing
Easy Grand Shipping Limited	iii	Hong Kong August 16, 2010	HK$1	—	100	Ship leasing
Billion Way Shipping Limited	iii	Hong Kong August 16, 2010	HK$1	—	100	Ship leasing
Sino Advance Limited	iv	Cayman Islands October 2, 2009	US$1	100	—	Investment holding

* Registered as a wholly-foreign-owned enterprise under PRC law.

** Registered as a limited liability enterprise under PRC law.

The English names of these companies represent the best effort made by management of the Company to directly translate the Chinese names of these companies as they have not registered any official English names.

(i) The statutory accounts for the two years ended December 31, 2007 and December 31, 2008 were audited by Reanda Certified Public Accountants Co., Ltd. The statutory accounts for the year ended December 31, 2009 were audited by Ernst & Young Hua Ming.

(ii) The statutory accounts from the date of incorporation to December 31, 2009 were audited by Ernst &Young Certified Public Accountants Hong Kong.

(iii) For the year ended December 31, 2009, these subsidiaries have not yet been incorporated or have not started operation.

(iv) No statutory accounts have been prepared for this subsidiary since its incorporation as there is no statutory requirement for this company to prepare audited financial statements.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganization, the Company became the holding company of Far Eastern Leasing. As the Company and Far Eastern Leasing were under the common control of Sinochem Group both before and after the Reorganization and that control is not transitory, the Reorganization has been reflected in the Financial Information as a combination of entities under common control. Accordingly, the Company was treated as the holding company of Far Eastern Leasing and its subsidiaries for the Track Record Period presented rather than from the date of acquisition of Far Eastern Leasing on March 13, 2009. A business combination involving entities under common control is outside the scope of HKFRS 3 "Business Combinations" issued by HKICPA. Accordingly, the principles of merger accounting have been applied. Far Eastern Leasing was treated as a subsidiary of the Company during the Track Record Period and its results are then combined in the Financial Information for the Track Record Period.

II. NOTES TO FINANCIAL INFORMATION (continued)

2.1 BASIS OF PRESENTATION (continued)

The consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the Track Record Period include the results and changes in equity and cash flows of all companies now comprising the Group, as if the current structure had been in existence throughout the Track Record Period or since their respective dates of incorporation or establishment, whichever is a shorter period. The consolidated statements of financial position of the Group as at December 31, 2007, 2008 and 2009 and September 30, 2010 have been prepared to present the state of affairs of the Group as if the current Group structure had been in existence at those dates or since their respective dates of incorporation or establishment where they did not exist at those dates.

2.2 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. The HKICPA has issued a number of new or revised HKFRSs which are generally effective for annual periods beginning on or after January 1, 2007, 2008, 2009 and 2010. For the purpose of preparing and presenting the Financial Information, the Group has early adopted all these new and revised HKFRSs that are relevant to the Group's operations as at the beginning of the Track Record Period.

The Financial Information has been prepared under the historical cost convention, except for available-for-sale financial investments, which have been measured at fair value. It is presented in United States dollars ("US dollars" or "US$") and all values are rounded to the nearest thousand ("US$'000") except when otherwise indicated.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1	Amendment to HKFRS 1 *Limited Exemption from Comparatives IFRS 7 Disclosures for First-time Adopters*[2]
HKFRS 7	Amendments to HKFRS 7 *Disclosures-Transfers of Financial Assets*[5]
HKFRS 9	*Financial Instruments: Classification and Measurement*[4]
HKAS 24 (Revised)	*Related Party Disclosures*[3]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation—Classification of Rights Issues*[1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[3]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[2]
HKAS 12 Amendment	Amendments to HKAS 12 *Income Taxes-Deferred Tax: Recovery of Underlying Assets*[6]

II. NOTES TO FINANCIAL INFORMATION (continued)

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs (continued)

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments are effective for annual periods beginning either on or after July 1, 2010 or on or after January 1, 2011, with earlier application permitted. There are separate transitional provisions for each standard or interpretation.

1 Effective for annual periods beginning on or after February 1, 2010
2 Effective for annual periods beginning on or after July 1, 2010
3 Effective for annual periods beginning on or after January 1, 2011
4 Effective for annual periods beginning on or after January 1, 2013
5 Effective for annual periods beginning on or after July 1, 2011
6 Effective for annual periods beginning on or after January 1, 2012

So far, the directors conclude that the adoption of the above issued but not effective HKFRSs would not have a significant impact on the Group's results of operations and financial positions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

Subsidiaries

The Financial Information incorporates the financial statements of the subsidiaries for the Track Record Period. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealized gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

Non-controlling interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of non-controlling interests is accounted for using the entity concept method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognized as an equity transaction.

Consolidation under common control

The consolidation policy of the acquisition among the entities under common control is dealt with in accordance with the principles set out in Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by the HKICPA ("AG 5") as if the acquisition had occurred from the date when the combining entities first came under the control of the ultimate holding company.

As explained in note 2.1 above, the acquisition of subsidiaries under common control has been accounted for using the merger method of accounting. The purchase method of accounting is used to account for the acquisitions of subsidiaries not under common control.

The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the

II. NOTES TO FINANCIAL INFORMATION (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Consolidation under common control (continued)

existing book values from the controlling party's perspective. No amount is recognized in respect of goodwill or excess of acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The consolidated income statements and the consolidated statements of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

Subsidiaries

A subsidiary is an entity in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors; or over which the Company has a contractual right to exercise a dominant influence with respect to that entity's financial and operating policies.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

All dividends from subsidiaries are to be recognized in the income statement in the parent's separate financial statements. The distinction between pre and post acquisition profits is no longer required. However, the payment of such dividends requires the Company to consider whether there is an indicator of impairment.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, and non-current assets classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an

II. NOTES TO FINANCIAL INFORMATION (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets other than goodwill (continued)

asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation.

II. NOTES TO FINANCIAL INFORMATION (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principle annual rates used for this purpose are as follows:

Category	Useful life	Annual depreciation rate
Buildings	20 years	4.75%
Office equipment and computers	3-5 years	19.40-32.33%
Motor vehicles	4-5 years	19.40-24.25%

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the income statement in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Leases

Finance leases

Leases which transfer substantially all the risks and rewards of ownership of the assets to the lessees are classified as finance leases. When the Group is 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 lease. The difference between the sum of the minimum lease payment receivables, initial direct costs, the unguaranteed residual value and 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.

II. NOTES TO FINANCIAL INFORMATION (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Operating leases

Leases where substantially all the rewards and risks of the assets remain with the lessor are accounted for as operating leases. Rental payments applicable to such operating leases are charged to the income statement on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and bank balances, trade and other receivables, lease receivables, and available-for-sale financial investments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in the income statement. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognized in accordance with the policies set out for "Revenue recognition" below.

II. NOTES TO FINANCIAL INFORMATION (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in revenue in the income statement. The loss arising from impairment is recognized in the income statement in administrative expenses.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortized cost less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in revenue in the income statement. The loss arising from impairment is recognized in the income statement.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealized gains or losses recognized as other comprehensive income in the available-for-sale investment valuation reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in the income statement in other income, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognized in the income statement and removed from the available-for-sale investment valuation reserve. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognized in the income statement as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

II. NOTES TO FINANCIAL INFORMATION (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

The Group evaluates its available-for-sale financial investments whether the ability and intention to sell them in the near term are still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. The reclassification to the held-to-maturity category is permitted only when the entity has the ability and intent to hold until the maturity date of the financial asset.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

II. NOTES TO FINANCIAL INFORMATION (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the income statement.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the income statement, is removed from other comprehensive income and recognized in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgment. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value

II. NOTES TO FINANCIAL INFORMATION (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments (continued)

has been below its original cost. Where there is evidence of impairment, the cumulative loss—measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement—is removed from other comprehensive income and recognized in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognized directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, other liabilities or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals and interest-bearing bank and other borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the income statement. The net fair value gain or loss recognized in the income statement does not include any interest charged on these financial liabilities.

Loans and borrowings and other liabilities

After initial recognition, interest-bearing loans and borrowings and other liabilities are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized

II NOTES TO FINANCIAL INFORMATION (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Loans and borrowings and other liabilities (continued)

in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in cost of sales in the income statement.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and other valuation models.

Inventories

Inventories are goods valued at the lower of cost and net realizable value at the end of the reporting period. The cost of inventories issued is determined on the specific identification basis. The difference between the cost and the lower net realizable value is stated as a provision. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to be incurred to completion and estimated expenses and related taxes necessary to make the sale.

II. NOTES TO FINANCIAL INFORMATION (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated and company statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits with original maturity of less than three months when acquired, which are not restricted as to use.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement. A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognized in accordance with the general guidance for provisions above; and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the guidance for revenue recognition.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

II NOTES TO FINANCIAL INFORMATION (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

II. NOTES TO FINANCIAL INFORMATION (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) finance lease income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the net investment of finance lease or a shorter period, when appropriate, to the net carrying amount of the net investment of finance lease;

(b) from rendering of services, income is recognized when the services have been rendered and the revenue can be reasonably estimated and deferred revenue is recorded as liability when the payments have been made in advance by customers for services yet to be rendered as at each of the reporting dates and recognized as income when the services have been rendered and the revenue can be reasonably estimated;

(c) from sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and

(d) dividend income, when the shareholders' right to receive payment has been established.

Employee benefits

Salaries and bonuses, social security contributions and other short term employee benefits are accrued in the Track Record Period in which services have been rendered by the employees of the Group.

The employees of the Company and its subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The entities are required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

In addition, employees in Mainland China also participate in a defined contribution retirement benefit plan established by the Group (the "Annuity Plan"). The Group and its employees are required to contribute a certain percentage of the employees' previous year's basic salaries to the Annuity Plan. The contribution is charged to the income statement when it incurs. The Group pays a fixed contribution into the Annuity Plan and has no obligation to pay further contributions if the Annuity Plan does not hold sufficient assets to pay all employees benefits.

Contributions to these plans are recognized in the income statement as incurred.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognized as a liability.

II. NOTES TO FINANCIAL INFORMATION (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in US dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at each balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain subsidiaries are currencies other than the US dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at each balance sheet date and their income statements are translated into US dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognized in other comprehensive income and accumulated in exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the income statement.

Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into US dollars at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at each balance sheet date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

II. NOTES TO FINANCIAL INFORMATION (continued)

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale and recognizes movements in their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognized in the income statement.

Provision for bad and doubtful receivables

Provision for bad and doubtful receivables is made based on the assessment of the recoverability of loans and receivables. The identification of doubtful receivables requires management's judgment and estimates. The management measures and monitors the asset quality of the lease receivables portfolio by classifying the lease receivables using the 5-category classification system by referring to guidelines promulgated by China Banking Regulatory Commission relating to asset quality for financial institutions under its regulation. And thereon, for the first two categories i.e. Pass and Special Mention, the lease receivables are regarded as performing assets as no objective evidence of impairment exists individually and are collectively assessed for impairment; while lease receivables in the remaining 3 categories i.e. 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 expectation in future is different from the original estimate, these differences will have an impact on the carrying amounts of the receivables and doubtful debt expenses/write-back in the period in which these estimates have been changed.

Fair value of financial instruments

For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models or other valuation models.

Valuation techniques make use of observable market information to the greatest extent, however, when the observable market information cannot be obtained, management will have to make assumptions on the credit risk, market volatility and correlations of the Group and the counterparties, and any changes in these underlying assumptions will affect the fair value of financial instruments.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into different operating segments, namely finance leasing and advisory business and trade and other business, based on internal organizational structure, management requirement and internal reporting system:

- Finance leasing and advisory business, comprising (a) direct finance leasing and (b) sale-leaseback, in each case denominated in Renminbi or foreign currencies (c) advisory services; and

II. NOTES TO FINANCIAL INFORMATION (continued)

5. OPERATING SEGMENT INFORMATION (continued)

- Trade and other business, comprising primarily (a) import and export trade and domestic trade of medical equipment and 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; (b) ship brokerage services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group.

Segment revenue, results, assets and liabilities mainly include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Intersegment transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

As at December 31, 2007 and for the year then ended	Leasing and Advisory	Trading and Others	Intersegment	Total
	US$'000	US$'000	US$'000	US$'000
Revenue	81,504	9,379	—	90,883
Cost of sales	(25,795)	(6,730)	—	(32,525)
Selling and distribution costs /administrative expenses	(25,029)	(1,550)	—	(26,579)
Profit before tax	35,192	1,038	—	36,230
Profit after tax	29,855	1,038	—	30,893
Segment assets	970,144	12,443	(2,676)	979,911
Segment liabilities	792,197	11,429	(2,060)	801,566

As at December 31, 2008 and for the year then ended	Leasing and Advisory	Trading and Others	Intersegment	Total
	US$'000	US$'000	US$'000	US$'000
Revenue	135,842	19,277	—	155,119
Cost of sales	(51,198)	(14,491)	—	(65,689)
Selling and distribution costs /administrative expenses	(32,854)	(2,575)	—	(35,429)
Profit before tax	60,979	2,265	(276)	62,968
Profit after tax	48,922	1,854	(276)	50,500
Segment assets	1,399,470	8,078	(2,860)	1,404,688
Segment liabilities	1,197,887	5,462	(2,201)	1,201,148

As at December 31, 2009 and for the year then ended	Leasing and Advisory	Trading and Others	Intersegment	Total
	US$'000	US$'000	US$'000	US$'000
Revenue	190,718	20,644	—	211,362
Cost of sales	(57,989)	(16,538)	—	(74,527)
Selling and distribution costs/administrative expenses	(47,101)	(2,248)	—	(49,349)
Profit before tax	87,475	1,890	—	89,365
Profit after tax	67,282	1,791	—	69,073
Segment assets	2,073,157	11,802	(922)	2,084,037
Segment liabilities	1,799,273	8,928	—	1,808,201

II. NOTES TO FINANCIAL INFORMATION (continued)

5. OPERATING SEGMENT INFORMATION (continued)

For the Nine months ended September 30, 2009	Leasing and Advisory	Trading and Others	Intersegment	Total
	US$'000	US$'000	US$'000	US$'000
Revenue	131,592	13,528	—	145,120
Cost of sales	(43,357)	(10,080)	—	(53,437)
Selling and distribution costs/administrative expenses	(30,466)	(1,506)	—	(31,972)
Profit before tax	58,571	1,958	—	60,529
Profit after tax	44,705	1,854	—	46,559

For the Nine months ended September 30, 2010	Leasing and Advisory	Trading and Others	Intersegment	Total
	US$'000	US$'000	US$'000	US$'000
Revenue	202,097	28,852	—	230,949
Cost of sales	(59,483)	(21,553)	—	(81,036)
Selling and distribution costs/administrative expenses	(54,045)	(2,798)	—	(56,843)
Profit before tax	95,568	4,839	(1,914)	98,493
Profit after tax	74,107	4,473	(1,914)	76,666
Segment assets	3,228,270	19,031	(8,600)	3,238,701
Segment liabilities	2,733,826	15,391	(5,423)	2,743,794

Geographical information

(a) Revenue from external customers

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Mainland China	88,224	150,400	209,845	144,446	227,323
Hong Kong	893	1,182	1,281	439	3,400
Other countries or regions	1,766	3,537	236	235	226
	90,883	155,119	211,362	145,120	230,949

The revenue information above is based on the location of the customers.

(b) Non-current assets

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Mainland China	1,312	2,325	3,007	6,190

The non-current asset information above is based on the location of assets and excludes financial instruments and deferred tax assets.

II. NOTES TO FINANCIAL INFORMATION (continued)

5. OPERATING SEGMENT INFORMATION (continued)

Information about major customers

There was no single customer who contributed 10% or more to the total revenue of the Group during the Track Record Period.

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, net of value added tax, after allowances for returns and trade discounts; and the value of services rendered and gross leasing income received, net of business tax, during the Track Record Period.

An analysis of the Group's revenue, other income and gains is as follows:

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Revenue					
Sale of goods	7,798	15,628	17,844	10,955	22,985
Leasing income	54,304	96,791	107,537	76,881	121,071
Service fee income	31,844	47,307	92,853	61,751	93,800
Business tax and surcharges	(3,063)	(4,607)	(6,872)	(4,467)	(6,907)
	90,883	155,119	211,362	145,120	230,949
Other income and gains					
Bank interest income	333	1,027	630	390	1,020
Foreign exchange gain/(loss)	2,256	(197)	(63)	(35)	725
Gain from settlement of financial instruments	—	3,155	—	—	—
Dividend income from available-for-sale financial investments	1,184	4,404	—	—	—
Gain from disposal of available-for-sale financial investments	—	—	—	—	4,251
Government grants (note 6a)	153	757	1,990	883	—
Others	10	203	95	—	502
	3,936	9,349	2,652	1,238	6,498

6a. GOVERNMENT GRANTS

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Government special subsidy	153	704	1,990	883	—
Sub-district office special subsidy	—	53	—	—	—
	153	757	1,990	883	—

The government special subsidy was granted to Far Eastern Leasing during 2007 to 2009. The Group was awarded the subsidy because it has fulfilled the relevant requirements stated in 'Modernized Service Industry LS9109' notification issued by the Shanghai Pudong New Area Lujiazui

II. NOTES TO FINANCIAL INFORMATION (continued)

6. REVENUE, OTHER INCOME AND GAINS (continued)

6a. GOVERNMENT GRANTS (continued)

Regional Management Committee. The amount was granted to the Group in recognition of its contribution to the local government, and was calculated based on the excess of its revenue and total profit over a certain threshold. And such arrangements for the government special subsidy were only effective during 2007 to 2009 according to the relevant government notice.

The sub-district office special subsidy was awarded to Shanghai Donghong Co., Ltd. ("Donghong"), in recognition of its contribution to the society and the amount was determined based on 70% of the tax that Donghong paid during 2008 to the Sub-district Business Development Office of Shanghai Pudong New Area. It is a one-off subsidy received by Donghong since Donghong fulfilled the relevant conditions for the subsidy.

7. FINANCE COSTS

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Interest on bank loans wholly repayable within five years	—	6	—	—	—

II. NOTES TO FINANCIAL INFORMATION (continued)

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended December 31,			Nine months ended September 30,	
		2007	2008	2009	2009	2010
		US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Cost of borrowings included in cost of sales		25,795	51,198	57,989	43,357	59,483
Cost of inventories sold		6,730	14,491	16,538	10,080	21,553
Depreciation	14	231	386	482	350	614
Amortization of intangible assets and other long term assets		108	120	299	196	626
Rental expenses		1,725	2,568	3,102	2,371	2,642
Auditors' remuneration	(i)	—	22	119	98	572
Employee benefit expense (including directors' remuneration (note 9)):						
—Wages and salaries		7,975	11,838	16,226	10,568	21,135
—Pension scheme contributions		469	770	1,541	1,158	2,064
—Other employee benefits		2,125	3,537	4,919	3,102	5,235
Impairment of loans and accounts receivable		6,485	4,693	9,053	5,104	10,091
Entertainment fee		1,035	1,549	2,082	1,258	2,258
Business travelling expenses		2,369	3,774	5,342	3,442	5,866
Consultancy fee	(ii)	1,100	2,079	1,416	1,171	1,024
Office expenses		814	1,265	1,459	848	1,281
Advertising and promotion expenses		315	141	239	116	151
Transportation expenses		303	160	230	154	145
Communication expenses		350	517	608	409	651
Other miscellaneous		530	2,010	2,232	1,627	2,488
Loss on disposal of items of property, plant and equipment		24	17	99	95	187
Donation		13	89	1	—	—
Commission expense		93	270	673	325	888

Notes:

(i) Sinochem Group absorbed the statutory audit fee for the entire group in a lump-sum engagement contract with the Certified Public Accountants, and hence no auditors' remuneration was allocated and recognized in 2007 by the Group.

(ii) Consultancy fees refer to the payments by the Group to the professional institutions for purchasing their services, such as legal advisory services, financial advisory services, customer credit investigation, salary mechanism design and etc.

II. NOTES TO FINANCIAL INFORMATION (continued)

9. DIRECTORS' REMUNERATION

Directors' remuneration for the Track Record Period and Nine months ended September 30, 2009, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Fees	—	—	—	—	—
Other emoluments:					
Salaries, allowances and benefits in kind	127	161	220	121	461
Performance related bonuses *	136	119	349	—	—
Pension scheme contributions	3	3	16	13	63
	266	283	585	134	524
	266	283	585	134	524

* Certain executive directors of the Company are entitled to bonus payments which are determined based on the business performance of the Group.

(a) Non-executive directors and independent non-executive directors

There were no fees and other emoluments payable to non-executive directors and independent non-executive directors during the Track Record Period.

(b) The remuneration of the executive directors for each of the Track Record Period and Nine months ended September 30, 2009 is set out below:

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Year ended December 31, 2007					
Executive Directors					
Mr. Kong Fanxing	—	127	136	3	266
	—	127	136	3	266
Year ended December 31, 2008					
Executive Directors					
Mr. Kong Fanxing	—	161	119	3	283
	—	161	119	3	283
Year ended December 31, 2009					
Executive Directors					
Mr. Kong Fanxing	—	169	123	14	306
Mr. Fang Weihao**	—	29	124	1	154
Mr. Wang Mingzhe**	—	22	102	1	125
	—	220	349	16	585

II. NOTES TO FINANCIAL INFORMATION (continued)

9. DIRECTORS' REMUNERATION (continued)

(b) The remuneration of the executive directors for each of the Track Record Period and Nine months ended September 30, 2009 is set out below (continued):

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Nine months ended September 30, 2009 (unaudited)					
Executive Directors					
Mr. Kong Fanxing	—	121	—	13	134
	—	121	—	13	134
Nine months ended September 30, 2010					
Executive Directors					
Mr. Kong Fanxing	—	197	—	25	222
Mr. Fang Weihao	—	147	—	21	168
Mr. Wang Mingzhe	—	117	—	17	134
	—	461	—	63	524

** Mr. Fang Weihao and Mr. Wang Mingzhe are appointed as executive directors of the Company on October 16, 2009. Mr. Fang Weihao's remuneration for the year was US$249,000 (US$154,000 when he was a director). Mr. Wang Mingzhe's remuneration for the year was US$195,000 (US$125,000 when he was a director). Mr. Fang Weihao resigned from his position as the Company's executive director on December 8, 2010 due to personal reason but he remains as the executive vice president of the Company.

There were no arrangements under which a director waived or agreed to waive any remuneration, a director was paid any amount as an inducement to join or upon joining the Group, or a director or a past director was compensated for any amount for the loss of office as a director of any member of the group or of any other office in connection with the management of the affairs of any member of the group distinguishing between contractual and other payments during the Track Record Period.

10. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid employees within the Group during the Track Record Period and the Nine months ended September 30, 2009 is as follows:

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Directors	1	1	3	1	3
Non-directors	4	4	2	4	2
	5	5	5	5	5

II. NOTES TO FINANCIAL INFORMATION (continued)

10. FIVE HIGHEST PAID INDIVIDUALS (continued)

Details of the remuneration of the remaining non-director, highest paid employees for the respective periods are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Salaries, allowances and benefits in kind	289	352	185	273	228
Performance related bonuses	286	396	242	—	—
Pension scheme contributions	11	13	18	31	36
	586	761	445	304	264

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees				
	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
				(unaudited)	
Nil to US$130,000	1	—	—	4	1
US$130,001 to US$190,000	3	2	—	—	1
US$190,001 to US$250,000	—	2	2	—	—
	4	4	2	4	2

There were no arrangements under which a non-director, highest-paid employee was paid any amount as an inducement to join or upon joining the Group, or a non-director, highest-paid employee was compensated for any amount for the loss of any office in connection with the management of the affairs of any member of the group distinguishing between contractual and other payments during the Track Record Period.

11. INCOME TAX EXPENSE

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Current—Hong Kong					
Charge for the year/period	—	—	—	—	476
Current—Mainland China					
Charge for the year/period	4,776	10,175	19,696	12,635	24,813
Underprovision/(overprovision) in prior years	—	—	2,507	2,507	—
Deferred tax (note 26)	561	2,293	(1,911)	(1,172)	(3,462)
Total tax charge for the year/period	5,337	12,468	20,292	13,970	21,827

II. NOTES TO FINANCIAL INFORMATION (continued)

11. INCOME TAX EXPENSE (continued)

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the period ended September 30, 2010. No provision was made in the years ended December 31, 2007, 2008 and 2009 as no taxable income occurred in Hong Kong.

Corporate Income Tax ("CIT")

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for each of the Track Record Period, based on existing legislation, interpretations and practices in respect thereof.

Prior to January 1, 2008, Far Eastern Leasing was entitled to a preferential CIT rate of 15% and all other subsidiaries in the PRC are subject to CIT at the statutory rate of 33%. For each of the PRC subsidiaries of the Group, CIT is provided at the applicable rate of the profits for the purpose of PRC statutory financial reporting, adjusted for those items which are not assessable or deductible.

On March 16, 2007, the National People's Congress approved the PRC Corporate Income Tax Law (the "New CIT Law"), which became effective on January 1, 2008. The New CIT Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25%. Pursuant to relevant recognition by the local tax authorities, Far Eastern Leasing and Shanghai Donghong Co., Ltd. are entitled to transitional CIT rates of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% from 2012 onward.

