PUBLICATION OF OFFERING CIRCULAR AND PRICING SUPPLEMENTS ON THE STOCK EXCHANGE OF HONG KONG LIMITED

ICBCIL FINANCE CO. LIMITED

(incorporated with limited liability in Hong Kong)

(the "Issuer")

U.S.$450,000,000 1.250% Notes due 2024 (Stock Code: 40791)
U.S.$550,000,000 1.750% Notes due 2026 (Stock Code: 40792)
U.S.$250,000,000 2.650% Notes due 2031 (Stock Code: 40793)
(together, the "Notes")

under its

U.S.$20,000,000,000 Medium Term Note Programme (the "Programme")

WITH THE BENEFIT OF A KEEPWELL AND LIQUIDITY SUPPORT DEED AND A DEED OF ASSET PURCHASE UNDERTAKING PROVIDED BY

ICBC 工银租赁

ICBC Financial Leasing Co., Ltd.

(a company incorporated in the PRC with limited liability)

(the "Company")

Joint Global Coordinator, Joint Bookrunners and Joint Lead Managers

ICBC	Agricultural Bank of China Limited Hong Kong Branch	ANZ	Bank of China	Bank of Communications	BNP PARIBAS
CCB International	Goldman Sachs (Asia) L.L.C.	BofA Securities	Mizuho Securities	MUFG	HSBC

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the notice of listing of the Notes on The Stock Exchange of Hong Kong Limited dated 2 August 2021 published by the Issuer.

Please refer to the offering circular relating to the Programme dated 15 July 2021 (the "**Offering Circular**") and the pricing supplements relating to the Notes dated 26 July 2021 (the "**Pricing Supplements**") appended herein. The Offering Circular and the Pricing Supplements are published in English only. No Chinese version of the Offering Circular and the Pricing Supplements have been published.

Hong Kong, 3 August 2021

As at the date of this announcement, the directors of ICBCIL Finance Co. Limited are Li Ting and Kan Disi.

Appendix 1
Offering Circular dated 15 July 2021

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")) PURCHASING THE SECURITIES OUTSIDE THE U.S. IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S.

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the "Offering Circular"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING CIRCULAR MAY NOT BE DOWNLOADED, FORWARDED OR DISTRIBUTED, IN WHOLE OR IN PART, TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY DOWNLOADING, FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your Representation: In order to be eligible to view the following Offering Circular or make an investment decision with respect to the securities, investors must be addressees who are not U.S. persons (as defined under Regulation S) purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S. By accepting the e-mail and accessing the following Offering Circular, you shall be deemed to have represented to us, the Arrangers (as defined in the Offering Circular) and the Dealers (as defined in the Offering Circular) under this programme that (1) you and any customers you represent are non-U.S. persons eligible to purchase the securities outside the United States in an offshore transaction in reliance on Regulation S and that the electronic e-mail address that you gave us and to which this e-mail has been delivered is not accessed from in the United States and (2) that you consent to the delivery of such Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of this Offering Circular to any other person. You should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply by e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

This Offering Circular does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and the Dealers or any affiliate of the Dealers is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Issuer in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Arrangers, the Dealers, the Trustee (as defined in the Offering Circular) or the Agents (as defined in the Offering Circular), nor any person who controls any of them, nor any director, officer, employee, nor agent of any of them, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arrangers or the Dealers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

ICBCIL FINANCE CO. LIMITED

(a public company incorporated in Hong Kong with limited liability)

US$20,000,000,000

Medium Term Note Programme

WITH THE BENEFIT OF A KEEPWELL AND LIQUIDITY SUPPORT DEED AND A DEED OF ASSET PURCHASE UNDERTAKING PROVIDED BY

ICBC 工银租赁

ICBC Financial Leasing Co., Ltd.

(a company incorporated in the PRC with limited liability)

Under the US$20,000,000,000 Medium Term Note Programme described in this Offering Circular (the "Programme"), ICBCIL Finance Co. Limited (the "Issuer"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "Notes"). The aggregate nominal amount of Notes outstanding will not at any time exceed US$20,000,000,000 (or the equivalent in other currencies), subject to increase as further described in "Summary of the Programme".

The Issuer, ICBC Financial Leasing Co., Ltd. (工銀金融租賃有限公司), as the keepwell provider, (the "Company") and ICBC International Leasing Company Limited ("ICBCIL", together with its subsidiaries, the "ICBCIL Group") have entered into an amended and restated keepwell and liquidity support deed dated on or about 24 April 2018 (as amended and supplemented from time to time, the "Keepwell and Liquidity Support Deed") and a deed of asset purchase undertaking dated on or about 7 October 2015 (as amended and supplemented from time to time, the "Deed of Asset Purchase Undertaking") with Citicorp International Limited (the "Trustee") as trustee of the notes, as further described in the "Description of the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking". **Neither the Keepwell and Liquidity Support Deed nor the Deed of Asset Purchase Undertaking constitutes a direct or indirect guarantee of the Programme or the Notes by the Company and may not give rise to a debt claim in the event of any insolvency proceedings in relation to the Company.**

The Notes will constitute direct, unconditional, unsubordinated and, subject to Condition 4(a) of the Terms and Conditions of the Notes, unsecured obligations of the Issuer which will at all times rank *pari passu* and without any preference among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "Summary of the Programme" and any additional Dealer appointed under the Programme from time to time by the Issuer and the Company (each, a "Dealer" and, together, the "Dealers"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "Relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

Application has been made to The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") for the listing of the Programme by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("Professional Investors") only. This Offering Circular is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer confirms that the Notes are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Programme and the Notes on Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer and the Company or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Where the Circular on Promoting the Reform of the Filing and Registration System on the Issuance by Enterprises of Foreign Debt (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015] 2044 號)) promulgated by the National Development and Reform Commission of the PRC (the "NDRC") and which came into effect on 14 September 2015, and any implementation rules as issued by the NDRC from time to time (the "NDRC Circular") apply to a Series of Notes to be issued, (x) a pre-issuance registration certificate issued to ICBC by the NDRC pursuant to the NDRC Circular, and (y) an approval or confirmation provided by ICBC which authorises the Issuer or the Company to use its foreign debt issuance quota under its pre-issuance registration certificate granted by the NDRC for the offering of the Notes shall have been obtained pursuant to the NDRC Circular. After issuance of each Series of the Notes, the Issuer and the Company shall report, or cause ICBC to report the issuance information to the NDRC within 10 working days or the applicable prescribed timeframe after the completion of each such issuance.

Each Series (as defined in "Summary of the Programme") of Notes in bearer form ("Bearer Notes") will be represented on issue by a temporary global note in bearer form (each a "Temporary Global Note") or a permanent global note in bearer form (each a "Permanent Global Note", and together with the Temporary Global Note, the "Global Notes"). Interests in Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent Global Note or for definitive Bearer Notes, after the expiry of 40 days after the issue date of the relevant Tranche, upon certification as to non-U.S. beneficial ownership. Notes in registered form ("Registered Notes") will be represented by registered certificates (each a "Certificate"), one definitive Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series or (a) in the case of Notes issued in reliance on Category 2 of Regulation S ("Regulation S") of the United States Securities Act of 1933, as amended (the "Securities Act") (other than Notes representing the first Tranche of a given Series), a temporary global certificate in registered form (a "Temporary Global Certificate") or (b) in the case of all other Notes, a permanent global certificate in registered form (a "Permanent Global Certificate", and together with the Temporary Global Certificate, the "Global Certificates") in respect of the Notes. Global Notes may be deposited on the issue date with a common depositary on behalf of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, S.A. ("Clearstream") or with a sub-custodian for the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority (the "CMU"), and Global Certificates may be deposited on the issue date with a custodian (the "Custodian") for, and registered in the name of a nominee of, The Depository Trust Company ("DTC"), with a common depositary on behalf of Euroclear and Clearstream or with a sub-custodian for the CMU. In the case of a Series intended to be cleared through a clearing system other than, or in addition to, DTC, Euroclear and/or Clearstream or CMU, or delivered outside a clearing system, the Global Notes and Global Certificates may be deposited on the relevant issue date as agreed between the Issuer and the relevant Dealer.

The Notes of each Series to be issued in registered form and which are sold in an "offshore transaction" within the meaning of Regulation S ("Regulation S Notes") will, subject to the temporary global certificate requirements described above, initially be represented by a registered global certificate (each an "Regulation S Global Certificate") without interest coupons, which may be deposited on the relevant issue date (a) in the case of a Series intended to be cleared through Euroclear and/or Clearstream, with a common depositary on behalf of Euroclear and Clearstream and (b) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream, or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer. Registered Notes which are sold in the United States to "qualified institutional buyers" (each, a "QIB") within the meaning of Rule 144A ("Rule 144A") under the Securities Act will initially be represented by a permanent registered global certificate (each a "Rule 144A Global Certificate"), which may be deposited on the relevant issue date with the Custodian for, and registered in the name of Cede & Co. as nominee for, DTC.

The Notes have not been and will not be registered under the Securities Act, or the securities laws of any other place. Accordingly, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such terms are defined under Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Unless an amendment or supplement to the Offering Circular for issuance of Notes under the Programme in reliance of Rule 144A is made available by the Issuer and the Company, the Notes may be offered and sold only to non-U.S. persons in offshore transactions in reliance on Regulation S and in accordance with any other applicable law. Bearer Notes are subject to U.S. tax law requirements and, subject to certain exceptions, may not be offered, sold or delivered within the United States or its possessions or to, or for the account or benefit of, U.S. persons. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of this Offering Circular see "Subscription and Sale" and "Transfer Restrictions".

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein (the "Conditions"), in which event a supplementary Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

MIFID II product governance / target market – The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "MiFID II") is responsible for undertaking its own target market assessment in respect of the Notes and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

UK MIFIR product governance / target market – The Pricing Supplement in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR product governance rules set out in FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

PRIIPs / IMPORTANT – EEA RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PRIIPs / IMPORTANT – UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE – The Pricing Supplement in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA"). The Issuer will make a determination in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a). Any such legend included on the relevant Pricing Supplement will constitute notice to "relevant persons" for purposes of section 309B(1)(c) of the SFA.

The Programme is rated "A" by Standard & Poor's Ratings Services Inc. (the "S&P") and "A2" by Moody's Investors Service, Inc. ("Moody's"). These ratings are only correct as at the date of this Offering Circular. Tranches of Notes (as defined in "Summary of the Programme") to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

Investing in the Notes involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and in the applicable Pricing Supplement and the merits and risks of investing in a particular issue of Notes in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in Notes. Investors should not purchase Notes unless they understand and are able to bear risks associated with Notes. Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Offering Circular.

Arrangers and Dealers

ICBC	**Bank of China**	**Bank of Communications**	**BNP PARIBAS**	**Goldman Sachs (Asia) L.L.C.**

Offering Circular dated 15 July 2021

NOTICE TO INVESTORS

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purposes of giving information with regard to the Issuer and the Company. The Issuer and the Company accept full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Each Tranche of the Notes will be issued on the terms set out herein under "Terms and Conditions of the Notes" as amended and/or supplemented by a Pricing Supplement. This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference. See "Documents Incorporated by Reference". This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Arrangers or the Dealers (each as defined in "Summary of the Programme") or the Trustee or the Agents (each as defined in "Terms and Conditions of the Notes"). Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes should be considered as a recommendation by the Issuer, the Company, any Arranger, any Dealer, the Trustee or the Agents that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. This Offering Circular does not take into account the objectives, financial situation or needs of any potential investor. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Company, any Arranger, any Dealer, the Trustee or the Agents to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Group (as defined in "Certain Definitions and Conventions") since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Company since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Dealers and the Arrangers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes may include Notes in bearer form that are subject to U.S. tax law requirements.

Subject to certain exceptions, Bearer Notes may not be offered, sold or delivered within the United States or its possessions or to, or for the account or benefit of, U.S. persons.

Unless an amendment or supplement to the Offering Circular for issuance of Notes under the Programme in reliance of Rule 144A is made available by the Issuer and the Company, the Notes are being offered and sold only outside the United States to non-U.S. persons in reliance on Regulation S. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of this Offering Circular see "Subscription and Sale" and "Transfer Restrictions".

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UP ON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. None of the Issuer, the Company, any Arranger, any Dealer, the Trustee, the Agents or their respective affiliates makes any representation to any investor in the Notes regarding the legality of its investment under any applicable law. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions.

None of the Issuer, the Company, the relevant Arrangers, the relevant Dealers, the Trustee, the Agents or their respective affiliates represents that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Pricing Supplement, no action has been taken by the Issuer, the Company, the relevant Arrangers, the relevant Dealers, the Trustee, the Agent or their respective affiliates which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area, the United Kingdom, Ireland, Hong Kong, Singapore, the PRC, Japan, Taiwan, Cayman Islands and Canada. See "Subscription and Sale".

To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Trustee, the Agents or their respective affiliates accepts any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by an Arranger or a Dealer, the Trustee or any Agent or on its behalf in connection with the Issuer or the Company or the issue and offering of the Notes. Each Arranger, each Dealer, the Trustee, each Agent and each of their respective affiliates accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Neither this Offering Circular nor any financial statements of the Issuer or the Group is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Company, the Arrangers, the Dealers, the Trustee, the Agents or their respective affiliates that any recipient of this Offering Circular or any financial statements of the Issuer or the Group should purchase the Notes. Each potential investor of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Arrangers, the Dealers or their respective affiliates makes any representation, warranty or undertaking, express or implied, as to the accuracy or completeness of the information contained herein. None of the Arrangers, the Dealers, the Trustee, the Agents or their respective affiliates undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Offering Circular or to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arrangers, the Dealers, the Trustee, the Agents or their respective affiliates.

From time to time, in the ordinary course of business, certain of the Dealers and/or their affiliates have provided advisory and investment banking services, and entered into other commercial transactions with the Issuer, the Company and their affiliates, including commercial banking services, for which customary compensation has been received. It is expected that the Dealers and their affiliates will continue to provide such services to, and enter into such transactions with, the Issuer and the Company and their affiliates in the future.

The Dealers or certain of their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution.

In making an investment decision, each potential investor must rely on its own examination of the Issuer and the Company and the terms of the Notes being offered, including the merits and risks involved. The Issuer, the Company, the Arrangers, the Dealers, the Trustee, the Agents and their respective affiliates do not make any representation regarding the legality of investment under any applicable laws.

Potential investors should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

MIFID II product governance / target market – The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "MiFID II") is responsible for undertaking its own target market assessment in respect of the Notes and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

UK MIFIR product governance / target market – The Pricing Supplement in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR product governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such

Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

PRIIPs / IMPORTANT – EEA RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PRIIPs / IMPORTANT – UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE – The Pricing Supplement in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the SFA. The Issuer will make a determination in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a). Any such legend included on the relevant Pricing Supplement will constitute notice to "relevant persons" for purposes of section 309B(1)(c) of the SFA.

In connection with any Tranche of Notes, one or more of the Dealers (or persons acting on their behalf) may act as the stabilisation manager(s) (the "Stabilisation Manager(s)"). The identity of the Stabilisation Manager(s) (if any) will be disclosed in the relevant Pricing Supplement. In connection with the issue of any Tranche of Notes, one or more of the Dealers named as Stabilisation Manager (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no obligation on the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager) to do this. Such

stabilisation, if commenced, may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, and must be brought to an end after a limited period. Such stabilisation shall be in compliance with all applicable laws, regulations and rules.

CERTAIN DEFINITIONS AND CONVENTIONS

In the Offering Circular, unless otherwise specified, references to the “PRC” or “China” are to the People’s Republic of China, excluding Taiwan, Hong Kong and Macau, references to “Hong Kong” are to the Hong Kong Special Administrative Region of the People’s Republic of China, references to “Macau” are to the Macau Special Administrative Region of the People’s Republic of China, references to the “U.S.” or the “United States” are to the United States of America, references to “US$”, “U.S.$”, “USD” or “U.S. dollar” are to the lawful currency of the United States of America, references to “Renminbi”, “RMB” or “CNY” are to the lawful currency of the PRC, and references to “Hong Kong dollar” or “HK$” are to the lawful currency of Hong Kong.

In this Offering Circular, references to the “Group” or “ICBC Group” are to the Company and its subsidiaries, and references to the “ICBCIL Group” are to ICBCIL and its subsidiaries.

In this Offering Circular, references to the “CBIRC” are to the China Banking and Insurance Regulatory Commission which was established on 8 April 2018 through the merger of functions between China Banking Regulatory Commission (“CBRC”) and the China Insurance Regulatory Commission. CBIRC, replacing CBRC, currently holds the regulatory authority to develop rules on the business operations and regulations for financial leasing companies, commercial factoring companies and pawnshop business.

In this Offering Circular, certain amounts and percentages may have been rounded up or down, including but not limited to where information has been presented in thousands, millions or billions of units. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

Solely for convenience, this Offering Circular contains translations of certain U.S. dollar amounts into Renminbi amounts. Unless indicated otherwise, the translation of U.S. dollar amounts into Renminbi amounts has been made at the rate of US$1.00 to RMB6.5250, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 31 December 2020. These translations should not be construed as representations that the U.S. dollar amounts could actually be converted into any Renminbi amounts at the rates indicated or at all. For further information relating to exchange rates, see “Exchange Rate Information”.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only.

DOCUMENTS INCORPORATED BY REFERENCE

The Issuer hereby incorporates by reference (i) each Pricing Supplement and (ii) all amendments and supplements from time to time to this Offering Circular (but excluding any amendment or supplement specifically identified by the Issuer and the Company to be used for issuance of the Notes under the Programme in reliance of Rule 144A), each of which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with the contents of this Offering Circular.

Any documents incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available for inspection free of charge during usual business hours on any weekday (Saturdays and public holidays excepted) from the specified offices of the Issuer and of the Trustee (as defined below) set out at the end of this Offering Circular.

SUPPLEMENTAL OFFERING CIRCULAR

The Issuer has given an undertaking to the Arrangers and the Dealers that if it has notified the Arrangers or the Dealers in writing that it intends to issue Notes under the Programme for the time being, and if a significant new factor, material mistake or inaccuracy arises or is noted relating to the information included in the Offering Circular which is capable of affecting an assessment by investors of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and/or the Company and/or of the rights attaching to the Notes, it shall (i) prepare and publish an amendment or supplement to the Offering Circular (the "Supplemental Offering Circular"), (ii) advise the Arrangers and the Dealers promptly of any proposal to amend or replace the Offering Circular, (iii) advise the Arrangers and Dealers promptly of any proposal to supplement the Offering Circular and (iv) provide the Arrangers and the Dealers with a copy of any such proposed amendment, supplement or replacement immediately prior to its publication.

PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Group as at and for the years ended 31 December 2019 and 2020 (collectively, the "Group Audited Financial Statements") have been prepared in accordance with the Accounting Standards for Business Enterprises in China ("PRC GAAP") and have been audited in accordance with the International Standards on Auditing by KPMG Huazhen LLP ("KPMG Huazhen").

PRC GAAP differs in certain material respects from the International Financial Reporting Standards ("IFRS"). For a discussion of certain differences between PRC GAAP and IFRS, see "Summary of Certain Differences between PRC GAAP and IFRS".

Please refer to "*Summary – Transfer of Offshore Aircraft Assets*" and "*Risk Factors – Risks relating to the Business of the Group – The Group has completed an Asset Transfer pursuant to which ICBC Aircraft Leasing received offshore aviation assets from ICBCIL*" for further details.

This Offering Circular contains the audited financial statements of the Issuer as at and for the years ended 31 December 2019 and 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and have been audited by KPMG (the "Issuer Audited Financial Statements").

The "Preface to Hong Kong Financial Reporting Standards" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") sets out the relationship between HKFRS and IFRS. The Council of HKICPA (the "Council") has a policy to achieve convergence of HKFRS with IFRS. Each HKFRS issued by the Council contains information about the extent of compliance with the equivalent IFRS. Where the requirements of a HKFRS and an IFRS differ, the HKFRS should be followed by entities reporting within the area of application of the HKFRS. As at the date of this Offering Circular, there are no differences between HKFRS and IFRS which will impact the financial position and results of operations of the Issuer.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Offering Circular includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical fact contained in this Offering Circular, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where the Company participates or is seeking to participate, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "will", "may", "anticipate", "seek", "should", "estimate" or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Company's control, which may cause its actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Important factors that could cause the Company's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- the risks inherent to the industry in which the Company operates;
- the business and operating strategies and the future business development of the Company;
- the general economic, political, social conditions and developments globally;
- changes in competitive conditions and the Company's ability to compete under these conditions;
- the Company's operations and business prospects;
- the Company's capital expenditure and development plans;
- the Company's expectations with respect to its ability to acquire and maintain regulatory qualifications required to operate its business;
- the Company's business strategy and plan to achieve this strategy;
- the availability and charges of bank loans and other forms of financing;
- the Company's financial condition and results of operations;
- changes in currency exchange rates;
- changes in interest rates;
- macroeconomic policies of the PRC government and changes in the regulatory environment in the PRC; and
- other factors beyond the Issuer's and the Company's control, including those discussed in the section\ headed "Risk Factors".

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors". The Issuer and the Company caution investors not to place undue reliance on these forward-looking statements which reflect their managements' view only as at the date of this Offering Circular. None of the Issuer or the Company undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur and the actual results of the Issuer, the Company or the Group, ICBCIL or the ICBCIL Group could differ materially from those anticipated in these forward-looking statements.

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SUMMARY

This summary aims to give prospective investors an overview of the information contained in the Offering Circular and is qualified in its entirety by the more detailed information and the financial statements appearing elsewhere in the Offering Circular. As it is a summary, it does not contain all the information that may be important to making a decision to invest in the Notes. Prospective investors should read the whole Offering Circular, including the financial statements and notes thereto contained elsewhere in the Offering Circular before deciding to invest in the Notes.

There are risks associated with any investment. Some of the particular risks in investing in the Notes are set out in the section with the heading "Risk Factors" of this Offering Circular. Prospective investors should carefully read that section before deciding to invest in the Notes.

OVERVIEW

The Company was the first bank-affiliated financial leasing company in the PRC approved by the then CBRC (See "Certain Definitions and Conventions"). It was established as a key platform in implementing ICBC's comprehensive operating strategy and products offering, and the ICBC Group has provided the Company with full support in its business development. After over ten years of steady business development, the Company has grown into one of the largest financial leasing companies in the PRC, with one of the largest market share among financial leasing companies in PRC in terms of total consolidated assets, net capital and net profit which were 11.64 per cent., 8.51 per cent. and 10.27 per cent., respectively, according to statistics from the CBA Financial Leasing Committee as at 31 December 2020. As at 31 December 2020, the equipment assets and airline assets owned and managed by the Group accounted for 36.62 per cent. and 50.41 per cent., respectively of the Group's asset placement by industry, and 41.47 per cent. and 57.08 per cent., respectively of the Group's total leasing assets.

ICBC's leasing operations consist of both domestic and offshore leasing businesses. ICBC's domestic leasing operations in the PRC and the offshore aviation leasing operations are owned and operated by the Group, whereas the offshore maritime finance platform of ICBC is held by ICBC's wholly-owned subsidiary, ICBCIL, and its subsidiaries. Since the Group does not have any ownership interest in the ICBCIL Group and financial consolidation is not otherwise required or provided by applicable laws or regulations, the financial statements of the ICBCIL Group are not consolidated into the Group's consolidated financial statements. The offshore maritime finance business, however, is managed and operated by the Company, though the assets of the offshore maritime finance platform are owned by the ICBCIL Group. The Company manages the ICBCIL Group by providing management and sharing resources. See the section with the heading "Corporate Structure". References in this Offering Circular to the assets, liabilities, number of leasing contract, contract value, number of clients or other operation data of the Company or the Group refer only to the domestic and the offshore aviation leasing businesses unless specifically indicated otherwise. See the section with the heading "– Business Description of the ICBCIL Group".

The Company's leasing business is organised mainly around two sectors: (i) aircraft leasing business and (ii) domestic integrated leasing business. The Company also engages in maritime finance business, and such business is primarily conducted through offshore maritime finance assets owned by ICBCIL Group which are managed and operated by the Group, but not consolidated into the Group's financial statements. As at 31 December 2020, the total consolidated assets of the Group were RMB284.3 billion. With a focus on "large markets, large clients and domestic integrated leasing transactions", as at 31 December 2020, the Group owned 428 large aircraft which have been delivered for operation and over

35,000 pieces of large equipment. As the Company is the ICBC Group's primary leasing platform, the ICBC Group also provides liquidity support to the Company. Moreover, the Group benefits from ICBC's extensive client base, brand recognition, widespread marketing, business network and rigorous risk management system. As at 31 December 2020, the Group's US dollar denominated assets accounted for 54.85 per cent. of its total leasing assets, and its offshore assets accounted for 29.19 per cent. of its total leasing assets.

On 13 January 2014, ICBC injected an additional RMB3.0 billion of equity capital into the Company, which increased the Company's share capital to RMB11.0 billion. This equity injection was one of several rounds made by ICBC. After this injection, the Company became the best capitalised financial leasing company in the PRC according to the most recent statistics from CBA Financial Leasing Committee. In the early 2018, the Company has further increased its registered capital, leading to a share capital of RMB18 billion as at 31 December 2020.

In the aircraft sector, as at 31 December 2020, in terms of total aircraft assets, the Company was ranked seventh aircraft leasing business company in the world in terms of fleet value and seventh in terms of fleet size, according to CIRIUM. According to the report by CIRIUM, as at 31 December 2018, 2019 and 2020, the Company was one of the top 10 aircraft leasing business companies in the world by fleet value. The Company has developed co-operative relationships with leading international airline companies, including American Airlines, Delta Airlines, China Airlines, Air China, China Southern Airlines, China Eastern, Emirates and Korean Air. The Company has also entered into strategic co-operation agreements with various international aviation manufacturers including Airbus, Boeing, Bombardier, Embraer and Commercial Aircraft Corporation of China ("COMAC"). In 2016, the Company and Commercial Aircraft Corporation of China announced the "Three-Year Plan: Aviation Financing to Support China-made Large Aircraft", which further strengthened the strategic co-operative relationship between the Company and Commercial Aircraft Corporation of China and accelerated the industrialisation and commercialisation of China-made commercial aircraft. In 2020, the Group strategically expanded its operating lease business in the aircraft leasing business to meet market demand, as demonstrated by its delivery of 39 aircraft all over the world, most of which were signed under operating leases. As at 31 December 2020, the Company's customer base includes 91 airlines across 40 countries and regions, including 30 Chinese customers and 61 international customers.

In the equipment leasing sector, the well-maintained relationships with both ICBC and major equipment manufacturers in the PRC allow the Company to draw upon a deep reservoir of industry knowledge and successful experience that supports its equipment leasing business. The Company has close relationships with a host of large clients across the PRC, including China National Nuclear Corporation, China Railway Construction Corporation Limited, China Railway, Datang International Power Generation, Laigang, Sichuan Telecom, Beijing Enterprises Group and Yunnan Highway Development & Investment. The Company has assisted these firms in implementing a variety of large leasing projects, such as rail vehicles, energy equipment, engineering machinery and production equipment. The Company has also benefited from the client base of ICBC's branches by providing financial leasing services to these clients. In addition, the Company enjoys the closest collaborations with leading domestic airlines among the domestic financial leasing companies.

The Company also engages in maritime finance and benefits from the offshore maritime finance platform of ICBC owned by the ICBCIL Group but managed and operated by the Company. Historically, ICBCIL Group owned both the aircraft leasing and the maritime finance platform, however, after the Asset Transfer, ICBCIL Group owns mainly the maritime finance platform. As at 31 December 2020, the ICBCIL Group owned 48 onshore (including free trade zones) and 239 offshore ships and maritime assets.

The Company believes that its strategy, product innovation, and customisation of business, and support from and synergies with ICBC have led to numerous achievements, including many achievements that the Company believes to be the first in its field: the first financial lease based on a tax efficient Chinese special purpose vehicle structure with China Southern Airlines; purchase of 42 A320 aircraft from Airbus witnessed by the then Chinese Premier Wen Jiabao and German Chancellor Angela Merkel, the first direct overseas purchase of aircraft by a Chinese leasing company and the first time a Chinese leasing company was involved in a government programme; export of two A320 aircraft and lease of the same to AirAsia of Malaysia, the first export of large aircraft assembled in PRC, indicating that domestically assembled large commercial aircraft have won recognition in the international market; joint lease agreement of aircraft to Shenzhen Airlines with another bank-affiliated Chinese leasing company through two special-purpose-vehicle companies, the first joint lease arrangement in PRC; as well as transfer of ownership of a special-purpose-vehicle project company to another bank-affiliated Chinese leasing company, the first equity transfer transaction of such kind in PRC. The Company was also the first financial leasing company in the PRC that was approved by the regulatory authority to directly purchase aircrafts from international aircraft manufacturers.

COMPETITIVE STRENGTHS

- Strong support from ICBC
- Industry leader with a differentiated strategy
- Strong product capabilities and superior innovation
- Diversified funding sources to support growth
- Comprehensive and robust risk management
- An experienced and professional management team

COMPETITIVE STRENGTHS

- Maintain strategies of specialisation, marketisation and internationalisation
- Expand the Company's client base by targeting industry leaders and key markets
- Promote closer integration between ICBC and the leasing business
- Further improve risk management capabilities
- Actively optimise liability structure to reduce financing cost

RECENT DEVELOPMENT

The Recent Corona virus Epidemic Outbreak

Since December 2019, there has been an outbreak of COVID-19 spreading all over the world. After it was declared a pandemic on 11 March 2020 by the World Health Organisation, the COVID-19 pandemic has resulted in a number of countries declaring a state of emergency and a number of countries, including the

PRC, Japan, the United States, members of the European Union and the UK, imposing extensive business and travel restrictions with a view to containing the pandemic. Governments around the world have instituted a series of measures, including business closures, travel restrictions, quarantines, lockdowns, limitations on public gatherings and the suspension of major events. The COVID- 19 outbreak has led to a significant decline in travel and business activities in the PRC and worldwide. The outbreak of the ongoing COVID-19 has had an adverse impact on airlines that operate to or from affected areas or regions and global air travel has severely reduced as many countries have imposed lockdowns to curb the spread of the COVID-19, as well as various other industries.

As a result, the business of the Group was negatively affected. In terms of air leasing, the spread of the outbreak has adversely affected the Group's lessees. See "*Risk factors – Risks Relating to the Business of the Group – Any occurrence of natural disasters, outbreaks of contagious diseases in the PRC, acts of terrorism, wars or other natural or man-made calamities may have a material adverse effect on the Group's or the ICBCIL Group's business, financial condition and results of operations*." However, the Group believes that it is well positioned to tackle the challenges brought by the outbreak to the industry as the main customers of the Group's domestic PRC business are the four major domestic airlines, which have generally received substantial support from the PRC government and the main customers of the Group's overseas businesses are well-known international airlines, with large market shares and strong risk management capabilities. With respect to the Group's ship leasing business, the Group's business scale is small, and the contract tenor is generally over a long time horizon relative to the outbreak timeline. With respect to the Group's equipment leasing business, such business is mainly operated domestically in the PRC, and as such the impact of the epidemic was mainly felt during the most severe period in the PRC during the first quarter of 2020. Despite the impact of the epidemic on the Group's business, the Group is able to rely on its strong parent bank, high international and domestic ratings, high-quality assets, rich domestic and foreign capital market financing experiences and its professional finance team. As a result, its debt management capabilities have continuously improved, and cost control has been improving. Since early 2020, vaccine development has been expedited via unprecedented collaboration in the multinational pharmaceutical industry and between governments. China approved its first homegrown coronavirus vaccine for general public use in December 2020, with officials promising to provide the general public with free inoculations. To date, China has approved four vaccines developed by three Chinese companies for general use. As introduced by a spokesman for the National Health and Wellness Commission of China at a press briefing on 4 February, China has administered 31.24 million doses of vaccines among key groups of people. With the help of vaccines and as the COVID-19 outbreak in China has been gradually brought under control, the business of the Group has resumed and come back to normal.

Nonetheless, given the uncertainties as to the development of the outbreak at the moment, it is difficult to predict how long these conditions will persist and to what extent to the Group and the ICBCIL Group may be affected.

SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Offering Circular. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in "Terms and Conditions of the Notes" below shall have the same meanings in this summary. For a complete description of the terms of the Notes issued under the Programme, see "Terms and Conditions of the Notes".

Issuer	ICBCIL Finance Co. Limited (工銀國際租賃財務有限公司) (Legal Entity Identifier: 549300ZCUURSNVTOEU07)
Company	ICBC Financial Leasing Co., Ltd. (工銀金融租賃有限公司)
Description	Medium Term Note Programme
Size	Up to US$20,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Risk Factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "Risk Factors" below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "Risk Factors" and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular Series of Notes, certain market risks and certain risks relating to Renminbi-denominated Notes.
Arrangers	ICBC International Securities Limited ICBC Standard Bank Plc Industrial and Commercial Bank of China (Asia) Limited Bank of China Limited Bank of Communications Co., Ltd. Hong Kong Branch BNP Paribas Goldman Sachs (Asia) L.L.C.
Dealers	ICBC International Securities Limited ICBC Standard Bank Plc Industrial and Commercial Bank of China (Asia) Limited Bank of China Limited Bank of Communications Co., Ltd. Hong Kong Branch BNP Paribas Goldman Sachs (Asia) L.L.C. The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers

	either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to "Permanent Dealers" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to "Dealers" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Status of the Notes	The Notes and the Receipts and the Coupons relating to them constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) of the Terms and Conditions of the Notes) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them shall, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application and subject to Condition 4(a) of the Terms and Conditions of the Notes, at all times rank at least *pari passu* with all its other present and future unsecured and unsubordinated obligations of the Issuer.
Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking	The Issuer, the Company, ICBC International Leasing Company Limited ("ICBCIL") and the Trustee have entered into a Keepwell and Liquidity Support Deed and a Deed of Asset Purchase Undertaking, as further described in "Description of the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking".
Trustee	Citicorp International Limited
Paying Agent, Transfer Agent and Registrar	Citibank, N.A., London Branch
Calculation Agent	To be appointed on a per series basis.
CMU Lodging and Paying Agent	Citicorp International Limited
Method of Issue	The Notes may be issued on a syndicated or non-syndicated basis. The Notes may be issued in series (each a "Series") having one or more issue dates (each tranche within such Series, a "Tranche") and on terms otherwise identical (or in all respects save for the issue dates, the first Interest Payment Dates, Interest Commencement Dates (if applicable) and/or issue prices (if applicable)), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and,

	save for the issue dates, issue prices (if applicable), the first Interest Payment Dates, Interest Commencement Dates (if applicable) and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement (a "Pricing Supplement").
Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Form of Notes	Notes may be issued in bearer form ("Bearer Notes") or in registered form ("Registered Notes"). Registered Notes will not be exchangeable for Bearer Notes and vice versa. Bearer Notes will be issued only under Regulation S outside the United States to non-U.S. persons. Each Tranche of Bearer Notes will initially be represented by a Temporary Global Note or a Permanent Global Note, as specified in the applicable Pricing Supplement, which, in each case, may be deposited on the issue date with a common depositary for Euroclear, Clearstream or any other agreed clearance system compatible with Euroclear and Clearstream or, in respect of CMU Notes, a sub-custodian for the CMU Service. A Temporary Global Note will be exchangeable, in whole or in part, as described therein, for interests in a Permanent Global Note or if so stated in the relevant Pricing Supplement, the Definitive Notes, as described under "Summary of Provisions Relating to Notes While Represented by Global Notes or Global Certificates". A Permanent Global Note may be exchanged, in whole but not in part, for Definitive Notes only upon the occurrence of an Exchange Event as described under "Summary of Provisions Relating to Notes While Represented by Global Notes or Global Certificates". Any interest in a Temporary Global Note or a Permanent Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, the CMU Service and/or any other agreed clearance system, as appropriate. Bearer Notes will be issued in compliance with applicable U.S. tax rules. Bearer Notes will be issued in compliance with rules in substantially the same form as U.S. Treasury Regulation § 1.163-5(c)(2)(i)(D) for purposes of Section 4701 of the U.S. Internal Revenue Code (the "D Rules") unless (i) the applicable Pricing Supplement states that the Bearer Notes are issued in compliance with rules in substantially the same form as U.S. Treasury Regulation § 1.163-5(c)(2)(i)(C) for purposes of Section 4701 of the U.S. Internal Revenue Code (the "C Rules") or (ii) the Bearer Notes are issued other than in compliance with

the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" for U.S. federal income tax purposes, which circumstances will be referred to in the applicable Pricing Supplement. Bearer Notes that are issued in compliance with the D Rules must be initially represented by a Temporary Global Note, exchangeable for a Permanent Global Note upon certification of non-U.S. ownership as required under the D Rules.

Each Tranche of Registered Notes, which is sold outside the United States to non-U.S. persons in reliance on Regulation S, will, unless otherwise specified in the applicable Pricing Supplement, be represented by a Global Certificate (as defined in the "Summary of Provisions Relating to Notes While Represented by Global Notes or Global Certificates"), which will be deposited on or about its issue date with a Common Depositary for, and registered in the name of a nominee of, Euroclear and Clearstream, or with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream, or, in respect of CMU Notes, a sub-custodian for the CMU Service operated by the HKMA. With respect to all offers or sales by a Dealer of an unsold allotment or subscription and in any case prior to the expiry of the distribution compliance period (as defined in Regulation S), beneficial interests in a Global Certificate of such Tranche may be held only through Euroclear, Clearstream or DTC for the accounts of Euroclear and Clearstream or the CMU Service. Regulation S Global Certificates will be exchangeable for Definitive Notes only upon the occurrence of an Exchange Event as described in "Summary of Provisions Relating to Notes While Represented by Global Notes or Global Certificates".

Each Tranche of Registered Notes sold to QIBs in compliance with Rule 144A and subject to the restrictions described in "Transfer Restrictions" and "Subscription and Sale" and the applicable Pricing Supplement will, unless otherwise specified in the applicable Pricing Supplement, be represented by a Rule 144A Global Certificate, which will be deposited on or about its issue date with a custodian for, and registered in the name of a nominee of, DTC. Rule 144A Global Certificates will be exchangeable for Definitive Notes only upon the occurrence of an Exchange Event as described in "Summary of Provisions Relating to Notes While Represented by Global Notes or Global Certificates".

Registered Notes will be represented by registered Certificates, one definitive Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Tranche and (a) in the case of Notes issued in reliance on Category 2 of

	Regulation S of the Securities Act (other than Notes representing the first Tranche of a given Series), a Temporary Global Certificate or (b) in the case of all other Notes, a Permanent Global Certificate, in respect of the Notes. Interests in Temporary Global Certificates will be exchangeable for interests in a Permanent Global Certificate only after the date falling at least 40 days after the completion of the distribution of the Notes of the relevant Tranche and upon certification as to non-U.S. beneficial ownership. Registered Notes sold in an "offshore transaction" within the meaning of Regulation S will, subject to the temporary global certificate requirements described above, initially be represented by a Regulation S Global Certificate. Registered Notes sold in the United States to QIBs within the meaning of Rule 144A will initially be represented by a Rule 144A Global Certificate. Application will be made to have Global Notes or Global Certificates of any Tranche accepted for clearance and settlement through the facilities of DTC, Euroclear, Clearstream and/or the CMU Service, as appropriate.
Clearing Systems	With respect to Notes (other than CMU Notes), Euroclear, Clearstream and/or DTC and such other clearing system as shall be agreed between the Issuer, the Trustee, the Agents and the relevant Dealer. With respect to CMU Notes, the CMU Service (each of Euroclear, Clearstream, DTC and the CMU Service, a "Clearing System"). See "Clearance and Settlement".
Initial Delivery of Notes	On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream, deposited with a sub-custodian for the HKMA as operator of the CMU, or deposited with the Custodian for, and registered in the name of Cede & Co. as a nominee for DTC or deposited with a depositary or sub-custodian for any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Trustee and the relevant Dealers. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee for, such clearing systems. It is expected that delivery of Notes will be made against payment therefore on the relevant Issue Date, which could be more than two business days following the date of pricing. Under Rule 15c6-1 of the Exchange Act, trades in the U.S. secondary market generally are required to settle within two business days ("T+2"), unless the parties to any such trade expressly agree

	otherwise. Accordingly, in the event that an Issue Date is more than two business days following the relevant date of pricing, purchasers who wish to trade Registered Notes in the United States between the date of pricing and the date that is two business days prior to the relevant Issue Date will be required, by virtue of the fact that such Notes initially will settle beyond T+2, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practises and, in the event that an Issue Date is more than two business days following the relevant date of pricing, purchasers of Notes who wish to trade Notes between the date of pricing and the date that is two business days prior to the relevant Issue Date should consult their own adviser.
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.
Maturities	Subject to compliance with all relevant laws, regulations and directives, any maturity agreed between the Issuer and the relevant Dealers.
Specified Denomination	Notes will be in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all relevant laws, regulations and directives. Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 ("FSMA") will have a minimum denomination of £100,000 (or its equivalent in other currencies).
Interest	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. All such information will be set out in the relevant Pricing Supplement.
Fixed Rate Notes	Fixed interest will be payable in arrear on such date or dates as may be agreed between the Issuer and the Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the Relevant Dealer(s).

Floating Rate Notes	Floating Rate Notes will bear interest determined separately for each Series as follows: • on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporated in the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the issue date of the first Tranche of the Notes of the relevant Series); or • by reference to LIBOR, EURIBOR, HIBOR or CNH HIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin; or • on such other basis as may be agreed between the Issuer, the Company and the Relevant Dealer(s).
Zero Coupon Notes	Zero Coupon Notes (as defined in "Terms and Conditions of the Notes") may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes (as defined in "Terms and Conditions of the Notes") will be made in such currencies, and based on such rates of exchange, as the Issuer and the Relevant Dealer(s) may agree and as may be specified in the relevant Pricing Supplement.
Index Linked Notes	Payments of principal in respect of Index Linked Redemption Notes (as defined in "Terms and Conditions of the Notes") or of interest in respect of Index Linked Interest Notes (as defined in "Terms and Conditions of the Notes") will be calculated by reference to such index and/or formula or to changes in prices of securities or commodities or to such other factors as the Issuer and the Dealer(s) may agree and as may be specified in the relevant Pricing Supplement.
Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.

Redemptions	The relevant Pricing Supplement will specify the basis for Amounts calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which must be redeemed before the first anniversary of their date of issue and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Optional Redemption	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Redemption for Change of Control	At any time following the occurrence of a Change of Control (as defined in the Terms and Conditions of the Notes), the holder of each Note will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Notes on the Put Settlement Date at a redemption price equal to 101 per cent. of their principal amount, together with interest accrued to such Put Settlement Date, as further described in Condition 6(e) of the Terms and Conditions of the Notes.
Redemption for Taxation Reasons	Notes will be redeemable at the Issuer's option prior to maturity for taxation reasons as further described in Condition 6(c) of the Terms and Conditions of the Notes.
Negative Pledge	The Notes will contain a negative pledge provision as further described in Condition 4(a) of the Terms and Conditions of the Notes.
Events of Default	Upon the occurrence of certain events as described in Condition 10 of the Terms and Conditions of the Notes, the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or secured and/or prefunded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Redemption Amount together with accrued interest without further action or formality.
Cross-Acceleration	The Notes will contain a cross-acceleration provision as further described in Condition 10(c) of the Terms and Conditions of the Notes.

Ratings	The Programme is rated "A" by Standard & Poor's Ratings Services Inc. (the "S&P") and "A2" by Moody's. In addition, the Company is rated "A stable" by S&P, "A1 stable" by Moody's and "A stable" by Fitch. The Issuer is rated "A" by S&P. These ratings are only correct as at the date of this Offering Circular. Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Withholding Tax	All payments of principal, premium (if any) and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Hong Kong, the PRC or by or within any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is compelled by law. In that event, the Issuer shall pay certain additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note in the circumstances set out in Condition 8 of the Terms and Conditions of the Notes.
Governing Law	The Notes, the Trust Deed, the Agency Agreement and the Keepwell and Liquidity Support Deed or the Deed of Asset Purchase Undertaking are governed by English law.
Jurisdiction	Exclusive jurisdiction of Hong Kong courts.
Listing	Application has been made to the Hong Kong Stock Exchange for the listing of the Programme during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange under which the Notes may be issued by way of debt issues to Professional Investors only, as described in this Offering Circular. However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).

Selling Restrictions	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States, the European Economic Area, the United Kingdom, Ireland, Hong Kong, Singapore, the PRC, Japan, Taiwan, Cayman Islands and Canada, see "Subscription and Sale" below. For the purposes of Regulation S, Category 2 selling restrictions will apply unless otherwise indicated in the relevant Pricing Supplement. In connection with the offering and sale of a particular Series of Notes, additional restrictions may be imposed which will be set out in the applicable Pricing Supplement. Bearer Notes will be issued in compliance with the D Rules unless (i) the applicable Pricing Supplement states that the Bearer Notes are issued in compliance with the C Rules or (ii) the Bearer Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" for U.S. federal income tax purposes, which circumstances will be referred to in the applicable Pricing Supplement. Bearer Notes with a term of 365 days or less (taking into account any unilateral rights to extend or rollover the term) may be issued other than in compliance with the D Rules or the C Rules and will be referred to in the applicable Pricing Supplement as a transaction to which the United States Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") is not applicable.
Transfer Restrictions	There are restrictions on the transfer of Notes. See "Transfer Restrictions".

SUMMARY FINANCIAL INFORMATION OF THE GROUP

The following tables set forth the summary consolidated financial information of the Group as at and for the financial years and periods indicated.

The summary consolidated financial information as at and for the years ended 31 December 2018, 2019 and 2020 (the "Summary of Group Financial Information") has been derived from the Group's consolidated financial statements for the years ended 31 December 2019 and 2020 which have been audited by KPMG Huazhen and included elsewhere in this Offering Circular. The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, such audited consolidated financial statements of the Group and, including the notes thereto, included elsewhere in this Offering Circular. Historical results of the Group are not necessarily indicative of results that may be achieved for any future period.

The MOF issued "CAS No. 21 Leases (Revised)" (the "New CAS 21") which is effective in 2019 and is relevant to the operation of the Group. The New CAS 21 introduced a single, on-balance sheet accounting model for lessees. The Group has initially adopted the New CAS 21 from 1 January 2019. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies. The Group has applied the New CAS 21 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 in the Group's audited consolidated financial statements for the year ended 31 December 2019 has not been restated – i.e. it is presented, as previously reported, under CAS No. 21 – Leases and related interpretations. Please refer to the details of the changes in accounting policies in note 23(a) to the Group's audited consolidated financial statements for the year ended 31 December 2019.

The Group Audited Financial Statements have been prepared and presented in accordance with PRC GAAP. PRC GAAP differs in certain material respects from IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see the section with the heading "Summary of Certain Differences Between PRC GAAP and IFRS" in the Offering Circular.

CONSOLIDATED BALANCE SHEET OF THE GROUP

	As at 31 December		
	2018	2019	2020
	(in RMB thousands) *(audited)*		
ASSETS			
Cash at bank and on hand	22,228,561	26,400,148	12,747,277
Deposits with the central bank	2,019,223	19,958	70,342
Derivative financial assets	2,273	55,893	143,249
Bill receivables	–	7,100	4,200
Prepayments	3,234,032	3,668,309	3,286,355
Lease receivables	113,680,237	97,109,782	114,707,667
Investments in equity instrument	–	–	140,506
Investments in debt	2,364,975	2,380,005	2,848,209
Fixed assets	110,064,975	99,942,545	103,646,171
Construction in progress	11,425,244	14,720,734	10,985,936
Right-of-use assets	–	16,335,387	13,694,886
Deferred tax assets	472,276	707,524	720,557
Other assets	6,997,452	9,861,527	21,303,501
Total assets	272,489,248	271,208,912	284,298,856
LIABILITIES AND OWNERS' EQUITY			
Liabilities			
Borrowings	217,744,944	197,377,697	206,615,826
Repurchase agreements	–	1,800,746	481,624
Advance from customers	2,759,064	2,522,710	2,397,689
Bond payables	4,021,054	10,197,631	16,246,549
Bills payable	–	154,561	93,122
Derivative financial liabilities	–	2,139	533
Long-term payables	8,735,866	851,802	633,666
Lease liabilities	–	13,499,322	10,547,172
Employee benefits payable	105,174	153,811	171,988
Taxes payable	362,888	505,120	778,973
Securities deposit payable	1,007,875	1,125,861	861,437
Other payables	4,614,700	5,399,779	5,990,584
Deferred tax liabilities	961,359	1,354,965	1,502,284
Total liabilities	240,312,924	234,946,144	246,321,447
Owners' equity			
Paid-in capital	18,000,000	18,000,000	18,000,000
Capital reserve	492,527	492,527	492,527
Other comprehensive income	339,994	597,760	(906,945)
Surplus reserve	1,616,457	1,907,395	2,206,110
General reserve	2,922,506	2,922,506	2,922,506
Retained earnings	8,804,840	12,342,580	15,263,211
Total equity	32,176,324	36,262,768	37,977,409
Total liabilities and equity	272,489,248	271,208,912	284,298,856

CONSOLIDATED INCOME STATEMENT OF THE GROUP

	Year ended 31 December		
	2018	2019	2020
	(in RMB thousands) *(audited)*		
Operating income			
Interest income	5,858,106	5,347,776	4,974,091
Operating lease income	9,508,047	11,660,084	11,218,635
Fee and commission income	760,798	668,628	385,622
Investment income	26,080	90,472	27,519
Other income	439,911	543,761	521,195
(Losses)/gains from changes in fair value	(46)	51,027	95,636
Exchanges gains/(losses)	203,145	30,124	(80,998)
Other operating income	97,718	177,097	189,231
Gains from asset disposal	103,788	293,605	59,572
Total operating income	16,997,547	18,862,574	17,390,503
Operating expenses			
Interest expense	(7,556,812)	(7,486,785)	(5,361,172)
Operating lease expenses	(4,045,799)	(4,560,554)	(4,611,130)
Fee and commission expenses	(154,041)	(233,903)	(160,265)
Taxes and surcharges	(104,545)	(118,602)	(110,384)
Operating and administrative expenses	(451,660)	(616,591)	(626,010)
Impairment losses/(reversals)	(674,377)	(1,087,578)	(2,085,946)
Total operating expense	(12,987,234)	(14,104,013)	(12,954,907)
Operating profit	4,010,313	4,758,561	4,435,596
Add: Non-operating income	324	240	–
Less: Non-operating expenses	(19)	(713)	(3,202)
Profit before taxation	4,010,618	4,758,088	4,432,394
Less: Income tax expenses	(988,754)	(929,410)	(1,213,048)
Profit for the year	3,021,864	3,828,678	3,219,346
Other comprehensive income, net of tax			
1. Items that may not be reclassified to profit or loss:			
Gains or losses arising from changes in fair value of other investments in equity instrument	–	–	(338,296)
2. Items that may be reclassified to profit or loss:			
(1). Gains or losses arising from changes in fair value of other investments in debt	17,565	11,298	(12,178)
(2). Foreign currency translation differences	455,290	246,468	(1,154,231)
Total comprehensive income for the year	3,494,719	4,086,444	1,714,641

CONSOLIDATED CASH FLOWS STATEMENT OF THE GROUP

	Year ended 31 December		
	2018	2019	2020
	(in RMB thousands) *(audited)*		
Cash flows from operating activities			
Net decrease in finance receivables, sales and leaseback receivables and prepayments	1,685,444	15,614,553	–
Cash received from interest, fee and commission	6,400,435	6,457,302	5,289,573
Cash received from operating lease income	9,526,540	11,618,345	9,465,698
Net increase in repurchase agreements	–	1,800,000	–
Net increase in short-term borrowings	24,201,997	–	14,186,332
Net decrease in deposits with the central bank	2,943	1,948	1,341
Cash received relating to other operating activities	1,850,361	2,157,353	527,598
Sub-total of cash inflows	43,667,720	37,649,501	29,470,542
Net increase in finance lease receivables, sales and leaseback receivables and prepayments	–	–	(16,769,063)
Net decrease in short-term borrowings	–	(33,246,411)	–
Net decrease in repurchase agreements	–	–	(1,320,000)
Payments of interest expense on short-term borrowings, fee and commission expenses	(4,800,884)	(4,532,778)	(2,499,087)
Payments to and for employees	(319,419)	(233,621)	(296,225)
Payments of taxes	(836,510)	(696,989)	(813,883)
Payment for other operating activities	(2,979,619)	(4,352,215)	(11,984,080)
Sub-total of cash outflows	(8,936,432)	(43,062,014)	(33,682,338)
Net cash inflow/ (outflow) from operating activities	34,731,288	(5,412,513)	(4,211,796)
Cash flows from investing activities			
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	279,598	6,958,283	676,823
Proceeds from sale and redemption of investments	189,418,304	59,057,930	480,074
Proceeds from disposal of subsidiaries	–	4,567	–
Proceeds from other investing activities	9,711,629	14,920,597	–
Sub-total of cash inflows	199,409,531	80,941,377	1,156,897
Payment for acquisition of fixed assets, intangible assets and other long-term assets	(24,590,482)	(12,865,354)	(9,859,261)
Payment for investments	(191,714,544)	(58,915,094)	(850,663)
Payment for other investing activities	(14,906,823)	–	–
Sub-total of cash outflows	(231,211,849)	(71,780,448)	(10,709,924)
Net cash (outflow)/inflow from investing activities	(31,802,318)	9,160,929	(9,553,027)
Cash flows from financing activities			
Proceeds from long-term borrowings	8,143,559	23,044,362	10,113,114
Proceeds from issuance of bonds	3,991,997	5,981,493	5,984,804
Sub-total of cash inflows	12,135,556	29,025,855	16,097,918
Repayments of long-term borrowings	(8,029,171)	(12,304,215)	(9,981,374)
Payment for interest of long-term borrowings	(1,631,194)	(2,006,005)	(1,635,359)
Payment for interest of bonds	–	(163,200)	(375,200)
Repayment of lease liabilities	–	(1,027,968)	(3,177,392)
Sub-total of cash outflows	(9,660,365)	(15,501,388)	(15,169,325)
Net cash inflow/(outflow) from financing activities	2,475,191	13,524,467	928,593
Effect of foreign exchange rate changes on cash and cash equivalents	429,033	188,765	(858,397)
Net increase/(decrease) in cash and cash equivalents	5,833,194	17,461,648	(13,694,627)
Add: cash and cash equivalents at the beginning of the year	3,110,329	8,943,523	26,405,171
Cash and cash equivalents at the end of the year	8,943,523	26,405,171	12,710,544

SUMMARY FINANCIAL INFORMATION OF THE ISSUER

The following tables set forth the summary financial information of the Issuer as at and for the financial years indicated (the "Summary of Issuer Financial Information"). The selected financial information presented below as at and for the year ended 31 December 2018, 2019 and 2020 has been extracted from the Issuer's audited financial statements for the years ended 31 December 2019 and 2020 which have been prepared in accordance with HKFRS and have been audited by KPMG, Certified Public Accountants, in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The information set out below should be read in conjunction with, and is qualified in its entirety by, reference to the relevant audited financial statements of the Issuer and including the notes thereto, included elsewhere in this Offering Circular.

Statement of Profit or Loss and Other Comprehensive Income of the Issuer

	Year ended 31 December		
	2018	**2019**	**2020**
		(US$) *(audited)*	
Interest income	477,189,041	479,480,197	362,120,669
Interest expense	(387,819,419)	(425,208,053)	(353,373,681)
Net interest income	89,369,622	54,272,144	8,746,988
Other income	–	–	11,219
Investment income/(loss)	17,804,860	(6,634,534)	(39,777,639)
Gain/(loss) from change in fair value	13,284,710	(19,442,436)	(14,626,741)
Operating expenses	(3,014,589)	(6,768,933)	(2,543,991)
Exchange (loss)/gain	(22,245,630)	(2,047,202)	413,241
Impairment gain/(loss)	8,210	(14,009)	(28,110)
Profit/(loss) before taxation	95,207,183	19,365,030	(47,805,033)
Income tax	(10,370,517)	(4,799,415)	8,582,137
Profit/(loss) for the year	84,836,666	14,565,615	(39,222,896)
Other comprehensive income for the year	(3,807,147)	(16,348,864)	(4,040,552)
Total comprehensive income for the year	81,029,519	(1,783,249)	(43,263,448)

Statement of Financial Position of the Issuer

	As at 31 December		
	2018	2019	2020
		(US$) *(audited)*	
Assets			
Cash and cash equivalents	913,920,142	1,665,793,622	836,932,905
Amounts due from other related companies	11,147,065,342	12,342,729,442	14,047,650,396
Interest receivable	1,103,142,491	1,047,541,941	216,544,904
Financial assets designated at fair value through profit or loss	224,760,358	129,406,806	–
Financial derivative asset	32,771,378	–	–
Prepayments	141,000	–	–
Tax prepaid	–	–	3,258,474
Deferred tax asset	–	–	3,253,494
Other receivables	–	27,290,000	44,980,000
Total assets	13,421,800,711	15,212,761,811	15,152,620,173
Liabilities			
Bank loans	4,162,980,900	4,712,978,431	6,289,406,899
Amounts due to holding company	8,844	26,444	26,444
Amounts due to other related companies	10,740	657,730,235	658,187,578
Bond payable	8,803,541,567	9,375,839,332	7,783,694,567
Interest payable	85,824,566	114,395,150	100,710,004
Financial derivative liability	7,785,987	24,143,212	45,673,235
Tax payable	4,740,830	9,602,262	–
Other payables	37,157,485	80,202	218,351
Total liabilities	13,102,050,919	14,894,795,268	14,877,917,078
Net assets	319,749,792	317,966,543	274,703,095
Capital and Reserves			
Share capital	50,000	50,000	50,000
Reserves	319,699,792	317,916,543	274,653,095
Total equity	319,749,792	317,966,543	274,703,095

Statement of Cash Flows of the Issuer

	Year ended 31 December		
	2018	2019	2020
		(US$) *(audited)*	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation	95,207,183	19,365,030	(47,805,033)
Interest expense of long-term bank loans, related party loans, repurchase agreements and bonds	295,473,079	326,056,712	313,046,814
Investment (income)/loss	(17,804,860)	6,634,534	39,777,639
(Gain)/loss from changes in fair value	(13,284,710)	19,442,436	14,626,741
Exchange loss/(gain)	17,214,845	2,330,144	(88,482)
Impairment (gain)/loss	(8,210)	14,009	28,110
Decrease in amount due from fellow subsidiaries	920,175	–	–
Decrease/(increase) in amounts due from other related companies	168,257,069	(1,196,840,491)	(1,712,620,819)
(Increase)/decrease in interest receivable	(355,159,250)	55,527,890	830,104,689
Decrease in prepayments	369,638	141,000	–
Increase in other receivables	(1,810,000)	(27,290,000)	(17,690,000)
Increase/(decrease) in short-term loan	119,062,442	389,118,073	(1,444,908,279)
(Decrease)/increase in amounts due to holding company	(2,018,556)	17,600	–
(Decrease)/increase in amount due to other related companies	(6,819,835)	16,994,502	457,343
Increase/(decrease) in interest payable	13,781,057	(2,086,934)	(16,749,170)
(Decrease)/increase in other payables	(1,399)	(37,077,950)	138,149
Increase/decrease in restricted cash	(63,040,000)	401,000,000	–
Cash generated from/(used in) operations	250,338,668	(26,653,445)	(2,041,682,298)
Hong Kong Profits Tax refund/(paid)	–	62,017	(7,532,093)
Net cash flow generated from/(used in) operating activities	250,338,668	(26,591,428)	(2,049,214,391)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income received/(paid)	33,170,938	16,675,560	(2,067,075)
Proceed from sale of financial assets designated at fair value through profit and loss	50,666,667	108,754,205	132,269,536
Net cash flows generated from investing activities	83,837,605	125,429,765	130,202,461
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(323,028,311)	(312,860,199)	(316,676,652)
Proceeds from long-term bank loans	–	961,856,601	3,295,000,000
Repayment of long-term bank loans	–	(800,000,000)	(265,000,000)
Proceeds from related party loans	–	640,724,993	–
Proceeds from bond	1,495,234,627	2,092,671,954	898,571,843
Repayment of the bond	(1,420,432,196)	(1,528,174,089)	(2,500,000,000)
Settlement of financial derivative	(7,604,733)	(2,582,848)	–
Investment income (paid)/received	(1,793,102)	2,416,903	(21,740,897)
Repayment of repurchase agreements	(38,500,000)	–	–
Net cash flows (used in)/generated from financing activities	(296,123,715)	1,054,053,315	1,090,154,294
Net increase in cash and cash equivalents	38,052,558	1,152,891,652	(828,857,636)
Cash and cash equivalents at beginning of the year	285,885,327	323,929,446	1,476,816,935
Effect of foreign exchange rate changes on cash and cash equivalents	(8,439)	(4,163)	25,028
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	323,929,446	1,476,816,935	647,984,327

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information contained in the Offering Circular, including the risks and uncertainties described below. The business, financial condition or results of operations of the Issuer and the Group could be materially adversely affected by any of these risks. Each of the Issuer and the Company believes that the following factors may affect the Issuer's and/or the Company's ability to fulfil its obligations under the Notes and/or the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking. Prospective investors should pay particular attention to the fact that the Company and its activities are governed by the legal, regulatory and business environment in the PRC, which differs from that of other countries. The risks and investment considerations as set forth below do not form an exhaustive list of the challenges which the Issuer and the Company currently face or may develop in the future. Additional considerations and uncertainties not presently known to the Issuer or the Company or which they currently deem immaterial may also have an adverse effect on an investment in the Notes. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Company is in a position to express a view on the likelihood of any such contingency occurring.

