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遠東宏信有限公司
FAR EAST HORIZON LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock code: 3360)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

The board of directors (the "Board") of Far East Horizon Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended December 31, 2010, together with the comparative figures for the year ended December 31, 2009.

1. Overview

The Group is a leading and innovative financial services company in the PRC, specializing in providing customized financing solutions through financial leasing to customers in target industries in China. The Group also provides value-added services, including advisory, trading and brokerage, etc, to these customers.

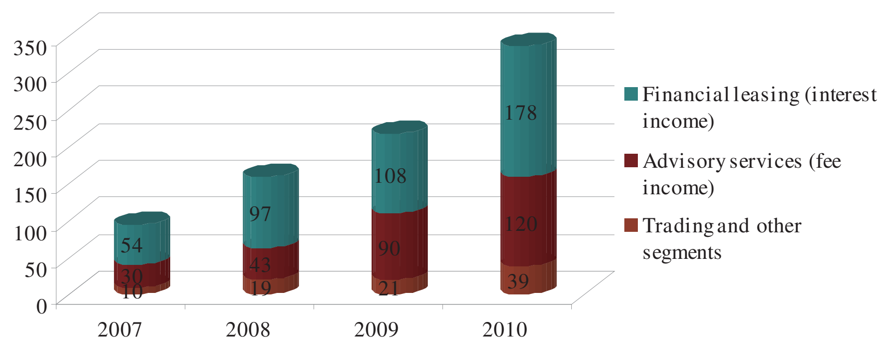
The Group faced a complicated and evolving business environment in 2010. Notwithstanding this, by adhering to our established business strategy of providing industry-focused integrated services and taking specific measures to further streamline our marketing structure, increase customer coverage, strengthen market expansion, enhance brand profile, and expand sub-segments of the existing market and by continuously enhancing our competitive edge in differentiation, the Group has achieved all the objectives of the its strategies during the year.

The Group has achieved healthy and stable financial performance in 2010 across all indicators. Key financial data are as follows:

