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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2020, the Group has successfully turned around into profit, profit for the year amounted to approximately RMB16.6 million, as compared with the loss of approximately RMB84.7 million for the year ended 31 December 2019.
- For the year ended 31 December 2020, the revenue amounted to approximately RMB248.0 million, representing a decrease of approximately 4.9% as compared with that of approximately RMB260.9 million for the year ended 31 December 2019.
- For the year ended 31 December 2020, the profit before tax amounted to approximately RMB12.8 million, compared with the loss before tax of approximately RMB101.6 million for the year ended 31 December 2019.
- As at 31 December 2020, the total assets amounted to approximately RMB3,109.5 million, representing an increase of approximately 0.8% as compared with that of approximately RMB3,084.0 million as at 31 December 2019.
- As at 31 December 2020, the total shareholders' equity amounted to approximately RMB1,195.5 million, representing an increase of approximately 1.0% as compared with that of approximately RMB1,183.1 million as at 31 December 2019.
- For the year ended 31 December 2020, the return on equity was approximately 1.4%.
- For the year ended 31 December 2020, the return on total assets was approximately 0.5%.

The board (the “**Board**”) of directors (the “**Directors**”) of International Alliance Financial Leasing Co., Ltd. (the “**Company**”) is pleased to present the results of the Company and its subsidiaries (collectively, the “**Group**”) for the financial year ended 31 December 2020 and the comparative figures as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	<i>Notes</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue	4	248,046	260,876
Other income, gains or losses	5	11,896	12,704
Total revenue and other income, gains or losses		259,942	273,580
Finance costs	6	(128,821)	(186,707)
Net exchange (loss) gain		(5,109)	2,158
Staff costs		(9,526)	(12,671)
Listing expenses		–	(10,299)
Other operating expenses		(21,427)	(20,040)
Impairment losses of financial assets, net of reversal	7	(82,242)	(147,610)
Profit (loss) before tax	8	12,817	(101,589)
Income tax credit	9	3,793	16,897
Profit (loss) for the year		16,610	(84,692)
Other comprehensive (expense) income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statement of foreign operations		(4,232)	2,478
Total comprehensive income (expense) for the year		12,378	(82,214)
Earnings (loss) per share	<i>11</i>		
(Expressed in RMB Yuan per share)			
Basic and diluted		0.0111	(0.0605)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	<i>Notes</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Non-current assets			
Plant and equipment		99	47
Right-of-use assets		2,068	6,833
Intangible assets		1,794	2,146
Finance lease receivables	12	1,376,356	1,696,039
Other receivables	13	3,500	3,500
Deferred tax assets	14	112,075	72,360
		<u>1,495,892</u>	<u>1,780,925</u>
Current assets			
Finance lease receivables	12	1,327,549	990,541
Financial asset at fair value through profit or loss	15	50,457	–
Prepayment and other receivables	13	27,278	24,242
Bank balances	16	208,330	288,252
		<u>1,613,614</u>	<u>1,303,035</u>
Current liabilities			
Bills and other payables	17	170,042	2,430
Deposits from finance lease customers	12	23,827	37,730
Lease liabilities		1,561	3,670
Income tax payables		30,010	26,998
Deferred income	18	9,948	9,658
Borrowings	19	930,145	23,723
Bonds issued	20	–	91,201
		<u>1,165,533</u>	<u>195,410</u>
Net current assets		<u>448,081</u>	<u>1,107,625</u>
Total assets less current liabilities		<u>1,943,973</u>	<u>2,888,550</u>
Capital and reserves			
Share capital		10	10
Reserves		1,195,440	1,183,062
Total equity		<u>1,195,450</u>	<u>1,183,072</u>
Non-current liabilities			
Deposits from finance lease customers	12	174,078	130,701
Lease liabilities		692	3,238
Deferred income	18	14,872	8,563
Borrowings	19	558,881	1,373,976
Bonds issued	20	–	189,000
		<u>748,523</u>	<u>1,705,478</u>
		<u>1,943,973</u>	<u>2,888,550</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

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 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.

BASIS OF PREPARATION

The annual results set out in the announcement do not constitute the Group’s financial statements for the year ended 31 December 2020 but are extracted from those financial statements.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

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

In the current year, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in IFRSs and the following amendments to IFRSs issued by the IASB which were effective for the Group’s financial year beginning 1 January 2020:

Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 1 and IAS 8	Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in IFRSs and the amendments to IFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRS in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs and interpretation that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and related Amendments ⁵
Amendments to IFRS 3	Reference to Conceptual Framework ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current ⁵
Amendments to IAS 16	Property, plant and Equipment: Proceeds before Intended Use ³
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract ³
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 ¹
Amendment to IFRS 16	COVID-19-Related Rent Concessions ⁴
Amendment to IFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle ³

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2022.

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2023.

The directors of the Company anticipate that the application of new and amendments to IFRSs will have no material impact on the results and the financial position of the Group.

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”), 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

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2020 <i>RMB’000</i>	2019 <i>RMB’000</i>
Customer A ¹	<u>80,905</u>	<u>N/A²</u>

¹ Revenue from this customer including revenue generated from its subsidiaries.

