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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)

**FURTHER ANNOUNCEMENT OF AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Reference is made to the announcement of International Alliance Financial Leasing Co., Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 27 March 2020 (the “**Announcement**”) and the supplemental announcement dated 1 April 2020 in relation to the unaudited annual results of the Group for the year ended 31 December 2019. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as defined in the Announcement.

The Board hereby announces that the Company’s auditor, SHINEWING (HK) CPA Limited, has completed its audit of the consolidated financial statements of the Group for the year ended 31 December 2019. The annual results contained in the Announcement remain unchanged and are reproduced below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	<i>Notes</i>	2019 RMB'000	2018 RMB'000
Revenue	4	260,876	358,061
Other income, gains or losses	5	12,704	14,236
Total revenue and other income, gains or losses		273,580	372,297
Finance cost	6	(186,707)	(241,557)
Net exchange gain		2,158	1,990
Staff costs		(12,671)	(12,635)
Listing expenses		(10,299)	(10,837)
Other operating expenses		(20,040)	(21,226)
Impairment losses of financial assets, net of reversal	7	(147,610)	(25,349)
(Loss) profit before tax	8	(101,589)	62,683
Income tax credit (expense)	9	16,897	(22,085)
(Loss) profit for the year		(84,692)	40,598
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation		2,478	1,899
Total comprehensive (expense) income for the year		(82,214)	42,497
(Loss) earnings per share	<i>11</i>		
(Expressed in RMB Yuan per share)			
Basic		(0.0605)	0.0404

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	<i>Notes</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Non-current assets			
Plant and equipment		47	56
Right-of-use assets	12	6,833	–
Intangible assets		2,146	2,484
Finance lease receivables	13	1,696,039	2,608,169
Prepayment and other receivables		3,500	3,750
Deferred tax assets		72,360	29,285
		<u>1,780,925</u>	<u>2,643,744</u>
Current assets			
Finance lease receivables	13	990,541	1,106,050
Amounts due from related companies		–	107
Prepayment and other receivables		24,242	44,326
Bank balances		288,252	418,043
		<u>1,303,035</u>	<u>1,568,526</u>
Current liabilities			
Other payables and accrued expenses		2,430	2,314
Deposits from finance lease customers		37,730	6,239
Lease liabilities	12	3,670	–
Income tax payables		26,998	4,410
Deferred income		9,658	13,638
Borrowings	14	23,723	724,377
Bonds issued		91,201	500,933
		<u>195,410</u>	<u>1,251,911</u>
Net current assets		<u>1,107,625</u>	<u>316,615</u>
Total assets less current liabilities		<u>2,888,550</u>	<u>2,960,359</u>
Capital and reserves			
Share capital		10	1
Reserves		1,183,062	941,995
Total equity		<u>1,183,072</u>	<u>941,996</u>
Non-current liabilities			
Deposits from finance lease customers		130,701	158,567
Lease liabilities	12	3,238	–
Deferred income		8,563	15,526
Borrowings	14	1,373,976	1,568,270
Bonds issued		189,000	276,000
		<u>1,705,478</u>	<u>2,018,363</u>
		<u>2,888,550</u>	<u>2,960,359</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

International Alliance Financial Leasing Co., Ltd. (the “Company”) is an exempted company with limited liability incorporated in the Cayman Islands on 19 January 2015, with a registered share capital of United States Dollar (“USD”) 50,000. The registered address of the Company is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its controlling shareholder is Union Capital Pte. Ltd. (“Union Capital”), a company incorporated in Singapore. Union Capital is solely owned by Ms. Sui Yongqing. On 15 March 2019, the Company was listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with the stock code of 1563.

The Company and its subsidiaries (together, the “Group”) are principally engaged in offering finance lease service. The Company is an investment holding company.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company, and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

All the companies of the Group have adopted 31 December as their financial year end date.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied, for its first time, the following new and amendments to IFRSs issued by the International Accounting Standards Board (“IASB”).

IFRS 16	Leases
IFRIC – Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015 – 2017 Cycle

The adoption of IFRS 16 Leases resulted in the changes in the Group’s accounting policies and adjustments to the amounts recognised in the consolidated financial statements as summarises below.

The application of other new and amendments to IFRSs in the current year has had no material impact on the Group’s financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on adoption of IFRS 16 Leases

On transition, the Group has made the following adjustments upon application of IFRS 16. The Group recognised lease liabilities of RMB6.2 million and right-of-use assets of RMB6.3 million at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 9.03%.