Revenue Mix

Revenue

US$ M, before business taxes and surcharges

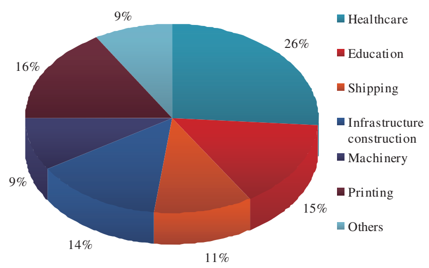


1. Overview (continued)

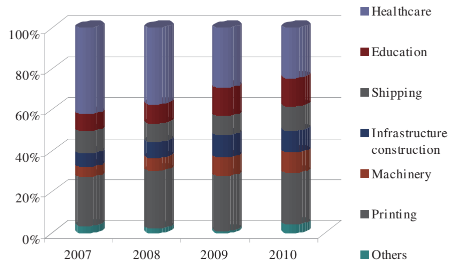
Industry Distribution

Net Lease Receivables by Industries

As at December 31 2010



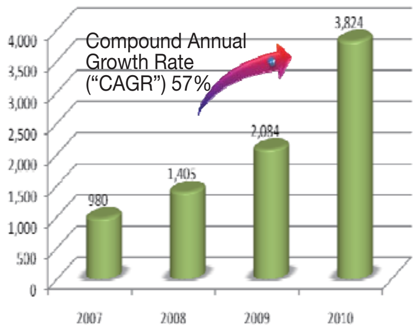
Revenue by Industries



Business Growth and Profitability

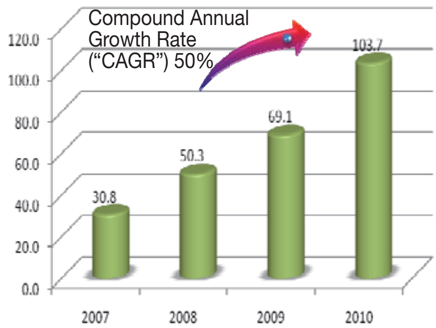
Total Assets

US$ M

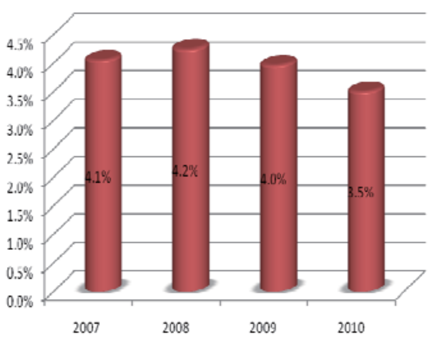


Profit for the Year Attribute to Owners of the Parent

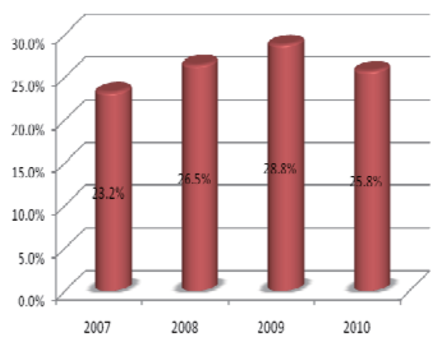
US$ M



Return on Average Assets



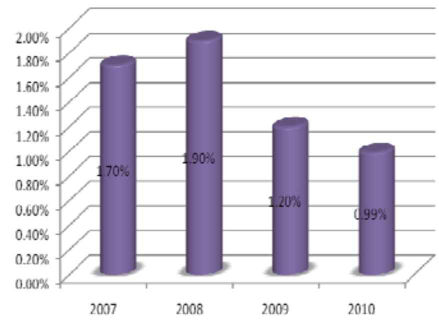
Return on Average Equity



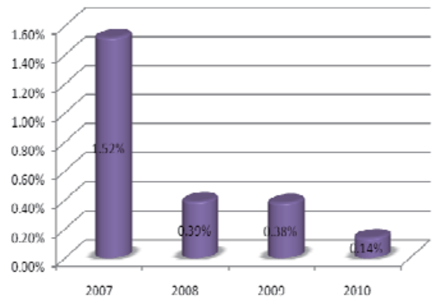
1. Overview (continued)

Asset Quality

Non-Performing Assets Ratio

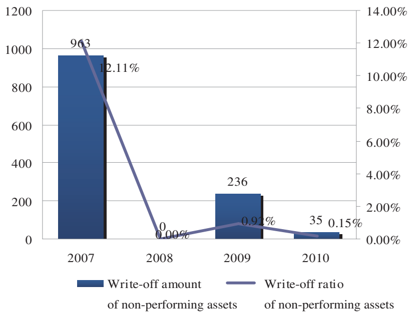


Overdue Lease Receivables (over 30 days) Ratio



Write-off of Non-performing Assets

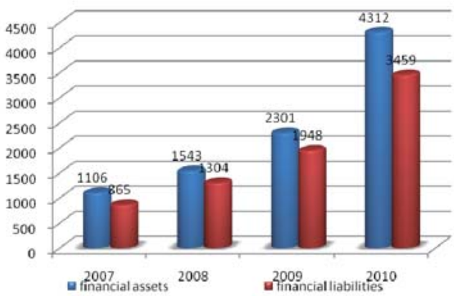
US$ ’000, except for ratios



Duration Matching of Assets and Liabilities

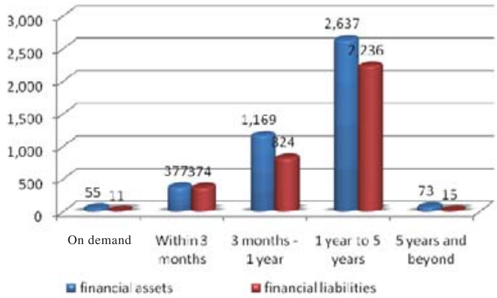
Financial Assets and Financial Liabilities as at the End of 2007, 2008, 2009 and 2010

US$ M, Contractual Undiscounted



Financial Assets and Financial Liabilities as at December 31, 2010

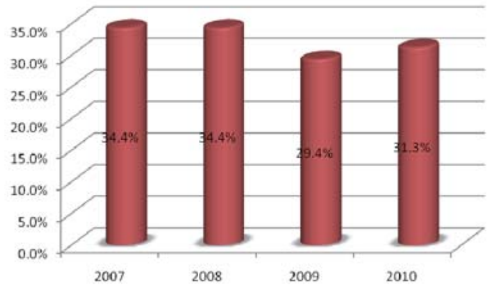
US$ M, Contractual Undiscounted



1. Overview (continued)

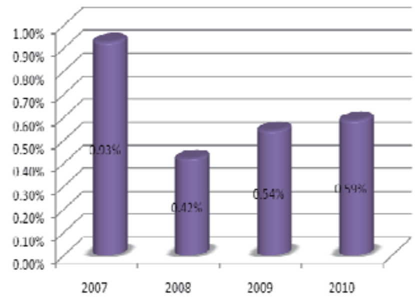
Cost Control

Cost to Income Ratio



Cost to income ratio is calculated by dividing selling and distribution costs and administrative expenses less impairment of loans and accounts receivable by gross profit for the year.