² The revenue for year ended 31 December 2019 did not contribute over 10% of the total revenue of the Group.

4. REVENUE

	2020 <i>RMB’000</i>	2019 <i>RMB’000</i>
Finance lease income	<u>248,046</u>	<u>260,876</u>

5. OTHER INCOME, GAINS OR LOSSES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Government grants (<i>Note</i>)	8,916	7,568
Investment and interest income	2,747	1,787
Gain on disposal of plant and equipment	1	–
Others	<u>232</u>	<u>3,349</u>
	<u>11,896</u>	<u>12,704</u>

Note: Government grants represent local governments' offer for the refund of value-added tax to enterprises in the finance leasing industry. The government grants are one-off with no specific conditions.

6. FINANCE COSTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest expense on:		
– Borrowings	100,922	132,756
– Bonds payable	17,423	37,850
– Bills payable	6,168	–
– Imputed interest on deposits from finance lease customers	3,892	15,645
– Lease liabilities	<u>416</u>	<u>456</u>
	<u>128,821</u>	<u>186,707</u>

7. IMPAIRMENT LOSSES ON FINANCIAL ASSETS, NET OF REVERSAL

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Finance lease receivables	79,658	140,758
Other receivables	<u>2,584</u>	<u>6,852</u>
	<u><u>82,242</u></u>	<u><u>147,610</u></u>

8. PROFIT (LOSS) BEFORE TAX

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit (loss) before tax has been arrived at after charging (crediting):		
Directors' remuneration	3,093	3,430
Salaries, bonus and other employee benefits	5,326	6,934
Retirement benefits schemes contributions	<u>1,107</u>	<u>2,307</u>
Total staff cost	<u>9,526</u>	<u>12,671</u>
Auditors' remuneration	1,000	2,260
Depreciation for plant and equipment	10	25
Depreciation for right-of-use assets	4,765	5,490
Amortisation of intangible assets	352	351
Gain on disposal of plant and equipment	<u>(1)</u>	<u>—</u>

9. INCOME TAX CREDIT

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current income tax		
PRC Enterprise Income Tax	35,922	26,178
Deferred income tax credit	<u>(39,715)</u>	<u>(43,075)</u>
	<u><u>(3,793)</u></u>	<u><u>(16,897)</u></u>

10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2020, nor has any dividend been proposed since the end of the reporting period (2019: nil).

11. EARNINGS (LOSS) PER SHARE

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit (loss) for the year	<u>16,610</u>	<u>(84,692)</u>
Number of shares		
Weighted average number of shares in issue ('000)	<u>1,500,000</u>	<u>1,401,000</u>

The calculation of basic loss per share during the year ended 31 December 2019 was based on the assumption that the capitalisation issue had been effective throughout the year.

There is no difference between earnings basic and diluted loss per share as there were no potentially dilutive shares outstanding during the years ended 31 December 2020 and 2019.

12. FINANCE LEASE RECEIVABLES

(i) The minimum lease receivables are set out below:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Amounts receivable under finance leases		
Within 1 year	1,753,295	1,313,932
After 1 year but within 2 years	998,866	967,382
After 2 years but within 3 years	445,014	709,761
After 3 years but within 4 years	120,371	279,046
After 4 years but within 5 years	21,101	101,459
More than 5 years	106,411	–
	<hr/>	<hr/>
Undiscounted lease payments	3,445,058	3,371,580
Less: unearned finance income	(453,223)	(476,244)
	<hr/>	<hr/>
Net investment in leases	2,991,835	2,895,336
Less: Allowance for impairment losses	(287,930)	(208,756)
	<hr/>	<hr/>
	2,703,905	2,686,580
	<hr/>	<hr/>
Analysed for reporting purposes as:		
Current assets	1,327,549	990,541
Non-current assets	1,376,356	1,696,039
	<hr/>	<hr/>
	2,703,905	2,686,580
	<hr/>	<hr/>

(ii) Movements of allowances for impairment losses on finance lease receivables are as follows:

	2020			Total RMB'000
	Individual provisions as 12m ECL RMB'000	Individual provision as lifetime ECL not credit- impaired RMB'000	Individual provision as lifetime ECL credit- impaired RMB'000	
As at 1 January 2020	5,310	1,118	202,328	208,756
Changes due to finance lease receivables recognised in the opening balance that have:				
– Transferred to Lifetime expected credit loss ("ECL") not credit- impaired	(489)	30,895	(30,406)	–
– Transferred to Lifetime ECL credit-impaired	(705)	(16)	721	–
Provided for the year	1,574	167	146,250	147,991
Reversal for the year	(2,232)	(28,738)	(37,363)	(68,333)
Foreign currency translation	–	–	(484)	(484)
Balance at 31 December 2020	<u>3,458</u>	<u>3,426</u>	<u>281,046</u>	<u>287,930</u>
Expected loss rate	<u>0.17%</u>	<u>1.01%</u>	<u>41.89%</u>	<u>9.62%</u>