A reconciliation of the tax charge applicable to profit before tax using the statutory/applicable rates for the jurisdiction in which the Company and its subsidiaries are domiciled to the tax charge at the effective tax rates is as follows:

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Profit before tax	36,230	62,968	89,365	60,529	98,493
Tax at the statutory income tax rates	5,279	11,349	17,874	12,044	21,515
Expenses not deductible for tax	252	125	357	143	584
Income not subject to tax	(178)	(1,304)	(3,026)	(2,749)	(2,993)
Adjustment on current income tax of the previous periods	—	—	2,507	2,507	—
Effects of change in tax rate	(16)	(12)	(462)	(332)	(613)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	—	2,310	3,042	2,357	3,334
Income tax expense reported in the consolidated income statement	5,337	12,468	20,292	13,970	21,827

II. NOTES TO FINANCIAL INFORMATION (continued)

12. DIVIDENDS

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Dividends	13,306	38,049	—	—	78,912

The rates of dividends are not presented as such information is not meaningful for the purpose of this report.

13. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganization and the preparation of the results of the Group for the Track Record Period on the consolidation basis as disclosed in note 2.1 and 2.2 above.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Office equipment and computers	Motor vehicles	Total
	US$'000	US$'000	US$'000	US$'000
At January 1, 2007, net of accumulated depreciation	—	379	81	460
Additions	—	559	93	652
Depreciation	—	(198)	(33)	(231)
Disposals	—	(12)	(12)	(24)
Exchange realignment	—	38	8	46
At December 31, 2007 and January 1, 2008, net of accumulated depreciation	—	766	137	903
Additions	—	596	240	836
Depreciation	—	(326)	(60)	(386)
Disposals	—	(17)	—	(17)
Exchange realignment	—	62	14	76
At December 31, 2008 and January 1, 2009, net of accumulated depreciation	—	1,081	331	1,412
Additions	—	868	—	868
Transfers	—	—	70	70
Depreciation	—	(403)	(79)	(482)
Disposals	—	(8)	—	(8)
Exchange realignment	—	2	—	2
At December 31, 2009 and January 1, 2010, net of accumulated depreciation	—	1,540	322	1,862
Additions	1,279	643	220	2,142
Depreciation	(15)	(500)	(99)	(614)
Disposals	—	(92)	(6)	(98)
Exchange realignment	12	32	7	51
At September 30, 2010, net of accumulated depreciation	1,276	1,623	444	3,343

II. NOTES TO FINANCIAL INFORMATION (continued)

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Group (continued)

	Buildings	Office equipment and computers	Motor vehicles	Total
	US$'000	US$'000	US$'000	US$'000
At January 1, 2007:				
Cost	—	639	248	887
Accumulated depreciation	—	(260)	(167)	(427)
Net carrying value	—	379	81	460
At December 31, 2007 and January 1, 2008:				
Cost	—	1,140	232	1,372
Accumulated depreciation	—	(374)	(95)	(469)
Net carrying value	—	766	137	903
At December 31, 2008 and January 1, 2009:				
Cost	—	1,659	496	2,155
Accumulated depreciation	—	(578)	(165)	(743)
Net carrying value	—	1,081	331	1,412
At December 31, 2009 and January 1, 2010:				
Cost	—	2,449	566	3,015
Accumulated depreciation	—	(909)	(244)	(1,153)
Net carrying value	—	1,540	322	1,862
At September 30, 2010:				
Cost	1,291	2,919	702	4,912
Accumulated depreciation	(15)	(1,296)	(258)	(1,569)
Net carrying value	1,276	1,623	444	3,343

As at September 30, 2010, the Group has not obtained one of the two real estate certificates for buildings with a total gross area of approximately 370m^2 and a net book value of US$ 723,000. The Group has obtained the real estate certificate for the building aforementioned till the date of this report.

15. OTHER ASSETS

Group

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Software (note 15a)	343	843	841	1,139
Assets with continuing involvement (note 15b)	1,246	—	—	—
Other assets	1,312	70	304	1,708
	2,901	913	1,145	2,847

II. NOTES TO FINANCIAL INFORMATION (continued)

15. OTHER ASSETS (continued)

15a. SOFTWARE

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Cost				
At the beginning of the year/period	436	598	1,239	1,528
Additions	127	579	288	562
Disposals/write off	—	—	—	(287)
Exchange differences	35	62	1	29
At the end of the year/period	598	1,239	1,528	1,832
Accumulated amortization				
At the beginning of the year/period	(134)	(255)	(396)	(687)
Additions	(108)	(120)	(289)	(283)
Disposals/write off	—	—	—	287
Exchange differences	(13)	(21)	(2)	(10)
At the end of the year/period	(255)	(396)	(687)	(693)
Net carrying amount				
At the end of the year/period	343	843	841	1,139
At the beginning of the year/period	302	343	843	841

15b. In May 2006, Far Eastern Leasing issued asset-backed securities secured with the leasing receivables (the "Security"), namely the "Far Eastern Debut Leasing Asset Backed Security Management Program" with an issue size of RMB486 million and which was publicly traded on the Shanghai Stock Exchange. Since Far Eastern Leasing neither retained nor transferred substantially all the risks and rewards of ownership of the underlying lease receivables, and retained control of the lease receivables, Far Eastern Leasing continued to recognize the lease receivables to the extent of its continuing involvement. The extent of the continuing involvement of Far Eastern Leasing in the lease receivables is the extent to which it is exposed to changes in the value of the lease receivables. The Securities matured and settled in 2008.

16. AVAILABLE-FOR-SALE FINANCIAL INVESTMENT

	As at December 31,			As at September 30,
Group	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Unlisted equity investment	14,448	15,442	19,668	—

The available-for-sale financial investment of the Group pertains to an 6.93% equity investment in China Foreign Economy and Trade Trust Co., Ltd.. In April 2010, according to instructions from Sinochem Group the Group disposed of the available-for-sale financial investment to Sinochem Finance Co., at a consideration of US$19,852,000. Income that was recognized upon the disposal of the investment amounted to US$4,251,000.

II. NOTES TO FINANCIAL INFORMATION (continued)

17. INVENTORIES

Group

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Finished goods	70	63	613	59

18. LOANS AND ACCOUNTS RECEIVABLE

Group

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Loans and accounts receivable due within 1 year	341,829	536,269	744,028	1,040,830
Loans and accounts receivable due after 1 year	532,657	805,597	1,232,053	2,000,918
	874,486	1,341,866	1,976,081	3,041,748

18a. LOANS AND ACCOUNTS RECEIVABLE BY NATURE

Group

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Lease receivables (Note 18b)	1,006,015	1,491,256	2,193,717	3,355,139
Less: Unearned finance income	(127,799)	(140,715)	(222,525)	(369,318)
Net lease receivables (Note 18b)	878,216	1,350,541	1,971,192	2,985,821
Lease interest receivables	4,927	5,404	7,915	13,437
Notes receivable	—	1,554	6,960	3,961
Accounts receivable (Note 18d)	3,253	1,995	1,796	4,334
Entrusted loans	—	—	14,685	71,276
Subtotal of loans and accounts receivable	886,396	1,359,494	2,002,548	3,078,829
Less: Provision for lease receivables (Note 18c)	(11,362)	(17,013)	(25,801)	(34,732)
Provision for accounts receivable (Note 18e)	(548)	(615)	(596)	(617)
Provision for entrusted loans (Note 18f)	—	—	(70)	(1,732)
	874,486	1,341,866	1,976,081	3,041,748

II. NOTES TO FINANCIAL INFORMATION (continued)

18. LOANS AND ACCOUNTS RECEIVABLE (continued)

18b(1). An aging analysis of lease receivables, determined based on the age of the receivable since the effective date of the relevant lease contracts, as at each of the reporting dates during the Track Record Period is as follows:

Group

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Lease receivables				
Within 1 year	648,152	895,091	1,402,023	2,229,669
1-2 years	252,931	428,567	537,593	788,780
2-3 years	77,195	130,590	203,322	255,263
3 years and beyond	27,737	37,008	50,779	81,427
	1,006,015	1,491,256	2,193,717	3,355,139
Net lease receivables				
Within 1 year	559,107	798,368	1,232,954	1,954,156
1-2 years	225,327	396,160	494,334	716,245
2-3 years	68,390	122,033	196,489	238,217
3 years and beyond	25,392	33,980	47,415	77,203
	878,216	1,350,541	1,971,192	2,985,821

18b(2). The table below illustrates the gross and net amounts of lease receivables the Group expects to receive in the following three consecutive accounting years:

Group

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Lease receivables				
Due within 1 year	407,263	611,130	847,719	1,183,107
Due in 1-2 years	308,658	465,958	662,156	947,073
Due in 2-3 years	182,136	266,216	407,720	602,190
Due after 3 years and beyond	107,958	147,952	276,122	622,769
Total	1,006,015	1,491,256	2,193,717	3,355,139
Net lease receivables				
Due within 1 year	339,712	535,265	738,427	1,019,538
Due in 1-2 years	271,549	426,079	597,641	843,658
Due in 2-3 years	165,863	248,626	377,413	546,219
Due after 3 years and beyond	101,092	140,571	257,711	576,406
Total	878,216	1,350,541	1,971,192	2,985,821

The Group had no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements that need to be recorded as at each of the reporting dates during the Track Record Period.

II. NOTES TO FINANCIAL INFORMATION (continued)

18. LOANS AND ACCOUNTS RECEIVABLE (continued)

18c. CHANGE IN PROVISION FOR LEASE RECEIVABLES

Group

	Individually assessed			
	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
At beginning of year/period	2,647	5,189	7,435	8,013
Charge for the year/period	3,244	1,826	807	170
Write-off	(963)	—	(236)	(35)
Exchange differences	261	420	7	154
At end of year/period	5,189	7,435	8,013	8,302

	Collectively assessed			
	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
At beginning of year/period	2,623	6,173	9,578	17,788
Transfer in	—	42	—	—
Charge for the year/period	2,682	2,840	8,196	8,266
Recovery of leases previously written off	574	—	—	—
Exchange differences	294	523	14	376
At end of year/period	6,173	9,578	17,788	26,430

	Total			
	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
At beginning of year/period	5,270	11,362	17,013	25,801
Transfer in	—	42	—	—
Charge for the year/period	5,926	4,666	9,003	8,436
Recovery of leases previously written off	574	—	—	—
Write off	(963)	—	(236)	(35)
Exchange differences	555	943	21	530
At end of year/period	11,362	17,013	25,801	34,732

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Lease receivables:				
Individually assessed (Note (i))	16,433	27,408	25,711	23,409
Collectively assessed	989,582	1,463,848	2,168,006	3,331,730
Total	1,006,015	1,491,256	2,193,717	3,355,139
Net lease receivables:				
Individually assessed (Note (i))	14,889	25,624	23,589	21,844
Collectively assessed	863,327	1,324,917	1,947,603	2,963,977
Total	878,216	1,350,541	1,971,192	2,985,821
Asset impairment provisions:				
Individually assessed (Note (i))	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

II. NOTES TO FINANCIAL INFORMATION (continued)

18. LOANS AND ACCOUNTS RECEIVABLE (continued)

18c. CHANGE IN PROVISION FOR LEASE RECEIVABLES (continued)

***Group* (continued)**

Note (i) Individually assessed lease receivables include those classified as substandard, doubtful and loss by the Group.

Note (ii) As at December 31, 2007, December 31, 2008, December 31, 2009 and September 30, 2010, the carrying values of lease receivables pledged as security for the Group's borrowings amounted to US$51,839,000, US$152,171,000, US$537,475,000 and US$1,543,415,000 respectively (see note 24 (b)).

18d. An aging analysis of accounts receivable as at each of the reporting dates during the Track Record Period is as follows:

Accounts receivable are non-interest-bearing and are generally on 60-day terms, while the credit terms of major customers can be extended to 90 days.

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Within 1 year	3,253	1,490	1,200	3,727
More than 1 year	—	505	596	607
	3,253	1,995	1,796	4,334

18e. CHANGE IN PROVISION FOR ACCOUNTS RECEIVABLE

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
At the beginning of year/period	—	548	615	596
Charge for the year/period	529	106	24	10
Reversal for the year/period	—	(77)	(44)	—
Exchange differences	19	38	1	11
At end of year/period	548	615	596	617

18f. CHANGE IN PROVISION FOR ENTRUSTED LOANS

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
At the beginning of year/period	—	—	—	70
Charge for the year/period	—	—	70	1,645
Exchange differences	—	—	—	17
At the end of year/period	—	—	70	1,732

II. NOTES TO FINANCIAL INFORMATION (continued)

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	Notes	As at December 31, 2007	2008	2009	As at September 30, 2010
		US$'000	US$'000	US$'000	US$'000
Prepayments		205	47	1,411	782
Leased assets*		2,842	—	12,175	13,277
Provision for leased assets	(19a)	(41)	—	—	—
Other receivables		3,313	1,772	1,256	2,943
Provision for other receivables	(19b)	(4)	(2)	(2)	(2)
Export tax refund receivables		156	100	84	331
Due from related parties	(19c)	454	671	11,148	1,768
		6,925	2,588	26,072	19,099

* The leased assets refer to situations where the Group had already made payments to vendors or suppliers of machinery and equipment, for which the terms of relate lease contract for the said machinery and equipment has not commenced. The Group records these paid amounts as the leased assets among its current assets as such assets had already been earmarked for lease to the customers. Once the term of the lease contract begins, the Group ceases to recognize the amount relating to the leased asset and recognize the lease receivables due under the lease contract.

Company

	Notes	As at December 31, 2008	2009	As at September 30, 2010
		US$'000	US$'000	US$'000
Current asset :				
Due from related parties	(19c)	—	10,450	29,228
Prepayment related to the listing of the Company's shares		—	—	664
Others		—	—	6
Non-current asset :				
Due from related parties	(19c)	—	—	155,258
		—	10,450	185,156

19a. CHANGES IN PROVISION FOR LEASED ASSETS

Group

	As at December 31, 2007	2008	2009	As at September 30, 2010
	US$'000	US$'000	US$'000	US$'000
At the beginning of year/period	10	41	—	—
Charge for the year/period	40	—	—	—
Reversal for the year/period	(10)	—	—	—
Transfer out for the year/period	—	(42)	—	—
Exchange differences	1	1	—	—
At the end of year/period	41	—	—	—

II. NOTES TO FINANCIAL INFORMATION (continued)

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

19b. CHANGES IN PROVISION FOR OTHER RECEIVABLES

Group

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
At the beginning of year/period	4	4	2	2
Charge for the year/period	—	—	—	—
Reversal for the year/period	—	(2)	—	—
Exchange differences	—	—	—	—
At the end of year/period	4	2	2	2

19c. BALANCES WITH RELATED PARTIES

Group

	Notes	As at December 31,			As at September 30,
		2007	2008	2009	2010
		US$'000	US$'000	US$'000	US$'000
Due from related parties:					
Parent company:					
Fortune Ally	(i)	—	—	450	1,061
Companies controlled by the ultimate holding company:					
China Jin Mao Group Co., Ltd.	(i)	422	641	664	658
Beijing Chemsunny Property Co., Ltd.	(i)	32	30	34	49
Sinochem Hong Kong	(ii)	—	—	10,000	—
		454	671	11,148	1,768

Company

	Notes	As at December 31,		As at September 30,
		2008	2009	2010
		US$'000	US$'000	US$'000
Due from related parties:				
Parent company:				
Fortune Ally	(i)	—	450	1,061
Companies controlled by the ultimate holding company:				
Sinochem Hong Kong	(ii)	—	10,000	—
Indirectly held subsidiaries	(iii)	—	—	183,425
		—	10,450	184,486

Notes:

(i) Balances with related parties were unsecured and non-interest-bearing.

(ii) This is in relation to a short term loan granted to Sinochem Hong Kong with an annual interest rate of 0.83%. As confirmed by the Company's Hong Kong legal advisor, the loan does not contravene the Companies Ordinance or the Money Lenders Ordinance.

(iii) This is in relation to long-term loans granted to subsidiaries with annual interest rates of 3.25%~3.54%.

II. NOTES TO FINANCIAL INFORMATION (continued)

20. INVESTMENT IN SUBSIDIARIES

Company:

	As at December 31,		As at September 30,
	2008	2009	2010
	US$'000	US$'000	US$'000
Unlisted investment, at cost	—	364,495	420,175

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

Group

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Cash and bank balances	80,079	33,502	48,586	94,046
Time deposits	—	8,779	5,858	69,509
	80,079	42,281	54,444	163,555
Less:				
Pledged time deposits	—	—	—	8,474
Time deposits with original maturity of more than 3 months	—	—	—	59,692
	—	—	—	68,166
Cash and cash equivalents	80,079	42,281	54,444	95,389

Company

	As at December 31,		As at September 30,
	2008	2009	2010
	US$'000	US$'000	US$'000
Cash and bank balances	—	199	1,056

As at December 31, 2007, 2008 and 2009 and September 30, 2010, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to US$12,135,000, US$37,239,000, US$41,830,000 and US$71,864,000, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB into other currencies through banks authorized to conduct foreign currency business.

Cash at banks earns interest at either fixed or floating rates based on daily bank deposit rates.

As at December 31, 2007, 2008 and 2009 and September 30, 2010, cash of US$4,401,000, US$13,738,000, US$17,957,000 and US$9,389,000 was deposited with related parties controlled by the ultimate holding company.

II. NOTES TO FINANCIAL INFORMATION (continued)

22. TRADE AND BILLS PAYABLES

Group

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Bills payable	15,345	13,502	51,888	71,709
Trade payables	33,310	20,423	45,374	70,474
	48,655	33,925	97,262	142,183

An aging analysis of trade and bills payables as at each of the reporting dates during the Track Record Period is as follows:

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Within 1 year	47,982	31,922	95,235	139,845
1-2 years	203	1,520	1,221	1,369
2-3 years	361	66	389	200
3 years and beyond	109	417	417	769
	48,655	33,925	97,262	142,183

The trade payables are non-interest-bearing and repayable within the normal operating cycle or on demand.

23. OTHER PAYABLES AND ACCRUALS

Group

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Current:				
Lease deposits due within 1 year	20,697	24,787	31,873	45,359
Salary payables	252	5,592	6,985	7,913
Welfare payables	21	87	341	425
Advances from customers	5,233	4,743	9,618	26,463
Due to related parties (note 23a)	27,709	516	160,428	659
Other taxes payable	735	636	1,136	1,379
Interest payable	949	1,417	1,955	3,804
Other payables	251	82	395	1,405
	55,847	37,860	212,731	87,407
Non-current:				
Related liability for assets with continuing involvement (note 15b)	1,246	—	—	—
Lease deposits due after 1 year	97,540	159,326	235,646	348,896
	98,786	159,326	235,646	348,896
	154,633	197,186	448,377	436,303

II. NOTES TO FINANCIAL INFORMATION (continued)

23. OTHER PAYABLES AND ACCRUALS (continued)

Company

	As at December 31,		As at September 30,
	2008	2009	2010
	US$'000	US$'000	US$'000
Current:			
Due to related parties (note (23a))	1	160,007	12
Interest payables	—	—	584
Others	—	—	1,161
	1	160,007	1,757

23a. BALANCES WITH RELATED PARTIES

Group

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Due to related parties:				
Parent company:				
Fortune Ally	—	—	160,000	—
Companies controlled by the ultimate holding company:				
China Foreign Economy and Trade Trust Co., Ltd.	148	249	—	—
Sinochem Finance Co., Ltd.	—	266	326	—
Sinochem Hong Kong	27,561	1	102	659
	27,709	516	160,428	659

Company

	As at December 31,		As at September 30,
	2008	2009	2010
	US$'000	US$'000	US$'000
Due to related parties:			
Parent company:			
Fortune Ally	—	160,000	—
Companies controlled by the ultimate holding company:			
Sinochem Hong Kong	1	7	7
Indirectly held Subsidiaries	—	—	5
	1	160,007	12

Balances with related parties were unsecured and non-interest-bearing.

II. NOTES TO FINANCIAL INFORMATION (continued)

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	As at December 31,									As at September 30,		
	2007			2008			2009			2010		
	Contractual interest rate (%) per annum	Maturity	US$	Contractual interest rate (%) per annum	Maturity	US$	Contractual interest rate (%) per annum	Maturity	US$	Contractual interest rate (%) per annum	Maturity	US$
Current												
Bank loans—secured	6.32	2008	20,535	—	—	—	4.37	2010	27,826	4.24~4.78	2011	118,107
Current portion of long term bank loans—secured	5.91~6.73	2008	23,581	4.86~6.80	2009	6,255	4.64~5.91	2010	96,488	4.86~5.18	2010-2011	25,924
Bank loans—unsecured	5.51~6.56	2008	80,278	5.58~7.10	2009	127,293	2.3~5.04	2010	97,871	0.7~4.62	2010-2011	289,267
Current portion of long term bank loans—unsecured	6.08	2008	1,814	4.86~6.80	2009	3,797	4.86~5.18	2010	1,977	4.86~5.18	2011	5,786
Loans from companies controlled by the ultimate holding company—secured	5.05~6.57	2008	94,231	5.31~6.04	2009	102,103	—	—	—	—	—	—
Loans from companies controlled by the ultimate holding company—unsecured	—	—	—	—	—	—	—	—	—	1.75~4.86	2010-2011	254,444
Other loans—secured	—	—	—	—	—	—	4.13~4.90	2010	92,676	—	—	—
			220,439			239,448			316,838			693,528
Non-current												
Bank loans—secured	5.80~6.89	2009~2011	325,626	4.86~7.56	2010~2013	442,082	4.86~5.76	2011~2014	469,188	1.80~5.72	2011~2014	1,044,577
Bank loans—unsecured	5.91~6.97	2009~2011	51,209	4.86~7.56	2010~2013	104,345	4.86~5.76	2011~2013	222,973	2.28~5.76	2012~2013	340,037
Loans from companies controlled by the ultimate holding company—unsecured	—	—	—	5.40	2011	175,577	1.45~4.86	2011~2013	234,127	1.48~4.86	2012~2013	59,219
Other loans—unsecured	—	—	—	5.00	2011	5,000	5.00	2011	4,167	5.00	2011	3,333
			376,835			727,004			930,455			1,447,166
			597,274			966,452			1,247,293			2,140,694

II. NOTES TO FINANCIAL INFORMATION (continued)

24. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Company

	As at December 31,						As at September 30,		
	2008			2009			2010		
	Contractual interest rate (%) per annum	Maturity	US$	Contractual interest rate (%) per annum	Maturity	US$	Contractual interest rate (%) per annum	Maturity	US$
Current									
Bank loans—unsecured	—	—	—	—	—	—	0.7~1.4	2010-2011	64,000
Loans from companies controlled by the ultimate holding company—unsecured	—	—	—	—	—	—	1.75~3.49	2010-2011	70,800
			—			—			134,800
Non-current									
Bank loans—secured	—	—	—	—	—	—	1.95	2012~2013	37,019
Loans from companies controlled by the ultimate holding Company-unsecured			—			—	3.26	2013	1,500
			—			—			38,519
			—			—			173,319

Group

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Analyzed into:				
Bank loans repayable:				
Within one year or on demand	126,208	137,345	224,162	439,084
In the second year	26,572	234,769	329,320	268,685
In the third to fifth years, inclusive	350,263	311,658	362,841	1,115,929
	503,043	683,772	916,323	1,823,698
Loans from companies controlled by the ultimate holding company repayable:				
Within one year	94,231	102,103	—	254,444
In the second year	—	—	175,742	51,069
In the third to fifth years, inclusive	—	175,577	58,385	8,150
	94,231	277,680	234,127	313,663
Other borrowings repayable:				
Within one year	—	—	92,676	—
In the second year	—	—	4,167	3,333
In the third to fifth years, inclusive	—	5,000	—	—
	—	5,000	96,843	3,333
	597,274	966,452	1,247,293	2,140,694

Notes:

(a) As at December 31, 2007, 2008 and 2009 and September 30, 2010, the Group's borrowings from banks guaranteed by Sinochem Group amounted to US$414,798,000, US$436,311,000, US$252,990,000 and US$103,062,000, respectively.

(b) As at December 31, 2007, 2008 and 2009 and September 31, 2010, the Group's bank borrowings pledged by lease receivables amounted to US$38,880,000, US$114,129,000, US$433,188,000 and US$1,085,546,000 respectively. As at December 31, 2007, 2008 and 2009 and September 30, 2010, the Group's lease receivables pledged as security for the Group's bank borrowings amounted to US$51,839,000, US$152,171,000, US$537,475,000 and US$1,543,415,000, respectively.

(c) As at December 31, 2007, 2008 and 2009 and September 30, 2010, no property, plant and equipment of the Group were provided as collateral for borrowings nor had the Group provided any guarantees for other entities.

The carrying amounts of the Group's borrowings approximate their fair values.

II. NOTES TO FINANCIAL INFORMATION (continued)

25. DEFERRED REVENUE

Group

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
At the beginning of year/period	—	—	—	1,304
Addition during the year/period	—	—	1,317	2,957
Amortized to the income statement	—	—	(14)	(957)
Exchange differences	—	—	1	43
At the end of year/period	—	—	1,304	3,347

The Group deferred the recognition of revenue in accordance with the progress of the services rendered. And the circumstances under which services were paid in a lump sum while rendered in progress occurred since 2009.

26. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Track Record Period are as follows:

Group

Deferred tax assets

	Allowances for impairment losses	Salary and welfare payable	Accrued liabilities	Total
	US$'000	US$'000	US$'000	US$'000
At January 1, 2007	—	466	169	635
Credited/(charged) to the income statement during the year	95	(482)	(174)	(561)
Exchange differences	4	16	5	25
Gross deferred tax assets at December 31, 2007 and January 1, 2008	99	—	—	99
Credited to the income statement during the year	17	—	—	17
Exchange differences	7	—	—	7
Gross deferred tax assets at December 31, 2008 and January 1,2009	123	—	—	123
Credited to the income statement during the year	3,417	1,536	—	4,953
Exchange differences	2	1	—	3
Gross deferred tax assets at December 31, 2009 and January 1, 2010	3,542	1,537	—	5,079
Credited/(charged) to the income statement during the period	2,526	327	—	2,853
Exchange differences	85	33	—	118
Gross deferred tax assets at September 30, 2010	6,153	1,897	—	8,050

II. NOTES TO FINANCIAL INFORMATION (continued)

26. DEFERRED TAX (continued)

Group (continued)

Deferred tax liabilities

	Changes in fair values of available-for-sale distributable financial investments	Withholding tax on the profits	Total
	US$'000	US$'000	US$'000
At January 1, 2007	—	—	—
Charged to the income statement during the year	—	—	—
Gross deferred tax liabilities at December 31, 2007 and January 1, 2008	—	—	—
Charged to the income statement during the year	—	2,310	2,310
Exchange differences	—	80	80
Gross deferred tax liabilities at December 31, 2008 and January 1, 2009	—	2,390	2,390
Charged to the income statement during the year	—	3,042	3,042
Charged to equity during the year	927	—	927
Exchange differences	—	4	4
Gross deferred tax liabilities at December 31, 2009 and January 1, 2010	927	5,436	6,363
Credited to the income statement during the period	—	(609)	(609)
Credited to equity during the period	(935)	—	(935)
Exchange differences	8	56	64
Gross deferred tax liabilities at September 30, 2010	—	4,883	4,883

For the purpose of the presentation of the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Net deferred tax assets recognized in the consolidated statements of financial position	99	123	4,152	8,050
Net deferred tax liabilities recognized in the consolidated statements of financial position	—	2,390	5,436	4,883

Pursuant to the New CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement became effective from January 1, 2008 and applies to earnings after December 31, 2007. A lower tax rate may be applied if there is a tax treaty between China and the countries/regions where the foreign investors are registered. For the Group, the applicable rate is 5%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from January 1, 2008. The Group recognized deferred tax liabilities in respect of accumulated distributable earnings from its subsidiaries established in Mainland China since January 1, 2008, no matter whether such earnings have been declared or not by the subsidiaries at the reporting date.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

II. NOTES TO FINANCIAL INFORMATION (continued)

27. ISSUED CAPITAL

	Notes	Number of shares	Amounts
			HK$
Authorized ordinary shares of HK$1.00 each:			
At December 31, 2008	(a)	10,000	10,000
At December 31, 2009		10,000	10,000
At September 30, 2010		18,496	18,496
Issued and fully paid ordinary shares of HK$1.00 each:			
At December 31, 2008	(a)	1	1
At December 31, 2009	(b)	10,000	10,000
At September 30, 2010	(c)	18,496	18,496

The movements in the Company's issued ordinary share capital during the Track Record Period are as follows:

	Notes	Number of shares in issue	Issued share capital	Equivalent to
			HK$	US$
At May 15, 2008 (date of incorporation)		—	—	—
Issue of shares	(a)	1	1	—
At December 31, 2008 and January 1, 2009		1	1	—
Issue of shares	(b)	9,999	9,999	1,290
At December 31, 2009 and January 1, 2010		10,000	10,000	1,290
Issue of shares	(c)	8,496	8,496	1,091
At September 30, 2010		18,496	18,496	2,381

Notes:

(a) On May 15, 2008, the Company was incorporated with an authorized share capital of HK$10,000 divided into 10,000 ordinary shares of HK$1.00 each. 1 share was issued and fully paid at par.

(b) Pursuant to the Reorganization as detailed in note 1, Sinochem Hong Kong and Sinochem Europe injected their 69.3% and 30.7% equity interests in Far Eastern Leasing to the Company on March 13, 2009. As consideration, the Company issued 9,999 ordinary shares of HK$1.00 each to Fortune Ally who in turn issued an aggregate of 9,999 ordinary shares to Sinochem Hong Kong and Sinochem Europe.

(c) Pursuant to the Reorganization as detailed in note 1, on September 30, 2010, the Company issued 8,496 ordinary shares of HK$1.00 each to Fortune Ally for the capitalization of the shareholder's loan amounting to US$215,680,000 in aggregate.

28. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the Track Record Period are presented in the consolidated statements of changes in equity.

The Group's capital reserve represents the excess of the carrying amounts of capital and capital reserve of the subsidiaries acquired pursuant to the Reorganization as detailed in Note 1, over the nominal value of the Company's shares issued as consideration and plus the amount of borrowings capitalized in excess of the nominal value of shares issued.

Pursuant to the relevant PRC rules and regulations, those PRC subsidiaries which are domestic enterprises in the PRC as mentioned in Note 1 of this report are required to transfer no less than 10% of

II. NOTES TO FINANCIAL INFORMATION (continued)

28. RESERVES (continued)

(a) Group (continued)

their profits after taxation, as determined under PRC Company Law, to the statutory reserve fund until the balance reaches 50% of the registered capital. The transfer to this statutory reserve fund must be made before the distribution of dividend to shareholders.

(b) Company

	Capital reserve	Retained profits	Total
	US$'000	US$'000	US$'000
At May 15, 2008 (date of incorporation)	—	—	—
Loss for the period	—	(1)	(1)
At December 31, 2008 and January 1, 2009	—	(1)	(1)
Issue of shares	214,494	—	214,494
Profit for the year	—	643	643
At December 31, 2009 and January 1, 2010	214,494	642	215,136
Profit for the period	—	79,273	79,273
Dividend distribution (note 12)	—	(78,912)	(78,912)
Capitalization of shareholder's loan (note 27(c))	215,679	—	215,679
At September 30, 2010	430,173	1,003	431,176
At December 31, 2008 and January 1, 2009	—	(1)	(1)
Issue of shares	214,494	—	214,494
Loss for the period (unaudited)	—	(6)	(6)
At September 30, 2009 (unaudited)	214,494	(7)	214,487

29. CONTINGENT LIABILITIES

A number of legal proceedings are initiated by third parties against the Group as defendant. The total outstanding claims at each of the reporting dates during the Track Record Period are as follows:

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Claimed amounts	1,711	1,463	417	—

The amounts represent disputes on purchase contracts on either the quality or the quantity of the purchased equipments between the Group and the equipments suppliers.

30. OPERATING LEASE ARRANGEMENTS

The Group leases certain properties as its office premises under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At each of the reporting dates during the Track Record Period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Within one year	2,034	1,394	2,680	3,364
In the second to fifth years, inclusive	1,157	13	1,462	411
	3,191	1,407	4,142	3,775

II. NOTES TO FINANCIAL INFORMATION (continued)

31. COMMITMENTS

(a) In addition to the operating lease commitments detailed in note 30 above, the Group had the following capital commitments at each balance sheet date:

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Contracted, but not provided for:				
Capital expenditure for acquisition of property and equipment	36	139	570	70

(b) Credit commitments

The Group's irrevocable credit commitments at each balance sheet date are as follow:

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Irrevocable credit commitment:	40,823	136,899	176,370	490,055

At any given time, the Group has outstanding commitments to extend credit. These commitments are in the form of approved lease contracts but not provided yet till each balance sheet date.

32. RELATED PARTY TRANSACTIONS

Relationship between the Group and its related parties:

Company name	Relationship
Sinochem Group	Ultimate holding company
Fortune Ally	Parent company
Sinochem Hong Kong	Controlled by the ultimate holding company
Sinochem Europe	Controlled by the ultimate holding company
Sinochem Finance Co., Ltd.	Controlled by the ultimate holding company
China Foreign Economy and Trade Trust Co., Ltd.	Controlled by the ultimate holding company
China Jin Mao Group Co., Ltd.	Controlled by the ultimate holding company
Beijing Chemsunny Property Co., Ltd.	Controlled by the ultimate holding company
Shanghai Jin Mao Imtech Facility Services Co., Ltd.	Controlled by the ultimate holding company
Sinochem Co., Ltd.	Controlled by the ultimate holding company

II. NOTES TO FINANCIAL INFORMATION (continued)

32. RELATED PARTY TRANSACTIONS (continued)

In addition to the transactions and balances in notes 16, 19, 21, 23 and 24 to the Financial Information, the Group had the following material transactions with related parties during the Track Record Period:

(a) Discontinued transactions

(i) Interest income from cash in bank:

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Sinochem Finance Co., Ltd.	—	518	452	312	396
China Foreign Economy and Trade Trust Co., Ltd.	179	301	—	—	—

The interest income were charged at rates ranging from 0.36% to 3.33% per annum.

(ii) Loan interest income:

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Sinochem Hong Kong	—	—	—	—	4

The interest income were charged at 0.83% per annum.

(iii) Interest expense on borrowings:

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
China Foreign Economy and Trade Trust Co., Ltd.	4,862	5,187	2,165	2,016	—
Sinochem Hong Kong	—	—	239	170	973
Sinochem Finance Co., Ltd.	—	4,916	12,750	10,121	10,648

The interest expenses were charged at rates ranging from 1.48% to 5.40% per annum.

(iv) Dividend income:

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
China Foreign Economy and Trade Trust Co., Ltd.	1,184	4,404	—	—	—

II. NOTES TO FINANCIAL INFORMATION (continued)

32. RELATED PARTY TRANSACTIONS (continued)

(b) Continued transactions

(i) Rental expenses:

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
China Jin Mao Group Co., Ltd.	1,347	2,242	2,737	2,041	2,054
Beijing Chemsunny Property Co., Ltd.	63	144	128	110	171
Sinochem Co. Ltd	—	33	58	—	29
Shanghai Jin Mao Imtech Facility Services Co., Ltd.	157	99	97	63	70

These transactions for rental expenses were based on prices mutually agreed between the parties.

In the opinion of the directors, the transactions listed in (a) and (b) as above between the Group and the aforementioned related parties were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.

The directors of the Company also confirmed that except for the rental expenses payable listed in (b) as above to the companies controlled by Sinochem Group set out above, all the transactions listed in (a) as above will not continue after the listing of the Company's shares on the Main Board of the Stock Exchange.

(c) Compensation of key management personnel of the Group:

	Year ended December 31,			Nine months ended September 30,	
	2007	2008	2009	2009	2010
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Short-term employee benefits	429	489	1,139	277	785

(d) Further details of directors' emoluments are set out in note 9 to the Financial Information.

II. NOTES TO FINANCIAL INFORMATION (continued)

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each reporting date during the Track Record Period are as follows:

As at December 31, 2007

Group

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	US$'000	US$'000	US$'000
Available-for-sale financial investments	—	14,448	14,448
Loans and accounts receivable	874,486	—	874,486
Deposits and other receivables	6,720	—	6,720
Cash and cash equivalents	80,079	—	80,079
Other assets	2,492	—	2,492
	963,777	14,448	978,225

Financial liabilities-at amortized cost

	US$'000
Trade and bills payables	48,655
Other payables and accruals	152,156
Interest-bearing bank and other borrowings	597,274
	798,085

As at December 31, 2008

Group

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	US$'000	US$'000	US$'000
Available-for-sale financial investments	—	15,442	15,442
Loans and accounts receivable	1,341,866	—	1,341,866
Deposits and other receivables	2,541	—	2,541
Cash and cash equivalents	42,281	—	42,281
	1,386,688	15,442	1,402,130

Financial liabilities-at amortized cost

	US$'000
Trade and bills payables	33,925
Other payables and accruals	194,805
Interest-bearing bank and other borrowings	966,452
	1,195,182

II. NOTES TO FINANCIAL INFORMATION (continued)

33. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

As at December 31, 2009

Group

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	US$'000	US$'000	US$'000
Available-for-sale financial investments	—	19,668	19,668
Loans and accounts receivable	1,976,081	—	1,976,081
Deposits and other receivables	24,661	—	24,661
Cash and cash equivalents	54,444	—	54,444
	2,055,186	19,668	2,074,854

Financial liabilities-at amortized cost

	US$'000
Trade and bills payables	97,262
Other payables and accruals	442,334
Interest-bearing bank and other borrowings	1,247,293
	1,786,889

As at September 30, 2010

Group

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	US$'000	US$'000	US$'000
Loans and accounts receivable	3,041,748	—	3,041,748
Deposits and other receivables	17,653	—	17,653
Cash and cash equivalents	95,389	—	95,389
Time and pledged deposits	68,166	—	68,166
	3,222,956	—	3,222,956

Financial liabilities-at amortized cost

	US$'000
Trade and bills payables	142,183
Other payables and accruals	431,039
Interest-bearing bank and other borrowings	2,140,694
	2,713,916

II. NOTES TO FINANCIAL INFORMATION (continued)

33. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Company

Financial assets—loans and receivables

	As at December 31,		As at September 30,
	2008	2009	2010
	US$'000	US$'000	US$'000
Cash and cash equivalents		199	1,056
Deposits and other receivables	—	10,450	184,492
	—	10,649	185,548

Financial liabilities—at amortized cost

	As at December 31,		As at September 30,
	2008	2009	2010
	US$'000	US$'000	US$'000
Interest-bearing bank and other borrowings	—	—	173,319
Other payables and accruals	1	160,007	1,757
	1	160,007	175,076

34. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Available-for-sale financial investments:	Level 1	Level 2	Level 3	Total
	US$'000	US$'000	US$'000	US$'000
Equity investments				
Balance as at December 31, 2009:	—	—	19,668	19,668

The movements in fair value measurements in Level 3 during the Track Record Period are as follows (see Note 16 for further details):

	US$'000
Available-for-sale financial investments—unlisted :	
At January 1, 2009	15,442
Total gains recognized in other comprehensive income	4,210
Exchange differences	16
At December 31, 2009 and January 1, 2010	19,668
Disposal	(19,852)
Exchange differences	184
At September 30, 2010	—

II. NOTES TO FINANCIAL INFORMATION (continued)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise lease receivables, trade receivables, trade payables, bank loans, other interest-bearing loans, cash and short term deposits. The main purpose of bank loans and other interest-bearing loans are to finance the Group's operations while other financial assets and liabilities such as lease receivables, trade receivables and trade payables are directly related to the Group's operating activities.

The main risks arising from the Group's financial instruments are interest rate risk, currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest bearing bank and other borrowings and lease receivables.

A principal part of the Group's management of interest rate risk is to monitor the sensitivity of projected net interest income under varying interest rate scenarios (simulation modelling). The Group aims to mitigate the impact of prospective interest rate movements which could reduce future net interest income, while balancing the cost of such measures to mitigate such risk.

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

The sensitivity of the profit before tax is the effect of the assumed changes in interest rates on profit before tax, based on the financial assets and financial liabilities held at each balance sheet date subject to repricing within the coming year.

	Group increase/(decrease) in profit before tax			
	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'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 tables above are for illustration only and are based on simplified scenarios. The figures represent the effect of the pro forma movements in profit before tax based on the projected yield curve scenarios and the 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 financial instruments with different maturities move by the same amount and, therefore, do not reflect the potential impact on profit before tax in the case where some rates change while others remain unchanged.

II. NOTES TO FINANCIAL INFORMATION (continued)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

The tables below summarize the contractual repricing or maturity date, whichever is earlier, of the Group's assets and liabilities:

Group

	As at December 31, 2007					
	Non-interest-bearing	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
FINANCIAL ASSETS:						
Cash and cash equivalents	10	80,069	—	—	—	80,079
Loans and accounts receivable	7,633	788,863	62,900	15,090	—	874,486
Deposits and other receivables	6,720	—	—	—	—	6,720
Available-for-sale financial investments	14,448	—	—	—	—	14,448
Other assets	1,246	1,246	—	—	—	2,492
Total financial assets	30,057	870,178	62,900	15,090	—	978,225
FINANCIAL LIABILITIES:						
Interest-bearing bank and other borrowings	—	105,221	492,053	—	—	597,274
Trade and bills payables	48,655	—	—	—	—	48,655
Other payables and accruals	150,577	—	—	1,579	—	152,156
Total financial liabilities	199,232	105,221	492,053	1,579	—	798,085
Interest rate risk exposure	(169,175)	764,957	(429,153)	13,511	—	180,140

	As at December 31, 2008					
	Non-interest-bearing	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
FINANCIAL ASSETS:						
Cash and cash equivalents	10	42,271	—	—	—	42,281
Loans and accounts receivable	8,338	1,151,890	162,934	18,704	—	1,341,866
Deposits and other receivables	2,541	—	—	—	—	2,541
Available-for-sale financial investments	15,442	—	—	—	—	15,442
Total financial assets	26,331	1,194,161	162,934	18,704	—	1,402,130
FINANCIAL LIABILITIES:						
Interest-bearing bank and other borrowings	—	355,848	605,604	5,000	—	966,452
Trade and bills payables	33,925	—	—	—	—	33,925
Other payables and accruals	193,673	—	—	1,132	—	194,805
Total financial liabilities	227,598	355,848	605,604	6,132	—	1,195,182
Interest rate risk exposure	(201,267)	838,313	(442,670)	12,572	—	206,948

II. NOTES TO FINANCIAL INFORMATION (continued)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

Group (continued)

	As at December 31, 2009					
	Non-interest-bearing	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
FINANCIAL ASSETS:						
Cash and cash equivalents	9	54,435	—	—	—	54,444
Loans and accounts receivable	16,075	1,650,415	272,649	30,632	6,310	1,976,081
Deposits and other receivables	14,661	10,000	—	—	—	24,661
Available-for-sale financial investments	19,668	—	—	—	—	19,668
Total financial assets	50,413	1,714,850	272,649	30,632	6,310	2,074,854
FINANCIAL LIABILITIES:						
Interest-bearing bank and other borrowings	—	880,614	341,033	25,646	—	1,247,293
Trade and bills payables	97,262	—	—	—	—	97,262
Other payables and accruals	442,334	—	—	—	—	442,334
Total financial liabilities	539,596	880,614	341,033	25,646	—	1,786,889
Interest rate risk exposure	(489,183)	834,236	(68,384)	4,986	6,310	287,965

	As at September 30, 2010					
	Non-interest-bearing	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
FINANCIAL ASSETS:						
Cash and cash equivalents	15	95,374	—	—	—	95,389
Time and pledged deposits	—	37,276	30,890	—	—	68,166
Loans and accounts receivable	21,781	2,796,957	205,818	17,192	—	3,041,748
Deposits and other receivables	4,969	12,684	—	—	—	17,653
Total financial assets	26,765	2,942,291	236,708	17,192	—	3,222,956
FINANCIAL LIABILITIES:						
Interest-bearing bank and other borrowings	—	1,799,293	324,330	17,071	—	2,140,694
Trade and bills payables	142,183	—	—	—	—	142,183
Other payables and accruals	427,039	4,000	—	—	—	431,039
Total financial liabilities	569,222	1,803,293	324,330	17,071	—	2,713,916
Interest rate risk exposure	(542,457)	1,138,998	(87,622)	121	—	509,040

II. NOTES TO FINANCIAL INFORMATION (continued)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

Company

	As at December 31, 2008					
	Non-interest-bearing	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
FINANCIAL ASSETS:						
Cash and cash equivalents	—	—	—	—	—	—
Due from related parties	—	—	—	—	—	—
Total financial assets	—	—	—	—	—	—
FINANCIAL LIABILITIES:						
Other payables and accruals	1	—	—	—	—	1
Interest rate risk exposure	(1)	—	—	—	—	(1)

	As at December 31, 2009					
	Non-interest-bearing	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
FINANCIAL ASSETS:						
Cash and cash equivalents	—	199	—	—	—	199
Deposits and other receivables	450	10,000	—	—	—	10,450
Total financial assets	450	10,199	—	—	—	10,649
FINANCIAL LIABILITIES:						
Other payables and accruals	160,007	—	—	—	—	160,007
Interest rate risk exposure	(159,557)	10,199	—	—	—	(149,358)

	As at September 30, 2010					
	Non-interest-bearing	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
FINANCIAL ASSETS:						
Cash and cash equivalents	1,056					1,056
Deposits and other receivables	3,853	180,639	—	—	—	184,492
Total financial assets	4,909	180,639	—	—	—	185,548
FINANCIAL LIABILITIES:						
Other payables and accruals	1,757	—	—	—	—	1,757
Interest-bearing bank and other borrowings	—	143,319	30,000	—	—	173,319
Total financial liabilities	1,757	143,319	30,000	—	—	175,076
Interest rate risk exposure	3,152	37,320	(30,000)	—	—	10,472

II. NOTES TO FINANCIAL INFORMATION (continued)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange relates primarily to the operating activities of the Group (when receipt or payment is settled using a currency that is different from the functional currency).

The Group conducts its businesses mainly in RMB, with certain transactions denominated in US$, and, to a lesser extent, other currencies. The Group's treasury operations exposure mainly arises from its transactions in currencies other than RMB. The Group seeks to limit its exposure to foreign currency risk by minimizing its net foreign currency position.

The exchange rate of RMB to US$ is managed under a floating exchange rate system. The HK$ exchange rate has been pegged to the US$ and therefore the exchange rate of RMB to HK$ has fluctuated in line with the changes in the exchange rate of RMB to US$.

The table below indicates a sensitivity analysis of exchange rate changes of the currencies to which the Group had significant exposure on its monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement in the currency rates against the RMB, with all other variables held constant, on profit before tax. This effect, however, is based on the assumption that the Group's foreign exchange exposures as at each balance sheet date are kept unchanged and, therefore, have not incorporated actions that would be taken by the Group to mitigate the adverse impact of this foreign exchange risk.

		Group increase/(decrease) in profit before tax			
		As at December 31,			As at September 30,
Currency	Change in currency rate	2007	2008	2009	2010
		US$'000	US$'000	US$'000	US$'000
US$	-1%	(408)	9	1,527	257

II. NOTES TO FINANCIAL INFORMATION (continued)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Currency risk (continued)

A breakdown of the assets and liabilities analyzed by currency is as follows:

Group

	As at December 31, 2007			
	RMB	US$	Others	Total
(In US$'000 equivalent)				
FINANCIAL ASSETS:				
Cash and cash equivalents	12,135	67,944	—	80,079
Loans and accounts receivable	873,619	853	14	874,486
Deposits and other receivables	6,720	—	—	6,720
Available-for-sale financial investments	14,448	—	—	14,448
Other assets	2,492	—	—	2,492
Total financial assets	909,414	68,797	14	978,225
FINANCIAL LIABILITIES:				
Interest-bearing bank and other borrowings	597,274	—	—	597,274
Trade and bills payables	41,327	433	6,895	48,655
Other payables and accruals	124,595	27,561	—	152,156
Total financial liabilities	763,196	27,994	6,895	798,085
Net position	146,218	40,803	(6,881)	180,140

	As at December 31, 2008			
	RMB	US$	Others	Total
(In US$'000 equivalent)				
FINANCIAL ASSETS:				
Cash and cash equivalents	37,239	5,042	—	42,281
Loans and accounts receivable	1,341,217	95	554	1,341,866
Deposits and other receivables	2,541	—	—	2,541
Available-for-sale financial investments	15,442	—	—	15,442
Total financial assets	1,396,439	5,137	554	1,402,130
FINANCIAL LIABILITIES:				
Interest-bearing bank and other borrowings	961,452	5,000	—	966,452
Trade and bills payables	32,980	945	—	33,925
Other payables and accruals	194,753	52	—	194,805
Total financial liabilities	1,189,185	5,997	—	1,195,182
Net position	207,254	(860)	554	206,948

II. NOTES TO FINANCIAL INFORMATION (continued)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Currency risk (continued)

Group (continued)

	As at December 31, 2009			
	RMB	US$	Others	Total
(In US$'000 equivalent)				
FINANCIAL ASSETS:				
Cash and cash equivalents	41,830	12,614	—	54,444
Loans and accounts receivable	1,960,975	15,101	5	1,976,081
Deposits and other receivables	14,211	10,450	—	24,661
Available-for-sale financial investments	19,668	—	—	19,668
Total financial assets	2,036,684	38,165	5	2,074,854
FINANCIAL LIABILITIES:				
Interest-bearing bank and other borrowings	1,218,677	28,616	—	1,247,293
Trade and bills payables	97,207	54	1	97,262
Other payables and accruals	280,100	162,234	—	442,334
Total financial liabilities	1,595,984	190,904	1	1,786,889
Net position	440,700	(152,739)	4	287,965

	As at September 30, 2010			
	RMB	US$	Others	Total
(In US$'000 equivalent)				
FINANCIAL ASSETS:				
Cash and cash equivalents	71,864	23,525	—	95,389
Time and pledged deposits	68,166	—	—	68,166
Loans and accounts receivable	2,822,824	218,924	—	3,041,748
Deposits and other receivables	16,587	1,066	—	17,653
Total financial assets	2,979,441	243,515	—	3,222,956
FINANCIAL LIABILITIES:				
Interest-bearing bank and other borrowings	1,918,840	221,854	—	2,140,694
Trade and bills payables	142,183	—	—	142,183
Other payables and accruals	383,633	47,406	—	431,039
Total financial liabilities	2,444,656	269,260	—	2,713,916
Net position	534,785	(25,745)	—	509,040

Credit risk

Credit risk is the risk of loss arising from a lessee's or counterparty's inability to meet its obligations.

The Group enters into transactions only with the recognized and reputable third parties. In accordance with the policy of the Group, the Group examines and verifies the credit risk of all customers that the Group has credit transactions with. Besides, the Group monitors and controls the lease receivables regularly to mitigate the risk of significant exposure from bad debts.

II. NOTES TO FINANCIAL INFORMATION (continued)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Other financial assets of the Group include cash and bank deposits, accounts receivable, notes receivable, available–for-sale financial assets, entrusted loans and other accounts receivable. The credit risk of these financial assets arises from counterparty's inability to meet its obligations. The maximum exposure to credit risk equals to the carrying amounts of these assets.

