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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)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION
TO THE ANNUAL REPORT 2019**

Reference is made to the annual report of International Alliance Financial Leasing Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2019 (the “**Annual Report 2019**”) published on 13 May 2020 in relation to, among others, the use of the net proceeds (the “**Net Proceeds**”) from the initial public offering of the Company (the “**Global Offering**”) and the deed of non-competition undertaking dated 20 February 2019 entered into by the Company’s controlling shareholders in favour of the Company (the “**Deed of Non-competition**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Annual Report 2019 and the prospectus of the Company dated 28 February 2019 (the “**Prospectus**”).

USE OF NET PROCEEDS

The actual Net Proceeds raised from the Global Offering was approximately HK\$354.3 million (RMB319.2 million). As disclosed in the section headed “Future Plans and Use of Proceeds – Use of Proceeds” in the Prospectus, the Company intended to use the Net Proceeds as follows:

1. approximately 50% to apply towards the Group’s business operation expansion in healthcare industry;
2. approximately 40% to apply towards the Group’s business operation expansion in aviation and public infrastructure industries; and
3. approximately 10% to apply towards the Group’s general working capital.

In addition to the information disclosed under the section headed “Management Discussion and Analysis – Use of Proceeds from the Global Offering” in the Annual Report 2019, the board of the directors of the Company (the “**Board**”) would like to provide further information regarding the use of Net Proceeds and the expected timeline for utilising its remaining balance, details of which are set out as follows:

Use of Net Proceeds	Planned amount use of the Net Proceeds (RMB' million) ^(Note 1)	Utilised amount as at 31 December 2019 (RMB' million)	Unutilised amount as at 31 December 2019 (RMB' million)	Expected timeline for utilising the unutilised Net Proceeds ^(Note 2)
The Group's business operation expansion in healthcare industry	159.6	128.0	31.6	Expected to be fully utilised in or before the end of 2021
The Group's business operation expansion in aviation and public infrastructure industries	127.7	124.5	3.2	Expected to be fully utilised in or before the end of 2021
The Group's general working capital	31.9	0.0	31.9	Expected to be fully utilised in or before the end of 2021
Total	<u>319.2</u>	<u>252.5</u>	<u>66.7</u>	

Notes:

1. The translation of Renminbi into Hong Kong dollars was based on the rate of RMB1.00 to HK\$1.11.
2. The expected timeline for utilising the remaining Net Proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of the market conditions.

As at 31 December 2019, the Group has not fully utilised the planned Net Proceeds mainly due to the global economic growth continued to slow down as well as the recent changes in the economic environment, the market and the relevant industries. Such changes posed the slowdown of the development of the financial leasing industry, the pace of business development of the Company and thus the utilisation of its general working capital. For further details, please refer to the announcements of the Company dated 27 March 2020 and 27 May 2020. Despite the foregoing, the Company will continue to actively look for prospective projects to participate and invest in order to utilise the Net Proceeds in accordance with the manner disclosed above.

Apart from the above, the Directors are not aware of any material change or delay to the planned use of proceeds.

DEED OF NON-COMPETITION

As disclosed in the Prospectus, each of Ms. Sui Yongqing and Union Capital Pte. Ltd., the Controlling Shareholders, had entered into the Deed of Non-competition in favour of the Company (for itself and as trustee of its subsidiaries), pursuant to which each of the Controlling Shareholders would not, and would procure her/its close associates and/or the companies controlled by her/it (other than members of the Group) not to, directly or indirectly, either on her/its own account or in conjunction with or on behalf of any person, firm or company, partnership, joint venture, or other contractual arrangement, among other things, whether directly or indirectly, for profit or not, carry on, participate or be engaged in, invest in, acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise and whether for interest, return or otherwise) or provide any form of assistance to any business which is or may be similar to or in competition with the business carried on or contemplated to be carried on by any member of the Group from time to time, including but not limited to the provision of finance leasing and related advisory services.

Each of the Controlling Shareholders had provided a written declaration (the “**Declaration**”) to the Company confirming that she/it had duly complied with the terms of the Deed of Non-competition during the period commencing from the Listing Date and up to 31 December 2019 (the “**Relevant Period**”).

The independent non-executive directors of the Company (the “**INEDs**”) had received and reviewed the Declaration. In determining whether the terms of the Deed of Non-competition were duly complied with by and enforceable against the Controlling Shareholders during the Relevant Period, the INEDs had reviewed and observed the following:

- (a) each of the Controlling Shareholders had made the Declaration declaring that they had fully complied with the Deed of Non-competition during the Relevant Period;
- (b) no competing business was reported by the Controlling Shareholders during the Relevant Period; and
- (c) there was no particular situation rendering the full compliance and enforcement of the Deed of Non-competition being questionable.

In view of the above, the INEDs were satisfied that the terms of the Deed of Non-competition were duly complied with by and enforceable against each of the Controlling Shareholders during the Relevant Period.

The supplemental information provided in this announcement does not affect other information contained in the Annual Report 2019 and, save as disclosed above, the contents of the Annual Report 2019 remain unchanged.

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

Hong Kong, 26 August 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 Xuwei and Mr. Jiao Jian.