2019

	Individual provisions as 12m ECL RMB'000	Individual provision as lifetime ECL not credit- impaired RMB'000	Individual provision as lifetime ECL credit- impaired RMB'000	Total RMB'000
As at 1 January 2019	6,857	30,422	30,719	67,998
Changes due to finance lease receivables recognised in the opening balance that have:				
– Transferred to lifetime ECL not credit-impaired	(403)	403	–	–
– Transferred to lifetime ECL credit-impaired	(194)	(29,742)	29,936	–
Provided for the year	1,353	743	141,790	143,886
Reversal for the year	(2,303)	(708)	(117)	(3,128)
Balance at 31 December 2019	<u>5,310</u>	<u>1,118</u>	<u>202,328</u>	<u>208,756</u>
Expected loss rate	<u>0.26%</u>	<u>1.00%</u>	<u>27.94%</u>	<u>7.21%</u>

- (iii) The following is a credit quality analysis of finance lease receivables. In the event that an instalment repayment of a finance lease receivables is past due, the entire outstanding balance of the finance lease receivables is classified as past due.

According to the change in the level of credit risk compared with the level at initial adoption, finance lease receivables are classified into 12m ECL, lifetime ECL not credit-impaired and lifetime ECL credit-impaired.

	2020			2019		
	Present value of finance lease receivables <i>RMB'000</i>	Expected credit losses <i>RMB'000</i>	Carrying amount <i>RMB'000</i>	Present value of finance lease receivables <i>RMB'000</i>	Expected credit losses <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
12m ECL	1,982,868	(3,458)	1,979,410	2,059,850	(5,310)	2,054,540
Lifetime ECL not credit-impaired (<i>Note a</i>)	338,040	(3,426)	334,614	111,280	(1,118)	110,162
Lifetime ECL credit-impaired (<i>Note b</i>)	670,927	(281,046)	389,881	724,206	(202,328)	521,878
	<u>2,991,835</u>	<u>(287,930)</u>	<u>2,703,905</u>	<u>2,895,336</u>	<u>(208,756)</u>	<u>2,686,580</u>

Notes:

- (a) The Group presumes that the credit risk on a finance lease receivable has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Group has transferred the 12m ECL of finance lease receivables into lifetime ECL not credit-impaired when contractual payments are past due more than 30 days and within 90 days.
- (b) When contractual payments are past due more than 90 days, the Group comprehensively considers the value of underlying assets, current and forecasts of general economic conditions of the industry in which the lessees operate and assessment of the ability of the lessees to fulfill their contractual cash flow obligations, to determine whether the finance lease receivables are credit-impaired. The Group has transferred the lifetime ECL not credit-impaired finance lease receivables into lifetime ECL credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that finance lease receivables have occurred.

- (iv) The Group entered into sale and repurchase agreements or clauses with certain counterparties with respect to some of the Group's finance lease receivables, and as a result recognised secured and unguaranteed borrowings and bonds issued. The carrying amounts of such finance lease receivables were approximately RMB629.3 million as at 31 December 2020 (2019: approximately RMB840.3 million). The details of such finance lease receivables are as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
With secured and unguaranteed borrowings issued	629,263	535,550
With bonds issued	<u>–</u>	<u>304,722</u>
	<u>629,263</u>	<u>840,272</u>

The underlying assets at original cost of approximately USD115.8 million (equivalent to approximately RMB755.6 million) were pledged as collateral for the Group's secured and guaranteed borrowings as at 31 December 2020 (2019: USD115.8 million (equivalent to approximately RMB807.8 million)).

- (v) Deposits from finance lease customers are used for security purposes. Deposits from finance lease contracts are refundable to customers in full by end of the lease period according to the terms of the lease contracts. When the lease contract expires, the lessor must return the full lease deposits to the lessee. The balance of deposits from finance lease customers can also be used to settle outstanding lease payments for the corresponding lease contract.

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
The amounts of deposits from finance lease customers	<u>197,905</u>	<u>168,431</u>
Analysed for reporting purposes as:		
Current liabilities	23,827	37,730
Non-current liabilities	<u>174,078</u>	<u>130,701</u>
	<u>197,905</u>	<u>168,431</u>

- (vi) As at 31 December 2020 and 2019, the annual internal rate of return and average yield of finance lease receivables are as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Annual internal rate of return	5.23% - 12.55%	6.20% - 13.00%
Average annual internal rate of return	<u>7.86%</u>	<u>7.37%</u>

(vii) As at 31 December 2020 and 2019, the carrying amounts of floating rate of return finance lease receivables and fixed rate of return finance lease receivables are as follows:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Analysed for reporting purposes as:		
Floating rate of return	1,190,765	2,109,321
Fixed rate of return	1,513,140	577,259
	<u>2,703,905</u>	<u>2,686,580</u>

The floating rates of return of finance lease receivables were with reference to the benchmark interest rate of the People's Bank of China ("PBOC Rate") or London Interbank Offered Rate ("LIBOR"). The rates of return of finance lease receivables were adjusted periodically with reference to the PBOC Rate or LIBOR.