Factors which each of the Issuer and the Company believes may be material for the purpose of assessing the market risks associated with the Notes are also described below. Each of the Issuer and the Company believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer and the Company to repay principal, interest or other amounts or fulfil other obligations on or in connection with the Notes and/or the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking may occur for other reasons and neither the Issuer nor the Company represents that the statements below regarding the risks of investment in the Notes are exhaustive.

Risks Relating to the Business of the Group

The Group's revenue is influenced by macroeconomic conditions and a global or domestic economic slowdown could adversely impact the demand for the Group's leasing products and results of operation.

The Group's revenue is primarily generated by interest income generated by finance leases and income from consulting services. Variations in demand for airplanes, ships and heavy equipment from airlines, shipping companies and manufacturers impact the Group's revenue. This demand for airplanes, ships and heavy equipment is heavily influenced by the global and domestic economic environment. The PRC's economic growth has a positive impact on PRC consumer demand for leasing products, including those provided by the Group. However, a significant slowdown in the PRC or global economy could have a negative impact on infrastructure projects, the airline and shipping industries as well as consumer demand for equipment and machinery, which could greatly decrease the demand for finance leasing products, resulting in a downward pressure on the development of the Group's businesses, revenue and results of operations. For example, the PRC economy has experienced a slow down in recent years. The current restructuring of the economy and deeper reform initiatives in the PRC are expected to cause PRC economic growth to emphasise quality and efficiency. The GDP growth rate of the PRC decreased from 6.6 per cent. in 2018 to 6.1 per cent. in 2019, and further shrank to 2.3 per cent. in 2020. It is uncertain whether the GDP of the PRC will continue to increase in 2021 and beyond. In addition, the PRC financial market has recently experienced significant volatility. In response to such market volatility, the PRC government has taken a number of monetary and regulatory measures to stabilise the market, including interest rate cuts, provision of more liquidity to the market and other measures. On 23 June 2016, the United Kingdom voted in a national referendum to withdraw from the European Union. On 31 January 2020, the United Kingdom officially commenced the transition period of its withdrawal from the

European Union ("Brexit"). Brexit has also given rise to calls for the governments of other European Union member states to consider withdrawal. The exit of the United Kingdom from the European Union (and such timing or terms of such an exit) could result in significant political, social and macroeconomic uncertainty, including, but not limited to further decreases in global stock exchange indices, creating negative impact and increasing volatility in the global market. In addition, the U.S. government has made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies towards China. In January 2020, the phase one agreement was signed between China and the United States on trade matters. However, China and the United States have not launched phase two negotiations yet and there is no assurance that the trade disputes between China and the United States will be fully resolved. Failure of trade negotiations between the United States and China may lead to additional costs and unexpected consequences on the Group's business. In addition, the more recent COVID-19 pandemic has caused volatility in stock markets worldwide to lose significant value since February 2020. Market interest rates have declined significantly, with the 10-year United States Treasury bond falling below 1.00% for the first time in March 2020. Any severe or prolonged slowdown or instability in the global or PRC economy may materially and adversely affect the Group's business, financial condition and results of operations. If the PRC experiences any significant economic downturn and market volatility, the PRC leasing industry, as well as the Group's business, financial condition and results of operations, could be adversely affected. For additional information on the PRC leasing industry, please refer to the section with the heading "Industry Overview".

Any inability to effectively mitigate credit risk and maintain the Group's asset quality may have a material adverse impact on the Group's business, financial condition and results of operations.

The sustainability of the Group's business and future growth depends largely on its ability to effectively manage its credit risk and maintain the quality of its receivables portfolio. As such, any deterioration in its asset quality or impairment in the collectability of lease receivables could materially and adversely affect its results of operations. The Group's non-performing assets to total assets ratio as at 31 December 2018, 2019 and 2020, was 0.47 per cent., 0.31 per cent. and 0.47 per cent., respectively. The Group may not be able to effectively control the level of its non-performing assets in its current lease receivables portfolio or effectively control the level of new non-performing assets in the future. The amount of non-performing assets of the Group may increase in the future due to a substantial increase in its lease contract value, a deterioration in the quality of its lease receivables portfolio, or a decline in the quality of future receivables.

The quality of the Group's lease receivables portfolio may deteriorate for a variety of reasons, including factors beyond its control, such as a slowdown in the economic growth of the PRC or global economy, a recurrence of a global credit crisis or other adverse macroeconomic trends, as well as a slowdown in aviation, shipping, rail and any industries in which the Group primarily engages which may cause operational, financial and liquidity problems for its clients thereby affecting their ability to make timely lease payments. If the level of its impaired lease receivables increases, the Group's business, financial condition and results of operations may be materially and adversely affected.

The Group's financial leasing businesses are capital intensive with long payback periods. The Group may not be able to maintain sufficient liquidity to meet its business needs.

The Group primarily engages in aircraft leasing, equipment leasing and maritime finance, all of which typically require significant initial cash outlays and have long payback periods. Due to the capital intensive nature of its business operations, a substantial amount of capital as well as ongoing funding activities are required to support the growth of the Group's lease receivables portfolio, as well as to fund future expansion. In order to continue meeting its cash requirements over the long term, the Group requires substantial liquidity and access to sources of funds. The Group primarily funds its operations and expansion through both domestic and foreign bank loans and cash flow from its operations. As at 31 December 2020, the aggregate amount of short-term and long-term borrowings of the Group were RMB145,578.12 million and RMB56,437.84 million, respectively. In addition, the Company also relies on capital injection by its parent, ICBC, for the expansion of its business. From September 2009, ICBC has completed several rounds of capital injection into the Company with the amount of RMB3 billion in 2009, RMB3 billion in 2012 and RMB3 billion in 2014, respectively, increasing its share capital to RMB 11 billion from RMB2 billion in 2007. In early 2018, the Company has further increased its registered capital, leading to a share capital of RMB18 billion as at 31 December 2020. If there are changes in international and/or domestic macroeconomic conditions and policies, or if the Group fails to maintain its existing and future loan arrangements on commercially acceptable terms, there is no guarantee that the Group will be able to continue to obtain adequate funding in the future on reasonable commercial terms, or at all. If sufficient financing is not available to meet its needs, or cannot be obtained on commercially acceptable terms, the Group may not be able to refinance its existing portfolio, fund the operation and/or expansion of its business, introduce new services or compete effectively.

The Group's concentrated exposure to a few sectors makes it particularly susceptible to the downturns of such sectors.

The leasing business of the Group is organised mainly around two sectors: (i) aircraft leasing business and (ii) domestic integrated leasing business. The Group also engages in maritime finance business, and such business is primarily conducted through offshore maritime finance assets owned by ICBCIL Group. By concentrating its operations and investments in these sectors, the Group is susceptible to downturns in such sectors, which may result in its income and business conditions being adversely affected. As a result, events or circumstances adversely affecting these industries could adversely affect the Group's business, financial condition and results of operations and ability to service the Notes.

The Group has completed the Asset Transfer pursuant to which ICBC Aviation Leasing received offshore aircraft assets from ICBCIL.

In September 2018, the Group completed the Asset Transfer pursuant to which ICBC Aviation Leasing, a wholly-owned subsidiary established in Hong Kong, acquired the offshore aircraft assets from ICBCIL. See "Summary – Transfer of Offshore Aviation Assets" for further details. There can be no assurance that the Group will not have difficulties in assimilating the operations, technologies and/or services upon integration, nor can there be any assurance that the Group will realise its expectations or goals regarding the Asset Transfer upon integration. In the event of any unfavourable developments, the Group's business, financial condition and results of operations may be materially and adversely affected.

The Group has substantial indebtedness and may incur additional indebtedness. The Group is subject to refinancing risks associated with its existing indebtedness, which could affect its ability to satisfy its obligations under the Notes and other debt.

The Group's total borrowings as at 31 December 2018, 2019 and 2020 were RMB 217,745 million, RMB197,378 million and RMB206,616 million, respectively. The Group has, and will continue to have, after the offering of the Notes, a substantial amount of indebtedness. The aforementioned indebtedness could have important consequences to investors. For example, it could:

- limit the Group's ability to satisfy its obligations under the Notes and other debt in the event that the Group is unable to refinance all or a portion of its debt upon or before maturity;

- increase the Group's vulnerability to adverse general economic and industry conditions;

- require the Group to dedicate a substantial portion of its cash flow from operations to servicing and repaying indebtedness, thereby reducing the availability of cash flow to fund working capital, capital expenditures and for other general corporate purposes;

- limit the Group's flexibility in planning for or reacting to changes in its businesses and the industry;

- limit, along with the financial and other restrictive covenants of the Group's indebtedness, its ability to borrow additional funds; and

- increase the cost of additional financing.

The Group is subject to refinancing risks with respect to its existing indebtedness – in particular, the short-term borrowings due within one year. The Group's ability to refinance its short-term borrowings may be materially and adversely affected if, for example, its leasing income fails to grow as expected or the Group is unable to negotiate new bank loans on favourable terms or at all. If the Group is unable to refinance any of its existing debt, it could materially and adversely affect the ability to satisfy its obligations under the Notes and other debt. The Group can give no assurance that it will be able to refinance its existing indebtedness upon or before maturity on favourable terms or at all.

The Group may from time to time incur additional indebtedness and contingent liabilities, including by way of notes offerings and/or the offering of asset-backed securities. If the Group or its subsidiaries incurs additional debt, it could face additional risks.

In addition, certain of the Group's financing arrangements also impose operating and financial restrictions on its business. Such restrictions may impair its ability to react to changes in market conditions, take advantage of business opportunities, obtain future financing, fund required capital expenditures, or withstand a continuing or future downturn in business. Any of these factors could materially and adversely affect the Group's ability to satisfy its obligations under the Notes and other debt.

Save for the offshore aviation assets acquired pursuant to the Asset Transfer, the Group does not directly hold the other offshore leasing business of ICBC and is exposed to the contingent liabilities resulting from the extensive credit support it provides to ICBCIL and its subsidiaries but without any corresponding economic benefits therefrom.

Save for the offshore aviation assets that have been transferred to the Group pursuant to the Asset Transfer, the Group does not directly hold the other offshore leasing business of ICBC. The leasing operations of ICBC consist of both domestic and offshore leasing businesses. The domestic leasing operations in the PRC are owned and operated by the Group, whereas the offshore leasing platform save for the offshore aviation assets that have been transferred to the Group pursuant to the Asset Transfer is held indirectly by ICBC through its wholly-owned subsidiary, ICBCIL, and its subsidiaries, which do not form part of the Group. Currently ICBCIL and its subsidiaries are managed and operated by the Group through certain internal management arrangements, which if either ICBC or ICBCIL repudiates, would cause the Group to lose its management and operational control over the offshore leasing business of ICBC. See "Corporate Structure" for a structure diagram setting out the relationship between ICBC, the Company and ICBCIL. Operating and managing ICBCIL and its offshore leasing business may divert the attention of the Group's management and its other resources from the Group's business, while the revenues and profits derived from ICBCIL and its subsidiaries will not directly benefit the Group due to its lack of ownership interest in ICBCIL. The Company does not consolidate the results of ICBCIL and its subsidiaries into its financial statements included elsewhere in this Offering Circular.

ICBCIL and its subsidiaries have grown rapidly in the past, and may continue to grow in the future. The Group provides credit support to ICBCIL and certain of its subsidiaries. The Group also provides credit support to the Issuer by way of keepwell commitments in respect of the indebtedness under the Programme. In the event that the credit status of ICBCIL and its subsidiaries deteriorates, the Group will be obligated to assume the payment obligation (in the case of guarantees) of such indebtedness or procure sufficient funds for the payment obligation (in the case of keepwells and liquidity support) under such indebtedness and other liabilities, which will exert substantial financial burdens on the Group and may affect its ability to satisfy its obligations with respect to the Notes. In addition, in the event of a default by the Issuer or the Group, investors in the Notes will not have recourse to the assets owned by ICBCIL and its subsidiaries.

Increases in the cost of funding may adversely affect the Group's financial results.

Interest rate fluctuations and changes in the cost of funding may have a significant influence on the financial performance of the Group. Any increase in financing cost will have a negative impact on the Group's profitability. A significant part of the Group's financings is denominated in floating interest rate or short-term financing on a rolling basis. Therefore, interest rate is a major factor of any increase in cost of funding. For example, there was a temporary liquidity shortage in the PRC in June 2013 and the level of SHIBOR remained relatively high in the fourth quarter of 2013 and first quarter of 2014, which led to an increase in the Group's funding costs. The overall level of SHIBOR has gone down since the second quarter of 2014. Although in financial year 2015, the level of the SHIBOR decreased as a result of the PBOC lowering the benchmark lending rates in 2015. Since the fourth quarter of 2016, the overall level of SHIBOR remains volatile and the bond market fluctuations have increased. Although the general SHIBOR level went down in 2018, 2019 and the first five months in 2020, it has increased in June 2020. There can be no assurances that SHIBOR will not further increase in the future. Other factors that may affect the cost of funding include the credit ratings of ICBC and the Company and efficiency of the Group's liquidity management. Increased funding costs have a direct effect on the Group's profitability and sustained increased funding costs will materially and adversely affect the Group's results of operations.

The Group's ability to obtain debt financing and the cost of debt financing are dependent, in part, upon the internal financial strength ratings assigned to it by lenders and rating agencies, and a downgrade of these ratings could adversely impact its financial performance.

The Group's ability to obtain debt financing, and the cost of debt financing, are dependent, in part, on the financial strength ratings assigned to it by lenders and rating agencies. Maintaining these ratings depends in part on strong financial condition and results of operations and in part on other factors, including the outlook of lenders and rating agencies on the sectors in which the Group conducts its businesses and overall market conditions. A rating downgrade by lenders or by rating agencies may result in higher pricing or less favourable terms under debt financings. Rating downgrades may therefore make it more difficult for the Group to satisfy its funding requirements and may adversely impact its business and financial performance.

If ICBC ceases to maintain a controlling stake in the Group or otherwise withdraws its credit support, the Group's credit ratings and cost of funding could be adversely affected.

ICBC is the sole shareholder of the Group. The Group's corporate credit ratings of "A" by S&P, "A1" by Moody's and "A" by Fitch, while not guaranteed by ICBC, are partly dependent on the fact that the Group is wholly owned by ICBC and on the perception that credit support from ICBC will continue. If ICBC ceases to maintain a controlling stake in the Group or otherwise withdraws its credit support, the ratings for debt issued under its global medium term note programme, as well as its corporate credit ratings, may be adversely affected, which could have a material adverse effect on its business, financial condition and results of operations.

ICBC may have interests or goals that are inconsistent with those of the Group's, which could cause it to direct the Group's business in a manner that is not in the best interests of the Group.

ICBC, as the sole shareholder of the Group, is able to direct the Group's corporate policies and nominate directors and officers. ICBC may have economic or business interests or goals that are inconsistent with those of the Group's and could take actions that could adversely affect its business, financial condition and results of operations. The Group does not own ICBCIL's offshore business.

The Group's operations consist of domestic leasing businesses and the offshore aircraft leasing operations. The domestic leasing operations in the PRC and the offshore aircraft leasing operations are owned and operated by the Group, whereas the offshore maritime finance platform of ICBC is held indirectly by ICBC through its wholly-owned subsidiary, ICBCIL, and its subsidiaries, which do not form part of the Group. The Group manages and operates ICBCIL's leasing business under internal management arrangement that may be changed by ICBC at any time. If either ICBC or ICBCIL repudiates such management and operation arrangement, the Group will have no control over the offshore business. Please see the section with the heading "Corporate Structure" for a structure diagram setting out the relationship between ICBC, the Company and ICBCIL. Consequently, revenues derived from ICBCIL's business and their assets and liabilities are not consolidated into the financial statements of the Group and financial and other information regarding the business of ICBCIL and its subsidiaries may be limited in this Offering Circular. Investors must rely on their own examination of the Group and the Issuer, and should not rely on any support or perceived support from ICBCIL or its subsidiaries when evaluating a potential investment in the Notes.

The Group is exposed to risks associated with entering into contracts with public organisations, and its performance may be significantly affected by changes in government policies.

The Group's clients, in particular in its equipment leasing businesses, include agencies and entities owned, controlled by or otherwise associated with local governments. The revenue contributed by these client accounts form a substantial part of the Group's total revenue. Government policies historically have and will continue to have a big impact on the Group's equipment leasing business. Any changes in the government's budget, environmental laws or other policy considerations may result in reduced demand for the Group's equipment leasing business, and to the extent that the Group's clients are funded or supported by the government, may lead to client defaults or contract termination, which would adversely affect the Group's business, financial condition and results of operations, which in turn may potentially affect the Group's ability to meet its financial obligations.

The Group is subject to risks related to default payments and breaches by its lessees or other contractual counterparties.

The Group's success depends on the ability of its lessees to perform their contractual obligations under the leases. The ability of each lessee to perform its contractual obligations is, in turn, dependent on its financial condition and cash flow. If a lessee defaults, there can be no assurance that any security deposits paid under the lease is adequate to cover the lessee's unpaid lease obligations, or that the maintenance reserves collected during the lease term will be sufficient to cover the Group's maintenance expenses or the costs of re-leasing the aircraft.

Moreover, in relation to the Group's aircraft, domestic integrated leasing and maritime finance business, it is primarily the responsibility of the lessees to maintain such aircraft, big-ticket equipment and vessels and their respective records in accordance with the manufacturers' recommended maintenance programmes and to comply with all governmental regulatory requirements. The maintenance of such aircraft, big-ticket equipment and vessels during the lease term and their condition at the maturity of the lease may affect their future rental or value. Failure of the lessee to perform the required or recommended maintenance may also result in the aircraft being grounded or the equipment and vessels being rendered inoperative, which may result in the Group incurring substantial costs to restore the aircraft, equipment and vessels to an acceptable condition prior to the sale of the aircraft, equipment and vessels, and thus may have an adverse effect on the Group's business, financial condition and results of operations.

The Group is subject to risks related to the airline and shipping industries.

The Group is an operating lessor of aircraft, big-ticket equipment and ships and is exposed to cash flow risk from the airline or maritime lessees for the duration of the leases and equity risk from the values of aircraft, big-ticket equipment and ships. The Group is subject indirectly to the same set of risk factors as its lessees, which may affect the financial condition and cash flows of the lessees and their ability to perform their obligations under the leases. These risk factors include demand for air travel and marine transportation and air/marine cargo services, industry competition, competition from substitute services, airline/shipping revenue and cost structures, fluctuations in fuel prices, interest rates and foreign exchange rates, labour costs and union issues, maintenance costs, insurance costs, security costs, the impact of airline or maritime carrier bankruptcies and the effect of certain events such as wars, social unrest, pandemics, natural disasters, major accidents and acts of terrorism. The airline and shipping industries are also affected by government regulation of airline or marine operations and mergers and acquisitions, environmental regulation, airport and other infrastructural constraints, the availability of new or used aircraft or ships for lease or purchase, the availability and cost of debt and equity capital to airlines or shipping companies. The Group's financial performance is dependent on the financial strength of its lessees and their ability to manage these risks effectively. To the extent that the Group's lessees experience negative effects from these risk factors, the Group may experience:

(a) a reduced demand for its aircraft or ships and hence, lower lease rates or aircraft or ship values;

(b) a higher incidence of lease defaults resulting in higher legal and technical costs associated with the repossession of the aircraft or ship and its records, as well as lost revenue from such idle aircraft or ships;

(c) a need to restructure lease payments for delinquent airlines or shipping companies in financial difficulty which may result in lower lease revenues or the need to make provisions for rental amounts in arrears; or

(d) an inability to immediately place available aircraft or ships on commercially viable terms and possibly incurring additional storage, insurance and maintenance costs resulting from the idleness of such aircraft or ships and their preparation for re-lease.

Any of the above events could adversely affect the Group's business, financial condition and results of operations.

The Group is subject to various PRC and overseas regulatory requirements and the Group's failure to comply with such requirements could materially and adversely affect its business, financial condition, results of operations and reputation.

PRC regulatory authorities such as the CBIRC and other overseas regulatory authorities oversee the Group's compliance with applicable regulatory requirements and guidelines. From time to time, weaknesses in certain areas of the Group's operations, such as risk management and internal controls, may be identified, which may result in sanctions, fines or penalties being imposed on the Group. There can be no assurance that the Group will be able to comply with all such requirements and guidelines at all times or that the Group will not be subject to sanctions, fines or other penalties in the future as a result of non-compliance. If sanctions, fines and other penalties are imposed on the Group for its non-compliance, the Group's business, financial condition, results of operations and reputation may be materially and adversely affected.

Also, there can be no assurance that existing policies, laws and regulations governing the financial leasing industry will not change in the future or that any such changes will not materially and adversely affect the Group's business, financial condition and results of operations nor can there be any assurance that the Group will be able to adapt to all such changes on a timely basis.

In addition, the aviation, shipping, rail and other industries, in which many of the Group's clients operate, and the operation of aircraft, equipment and vessels are subject to domestic and international regulatory controls as well as additional controls that various national or federal civil aviation authorities may impose, including, for example, the airworthiness directives for aircraft operated by airlines within the jurisdiction of such authorities. The regulatory authorities can suspend or revoke the licence granted to the Group's clients to operate their businesses for failure to comply with these regulations, which may result in the grounding of aircraft or interruption of business. Airlines operating in certain countries may also be subject to sanctions. If the business activities of any of the Group's lessees are disrupted due to failure to meet regulatory requirements or sanctions, the ability of such lessees to meet their lease obligations towards the Group may be adversely affected.

Finally, regulatory requirements and approvals may affect the Group's ability to sell the aircraft, equipment and vessels. For example, regulatory approvals are required for the import, re-export, deregistration or registration of aircraft in various jurisdictions. Certain jurisdictions set maximum age limits for aircraft being imported or registered. Subsequent changes in applicable laws may modify such requirements, or approvals previously granted may be withdrawn. These changes may adversely affect the ability of the Group to sell these aircraft and may impair the values of these aircraft and thus have an adverse effect on the Group's financial performance and its ability to meet its financial obligations.

Any deficiencies in the Group's risk management and internal control systems may materially and adversely affect the Group's business, financial condition and results of operations.

The Group has implemented a prudent risk management system to protect the long-term interests of its shareholders, clients and employees. However, the Group's risk management systems and internal control policies may not be effective in mitigating its exposure to all types of risk, including unidentified or unanticipated risks. Some risk management and control methods are based upon historical market behaviour and past events. As such, the Group may not be able to adequately identify or estimate future risk exposures, which could be significantly greater than indicated by measures based on historical data. Other risk management methods depend on evaluation of information regarding markets, clients or other relevant matters, which may be inaccurate, incomplete, obsolete or improperly evaluated. For instance, the information infrastructure in the PRC is still under development and there is no extensive and unified nationwide credit information system. Accordingly, the Group is only able to rely on publicly available resources and its internal resources to assess credit risks associated with a particular client. Such assessment may not be based on complete, accurate or reliable information. Furthermore, as the Group enters into new industry sectors, expands into new client segments or develops additional product and service offerings, it may not be in a position to adequately identify, predict and manage future risk exposures.

In addition, management of operational, legal or regulatory risks requires various sets of policies and procedures in order to accurately record and verify a large number of transactions and events. Such policies and procedures may not be fully effective. Any failure of the Group's risk management procedures or any failure to identify applicable risks may have a material adverse effect on its results of operations and financial condition.

Any decrease in the residual value of the aircraft, equipment or vessels that the Group finances could adversely affect its business, financial condition and results of operations.

Declines in the residual value of the aircraft, equipment or vessels financed by the Group may reduce the Group's earnings. The Group estimates the residual value of leased asset at the inception of a lease based on a number of factors, including historical sale prices, management's experience and any known significant market and product trends. The Group recognises the residual value of the leased aircraft, equipment and vessels (as the case may be), which is the estimated future market value of the leased asset at the maturity of the lease. If the estimated market value of the Group's leased assets declines significantly due to economic factors, obsolescence or other adverse circumstances, the Group may not realise the expected residual value of the leased assets, which could adversely affect the Group's business, financial condition and results of operations.

The Group has pledged certain lease receivables to secure its borrowings.

The Group has pledged certain of its lease receivables to secure some of its bank loans. If the Group defaults on such bank loans, the lenders may foreclose such leased receivables, which may disrupt and adversely affect the Group's business. Although the terms of the Group's indebtedness may limit the Group's ability to create certain security over its assets, there can be no assurance that the Group will not pledge its leased receivables to secure its borrowings in the future. There can also be no assurance that the Group will not default on any of its borrowings in the future. As at 31 December 2018, 2019 and 2020, the carrying amount of the Group's lease receivables was RMB 113,288 million, RMB96,650 million and RMB112,907 million, respectively.

The value of the collateral or guarantees securing the Group's leases and the assets underlying its leases which are disposed of upon repossession may be inadequate to cover related lease receivables.

To mitigate credit risk of its leases, the Group may request the lessees to provide guarantees and/or collaterals for the leases. Such guarantees and/or collaterals need to be negotiated on a case-by-case basis, depending on the nature of the business of the relevant lessee. In the event of any material default on the lease payment terms, the Group is contractually entitled to enforce its security rights over any guarantee or collateral, and/or repossess and dispose of the assets underlying its leases to realise their value. However, the value of such collateral and/or assets underlying such leases to be disposed of may decline and may be materially and adversely affected by a number of factors, such as any damage, loss, oversupply, devaluation or reduced market demand. Similarly, a significant deterioration in the financial condition or creditworthiness of guarantors under the Group's guaranteed leases could significantly decrease any amount which the Group may be able to recover under such guarantees.

The Group's policies require periodic internal review of collaterals, guarantees and assets underlying its leases for impairment testing purposes. If the value of such collaterals, guarantees or assets underlying the Group's leases proves to be inadequate to cover the related lease receivables, the Group may need to obtain additional security from its clients or other sources, but there can be no assurance that it will be able to do so. Any decline in the value of such collateral, guarantees or assets underlying the Group's leases or the Group's inability to obtain additional security may result in impairment losses and require the Group to make additional impairment provisions against its lease receivables, which may in turn materially and adversely affect its business, financial condition and results of operations.

The Group may not be able to successfully enforce its rights to the underlying collateral or guarantees to its leases, or enforce its rights to repossess leased assets.

In the PRC, the procedures for liquidating or otherwise realising the collateral value of tangible assets and the procedures for enforcing the Group's rights to a guarantee or to repossess and dispose of the assets underlying its leases could be time-consuming (the whole process may take three to six months or longer) and in practise it may be difficult to realise such collateral value, enforce the guarantee or repossess and dispose of assets underlying the Group's leases. Although the Group could apply to a PRC court in accordance with the PRC Civil Procedure Law for the attachment or disposal of any underlying collateral, the enforcement of a guarantee or the repossession of the assets underlying the Group's leases upon default, it is uncertain whether any judgement made by local courts would be enforceable due to the uncertainties of the PRC legal system governing such enforcement. In addition, under the PRC law, the Group's rights to any collateral securing its leases may be subordinated to other claims. For example, according to the PRC Bankruptcy Law, claims for the amount that a company in bankruptcy owed its employees prior to 27 August 2006 (being the date of publication of the PRC Bankruptcy Law), including, but not limited to, salaries, medical insurance and pension benefits, will have priority over the Group's rights to collateral, if not adequately provided for in liquidation proceedings. Therefore, upon any default of any lessee or any guarantor under the Group's lease, if the Group is unable to successfully enforce its right in respect of any collateral or any guarantee related to any assets underlying its leases to be repossessed and disposed of on a timely basis, it may have a material adverse effect on its asset quality, business, financial condition or results of operations.

The Group's provisions for impairment losses on lease receivables may not be adequate to cover future credit losses and may have a material adverse impact on the Group's business, financial condition and results of operations.

The Group makes provisions for impairment losses on lease receivables in accordance with PRC GAAP. As at 31 December 2018, 31 December 2019 and 31 December 2020, the Group's consolidated impairment provision on lease receivables was RMB2,993 million, RMB3,170 million and RMB3,053 million, respectively, representing 2.64 per cent., 3.19 per cent. and 2.63 per cent. of the Group's net lease receivables, respectively. This reflected both the growth of the Group's business operations and its approach to provisions in view of the macroeconomic environment. The amount of provisions for impairment losses on the Group's lease receivables is determined on the basis of its internal provisioning procedures and guidelines taking into account a number of factors, such as the nature and industry specific characteristics of the Group's clients and their creditworthiness, economic conditions and trends, write-off expenses, delinquencies and the value of underlying collateral and guarantees. As the Group's provisions require significant judgement and estimation, its allowance for impairment losses may not always be adequate to cover actual credit losses in its business operations. The Group's allowance may prove to be inadequate if unforeseen or adverse changes occur in the PRC economy or other economies in which the Group operates or if other events adversely affect specific clients, industries or markets. Under such circumstances, the Group may need to make additional provisions for its lease receivables, which could significantly reduce its profit and may materially and adversely affect its business, financial condition and results of operations.

The Group may not be able to sell or re-lease aircraft, equipment or vessels upon termination or expiry of an existing lease.

Upon termination or expiry of an existing lease, the Group needs to sell or re-lease such aircraft, equipment or vessel (as the case may be). There can be no assurance that the Group will be able to sell or re-lease the aircraft, vessel or equipment (as the case may be) at a price favourable to the Group. Factors that could affect the Group's ability to sell or re-lease aircraft, equipment or vessels include business cycles in the relevant industry, global and domestic financial market conditions, market disruption risks, market demand for the assets, transaction cost, such as tax and reinstalment cost, which could affect the liquidity, interest rates, the availability of funding sources and the recovery of lease receivables.

With respect to aircraft, equipment or vessels acquired or leased by the Group, in some leases, lessees have the discretion as to whether or not they wish to extend the lease after expiration of the initial lease term. In these circumstances, the Group will not be able to predict whether such lessees would exercise such an option. If a lessee decides not to extend, the Group may not be able to re-lease the relevant aircraft, equipment or vessels on similar terms in a timely manner. The Group's ability to lease aircraft, equipment and vessels and re-lease aircraft, equipment and vessels on the expiration or termination of the initial leases, the lease hire payable under any renewal or replacement lease and the Group's ability to dispose of aircraft, equipment and vessels profitably will depend upon, among other things, the then-prevailing availability of lessees and economic conditions in the relevant market at that time. If the Group is unable to lease aircraft, equipment or vessels, the Group may be required to bear substantial costs and expenses for insurance, maintenance and compliance with government regulations. If the Group receives less income as a result of lower lease hire under replacement leases or is unable to lease the aircraft, equipment and vessels upon expiry of the initial leases, there may be a material adverse effect on the Group's business, results of operations and financial condition.

The Group depends on its key senior management members and key senior officers and may have difficulty attracting and retaining skilled employees.

The Group's financial leasing business is a highly specialised area which requires professional knowledge and know-how in business areas including, but not limited to, finance, accounting, international trade, insurance, aviation, shipping and other related industries and various areas of law. The Group's success depends, to a significant extent, on the abilities, expertise and dedication of its key senior management members, senior officers and skilled employees. There is significant competition for such talent. If such key personnel leave the Group to join other employers, including the Group's competitors, the Group may face difficulties employing and assimilating suitable replacement personnel in the short term. In addition, the Group's continued success also depends on its ability to attract and retain qualified personnel to manage its existing operations and future growth. Qualified individuals are in high demand and the Group may not be able to successfully attract, assimilate or retain all of the personnel it needs with the required industry expertise. The Group may also need to offer superior compensation and other benefits to attract and retain key personnel and therefore there is no assurance that the Group's compensation and benefits payments will not increase unpredictably or at a greater rate than its revenues. Failure to recruit, train, develop and retain personnel with the necessary qualifications may have a material adverse effect on the Group's business, financial condition and results of operations.

Malfunction or disruption to the Group's information technology systems may adversely affect the Group's business and operations.

The proper functioning of the Group's financial control, risk management, accounting, customer service and other data processing systems is important to its business. The Group has established its own internal back-up systems to carry on principal functions in the event of system failures. However, there can be no assurance that its operations will not be materially disrupted if any of the Group's systems fail due to, among other things, fire, natural disasters, power loss, software faults, computer virus attacks, conversion errors due to system upgrades or security breaches. The internal safety measures may not be effective in preventing any harm or damage resulting from risks threatening the Group's information technology systems. Any disruption to the Group's information technology systems could have an adverse effect on its business and operations.

The Group may not be able to detect and prevent fraud or other misconduct committed by its employees or third parties.

Fraud or other misconduct by employees (such as unauthorised business transactions and breaches of its internal policies and procedures) or third parties (such as breach of law) may be difficult to detect and prevent and could subject the Group to financial loss, sanctions imposed by governmental authorities and seriously damage its reputation. The Group's risk management systems, information technology systems and internal control procedures are designed to monitor its operations and overall compliance. However, there can be no assurance that it will be able to identify all non-compliance or suspicious transactions in a timely manner or at all. Furthermore, it is not always possible to detect and prevent fraud or other misconduct, and the precautions undertaken by the Group to prevent and detect such activities may not be effective. Hence, it is possible that fraud or other misconduct may have previously occurred but was undetected, or that fraud or other misconduct may occur in the future. Any failure to detect and prevent such illegal activities may have a material and adverse effect on the Group's business, financial condition and results of operations.

Any occurrence of natural disasters, outbreaks of contagious diseases in the PRC, acts of terrorism, wars or other natural or man-made calamities may have a material adverse effect on the Group's or the ICBCIL Group's business, financial condition and results of operations.

Any occurrence of natural disasters or outbreaks of health epidemics and contagious diseases, including the novel coronavirus ("COVID-19"), avian influenza, Severe Acute Respiratory Syndrome ("SARS"), Ebola virus disease ("Ebola"), Middle East Respiratory Syndrome corona virus ("MERS"), H5N1 influenza, H1N1 influenza or H7N9 influenza, may adversely affect the Group's business, financial condition and results of operations. An outbreak of a health epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activity in affected areas, which may in turn adversely affect the Group's business, financial condition and results of operations.

The outbreak of the ongoing COVID- 19 has had an adverse impact on airlines that operate to or from affected areas or regions and global air travel has significantly reduced as many countries have imposed lockdowns to curb the spread of the COVID-19, as well as various other industries. As a result, the Group's aircraft leasing operations had been significantly affected in a certain period and this has had a material adverse impact on the Group' business, financial condition and results of operations. The Group received requests from its aircraft leasing customers for a grace period of four to six months in relation to payments owed to the Group in 2020. With regards to these requests, the Group considered them on a case-by-case basis and allowed grace periods for payment upon consideration of the relevant factors. Such deferrals resulted in a decrease in the Group's operating lease income in 2020. With the help of vaccines and as the COVID-19 outbreak in China has been gradually brought under control, the business of the Group has resumed and come back to normal. However, given the uncertainties as to the development of the outbreak at the moment, it is difficult to predict how long these conditions will persist and to what extent the Group and the ICBCIL Group may be affected. In the event these conditions persist, it may have a material adverse effect on the Group's business, financial condition and results of operations.

Moreover, natural calamities such as earthquakes, floods or tsunamis may devastate destinations and significantly reduce travel to affected areas for a period of time. The PRC has experienced natural disasters such as earthquakes, floods and drought in the past few years. More recently, since July 2020, the southern part of the PRC has been experiencing heavy floods due to heavy rainfall. Any future occurrence of severe natural disasters in the PRC may adversely affect its economy and in turn the Group's business, financial condition and results of operations. There is no guarantee that any occurrence of natural disasters or outbreak of COVID-19, avian influenza, SARS, Ebola, MERS, H5N1 influenza, H1N1 influenza, H7N9 influenza or other epidemics, or the measures taken by the PRC Government or other countries in response to an outbreak of these epidemics, will not seriously interrupt the Group's operations or those of its customers, which may have a material adverse effect on the Group's business, financial condition and results of operations.

Similarly, acts of God, acts of war, terrorist attacks, epidemics, political unrest, labour unrest and other similar events may result in political instability and volatility in the world financial and commodities markets. Terrorist attacks, pirate attacks, hijacking, war or armed conflicts, major accidents or the fear of such events could adversely affect the aviation and shipping industries and may have an adverse effect on the financial condition and liquidity of the Group's lessees, aircraft and vessel values and rental rates, and may lead to lease restructurings or repossessions, all of which could adversely affect the Group's business, financial condition and results of operations. In addition, many damages caused by acts of war, political unrest or similar events may not be covered by the Group's current insurance policies, causing adverse impact on the Group's results of operations.

The Group is subject to additional operating costs in certain circumstances.

The Group may incur other operational costs upon a lessee's default or where the terms of the lease require the Group to pay a portion of additional operating costs. Such costs, which can be substantial, may include:

(a) the costs of casualty, liability or war risk insurance and the liability costs or losses when insurance coverage has not been, or cannot be obtained as required, or is insufficient in amount or scope;

(b) the costs of licencing, exporting or importing leased assets, costs of storing and operating leased assets, airport taxes, custom duties, air navigation charges, landing fees and similar governmental or quasi-governmental impositions; and

(c) penalties and costs associated with the failure of lessees to keep the leased assets registered under all appropriate local requirements or obtain required governmental licences, consents and approvals.

The failure to pay some of these costs can result in liens on the aircraft, vessels or other leased assets or a loss of insurance. Any of these events could result in the grounding of the aircraft and prevent the sale or other use of the aircraft until the problem is resolved. This could adversely affect the Group's business, financial condition and results of operations.

The Group may not have, and cannot ensure that its lessees will maintain, adequate insurance coverage to cover potential liabilities or losses.

The Group generally requires its lessees to obtain specified levels of insurance and indemnify for, and insure against, liabilities arising out of their use and operation of the aircraft. Some lessees may fail to maintain adequate insurance coverage during a lease term, which, although in contravention of the lease terms, would necessitate the Group taking some corrective action, such as terminating the lease or securing insurance for the aircraft, equipment or vessel, either of which could adversely affect the Group's results of operations. In addition, the Group will obtain insurance for the aircraft, equipment and vessels owned by itself when they are not under any lease terms, and such insurance coverage may not be adequate to cover losses should they arise.

Furthermore, the Group has obtained insurance coverage for its business operations in accordance with market practise and legal requirements, and in respect of assets which it deems material for its operations. The Group faces various risks in connection with its businesses and may lack adequate insurance coverage or may have no relevant insurance coverage. In addition, the Group does not maintain business interruption insurance. As a result, its insurance coverage may be inadequate to cover such losses should they arise. Any such uninsured losses may materially and adversely affect its business, financial condition and results of operations.

There might be claims asserted against the Group, which may adversely affect its operation, financial condition and reputation.

Although under its leases the Group does not control the operation of its leased assets such as aircraft, equipment and vessel, its ownership of the assets could give rise, in some jurisdictions, to strict liability for losses resulting from their operation.

Lessees of the Group are normally required under the leases to indemnify the Group for, and insure against, among other things, liabilities arising out of the use and operation of the assets, including third party claims for death or injury to persons and damage to property for which the Group may be deemed liable. The lessees are also required to maintain public liability, property damage liability, and all risk and war risk insurance on the leased assets at agreed-upon levels.

There can be no assurance that the lessee's insurance, and any contingent insurance undertaken by the Group, will be adequate or sufficient to cover all types of claims that may be asserted against the Group. Any insurance coverage shortfall or default by lessees to fulfil their indemnification or insurance obligations, as well as the lack of available insurance, could reduce the proceeds upon an event of loss and could subject the Group to uninsured liabilities, any of which could have an adverse impact on the Group's financial performance and its ability to meet its financial obligations.

Failure to obtain, renew or retain licences, permits or approvals or failure to comply with applicable laws and regulations may affect the Group's ability to conduct its business.

The Group is subject to rules and regulations and is required to hold various licences, permits and approvals issued by relevant authorities for the operation of its businesses. Any infringement of legal or regulatory requirements, or any suspension or revocation of these licences, permits and approvals may have a material adverse impact on the Group's business and operations. In addition, the regulatory and licencing requirements within the PRC financial leasing industry are constantly evolving and the Group may be subject to more stringent regulatory requirements due to changes in the political or economic policies in the PRC. There can be no assurance that the Group will be able to satisfy such regulatory requirements or that it will be able to retain, obtain or renew relevant licences, permits or approvals in the future. Any failure to comply with the regulatory and legal requirements may hinder the Group's business operations and materially and adversely affect its results of operations and financial condition.

The Group derives a certain amount of business from international operations that are subject to foreign economic, legal and political uncertainties and security risks.

The Group manages the international business of ICBCIL and its subsidiaries and assets that the Group operates and/or manages are located in countries and territories that are subject to rapidly changing economic and political conditions. As a result, the Group is exposed to various risks associated with conducting business in foreign jurisdictions and territories, including, among others, risks associated with:

- politics, including risks of loss due to civil unrest, acts of terrorism, acts of war, regional and global political or military tensions, strikes and strained or altered foreign or community relations related to China or other relevant countries;

- economic, financial and market instability, and credit risks, including, for example, those relating to the potential deterioration of the credit markets and other economic conditions in the United States and other countries;

- changes in foreign government regulations or policies and compliance with foreign laws and regulations, including applicable anti-bribery, anti-money laundering, anti-terrorism financing laws and regulations;

- trade restrictions or embargoes;

- sanctions imposed by certain countries targeting other countries or entities, such as sanctions imposed by the Office of Foreign Assets Control of the U.S. Department of the Treasury and the European Union;

- expropriation and nationalisation of the assets operated and/or managed by the Group in foreign jurisdictions; and

- lack of a well-developed or independent legal system in the foreign jurisdictions in which the Group has overseas operations, which may create difficulties in the enforcement of contractual rights.

The Group does not currently engage in any business dealings with persons that are subject to or the target of, or are located in countries which are the targets of, sanctions imposed by the U.S. or other jurisdictions. However, some of the Group's counterparties may be affiliated with persons that are target of sanctions. For example, the Company leases commercial aircraft to Aeroflot Russian Airlines. While Aeroflot Russian Airlines is not itself the target of any sanctions, one of its subsidiaries, Dobrolet, is target of financial sanctions imposed by Her Majesty's Treasury. The Group has implemented internal control systems relating to business dealings to avoid conducting any business with sanctioned regimes, regions or organisations. However, the sanctions laws of the U.S. and other jurisdictions are evolving and change frequently, and there is no guarantee that the Group's internal control measures will be sufficient to track such changes in a timely manner. Any actual or perceived transaction with sanctioned persons or in sanctioned countries may damage the Group's reputation and materially and adversely affect the market price of the Notes.

Risks Relating to the Issuer

The proceeds from the Notes may be used for the offshore maritime finance business of ICBCIL and its subsidiaries, which do not form part of the Group or provide any credit support for the Notes and whose activities are not restricted by the Terms and Conditions.

The proceeds from Notes may be used by ICBCIL to develop offshore maritime finance business of ICBCIL and its subsidiaries, which do not have any obligation with respect to, and do not provide any credit support for, the Notes and are not restricted in conducting businesses under the Terms and Conditions of the Notes. ICBCIL and its subsidiaries also do not form part of the Group. Therefore, the investors in the Notes may not be able to benefit from the development of the ICBCIL Group's offshore maritime finance business. In the event of a default by the Issuer, the ICBCIL and its other subsidiaries will not be obligated in any way to meet the Issuer's payment obligations and the investors may suffer a loss.

The Issuer has no business activities of its own and will be dependent on funds from other ICBCIL group entities to make payments under the Notes.

The Issuer was established in December 2013 specifically for the purpose of raising funds through the issue of securities or entering into loans, and will on-lend the net proceeds from issue of the Notes to companies within the ICBCIL Group. The Issuer may suffer a loss from time to time. For example, for the year ended 31 December 2020, the Issuer recorded a loss of US$39,222,896. The Issuer does not and will not have any material assets, but it will receive repayments from companies within the ICBCIL Group in respect of loans made by the Issuer to those companies, which will be the only material sources of funds available to meet its payment obligations under the Notes. As a result, the Issuer is subject to all the risks to which the ICBCIL Group and companies within the ICBCIL Group that will receive proceeds from the Notes are subject, to the extent that such risks could limit their ability to satisfy in full and on a timely basis their respective obligations to the Issuer under any such loans.

Risks Relating to the Industry

The Group operates in a competitive market environment where highly specialised expertise is required for the efficient management of assets.

The financial leasing business is a highly competitive industry. The Group faces competition from both international and domestic players (including the financing divisions of vendors, manufacturers of aircraft, vessels and equipment, financial institutions including banks, hedge funds and private equity firms, other leasing companies including those not affiliated with banks and not regulated by CBIRC, aircraft brokers, as well as airlines) in its business, and competes with them in capturing new business opportunities. Some of the Group's competitors may have significant financial resources, marketing and other capabilities, more extensive know-how and business relationships and longer operating track records. The Group competes with its competitors on the basis of availability of product types that meet clients' needs, delivery dates, lease rates, lease terms, maintenance reserves and condition of assets under lease. The Group's revenue is affected by these competitive factors and its success depends on its ability to compete effectively. In addition, the financial leasing business also requires specialised expertise and extensive experience. For example, in the aircraft financing business of the Group, there is a high percentage of operating leases. As the Group expands and grows in the past several years, its assets increase and the leases begin to expire, and it has become increasingly difficult to lease and manage older assets. Furthermore, with the growth of the business, the Group's asset portfolio has also become increasingly diversified into different types and industries, requiring highly specialised expertise and skilled employees to manage the different assets efficiently.

The industries in which the Group is engaged are cyclical.

A significant part of the Group's net lease receivables is related to the transportation industry. The transportation industry is highly cyclical with demand for and supply of vessels to be leased or sold affected by several factors, including global and regional economic and political conditions, changes in regulatory regimes, strikes or armed conflicts, extreme weather conditions and piracy. These factors are beyond the Group's control and the nature, timing and degree of changes in industry conditions are largely unpredictable. Any decrease in demand for the Group's services in the transportation industry due to cyclical downturns could result in extensive client defaults, decreased revenue and an inability to grow or maintain its business, and could materially and adversely affect its business, results of operations and financial condition.

Changes in interest rates and currency exchange rates could have an adverse effect on the Group's business, financial condition and results of operations.

Interest rate fluctuations may have a significant influence on the financial performance of the Group. Any changes in interest rates will impact the Group's borrowing costs. The Group may be susceptible to interest rate volatility if it is unable to match its floating rate liabilities with floating rate payments or secure appropriate hedges for the same. Any decision by the United States Federal Reserve to increase interest rates may also cause interest rates to rise generally which would negatively impact the Group's funding costs and its profitability. While the Group's exposure to interest rate volatility may be hedged through the use of interest rate swaps and interest caps, the magnitude of the final exposure depends on the effectiveness of the hedge.

In addition, the Group's financial leasing business may be adversely affected by a decrease in interest rate spreads resulting from the further marketisation of interest rates, causing adverse impact on its profitability and results of operations.

Changes in currency exchange rates may adversely impact the Group's financial condition and results of operations. The Group receives rental income and makes purchase payments in various currencies such as Renminbi and U.S. dollars, and fluctuations in exchange rates may reduce the Group's earnings and cash flow.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate significantly and is affected by, among other things, domestic and international economies, political conditions and supply and demand of currency. On 21 July 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy resulted in an appreciation in the value of the Renminbi against the U.S. dollar. On 11 August 2015, the People's Bank of China (the "PBOC") adopted a more market-oriented approach and announced that the midpoint for the value of the Renminbi against the U.S. dollar would be quoted by the market makers with reference to the closing rate of the previous trading session. This resulted in a nearly 2 per cent. devaluation of the Renminbi against the U.S. dollar on the same day. It is possible that the PRC government could adopt a more flexible currency policy, which could result in further and more significant revaluations of the Renminbi against the U.S. dollar or any other foreign currency. As a portion of the Group's loans are denominated in currencies other than Renminbi, fluctuations of the Renminbi against any such currencies could have an adverse effect on the Group's business, financial condition and results of operations.

Disruptions or volatility in global and domestic financial markets could adversely impact the industries and markets in which the Group serves and operates.

The Group is a leasing company specialising in providing customised leasing services including aviation financing, maritime financing and domestic integrated leasing, and is largely dependent on the growth of the Group's target industries, including the aircraft, shipping and equipment industries. The demand for the Group's services is substantially influenced by general global and domestic economic conditions. Global and domestic economic conditions may cause volatility and disruptions in the capital and credit markets.

The global economic slowdown and turmoil in the global financial markets that started in the second half of 2008 have had a negative impact on the world economy. Since then, the PRC and many other foreign economies have shown signs of recovery. In 2010, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain, which created concerns about the ability of these European nations to continue to service their sovereign debt obligations. On 6 August 2011, S&P downgraded the rating for long-term U.S. debt to "AA+" from "AAA" for the first time in 70 years. The downgrade of U.S. debt by S&P, coupled with the economic turmoil in Europe and other parts of the world, could lead to another global economic downturn and financial market crisis.

The outlook for the PRC and world economy and financial markets remains uncertain. In Europe, several countries continue to face difficulties in refinancing sovereign debt. In Asia and other emerging markets, political unrest has resulted in economic instability and uncertainty, and some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. In the Middle East, Syria, Russia and Ukraine, conflict and political unrest have resulted in economic instability and uncertainty. The PRC's economic growth may slow down due to weakened exports. Macroeconomic events in 2011 such as the tightening of monetary policy by the PRC and other governments and the sovereign debt crisis in Europe may have an adverse effect on the global and PRC economies. In March 2016, Moody's Investors Service revised its outlook on China from stable to negative, and Standard & Poor's Ratings Services also changed its outlook on China from stable to negative. In addition, the financial markets of the PRC have been extremely volatile in 2015 with uncertain prospects for the future. If the crisis in global financial services and credit markets and the turmoil in financial markets were to persist, there is no certainty as to its impact on the global economy, especially the Chinese economy.

Should global or domestic economic conditions deteriorate or access to credit markets be reduced, the Group and its clients could experience reduced levels of liquidity and increased credit spreads. For example, during the recent financial crisis arising out of the European sovereign debt crisis and slow economic growth in developed economies, certain clients of the Group experienced reduced liquidity, credit and credit capacity, which resulted in reduced demand for the Group's services.

The extent of any impact on the Group's ability to meet funding or liquidity needs would depend on several factors, including its operating cash flows, the duration of any market disruptions, changes in counterparty credit risk, the impact of government intervention in financial markets including the effects of any programmes or legislation designed to increase or restrict liquidity in certain areas of the market, general credit conditions, the volatility of equity and debt markets, any credit ratings and the credit capacity of the Group and the costs of financing and other general economic and business conditions. Market disruption and volatility may also lead to a number of other risks, including, but not limited to:

- market developments that may affect client confidence, reduce the demand for financing services or cause increases in delinquencies and default rates, which could increase the Group's write-offs and provisions for credit losses;

- the process the Group uses to estimate losses from its credit exposure requires a high degree of management judgement regarding numerous subjective, qualitative factors, including forecasts of economic conditions and how economic predictors might impair the ability of its clients to perform their contractual obligations under the leases. Financial market disruption and volatility may reduce the accuracy of the Group's judgements;

- the Group's ability to engage in routine funding transactions or borrow from other financial institutions on acceptable terms, or at all, could be adversely affected by disruptions in the capital markets or other events, including actions by rating agencies and a deterioration in investor expectations; and

- the ability of the Group's funding counterparties to provide funding could be adversely affected by market volatility or disruptions in the equity and credit markets.

Therefore, any market disruption or volatility may materially and adversely affect the Group's business, financial condition and results of operations.

The Group and the ICBCIL Group are exposed to a number of political, social and macroeconomic risks relating to the United Kingdom's potential exit from the European Union.

On 23 June 2016, the United Kingdom voted in a national referendum to withdraw from the European Union. In November 2016, Britain's Supreme Court has ruled that the United Kingdom government must hold a vote in parliament before beginning the process of leaving European Union, and the UK government agreed to abide by such decision. Although the UK government publicly announced a schedule to trigger Article 50 of the Lisbon Treaty to begin the process of leaving the European Union in late March 2017, it remains unclear when the United Kingdom will formally serve notice to the European Council of its desire to withdraw, a process that is unprecedented in European Union history and one that could involve months or years of negotiation to draught and approve a withdrawal agreement in accordance with Article 50 of the Treaty on European Union.

The possible exit of the United Kingdom (or any other country) from the European Union, the potential withdrawal of Scotland, Wales or Northern Ireland from the United Kingdom, or prolonged periods of uncertainty relating to any of these possibilities, could result in significant macroeconomic deterioration, including, but not limited to, further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies), decreased GDP in the United Kingdom and/or European Union and a downgrade of the United Kingdom's sovereign credit rating. In addition, there are increasing concerns that these events could push the United Kingdom, Eurozone and/or United States into an economic recession, any of which, were they to occur, would further destabilise the global financial markets and could have a material adverse effect on the Group's and the ICBCIL Group's business, prospects, financial condition and results of operations.

There can be no assurance of the accuracy or comparability of facts, forecasts and statistics contained in this Offering Circular with respect to the PRC, its economy or its financial leasing industry.

Facts, forecasts and statistics in this Offering Circular relating to the PRC, the PRC's economy and the PRC and the financial leasing industry, including its market share information, are derived from various official and other publicly available sources which are generally believed by the Issuer and the Group to be reliable. However, there can be no assurance as to the quality and reliability of such official source materials. In addition, these facts, forecasts and statistics have not been independently verified by the Issuer, the Group, the Joint Lead Managers, the Trustee, the Agents or their respective advisers and therefore none of the Issuer, the Group, the Joint Lead Managers, the Trustee, the Agents or their respective advisers makes any representation as to the accuracy or fairness of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside the PRC and may not be complete or up to date. Each of the Issuer and the Group has taken reasonable care in reproducing or extracting the information from such sources. However, because of possibly flawed or ineffective methodologies underlying the published information or discrepancies between the published information and market practise and other problems, these facts, forecasts and other statistics may be inaccurate or may not be comparable from period to period or be comparable to facts, forecasts or statistics produced for other economies and should not be unduly relied upon.

Risks Relating to the PRC

Changes in the economic, political and social conditions in the PRC may have a material adverse effect on the Group's business, results of operations and financial condition.

The PRC economy differs from the economies in developed countries in many respects, including the degree of government involvement, control of capital investment, as well as the overall level of development. The Group believes the PRC government has indicated its commitment to the continued reform of the economic system as well as the structure of the government. The PRC government's reform policies have emphasised the independence of enterprises and the use of market mechanisms. Since the introduction of these reforms, significant progress has been achieved in economic development, and enterprises have enjoyed an improved environment for their development. However, any changes in the political, economic or social conditions in the PRC may have a material adverse effect on the Group's present and future business operations.

The slowdown of the PRC's economy, caused in part by the recent challenging global economic conditions, may adversely affect the target industries in which the Group operates and result in a material adverse effect on the Group's business, results of operations and financial condition.

Most of the Group's revenue is derived from the provision of financial leasing services and extended value-added services. The Group relies primarily on domestic demand to achieve growth in its revenue. Such demand is materially affected by industrial development and the overall economic growth in the PRC as well as policy support for its target industries and for its financial services. Any deterioration of these industries in the PRC resulting from a global economic downturn or the PRC government's macroeconomic measures affecting these industries may have a material adverse impact on its financial performance. Furthermore, any deterioration in the financial condition of its clients in these industries or any industry-specific difficulties encountered by these clients could affect its business (such as the deterioration of the quality of its existing lease receivables and its ability to generate new leases), thereby materially and adversely affecting its business, financial condition and results of operations.

As the transition period of United Kingdom's official withdrawal from the European Union ended on 31 December 2020, Brexit may result in volatility in global financial markets and economic uncertainty, which could impact not only the economies of the United Kingdom and the European Union, but also the global economy. These and other material changes in the global economic and political environment could have an adverse effect on China's economy which would in turn affect the Group's business and prospects. Brexit may also have an uncertain impact upon the rates of foreign currency exchange, i.e. euro, pound and U.S. dollar, which could increase the funding costs or cause additional expenses for cross-border settlement.

The economic impact on the global economy due to the rising tensions of the trade war between the U.S. and China is unknown. Starting in April 2018, the United States imposed tariffs on various categories of imports from China, and the PRC responded with similarly sized tariffs on United States' products. In January 2020, U.S. and China signed the phase one trade deal, however, an amicable resolution of such a trade war remains elusive, and the lasting impacts any trade war may have on the PRC economy and the industries our clients operate in remain uncertain. More recently, in July 2020, the United States ordered a closure of China's consulate in Houston, Texas and China has taken retaliatory measures by closing the United States' consulate in Chengdu. In addition, the COVID-19 pandemic has severely impacted economic growth globally. According to IMF World Economic Outlook, the GDP growth of the PRC was 6.6 per cent., 6.1 per cent. and 2.3 per cent., respectively, in 2018, 2019 and 2020. If the crisis in global financial services and credit markets were to persist, there would be no certainty as to its impact on the global economy, especially the PRC economy. As a result of global economic cycles, there can be no assurance that the PRC economy will grow in a sustained or steady manner. Any slowdown or recession in the PRC economy may affect the Group's ability to secure new leases and contracts and its ability to obtain sufficient financing, which may in turn have a material adverse effect on its business, results of operations and financial condition.

Under the Enterprise Income Tax law of the PRC (the "New EIT Law"), the Issuer (or any other overseas entity of the Group) may be treated as a PRC resident enterprise for PRC tax purposes, which will result in it being subject to PRC enterprise income tax on its worldwide income and Noteholders being subject to PRC taxes (including PRC withholding tax).

