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INTERNATIONAL ALLIANCE FINANCIAL LEASING CO., LTD.

国际友联融资租赁有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1563)

INSIDE INFORMATION POTENTIAL TRANSACTION IN RELATION TO FINANCE LEASING FRAMEWORK AGREEMENT

This announcement is made by International Alliance Financial Leasing Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company resolved that the Group intends to enter into a finance leasing framework agreement (the “**Finance Leasing Framework Agreement**”) with Nanshan Group Co., Ltd. (南山集團有限公司) (“**Nanshan Group**”) in relation to provision of finance leasing services by the Group to Nanshan Group (the “**Potential Transaction**”).

INTENDED MAJOR TERMS OF THE FINANCE LEASING FRAMEWORK AGREEMENT

1. Subject of the Potential Transaction:
 - (a) The Group shall provide sale-leaseback service to Nanshan Group in relation to certain assets or equipment owned by or to be purchased by Nanshan Group; and
 - (b) The Group shall provide direct finance leasing service to Nanshan Group in relation to certain assets to be purchased from equipment suppliers.

(together, the “**Finance Leasing Services**”)
2. Term of the Finance Leasing Framework Agreement: three (3) years from the date upon the applicable conditions precedent being fulfilled, including but not limited to the approval from the independent shareholders of the Company with respect to the Finance Leasing Framework Agreement and the Potential Transaction.

3. Other salient terms:

- (a) The Group shall enter into individual finance leasing agreement(s) (the “**Individual Agreement(s)**”) with Nanshan Group in relation to the terms and conditions with respect to the Finance Leasing Services, but in any event the aggregate consideration under the Individual Agreements shall not exceed the applicable annual cap for the relevant year under the Finance Leasing Framework Agreement to be determined between the Group and Nanshan Group; and
- (b) The consideration for the Finance Leasing Services shall be determined upon arm’s length negotiations between the Group and Nanshan Group with reference to the following non-exhaustive factors: (i) the prevailing market price of the relevant asset or equipment; (ii) the prevailing market interest rate for finance leasing transactions of similar nature to the Finance Leasing Services; and (iii) the relevant internal rate of return.

As at the date of this announcement, Nanshan Group is owned as to 51% by the village member committee of Nanshan Village and 49% by Mr. Song Zuowen. Mr. Song Zuowen is the father-in-law of Ms. Sui Yongqing, one of the controlling shareholders of the Company, and his brother is the father-in-law of Mr. Song Jianpeng, the Chairman of the Group and one of the non-executive Directors. For the purpose of the connected transaction rules under the Listing Rules, the Directors considered Nanshan Group to be deemed connected persons under Rule 14A.21 of the Listing Rules.

The Potential Transaction, if materialised, may constitute a notifiable transaction and continuing connected transaction for the Company under the relevant Listing Rules. The Board wishes to emphasise that as at the date of this announcement, no binding agreement with respect to the Potential Transaction has been entered into by the Company and there is no assurance that any definitive transaction will materialise. The Company will make further announcement(s) in compliance with the Listing Rules and/or Part XIVA of the SFO as and when appropriate or required.

As the Company may or may not proceed with the Potential Transaction and it may or may not enter into a binding agreement with respect to the Potential Transaction, and even if it decides to do so, the Potential Transaction may or may not proceed to completion for various reasons. Accordingly, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By the order of the Board
International Alliance Financial Leasing Co., Ltd.
Li Luqiang
Executive Director

Hong Kong, 23 August 2019

As at the date of this announcement, the executive Directors are Mr. Li Luqiang, Mr. Li Zhixuan and Ms. Xu Juan; the non-executive Director is Mr. Song Jianpeng (Chairman); and the independent non-executive Directors are Mr. Liu Changxiang, Mr. Liu Xuwei and Mr. Jiao Jian.