Credit risk is often greater when lessees are concentrated in one single industry or geographical location or have comparable economic characteristics. Customers of the Group are mainly located in Mainland China. Lessees of the Group are from different industries as follows:

	As at December 31, 2007		As at December 31, 2008		As at December 31, 2009		As at September 30, 2010	
	US$'000	%	US$'000	%	US$'000	%	US$'000	%
Lease receivables								
Healthcare	368,125	42	523,551	39	699,209	35	846,284	28
Printing	200,386	23	307,485	23	420,369	21	527,320	18
Shipping	103,893	12	123,762	9	112,013	6	365,962	12
Infrastructure construction	69,710	8	133,203	10	248,001	13	364,806	12
Machinery	35,117	4	73,320	5	159,020	8	237,914	8
Education	78,412	9	174,756	13	314,107	16	468,205	16
Others	22,573	2	14,464	1	18,473	1	175,330	6
	878,216	100	1,350,541	100	1,971,192	100	2,985,821	100
Less: Impairment provision on lease receivables	(11,362)		(17,013)		(25,801)		(34,732)	
Net	866,854		1,333,528		1,945,391		2,951,089	

As the customers of the Group are widely dispersed and are engaged in different industries, there is no significant credit risk concentration within the Group.

The quantitative data of exposure to credit risk arising from lease receivables, notes receivable, accounts receivable, entrusted loans, available-for-sale financial investments and other receivables are set out in note 18, note 16 and note 19, respectively.

The analysis of financial assets which are not past due is as follows:

	Neither past due nor impaired			
	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Lease receivables	863,327	1,324,917	1,947,603	2,963,977
Notes receivable	—	1,554	6,960	3,961
Accounts receivable	2,705	1,141	1,200	3,702
Available-for-sale financial investments	14,448	15,442	19,668	—
Entrusted loans	—	—	14,685	71,276
Lease interest receivables	4,927	5,404	7,915	13,437
Deposits and other receivables	6,761	2,541	24,661	17,653

II. NOTES TO FINANCIAL INFORMATION (continued)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at December 31, 2007, 2008 and 2009 and September 30, 2010, there were no assets which had been past due but are considered not impaired.

Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from mismatches in amounts or duration with regard to the maturity of financial assets and liabilities.

The Group manages its liquidity risk through daily monitoring with the following objectives: maintaining the stability of the leasing business, projecting cash flows and evaluating the level of current assets and in terms of liquidity of the Group, maintaining an efficient internal fund transfer mechanism.

The tables below summarize the maturity profile of the Group's and the Company's financial assets and liabilities based on the contractual undiscounted cash flows:

Group

	As at December 31, 2007					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
FINANCIAL ASSETS:						
Cash and cash equivalents	80,079	—	—	—	—	80,079
Loans and accounts receivable	1,670	107,505	300,205	592,905	—	1,002,285
Deposits and other receivables	103	3,804	2,146	667	—	6,720
Available-for-sale financial investments	—	—	—	14,448	—	14,448
Other assets	—	2,492	—	—	—	2,492
Total financial assets	81,852	113,801	302,351	608,020	—	1,106,024
FINANCIAL LIABILITIES:						
Interest-bearing bank and other borrowings	—	103,347	145,916	415,052	—	664,315
Trade and bills payables	33,309	8,504	6,842	—	—	48,655
Other payables and accruals	29,708	8,156	16,745	97,547	—	152,156
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

II. NOTES TO FINANCIAL INFORMATION (continued)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Group (continued)

	As at December 31, 2008					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash and cash equivalents	33,502	8,779	—	—	—	42,281
Loans and accounts receivable	3,618	152,943	455,574	870,446	—	1,482,581
Deposits and other receivables	—	836	1,705		—	2,541
Available-for-sale financial investments	—	—	—	15,442	—	15,442
Total financial assets	37,120	162,558	457,279	885,888	—	1,542,845
FINANCIAL LIABILITIES:						
Interest-bearing bank and other borrowings	—	145,457	141,021	789,198	—	1,075,676
Trade and bills payables	20,566	9,986	3,373	—	—	33,925
Other payables and accruals	793	11,860	22,761	159,391	—	194,805
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 at December 31, 2009					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
FINANCIAL ASSETS:						
Cash and cash equivalents	48,586	5,858	—	—	—	54,444
Loans and accounts receivable	1,153	220,828	634,228	1,329,127	17,226	2,202,562
Deposits and other receivables	—	22,180	2,485	—	—	24,665
Available-for-sale financial investments	—	—	19,668	—	—	19,668
Total financial assets	49,739	248,866	656,381	1,329,127	17,226	2,301,339
FINANCIAL LIABILITIES:						
Interest-bearing bank and other borrowings	11,716	32,054	348,446	1,016,571	—	1,408,787
Trade and bills payables	6,035	16,255	46,294	28,678	—	97,262
Other payables and accruals	161,916	15,405	29,319	234,400	1,296	442,336
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

II. NOTES TO FINANCIAL INFORMATION (continued)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Group (continued)

	As at September 30, 2010					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
FINANCIAL ASSETS:						
Cash and cash equivalents	94,046	1,349	—	—	—	95,395
Time and pledged deposits	—	33,496	35,282	—	—	68,778
Loans and accounts receivable	3,169	349,934	855,144	2,188,855	27,352	3,424,454
Deposits and other receivables	—	9,747	7,277	821	—	17,845
Total financial assets	97,215	394,526	897,703	2,189,676	27,352	3,606,472
FINANCIAL LIABILITIES:						
Interest-bearing bank and other borrowings	—	190,926	585,120	1,547,694	—	2,323,740
Trade and bills payables	28,631	58,972	51,479	3,101	—	142,183
Other payables and accruals	1,836	41,893	38,400	335,505	14,388	432,022
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

Company

	As at December 31, 2008					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
FINANCIAL ASSETS:						
Cash and cash equivalents	—	—	—	—	—	—
FINANCIAL LIABILITIES:						
Other payables and accruals	1	—	—	—	—	1
Net liquidity gap	(1)	—	—	—	—	(1)

	As at December 31, 2009					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
FINANCIAL ASSETS:						
Cash and cash equivalents	199	—	—	—	—	199
Deposits and other receivables	—	10,000	450	—	—	10,450
Total financial assets	199	10,000	450	—	—	10,649
FINANCIAL LIABILITIES:						
Other payables and accruals	160,007	—	—	—	—	160,007
Net liquidity gap	(159,808)	10,000	450	—	—	(149,358)

II. NOTES TO FINANCIAL INFORMATION (continued)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Company (continued)

	As at September 30, 2010					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
FINANCIAL ASSETS:						
Cash and cash equivalents	1,056	—	—	—	—	1,056
Deposits and other receivables	643	6,317	22,274	146,310	27,860	203,404
Total financial assets	1,699	6,317	22,274	146,310	27,860	204,460
FINANCIAL LIABILITIES:						
Other payables and accruals	—	579	1,178	—	—	1,757
Interest-bearing bank and other borrowings	—	34,100	102,654	40,661	—	177,415
Total financial liability	—	34,679	103,832	40,661	—	179,172
Net liquidity gap	1,699	(28,362)	(81,558)	105,649	27,860	25,288

Capital management

Group

The primary objectives of the Group's capital management are to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders, raise new debt or issue new shares. No changes were made to the objectives, policies or processes for managing capital during the Track Record Period.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes bank and other borrowings. The gearing ratios as at each of the reporting dates during the Track Record Period are as follows:

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Bank and other borrowings	620,671	966,452	1,407,293	2,140,694
Net debt	620,671	966,452	1,407,293	2,140,694
Total equity	178,345	203,540	275,836	494,907
Total equity and bank and other borrowings	799,016	1,169,992	1,683,129	2,635,601
Gearing ratio	78%	83%	84%	81%

II. NOTES TO FINANCIAL INFORMATION (continued)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Far Eastern Leasing

The primary objectives of the capital management of Far Eastern Leasing, a principal subsidiary of the Group located in the PRC, are to ensure that it complies with the regulatory requirements of the MOFCOM in addition to the general requirements that are relevant to the Group aforementioned. In accordance with the "Administration of Foreign Investment in the Leasing Industry" promulgated by the MOFCOM on February 3, 2005 and other relevant laws and regulations, Far Eastern Leasing has set up appropriate business development and capital management programs and established a comprehensive evaluation system. It actively adjusts the capital structure in light of changes in the market and the risks being confronted, by adjusting its dividends policy or financing channels. During the Track Record Period, there are no significant changes on the policies or processes for managing the capital of Far Eastern Leasing.

In accordance with the requirements of the MOFCOM aforementioned, Far Eastern Leasing should maintain its assets at risk within 10 times of its equity. The calculations of assets at risk to equity as at each of the reporting dates during the Track Record Period are as follows:

	As at December 31,			As at September 30,
	2007	2008	2009	2010
	US$'000	US$'000	US$'000	US$'000
Total assets	970,144	1,399,470	2,044,235	2,989,011
Less: Cash	74,037	38,329	49,145	138,423
Total assets at risk	896,107	1,361,141	1,995,090	2,850,588
Equity	177,948	203,974	427,076	477,442
Ratio of assets at risk to equity	5.04	6.67	4.67	5.97

36. POST BALANCE SHEET EVENT

The companies now comprising the Group completed the pre-IPO restructuring on March 8, 2011 in preparation for the listing of the shares of the Company on the Stock Exchange. Further details of the Reorganization are set out in the section headed "Our History and Reorganization—Reorganization" in the prospectus.

Pursuant to the extraordinary general meeting held on March 11, 2011, the shareholders of the Group resolved the matters resulting to the further changes of the share capital of the Group and the further details are set out in the Appendix VII "Statutory and General Information" in the prospectus.

Except as disclosed in this Note 36 in this report, there are no material subsequent events undertaken by the Company or by the Group after September 30, 2010.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or its subsidiaries in respect of any reporting period after September 30, 2010.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma data relating to our net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on our net tangible assets as of September 30, 2010 as if the Global Offering had taken place on September 30, 2010.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as of September 30, 2010 or as of any subsequent dates, including following the Global Offering.

	Unadjusted audited consolidated net tangible assets of the Group attributable to the owners of the Company as of September 30, 2010[1]	Estimated net proceeds from the Global Offering[2]	Unaudited pro forma adjusted net tangible assets of the Group attributable to the owners of the Company[3]	Unaudited pro forma adjusted net tangible assets per Share[4]	
	US$ (in millions)	US$ (in millions)	US$ (in millions)	US$	HK$
Based on an Offer Price of HK$5.20 per Offer Share	493.3	517.4	1,010.6	0.37	2.90
Based on an Offer Price of HK$6.80 per Offer Share	493.3	680.0	1,173.3	0.43	3.36

Notes:

(1) The unadjusted audited consolidated net tangible assets of the Group attributable to the owners of the Company as of September 30, 2010 is extracted from the Accountants' Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to the owners of the Company of US$494.4 million with an adjustment for intangible assets of US$1.1 million.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Prices of HK$5.20 and HK$6.80 per Offer Share, respectively, after deduction of underwriting fees and commissions and other related expenses payable by our Company and take no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in Note (2) above and on the basis that 2,720,000,000 Shares were in issue assuming that the Capitalization Issue and the Global Offering had been completed on September 30, 2010 and that the Over-allotment Option is not exercised.

(4) As of December 31, 2010, the Group's property interests were valued by CBRE, an independent property valuer, and the property valuation report is set out in Appendix IV to this prospectus. The net revaluation surplus, representing the excess of market value of the property interests over their corresponding book value shown in investment properties, prepaid lease payments and property, plant and equipment, is approximately US$67,000. Such revaluation surplus has not been included in the Group's audited consolidated financial information as of September 30, 2010 and will not be included in the Group's financial statements for the nine months ended September 30, 2010. The above adjustment does not take into account the revaluation surplus. Had the property interests been stated at such valuation as of December 31, 2010, additional depreciation of US$1,591 would be charged against the consolidated income statement for the nine months ended September 30, 2010.

(5) No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to September 30, 2010.

B. UNAUDITED PRO FORMA ESTIMATED EARNINGS PER SHARE

The following unaudited pro forma estimated earnings per Share have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had been taken place on January 1, 2010. This unaudited pro forma estimated earnings per Share has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of financial results of the Group for the year ending December 31, 2010 or any future period.

Unaudited estimated profit attributable to the owners of the parent for the year ending December 31, 2010[1]	Not less than US$103.5 million (HK$807.1 million)
Unaudited estimated earnings per Share on a pro forma basis[2]	Not less than US$0.04 (HK$0.30)

Notes:

(1) Our estimated profit attributable to the owners of the parent for the year ended December 31, 2010 is extracted from the section headed "Financial Information—Profit Estimate for the Year Ended December 31, 2010" in this prospectus. The bases on which the above profit estimate has been prepared are summarized in Appendix III to this prospectus. The Directors have prepared the forecast profit attributable to the owners of the Company for the year ending December 31, 2010 based on the audited consolidated results of the Group for the nine months ended September 30, 2010, the unaudited consolidated results based on the management accounts of the Group for the three months ended December 31, 2010. The estimate has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

(2) The unaudited pro forma estimated earnings per Share on a pro forma basis is calculated by dividing the estimated profit attributable to the owners of the parent for the year ending December 31, 2010 by 2,720,000,000 Shares as if such Shares had been in issue on January 1, 2010. The number of Shares used in this calculation includes the Shares in issue as of the date of this prospectus and the Shares to be issued pursuant to the Capitalization Issue and the Global Offering but excludes any Shares which may be issued pursuant to the exercise of the Over-allotment Option.

C. LETTER FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

March 18, 2011

The Directors
Far East Horizon Limited
China International Capital Corporation Hong Kong Securities Limited
Morgan Stanley Asia Limited
UBS AG, Hong Kong Branch

Dear Sirs,

We report on the unaudited pro forma adjusted consolidated net tangible assets and unaudited pro forma estimated earnings per share (the "Unaudited Pro Forma Financial Information") of Far East Horizon Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company (the "Directors") for illustrative purposes only, to provide information about how the Global Offering might have affected the financial information presented, for inclusion in Appendix II to the prospectus of the Company dated March 18, 2011 (the "Prospectus"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix II to the Prospectus.

Respective Responsibilities of the Directors and Reporting Accountants

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments, and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at September 30, 2010 or any future dates; or
- the estimated earnings per share of the Group for the year ended December 31, 2010 or any future periods.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

Our estimated profit attributable to the owners of the Company for the year ended December 31, 2010 is set out in the section headed "Financial Information—Profit Estimate for the Year Ended December 31, 2010" in this prospectus.

A. BASES

The Directors have prepared the estimated profit attributable to the owners of the Company for the year ended December 31, 2010 based on the audited consolidated results of the Group for the nine months ended September 30, 2010 and an estimate of the consolidated results of the Group for the remaining three months ended December 31, 2010.

The estimate has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Group as summarized in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

B. LETTERS

The following is the text of letters, prepared for inclusion in this prospectus, received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong and the Joint Sponsors in connection with the profit estimate.

(1) LETTER FROM THE REPORTING ACCOUNTANTS

安永 ERNST & YOUNG

18th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

March 18, 2011

The Directors
Far East Horizon Limited
China International Capital Corporation Hong Kong Securities Limited
Morgan Stanley Asia Limited
UBS AG, Hong Kong Branch

Dear Sirs,

We have reviewed the calculations of and accounting policies adopted in arriving at the estimate of the consolidated profit attributable to the equity holders of Far East Horizon Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the year ended December 31, 2010 (the "**Profit Estimate**") as set out in the paragraph headed "Profit Estimate" under the section headed "Financial Information" in the prospectus of the Company dated March 18, 2011 (the "**Prospectus**") for which the directors of the Company (the "**Directors**") are solely responsible.

We conducted our work with reference to Auditing Guideline 3.341 "Accountants' Report on Profit Forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Estimate has been prepared by the Directors based on the audited consolidated results of the Group for the nine months ended September 30, 2010, the unaudited consolidated results of the Group for the three months ended December 31, 2010.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the Directors as set out in Appendix III to the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies adopted by the Group as set out in our Accountants' Report dated March 18, 2011 in Appendix I to the Prospectus.

This letter is solely being issued in connection with the listing of the securities on The Stock Exchange of Hong Kong Limited and is not to be used in connection with other purpose.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

(2) LETTER FROM THE JOINT SPONSORS

The following is the text of a letter, prepared for inclusion in this prospectus, which we have received from CICC, Morgan Stanley and UBS, the Joint Sponsors, in connection with the estimate of the profit attributable to the owners of our Company for the year ended December 31, 2010.

29/F
One International Finance Centre
1 Harbour View Street
Central, Hong Kong

Morgan Stanley

Level 46
International Commerce Centre
1 Austin Road West
Hong Kong

52/F
Two International Finance Centre
8 Finance Street
Central, Hong Kong

March 18, 2011

The Directors
Far East Horizon Limited

Dear Sirs

We refer to the estimate of the profit attributable to the owners of Far East Horizon Limited (the "**Company**") for the year ended December 31, 2010 (the "**Profit Estimate**") as set out in the prospectus issued by the Company dated March 18, 2011 (the "**Prospectus**").

We understand the Profit Estimate, for which the directors of the Company are solely responsible, has been prepared by them based on the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the nine months ended September 30, 2010 and an estimate of the consolidated results of the Group for the remaining three months ended December 31, 2010.

We have discussed with you the bases made by the directors of the Company as set out in Appendix III to the Prospectus upon which the Profit Estimate has been made. We have also considered the letter dated March 18, 2011 addressed to you and us from Ernst & Young regarding the accounting policies and calculations upon which the Profit Estimate has been based.

On the basis of the information comprising the Profit Estimate and on the bases of the accounting policies and calculations adopted by you and reviewed by Ernst & Young, we are of the opinion that the Profit Estimate, for which you as the directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully
For and on behalf of
China International Capital Corporation Hong Kong Securities Limited

Qi Kezhan
Managing Director

Yours faithfully
For and on behalf of
Morgan Stanley Asia Limited

Terence Keyes
Managing Director

Yours faithfully
For and on behalf of
UBS AG, Hong Kong Branch

Ronald Tam
Executive Director

Qiang Dai
Executive Director

The following is the text of a letter with the summary of values and valuation certificate received from CB Richard Ellis Limited, prepared for the purpose of incorporation in the prospectus, in connection with their valuation as at December 31, 2010 of all the property interests of the Group.

CBRE
CB RICHARD ELLIS
世邦魏理仕
4/F Three Exchange Square
8 Connaught Place
Central, Hong Kong
T 852 2820 2800
F 852 2810 0830
香港中環康樂廣場八號交易廣場第三期四樓
電話 852 2820 2800 傳真 852 2810 0830

www.cbre.com.hk

地產代理（公司）牌照號碼
Estate Agent's Licence No: C-004065

March 18, 2011

The Board of Directors
Far East Horizon Limited
47th Floor, Office Tower, Convention Plaza
1 Harbour Road, Wanchai
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests held by Far East Horizon Limited (the "Company") and its subsidiaries (hereinafter together know as the "Group") in the People's Republic of China (the "PRC"). We confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of such property interests as at December 31, 2010 (the "date of valuation").

Our valuation is our opinion of Market Value which is defined to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Unless otherwise stated, our valuation is prepared in accordance with the "First Edition of The HKIS Valuation Standards on Properties" published by The Hong Kong Institute of Surveyors ("HKIS"). We have also complied with all the requirements contained in Paragraph 46 of Schedule 3 of the Companies Ordinance (Cap. 32), Chapter 5, Practice Note 12 and Practice Note 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Our valuation has been made on the assumption that the owner sells the properties on the open market without the benefit or the burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the values of the property interests.

Unless otherwise stated, all the property interests are valued by the comparison method on the assumption that each property can be sold with the benefit of vacant possession. Comparison is based on prices realized on actual transactions or asking price of comparable properties. Comparable properties with similar sizes, character and locations are analyzed, and carefully weighted against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value.

In valuing the property interests in Group I, which are contracted to be held by the Group for occupation in the PRC, as for which the Group has entered into sales agreements with relevant owner of the property, but for which the Group has not yet obtained the Realty Titleship Certificates and/or the payment has not yet been fully settled as at the date of valuation. We have ascribed no commercial value to the property interests.

For the property interests in Group II, which are rented by the Group for occupation in the PRC, we considered it has no commercial value due mainly to the prohibition against assignment or sub-letting and/or due to the lack of substantial profit rent.

In the course of our valuation for the property interests in the PRC, we have relied on the legal opinion provided by the Group's PRC legal advisor, Tian Yuan Law Firm (the "PRC Legal Opinion"). We have been provided with extracts from title documents relating to such property interests. We have not, however, searched the original documents to verify ownership or existence of any amendment which does not appear on the copies handed to us. All documents have been used for reference only.

We have relied to a considerable extent on information given by the Group, in particular, but not limited to, the sales records, planning approvals, statutory notices, easements, tenancies and floor areas. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificates are only approximations. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided to us.

We have inspected the properties to such extent as for the purpose of this valuation. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey nor any tests were made on the building services. Therefore, we are not able to report whether the properties are free of rot, infestation or any other structural defects. We have not carried out investigations on the site to determine the suitability of the ground conditions and the services etc. for any future development.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoing of an onerous nature which could affect their values.

Unless otherwise stated, all monetary amounts are stated in Renminbi ("RMB").

We enclose herewith a summary of values and our valuation certificate.

Yours faithfully,
For and on behalf of
CB Richard Ellis Limited

Leo MY Lo
MHKIS MRICS
Director
Valuation & Advisory Services

Note: Mr. Leo MY Lo is a member of Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. He has over 7 years' valuation experience in the PRC, Hong Kong and Asia Pacific Region.

SUMMARY OF VALUES

	Property Interests	Capital Value in existing state as at December 31, 2010 (RMB)	Interests attributable to the Group	Capital Value attributable to the Group as at December 31, 2010 (RMB)
Group I—Property interests contracted to be held by the Group for occupation in the PRC				
1.	Unit 2312 on Level 23, Kailin International Building, No.226 Jinshui Road, Jinshui District, Zhengzhou City, Henan Province, the People's Republic of China	4,000,000	100%	4,000,000
2.	Unit 503 on Level 5, Block 1, Building No.18, Phase II of Zhongrun Century City, No.13777 Jingshi Road, Lixia District, Jinan City, Shandong Province, the People's Republic of China	5,200,000	100%	5,200,000
	Group I Sub-total:			**9,200,000**
Group II—Property interests rented by the Group for occupation in the PRC				
3.	Units 3607 and 3608 on Level 36, No.4 zone, Jinmao Tower, No.88 Century Avenue, Pudong New District, Shanghai City, the People's Republic of China	No Commercial Value	100%	No Commercial Value
4.	Units 3301, 3302, 3304, 3308, 3309 on Level 33, Units 3501, 3502, 3503, 3504, 3507, 3508, 3509, 3510 on Level 35, Units 3604, 3605, 3606, 3609, 3610 on Level 36, No.4 zone, Jinmao Tower, No.88 Century Avenue, Pudong New District, Shanghai City, the People's Republic of China	No Commercial Value	100%	No Commercial Value
5.	Units 3306 and 3307 on Level 33, No.4 zone, Jinmao Tower, No.88 Century Avenue, Pudong New District, Shanghai City, the People's Republic of China	No Commercial Value	100%	No Commercial Value

	Property Interests	Capital Value in existing state as at December 31, 2010	Interests attributable to the Group	Capital Value attributable to the Group as at December 31, 2010
		(RMB)		(RMB)
6.	Unit 3710 on Level 37, No.4 zone, Jinmao Tower, No.88 Century Avenue, Pudong New District, Shanghai City, the People's Republic of China	No Commercial Value	100%	No Commercial Value
7.	Unit 3305 on Level 33, No.4 zone, Jinmao Tower, No.88 Century Avenue, Pudong New District, Shanghai City, the People's Republic of China	No Commercial Value	100%	No Commercial Value
8.	Unit 3303 on Level 33, No.4 zone, Jinmao Tower, No.88 Century Avenue, Pudong New District, Shanghai City, the People's Republic of China	No Commercial Value	100%	No Commercial Value
9.	Unit 3204 on Level 32, No.4 zone, Jinmao Tower, No.88 Century Avenue, Pudong New District, Shanghai City, the People's Republic of China	No Commercial Value	100%	No Commercial Value
10.	Unit 3504A on Level 35, No.4 zone, Jinmao Tower, No.88 Century Avenue, Pudong New District, Shanghai City, the People's Republic of China	No Commercial Value	100%	No Commercial Value
11.	Unit 3603 on Level 36, No.4 zone, Jinmao Tower, No.88 Century Avenue, Pudong New District, Shanghai City, the People's Republic of China	No Commercial Value	100%	No Commercial Value
12.	Unit 3203 on Level 32, Unit 3505 on Level 35, Unit 3601 and Unit 3602 on Level 36, No.4 zone, Jinmao Tower, No.88 Century Avenue, Pudong New District, Shanghai City, the People's Republic of China	No Commercial Value	100%	No Commercial Value

	Property Interests	Capital Value in existing state as at December 31, 2010	Interests attributable to the Group	Capital Value attributable to the Group as at December 31, 2010
		(RMB)		(RMB)
13.	Unit C608 on Level 6, middle block, Chemsunny World Trade Centre, No.28 Fuxingmennei Street, Xicheng District, Beijing City, the People's Republic of China	No Commercial Value	100%	No Commercial Value
14.	An office unit on Level 6, middle block, Chemsunny World Trade Centre, No.28 Fuxingmennei Street, Xicheng District, Beijing City, the People's Republic of China	No Commercial Value	100%	No Commercial Value
15.	Unit 1305 on Level 13, Dolton Hotel Changsha, No.148 Shaoshan Road North, Furong District, Changsha City, Hunan Province the People's Republic of China	No Commercial Value	100%	No Commercial Value
16.	Unit 8E on Level 8, Noble Financial Centre, No.1006 Fuzhong 3rd Road, Futian District, Shenzhen City, Guangdong Province, the People's Republic of China	No Commercial Value	100%	No Commercial Value
17.	Units 2303 and 2305 on Level 23, Block A, President Building, No.65 Heping Street North, Heping District, Shenyang City, Liaoning Province, the People's Republic of China	No Commercial Value	100%	No Commercial Value
18.	Unit 2109 on Level 21, Block I, New World International Trade Center, No.568 Jianshe Avenue, Wuhan City, Hubei Province, the People's Republic of China	No Commercial Value	100%	No Commercial Value