Under the PRC Enterprise Income Tax Law and its Implementing Regulation, which became effective on 1 January 2008, and latest amended on 29 December 2018 and its Implementing Regulation, enterprises organised under the laws of jurisdictions outside the PRC with their "de facto management bodies" located within the PRC are deemed to be "resident enterprises for PRC tax purposes", meaning that they are treated in a manner similar to PRC enterprises for enterprise income tax purposes, and are therefore subject to PRC enterprise income tax at the rate of 25 per cent. on their worldwide taxable income, although dividends paid from one resident to another may qualify as "tax-exempt income". The Implementing Regulation defines the term "de facto management body" as a management body that exercises substantial and overall control and management over the production and operations, personnel, accounting and properties of an enterprise. A circular issued by the State Administration of Taxation on 22 April 2009 provides that a foreign enterprise controlled by a PRC company or a PRC company group would be classified as a "resident enterprise" with a "de facto management body" located within the PRC if all of the following requirements are satisfied: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within the PRC; and (iv) at least half of the enterprise's directors with voting rights, or senior management, reside within the PRC. The State Administration of Taxation issued a circular, which became effective on 1 September 2011, and was amended on 15 June 2018, and which provides that a foreign enterprise controlled by a PRC company or a PRC company group shall be deemed a "resident enterprise" by the final decision of the State Administration of Taxation through the application of the foreign enterprise or the investigation of the relevant tax authorities.

The Group confirms that, as of the date of this Offering Circular, none of its overseas entities, including the Issuer, has been treated as a PRC resident enterprise by the PRC tax authorities. There is, however, no assurance that the Issuer or other overseas entities in the Group will not be treated as "resident enterprises" under the New EIT Law, any aforesaid circulars or any amended regulations in the future. If the Issuer is treated as a PRC resident enterprise for PRC enterprise income tax purposes, among other things, it would be subject to the PRC enterprise income tax at the rate of 25 per cent. on its worldwide taxable income. Furthermore, if the Issuer were treated as a PRC resident enterprise, payments of interest by the Issuer may be regarded as derived from sources within the PRC and therefore the Issuer may be obligated to withhold PRC income tax at 10 per cent. on payments of interest on the Notes to non-PRC resident enterprise investors. In the case of non-PRC resident individual investors, the tax may be withheld at a rate of 20 per cent. In addition, if the Issuer were treated as a PRC resident enterprise, any gain realised on the transfer of the Notes by non-PRC resident investors may be regarded as derived from sources within the PRC and may be subject to a 10 per cent. PRC income tax in the case of non-PRC resident enterprises or 20 per cent. in the case of non-PRC resident individuals. The PRC tax on interest or gains may be reduced under applicable tax treaties. For example, according to an arrangement between Mainland China and Hong Kong for the avoidance of double taxation, Noteholders who are Hong Kong residents, including both enterprise holders and individual holders, may be exempted from PRC income tax on capital gains derived from a sale or exchange of the Notes.

If the Issuer is required to withhold PRC tax from interest payments on the Notes, the Issuer will be required, subject to certain exceptions, to pay such additional amounts as will result in receipt by the holders of the Notes of such amounts as would have been received had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Notes and could have an adverse effect on the Issuer's financial condition.

Due to uncertainties in the interpretation of certain provisions of the new value-added tax ("VAT") regime in the PRC, the issuance of the Notes may be treated as provision of loans within the PRC that is subject to VAT, the Issuer may be required to withhold VAT and local levies from the payment of interest income to holders of Notes located outside of the PRC, and there is uncertainty as to the applicability of VAT in respect of a sale or exchange of the Notes.

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation issued the Circular of Full Implementation of Business Tax to VAT Reform (《關於全面推開營業税改徵增值税試點的通知》) (Caishui [2016] No. 36, "Circular 36") confirming that business tax will be completely replaced by VAT from 1 May 2016. With effect from 1 May 2016, income derived from the provision of financial services, which previously was subject to business tax, is subject to VAT.

According to Circular 36, entities and individuals providing services within the PRC will be subject to VAT. Services are generally treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. Services subject to VAT include financial services, such as the provision of loans. It is further clarified under Circular 36 that "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon.

It is not clear whether Circular 36 would be interpreted to deem the issuance of Notes by the Issuer as the provision of loans, and therefore services, provided within the PRC, which therefore could be subject to VAT. In particular, there can be no assurance that the Issuer would not be treated as a "resident enterprise" under the New Enterprise Income Tax Law or otherwise as located in the PRC for VAT purposes in which case the PRC tax authorities could take the view that holders of Notes are providing loans within the PRC because the Issuer is treated as a PRC tax resident. In such an interpretation, the issuance of the Notes could be regarded as the provision of financial services within the PRC that is subject to VAT.

If the PRC tax authorities take the view that holders of Notes are providing loans within the PRC for VAT purposes, then holders of Notes could become subject to VAT at the rate of 6 per cent. on interest payments under the Notes. In addition, under such an interpretation holders of Notes could become subject to local levies equal to approximately 12 per cent. of the VAT payment and consequently, the combined rate of VAT and local levies payable on interest due to holders of Notes could be up to 6.72 per cent. Since Noteholders are located outside of the PRC, the Issuer, acting as the withholding agent in accordance with applicable law, may be required in such instance to withhold VAT and local levies from the payment of interest income to Noteholders.

Where a holder located outside of the PRC resells Notes to a buyer also located outside of the PRC, since neither buyer not seller is located in the PRC, Circular 36 should not apply and the Issuer shall not have the obligation to withhold VAT or local levies. However, there is uncertainty as to the applicability of VAT if either a seller or buyer of Notes is located within the PRC.

Circular 36 has been issued recently and remains subject to the issuance of further clarification rules and/or different interpretations by the competent tax authority. There is uncertainty as to the application of Circular 36 in the context of the issuance of the Notes, payments thereunder, and their sale and transfer.

The Group confirms that, as of the date of this Offering Circular, none of its overseas entities, including the Issuer, has been treated as a PRC resident enterprise by the PRC tax authorities. There is, however, no assurance that the Issuer or other overseas entities in the Group will not be treated as resident enterprises or otherwise as located in the PRC for VAT purposes in the future and as a result be required to withhold VAT from the payments of interest in respect of the Notes for any Noteholders located outside of the PRC.

If the Issuer is required to withhold PRC tax from interest payments on the Notes, the Issuer will be required, subject to certain exceptions, to pay such additional amounts as will result in receipt by the holders of the Notes of such amounts as would have been received had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Notes and could have an adverse effect on the Issuer's financial condition.

The uncertainties of the PRC legal system and its laws and regulations may have a negative impact on the Group's operations.

The Group's domestic leasing business is conducted in the PRC and such operations are located in the PRC; hence its business operations are regulated primarily by PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law systems, past court judgements in the PRC have limited precedential value and may be cited only for reference. Furthermore, PRC written statutes often require detailed interpretations by courts and enforcement bodies for their application and enforcement. Since 1979, the PRC government has been committed to developing and refining its legal system and has achieved significant progress in the development of its laws and regulations governing business and commercial matters, such as in foreign investment, company organisation and management, commercial transactions, tax and trade. However, as these laws and regulations are still evolving, in view of how the PRC's financial services industry is still developing, and because of the limited number and non-binding nature of published cases, there exist uncertainties about their interpretation and enforcement, and such uncertainties may have a negative impact on the Group's business.

Furthermore, the administration of PRC laws and regulations may be subject to a certain degree of discretion by the executive authorities. This has resulted in the outcome of dispute resolutions not being as consistent or predictable compared to more developed jurisdictions. In addition, it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgements by a court of another jurisdiction. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to holders of the Notes.

Certain PRC regulations governing PRC companies are less developed than those applicable to companies incorporated in more developed countries.

Most of the Group's subsidiaries and entities which it manages and operates are established in the PRC and are subject to PRC regulations governing PRC companies. These regulations contain certain provisions that are required to be included in the joint venture contracts, articles of association and all other major operational agreements of these PRC companies and are intended to regulate the internal affairs of these companies. These regulations in general, and the provisions for protection of shareholders' rights and access to information in particular, are less developed than those applicable to companies incorporated in Hong Kong, the United States, the United Kingdom and other developed countries or regions.

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgements of the Hong Kong courts in respect of English law governed matters or disputes.

The Notes, the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Under the "Arrangement on Reciprocal Recognition and Enforcement of judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned", judgements of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgements have agreed to submit to the exclusive jurisdiction of Hong Kong courts. In addition, on 18 January 2019, the Supreme People's Court of China (the "SPC") and the government of Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "New Arrangement"). The New Arrangement extends the scope of judicial assistance, and the effective date shall be announced by SPC and Hong Kong after SPC issues the judicial interpretation and Hong Kong completes the relevant procedures.

However, recognition and enforcement of a Hong Kong court judgement would be subject to the procedural requirements and public policy considerations as set forth in applicable provisions of the PRC laws relating to the enforceability of foreign court judgements, and could be refused if the PRC courts consider that the enforcement of such judgement is contrary to the social and public interest of the PRC or that such judgement could not satisfy certain requirements or conditions. While it is expected that the PRC courts will recognise and enforce a judgement given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgements as there is no established practise in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the Trustee will be submitted to the exclusive jurisdiction of the Hong Kong courts under the Terms and Conditions of the Notes, and thus the Trustee's ability to initiate a claim outside of Hong Kong will be limited.

Although the Company has stated its intention to waive sovereign immunity in the relevant transaction documents, the Company, as a state-owned enterprise, may be entitled to immunity if it can demonstrate to the Hong Kong courts that it was acting under the control of the state at the time that it entered into the Terms and Conditions of the Notes and the transaction documents. This will be a fact-sensitive analysis on a case-by-case basis. The Trustee's ability to bring enforcement action against the Company in Hong Kong may be limited if the Company can demonstrate its entitlement to crown immunity and does not waive such immunity at the time of proceedings in the Hong Kong courts.

Risks Relating to the Notes

The Notes are unsecured obligations of the Issuer.

As the Notes are unsecured obligations, their repayment may be compromised if:

- the Issuer enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;

- there is a default in payment under the Issuer's secured indebtedness or other unsecured indebtedness; or

- there is an acceleration of any of the Issuer's indebtedness.

If any of these events were to occur, the Issuer's assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Notes.

The Notes may not be a suitable investment for all investors.

Some Notes may be complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the purchaser's overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference (if any) in this Offering Circular or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where

- the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Terms and Conditions of the Notes may be modified without the consent of all investors.

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all

Noteholders of the relevant series, including Noteholders of the relevant series who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority of the Noteholders of the relevant series. There is a risk that the decision of the majority of holders of the Notes of the relevant series may be adverse to the interests of individual Noteholders of the relevant series.

The Terms and Conditions of the Notes provide that the Trustee may, without the consent of Noteholders of the relevant series agree to any modification of any of the Conditions or any of the provisions of the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Asset Purchase Undertaking or the Agency Agreement (other than in respect of Reserved Matters as defined in the Terms and Conditions of the Notes), which in the opinion of the Trustee will not be materially prejudicial to the interests of the Noteholders of the relevant series. The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Asset Purchase Undertaking or the Agency Agreement (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders of the relevant series will not be materially prejudiced thereby.

Each series of the Notes will initially be represented by Global Certificates and holders of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing systems.

Each series of the Notes will initially be represented by one or more Global Certificates. Such Global Certificates will be deposited with the Custodian and registered in the name of Cede & Co. as nominee for the DTC. Except in the circumstances described in the relevant Global Certificate, investors will not be entitled to receive Definitive Notes. Relevant clearing systems will maintain records of the beneficial interests in the Global Certificates. While any series of the Notes are represented by one or more Global Certificates, investors will be able to trade their beneficial interests only through the relevant clearing systems and the Issuer will discharge its payment obligations under the relevant series of the Notes by making payments to the order of DTC's nominee for distribution to their account holders. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system to receive payments under the relevant series of the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificates. Holders of beneficial interests in the Global Certificates will not have a direct right to vote in respect of the relevant series of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Certificates will not have a direct right under the respective Global Certificates to take enforcement actions against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Trust Deed.

Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade.

Notes may be issued with a minimum denomination. The Pricing Supplement of a Tranche of Notes may provide that, for so long as the Notes are represented by a Global Note or Global Certificate and the relevant Clearing System(s) so permit, the Notes will be tradable in nominal amounts (i) equal to, or in integral multiples of, the minimum denomination and (ii) the minimum denomination plus integral multiples of an amount lower than the minimum denomination. Definitive Notes will only be issued in certain circumstances such as if the relevant Clearing System(s) is/are closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announce(s) an intention to permanently cease business or does in fact do so. The Pricing Supplement may provide that, if Definitive Notes are issued, such Notes will be issued in respect of all holdings of Notes equal to or greater than the minimum denomination. However, Noteholders should be aware that Definitive Notes that have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade. Definitive Notes will in no circumstances be issued to any person holding Notes in an amount lower than the minimum denomination and any Notes issued for lower amounts will be cancelled and holders will have no rights against the Issuer (including rights to receive principal or interest or to vote) in respect of such Notes.

The Issuer may be unable to redeem the Notes.

On certain dates, including but not limited to the occurrence of a Change of Control and at maturity of the relevant series of the Notes, the Issuer may, and at maturity will, be required to redeem all of the Notes of the relevant series. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes of the relevant series in time, or on acceptable terms, or at all. The ability to redeem the Notes of the relevant series in such event may also be limited by the terms of other debt instruments. Failure to redeem the Notes by the Issuer, in such circumstances, would constitute an Event of Default under the Notes of the relevant series, which may also constitute a default under the terms of other indebtedness of the Issuer, the Company or their subsidiaries.

The insolvency laws of Hong Kong and the PRC and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Notes are familiar.

As the Issuer and the Company are incorporated under the laws of Hong Kong and the PRC, respectively, any insolvency proceedings relating to the Issuer or the Company, even if brought in other jurisdictions, would likely involve Hong Kong or PRC insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Notes are familiar.

If the Issuer or the Company is unable to comply with the restrictions and covenants in their respective debt agreements, there could be a default under the terms of these agreements, which could cause repayment of their respective debt to be accelerated.

If the Issuer or the Company is unable to comply with their respective current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer or the Company, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some of the Issuer's or the Company's debt agreements may contain cross-acceleration or cross-default provisions. As a result, the Issuer's or the Company's default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under the Issuer's or the Company's other debt agreements. If any of these events occurs, there is no assurance that their respective assets and cash flows would be sufficient to repay in full all of their respective indebtedness, or that the Issuer and the Company would be able to find alternative financing. Even if they could obtain alternative financing, they cannot assure holders that it would be on terms that are favourable or acceptable to them.

There may be less publicly available information about the Issuer, the Company and the Group than is available for companies in certain other jurisdictions.

Neither the Issuer nor the Company is a listed company and they are not required under the applicable laws and regulations to publish their financial statements or make periodic public announcements. Therefore, there is limited publicly available information about the Issuer, the Company and the Group.

In making an investment decision, investors must rely upon their own examination of the Issuer, the Company, the Group and the terms of the offering.

The Trustee may request the Noteholders to provide an indemnity, security and/or pre funding to its satisfaction before taking actions.

Where the Trustee is, under the provisions of the Trust Deed, bound to act at the request or direction of the Noteholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security and/or pre-funding to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing. Negotiating and agreeing to an indemnity, security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security, in breach of the terms of the Trust Deed or the Terms and Conditions and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such actions directly.

The Notes are redeemable in the event of certain withholding taxes being applicable.

No assurances are made by the Issuer as to whether or not payments on the Notes may be made without withholding taxes or deductions applying from the Issue Date on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or any subdivision or authority therein or thereof having power to tax. Although pursuant to the Terms and Conditions of the Notes, the Issuer is required to gross up payments on account of any such withholding taxes or deductions (whether on account of enterprise income tax, VAT or otherwise), subject to certain exceptions, the Issuer also has the right to redeem the Notes at any time in the event (i) it has or will become obliged to pay additional amounts for or on account of any withholding or deduction at taxes imposed in excess of certain rates, as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the PRC or any political subdivision or any authority therein or thereof having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which an agreement is reached to issue the first tranche of the Notes of the relevant series, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, as set out in the Terms and Conditions of the Notes.

The Issuer may issue additional Notes in the future.

The Issuer may, from time to time, and without prior consultation of the Noteholders, create and issue further Notes. See "Terms and Conditions of the Notes – Further Issues". In addition, the Issuer may otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital-raising activity will not adversely affect the market price of the Notes.

Neither the Keepwell and Liquidity Support Deed nor the Deed of Asset Purchase Undertaking is a guarantee of the payment obligations under the Notes and may not give rise to a debt claim in the event of any insolvency proceedings in relation to the Company, and the Trustee's claims thereunder may be subordinated to other obligations of the Company and its subsidiaries.

The Company has entered into a Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking in relation to the Notes, as further discussed in the section with the heading "Description of the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking". Pursuant to the terms of the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking, the Trustee may take action against the Company to enforce the provisions of the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking. However, neither the Keepwell and Liquidity Support Deed, nor the Deed of Asset Purchase Undertaking, nor any actions taken thereunder can be deemed as a guarantee by the Company of the payment obligation of the Issuer under the Notes and thus the Trustee's claims hereunder are effectively subordinated to the outstanding guaranteed obligations of the Company. Under the Terms and Conditions of the Notes, the Issuer is free to incur future indebtedness guaranteed by the Company similar to such term loans, the creditors of which will have priority to the assets of the Company over the Trustee under the Notes. In addition, under the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking, the Company will only be obliged to cause the Issuer to obtain, before the due date of the relevant payment obligations, funds sufficient by means as permitted by applicable laws and regulations so as to enable the Issuer to pay such payment obligations in full as they fall due, rather than assume the payment obligation as in the case of a guarantee. Furthermore, ICBCIL has provided credit support to the Issuer's notes issued in March 2015 and June 2015 through keepwell and asset purchase undertakings, yet it does not provide similar credit support for the Notes, thus ICBCIL is not obliged in any way to assume the Issuer's obligations hereunder in an event of default and the Trustee's claims hereunder are effectively subordinated to ICBCIL's obligations under the previously issued notes.

Further, in the event of an insolvency of a Relevant Transferor, any sale proceeds received by that Relevant Transferor may be subject to the insolvency claims of third parties. The Trustee's claim against the sale proceeds will be an unsecured claim and may rank lower in priority to any claims by secured third-party creditors of such Relevant Transferor where it is the Issuer. Where a Relevant Transferor is not the Issuer, the Trustee will not have a direct claim against the sale proceeds received by such Relevant Transferor. In addition, in the event of an insolvency of a Relevant Transferor, any transaction deemed to be undervalued may be set aside in insolvency proceedings.

Under the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking, the Company will undertake, among other things, to cause the Issuer to have sufficient liquidity to ensure timely payment of any amounts payable in respect of the Notes. However, any claim by the Issuer, the Trustee and/or Noteholders against the Company in relation to the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking will be effectively subordinated to all existing and future obligations of the Company's subsidiaries (which do not guarantee the Notes), particularly the onshore operating subsidiaries of the Company, and all claims by creditors of such subsidiaries (which do not guarantee the Notes) will have priority to the assets of such entities over the claims of the Issuer, the Trustee and/or Noteholders under the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking.

In addition, the obligations under the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking may not give rise to a debt claim against the Company or be recognised by PRC courts in insolvency proceedings in relation to the Company in the PRC. As the parties to the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking have submitted to the exclusive jurisdiction of the Hong Kong courts, parties who have successfully obtained a judgement from Hong Kong courts in relation to a claim under a Keepwell and Liquidity Support Deed and a Deed of Asset Purchase Undertaking and wish to enforce such a judgement in the PRC may be able to do so pursuant to applicable law. However, it is currently uncertain as to whether such a judgement will be recognised and enforced by PRC courts where it relates to insolvency proceedings commenced in the PRC as the judicial practise in this area evolves. Consequently, even if the holders of the Notes or the Trustee have successfully obtained judgement in Hong Kong courts in relation to the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking, there can be no assurance that the PRC courts will recognise and enforce such a judgement in insolvency proceedings relating to the Company. Accordingly, the holders of the Notes may have limited or no remedies if insolvency proceedings are commenced in relation to the Company in the PRC.

Performance by the Company of its obligations under the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking is subject to the approvals of the PRC authorities.

Even if the Company intends to perform its obligations under the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking, depending on the manner in which the Company performs its obligations under the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking in causing the Issuer to obtain, before the due date of the relevant payment obligations, funds sufficient to meet its obligations under the Notes, such performance may be subject to obtaining prior consent, approvals, registration and/or filings from the relevant PRC governmental authorities, including the National Development and Reform Commission ("NDRC"), the Ministry of Commerce of the People's Republic of China ("MOFCOM") and the State Administration of Foreign Exchange of the PRC (國家外匯管理局) ("SAFE"). PRC counsel to the Issuer have confirmed that (i) if the assets to be purchased under the Deed of Asset Purchase Undertaking would be imported into the PRC, the relevant PRC governmental approvals or permits from PRC approval authorities, including, but not limited to, NDRC, Civil Aviation Administration of China, MOFCOM and the General Administration of Customs of the PRC (中華人民共和國海關總署), are required and (ii) if the purchased assets under the Deed of Asset Purchase Undertaking would not be imported into the PRC, and those assets would be leased by the Company after the purchase (falling within the ambit of the finance leasing laws in the PRC), the Company should register such lease at the local foreign exchange authority within 15 working days upon an external claim and there are no other Regulatory Approvals (as defined the Deed of Asset Purchase Undertaking) required under the PRC laws. Although the Company is required to use all reasonable efforts to obtain any required consents and approvals in order to fulfil its obligations under the Deed of Asset Purchase Undertaking, there is no assurance that such consents or approvals will be obtained in a timely manner, or at all. In the event that the Company fails to obtain the requisite consents or approvals, the Issuer may not have sufficient funds to discharge their outstanding payment obligations to the holders of the Notes.

Performance by the Company of its undertaking under the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking may be subject to consent from third-party creditors and shareholders, and may also be restricted if any of the assets are secured in favour of third-party creditors.

The ability of the Company to purchase or procure a subsidiary of the Company to purchase certain assets from one or more Relevant Transferors pursuant to the terms of the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking may be affected by any present or future financing agreements, lease agreements or other agreements of the Company and its subsidiaries:

- in the event that such financing agreements, lease agreements or other agreements contain non-disposal or other restrictive covenants that would prevent the sale of any asset by a Relevant Transferor, the Company and its subsidiaries would need to obtain the consent from the third-party creditor or counterparty, as the case may be, before the Relevant Transferor is able to proceed with the sale of such assets;

- in the event that such financing agreements, lease agreements or other agreements contain restrictive covenants that restrict the terms of any asset sale or purchase, such covenants would need to be complied with, or waivers therefrom would need to be obtained, in connection with any sale and purchase of assets; and

- in the event that certain assets have been secured in favour of third-party creditors, the Company and its subsidiaries would need to arrange for these security interests to be released before the Relevant Transferor is able to proceed with the sale of such assets.

Under the Terms and Conditions of the Notes, the Trust Deed, the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking, there are no restrictions on ICBCIL, the Issuer or their subsidiaries entering into financing agreements, lease agreements or other agreements with such non-disposal or other restrictive covenants or securing the assets of any of ICBCIL and its subsidiaries in favour of its creditors. In the event the obligation to purchase assets under the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking becomes effective, there is no assurance that ICBCIL, the Issuer or their relevant subsidiary will be able to obtain any required consents from its creditors or that it will be able to arrange for any existing security arrangement to be released in order for the sale of the assets to proceed.

If such consents or releases cannot be obtained, ICBCIL, the Issuer or their relevant subsidiary may need to repay the indebtedness owed to its third-party creditors in order to be able to sell the relevant assets to the Company, failing which, the Issuer may have insufficient funds to discharge their respective payment obligations to the holders of the Notes.

The proceeds realisable from the asset sale pursuant to the Deed of Asset Purchase Undertaking may not be sufficient to satisfy the Issuer's obligations under the Notes.

Under the Terms and Conditions of the Notes, the Trust Deed, the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking, there are no restrictions on ICBCIL, the Issuer or their subsidiaries to dispose of any of their assets or any requirement to maintain a certain minimum value in respect of their assets. The holders of the Notes also have no security interest in any of such assets held by ICBCIL, the Issuer or their subsidiaries. Such assets may be sold and transferred to third parties outside the Group or depreciate in value over a period of time. Assets of ICBCIL and its subsidiaries may also be secured in favour of third-party creditors. There can be no assurance that upon the occurrence of a Triggering Event, there are sufficient assets held by ICBCIL, the Issuer or their subsidiaries available for sale to the Company or the designated purchasers, as the case may be.

Furthermore, the purchase price determined in respect of the assets to be purchased in the event of an asset sale pursuant to the Deed of Asset Purchase Undertaking will depend upon market and economic conditions and other similar factors and applicable laws. No independent appraisals of any assets held by ICBCIL, the Issuer or their subsidiaries have been prepared by or on behalf of the Company, ICBCIL or the Issuer in connection with the Programme or the offering of the Notes. Accordingly, there can be no assurance that the proceeds of any asset sale pursuant to the Deed of Asset Purchase Undertaking following a Triggering Event would be sufficient to satisfy, or would not be substantially less than, amounts due and payable on the Notes.

The Issuer is ultimately a state owned entity, but none of the PRC governmental bodies is an obligor under the Notes.

The Issuer is ultimately a state owned entity, but none of the PRC governmental bodies is an obligor under the Notes. The payment obligations under the Notes remain the sole obligations of the Issuer, and any such ownership or control by the PRC government does not necessarily correlate to, or provide any assurance as to, the financial condition of the Issuer. Under no circumstances shall any of the PRC governmental bodies have any obligation arising out of or in connection with the Notes in lieu of the Issuer.

ICBCIL is not obliged to provide liquidity support to the Issuer under the Keepwell and Liquidity Support Deed, or to transfer proceeds realised from the asset sale to the Issuer under the Deed of Asset Purchase Undertaking.

Under the Terms and Conditions of the Notes and the Keepwell and Liquidity Support Deed, ICBCIL does not have any obligation to provide any liquidity support to the Issuer. Under the Terms and Conditions of the Notes and the Deed of Asset Purchase Undertaking, ICBCIL may, but is not obliged to, transfer proceeds realised from the asset sale to the Issuer. Accordingly, there can be no assurance that ICBCIL will provide liquidity support to the Issuer, or that the proceeds of any asset sale by ICBCIL or its subsidiaries, if applicable, pursuant to the Deed of Asset Purchase Undertaking following a Triggering Event would be transferred to the Issuer to satisfy amounts due and payable on the Notes. In addition, investors should not place undue reliance on the obligations of the Company to provide liquidity support to ICBCIL under the Keepwell and Liquidity Support Deed and the obligations of the Company to purchase any assets from ICBCIL under the Deed of Asset Purchase Undertaking.

The Company may issue notes or provide guarantees for notes of the Issuer or other subsidiaries of the Company in the future without consent from any holder of the Notes issued under the Programme and without providing a guarantee or other direct obligation to the holder of the Notes.

The Company has entered into the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking in connection with the issuance of the Notes, which do not constitute a direct or indirect guarantee of the Notes by the Company. See the section with the heading "Description of the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking". The Terms and Conditions of the Notes issued under the Programme do not prohibit the Company from issuing notes or provide guarantees for notes of the Issuer or other subsidiaries of the Company in the future. As a result, the Company may, without consent from any holder of the Notes, issue notes or guarantee notes issued by the Issuer or subsidiaries of the Company in the future, without (i) providing any unsubordinated guarantee or indemnity in respect of the Notes, or (ii) offering to exchange the Notes for securities issued by the Company with terms substantially identical to those of the Notes. In the event that the Company decides to issue notes or guarantee notes issued by its subsidiaries or the Issuer in the future, holders of such notes issued or guaranteed by the Company will have a direct claim against the Company, while the holders of the Notes issued under the Programme do not.

Risks Relating to the Structure of a Particular Issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features.

Notes subject to optional redemption by the Issuer may have a lower market value than Notes that cannot be redeemed.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At such times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Dual currency Notes have features different from single currency Notes.

The Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected; and
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero.

Index linked Notes have features from non-index linked Notes.

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "Relevant Factor"). Potential investors should be aware that:

- they may lose all or a substantial portion of their principal;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any index linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any index linked Notes and the suitability of such Notes in light of its particular circumstances.

Failure by an investor to pay a subsequent instalment of partly paid Notes may result in an investor losing all of its investment.

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

The market price of variable rate Notes with a multiplier or other leverage factor may be volatile.

Notes with variable interest rates can be volatile securities. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Certain benchmark rates may be discontinued or reformed in the future.

The London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other interest rate or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

Regulation (EU) No. 2016/1011 (the "**EU Benchmarks Regulation**") and Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Benchmarks Regulation**") apply to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU and the UK, respectively. The EU Benchmark Regulation and UK Benchmark Regulation could have a material impact on any Notes linked to LIBOR, EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmark Regulation or UK Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

As an example of such benchmark reforms, on 27 July 2017, the UK Financial Conduct Authority (the "**FCA**") announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 and, on 12 July 2018, announced that the LIBOR benchmark may cease to be a regulated benchmark under the Benchmark Regulation. On 5 March 2021, the FCA announced that (i) the publication of 24 LIBOR settings (as detailed in the FCA announcement) will cease immediately after 31 December 2021, (ii) the publication of the overnight and 12-month U.S. dollar LIBOR settings will cease immediately after 30 June 2023, (iii) immediately after 31 December 2021, the 1-month, 3-month and 6-month sterling LIBOR settings will no longer be representative of the underlying market and economic reality that they are intended to measure and representativeness will not be restored (and the FCA will consult on requiring the ICE Benchmark Administration Limited (the "**IBA**") to continue to publish these settings on a synthetic basis, which will no longer be representative of the underlying market and economic reality they are intended to measure, for a further period after end 2021) and (iv) immediately after 30 June 2023, the 1-month, 3-month and 6-month U.S. dollar LIBOR settings will no longer be representative of the underlying market and economic reality that they are intended to measure and representativeness will not be restored (and the FCA will consider the case for using its proposed powers to require IBA to continue publishing these settings on a synthetic basis, which will no longer be representative of the underlying market and economic reality they are intended to measure, for a further period after end June 2023). In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its working group on Sterling risk free rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the next four years across sterling bond, loan and derivative markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new

Euro short-term rate ("**€STR**") as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has been reformed in order to comply with the terms of the Benchmark Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

The elimination of LIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions, or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to LIBOR, EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

The relevant Pricing Supplement in connection with Floating Rate Notes may provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, unlawful or unrepresentative, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative reference rate may be adjusted (if required) in accordance with the recommendation of a relevant governmental body or in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Notes may not achieve this objective. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used.

This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Conditions), the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmark Regulation reforms or possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a benchmark.

The value of, and return on, Floating Rate Notes linked to or referencing LIBOR may be adversely affected in the event of a permanent discontinuation of LIBOR

Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, and LIBOR has been selected as the Reference Rate, the Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where LIBOR is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available.

Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, the Conditions provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent. Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of LIBOR), the Rate of Interest may revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before LIBOR was discontinued, and if LIBOR is discontinued permanently, the same Rate of Interest will continue to be the Rate of Interest for each successive Interest Period until the maturity of the Floating Rate Notes, so that the Floating Rate Notes will, in effect, become fixed rate notes utilising the last available LIBOR rate. Uncertainty as to the continuation of LIBOR, the availability of quotes from reference banks, and the rate that would be applicable if LIBOR is discontinued may adversely affect the value of, and return on, the Floating Rate Notes.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is a "LIBOR" Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If LIBOR is permanently discontinued and the relevant screen rate or, failing that, quotations from banks are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the Floating Rate Notes.

Inverse floating rate Notes are typically more volatile than conventional floating rate debt.

Inverse floating rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as the LIBOR. The market values of such Notes are typically more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse floating rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Notes carrying an interest rate which may be converted from fixed to floating interest rates and vice versa, may have lower market values than other Notes.

Fixed or floating rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the fixed or floating rate Notes may be less favourable than the then-prevailing spreads on comparable floating rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the then-prevailing rates on its Notes.

The market prices of Notes issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities.

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Investors may lose part or all of their investment in any index linked Notes issued.

If, in the case of a particular Tranche of Notes, the relevant Pricing Supplement specifies that the Notes are index linked Notes or variable redemption amount Notes, there is a risk that the investor may lose the value of its entire investment, or part of it.

Credit ratings may not reflect all risks.

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market and additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Risks Relating to the Market Generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

The Notes have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity.

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. There can be no assurance as to the liquidity of the Notes or that an active trading market will develop. The liquidity of the Notes could be affected by various factors, and in particular, if a limited number of investors subscribes for a significant portion of the Notes. Such investors may include the Issuer and entities affiliated with the Issuer. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances, investors may not be able to sell their Notes at all or at their fair market value. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for the Notes.

This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, designed for specific investment objectives or strategies or that have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of the Notes.

Changes in market interest rates may adversely affect the value of the Notes.

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Notes. Investors should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Risks Relating to Renminbi-Denominated Notes

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Notes and the Group's ability to source Renminbi outside of the PRC to service the Notes.

As a result of the restrictions imposed by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. Since February 2004, in accordance with arrangements between the PRC government and the Hong Kong government, licenced banks in Hong Kong may offer limited Renminbi-denominated banking services to Hong Kong residents and specified business customers. The PBOC, the central bank of the PRC, has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of RMB Business (the "Settlement Agreement") between the PBOC and Bank of China (Hong Kong) Limited (the "RMB Clearing Bank") to further expand the scope of RMB business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open RMB accounts in Hong Kong; there is no longer any limit (other than as provided in the following paragraphs) on the ability of corporations to convert RMB; and there will no longer be any restriction on the transfer of RMB funds between different accounts in Hong Kong.

The current size of Renminbi-denominated financial assets outside the PRC is limited. Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The RMB Clearing Bank only has access to onshore liquidity support from the PBOC to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement. The RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services, and the participating banks will need to source Renminbi from the offshore market to square such open positions.

On 15 January 2013, the HKMA further enhanced the facility by reducing the notice period required for authorised institutions participating in Renminbi business ("Participating AIs") to request for Renminbi from two business days to one business day. Additional enhancements were announced on 25 July 2013 by the provision of one-day funds, available on the next day, which will continue to make use of the currency swap arrangement between the PBOC and the HKMA; and overnight funds, available on the same day, which will make use of the HKMA's own source of Renminbi funds in the offshore market.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future, which will have the effect of restricting the availability of Renminbi offshore. The limited availability of Renminbi outside of the PRC may affect the liquidity of the Notes. To the extent the Group is required to source Renminbi in the offshore market to service the Notes, there is no assurance that it will be able to source such Renminbi on satisfactory terms, if at all.

The Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC.

The Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between the Renminbi and foreign currencies despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of Renminbi trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in August 2011 to cover the whole nation and to make Renminbi trade and other current account item settlement available in all countries worldwide. While the pilot scheme allows enterprises to settle the import trade in goods, cross-border service trade and other current account activities in Renminbi, only a limited number of enterprises could settle their export trade in goods in Renminbi under the pilot scheme. On 3 February 2012, PBOC, MOFCOM, the Ministry of Finance, the General Administration of Customs, the State Administration of Tax and the then CBRC jointly issued the Circular on Issues Concerning Administration over Enterprises Engaging in Renminbi Settlement of Export Trade in Goods (關於出口貨物貿易人民幣估算企業管理有關問題的通知), extending the Renminbi settlement to cover all duly qualified export enterprises trading in goods.

On 7 April 2011, SAFE promulgated the Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi (國家外匯管理局綜合司關於規範跨境人民幣資本項目業務操作有關問題的通知) (the "SAFE RMB Circular"), which became effective on 1 May 2011. According to the SAFE RMB Circular, in the event that foreign investors intend to use cross-border Renminbi (including offshore Renminbi and onshore Renminbi held in the capital accounts of non-PRC residents) to make contributions to an onshore enterprise or make payment for the transfer of an equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the prior written consent of the competent commerce authority to the relevant local branches of SAFE of such onshore enterprise and register for a foreign-invested enterprise status. Further, the SAFE RMB Circular clarifies that the foreign debts borrowed, and the external guarantee provided, by an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and external guarantee regime.

On 3 December 2013, MOFCOM promulgated the Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment (關於跨境人民幣直接投資有關問題的公告) (the "MOFCOM RMB FDI Circular") which became effective on 1 January 2014. Pursuant to the MOFCOM RMB FDI Circular, the proceeds of foreign direct investment in RMB may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in PRC domestic listed companies under the PRC strategic investment regime with the approval of MOFCOM pursuant to the Administrative Measures for Strategic Investment by Foreign Investors in Listed Companies (外國投資者對上市公司戰略投資管理辦法).

On 13 October 2011, the PBOC issued the Measures on Administration of the RMB Settlement in relation to Foreign Direct Investment (外商直接投資人民幣結算業務管理辦法) (the " PBOC RMB FDI Measures"), to roll out the PBOC' s detailed RMB FDI administration system, which covers almost all aspects of RMB FDI, including capital injection, payment of purchase price in the acquisition of PRC domestic enterprises, repatriation of dividends and distribution, as well as RMB denominated cross-border loans.

Under the PBOC RMB FDI Measures, special approval for RMB FDI and shareholder loans from the PBOC which was previously required is no longer mandatory. On 14 June 2012, the PBOC further issued the implementing rules for the PBOC RMB FDI Measures.

On 5 July 2013, the PBOC promulgated the Notice on Simplifying the Procedures of Cross-border Renminbi Business and Improving Relevant Policies (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the "Notice"), which simplifies the operating procedures on current account cross-border Renminbi settlement, provision of Renminbi outbound loans and Renminbi cross-border security in favour of offshore entities by onshore non-financial institutions, and further publishes policies with respect to bank card related cross-border Renminbi clearing and issuance of offshore Renminbi bonds by onshore non-financial institutions. The Notice intends to improve the efficiency of cross-border Renminbi settlement and facilitate the use of cross-border Renminbi settlement by banks and enterprises.

Pursuant to the Notice of State Administration of Foreign Exchange on Improving the Cheque of Authenticity and Compliance to Further Promote Foreign Exchange Control (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知, the Circular 3) promulgated on 26 January 2017, when conducting outward remittance of a sum equivalent to more than US$50,000 for a domestic institution, the bank shall, under the principle of genuine transaction, cheque the profit distribution resolution made by the board of directors (or profit distribution resolution made by partners), original of tax filing form and audited financial statements, and stamp with the outward remittance sum and date on the original of tax filing form. In addition, the domestic institution shall make up its losses of previous years with accordance to laws. On 24 March 2017 and 27 April 2017, the SAFE respectively posted two series of questions and answers on its official website, in order to further explain the Circular 3.

There is no assurance that the PRC government will continue to gradually liberalise control over cross-border Renminbi remittances in the future, that the pilot scheme introduced in July 2009 will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, the Group will need to source Renminbi offshore to finance its obligations under the Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

Payments for the Notes denominated in Renminbi will only be made to investors in the manner specified in the Notes.

All payments to investors in respect of Notes denominated in Renminbi will be made solely (i) for so long as such Notes are represented by Global Notes or Global Certificates, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and procedures of the relevant clearing system or (ii) for so long as such Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with the prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any currency or by transfer to a bank account in the PRC).

USE OF PROCEEDS

With respect to each Tranche of the Notes, the specific use of proceeds will be set forth in the applicable Pricing Supplement relating to such Tranche of Notes.

EXCHANGE RATE INFORMATION

The PBOC sets and publishes daily a central parity exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. Since 1994, the conversion of Renminbi into foreign currencies, including U.S. dollars, has been based on rates set by PBOC, which are set daily based on the previous day's interbank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. Although Chinese governmental policies were introduced in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currency for current account items, conversion of Renminbi into foreign exchange for capital account items, such as foreign direct investment, loans or securities, requires the approval of the State Administration for Foreign Exchange and other relevant authorities. On 21 July 2005, the PRC government changed its decade-old policy of pegging the value of Renminbi to that of the U.S. dollar. Under the policy, Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies determined by PBOC. PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, and makes it the central parity rate for the trading against the Renminbi on the following business day. On 18 May 2007, PBOC announced that the floating band of Renminbi trading prices against the U.S. dollar in the interbank spot foreign currency exchange market would be increased from 0.3 per cent. to 0.5 per cent. from 21 May 2007. This allowed the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by PBOC. On 19 June 2010, PBOC announced that it intends to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate. According to this announcement, PBOC will place more emphasis on reflecting market supply and demand with reference to a basket of currencies and continue dynamic management and adjustment of exchange rate floating practise according to published exchange rate floating bands in foreign exchange markets. The floating band was further widened to 1.0 per cent. on 16 April 2012.

On 15 March 2014, PBOC announced that since 17 March 2014, the floating band of inter-bank spot foreign exchange market trading price of RMB against U.S. dollar was further widened from 1 per cent. to 2 per cent. On each business day, the spread between the Renminbi and U.S. dollars buying and selling prices offered by the designated foreign exchange banks to their clients shall be within 3 per cent. of published central parity of U.S. dollar on that day, instead of 2 per cent. PBOC may continue to promote the market-based Renminbi exchange rate regime, enhance the flexibility of Renminbi exchange rate in both directions, and keep the Renminbi exchange rate basically stable at an adaptive and equilibrium level. On 11 August 2015, PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorising market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. In 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. In the second half of 2017 and the first half of 2018, Renminbi experienced further fluctuation in value against the U.S. dollar. On 5 August 2019, PBOC set the Renminbi's daily reference rate above 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. With an increased floating range of the Renminbi's value against foreign currencies and a more market-oriented mechanism for determining the mid-point exchange rates, the Renminbi may further appreciate or depreciate significantly in value against the other foreign currencies in the long-term, depending on the fluctuation of the basket of currencies against which it is currently valued, or it may be permitted to enter into a full float, which may also result in a significant appreciation or depreciation of the Renminbi against other foreign currencies.

The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

The following table sets forth the noon buying rates in Renminbi per U.S. dollar, as set forth in the H. 10 statistical release of the Federal Reserve Bank of New York for the periods indicated:

	Noon Buying Rate			
	Low	**Average[(1)]**	**High**	**Period End**
	(RMB per US$1.00)			
2013	6.0537	6.1412	6.2438	6.0537
2014	6.0402	6.1704	6.2591	6.2046
2015	6.1870	6.2869	6.4896	6.4778
2016	6.4480	6.6400	6.9580	6.9430
2017	6.4774	6.7569	6.9575	6.5063
2018	6.2649	6.6090	6.9737	6.8755
2019	6.6822	6.9014	7.1786	6.9618
2020	6.5208	6.8878	7.1348	6.5250
2021				
January	6.4282	6.4672	6.4822	6.4282
February	6.4344	6.4601	6.4869	6.4730
March	6.4648	6.5108	6.5716	6.5518
April	6.4710	6.5186	6.5645	6.4749
May	6.3674	6.4321	6.4749	6.3674
June	6.3796	6.4250	6.4811	6.4566

Note:

(1) Averages are calculated by averaging the rates on the last business day of each month during the relevant year. Monthly averages are calculated by averaging the daily rates during the relevant monthly period.

CAPITALISATION AND INDEBTEDNESS OF THE GROUP

The following table sets forth the total borrowings and owner's equity of the Group as at 31 December 2020:

	As at 31 December 2020	
	Actual	
	(thousands of RMB)	(thousands of U.S. dollars)
Borrowings		
Short-term	145,578,120	22,310,823
Long-term	56,437,836	8,649,477
Total Borrowings	202,015,956	30,960,300
Owner's Equity		
Paid-in capital	18,000,000	2,758,621
Surplus reserve	2,206,110	338,101
Capital reserve	492,527	75,483
General reserve	2,922,506	447,894
Retained earnings	15,263,211	2,339,189
Other comprehensive income	(906,945)	(138,995)
Total Equity	37,977,409	5,820,293
Total Borrowings and Equity	239,993,365	36,780,592

Save as disclosed in this Offering Circular, there has been no material change in the total borrowings and owner's equity of the Group since 31 December 2020.

CAPITALISATION AND INDEBTEDNESS OF THE ISSUER

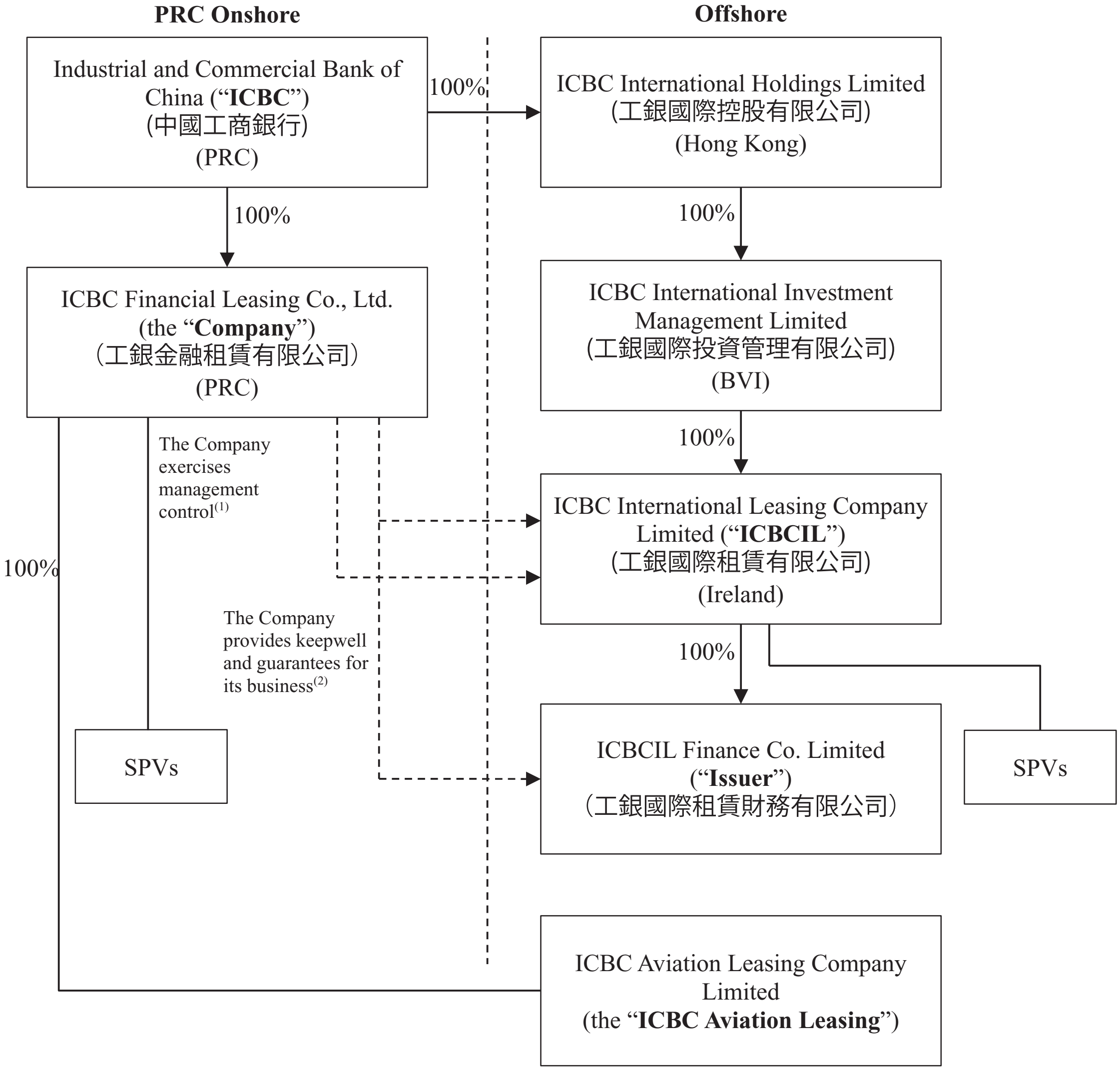
The following table sets forth the total borrowings and equity of the Issuer as at 31 December 2020:

	As at 31 December 2020
	Actual
	(U.S. dollars)
Borrowings	
Bank Loans	6,289,406,899
Interest Payable	100,710,004
Bond Payable	7,783,694,567
Total Borrowings	14,173,811,470
Equity	
Share Capital	50,000
Reserves	274,653,095
Total Equity	274,703,095
Total Borrowings and Equity	14,448,514,565

Save as disclosed in this Offering Circular, there has been no material change in the Issuer's total borrowings and equity since 31 December 2020.

CORPORATE STRUCTURE

The diagram below illustrates the organisational relationship between ICBC's onshore and offshore leasing businesses[3]:



Notes:

* *For identification purpose only*

(1) ICBCIL and its subsidiaries are managed and operated by the Company pursuant to a service agreement dated 15 December 2010 entered into between the Company, ICBCIL and ICBC International Investment Management Limited, under which the Company advises the ICBCIL Group on day-to-day management and all operational, administrative and other matters. Pursuant to the internal policy of the ICBC Group, the Company is responsible for the management of the business of ICBCIL, and all material decisions in the operation of ICBCIL must be reported to, and authorised by the Company. Please see "Risk Factors – Save for the offshore aviation assets acquired pursuant to the Asset Transfer, the Group does not directly hold the other offshore leasing business of ICBC and is exposed to the contingent liabilities resulting from the extensive credit support it provides to ICBCIL and its subsidiaries but without any corresponding economic benefits therefrom."

(2) Please see "Risk Factors – Save for the offshore aviation assets acquired pursuant to the Asset Transfer, the Group does not directly hold the other offshore leasing business of ICBC and is exposed to the contingent liabilities resulting from the extensive credit support it provides to ICBCIL and its subsidiaries but without any corresponding economic benefits therefrom."

(3) This diagram does not include all the subsidiaries companies within the ICBC Group.

Recent Developments in the Global Leasing Industry

Recovering from the global financial crisis in 2008 and 2009, the leasing industry enjoyed gradual growth with increased business volumes and a decreased level of bad debt from 2009 to 2018. According to the White Clarke Global Leasing Reports conducted by the White Clarke Group, there was a significant rebound in the industry in 2011 where new business volumes increased by 34.0 per cent; in 2012, the industry also grew by a respectable 8.9 per cent. The industry, however, experienced considerably slower growth in 2013 than in previous years, at 1.8 per cent.. Globally, it has seen growth recovery in 2014, 2015, 2016 and 2017, with 6.8%, 6.5%, 9.4% and 16.6% growth, respectively. The growth rate dropped to 0.3% in 2018 and bounced back to 5.85% in 2019, and the global leasing industry had grown 129% in the ten years from 2010 to 2019 in terms of leasing volume. Three regions, namely North America, Europe and Asia, represent more than 96 per cent. of the world leasing market volume, with Asia representing US$356 billion, or 26.1 per cent. of the global market volume in 2019. China is experiencing an economic slowdown and trade relations with the US remain strained, and China's leasing industry has experienced a regulatory tightening since 2018. As a result, the growth of leasing investment slowed in 2018 and the growth rate of the leasing sector in China slowed to 1.27% and 0.06% in 2018 and 2019, respectively, after strong growth of 62.0 per cent. and 20.4 per cent. year-on-year from 2015 to 2017. This tightening, plus the impact of COVID-19, are expected to continue to restrict in 2020 and 2021 the formerly rapid growth of the Chinese leasing market. However, given the low market penetration of 7.8 per cent. in the PRC compared with developed markets, there might remain growth potential in China in the future. The table below shows the top 10 countries ranked according to annual lease volumes, equipment leasing market penetration rate and growth rate as of the end of 2019.

Ranking	Country	Volume	Penetration	Growth 2018-2019	Growth 2017-2018
		(US$bn)	(%)	(%)	(%)
1	US	473.38	22.0	10.50	4.40
2	China	251.47	7.8	0.06	1.27
3	UK	96.44	34.3	4.07	5.30
4	Germany	87.08	18.1	13.01	2.39
5	Japan	73.56	5.7	9.84	6.80
6	France	57.94	17.4	7.32	9.79
7	Italy	33.02	14.6	–3.30	5.47
8	Australia	27.34	39.0	–5.14	0.25
9	Canada	26.78	36.0	1.00	0.30
10	Russia	24.61	n/a	19.35	20.71

Source: White Clarke Global Leasing Reports, 2020 and 2021

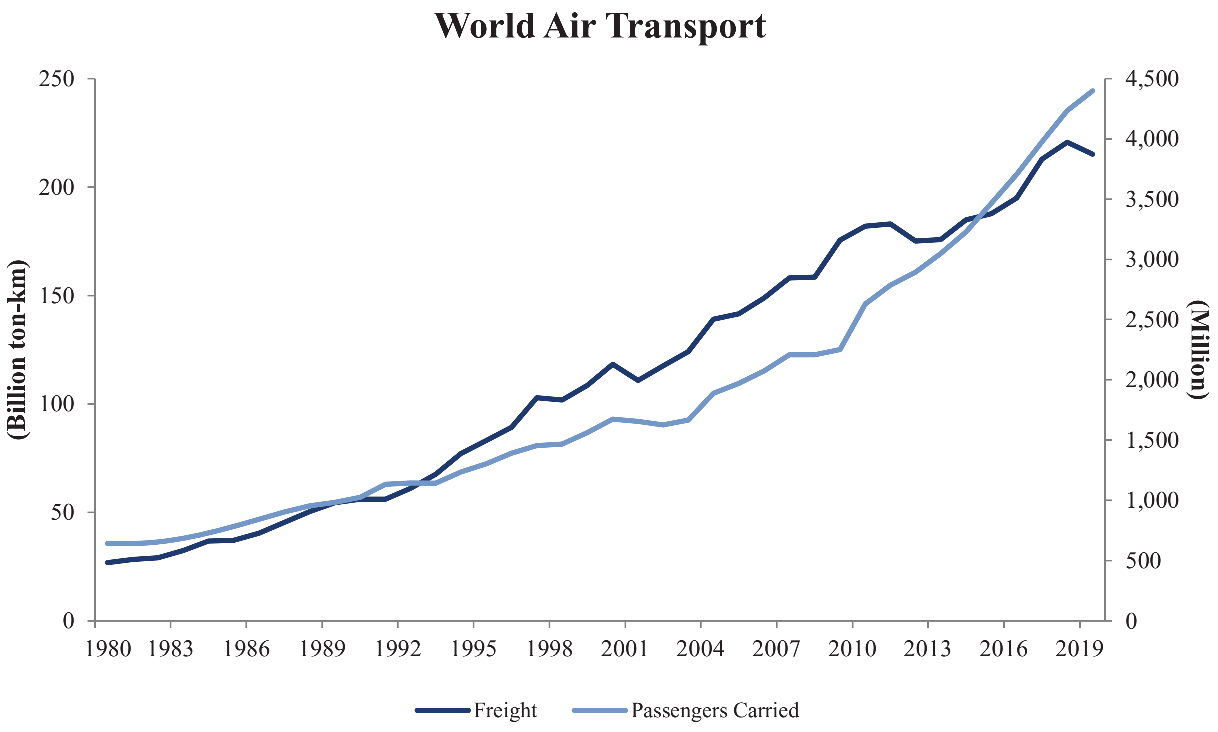
Global Aircraft Leasing

The aircraft sector has seen growth in terms of both freight volume and number of aircraft passengers from 1980 to 2019, as illustrated by the below chart. According to "Global Market Forecast 2019-2038", published by Airbus S.A.S., freighter tonne kilometres (FTKs) of world air cargo traffic is expected to reach a CAGR of 3.6 per cent. and belly traffic is expected to reach a higher CAGR of 4.3 per cent. from 2019 to 2038. Asia-Pacific will lead world traffic by 2038, while domestic Chinese traffic is expected to increase threefold and become the largest traffic flow globally before the end of 2038. According to the "Commercial Market Outlook 2020-2039" published by Boeing, the global revenue passenger kilometres ("RPK") will grow at a CAGR of 4.0% between 2019 and 2039, jumping from $8,506 billion in 2019 to

$18,680 billion in 2039. Asia-Pacific, North America, Europe, Middle East, Latin America and Africa are expected to have RPK growth rates of 5.1%, 2.7%, 3.1%, 4.3%, 5.1% and 5.5%, respectively, between 2019 and 2039; in particular, the RPK of China will grow at 5.5% between 2019 and 2039.

As a result, aircraft manufacturers are forecasting growth in demand for aircraft assets. According to the "Airbus Global Market Forecast 2019-2038" and "Boeing Commercial Market Outlook (2020-2039)", benefiting from strong and resilient passenger traffic growth, air traffic (measured by RPK) has proven to be resilient to external shocks, and doubles every 15 years. Boeing forecast a scheduled delivery of 43,110 new commercial aircraft between 2020 and 2039, of which approximately 6%, 75%, 17% and 2% will be regional jet, single aisle, wide-body and freighter, respectively. Narrow body airplanes will lead the way to recovery as domestic and short-haul markets are forecast to recover earlier, followed by wide-body fleets as airlines progressively bring their networks back into full operation.

In the near term, COVID-19 led to unprecedented declines in demand for air travel, and has shifted the focus to replacement of older airplanes. Despite the outbreak's impact on the demand for global air travel recently, according to "IATA COVID-19 Outlook for air travel in the next 5 years", long-term drivers for expanded demand remain, and populous emerging markets are likely to want still more air services.



Source: World Bank

The growth of the global aircraft leasing industry largely depends on the development of the commercial aircraft industry and the global economy, the growth of which further depends on various factors, including passenger demand, technological developments, industry regulations, aircraft manufacturer supply and fuel costs. These factors intertwine, and the aircraft leasing industry faces both opportunities and challenges. Looking ahead, the global market demand for air transportation is expected to continue its rapid growth rate. Moreover, the expected relatively lower fuel price could help reduce the operating costs of airlines, increase consumer spending on air travel brought about by lower air fares, and further stimulate global market demand for commercial aircraft. Meanwhile, new aircraft technologies can generate operational and cost efficiencies, the benefits of which are passed on to passengers, hence driving air travel growth. These favourable factors may generate more aircraft leasing opportunities for our business. Nevertheless, there are potential factors that may adversely affect the commercial aircraft industry in the future. Surges or fluctuations in fuel prices may affect the profitability of airlines customers and their decision to lease aircraft. Unfavourable global economic and market conditions as well as other factors beyond our control may discourage the use of air travel, such as the outbreak of epidemic diseases and severe weather conditions.

There are entry barriers to the aircraft leasing market. The crucial factors for an aircraft leasing company to stay competitive in the market mainly include: a diversified aircraft portfolio that is in continual revenue-generating service, a broad geographical spread of airline lessees in major traffic-generating regions, a strong relationship with the financing community (allowing the aircraft leasing company access to adequate capital at low financing cost with diversified and effective means through the demand cycle), strong negotiating power vis-à-vis aircraft manufacturers, suppliers and airlines to secure favourable pricing or costs, and an extensive customer base to maximise trading opportunities and returns. In addition, a competitive aircraft leasing company should also adopt an active aircraft portfolio management strategy to maximise residual value and minimise risks by using diversified mitigating measures, such as maintenance reserves, robust return conditions or security deposits. In order to secure lease contracts with airlines, an aircraft leasing company should also monitor aircraft orders and fleet expansion plans in the market, and have expertise in aircraft asset management as well as aircraft marketing and remarketing.

Global Ship Leasing

Historically, the international ship financing market was dominated by traditional ship financing banks in the United States and Europe. In recent years, however, such banks have scaled back their ship financing businesses due primarily to financial difficulties and changes of business strategy. Under such circumstances, ship leasing has become the preferred choice for shipping companies. However, despite rapid development in recent years, the penetration rate of the global ship leasing industry (which refers to the proportion of the total number of vessels under leases in the total number of vessels in service), has remained low. Therefore, the global ship leasing industry still has considerable growth potential.

In the shipping industry, according to “Clarksons Research First Quarter 2021”, with the negative impact of COVID-19, global seaborne container trade in TEU is estimated to decline by 1.1 per cent. in full year 2020. Mainlane east-west trade is projected to increase by 0.2% in 2020, whilst non-mainlane east-west volumes are projected to decline by 5.3%. Global container trade growth is expected to recover in full year 2021 to 5.7 per cent. (in TEU) with a fairly swift bounce back in economic activity aided by stimulus policies, especially for China where economy has already “restarted” and relevant activities have started to pick up.