Credit Cost



Credit cost is calculated by dividing impairment of loans and accounts receivable by average of year-beginning balance and year-ending balance of total interest bearing assets.

2. Financial Statements

1) Consolidated Income Statement

Year ended December 31, 2010

	Notes	**2010** *US$'000*	2009 *US$'000*
CONTINUING OPERATIONS REVENUE	*4-4*	**326,909**	211,362
Cost of sales		**(117,864)**	(74,527)
Gross profit		**209,045**	136,835
Other income and gains	*4-5*	**9,930**	2,652
Selling and distribution costs		**(37,614)**	(23,332)
Administrative expenses		**(44,589)**	(26,017)
Other expenses		**(3,444)**	(773)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*4-6*	**133,328**	89,365
Income tax expense	*4-7*	**(29,910)**	(20,292)
PROFIT FOR THE YEAR		**103,418**	69,073
Attributable to:			
Owners of the parent		**103,749**	69,073
Non-controlling interests		**(331)**	—
		103,418	69,073

2. Financial Statements (continued)

1) Consolidated Income Statement (continued)

Year ended December 31, 2010

	Notes	2010 *US cents*	2009 *US cents*
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	4-9		
Basic and Diluted			
— For profit for the year		**5.45**	3.63

Details of the dividends payable and proposed for the year are disclosed in Note 4-8 to the financial statements.

2) Consolidated Statement of Comprehensive Income

Year ended December 31, 2010

	2010 *US$'000*	2009 *US$'000*
PROFIT FOR THE YEAR	**103,418**	69,073
OTHER COMPREHENSIVE INCOME		
Available-for-sale investment		
Changes in fair value	**—**	4,210
Gain from disposal	**(4,276)**	—
Exchange differences	**53**	—
Income tax effect	**940**	(927)
	(3,283)	3,283
Exchange differences on translation of financial statements of entities in Mainland China	**13,859**	203
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**10,576**	3,486
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**113,994**	72,559
Attributable to:		
Owners of the parent	**114,308**	72,559
Non-controlling interests	**(314)**	—
	113,994	72,559

2. Financial Statements (continued)

3) Consolidated Statement of Financial Position

December 31, 2010

	Notes	**2010** ***US$'000***	2009 *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**4,002**	1,862
Other assets		**3,316**	1,145
Available-for-sale investment		**—**	19,668
Deferred tax assets		**9,263**	4,152
Loans and accounts receivable		**2,429,303**	1,232,053
Total non-current assets		**2,445,884**	1,258,880
CURRENT ASSETS			
Inventories		**495**	613
Loans and accounts receivable	4-10	**1,271,026**	744,028
Prepayments, deposits and other receivables		**28,870**	26,072
Time and pledged deposits		**24,527**	—
Cash and cash equivalents		**53,362**	54,444
Total current assets		**1,378,280**	825,157
CURRENT LIABILITIES			
Trade and bills payables	4-11	**160,539**	97,262
Other payables and accruals		**113,804**	212,731
Interest-bearing bank and other borrowings		**910,000**	316,838
Tax payable		**25,425**	8,529
Total current liabilities		**1,209,768**	635,360
NET CURRENT ASSETS		**168,512**	189,797
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,614,396**	1,448,677
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**1,659,939**	930,455
Other payables and accruals		**418,670**	235,646
Deferred revenue		**3,168**	1,304
Deferred tax liabilities		**5,287**	5,436
Total non-current liabilities		**2,087,064**	1,172,841
Net assets		**527,332**	275,836

2. Financial Statements (continued)

3) Consolidated Statement of Financial Position (continued)

December 31, 2010

	Notes	2010 US$'000	2009 US$'000
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**2**	1
Reserves		**526,910**	275,835
		526,912	275,836
Non-controlling interests		**420**	—
Total equity		**527,332**	275,836

4) Notes to Financial Statements

4-1 Basis of Preparation

These financial statements have 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 ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

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. The financial information 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.

4-2 Disclosure of Accounting Policies and Changes

The financial statement of the Group for the year ended December 31, 2010 prepared under the HKFRSs will be published on the website of the Stock Exchange of Hong Kong Limited. These financial statements have been prepared in accordance with HKFRSs (which include all HKFRSs, HKASs and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, the accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

For the purpose of these consolidated financial statements, the Group has adopted all the HKFRSs that have been issued and effective for the financial years presented at the beginning of the financial years presented.

