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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)**

**VOLUNTARY ANNOUNCEMENT – LITIGATION UPDATE**

This announcement is made by International Alliance Financial Leasing Co., Ltd. (the “**Company**”) on a voluntary basis.

References are made to the announcement of the Company dated 12 July 2019 (the “**Announcement**”) and the interim report of the Company for the six months ended 30 June 2019 (the “**Interim Report**”). Capitalised terms used herein shall have the same meaning as those defined in the Announcement unless the context otherwise requires.

As disclosed in the Announcement, Nanshan Leasing has filed the Lawsuit against Shang Qiu Hospital at the Court for a total sum of RMB62,725,087.69, being among others, the unpaid rental fee owed by Shang Qiu Hospital, the outstanding rental fee for the remaining term, penalty, overdue fine and other expenses incurred by Nanshan Leasing. As disclosed in the Interim Report, the Company then received RMB6,706,739.00 from Shang Qiu Hospital, representing the unpaid rental fees since the entering into the Agreement up to the date of payment.

**LITIGATION UPDATE**

After negotiations and mediation among the parties, the Court endorsed and issued the civil mediation document (民事調解書) (the “**Mediation Document**”) on 28 October 2019, which was served on Shang Qiu Hospital on 28 October 2019 as well (the “**Effective Date**”). Pursuant to the Mediation Document:

- (1) within three (3) days from the Effective Date, Shang Qiu Hospital shall pay Nanshan Leasing the following:
  - (a) RMB3,068,913, being the unpaid rental fee;
  - (b) RMB874,714, being the overdue fine;

- (c) RMB200,000, being the relevant fees and expenses incurred due to the realisation of creditor's right (實現債權); and
  - (d) RMB177,712.5, being the reimbursement of the case application fee already paid by Nanshan Leasing;
- (2) Shang Qiu Hospital shall pay Nanshan Leasing the outstanding rental fee for the remaining term by quarterly instalment of RMB3,068,913 from 20 November 2019, which shall be fully paid by 20 November 2022; and
- (3) in case of default, Nanshan Leasing shall be entitled to demand Shang Qiu Hospital for the immediate payment of the entire outstanding rental fee plus penalty.

The Company and its subsidiaries (the “**Group**”) will closely monitor the performance of the Mediation Document by Shang Qiu Hospital and will take further legal actions to safeguard the Group's interests in relation to the Lawsuit as and when appropriate. As a result of the Mediation Document, the amount of settlement is expected to have no material impact on the Group's business development.

The Company will make further announcement(s) to inform the Shareholders and potential investors of the Company for further progress in connection with the above, as and when appropriate.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 1 November 2019

*As at the date of this announcement, the executive Directors are Mr. Li Luqiang, Mr. Li Zhixuan, Ms. Xu Juan; and the independent non-executive Directors are Mr. Liu Changxiang, Mr. Liu Xuewei and Mr. Jiao Jian.*