There are entry barriers to the ship, commercial vehicle and construction leasing market. In the ship leasing market, a leasing company needs adequate capital to finance its businesses. Meanwhile, a leasing company should also establish stable, high-quality overseas client bases and service networks to support its international development. Furthermore, a leasing company needs expertise in macroeconomics, international finance, international law and maritime asset management to keep its competitiveness in the international market.

In developing countries, the leasing industry is generally regarded as a “sunrise” industry. Alongside bank credit and capital markets, leasing is one of the three key financial instruments that play an important role in a country’s economic development. In China, a number of factors might have affected the leasing industry in a positive manner, such as relaxation of regulatory rules for financial institutions and decentralisation of approval procedures for foreign-invested lessors. Due to its flexibility, financial leasing has been growing in popularity as a method of financing in the shipping industry.

PRC Infrastructure Leasing

Infrastructure investment is a major driver of the PRC's economic growth. In the past three decades, sustained and increasing spending on infrastructure construction by the PRC government has produced significant infrastructure assets. In addition, the PRC government continues to consider infrastructure construction as a top priority during China's 14th five-year plan (2021-2025). Existing and increasing infrastructure assets have greatly promoted the development of the PRC's infrastructure leasing industry.

Currently, the PRC infrastructure leasing industry mainly focuses on completed and revenue-generating infrastructure assets such as toll roads, urban rail transit systems, power equipment, and urban water supply systems. In recent years, infrastructure leasing increased rapidly among local governments and state-owned infrastructure construction companies in the PRC, primarily because infrastructure leasing was more flexible in lease terms, interest rates and the use of proceeds compared with other means of financing. Such comparative advantages have provided local governments and infrastructure construction companies in the PRC with more options to better manage their infrastructure asset portfolios.

There are entry barriers to the infrastructure leasing market. Infrastructure construction generally requires large-scale investment over a long construction period, and investors are mostly large state-owned enterprises, or other companies affiliated with local governments. As a result, the entry threshold for the infrastructure leasing business is generally higher than that for other leasing businesses. Crucial factors for a leasing company to stay competitive and increase its market share mainly include, among others, adequate capital, low financing costs and stable sources of financing. Well-managed relationships with local governments and large state-owned enterprises in the PRC are also essential to leasing companies to secure their leasing contracts. Meanwhile, infrastructure leasing companies also need expertise in infrastructure asset management in order to diversify their revenue sources.

Growth in the PRC Market

According to the China Financial Leasing Annual Report, the leasing industry in the PRC began in the early 1980s, but the industry grew at a relatively slow pace before 2007. Since 2007, due to the significant demand driven by the economic development of the PRC, and the promulgation of new laws, regulations and favourable policies concerning accounting standards and taxation, the leasing industry in the PRC has entered a stage of rapid development. Especially in recent years, the social recognition of leasing has increased, and the role of leasing in the economic development of the PRC has been fully recognised and supported by the PRC government.

The PRC's financial leasing industry has experienced rapid development in recent years with the total balance of lease contracts increasing from approximately RMB24 billion in 2007 to approximately RMB6,654 billion in 2019, representing a CAGR of 59 per cent according to China Rental Union. The PRC's economic growth, consumer demand for leasing products, and more recently a series of policy reforms, have been key drivers for growth in the PRC financial leasing industry.

Despite being the world's second largest leasing market in 2018 in terms of total balance, the leasing penetration rate in the PRC remains relatively low. According to the 2021 White Clarke Global Leasing Report, in 2019, among the top ten leasing markets in terms of total leased assets, the penetration rate of the PRC leasing industry was 7.8%, compared with 22.0% in the United States, 34.3% in the United Kingdom and 18.1% in Germany, showing that the PRC remains significantly lower than that of many developed nations. Whilst awareness of leasing is relatively high, uptake of leasing as a financing option is low, as ownership remains a powerful status symbol, indicating significant room for growth in the PRC in the near future.

In recent years, the rapid development of leasing companies, supported by the financial strength of shareholders, increased customer awareness of leasing products, and a more developed regulatory environment, played important roles in helping increase the penetration rate of the PRC leasing industry. The aforementioned factors may continue to drive the increase of penetration rate of the PRC leasing industry going forward. The leasing industry is also expected to benefit from the growth and development of the PRC economy. As urbanisation and industrialisation continue, improvements in infrastructure and investment in airports, railroad and other transportation-related projects are expected to present significant growth potential for the leasing industry going forward.

In September 2015, the PRC State Council promulgated opinions to encourage financial leasing services to play a more important role in the development of real economy, industry upgrades and transformation, as well as industry capacity reallocation in the PRC. The PRC State Council also encouraged financial leasing companies to raise capital through various means, such as debt and equity financing, asset securitization and cross-border RMB financing, providing significant opportunities for the development of the PRC leasing industry.

In June 2020 and July 2020, China Banking and Insurance Regulatory Commission officially issued the "Interim Measures for the Supervision and Management of Leasing Companies (融資租賃公司監督管理暫行辦法)" and "Interim Measures for the Regulatory Rating of Financial Leasing Companies (Trial Implementation) (金融租賃公司監管評級辦法（試行）" to unify business operation and supervision rules of leasing business and financial leasing business in the PRC. The industry has entered a new healthy growth phase.

The Fourteenth Five-Year Plan (國民經濟和社會發展第十四個五年規劃) for 2021-2025, approved by the National People's Congress in March 2021, showed the government's encouraging attitude towards leveraging the dual forces of domestic and global demand by developing domestic supply capacity while pursuing openings in global markets. The policy aims to boost both domestic supply and demand in response to the complex, unstable and uncertain global environment. As the PRC leasing industry is an important support industry for domestic supply, the new Five-Year Plan has given the industry a basis for further growth.

Competition Landscape in the PRC Leasing Industry

Before MOFCOM announced "The Notice of Transferring Regulation Authorities for Financial Leasing Companies, Commercial Factoring Companies and Pawnshop Businesses (Circular No.165 [2018])" in May 2018, leasing companies in the PRC could be generally classified into two categories based on their regulatory regime. The first is that of CBRC-regulated leasing companies. These are usually established by banks, non-bank financial institutions or local governments in the PRC and are the major players in the PRC leasing industry. They generally have stronger shareholder backgrounds, higher licencing requirements, better financial and liquidity performance, and lower financing cost through stable financing channels provided by their parent companies. The key players in this category mainly include, among others, ICBC Financial Leasing Co., Ltd., China Development Bank Leasing, and Bank of Communication Financial Leasing Co., Ltd. The second category is that of MOFCOM-regulated leasing companies, which can be divided into Chinese-funded MOFCOM-regulated leasing companies, and foreign-funded MOFCOM-regulated leasing companies, based on the differences in their shareholder structures. Chinese-funded MOFCOM-regulated leasing companies are established by PRC equipment manufacturers or independent parties, whereas foreign-funded MOFCOM-regulated leasing companies are generally established by foreign equipment manufacturers or independent parties. The regulatory requirements for the CBRC-regulated leasing companies and the MOFCOM-regulated leasing companies are principally different in terms of sources of funding and capital adequacy requirements, leverage ratio and minimum registered capital. In particular, compared with MOFCOM-regulated leasing companies, CBRC-regulated leasing companies can finance their businesses in the interbank lending market at a lower financing cost and with diverse sources of funding, while MOFCOM-regulated leasing companies are not allowed to finance their businesses by interbank lending. In addition, CBRC-regulated leasing companies are regulated under more stringent CBRC regulations, and generally have greater capacities in financing availability and operation stability.

In May 2018, MOFCOM published "The Notice of Transferring Regulation Authorities on Financial Leasing Companies, Commercial Factoring Companies and Pawnshop Business (Circular No.165 [2018])" to transfer the regulation authorities on finance leasing companies approved by MOFCOM to the China Banking and Insurance Regulatory Commission (the "CBIRC", which was established on 8 April 2018 through the merger of functions between CBRC and the China Insurance Regulatory Commission). According to the "Circular No.165 [2018]", MOFCOM has transferred the regulation of the development of the rules on the business operations and regulation of financial leasing companies, commercial factoring companies and pawnshop business to the CBIRC, and the relevant duties shall be performed by the CBIRC from 20 April 2018. On 7 June 2018, CBIRC announced that CBIRC had issued letters to the People's Governments of all provinces, autonomous regions, municipalities directly under the Central Government and cities under separate state planning to prompt related departments in local authorities and regulators to take on the appropriate regulatory responsibilities on financial leasing companies, commercial factoring companies and pawnshop business. The recent regulation authorities development signified the initiation of the integration between varied regulatory systems for China's leasing industry.

The opening up of the financial leasing industry in the PRC has resulted in increased competition. In 2019, notwithstanding regulatory tightening, the financial leasing industry maintained stable. According to China Rental Union, as of the end of 2019, there were a total of 12,130 companies engaging in three types of financial leasing (70 financial leasing firms, 403 domestic leasing firms and 11,657 foreign leasing), representing an increase of 353 enterprises or 3.0% as compared with the end of 2018. The balance of financial leasing contracts amounted to RMB6.7 trillion as of the end of 2019 (RMB2,503 billion for financial leasing firms, RMB2,081 billion for domestic leasing firms and RMB2,070 billion for foreign leasing), in line with RMB6.7 trillion as of the end of 2018.

Evaluating the competitive landscape, financial leasing companies that are affiliated to banks have market-leading positions with strong competitive advantages, especially in the area of financing costs and client networks. Bank-affiliated financial leasing companies typically focus on big-ticket leasing and have a client base largely built on the banks' network. The major bank-affiliated financial leasing companies in the PRC include the leasing businesses of ICBC, China Development Bank, Bank of China, China Construction Bank, Bank of Communications, China Merchants Bank, China Minsheng Bank and China Everbright Bank.

In particular, competition in the PRC aircraft leasing market is intense. Historically, the PRC aircraft leasing market was dominated by foreign aircraft leasing companies. In recent years, however, the market share of Chinese aircraft leasing companies has increased rapidly and is expected to maintain its rapid growth rate in coming years. Meanwhile, Chinese airlines are exempted from paying withholding tax when leasing aircraft from Chinese aircraft leasing companies, which strengthens the competitiveness of the Chinese aircraft leasing companies in the PRC aircraft leasing market.

BUSINESS

Overview

The Company was incorporated on 28 November 2007 in Tianjin, PRC as a wholly-owned subsidiary of ICBC with initial registered capital of RMB2.0 billion. ICBC was established on 1 January 1984.

The Company was the first bank-affiliated financial leasing company in the PRC approved by the then CBRC (See "Certain Definitions and Conventions"). It was established as a key platform in implementing ICBC's comprehensive operating strategy and products offering, and the ICBC Group has provided the Company with full support in its business development. After over ten years of steady business development, the Company has grown into one of the largest financial leasing companies in the PRC, with one of the largest market share among financial leasing companies in PRC in terms of total consolidated assets, net capital and net profit which were 11.64 per cent., 8.51 per cent. and 10.27 per cent., respectively, according to statistics from the CBA Financial Leasing Committee as at 31 December 2020. As at 31 December 2020, the equipment assets and airline assets owned and managed by the Group accounted for 36.62 per cent. and 50.41 per cent., respectively of the Group's asset placement by industry, and 41.47 per cent. and 57.08 per cent., respectively of the Group's total leasing assets.

ICBC's leasing operations consist of both domestic and offshore leasing businesses. ICBC's domestic leasing operations in the PRC and the offshore aircraft leasing operations are owned and operated by the Group, whereas the offshore maritime finance platform of ICBC is held by ICBC's wholly-owned subsidiary, ICBCIL, and its subsidiaries. Since the Group does not have any ownership interest in the ICBCIL Group and financial consolidation is not otherwise required or provided by applicable laws or regulations, the financial statements of the ICBCIL Group are not consolidated into the Group's consolidated financial statements. The offshore maritime finance business, however, is managed and operated by the Company, though the assets of the offshore maritime finance platform are owned by the ICBCIL Group. The Company manages the ICBCIL Group by providing management and sharing resources. See the section with the heading "Corporate Structure". References in this Offering Circular to the assets, liabilities, number of leasing contract, contract value, number of clients or other operation data of the Company or the Group refer only to the domestic and the offshore aircraft leasing businesses unless specifically indicated otherwise. See the section with the heading "– Business Description of the ICBCIL Group".

The Company's leasing business is organised mainly around two sectors: (i) aircraft leasing business and (ii) domestic integrated leasing business. The Company also engages in maritime finance business, and such business is primarily conducted through offshore maritime finance assets owned by ICBCIL Group which are managed and operated by the Group, but not consolidated into the Group's financial statements. As at 31 December 2020, the total consolidated assets of the Group were RMB284.3 billion. With a focus on "large markets, large clients and domestic integrated leasing transactions", as at 31 December 2020, the Group owned 428 large aircraft which have been delivered for operation and over 35,000 pieces of large equipment. As the Company is the ICBC Group's primary leasing platform, the ICBC Group also provides liquidity support to the Company. Moreover, the Group benefits from ICBC's extensive client base, brand recognition, widespread marketing, business network and rigorous risk management system. As at 31 December 2020, the Group's US dollar denominated assets accounted for 54.85 per cent. of its total leasing assets, and its offshore assets accounted for 29.19 per cent. of its total leasing assets.

On 13 January 2014, ICBC injected an additional RMB3.0 billion of equity capital into the Company, which increased the Company's share capital to RMB11.0 billion. This equity injection was one of several rounds made by ICBC. After this injection, the Company became the best capitalised financial leasing company in the PRC according to the most recent statistics from CBA Financial Leasing Committee. In the early 2018, the Company has further increased its registered capital, leading to a share capital of RMB18 billion as at 31 December 2020.

In the aircraft sector, as at 31 December 2020, in terms of total aircraft assets, the Company was ranked seventh aircraft leasing business company in the world in terms of fleet value and seventh in terms of fleet size, according to CIRIUM. According to the report by CIRIUM, as at 31 December 2018, 2019 and 2020, the Company was one of the top 10 aircraft leasing business companies in the world by fleet value. The Company has developed co-operative relationships with leading international airline companies, including American Airlines, Delta Airlines, China Airlines, Air China, China Southern Airlines, China Eastern, Emirates and Korean Air. The Company has also entered into strategic co-operation agreements with various international aviation manufacturers including Airbus, Boeing, Bombardier, Embraer and Commercial Aircraft Corporation of China ("COMAC"). In 2016, the Company and Commercial Aircraft Corporation of China announced the "Three-Year Plan: Aviation Financing to Support China-made Large Aircraft", which further strengthened the strategic co-operative relationship between the Company and Commercial Aircraft Corporation of China and accelerated the industrialisation and commercialisation of China-made commercial aircraft. In 2020, the Group strategically expanded its operating lease business in the aviation business to meet market demand, as demonstrated by its delivery of 39 aircraft all over the world, most of which were signed under operating leases. As at 31 December 2020, the Company's customer base includes 91 airlines across 40 countries and regions, including 30 Chinese customers and 61 international customers.

In the domestic integrated leasing sector, the well-maintained relationships with both ICBC and major equipment manufacturers in the PRC allow the Company to draw upon a deep reservoir of industry knowledge and successful experience that supports its equipment leasing business. The Company has close relationships with a host of large clients across the PRC, including China National Nuclear Corporation, China Railway Construction Corporation Limited, China Railway, Datang International Power Generation, Laigang, Sichuan Telecom, Beijing Enterprises Group and Yunnan Highway Development & Investment. The Company has assisted these firms in implementing a variety of large leasing projects, such as rail vehicles, energy equipment, engineering machinery and production equipment. The Company has also benefited from the client base of ICBC's branches by providing financial leasing services to these clients. In addition, the Company enjoys the closest collaborations with leading domestic airlines among the domestic financial leasing companies.

The Company also engages in maritime finance and benefits from the offshore maritime finance platform of ICBC owned by the ICBCIL Group but managed and operated by the Company. Historically, ICBCIL Group owned both the aircraft leasing and the maritime finance platform, however, after the Asset Transfer, ICBCIL Group owns mainly the maritime finance platform. As at 31 December 2020, the ICBCIL Group owned 48 onshore (including free trade zones) and 239 offshore ships and maritime assets.

The Company believes that its strategy, product innovation, and customisation of business, and support from and synergies with ICBC have led to numerous achievements, including many achievements that the Company believes to be the first in its field: the first financial lease based on a tax efficient Chinese special purpose vehicle structure with China Southern Airlines; purchase of 42 A320 aircraft from Airbus witnessed by the then Chinese Premier Wen Jiabao and German Chancellor Angela Merkel, the first direct overseas purchase of aircraft by a Chinese leasing company and the first time a Chinese leasing company was involved in a government programme; export of two A320 aircraft and lease of the same to AirAsia of Malaysia, the first export of large aircraft assembled in PRC, indicating that domestically assembled large commercial aircraft have won recognition in the international market; joint lease agreement of aircraft to Shenzhen Airlines with another bank-affiliated Chinese leasing company through two special-purpose-vehicle companies, the first joint lease arrangement in PRC; as well as transfer of ownership of a special-purpose-vehicle project company to another bank-affiliated Chinese leasing company, the first equity transfer transaction of such kind in PRC. The Company was also the first financial leasing company in the PRC that was approved by the regulatory authority to directly purchase aircrafts from international aircraft manufacturers.

In recognition of its achievements, the Company has received numerous awards, which include the following:

- "Financial Leasing Company of the Year" in 2020 by Financial Times;
- "Tianji Award for China Financial Leasing Company in Banking Industry" in 2020 by Securities Times;
- "Award for Outstanding Contribution to Pandemic Prevention and Control" in 2020 by Hubei Charity Association;
- "Award for Innovation and Development" in 2020 at the 8th China Aviation Finance Wan Hu Award;
- "Leasing Company of the Year" in 2019 by Jinlong Awards, the gold medal list of Chinese financial institutions;
- The leading company in the Belt and Road Initiative elected by the Tengfei Award in 2019;
- Outstanding Case of Private and Small and Medium-Sized Enterprises Providing Financial Services selected by China Association of Small and Medium-Sized Enterprises Association and China Banking Association in 2019;
- "Top 50 Leasing Companies in the World" awarded by FlightGlobal in 2019;
- Industry Contribution Award for the Past Decade for China Aviation Finance in 2019;
- Award for International Cooperation in 2019 at the 7th China Aviation Finance Wan Hu Award;
- Award for Asia Pacific Tax Leasing Transaction in 2019;
- "Best Business Leasing Transaction of the Year" and "Best Financial Leasing Transaction of the Year" in 2019 by Airfinance Journal;
- "Non-Bank Financial Institution Best Green Bond" in 2019 by The Asset Awards Triple A Regional Awards 2019;
- "Best Issuer" in 2018 by China Central Depository & Clearing Co., Ltd.;
- "Best Deals in North Asia" in 2018 by The Assets Country Awards 2018;
- "Best Liability Management" in 2018 by The Assets Country Awards 2018;

- "2018 China Outstanding Finance Leasing Company" by Securities Times in 2018;
- "Golden Medals-Golden Dragon Award of Chinese Financial Institution" at Financial News of 2016;
- "Financial Leasing Company with Excellent Competitiveness" at the 2016 China Business Annual Meeting on Enterprise Competitiveness;
- "Gold Medal Financial Leasing Company of the Year" at Financial Money China of 2016;
- "Windea La Cour" a specialised wind turbine maintenance vessel, won the London Offshore Renewable Energy Award by the Royal Institution of Naval Architects in 2016;
- "Innovative Financing Award" by Global Transportation Finance in 2016;
- "The Most Influential Financial Leasing Company of the Year" in CBN Financial Value Ranking in 2016;
- "Growing Enterprise Award" in 2015 by Corporate Social Responsibility China Honour Roll 2015; and
- "Best ECA-backed Facility China" in 2015 by The Asset Asian Awards.

Transfer of Offshore Aircraft Assets

On 28 March 2018, the Company established a wholly-owned subsidiary, ICBC Aviation Leasing Company Limited (the "ICBC Aviation Leasing") in Hong Kong. In late August 2018, ICBCIL entered into an assets transfer arrangement with ICBC Aviation Leasing, pursuant to which ICBCIL would transfer the offshore aircraft leasing assets to ICBC Aviation Leasing for nominal consideration (the "Asset Transfer").

The Asset Transfer was completed in September 2018 resulting in the consolidation of the relevant financial information of the offshore aircraft assets formerly of ICBCIL into the Group's financial statements. After the Asset Transfer, the Group was able to streamline its shareholding structure. Furthermore, the offshore aircraft assets as well as the revenue stream generated will be consolidated in the Group's financial statements. Consequently, the Group substantially expanded its asset base, resulting a significant increase in its consolidated total assets, total liabilities, borrowings, revenue and net profit.

The Asset Transfer is treated as a business combination involving enterprises under common control, the financial statements of the subsidiary that being combined are included in the consolidated financial statements for the year ended 31 December 2018, based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements for the year ended 31 December 2017 are also restated.

Please refer to "Summary – Transfer of Offshore Aviation Assets" and "Risk Factors – Risks relating to the Business of the Group – The Group has completed an Asset Transfer pursuant to which ICBC Aviation Leasing received offshore aircraft assets from ICBCIL" for further details.

Major Reorganisation in 2016

In an attempt to optimise internal resources to better serve customers in certain specialised areas, effective from July 2016, the Company reorganised its business and operation structure. In particular, the Company established Energy Finance Department and Transportation Finance Department in addition to Aviation Finance Department, Maritime Finance Department, Asset Finance Department and Asset Finance II Department, all of which are set to implement the Company's "Based in China, Going Global" strategy.

Energy Finance Department

Energy Finance Department combined the ocean engineering business which was managed under Maritime Finance Department and the hydropower and wind power business both of which were managed under Asset Finance Department prior to the reorganisation. China's economic development has brought about a growing demand for energy and remarkable growth of the energy sector. Globally, the recent cyclical slowdown of the energy sector also furthered the demand for diversified and specialised financial products by the participants in the industry. By establishing a specialised business unit to serve such demand domestically and internationally, the Company believes that it will be able to more precisely identify the market opportunities and provide more costumer tailored products and services in order to excel in this competitive market environment.

Transportation Finance Department

Transportation Finance Department manages the domestic integrated leasing business for transportation industry which was managed under Asset Finance II Department prior to the reorganisation. Transportation sector in China has experienced major growth and expansion in recent years. Urbanisation rapidly spread across the whole nation and China's economic growth has also brought about more trade and travel needs, which requires new and/or upgrade of transportation means as well as infrastructure in many regions. In addition to the domestic market, recently, Chinese transportation and infrastructure companies have been able to compete in the international market to undertake large construction and transportation projects. Due to its capital-intensive nature, businesses in the transportation industry call for more specialised financial services to meet their needs for capital. The Company has been working with a number of industry leaders in the area and has established its reputation in the industry and existence in a number of large cities. A specialised team focusing only on transportation industry will further strengthen the Company's competitiveness.

The reorganisation of the business units described above did not recategorise the Group's core businesses, i.e., aircraft leasing, maritime finance and domestic integrated leasing. Rather, the reorganisation serves to achieve more reasonable allocation of internal resources, to strengthen communication and resource sharing across different functions, so as to better implement the Group's long-term strategy to further support the organic growth of these three pillar businesses.

In addition to the establishment of Energy Finance Department and Transportation Finance Department as described above, the Company has also set up Supervision Office, and merged the compliance function, which was managed under Legal Department prior to the reorganisation, into Internal Audit Department to form Internal Audit and Compliance Department. In July 2017, the Company established the Corporate Governance and Audit Department, which will take the responsibilities of research and analysis of corporate governance, coordination of each department's management of the subject company being invested, execution of internal independent audit and coordination of each relevant department to cooperate with external audit work. Furthermore, the Company has closed down Office of the Board and Supervisor Board, and merged the functions of document supervision, daily communication with director and supervisor and company seal management into General Management, and the function of related transactions management into Internal Control and Compliance. The Company believes such reorganisation can optimise the internal management structure to achieve further efficiency.

Competitive Strengths

Strong support from ICBC

ICBC is one of the largest commercial banks in the world by total assets. ICBC was ranked by Brand Finance as the most valuable bank brand in the world in the 2017 rankings. Among the Global 2000 selected by Forbes in 2015 in terms of sales, profit, assets and market value, ICBC also ranked as the largest enterprise in the world. In 2014, ICBC ranked 22nd in the Global 500 and first among all commercial banks in terms of total operating revenue by Fortune. According to The Banker, ICBC ranked first in 1,000 large banks around the world in 2013 in terms of tier-1 capital. The Company believes that the name "Industrial and Commercial Bank of China" is one of the most recognised financial service brand names in the PRC with great international influence. The Company's leasing business, both onshore and offshore, is a core component of ICBC's integrated financial services platform and benefits directly from ICBC's overall franchise value, client base and capital support. ICBC is the 100 per cent. direct shareholder of the Company and has the right to appoint all of the directors and the management team of the Company. ICBC is regulated as a bank in the PRC by the CBIRC and has implemented strict corporate governance standards throughout the ICBC Group, from which the Company has benefited. As at 31 December 2020, ICBC steadily promoted internationalised operations and diversified development, and the overseas service network extended to 426 institutions in 49 countries and region. With the benefit of the ICBC's global networks, the company owned an extensive sales network and strong customer base.

The Company, as a primary financial leasing platform of the ICBC Group, is highly strategically important to the ICBC Group's global market strategy. It is also an important profit contributor for ICBC. ICBC has historically provided financial support to the Company through capital injections and shareholder loans. Furthermore, as required by the then CBRC and prescribed by the internal policy of ICBC, the Company's asset-liability dependency upon ICBC is 40 per cent., which means that ICBC may provide liquidity support to the Group at any time up to the amount equal to 40 per cent. of the Group's total liabilities. In March 2014, the then CBRC promulgated the Measures for Financial Leasing Companies (Order of CBRC [2014] No. 3) (the "Measures on Financial Leasing Companies") (金融租賃公司管理辦法). Pursuant to Article 16 of the Measures on Financial Leasing Companies, ICBC, as the promoter of the Company, is obliged to commit according to the articles of association of the Company to provide liquidity support to the Company and inject new capital in circumstances when losses are eroding the Company's capital, and ICBC has committed to this effect. The support given by ICBC towards the Company is now provided under PRC law.

The Company also enjoys business synergies with the ICBC Group. The Company has cooperated with ICBC on a number of joint projects and raised funds from ICBC in different ways, including lease factoring and issuance of structural bank financial products. In 2009, the Company co-operated with ICBC's private banking department and launched its first lease-connected wealth management product. In 2013, the Company raised funds by transferring its lease receivables to the ICBC Group via non-recourse factoring and bank financial products.

ICBC's various business departments also serve as efficient channels in promoting the Group's competitiveness. For example, the Company and ICBC's corporate banking unit co-operated and successfully introduced a structured lending package that offers loan and leasing solutions to many of ICBC's equipment manufacturer clients. Such co-operation has generated significant synergies for the Company.

Access to ICBC's network and client base enables the Group to provide its clients with a wide array of diversified, high value-added services beyond traditional leasing. For example, the Company can leverage ICBC' s commercial banking network and capability to satisfy clients' need for settlement, foreign exchange, deposits and other leasing-related financial services. Recognising the significant opportunities to generate additional revenue and better satisfy clients' needs through cross-selling, ICBC and the Company have jointly introduced a number of structured products that combine leasing with other financial services, including settlement, currency solutions, loans, receivables factoring, wealth management products and investment funds. The Group's ability to leverage ICBC's capabilities to provide comprehensive services helps distinguish the Company from other domestic and international leasing companies.

ICBC's expanding international network also provides the Company with numerous advantages, including a presence in key global leasing centres and the ability to develop innovative, tax efficient leasing products. ICBC's branches in London, New York and the Middle East place the Company in close proximity to its regional clients, allowing for better responsiveness and a more thorough understanding of local market's dynamics. In addition, the Company can take advantage of the unique legal, tax and accounting policies of the various jurisdictions in which ICBC operates to provide clients with innovative products to satisfy their specific needs.

Industry leader with a differentiated strategy

The Company's business has grown rapidly by pursuing a highly focused strategy of concentrating on "large markets, large clients and domestic integrated leasing transactions". Because of the strong capital support it receives from ICBC and the overall ICBC platform, the Company has been able to target capital-intensive sectors such as aircraft leasing, maritime finance and domestic integrated leasing that are inaccessible to smaller leasing companies. The nature of domestic integrated leasing, in which a single transaction generates large amounts of revenue, enables the Company to achieve high operating efficiencies and allows it to enjoy economies of scale. As at 31 December 2020, the Group owned 428 large aircraft which have been delivered for operation and over 35,000 pieces of large equipment.

The Company first developed this model of targeting large clients in big-ticket industries in the Chinese domestic market, where it rapidly established itself as an industry leader. Following this initial success, the leasing business leveraged ICBC's extensive global network to replicate the domestic success on an international scale.

Through its relationship with ICBC, the Company enjoys numerous advantages over its competitors in terms of developing and retaining clients, particularly those who are looking for an integrated solution to their financial needs both in the PRC and abroad. Through joint marketing with key ICBC branches, the Company has access to ICBC's large corporate client base and has developed new relationships with ICBC's top-tier clients. By targeting ICBC's corporate clients with a need for long-term financing and balance sheet optimisation, the Company has developed a large, high-quality client base in less than eight years.

Strong product capabilities and superior innovation

The Company has a track record of actively structuring and offering innovative products and services for clients and believes it has achieved a number of "firsts", including those achieved through the ICBCIL Group it manages.

In the aircraft leasing sector, these "firsts" include:

- the first financial lease based on a tax efficient Chinese special purpose vehicle structure for China Southern Airlines;
- the first operating lease among bank-affiliated leasing businesses in the PRC for British Airways;
- the completion of China's first aircraft asset management system with its independent intellectual property rights;
- the first Hong Kong tax lease among the PRC leasing companies with Cathay Pacific Airways;
- the first purchase agreement signed by a Chinese leasing company with Airbus and Boeing;
- the first portfolio sale in domestic market with the value of US$200 million;
- the first off-shore aircraft leasing business with Himalaya Airlines in Nepal;
- the first leasing transaction of China-made large aircraft in the overseas market as demonstrated by the signing of purchase and leasing memorandum with The Commercial Aircraft Corporation of China, Ltd. and City Airways for ten C9 19 and ten ARJ2 1 aircraft;
- the first leasing transaction of China-made A320 aircraft in the overseas market; and
- the first qualified aircraft leasing management prior ruling under Hong Kong tax regime.

By taking advantage of favourable policies in the Tianjin Free Trade Zone, the Company pioneered the use of a tax efficient structure for domestic leasing projects, a technique now known within the leasing industry as the "Chinese tax-free zone special purpose vehicle" model. Following this success, the Company developed a number of additional structured leasing products, including a ship warehousing leasing product.

Through its creative business approach, the Company has identified and expanded into new markets. For example, the Company is extending its client base to top-tier companies upstream and downstream in the industrial chain as well as to overseas markets by helping its PRC clients to "go global". In addition, by utilising ICBC's client base and distribution channels, the Company has generated leasing revenues from high quality small and medium enterprises ("SMEs") in the PRC, helping to bridge the financing gap faced by these SMEs. For example, the Company launched the "Easy Leasing" (租易通) product which aims to provide finance leasing service for SMEs through the marketing network of ICBC. This is a new approach and an innovative product, serving SMEs through co-operation between leasing companies and banks.

In 2013, the Company was awarded the "Most Innovative Financial Leasing Company of the Year" at the Gold Medals League for Chinese Financial Institutions, and received Awards of Innovation and Awards of Merit at the inaugural 2013 China Aviation Financial Award Ceremony. In 2014, the Company received the "Financial Leasing Company with excellent Competitiveness" award by *China Business* and the "China Financial Leasing Company of the Year" award at the China Financial Leasing Annual Conference. In 2015, the Company received the "Best Leasing Company of the Year" award at the eighth "Golden Medals-Golden Dragon Award of Chinese Financial Institution" by *Financial News* and Chinese Academy of Social Sciences, the "Leasing Company of the Year" award by *China Times*, and the "Financial Leasing Company of Excellent Competitiveness of 2015" by *Chinese Business*. In 2017, the

Company was awarded with "2016 London Marine Renewable Energy Award" and "International Seatrade Asia 2017 Trade Award". In 2018, the Company received "2018 China Outstanding Finance Leasing Company" by *Securities Times*. In 2019, the Company received "Non-Bank Financial Institution Best Green Bond". In 2020, the Company received "Award for Innovation and Development" at the 8th China Aviation Finance Wan Hu Award

Diversified funding sources to support growth

The Company has diversified sources of funding to support its growth domestically and internationally. The Company has maintained centralised treasury management for its onshore and offshore businesses. The Company has established strong partnerships with over 100 leading international financial institutions, spanning across markets in Asia, Europe, North America, South America and the Middle East. The Company has partnered with banks such as ICBC, Goldman Sachs, HSBC, BNP Paribas, Bank of Communications, Bank of America, Mizuho and Bank of China.

The Company is qualified to borrow in the interbank lending market in the PRC and as at 31 December 2020 had access to domestic loan facilities for approximately RMB31 billion through the interbank lending market. Moreover, as at 31 December 2020, the Company has obtained line of credit exceeding RMB550 billion, approximately 80% of which was unused. Furthermore, as required by the then CBRC and prescribed by ICBC, the asset-liability dependency upon the parent of the Company is 40 per cent., which means that ICBC may provide liquidity support to the Company at any time up to an amount equal to 40 per cent of the Group's total liabilities. The Company also receives liquidity from factoring and trading of receivable assets.

In 2018, the Group raised US$1.5 billion offshore through the issuance of bonds and RMB4.0 billion onshore. In 2019, the Group raised US$2.1 billion offshore through the issuance of bonds and RMB6.0 billion onshore. In 2020, the Group has raised approximately US$0.9 billion offshore through the issuance of bonds and RMB6 billion onshore.

Comprehensive and robust risk management

The Company utilises a comprehensive risk management system designed to proactively minimise credit, market, liquidity, operational and physical asset risks. The Company has established the "one core value, three dimensions and six systems" risk management architecture. Risk management centres on the core value of maximising asset value and risk evaluation to be done on three dimensions, including physical assets, client credit and transaction structure. The technical tools for risk management are found in six major systems, including the asset value management, asset condition monitoring, client credit management, trading operations, capital and liquidity management and lease payment systems. The Company's risk management system was developed from and has been fully integrated with ICBC's overall risk management system.

An experienced and professional management team

The Company's management team comprises highly experienced professionals with diverse backgrounds in leasing, commercial banking, investment banking, global capital markets and relevant industry experience. This enables the Company to effectively identify and cultivate relationships with leading clients in its target industries. It also allows the Company to develop full-service leasing solutions tailored to meet the needs of its extensive, global network of sophisticated clients. There are overlapping senior executives between ICBC and the Company. The dual roles of senior management help to ensure close co-operation between ICBC and the Company to maximise synergy effects. The Company has maintained a stable management team which has enabled healthy and stable growth of the Company.

Business Strategies

Maintain strategies of specialisation, marketisation and internationalisation

Specialisation

The Company intends to enhance its position as a leasing industry innovator by keeping focusing on its selected industries. Apart from aircraft and maritime finance, the Company also aims to develop the domestic integrated leasing market by focusing on the areas of energy and power, rail transit and construction machinery.

Recently, the landscape in the aircraft sector has changed and due to a shift in market practise in the aircraft leasing business to more frequent use of operating leases, the Group strategically expanded its operating lease business, primarily in the aircraft leasing business, by acquiring more aircraft and leasing them out under operating leases, to meet market demand. In addition, the Group has been constantly promoting the business under dual circulation strategy with a focus on internal circulation strategy, regional strategy and industrial strategy on new infrastructure and new urbanisation initiatives.

Marketisation

The Company aims to offer leasing services and products that meet clients' needs. Leveraging on the brand, clients, network and technological advantages of ICBC, the Company aims to establish a comprehensive range of financial leasing products and services. The Company also aims to develop its asset trading operations to improve the quality of its assets and also promote the strategic development of its business. The Company's clients include not only large and medium-sized state-owned enterprises and industry-leading enterprises, but also listed companies and successful private and small and medium-sized enterprises.

Internationalisation

The Company aims to establish itself as an industry leader in the international leasing market through its management of the ICBCIL Group, as well as through its offshore aircraft leasing business after the Asset Transfer. The ICBCIL Group currently has a high-quality client base, strong market competitiveness, and businesses across five continents and in more than 40 countries and regions. Some of the international leading clients of the Group and the ICBCIL Group include American Airlines, Delta Air Lines, Wizz Air and Seaspan Corporation.

Through these strategies, the Company aims to maintain specialised industry focus, anticipate and adapt to continuously shifting market conditions and prudently proceed with international expansion. Its cross border leasing business accelerates Chinese companies' "Going Global" strategies and resonates with the "Belt and Road" initiative of China.

Expand the Company's client base by targeting industry leaders and key markets

The Company places great emphasis on client selection and will continue to selectively target large and medium-sized state-owned enterprises, leading multinational corporations and other high-quality clients. The Company aims to also focus on clients in strategically important industries and those involved in leading public and private-sector projects. The Company believes that doing so not only reduces the aggregate credit risk of its leasing activities, but also serves as an effective promotional tool for its services and strengthens the Company's position as a leader in the leasing industry. Recently, the Group has expanded into lifestyle and non-cyclical industries such as new energy, consumer and healthcare sectors.

Promote closer integration between ICBC and the leasing business

The Company differentiates itself by its ability to provide value-added services beyond traditional leasing. The Company aims to continue to fully leverage ICBC's large client base, extensive distribution channels, strong brand recognition and integrated financial services platform to develop innovative new leasing products and services and secure additional high-quality clients. It will also co-ordinate with various ICBC branches to engage in marketing efforts targeted at clients in need of full-service solutions for their financing needs both domestically and internationally. In order to ensure continued financial and managerial support from ICBC, the Company aims to also focus on extending ICBC's portfolio of financial services and enhancing its overall service capabilities.

Further improve risk management capabilities

In an effort to further enhance its existing risk management processes, and improve the overall risk management system, the Company aims to upgrade its risk management systems to cover risks from "all locations, the entire process, and all personnel" and to perfect the "one core value, three dimensions and six systems" risk management architecture. The Company strives to adjust its current project risk assessment framework, which is based on a credit risk-centric approach, to a more comprehensive system encompassing both credit risk and asset investment risk. In addition, the Company aims to adopt a more systematic decision-making process that promotes greater reviewer accountability through professional consultation. Furthermore, the Company plans to adopt a more integrated and compatible risk management model which allows for information sharing and collaboration with ICBC's other entities under the guidance of the centralised risk management system.

Actively optimise liability structure to reduce financing cost

The Company strives to actively manage its liability structure in order to obtain competitive cost of financing and optimal match of durations of assets and liabilities. Traditionally, the domestic loan market has been the primary source of funding for Chinese leasing companies. Since its establishment, the Company has been expanding its funding sources. The Company has actively accessed the domestic interbank lending market to raise cost-effective funds as well as issued offshore bonds independently and with support from ICBC. It also engages in lease receivable factoring, issuance of asset-backed securities and other transfers to better manage its liquidity condition. The Company intends to further optimise its diversified funding structure by fully leveraging its existing funding channels as well as exploring new sources of funding. The Company's use of the Programme to raise debt overseas represents a further step towards improving the Company's overall funding mix, enhancing financial flexibility and securing an optimal asset liability match.

Recent Developments

The Recent Corona virus Epidemic Outbreak

Since December 2019, there has been an outbreak of COVID-19 spreading all over the world. After it was declared a pandemic on 11 March 2020 by the World Health Organisation, the COVID-19 pandemic has resulted in a number of countries declaring a state of emergency and a number of countries, including the PRC, Japan, the United States, members of the European Union and the UK, imposing extensive business and travel restrictions with a view to containing the pandemic. Governments around the world have instituted a series of measures, including business closures, travel restrictions, quarantines, lockdowns, limitations on public gatherings and the suspension of major events. The COVID- 19 outbreak has led to a significant decline in travel and business activities in the PRC and worldwide. The outbreak of the ongoing COVID-19 has had an adverse impact on airlines that operate to or from affected areas or regions and global air travel has severely reduced as many countries have imposed lockdowns to curb the spread of the COVID-19, as well as various other industries.

As a result, the business of the Group was negatively affected. In terms of air leasing, the spread of the outbreak has adversely affected the Group's lessees. See "*Risk factors – Risks Relating to the Business of the Group – Any occurrence of natural disasters, outbreaks of contagious diseases in the PRC, acts of terrorism, wars or other natural or man-made calamities may have a material adverse effect on the Group's or the ICBCIL Group's business, financial condition and results of operations*." However, the Group believes that it is well positioned to tackle the challenges brought by the outbreak to the industry as the main customers of the Group's domestic PRC business are the four major domestic airlines, which have generally received substantial support from the PRC government and the main customers of the Group's overseas businesses are well-known international airlines, with large market shares and strong risk management capabilities. With respect to the Group's ship leasing business, the Group's business scale is small, and the contract tenor is generally over a long time horizon relative to the outbreak timeline. With respect to the Group's equipment leasing business, such business is mainly operated domestically in the PRC, and as such the impact of the epidemic was mainly felt during the most severe period in the PRC during the first quarter of 2020. Despite the impact of the epidemic on the Group's business, the Group is able to rely on its strong parent bank, high international and domestic ratings, high-quality assets, rich domestic and foreign capital market financing experiences and its professional finance team. As a result, its debt management capabilities have continuously improved, and cost control has been improving. Since early 2020, vaccine development has been expedited via unprecedented collaboration in the multinational pharmaceutical industry and between governments. China approved its first homegrown coronavirus vaccine for general public use in December 2020, with officials promising to provide the general public with free inoculations. To date, China has approved four vaccines developed by three Chinese companies for general use. As introduced by a spokesman for the National Health and Wellness Commission of China at a press briefing on 4 February, China has administered 31.24 million doses of vaccines among key groups of people. With the help of vaccines and as the COVID-19 outbreak in China has been gradually brought under control, the business of the Group has resumed and come back to normal.

Nonetheless, given the uncertainties as to the development of the outbreak at the moment, it is difficult to predict how long these conditions will persist and to what extent to the Group and the ICBCIL Group may be affected.

Business Description of the Group

The Company's leasing business is organised mainly around two major sectors: (i) aircraft leasing business, and (ii) domestic integrated leasing business. The Company also engages in maritime finance business, and such business is primarily conducted through offshore maritime assets owned by ICBCIL Group. The Company's development has been supported by favourable government policies and initiatives. The then CBRC started to approve the establishment of bank-affiliated financial leasing companies in 2007, in order to address the tremendous financing needs for new aircraft, ships and large-scale projects, and to allow banks to deploy capital in such fast-growing markets. As the first bank-affiliated financial leasing company approved by the then CBRC, the Company was able to take advantage of the preferential tax treatment in Tianjin tax-free zone and gained first mover advantage among the bank-affiliated leasing companies. The PRC government has since promoted the use of financial leasing and introduced new regulations and tax breaks for financial leasing companies. The Company was also designated by the State Council as a pilot business. See the section with the heading "*PRC Regulations – Financial Leasing Companies in the PRC*". After over ten years of steady business development, the Company has grown into one of the PRC's leading leasing players with the largest asset base and the highest profitability among financial leasing companies.

The Company, as the primary financial leasing platform of the ICBC Group, is strategically highly important to the ICBC Group. The Company's financial leasing services extend ICBC's service scope and complement other product offerings to increase ICBC's overall competitiveness. Through the purchase, leasing, management and disposal of the leased assets, the Company brings new clients to the commercial banking and investment banking units of ICBC, such as lending, deposits, remittances and factoring business. The Company has enhanced ICBC's ability to meet clients' needs for alternative financing and increased overall client satisfaction. With the Group's consolidated operating profits at RMB4.01 billion for the year ended 31 December 2018, RMB4.76 billion for the year ended 31 December 2019 and RMB4.44 billion for the year ended 31 December 2020, the Company ranked highly among ICBC's subsidiaries in terms of profit contribution.

The Company provides a diversified product and service portfolio consisting of leasing services and industry-related services to meet the needs of different clients. The Company's leasing products and services include financial leasing of newly purchased equipment, operating leasing, financing sale and leaseback, optimised sale and leaseback, structural tax lease, vendor leasing, equipment export lease, joint lease, bonded lease and RMB cross-border leasing. The Company also provides industry-related services including equipment and asset trading, equipment and asset management and equipment investment consulting services. Leveraging ICBC's strong support and client network, the Company primarily focuses on the aircraft leasing sector and domestic integrated leasing sector, such as transportation, telecommunication, electric power and grid, urban infrastructure and manufacturing, and also engages in maritime finance business which is primarily conducted through offshore maritime assets owned by ICBCIL Group. The strategy is to focus on large markets and large clients. This strategy allows the Company to dedicate its resources to customised leasing products and value-added services for key clients in target industries, and to anticipate and adapt to shifting market conditions. By concentrating on domestic integrated leasing, which is influential for the relevant industries, the Company is able to achieve economies of scale and maintain its market-leading position.

The PRC Premier Li Keqiang visited the Company in December 2013. He encouraged the team to deliver strong financial support to the going-global strategy of PRC enterprises and to lead the PRC financial leasing industry in its innovation and development.

Aviation Financing Sector

The aircraft leasing business has been a key strategic area since the establishment of the Company. The Company provides tailored financial services to large-scale airlines, airports, aeroplane manufacturers and aircraft maintenance companies. The Company has the capacity to design and offer customised leasing schemes to meet the different business needs of its clients and has achieved a market-leading position in the domestic industry in terms of the number of leased aircraft and the outstanding balance of the leased assets. The products of the Company's leasing business cover various types of airplanes and other large equipment used by airports and aeroplane manufacturers such as engines, simulators, aviation equipment and equipment used in aircraft manufacturing. The Company also serves leading airline companies in China, including Air China, China Eastern, China Southern Airlines, Hainan Airlines, Shenzhen Airlines and Shandong Airlines.

The Company is one of the leaders and pioneers in the PRC aircraft leasing industry. On 28 March 2018, the Company established a wholly-owned subsidiary, ICBC Aviation Leasing, in Hong Kong. In September 2018, the Asset Transfer was carried out whereby ICBCIL transferred its offshore aircraft assets to ICBC Aviation Leasing. See "*Summary – Transfer of Offshore Aircraft Assets*" for further details.

The other notable transactions, with some of which conducted through the ICBCIL Group, are as below:

- in 2016, the Company and China Commercial Aviation jointly released the Three-Year Action Plan on Aviation Finance to Contribute to Domestic Large Aircraft Development;
- in 2017, the Company delivered one Boeing aircraft to Korean Air, which is the first aircraft leasing project under the new Hong Kong tax regime;
- in 2017, the Company and China Commercial Airlines signed a framework agreement in Beijing for the purchase of 55 C919 aircraft;
- in 2018, the Company successfully delivered an ARJ21-700 aircraft to Chengdu Airlines, which is the first domestic aircraft delivered by the Company;
- in 2018, the Company delivered the first aircraft from Boeing Zhoushan to China Airlines; and
- in 2019, the Company delivered to Chongqing Airlines the A321neo aircraft which is the first aircraft in China adopting the Airbus Cabin Flex structure.
- The Company has become the largest C919 customer, and the total orders of C919 have amounted to 100. In addition to the 30 ARJ21-700 aircraft ordered previously, the Company has become the largest customer of the two domestic aircrafts developed by COMAC with the orders of 130 aircrafts.

The success of these transactions was a direct result of the favourable regulatory environment and product innovation by the Company. In addition, they represented the Company's ability to effectively compete against domestic as well as international competitors in the leasing industry.

In the past, leasing companies in China faced regulatory restrictions on direct purchases from international aircraft manufacturers and on offshore financing in connection with such purchases. The Company was one of the first financial leasing companies in the PRC approved by the regulatory authority to directly purchase aircraft from international aircraft manufacturers. Hence, the Company was able to enter into large transactions that represented significant milestones for PRC companies in the aircraft leasing market, as represented by the below transactions, some of which were entered into by the ICBCIL Group:

- in June 2011, the Company entered into an agreement with Airbus for the purchase of 42 aircraft in the A320-family and signed a memorandum of understanding with Bombardier Aerospace in March 2011 under which the Company could provide financing of up to US$8 billion;
- in June 2011, the Company entered into a memorandum of understanding with CFM, a joint venture between Snecma (SAFRAN Group) of France and GE, for the purchase of 25 CFM56-5B aircraft engines. This was the first instance of a PRC financial leasing company directly purchasing a largescale order of aircraft engines;
- in May 2011, the Company delivered a brand new Airbus A320 to China Southern Airlines. The aircraft had originally been scheduled for delivery to Air Berlin but was transferred to the Company as part of an agreement between the two companies. The Company also oversaw the refurbishment of the aircraft in accordance with PRC operational and technical specifications. This was the first instance of a PRC financial leasing company acquiring an aircraft overseas by leveraging the delivery schedule of a strategic partner;

- in August 2013, the Company and ABC Leasing leased a brand new B737-800 aircraft from Boeing to Shenzhen Airlines through joint leasing, a new business model in the global aircraft leasing market;

- in July 2014, the Company accompanied President Xi Jinping's visit to Brazil and signed a purchase agreement with Empresa Brasileira de Aeronáutica S.A. for 20 E190-E2 aircraft, with a contract value of US$1.1 billion;

- in July 2014, the Company accompanied Premier Li Keqiang's visit to Brazil and signed a strategic co-operation agreement with Azul for financing of eight E1 90 aircraft;

- in September 2015, ICBCIL signed a leasing contract with American Airlines of nine aircraft, all of which aircraft have been delivered as at the date of this Offering Circular;

- in June 2015 and September 2015, ICBCIL delivered two Boeing 777-300ER aircraft to Thai Airways, which is the first customer ICBCIL developed in Thailand;

- in August 2015, ICBCIL delivered two Boeing 737-800 aircraft from its order book to Aerolineas, which is the first customer of ICBCIL in Argentina; and

- in August 2015, ICBCIL delivered two used aircraft to Air Madagascar and Fastjet Tanzania respectively, demonstrating ICBCIL's capacity to deal in used aircraft.

In addition, the Company's average plane age is competitive compared with those of its international peers. As at 31 December 2020, the average plane age of the Company was 4.33 years. As at 31 December 2020, in terms of total aircraft assets, the Company ranked amongst the world's top 10 aircraft leasing companies, according to CIRIUM. According to the report by the CIRIUM, as at 31 December 2018, 2019 and 2020, the Company was one of the top 10 aircraft leasing businesses in the world by fleet value.

For the year ended 31 December 2018, 2019 and 2020, the Company delivered 33, 67 and 39 aircrafts, respectively.

For the year ended 31 December 2018, 2019 and 2020, the Company's amount of aircraft lease transactions was RMB26.5 billion, RMB13.5 billion and RMB16.4 billion, respectively. The aircraft business has transformed from a passive business model based on sale-leaseback and asset package purchase to a model focused on orders whilst maintaining sale-leaseback, financial leasing and portfolio purchase.

The table below sets forth the types of aircraft in the Company's fleet as at 31 December 2020.

	Fleet	
	Number	**Percentage (%)**
Narrow Body	341	80
Wide Body	50	12
Regional Jet	37	8
Total	**428**	**100**

As at 31 December 2020, there were 428 aircraft owned by the Group that were under lease, in which 60 were under finance lease and 368 were under operating lease, with a remaining total balance of lease contracts of RMB130.09 billion. As at 31 December 2020, the Group ordered 311 aircrafts.

The following table shows the top five clients of the Group as at 31 December 2020 in terms of remaining balance of lease contracts in the aviation financing sector, which illustrates the diversified revenue base of the Company in this sector.

Name of Client	**Remaining Balance of Lease Contracts as at 31 December 2020**
	(in RMB billion)
China Southern Airline	14.41
Asiana Airlines	8.26
Qatar Airlines	8.12
Air China	6.71
Shandong Airlines	6.70

Domestic Integrated Leasing Sector

In 2008, the Company entered into its first domestic integrated leasing transaction, whereby the Company and Wuhan Metro Group signed a financing agreement with value of RMB2 billion, which was the largest financing and leasing deal in China's rail transport construction in terms of capital value of a single deal at that time. The Company also entered into the heavy equipment market by co-operating with Beiben Trucks Group Co., Ltd, Sany Group and Doosan. The Company believes it was also the first financial leasing company to enter the new energy sector, providing leasing services of wind turbines and solar panels to the development of clean energy and reduction of carbon emission. The Company has also provided electric and LNG powered buses to the city of Nanjing, echoing national efforts of low-carbon transportation by developing green bus leasing programmes and actively develops onshore and offshore wind power projects with an investment of approximately RMB10 billion. The Company also provides leasing services for urban infrastructure construction in Tianjin, Wuhan, Zhengzhou and other cities. Recently, the Company expanded into equipment leasing of underground utility tunnel systems to promote more modern, scientific and intensive urban infrastructure construction and to support urban infrastructure development and congestion-fighting and actively developed operating leasing of heavy machinery such as shield tunnelling machine, locomotive and engineering machinery in international markets to support the government's "One Belt, One Road" strategy. The Company ranks the first in domestic urban underground transportation leasing in terms of market share.

The strong relationships with both ICBC and major equipment manufacturers in the PRC allow the Company to draw upon a deep reservoir of industry knowledge and successful experience that supports its equipment leasing business. The Company serves the equipment manufacturing industry by providing equipment leasing services, satisfying clients' financing and investment needs, optimising clients' financial structures and promoting technological advancement and replacement of industrial equipment.

The domestic integrated leasing business involves a variety of services including financial leasing, operating leasing, sale-leaseback and various advisory services. The Company has close relationships with a host of large Chinese clients across the PRC, including State Grid Corporation of China, State Power Investment Corporation, China National Nuclear Corporation, Datang International Power Generation, Laigang (a leading steel company in Shandong), Sichuan Telecom, Beijing Enterprises Group, Beijing Infrastructure Investment Co., Ltd. and Yunnan Highway Development & Investment.

The Company has assisted these firms in implementing a variety of rail vehicle, energy equipment, engineering machinery, production equipment and other large leasing projects.

The Company has demonstrated innovation in the domestic integrated leasing sector. The Company has built a series of product lines to strengthen its core competitiveness in various sectors including manufacturing financing, sales financing, logistics financing and project financing. The Company supports SMEs through branches of ICBC and has launched "Easy Leasing" products with an aim to provide financing leasing services for SMEs through the marketing network of ICBC. This is a new approach that serves SMEs through co-operation between leasing companies and banks. The Company's main line of business closely relates to the real economy of the PRC and adheres to the national and industrial planning policies of the PRC government. The Company intends to seize the opportunities relating to the upgrade of the PRC industrial structure. The Company is prepared to support the opportunities relating to the "going out" plans and policies of PRC enterprises. Significant developments in the Company's equipment leasing business include:

- in August 2013, the PRC government adopted a new tax policy, which replaced business tax with VAT in the transportation industry and certain other modern service industries in the PRC. In 2013, the Company responded to the impact of "transformation of business tax to VAT" through business structure optimisation and business quality improvement, and managed to maintain steady growth;

- in 2014, the Company established a new unit to support cross-border financing;

- in July 2014, the Company signed a co-operative agreement with Huaneng Lancang River Hydropower Co., Ltd. to provide up to US$500 million of cross-border equipment leasing for two hydropower projects in Cambodia, which marked a substantial milestone in the development of the Company's cross-border equipment leasing business;

- in 2014, the Company signed the first chained leasing co-operation agreement in the PRC with the largest domestic power equipment manufactory, Dongfang Electric Corporation, to provide the Nanjing Public Transportation Company with more than 500 electric and LNG-powered buses, in line with a national initiative to save energy and reduce emissions by developing a green buses leasing programme;

- in 2014, introduced China's first professional rescue helicopter for helicopter-based emergency medical service in collaboration with Beijing Red Cross during APEC summit, successfully tapping into air medical services leasing;

- in 2015, the Company provided financial leasing services for paper equipment for Jiguang Paper Group, Indonesia's largest paper enterprise;

- in 2015, the Company signed a series of contracts on leasing, general contractor and bank loans with Magyar Telekom of Hungary and Huawei, marking the first operating leasing business in the global telecom equipment market; and

- in 2017, domestic equipment leasing projects proposed by ICBC domestic branches contributed to 69 per cent. of the Company's total domestic equipment leasing business.

Over the years, the Company has gradually expanded its equipment leasing business into the fields of energy and power, rail transportation, equipment manufacturing, infrastructure, broadcasting and TV, tourism, medical treatment and education.

As at 31 December 2020, the Group and ICBCIL Group in total owned and managed approximately 35,000 pieces of large equipment including lifting, loading, unloading equipment and rail transportation equipment.

The Company's transportation leasing promoted energy saving and emission reduction travel and developed green public transportation leasing programme. The Company provided financing and leasing service to support underground transportation construction across the China. Xi'an Metro Line 2 is one of the successful examples.

As at 31 December 2020, the equipment leasing assets in the transportation, warehouse, postal services, energy and power, and urban infrastructure and other industries accounted for 55.47 per cent., 15.89 per cent. and 28.64 per cent., respectively of the total equipment leasing assets.

As at 31 December 2020, all of the large equipment owned by the Group were leased to clients, and most were under financial lease, with a remaining total balance of lease contracts of RMB118.49 billion.

The following table shows the top five clients as at 31 December 2020 in terms of remaining balance of lease contracts in the equipment leasing sector, which illustrates the diversified revenue base of the Company in this sector:

Name of Client	**Remaining Balance of Lease Contracts as at 31 December 2020**
	(in RMB billion)
Shanxi Transportation Holdings Group Cp., Ltd. (山西交通控股集團有限公司)	6.69
Kunming Rail Transit Group Co., Ltd. (昆明軌道交通集團有限公司)	4.42
Chengdu rail transit Group Company Limited (成都軌道交通集團有限公司)	3.99
Wuhan Metro Group Co., Ltd. (武漢地鐵集團有限公司)	3.87
Guangxi Beibu Gulf Investment Group Co., Ltd. (廣西北部灣投資集團有限公司)	3.51

Maritime Finance Sector

The Group also engages in maritime finance business, and it provides financial leasing services to the shipping industry in the PRC.

The offshore maritime finance business is conducted through offshore maritime assets owned by ICBCIL Group, which is operated and managed by the Group but not consolidated into the financial statements of the Group. For more details, please see "*Business – Business Description of the ICBCIL Group – Maritime Finance Sector*".

Business Description of the ICBCIL Group

Prior to the Asset Transfer, the offshore leasing business was organised around two major sectors: (i) aircraft leasing business and (ii) maritime finance business. With offshore aircraft leasing business recently transferred to ICBC Aviation Leasing (see "Summary – Transfer of Offshore Aviation Asset" for further details), the ICBCIL Group currently owns maritime finance business which is still under the management of the Group. The ICBCIL Group's development has also benefited from financial and other support from the ICBC Group as its offshore leasing platform.

Prior to the Asset Transfer, the ICBCIL Group had engaged in international financing for the purchase of commercial airplanes and vessels by clients worldwide. Since 2013, it had entered into strategic partnerships with various international aviation manufacturers including Airbus, Boeing, Bombardier and Commercial Aircraft Corporation of China, with the purchase of over 200 aircraft. The ICBCIL Group had accelerated the development of its overseas leasing business by using financial and business consultants to effectively establish business linkages between ICBC's entities in Ireland, Macau and Doha and distribute its assets across Germany, the United Kingdom, Ireland, the UAE and Malaysia.