2. Financial Statements (continued)

4) Notes to Financial Statements (continued)

4-3 Operating Segment Information

As at December 31, 2010 and for the year then ended	**Leasing and Advisory** *US$'000*	**Trading and Others** *US$'000*	**Intersegment** *US$'000*	**Total** *US$'000*
Revenue	**288,276**	**38,633**	**—**	**326,909**
Cost of sales	**(87,656)**	**(30,208)**	**—**	**(117,864)**
Selling and distribution costs/ administrative expenses	**(78,385)**	**(3,818)**	**—**	**(82,203)**
Profit before tax	**130,327**	**4,926**	**(1,925)**	**133,328**
Profit after tax	**100,754**	**4,589**	**(1,925)**	**103,418**
Segment assets	**3,819,106**	**14,685**	**(9,627)**	**3,824,164**
Segment liabilities	**3,291,800**	**11,444**	**(6,412)**	**3,296,832**

As at December 31, 2009 and for the year then ended	Leasing and Advisory *US$'000*	Trading and Others *US$'000*	Intersegment *US$'000*	Total *US$'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

2. Financial Statements (continued)

4) Notes to Financial Statements (continued)

4-3 Operating Segment Information (continued)

Geographical information

(a) Revenue from external customers

	2010 US$'000	2009 US$'000
Mainland China	**321,898**	209,845
Hong Kong	**4,740**	1,281
Other countries or regions	**271**	236
	326,909	211,362

The segments information of the revenue above is presented based on the locations of the customers.

(b) Non-current assets

	2010 US$'000	2009 US$'000
Mainland China	**7,318**	3,007

The non-current asset information above is based on the location of assets and excludes financial instruments and deferred tax assets.

4-4 Revenue

	2010 US$'000	2009 US$'000
Revenue		
Sale of goods	**31,782**	17,844
Leasing income	**178,361**	107,537
Service fee income	**126,401**	92,853
Construction contract revenue	**371**	—
Business tax and surcharges	**(10,006)**	(6,872)
	326,909	211,362

2. Financial Statements (continued)

4) Notes to Financial Statements (continued)

4-5 Other Income and Gains

	2010	2009
	US$'000	*US$'000*
Other income and gains		
Bank interest income	**1,569**	630
Foreign exchange gain/(loss)	**1,281**	(63)
Gain from disposal of available-for-sale investment	**4,276**	—
Government grants	**2,230**	1,990
Others	**574**	95
	9,930	2,652

4-6 Profit before Tax from Continuing Operations

The Group's profit before tax from continuing operations is arrived at after charging:

	2010	2009
	US$'000	*US$'000*
Cost of borrowings included in cost of sales	**87,656**	57,989
Cost of inventories sold	**29,945**	16,538
Cost of construction contract	**263**	—
Depreciation	**902**	482
Amortization of intangible assets and other long term assets	**862**	299
Rental expenses	**3,701**	3,102
Auditors' remuneration	**639**	119
Employee benefit expense (including directors' remuneration):		
— Wages and salaries	**23,651**	16,226
— Pension scheme contributions	**3,010**	1,541
— Other employee benefits	**8,435**	4,919
Provision for loans and accounts receivable	**16,754**	9,053
Entertainment fee	**3,689**	2,082
Business travelling expenses	**9,371**	5,342
Consultancy fee	**1,525**	1,416
Office expenses	**2,397**	1,459
Advertising and promotion expenses	**304**	239
Transportation expenses	**263**	230
Communication expenses	**1,085**	608
Other miscellaneous	**5,615**	2,232
Loss on disposal of items of property, plant and equipment	**216**	99
Donation	**15**	1
Commission expense	**3,213**	673

2. Financial Statements (continued)

4) Notes to Financial Statements (continued)

4-7 Income Tax Expense

	2010	2009
	US$'000	*US$'000*
Current — Hong Kong		
Charge for the year	**613**	—
Underprovision in prior years	**61**	—
Current — China		
Charge for the year	**33,460**	19,696
Underprovision in prior years	**—**	2,507
Deferred tax	**(4,224)**	(1,911)
Total tax charge for the year	**29,910**	20,292

Hong Kong profits tax

As of 2010, Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated taxable profits arising in Hong Kong. No provision was made in the year 2009 as no taxable income was recorded 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 the year, 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 People's Republic of China ("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, International Far Eastern Leasing Co., Ltd. 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.

4-8 Dividends

	2010	2009
	US$'000	*US$'000*
Dividends	**78,912**	—

The dividends paid to the Company's shareholder during 2010 was dividends received from its subsidiaries in Mainland China for the profit appropriation in respect of the year 2008 and 2009. The Board does not recommend the payment of a final dividend in respect of the year ended December 31, 2010.

