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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 2020 ANNUAL REPORT

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 2020 (the “**2020 Annual Report**”) published on 16 April 2021. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the 2020 Annual Report.

In addition to the information provided in the 2020 Annual Report, the Board would like to provide further information in relation to the connected transactions and pension schemes of the Company.

CONNECTED TRANSACTIONS

As stated in the 2020 Annual Report, in July 2016, Nanshan Leasing and Shandong Nanshan entered into the Shandong Nanshan Finance Lease Agreement, pursuant to which Nanshan Leasing provided Shandong Nanshan with a finance lease of three light aircrafts for a term of 60 months commencing from January 2017, where rental amounted to approximately RMB9.47 million.

As stated in the 2020 Annual Report and the circular of the Company dated 2 December 2019, in September 2019, the Group entered into the Finance Leasing Framework Agreement with Nanshan Group in relation to provision of sale-leaseback service and direct finance leasing service by the Group to Nanshan Group which is effective for three years upon the independent shareholders’ approval of the Finance Leasing Framework Agreement at the extraordinary general meeting held on 17 December 2019. The leased assets under the Finance Leasing Framework Agreement include healthcare equipment, engineering vehicles or equipment, equipment used in power stations as well as carriers such as aircraft and vessels for transport of goods and/or passengers. Also, the annual

caps under the Finance Leasing Framework Agreement are RMB381 million, RMB855 million, RMB855 million and RMB977 million for the years ended 31 December 2019, 2020, 2021 and 2022, respectively.

Below sets out the details of the relationships among Nanshan Group, Shandong Nanshan and the Group:

Nanshan Group is owned as to 51% by village member committee of the Nanshan Village, Dongjiang Street, Longkou City, Shandong Province, PRC* (龍口市東江街道南山村民委員會) and 49% by Mr. Song Zuowen, the father-in-law of Ms. Sui Yongqing (“**Ms. Sui**”), a controlling shareholder of the Company. Also, Ms. Sui is the wife of Mr. Song Jianbo, who is the legal representative, chairman and general manager of Nanshan Group. For the purpose of the connected transaction rules, the Directors considered Nanshan Group to be deemed connected persons under Rule 14A.21 of the Listing Rules.

Shandong Nanshan is an indirect majority-controlled company of Mr. Song Zuowen and a 30% controlled company held by a company which is in turn a 30% controlled company of Nanshan Group. For the purpose of the connected transaction rules, the Directors considered Shandong Nanshan to be deemed connected persons under Rule 14A.21 of the Listing Rules.

The auditor has confirmed that each of the Group’s continuing connected transactions contemplated under the Shandong Nanshan Finance Lease Agreement and the Finance Leasing Framework Agreement is in accordance with Rule 14A.56 of the Listing Rules where nothing has come to its attention that causes it to believe that the said continued connected transactions:

- (i) have not been approved by the Board;
- (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
- (iv) have exceeded the caps as stipulated in the relevant agreements governing the transactions.

The auditor has issued an assurance report of each of the said transactions containing their findings and conclusions accordingly.

Related Party Transactions

Related party transactions during the Reporting Period were disclosed in note 34 to the consolidated financial statements as set out in the 2020 Annual Report. They include the following connected transactions under the Listing Rules:

- (i) Regarding the finance lease income generated from Nanshan Group and its subsidiaries, together with the finance lease receivables from Nanshan Group and its subsidiaries, the corresponding transactions were within the scope of the Finance Leasing Framework Agreement that had been approved by the independent shareholders of the Company, as well as reviewed annually by the independent non-executive Directors and auditors according to Chapter 14A of the Listing Rules;
- (ii) Regarding the guarantee from Nanshan Group and its subsidiaries, the corresponding transaction was exempted from the connected transaction requirements according to Rule 14.90 of the Listing Rules. The guarantee was released after the disposal of the Aircraft in February 2021; and
- (iii) Regarding the remuneration of key management personnel of the Group, the corresponding transactions were exempted from the connected transaction requirement according to Rule 14.95 of the Listing Rules.

PENSION SCHEMES

The employees of the Group's subsidiaries which operate in mainland China are required to participate in a defined contribution pension scheme centrally operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of its payroll costs to the central pension scheme. The only obligation of the Company with respect to the central pension scheme is to make the required contributions. No forfeited contribution under the central pension scheme is available to reduce the contribution payable in future years. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance (“**MPF Scheme**”) for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees’ relevant aggregate income and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. No forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

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

Hong Kong, 30 July 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, Mr. Jiao Jian and Mr. Shek Lai Him Abraham.

* *For identification purposes only*