13. PREPAYMENT AND OTHER RECEIVABLES

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Aircraft maintenance expense paid on behalf of a customer	23,127	22,797
Deductible value-added tax	6,581	8,128
Others	13,852	7,063
	<u>43,560</u>	<u>37,988</u>
Subtotal	43,560	37,988
Less: Allowance for impairment losses	(12,782)	(10,246)
	<u>30,778</u>	<u>27,742</u>
Analysed for reporting purposes as:		
Current assets	27,278	24,242
Non-current assets	3,500	3,500
	<u>30,778</u>	<u>27,742</u>

Movements of allowances for impairment losses are as follows:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of the year	10,246	3,375
Provided for the year	2,584	6,852
Foreign currency translation	(48)	19
	<u>12,782</u>	<u>10,246</u>

As at 31 December 2020, the aircraft maintenance expense paid on behalf of a customer amounted to approximately RMB23,127,000 (2019: RMB22,797,000) are credit-impaired financial assets and the ECL is provided at an amount equal to lifetime ECL of approximately RMB12,782,000 (2019: RMB10,246,000). The Group measures the loss allowance for remaining other receivables at an amount equal to 12m ECL.

14. DEFERRED TAX ASSETS

For presentation purpose, certain deferred tax assets and deferred tax liabilities have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Deferred tax assets	<u>112,075</u>	<u>72,360</u>

Movements in balances of deferred tax assets

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Balance at beginning of the year	72,360	29,285
Credit to profit or loss	<u>39,715</u>	<u>43,075</u>
Balance at end of the year	<u>112,075</u>	<u>72,360</u>

15. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Financial asset at FVTPL comprises:		
Listed bond investment	<u>50,457</u>	<u>–</u>

The listed bond investment represents bonds investment listed in the PRC which is held for short-term trading purpose.

16. BANK BALANCES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Bank balances	208,330	288,252
Including: restricted bank balances	<u>172,625</u>	<u>30,644</u>

Bank balances carry floating interest rate based on daily bank deposit rates as at 31 December 2020 and 2019.

Restricted bank balances of the Group are used as pledged deposits for borrowings and bill payables. The Group cannot use them until the related transactions are matured and released.

17. BILLS AND OTHER PAYABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Bills payables (<i>Note</i>)	168,000	–
Other tax payables	156	597
Accrued expenses	447	349
Others	<u>1,439</u>	<u>1,484</u>
	<u>170,042</u>	<u>2,430</u>

Note: The bills payables for acquisition of leased assets is repayable within one year and bearing fixed interest rate at 2.25% per annum. Such bills payables are aged within one year.

18. DEFERRED INCOME

Deferred income from finance lease is amortised over the lease period and recognised as revenue using effective interest method.

19. BORROWINGS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Secured and guaranteed borrowings (<i>note i</i>)	66,541	95,285
Secured and unguaranteed borrowings (<i>note ii</i>)	342,735	510,036
Unsecured and unguaranteed borrowings	<u>1,079,750</u>	<u>792,378</u>
 Total	 <u><u>1,489,026</u></u>	 <u><u>1,397,699</u></u>
 Represented by:		
Borrowing from banks	617,324	500,731
Borrowing from other institutions		
– Entrusted loans	821,702	896,968
Other borrowings (<i>note iii</i>)	<u>50,000</u>	<u>–</u>
 Total	 <u><u>1,489,026</u></u>	 <u><u>1,397,699</u></u>
 Represented by:		
Carrying amount repayable		
Within one year	930,145	23,723
More than one year, but not exceeding two years	392,643	796,164
More than two years, but not exceeding five years	<u>166,238</u>	<u>577,812</u>
	1,489,026	1,397,699
Less: amounts under current liabilities	<u>(930,145)</u>	<u>(23,723)</u>
 Non-current liabilities	 <u><u>558,881</u></u>	 <u><u>1,373,976</u></u>

Notes:

i. Secured and guaranteed borrowings

Secured and guaranteed borrowings were secured by underlying assets of the Group, and were also guaranteed by Nanshan Group Co., Ltd.

ii. Secured and unguaranteed borrowings

As at 31 December 2020 and 2019, the Group's secured and unguaranteed borrowings represented the Group's repurchase agreements with certain counterparties to sell Group's finance lease receivables.

iii. Other borrowings

Other borrowings represented unguaranteed and unsecured payable at a fixed rate of 4.5% from an independent third party with three years duration.

iv. The exposure of the Group's of fixed-rate borrowings and the contractual maturity dates are as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Fixed-rate borrowings:		
Within one year	628,745	–
More than one year, but not exceeding two years	368,358	771,250
More than two years, but not exceeding five years	<u>147,516</u>	<u>490,148</u>
	<u><u>1,144,619</u></u>	<u><u>1,261,398</u></u>

In addition, the Group's variable-rate is based on inter-bank offer rates including LIBOR. The maturity date is within four years.