2. Financial Statements (continued)

4) Notes to Financial Statements (continued)

4-9 Earnings per Share

The calculation of basic earnings per share for the year is based on the consolidated net profit attributable to ordinary equity holders of the Company and on 1,904,000,000 shares in issue prior to the Global Offering, as though the number of shares had been issued on 1 January 2009.

There were no potential dilutive ordinary shares in the year.

4-10 Loans and Accounts Receivable

	2010	2009
	US$'000	*US$'000*
Loans and accounts receivable due within 1 year	**1,271,026**	744,028
Loans and accounts receivable due after 1 year	**2,429,303**	1,232,053
	3,700,329	1,976,081

4-11 Trade and Bills Payables

	2010	2009
	US$'000	*US$'000*
Bills payable	**80,939**	51,888
Trade payables	**79,600**	45,374
	160,539	97,262

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2010	2009
	US$'000	*US$'000*
Within 1 year	**140,284**	95,235
1 to 2 year	**18,985**	1,221
2 to 3 year	**497**	389
3 years and beyond	**773**	417
	160,539	97,262

The trade payables are non-interest-bearing and repayable within the normal operating cycle or on demand.

3. Management Discussion and Analysis

1) Economic Environment

In 2010, the global economy gradually recovered but at different paces across regions. The US economy recovered steadily as loose policies were properly sustained. Due to the sovereign debt crisis, the Euro-zone exhibited restrained economic recovery. Meanwhile, emerging markets achieved faster paces in economic recovery. However, under the pressures of inflation, India, Brazil, Korea, and China implemented policies to raise interest rates.

There remained favorable momentum behind the domestic economic development in the PRC in 2010. Nominal GDP amounted to approximately RMB39.8 trillion, representing an increase of 10.3% compared to the previous year. Total investment in fixed assets amounted to RMB27.8 trillion, representing a growth of 23.8% as compared with the previous year, and CPI grew 3.3% on a year-on-year basis.[1]

As for the financial environment, in 2010, the domestic monetary policy in the PRC gradually shifted from "moderately loose" to "solidly governed". The People's Bank of China raised the benchmark interest rates for RMB deposits and loans of financial institutions twice, resulting in the one year benchmark RMB deposit rate rising from 2.25% to 2.75% and the one year benchmark RMB lending rate rising from 5.31% to 5.81%.[2]

The financial leasing industry in China maintained rapid growth in 2010. The total transaction volume of the financial leasing market for the year exceeded RMB420 billion. The number of financial leasing companies in the industry increased to approximately 200.[3]

The Group's six target fundamental industries, the healthcare, education, infrastructure construction, machinery, printing and shipping industries maintained rapid and healthy development in 2010. In the meanwhile, the demand for financial leasing services and various other value-added services in these industries has been increasing, providing a solid foundation for the sustainable growth of our business.

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1 Source: National Bureau of Statistics of China
2 Source: People's Bank of China
3 Source: China Association of Enterprises with Foreign Investment

3. Management Discussion and Analysis (continued)

2) Analysis of Consolidated Income Statement

2-1 Overview of Profit and Loss

	For the year ended December 31, 2010 *US$'000*	For the year ended December 31, 2009 *US$'000*	**Change %**
Revenue	**326,909**	211,362	**54.67%**
Cost of sales	**(117,864)**	(74,527)	**58.15%**
Gross profit	**209,045**	136,835	**52.77%**
Other income and gains	**9,930**	2,652	**274.43%**
Selling and distribution costs/Administrative expenses	**(82,203)**	(49,349)	**66.57%**
Other expenses	**(3,444)**	(773)	**345.54%**
Profit before tax	**133,328**	89,365	**49.19%**
Income tax expense	**(29,910)**	(20,292)	**47.40%**
Profit for the year	**103,418**	69,073	**49.72%**

In 2010, our profit before tax was US$133.33 million, representing an increase of 49.19% compared to the previous year; and net profit was US$103.42 million, representing an increase of 49.72% compared to the previous year.