	Property Interests	Capital Value in existing state as at December 31, 2010	Interests attributable to the Group	Capital Value attributable to the Group as at December 31, 2010
		(RMB)		(RMB)
19.	Unit 802 and 1B on Level 8, Chengdu Shangri-la Center, No.9 Binjiang Road East, Jinjiang District, Chengdu City, Sichuan Province, the People's Republic of China	No Commercial Value	100%	No Commercial Value
20.	Units 3202-3207 on Level 32, China Merchants Tower, No.161 Lujiazui Road East, Pudong New District, Shanghai City, the People's Republic of China	No Commercial Value	74.95%	No Commercial Value
21.	Unit 06 on Level 11, Metropolitan Plaza, No.68 Zourong Road, Yuzhong District, Chongqing Municipal City, the People's Republic of China	No Commercial Value	100%	No Commercial Value
	Group II Sub-total:			**No Commercial Value**
	Grand total:			**9,200,000**

Group I—Property interests contracted to be held by the Group for occupation in the PRC

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010
				(RMB)
1.	Unit 2312 on Level 23, Kailin International Building, No.226 Jinshui Road, Jinshui District, Zhengzhou City, Henan Province, the People's Republic of China.	The property comprises an office unit with a gross floor area of approximately 324.33 square meters on Level 23 in a 26-storey office building namely Kailin International Building (the "Development"). The property was completed in 2009. The Development is held under one State-owned Land Use Rights Certificate with a term expiring on May 6, 2068 for mixed residential use.	The property is fully furnished and currently occupied by the Group as office.	RMB4,000,000 (100% interests attributable to the Group: RMB4,000,000

Notes:

a) Pursuant to the Commodity House Transaction Contract No. 10532454 entered into between Henan Kailin Property Co., Ltd. (河南楷林置業有限公司) and International Far Eastern Leasing Co., Ltd. (遠東國際租賃有限公司), dated January 26, 2010, the building ownership of the property with a gross floor area of approximately 324.33 square meters has been granted to International Far Eastern Leasing Co., Ltd. (遠東國際租賃有限公司) for office use at a total consideration of RMB3,048,702.

b) Pursuant to the Building Ownership Certificate Zheng Fang Quan Zheng Zi No. 1001053402 issued by Zhengzhou Municipal Housing and Land Administration Bureau, dated June 9, 2010, the ownership of the property with a gross floor area of approximately 324.33 square meters has been granted to International Far Eastern Leasing Co., Ltd. for office use.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

   i) International Far Eastern Leasing Co., Ltd. legally owns the property and is entitled to use, mortgage, transfer and lease the property.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010
				(RMB)
2.	Unit 503 on Level 5, Block 1, Building No.18, Phase II of Zhongrun Century City, No.13777 Jingshi Road, Lixia District, Jinan City, Shandong Province, the People's Republic of China.	The property comprises an office unit with a gross floor area of approximately 361.93 square meters on Level 5 in a 25-storey building namely Phase II of Zhongrun Century City (the "Development"). The property was completed in 2010. The Development is held under one State-owned Land Use Rights Certificate with a term expiring on September 15, 2033 for commercial and financial use.	The property is fully furnished and currently occupied by the Group as office.	RMB5,200,000 (100% interests attributable to the Group: RMB5,200,000)

Notes:

a) Pursuant to the Commodity House Transaction Contract Xiao Shou Zi No. 201003849 entered into between Shandong Zhongrun Property Co., Ltd. (山東中潤置業有限公司) and International Far Eastern Leasing Co., Ltd. (遠東國際租賃有限公司), dated January 29, 2010, the building ownership of the property with a gross floor area of approximately 361.93 square meters has been granted to International Far Eastern Leasing Co., Ltd. for office use at a total consideration of RMB4,222,310.

b) Pursuant to the Building Ownership Certificate Ji Fang Quan Zheng Li Zi No. 178327 issued by Jinan Municipal Housing and Land Administration Bureau, dated January 7, 2011, the ownership of the property with a gross floor area of approximately 361.93 sq.m. has been granted to International Far Eastern Leasing Co., Ltd. for office use.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

   i) International Far Eastern Leasing co., Ltd. legally owns the property and is entitled to use, mortgage, transfer and lease the property.

Group II—Property interests rented by the Group for occupation in the PRC

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010 (RMB)
3.	Units 3607 and 3608 on Level 36, No.4 zone, Jinmao Tower, No.88 Century Avenue, Pudong New District, Shanghai City, the People's Republic of China.	The property comprises two office units with a total gross floor area of approximately 510.02 square meters on Level 36 in an 88-storey office building namely Jinmao Tower (the "Development"). The property was completed in 1999. The property is leased to Shanghai Donghong Industrial Development Co., Ltd. (上海東泓實業發展有限公司) from China Jinmao Group Co., Ltd. (中國金茂（集團）有限公司) for a term commencing from August 1, 2009 and expiring on July 31, 2011, at a monthly rental of RMB140,255.5 excluding management fee and other outgoings. The property will be continuously leased to Shanghai Donghong Industrial Development Co., Ltd. (上海東泓實業發展有限公司) from China Jinmao Group Co., Ltd. (中國金茂 （集團）有限公司) for a term commencing from August 1, 2011 and expiring on December 31, 2011, at a monthly rental of RMB 137,705.4 excluding management fee and other outgoings.	The property is currently occupied by the Group as office.	No Commercial Value

Notes:

a) Pursuant to the Realty Titleship Certificate Hu Fang Di Shi Zi (2000) No.000241 issued by Shanghai Municipal Housing and Land Administration Bureau, dated January 12, 2000, the building ownership of the Development with a total gross floor area of approximately 292,475.27 square meters and the land use rights with a site area of approximately 23,611.00 square meters, where the property is located therein, have been granted to China Jinmao Group Co., Ltd. (the "Owner").

b) We are advised that the Owner is a connected party of the Group.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

   i) According to the tenancy agreement dated June 16, 2009, Shanghai Donghong Industrial Development Co., Ltd. has leased the property with a gross floor area of approximately 510.02 square meters with a term commencing from August 1, 2009 and expiring on July 31, 2011, at a monthly rental of RMB140,255.5 excluding management fee and other outgoings; According to the tenancy agreement dated November 29, 2010, Shanghai Donghong Industrial Development Co., Ltd. has leased the property with a gross floor area of approximately 510.02 sq.m. with a term commencing from August 1, 2011 and expiring on December 31, 2011, at a monthly rental of RMB 137,705.4 excluding management fee and other outgoings;

ii) The lessor has obtained the title documents of the property under the tenancy agreement. The tenancy agreement is binding on both parties. Shanghai Donghong Industrial Development Co., Ltd. is entitled to occupy and use the property in accordance with the tenancy agreement;

iii) The lessor has not registered the tenancy agreement in the relevant government authorities in accordance with the PRC laws. We are of the view that the validity of the tenancy agreement would not be affected. Meanwhile, Shanghai Donghong Industrial Development Co., Ltd. confirms they have not received any assertions from the third parties regarding the validity of occupying and using the property. Therefore, there is no substantial impact on the operation of Shanghai Donghong Industrial Development Co., Ltd. relating to the tenancy agreement that has not been registered.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010 (RMB)
4.	Units 3301, 3302, 3304, 3308, 3309 on Level 33, Units 3501, 3502, 3503, 3504, 3507, 3508, 3509, 3510 on Level 35, Units 3604, 3605, 3606, 3609, 3610 on Level 36 No.4 zone, Jinmao Tower, No.88 Century Avenue, Pudong New District, Shanghai City, the People's Republic of China.	The property comprises various office units with a total gross floor area of approximately 4,209.80 square meters on Level 33, Level 35 and Level 36 in an 88-storey office building namely Jinmao Tower (the "Development"). The property was completed in 1999. The property is leased to International Far Eastern Leasing Co., Ltd. from China Jinmao Group Co., Ltd for a term commencing from August 1, 2009 and expiring on July 31, 2011. The monthly rental is RMB1,084,375.09 excluding management fee and other outgoings from August 1, 2009 to June 30, 2011 and the monthly rental is RMB156,815.05 excluding management fee and other outgoings from July 1, 2011 to July 31, 2011.	The property is currently occupied by the Group as office.	No Commercial Value

Notes:

a) Pursuant to the Realty Titleship Certificate Hu Fang Di Shi Zi (2000) No.000241 issued by Shanghai Municipal Housing and Land Administration Bureau, dated January 12, 2000, the ownerships of the Development with a total gross floor area of approximately 292,475.27 square meters and with a site area of approximately 23,611.00 square meters, where the property is located therein, have been granted to China Jinmao Group Co., Ltd. (the "Owner").

b) We are advised that the Owner is a connected party of the Group.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

   i) According to the tenancy agreement dated June 16, 2009, International Far Eastern Leasing Co., Ltd. has leased the property with a gross floor area of approximately 4,209.80 square meters with a term commencing from August 1, 2009 and expiring on July 31, 2011. The monthly rental is RMB1,084,375.09 excluding management fee and other outgoings from August 1, 2009 to June 30, 2011 and the monthly rental is RMB156,815.05 excluding management fee and other outgoings from July 1, 2011 to July 31, 2011. According to the tenancy agreement dated November 29, 2010, the above leasing terms will be extended to December 31, 2011;

   ii) The lessor has obtained the title documents of the property under the tenancy agreement. The tenancy agreement is binding on both parties. International Far Eastern Leasing Co., Ltd. is entitled to occupy and use the property in accordance with the tenancy agreement;

   iii) The lessor has not registered the tenancy agreement in the relevant government authorities in accordance with the PRC laws. We are of the view that the validity of the tenancy agreement would not be affected. Meanwhile, International Far Eastern Leasing Co., Ltd. confirms they have not received any assertions from the third parties regarding the validity of occupying and using the property. Therefore, there is no substantial impact on the operation of International Far Eastern Leasing Co., Ltd. relating to the tenancy agreement that has not been registered.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010 (RMB)
5.	Units 3306 and 3307 on Level 33, No.4 zone, Jimao Tower, No.88 Century Avenue, Pudong New District, Shanghai City, the People's Republic of China.	The property comprises two office units with a total gross floor area of approximately 560.96 square meters on Level 33 in an 88-storey office building namely Jinmao Tower (the "Development"). The property was completed in 1999. The property is leased to International Far Eastern Leasing Co., Ltd. from China Jinmao Group Co., Ltd. for a term commencing from August 1, 2009 and expiring on July 31, 2011. The monthly rental is RMB154,264.00 excluding management fee and other outgoings from August 1, 2009 to June 30, 2011 and the monthly rental is RMB20,895.76 excluding management fee and other outgoings from July 1, 2011 to July 31, 2011.	The property is currently occupied by the Group as office.	No Commercial Value

Notes:

a) Pursuant to the Realty Titleship Certificate Hu Fang Di Shi Zi (2000) No.000241 issued by Shanghai Municipal Housing and Land Administration Bureau, dated January 12, 2000, the ownerships of the Development with a total gross floor area of approximately 292,475.27 square meters and with a site area of approximately 23,611.00 square meters, where the property is located therein, have been granted to China Jinmao Group Co., Ltd. (the "Owner").

b) We are advised that the Owner is a connected party of the Group.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

i) According to the tenancy agreement dated June 16, 2009, International Far Eastern Leasing Co., Ltd. has leased the property with a total gross floor area of approximately 560.96 square meters with a term commencing from August 1, 2009 and expiring on July 31, 2011. The monthly rental is RMB154,264.00 excluding management fee and other outgoings from August 1, 2009 to June 30, 2011 and the monthly rental is RMB20,895.76 excluding management fee and other outgoings from July 1, 2011 to July 31, 2011. According to the tenancy agreement dated November 29, 2010, the above leasing terms will be extended to December 31, 2011;

ii) The lessor has obtained the title documents of the property under the tenancy agreements. The tenancy agreements are binding on both parties. International Far Eastern Leasing Co., Ltd. is entitled to occupy and use the property in accordance with the tenancy agreements;

iii) The lessor has not registered the tenancy agreements in the relevant government authorities in accordance with the PRC laws. We are of the view that the validity of the tenancy agreements would not be affected. Meanwhile, International Far Eastern Leasing Co., Ltd. confirms they have not received any assertions from the third parties regarding the validity of occupying and using the property. Therefore, there is no substantial impact on the operation of International Far Eastern Leasing Co., Ltd. relating to the tenancy agreement that has not been registered.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010 (RMB)
6.	Unit 3710 on Level 37, No.4 zone, Jimao Tower, No.88 Century Avenue, Pudong New District, Shanghai City, the People's Republic of China.	The property comprises an office unit with a gross floor area of approximately 178.21 square meters on Level 37 in an 88-storey office building namely Jinmao Tower (the "Development"). The property was completed in 1999. The property is leased to International Far Eastern Leasing Co., Ltd. from China Jinmao Group Co., Ltd. for a term commencing from October 1, 2010 and expiring on July 31, 2011 at a monthly rental of RMB24,058.35 excluding management fee and other outgoings.	The property is currently occupied by the Group as office.	No Commercial Value

Notes:

a) Pursuant to the Realty Titleship Certificate Hu Fang Di Shi Zi (2000) No.000241 issued by Shanghai Municipal Housing and Land Administration Bureau, dated January 12, 2000, the ownerships of the Development with a total gross floor area of approximately 292,475.27 square meters and with a site area of approximately 23,611.00 square meters, where the property is located therein, have been granted to China Jinmao Group Co., Ltd. (the "Owner").

b) We are advised that the Owner is a connected party of the Group.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

i) According to the tenancy agreements dated September 28, 2010, International Far Eastern Leasing Co., Ltd. has leased the property with a gross floor area of approximately 178.21 square meters with a term commencing from October 1, 2010 and expiring on July 31, 2011 at a monthly rental of RMB24,058.35 excluding management fee and other outgoings. According to the tenancy agreement dated November 29, 2010, the above leasing terms will be extended to December 31, 2011;

ii) The lessor has obtained the title documents of the property under the tenancy agreements. The tenancy agreements are binding on both parties. International Far Eastern Leasing Co., Ltd. is entitled to occupy and use the property in accordance with the tenancy agreements;

iii) The lessor has not registered the tenancy agreements in the relevant government authorities in accordance with the PRC laws. We are of the view that the validity of the tenancy agreements would not be affected. Meanwhile, International Far Eastern Leasing Co., Ltd. confirms they have not received any assertions from the third parties regarding the validity of occupying and using the property. Therefore, there is no substantial impact on the operation of International Far Eastern Leasing Co., Ltd. relating to the tenancy agreement that has not been registered.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010 (RMB)
7.	Unit 3305 on Level 33, No.4 zone, Jinmao Tower, No.88 Century Avenue, Pudong New District, Shanghai City, the People's Republic of China.	The property comprises an office unit with a gross floor area of approximately 189.50 square meters on Level 33 in an 88-storey office building namely Jinmao Tower (the "Development"). The property was completed in 1999. The property is leased to International Far Eastern Leasing Co., Ltd. from China Jinmao Group Co., Ltd. for a term commencing from January 1, 2010 and expiring on July 31, 2011. The monthly rental is RMB52,112.50 excluding management fee and other outgoings from January 1, 2010 to June 30, 2011 and the monthly rental is RMB7,058.88 excluding management fee and other outgoings from July 1, 2011 to July 31, 2011.	The property is currently occupied by the Group as office.	No Commercial Value

Notes:

a) Pursuant to the Realty Titleship Certificate Hu Fang Di Shi Zi (2000) No.000241 issued by Shanghai Municipal Housing and Land Administration Bureau, dated January 12, 2000, the ownerships of the Development with a total gross floor area of approximately 292,475.27 square meters and with a site area of approximately 23,611.00 square meters, where the property is located therein, have been granted to China Jinmao Group Co., Ltd. (the "Owner").

b) We are advised that the Owner is a connected party of the Group.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

i) According to the tenancy agreement dated November 16, 2009, International Far Eastern Leasing Co., Ltd. has leased the property with a gross floor area of approximately 189.50 square meters with a term commencing from January 1, 2010 and expiring on July 31, 2011. The monthly rental is RMB52,112.50 excluding management fee and other outgoings from January 1, 2010 to June 30, 2011 and the monthly rental is RMB7,058.88 excluding management fee and other outgoings from July 1, 2011 to July 31, 2011. According to the tenancy agreement dated November 29, 2010, the above leasing terms will be extended to December 31, 2011;

ii) The lessor has obtained the title documents of the property under the tenancy agreement. The tenancy agreement is binding on both parties. International Far Eastern Leasing Co., Ltd. is entitled to occupy and use the property in accordance with the tenancy agreement;

iii) The lessor has not registered the tenancy agreement in the relevant government authorities in accordance with the PRC laws. We are of the view that the validity of the tenancy agreement would not be affected. Meanwhile, International Far Eastern Leasing Co., Ltd. confirms they have not received any assertion from the third parties regarding the validity of occupying and using the property. Therefore, there is no substantial impact on the operation of International Far Eastern Leasing Co., Ltd. relating to the tenancy agreement that has not been registered.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010 (RMB)
8.	Unit 3303 on Level 33, No.4 zone, Jinmao Tower, No.88 Century Avenue, Pudong New District, Shanghai City, the People's Republic of China.	The property comprises an office unit with a gross floor area of approximately 136.11 square meters on Level 33 in an 88-storey office building namely Jinmao Tower (the "Development"). The property was completed in 1999. The property is leased to International Far Eastern Leasing Co., Ltd. from China Jinmao Group Co., Ltd. for a term commencing from June 1, 2010 and expiring on July 31, 2011. The monthly rental is RMB37,430.25 excluding management fee and other outgoings from June 1, 2010 to June 30, 2011 and the monthly rental is RMB5,070.10 excluding management fee and other outgoings from July 1, 2011 to July 31, 2011.	The property is currently occupied by the Group as office.	No Commercial Value

Notes:

a) Pursuant to the Realty Titleship Certificate Hu Fang Di Shi Zi (2000) No.000241 issued by Shanghai Municipal Housing and Land Administration Bureau, dated January 12, 2000, the ownerships of the Development with a total gross floor area of approximately 292,475.27 square meters and with a site area of approximately 23,611.00 square meters, where the property is located therein, have been granted to China Jinmao Group Co., Ltd. (the "Owner").

b) We are advised that the Owner is a connected party of the Group.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

i) According to the tenancy agreement dated April 9, 2010, International Far Eastern Leasing Co., Ltd. has leased the property with a gross floor area of approximately 136.11 square meters with a term commencing from June 1, 2010 and expiring on July 31, 2011. The monthly rental is RMB37,430.25 excluding management fee and other outgoings from June 1, 2010 to June 30, 2011 and the monthly rental is RMB5,070.10 excluding management fee and other outgoings from July 1, 2011 to July 31, 2011. According to the tenancy agreement dated November 29, 2010, the above leasing terms will be extended to December 31, 2011;

ii) The lessor has obtained the title documents of the property under the tenancy agreement. The tenancy agreement is binding on both parties. International Far Eastern Leasing Co., Ltd. is entitled to occupy and use the property in accordance with the tenancy agreement;

iii) The lessor has not registered the tenancy agreement in the relevant government authorities in accordance with the PRC laws. We are of the view that the validity of the tenancy agreement would not be affected. Meanwhile, International Far Eastern Leasing Co., Ltd. confirms they have not received any assertions from the third parties regarding the validity of occupying and using the property. Therefore, there is no substantial impact on the operation of International Far Eastern Leasing Co., Ltd. relating to the tenancy agreement that has not been registered.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010 (RMB)
9.	Unit 3204 on Level 32, No.4 zone, Jinmao Tower, No.88 Century Avenue, Pudong New District, Shanghai City, the People's Republic of China.	The property comprises an office unit with a gross floor area of approximately 292.73 square meters on Level 32 in an 88-storey office building namely Jinmao Tower (the "Development"). The property was completed in 1999. The property is leased to International Far Eastern Leasing Co., Ltd. from China Jinmao Group Co., Ltd. for a term commencing from November 15, 2010 and expiring on July 31, 2011. The monthly rental is RMB79,037.10 excluding management fee and other outgoings.	The property is currently occupied by the Group as office.	No Commercial Value

Notes:

a) Pursuant to the Realty Titleship Certificate Hu Fang Di Shi Zi (2000) No.000241 issued by Shanghai Municipal Housing and Land Administration Bureau, dated January 12, 2000, the ownerships of the Development with a total gross floor area of approximately 292,475.27 square meters and with a site area of approximately 23,611.00 square meters, where the property is located therein, have been granted to China Jinmao Group Co., Ltd. (the "Owner").

b) We are advised that the Owner is a connected party of the Group.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

i) According to the tenancy agreement dated September 28, 2010, International Far Eastern Leasing Co., Ltd. has leased the property with a gross floor area of approximately 292.73 square meters with a term commencing from November 15, 2010 and expiring on July 31, 2011. The monthly rental is RMB79,037.10 excluding management fee and other outgoings. According to the tenancy agreement dated November 29, 2010, the above leasing terms will be extended to December 31, 2011;

ii) The lessor has obtained the title documents of the property under the tenancy agreement. The tenancy agreement is binding on both parties. International Far Eastern Leasing Co., Ltd. is entitled to occupy and use the property in accordance with the tenancy agreement;

iii) The lessor has not registered the tenancy agreement in the relevant government authorities in accordance with the PRC laws. We are of the view that the validity of the tenancy agreement would not be affected. Meanwhile, International Far Eastern Leasing Co., Ltd. confirms they have not received any assertions from the third parties regarding the validity of occupying and using the property. Therefore, there is no substantial impact on the operation of International Far Eastern Leasing Co., Ltd. relating to the tenancy agreement that has not been registered.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010 (RMB)
10.	Unit 3504A on Level 35, No.4 zone, Jinmao Tower, No.88 Century Avenue, Pudong New District, Shanghai City, the People's Republic of China.	The property comprises an office unit with a gross floor area of approximately 257.57 square meters on Level 35 in an 88-storey office building namely Jinmao Tower (the "Development"). The property was completed in 1999. The property is leased to International Far Eastern Leasing Co., Ltd. from China Jinmao Group Co., Ltd. for a term commencing from November 15, 2010 and expiring on July 31, 2011. The monthly rental is RMB69,543.90 excluding management fee and other outgoings.	The property is currently occupied by the Group as office.	No Commercial Value

Notes:

a) Pursuant to the Realty Titleship Certificate Hu Fang Di Shi Zi (2000) No.000241 issued by Shanghai Municipal Housing and Land Administration Bureau, dated January 12, 2000, the ownerships of the Development with a total gross floor area of approximately 292,475.27 square meters and with a site area of approximately 23,611.00 square meters, where the property is located therein, have been granted to China Jinmao Group Co., Ltd. (the "Owner").

b) We are advised that the Owner is a connected party of the Group.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

i) According to the tenancy agreement dated September 28, 2010, International Far Eastern Leasing Co., Ltd. has leased the property with a gross floor area of approximately 257.57 square meters with a term commencing from November 15, 2010 and expiring on July 31, 2011. The monthly rental is RMB69,543.90 excluding management fee and other outgoings. According to the tenancy agreement dated November 29, 2010, the above leasing terms will be extended to December 31, 2011;

ii) The lessor has obtained the title documents of the property under the tenancy agreement. The tenancy agreement is binding on both parties. International Far Eastern Leasing Co., Ltd. is entitled to occupy and use the property in accordance with the tenancy agreement;

iii) The lessor has not registered the tenancy agreement in the relevant government authorities in accordance with the PRC laws. We are of the view that the validity of the tenancy agreement would not be affected. Meanwhile, International Far Eastern Leasing Co., Ltd. confirms they have not received any assertions from the third parties regarding the validity of occupying and using the property. Therefore, there is no substantial impact on the operation of International Far Eastern Leasing Co., Ltd. relating to the tenancy agreement that has not been registered.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010 (RMB)
11.	Unit 3603 on Level 36, No.4 zone, Jinmao Tower, No.88 Century Avenue, Pudong New District, Shanghai City, the People's Republic of China.	The property comprises an office unit with a gross floor area of approximately 269.23 square meters on Level 36 in an 88-storey office building namely Jinmao Tower (the "Development"). The property was completed in 1999. The property is leased to International Far Eastern Leasing Co., Ltd. from China Jinmao Group Co., Ltd. for a term commencing from November 15, 2010 and expiring on July 31, 2011. The monthly rental is RMB72,692.10 excluding management fee and other outgoings.	The property is currently occupied by the Group as office.	No Commercial Value

Notes:

a) Pursuant to the Realty Titleship Certificate Hu Fang Di Shi Zi (2000) No.000241 issued by Shanghai Municipal Housing and Land Administration Bureau, dated January 12, 2000, the ownerships of the Development with a total gross floor area of approximately 292,475.27 square meters and with a site area of approximately 23,611.00 square meters, where the property is located therein, have been granted to China Jinmao Group Co., Ltd. (the "Owner").