Aviation Financing Sector

Prior to the Asset Transfer, the aviation business had been one of the key strategic areas since the establishment of the ICBCIL Group. On 28 March 2018, the Company established a wholly-owned subsidiary, ICBC Aviation Leasing, in Hong Kong. In September 2018, the Asset Transfer was carried out whereby ICBCIL transferred its offshore aviation assets to ICBC Aviation Leasing, further cementing the Group's position as one of the leaders in the aviation leasing business. See "*Summary – Transfer of Offshore Aviation Assets*" for further details.

Maritime Finance Sector

The offshore maritime finance business is owned by ICBCIL but operated and managed by the Group through ICBCIL.

Leasing Arrangements

Leasing arrangements can be generally categorised into finance leasing and operating leasing. Under a finance leasing arrangement, at the end of the lease term, the lessee has the obligation to buy back from the lessor the underlying assets at a predetermined price. All of the Group's large equipment items and most of the Group's vessels are under finance lease. In contrast, under an operating lease arrangement, the title of the underlying assets remains with the lessor. Most of the Group's aircraft are under operating leases. In practise, the Group actively seeks purchasers of the underlying assets under operating leases and starts doing so before the end of the lease term.

Lease rentals are contracted on either a fixed rate or floating rate basis. For aircraft leases, the Group typically holds a security deposit or letter of credit under the leases to secure the performance of the lessee's obligations under the lease and which the Group may apply against those obligations in the event the lessee defaults. The value of any security deposit or letter of credit varies according to the credit quality of the lessee but is generally equivalent to two to four months' rental price. Letters of credit are not used for leasing vessels, and no security deposit or letter of credit is used for leasing large equipment.

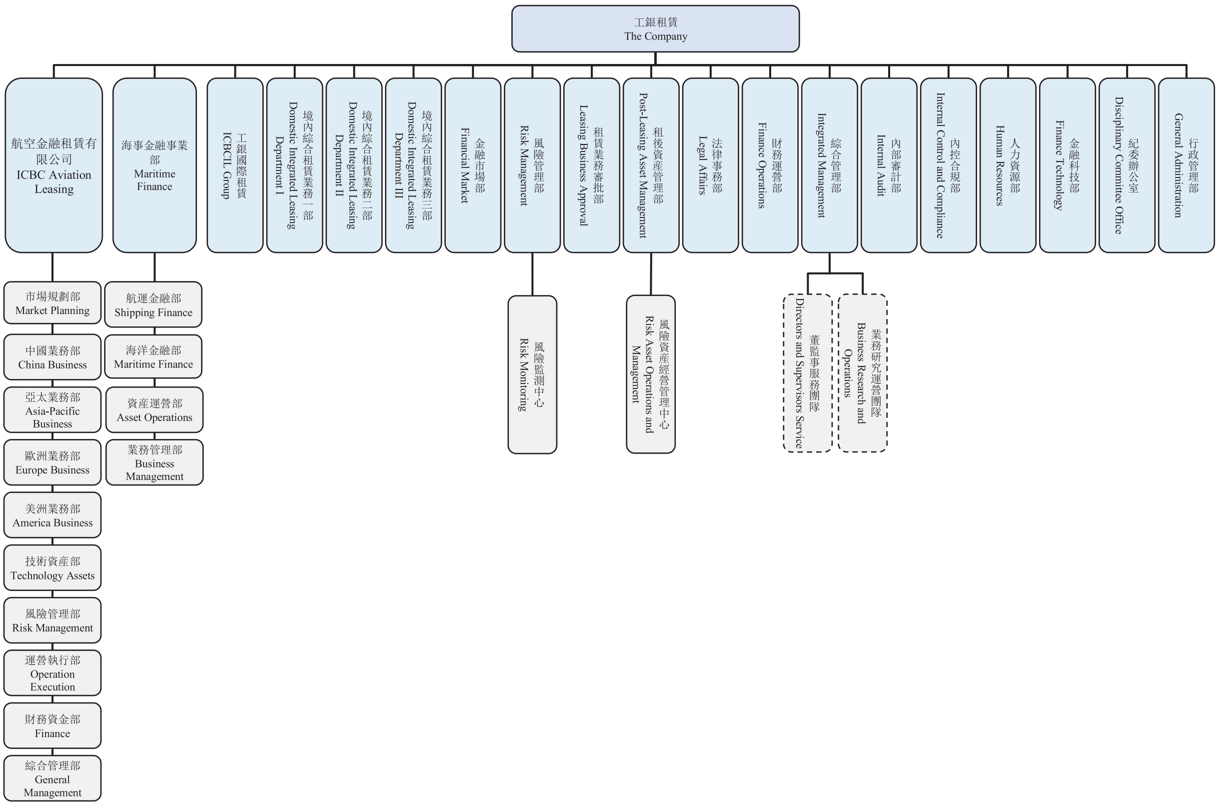
Risk Management

The Company places importance on prudent operations and rated the quality of development as the top priority. Through analysing characteristics of China's leasing industry and upholding the principles of "prudent and steady, determined for innovation, value-creating, risk controlled", the Company established a comprehensive risk management system, including risk management structure, procedures of collective review and decision-making of projects, a project risk management system, a risk early warning system and an internal-control management system. The comprehensive risk management system effectively manages credit risk, asset investment risk, liquidity risk and other risks as a whole. In addition, the comprehensive risk management system of the Company is also closely connected to the risk management system of the ICBC Group, which allows for collaboration and information sharing. Prior to entering into a leasing arrangement with a potential client, the Company retrieves the credit rating of such client from the credit system maintained by the ICBC Group, and only proceeds if the potential client's credit rating is at or above a predetermined level.

Risk management is fully integrated into the Company's project approval process. In each stage in the process, from due diligence to project review to contract signing and release of funds, all elements of risk arising from the project, including credit risk, market risk, liquidity risk, asset risk, tax/accounting risk and legal and compliance risk, are carefully and independently assessed by a designated party. These parties include project teams, other business teams, specialised asset management teams, the finance team, the legal team and various third parties.

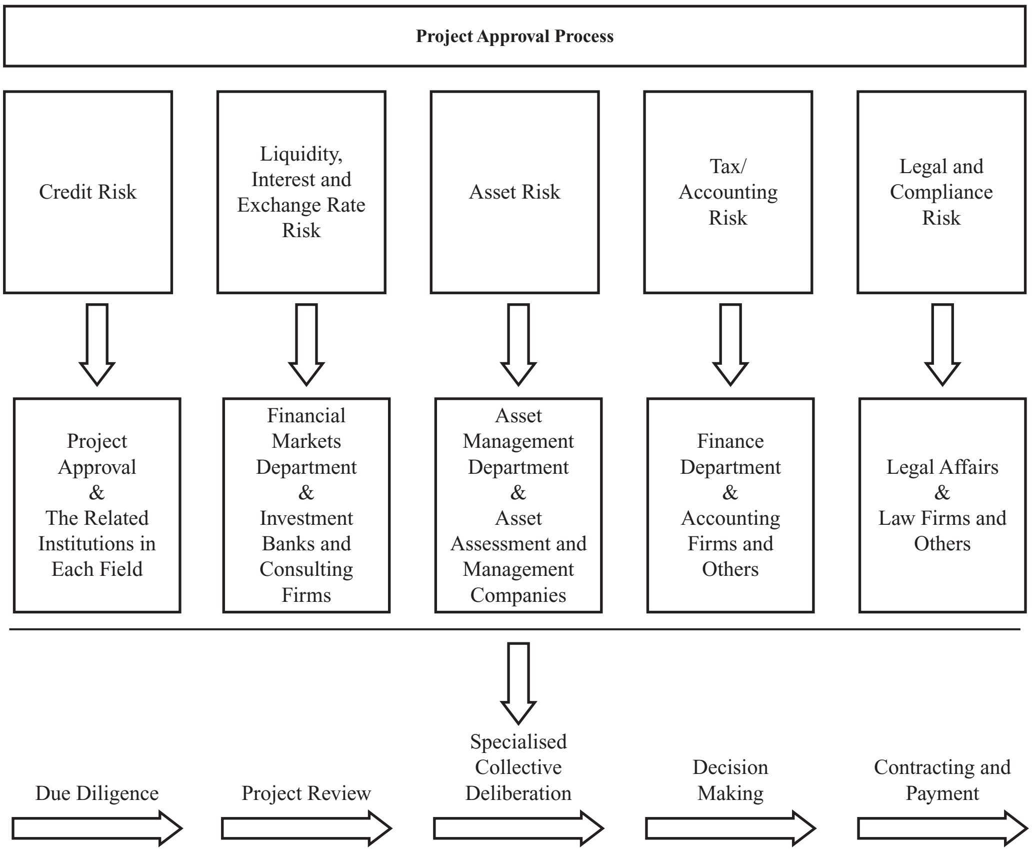
The Company also has a dedicated asset management department staffed with industry experts to review and oversee risks relating to aircraft and ship leasing projects. For each aircraft under an operating lease, when the remaining lease term is less than a predetermined level (four years for narrow body aircraft and six years for wide body aircraft), the Company starts actively seeking purchasers for the aircraft. If the remaining lease term for an aircraft is less than two years without a purchaser contracted to buy the aircraft after the expiration of the lease, a dedicated sales team of experts will be engaged. If the remaining lease term of an aircraft is less than one year without a purchaser contracted to buy the aircraft, alternative solutions, including potential re-lease of the aircraft, will be considered. If no purchaser or subsequent lessee can be found and the remaining lease term is less than six months, senior management of the Company will be involved in order to secure a purchaser or lessee at the end of the lease term. For ship leasing projects, the asset management team evaluates the residual value risk associated with each vessel to ensure that the terms of the leasing contract, in particular the rental price, can minimise such risk in case the Company cannot sell or re-lease the vessel when the lease expires. In order to scale up the trading of assets for leasing, the Group established an asset trading model and a trading platform through which the Group sold 4 planes in the secondary market in 2020. The Group has also started the trading of leasing equipment.

The chart below sets out the management structure of the Company as at the date of this Offering Circular.



By utilising an industry-leading risk management and project risk control system, the Company has maintained strong asset quality since its inception.

The diagram below sets out the process before a leasing project is approved:



The Company places risk management as a high priority and puts emphasis on strengthening its risk management to achieve healthy and sustainable development. The Company aims to do this by establishing a multi-level system and by improving its risk assessment, developing its IT management and control system, equipping itself with a professional team, improving its credit management system and business decision-making mechanisms and by establishing an efficient and robust security system to ensure that the level of efficiency of management and risk control improves its overall ability to resist risks.

In 2013, the Company carried out a structural stress-test for the risk of increased demand on the U.S. dollar caused by Federal Reserve's tapering its quantitative easing policy (QE) and developed corresponding plans for this risk. The Company also conducted comprehensive risk screenings on 300 financing leasing and operational leasing projects across 15 industries to eliminate risk blind spots and to strengthen management and control over weak links. In the same year, the Company officially launched its aircraft assets management system, which it believes was the first of its kind in the PRC with independent intellectual property rights. This system adopts multi-dimension dynamic management over the contract, ownership, insurance, value assessment and technology of aircraft assets. During the same period of time, the Company's vessel asset management system (Phase II) was officially launched. The Company believes these two asset management systems have improved the efficiency and quality of asset risk and value management.

In 2014, the Company established a Risk Asset Management Team with responsibilities for (i) developing specific plans for the clearing, conversion and disposal of non-performing assets and (ii) organising and conducting risk management according to the specific plans to maximise recovery and minimise loss. In 2016, the Company upgraded Risk Asset Management Team to Risk Asset Management Department, which demonstrated the Company's efforts and ambition to strengthen the quality control of the assets.

As at 31 December 2018, 2019 and 2020, the Group's non-performing assets to total assets ratios were 0.47 per cent., 0.31 per cent and 0.47 per cent., respectively and its impairment coverage ratios were 231.24 per cent., 377.91 per cent. and 228.95 per cent., respectively.

The table below sets forth the key financial ratios of the Group as at or for the years ended 31 December 2018, 2019 and 2020.

	As at/for the year ended 31 December		
	2018	2019	2020
		%	
Profitability Metrics			
ROAA[(1)]	1.20	1.41	1.16
ROAE[(2)]	9.81	11.19	8.67
Asset Quality			
NPA Ratio[(3)]	0.47	0.31	0.47
Impairment Coverage Ratio[(4)]	231.24	377.91	228.95
Capital Strength			
Capital Adequacy Ratio[(5)]	12.49	13.61	13.09
Debt Ratio[(6)]	88.19	86.63	86.64

Notes:

(1) Return On Average Assets ("ROAA") = Net Profit/Average on beginning and ending Total Assets.

(2) Return On Average Equity ("ROAE") = Net Profit/Average on beginning and ending Total Equity.

(3) NPA Ratio = Finance Lease Receivables Impaired/Total Assets.

(4) Impairment Coverage Ratio = Provision for Impairment on Finance Lease Receivables/Finance Lease Receivables Impaired.

(5) Capital Adequacy Ratio = Net Capital/Risk Weighted Assets.

(6) Debt Ratio = Total Liabilities/Total Assets.

The Company measures and monitors its asset quality through a lease receivables classification system. In accordance with statutory requirements promulgated by the CBIRC, the Company classifies lease receivables using a five category classification system. These classification criteria are designed to assess the likelihood of repayment by the lessee and the collectability of principal and interest on the lease receivables. The five categories are normal, special mention, substandard, doubtful and loss as detailed below.

Normal

There is no reason to doubt that the loan principal and interest will not be paid by the lessee in full and/or on a timely basis. There is no reason to suspect that the lease receivables will be impaired.

Special Mention

Even though the lessee has been able to pay the lease payments in the past in a timely manner, there are still factors that could adversely affect its ability to pay. For example, if lease payments have been overdue for 30 days or more and the financial position of the lessee has worsened, or its net cash flow has become negative, the lease receivables for this lease contract should be classified as special mention or lower.

Substandard

The lessee's ability to pay is in question as it is unable to make its payments in full with its operating revenues, and the lessor is likely to incur losses notwithstanding the enforcement of any guarantees underlying the lease contract.

Doubtful

The lessee's ability to pay is in question as it is unable to make lease payments in full and/or on a timely basis with its operating revenues and the lessor is likely to incur significant losses notwithstanding the enforcement of any guarantees underlying the lease contract.

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.

Insurance

As at 31 December 2020, the Company maintained a range of insurance coverage on its fixed assets underlying its leases. The Company maintains asset insurance for the assets underlying its leases to cover any loss or damage to such assets during the leasing period. The insurance payments are generally paid by its clients in line with leasing industry practise and the Company is usually the beneficiary of such insurance. As at 31 December 2020, the Company did not maintain credit insurance for its lease receivables.

The Company provides social security insurance for its employees as required by PRC social security regulations, such as pension insurance, unemployment insurance, work injury insurance and medical insurance.

Please see "Risk Factors – The Group may not have, and cannot ensure that its lessees will maintain, adequate insurance coverage to cover potential liabilities or losses." in this Offering Circular for a discussion of the risks associated with the Company's insurance coverage.

Legal Proceedings

The Company is involved, from time to time, in legal proceedings arising in the ordinary course of its operations. A majority of these legal proceedings involve claims initiated by the Company to recover payment of leasing receivables from its clients.

As at the date of this Offering Circular, none of the Issuer, the Company or their respective subsidiaries was involved in any material litigation or arbitration proceedings in the context of the offering of the Notes and none of the Issuer or the Company is aware of any such litigation or proceedings pending or threatened against it or any of their respective subsidiaries which are material in the context of the offering of the Notes.

Employees

As at 31 December 2020, the Group had 366 employees. The Group believes that it has a high-quality workforce possessing specialised industry expertise, with 99 per cent. of its employees having attained bachelor's degrees and above and 71 per cent. having attained master's degrees and above as at the same period. The professional staff of the Group also have working experience in aviation, shipping, manufacturing and other relevant industries.

The Company's ability to attract, retain and motivate qualified personnel is critical to its success. The Company believes that it offers employees competitive compensation, it is able to attract and retain qualified personnel and that it has maintained a stable core management team. The Company's remuneration packages are generally structured with reference to market rates and individual merit. Salaries are normally reviewed annually, based on performance appraisals and other relevant criteria.

All of the Company's management and key executive officers, and a substantial number of the Company's other employees, have entered into employment agreements with the Company, which contain confidentiality and non-competition provisions.

The Company considers its current relations with its workforce to be good. It has not experienced any work stoppages, strikes or other labour problems in the past.

DESCRIPTION OF THE ISSUER

Overview

The Issuer was incorporated on 2 December 2013 and is registered as a company with limited liability under the laws of Hong Kong with company number 2005230. Its registered office is situated at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Business Activities

The Issuer is a direct wholly-owned subsidiary of ICBCIL, which in turn is indirectly wholly-owned by ICBC. The principal business of the Issuer is financing. The Issuer is the centralised treasury function for the Company's overseas leasing business. As at 31 December 2020, the Issuer had no employees.

Directors

As at the date of this Offering Circular, the directors of the Issuer and their business addresses are: Kan Disi: 10/F, Bank of Beijing Building, 17(C) Jinrong Street, Xicheng District, Beijing, China and Li Ting: 10/F, Bank of Beijing Building, 17(C) Jinrong Street, Xicheng District, Beijing, China. From time to time, the directors of the Issuer may engage in other activities and have other interests which may conflict with the interests of the Issuer.

Share Capital

The authorised share capital of the Issuer is US$50,000 divided into 50,000 shares of US$1.00 each (the "**Shares**"). The Issuer has issued 50,000 ordinary shares to ICBCIL at par value of US$1.00 each. As at the date of this Offering Circular, all of the Shares issued are fully paid and wholly owned by ICBCIL. The Shares are not listed on any stock exchange and no listing or permission to deal in such Shares is being or is proposed to be sought as at the date of this Offering Circular.

Material Financing Arrangements

The Issuer entered into interest rate swap contracts with a number of financial institutions with fair value as at 31 December 2020. The notional amount of the interest rate swap contracts was US$1.8 billion.

Financial Information

The Issuer has prepared its audited financial statements for the years ended 31 December 2019 and 2020, each of which is included elsewhere in this Offering Circular. The financial year of the Issuer ends on 31 December of each year.

Auditor

KPMG is the authorised auditor of the Issuer. The address of KPMG is 8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The members of the Board of Directors and senior management of the Company as at the date of this Offering Circular are as follows:

Board of Directors of the Company

Name	Position
Zhenghua Zhang	Chairman, Executive Director[1], Acting Deputy Chief Executive Officer and Party Committee Secretary
Qiang Li	Executive Director, Deputy Chief Executive Officer
Liang Cui	Non-executive Director
Yixin Wang	Non-executive Director

Mr Zhang Zhenghua is an Executive Director, Chairman, Acting Deputy Chief Executive Officer and Party Committee Secretary of the Company. Mr Zhang holds an MBA degree jointly granted by Fudan University and The University of Hong Kong and is a Senior Economist. Mr Zhang served as the vice president of Industrial and Commercial Bank of China Limited Guizhou Branch, vice manager of the Credit and Investment Management Department and the manager of Non-performing Assets Disposal Centre. Mr Zhang started to act as the Acting Deputy Chief Executive Officer and Party Committee Secretary of the Company since December 2020.

Mr Qiang Li is an Executive Director and Deputy Chief Executive Officer of the Company. Mr Li joined ICBC Financial Leasing Co., Ltd in 2017 and holds a master's degree in Business Administration from Peking University and a master's degree in International Business Administration from Fudan University with Hong Kong University. He is a Senior Economist and a FRM. He joined ICBC in 1998, and successively worked in the Risk Management Department of the Headquarters, Zhejiang Huzhou Branch of ICBC and Heilongjiang Branch of ICBC.

Mr Liang Cui is a Non-executive Director of the Company. Mr Cui served as the Deputy General Manager of Qinghai Branch of ICBC and in the Internal Audit Department of ICBC headquarters.

Mr. Yixin Wang is a Non-executive Director of the Company. Mr Wang joined ICBC in 1984, and has served in the Credit Research Department of the Head Office, the Sales Department of the Head Office, the Special Finance Department, and the Department of Strategic Management and Investor Relations.

Senior Management of the Company

Name	Position
Zhenghua Zhang	Chairman, Executive Director, Acting Deputy Chief Executive Officer and Party Committee Secretary
Qiang Li	Executive Director, Deputy Chief Executive Officer
Yuguo Yang	Deputy Chief Executive Office
Xhang Chen	Deputy Chief Executive Office
Zhengyong Wang	Deputy Chief Executive Office
Xibei Gu	Deputy Chief Executive Office

Biographies of **Mr Zhang Zhenghua** and **Mr Qiang Li** can be found in the Biographies of the Directors above. Biographies of the other senior executives are as follows.

Mr Yuguo Yang holds a master's degree in Business Administration from Hong Kong University. He joined ICBC in 1994, and successively served as Director of the Corporate Business Office in Operation Department, Director of the Group Customer Office in Operation Department, Director of the Credit Management Office in Operation Department, Director of the Risk Management Office of Operation Department II and Deputy Director of the Precious Metals Department of ICBC. Mr Yang joined ICBC Financial Leasing Co., Ltd. in 2017 and serves as Deputy Chief Executive Officer.

Ms Chang Chen holds a master's degree in Financial Master from Nankai University. She joined ICBC in 1991 and joined the Company in 2017. She served as Deputy Director of Capital Operation Department and General Office of Assets and Liabilities Management Department of ICBC. She also served as the Director of Market Risk Office of Assets and Liabilities Management Department of ICBC, the Director of the RMB Fund Management Department of ICBC and as the Finance and Funding Expert. Her appointment is subject to the approval of the Tianjin Branch of CBIRC on the qualification.

Mr Zhenyong Wang holds a master's degree in Economics in Capital University of Economics and Business. Mr. Wang joined the Company in 2009. He served as the Senior Investment Manager in Oxford and Cambridge International Group, the General Manager of Financial Consulting Department of Yintong Investment Consulting Company. He also served as the vice president of London AsiaCapital, the head of Assets Management Department of the Company.

Ms Xibei Gu holds a bachelor's degree in Economics in Renmin University. She joined ICBC in 2001 and joined the Company in 2017. She held the position of Client Group Division II of Corporate Finance Business Department of ICBC and the Director of Bonds Financing Division of the Corporate Finance Business Department of ICBC. Her appointment is subject to the approval of the Tianjin Branch of CBRC on the qualification.

The Directors of the Company may be contacted at the registered office of the Company.

There are no conflicts of interests, or potential conflicts of interests, between the duties of the Directors to the Company and their private interest or other duties.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or Global Certificate(s) representing each Series. Either (i) the full text of these Conditions (as defined below) together with the relevant provisions of the Pricing Supplement or (ii) these Conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued by ICBCIL Finance Co. Limited (the "Issuer") and are constituted by an amended and restated trust deed dated 24 April 2018 (as further amended or supplemented as at the date of issue of the relevant Tranche (the "Issue Date"), the "Trust Deed") between the Issuer, ICBC Financial Leasing Co., Ltd. (工銀金融租賃有限公司) (the "Company"), and Citicorp International Limited as trustee (the "Trustee", which expression shall include all persons for the time being acting as the trustee or trustees under the Trust Deed) for the Noteholders (as defined below). An agency agreement dated 7 October 2015 (as further amended or supplemented as at the Issue Date, the "Agency Agreement") has been entered into in relation to the Notes between the Issuer, the Company, the Trustee, Citibank, N.A., London Branch as initial issuing and paying agent, transfer agent and registrar, Citicorp International Limited, as the CMU lodging and paying agent, and the other agents named in it. The issuing and paying agent, the CMU lodging and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "Issuing and Paying Agent", the "CMU Lodging and Paying Agent", the "Paying Agents" (which expression shall include the Issuing and Paying Agent and the CMU Lodging and Paying Agent), the "Registrar", the "Transfer Agents" (which expression shall include the Registrar) and the "Calculation Agent(s)". For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, with respect to a Series of Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly.

The Notes have the benefit of (i) an amended and restated keepwell and liquidity support deed dated 24 April 2018 (as further amended or supplemented as at the Issue Date, the "Keepwell and Liquidity Support Deed") between the Issuer, ICBC International Leasing Co. Ltd. ("ICBCIL"), the Company and the Trustee; and (ii) a deed of asset purchase undertaking dated 7 October 2015 (as further amended or supplemented as at the Issue Date, the "Deed of Asset Purchase Undertaking") between the Issuer, the Company, ICBCIL and the Trustee.

These terms and conditions (the "Conditions") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below, the Agency Agreement, the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking. The Noteholders are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking applicable to them. Copies of the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking are available for inspection during usual business hours at the principal office of the Trustee (presently at 39th Floor, Citibank Tower, 3 Garden Road, Central, Hong Kong) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders, the holders of the interest coupons (the "Coupons") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "Talons") (such holders of Coupons and Talons, collectively, the "Couponholders") and the holders of the receipts for the payment of instalments of principal (the "Receipts") relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement, the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking.

As used in these Conditions, "Tranche" means Notes which are identical in all respects, and "Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series with such Tranche of Notes and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, the first Interest Payment Dates, Interest Commencement Dates (if applicable) and/or issue prices (if applicable).

1 Form, Denomination and Title

The Notes are issued in bearer form ("Bearer Notes") or in registered form ("Registered Notes") in each case in the Specified Denomination(s) shown hereon. No single Tranche or Series may comprise both Bearer Notes and Registered Notes.

Notes sold in reliance on Rule 144A under the U.S. Securities Act of 1933 (the "Securities Act") will be in minimum denominations of U.S.$200,000 (or its equivalent in other currencies) and integral multiples of U.S.$1,000 (or its equivalent in other currencies) in excess thereof, subject to compliance with all legal and/or regulatory requirements applicable to the relevant currency.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes, in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("Certificates") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "Register"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "Noteholder" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "holder" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 No Exchange of Notes and Transfers of Registered Notes

(a) *No Exchange of Notes*: Registered Notes may not be exchanged for Bearer Notes. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) *Transfer of Registered Notes*: One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed by the holder or holders thereof or the attorney or attorneys of such holder or holders duly authorised in writing, and any other evidence as the Registrar or the Transfer Agent may reasonably require. In the case of a transfer of only part of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee or by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon written request.

(c) *Exercise of Options or Partial Redemption in Respect of Registered Notes*: In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.

(d) *Delivery of New Certificates*: Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within five business days of receipt of a duly completed form of transfer, Put Exercise Notice (as defined in Condition 6(e)) or Exercise Notice (as defined in Condition 6(f)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Put Exercise Notice, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Put Exercise Notice, Exercise Notice or otherwise in writing, be mailed by uninsured first class mail (airmail if overseas) at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "business day" means a day, other than a Saturday or Sunday or public holiday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) *Transfers Free of Charge*: Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the relevant Noteholders of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require).

(f) *Closed Periods*: No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption, in whole or in part, by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption where not all the Notes are so called for redemption, (iv) during the period of seven days ending on (and including) any Record Date, or (v) after a Put Exercise Notice (as defined in Condition 6(e)) has been delivered in respect of the relevant Notes in accordance with Condition 6(e).

(g) *Regulations concerning transfer and registration*: All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

3 Status

The Notes and the Receipts and the Coupons relating to them constitute direct, unconditional, unsubordinated and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them shall, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application and subject to Condition 4(a), at all times rank at least *pari passu* with all its other present and future unsecured and unsubordinated obligations of the Issuer.

4 Covenants

(a) *Negative pledge*: So long as any Note remains outstanding (as defined in the Trust Deed),

(i) the Issuer shall not, and the Issuer shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest (save for Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Public External Indebtedness or guarantee or indemnity in respect of Public External Indebtedness without at the same time or prior thereto (A) securing the Notes equally and rateably therewith or (B) providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders; and

(ii) the Company has undertaken to the Trustee in the Keepwell and Liquidity Support Deed not to, and to procure its Principal Subsidiaries not to, create or permit to subsist any Security Interest (save for Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Public External Indebtedness or guarantee or indemnity in respect of Public External Indebtedness without at the same time or prior thereto (A) securing the Notes equally and rateably therewith or (B) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders.

(b) *Rating maintenance*: So long as any Note remains outstanding, save with the approval of an Extraordinary Resolution of Noteholders, the Issuer and the Company shall use its reasonable endeavours to maintain a rating on the Notes by a Rating Agency.

(c) *Financial statements etc.*: So long as any Note remains outstanding, each of the Issuer and the Company shall provide the Trustee with:

(i) a Compliance Certificate (on which the Trustee may rely as to such compliance) within 180 days of the end of each Relevant Period;

(ii) a copy of the relevant Company Audited Financial Reports and the Issuer Audited Financial Reports (as the case may be) within 180 days of the end of each Relevant Period prepared in accordance with PRC GAAP or Hong Kong Financial Reporting Standards (as the case may be) (in each case, audited by an internationally recognised firm of independent accountants), provided that if such statements shall be in the Chinese language, each of the Issuer and Company shall provide the Trustee with an English translation of the same translated by (x) an internationally recognised firm of accountants or (y) a professional translation service provider and checked by an internationally recognised firm of accountants, together with a certificate signed by a director or authorised officer of the Issuer or the Company (as the case may be) certifying that such translation is complete and accurate; and

(iii) a copy of the Company Unaudited Management Accounts within 135 days of the end of each Relevant Period prepared on a basis consistent with the Company Audited Financial Reports, provided that if such statements shall be in the Chinese language, the Company shall provide the Trustee with an English translation of the same together with a certificate signed by a director or authorised officer of the Company certifying that such translation is complete and accurate,

provided that, if at any time the capital stock of the Company or the Issuer is listed for trading on a recognised stock exchange, the Company or the Issuer may make available to the Trustee, as soon as they are available but in any event not more than 14 days after any financial or other reports of the Company or the Issuer are filed with the exchange on which the Company's or the Issuer's capital stock is at such time listed for trading, true and correct copies of any financial or other report filed with such exchange in lieu of the reports of the Company or the Issuer identified in this Condition 4(c).

(d) *Obligation to acquire Assets*: In the event of a Triggering Event, the Company has agreed in the Deed of Asset Purchase Undertaking that it shall purchase (either itself or through a Subsidiary of the Company as designated by it) certain Assets held by the Issuer, ICBCIL and/or any of their respective Subsidiaries (each a "Relevant Transferor") in the manner as set out in the Deed of Asset Purchase Undertaking in order to assist the Issuer under its obligations under the Notes. The Company has undertaken to the Trustee in the Deed of Asset Purchase Undertaking to procure ICBCIL and each Relevant Transferor to on-lend or otherwise transfer to the Issuer any payment (each an "On-Loan") received pursuant to the Deed of Asset Purchase Undertaking from the Company and to procure the Issuer to promptly apply all proceeds from each On-Loan and/or from any Asset sale by the Issuer itself pursuant to the Deed of Asset Purchase Undertaking towards satisfying its obligations under the Notes and the Trust Deed.

The Issuer shall take all actions necessary for the proceeds received from each On-Loan (if any) and/or from any Asset sale by the Issuer itself pursuant to the Deed of Asset Purchase Undertaking towards the payment in full of any outstanding amounts as they fall due under the Trust Deed and the Notes (including any interest accrued but unpaid on the Notes). Each of the Issuer and the Company has undertaken in the Deed of Asset Purchase Undertaking to procure that all obligations of the Issuer owing to ICBCIL or a Relevant Transferor, as the case may be, under each On-Loan shall be subordinated to sums payable and all obligations owing to the Trustee and the Noteholders by the Issuer, whether present or future, actual or contingent, and all claims, rights, damages, remedies and/or proceeds in respect of any or all of the foregoing.

In these Conditions:

"Approval Authorities" means, as applicable, any national, state, municipal, provincial or local government (including any subdivision, court, administrative agency or commission or other authority thereof) or any quasi-governmental or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority of any jurisdiction whose licences, authorisations, registrations or other approvals are necessary for undertaking the transactions contemplated by, as applicable, the Deed of Asset Purchase Undertaking and the Relevant Documents (as defined in the Deed of Asset Purchase Undertaking);

"Assets" means the airplanes, ships, equipment and/or other assets held by a Relevant Transferor which is subject to the purchase pursuant to the Deed of Asset Purchase Undertaking, but which shall not include any share or share capital of a Relevant Transferor;

"Company Audited Financial Reports" means the annual audited consolidated balance sheet, income statement and cash flows statement of the Company and its Subsidiaries and statement of changes in owners' equity of the Company together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them;

"Company Unaudited Management Accounts" means the semi-annual unaudited consolidated balance sheet and consolidated income statement of the Company and its Subsidiaries together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them (if any);

"Compliance Certificate" means a certificate of each of the Issuer and the Company signed by any director or authorised officer certifying that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer or (as the case may be) the Company as at a date (the "Certification Date") not more than five days before the date of the certificate:

(a) no Event of Default or other Triggering Event or an event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 10, become an Event of Default or other Triggering

Event had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

(b) the Issuer and (in the case of the Company) each of the Issuer and the Company has complied with all its obligations under the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Asset Purchase Undertaking and the Notes;

"Hong Kong" means the Hong Kong Special Administrative Region of the PRC;

"Independent Investment Bank" means an independent investment bank of international repute (acting as an expert) selected by the Issuer (at the expense of the Issuer) and notified in writing to the Trustee;

"Issuer Audited Financial Reports" means the annual audited balance sheet, income statement and cash flows statement of the Issuer and its Subsidiaries and statement of changes in owners' equity of the Issuer together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them;

"National Export Credit Agency" means any of Export-Import Bank of the United States or Export Credit Guarantee Department of the U.K. or Euler Hermes of Germany or COFACE of France or any other agency of the government of any country or quasi-government agency that provides guarantees to support the financing of equipment (including aircraft or parts thereof) exported from that country;

"National Export Credit Agency Guaranteed Capital Markets Instrument" means any Public External Indebtedness issued by an entity (not being the Issuer or a Principal Subsidiary) that is guaranteed by any National Export Credit Agency;

"Net Assets" means total assets less total liabilities;

"Permitted Security Interest" means:

(a) any Security Interest on any property or asset existing at the time of acquisition of such property or asset or to secure the payment of all or any part of the purchase price or construction cost thereof or to secure any indebtedness incurred prior to, or at the time of, such acquisition or the completion of construction of such property or asset for the purpose of financing all or any part of the purchase price or construction cost thereof;

(b) any lien arising by operation of law;

(c) any Security Interest on any property or asset securing Public External Indebtedness if (i) by the terms of such indebtedness it is expressly provided that recourse by the holders of such indebtedness is limited to the properties or assets of the issuer or the borrower and the revenues to be generated by the operation of, or loss of or damage to, such properties or assets, for repayment of the moneys advanced and payment of interest thereon and (ii) such indebtedness is not guaranteed by the Issuer, the Company or any Principal Subsidiary; and

(d) any Security Interest on any property or asset of the Issuer, the Company or any Principal Subsidiary which is created pursuant to any securitisation, repackaging or like arrangement in accordance with normal market practise;

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"PRC" means the People's Republic of China, which, for the purposes of these Conditions, shall not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

"PRC GAAP" means the Accounting Standards for Business Enterprises in the PRC;

"Principal Subsidiary" means any Subsidiary of the Company whose Net Assets, as shown by the accounts of such Subsidiary, based upon which the latest Company Audited Financial Reports have been prepared, are at least 10.0 per cent. of the Net Assets of the Group as shown by such Company Audited Financial Reports, provided that if any such Subsidiary (the "Transferor") shall at any time transfer the whole or a substantial part of its business, undertaking or assets to the Company or another Subsidiary of the Company (the "Transferee") then (a) if the whole of the business, undertaking and assets of the Transferor shall be so transferred, the Transferor shall thereupon cease to be a Principal Subsidiary and the Transferee (unless it is the Company) shall thereupon become a Principal Subsidiary; and (b) if a substantial part only of the business, undertaking and assets of the Transferor shall be so transferred, the Transferor shall remain a Principal Subsidiary and the Transferee (unless it is the Company) shall thereupon become a Principal Subsidiary;

Any Subsidiary which becomes a Principal Subsidiary by virtue of (a) above or which remains or becomes a Principal Subsidiary by virtue of (b) above shall continue to be a Principal Subsidiary until the earlier of the date of issue of (i) the first Company Audited Financial Reports prepared as at a date later than the date of the relevant transfer which show the Net Assets as shown by the accounts of such Subsidiary, based upon which such Company Audited Financial Reports have been prepared, to be less than 10.0 per cent. of the Net Assets of the Group, as shown by such Company Audited Financial Reports or (ii) a report by the Group's auditors dated on or after the date of the relevant transfer which shows the Net Assets of such Subsidiary to be less than 10.0 per cent. of the Net Assets of the Group. A certificate by the Company that a Subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive;

"Public External Indebtedness" means any indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other similar instrument which (a) has an original maturity in excess of one year, (b) is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market), and (c) does not have the benefit of credit enhancement through a standby letter of credit, bank guarantee or other similar arrangement or instrument from a commercial bank, but excluding (x) any such indebtedness that is issued in the PRC and (y) any amounts owed in relation to a National Export Credit Agency Guaranteed Capital Markets Instrument, notwithstanding that such amounts are guaranteed directly or indirectly by the Issuer, the Company or a Principal Subsidiary;

"Rating Agency" means any one of Moody's Investors Service, Inc., Fitch Ratings Ltd. or Standard & Poor's Ratings Services and their respective successors;

"Regulatory Approvals" means all necessary regulatory or governmental approvals, consents, licences, orders, permits, registrations, filings, clearances and any other authorisations from the relevant Approval Authorities;

"Relevant Period" means (a) in relation to the Company Audited Financial Reports and the Issuer Audited Financial Reports, each period of twelve months ending on the last day of their respective financial year (being 31 December of that financial year); (b) in relation to the Company Unaudited Financial Reports, each period of six months ending on the last day of its first half financial year (being 30 June of that financial year);

"Security Interest" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"Subsidiary" means, in relation to any Person (the "first Person") at any particular time, any other Person (the "second Person") whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person; and

"Triggering Event" means any of the following events:

(a) an Event of Default; or

(b) the Issuer's failure to provide the Trustee with a liquidity notice on or prior to the relevant liquidity notice date in accordance with the terms of the Deed of Asset Purchase Undertaking.

5 Interest and Other Calculations

(a) *Interest on Fixed Rate Notes*: Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).

(b) *Interest on Floating Rate Notes and Index Linked Interest Notes*:

(i) *Interest Payment Dates*: Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified hereon; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity", "Reset Date" and "Swap Transaction" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR, Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) or 11.15 a.m. (Hong Kong time) or if, at or around that time it is notified that the fixing will be published at 2.30 p.m. (Hong Kong time), then as of 2.30 p.m. (Hong Kong time in the case of CNH HIBOR) on the relevant Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR or HIBOR or CNH HIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

(y) if the Relevant Screen Page is not available or if, subparagraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR or CNH HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), or if the Reference Rate is CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time) on the relevant Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) or, if the Reference Rate is CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), or, if the Reference Rate is

CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone interbank market, or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"Applicable Maturity" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(iv) *Rate of Interest for Index Linked Interest Notes*: The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) *Zero Coupon Notes*: Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) *Dual Currency Notes*: In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of

Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) *Partly Paid Notes*: In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(f) *Accrual of Interest*: Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgement) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(g) *Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding*:

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

(ii) If any maximum or minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the countries of such currency.

(h) *Calculations*: The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(i) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts*:

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangement may be made for the adjustment thereof) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) *Definitions*: In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"Business Day" means:

(i) in the case of a currency other than euro or Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which the TARGET System is operating (a "TARGET Business Day"); and/or

(iii) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; and/or

(iv) in the case of a currency and/or one or more Business Centres a day (other than a Saturday, a Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "Calculation Period"):

(i) if "Actual/Actual" or "Actual/Actual – ISDA" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(v) if "30/360", "360/360" or "Bond Basis" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Equation} = \frac{[360 \text{ x } (y2 - y1)] + 30 \text{ x } [(M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if "30E/360" or "Eurobond Basis" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Equation} = \frac{[360 \text{ x } (y2 - y1)] + 30 \text{ x } [(M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

(vii) if "30E/360 (ISDA)" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Equation} = \frac{[360 \text{ x } (y2 - y1)] + 30 \text{ x } [(M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30;

(viii) if "Actual/Actual-ICMA" is specified hereon,

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"Determination Date" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s); and

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"Interest Amount" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"Interest Commencement Date" means the Issue Date or such other date as may be specified hereon.

"Interest Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Hong Kong dollars or Renminbi other than where the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR; or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro nor Hong Kong dollars nor Renminbi; or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro or (iv) the day falling two Business Days in Hong Kong prior to the first day of such Interest Accrual Period if the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR.

"Interest Period" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date unless otherwise specified hereon.

"Interest Period Date" means each Interest Payment Date unless otherwise specified hereon.

"ISDA Definitions" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

"Rate of Interest" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

"Reference Banks" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market and, in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market and, in the case of a determination of CNH HIBOR, the principal Hong Kong office of four major banks dealing in Renminbi in the Hong Kong inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

"Reference Rate" means the rate specified as such hereon.

"Relevant Screen Page" means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service).

"Specified Currency" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

"TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(k) *Calculation Agent:* The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with prior notification to the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6 Redemption, Purchase and Options

(a) *Redemption by Instalments and Final Redemption*:

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount, in each case together with interest accrued to the date of redemption.

(b) *Early Redemption*:

(i) *Zero Coupon Notes*:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c), Condition 6(d), Condition 6(e) or Condition 6(f) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below of this Condition 6(b)(i), the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c), Condition 6(d), Condition 6(e) or Condition 6(f)or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above of this Condition 6(b)(i), except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgement) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in Condition 6(b)(i) above), upon redemption of such Note pursuant to Condition 6(c), Condition 6(d), Condition 6(e) or Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) *Redemption for Taxation Reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note) or at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above), together with interest accrued to the date fixed for redemption, if:

(i) the Issuer has or will become obliged to pay the Additional Amounts, as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Hong Kong or PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes of the relevant series or, in the case of a jurisdiction in which the Issuer was not tax resident on such date, after the date the Issuer became tax resident in such jurisdiction;

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

provided, however, that, no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts if a payment in respect of the Notes were then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee:

(A) a certificate signed by a director or authorised officer of the Issuer, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(B) an opinion in form and substance satisfactory to the Trustee of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment.

The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i), and (ii) above, in which event they shall be conclusive and binding on the Noteholders. Upon the expiry of any such notice as is referred to in this Condition 6(c), the Issuer shall be bound to redeem the Notes in accordance with this Condition 6(c).

(d) *Redemption at the Option of the Issuer*: If Issuer Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(d).

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes, shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes to be redeemed, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) *Redemption for Change of Control*:

At any time following the occurrence of a Change of Control, the Issuer shall, at the option of the holder of any Note (the "CoC Put Option") redeem such Note on the Put Settlement Date at a price equal to 101 per cent. of its Early Redemption Amount together with interest accrued to such date. In order to exercise the CoC Put Option, the holder of a Note must, within 30 days (i) following a Change of Control or (ii) following (if later) the day upon which the Issuer gives such relevant notice to Noteholders in accordance with Condition 16, deposit, in the case of Bearer Notes, the Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent, or, in the case of Registered Notes, the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed and signed notice of redemption (a "Put Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable). The "Put Settlement Date" shall be the 14th day after the expiry of such period of 30 days as referred to above.

No Note or Certificate, once deposited with a duly completed Put Exercise Notice in accordance with this Condition 6(e), may be withdrawn; provided, however, that if, prior to the Put Settlement Date, the Notes evidenced by any Note or Certificate so deposited become immediately due and payable or, upon due presentation of any Note or Certificate on the Put Settlement Date, payment of the redemption moneys is improperly withheld or refused, such Note or Certificate shall, without prejudice to the exercise of the CoC Put Option, be returned to the holder by uninsured first class mail (airmail if overseas) at the address specified by such holder in the relevant Put Exercise Notice.

Following the occurrence of a Change of Control, the Issuer shall give notice to Noteholders and the Trustee in accordance with Condition 16 by not later than seven days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by Noteholders of their rights to require redemption of the Notes pursuant to this Condition 6(e).

While any Bearer Note that was issued in accordance with the D Rules is held in the form of a temporary Global Note, the right described in this Condition 6(e) will be available only to the extent that non-U.S. beneficial ownership certification has been received by the Issuer or its agent pursuant to the D Rules.

For the purposes of this Condition 6(e):

a "Change of Control" occurs when:

(i) the Controlling Persons cease to, directly or indirectly, own or control 51 per cent. of the voting rights of the issued share capital of each of the Issuer, the Company or ICBCIL; or

(ii) the Company ceases to have Control of the Issuer or ICBCIL.

"Control" means (where applicable), with respect to a Person, (i) the ownership, acquisition or control of 51 per cent. or more of the voting rights of the issued share capital of such Person, whether obtained directly or indirectly or (ii) the right to appoint and/or remove a majority of the members of the Person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise or (iii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person;

"Controlling Persons" mean Industrial and Commercial Bank of China Limited or its successor; and

a "Person", as used in Condition 6(e), includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

(f) *Redemption at the Option of Noteholders*: If Investor Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit, in the case of Bearer Notes, such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent, or, in the case of Registered Notes, the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (an "Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

While any Bearer Note that was issued in accordance with the D Rules is held in the form of a temporary Global Note, the right described in this Condition 6(f) will be available only to the extent that non-U.S. beneficial ownership certification has been received by the Issuer or its agent pursuant to the D Rules.

(g) *Partly Paid Notes*: Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(h) *Purchases*: Each of the Issuer, the Company and any of their respective Subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. All Notes purchased by or on behalf of the Issuer, the Company or any of their respective Subsidiaries may be held, reissued, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). The Notes so purchased, while held by or on behalf of the Issuer, the Company or any such Subsidiary, shall not entitle the holder to vote at any meetings of the holders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the holders or for the purposes of Condition 10 and Condition 11(a) and as provided in the Trust Deed.

7 Payments and Talons

(a) *Bearer Notes*: Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be:

(i) in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank; and

(ii) in the case of Renminbi, by transfer from the Paying Agent's office outside the United States to a Renminbi account maintained by or on behalf of the Noteholder with a Bank in Hong Kong.

In this Condition 7(a) and in Condition 7(b), "Bank" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) *Registered Notes*:

(i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made to the Noteholder against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii).

(ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifth (in the case of

Renminbi) and fifteenth (in the case of a currency other than Renminbi) day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made:

(A) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and

(B) in the case of Renminbi, by transfer to the registered account of the Noteholder.

In this Condition 7(b)(ii), "registered account" means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

(c) *Payments in the United States*: Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in U.S. dollars in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) *Payments subject to Laws*: Payments are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, any intergovernmental agreement with respect thereto, or any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Appointment of Agents*: The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the other Paying Agents, the Registrar, the other Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, the CMU Lodging and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a CMU

Lodging and Paying Agent in relation to Notes accepted for clearance through the CMU, (v) one or more Calculation Agent(s) where the Conditions so require, (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee and (vii) if the Issuer is required to maintain a Paying Agent in a European Union member state, the Issuer shall maintain a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any Directive supplementing, replacing or amending such Directive or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives.

In addition, the Issuer may appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(c) above.

Notice of any such change or any change of any specified office shall promptly be given by the Issuer to the Noteholders in accordance with Condition 16.

(f) *Unmatured Coupons and Receipts and unexchanged Talons*:

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes), such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity and/or security as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest

Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) *Talons*: On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) *Non-Business Days*: If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "business day" means a day (other than a Saturday, Sunday or public holiday) on which banks and foreign exchange markets are open for business in Hong Kong and the relevant place of presentation in such jurisdictions as shall be specified as "Financial Centres" hereon, and:

(i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) (in the case of a payment in euro) which is a TARGET Business Day; or

(iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

8 Taxation

All payments of principal, premium (if any) and interest in respect of the Notes, the Receipts and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Hong Kong or the PRC or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. Where such withholding or deduction is made by the Issuer as a result of the Issuer being deemed by PRC tax authorities to be a PRC tax resident at the rate applicable on the date on which agreement is reached to issue the first Tranche of the Notes of the relevant series (the "Applicable Rate"), the Issuer will pay such additional amounts as will result in receipt by the Noteholders and Couponholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required.

In the event that the Issuer is required to make such deduction or withholding (in the case of PRC taxes, in excess of the Applicable Rate), the Issuer shall pay such additional amounts (the "Additional Amounts") as will result in receipt by the Noteholders and Couponholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts or additional amounts payable under the preceding paragraph (either, as the case may be, "Additional Tax Amounts") shall be payable in respect of any Note, Receipt or Coupon:

(a) held by a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note, Receipt or Coupon; or

(b) where (in the case of a payment of principal or interest on redemption) the relevant Note, Receipt or Coupon is surrendered for payment (where presentation is required) more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such Additional Tax Amounts if it had surrendered the relevant Note, Receipt or Coupon on the last day of such period of 30 days.

Each of the Issuer or any of its agents making a payment on its behalf shall be permitted to withhold or deduct from any payment of principal or interest any amounts paid with respect to any tax, duty, assessment or governmental charge (i) required to be withheld or deducted by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("FATCA"), any current or future U.S. Treasury Regulations or rulings promulgated hereunder, any intergovernmental agreement between the United States and any other jurisdiction pursuant to the implementation of FATCA, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA or any intergovernmental agreement with respect thereto, or any other agreement with the U.S. Treasury pursuant to the implementation of FATCA ("FATCA withholding"), (ii) imposed other than by way of withholding or (iii) imposed on a payment to a Noteholder or Couponholder that is a fiduciary, partnership or person other than the beneficial owner to the extent that under the tax laws of the relevant taxing jurisdiction the payment would be required to be included in the income of a settlor or beneficiary with respect to such fiduciary, a partner of such partnership or the beneficial owner and such settlor, beneficiary, partner or beneficial owner would not have been entitled to receive Additional Tax Amounts had it been the Noteholder or Couponholder. The Issuer, the Trustee, the Paying Agents and their respective agents will have no liability for or have any obligation to pay Additional Tax Amounts in respect of any such FATCA withholding.

In these Conditions, "Relevant Date" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal, redemption price, premium or interest shall be deemed to include any Additional Tax Amounts in respect of principal, premium (if any) or interest (as the case may be) which may be payable under this Condition 8 or any undertaking given in \ addition to or in substitution of this Condition 8 pursuant to the Trust Deed.

If payments on the Notes by or on behalf of the Issuer become subject at any time to any taxing jurisdiction other than Hong Kong or the PRC, references in these Conditions to Hong Kong or the PRC shall be construed as references to Hong Kong, the PRC and/or such other jurisdiction.

9 Prescription

Claims against the Issuer and/or the Company for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

If any of the following events (each, an "Event of Default") occurs, then the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or pre-funded and/or secured to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Redemption Amount together with (if applicable) accrued interest without further action or formality:

(a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes within 7 days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 21 days of the due date for payment thereof; or

(b) *Breach of other obligations*: the Issuer or the Company defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Keepwell and Liquidity Support Deed, the Deed of Asset Purchase Undertaking or the Trust Deed (other than where it gives rise to a redemption pursuant to Condition 6(e)) and such default (x) is incapable of remedy or (y) being a default which is capable of remedy remains unremedied for 45 days; or

(c) *Cross-acceleration of Issuer, ICBCIL, Company or Principal Subsidiary*:

(i) any indebtedness of the Issuer, ICBCIL, the Company or any Principal Subsidiary is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer, ICBCIL, the Company or (as the case may be) the relevant Principal Subsidiary or (provided that no event of default, howsoever described, has occurred) any person entitled to such indebtedness; or

(iii) the Issuer, ICBCIL, the Company or any Principal Subsidiary fails to pay when due any amount payable by it under any guarantee of any indebtedness;

provided that the amount of indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds U.S.$50,000,000 (or its equivalent in any other currency or currencies); or

(d) *Unsatisfied judgement*: one or more judgement (s) or order(s) for the payment of any amount exceeding U.S.$50,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer, ICBCIL, the Company or any Principal Subsidiary, such judgement continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) thereof or, if later, the date therein specified for payment and no further appeal or judicial review from such judgement is permissible under applicable law; or

(e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets or revenues of the Issuer, ICBCIL, the Company or any Principal Subsidiary, which has a material adverse effect on the ability of the Issuer, ICBCIL or the Company to perform and comply with their respective obligations or take actions under and in respect of the Notes, the Trust Deed, the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking; or

(f) *Insolvency, etc.*: (i) the Issuer, ICBCIL, the Company or any Principal Subsidiary becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer, ICBCIL, the Company or any Principal Subsidiary or the whole or a substantial part of the undertaking, assets and revenues of the Issuer, ICBCIL, the Company or any Principal Subsidiary, (iii) the Issuer, ICBCIL, the Company or any Principal Subsidiary takes any action for a readjustment or deferment of a substantial part of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of a substantial part of its indebtedness or any guarantee of a substantial part of its indebtedness given by it, in each case, except on terms approved by an Extraordinary Resolution of the Noteholders; or

(g) *Winding up, etc.*: (i) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, ICBCIL, the Company or any Principal Subsidiary or (ii) the Issuer, ICBCIL, the Company or any Principal Subsidiary ceases or threatens to cease to carry on all or a substantial part of its business except (A) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation while solvent or on terms approved by an Extraordinary Resolution of the Noteholders, or (B) in the case of a Principal Subsidiary, the Issuer or ICBCIL whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Company, the Issuer, ICBCIL or any of their respective Subsidiaries, or (C) a members' voluntary solvent winding-up of any Principal Subsidiary, or (D) in the case of a Principal Subsidiary, any disposal or sale of a Principal Subsidiary to any other person on arms' length terms for market consideration; or

(h) *Analogous event*: any event occurs which under the laws of Hong Kong, Ireland or the PRC has an analogous effect to any of the events referred to in paragraphs (d) to (g) above; or

(i) *Failure to take action, etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer, ICBCIL and the Company lawfully to enter into and exercise their respective rights under and in respect of, and to enable the Issuer and the Company lawfully to perform and comply with their respective obligations under and in respect of, the Notes, the Trust Deed, the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking, (ii) to ensure that those obligations of the Issuer and the Company are legal, valid, binding and enforceable and (iii) to make the Notes, the Trust Deed, the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking admissible in evidence in the courts of the PRC and Hong Kong, as the case may be, is not taken, fulfilled or done; or

(j) *Unlawfulness*: it is or will become unlawful for the Issuer or the Company to perform or comply with any of their respective obligations under or in respect of the Notes, the Trust Deed, the Keepwell and Liquidity Support Deed or the Deed of Asset Purchase Undertaking; or

(k) *Keepwell and Liquidity Support Deed and Deed of Asset Purchase Undertaking*: the Keepwell and Liquidity Support Deed or the Deed of Asset Purchase Undertaking is not (or is claimed by the Company to not be) enforceable, valid, in full force and effect, or any of the Keepwell and Liquidity Support Deed or the Deed of Asset Purchase Undertaking is modified, amended or terminated other than in accordance with its terms or these Conditions.

11 Meetings of Noteholders, Modification and Waiver

(a) *Meetings of Noteholders*: The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Asset Purchase Undertaking and the Agency Agreement. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Company (acting together) or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided, however, that certain proposals (including any proposal (i) to change any date fixed for payment of principal or interest in respect of the Notes, (ii) to reduce the amount of principal or interest payable on any date in respect of the Notes, (iii) to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, (iv) to change the currency of payments under the Notes, (v) to cancel or amend the terms of the Keepwell and Liquidity Support Deed, the Deed of Asset Purchase Undertaking or the Agency Agreement, in each case, otherwise than in accordance with Condition 11(b), or (vi) to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "Reserved Matter")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Noteholders holding not less than 90 per cent. of the aggregate principal amount of the outstanding Notes who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders or by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(b) *Modification and waiver*: The Trustee may, without the consent of the Noteholders, agree to any modification of these Conditions, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Asset Purchase Undertaking or the Agency Agreement (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and to any modification of the Notes, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Asset Purchase Undertaking or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Asset Purchase Undertaking or the Agency Agreement (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Any such authorisation, waiver or modification shall be binding on the Noteholders and any such authorisation, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter.

(c) *Directions from Noteholders*: Notwithstanding anything to the contrary in these Conditions or the Trust Deed, whenever the Trustee is required or entitled by the terms of these Conditions, the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed or the Deed of Asset Purchase Undertaking to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Noteholders by way of an Extraordinary Resolution and shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions.

(d) *Entitlement of the Trustee*: In the exercise of its functions, rights, powers and discretions under these Conditions, the Trust Deed, the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking, the Trustee will have regard to the interests of the Noteholders and Couponholders as a class and will not be responsible for any consequence for individual Noteholders or Couponholders as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

12 Enforcement

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Asset Purchase Undertaking or the Agency Agreement, but it shall not be bound to do so unless:

(a) it has been so requested in writing by the holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and

(b) it has been indemnified and/or pre-funded and/or secured to its satisfaction.

No Noteholder or Couponholder may proceed directly against the Issuer or the Company unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee and any entity associated with the Trustee is entitled to enter into business transactions with the Issuer, the Company and any entity related to the Issuer or the Company without accounting for any profit.

The Trustee may rely without liability to Noteholders or to other person on a report, advice, opinion, information, confirmation or certificate from any lawyers, valuers, accountants (including the auditors, surveyors), auctioneers, brokers, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation, certificate, opinion or advice shall be binding on the Issuer, the Company, the Trustee and the Noteholders.

The Trustee shall have no obligation to monitor whether an Event of Default, Rating Downgrade, Change of Control or Put Event has occurred, and shall not be liable to Noteholders or Couponholders or any other person for not so doing.

14 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer or the relevant Agent may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes either (a) having the same terms and conditions as the outstanding notes of any Series in all respects (or in all respects save for the Issue Dates, the first Interest Payment Dates, Interest Commencement Dates (if applicable) and/or issue prices (if applicable)) and so that such additional notes shall be consolidated and form a single Series with the outstanding notes of that Series constituted by the Trust Deed or (b) upon such terms as the Issuer may determine at the time of their issue, provided that in the case of Registered Notes where the outstanding or additional notes were or are issued in reliance on Rule 144A under the U.S. Securities Act of 1933, as amended, such additional notes will not be consolidated and form a single Series with the outstanding notes of the relevant Series unless such additional notes are fungible with the outstanding notes of that Series for U.S. federal income tax purposes. References in these Conditions to the Notes include (unless the context requires otherwise) any other notes issued pursuant to this Condition and forming a single Series with the Notes. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other Series in certain circumstances where the Trustee so decides.

In the case of further Bearer Notes which are issued in accordance with the D Rules (and therefore must be initially represented by a temporary Global Note exchangeable for interests in a permanent Global Note or Definitive Notes), any consolidation of such further Bearer Notes with outstanding

Bearer Notes into a single Series can only occur following the exchange of interests in the temporary Global Note for interests in the permanent Global Note or Definitive Notes upon certification of non-U.S. beneficial ownership.

16 Notices

Notices to the holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses in the Register and deemed to have been given on the fourth day after the date of mailing and, so long as the Notes are listed on any stock exchange and the rules of that stock exchange so require, duly published in a manner that complies with the rules and regulations of such stock exchange.

Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Asia and, so long as the Notes are listed on any stock exchange and the rules of that stock exchange so require, duly published in a manner that complies with the rules and regulations of such stock exchange. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 16.

So long as the Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held (i) on behalf of DTC, Euroclear or Clearstream or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by these Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate; or (ii) on behalf of the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the second business day preceding the date of dispatch of such notice as holding interests in the relevant Global Note or Global Certificate.

17 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18 Governing Law and Jurisdiction

(a) *Governing law*: The Notes, the Receipts, the Coupons, the Talons, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Asset Purchase Undertaking and the Agency Agreement and any disputes or claims arising out of or in connection with any of them or their subject matter or formation (including any non-contractual disputes or claims arising out of or in connection with any of them) shall be governed by and construed with the law of England and Wales.