2-2 Revenue

	For the year ended December 31, 2010 *US$'000*	For the year ended December 31, 2009 *US$'000*	**Change %**
Leasing and advisory segment	**298,129**	197,502	**50.95%**
Financial leasing (interest income)	**178,361**	107,537	**65.86%**
Advisory services (fee income)	**119,768**	89,965	**33.13%**
Trading and others segment	**38,786**	20,732	**87.08%**
Business taxes and surcharges	**(10,006)**	(6,872)	**45.61%**
Revenue (after business taxes and surcharges)	**326,909**	211,362	**54.67%**

(1) The revenue of the leasing and advisory services business of the Group realized a growth of 50.95%. The scale of leasing assets has significantly increased during the year as compared with the corresponding period of the previous year, resulting in a growth of 65.86% in the financial leasing interest income of the Group. In the meanwhile, with our capability to accommodate our clients' need on advisory services continuously enhanced, the corresponding income also keeps growing rapidly, recording a growth of 33.13%.

3. Management Discussion and Analysis (continued)

2) Analysis of Consolidated Income Statement (continued)

2-2 Revenue (continued)

(2) The Group's trading and other income increased significantly by 87.08% as compared with the previous year, driven by our continuous efforts on carrying forward our industry-focused and integrated services strategy. This was mainly attributable to the development of the trading business and the shipping business in the pricing and healthcare industries. Furthermore, we also began to record income from the construction in the healthcare sector in the fourth quarter of 2010.

2-3 Cost of Sales

	For the year ended December 31, 2010 ***US$'000***	For the year ended December 31, 2009 *US$'000*	**Change %**
Cost from leasing and advisory segment	**(87,656)**	(57,989)	**51.16%**
Cost from trading and others segment	**(30,208)**	(16,538)	**82.66%**
Cost of sales	**(117,864)**	(74,527)	**58.15%**

(1) Costs of leasing and advisory segment arose mainly from financing costs. As the scale of loans of the Group increased significantly, our total financing costs rose by 51.16% as compared to the previous year.

(2) Costs of trading and others segment increased by 82.66%, which was mainly attributable to the increase in purchase costs resulting from the rapid increase in trading income.

2-4 Analysis of Other Income and Gains

	For the year ended December 31, 2010 ***US$'000***	For the year ended December 31, 2009 *US$'000*	**Change %**
Bank interest income	**1,569**	630	**149.05%**
Foreign exchange gain/(loss)	**1,281**	(63)	**-2,133.33%**
Gain from disposal of available-for-sale investment	**4,276**	—	**—**
Government grants	**2,230**	1,990	**12.06%**
Others	**574**	95	**504.21%**
Total	**9,930**	2,652	**274.43%**

In 2010, the other income and gains of the Group increased by 274.43% or US$7,278,000 from the previous year to US$9,930,000, which was mainly attributable to the increase in the gain from disposal of available-for-sale assets and gain from foreign exchange.

3. Management Discussion and Analysis (continued)

2) Analysis of Consolidated Income Statement (continued)

2-5 Selling and Distribution Costs and Administration Expenses

In 2010, the marketing expenses and administration expenses of the Group increased by US$32,854,000 from the previous year to US$82,203,000 representing an increase of 66.57%, which was mainly attributable to the increase in employee remuneration benefits, business travelling expenses and provisions for the impairment of loans and accounts receivable.

(1) To support our business expansion, the Group has continuously increased its effort in marketing and promotion, and employed additional staff for sales and marketing and middle and back office support, and this has resulted in an increase in the employee remuneration benefits by US$12,410,000 or 54.70% to US$35,096,000 as compared with last year. The increase of headcount and the higher frequency of marketing activities undertaken have resulted in the growth of business travelling expenses, and the growth of staff expenses was in line with the growth of income.

(2) With the expansion of the leasing business, the loans and accounts receivable of the Group increased significantly (see Analysis of Consolidated Statement of Financial Position). The Group has cautiously increased the provisions for the impairment of loans and accounts receivable. The provision for the impairment increased by US$7,701,000 from the previous year to US$16,754,000, representing an increase of 85.07%.

3) Analysis of Consolidated Statement of Financial Position

3-1 Assets

	December 31, 2010		December 31, 2009		**Change%**
	US$'000	***% of total***	*US$'000*	*% of total*	
Loans and accounts receivable	**3,700,329**	**96.76%**	1,976,081	94.82%	**87.26%**
Including: Net lease receivables	**3,657,678**		1,971,192		
Cash and cash equivalents	**53,362**	**1.40%**	54,444	2.61%	**-1.99%**
Time and pledged deposits	**24,527**	**0.64%**	—	—	**—**
Prepayments and other receivables	**28,870**	**0.76%**	26,072	1.25%	**10.73%**
Deferred tax assets	**9,263**	**0.24%**	4,152	0.20%	**123.10%**
Property, plant and equipment	**4,002**	**0.10%**	1,862	0.09%	**114.93%**
Inventory	**495**	**0.01%**	613	0.03%	**-19.25%**
Available-for-sale investment	**—**	**0.00%**	19,668	0.95%	**-100.00%**
Other assets	**3,316**	**0.09%**	1,145	0.05%	**189.61%**
Total Assets	**3,824,164**	**100.00%**	2,084,037	100.00%	**83.50%**