Differences between operating lease commitments as at 31 December 2018, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liabilities recognised as at 1 January 2019 are as follow:

	<i>RMB'000</i>
Operating lease commitment disclosed as at 31 December 2018	6,988
Less: Short-term leases and low value asset with remaining lease term ended on or before 31 December 2019	<u>(385)</u>
	<u>6,603</u>
Discounted using the incremental borrowing rate and lease liabilities recognised as at 1 January 2019	<u><u>6,190</u></u>
Analysed as	
Current portion	4,630
Non-current portion	<u>1,560</u>
	<u><u>6,190</u></u>

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	<i>RMB'000</i>
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	6,190
Adjustments on rental deposits at 1 January 2019 (<i>Note a</i>)	<u>130</u>
By class:	
Office and staff quarters	<u><u>6,320</u></u>

Note a:

Before the application of IFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, approximately RMB130,000 was adjusted to refundable rental deposits paid and right-of-use assets.

3. SEGMENT INFORMATION

The executive directors of the Company, being the chief operating decision maker (“CODM”), considered that there was only one reportable operating segment, being the finance leasing business of the Group. Since the Group mainly provides finance lease services in the People’s Republic of China (the “PRC”) PRC, the operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform with IFRSs and CODM regularly reviews the overall results, assets and liabilities of the Group as a whole to make decisions about resources allocation. Accordingly, no analysis of this single operating segment is presented.

Geographical information

- (a) The revenues from external customers of the Group are mainly generated in the PRC.
- (b) The non-current assets are located in the PRC.

Information about major customers

There was no single customer who contributed 10% or more of the total revenue to the Group for the years ended 31 December 2019 and 2018.

4. REVENUE

	2019 <i>RMB’000</i>	2018 <i>RMB’000</i>
Finance lease income	260,876	354,571
Advisory fee income (<i>Note</i>)	—	3,490
	<u>260,876</u>	<u>358,061</u>

Note: Advisory fee income were recognised at a point in time when those services were completed. The Group has no unsatisfied performance obligations of advisory service as at 31 December 2018.

5. OTHER INCOME, GAINS OR LOSSES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Government grants (<i>Note a</i>)	7,568	7,327
Investment income	212	34
Bank interest income	1,575	567
Entrusted loan income	–	806
Compensation for early termination of finance lease arrangement (<i>Note b</i>)	–	5,482
Others	3,349	20
	<u>12,704</u>	<u>14,236</u>

Notes:

- (a) Government grants represent local governments' offer for the refund of value-added tax and income tax to enterprises in the finance leasing industry. The government grants are one-off with no specific conditions.
- (b) In February 2018, a subsidiary of Nanshan Group Co., Ltd. ("Nanshan Group") early terminated a finance lease agreement which would be matured in May 2028, and agreed to pay compensation of approximately RMB5.5 million to the Group.

6. FINANCE COST

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Interest expense on:		
– Borrowings	132,756	158,245
– Bonds payable	37,850	70,904
– Lease liabilities	456	–
– Imputed interest on deposits from finance lease customers	15,645	12,408
	<u>186,707</u>	<u>241,557</u>

7. IMPAIRMENT LOSSES ON FINANCIAL ASSETS, NET OF REVERSAL

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Finance lease receivables	140,758	25,106
Other receivables	6,852	243
	<u>147,610</u>	<u>25,349</u>

8. (LOSS) PROFIT BEFORE TAX

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
(Loss) profit before tax has been arrived at after charging :		
Directors' remuneration	3,430	2,624
Salaries, bonus, allowances, social welfare and other employee benefits	9,241	10,011
	<u>12,671</u>	<u>12,635</u>
Total staff cost		
Auditors' remuneration	1,275	2,731
Depreciation for plant and equipment	25	68
Depreciation for right-of-use assets	5,490	–
Amortisation of intangible assets	351	350
Minimum lease payments under operating leases	–	5,973
	<u>–</u>	<u>5,973</u>

9. INCOME TAX (CREDIT) EXPENSE

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Current income tax		
PRC Enterprise Income Tax	26,178	18,700
Deferred income tax	(43,075)	3,385
	<u>(16,897)</u>	<u>22,085</u>

10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2019, nor has any dividend been proposed since the end of the reporting period (2018: nil).

11. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share is as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
(Loss) profit for the year	<u>(84,692)</u>	<u>40,598</u>
Number of shares		
Weighted average number of shares in issue ('000)	<u>1,401,000</u>	<u>1,005,000</u>

The calculation of basic (loss) earnings per share during the years ended 31 December 2019 and 2018 are based on the assumption that the capitalisation issue had been effective throughout both years.