(b) *Jurisdiction*: The courts of Hong Kong shall have exclusive jurisdiction to settle any disputes or claims (a "Dispute") that may arise out of or in connection with the Notes, the Coupons, the Talons, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Asset Purchase Undertaking and the Agency Agreement or their subject matter or formation (including any non-contractual disputes or claims) and all agreements concluded thereunder and accordingly any legal action or proceedings arising out of or in connection with the Notes, the Coupons, the Talons, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Asset Purchase Undertaking and the Agency Agreement and all agreements concluded thereunder ("Proceedings") may be brought in such courts. Each of the Issuer, the Company and the Trustee agrees that the courts of Hong Kong are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue to the contrary. Each of the Issuer, the Company and the Trustee irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts, including on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) *Service of Process*: The Company irrevocably appoints the Issuer at its registered office (currently at ICBCIL Finance Co. Limited, 13/F, Gloucester Tower, The Landmark, 15 Queen's Road, Central, Hong Kong) to receive for it or on its behalf service of process in Hong Kong. Service upon the Issuer shall be deemed valid service upon the Company, as the case may be, whether or not the process is forwarded to or received by the Company. The Company shall inform the Trustee in writing of any change in the Issuer's address, as set out in its acceptance of appointment, within 28 days of such change. If for any reason the Issuer shall cease to be able to act as agent for service of process or to have an address in Hong Kong, the Company shall forthwith appoint a new agent for service of process in Hong Kong and deliver to the Trustee a copy of the new agent's written acceptance of that appointment within 30 days of such cessation. Nothing in this paragraph shall affect the right of the Trustee to serve process in any other manner permitted by law.

(d) *Waiver of Immunity*: To the extent that the Issuer or the Company may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgement or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or the Company or their respective assets or revenues, each of the Issuer and the Company agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

DESCRIPTION OF THE KEEP WELL AND LIQUIDITY SUPPORT DEED AND THE DEED OF ASSET PURCHASE UNDERTAKING

The following contains summaries of certain key provisions of the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking. Such statements do not purport to be complete and are qualified in their entirety by reference to the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking. Capitalised terms used in this section shall have the meanings given to them in the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking, as the case may be.

All capitalised terms that are not defined in this section will have the meanings given to them in the Conditions and the relevant Pricing Supplement. See "Terms and Conditions of the Notes." Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in this section to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

Ownership of the Issuer; Control over ICBCIL and Primary Overseas Platform

Pursuant to the Keepwell and Liquidity Support Deed, the Company undertakes to:

(i) procure Industrial and Commercial Bank of China Limited (or its successor) to directly or indirectly own and hold 51 per cent. of the legal and beneficial title to all the outstanding shares of each of the Company and ICBCIL; and

(ii) procure that the title, rights and interests in the shares of the Issuer are not pledged or in any way encumbered other than in accordance with the Notes.

Pursuant to the Keepwell and Liquidity Support Deed, the Company undertakes with the Issuer and ICBCIL that it shall maintain ICBCIL as a primary overseas leasing platform of the Company for its offshore leasing business. In addition, the Company undertakes to maintain, or procure ICBCIL to maintain, the Issuer as a primary overseas financing platform of the Company or ICBCIL, as applicable.

Maintenance of Consolidated Net Worth and Liquidity

Pursuant to the Keepwell and Liquidity Support Deed, the Company undertakes to:

(i) procure the Issuer to have a Net Worth of at least U.S.$1 million at all times;

(ii) procure ICBCIL to have a Consolidated Net Worth of at least U.S.$1 million at all times;

(iii) procure the Issuer to have sufficient liquidity to make timely payment of any amounts payable by it under or in respect of the Notes, Coupons and Receipts in accordance with the Conditions and/or the Trust Deed and/or the Agency Agreement; and

(iv) procure the Issuer to remain solvent and a going concern at all times under the laws of its jurisdiction of incorporation or applicable accounting standards so long as any Note is outstanding.

"Net Worth" means, in respect of the Issuer, the excess of the total assets of the Issuer over the total liabilities of the Issuer, each of "total assets" and "total liabilities" to be determined in accordance with the Hong Kong Financial Reporting Standards consistently applied.

"Consolidated Net Worth" means, in respect of ICBCIL, the excess of the total assets of ICBCIL and its consolidated Subsidiaries over the total liabilities of ICBCIL and its consolidated Subsidiaries, each of "total assets" and "total liabilities" to be determined in accordance with the International Financial Reporting Standards consistently applied (which may be based upon internal management accounts).

Negative Pledge

Pursuant to the Keepwell and Liquidity Support Deed, so long as any of the Notes remain outstanding, the Company undertakes to the Trustee not to, and to procure its Principal Subsidiaries not to, create or permit to subsist any Security Interest (save for Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Public External Indebtedness or guarantee or indemnity in respect of Public External Indebtedness without at the same time or prior thereto (A) securing the Notes equally and rateably therewith or (B) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders.

Obligation to Acquire Assets

Pursuant to the Deed of Asset Purchase Undertaking, in the event that a Triggering Event has occurred, upon the receipt of a written notice (the "Purchase Notice") provided by the Trustee in accordance with the Trust Deed, the Company agrees that it shall purchase (either by itself or through a Subsidiary of the Company as designated by it (the "Designated Purchaser")) (the "Purchase"), and the Company agrees that it shall procure ICBCIL (or any of its Subsidiary) to sell, and the Issuer agrees that it shall sell (or procure any of its Subsidiaries to sell), to the Company:

(i) the Assets held by ICBCIL, the Issuer and/or any Subsidiary of ICBCIL or the Issuer, as designated by ICBCIL or the Issuer, as the case may be, and notified in writing to the Trustee within seven Business Days after the date of the Purchase Notice; and

(ii) in the absence of a designation and notification by ICBCIL or the Issuer within seven Business Days after the date of the Purchase Notice from the Trustee, all the Assets held by ICBCIL, the Issuer and their Subsidiaries,

(each such designated entity, a "Relevant Transferor") in either such case at the Purchase Price on the relevant date of completion of the Purchase (the "Purchase Closing Date") on the terms set out in the Deed of Asset Purchase Undertaking and the relevant Asset Purchase Agreement (as defined below).

The obligations to acquire assets set out in the Deed of Asset Purchase Undertaking shall be suspended if, the Company, ICBCIL and the Issuer receive a notice in writing from the Trustee (a "Suspension Notice") stating that any of the following events has occurred (each a "Suspension Event"):

(i) the Trustee (a) has received a notice in writing from the Paying Agent under the Notes that all of the payment obligations of the Issuer in respect of any principal, premium and interest under the Notes have been satisfied in full and (b) is satisfied that all amounts due and payable to the Trustee under the Trust Deed have been satisfied in full; or

(ii) in the event of a Liquidity Notice Failure Event (as defined below), the Trustee (a) has received a notice in writing from the Paying Agent that the payment obligations of the Issuer in respect of any principal, premium and interest under the Notes due on the Interest Payment Date, the Instalment Date or the Maturity Date, as applicable, immediately following the relevant Liquidity Notice Date (as defined below) together with any default interest due as at the date of the notice from the Paying Agent have been satisfied in full and (b) is satisfied that all amounts due and payable to the Trustee under the Trust Deed as at the date of the notice from the Paying Agent have been satisfied in full; or

(iii) in the event of an Event of Default where a Purchase Notice has been given, such Event of Default has been waived by the Trustee acting on the instructions of the Noteholders by Extraordinary Resolution.

The Suspension Notice shall be provided by the Trustee to the Company, ICBCIL and the Issuer within four Business Days after the Business Day on which a Suspension Event occurs.

"Business Day" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in the Republic of Ireland, London, Hong Kong and the PRC.

"Triggering Event" means any of the following events:

(i) an Event of Default; or

(ii) the Issuer's failure to provide the Trustee with a Liquidity Notice (as defined below) on or prior to the Liquidity Notice Date in accordance with its covenant described under "– Liquidity Notice" below (a "Liquidity Notice Failure Event").

Determination of Purchase Price

Within seven Business Days after the date of the Purchase Notice, the Company shall determine in accordance with any applicable laws and regulations effective at the time of determination (i) the purchase price of the Relevant Asset(s) in the currency of the relevant Series of the Notes (the "Purchase Price"); and (ii) the other applicable terms relating to the Purchase which shall not conflict with the Company's obligations in the Deed of Asset Purchase Undertaking, provided that the Purchase Price shall be no less than the Relevant Amount.

The Company's determination of the Purchase Price in accordance with the Deed of Asset Purchase Undertaking shall be final and binding on the parties save in the case of manifest error. Should the Company fail to make a determination of the Purchase Price within seven Business Days after the date of the Purchase Notice, the Purchase Price shall be the Relevant Amount unless the applicable laws and regulations effective at the time of determination require that the Relevant Asset(s) be purchased at a specified amount.

The Trustee has no responsibility for calculating, verifying or determining the Relevant Amount and shall not be liable to any holder of the Notes, the Issuer, ICBCIL, the Company or any other person for not doing so.

"Relevant Amount" means the following:

(i) if the Triggering Event is a Liquidity Notice Failure Event, an amount in the currency of the relevant Series of the Notes that is no less than the amount sufficient to enable the Issuer to meet its payment obligations under or in respect of the Notes in accordance with the Conditions and/or the Trust Deed on the immediately next Interest Payment Date, Instalment Date or Maturity Date, as applicable; or

(ii) if the Triggering Event is an Event of Default, an amount in the currency of the relevant Series of the Notes that is no less than the amount sufficient to enable the Issuer to discharge in full its obligations under the Notes and the Trust Deed (including without limitation the payment of the principal amount of the Notes then outstanding as at the date of the Purchase Notice and any interest due and unpaid and/or accrued but unpaid on the Notes up to but excluding the Purchase Closing Date), in any such case together with all costs, fees, expenses and other amounts payable to the Trustee and/or the Agents under or in connection with the Notes, the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed and/or the Deed of Asset Purchase Undertaking as at the date of such Purchase Notice plus provisions for fees, costs, expenses and other amounts which may be incurred after the date of the Purchase Notice, as notified by the Trustee in the Purchase Notice.

"Relevant Assets" means the Assets designated by ICBCIL or the Issuer pursuant to clause (i) of the first paragraph of "Obligation to Acquire Assets" above or all the Assets held by the Issuer and its Subsidiaries pursuant to clause (ii) of the first paragraph of "Obligation to Acquire Assets" above.

Closing

The Company undertakes to the Trustee that within 30 days after the date of the Purchase Notice:

(i) it shall (or shall procure the Designated Purchaser to), and shall procure each Relevant Transferor to, execute, an asset purchase agreement (the "Asset Purchase Agreement");

(ii) it shall procure the transfer of the Relevant Assets to it or the Designated Purchaser, and

(iii) it shall make payment (or procure the payment by the Designated Purchaser) to or to the order of each Relevant Transferor the Purchase Price payable in immediately available funds in the currency of the relevant Series of the Notes to such account as may be designated by such Relevant Transferor and notified in writing to the Trustee,

provided if the Trustee receives an opinion of a PRC counsel of recognised international standing in form and substance satisfactory to the Trustee stating that under applicable PRC law as at the date of the opinion, approvals, consents, clearances or other authorisations of a PRC government authority are required for the purchase of any Relevant Asset under the Deed of Asset Purchase Undertaking, the Company undertakes to use its reasonable endeavours to obtain such approval, clearance or other authorisation and complete the completion of the Purchase within six months from (and including) the date of the Purchase Notice.

PRC counsel to the Issuer have confirmed that (i) if the assets to be purchased under the Deed of Asset Purchase Undertaking would be imported into the PRC, the relevant PRC governmental approvals or permits from PRC approval authorities, including but not limited to NDRC, Civil Aviation Administration of China, MOFCOM and the General Administration of Customs of the PRC (中華人民共和國海關總署), are required and (ii) if the purchased assets under the Deed of Asset Purchase Undertaking would not be imported into the PRC, and those assets would be leased by the Company after the purchase (falling within the ambit of the finance leasing laws in the PRC), the Company should register such lease at the local foreign exchange authority within 15 working days upon an external claim and there are no other Regulatory Approvals (as defined in the Deed of Asset Purchase Undertaking) required under the PRC laws.

Use of Proceeds

Pursuant to the Deed of Asset Purchase Undertaking:

(i) the Company undertakes to procure ICBCIL and each Relevant Transferor to promptly on-lend or otherwise transfer to the Issuer any payment (each an "On-Loan") received pursuant to the Deed of Asset Purchase Undertaking from the Company and to procure the Issuer to promptly apply all proceeds from each On-Loan and/or from any Asset sale by the Issuer itself pursuant to the Deed of Asset Purchase Undertaking towards satisfying its obligations under the Notes and the Trust Deed;

(ii) the Issuer undertakes to take all actions necessary for the proceeds received from each On-Loan (if any) and/or from any Asset sale by the Issuer itself towards the payment in full of any outstanding amounts as they fall due under the Trust Deed and the Notes (including any interest accrued but unpaid on the Notes); and

(iii) each of the Issuer and the Company agrees to procure that all obligations of the Issuer owing to ICBCIL or a Relevant Transferor, as the case may be, under each On-Loan shall be subordinated to sums payable and all obligations owing to the Trustee and the Noteholders by the Issuer, whether present or future, actual or contingent, and all claims, rights, damages, remedies and/or proceeds in respect of any or all of the foregoing.

Liquidity Notice

Pursuant to the Deed of Asset Purchase Undertaking, no later than 4:00 p.m. (Hong Kong time) on the date falling 30 days before each Interest Payment Date, each Instalment Date or the Maturity Date, as applicable (the "Liquidity Notice Date"), the Issuer shall send to the Trustee a notice in writing (the "Liquidity Notice"), substantially in the form set out in the Deed of Asset Purchase Undertaking, certifying, as at the date of the Liquidity Notice, that the Issuer has sufficient liquidity to meet its payment obligations under the Notes and the Trust Deed as they may fall due (together with evidence of available funding outside the PRC) and (ii) that no Event of Default or Potential Event of Default has occurred.

"Potential Event of Default" means an event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 10 become an Event of Default.

Other Undertakings

Pursuant to the Keepwell and Liquidity Support Deed, for so long as the Notes are outstanding:

(i) each of the Company and the Issuer undertakes to promptly take any and all action necessary to comply with their respective obligations under the Keepwell and Liquidity Support Deed;

(ii) the Company undertakes to procure the Issuer to remain in full compliance with the Conditions, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Asset Purchase Undertaking, the Agency Agreement and all applicable rules and regulations in Hong Kong, Ireland, the PRC and England;

(iii) the Company undertakes to ensure that the Issuer has sufficient funds to meet its obligations with respect to its payment obligations under the Notes and the Trust Deed;

(iv) the Company undertakes to procure that the articles of association of the Issuer shall not be amended in a manner that is, directly or indirectly, materially adverse to Noteholders.

Other Provisions

Neither the Keepwell and Liquidity Support Deed nor the Deed of Asset Purchase Undertaking is, and nothing therein contained and nothing done pursuant hereto by the Company shall be deemed to constitute, or shall be construed as, or shall be deemed an evidence of, a guarantee by or any legal binding obligation of the Company of the payment of any obligation, responsibilities, indebtedness or liability, of any kind or character whatsoever, of the Issuer or ICBCIL under the laws of any jurisdiction, including the PRC.

The parties hereto acknowledge that in order for each of the Issuer and the Company to comply with their respective obligations under the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking, the Issuer, ICBCIL and/or the Company may require Regulatory Approvals. The Company undertakes to use its reasonable efforts to obtain such Regulatory Approvals within the time stipulated by the relevant Approval Authorities, if applicable.

A certificate signed by a director or authorised signatory of the Company as to the fact stating that the Company has used reasonable efforts to fulfil its obligations under the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking, but having used such endeavours, it has not been able to fulfil its obligations under the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking and setting forth a statement of facts showing such endeavours, together with any evidence or records of communication, filings and/or submissions supporting such endeavours, and an opinion of a PRC counsel of recognised international standing, stating the applicable Regulatory Approvals under the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking and, where applicable, setting out the legal analysis as to why these cannot be obtained or are not reasonably achievable under the applicable PRC laws and regulations, shall be prima facie evidence of that fact.

The Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking, as to which time shall be of the essence, shall be governed by and construed in accordance with English law. The courts of Hong Kong have exclusive jurisdiction to settle any dispute arising out of or in connection with the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking.

SUMMARY OF PROVISIONS RELATING TO NOTES WHILE REPRESENTED BY GLOBAL NOTES OR GLOBAL CERTIFICATES

Initial Issue of Notes

Notes may be issued in bearer form ("Bearer Notes") or in registered form ("Registered Notes"). Registered Notes will not be exchangeable for Bearer Notes and vice versa. Bearer Notes will be issued only under Regulation S outside the United States to non-U.S. persons.

Bearer Notes with a term of more than 365 days (taking into account any unilateral rights to extend or rollover the term) will be issued only in compliance with the D Rules or the C Rules. Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Pricing Supplement. Each Global Note will be deposited on or around the relevant issue date with a common depositary or sub-custodian for Euroclear, Clearstream and/or as the case may be, the CMU and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Pricing Supplement, for Definitive Notes. Bearer Notes issued in compliance with the D Rules must be initially issued in the form of a Temporary Global Note. If the D Rules are specified in the relevant Pricing Supplement, any exchange of an interest in a Temporary Global Note or any payment of interest in respect of a Temporary Global Note will be made against presentation of the Temporary Global Note only to the extent that certification generally to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by the D Rules, has been received by Euroclear, Clearstream (or the relevant Lodging and Paying Agent in the case of CMU Notes) and Euroclear and/or Clearstream, as applicable, has given a like certification (based on the certifications it has received) to the Issuer or its agent. Bearer Notes with a term of more than 365 days (taking into account any unilateral rights to extend or rollover the term) that are CMU Notes will be issued under the C Rules unless at the time of issuance the CMU and the CMU Lodging and Paying Agent have in place certification procedures necessary to comply with the D Rules. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

The following legend will appear on all Bearer Notes that have a term of more than 365 days (taking into account any unilateral rights to extend or rollover the term) and on all receipts and interest coupons relating to such Bearer Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

Registered Notes will be represented by registered Certificates, one definitive Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series or (a) in the case of Notes issued in reliance on Category 2 of Regulation S of the Securities Act (other than Notes representing the first Tranche of a given Series), a Temporary Global Certificate or (b) in the case of all other Notes, a Permanent Global Certificate, in respect of the Notes. Interests in Temporary Global Certificates will be exchangeable for interests in a Permanent Global Certificate (or if specified in the applicable pricing supplement, Definitive Notes) only after the Exchange Date and upon certification as to non-U.S. beneficial ownership. Registered Notes sold in an "offshore transaction" within the meaning of Regulation S will, subject to the temporary global certificate requirements described above, initially be represented by an Regulation S Global Certificate. Registered Notes sold in the United States to QIBs within the meaning of Rule 144A will initially be represented by a Rule 144A Global Certificate.

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream (the "Common Depositary") or a sub-custodian for the HKMA as operator of the CMU.

Upon the initial deposit of a Global Note with the Common Depositary or with a sub-custodian for the HKMA as operator of the CMU or upon the initial deposit of a Global Certificate in respect of, and registration of, Registered Notes in the name of (i) any nominee for Euroclear and Clearstream or (ii) the HKMA and delivery of the relevant Global Certificate to the Common Depositary or the sub-custodian for the HKMA as operator of the CMU (as the case may be), Euroclear or Clearstream or the CMU (as the case may be) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Upon the initial deposit of a Global Certificate in respect of, and registration of, Registered Notes in the name of a nominee for DTC and delivery of the relevant Global Certificate to the Custodian for DTC, DTC will credit each participant with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with one clearing system may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with such clearing system held by such other clearing systems.

Relationship of Account holders with Clearing Systems

Save as provided in the following paragraph, each of the persons shown in the records of Euroclear, Clearstream, DTC or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, DTC or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, DTC or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

If a Global Note or a Global Certificate is lodged with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules as notified by the CMU to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error) shall be the only person(s) entitled (in the case of Registered Notes, directed or deemed by the CMU as entitled) to receive payments in respect of Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to the Trustee for his share of each payment so made by the Issuer in respect of such Global Note or Global Certificate.

Exchange

Temporary Global Notes

On and after the Exchange Date, interests, in each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "Summary of the Programme – Selling Restrictions"), in whole, but not in part, for interest in a Permanent Global Note or the Definitive Notes defined and described below; and

(ii) otherwise, in whole or in part to the extent that certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement has been received by the Issuer for interests in a Permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

The CMU may require that any such exchange for a Permanent Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) have so certified.

Permanent Global Notes

Interests in each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "Partial Exchange of Permanent Global Notes" below, in part for Definitive Notes:

(i) if the Permanent Global Note is held on behalf of Euroclear or Clearstream or the CMU or any other clearing system (an "Alternative Clearing System") and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or

(ii) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Trustee (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Temporary Global Certificates

Interests in a Temporary Global Certificate will be automatically exchanged in whole, but not in part, on the Exchange Date for beneficial interests in the Permanent Global Certificate deposited with registered in the name of, DTC as provided in the relevant Pricing Supplement.

Permanent Global Certificates

(a) Global Certificates cleared through Euroclear, Clearstream or CMU

If a Global Certificate will be cleared through Euroclear, Clearstream or CMU, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream or the CMU or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2 may only be made in part:

(i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(ii) if principal in respect of any Notes is not paid when due;

provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer. Individual Certificates issued in exchange for a beneficial interest in a Global Certificate shall bear the legend applicable to such Notes as set out in "Transfer Restrictions".

(b) Global Certificates cleared through DTC

If a Global Certificate will be cleared through DTC, the following will apply in respect of transfers of Notes held in DTC. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of DTC, but will limit the circumstances in which the Notes may be withdrawn from DTC. Transfers of the holding of Notes represented by that Global Certificate pursuant to Condition 2(b) may only be made:

(i) in whole but not in part, if such Notes are held on behalf of a Custodian for DTC and if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to that Global Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or

(ii) in whole or in part, with the Issuer's consent,

provided that, in the case of any transfer pursuant to (i) above, the relevant Registered Noteholder has given the relevant Registrar not less than 30 days' notice at its specified office of the Registered Noteholder's intention to effect such transfer. Individual Certificates issued in exchange for a beneficial interest in a Global Certificate shall bear the legend applicable to such Notes as set out in "Transfer Restrictions".

Partial Exchange of Permanent Global Notes

For so long as a Permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

Delivery of Notes

On or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Trustee (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent). In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. Global Notes and Definitive Notes will be delivered outside the United States and its possessions. In this Offering Circular, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

Exchange Date

"Exchange Date" means (i) in relation to an exchange of a Temporary Global Note to a Permanent Global Note or a Definitive Note or an exchange of a Temporary Global Certificate to a Global Certificate, the day falling after the expiry of 40 days after the issue date of the relevant Tranche of the Notes; or (ii) in relation to an exchange of a Permanent Global Note to a Definitive Note, a day falling not less than 60 days or in the case of exchange following failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Trustee is located and in the cities in which the relevant clearing systems are located.

Amendment to Conditions

The Temporary Global Notes, Permanent Global Notes, Temporary Global Certificates and Permanent Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions set out in this Offering Circular. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any Temporary Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note (except with respect to a Global Note held through the CMU) will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Trustee as shall have been notified to the

Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 8(d) will apply to the Definitive Notes only.

All payments in respect of Notes represented by a Global Certificate (other than a Global Certificate held through the CMU) will be made to the person whose name is entered on the relevant Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where "Clearing System Business Day" means Monday to Friday inclusive except 25 December and 1 January.

In respect of a Global Note or Global Certificate held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note or Global Certificate are credited (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) and, save in the case of final payment, no presentation of the relevant bearer Global Note or Global Certificate shall be required for such purpose.

Prescription

Claims against the Issuer in respect of Notes that are represented by a Global Note or a Global Certificate will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

Meetings

The holder of a Global Note or of the Notes represented by a Global Note or a Global Certificate shall (unless such Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Global Note or a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes.

Cancellation

Cancellation of any Note represented by a Global Note or Global Certificate that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Global Note or Global Certificate.

Purchase

Notes represented by a Global Note or Global Certificate may only be purchased by the Issuer or any of its respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

The Option of the Issuer

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note or Global Certificate shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain, the certificate numbers of Notes drawn in respect of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of account holders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, DTC, the CMU or any other clearing system (as the case may be).

Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note or Global Certificate may be exercised by the holder of the Global Note (in accordance with the standard procedures of the relevant clearing system) giving notice to the Trustee or (in respect of Notes represented by a Global Certificate) the Registrar or Transfer Agent or (in respect of Notes lodged with the CMU) the CMU Lodging and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the Global Note or Global Certificate to the Trustee, the relevant Registrar, a Transfer Agent or the CMU Lodging and Paying Agent (or, in each case, to a Paying Agent acting on their behalf), as the case may be, for notation.

Notices

So long as any Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held on behalf of (i) Euroclear and/or Clearstream, DTC or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled account holders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate or (ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the second business day preceding the date of dispatch of such notice as holding interests in the relevant Global Note or Global Certificate.

Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes or Global Certificates. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note or Global Certificate representing such Notes may be exchanged for an interest in a Permanent Global Note, a Permanent Global Certificate, Definitive Notes or definitive Certificates (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**SEHK**") ("**Professional Investors**") only**.**

Notice to Hong Kong investors: The Issuer and the Company confirm that the Notes are intended for purchase by Professional Investors only and will be listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and the Company confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

SEHK has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Notes on SEHK is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer and the Company or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and SEHK take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purposes of giving information with regard to the Issuer and the Company. The Issuer and the Company accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II[; or (iii) not a qualified investor as defined in Regulation (EU) No 2017/1129 (the "**Prospectus Regulation**")] . Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (''**UK**''). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (''**EUWA**''); (ii) a customer within the meaning of the provisions of the Financial Services and Markets

Act 2000 (“**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA[; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA]. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the ‘‘**UK PRIIPs Regulation**’’) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[**EU MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “**EU MiFID II**”)]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer [‘s/s’] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer [‘s/s’] target market assessment) and determining appropriate distribution channels.]

[**UK MiFIR product governance/Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (‘‘**COBS**’’), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the [European Union (Withdrawal) Act 2018/EUWA] (‘‘**UK MiFIR**’’); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a ‘‘**distributor’’**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the ‘‘**UK MiFIR Product Governance Rules**’’) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[**Singapore Securities and Futures Act Product Classification** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the “**SFA**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and “Excluded Investment Products” (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

Pricing Supplement dated [Date]

ICBCIL Finance Co. Limited (工銀國際租賃財務有限公司)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

with the benefit of a keepwell and liquidity support deed and a deed of asset purchase undertaking provided by

ICBC Financial Leasing Co., Ltd.
(工銀金融租賃有限公司)

under its US$20,000,000,000

Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of the Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the offering circular dated [*date*] (the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular. Full information on the Issuer, the Company and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [*current date*], save in respect of the Conditions which are extracted from the Offering Circular dated [*previous date*] and are attached hereto.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1.	(i)	Issuer:	ICBCIL Finance Co. Limited (工銀國際租賃財務有限公司)
	(ii)	Company:	ICBC Financial Leasing Co., Ltd. (工銀金融租賃有限公司)
2.	(i)	[Series Number:]	[●]
	(ii)	[Tranche Number:]	[●]

	(iii)	Date on which the Notes will be consolidated and form a single Series:	[The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/ exchange of the temporary Global Note for interests in the permanent Global Note, as referred to in paragraph [25] below, which is expected to occur on or about [date]]/[Not Applicable]] [*In the case of Registered Notes where either the outstanding Notes were, or additional Notes are, issued under Rule 144A, any additional Notes may only be consolidated with previously outstanding Notes if the additional Notes are fungible with the previously outstanding Notes for U.S. federal income tax purposes.*] [*In the case of further Bearer Notes which are issued in accordance with the D Rules, any consolidation of such further Bearer Notes with outstanding Bearer Notes into a single Series can only occur following the exchange of interests in the temporary Global Note for interests in the permanent Global Note or Definitive Notes upon certification of non-U.S. beneficial ownership.*]
3.	Specified Currency or Currencies:		[●]
4.	Aggregate Nominal Amount:		[●]
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
5.	(i)	[Issue Price:]	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
	(ii)	[Net proceeds:]	[●]] [*Delete for unlisted issuances.*]
	(iii)	[Use of Proceeds:]	[●]
6.	(i)	Specified Denominations:	[●] (*Notes* (*including Notes denominated in sterling*) *in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000* (*or its equivalent in other currencies*).) (*If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount* (*for example €1,000*), *insert the additional*

wording as follows: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No notes in definitive form will be issued with a denomination above €199,000." In relation to any issue of Notes which are a "Global Note exchangeable to Definitive Notes" in circumstances other than in the limited circumstances specified in the Global Note, such Notes may only be issued in denominations equal to, or greater than, €100,000 (*or equivalent*) *and multiples thereof.*)

	(ii)	Calculation Amount:	[●]
7.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[S*pecify*/Issue Date/Not Applicable]
8.		Maturity Date:	[*Fixed rate – specify date/Floating rate – specify Interest Payment Date falling in or nearest to the relevant month and year*] (*Note that for Renminbi and Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification, it will be necessary to use the second option here.*)
9.		Interest Basis:	[[●] per cent. Fixed Rate] [[LIBOR/EURIBOR/HIBOR/CNH HIBOR/Specify] +/-[●] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [*Specify other*] [further particulars specified below]
10.		Redemption/Payment Basis:	[Redemption at par] [Dual Currency Redemption] [Partly Paid] [Instalment] [*Specify other*]
11.		Change of Interest Basis or Redemption/Payment Basis:	[*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis/Not Applicable*]

12.	Put/Call Options:	[Investor Put Option] (*For as long as Bearer Notes issued in accordance with TEFRA D are represented by a temporary Global Note, an Investor Put shall not be available unless the certification required under TEFRA D with respect to non-U.S. beneficial ownership has been received by the Issuer or the Agent.*) [Issuer Call Option] [(further particulars specified below)]
13.	Date of [Board] approval for issuance of Notes and provision of the keepwell and liquidity support deed and the deed of asset purchase undertaking] obtained:	[●] [and [●], respectively] (*Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related keepwell and liquidity support deed and the deed of asset purchase undertaking*)
14.	NDRC Registration:	[Insert registration certificate number and date]
15.	Listing:	[The Stock Exchange of Hong Kong Limited/*specify other*/None] (*For Notes to be listed on the* [*Hong Kong Stock Exchange*], *insert the expected effective listing date of the Notes*)
16.	Method of distribution:	[Syndicated/Non-syndicated]

Provisions Relating to Interest (if any) Payable

17.	Fixed Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i) Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/other (*specify*)] in arrear] (*If payable other than annually, consider amending Condition 5*)
	(ii) Interest Payment Date(s):	[●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre*(*s*) *for the definition of "Business Day"*]/*not adjusted*] (*This will need to be amended in the case of long or short coupons*)

(iii)	Fixed Coupon Amount(s): (Applicable to Notes in definitive form)	[●] per Calculation Amount (*For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification, the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest RMB0.01, RMB0.005 being rounded upwards in the case of Renminbi denominated Fixed Rate Notes and to the nearest HK$0.01, HK$0.005 for the case of Hong Kong dollar denominated Fixed Rate Notes, being rounded upwards."*)
(iv)	Broken Amount(s): (Applicable to Notes in definitive form)	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
(v)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA/ISDA) or Actual/365 (Fixed) or [*specify other*] (*Actual/365* (*Fixed*) *is applicable to Hong Kong dollar denominated Fixed Rate Notes and Renminbi denominated Fixed Rate Notes.*)
(vi)	Determination Date(s):	[●] in each year [*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*] [*This will need to be amended in the case of regular interest payment dates which are not of equal duration*]
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/give details]

18. Floating Rate Note Provisions — [Applicable/Not Applicable]

(*If not applicable, delete the remaining subparagraphs of this paragraph*)

(i)	Specified Period(s)/Specified Interest Payment Dates:	[●]
(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[*specify other*]]

(iii)	Additional Business Centre(s):	[●]
(iv)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/*specify other*]
(v)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Issuing and Paying Agent):	[●]
(vi)	Screen Rate Determination:	
	— Reference Rate:	[●] (*Either LIBOR, EURIBOR, HIBOR, CNH HIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement*))
	— Interest Determination Dates:	(*Second London business day prior to the start of each Interest Period if LIBOR* (*other than Sterling, Hong Kong dollar or euro LIBOR*)*, first day of each Interest Period if Sterling LIBOR or Hong Kong dollar LIBOR or HIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR*)
	— Relevant Screen Page:	[●] (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
(vii)	ISDA Determination:	
	— Floating Rate Option:	[●]
	— Designated Maturity:	[●]
	— Reset Date:	[●]
(viii)	Margin(s):	[+/-] [●] per cent. per annum
(ix)	Minimum Rate of Interest:	[●] per cent. per annum
(x)	Maximum Rate of Interest:	[●] per cent. per annum
(xi)	Day Count Fraction:	[Actual/Actual or Actual/Actual (ISDA)] [Actual/365(Fixed)]

		[Actual/365(Sterling)]
		[Actual/360]
		[30/360, 360/360 or Bond Basis]
		[30E/360 or Eurobond Basis]
		[30E/360 (ISDA)]
		[Other]
		(*See Condition 5 for alternatives*)
	(xii) Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Accrual Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
	(xiii) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
19.	Zero Coupon Note Provisions:	[Applicable/Not Applicable]
		(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Accrual Yield:	[●] per cent. per annum
	(ii) Reference Price:	[●]
	(iii) Any other formula/basis of determining amount payable:	[●]
	(iv) Day Count Fraction in relation to Early Redemption Amounts and late payment:	[●] (*Consider applicable day count fraction if not U.S. dollar denominated*)
20.	Index Linked Interest Note Provisions:	[Applicable/Not Applicable]
		(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Index Formula:	[G*ive or annex details*]
	(ii) Calculation Agent:	[●]

	(iii)	Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Issuing and Paying Agent):	[●]
	(iv)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[*Need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(v)	Specified Period(s)/Specified Interest Payment Dates:	[●]
	(vi)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
	(vii)	Additional Business Centre(s):	[●]
	(viii)	Minimum Rate of Interest:	[●] per cent. per annum
	(ix)	Maximum Rate of Interest:	[●] per cent. per annum
	(x)	Maximum Rate of Interest:	[●]
21.		Dual Currency Interest Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate of Exchange/method of calculating Rate of Exchange:	[*Give or annex details*]
	(ii)	Party, if any, responsible for calculating the principal and/or interest due (if not the Issuing and Paying Agent):	[●]
	(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[*Need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(iv)	Person at whose option Specified Currency(ies) is/are payable:	[●]

Provisions Relating to Redemption

22.	Issuer Call Option:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/*specify other*/see Appendix]
	(iii)	If redeemable in part:	[●]
		(a) Minimum Redemption Amount:	[●]
		(b) Maximum Redemption Amount:	[●]
	(iv)	Notice period (if other than as set out in the Conditions):	[●] (*If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or the Trustee*)
23.	Investor Put Option:		[Applicable/Not Applicable] (*In the case of Bearer Notes issued in accordance with TEFRA D and represented by a temporary Global Note exchangeable for interests in a permanent Global Note or Definitive Note, an Investor Put shall not be available unless the certification of non-U.S. beneficial ownership required under TEFRA D has been received by the Issuer or its Agent.*) (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/*specify other*/see Appendix]

	(iii) Notice period (if other than as set out in the Conditions):	[●] (*If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying agent or the Trustee*)
24.	Final Redemption Amount:	[[●] per Calculation *Amount/specify other/see* Appendix]
25.	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Conditions):	[[●] per Calculation *Amount/specify other/see* Appendix]

General Provisions Applicable to the Notes

26.	Form of Notes:	[Bearer Notes: (Bearer Notes with a term of more than 365 days (taking into account any unilateral right to extend or rollover the term) must be issued in compliance with TEFRA C or TEFRA D. If such Bearer Notes are held through the CMU, they must be issued under TEFRA C if at the time of issuance the CMU and the CMU Lodging and Paying Agent do not have in place certification procedures necessary to comply with TEFRA D.) (Bearer Notes that are issued in compliance with TEFRA D must initially be represented by a temporary Global Note, exchangeable for a Permanent Global Note or Definitive Notes upon certification of non-U.S. beneficial ownership as required under TEFRA D.) [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice] (*If the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 ", the temporary Global Note shall not be exchangeable on* [•] *days' notice."*)

		[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]] (*Not applicable to Bearer Notes issued in compliance with TEFRA D, which must initially be represented by a temporary Global Note, exchangeable for a Permanent Global Note or Definitive Notes upon certification of non-U.S. beneficial ownership as required under TEFRA D.*) [Registered Notes: Global Certificate exchangeable for Individual Note Certificates in the limited circumstances described in the Global Certificate]
27.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/give details] (*Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 18*(*iii*) *and 20*(*vii*) *relate*)
28.	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	[Yes/No. [If yes, give details]
29.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/give details.] (*A new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*)
30.	Details relating to Instalment Notes:	
	(i) Instalment Amount(s):	[Not Applicable/*give details*]
	(ii) Instalment Date(s):	[Not Applicable/*give details*]
31.	Redenomination applicable:	Redenomination [not] applicable [(*If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation* (*including alternative reference rates*)]
32.	Other terms or special conditions:	[Not Applicable/*give details*]

Distribution

33.	(i)	If syndicated, names and addresses of Managers and commitments:	[Not Applicable/*give names and addresses and commitments*]
	(ii)	Date of Subscription Agreement	[●]
	(iii)	Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
34.		If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name and address*]
35.		Total commission and concession:	[●] per cent. of the Aggregate Nominal Amount [Private Bank Rebate/Commission: specify] (Delete if not applicable)
36.		U.S. Selling Restrictions:	[Rule 144A/Reg. S Category 2]
37.		Applicable TEFRA exemption:	[TEFRA D/TEFRA C/TEFRA not applicable] (*"TEFRA not applicable" is only available for Bearer Notes with a term of 365 days or less* (*taking into account any unilateral right to extend or rollover the term*) *or Registered Notes.*)
38.		Additional selling restrictions:	[Not Applicable/*give details*]

Operational Information

39.	Clearing System:	[DTC/Euroclear/Clearstream/CMU/ specify]
40.	Any clearing system(s) other than DTC, Euroclear or Clearstream and the relevant identification number(s):	[CMU/Not Applicable/give name(s) and number(s)]
41.	Delivery:	Delivery [against/free of] payment
42.	Additional Paying Agent(s) (if any):	[●]
	[CUSIP:	[●]
	ISIN:	[●]
	Common Code:	[●]
	[Temporary CUSIP:	[●]
	[Temporary ISIN:	[●]

	[Temporary Common Code:	[●]
		(*Temporary CUSIP, ISIN, Common Code and/or other identifying numbers are required for additional issuances of Notes in accordance with Regulation S that will be consolidated and form a single Series with earlier Tranches.*)
43.	Prohibition of Sales to EEA Retail Investors	[Applicable/Not Applicable]
44.	Prohibition of Sales to UK Retail Investors	[Applicable/Not Applicable]

[[*To be inserted for offering of Notes in reliance on Rule 144A in which any of Industrial and Commercial Bank of China* (*Asia*) *Limited, ICBC Standard Bank Plc or ICBC International Securities Limited, or other entities affiliated with Industrial and Commercial Bank of China Limited, is one of the managers.*]

Compliance with United States Bank Holding Company Act

Any Dealer affiliated with Industrial and Commercial Bank of China Limited, including but not limited to, Industrial and Commercial Bank of China (Asia) Limited, ICBC Standard Bank Plc and ICBC International Securities Limited (together hereinafter referred to as "**ICBC Dealers**" and each an "**ICBC Dealer**") may not underwrite, subscribe, agree to purchase or procure purchasers to purchase Notes that are offered or sold in the United States. Notwithstanding anything to the contrary in this Agreement, each ICBC Dealer's obligations to underwrite, subscribe, agree to purchase or procure purchasers to purchase Notes under this Agreement shall be several, and ICBC Dealers shall not be obligated to, and shall not, underwrite, subscribe, agree to purchase or procure purchasers to purchase Notes that may be offered or sold by other Managers in the United States pursuant to Rule 144A. Each ICBC Dealer shall offer and sell Notes constituting part of its allotment solely outside the United States in accordance with Regulation S under the Securities Act.]

[Stabilisation

In connection with this issue, [insert name of Stabilisation Manager] (the "**Stabilisation Manager**") (or persons acting on behalf of any Stabilisation Manager) may over-allot and effect transactions with a view to supporting the market price of Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.]

[Listing Application]

[*Specify if any*]

This Pricing Supplement comprises the final terms required for the issue of Notes described herein pursuant to the US$20,000,000,000 Medium Term Note Programme of ICBCIL Finance Co. Limited (工銀國際租賃財務有限公司).

Responsibility

The Issuer and the Company accept responsibility for the information contained in this Pricing Supplement.

SIGNED on behalf of:

ICBCIL FINANCE CO. LIMITED
(工銀國際租賃財務有限公司)

By ____________________________________
Duly authorised

ICBC FINANCIAL LEASING CO., LTD.
(**工銀金融租賃有限公司**)

By ____________________________________
Duly authorised

CLEARANCE AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, DTC or the CMU (together, the "Clearing Systems") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor any Dealer nor the Arrangers take any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

The Clearing Systems

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

CMU

The CMU is a central depositary service provided by the Central Moneymarkets Unit of the HKMA for the safe custody and electronic trading between the members of this service ("CMU Members") of capital markets instruments ("CMU Instruments") which are specified in the CMU Reference Manual as capable of being held within the CMU.

The CMU is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to all members of the Hong Kong Capital Markets Association and "authorised institutions" under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Compared to clearing services provided by Euroclear and Clearstream, the standard custody and clearing service provided by the CMU is limited. In particular (and unlike the European Clearing Systems), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the notice provisions of, the

CMU Instruments. Instead, the HKMA advises the lodging CMU Member (or a designated paying agent) of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Instruments are credited, whereupon the lodging CMU Member (or the designated paying agent) will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members. Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream, in any Notes held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream, each have with the CMU.

DTC

DTC has advised the Issuer that it is a limited-purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds and provides asset servicing securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. DTC is owned by a number of its direct participants ("Direct Participants"), which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "Rules"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("DTC Notes") as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the U.S. Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("Owners") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co, or such other nominee as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practise is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy). Principal and interest payments on the DTC Notes will be made to DTC. DTC's practise is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practises, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 1 44A Global Certificate, will be legended as set forth under "Transfer Restrictions".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Beneficial Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Book-Entry Ownership

Bearer Notes

The Issuer may make applications to Euroclear and/or Clearstream for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The Issuer may also apply to have Bearer Notes accepted for clearance through the CMU. In respect of Bearer Notes, a Temporary Global Note and/or a Permanent Global Note in bearer form without coupons may be deposited with a common depositary for Euroclear and/or Clearstream, a sub-custodian for the CMU or an Alternative Clearing System as agreed between the Issuer and the Dealer. Transfers of interests in such Temporary Global Notes or Permanent Global Notes will be made in accordance with the normal market debt securities operating procedures of the CMU, Euroclear and Clearstream or, if appropriate, the Alternative Clearing System.

Registered Notes

The Issuer may make applications to Euroclear and/or Clearstream for acceptance in their respective book-entry systems in respect of the Notes to be represented by an Regulation S Global Certificate. The Issuer may also apply to have Notes to be represented by a Regulation S Global Certificate accepted for clearance through the CMU. Each Regulation S Global Certificate will have an International Securities Identification Number ("ISIN") and a Common Code. Investors in Notes of such Series may hold their interests in a Global Certificate through Euroclear, Clearstream or the CMU (if applicable).

The Issuer, and a relevant U.S. agent appointed for such purpose that is an eligible DTC participant, may make application to DTC for acceptance in its book-entry settlement system of the Registered Notes represented by a Rule 144A Global Certificate. Each such Rule 144A Global Certificate will have a CUSIP number. Each Rule 144A Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Certificate, as set out under "Transfer Restrictions". In certain circumstances, as described below in "Transfers of Registered Notes", transfers of interests in a Rule 144A Global Certificate may be made as a result of which such legend may no longer be required.

In the case of a Tranche of Registered Notes to be cleared through the facilities of DTC, the Custodian, with whom the Rule 144A Global Certificates are deposited, and DTC, will electronically record the nominal amount of the Rule 144A Notes held within the DTC system. Investors may hold their beneficial interests in a Rule 144A Global Certificate directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

Payments of the principal of, and interest on, each Rule 144A Global Certificate registered in the name of DTC's nominee will be to, or to the order of, its nominee as the registered owner of such Rule 144A Global Certificate. The Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments in amounts proportionate to their respective beneficial interests in the nominal amount of the relevant Rule 144A Global Certificate as shown on the records of DTC or the nominee. The Issuer also expects that payments by DTC participants to owners of beneficial interests in such Rule 144A Global Certificate held through such DTC participants will be governed by standing instructions and customary practises, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. Neither the Issuer nor any Paying Agent or any Transfer Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, ownership interests in any Rule 144A Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

All Registered Notes will initially be in the form of a Regulation S Global Certificate and/or a Rule 144A Global Certificate. Individual Certificates will only be available, in the case of Notes initially represented by an Regulation S Global Certificate, in amounts specified in the applicable Pricing Supplement, and, in the case of Notes initially represented by a Rule 144A Global Certificate, in minimum amounts of US$250,000 (or its equivalent rounded upwards as agreed between the Issuer and the relevant Dealer(s)), or higher integral multiples of US$1,000, in certain limited circumstances described below.

Payments through DTC

Payments in U.S. dollars of principal and interest in respect of a Rule 144A Global Certificate registered in the name of a nominee of DTC will be made to the order of such nominee as the registered holder of such Note.

Transfers of Registered Notes

Transfers of interests in Global Certificates within Euroclear, Clearstream, the CMU and DTC will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Rule 144A Global Certificate to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Rule 144A Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in a Regulation S Global Certificate may only be held through Euroclear, Clearstream or the CMU. In the case of Registered Notes to be cleared through Euroclear, Clearstream or DTC, transfers may be made at any time by a holder of an interest in an Regulation S Global Certificate to a transferee who wishes to take delivery of such interest through a Rule 144A Global Certificate for the same Series of Notes provided that any such transfer made on or prior to the expiration of the distribution compliance period (as used in "Subscription and Sale") relating to the Notes represented by such Regulation S Global Certificate will only be made upon receipt by any Transfer Agent of a written certificate from Euroclear, Clearstream, as the case may be (based on a written certificate from the transferor of such interest), to the effect that such transfer is being made to a person whom the transferor, and any person acting on its behalf, reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. Any such transfer made thereafter of the Notes represented by such Regulation S Global Certificate will only be made upon request through Euroclear, Clearstream by the holder of an interest in the Regulation S Global Certificate to the Issuing and Paying Agent of details of that account at DTC to be credited with the relevant interest in the Rule 144A Global Certificate. Transfers at any time by a holder of any interest in the Rule 144A Global Certificate to a transferee who takes delivery of such interest through an Regulation S Global Certificate will only be made upon delivery to any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear, Clearstream, as the case may be, and DTC to be credited and debited, respectively, with an interest in each relevant Global Certificate.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and under "Transfer Restrictions", cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear, Clearstream account holders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the Issuing and Paying Agent.

On or after the Issue Date for any Series, transfers of Notes of such Series between account holders in Euroclear, Clearstream and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between account holders in Euroclear or Clearstream and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, on the other, transfers of interests in the relevant Global Certificates will be effected through the Issuing and Paying Agent, the Custodian, the relevant Registrar and any applicable Transfer Agent receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Certificate resulting in such transfer and (ii) two business days after receipt by the Issuing and Paying Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream account holders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see "Transfer Restrictions".

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Rule 144A Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Rule 144A Global Certificates are credited and only in respect of such portion of the aggregate nominal amount of the relevant Rule 144A Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Rule 144A Global Certificates for exchange for individual Certificates (which will, in the case of Rule 144A Notes, bear the legend applicable to transfers pursuant to Rule 144A).

Although Euroclear, Clearstream and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and account holders of Euroclear, Clearstream and DTC, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer, nor any Paying Agent nor any Transfer Agent will have any responsibility for the performance by Euroclear, Clearstream or DTC or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations.

While a Rule 144A Global Certificate is lodged with DTC or the Custodian, Rule 144A Notes represented by individual Certificates will not be eligible for clearing or settlement through Euroclear, Clearstream or DTC.

Individual Certificates

Registration of title to Registered Notes in a name other than the Hong Kong Monetary Authority or a depositary or its nominee for Clearstream and Euroclear or for DTC will be permitted only in the circumstances set forth in "Summary of Provisions Relating to the Notes while in Global Form — Exchange — Permanent Global Certificates". In such circumstances, the Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with:

(i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual Certificates; and

(ii) in the case of a Rule 144A Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual Certificates issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefore on the relevant Issue Date, which could be more than two business days following the date of pricing. Under Rule 15c6-1 of the Exchange Act, trades in the U.S. secondary market generally are required to settle within two business days ("T+2"), unless the parties to any such trade expressly agree otherwise. Accordingly, in the event that an Issue Date is more than two business days following the relevant date of pricing, purchasers who wish to trade Registered Notes in the United States between the date of pricing and the date that is two business days prior to the relevant Issue Date will be required, by virtue of the fact that such Notes initially will settle beyond T+2, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practises and, in the event that an Issue Date is more than two business days following the relevant date of pricing, purchasers of Notes who wish to trade Notes between the date of pricing and the date that is three business days prior to the relevant Issue Date should consult their own adviser.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Notes is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as tax advice for any holder of the Notes or any person acquiring, selling or otherwise dealing in the Notes. Persons considering the purchase of the Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of the Notes.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "IRO")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Notes provided that either:

(i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong (the "SDO")).

If stamp duty is payable, it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Bearer Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes provided that either:

(i) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Registered Notes constitute loan capital (as defined in the SDO).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

PRC

The following summary describes certain PRC tax consequences of ownership and disposition of the Notes by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Noteholders in this section. In considering whether to invest in the Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

New Enterprise Income Tax Law

Pursuant to the New Enterprise Income Tax Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose "de facto management bodies" are within the territory of China are deemed to be PRC tax resident enterprises for the purpose of the New Enterprise Income Tax Law and are subject to enterprise income tax at the rate of 25 per cent. in respect of their worldwide taxable income. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "de facto management body" of the Issuer is within the territory of the PRC, the Issuer may be held to be a PRC tax resident enterprise for the purpose of the New Enterprise Income Tax Law and be subject to enterprise income tax at the rate of 25 per cent. on its worldwide taxable income. As at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the New Enterprise Income Tax Law. For as long as this continues to be the case, subject to the discussion below regarding value added tax, holders of the Notes will not be subject to withholding tax, income tax or any other taxes or duties (including stamp duty) imposed by any governmental authority in the PRC in respect of the holding of the Notes or any repayment of principal and payment of interest or premium made thereon.

However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the New Enterprise Income Tax Law and related implementation regulations. Pursuant to the New Enterprise Income Tax Law and its implementation regulations, any non-resident enterprise without an establishment or place of business within the PRC or whose income is not effectively connected with an establishment or place of business inside the PRC shall pay enterprise income tax at the rate of 10 per cent. on income sourced inside the PRC, unless a preferential rate is provided an applicable tax treaty or arrangement entered into between the country or region where the non-resident is established and the PRC, and such income tax will be withheld at source by the applicable PRC payer. In the case of payments to non-PRC resident individual investors, the tax may be withheld at a rate of 20 per cent.. Accordingly, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities, interest or gains earned by non-resident investors may be treated as income derived from sources within the PRC and subject to PRC tax and the Issuer may be required to withhold income tax from the payments of interest or redemption premium in respect of the Notes to any non-PRC resident Noteholder, and gain from the disposition of the Notes may be subject to PRC tax. The tax rate is generally 10 per cent. in the case of non-PRC enterprise Noteholders and 20 per cent. in the case of non-PRC individual Noteholders (or lower applicable treaty rate, if any). The Issuer has agreed to pay additional amounts to holders of the Notes, subject to certain exceptions, so that holders of the Notes would receive the full amount of any scheduled payment if the Issuer is required to withhold PRC taxes from payments on the Notes, as further set out in the Terms and Conditions of the Notes.

VAT

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation issued Circular 36, confirming that business tax will be completely replaced by VAT from 1 May 2016. With effect from 1 May 2016, income derived from the provision of financial services which previously was subject to business tax will be entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing services within PRC will be subject to VAT. Services are generally treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. Services subject to VAT include financial services, such as the provision of loans. It is further clarified under Circular 36 that "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon.

It is not clear whether Circular 36 would be interpreted to deem the issuance of Notes by the Issuer as the provision of loans, and therefore services, provided within the PRC, which therefore the provision of financial services that could be subject to VAT. In particular, there can be no assurance that the Issuer would not be treated as a "resident enterprise" under the New Enterprise Income Tax Law or otherwise as located in the PRC for VAT purposes in which case the PRC tax authorities could take the view that holders of Notes are providing loans within the PRC because the Issuer is treated as a PRC tax resident.

In such an interpretation, the issuance of the Notes could be regarded as the provision of financial services within the PRC that is subject to VAT.

If the PRC tax authorities take the view that holders of Notes are providing loans within the PRC for VAT purposes, then holders of Notes could become subject to VAT at the rate of 6 per cent. on interest payments under the Notes. In addition, under such an interpretation holders of Notes could become subject to local levies at approximately 12 per cent. of the VAT payment and consequently, the combined rate of VAT and local levies payable on interest due to holders of Notes could be up to 6.72 per cent. Since Noteholders are located outside of the PRC, the Issuer, acting as the withholding agent in accordance with applicable law, may be required in such instance to withhold VAT and local levies from the payment of interest income to Noteholders.

Where a holder located outside of the PRC resells Notes to a buyer also located outside of the PRC, since neither buyer nor seller is located in the PRC, Circular 36 should not apply and the Issuer should not have the obligation to withhold VAT or local levies. However, there is uncertainty as to the applicability of VAT if either a seller or buyer of Notes is located within the PRC.

Circular 36 has been issued recently and remains subject to the issuance of further clarification rules and/or different interpretations by the competent tax authority. There is uncertainty as to the application of the Circular 36 in the context of the issuance of the Notes, payments thereunder, and their sale and transfer.

The Group confirms that, as at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise.

However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise or otherwise as located in the PRC for VAT purposes and as a result be required to withhold VAT (should such tax apply) from the payments of interest in respect of the Notes for any Noteholders located outside of the PRC. The Issuer has agreed to pay additional amounts to holders of the Notes, subject to certain exceptions, so that holders of the Notes would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of the Notes.

Stamp Duty

No PRC stamp duty will be chargeable upon the issue or transfer of a Note (for so long as the register of Noteholders is maintained outside the PRC).

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "Commission's Proposal") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

FATCA Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

In March 2014, the then CBRC promulgated the Measures on Financial Leasing Companies (金融租賃公司管理辦法), which replaced the previous Measures on Financial Leasing Companies promulgated on 23 January 2007 by the then CBRC, which specifically targeted at financial leasing companies it regulates. The Measures on Financial Leasing Companies aimed to provide more comprehensive regulation of the rights and obligations of the parties to leasing transactions and allow more financial institutions to participate in the financial leasing industry. In particular, the New Measures (i) considerably relaxed the qualification requirements for establishing such leasing companies; (ii) permitted these leasing companies, business scope to further expand; and (iii) allowed such leasing companies to further establish their subsidiaries upon approval from the then CBRC or CBIRC. According to Notice of the General Office of the China Banking Regulatory Commission on Issuing the Interim Provisions on the Administration of the Specialised Subsidiary Companies of Financial Leasing Companies (中國銀監會辦公廳關於印發金融租賃公司專業子公司管理暫行規定的通知) promulgated by the then CBRC on 11 July 2014, financial leasing companies are allowed to establish specialised subsidiaries that operate specific financial leasing businesses in the free trade zone and tax free zone in the PRC or abroad.

Under the Measures on Financial Leasing Companies, the promoter of a financial leasing company shall stipulate in the articles of association of the financial leasing company that if the financial leasing company has difficulties meeting payment obligations, the promoter will provide liquidity support. Furthermore, the promoter shall promptly inject capital when the financial leasing company's operating losses erode its capital. The new rules create a more favourable environment for competent financial leasing companies, and at the same time require more support by the promoters of the leasing business.

On 10 January 2014, SAFE released a Notice on Further Improving and Adjusting Regulation on Capital Item Foreign Exchange Management (關於進一步改進和調整資本項目外匯管理政策的通知), respectively. This Notice relaxed the foreign exchange regulation over financial leasing companies by (i) only requiring such companies to register their overseas claims after the occurrence of such claims; (ii) lifting the quote limitation on entering into offshore financial leasing transactions (which is replaced by a post-signing filing procedure); and (iii) allowing for direct remittance and settlement with banks.

Based on the business licence and the financial licence of the Company, the Company is permitted to engage in inter-bank lending and borrowing business.

On 1 September 2015, the General Office of the State Council promulgated the Guiding Opinion on Promoting the Healthy Development of Financial Leasing Industry (國務院辦公廳關於促進金融租賃行業健康發展的指導意見), which is intended to promote the development of the financial leasing industry, encourage involvement of private capital in the financial leasing industry and strengthen the financial leasing companies' core competitiveness. In addition, it also encourages financial leasing enterprises to establish more specialised subsidiaries in the free trade zone to improve their service quality, simplifies the registration process of transactions to benefit the financial leasing enterprises, and improves the ship registration system to promote the development of the maritime finance industry.

In order to promote issuance of offshore debts and facilitate cross-border financing activities, NDRC issued the NDRC Notice on 14 September 2015. In accordance with the NDRC Notice, if any onshore entity, any offshore branch of any onshore entity or any offshore entity which is controlled by any onshore entity is going to issue any offshore debt (including bond or mid-term or long-term loan), and the terms of such debt is more than one year, it is required to (1) provide an application to NDRC for registration of such offshore debt before the issuance of such offshore debt and (2) report the issuance information to the NDRC within 10 business days after the completion of such issuance.

In addition, the establishment of the Shanghai Free Trade Zone also provided a series of tax preferences, registered capital relaxation and other special treatment to financial leasing companies. Its policy on financial leasing companies is believed to be a spotlight of the free trade zone area.

The Company believes that the steps taken by the PRC government above illustrate the government's support for the financial leasing industry in further developing this sector. In addition, the reform and decentralisation process of the PRC government is likely to give rise to further business opportunities for financial leasing companies. For example, the Notice on the Credit Asset Securitisation Registration Workflow Notification (關於信貸資產證券化備案登記工作流程通知) promulgated by the then CBRC in 2014 and the People's Bank of China Announcement on Matters relating to Administration of the Issuance of Credit Asset-Backed Securities ([2015] No. 7) (中國人民銀行公告 (2015) 第7 號 – 關於信貸資產支持證券發行管理有關事宜的公告) promulgated by the PBOC in 2015 have reformed the asset securitisation process by replacing the approval process with a registration procedure, which means projects no longer need to be approved on a case-by-case basis. The PBOC and the then CBRC or CBIRC have also lowered the entry requirements for financial leasing companies to issue bonds.

PRC CURRENCY CONTROLS

Remittance of Renminbi into and outside the PRC

The Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to controls imposed under PRC law.