The ranges of effective interest rates (which approximate to contractual interest rates) on the Group's borrowings are as follows:

	2020	2019
Fixed-rate borrowing	3.90%-8.21%	4.00%-8.50%
Floating-rate borrowing	3-month <u>LIBOR+3.00%-3.25%</u>	3-month <u>LIBOR+3.00%-3.25%</u>

20. BONDS ISSUED

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Asset-backed securities		
– Asset-backed Nanshan Leasing of No. 1	<u>–</u>	<u>280,201</u>
Represented by:		
Carrying amount repayable:		
Within one year	–	91,201
More than one year, but not exceeding two years	<u>–</u>	<u>189,000</u>
	<u><u>–</u></u>	<u><u>280,201</u></u>
Analysed for the purpose of reporting		
Current liabilities	–	91,201
Non-current liabilities	<u>–</u>	<u>189,000</u>
	<u><u>–</u></u>	<u><u>280,201</u></u>

Details of outstanding bonds issued as at 31 December 2019 were as follows:

Name of products with priority	Issuing size (RMB'000)	Value date	Maturity date	Expected rate of return
Nanshan No. 1	43,000	28/04/2018	20/04/2020	7.8%
Nanshan No. 1	44,000	28/04/2018	20/10/2020	7.8%
Nanshan No. 1	45,000	28/04/2018	20/04/2021	7.8%
Nanshan No. 1	46,000	28/04/2018	20/10/2021	7.8%
Nanshan No. 1	47,000	28/04/2018	20/04/2022	7.8%
Nanshan No. 1	34,000	28/04/2018	20/10/2022	7.8%
Nanshan No. 1	<u>17,000</u>	28/04/2018	30/12/2022	7.8%
	<u><u>276,000</u></u>			

On 28 April 2018, Nanshan Financial Leasing (Tianjin) Co., Ltd. (“Nanshan Leasing”) issued asset-backed securities with two tranches, namely Asset-backed Nanshan No. 1: senior tranche with principal amount of RMB400.0 million, and the principal amount was repaid by instalments; junior tranche with principal amount of RMB20.0 million. Nanshan Leasing held all junior tranche asset-backed securities. All outstanding bonds issued were settled during the year ended 31 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

In 2020, the domestic and global economic slowdown and the negative impact of the COVID-19 epidemic on various industries led to increasing downward pressure on the economy and on continuous industrial transformation and upgrade of the finance leasing industry. As a result, the rate of development of the financial leasing industry continued to slow down. According to the statistics of China Leasing Union, as at the end of 2020, the total number of financial leasing companies in China was 12,156 (end of 2019: 12,130), increased by 0.2% year-on-year (2019: 2.9%), showing a significant decline in growth. The balance of finance leasing contracts in China amounted to approximately RMB6.50 trillion at the end of 2020 (end of 2019: RMB6.65 trillion), decreased by 2.3% year-on-year. As a result, the competition within the finance leasing industry further intensified in an already-very-competitive market.

The China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) issued the Interim Measures for the Supervision and Administration of Financial Leasing Companies* (融資租賃公司監督管理暫行辦法) in June 2020, which strengthened the requirements on the connected-ness and concentration of group clients of financial leasing companies, effectively prevented and diversified business risks, and aimed to ensure the sustainable and healthy development of the industry where it could continue to transform and upgrade. As such, strengthening risk control has become a core issue for various finance leasing companies.

The domestic and international economic environment is complicated and has been changing and financial deleverage and stringent regulatory policies have been pressing ahead in the PRC, thereby tightening financial environment has become the focus. Affected by the above situation, rental defaults occurred among its certain lessees, in particular those in the healthcare industry, for which the Group prudently made provision for impairment loss of finance lease receivables under IFRS 9 – Financial Instruments. Although rental defaults have improved, as compared to 2019, it still resulted in further increase in impairment loss of finance lease receivables for the year ended 31 December 2020.

The Group will continue to pay close attention to market changes in the industries involved, adjust its business strategies in a timely manner, proactively adjust the pace of business development, prioritise prevention and risk control at an appropriate time, strengthen the project vetting committee's functions in project selection, and strive to improve so as to improve the level of asset management and reduce overall risk of assets.

FINANCIAL REVIEW

Revenue

The Group's revenue mainly derived from finance lease income. The Group's finance leasing services included sale-leaseback and direct finance leasing.

Revenue decreased by approximately 4.9% from approximately RMB260.9 million for the year ended 31 December 2019 to approximately RMB248.0 million for the year ended 31 December 2020. Such decrease was mainly due to the decrease in new finance leasing business of the Group in 2020.

Other income, gains or losses

Other income, gains or losses, which primarily derived from (i) government grants; (ii) investment and interest income; (iii) gain on disposal of plant and equipment; and (iv) others, decreased from approximately RMB12.7 million for the year ended 31 December 2019 to approximately RMB11.9 million for the year ended 31 December 2020.

Even though (i) the government grants, which is subject to change depending on the tax payment every year, increased from approximately RMB7.6 million for the year ended 31 December 2019 to approximately RMB8.9 million for the year ended 31 December 2020; (ii) the investment and interest income increased from approximately RMB1.8 million for the year ended 31 December 2019 to approximately RMB2.7 million for the year ended 31 December 2020; and (iii) gain on disposal of plant and equipment increase from nil for the year ended 31 December 2019 to approximately RMB1,000 for the year ended 31 December 2020, they are offset by (iv) others which decreased from approximately RMB3.3 million for the year ended 31 December 2019 to approximately RMB0.2 million for the year ended 31 December 2020.