b) We are advised that the Owner is a connected party of the Group.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

i) According to the tenancy agreement dated September 28, 2010, International Far Eastern Leasing Co., Ltd. has leased the property with a gross floor area of approximately 269.23 square meters with a term commencing from November 15, 2010 and expiring on July 31, 2011. The monthly rental is RMB72,692.10 excluding management fee and other outgoings. According to the tenancy agreement dated November 29, 2010, the above leasing terms will be extended to December 31, 2011;

ii) The lessor has obtained the title documents of the property under the tenancy agreement. The tenancy agreement is binding on both parties. International Far Eastern Leasing Co., Ltd. is entitled to occupy and use the property in accordance with the tenancy agreement;

iii) The lessor has not registered the tenancy agreement in the relevant government authorities in accordance with the PRC laws. We are of the view that the validity of the tenancy agreement would not be affected. Meanwhile, International Far Eastern Leasing Co., Ltd. confirms they have not received any assertions from the third parties regarding the validity of occupying and using the property. Therefore, there is no substantial impact on the operation of International Far Eastern Leasing Co., Ltd. relating to the tenancy agreement that has not been registered.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010 (RMB)
12.	Unit 3203 on Level 32, Unit 3505 on Level 35, Unit 3601 and Unit 3602 on Level 36, No.4 zone, Jinmao Tower, No.88 Century Avenue, Pudong New District, Shanghai City, the People's Republic of China.	The property comprises four office units with a total gross floor area of approximately 1,384.80 square meters in an 88-storey office building namely Jinmao Tower (the "Development"). The property was completed in 1999. The property is leased to International Far Eastern Leasing Co., Ltd. from China Jinmao Group Co., Ltd. for a term commencing from November 15, 2010 and expiring on July 31, 2011. The monthly rental is RMB373,896.00 excluding management fee and other outgoings.	The property is currently occupied by the Group as office.	No Commercial Value

Notes:

a) Pursuant to the Realty Titleship Certificate Hu Fang Di Shi Zi (2000) No.000241 issued by Shanghai Municipal Housing and Land Administration Bureau, dated January 12, 2000, the ownerships of the Development with a total gross floor area of approximately 292,475.27 square meters and with a site area of approximately 23,611.00 square meters, where the property is located therein, have been granted to China Jinmao Group Co., Ltd. (the "Owner").

b) We are advised that the Owner is a connected party of the Group.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

i) According to the tenancy agreement dated September 28, 2010, International Far Eastern Leasing Co., Ltd. has leased the property with a total gross floor area of approximately 1,384.80 square meters with a term commencing from November 15, 2010 and expiring on July 31, 2011. The monthly rental is RMB373,896.00 excluding management fee and other outgoings. According to the tenancy agreement dated November 29, 2010, the above leasing terms will be extended to December 31, 2011;

ii) The lessor has obtained the title documents of the property under the tenancy agreement. The tenancy agreement is binding on both parties. International Far Eastern Leasing Co., Ltd. is entitled to occupy and use the property in accordance with the tenancy agreement;

iii) The lessor has not registered the tenancy agreement in the relevant government authorities in accordance with the PRC laws. We are of the view that the validity of the tenancy agreement would not be affected. Meanwhile, International Far Eastern Leasing Co., Ltd. confirms they have not received any assertions from the third parties regarding the validity of occupying and using the property. Therefore, there is no substantial impact on the operation of International Far Eastern Leasing Co., Ltd. relating to the tenancy agreement that has not been registered.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010 (RMB)
13.	Unit C608 on Level 6, middle block, Chemsunny World Trade Centre, No.28 Fuxingmennei Street, Xicheng District, Beijing City, the People's Republic of China.	The property comprises an office unit with a gross floor area of approximately 297.62 square meters on Level 6 in a 14-storey office building namely Chemsunny World Trade Centre (the "Development"). The property was completed in 2007. The property is leased to International Far Eastern Leasing Co., Ltd. from Beijing Chemsunny Property Co., Ltd. (北京凱晨置業有限公司) for a term commencing from January 1, 2010 and expiring on December 31, 2011 at a monthly rental of RMB68,452.60 excluding management fee and other outgoings.	The property is currently occupied by the Group as office.	No Commercial Value

Notes:

a) Pursuant to the Building Ownership Certificate X Jing Fang Quan Zheng Xi Gang Ao Tai Zi No. 003682 issued by Beijing Municipal Construction Commission dated November 29, 2007, the ownership of the Development with a total gross floor area of approximately 182,446.31 square meters, where the property is located therein, has been granted to Beijing Chemsunny Property Co., Ltd. (the "Owner").

b) We are advised that the Owner is a connected party of the Group.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

   i) According to the tenancy agreement dated March 15, 2010, International Far Eastern Leasing Co., Ltd. has leased the property with a gross floor area of approximately 297.62 square meters with a term commencing from January 1, 2010 and expiring on December 31, 2011 at a monthly rental of RMB68,452.60 excluding management fee and other outgoings;

   ii) The lessor has obtained the title documents of the property under the tenancy agreement. The tenancy agreement is binding on both parties. International Far Eastern Leasing Co., Ltd. is entitled to occupy and use the property in accordance with the tenancy agreement;

   iii) The lessor has not registered the tenancy agreement in the relevant government authorities in accordance with the PRC laws. We are of the view that the validity of the tenancy agreement would not be affected. Meanwhile, International Far Eastern Leasing Co., Ltd. confirms they have not received any assertions from the third parties regarding the validity of occupying and using the property. Therefore, there is no substantial impact on the operation of International Far Eastern Leasing Co., Ltd. relating to the tenancy agreement that has not been registered.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010 (RMB)
14.	An office unit on Level 6, middle block, Chemsunny World Trade Centre, No.28 Fuxingmennei Street, Xicheng District, Beijing City, the People's Republic of China.	The property comprises an office unit with a gross floor area of approximately 143.00 square meters on Level 6 in a 14-storey office building namely Chemsunny World Trade Centre (the "Development"). The property was completed in 2007. The property is leased to International Far Eastern Leasing Co., Ltd. from Beijing Chemsunny Property Co., Ltd. for a term commencing from July 1, 2010 and expiring on December 31, 2011 at a monthly rental of RMB32,890.00 excluding management fee and other outgoings.	The property is currently occupied by the Group as office.	No Commercial Value

Notes:

a) Pursuant to the Building Ownership Certificate X Jing Fang Quan Zheng Xi Gang Ao Tai Zi No. 003682 issued by Beijing Municipal Construction Commission dated November 29, 2007, the ownership of the Development with a total gross floor area of approximately 182,446.31 square meters, where the property is located therein, has been granted to Beijing Chemsunny Property Co., Ltd. (the "Owner").

b) We are advised that the Owner is a connected party of the Group.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

   i) According to the tenancy agreement dated May 26, 2010, International Far Eastern Leasing Co., Ltd. has leased the property with a gross floor area of approximately 143.00 square meters with a term commencing from July 1, 2010 and expiring on December 31, 2011 at a monthly rental of RMB32,890.00 excluding management fee and other outgoings;

   ii) The lessor has obtained the title documents of the property under the tenancy agreement. The tenancy agreement is binding on both parties. International Far Eastern Leasing Co., Ltd. is entitled to occupy and use the property in accordance with the tenancy agreement;

   iii) The lessor has not registered the tenancy agreement in the relevant government authorities in accordance with the PRC laws. We are of the view that the validity of the tenancy agreement would not be affected. Meanwhile, International Far Eastern Leasing Co., Ltd. confirms they have not received any assertions from the third parties regarding the validity of occupying and using the property. Therefore, there is no substantial impact on the operation of International Far Eastern Leasing Co., Ltd. relating to the tenancy agreement that has not been registered.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010 (RMB)
15.	Unit 1305 on Level 13, Dolton Hotel Changsha, No.149 Shaoshan Road North, Furong District, Changsha City, Hunan Province the People's Republic of China.	The property comprises an office unit with a gross floor area of approximately 170.00 square meters on Level 13 in a 51-storey building namely Dolton Hotel Changsha (the "Development"). The property was completed in 1998. The property is leased to International Far Eastern Leasing Co., Ltd. from Dolton Hotel Changsha (長沙通程國際大酒店) for a term commencing from August 1, 2010 and expiring on January 31, 2011 at a monthly rental of RMB18,224.70 including management fee.	The property is currently occupied by the Group as office.	No Commercial Value

Notes:

a) Pursuant to the Building Ownership Certificate Chang Fang Quan Zheng (Fu Rong) Zi No.00338492 issued by Changsha Municipal Housing Administration Bureau, dated April 9, 2004, the building ownership of the Development with a total gross floor area of approximately 85,680.81 square meters, where the property is located therein, has been granted to Changsha Dolton Industrial (Group) Co., Ltd. (長沙通程實業(集團)有限公司) (the "Owner").

b) We are advised that the Owner is an independent third party of the Group.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

   i) According to the tenancy agreement dated July 9, 2010, International Far Eastern Leasing Co., Ltd. has leased the property with a gross floor area of approximately 170.00 square meters with a term commencing from August 1, 2010 and expiring on January 31, 2011 at a monthly rental of RMB18,224.70 including management fee;

   ii) The lessor has obtained the building ownership of the property under the tenancy agreement. The tenancy agreement is binding on both parties. International Far Eastern Leasing Co., Ltd. is entitled to occupy and use the property in accordance with the tenancy agreement;

   iii) The lessor has not registered the tenancy agreement in the relevant government authorities in accordance with the PRC laws. We are of the view that the validity of the tenancy agreement would not be affected. Meanwhile, International Far Eastern Leasing Co., Ltd. confirms they have not received any assertions from the third parties regarding the validity of occupying and using the property. Therefore, there is no substantial impact on the operation of International Far Eastern Leasing Co., Ltd. relating to the tenancy agreement that has not been registered.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010 (RMB)
16.	Unit 8E on Level 8, Noble Financial Centre, No.1006 Fuzhong 3rd Road, Futian District, Shenzhen City, Guangdong Province, the People's Republic of China.	The property comprises an office unit with a gross floor area of approximately 329.87 square meters on Level 8 in a 38-storey building namely Noble Financial Centre (the "Development"). The property was completed in 2005. The property is leased to International Far Eastern Leasing Co., Ltd. from Shenzhen Shengruiqi Enterprise Development Co., Ltd. (深圳市盛銳祺實業發展有限公司) for a term commencing from August 10, 2009 and expiring on August 9, 2012. The monthly rental is RMB41,824.22 excluding management fee and other outgoings from August 10, 2009 to August 9, 2010, the monthly rental is RMB43,915.59 excluding management fee and other outgoings from August 10, 2010 to August 9, 2011 and the monthly rental is RMB46,112.53 excluding management fee and other outgoings from August 10, 2011 to August 9, 2012.	The property is currently occupied by the Group as office.	No Commercial Value

Notes:

a) Pursuant to the Realty Titleship Registration Certificate issued by Shenzhen Municipal Realty Titleship Registration Center, dated March 23, 2006, the building ownership of the property with a total gross floor area of approximately 329.87 square meters and the land use rights of the Development with a site area of approximately 4,980.05 square meters, where the property is located therein, have been granted to Shengruiqi Enterprise Development Co., Ltd. (the "Owner").

b) We are advised that the Owner is an independent third party of the Group.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

i) According to the tenancy agreement dated July 15, 2009, International Far Eastern Leasing Co., Ltd. has leased the property with a gross floor area of approximately 329.87 square meters with a term commencing from August 10, 2009 and expiring on August 9, 2012. The monthly rental is RMB41,824.22 excluding management fee and other outgoings from August 10, 2009 to August 9, 2010, the monthly rental is RMB43,915.59 excluding management fee and other outgoings from August 10, 2010 to August 9, 2011 and the monthly rental is RMB46,112.53 excluding management fee and other outgoings from August 10, 2011 to August 9, 2012;

ii) The lessor has obtained the title documents of the property under the tenancy agreement. The tenancy agreement is binding on both parties. International Far Eastern Leasing Co., Ltd. is entitled to occupy and use the property in accordance with the tenancy agreement;

iii) The lessor has registered the tenancy agreement in the relevant government authorities in accordance with the PRC laws.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010 (RMB)
17.	Units 2303 and 2305 on Level 23, Block A, President Building, No.65 Heping Street North, Heping District, Shenyang City, Liaoning Province, the People's Republic of China.	The property comprises two office units with a total gross floor area of approximately 193.26 square meters on Level 23 in a 28-storey building namely President Building (the "Development"). The property was completed in 2003. The property is leased to International Far Eastern Leasing Co., Ltd. from Shenyang Marryland International Industrial Co., Ltd. (瀋陽瑪莉藍國際實業有限責任公司) for a term commencing from August 20, 2010 and expiring on February 19, 2011 at a monthly rental of RMB15,202.96 excluding management fee and other outgoings.	The property is currently occupied by the Group as office.	No Commercial Value

Notes:

a) Pursuant to the Building Ownership Certificate Shen Fang Quan Zheng Shi He Ping No.11180 issued by Shenyang Municipal Housing Administration Bureau, dated December 17, 2003, the building ownership of Level 23 of the Development with a total gross floor area of approximately 3,292.29 square meters, where the property is located therein, has been granted to Shenyang Marryland International Industrial Co., Ltd. (the "Owner").

b) We are advised that the Owner is an independent third party of the Group.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

   i) According to the tenancy agreement dated August 18, 2010, International Far Eastern Leasing Co., Ltd. has leased the property with a gross floor area of approximately 193.26 square meters with a term commencing from August 20, 2010 and expiring on February 19, 2011 at a monthly rental of RMB91,217.78 excluding management fee and other outgoings;

   ii) The lessor has obtained the building ownership of the property under the tenancy agreement. The tenancy agreement is binding on both parties. International Far Eastern Leasing Co., Ltd. is entitled to occupy and use the property in accordance with the tenancy agreement;

   iii) The lessor has not registered the tenancy agreement in the relevant government authorities in accordance with the PRC laws. We are of the view that the validity of the tenancy agreement would not be affected. Meanwhile, International Far Eastern Leasing Co., Ltd. confirms they have not received any assertions from the third parties regarding the validity of occupying and using the property. Therefore, there is no substantial impact on the operation of International Far Eastern Leasing Co., Ltd. relating to the tenancy agreement that has not been registered.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010 (RMB)
18.	Unit 2109 on Level 21, Block I, New World International Trade Center, No.568 Jianshe Avenue, Wuhan City, Hubei Province, the People's Republic of China.	The property comprises an office unit with a gross floor area of approximately 260.01 square meters on Level 21 in a 57-storey building namely New World International Trade Center (the "Development"). The property was completed in 2004. The property is leased to International Far Eastern Leasing Co., Ltd. from New World Development (Wuhan) Co., Ltd. (新世界發展（武漢）有限公司) for a term commencing from January 1, 2010 and expiring on December 31, 2011 at a monthly rental of RMB14,300.55 excluding management fee and other outgoings.	The property is currently occupied by the Group as office.	No Commercial Value

Notes:

a) Pursuant to the Building Ownership Certificate Wu Fang Quan Zheng Shi Zi No.200520492 issued by Wuhan Municipal Housing Administration Bureau, dated August 9, 2005, the building ownership of the property with a total gross floor area of approximately 2,326.78 square meters, where the property is located therein, has been granted to New World Development (Wuhan) Co., Ltd. (the "Owner").

b) We are advised that the Owner is an independent third party of the Group.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

   i) According to the tenancy agreement dated December 10, 2009, International Far Eastern Leasing Co., Ltd. has leased the property with a gross floor area of approximately 260.01 square meters with a term commencing from January 1, 2010 and expiring on December 31, 2011 at a monthly rental of RMB14,300.55 excluding management fee and other outgoings;

   ii) The lessor has obtained the building ownership of the property under the tenancy agreement. The tenancy agreement is binding on both parties. International Far Eastern Leasing Co., Ltd. is entitled to occupy and use the property in accordance with the tenancy agreement;

   iii) The lessor has not registered the tenancy agreement in the relevant government authorities in accordance with the PRC laws. We are of the view that the validity of the tenancy agreement would not be affected. Meanwhile, International Far Eastern Leasing Co., Ltd. confirms they have not received any assertions from the third parties regarding the validity of occupying and using the property. Therefore, there is no substantial impact on the operation of International Far Eastern Leasing Co., Ltd. relating to the tenancy agreement that has not been registered.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010 (RMB)
19.	Unit 802 and unit 1B on Level 8, Chengdu Shangri-la Center, No.9 Binjiang Road East, Jinjiang District, Chengdu City, Sichuan Province, the People's Republic of China.	The property comprises two office units with a gross floor area of approximately 292.94 square meters on Level 8 in a 30-storey building namely Chengdu Shangri-la Center (the "Development"). The property was completed in 2007. The property is leased to International Far Eastern Leasing Co., Ltd. from Shangri-la Hotel (Chengdu) Co., Ltd. (香格里拉大酒店（成都）有限公司) for a term commencing from November 27, 2008 and expiring on November 26, 2010 at a monthly rental of RMB24,653.84 excluding management fee and other outgoings.	The property is currently occupied by the Group as office.	No Commercial Value

Notes:

a) As advised by the Group, the lessor did not provide the Building Ownership Certificate of the property.

b) We are advised that the Owner is an independent third party of the Group.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

i) According to the tenancy agreement dated September 24, 2008, International Far Eastern Leasing Co., Ltd. has leased unit 802 with a gross floor area of approximately 166.58 square meters with a term commencing from November 27, 2008 and expiring on November 26, 2010 at a monthly rental of RMB24,653.84 excluding management fee and other outgoings; According to the supplementary tenancy agreement dated November 10, 2010, International Far Eastern Leasing Co., Ltd. has continued to lease unit 802 with a term commencing from November 27, 2010 and expiring on November 14, 2012 at a monthly rental of RMB24,987.00 excluding management fee and other outgoings, meanwhile, International Far Eastern Leasing Co., Ltd. has leased unit 1B on the 8th floor with a gross floor area of approximately 126.36 sq.m. with a term commencing from November 15, 2010 and expiring on November 14, 2012 at a monthly rental of RMB18,954.00 excluding management fee and other outgoings;

ii) The lessor did not provide the Building Ownership Certificate of the property. The leased property is for office use and its size is small. In the event that the validity of the tenancy agreement is affected, it is not difficult for International Far Eastern Leasing Co., Ltd. to lease a new property. We are of the view that the validity of the tenancy agreement would not have substantial impact on the operation of International Far Eastern Leasing Co., Ltd. relating to the absence of the building ownership certificate;

iii) The lessor has not registered the tenancy agreement in the relevant government authorities in accordance with the PRC laws. We are of the view that the validity of the tenancy agreement would not be affected. Meanwhile, International Far Eastern Leasing Co., Ltd. confirms they have not received any assertions from the third parties regarding the validity of occupying and using the property. Therefore, there is no substantial impact on the operation of International Far Eastern Leasing Co., Ltd. relating to the tenancy agreement that has not been registered.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010 (RMB)
20.	Units 3202-3207 on Level 32, China Merchants Tower, No.161 Lujiazui Road East, Pudong New District, Shanghai City, the People's Republic of China.	The property comprises various office units with a total gross floor area of approximately 681.28 square meters on Level 32 in a 39-storey building namely China Merchants Tower (the "Development"). The property was completed in 1996. The property is leased to Shanghai Domin Medical Engineering Co., Ltd. (上海德明醫用設備工程有限公司) from Shanghai Merchants Tower Co., Ltd. (上海招商局大廈有限公司) for a term commencing from March 1, 2010 and expiring on February 28, 2013. The monthly rental is RMB99,466.90 excluding management fee and other outgoings from March 1, 2010 to February 28, 2012 and the monthly rental is RMB109,413.60 excluding management fee and other outgoings from March 1, 2012 to February 28, 2013.	The property is currently occupied by the Group as office.	No Commercial Value

Notes:

a) Pursuant to the Realty Titleship Certificate Hu Fang Di Pu Zi (1997) No.000937 issued by Shanghai Municipal Housing and Land Administration Bureau, dated January 20, 1997, the ownerships of the Development with a total gross floor area of approximately 30,303.67 square meters and with a site area of approximately 2,756.60 square meters, where the property is located therein, have been granted to Shanghai Merchants Tower Co., Ltd. (the "Owner").

b) We are advised that the Owner is an independent third party of the Group.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

i) According to the tenancy agreement dated March 15, 2010, Shanghai Domin Medical Engineering Co., Ltd. has leased the property with a gross floor area of approximately 681.28 square meters with a term commencing from March 1, 2010 and expiring on February 28, 2013. The monthly rental is RMB99,466.90 excluding management fee and other outgoings from March 1, 2010 to February 28, 2012 and the monthly rental is RMB109,413.60 excluding management fee and other outgoings from March 1, 2012 to February 28, 2013;

ii) The lessor has obtained the title documents of the property under the tenancy agreement. The tenancy agreement is binding on both parties. Shanghai Domin Medical Engineering Co., Ltd. is entitled to occupy and use the property in accordance with the tenancy agreement;

iii) The lessor has not registered the tenancy agreement in the relevant government authorities in accordance with the PRC laws. We are of the view that the validity of the tenancy agreement would not be affected. Meanwhile, Shanghai Domin Medical Engineering Co., Ltd. confirms they have not received any assertions from the third parties regarding the validity of occupying and using the property. Therefore, there is no substantial impact on the operation of Shanghai Domin Medical Engineering Co., Ltd. relating to the tenancy agreement that has not been registered.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at December 31, 2010 (RMB)
21.	Unit 06 on Level 11, Metropolitan Plaza, No.68 Zourong Road, Chongqing Municipal City, the People's Republic of China.	The property comprises an office unit with a gross floor area of approximately 135.74 sq.m. on Level 11 in a 25-storey building namely Metropolitan Plaza (the "Development"). The property was completed in 2006. The property is leased to International Far Eastern Leasing Co., Ltd. from Hutchison Enterprises (Chongqing) Limited (和記實業（重慶）有限公司) for a term commencing from December 15, 2010 and expiring on December 14, 2012 at a monthly rental of RMB21,039.70 excluding management fee and other outgoings.	The property is currently occupied by the Group as office.	No Commercial Value

Notes:

a) Pursuant to the Building Ownership Certificate Fang Quan Zheng 100 Zi No.100102 issued by Chongqing Municipal Housing Administration Bureau, dated May 24, 1999, the building ownership of the property with a total gross floor area of approximately 54811.37 sq.m., where the property is located therein, has been granted to Hutchison Enterprises (Chongqing) Limited (和記實業（重慶）有限公司) (the "Owner").

b) We are advised that the Owner is an independent third party of the Group.

c) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia, the following information:

i) According to the tenancy agreement dated November 8, 2010, International Far Eastern Leasing Co., Ltd. has leased the property with a gross floor area of approximately 135.74 sq.m. with a term commencing from December 15, 2010 and expiring on December 14, 2012 at a monthly rental of RMB21,039.70 excluding management fee and other outgoings;

ii) The lessor has obtained the building ownership of the property under the tenancy agreement. The tenancy agreement is binding on both parties. International Far Eastern Leasing Co., Ltd. is entitled to occupy and use the property in accordance with the tenancy agreement;

iii) The lessor has not registered the tenancy agreement in the relevant government authorities in accordance with the PRC laws. We are of the view that the validity of the tenancy agreement would not be affected. Meanwhile, International Far Eastern Leasing Co., Ltd. confirms they have not received any assertions from the third parties regarding the validity of occupying and using the property. Therefore, there is no substantial impact on the operation of International Far Eastern Leasing Co., Ltd. relating to the tenancy agreement that has not been registered.

The following discussion is a summary of certain anticipated tax consequences of our operations and of an investment in the Shares under tax laws of the PRC and Hong Kong. This discussion does not purport to address all possible tax consequences relating to our operations or to an investment in the Shares. In particular, the discussion does not address the tax consequences under non-Hong Kong and non-PRC tax laws. Accordingly, you should consult your tax advisor regarding the tax consequences of your investment in the Shares. The following discussion is based upon laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change.

PRC TAXATION

As our Company is not incorporated in the PRC, your investment in the Shares is largely exempt from PRC tax laws, except as disclosed in the section headed "Risk Factors – Risks Relating to Conducting Operations in China – We may be subject to PRC income taxes on our worldwide income or be required to withhold PRC income tax on dividends payable to our foreign shareholders, and your gains from selling our Shares may be subject to PRC income tax if we are deemed to be a PRC tax resident" in this prospectus. However, as our business operations are in the PRC and we carry out these business operations through operating subsidiaries organized under PRC law, our PRC operations and our operating subsidiaries in the PRC are subject to PRC tax laws and regulations, which indirectly affect your investment in the Shares.

Corporate Income Tax

Prior to January 1, 2008, the Shanghai local tax bureau granted to Far Eastern and Shanghai Donghong a preferential tax rate of 15%. The Tenth National People's Congress enacted the PRC Enterprise Income Tax Law (the "**PRC EIT Law**") on March 16, 2007, which provides for a uniform enterprise income tax rate of 25% for both domestic enterprises and foreign-invested enterprises. The PRC EIT Law took effect on January 1, 2008. As a result, the tax rate for domestic enterprises has been reduced to 25%, while the tax rate for foreign-invested enterprises that have enjoyed preferential tax treatment, has been increased to 25% upon the expiration of a transition period of five years. The PRC EIT Law also provides a transition period for enterprises that were entitled to certain preferential tax treatment prior to the promulgation of the PRC EIT Law. As a result, each of Far Eastern and Shanghai Donghong were subject to transitional tax rates of 18% in 2008, 20% in 2009 and 22% in 2010. Upon expiration of the tax privileges enjoyed under the current income tax laws, Far Eastern and Shanghai Donghong will not be subject to any preferential tax rates previously available and will instead be subject to the uniform tax rate of 25%.