Current Account Items

Under PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. On 1 July 2009, the PRC government promulgated Measures for the Administration of the Pilot Programme of Renminbi Settlement of Cross-Border Trades (跨境貿易人民幣結算試點管理辦法) (the "Measures") and its implementation rules, pursuant to which designated and eligible enterprises are allowed to settle their cross-border trade transactions in Renminbi. Since July 2009, subject to the Measures and its implementation rules, the PRC has commenced a scheme pursuant to which Renminbi may be used for settlement of cross-border trade between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. On 17 June 2010, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades (關於擴大跨境貿易人民幣結算試點有關問題的通知), pursuant to which (i) the list of designated pilot districts was expanded to cover 18 provinces including Beijing, Shanghai, Tianjin, Chongqing, Guangdong, Jiangsu, Zhejiang, Liaoning, Shandong and Sichuan, and (ii) the restriction on designated offshore districts was lifted. Accordingly, any enterprises in the designated pilot districts and offshore enterprises are entitled to use Renminbi to settle any current account items between them (except in the case of payments for exports of goods from the PRC, such Renminbi remittance may only be effected by approved pilot enterprises in 16 provinces within the designated pilot districts in the PRC). On 23 August 2011, the PRC government promulgated the Circular on the Expansion of the Regions of Renminbi Settlement of Cross-Border Trades (關於擴大跨境貿易人民幣結算試點有關問題的通知), pursuant to which the list of designated pilot districts was expanded to the whole country. On 3 February 2012, the PRC government promulgated the Circular on the Relevant Issues Pertaining to Administration over Enterprises Engaging in RMB Settlement of Export of Goods (關於出口貨物貿易人民幣結算企業管理有關問題的通知), pursuant to which any enterprises in China which are qualified to engage in import and export trade are allowed to settle their goods export trade in Renminbi. On 29 April 2019, the SAFE issued the Notice of the State Administration of Foreign Exchange on the Promulgation of Administrative Measures for the Foreign Exchange Services of Payment Institutions (國家外匯管理局關於印發<支付機構外匯業務管理辦法>的通知) for the purpose of facilitating cross-border e-commerce settlement, promoting the sound development of foreign exchange business of payment institutions, and preventing foreign exchange payment risks, which provides that payment agencies providing foreign exchange services shall comply with this notice. On 10 April 2020, the SAFE issued Notice of the SAFE on Optimising Foreign Exchange Administration to Support the Development of Foreign-related Business (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知，匯發[2020]8號), which relaxed the purchase of foreign exchange with export background for repayments of domestic foreign exchange loans and the examination and endorsement formalities. For example, financial institutions examining foreign exchange receipts and payments under the current account pursuant to the provisions may, based on internal control requirements and actual business needs and under the substantive compliance principle, decide on their own whether to endorse the amount and date of foreign exchange receipts and payments on the original copy of the document, and affix the business seal, but shall retain examination materials pursuant to the prevailing provisions for future inspection.

The Measures and the subsequent circulars will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practises in applying the Measures and impose conditions for settlement of current account items.

Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities.

Capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are generally required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or any other relevant PRC parties are also generally required to make capital account item payments including proceeds from liquidation, transfer of shares, reduction of capital and principal repayment under foreign debt to foreign investors in a foreign currency. That said, the relevant PRC authorities may approve a foreign entity to make a capital contribution or shareholder's loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in Renminbi on a trial basis. The foreign invested enterprise may also be required to complete registration and verification process with the relevant PRC authorities before such Renminbi remittances.

On 7 April 2011, SAFE promulgated the Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi (國家外匯管理局綜合司關於規範跨境人民幣資本項目業務操作有關問題的通知) (the "SAFE RMB Circular"), which became effective on 1 May 2011. According to the SAFE RMB Circular, in the event that foreign investors intend to use cross-border Renminbi (including offshore Renminbi and onshore Renminbi held in the capital accounts of non-PRC residents) to make contributions to an onshore enterprise or make payment for the transfer of an equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the prior written consent of the competent commerce authority to the relevant local branches of SAFE of such onshore enterprise and register for a foreign-invested enterprise status. Further, the SAFE RMB Circular clarifies that the foreign debts borrowed, and the external guarantee provided, by an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and external guarantee regime.

On 3 December 2013, the MOFCOM promulgated the MOFCOM RMB FDI Circular which became effective on 1 January 2014. Pursuant to the MOFCOM RMB FDI Circular, the proceeds from foreign direct investment in Renminbi may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investment in PRC domestic listed companies under the PRC strategic investment regime with the approval of the MOFCOM pursuant to the Administrative Measures for Strategic Investment by Foreign Investors in Listed Companies (外國投資者對上市公司戰略投資管理辦法).

On 3 June 2011, the PBOC promulgated the Circular on Clarifying Issues concerning Cross-border Renminbi Settlement (中國人民銀行關於明確跨境人民幣業務相關問題的通知) (the "PBOC Circular"). The PBOC Circular provides instructions to local PBOC authorities on procedures for the approval of settlement activities for non-financial Renminbi foreign direct investment into the PRC. The PBOC Circular applies to all non-financial Renminbi foreign direct investment into the PRC, and includes investment by way of establishing a new enterprise, acquiring an onshore enterprise, transferring the shares, increasing the registered capital of an existing enterprise, or providing loan facilities in Renminbi.

The domestic settlement banks of foreign investors or foreign invested enterprises in the PRC are required to submit written applications to the relevant local PBOC authorities which include, *inter alia*, requisite approval letters issued by the relevant MOFCOM authorities. The PBOC Circular only applies to cases where the receiving onshore enterprise is not a financial institution.

On 13 October 2011, the PBOC issued the PBOC RMB FDI Measures, to commence the PBOC' s detailed RMB FDI administration system, which covers almost all aspects of RMB FDI, including capital injection, payment of purchase price in the acquisition of PRC domestic enterprises, repatriation of dividends and distribution, as well as RMB denominated cross-border loans. Under the PBOC RMB FDI Measures, special approval for RMB FDI and shareholder loans from the PBOC which was previously required by the PBOC Circular is no longer necessary. On 14 June 2012, the PBOC further issued the implementing rules for the PBOC RMB FDI Measures. The PBOC RMB FDI Measures and its implementing rules were further amended on 5 June 2015.

On 5 July 2013, the PBOC promulgated the 2013 PBOC Circular which simplifies the operating procedures on current account cross-border Renminbi settlement, provision of Renminbi outbound loans and Renminbi cross-border security in favour of offshore entities by onshore non-financial institutions, and further published policies with respect to bank card related cross-border Renminbi clearing and issuance of offshore Renminbi bonds by onshore non-financial institutions. The 2013 PBOC Circular intends to improve the efficiency of cross-border Renminbi settlement and facilitate the use of cross-border Renminbi settlement by banks and enterprises.

On 19 November 2012, the SAFE promulgated the Circular on Further Improving and Adjusting the Foreign Exchange Administration Policies on Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知) (the "SAFE Circular on DI"), which became effective on 17 December 2012 and further amended on 4 May 2015. According to the SAFE Circular on DI, the SAFE removes or adjusts certain administrative licencing items with regard to foreign exchange administration over direct investments to promote investment, including, but not limited to, the abrogation of SAFE approval for opening of and payment into foreign exchange accounts under direct investment accounts, the abrogation of SAFE approval for reinvestment with legal income generated within China of foreign investors, the simplification of the administration of foreign exchange reinvestments by foreign investment companies, and the abrogation of SAFE approval for purchase and external payment of foreign exchange under direct investment accounts.

The Circular on Reforming the Administrative Approach of the Foreign Exchange Capital Settlement for Foreign Invested Enterprises (關於改革外商投資企業外匯資本金結匯管理方式的通知) became effective on 1 June 2015 (the "2015 SAFE Circular"). In addition to the option to settle foreign current capital through payment-based foreign exchange settlement, the 2015 SAFE Circular allows foreign invested enterprises to settle up to 100.0 per cent. (subject to future adjustment at discretion of SAFE) of the foreign currency capital (which has been processed through the SAFE's equity interest confirmation procedure for capital contribution in cash or registered by a bank on the SAFE's system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs on a voluntary basis. In principle, the Renminbi proceeds through the aforementioned voluntary settlement shall be deposited into designated bank account called capital account item – account for foreign currency settlement pending payment (資本項目-結匯待支付賬戶) (the "Account for Foreign Currency Settlement Pending Payment") as opened by such foreign-invested enterprise, and accordingly all future payments shall be processed from such Account for Foreign Currency Settlement Pending Payment. A negative list with respect to the usage of the foreign currency capital and the Renminbi proceeds settled therefrom is set forth under the 2015 SAFE Circular. In particular, a foreign-invested enterprise with investment as its main business (including the foreign-invested investment company, foreign-invested venture capital enterprise or foreign-invested private equity investment enterprise is permitted to use the

Renminbi proceeds settled from its foreign currency capital (whether directly settled, or from the Renminbi deposit in its Account for Foreign Currency Settlement Pending Payment as previously settled through voluntary settlement) to make equity contribution to its invested enterprises directly, without further filings with SAFE.

On 10 April 2020, the SAFE issued Notice of the SAFE on Optimising Foreign Exchange Administration to Support the Development of Foreign-related Business (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知，匯發[2020]8號), which aimed to promoting the reform of facilitating the payment of income under the capital account. For example, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc. for domestic payment, without prior provision of proof materials for veracity to the bank for each transaction.

There is no assurance that the PRC government will continue to gradually liberalise controls over cross-border Renminbi remittance in the future, that the pilot scheme introduced in July 2009 will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, the Company will need to source Renminbi offshore to finance its obligations under the Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

SUBSCRIPTION AND SALE

Dealer Agreement

Subject to the terms and on the conditions contained in the Dealer Agreement dated on or about 7 October 2015 (as may be supplemented, amended and/or restated from time to time) (the "Dealer Agreement") between the Issuer, the Company, the Arrangers and the Permanent Dealers, the Notes may be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers as at the date of the Dealer Agreement. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are severally underwritten by two or more Dealers.

The Issuer, failing which the Company, will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer, failing which the Company, will reimburse each Arranger for certain of its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme.

Each of the Issuer and the Company has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Arrangers, the Dealers or any of their respective affiliates are financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("Banking Services or Transactions") and may have performed certain Banking Services or Transactions for the Issuer, the Company and/or their affiliates from time to time for which they may have received customary fees and expenses and may, from time to time, perform various Banking Services and/or Transactions for the Issuer, the Company and/or its affiliates in the ordinary course of the Issuer's or the Company's or their business for which they may have received and may receive, fees and expenses. The Dealers or certain of their respective affiliates may purchase the Notes and be allocated the Notes for asset management and/or proprietary purposes but not with a view to distribution.

If a jurisdiction requires that the offering be made by a licenced broker or dealer and the Dealers or any affiliate of the Dealers is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Issuer in such jurisdiction.

In connection with the offer and sale of the Notes, the Issuer, the Arrangers, the Dealers and/or their respective affiliates may place orders, receive allocations and purchase Notes for their own account (without a view to distributing such Notes) and such orders and/or allocations of the Notes may be material. Such entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering. Accordingly, references herein to the Notes being offered should be read as including any offering of the Notes to the Issuer, the Arrangers, the Dealers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Notes. If this is the case, liquidity of trading in the Notes may be constrained. See "Risk Factors — Risks Relating to the Market Generally — Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity". The Issuer, the Arrangers and the Dealers are under no obligation to disclose the extent of the distribution of the Notes amongst individual investors.

In the ordinary course of their various business activities, the Arrangers, the Dealers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, including the Notes, and could adversely affect the trading prices of the Notes. The Arrangers, the Dealers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Notes or other financial instruments of the Issuer, and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments.

Selling Restrictions

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Notes is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

United States

Compliance with United States securities laws

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell within the United States or to, or for the account or benefit of, U.S. persons. In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are being offered and sold outside the United States in reliance on Regulation S. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. This Offering Circular does not constitute an offer to any person in the United States or to any U.S. person. Distribution of this Offering Circular by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, other than those persons, if any, retained to advise such non-U.S. person with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of their contents to any such U.S. person or other person within the United States, other than those persons, if any, retained to advise such non-U.S. person, is prohibited.

The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Registered Notes within the United States only to QIBs in reliance on Rule 144A. Under the Dealer Agreement, a supplemental offering circular to this Offering Circular (together with this Offering Circular, the "Rule 144A Offering Circular") shall be prepared by the Issuer for use in connection with the offer and sale of the Notes for the resale of the Notes in the United States in reliance on Rule 144A. The Rule 144A Offering Circular, if applicable, does not constitute an offer to any person in the United States or to any U.S. person, other than any QIB to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. If the Rule 144A Offering Circular is prepared, distribution of the Rule 144A Offering Circular by any non-U.S. person outside the United States or by any QIB in the United States to any U.S. person or to any other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of their contents to any such U.S. person or other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB, is prohibited.

Compliance with United States tax laws

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to or for the account or benefit of a United States person, except in certain transactions permitted by U.S. tax regulations. Restrictions with respect to Notes in bearer form are described further below.

Unless the Pricing Supplement or the Subscription Agreement relating to one or more Tranches specifies that the applicable TEFRA exemption is either the "C Rules" or "not applicable", each Dealer has represented and agreed in relation to each Tranche of Notes in bearer form:

(i) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "Code")) (the "D Rules"):

  (a) it has not offered or sold, and during a 40-day restricted period shall not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person; and

  (b) it has not delivered and shall not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;

(ii) it has and throughout the restricted period shall have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(iii) if it is a United States person, it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it shall only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code); and

(iv) with respect to each affiliate that acquires from it Notes in bearer form for the purpose of offering or selling such Notes during the restricted period, it either (a) repeats and confirms the representations contained in sub-paragraphs (i), (ii) and (iii) on behalf of such affiliate or (b) agrees that it shall obtain from such affiliate for the benefit of the Issuer the representations contained in sub-paragraphs (i), (ii) and (iii); and

(v) that it has not and agrees that it will not enter into any written contract (other than a confirmation or other notice of the transaction) pursuant to which any other party to the contract (other than one of its affiliates or another Dealer) has offered or sold, or during the restricted period will offer or sell, any Notes, except where pursuant to the contract the Dealer has obtained or will obtain from that party, for the benefit of the Issuer and the several Dealers, the representations contained in, and that party's agreement to comply with, the provisions of clauses (i), (ii), (iii) and (iv).

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code, as amended, and regulations thereunder, including the D Rules.

To the extent that the Pricing Supplement or the Subscription Agreement relating to one or more Tranches of Bearer Notes specifies that the applicable TEFRA exemption is under U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the "C Rules"), Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. In relation to each such Tranche, each Dealer has represented and agreed that it has not offered, sold or delivered, and shall not offer, sell or deliver, directly or indirectly, Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with their original issuance of Notes in bearer form, it has not communicated, and shall not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions or otherwise involve its U.S. office in the offer or sale of Notes in bearer form. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder, including the C Rules.

Each issuance of index-, commodity-or currency-linked Notes shall be subject to such additional U.S. selling restrictions as the relevant Dealer(s) shall agree with the Issuer as a term of the issuance and purchase or, as the case may be, subscription of such Notes. Each relevant Dealer has agreed that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II");

  (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "Prospectus Regulation"); and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Public Offer Selling Restriction under the EU Prospectus Regulation: If the Pricing Supplement in respect of any Notes specifies the "*Prohibition of Sales to EEA Retail Investors*" as "Not Applicable", in relation to each Member State of the European Economic Area (each, a "Member State"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

(a) *Approved prospectus*: if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the EU Prospectus Regulation in that Member State (a "Non-exempt Offer"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the EU Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or the Pricing Supplement, as applicable, and the relevant Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;

(c) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or

(d) *Other Exempt offers*: at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Notes referred to in (b) to (d) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "EU Prospectus Regulation" means Regulation (EU) 2017/1129.

Prohibition of Sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

   (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

   (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

(a) *Approved prospectus*: if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to section 86 of the FSMA (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Notes which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or the Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;

(b) *Qualified investors:* at any time to any legal entity which is a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA;

(c) *Fewer than 150 offerees:* at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) *Other Exempt offers*: at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

For the purposes of this provision, the expression "an offer of Notes to the public" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Ireland

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) it will not underwrite the issue of, or place the Notes, otherwise than in conformity than with the provisions of the European Union (Markets in Financial Instruments) Regulations 2017 (as amended, the "MiFID Regulations"), including, without limitation, Regulation 5 (Requirement for authorisation (and certain provisions concerning MTFs and OTFs)) thereof any codes of conduct made under the MiFID II Regulations and the provisions of the Investor Compensation Act 1998;

(ii) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 – 2018 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989;

(iii) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Companies Act 2014 (as amended, the "Companies Act");

(iv) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the EU Prospectus Regulation, the European Union (Prospectus) Regulations 2019 and any rules and guidance issued under Section 1363 of the Companies Act by the Central Bank of Ireland;

(v) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Market Abuse Regulation (EU 596/2014) (as amended), the European Union (Market Abuse) Regulations 2016 (as amended) and any rules and guidance issued under Section 1370 of the Companies Act by the Central Bank of Ireland; and

(vi) any issue of the Notes with a legal maturity of less than one year will be carried out in strict compliance with the Central Bank of Ireland's implementation notice for credit institutions BSD C 01/02 of 12 November 2002 (as may be amended, replaced or up-dated) and issued pursuant to Section 8(2) of the Irish Central Bank Act, 1971 (as amended).

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "Securities and Futures Ordinance") other than (a) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, in each case whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged and each further Dealer appointed under the Programme will be required to acknowledge that the Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer represents, warrants and agrees, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore), as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

    (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

    (ii) where no consideration is or will be given for the transfer;

    (iii) where the transfer is by operation of law;

    (iv) as specified in Section 276(7) of the SFA; or

    (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

PRC

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell any of the Notes in the PRC (for such purposes, not including Hong Kong, Macau SAR or Taiwan) or to residents of the PRC unless such offer or sale is made in compliance with all applicable laws and regulations of the PRC.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "Financial Instruments and Exchange Act").

Accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

Taiwan

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(i) The Notes have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan and/or other regulatory authority of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority of Taiwan; and

(ii) No person or entity in Taiwan has been authorised to offer or sell the Notes in Taiwan.

Cayman Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make any invitation on behalf of the Issuer to the public in the Cayman Islands or a natural person who is a Cayman Islands resident or citizen to offer or sell the Notes and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the Cayman Islands, except as otherwise permitted by Cayman Islands law. The Offering Circulars do not constitute, and there will not be, an offering of the Notes to any person in the Cayman Islands.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are "accredited investors", as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are "permitted clients", as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering circular (including any amendment or supplement thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

LEGAL MATTERS

Certain matters in connection with this offering as to English law and Hong Kong law will be passed upon for the Company by Linklaters. Certain matters in connection with this offering as to English law will be passed upon for the Dealers by Clifford Chance. Certain matters in connection with this offering as to PRC law will be passed upon for the Company by JunHe LLP and for the Dealers by Deheng Law Offices. Certain matters in connection with this offering as to Irish law will be passed upon for the Company by Arthur Cox LLP.

INDEPENDENT PUBLIC ACCOUNTANTS

The Group Audited Financial Statements as at and for the years ended 31 December 2019 and 2020 have been audited by KPMG Huazhen, the independent auditor of the Company. The Issuer Audited Financial Statements as at and for the years ended 31 December 2019 and 2020 have been audited by KPMG.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The consolidated financial statements of the Group included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Group. The Company is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of the financial information and related footnote disclosure between PRC GAAP and IFRS and no attempt has been made to quantify such differences. Had any such quantification or reconciliation been undertaken by the Company, other potentially significant accounting and disclosure differences may have been required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons or events that may occur in the future.

Accordingly, there is no assurance that the following summary of differences between PRC GAAP and IFRS is complete. In making an investment decision, each investor must rely upon its own examination of the Group, the terms of the offering and other disclosure contained herein. Each investor should consult its own professional advisers for an understanding the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

Reversal of an Impairment Loss

Under PRC GAAP, once an impairment loss is recognised for a long term asset (including fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period. Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Related Party Disclosures

Under PRC GAAP, state owned enterprises are not considered as related parties only because they are controlled by the state; therefore, such transactions are not required to be disclosed as related party transactions. IFRS however provides for a partial exemption so differences are minor.

GENERAL INFORMATION

1. **Clearing Systems**: The Notes may be accepted for clearance through the Euroclear and Clearstream systems (which are the entities in charge of keeping the records). In addition, the Issuer may make an application for any Restricted Notes to be accepted for trading in book-entry form by DTC Acceptance by DTC of such Notes will be confirmed in the relevant Pricing Supplement. The Issuer may also apply to have Notes accepted for clearance through the CMU. The relevant CMU instrument number will be set out in the relevant Pricing Supplement. The relevant ISIN, the Common Code the CUSIP number and (where applicable) the identification number for any other relevant clearing system for each series of Notes will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be set out in the relevant Pricing Supplement. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream is 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of DTC is 55 Water Street, New York, New York 10041. The address of any alternative clearing system will be specified in the relevant Pricing Supplement. The Legal Entity Identifier of the Issuer is 549300ZCUURSNVTOEU07.

2. **Authorisations**: The Issuer has obtained all necessary consents, approvals and authorisations in connection with the establishment and update of the Programme and the issue of this Offering Circular. The establishment of the Programme and the update of the Programme have been duly authorised by a resolution of the Board of Directors of the Issuer dated 29 September 2015 and 12 July 2021, respectively. The Company has obtained all necessary consents, approvals and authorisations in connection with the entry into of the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking and other transaction documents in connection with the Programme and the update of the Programme has been approved by the Vice President of the Company on 8 July 2021 and the Chairman of the Board of Directors on 9 July 2021. PRC counsel to the Company and the Dealers have advised that no approvals or consents are required from any regulatory authorities or other relevant authorities in the PRC for the Company to enter into the Trust Deed, the Keepwell Deed and Liquidity Support and the Deed of Asset Purchase Undertaking. ICBCIL has obtained all necessary consents, approvals and authorisations in connection with the entry into of the Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking and other transaction documents in connection with the Programme. The establishment of the Programme and the update of the Programme have been authorised by meetings of the board of directors of ICBCIL held on 24 September 2015 and 1 July 2021, respectively.

3. **NDRC Registration**: The Notes will be issued under the foreign debt issuance quota contained in the pre-issuance registration certificate granted by the NDRC to ICBC prior to the issuance of the Notes under the Programme pursuant to the NDRC Circular. The Issuer or the Company is still required to file with the NDRC the requisite information on the issuance of the Notes after the issuance of such Notes.

4. **No Material Adverse Change**: Except as disclosed in this Offering Circular, there has been no material adverse change since 31 December 2020 in the financial or trading position, prospects or results of operations of the Issuer or the Group.

5. **Litigation**: None of the Issuer, the Company or any member of the Group is involved in any litigation or arbitration proceedings, which the Issuer, the Company or the Group, as the case may be, believes are material in the context of the Notes and, so far as the Issuer or the Company is aware, no such litigation or arbitration proceedings are pending or threatened.

6. **Listing**: Application has been made to the Hong Kong Stock Exchange for the listing of the Programme under which the Notes may be issued by way of debt issues to Professional Investors only for 12 months after 15 July 2021, as described in this Offering Circular. Unlisted Notes may also be issued. The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and if so, on which stock exchange(s).

7. **Available Documents**: As long as any Note is outstanding, copies of the following documents will be available for inspection during normal business hours at the specified office of the Principal Paying Agent:

   (a) constitutional documents (or equivalent) of the Issuer, ICBCIL and the Company;

   (b) copies of (i) the Group Audited Financial Statements and (ii) the Issuer Audited Financial Statements;

   (c) the Agency Agreement;

   (d) the Amended and Restated Trust Deed;

   (e) the Amended and Restated Keepwell and Liquidity Support Deed; and

   (f) the Deed of Asset Purchase Undertaking.

   Asset purchases under the Deed of Asset Purchase Undertaking: PRC counsel to the Dealers and the Issuer have confirmed that (i) if the assets to be purchased under the Deed of Asset Purchase Undertaking would be imported into the PRC, the relevant PRC governmental approvals or permits from PRC approval authorities, including but not limited to NDRC, Civil Aviation Administration of China, MOFCOM and the General Administration of Customs of the PRC (中華人民共和國海關總署), are required and (ii) if the purchased assets under the Deed of Asset Purchase Undertaking would not be imported into the PRC, and those assets would be leased by the Company after the purchase (falling within the ambit of the finance leasing laws in the PRC), the Company should register such lease at the local foreign exchange authority within 15 working days upon an external claim and there are no other Regulatory Approvals (as defined in the Deed of Asset Purchase Undertaking) required under the PRC laws.

8. **Financial Statements**: The Group's audited consolidated financial statements as at and for the years ended 31 December 2019 and 2020, which are included in this Offering Circular, have been prepared in accordance with PRC GAAP and audited by KPMG Huazhen, as stated in the reports appearing herein. The Issuer's audited consolidated financial statements as at and for the years ended 31 December 2019 and 2020, which are included in this Offering Circular, have been prepared in accordance with HKFRS and audited by KPMG, as stated in the reports appearing herein.

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ICBC FINANCIAL LEASING CO., LTD.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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Independent Auditors' Report
To the Shareholders of ICBC Financial Leasing Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the accompanying financial statements of ICBC Financial Leasing Co., Ltd. (the "Company") set out on pages 1 to 83, which comprise the consolidated balance sheet and balance sheet as at 31 December 2020, the consolidated income statement and income statement, the consolidated cash flow statement and cash flow statement, the consolidated statement of changes in shareholders' equity and statement of changes in shareholders' equity for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of the Company as at 31 December 2020, and the consolidated and company financial performance and cash flows of the Company for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises all the information included in 2020 annual report of the Company, other than the financial statements and out auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

KPMG

Independent Auditors' Report
To the Shareholders of ICBC Financial Leasing Co., Ltd. (continued)
(Incorporated in the People's Republic of China with limited liability)

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG

Independent Auditors' Report
To the Shareholders of ICBC Financial Leasing Co., Ltd. (continued)
(Incorporated in the People's Republic of China with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Huazhen LLP

Certified Public Accountants
8th Floor, Tower E2, Oriental Plaza
1 East Chang An Avenue
Beijing 100738, China

31 March 2021

ICBC FINANCIAL LEASING CO., LTD.
Consolidated balance sheet and balance sheet
31 December 2020
(In RMB '000, unless otherwise stated)

		The Group		The Company	
	Note IV	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Assets					
Cash at bank and on hand	1	12,747,277	26,400,148	7,129,616	20,780,120
Deposits with the central bank	2	70,342	19,958	70,342	19,958
Derivative financial assets	3	143,249	55,893	-	-
Bills receivable	4	4,200	7,100	4,200	7,100
Prepayments	5	3,286,355	3,668,309	3,102,120	2,491,579
Lease receivables	6	114,707,667	97,109,782	100,337,798	82,322,224
Investments in equity instrument	7	140,506	-	41,824	-
Investments in debt	8	2,848,209	2,380,005	2,848,209	2,380,005
Long-term equity investments	9	-	-	3,250,931	3,103,835
Fixed assets	10	103,646,171	99,942,545	1,333,615	1,387,382
Construction in progress	11	10,985,936	14,720,734	10,514,477	14,720,734
Right-of-use assets	12	13,694,886	16,335,387	35,466	74,568
Deferred tax assets	13	720,557	707,524	617,862	623,166
Other assets	14	21,303,501	9,861,527	45,074,157	37,480,223
Total assets		284,298,856	271,208,912	174,360,617	165,390,894

The notes on pages 11 to 83 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated balance sheet and balance sheet (continued)
31 December 2020
(In RMB '000, unless otherwise stated)

		The Group		The Company	
	Note IV	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Liabilities and Equity					
Liabilities					
Borrowings	15	206,615,826	197,377,697	129,679,399	128,076,665
Repurchase agreements	16	481,624	1,800,746	481,624	1,800,746
Advances from customers	17	2,397,689	2,522,710	1,133,747	1,522,692
Bond payables	18	16,246,549	10,197,631	16,246,549	10,197,631
Bills payable	19	93,122	154,561	93,122	154,561
Derivative financial liabilities	3	533	2,139	-	-
Long-term payables	20	633,666	851,802	-	-
Lease liabilities	21	10,547,172	13,499,322	35,669	71,458
Employee benefits payable	22	171,988	153,811	171,988	153,811
Taxes payable	23(3)	778,973	505,120	395,520	87,690
Security deposits payable	24	861,437	1,125,861	135,501	152,289
Other payables	25	5,990,584	5,399,779	1,847,909	545,935
Deferred tax liabilities	13	1,502,284	1,354,965	-	-
Total liabilities		246,321,447	234,946,144	150,221,028	142,763,478
Equity					
Paid-in capital	26	18,000,000	18,000,000	18,000,000	18,000,000
Capital reserve		492,527	492,527	-	-
Other comprehensive income		(906,945)	597,760	2,485	28,863
Surplus reserve	27	2,206,110	1,907,395	1,401,370	1,224,126
General reserve	28	2,922,506	2,922,506	2,722,724	2,722,724
Retained earnings		15,263,211	12,342,580	2,013,010	651,703
Total equity		37,977,409	36,262,768	24,139,589	22,627,416
Total liabilities and equity		284,298,856	271,208,912	174,360,617	165,390,894

Chief Executive Officer	Deputy Chief Executive Officer	Head of Finance and Accounting Department	(Company stamp)
Zhao, Gui Cai	Chen, Chang	Shi, Dan	

The notes on pages 11 to 83 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated income statement and income statement
Year ended 31 December 2020
(In RMB '000, unless otherwise stated)

	Note IV	The Group 2020	The Group 2019	The Company 2020	The Company 2019
Operating income					
Interest income	29	4,974,091	5,347,776	5,284,599	5,233,630
Operating lease income	30	11,218,635	11,660,084	31,338	33,814
Fee and commission income	31	385,622	668,628	351,754	634,993
Investment income		27,519	90,472	195,433	243,392
Other income	32	521,195	543,761	-	116,773
Gain from changes in fair value		95,636	51,027	-	-
Exchanges (losses)/gains		(80,998)	30,124	(14,225)	8,103
Other operating income		189,231	177,097	10,172	677
Gains from asset disposal		59,572	293,605	6,486	-
Total operating income		17,390,503	18,862,574	5,865,557	6,271,382
Operating expense					
Interest expense	33	(5,361,172)	(7,486,785)	(3,267,720)	(4,238,430)
Operating lease expenses	34	(4,611,130)	(4,560,554)	(15,121)	(19,062)
Fee and commission expenses		(160,265)	(233,903)	(138,330)	(210,167)
Taxes and surcharges	35	(110,384)	(118,602)	(42,775)	(14,785)
Operating and administrative expenses	36	(626,010)	(616,591)	(436,460)	(410,728)
Impairment losses/ (reversals)	37	(2,085,946)	(1,087,578)	82,755	(804,736)
Total operating expense		(12,954,907)	(14,104,013)	(3,817,651)	(5,697,908)
Operating profit		4,435,596	4,758,561	2,047,906	573,474

The notes on pages 11 to 83 form part of these financial statements.

(In RMB '000, unless otherwise stated)

	Note IV	The Group 2020	The Group 2019	The Company 2020	The Company 2019
Add: Non-operating income		-	240	-	107
Less: Non-operating expenses		(3,202)	(713)	(3,202)	(633)
Profit before taxation		4,432,394	4,758,088	2,044,704	572,948
Less: Income tax expense	38	(1,213,048)	(929,410)	(506,153)	(157,313)
Profit for the year		3,219,346	3,828,678	1,538,551	415,635
Other comprehensive income, net of tax	39				
1. Items that may not be reclassified to profit or loss:					
Gains or losses arising from changes in fair value of other investments in equity instrument		(338,296)	-	(14,200)	-
2. Items that may be reclassified to profit or loss:					
(1) Gains or losses arising from changes in fair value of other investments in debt		(12,178)	11,298	(12,178)	11,298
(2) Foreign currency translation differences		(1,154,231)	246,468	-	-
Total comprehensive income for the year		1,714,641	4,086,444	1,512,173	426,933

The notes on pages 11 to 83 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated cash flow statement and cash flow statement
Year ended 31 December 2020
(In RMB '000, unless otherwise stated)

	The Group		*The Company*	
	2020	*2019*	*2020*	*2019*
1. Cash flows from operating activities:				
Net decrease in finance lease receivables, sale and leaseback receivables and prepayments	-	15,614,553	-	9,368,785
Cash received from interest, fee and commission	5,289,573	6,457,302	5,504,574	7,367,726
Cash received from operating lease income	9,465,698	11,618,345	31,226	33,533
Net increase in short-term borrowings	14,186,332	-	3,184,203	-
Net increase in repurchase agreements	-	1,800,000	-	1,800,000
Net decrease in deposits with the central bank	1,341	1,948	1,341	1,948
Cash received relating to other operating activities	527,598	2,157,353	20,937	2,549,770
Sub-total of cash inflows	29,470,542	37,649,501	8,742,281	21,121,762
Net increase in finance lease receivables, sales and leaseback receivables and prepayments	(16,769,063)	-	(18,657,403)	-
Net decrease in short-term borrowings	-	(33,246,411)		(30,579,169)
Net decrease in repurchase agreements	(1,320,000)	-	(1,320,000)	-
Payments of interest expense on short-term borrowings, fee and commission expenses	(2,499,087)	(4,532,778)	(2,522,049)	(5,106,031)
Payments to and for employees	(296,225)	(233,621)	(283,656)	(229,056)
Payments of taxes	(813,883)	(696,989)	(88,383)	(239,968)
Payments for other operating activities	(11,984,080)	(4,352,215)	(7,658,594)	(241,419)
Sub-total of cash outflows	(33,682,338)	(43,062,014)	(30,530,085)	(36,395,643)
Net cash outflow from operating activities	(4,211,796)	(5,412,513)	(21,787,804)	(15,273,881)

The notes on pages 11 to 83 form part of these financial statements.

(In RMB '000, unless otherwise stated)

	The Group		The Company	
	2020	*2019*	*2020*	*2019*
2. Cash flows from investing activities:				
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	676,823	6,958,283	12,445	-
Proceeds from sales and redemption of investments	480,074	59,057,930	480,074	59,057,930
Proceeds from disposal of subsidiaries	-	4,567	212,428	167,531
Proceeds from other investing activities	-	14,920,597	4,318,673	15,647,634
Sub-total of cash inflows	1,156,897	80,941,377	5,023,620	74,873,095
Payment for acquisition of fixed assets, intangible assets and other long-term assets	(9,859,261)	(12,865,354)	(1,588,418)	(3,951,825)
Payment for the acquisition of subsidiaries	-	-	(164,700)	(24,800)
Payment for investments	(850,663)	(58,915,094)	(877,683)	(58,900,000)
Sub-total of cash outflows	(10,709,924)	(71,780,448)	(2,630,801)	(62,876,625)
Net cash (outflow)/inflow from investing activities	(9,553,027)	9,160,929	2,392,819	11,996,470
3. Cash flows from financing activities				
Proceeds from long-term borrowings	10,113,114	23,044,362	4,063,335	15,292,534
Proceeds from issuance of bonds	5,984,804	5,981,493	5,984,804	5,981,493
Sub-total of cash inflows	16,097,918	29,025,855	10,048,139	21,274,027
Repayments of long-term borrowings	(9,981,374)	(12,304,215)	(2,908,870)	(2,503,373)
Payment for interest of long-term borrowings	(1,635,359)	(2,006,005)	(567,137)	(410,243)
Payment for interest of bonds	(375,200)	(163,200)	(375,200)	(163,200)
Repayments of lease liabilities	(3,177,392)	(1,027,968)	(41,480)	(54,472)
Sub-total of cash outflows	(15,169,325)	(15,501,388)	(3,892,687)	(3,131,288)
Net cash inflow from financing activities	928,593	13,524,467	6,155,452	18,142,739

The notes on pages 11 to 83 form part of these financial statements.

(In RMB '000, unless otherwise stated)

	Note IV	The Group 2020	The Group 2019	The Company 2020	The Company 2019
4. Effect of foreign exchange rate changes on cash and cash equivalents		(858,397)	188,765	(452,671)	119,281
5. Net (decrease)/increase in cash and cash equivalents		(13,694,627)	17,461,648	(13,692,204)	14,984,609
Add: cash and cash equivalents at the beginning of the year		26,405,171	8,943,523	20,785,014	5,800,405
6. Cash and cash equivalents at the end of the year	39	12,710,544	26,405,171	7,092,810	20,785,014

The notes on pages 11 to 83 form part of these financial statements.

(In RMB '000, unless otherwise stated)

Supplementary information

1 Reconciliation of net profit to cash flows from operating activities:

	The Group		The Company	
	2020	2019	2020	2019
Profit for the year	3,219,346	3,828,678	1,538,551	415,635
Add: Impairment losses/(reversals)	2,085,946	1,087,578	(82,755)	804,736
Depreciation of fixed assets	4,096,946	3,970,419	50,953	21,177
Depreciation of right-of-use assets	573,236	621,289	41,377	47,360
Amortisation of other intangible assets	4,051	4,267	4,051	4,267
Gains from asset disposal	(59,572)	(293,605)	(6,486)	-
Decrease in long-term deferred expenses	46,539	93,705	747	825
Amortisation of leasing premium assets	31,824	41,135	-	-
Decrease/(increase) in deferred expenses	4,440	1,380	(666)	(748)
Exchanges losses/(gains)	80,998	(30,124)	14,225	(8,103)
Investment income	(27,519)	(90,472)	(195,433)	(243,392)
Interest income from investments in debt	(86,916)	(82,761)	(86,916)	(82,761)
Interest expense on lease liabilities	351,397	508,580	731	3,168
Gains from changes in fair value	(95,636)	(51,027)	-	-
(Increase)/decrease in deferred tax assets	(4,067)	(239,014)	14,270	(216,009)
Increase in deferred tax liabilities	239,762	381,544	-	-
(Increase)/decrease in operating receivables	(30,726,195)	12,352,543	(27,513,541)	13,341,858
Increase/(decrease) in operating payables	16,053,624	(27,516,628)	4,433,088	(29,361,894)
Net cash outflow from operating activities	(4,211,796)	(5,412,513)	(21,787,804)	(15,273,881)

2 Movement of cash and cash equivalents:

	The Group		The Company	
	2020	2019	2020	2019
Cash and cash equivalents at the end of the year	12,710,544	26,405,171	7,092,810	20,785,014
Less: Cash and cash equivalents at the beginning of the year	26,405,171	8,943,523	20,785,014	5,800,405
Net (decrease)/increase in cash and cash equivalents	(13,694,627)	17,461,648	(13,692,204)	14,984,609

The notes on pages 11 to 83 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated statement of changes in shareholders' equity
Year ended 31 December 2020
(In RMB '000, unless otherwise stated)

		2020						
	Note IV	*Paid-in capital*	*Capital reserve*	*Other comprehensive income*	*Surplus reserve*	*General reserve*	*Retained earnings*	*Total*
Balance at 1 January 2020		18,000,000	492,527	597,760	1,907,395	2,922,506	12,342,580	36,262,768
Changes in equity for the year								
1. Profit for the year		-	-	-	-	-	3,219,346	3,219,346
2. Other comprehensive income		-	-	(1,504,705)	-	-	-	(1,504,705)
3. Appropriation to surplus reserve	27	-	-	-	298,715	-	(298,715)	-
Sub-total		-	-	(1,504,705)	298,715	-	2,920,631	1,714,641
Balance at 31 December 2020		18,000,000	492,527	(906,945)	2,206,110	2,922,506	15,263,211	37,977,409

		2019						
	Note IV	*Paid-in capital*	*Capital reserve*	*Other comprehensive income*	*Surplus reserve*	*General reserve*	*Retained earnings*	*Total*
Balance at 1 January 2019		18,000,000	492,527	339,994	1,616,457	2,922,506	8,804,840	32,176,324
Changes in equity for the year								
1. Profit for the year		-	-	-	-	-	3,828,678	3,828,678
2. Other comprehensive income		-	-	257,766	-	-	-	257,766
3. Appropriation to surplus reserve	27	-	-	-	290,938	-	(290,938)	-
Sub-total		-	-	257,766	290,938	-	3,537,740	4,088,444
Balance at 31 December 2019		18,000,000	492,527	597,760	1,907,395	2,922,506	12,342,580	36,262,768

The notes on pages 11 to 83 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Statement of changes in shareholders' equity
Year ended 31 December 2020
(In RMB '000, unless otherwise stated)

		2020					
	Note IV	*Paid-in capital*	*Other comprehensive income*	*Surplus reserve*	*General reserve*	*Retained earnings*	*Total*
Balance at 1 January 2020		18,000,000	28,863	1,224,126	2,722,724	651,703	22,627,416
Changes in equity for the year							
1. Profit for the year		-	-	-	-	1,538,551	1,538,551
2. Other comprehensive income		-	(26,378)	-	-	-	(26,378)
3. Appropriation to surplus reserve	27	-	-	177,244	-	(177,244)	-
Sub-total		-	(26,378)	177,244	-	1,361,307	1,512,173
Balance at 31 December 2020		18,000,000	2,485	1,401,370	2,722,724	2,013,010	24,139,589

		2019					
	Note IV	*Paid-in capital*	*Other comprehensive income*	*Surplus reserve*	*General reserve*	*Retained earnings*	*Total*
Balance at 1 January 2019		18,000,000	17,565	1,203,510	2,722,724	256,684	22,200,483
Changes in equity for the year							
1. Profit for the year		-	-	-	-	415,635	415,635
2. Other comprehensive income		-	11,298	-	-	-	11,298
3. Appropriation to surplus reserve	27	-	-	20,616	-	(20,616)	-
Sub-total		-	11,298	20,616	-	395,019	426,933
Balance at 31 December 2019		18,000,000	28,863	1,224,126	2,722,724	651,703	22,627,416

The notes on pages 11 to 83 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Notes to the financial statements
(In RMB '000, unless otherwise stated)

I Company status

ICBC Financial Leasing Co., Ltd. (the "Company") is a wholly-owned subsidiary of Industrial and Commercial Bank of China Limited ("ICBC"). It obtained the approval Yin Jian Fu [2007] No. 407 from the former China Banking Regulatory Commission (the "former CBRC") on 18 September 2007 and was incorporated in Tianjin on 26 November 2007.

The Company obtained its financial permit No. M0011H212000001 from the former CBRC. The Company obtained its business licence with unified social credit code 91120116710935177L from the State Administration for Industry and Commerce of the People's Republic of China (the "PRC"). The legal representative is Zhao Guicai, and the registered office is located at No. 20 Guangchang East Road, Tianjin Economic-Technological Development Area. As at 31 December 2020, the Company has a registered capital of RMB 18,000,000,000.

The principal activities of the Company and its subsidiaries (the "Group") comprise the provision of financial leasing services, disposal of leased assets, import and export trade, economic consultancy services and other services as approved by the former CBRC.

II Basis of preparation

The financial statements have been prepared on the going concern basis.

1 Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS") issued by the Ministry of Finance ("MOF"). These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2020, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

2 Accounting year

The accounting year of the Group is from 1 January to 31 December.

3 Functional currency and presentation currency

The Company's functional currency is Renminbi ("RMB") and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled. Some of the Group's subsidiaries have functional currencies that are different from the Company's functional currency. Their financial statements have been translated based on the accounting policy set out in Note III.2.

III Significant accounting policies and accounting estimates

1 Business combinations and consolidated financial statements

(a) Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total face value of shares issued) is adjusted against the capital premium in the capital reserve, with any excess adjusted against retained earnings. Any costs directly attributable to the combination is recognised in profit or loss when incurred. The combination date is the date on which one combining enterprise obtains control of other combining enterprises.

(b) Consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognised as investment income for the current period.

2 Translation of foreign currencies

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates or rates that approximate the spot exchange rates on the dates of the transactions. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, such as the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition and construction of qualifying assets (see Note III (18)). Non-monetary items that are measured at historical cost in foreign currencies are translated to RMB using the exchange rate at the transaction date.

Some of the Group's subsidiaries have functional currencies that are different from the Company's functional currency. Assets and liabilities of foreign operations are translated to RMB at the spot exchange rate at the balance sheet date. Equity items, excluding retained earnings and foreign currency translation differences recognised in other comprehensive income, are translated to RMB at the spot exchange rates at the transaction dates. Income and expenses of foreign operations are translated to Renminbi at the spot exchange rates or exchange rates similar to spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income. The translation differences accumulated in other comprehensive income with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

3 Cash and cash equivalents

Cash and cash equivalents refer to short-term highly liquid assets, which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents comprise cash, unrestricted balances with central banks and amounts due from banks and other financial institutions with original maturity of less than three months.

4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Initial recognition of financial instruments

At initial recognition, financial assets are classified into three categories: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income ("FVOCI") and financial assets measured at fair value through profit or loss ("FVTPL").

At initial recognition, financial liabilities are classified into two categories: financial liabilities measured at FVTPL and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities measured at FVTPL, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs.

(b) Classification and subsequent measurement of financial assets

Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at FVOCI, or at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

<u>Subsequent measurement of financial assets</u>

Financial assets measured at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

Debt instruments measured at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity instruments measured at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(c) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL and other financial liabilities.

<u>Financial liabilities measured at FVTPL</u>

A financial liability is classified as measured at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities measured at FVTPL are subsequently measured at fair value and net gains and losses (including any interest expense) are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

For the financial liabilities designated as at FVTPL, the gains and losses arose are accounted for in accordance with the following requirements: (i) the amount of changes in the fair value of the financial liability arising from changes in the Group's own credit risk should be included in other comprehensive income; (ii) other changes in fair value of the financial liabilities are recognised in current profit or loss. If the treatment of the impact of changes in the financial liabilities' own credit risk will create or enlarge the accounting mismatch in profit or loss in accordance with (i), the Group shall recognise the entire gain or loss of the financial liabilities (including the amount of the impact of changes in its own credit risk) in profit and loss. When these liabilities are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to retained earnings.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(d) Presentation of financial instruments

Financial assets and financial liabilities are generally presented separately in the statement of financial position and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the statement of financial position when both the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognised amounts; and
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(e) Derecognition of financial assets and liabilities

Financial assets

Financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where the Group has transferred its rights to receive cash flows from an asset or has retained its rights to receive cash flows from the asset but assumed the obligation to pay those cash flows to the eventual recipients and meanwhile meet the conditions of the transfer of financial assets, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

The derecognition of financial assets sold on condition of repurchase is determined by the economic substance of the transaction. If a financial asset is sold under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the Group will not derecognise the asset. If a financial asset is sold together with an option to repurchase the financial asset at its fair value at the time of repurchase (in case of transferor sells such financial asset), the Group will derecognise the financial asset.

Financial liabilities

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

5 Derivatives

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to profit or loss.

For less complex derivative products, the fair values are principally determined by valuation models which are commonly used by market participants. Inputs to valuation models are determined from observable market data wherever possible, including foreign exchange spot and forward rates and interest rate yield curves. For more complex derivative products, the fair values are mainly determined by quoted prices from dealers.

6 Impairment of assets

Except for impairment of assets set out in Note III.14, impairment of assets is accounted for using the following principles:

(a) Impairment of financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on:

- Financial assets measured at amortised cost;
- Debt instruments measured at FVOCI;
- Equity instruments measured at FVOCI;
- Lease receivables;
- Loan commitments and financial guarantee contracts.

Financial assets measured at fair value, including debt investments or equity securities measured at FVTPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The Group's method of measuring expected credit losses of financial instruments reflects the following elements: (i) unbiased weighted average probability determined by the results of evaluating a range of possible outcomes; (ii) time value of money; (iii) reasonable and evidence-based information about past events, current conditions, and future economic forecasts that are available at no additional cost or effort at the end of the reporting period.

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the end of the reporting period (or a shorter period if the expected life of the instrument is less than 12 months).

The Group classifies financial instruments into three stages and makes provisions for expected credit losses accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition.

The three risk stages are defined as follows:

Stage 1: A financial instrument of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month expected credit losses is recognised as loss allowance.

Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount equal to lifetime expected credit losses is recognised as loss allowance. Refer to Note IV.43 (1) for the description of how the Group determines when a significant increase in credit risk has occurred.

Stage 3: A financial instrument is considered to be credit-impaired as at the end of the reporting period. The amount equal to lifetime expected credit losses is recognised as loss allowance. Refer to Note IV.43 (1) for the definition of credit-impaired financial assets.

Presentation of allowance for ECL

ECLs are remeasured at the end of each reporting period to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for financial instruments measured at amortised cost with a corresponding adjustment to their carrying amount through a loss allowance account; for debt instruments that are measured at FVOCI, the loss allowance is recognised in other comprehensive income. The Group recognises loss allowances for loan commitments and financial guarantee contracts through other payables (allowance for impairment losses on lease commitments).

Write-off

The book value of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(b) Impairment of other assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- right-of-use assets
- intangible assets
- construction in progress
- long-term deferred expenses
- long-term equity investments, etc.

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated.

The recoverable amount of an asset is the higher of its fair value (see Note III.12) less costs to sell and its present value of expected future cash flows.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate, after considering various factors including the estimated future cash flows, the useful lives and the discount rate of the asset.

If the estimated result indicates the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss and charged to profit or loss for the current period. An allowance for impairment of the asset is recognised accordingly. For impairment losses related to an asset group or a set of asset groups, the carrying amount of assets in the asset group or set of asset groups will be reduced on a pro rata basis. However, the carrying amount of an impaired asset will not be lower than the greatest amount of its individual fair value less costs to sell (if determinable), the present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

7 Lease

A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;

- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;

- the lessee has the right to direct the use of the asset.

For a contract that contains lease components and non-lease components, for the leases in which it is a lessee, the Group has elected not to separate lease components from non-lease components and accounts for the lease component and non-lease components as a single lease component; for the leases in which it is a lessor, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note III. 6(b).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Each institution of the Group uses interest rate that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment as incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;

- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;

- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

(b) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. The derecognition and impairment of the finance lease receivable are recognised in accordance with the accounting policy in Note III 4 (e) and Note III. 6(a). Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases is recognised as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

8 Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries.

The Group's long-term equity investments in subsidiaries are accounted for using the cost method, which long-term equity investments are initially measured at cost. For the long-term equity investments acquired through a business combination, the initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The initial cost of a long-term equity investment acquired other than through a business combination, the initial cost is determined as follows: if the Group acquires the investment by cash, the long-term equity investment is initially recognised at the aggregate of the cash paid, the initial direct costs, the tax, and any other costs that are directly attributable; if the investment is acquired by issuing equity securities, the long-term equity investment is initially recognized at the fair value of the equity securities issued. The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses (refer to Note III. 6(b)).

(In RMB '000, unless otherwise stated)

9 Fixed assets and construction in progress

Fixed assets represent the tangible assets held by the Group for rental to others or for administrative purposes with useful lives over one accounting year. The Group's fixed assets comprise operating lease assets, property and buildings, motor vehicles, office equipment and computer. etc.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note III.6 (b)). Construction in progress is stated in the balance sheet at cost less impairment losses (see Note III.6 (b)).

The initial cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The initial cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note III.18), and any other costs directly attributable to bringing the asset to working condition for its intended use.

Construction in progress is transferred to fixed assets when it is ready for its intended use. No depreciation is provided against construction in progress.

If different depreciation rates or methods have been applied to the related parts of an item of fixed assets with different useful lives or providing benefits to the Group in different ways, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale. The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

	Estimated useful life	*Estimated net residual value*	*Depreciation rate*
Property and buildings	28 years	3%	3.5%
Office equipment and computer	3 - 5 years	-	20.00% - 33.33%
Motor vehicle	4 - 6 years	-	16.67%

The fixed assets under operating lease of the Group are aircrafts and ships. The estimated useful life of the aircrafts is 20 - 25 years and the estimated net residual values expressed as a percentage of cost is 5% - 15%. The estimated useful life of the ships is 18-25 years and the estimated net residual values expressed as a percentage of cost is 0%-5%.

Useful lives, residual values and depreciation methods are reviewed at least at each year-end.

10 Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note III.6 (b)).

For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale. For an intangible asset with a finite useful life, its useful life and amortisation method are reviewed and adjusted at each year-end.

The intangible assets of the Group is computer software, and the amortisation years are 8-10 years.

Useful lives and amortisation methods of intangible asset with finite useful life are reviewed at least at each year-end.

11 Long-term deferred expenses

Expenditure incurred with beneficial period over one year is recognised as long-term deferred expenses. Long-term deferred expenses are stated in the balance sheet at cost less accumulated amortisation and impairment losses (see Note III.6 (b)).

12 Fair value measurement

Unless otherwise specified, the Group determines fair value measurement as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

13 Employee benefits

(a) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accured at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(b) Post-employment benefits - defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognised as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

14 Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible tax losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or tax loss).

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and liabilities are offset if all the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and assets, and

- they relate to income taxes levied by the same tax authority on either:

  - the same taxable entity; or

  - different taxable entities which intend either to settle the current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

15 Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

16 Revenue recognition

Revenue is the gross inflow of economic benefit arising in the course of the Group's ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from owners. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following respective conditions are met:

(a) Interest income

For all financial instruments measured at amortised cost and interest-generating financial instruments classified as financial assets measured at FVOCI, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, where appropriate, to the book value of the financial asset, or the amortized cost of financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not expected credit losses.

Interest income is calculated by applying the effective interest rate to the book value of financial assets and is included in interest income, except for:

- For purchased or originated credit-impaired financial assets, whose interest income is calculated, since initial recognition, by applying the credit adjusted effective interest rate to their amortised cost; and

- Financial assets that are not purchased or originated credit-impaired but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortized cost (i.e. net of the expected credit loss provision). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their book value.

The Group recognises interest income under finance leases over the lease term, based on a pattern reflecting a constant periodic rate of return. Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

(b) Operating lease income

Please refer to Note III. 7(b).

(c) Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income recognised by the Group reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to customers, and income is recognised when its performance obligation in contracts is satisfied.

(i) The Group recognises income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The customer controls the service provided by the Group in the course of performance; or
- The Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

(ii) In other cases, the Group recognises revenue at a point in time at which a customer obtains control of the promised services.

(d) Other revenue

Other revenue is recognised on an accrual basis.

17 Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Company will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

A government grant related to an asset that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income or non-operating income in the periods in which the expenses or losses are recognised. Otherwise, the grant is included in other income or non-operating income directly.

18 Borrowing costs

Borrowing costs incurred directly attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as financial expenses when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition and construction of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.

- To the extent that the Group borrows funds generally and uses them for the acquisition and construction of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition and construction that are necessary to prepare the asset for its intended use or sale are in progress, and ceases when the assets become ready for their intended use or sale. Capitalisation of borrowing costs is suspended when the acquisition and construction activities are interrupted abnormally for a period of more than three months.

19 Profit distributions to owners

Distributions of profit proposed in the profit appropriation plan to be approved after the balance sheet date are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

20 Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

21 Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

22 Significant accounting estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(a) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI and with exposure arising from loan commitments and financial guarantee contracts, is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (the likelihood of customers defaulting and the resulting losses). Refer to Note IV.43(1) for the explanation of the inputs, assumptions and estimation techniques used in measuring ECL.

(b) Impairment of non-financial assets

As described in Note III.6 (b), assets such as fixed assets, right-of-use assets and intangible assets are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognised.

The recoverable amount of an asset (asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. In assessing the present value of expected future cash flows, significant judgments are exercised over the asset's cash inflow, selling price, related operating expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of cash inflow, selling price and related operating expenses based on reasonable and supportable assumptions.

(c) Depreciation and amortisation

As described in Note III.9 and III.10, fixed assets and intangible assets are depreciated and amortised on a straight-line basis over their useful lives after taking into account their residual value. The useful lives of the assets are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experience of similar assets and the estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

(d) Income tax

Determining income tax provisions requires the Group to estimate the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly. In addition, deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant estimation on the tax treatments of certain transactions and also significant assessment on the probability that adequate future taxable profits will be available for the deferred income tax assets to be recovered.

(e) Fair value of financial instruments

If the market for a financial instrument is not active, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. To the extent practicable, valuation technique makes maximum use of market inputs. However, where market inputs are not available, management needs to make estimates on such unobservable market inputs.

23 Description and reasons of changes in accounting policies

The following accounting standards take effect for annual periods beginning on or after 1 January 2020 and are relevant to the Group.

- CAS Bulletin No.13 (Caikuai [2019] No.21)
- The Accounting Treatment of COVID-19-Related Rent Concessions (Caikuai [2020] No.10)

Material impact of the adoption of the above accounting standards and regulation is as follows:

(a) CAS Bulletin No.13

CAS Bulletin No.13 has amended the three elements of constituting a business, provides specific guidance on the determination of a business, and introduces an optional concentration test when the acquirer determine whether an acquired set of assets that not involving enterprises under common control constitute a business.

In addition, CAS Bulletin No.13 has further clarified that related parties of an entity also include the joint venture(s) or associate(s) of the other members (including the parent and subsidiaries) in the same group that includes the entity, and the other joint venture(s) or associate(s) of the investors who exercise joint control over the entity, etc.

The adoption of CAS Bulletin No.13 does not have any significant effect on the financial position, financial performance or related party disclosures of the Group.

(b) Caikuai [2020] No.10

Caikuai [2020] No.10 provides a practical expedient under certain conditions for rent concessions occurring as a direct consequence of the Covid-19 pandemic. If an entity elects to apply the practical expedient, the entity does not need to assess whether a lease modification has occurred or to reassess the lease classification.

Caikuai [2020] No.10 takes effect on 24 June 2020 (the implementation date). The entity is allowed to adjust the related rent concessions that occurred between 1 January 2020 and the implementation date. The Group did not adopt the practical expendient, so the adoption of Caikuai [2020] No.10 does not have any significant effect on the financial position or financial performance of the Group.

(In RMB '000, unless otherwise stated)

24 Business combinations and the consolidated financial statements

Refer to Note IV.9 for the subsidiaries included in the consolidated financial statements as at 31 December 2020.

IV Notes to the consolidated financial statements and financial statements

1 Cash at bank and on hand

	The Group		*The Company*	
	31 December 2020	*31 December 2019*	*31 December 2020*	*31 December 2019*
Deposits with banks	12,747,415	26,400,647	7,129,681	20,780,490
Less: Allowance for impairment losses	(138)	(499)	(65)	(370)
Total	12,747,277	26,400,148	7,129,616	20,780,120

2 Deposits with the central bank

		The Group and the Company	
	Note	*31 December 2020*	*31 December 2019*
Mandatory reserves with the PBOC	(i)	14,091	15,434
Surplus reserves with the PBOC	(ii)	56,251	4,524
Total		70,342	19,958

(i) In accordance with the *People's Bank of China's Circular on Including Security Deposit in the Scope of Deposit Reserve (Yin Fa [2011] No.209)*, the Company set aside deposit reserve for security deposit. The deposit reserve cannot be used for the Company's day-to-day operations.

(ii) Surplus reserves with the PBOC include funds for the purpose of cash settlement and other kinds of unrestricted deposits.

3 Derivative financial instruments

At the end of the reporting period, the Group had derivative financial instruments as follows:

	31 December 2020		
	Notional amount	*Asset*	*Liability*
Interest rate swap	2,142,679	143,249	533

	31 December 2019		
	Notional amount	*Asset*	*Liability*
Interest rate swap	2,290,879	55,893	2,139

(In RMB '000, unless otherwise stated)

4 Bills receivable

At the end of the reporting period, the Group and the Company had bills receivable as follows:

	The Group and The Company	
	31 December 2020	31 December 2019
Bank acceptance bill	4,200	7,100

All of the above bills are due within one year.