Staff costs

Staff costs primarily included employee salaries and related costs of other benefits. The staff costs decreased by approximately RMB3.2 million from approximately RMB12.7 million for the year ended 31 December 2019 to approximately RMB9.5 million for the year ended 31 December 2020. In August 2020, the Group set up a wholly-owned subsidiary located in Shenzhen. It contributed to an increase in number of staff from 28 as at 31 December 2019 to 33 as at 31 December 2020. However, despite an increase in number of staff at year end mentioned above, the weighted average number of staff decreased from 38 in 2019 to 31 in 2020. This led to the decrease in staff costs during the year. Further, portion of social insurance being waived during the year also contributed to the said decrease.

Other operating expenses

Other operating expenses primarily included rental expenses, entertainment expenses, legal and professional fees and travelling expenses. For the year ended 31 December 2020, the other operating expenses amounted to approximately RMB21.4 million (2019: approximately RMB20.0 million), representing approximately 8.6% of the total revenue of the Group (2019: approximately 7.7%).

Listing expenses

For the year ended 31 December 2019, the listing expenses amounted to approximately RMB10.3 million. There was no listing expenses in 2020. Such expenses are non-recurring in nature.

Finance cost

Finance costs primarily derived from (i) borrowings; (ii) bonds payable; (iii) bills payables; (iv) imputed interest on deposits from finance lease customers; and (v) lease liabilities. The finance costs decreased by approximately 31.0% from approximately RMB186.7 million for the year ended 31 December 2019 to approximately RMB128.8 million for the year ended 31 December 2020. The decrease in finance costs was mainly a result of the decrease in borrowing costs by approximately 24.0% from approximately RMB132.8 million for the year ended 31 December 2019 to approximately RMB100.9 million for the year ended 31 December 2020, and the decrease in the costs of bonds payable by approximately 54.1% from approximately RMB37.9 million for the year ended 31 December 2019 to approximately RMB17.4 million for the year ended 31 December 2020, which was due to the repayment of the bonds payable.

Profit(loss) for the year

The Company turned losses into profits during the year. Loss of approximately RMB84.7 million for the year ended 31 December 2019 turned into profit of approximately RMB16.6 million for the year ended 31 December 2020. The net profit margin for the year ended 31 December 2020 was 6.7%, representing a significant improvement as compared to that of -32.5% for the year ended 31 December 2019, which was mainly due to less impairment loss provided for the finance lease receivables.

Dividend

The Board did not recommend the payment of any final dividend to shareholders of the Company for the year ended 31 December 2020 (2019: nil).

Liquidity, financial resources and capital resources

As at 31 December 2020, the cash and cash equivalents amounted to approximately RMB35.7 million (31 December 2019: approximately RMB257.6 million). Working capital (current assets less current liabilities) and the total equity of the Group amounted to approximately RMB448.1 million (31 December 2019: approximately RMB1,107.6 million) and approximately RMB1,195.5 million (31 December 2019: approximately RMB1,183.1 million), respectively.

As at 31 December 2020, the Group's borrowings due within one year amounted to approximately RMB930.1 million (31 December 2019: approximately RMB23.7 million) and the Group's borrowings due after one year amounted to approximately RMB558.9 million (31 December 2019: approximately RMB1,374.0 million).

As at 31 December 2020, the Group's bonds issued due within one year was nil (31 December 2019: approximately RMB91.2 million) and the Group's bonds issued due after one year was nil (31 December 2019: approximately RMB189.0 million).

As at 31 December 2020, the gearing ratio (dividing the total indebtedness by total equity and indebtedness as at the end of the period) was approximately 55.5% (31 December 2019: approximately 58.6%). Such decrease was mainly due to the decrease in the borrowings and bonds issued based on the scale of business.

Finance lease receivables

Finance lease receivables consisted of (i) gross amount of finance lease receivables; (ii) unearned finance income; and (iii) allowances for impairment losses. As at 31 December 2020, the respective carrying amounts of such components of the finance receivables amounted to (i) approximately RMB3,445.1 million; (ii) approximately RMB453.2 million; and (iii) approximately RMB287.9 million (as at 31 December 2019, the respective carrying amounts of such components of the finance receivables amounted to (i) approximately RMB3,371.6 million; (ii) approximately RMB476.2 million; and (iii) approximately RMB208.8 million).

The finance lease receivables increased by approximately 0.6% from approximately RMB2,686.6 million for the year ended 31 December 2019 to RMB2,703.9 million for the year ended 31 December 2020, mainly due to an increase in the gross amount of finance lease receivables.

The allowances for impairment losses increased by approximately 37.9% from approximately RMB208.8 million as at 31 December 2019 to approximately RMB287.9 million as at 31 December 2020.

Certain customers of the Company failed to repay principals and/or interests, accordingly the Group strictly accessed the impairment allowance in accordance with IFRS. This attributes to an increase in allowance for impairment losses.