3. Management Discussion and Analysis (continued)

3) Analysis of Consolidated Statement of Financial Position (continued)

As of December 31, 2010, the total assets of the Group increased by US$1.74 billion, or 83.50% from last year to US$3.824 billion. Loans and accounts receivable are the key components of the total assets of the Group, accounting for 96.76%, representing an increase of 1.94 percentage points as compared with last year. Loans and accounts receivable increased by US$1.724 billion, or 87.26% from last year to US$3.7 billion. Net lease receivables are the key components of loans and accounts receivable, accounting for 98.85%. Net lease receivables increased by US$1.686 billion, or 85.56% from last year to US$3.658 billion.

As of December 31, 2010, the Group had sufficient cash and cash equivalents of US$53 million.

In 2010, by leveraging on its effective risk management, the Group continued to expand its financial leasing business with an increasing amount of sales and marketing staff, resulting in a significant increase of the customers and leasing contracts of the Group, and in turn, a significant increase in net lease receivables.

3-1-1 Asset Quality

	December 31, 2010		December 31, 2009	
	US$'000	***% of total***	*US$'000*	*% of total*
Pass	**3,019,352**	**82.55%**	1,652,089	83.81%
Special mention	**602,064**	**16.46%**	295,514	14.99%
Substandard	**29,750**	**0.81%**	16,294	0.83%
Doubtful	**5,856**	**0.16%**	6,855	0.35%
Loss	**656**	**0.02%**	440	0.02%
Net lease receivables	**3,657,678**	**100.00%**	1,971,192	100.00%

The Group has established prudent asset quality control and adhered to stringent and conservative asset classification policy. "Special Mention" category increased as a result of both the tightening domestic monetary policy and the changing global economic environment. As of December 31, 2010, our assets under special mention accounted for 16.46% of our total amount, and non-performing assets increased by US$12,673,000 to US$ 36,262,000.

However, our asset quality still remains stable. As of December 31, 2010, our non-performing asset ratio decreased from 1.20% to 0.99%, our 30-day Lease Overdue Ratio was 0.14%, decreasing by 0.24 percentage points from 0.38% in last year. The total write-off amount decreased from US$236,000 to US$35,000 as compared to last year. Our write-off ratio also decreased from 0.92% as of last year to 0.15%

3. Management Discussion and Analysis (continued)

3) Analysis of Consolidated Statement of Financial Position (continued)

3-2 Liabilities

	December 31, 2010 *US$'000*	December 31, 2009 *US$'000*	**Change%**
Interest-bearing bank and other borrowings	**2,569,939**	1,247,293	**106.04%**
Other payables and accruals	**532,474**	448,377	**18.76%**
Trade and bills payables	**160,539**	97,262	**65.06%**
Tax payable	**25,425**	8,529	**198.10%**
Deferred tax liability	**5,287**	5,436	**-2.74%**
Deferred revenue	**3,168**	1,304	**142.94%**
Total Liabilities	**3,296,832**	1,808,201	**82.33%**

As of December 31, 2010, the total liabilities of the Group increased by US$1.489 billion, or 82.33% from last year to US$3.297 billion, and our gearing ratio remained at 86.21% which was at the same level with the corresponding period last year.

Interest-bearing bank and other borrowings are key components of the total liabilities of the Group, accounting for 77.95% of total liabilities, representing an increase of 8.97 percentage points as compared with last year. As of December 31, 2010, interest-bearing bank and other borrowings increased by US$1.323 billion of December 31, 2009, or 106.04% to US$2.57 billion, primarily due to the increase in bank borrowings in support of the continuous business expansion of the Group.

3-3 Shareholders' equity

	December 31, 2010 *US$'000*	December 31, 2009 *US$'000*	**Change%**
Issued capital	**2**	1	**100.00%**
Reserves	**526,910**	275,835	**91.02%**
Non-controlling interests	**420**	—	**N/A**
Total Equity	**527,332**	275,836	**91.18%**

As of December 31, 2010, the total equity of the Group increased by US$251 million, or 91.18% from last year to US$527 million.

In 2010, shareholders' loans from Fortune Ally Limited were in an aggregate amount of US$215,680,000 and had been capitalized by the Group into 8,496 new ordinary shares. Such ordinary shares were allotted and issued credited as fully paid to Fortune Ally Limited. The issued and paid-up share capital of the Group had increased from 10,000 ordinary shares to 18,496 ordinary shares.