During the years ended 31 December 2019 and 2018, there were no potential ordinary shares outstanding. Accordingly, no diluted earnings per share is presented.

12. LEASES

(i) Right-of-use assets

	31/12/2019 <i>RMB'000</i>	1/1/2019 <i>RMB'000</i>
Office and staff quarters	<u>6,833</u>	<u>6,320</u>

The Group has lease arrangements for office and staff quarters. The lease terms are generally ranged from two to five years.

None of these leases include extension options and variable lease payments.

Additions to the right-of-use assets for the year ended 31 December 2019 amounted to RMB6,828,000 due to new leases of office.

(ii) Lease liabilities

	31/12/2019 <i>RMB'000</i>	1/1/2019 <i>RMB'000</i>
Non-current	3,238	1,560
Current	<u>3,670</u>	<u>4,630</u>
	<u>6,908</u>	<u>6,190</u>

13. FINANCE LEASE RECEIVABLES

The minimum lease receivables are set out below:

	As at 31 December 2019 RMB'000
Amounts receivable under finance leases	
Within 1 year	1,313,932
After 1 year but within 2 years	967,382
After 2 years but within 3 years	709,761
After 3 years but within 4 years	279,046
After 4 years but within 5 years	<u>101,459</u>
Undiscounted lease payments	3,371,580
Less: unearned finance income	<u>(476,244)</u>
Gross investment in leases	2,895,336
Less: Allowance for impairment losses	<u>(208,756)</u>
Present value of minimum lease payments receivables	<u>2,686,580</u>
Analysed for reporting purposes as:	
Current assets	990,541
Non-current assets	<u>1,696,039</u>
	<u>2,686,580</u>

	As at 31 December 2018 <i>RMB'000</i>
Amounts receivable under finance leases	
Within 1 year	1,392,374
Later than one year and not later than five years	3,020,820
Later than five years	<u>12,220</u>
Gross amount of finance lease receivables	4,425,414
Less: Unearned finance income	<u>(643,197)</u>
Present value of finance lease receivables	<u>3,782,217</u>
Represented by:	
Not later than one year	1,130,439
Later than one year and not later than five years	2,639,843
Later than five years	<u>11,935</u>
	3,782,217
Less: Allowance for impairment losses	<u>(67,998)</u>
Carrying amount of finance lease receivables	<u><u>3,714,219</u></u>
Analysed for reporting purposes as:	
Current assets	1,106,050
Non-current assets	<u>2,608,169</u>
	<u><u>3,714,219</u></u>

14. BORROWINGS

	As at 31 December	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Secured and guaranteed borrowings	95,285	402,011
Secured and unguaranteed borrowings	510,036	848,126
Unsecured and unguaranteed borrowings	<u>792,378</u>	<u>1,042,510</u>
Total	<u>1,397,699</u>	<u>2,292,647</u>
Represented by:		
Carrying amount repayable		
Within one year	23,723	724,377
More than one year, but not exceeding two years	796,164	413,809
More than two years, but not exceeding five years	<u>577,812</u>	<u>1,154,461</u>
	1,397,699	2,292,647
Less: amounts under current liabilities	<u>23,723</u>	<u>724,377</u>
Non-current liabilities	<u>1,373,976</u>	<u>1,568,270</u>

15. EVENT AFTER THE REPORTING PERIOD

The wide spread of the novel coronavirus in the PRC since the beginning of 2020 is fluid and challenging situation facing all the industries of the society. The Group has already assessed the overall impact of the situation on the operation of the Group and taken all possible effective measures to limit and keep the impact in control. The Group will keep continuous attention on the change of situation and make timely response and adjustments in the future. Up to the date of this announcement, the assessment is still in progress.

AUDIT COMMITTEE

The Company has an audit committee (the “**Audit Committee**”) which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises three independent non-executive Directors. The members of the Audit Committee are Mr. Liu Xuewei, Mr. Liu Changxiang and Mr. Jiao Jian. Mr. Liu Xuewei is the chairman of the Audit Committee. The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 December 2019.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this annual results announcement have been agreed by the Group’s auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect does not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this annual results announcement.

By Order of the Board
International Alliance Financial Leasing Co., Ltd.
Li Luqiang
Executive Director and Chief Executive Officer

Hong Kong, 29 April 2020

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