The domestic and international economic environment is complicated and has been changing and financial deleverage and stringent regulatory policies have been pressing ahead in the PRC, thereby tightening financial environment has become the focus. Affected by the above situation, rental defaults occurred among its certain lessees, in particular those in the healthcare industry, for which the Group prudently made provision for impairment loss of finance lease receivables under IFRS 9 – Financial Instruments, resulting in significant impact on the results of the Group for the year ended 31 December 2020.

Under such background, on the basis of complying the International Financial Reporting Standards, the Group makes a relatively reasonable estimation on the recovery of future funds from a prudent perspective, and provided appropriate amount of impairment allowance. In case that late payment occurs on lessees, the Group will adopt active on-site collection or legal actions. Some outstanding loans have been collected to avoid the further increase of impairment allowance impairment allowance. Further, the Company also deploys different means to recover impaired finance lease receivables. Please refer to the Company's announcement dated 27 May 2020 for further details.

Finance lease commitments

As at 31 December 2020, the Group had no finance lease commitments (31 December 2019: nil).

Employees and remuneration policy

As at 31 December 2020, the Group employed 33 full time employees (31 December 2019: 28) for its principal activities. Employees' benefits expenses (including Directors' emoluments) amounted to approximately RMB9.5 million for the year ended 31 December 2020 (2019: approximately RMB12.7 million). The Group recognises the importance of retaining high calibre and competent staff and continues to provide remuneration packages to employees with reference to the performance of the Group, the performance of individuals and prevailing market rates. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Company.

RISK MANAGEMENT

As a finance leasing company serving different industries, the Group assumes various risks in its business operations, including credit, liquidity, marketing, compliance, legal, operational and reputational risks, among which credit risk is its primary exposure. The Group has developed a comprehensive risk management system and controls risks through measures including due diligence on customers, independent information review and a multi-level approval process.

The Group strives to balance business development, risk management and operation efficiency. The Group has established comprehensive risk management and internal control processes to deal with various risks relating to its business. Its risk management processes are tailored to the characteristics of its business operations, with a focus on managing risks through comprehensive customer due diligence, independent information review and multi-level approval process. Its risk management processes also include a continuous review process after the finance leasing is approved. The asset management team reviews the leased assets on a regular basis, including performing on-site visits to inspect the status of the leased asset. This continuous review process enables the Group to identify any potential default of its customers and take remedial actions to enhance the security of its assets at an early stage.

The Group measures and monitors the asset quality of its finance lease receivables by voluntarily adopting a five-category classification with reference to guidelines promulgated by the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) relating to asset quality for financial institutions under its regulation as follows:

Pass. There is no sufficient reason to doubt that the lease payments will not be paid by the lessee in full on a timely basis. Pass asset has certain characteristics, for example, the lease payments have always been repaid in full on a timely manner or overdue for less than or equal to 90 days.

Special Mention. Even though the lessee has been able to pay the lease payments in a timely manner, there are some factors that could adversely affect its ability to pay, such as that the financial position of the lessee has worsened or its net cash flow has become negative, but there are sufficient guarantees or collaterals underlying the finance lease agreement. Special Mention asset has certain characteristics, for example, the payments have been overdue for more than 90 days but less than or equal to 150 days.

Substandard. The lessee's ability to pay is in obvious question as it is unable to make its payments in full with its operating revenue, and the Group is likely to incur losses notwithstanding the enforcement of any guarantees or collaterals underlying the finance lease agreement. Substandard asset has certain characteristics, for example, the lease payments have been overdue for more than 150 days but less than or equal to 210 days.

Doubtful. The lessee's ability to pay is in absolute question as it is unable to make lease payments in full, and the Group is likely to incur significant losses notwithstanding the enforcement of any guarantees or collaterals underlying the finance lease agreement. Doubtful asset has certain characteristics, for example, the lease payments have been overdue for more than 210 days but less than or equal to 270 days.

Loss. After taking all possible steps or going through all necessary legal procedures, lease payments remain overdue or only a very limited portion has been recovered. Loss asset has certain characteristics, for example, the lease payments have been overdue for more than 270 days.

At the same time, the Group assesses its provisions using an appropriate expected credit loss model based on the relevant requirements of IFRS and its internal provision procedures and guidelines upon consideration of factors such as the nature and characteristics of its industry-specific customers, credit record, economic conditions and trends, history of write-offs, payment delinquencies, the value of the assets underlying the leases and the availability of collateral or guarantees. The Group will regularly assess the expected credit loss model in accordance to actual loss of financial assets and adjust when necessary.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group did not have any material contingent liabilities (31 December 2019: Nil).

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Main Board of the Stock Exchange on 15 March 2019. The actual net proceeds (the "**Net Proceeds**") from the global offering of the 495,000,000 new shares of the Company (the "**Global Offering**") were approximately HK\$354.3 million (equivalent to approximately RMB319.2 million). As disclosed in the section headed "Future Plans and Use of Proceeds – Use of Proceeds" in the prospectus of the Company dated 28 February 2019, 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.