3. Management Discussion and Analysis (continued)

4) Outlook

Looking forward to 2011, momentum behind the global economy's recovery is expected to continue despite various uncertainties. Developed economies will experience weak economic growth. Unemployment rates and the probability of a sovereign debt crisis in certain countries still remain relatively high. The loose monetary policies implemented in major developed economies are likely to be adjusted in 2011, which will relieve the excessive liquidity to a certain extent and properly prevent the prices of bulk commodities and the exchange rates of major currencies from excessive fluctuations. Developing economies will also face uncertainties, such as increased pressure from asset bubble as well as inflation, increased international trade protectionism, and fierce competition in the international market. On the whole, special attention will be paid to these uncertainties during the course of the global economy's recovery.

As for the domestic macro economy, in 2011, the first year of the 12th Five Year Plan Period, the economy in China is expected to develop in a more sustainable and more healthy manner. According to the Blue Book on China's Macro Economy 2011, the gross domestic product (GDP) in China will increase by 9.1% in 2011 while the consumer price index (CPI) will increase by approximately 4.0% during the year.

In 2011, the Chinese government will continue to implement proactive fiscal policies and prudent monetary policies and maintain the continuity and stability of macroeconomic policies to increase relevancy, flexibility and effectiveness of its various policies. The government will attach greater importance to maintaining stable overall price levels, endeavor to optimize the budgeted government expenditures mix and credit mix, and better satisfy diversified investment and financing needs. Meanwhile, it should be noted that, under the macro environment where the liquidity continuously shrinks and the overall growing speed of the economy is appropriately slowed, the developing pace of certain industries will be accordingly slowed, which will affect the growing speed of our new business in such industries and the stability of our asset quality in a certain extent.

Generally speaking, with the implementation of the 12th Five Year Plan, the sustainable development of the economy in China, the stable monetary policies, the further optimization of the economic structure, the rapid progress of the urbanization and industrialization, and the stable development of the six industries that the Group operated in, the financial leasing industry that is currently far from mature, and the strong demand for financial services of small and middle enterprises will together provide an excellent external environment for the stable development of the Group's businesses.

4. Other Information

Dividends

The Board does not recommend the payment of a final dividend in respect of the year ended December 31, 2010.

Purchase, Sale or Redemption of our Shares

Since the shares of the Company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on March 30, 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended December 31, 2010.

The Code on Corporate Governance Practices

The Company has applied the principles listed in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). As the shares of the Company were not listed on the Stock Exchange during the period under review, the CG Code was not applicable to the Company for such period. As from the listing date on March 30, 2011, the Company has complied with the mandatory code provisions of the CG Code.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made to all the directors and the directors have confirmed that they have complied with the Model Code as from the listing date on March 30, 2011 up to the date of this announcement.

Audit Committee

The Audit Committee consists of three members, namely Mr. YIP Wai Ming (Chairman of the Committee), Mr. HAN Xiaojing and Ms. SUN Xiaoning, two of whom are independent non-executive directors (including one independent non-executive director with suitable professional qualifications or expertise in accounting or financial management). They have reviewed the accounting standards and practices adopted by the Group and discussed the auditing and financial reporting matters, including the review of the annual financial results of the Group for the year ended December 31, 2010.

Use of Proceeds from the Global Offering

With the shares of the Company listed on the Stock Exchange on March 30 2011, the net proceeds from the global offering, after deducting the relevant costs of the global offering, were approximately US$627 million (without taking into account of the partial exercise of the over-allotment option). As at the date of this announcement, the Company does not anticipate any change to its plan on the use of proceeds as stated in the prospectus of the Company dated March 18, 2011.

Publication of Annual Results on the Website of the Stock Exchange

The annual report of the Company that contains all the information as required in the Listing Rules will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.fehorizon.com in due course.

On behalf of the Board
Far East Horizon Limited
Chairman
Liu Deshu

Hong Kong, March 31, 2011

As at the date of this announcement, the executive directors of the Company are Mr. KONG Fanxing and Mr. WANG Mingzhe, the non-executive directors of the Company are Mr. LIU Deshu (Chairman), Mr. YANG Lin, Ms. SHI Dai, Mr. LIU Haifeng David and Ms. SUN Xiaoning, and the independent non-executive directors of the Company are Mr. HAN Xiaojing, Mr. LIU Jialin, Mr. CAI Cunqiang and Mr. YIP Wai Ming.