Under the PRC EIT Law, enterprises established outside of the PRC whose "de facto management bodies" are located in the PRC are considered "resident enterprises" and will generally be subject to the uniform 25% enterprise income tax rate on their global income. Under the Implementation Regulations of the PRC Enterprise Income Tax Law (the "**Implementation Regulations**"), the term "de facto management body" is defined as a body which substantially manages, or has control over the business, personnel, finance and assets of an enterprise. According to a recent circular promulgated by the State Administration of Taxation, enterprises which are incorporated offshore while controlled by PRC domestic enterprise will be regarded as "resident enterprise" for PRC enterprise income tax purposes if their "de facto management body" is based in the PRC, with reference to certain specified criteria. These criteria include (a) the enterprise's day-to-day operational management is primarily exercised in the PRC, (b) decisions relating to the

enterprise's financial and human resource matters are made or subject to approval by organizations or personnel in the PRC, (c) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in the PRC and (d) 50% or more of voting board members or senior executives of the enterprise habitually reside in the PRC. We are currently not treated as a PRC resident enterprise by the relevant tax authorities. Since substantially all of our management is currently based in the PRC and is expected to remain in the PRC in the future, we cannot assure that we will not be considered as a "resident enterprise" under the PRC EIT Law and not be subject to the enterprise income tax rate of 25% on our global income in the future.

Dividends From Our PRC Subsidiaries

The PRC EIT Law and its Implementation Regulations provide that dividends sourced from PRC payable to "non-resident enterprises" shall be subject to PRC enterprise income tax at a rate of 10%. Such dividend tax rate may be further reduced by applicable tax treaties or arrangements. According to the Arrangement between the Mainland and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Evasion with respect to Taxes on Income, the withholding tax rate on dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is further reduced to 5% if the Hong Kong resident enterprise holds at least 25% equity interests in the PRC resident enterprise, and remains at 10% otherwise.

According to the PRC EIT Law and the Implementation Regulations, dividend payments between qualified PRC resident enterprises are exempted from enterprise income tax. As the PRC EIT Law and the Implementation Regulations have only recently taken effect, it remains unclear as to whether dividend payments from our PRC subsidiaries to us will be exempted from enterprise income tax if we are considered as a PRC resident enterprise for tax purposes.

Dividends We Pay to Our Shareholders

If we are not considered as a PRC resident enterprise for tax purposes under the PRC EIT Law and the Implementation Regulations, the distribution of dividends by us to our overseas Shareholders will not be subject to PRC tax. Under the PRC EIT Law and the Implementation Regulations, PRC withholding tax at a rate of 10% will normally be applicable to PRC-sourced income of non-resident enterprises, subject to adjustment by the applicable treaties. The Implementation Regulations further set forth that dividend income is viewed as PRC-sourced income if the enterprise that distributes dividends is domiciled in the PRC. If we are considered as a PRC resident enterprise for tax purposes, dividends paid by us to our overseas Shareholders may be regarded as PRC-sourced and therefore be subject to PRC withholding tax at the rate of up to 10%. As the PRC EIT Law and the Implementation Rules have only recently taken effect, it is currently unclear as to how the relevant PRC tax authorities would implement the law and the rules.

Transfer or Disposition of Shares by Our Shareholders

Under the PRC EIT Law and the Implementation Regulations, a withholding tax at a rate of 10% will normally be applicable to PRC-sourced income of non-resident enterprises, subject to adjustment by the applicable treaties. The Implementation Regulations further set forth that if capital gains are realized by non-resident enterprises from transferring equity interests of enterprises domiciled in the PRC, then such capital gains are regarded as PRC-sourced income. If we are considered as a PRC resident enterprise for tax purposes, transfer of Shares by our overseas Shareholders may be

regarded as PRC-sourced income and subject to PRC withholding tax at the rate of up to 10%. As the PRC EIT Law and the Implementation Regulations have only recently taken effect, it is currently unclear as to how the relevant PRC tax authorities would implement the law and the rules.

HONG KONG TAXATION

Dividends

No tax is imposed in Hong Kong in respect of dividends our Company pays to our Shareholders. Dividends paid to our Shareholders are free of withholding taxes in Hong Kong.

Capital Gains and Profits Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of the Shares. Trading gains from the sale of the Shares by persons carrying on a business in Hong Kong, where such gains are sourced in Hong Kong and arise from such business, will be chargeable to Hong Kong profits tax. Currently, profits tax is imposed on corporations at the rate of 16.5% and on individuals at the rate of 15.0%. Gains from sale of the Shares effected on the Stock Exchange will be considered to be sourced in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sale of the Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty will be payable by the purchaser on every purchase, and by the seller on every sale, of the Shares. The duty is charged at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares transferred on each sale and purchase. In other words, a total of 0.2% of stamp duty is currently payable on a typical sale and purchase transaction of the Shares. In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK$5. Where a sale or purchase of the Shares is effected by a non Hong Kong resident and any stamp duty payable on the contract notes is not paid, the relevant instrument of transfer (if any) will be chargeable with such duty, together with the duty otherwise chargeable thereon, and the transferee will be liable to pay such duty.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares whose deaths occur on or after February 11, 2006.

This Appendix contains a summary of the Articles of Association of our Company. The principal objective is to provide potential investors with an overview of the Articles of Association. As the information set out below is in summary form, it does not contain all of the information that may be important to potential investors. As stated in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VIII to this prospectus, a copy of the Memorandum and Articles of Association is available for inspection.

The existing Articles of Association were adopted on March 14, 2011. The following is a summary of certain provisions of the Articles of Association. The powers conferred or permitted by the Articles of Association are subject to the provisions of the Companies Ordinance, other Ordinances, subsidiary legislation and the Listing Rules.

CHANGES IN CAPITAL

The Company may exercise any powers conferred or permitted by the Companies Ordinance or any other ordinance and from time to time purchase or otherwise acquire its own shares and warrants (including any redeemable shares) or to give, directly or indirectly, by means of a loan, guarantee, the provision of security or otherwise, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any shares or warrants in the Company, and should the Company purchase or otherwise acquire its own shares or warrants, neither the Company nor the Board shall be required to select the shares or warrants to be purchased or otherwise acquired rateably or in any other particular manner as between the holders of shares or warrants of the same class or as between them and the holders of shares or warrants of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares, provided that in the case of purchases of redeemable shares, (a) purchases not made through the market or by tender shall be limited to a maximum price and (b) if purchases are by tender, tenders shall be available to all shareholders alike and provided further that any such purchase or other acquisition or financial assistance shall only be made or given in accordance with any relevant rules or regulations issued by the Stock Exchange or the SFC from time to time.

The Company may, from time to time, by ordinary resolution increase its authorized share capital by such sum divided into shares of such amounts as the resolution shall prescribe.

The Company may, from time to time, by ordinary resolution:

(a) by sub-division of its existing shares or any of them, divide its share capital or any part thereof into shares of smaller amount than is fixed by its memorandum of association, so however that in the sub-division the proportion between the amount paid up and the amount (if any) not paid up on each such share of smaller amount shall be the same as it was in the case of the share from which it was derived. Any resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have such preferred or other special rights, or may have such qualified or deferred rights or be subject to such restrictions, as compared with the other or others, as the Company has power to attach to new shares;

(b) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled;

(c) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;

(d) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, or conditions or such restrictions which in the absence of any such determination by the Company in general meeting; and

(e) make provision for the issue and allotment of shares which do not carry rights, the word "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, must include the words "restricted voting" or "limited voting".

Save as provided by the Companies Ordinance, the Articles of Association or any resolution of the Company to the contrary, all unissued shares shall be at the disposal of the Directors who may offer, allot, grant options over or otherwise deal with or dispose of the same to such persons and upon such terms as they shall consider fit, provided that no shares of any class shall be issued at a discount to their nominal value except in accordance with the provisions of the Companies Ordinance, the Articles of Association and any resolution of the Company.

The Company may by special resolution reduce its share capital and any capital redemption reserve fund, any share premium account or any undistributable reserve in any manner allowed by law.

VARIATION OF RIGHTS

If, at any time, the Company's share capital is divided into different classes of shares, all or any of the special rights attached to any class of shares (unless otherwise provided for by the terms of issue of the shares of that class) may, subject to the provisions of the Companies Ordinance, be varied, either while the Company is a going concern or during or in contemplation of a winding-up either with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of shares of that class. All the provisions contained in the Articles of Association relating to general meetings shall mutatis mutandis apply to every such meeting except that the quorum thereof shall be not less than two persons holding or representing by proxy one-third in normal value of the issued shares of the class, and that any holder of shares of that class present in person or by proxy may demand a poll.

TRANSFERS OF SHARES

All transfers of shares must be effected by an instrument of transfer in writing and in any usual form or in a form prescribed by the Stock Exchange or in any other form which the Directors may approve and shall be executed under hand or, if the transferor or transferee is a clearing house or its nominee(s), the instrument of transfer shall be executed by hand or by machine imprinted signature or in writing in the usual common form or in such other form as the Board may approve by such manner of execution as the Board may approve from time to time. The instrument of transfer must be executed by or on behalf of the transferor and by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the Company's register of members in respect thereof. Nothing in the Memorandum and Articles of Association shall preclude the Directors from recognizing a renunciation of the allotment or provisional allotment of any share by the allottee in favor of some other person.

The Board may, at any time in their absolute discretion and without assigning any reason therefore, decline to register any transfer of any share (not being a fully paid up share).

The Board may also decline to register any transfer unless:

(a) the instrument of transfer is duly stamped and lodged at the Company's registered office or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates, and such other evidence (if any) as the Board may reasonably require to prove the title of the intending transferor or his right to transfer the shares (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do);

(b) the instrument of transfer is in respect of only one class of shares;

(c) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(d) the instrument of transfer is accompanied by payment of such fee, not exceeding the maximum amount prescribed by the Stock Exchange from time to time, as the Board may from time to time require;

(e) the shares concerned are free of any lien in favor of the company;

(f) such other conditions as the directors may from time to time impose for the purpose of guarding against losses arising from forgery are satisfied;

(g) a fee not exceeding the maximum fee prescribed or permitted from time to time by the Stock Exchange is paid to the Company in respect thereof; and

(h) issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists.

If the Board refuses to register a transfer they shall, within two months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.

No transfer may be made to an infant or to a person of unsound mind or under other legal disability.

NOTICE OF GENERAL MEETINGS

Subject to section 116C of the Companies Ordinance, at least twenty clear business days' notice of every annual general meeting and of every extraordinary general meeting at which it is proposed to pass a special resolution, and at least ten clear business days' notice of every other extraordinary general meeting shall be given in writing. The accidental omission to give such notice of a general meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send an instrument of proxy to, or the non-receipt of either or both by, any person entitled to receive such notice shall not invalidate any resolution passed or proceeding had at that meeting.

The notice shall specify the place, the day and the time of the meeting and, in the case of special business, the general nature of such business. In the case of a meeting convened for passing a special resolution, the notice shall also specify the intention to propose the resolution as a special resolution. Every notice of meeting shall also state with reasonable prominence that a member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote instead of him and that a proxy need not also be a member.

Notwithstanding that a meeting of the Company is convened by shorter notice than that specified in the Articles of Association, it shall be deemed to have been duly convened if it is so agreed: (a) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

VOTING AT GENERAL MEETINGS

Subject to the Articles of Association and to any special rights or restrictions as to voting for the time being attached to any shares of the Company, every member who (being an individual) is present in person or (being a corporation) is present by a duly authorized representative at any general meeting shall have one vote for every fully paid-up share of which he is the holder.

At any general meeting, a resolution put to the vote of a meeting shall be decided by poll.

Where a member is a recognized clearing house (within the meaning of the SFO) or its nominee, it may authorize any number of person or persons as it thinks fit to act as its proxy (or proxies) or representative (or representatives) at any general meeting of the Company or any separate meeting of any class of members of the Company provided that, if more than one person so authorized, the instrument of proxy or authorization must specify the number and class of shares in respect of which each such person is so authorized. Notwithstanding anything contained in these Articles, each person so authorized, and any instrument of proxy or authorization signed by any officer of the recognized clearing house, shall be deemed to have been duly authorized without further evidence of the facts. The person so authorized will be entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee) as if such person was the registered holder of the shares of the Company held by that recognized clearing house (or its nominee), including the right to vote on a poll.

Where any member is, under the rules prescribed by the Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any vote cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

QUALIFICATIONS OF DIRECTORS

A Director is not required to hold any qualification shares. No person is required to vacate office or be ineligible for re-election or re-appointment as a Director, and no person is ineligible for appointment as a Director, by reason only of his having attained any particular age.

BORROWING POWERS

The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of its undertaking, property, assets and uncalled capital. The Board may issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

DIRECTORS' REMUNERATION AND EXPENSES

The Directors are entitled to receive by way of remuneration for their services such sum as the remuneration committee established by the Board with a majority of the members being independent

non-executive Directors determine, which (unless otherwise directed by the resolution by which it is voted) is to be divided amongst the Directors in such proportions and in such manner as the Board may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing shall not apply to a Director who holds any salaried employment or office in the Company except in the case of sums paid in respect of Directors' fees.

The Directors are also entitled to be repaid their reasonable travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Board, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors.

The Board, may award special remuneration (by way of bonus, commission, participation in profits or otherwise as the Directors may determine) to any Director who performs services which, in the opinion of the Board, goes beyond the scope of the ordinary duties of a Director.

DIRECTORS' INTERESTS

No Director or intended Director is disqualified by his office from contracting with the Company, nor is any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor is any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding that office or of any fiduciary relationship thereby established, provided that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested as required by and subject to the provisions of the Companies Ordinance.

A Director may not vote nor be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or matter in which he or any of his associate(s) has, directly or indirectly, a material interest, but this prohibition does not apply to any of the following matters:

(a) any contract or arrangement for the giving of any guarantee, security or indemnity to the Director or his associate(s) in respect of money lent to, or obligations incurred by him or any of them at the request of or for the benefit of, the Company or any of its subsidiaries;

(b) any contract or arrangement for the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(c) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are intending to become interested as a participant in the underwriting or sub-underwriting of the offer;

(d) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in those shares or debentures or other securities;

(e) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer, executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, other than a company in which the Director together with any of his associates are in aggregate the holders of or beneficially interested in 5% or more of the issued shares of any class of such company (or of any other company through which his interest or that of his associates is derived) or of the voting rights attaching to such issued shares;

(f) any proposal or arrangement concerning the benefit of the employees of the Company or any of its subsidiaries, including the adoption, modification or operation of a pension fund or retirement, death or disability benefit scheme, which relates to the Directors, his associates and employees of the Company or any of its subsidiaries and does not accord to any Director or his associate(s) as such any privilege or advantage not generally accorded to the employees to whom such arrangement relates; and

(g) any proposal or arrangement concerning the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme for the benefit of the employees of the Company or any of its subsidiaries under which the Director or his associate(s) may benefit.

Notwithstanding the above, any conflicted Director, meaning any Director who is also a director or member of senior management of the Controlling Shareholders or their respective subsidiaries (other than the Group) shall abstain from participating in any Board meeting or part thereof when matters in which any conflicted Director or his associates have a material interest are discussed, unless his attendance is requested by a majority of the independent non-executive Directors. Notwithstanding his attendance, he shall not vote or be counted towards the quorum in respect of such matters.

Any Director may continue to be or become a member or director of, or hold any other office or place of profit under, any other company in which the Company may be interested, and no such Director shall be accountable for any dividend, remuneration, superannuating payment or other benefits received by him as a member or director of, or holder of any other office or place of profit under, any such other company. The Board may also cause any voting power conferred by the shares in any other company held or owned by the Company or any power of appointment to be exercised in such manner in all respects as it thinks fit (including the exercise of the voting power or power of appointment in favor of the appointment of the Directors or any of them as directors or officers of the other company or in favor of the payment of any benefit to the directors or officers of the other company) PROVIDED ALWAYS THAT a Director who is also a director or a member of senior management of any Controlling Shareholder or their respective Subsidiaries (other than the Group) shall not hold any executive position in either: (i) the Company or its subsidiaries; or (ii) any Controlling Shareholder or their respective subsidiaries (other than the Group) which is engaged in the same or similar business as that of the Company, save for any Director who has been previously appointed to the board or management of a Controlling Shareholder who may continue to hold office under such appointment until he resigns.

DIVIDENDS

Subject to the Companies Ordinance, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board. The Company in general meeting may also make a distribution to its

members out of contributed surplus (as ascertained in accordance with the Companies Ordinance). No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realizable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium account.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

The board may from time to time pay to the members such interim dividends as appear to the board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the board acts bona fide the board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the board, justifies such payment.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. The Company may also upon the recommendation of the Board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or partly by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company.

INDEMNITY

Each of the Directors or other officer or auditors of the Company shall be indemnified out of the assets of the Company against all liabilities incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favor or in which he is acquitted or in connection with any application in which relief from liability is granted to him by the court.

Subject to the provisions of the Companies Ordinance, the Directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is a director, alternate director, manager, secretary or officer of the Company or the auditors of the Company for the purpose of indemnifying such persons and keeping them indemnified against liability for negligence, default, breach of duty or breach of trust (save for fraud) or other liability which may lawfully be insured against by the Company and any liability which may be incurred by him in defending any proceedings, whether civil or criminal, taken against him for any negligence, default, breach of duty or breach of trust (including fraud) of which he may be guilty in relation to the Company or a related company.

WINDING UP

If the Company is wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the Shareholders in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the Shareholders or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he may with the like sanction determine, but no member shall be compelled to accept any assets upon which there is a liability.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated in Hong Kong under the Companies Ordinance as a limited liability company on May 15, 2008. Our Company's registered office is at Room 4701, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong. A summary of provisions of the Articles of Association of our Company is set out in the section headed "Summary of the Articles of Association" in Appendix VI to this prospectus.

2. Changes in Share Capital of Our Group

The Company

As of the date of our incorporation, the authorized share capital of our Company was HK$10,000 divided into 10,000 ordinary shares of HK$1.00 each. The following sets out the changes in our Company's issued share capital since the date of its incorporation:

(a) on May 15, 2008, 1 ordinary share of HK$1.00 was allotted and issued credited as fully paid to GNL08 Limited as the initial subscriber, which was transferred to Fortune Ally on June 13, 2008;

(b) on March 13, 2009, 9,999 ordinary shares of HK$1.00 each was allotted and issued credited as fully paid to Fortune Ally;

(c) pursuant to the resolutions in writing of the sole shareholder of our Company passed on June 30, 2010, the authorized share capital of our Company was increased from HK$10,000 to HK$18,496 by the creation of an additional 8,496 ordinary shares of HK$1.00 each. On the same date, our Company allotted and issued 8,496 ordinary shares of HK$1.00 each to Fortune Ally, credited as fully paid, as settlement of a shareholder's loan in the amount of US$215,680,000 from Fortune Ally to our Company;

(d) on March 8, 2011, the authorized share capital of our Company was further increased to HK$27,200 by the creation of 8,704 new series A shares of HK$1.00 each. These series A shares are convertible into ordinary shares of our Company;

(e) on March 8, 2011, the Company allotted and issued 8,704 series A shares of HK$1.00 each, credited as fully paid, to Fortune Ally by capitalizing the share premium account of our Company;

(f) on March 8, 2011, Fortune Ally distributed 18,496 ordinary shares of HK$1.00 each of the Company to Greatpart and 8,704 series A shares of HK$1.00 each of the Company to KKR Future Investments, Techlink and TML on a pro-rata basis (i.e. 5,100 series A shares to KKR Future Investments, 3,060 series A shares to Techlink and 544 series A shares to TML) by way of a dividend in specie;

(g) on March 11, 2011, each issued ordinary share of HK$1.00 each was sub-divided into 100 Shares of HK$0.01 each and each series A share of HK$1.00 was sub-divided into 100 Series A Shares of HK$0.01 each, resulting in our Company having an issued share capital of HK$27,200 divided into 1,849,600 ordinary shares of HK$0.01 each and 870,400 Series A Shares of HK$0.01 each; and

(h) on March 11, 2011, the authorized share capital of our Company was amended to HK$100,000,000 divided into 9,999,129,600 Shares and 870,400 Series A Shares.

Upon the Global Offering becoming a qualified IPO (as defined in the Second Shareholders' Agreement), the Series A Shares will be mandatorily converted into Shares on the Listing Date based on an adjusted conversion price, after adjusting for the dividend, subdivision, combination, share split, capitalization or reclassification of the Shares. Following such conversion, the 870,400 Series A Shares will be converted to 870,400 Shares. The Global Offering and the proposed listing of our Shares on the Stock Exchange is a qualified IPO for the purposes of the Second Shareholders' Agreement.

Immediately following the completion of the Capitalization Issue and the Global Offering and the conversion of the Series A Shares but without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, our authorized share capital will be HK$100,000,000 divided into 10,000,000,000 Shares, and our issued share capital will be HK$27,200,000 divided into 2,720,000,000 Shares, all fully paid or credited as fully paid.

Save as disclosed in this Appendix, there has been no alteration in our Company's share capital since the date of our incorporation.

Our Subsidiaries

The list of our subsidiaries is set out in the Accountants' Report set out in Appendix I to this prospectus. The following alterations in the share capital (or registered capital, as the case may be) of our subsidiaries have taken place within the two years preceding the date of this prospectus:

Far Eastern

- On June 25, 2009, our Company passed a shareholder resolution to increase the registered capital of Far Eastern from US$127,030,922.28 to US$277,030,922.28. Such capital increase was approved by MOFCOM on August 3, 2009 and then registered with SAIC on November 18, 2009. The newly increased registered capital was fully paid up.
- On January 28, 2010, our Company passed a resolution to increase the registered capital of Far Eastern from US$277,030,922.28 to US$332,710,922.28. Such capital increase was approved by MOFCOM on June 2, 2010 and then registered with SAIC on June 30, 2010. The newly increased registered capital was fully paid up.

Save as described above, there has been no other alteration in the share capital of the subsidiaries of our Company in the two years preceding the date of this prospectus.

3. Resolutions of Our Shareholders

By a resolution approved in writing by our Shareholders on March 11, 2011, our Shareholders resolved that:

(a) each share of HK$1.00 each in the capital of our Company be sub-divided into 100 Shares of HK$0.01 each and each Series A share of HK$1.00 each in the capital of our Company be sub-divided into 100 Series A Shares of HK$0.01 each;

(b) the authorized share capital of the Company be increased from HK$27,200 to HK$100,000,000;

(c) conditional on (i) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering (including the exercise of the Over-allotment Option) and upon the conversion of the Series A Shares; and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Global Coordinators) (on behalf of the Underwriters)) and the Underwriting Agreements not being terminated in accordance with their terms or otherwise:

(i) the Global Offering be approved and the Directors be authorized to effect the same and to allot and issue the Offer Shares pursuant to the Global Offering; and

(ii) the proposed listing of the Shares on the Stock Exchange as mentioned in this prospectus be approved and the Directors be authorized to implement such listing;

(d) subject to the conditions of the Global Offering as set out in this prospectus being fulfilled and the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with their terms, the authorized share capital of the Company be re-classified from HK$100,000,000 divided into two classes comprising (i) 9,999,129,600 Shares and (ii) 870,400 Series A Shares into HK$100,000,000 divided into 10,000,000,000 Shares by:

(i) re-designating all the Series A Shares as Shares; and

(ii) removing all rights attached to the existing Series A Shares and replacing them with rights identical in all respects to the rights now attaching to the Shares to the intent that all existing shares in the Company after such re-classification shall form one and the same class and have the same rights attached thereto and rank pari passu in all respects with each other;

(e) subject to the share premium account of the Company having sufficient balance, or otherwise being credited as a result of the issue of Offer Shares pursuant to the Global Offering, the Directors be authorized to allot and issue on the Listing Date a total of (i) 1,901,280,000 Shares credited as fully paid at par to the holders of the Shares and the holders of Series A Shares on the register of members of the Company at the close of business on March 29, 2011 (or as they may direct) in proportion to their respective shareholdings and for the Series A Shares assuming all outstanding Series A Shares convertible into or exchangeable for Shares have been so converted or exchanged (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalization of the sum of HK$19,012,800 standing to the credit of the share premium account of the Company, and the Shares and the Series A Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued Shares;

(f) a general unconditional mandate be granted to the Directors to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with at any time, subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, shall not exceed 20% of the aggregate nominal value of the share capital of the Company in issue immediately following the completion of the Capitalization Issue and the Global Offering. This general mandate does not cover

Shares to be allotted, issued, or dealt with under a rights issue or scrip dividend scheme or similar arrangements or a specific authority granted by the Shareholders. This general mandate to issue Shares will remain in effect until:

(i) the conclusion of the Company's next annual general meeting;

(ii) the expiration of the period within which the Company's next annual general meeting is required to be held under any applicable laws or the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of the Shareholders at a general meeting,

whichever is the earliest;

(g) a general unconditional mandate be granted to the Directors to exercise all the Company's powers to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of the Company's share capital in issue immediately following the completion of the Capitalization Issue and the Global Offering (excluding Shares which may be issued upon the exercise of the Over-allotment Option).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and regulations and the requirements of the Listing Rules. The general mandate to repurchase Shares will remain in effect until:

(i) the conclusion of the Company's next annual general meeting;

(ii) the expiration of the period within which the Company's next annual general meeting is required to be held under any applicable laws or the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of the Shareholders at a general meeting,

whichever is the earliest; and

(h) the general unconditional mandate as mentioned in sub-paragraph (f) above be extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by the Company pursuant to the mandate to purchase Shares referred to in sub-paragraph (g) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Capitalization Issue and the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option).

By a resolution approved in writing by our Shareholders on March 14, 2011, our Shareholders resolved that:

(a) the articles of association (for purpose of converting the Company into a public company) was adopted with immediate effect; and

(b) the Articles of Association was adopted with effect on the Listing Date.