The details of the use of Net Proceeds and the expected timeline for utilising its remaining balance are set out as follows:

As at 31 December 2020

Use of Net Proceeds	Planned amount use of the Net Proceeds (RMB' million) (Note 1)	Utilised amount as at 31 December 2020 (RMB' million)	Unutilised amount as at 31 December 2020 (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	127.7	–	Fully utilised in 2020
The Group's general working capital	31.9	31.0	0.9	Expected to be fully utilised in or before the end of 2021
Total	<u>319.2</u>	<u>286.7</u>	<u>32.5</u>	

As at 31 December 2019

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 2020, the Group has not fully utilised the planned Net Proceeds mainly due to the negative impact of the COVID-19 epidemic on economic environment, the market and the relevant industries. Such changes posed the slowdown of the development of the financial leasing industry as well as, the pace of business development of the Company and thus the utilisation of its general working capital. 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.

EVENTS AFTER THE REPORTING PERIOD

References are made to the announcements of the Company dated 26 February 2020, 22 January 2021 and 10 March 2021. On 22 January 2021 (after trading hours), Baoyin Alliance Limited (as seller), an indirect wholly-owned subsidiary of the Company, and Avjet Global Sales, LLC (as buyer) entered into a sale and purchase agreement regarding one Gulfstream GV-SP (G550) aircraft (the “**Aircraft**”) at a consideration of US\$23.2 million. Delivery of the Aircraft took place on 28 January 2021. Please refer to the said announcements for more details about disposal of the Aircraft and the termination of the corresponding finance lease agreement.

Save as disclosed in this announcement, the Group does not have any material subsequent event after 31 December 2020 up to the date of this announcement.

OUTLOOK AND PLANS

In 2020, the COVID-19 epidemic has brought economic globalisation into counter-current, and profound adjustments have taken place in international economy, technology, culture, security, and political environment. The international business of finance leasing companies is also facing greater risks. On the other hand, during the year, the regulatory policies of the finance leasing industry has been improved, which provides clearer guidance for the sustainable development of this increasingly competitive industry.

Looking forward to 2021, as the COVID-19 vaccines become available and their inoculation rate rises, the Board estimates the pace of recovery of economic activities will speed up accordingly. While finance leasing companies become more cautious in managing risks, they will undergo in-depth transformation and adjustments and at the same time search for new momentum to develop in an uncertain environment. In response to the changes in external business environment, the Group will base on the principles of risk prevention and asset monitoring reinforcement and focus on strengthening internal management and improving various systems as its main focuses. On the basis of turning losses into profits, the Group shall continue to steadily promote its business development.

The Board will strive for new breakthroughs in terms of industry and geographic coverage by, improving the corporate governance mechanism; and on the condition of compliance of the Listing Rules, increasing the risk control level, enhancing asset management capability, further forging a professional and high-quality talent team to seize the development opportunity and actively develop new customers. The Group will also pay attention to maintain the relationship with existing customers and explore deepen cooperation with quality customers, in order to achieve steady and long-term development of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on Friday, 28 May 2021. A notice convening the annual general meeting will be published and dispatched to the shareholders in due course in the manner required under the Listing Rules. The register of members of the Company will be closed from Tuesday, 25 May 2021 to Friday, 28 May 2021 (both dates inclusive) for the purpose of determining shareholders' entitlement to attend and vote at the annual general meeting. In order to qualify for attending and voting at the annual general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 24 May 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the “**Model Code**”). The Company will periodically issue notices to its Directors reminding them of the general prohibition on dealing in the Company’s listed securities during the blackout periods before the publication of announcements of financial results. The Company has made specific enquiry of the Directors and all the Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2020.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to promoting good corporate governance and has set up procedures on corporate governance that comply with the principles in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules. Throughout the year ended 31 December 2020, the Company had complied with all code provisions in the CG Code and had adopted most of the recommend best practices set out in the CG Code.

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. The Audit Committee has reviewed the Group’s consolidated financial statements for the year ended 31 December 2020.

SCOPE OF WORK OF AUDITOR

The figures in respect of the consolidated statement of profit or loss, consolidated statement comprehensive income, consolidated statement of financial position of the Group, and the related notes thereto for the year as set out in this announcement have been agreed by its auditors, SHINEWING (HK) CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by the Group’s auditor, SHINEWING (HK) CPA Limited, in this respect did not constitute audits, reviews and other 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 the Group’s auditor on this announcement.

PUBLICATION OF INFORMATION

This announcement is published on the websites of the Company (www.iaf-leasing.com) and the Stock Exchange (www.hkexnews.hk), respectively. The annual report of the Company for the financial year ended 31 December 2020 will be despatched to shareholders of the Company and available on the above websites in due course.

By order of the Board
International Alliance Financial Leasing Co., Ltd.
Jiao Jianbin
Non-Executive Director

Hong Kong, 26 March 2021

As at the date of this announcement, the executive Directors are Mr. Li Luqiang and Mr. Li Zhixuan; the non-executive Director is Mr. Jiao Jianbin; and the independent non-executive Directors are Mr. Liu Changxiang, Mr. Liu Xuwei and Mr. Jiao Jian.

* *For identification purpose only*