4. Repurchases By Our Company of Our Own Securities

This section sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchase of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

(*ii) Source of Funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association of our Company and the Listing Rules and the applicable laws of Hong Kong. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchases by our Company may be made out of our Company's funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of Shares made for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the Shares to be repurchased must be out of the funds which would otherwise be available for dividend or distribution or from sums standing to the credit of our Company's share premium account.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(vii) Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates and a connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for Repurchases

Our Directors believe that the ability to repurchase Shares is in the interests of our Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. Our Directors sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by our Directors at the relevant time having regard to the circumstances then pertaining.

(c) Funding of Repurchases

In repurchasing securities, our Company may only apply funds lawfully available for such purpose in accordance with the Memorandum and Articles of Association of our Company, the Listing Rules and the applicable laws of Hong Kong.

There could be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the repurchase

mandate were to be carried out in full at any time during the share repurchase period. However, our Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(d) General

A general unconditional mandate is granted to the Directors to exercise all the Company's powers to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of the Company's share capital in issue immediately following the completion of the Capitalization Issue and the Global Offering (excluding Shares which may be allotted and issued upon the exercise of the Over-allotment Option).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose). The general mandate to repurchase Shares will remain in effect until the earliest of:

(i) the conclusion of the Company's next annual general meeting;

(ii) the expiration of the period within which the Company's next annual general meeting is required to be held under any applicable laws or the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of the Shareholders at a general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Memorandum and Articles of Association of our Company, the Listing Rules and the applicable laws in Hong Kong.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No connected person of our Company has notified us that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or our subsidiaries within the two years immediately preceding the date of this prospectus that are or may be material:

(a) an equity transaction agreement dated September 7, 2009 entered into between Far Eastern and Sinochem Shanghai, whereby Far Eastern agreed to acquire 10% equity interests in the registered capital of Shanghai Donghong from Sinochem Shanghai for a consideration of RMB1,798,000;

(b) a share transfer agreement dated September 15, 2009 entered into between Sinochem HK and Greatpart, whereby Sinochem HK agreed to transfer its 69.30% equity interests in Fortune Ally to Greatpart for a consideration of US$189,601,896.15;

(c) a share transfer agreement dated September 15, 2009 entered into between Sinochem Europe and Greatpart, whereby Sinochem Europe agreed to transfer its 30.70% equity interests in Fortune Ally to Greatpart for a consideration of US$83,993,913.59;

(d) a subscription agreement dated September 16, 2009 entered into among Fortune Ally, Greatpart, KKR Future Investments, Techlink and TML, under which each of KKR Future Investments, Techlink and TML agreed to subscribe for 5,859,375, 3,515,625 and 625,000 Fortune Ally Series A Shares, respectively at the respective investment amounts of US$93,750,000, US$56,250,000 and US$10,000,000;

(e) a loan agreement dated September 16, 2009 entered into between our Company and Fortune Ally, whereby Fortune Ally agreed to grant our Company a loan up to an aggregate principal amount of US$150,000,000 with no interest and our Company agreed to repay all amounts outstanding under the loan agreement to Fortune Ally at any time when Fortune Ally requires so in writing;

(f) a shareholders' agreement dated September 23, 2009 among Fortune Ally, Greatpart, KKR Future Investments, Techlink and TML to govern the terms and conditions of transfers of shares of Fortune Ally as well as its management and the conduct of operations;

(g) a loan agreement dated September 23, 2009 entered into between Fortune Ally and our Company, whereby Fortune Ally agreed to grant our Company a loan equal to US$10,000,000 with no interest and our Company agreed to repay all amounts outstanding under the loan agreement to Fortune Ally at any time when Fortune Ally requires so in writing;

(h) a share transfer agreement dated November 16, 2009 entered into between Far Eastern and Sinochem Finance Co., Ltd. (中化集團財務有限責任公司), whereby Far Eastern transferred its 6.93% equity interests in FOTIC to Sinochem Finance Co., Ltd. (中化集團財務有限責任公司) for a consideration of RMB134,294,760 based on the appraised value appraised by Devechina Asset Evaluation Co., Ltd. (中發國際資產評估有限公司) (an independent third party);

(i) a shareholders' agreement dated February 22, 2010 entered into among Far Eastern, Yijia Decorate Engineering Co., Ltd (上海藝佳裝飾工程有限公司) ("**Yijia**"), Shanghai Xinglian Information Technology Co., Ltd (上海星聯信息技術有限公司) ("**Xinglian**") and Shanghai Dechuang System Project Co., Ltd (上海德創系統工程有限公司) ("**Dechuang**") in relation to

the co-founding of Shanghai Domin, whereby Far Eastern, Yijia, Xinglian and Dechuang agreed to contribute capital of RMB14,990,000, RMB1,670,000, RMB1,670,000 and RMB1,670,000, respectively;

(j) a subscription agreement dated June 7, 2010 entered into among Fortune Ally, KKR Future Investments, Techlink, TML and Greatpart, whereby Fortune Ally agreed to issue and allot (i) 652,500 Fortune Ally Series A Shares to KKR Future Investments at a consideration of US$10,440,000; (ii) 391,500 Fortune Ally Series A Shares to Techlink at a consideration of US$6,264,000; (iii) 69,600 Fortune Ally Series A Shares to TML at a consideration of US$1,113,600 and (iv) 2,366,400 ordinary shares of US$0.0001 each in the share capital of Fortune Ally to Greatpart at a consideration of US$37,862,400;

(k) a loan agreement dated June 9, 2010 entered into between our Company and Fortune Ally, whereby Fortune Ally agreed to grant our Company a loan up to an aggregate principal amount of US$55,680,000 with no interest and our Company agreed to repay all amounts outstanding under the loan agreement to Fortune Ally at any time when Fortune Ally requires so in writing;

(l) a shareholders' agreement dated March 8, 2011 among the Company, KKR Future Investments, Techlink, TML and Greatpart to govern certain matters relating to the transfer of shares of the Company and the management and operation of the Company;

(m) a side agreement dated March 8, 2011 among KKR Future Investments, Techlink, TML, Greatpart, the Company and Fortune Ally to record the parties' intentions in respect of Fortune Ally following completion of the restructuring of the Company;

(n) an information technology service agreement dated March 11, 2011 entered into between our Company and Sinochem Corporation, whereby Sinochem Corporation agreed to provide and to procure the relevant service providers (which are all branches, subsidiaries or other entities controlled by Sinochem Corporation) to provide certain information technology services to our Company for an annual service fee of RMB850,000;

(o) a trademark license agreement dated March 11, 2011 entered into between our Company and Sinochem Corporation, whereby Sinochem Corporation agreed to grant a license, on a non-exclusive and non-transferable basis, to our Company, Far Eastern, Shanghai Donghong and Shanghai Domin for a consideration of RMB1 to use certain trademarks registered in the name of Sinochem Corporation;

(p) corporate placing agreement dated March 16, 2011 entered into by and among the Company, Prime Capital Management Company Limited ("**Prime Capital**") and the Joint Bookrunners, pursuant to which Prime Capital agreed to purchase such number of Shares in the International Offering as may be purchased at the Offer Price with US$50,000,000;

(q) corporate placing agreement dated March 16, 2011 entered into by and among the Company, Owl Creek Asset Management, L.P. ("**Owl Creek**") and the Joint Bookrunners, pursuant to which Owl Creek agreed to purchase such number of Shares in the International Offering as may be purchased at the Offer Price with US$40,000,000;

(r) corporate placing agreement dated March 16, 2011 entered into by and among the Company, Hillhouse Capital Management Ltd ("**Hillhouse**") and the Joint Bookrunners, pursuant to which Hillhouse agreed to purchase such number of Shares in the International Offering as may be purchased at the Offer Price with US$50,000,000;

(s) corporate placing agreement dated March 16, 2011 entered into by and among the Company, Joylight Limited ("**Joylight**") and the Joint Bookrunners, pursuant to which Joylight agreed to purchase such number of Shares in the International Offering as may be purchased at the Offer Price with US$10,000,000;

(t) corporate placing agreement dated March 16, 2011 entered into by and among the Company, Homeway Services Limited ("**Homeway**") and the Joint Bookrunners, pursuant to which Homeway agreed to purchase such number of Shares in the International Offering as may be purchased at the Offer Price with US$10,000,000;

(u) corporate placing agreement dated March 16, 2011 entered into by and among the Company, Premier Goal Company Limited ("**Premier Goal**") and the Joint Bookrunners, pursuant to which Premier Goal agreed to purchase such number of Shares in the International Offering as may be purchased at the Offer Price with US$10,000,000;

(v) corporate placing agreement dated March 16, 2011 entered into by and among the Company, Value Partners Limited ("**Value Partners**") and the Joint Bookrunners, pursuant to which Value Partners agreed to purchase such number of Shares in the International Offering as may be purchased at the Offer Price with US$50,000,000;

(w) corporate placing agreement dated March 16, 2011 entered into by and among the Company, OZ Master Fund, Ltd., OZ Asia Master Fund, Ltd. and OZ Global Special Investments Master Fund, L.P. (collectively, "**OZ Funds**") and the Joint Bookrunners, pursuant to which OZ Funds agreed to purchase such number of Shares in the International Offering as may be purchased at the Offer Price with US$30,000,000;

(x) Hong Kong Underwriting Agreement;

(y) the lock-up agreement dated March 17, 2011 entered into by and among the Company, KKR Future Investments, the Joint Global Coordinators and Hong Kong Underwriters, pursuant to which KKR Future Investments agreed to enter into a lock-up with respect to its Shares of the Company for a period from the date of this agreement to six months after the Listing Date;

(z) the lock-up agreement dated March 17, 2011 entered into by and among the Company, Techlink, the Joint Global Coordinators and Hong Kong Underwriters, pursuant to which Techlink agreed to enter into a lock-up with respect to its Shares of the Company for a period from the date of this agreement to six months after the Listing Date; and

(aa) the lock-up agreement dated March 17, 2011 entered into by and among the Company, TML, the Joint Global Coordinators and Hong Kong Underwriters, pursuant to which TML agreed to enter into a lock-up with respect to its Shares of the Company for a period from the date of this agreement to six months after the Listing Date.

2. Intellectual Property Rights

As of the Latest Practicable Date, our Group has registered or has applied for the registration of the following intellectual property rights which are material in relation to our Group's business.

(a) Trademarks

(i) As of the Latest Practicable Date, our Company and certain of our subsidiaries have been licensed to use the following trademarks which are material in relation to our Group's business.

Trademarks	Registered owner	Territory of registration	Class	Registration number	Registration date	Expiry date
	Sinochem Corporation	PRC	16	3121825	June 21, 2003	June 20, 2013
	Sinochem Corporation	PRC	35	875907	September 28, 1996	September 27, 2016
	Sinochem Corporation	PRC	35	5917998	May 28, 2010	May 27, 2020
	Sinochem Corporation	PRC	36	875909	September 28, 1996	September 27, 2016
	Sinochem Corporation	PRC	37	1949630	November 28, 2002	November 27, 2012
	Sinochem Corporation	PRC	39	875912	September 28, 1996	September 27, 2016
	Sinochem Corporation	PRC	41	3461448	July 14, 2004	July 13, 2014
	Sinochem Corporation	Hong Kong	36	2000B04648	December 24, 1997	December 24, 2014
	Sinochem Corporation	Hong Kong	35	2000B04647	December 24, 1997	December 24, 2014

(b) Domain Names

As of the Latest Practicable Date, our Group has registered or owned the following domain names:

Domain Name	Registered Owner	Term
www.dongh.cn	Shanghai Donghong	June 17, 2006–June 17, 2015
www.ifelc.com.cn	Far Eastern	December 4, 2001–December 4, 2015
远东租赁.公司	Far Eastern	November 16, 2009–November 16, 2015
远东租赁.公司.cn	Far Eastern	November 16, 2009–November 16, 2015
远东租赁.中国	Far Eastern	November 16, 2009–November 16, 2015
远东租赁.cn	Far Eastern	November 16, 2009–November 16, 2015
远东租赁.net	Far Eastern	November 16, 2009–November 16, 2015
远东租赁.com	Far Eastern	November 16, 2009–November 16, 2015
www. shdme.com	Far Eastern	March 3, 2010–March 3, 2015
Fareasternhongxin.com.cn	Far Eastern	November 16, 2009–November 16, 2015
Fareasternhongxin.cn	Far Eastern	November 16, 2009–November 16, 2015
Fareasternhongxin.net	Far Eastern	November 16, 2009–November 16, 2015
Fareasternhongxin.com	Far Eastern	November 16, 2009–November 16, 2015
Fareasternhongxin.hk	Far Eastern	November 16, 2009–November 16, 2015
Fehx.cn	Far Eastern	August 30, 2009–August 30, 2016
Fehx.com.cn	Far Eastern	December 25, 2007–December 25, 2016
Fehx.net	Far Eastern	November 16, 2009–November 16, 2015
Fehx.hk	Far Eastern	November 16, 2009–November 16, 2015
Fehx.com	Far Eastern	January 20, 2007–January 20, 2016
远东宏信.中国	Far Eastern	November 16, 2009–November 16, 2015
远东宏信.cn	Far Eastern	November 16, 2009–November 16, 2015
远东宏信.公司	Far Eastern	November 16, 2009–November 16, 2015
远东宏信.公司.cn	Far Eastern	November 16, 2009–November 16, 2015
远东宏信.com	Far Eastern	November 16, 2009–November 16, 2015
远东宏信.net	Far Eastern	November 16, 2009–November 16, 2015
Fortuneally.net	Far Eastern	November 16, 2009–November 16, 2015
Fortuneally.com.cn	Far Eastern	November 16, 2009–November 16, 2015
Fortuneally.hk	Far Eastern	November 16, 2009–November 16, 2015
Fortuneally.cn	Far Eastern	November 16, 2009–November 16, 2015
Fortuneally.com	Far Eastern	November 16, 2009–November 16, 2015
Zygcb.com	Far Eastern	January 4, 2011–January 4, 2016
Fareasthorizon.net	Far Eastern	January 19, 2011–January 19, 2016
Fareasthorizon.com	Far Eastern	January 19, 2011–January 19, 2016
Fehorizon.com	Far Eastern	January 19, 2011–January 19, 2016
Fehorizon.net	Far Eastern	January 19, 2011–January 19, 2016

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Interests of the Directors and Chief Executives of Our Company

Immediately following the completion of the Capitalization Issue and the Global Offering, none of our Directors or the chief executives of our Company will have any interest and/or short positions in the shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to our Company and the Stock Exchange once the Shares are listed.

2. Interests of Substantial Shareholders

So far as our Directors are aware, immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised and all outstanding Series A Shares are fully converted into Shares, the following persons will have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of the Group:

Name of shareholder	Nature of interest	Number of Shares[1]	Approximate percentage of interest in our Company immediately following the completion of the Capitalization Issue and the Global Offering
Sinochem Group[2]	Interest in a controlled corporation	1,294,720,000(L)	47.60%
Greatpart[2]	Beneficial owner	1,294,720,000(L)	47.60%
KKR Future Investments[3]	Beneficial owner	357,000,000(L)	13.13%
KKR Future Holdings Limited[3]	Interest in a controlled entity	357,000,000(L)	13.13%
KKR Asian Fund L.P.[3]	Interest in a controlled entity	357,000,000(L)	13.13%
KKR Associates Asia L.P.[3]	General partner	357,000,000(L)	13.13%
KKR SP Limited[3]	Interest in a controlled entity	357,000,000(L)	13.13%
KKR Asia Limited[3]	General partner	357,000,000(L)	13.13%
KKR Fund Holdings L.P.[3]	Interest in a controlled entity	357,000,000(L)	13.13%
KKR Fund Holdings GP Limited[3]	General partner	357,000,000(L)	13.13%
KKR Group Holdings L.P.[3]	General partner	357,000,000(L)	13.13%
KKR Group Limited[3]	General partner	357,000,000(L)	13.13%
KKR & Co. L.P.[3]	Interest in a controlled entity	357,000,000(L)	13.13%
KKR Management LLC[3]	General partner	357,000,000(L)	13.13%
Mr. Henry R. Kravis and Mr. George R. Roberts[3]	Interest in a controlled entity	357,000,000(L)	13.13%
Techlink[4]	Beneficial owner	214,200,000(L)	7.87%
Tetrad Ventures Pte Ltd[4]	Interest in a controlled corporation	214,200,000(L)	7.87%
Government of Singapore Investment Corporation (Ventures) Pte. Ltd.[4]	Interest in a controlled corporation	214,200,000(L)	7.87%
GIC Special Investments Private Limited[4]	Interest in a controlled corporation	214,200,000(L)	7.87%
Government of Singapore Investment Corporation Private Limited[4]	Interest in a controlled corporation	214,200,000(L)	7.87%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Sinochem Group is the beneficial owner of 100% of the issued share capital of Greatpart and is deemed to be interested in the number of Shares held by Greatpart.

(3) Each of KKR Future Holdings Limited (as the sole shareholder of KKR Future Investments), KKR Asian Fund L.P. (as the controlling shareholder of KKR Future Holdings Limited), KKR Associates Asia L.P. (as the general partner of KKR Asian Fund L.P.), KKR SP Limited (as the voting partner of KKR Associates Asia L.P.), KKR Asia Limited (as the general partner of KKR Associates Asia L.P.), KKR Fund Holdings L.P. (as the sole member of KKR Asia Limited), KKR Fund Holdings GP Limited (as a general partner of KKR Fund Holdings L.P.), KKR Group Holdings L.P. (as a general partner of KKR Fund Holdings L.P. and the sole shareholder of KKR Fund Holdings GP Limited), KKR Group Limited (as the general partner of KKR Group Holdings L.P.), KKR & Co. L.P. (as the sole shareholder of KKR Group Limited), KKR Management LLC (as the general partner of KKR & Co. L.P.) and Mr. Henry R. Kravis and Mr. George R. Roberts (as designated members of KKR Management LLC) may be deemed, to be interested in the Shares. Mr. Henry R. Kravis and Mr. George R. Roberts disclaim beneficial ownership of the Shares.

(4) Techlink is wholly-owned by Tetrad Ventures Pte Ltd which, in turn, is wholly-owned by Government of Singapore Investment Corporation (Ventures) Pte. Ltd.. GIC Special Investments Private Limited manages the investments of Techlink, and is wholly owned by Government of Singapore Investment Corporation Private Limited. Each of Tetrad Ventures Pte Ltd, Government of Singapore Investment Corporation (Ventures) Pte. Ltd., GIC Special Investments Private Limited and Government of Singapore Investment Corporation Private Limited is deemed to be interested in the Shares held by Techlink under the SFO.

3. Particulars of Service Contracts

Each of Mr. Kong Fanxing and Mr. Wang Mingzhe, being our executive Directors, has entered into a service contract with our Company for an initial term of three years commencing from March 11, 2011. The aggregate annual basic salary of the two executive Directors is RMB1,800,000.

Each of Mr. Liu Deshu, Mr. Yang Lin, Ms. Shi Dai, Mr. Liu Haifeng David, Ms. Sun Xiaoning, Mr. Han Xiaojing, Mr. Liu Jialin, Mr. Cai Cunqiang and Mr. Yip Wai Ming, being our non-executive and independent non-executive Directors, has entered into a letter of appointment with our Company on March 11, 2011. Each letter of appointment is for an initial term of three years commencing from the Listing Date. The aggregate annual fees payable to our non-executive and independent non-executive Directors is RMB1,680,000.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than the statutory compensation)).

4. Directors' Remuneration

The aggregate amount of remuneration (including fees, salaries, allowances, benefits in kind, performance related bonuses and pension scheme contributions) which were paid to our Directors for the years ended December 31, 2007, 2008, 2009 and 2010 were approximately US$266,000, US$283,000, US$585,000 and US$702,000, respectively.

Under the arrangements currently in force, the aggregate remuneration payable to, and benefits in kind receivable by, our Directors for the year ended December 31, 2011 are estimated to be approximately RMB3,880,000.

5. Directors' Competing Interests

None of our Directors are interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group.

6. Fees or Commissions Received

None of the Directors or any of the persons whose names are listed in the paragraph headed "Consents" in this Appendix VII had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group from our Group within the two years preceding the date of this prospectus.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

Save as disclosed in the section headed "Business—Legal Proceedings and Compliance—Legal Proceedings", no member of our Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened against any member of our Group as of the Latest Practicable Date.

3. Promoter

Our Company has no promoter for the purpose of the Listing Rules.

4. Preliminary Expenses

Our estimated preliminary expenses are approximately HK$70,000 and are payable by our Company.

5. Qualifications of Experts

The qualifications of the experts who have given their opinions or advice which are contained in this prospectus are as follows:

Name	Qualifications
CICC	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities
Morgan Stanley	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities
UBS	Registered institution under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants
CBRE	Independent property valuer
Tian Yuan Law Firm	PRC legal advisors
Paul, Hastings, Janofsky & Walker	Hong Kong and U.S. legal advisors

6. Consents

Each of CICC, Morgan Stanley, UBS, Ernst & Young, CBRE, Tian Yuan Law Firm and Paul, Hastings, Janofsky & Walker has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or valuation certificates and/or legal opinion and/or legal memorandum (as the case may be) and references to its name included in the form and context in which it respectively appears.

Save for CICC Fund which indirectly owns a 2% shareholding interest of the Company immediately prior to the Listing, none of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

7. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance so far as applicable.

8. Sole Financial Advisor

China International Capital Corporation Limited ("**CICC China**") was engaged by the Company as financial advisor before the formal launch of the Global Offering and the appointment of CICC as the joint sponsor.

The principal functions performed by CICC China in its capacity as financial advisor include:

- advising the Company on selection of capital market;
- advising the Company on pre-IPO structuring generally;
- assisting the Company on liaison with relevant PRC regulatory authorities for approvals; and
- advising the company on appointment of professional advisors.

CICC China and CICC are two separate entities under the CICC group and play different roles in relation to the listing application. CICC acts as the "joint sponsor", "joint lead manager", "joint global coordinator" and "joint bookrunner" (as the case may be) to the Company in accordance with the Listing Rules. CICC as the sponsor and CICC China as the financial advisor, have discharged their respective duties independently from different roles and perspectives, and have not relied on the work done by each other in respect of the listing application. Given that CICC is based in Hong Kong, CICC China, which is based in the PRC, is in a better position to perform the liaison work.

The financial advisory services provided by CICC China are incidental to CICC's services to the Company in connection with the Global Offering. It is important from the marketing point of view to manifest accurately their capabilities to provide comprehensive financial services, and it is from this perspective that they regard the various roles as marketing titles. In any event, it must be emphasized that these roles do not only serve as marketing titles but come with real responsibilities as explained above.

9. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

E. MISCELLANEOUS

Save as otherwise disclosed in this prospectus:

(a) none of our Directors nor any of the parties listed in the paragraph headed "Consents" in the section headed "Other Information" of this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(b) none of our Directors nor any of the parties listed in the paragraph headed "Consents" in the section headed "Other Information" of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;

(c) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(d) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(e) within the two years preceding the date of this prospectus, no commission has been paid or payable (except commissions to the underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares in our Company;

(f) no amount or securities or benefit has been paid or allotted or given within the two years preceding the date of this prospectus to any of our promoters nor is any such securities or amount or benefit intended to be paid or allotted or given;

(g) none of our Directors or their respective associates has any interest in our top five suppliers or our top five customers;

(h) there is no arrangement under which future dividends are waived or agreed to be waived;

(i) the Global Offering does not involve the exercise of any right of pre-emption or the transfer of subscription rights; and

(j) we have no outstanding convertible debt securities.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) a copy of each of the material contracts referred to in the section headed "Statutory and General Information—Further Information About Our Business—Summary of Material Contracts" in Appendix VII to this prospectus;

(c) the written consents referred to in the section headed "Statutory and General Information—Other Information—Consents" in Appendix VII to this prospectus; and

(d) statement of adjustments made by Ernst & Young.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Paul, Hastings, Janofsky & Walker at 21-22/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and Articles of Association of our Company;

(b) the Accountants' Report and the report on the unaudited pro forma financial information prepared by Ernst & Young, the texts of which are set out in Appendices I and II to this prospectus;

(c) statement of adjustments made by Ernst & Young;

(d) the audited consolidated financial statements of the companies comprising the Group for the year ended December 31, 2009 and the audited consolidated financial statements of International Far Eastern Leasing Co., Ltd for the year ended December 31, 2008;

(e) the letters from Ernst & Young and the Joint Sponsors relating to the profit estimate, the texts of which are set out in the section headed "Profit Estimate" in Appendix III to this prospectus;

(f) the letter, summary of valuations and valuation certificates relating to the property interests of the Group prepared by CBRE, the texts of which are set out in the section headed "Property Valuation" in Appendix IV to this prospectus;

(g) the legal opinions issued by Tian Yuan Law Firm, our PRC legal advisor in respect of certain aspects of the Group and the property interests of the Group;

(h) the legal memorandum issued by Paul, Hastings, Janofsky & Walker, our Hong Kong legal advisor, dated March 18, 2011 in respect of certain statements referred to in this prospectus;

(i) the material contracts referred to in the section headed "Statutory and General Information—Further Information About Our Business—Summary of Material Contracts" in Appendix VII to this prospectus;

(j) the written consents referred to in the section headed "Statutory and General Information—Other Information—Consents" in Appendix VII to this prospectus; and

(k) the service contracts referred to in the section headed "Statutory and General Information—Further Information About Our Directors and Substantial Shareholders—Particulars of Service Contracts" in Appendix VII.

遠東宏信有限公司
FAR EAST HORIZON LIMITED