5 Prepayments

	The Group		The Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Prepayments for finance lease assets	3,263,689	2,475,853	3,087,229	2,475,783
Accrued interest	14,891	15,796	14,891	15,796
Sub-total	3,278,580	2,491,649	3,102,120	2,491,579
Prepayments for operating lease assets	7,775	1,176,660	-	-
Total	3,286,355	3,668,309	3,102,120	2,491,579

6 Lease receivables

		The Group		The Company	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Finance lease receivables	(1)	53,393,759	77,590,494	44,434,079	65,458,269
Sales and leaseback receivables		62,566,348	22,229,886	58,453,581	19,866,525
Less: Allowance for impairment losses	(2)	(3,052,763)	(3,169,928)	(2,616,804)	(3,073,974)
Sub-total		112,907,344	96,650,452	100,270,856	82,250,820
Operating lease receivables		2,555,430	459,330	66,956	71,404
Less: Allowance for impairment losses		(755,107)	-	(14)	-
Sub-total		1,800,323	459,330	66,942	71,404
Carrying amount of lease receivables		114,707,667	97,109,782	100,337,798	82,322,224

(In RMB '000, unless otherwise stated)

(i) The following table presents the Group's and the Company's contracted minimum finance lease receipts for future accounting years:

	The Group		*The Company*	
	31 December 2020	*31 December 2019*	*31 December 2020*	*31 December 2019*
Within 1 year (inclusive)	15,697,123	28,905,939	13,484,716	25,594,971
1 to 2 years (inclusive)	11,549,604	15,587,381	9,701,974	13,498,411
2 to 3 years (inclusive)	9,273,166	11,076,966	7,523,603	9,041,328
Over 3 years or undated	22,523,250	31,461,541	18,646,476	25,253,365
Total	59,043,143	87,031,827	49,356,769	73,388,075
Less: unearned finance income	(5,649,384)	(9,441,333)	(4,922,690)	(7,929,806)
Total	53,393,759	77,590,494	44,434,079	65,458,269

(ii) The movement of allowance for impairment of lease receivables:

	The Group			
	Stage 1	*Stage 2*	*Stage 3*	*Total*
Balance at 1 January 2020	843,541	1,773,448	552,939	3,169,928
Transfer:				
- to stage 1	236,359	(236,359)	-	-
- to stage 2	(25,358)	25,358	-	-
- to stage 3	-	(309,196)	309,196	-
(Reversals)/Additions during the year	(352,791)	329,571	299,470	276,250
Written-offs during the year	-	-	(381,854)	(381,854)
Recoveries of previously written-off	-	-	149	149
Other change	(3,320)	(7,940)	(450)	(11,710)
Balance at 31 December 2020	698,431	1,574,882	779,450	3,052,763

	The Group			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2019	560,118	1,423,667	1,009,096	2,992,881
Transfer:				
- to stage 1	78,456	(78,456)	-	-
- to stage 2	(7,582)	7,582	-	-
- to stage 3	(3,657)	(6,504)	10,161	-
Additions during the year	215,016	427,228	31,436	673,680
Written-offs during the year	-	-	(506,395)	(506,395)
Recoveries of previously written-off	-	-	8,641	8,641
Other change	1,190	(69)	-	1,121
Balance at 31 December 2019	843,541	1,773,448	552,939	3,169,928

(In RMB '000, unless otherwise stated)

	The Company			
	Stage 1	*Stage 2*	*Stage 3*	*Total*
Balance at 1 January 2020	750,535	1,770,500	552,939	3,073,974
Transfer:				
- to stage 1	236,359	(236,359)	-	-
- to stage 2	(11,720)	11,720	-	-
- to stage 3	-	(306,247)	306,247	-
(Reversals)/Additions during the year	(341,887)	11,536	254,886	(75,465)
Written-offs during the year	-	-	(381,854)	(381,854)
Recoveries of previously written-off	-	-	149	149
Balance at 31 December 2020	633,287	1,251,150	732,367	2,616,804

	The Company			
	Stage 1	*Stage 2*	*Stage 3*	*Total*
Balance at 1 January 2019	422,650	1,422,851	1,009,096	2,854,597
Transfer:				
- to stage 1	78,456	(78,456)	-	-
- to stage 2	(7,582)	7,582	-	-
- to stage 3	(3,657)	(6,504)	10,161	-
Additions during the year	260,711	425,027	31,436	717,174
Written-offs during the year	-	-	(506,395)	(506,395)
Recoveries of previously written-off	-	-	8,641	8,641
Other change	(43)	-	-	(43)
Balance at 31 December 2019	750,535	1,770,500	552,939	3,073,974

(iii) As at 31 December 2020, lease receivables which had been pledged for the Group's borrowings agreements amounted to RMB 26,492 million (31 December 2019: RMB 33,813 million).

7 Investments in equity instrument

	The Group		*The Company*	
	31 December 2020	*31 December 2019*	*31 December 2020*	*31 December 2019*
Investments in equity instrument measured at FVOCI	140,506	-	41,824	-

The Group designates non-tradable equity investment as equity instrument investment measured at FVOCI. As at 31 December 2020, the fair value of such investment is RMB 141 million, and the accumulated loss included in other comprehensive income is RMB 338million.

(In RMB '000, unless otherwise stated)

8 Investments in debt

	The Group and the Company	
	31 December 2020	*31 December 2019*
Investments in debt measured at FVOCI		
Analysed by type of issuers		
Governments and central banks	2,057,049	1,580,724
Policy banks	791,160	799,281
Total	2,848,209	2,380,005

As at 31 December 2020, investment in debt which had been pledged for the repurchase agreements amounted to RMB 0.5 billion (31 December 2019: RMB 1.8 billion).

9 Long-term equity investments and scope of consolidated financial statements

	The Group		The Company	
	31 December 2020	*31 December 2019*	*31 December 2020*	*31 December 2019*
Long-term equity investments	-	-	3,250,931	3,103,835

(In RMB '000, unless otherwise stated)

As at 31 December 2020, the consolidated subsidiaries included the following:

	Place of registration	*Registered capital RMB*	*Nature of business*	*% of equity interest held by the Company*	*% of voting right held by the Company*
ICBC Aviation Leasing Company Limited	Hong Kong	1.2 billion USD	Finance Lease	100%	100%
ICBC Financial Leasing (Beijing) Co., Ltd.	Beijing	1 million	Finance Lease	100%	100%
Tian Lang (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Hai Ju (Tianjin) Ship Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Hai Hui (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Guang (Tianjin) Leasing Co., Ltd.	Tianjin	3.996 million	Finance Lease	100%	100%
Tian Shang (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Hai Xing (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Hai Wang (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Hai Jin (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Jiao (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Kang (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Yue (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Qing (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Rong (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Lu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Shen (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Jin (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Peng (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Shun (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Yun De (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Yun Long (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Li (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Yan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Pu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Shuang (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Ji (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Yang (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Song (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Gang (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Yu (Xiamen) Aircraft Leasing Co., Ltd.	Xiamen	0.1 million	Finance Lease	100%	100%
Hai Jiang (Tianjin) Ship Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Hai Tao (Tianjin) Ship Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Hai Peng (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Qian (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Yi (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Chuan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Qi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Chen (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Quan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyinwuju (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Zhen (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Chi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Xiao (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Yong (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Hui (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Min (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Hai Lu (Tianjin) Ship Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Xu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Ao (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Mu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Yun (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Xi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Xuan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Yuan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Lan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Meng (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Lian (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Jiu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Shan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Dan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Ling (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Xuan (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Yi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Ming (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Jun (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Hu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Bing (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Jun (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Mao (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Miao (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Han (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%

(In RMB '000, unless otherwise stated)

	Place of registration	*Registered capital RMB*	*Nature of business*	*% of equity interest held by the Company*	*% of voting right held by the Company*
Tian Feng (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Jing (Xiamen) Aircraft Leasing Co., Ltd.	Xiamen	0.1 million	Finance Lease	100%	100%
Tian Ye (Xiamen) Aircraft Leasing Co., Ltd.	Xiamen	0.1 million	Finance Lease	100%	100%
Tian Wu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Nuo (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Nan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Long (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Liang (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Xin (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.1 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.2 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.3 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.4 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.5 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.6 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.7 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.8 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.9 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.10 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.11 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.12 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.13 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.14 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.15 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.16 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.17 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.18 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.19 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.30 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.31 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.32 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.33 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.34 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.35 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.36 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.37 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.38 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.39 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.40 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.43 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.44 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.45 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.46 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.47 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.48 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.49 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.50 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%

(In RMB '000, unless otherwise stated)

	Place of registration	*Registered capital RMB*	*Nature of business*	*% of equity interest held by the Company*	*% of voting right held by the Company*
Gongyintiangao No.51 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.52 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.54 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.55 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.56 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.57 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.58 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.59 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.60 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.61 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.62 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.65 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.66 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.67 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
ICBC Aviation (Zhoushan) Aircraft Leasing Co., Ltd.	Zhoushan	0.1 million	Finance Lease	100%	100%
Tiangao No.68 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.69 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.70 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.71 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.72 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.74 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.75 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tangao No.77 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.78 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.79 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.80 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.81 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.82 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.84 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.85 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.86 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.87 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.88 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.90 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.91 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.92 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.94 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.95 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.96 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.97 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.98 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.99 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.1 (Guangzhou) Aircraft Leasing Co., Ltd.	Guangzhou	0.1 million	Finance Lease	100%	100%
Tiangao No.2 (Guangzhou) Aircraft Leasing Co., Ltd.	Guangzhou	0.1 million	Finance Lease	100%	100%
Tiangao No.3 (Guangzhou) Aircraft Leasing Co., Ltd.	Guangzhou	0.1 million	Finance Lease	100%	100%
Tiangao No.4 (Guangzhou) Aircraft Leasing Co., Ltd.	Guangzhou	0.1 million	Finance Lease	100%	100%
Tiangao No.5 (Guangzhou) Aircraft Leasing Co., Ltd.	Guangzhou	0.1 million	Finance Lease	100%	100%
Tiangao No.6 (Guangzhou) Aircraft Leasing Co., Ltd.	Guangzhou	0.1 million	Finance Lease	100%	100%
Tiangao No.7 (Guangzhou) Aircraft Leasing Co., Ltd.	Guangzhou	0.1 million	Finance Lease	100%	100%
Tiangao No.8 (Guangzhou) Aircraft Leasing Co., Ltd.	Guangzhou	0.1 million	Finance Lease	100%	100%
Tiangao No.9 (Guangzhou) Aircraft Leasing Co., Ltd.	Guangzhou	0.1 million	Finance Lease	100%	100%
Tiangao No.10 (Guangzhou) Aircraft Leasing Co., Ltd.	Guangzhou	0.1 million	Finance Lease	100%	100%
Tiangao No.1 (Beijing) Financing Leasing Co., Ltd.	Beijing	0.1 million	Finance Lease	100%	100%
Tiangao No.2 (Beijing) Financing Leasing Co., Ltd.	Beijing	0.1 million	Finance Lease	100%	100%
Tiangao No.3 (Beijing) Financing Leasing Co., Ltd.	Beijing	0.1 million	Finance Lease	100%	100%
Tiangao No.4 (Beijing) Financing Leasing Co., Ltd.	Beijing	0.1 million	Finance Lease	100%	100%
Tiangao No.1 (Xiamen) Aircraft Leasing Co., Ltd.	Xiamen	0.1 million	Finance Lease	100%	100%
Jiaorong No.1 (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Haiyin (Yangpu) Leasing Co., Ltd.	Yangpu	0.1 million	Finance Lease	100%	100%
Haifa (Yangpu) Leasing Co., Ltd.	Yangpu	0.1 million	Finance Lease	100%	100%

As at 31 December 2020, the paid-in capital of the above subsidiaries amounted to RMB 3,088 million (31 December 2019: RMB 3,104 million).

(In RMB '000, unless otherwise stated)

10 Fixed assets

The Group

	Office equipment and computers	*Motor vehicle*	*Property and buildings*	*Operating lease assets*	*Total*
Cost					
At 1 January 2019	25,305	4,702	-	114,797,117	114,827,124
Additions during the year	3,006	583	959,300	5,747,785	6,710,674
Transfers from construction in progress	-	-	-	506,833	506,833
Transfers from prepayments	-	-	-	2,276,276	2,276,276
Disposals during the year	(14)	-	-	(7,810,547)	(7,810,561)
Foreign currency translation differences	6	-	-	1,818,076	1,818,082
At 31 December 2019 and 1 January 2020	28,303	5,285	959,300	117,335,540	118,328,428
Additions during the year	3,236	-	-	2,834,338	2,837,574
Transfers from construction in progress	-	-	-	5,652,684	5,652,684
Transfers from prepayments	-	-	-	6,870,663	6,870,663
Disposals during the year	(654)	-	-	(863,297)	(863,951)
Foreign currency translation differences	(74)	-	-	(7,285,818)	(7,285,892)
At 31 December 2020	30,811	5,285	959,300	124,544,110	125,539,506
Accumulated depreciation					
At 1 January 2019	(20,736)	(4,508)	-	(13,900,671)	(13,925,915)
Charge for the year	(2,327)	(47)	-	(3,968,045)	(3,970,419)
Written off on disposals	14	-	-	1,037,049	1,037,063
Foreign currency translation differences	(2)	-	-	(249,056)	(249,058)
At 31 December 2019 and 1 January 2020	(23,051)	(4,555)	-	(17,080,723)	(17,108,329)
Charge for the year	(2,770)	(136)	(33,233)	(4,060,807)	(4,096,946)
Written off on disposals	623	-	-	200,738	201,361
Foreign currency translation differences	27	-	-	1,213,332	1,213,359
At 31 December 2020	(25,171)	(4,691)	(33,233)	(19,727,460)	(19,790,555)
Allowance for impairment losses					
At 1 January 2019	-	-	-	(1,051,662)	(1,051,662)
Charge for the year	-	-	-	(324,823)	(324,823)
Written off on disposals	-	-	-	108,820	108,820
Foreign currency translation differences	-	-	-	(9,889)	(9,889)
At 31 December 2019 and 1 January 2020	-	-	-	(1,277,554)	(1,277,554)
Charge for the year	-	-	-	(941,060)	(941,060)
Written off on disposals	-	-	-	45,340	45,340
Foreign currency translation differences	-	-	-	70,494	70,494
At 31 December 2020	-	-	-	(2,102,780)	(2,102,780)
Net book value					
At 31 December 2019	5,252	730	959,300	98,977,263	99,942,545
At 31 December 2020	5,640	594	926,067	102,713,870	103,646,171

(In RMB '000, unless otherwise stated)

The Company

	Office equipment and computers	*Motor vehicle*	*Property and buildings*	*Operating lease assets*	*Total*
Cost					
At 1 January 2019	24,944	4,702	-	1,047,717	1,077,363
Additions during the year	2,220	583	959,300	-	962,103
Transfers from construction in progress	-	-	-	506,833	506,833
Transfers to accounts receivable	-	-	-	(506,833)	(506,833)
At 31 December 2019 and 1 January 2020	27,164	5,285	959,300	1,047,717	2,039,466
Additions during the year	3,143	-	-	-	3,143
Transfers from construction in progress	-	-	-	4,956,788	4,956,788
Disposals during the year	(654)	-	-	(16,978)	(17,632)
Transfers to accounts receivable	-	-	-	(4,956,788)	(4,956,788)
At 31 December 2020	29,653	5,285	959,300	1,030,739	2,024,977
Accumulated depreciation					
At 1 January 2019	(20,721)	(4,508)	-	(122,999)	(148,228)
Charge for the year	(2,068)	(47)	-	(19,062)	(21,177)
At 31 December 2019 and 1 January 2020	(22,789)	(4,555)	-	(142,061)	(169,405)
Charge for the year	(2,463)	(136)	(33,233)	(15,121)	(50,953)
Written off on disposals	625	-	-	2,416	3,041
At 31 December 2020	(24,627)	(4,691)	(33,233)	(154,766)	(217,317)
Allowance for impairment losses					
At 1 January 2019	-	-	-	(402,360)	(402,360)
Charge for the year	-	-	-	(80,319)	(80,319)
At 31 December 2019 and 1 January 2020	-	-	-	(482,679)	(482,679)
Written off on disposals	-	-	-	8,634	8,634
At 31 December 2020	-	-	-	(474,045)	(474,045)
Net book value					
At 31 December 2019	4,375	730	959,300	422,977	1,387,382
At 31 December 2020	5,026	594	926,067	401,928	1,333,615

As at 31 December 2020, fixed assets under operating lease which had been pledged as collateral for the Group's borrowings amounted to RMB 49,632 million (31 December 2019: RMB 51,278 million).

11 Construction in progress

	The Group		*The Company*	
	2020	*2019*	*2020*	*2019*
At 1 January	14,720,734	11,425,244	14,720,734	11,425,244
Additions during the year	1,927,416	4,341,958	760,061	4,341,958
Transferred:	(5,662,214)	(1,046,468)	(4,966,318)	(1,046,468)
- to fixed assets	(5,652,684)	(506,833)	(4,956,788)	(506,833)
- to others	(9,530)	(539,635)	(9,530)	(539,635)
At 31 December	10,985,936	14,720,734	10,514,477	14,720,734

As at 31 December 2020, the Group's and the Company's construction in progress is aircraft under construction.

	The Group		*The Company*	
	2020	*2019*	*2020*	*2019*
Borrowing costs capitalised	177,181	196,421	161,693	196,421

(In RMB '000, unless otherwise stated)

The interest rate per annum, at which the borrowing costs were capitalised for the current year by the Group and the Company, was 1.23% - 2.65%. (2019: 2.37% - 3.26%)

12 Right-of-use assets

The Group

	Leased properties and buildings	*Operating lease Right-of-use assets*	*Total*
Cost			
At 1 January 2019	122,996	14,687,643	14,810,639
Additions during the year	36,362	3,366,840	3,403,202
Disposals during the year	-	(697,620)	(697,620)
Foreign currency translation differences	603	241,827	242,430
At 31 December 2019 and 1 January 2020	159,961	17,598,690	17,758,651
Additions during the year	20,418	691,639	712,057
Transfers from construction in progress	-	9,530	9,530
Transfers to operating lease assets	-	(1,671,797)	(1,671,797)
Foreign currency translation differences	(2,407)	(1,139,222)	(1,141,629)
At 31 December 2020	177,972	15,488,840	15,666,812
Accumulated depreciation			
At 1 January 2019	-	(624,172)	(624,172)
Charge for the year	(56,545)	(565,578)	(622,123)
Written off on disposals	-	29,422	29,422
Foreign currency translation differences	(68)	(14,571)	(14,639)
At 31 December 2019 and 1 January 2020	(56,613)	(1,174,899)	(1,231,512)
Charge for the year	(51,807)	(524,114)	(575,921)
Foreign currency translation differences	804	98,029	98,833
At 31 December 2020	(107,616)	(1,600,984)	(1,708,600)
Allowance for impairment losses			
At 1 January 2019	-	(145,796)	(145,796)
Charge for the year	-	(49,167)	(49,167)
Written off on disposals	-	5,612	5,612
Foreign currency translation differences	-	(2,401)	(2,401)
At 31 December 2019 and 1 January 2020	-	(191,752)	(191,752)
Charge for the year	-	(85,328)	(85,328)
Foreign currency translation differences	-	13,754	13,754
At 31 December 2020	-	(263,326)	(263,326)
Net book value			
At 1 January 2020	103,348	16,232,039	16,335,387
At 31 December 2020	70,356	13,624,530	13,694,886

(In RMB '000, unless otherwise stated)

The Company

	Leased properties and buildings
Cost	
At 1 January 2019	86,399
Additions during the year	36,363
At 31 December 2019 and 1 January 2020	122,762
Additions during the year	4,960
At 31 December 2020	127,722
Accumulated depreciation	
At 1 January 2019	-
Charge for the year	(48,194)
At 31 December 2019 and 1 January 2020	(48,194)
Charge for the year	(44,062)
At 31 December 2020	(92,256)
Net book value	
At 1 January 2020	74,568
At 31 December 2020	35,466

(In RMB '000, unless otherwise stated)

13 Deferred tax assets and liabilities

The Group

Deferred tax assets	*31 December 2020*		*31 December 2019*	
	Deferred tax assets/ (liabilities)	*Deductible/ (Taxable) temporary difference*	*Deferred tax assets/ (liabilities)*	*Deductible/ (Taxable) temporary difference*
Allowance for impairment losses	589,149	2,356,596	601,022	2,404,088
Accrued staff costs	40,356	161,424	34,152	136,608
Changes in fair value from other investments in equity instrument	4,733	18,932	-	-
Changes in fair value from other investments in debt	(5,388)	(21,552)	(9,621)	(38,484)
Others	91,707	366,828	81,971	327,884
Total	720,557	2,882,228	707,524	2,830,096

Deferred tax liabilities	*31 December 2020*		*31 December 2019*	
	Deferred tax liabilities	*Taxable temporary difference*	*Deferred tax liabilities*	*Taxable temporary difference*
Depreciation on fixed assets	1,495,263	11,962,104	1,346,893	10,782,393
Unrealised loss arising from intra-group transactions	7,021	56,168	8,072	64,577
Total	1,502,284	12,018,272	1,354,965	10,846,970

Deferred tax assets	*2020*			
	Balance at the beginning of the year	*(Charged)/ credited to income statement*	*Credited to equity statement*	*Balance at the end of the year*
Allowance for impairment losses	601,022	(11,873)	-	589,149
Accrued staff costs	34,152	6,204	-	40,356
Changes in fair value from other investments in equity instrument	-	-	4,733	4,733
Changes in fair value from other investments in debt	(9,621)	-	4,233	(5,388)
Others	81,971	9,736	-	91,707
Total	707,524	4,067	8,966	720,557

Deferred tax liabilities	*2020*			
	Balance at the beginning of the year	*Charged/ (credited) to income statement*	*Credited to equity statement*	*Balance at the end of the year*
Depreciation on fixed assets	1,346,893	240,308	(91,938)	1,495,263
Unrealised loss arising from intra-group transactions	8,072	(546)	(505)	7,021
Total	1,354,965	239,762	(92,443)	1,502,284

(In RMB '000, unless otherwise stated)

Deferred tax assets	*2019*			
	Balance at the beginning of the year	*Credited to income statement*	*Charged to equity statement*	*Balance at the end of the year*
Allowance for impairment losses	388,689	212,333	-	601,022
Accrued staff costs	22,943	11,209	-	34,152
Changes in fair value from other investments in debt	(5,855)	-	(3,766)	(9,621)
Others	66,499	15,472	-	81,971
Total	472,276	239,014	(3,766)	707,524

Deferred tax liabilities	*2019*			
	Balance at the beginning of the year	*Charged/ (credited) to income statement*	*Charged to equity statement*	*Balance at the end of the year*
Changes in fair value from financial derivative assets	(6)	6	-	-
Depreciation on fixed assets	952,868	382,099	11,926	1,346,893
Unrealised loss arising from intra-group transactions	8,497	(561)	136	8,072
Total	961,359	381,544	12,062	1,354,965

As at 31 December 2020, the deductible tax losses of subsidiaries were not recognized as deferred income tax assets, as management considered that it was not probable that there would be sufficient taxable profit against which the above deductible losses could be utilized in the foreseeable future.

(In RMB '000, unless otherwise stated)

The Company

Deferred tax assets	*31 December 2020*		*31 December 2019*	
	Deferred tax assets/ (liabilities)	*Deductible/ (taxable) temporary difference*	*Deferred tax assets/ (liabilities)*	*Deductible/ (taxable) temporary difference*
Allowance for impairment losses	511,224	2,044,896	529,871	2,119,484
Accrued staff costs	40,356	161,424	34,152	136,608
Changes in fair value from other investments in equity instrument	4,733	18,932	-	-
Changes in fair value from other investments in debt	(5,388)	(21,552)	(9,621)	(38,484)
Others	66,937	267,748	68,764	275,056
Total	617,862	2,471,448	623,166	2,492,664

Deferred tax assets	*2020*			
	Balance at the beginning of the year	*(Charged)/ credited to income statement*	*Credited to equity statement*	*Balance at the end of the year*
Allowance for impairment losses	529,871	(18,647)	-	511,224
Accrued staff costs	34,152	6,204	-	40,356
Changes in fair value from other investments in equity instrument	-	-	4,733	4,733
Changes in fair value from other investments in debt	(9,621)	-	4,233	(5,388)
Others	68,764	(1,827)	-	66,937
Total	623,166	(14,270)	8,966	617,862

Deferred tax assets	*2019*			
	Balance at the beginning of the year	*Credited to income statement*	*Charged to equity statement*	*Balance at the end of the year*
Allowance for impairment losses	327,401	202,470	-	529,871
Accrued staff costs	22,943	11,209	-	34,152
Changes in fair value from other investments in debt	(5,855)	-	(3,766)	(9,621)
Others	66,434	2,330	-	68,764
Total	410,923	216,009	(3,766)	623,166

(In RMB '000, unless otherwise stated)

14 Other assets

	The Group		The Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Entrusted loans	14,529,197	7,005,842	27,291,706	23,423,665
Receivables due from suppliers	4,221,300	-	4,221,300	-
Receivables arising from termination of contracts	468,705	363,397	1,698,726	1,848,631
Maintenance right assets	368,855	374,978	-	-
Long-term deferred expenses	239,382	285,921	92	839
Prepayments of borrowing cost	236,812	307,554	2,451	6,512
Lease premium assets	153,885	161,596	-	-
Deductible input VAT	95,464	197,082	-	142,963
Other intangible assets	28,869	15,853	28,869	15,853
Security deposits	23,594	17,069	17,069	17,069
Receivables due to assets transfer transaction	-	-	11,246,809	11,366,398
Repossessed assets	-	52,280	-	52,280
Other receivables	937,438	1,079,955	567,135	606,013
Total	21,303,501	9,861,527	45,074,157	37,480,223

The movement of other intangible assets of the Group and the Company is as follows.

	Computer software
Cost	
At 1 January 2019	33,878
Additions during the year	4,920
At 31 December 2019 and 1 January 2020	38,798
Additions during the year	17,067
At 31 December 2020	55,865
Accumulated amortisation	
At 1 January 2019	(18,678)
Charge for the year	(4,267)
At 31 December 2019 and 1 January 2020	(22,945)
Charge for the year	(4,051)
At 31 December 2020	(26,996)
Net book value	
At 31 December 2019	15,853
At 31 December 2020	28,869

(In RMB '000, unless otherwise stated)

15 Borrowings

	The Group		The Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Analysed by duration:				
Short-term	145,578,120	135,799,527	110,659,805	109,932,565
Long-term	56,437,836	57,429,912	18,595,434	17,727,186
Accrued interest	4,599,870	4,148,258	424,160	416,914
Total	206,615,826	197,377,697	129,679,399	128,076,665
Analysed by counterparty:				
Domestic institutions	144,122,236	133,279,449	129,255,239	125,915,701
Overseas institutions	57,893,720	59,949,990	-	1,744,050
Accrued interest	4,599,870	4,148,258	424,160	416,914
Total	206,615,826	197,377,697	129,679,399	128,076,665

Including the amount pertains to the recourse factoring arrangement.

16 Repurchase agreements

	The Group and the Company	
	31 December 2020	31 December 2019
Repurchase agreements - securities	480,000	1,800,000
Accrued interest	1,624	746
Total	481,624	1,800,746
Domestic institutions	481,624	1,800,746

17 Advances from customers

	The Group		The Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Rental fee received in advance	1,841,165	1,871,894	608,072	909,412
Others	556,524	650,816	525,675	613,280
Total	2,397,689	2,522,710	1,133,747	1,522,692

(In RMB '000, unless otherwise stated)

18 Bond payables

	The Group and the Company	
	31 December 2020	*31 December 2019*
Debt securities	15,976,772	9,982,105
Accrued interest	269,777	215,526
Total	16,246,549	10,197,631

In October 2018, the Company issued a three-year 4.08% fixed rate notes with a principal amount of RMB 4 billion, which would expire in 2021.

In January 2019, the Company issued a three-year 3.45% fixed rate notes with a principal amount of RMB 3 billion, which would expire in 2022.

In March 2019, the Company issued a three-year 3.45% fixed rate notes with a principal amount of RMB 2 billion, which would expire in 2022.

In March 2019, the Company issued a five-year 3.95% fixed rate notes with a principal amount of RMB 1 billion, which would expire in 2024.

In August 2020, the Company issued a three-year 3.48% fixed rate notes with a principal amount of RMB 3 billion, which would expire in 2023.

In November 2020, the Company issued a three-year 3.9% fixed rate notes with a principal amount of RMB 3 billion, which would expire in 2023.

19 Bills payable

	The Group and the Company	
	31 December 2020	*31 December 2019*
Bank acceptance bills	93,122	154,561

The bills above are all due within one year.

20 Long-term payables

	The Group		*The Company*	
	31 December 2020	*31 December 2019*	*31 December 2020*	*31 December 2019*
Acquisition of fixed assets	633,666	851,802	-	-

(In RMB '000, unless otherwise stated)

21 Lease liabilities

	The Group		*The Company*	
	31 December 2020	*31 December 2019*	*31 December 2020*	*31 December 2019*
Lease liabilities	10,547,172	13,499,322	35,669	71,458

The following table presents the Group's and the Company's contracted minimum lease payables for future accounting years as at 31 December 2020:

	The Group		*The Company*	
	31 December 2020	*31 December 2019*	*31 December 2020*	*31 December 2019*
Within 1 year (inclusive)	1,293,005	1,537,024	4,795	42,378
1 to 2 years (inclusive)	1,426,114	1,627,709	5,024	4,795
2 to 3 years (inclusive)	2,127,850	1,729,351	5,275	5,024
Over 3 years	6,607,935	10,928,377	26,640	25,723
Sub-total	11,454,904	15,822,461	41,734	77,920
Less: Unrecognized financing expenses	(907,732)	(2,323,139)	(6,065)	(6,462)
Carrying amount	10,547,172	13,499,322	35,669	71,458

22 Employee benefits payable

		The Group and the Company	
	Note	*31 December 2020*	*31 December 2019*
Short-term employee benefits	(1)	171,988	153,811
Post-employment benefits - defined contribution plans	(2)	-	-
Total		171,988	153,811

(In RMB '000, unless otherwise stated)

(1) Short-term employee benefits

	The Group			
	Balance at 1 January 2020	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2020*
Salaries, bonuses, allowances and subsidies	135,094	194,415	(178,876)	150,633
Staff welfare	-	33,706	(33,706)	-
Social insurance	-	8,968	(8,968)	-
Medical insurance	-	212	(212)	-
Work-related injury insurance	-	8,581	(8,581)	-
Maternity insurance	-	175	(175)	-
Housing fund	-	12,945	(12,945)	-
Labour union fee, staff and workers' education fee	18,717	8,161	(5,523)	21,355
Total	153,811	258,195	(240,018)	171,988

	The Company			
	Balance at 1 January 2020	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2020*
Salaries, bonuses, allowances and subsidies	135,094	184,720	(169,180)	150,634
Staff welfare	-	32,193	(32,193)	-
Social insurance	-	8,633	(8,633)	-
Medical insurance	-	212	(212)	-
Work-related injury insurance	-	8,246	(8,246)	-
Maternity insurance	-	175	(175)	-
Housing fund	-	12,945	(12,945)	-
Labour union fee, staff and workers' education fee	18,717	8,153	(5,516)	21,354
Total	153,811	246,644	(228,467)	171,988

	The Group			
	Balance at 1 January 2019	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2019*
Salaries, bonuses, allowances and subsidies	90,257	199,908	(155,071)	135,094
Staff welfare	-	27,508	(27,508)	-
Social insurance	-	11,159	(11,159)	-
Medical insurance	-	323	(323)	-
Work-related injury insurance	-	10,057	(10,057)	-
Maternity insurance	-	779	(779)	-
Housing fund	-	12,198	(12,198)	-
Labour union fee, staff and workers' education fee	14,917	10,603	(6,803)	18,717
Total	105,174	261,376	(212,739)	153,811

(In RMB '000, unless otherwise stated)

	The Company			
	Balance at 1 January 2019	Accrued during the year	Paid during the year	Balance at 31 December 2019
Salaries, bonuses, allowances and subsidies	90,257	196,405	(151,568)	135,094
Staff welfare	-	26,757	(26,757)	-
Social insurance	-	11,088	(11,088)	-
Medical insurance	-	323	(323)	-
Work-related injury insurance	-	9,986	(9,986)	-
Maternity insurance	-	779	(779)	-
Housing fund	-	12,198	(12,198)	-
Labour union fee, staff and workers' education fee	14,917	10,603	(6,803)	18,717
Total	105,174	257,051	(208,414)	153,811

(2) Post-employment benefits - defined contribution plans

	The Group			
	Balance at 1 January 2020	Accrued during the year	Paid during the year	Balance at 31 December 2020
Basic pension insurance	-	12,312	(12,312)	-
Unemployment insurance	-	548	(548)	-
Enterprise pension	-	43,311	(43,311)	-
Total	-	56,171	(56,171)	-

	The Company			
	Balance at 1 January 2020	Accrued during the year	Paid during the year	Balance at 31 December 2020
Basic pension insurance	-	11,291	(11,291)	-
Unemployment insurance	-	548	(548)	-
Enterprise pension	-	43,311	(43,311)	-
Total	-	55,150	(55,150)	-

	The Group			
	Balance at 1 January 2019	Accrued during the year	Paid during the year	Balance at 31 December 2019
Basic pension insurance	-	16,101	(16,101)	-
Unemployment insurance	-	726	(726)	-
Enterprise pension	-	4,055	(4,055)	-
Total	-	20,882	(20,882)	-

(In RMB '000, unless otherwise stated)

	The Company			
	Balance at 1 January 2019	Accrued during the year	Paid during the year	Balance at 31 December 2019
Basic pension insurance	-	15,861	(15,861)	-
Unemployment insurance	-	726	(726)	-
Enterprise pension	-	4,055	(4,055)	-
Total	-	20,642	(20,642)	-

23 Taxation

(1) The types of taxes applicable to the Group's rendering of services include value added tax (VAT), city construction tax, education surcharges and etc.

Tax name	Tax basis and applicable rate
VAT	Output VAT is 3%-16% of income from leasing business based on tax laws. The basis for VAT payable is to deduct input VAT from the output VAT for the period
City construction tax	1% - 7% of VAT payable
Education surcharges	3% of VAT payable
Local education surcharges	2% of VAT payable

(2) Taxes on profits assessable overseas have been calculated at the applicable rates of tax prevailing in the countries/regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

(3) Taxes payable

	The Group		The Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Income tax payable	591,811	324,095	363,339	82,423
VAT and surcharges payable	176,625	175,690	26,434	-
Withholding of individual income tax payable	1,637	1,293	1,626	1,293
Others	8,900	4,042	4,121	3,974
Total	778,973	505,120	395,520	87,690

24 Security deposits payable

	The Group		The Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Security deposits for leasing purposes	861,437	1,125,861	135,501	152,289

(In RMB '000, unless otherwise stated)

25 Other payables

	The Group		The Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Maintenance reserve payable	3,253,631	3,880,325	-	-
Rent collected from factoring business	350,280	304,901	350,280	304,901
Payables arising from termination of contracts	289,796	393,134	-	-
Leased assets payables	284,142	282,010	52,607	40,127
Lessor contribution	248,130	242,539	-	-
Others	1,564,605	296,870	1,445,022	200,907
Total	5,990,584	5,399,779	1,847,909	545,935

26 Paid-in capital

The Company

	31 December 2020		31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Industrial and Commercial Bank of China Limited	18,000,000	100.00	18,000,000	100.00

27 Surplus reserve

In accordance with the Company Law of the People's Republic of China and the Company's and the subsidiaries' Articles of Association, the Company and the subsidiaries shall appropriate 10% of its annual net profit to its statutory surplus reserve. The statutory surplus reserve can be used to make up for the loss or increase the paid-in capital upon approval.

28 General reserve

In accordance with the Administrative Measures for Provisions by Financial Institutions (Cai Jin [2012] No. 20) issued by the Ministry of Finance, the Company and the subsidiaries set aside a general reserve for possible unrecognised losses on risk assets, as part of the provisions for impaired assets. The general reserve, which is dealt with in profit distribution and forms part of the shareholders' equity shall be no less than 1.5% in principle of the total risk assets at the end of the period.

29 Interest income

	The Group		The Company	
	2020	2019	2020	2019
Interest income from finance lease and sales and leaseback	4,722,030	4,799,464	4,244,767	3,992,550
Interest income from bank deposits	164,658	463,428	952,429	1,156,196
Interest income from other investments in debt	86,916	82,761	86,916	82,761
Interest income from placements with banks and other financial institutions	487	2,123	487	2,123
Total	4,974,091	5,347,776	5,284,599	5,233,630

The interest income from bank deposit includes interest income from the entrusted loan by the Company and the interest income arising from cash pool.

(In RMB '000, unless otherwise stated)

30 Operating lease income

	The Group		The Company	
	2020	2019	2020	2019
Operating lease income	11,218,635	11,660,084	31,338	33,814

31 Fee and commission income

	The Group		The Company	
	2020	2019	2020	2019
Income from consulting services	385,622	668,628	351,754	634,993

32 Other income

Pursuant to *CAS No.16-Government grants (2017)*, a government grant related to the income is reclassified as other income, the government grants incurred this year represents the rebates of income tax, VAT tax relief and financial support fund from Tianjin government.

33 Interest expense

	The Group		The Company	
	2020	2019	2020	2019
Interest expense on borrowings	4,111,729	5,969,507	2,367,866	3,225,237
Interbank interest expense	453,622	630,291	453,622	630,291
Bond interest expense	439,313	358,284	439,313	358,284
Interest expense on lease liabilities	349,589	504,085	-	-
Interest expense of repurchase agreements	6,919	24,618	6,919	24,618
Total	5,361,172	7,486,785	3,267,720	4,238,430

34 Operating lease expenses

	The Group		The Company	
	2020	2019	2020	2019
Depreciation of operating lease assets	4,060,807	3,968,045	15,121	19,062
Depreciation of right-of-use assets	524,114	565,578	-	-
Amortisation of loss from sales and leaseback	26,209	26,931	-	-
Total	4,611,130	4,560,554	15,121	19,062

(In RMB '000, unless otherwise stated)

35 Taxes and surcharges

	The Group		*The Company*	
	2020	*2019*	*2020*	*2019*
City construction tax	47,416	40,127	11,710	-
Education surcharge	33,820	28,612	8,364	-
Others	29,148	49,863	22,701	14,785
Total	110,384	118,602	42,775	14,785

36 Operating and administrative expenses

	The Group		*The Company*	
	2020	*2019*	*2020*	*2019*
Employee benefits	314,366	282,258	301,794	277,693
Technical service fee	85,919	-	-	-
Consulting fees	51,688	60,204	3,323	9,740
Depreciation charge for right-of-use assets	49,122	55,711	41,377	47,360
Depreciation charge for fixed assets	36,139	2,374	35,832	2,115
Maintenance expenses	11,200	63,942	215	525
Amortisation	6,272	50,668	4,828	5,580
Advertisement and entertainment	4,808	9,345	4,495	7,169
Interest expense on lease liabilities	1,808	4,495	731	3,168
Rental expenses	105	2,202	105	2,202
Others	64,583	85,392	43,760	55,176
Total	626,010	616,591	436,460	410,728

37 Impairment losses/(reversals)

	The Group		*The Company*	
	2020	*2019*	*2020*	*2019*
Impairment losses/(reversals) on lease receivables	1,056,412	673,680	(75,451)	717,174
Impairment losses on operating lease assets	941,060	324,823	-	80,319
Impairment losses on right-of-use assets	85,328	49,167	-	-
Impairment losses/(reversals) on other assets	3,478	45,837	(7,024)	13,269
Reversals of impairment losses on cash at bank	(332)	(193)	(280)	(290)
Reversals of impairment losses on prepayments for finance lease	-	(4,339)	-	(4,339)
Reversals of Impairment losses on finance lease commitments	-	(1,397)	-	(1,397)
Total	2,085,946	1,087,578	(82,755)	804,736

(In RMB '000, unless otherwise stated)

38 Income tax expense

In 2020, the Group's applicable PRC income tax rate is 25% (2019: 25%). Taxes on profits assessable overseas have been calculated at the applicable rates of tax prevailing in the countries/regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. A reconciliation of the income tax expense applicable to profit before taxation at the PRC statutory income tax rate to actual income tax expense is as follows:

	The Group		The Company	
	2020	2019	2020	2019
Current income tax expense	977,353	786,880	491,883	373,322
Deferred income tax charged/(credited)	235,695	142,530	14,270	(216,009)
Total	1,213,048	929,410	506,153	157,313
Reconciliation of income tax expense applicable to profit before taxation at applicable tax rate to income tax expense:				
Profit before taxation	4,432,394	4,758,088	2,044,704	572,948
Tax at the applicable income tax rate (25%)	1,108,099	1,189,522	511,176	143,238
Effect of different applicable rates of tax prevailing in other countries/regions	(106,540)	(348,372)	-	-
Effect of unrecognised deferred income tax assets for deductible loss	170,594	50,562	-	-
Effect of using the deductible losses for which no deferred tax asset was recognised in previous period	(9,325)	(16,028)	-	-
Others	50,220	53,726	(5,023)	14,075
Income tax expense	1,213,048	929,410	506,153	157,313

(In RMB '000, unless otherwise stated)

39 Other comprehensive income

	The Group		The Company	
	2020	2019	2020	2019
Items that may not be reclassified to profit or loss				
Changes in fair value of other investments in equity	(343,030)	-	(18,934)	-
Less: income tax effect	4,734	-	4,734	-
Sub-total	(338,296)	-	(14,200)	-
Items that may be reclassified to profit or loss				
Changes in fair value of other investments in debt	(16,411)	15,064	(16,411)	15,064
Less: income tax effect	4,233	(3,766)	4,233	(3,766)
Sub-total	(12,178)	11,298	(12,178)	11,298
Foreign currency translation differences	(1,154,231)	246,468	-	-
Total	(1,504,705)	257,766	(26,378)	11,298

40 Cash and cash equivalents

Cash and cash equivalents carried in the cash flow statements were as follows:

	The Group		The Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Cash and bank deposits with original maturity of less than 3 months	12,654,293	26,400,647	7,036,559	20,780,490
Surplus reserves with the PBOC	56,251	4,524	56,251	4,524
Total	12,710,544	26,405,171	7,092,810	20,785,014

(In RMB '000, unless otherwise stated)

41 Segment information

The Group operates principally in Mainland China, and has subsidiaries operating outside Mainland China, including Hong Kong and Ireland.

The Group's segment is determined based on the geographical areas, the main operation segments are Mainland China, Hong Kong and Ireland.

				2020		
	Note	*Mainland China*	*Hong Kong*	*Ireland*	*Eliminations*	*Total*
Interest income		4,768,155	205,837	231,836	(231,737)	4,974,091
Operating lease income		4,574,560	31,424	6,612,651	-	11,218,635
Other revenue	(a)	812,143	131,466	254,168	-	1,197,777
Interest expense		(3,885,523)	(140,171)	(1,567,215)	231,737	(5,361,172)
Cost of operating lease		(1,891,572)	(14,412)	(2,700,770)	(4,376)	(4,611,130)
Tax and surcharges		(110,135)	(231)	(18)	-	(110,384)
Impairment loss		(153,253)	(1)	(1,932,692)	-	(2,085,946)
Other expense	(b)	(598,588)	(28,661)	(162,228)	-	(789,477)
Profit for the year		3,515,787	185,251	735,732	(4,376)	4,432,394
Income tax expense		(944,965)	(27,770)	(240,860)	547	(1,213,048)
Net profit		2,570,822	157,481	494,872	(3,829)	3,219,346
Depreciation		(1,971,773)	(22,157)	(2,674,561)	(4,376)	(4,672,867)
Capital expenditure		(1,575,144)	(394,058)	(5,202,155)	514,045	(6,657,312)

				31 December 2020		
	Note	*Mainland China*	*Hong Kong*	*Ireland*	*Eliminations*	*Total*
Assets by segments		199,145,740	20,759,032	78,369,078	(13,974,994)	284,298,856
Including:						
Fixed assets		44,912,775	753,230	57,923,997	56,169	103,646,171
Right-of-use assets		6,832,632	34,889	6,827,365	-	13,694,886
Construction in progress		10,514,477	-	471,459	-	10,985,936
Other non-current assets	(c)	28,961	-	762,030	-	790,991
Liabilities by segments		(170,012,502)	(11,942,667)	(69,715,451)	5,349,173	(246,321,447)

(In RMB '000, unless otherwise stated)

	Note	2019 Mainland China	Hong Kong	Ireland	Eliminations	Total
Interest income		4,744,987	210,949	503,098	(111,258)	5,347,776
Operating lease income		4,587,129	12,420	7,060,535	-	11,660,084
Other revenue	(a)	1,404,528	56,300	394,126	-	1,854,954
Interest expense		(5,210,612)	(100,866)	(2,286,565)	111,258	(7,486,785)
Cost of operating lease		(1,945,705)	(5,818)	(2,604,545)	(4,486)	(4,560,554)
Tax and surcharges		(118,082)	(499)	(21)	-	(118,602)
Impairment loss		(967,612)	(9,197)	(110,769)	-	(1,087,578)
Other expense	(b)	(649,188)	(26,942)	(175,077)	-	(851,207)
Profit for the year		1,845,445	136,347	2,780,782	(4,486)	4,758,088
Income tax expense		(523,605)	(23,900)	(382,466)	561	(929,410)
Net profit		1,321,840	112,447	2,398,316	(3,925)	3,828,678
Depreciation		(1,996,272)	(14,170)	(2,577,614)	(4,486)	(4,592,542)
Capital expenditure		(6,705,542)	(414,047)	(6,479,439)	334,759	(13,264,269)

	Note	31 December 2019 Mainland China	Hong Kong	Ireland	Eliminations	Total
Assets by segments		193,071,644	11,840,987	80,391,375	(14,095,094)	271,208,912
Including:						
Fixed assets		43,938,469	398,908	55,540,592	64,576	99,942,545
Right-of-use assets		6,917,684	28,780	9,388,923	-	16,335,387
Construction in progress		14,720,734	-	-	-	14,720,734
Other non-current assets	(c)	16,692	1,285	820,371	-	838,348
Liabilities by segments		(166,138,881)	(2,573,409)	(71,322,689)	5,088,835	(234,946,144)

(a) Other revenue includes fee and commission income, investment income, other income, gains or losses from changes in fair value, exchange gains, other operating income, gains from asset disposal, and non-operating income.

(b) Other expense includes fee and commission expenses, operating and administrative expenses, and non-operating expenses.

(c) Other non-current assets includes intangible assets, long-term deferred expenses, maintenance right assets and lease premium assets.

42 Commitments

(1) Capital commitments

	The Group and the Company 31 December 2020	31 December 2019
Contracted but not provided for	11,480,333	11,050,863

(In RMB '000, unless otherwise stated)

(2) Lease commitments

At the end of the reporting period, the Group and the Company's lease commitments as lessor were as follows:

Lease commitments that are unconditionally irrevocable	*31 December 2020*	*31 December 2019*
Original maturity of less than 1 year	13,141,122	13,415,552
Original maturity of 1 year or above	69,293,036	80,519,545
Total	82,434,158	93,935,097

43 Risk management

The Group's business activities are exposed to a variety of financial risks. The Group's risk management is largely geared to analyse, evaluate and manage risks of varying degrees or their combinations. The Group aims to strike a balance between risk and return and minimise potential adverse effects on its financial position and operating results.

(1) Credit risk

(a) Credit risk management

The Group is exposed to credit risk, which is the risk of suffering financial loss, should any of its counterparties fail to fulfill their contractual obligations or commitments. Credit risk is the most important risk for the Group's business activities; management therefore carefully manages its exposure to credit risk. Credit risk arises mainly from leasing activities. Currently, the Group's Risk Management Committee is responsible for decision-making and centralised coordination in credit risk management, and manages credit risk through a number of measures, including industry-standard credit assessment, legal compliance, asset management and operation.

Under the former CBRC's *Guidelines for Risk Classification of Assets of Non-bank Financial Institutions (Trial)*, the Group classifies finance lease receivables and sale and leaseback receivables into five categories, namely pass, special mention, sub-standard, doubtful and loss.

The Group performs credit risk management during pre-lease investigation, lease approval, and post-lease management. The Group carries out continuous monitoring of leasing projects, and strengthens risk surveillance over key industries, regions, products and customers. The Group controls its credit risk through, among other necessary measures, regular analyses of customers' ability to repay interests and principals and appropriate adjustments to their credit limits. The Group employs a range of policies to mitigate credit risk, primarily through taking collaterals and security deposit, obtaining guarantees from companies or individuals, and taking out insurance on leased assets.

In order to minimise credit risk, the Group will seek additional collaterals from counterparties or require additional guarantors once impairment indications are identified for a lease facility.

(b) Impairment analyses and provisioning policies

The Group classifies financial instruments into three stages and makes provisions for expected credit losses accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition.

The three risk stages of financial instruments are defined as follows:

Stage 1: A financial instrument of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month expected credit losses is recognised as loss allowance.

Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount equal to lifetime expected credit losses is recognised as loss allowance.

Stage 3: A financial instrument is considered to be credit-impaired as at the end of the reporting period. The amount equal to lifetime expected credit losses is recognised as loss allowance.

<u>Significant increase in credit risk</u>

The assessment of significant increase since initial recognition in the credit risk is performed at least on a quarterly basis for financial instruments held by the Group. The Group takes into consideration all reasonable and supportable information (including forward-looking information) that reflects significantly change in credit risk for the purposes of classifying financial instruments. The main considerations are regulatory and operating environment, internal and external credit risk gradings, debt-servicing capacity, operating capabilities, contractual terms, and repayment records. The Group compares the risk of default of a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics as at the end of the reporting period and its risk of default at the date of initial application to determine changes in the risk of default during the lifetime of a financial instrument or a portfolio of financial instruments. In determining whether credit risk of a financial instrument has increased significantly since initial recognition, the Group considers factors indicating whether the probability of default has risen sharply, whether the financial instrument has been past due for more than 30 days, whether the market price has been falling to assess deterioration.

Objective evidence that a financial instrument is impaired includes:

- The principal or interest of financial instrument is past due more than 90 days to the Group;

- Significant financial difficulty of the lessee;

- A breach of contract by the lessee, such as default or delinquency in interest or principal payments;

- Concession to the lessee, for economic or legal reasons relating to the lessee's financial difficulty that the lessor would not otherwise consider;

- Probability that the lessee will become bankrupt or undergo other financial reorganisations.

Description of parameters, assumptions, and estimation techniques

ECL for a financial instrument is measured at an amount equal to 12-month ECL or lifetime ECL depending on whether a significant increase in credit risk on that financial instrument has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the product of Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposure at Default ("EAD"), considering the time value of money. Related definitions are as follows:

PD is the possibility that a customer will default on its obligation within a certain period of time in light of forward-looking information. The Group's PD is adjusted based on the results of the Internal Rating-Based Approach under the New Capital Accord, taking the forward-looking information into account and deducting the prudential adjustment to reflect the debtor's point-in-time (PIT) PD under the current macroeconomic environment;

LGD is the magnitude of the likely loss if there is a default in light of forward-looking information. The LGD is depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals, with taking the forward-looking information into account;

EAD refers to the total amount of on- and off-balance sheet exposures in the event of default and is determined based on the historical repayment records.

The assumptions underlying the ECL calculation, such as how the PDs and LGDs of different maturity profiles change are monitored and reviewed on a quarterly basis by the Group.

There have been no significant changes in estimation techniques or significant assumptions made during the year.

The impairment loss on credit-impaired Stage 3 financial instruments applied cash flow discount method, if there is objective evidence that an impairment loss on a financial instrument has incurred, the amount of the loss is measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The allowance for impairment loss is deducted in the carrying amount. The impairment loss is recognised in the statement of profit or loss. In determining allowances on an individual basis, the following factors are considered:

- The sustainability of the lessee's business plan;
- The lessee's ability to improve performance once a financial difficulty has arisen;
- The estimated recoverable cash flows from projects and liquidation;
- The availability of other financial support and the realisable value of collateral; and
- The timing of the expected cash flows.

(In RMB '000, unless otherwise stated)

It may not be possible to identify a single, or discrete events that result in the impairment, but it may be possible to identify impairment through the combined effect of several events. The impairment losses are evaluated at the end of each reporting period, unless unforeseen circumstances require more careful attention.

(c) Maximum credit risk exposure

The maximum exposure to credit risk at the balance sheet date without taking into consideration of any collateral held or other credit enhancement is represented by the carrying value of each financial asset in the balance sheet after deducting any impairment allowance. A summary of the maximum exposure is as follows:

	The Group	
	31 December 2020	*31 December 2019*
Credit risk exposure relating to balance sheet items:		
Cash at bank and on hand	12,747,277	26,400,148
Deposits with the central bank	70,342	19,958
Bills receivable	4,200	7,100
Prepayments	3,278,580	2,491,649
Lease receivables	114,707,667	97,109,782
Investments in equity instrument	140,506	-
Investments in debt	2,848,209	2,380,005
Other assets	15,021,497	7,442,201
Sub-total	148,818,278	135,850,843
Lease commitments	82,434,158	93,935,097
Maximum credit risk exposure	231,252,436	229,785,940

(In RMB '000, unless otherwise stated)

(d) Risk concentration of finance lease receivables and sale and leaseback receivables

Credit risk increases when counter-parties are concentrated in certain specific industries or geographical regions, or they share certain economic characteristics. The customers of the Group concentrate in a number of key industries, each with their own unique characteristics in economic development, which therefore presents different credit risks to the Group.

	The Group	
	31 December 2020	*31 December 2019*
Transportation, storage and postal service	74,146,819	59,149,650
Water, environment and public utility management	15,015,219	10,473,767
Production and supply of electricity, gas and water	13,941,962	13,136,831
Mining	4,402,690	4,075,725
Finance	2,225,494	3,346,533
Leasing and commercial services	1,942,770	3,327,581
Culture, sports and entertainment	1,477,699	1,746,530
Manufacturing	1,007,334	3,267,033
Health, social security and social welfare	985,691	633,512
Construction	638,847	461,462
Information transmission, computer service and software	175,582	201,756
Total	115,960,107	99,820,380

(e) Quality of finance lease receivables and sales and leaseback receivables

As at 31 December 2020, the credit risk exposures of the Group's finance lease receivables and sales and leaseback receivables are listed as below:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Book value	109,418,956	5,207,763	1,333,388	115,960,107
Provision for expected credit losses	(698,431)	(1,574,882)	(779,450)	(3,052,763)

As at 31 December 2019, the credit risk exposures of the Group's finance lease receivables and sales and leaseback receivables are listed as below:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Book value	93,230,213	5,751,367	838,800	99,820,380
Provision for expected credit losses	(843,541)	(1,773,448)	(552,939)	(3,169,928)

(2) Market risk

Market risk is the risk of loss, in respect of the Group's on and off-balance sheet activities, arising from adverse movements in market rates (including interest rates, foreign exchange rates, commodity prices, stock prices and other prices). Market risk arises from both the Group's trading and non-trading business.

The Group is exposed to primarily structural interest rate risk arising from leasing business and position risk arising from treasury transactions. Interest rate risk is inherent in many of its businesses and largely arises from mismatches between the re-pricing dates of assets and liabilities. The Group's foreign exchange risk mainly includes foreign exchange exposure arising from a currency structure imbalance between foreign currency assets and foreign currency liabilities. As at the balance sheet date, the Group's business is primarily conducted in RMB and US dollar. Sensitivity analysis, interest rate gap analysis and foreign exchange risk concentration analysis are the main market risk management tools used by the Group to monitor the market risk of its overall businesses.

(In RMB '000, unless otherwise stated)

(a) Interest rate risk

The following table presents the Group's exposures to interest rate risk, with financial instruments stated at net carrying amounts, based on the earlier of contractual repricing dates or maturity dates.

At 31 December 2020	*Within 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Non-interest bearing*	*Total*
Assets:						
Cash at bank and on hand	10,949,982	-	-	-	1,797,295	12,747,277
Deposits with central bank	70,342	-	-	-	-	70,342
Bills receivable	-	-	-	-	4,200	4,200
Prepayments	2,995,846	-	-	-	290,509	3,286,355
Lease receivables	53,271,182	26,645,355	33,804,060	-	987,070	114,707,667
Investments in equity instrument	-	-	-	-	140,506	140,506
Fixed assets, Right-of-use assets and construction in progress	-	-	-	-	128,326,993	128,326,993
Investments in debt	4,390	1,083,895	1,759,924	-	-	2,848,209
Others	3,839,464	-	1,957,470	8,458,554	7,911,819	22,167,307
Total assets	71,131,206	27,729,250	37,521,454	8,458,554	139,458,392	284,298,856
Liabilities:						
Borrowings	134,139,747	52,885,541	12,614,719	2,375,949	4,599,870	206,615,826
Repurchase agreements	480,000	-	-	-	1,624	481,624
Bond payables	-	3,996,973	11,979,799	-	269,777	16,246,549
Bills payable	-	-	-	-	93,122	93,122
Security deposit payable	-	-	-	-	861,437	861,437
Others	9,970,795	39,857	454,830	675,964	10,881,443	22,022,889
Total liabilities	144,590,542	56,922,371	25,049,348	3,051,913	16,707,273	246,321,447
Interest rate sensitivity gap	(73,459,336)	(29,193,121)	12,472,106	5,406,641	Not-applicable	Not-applicable

(In RMB '000, unless otherwise stated)

At 31 December 2019	*Within 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Non-interest bearing*	*Total*
Assets:						
Cash at bank and on hand	24,058,020	-	-	-	2,342,128	26,400,148
Deposits with central bank	19,958	-	-	-	-	19,958
Bills receivable	-	-	-	-	7,100	7,100
Prepayments	2,214,263	-	-	-	1,454,046	3,668,309
Lease receivables	73,830,924	21,492,061	1,117,835	383,101	285,861	97,109,782
Fixed assets, Right-of-use assets and construction in progress	-	-	-	-	130,998,666	130,998,666
Investments in debt	-	-	2,380,005	-	-	2,380,005
Others	4,596,687	-	2,092,860	-	3,935,397	10,624,944
Total assets	104,719,852	21,492,061	5,590,700	383,101	139,023,198	271,208,912
Liabilities:						
Borrowings	145,480,954	26,368,849	19,101,320	2,278,316	4,148,258	197,377,697
Repurchase agreements	1,800,000	-	-	-	746	1,800,746
Bond payables	-	-	9,982,105	-	215,526	10,197,631
Bills payable	-	-	-	-	154,561	154,561
Security deposit payable	-	-	-	-	1,125,861	1,125,861
Others	12,256,768	98,469	716,290	1,250,039	9,968,082	24,289,648
Total liabilities	159,537,722	26,467,318	29,799,715	3,528,355	15,613,034	234,946,144
Interest rate sensitivity gap	(54,817,870)	(4,975,257)	(24,209,015)	(3,145,254)	Not-applicable	Not-applicable

(In RMB '000, unless otherwise stated)

The Group's interest rate risk arises from the differences in timing between contractual maturities and repricing of interest-bearing assets and liabilities. The Group's interest-generating assets and interest-bearing liabilities are mainly denominated in RMB and USD.

The Group manages its interest rate risk by:

- regularly monitoring the macroeconomic factors that may impact the benchmark interest rates;
- optimising the differences in timing between contractual maturities and repricing of interest-generating assets and interest-bearing liabilities; and
- managing the deviation of the pricing of interest-generating assets and interest-bearing liabilities from the benchmark interest rates.

A principal part of the Group's management of interest rate risk is to monitor the sensitivity of projected net interest income under varying interest rate scenarios (simulation modelling). The Group aims to mitigate the impact of prospective interest rate movements which could reduce future net interest income, while balancing the cost of such hedging on the current revenue.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's net interest income.

The sensitivity of the net interest income is the effect of the assumed changes in interest rates on the net interest income for one year, based on the financial assets and financial liabilities held at period end subject to re-pricing within the coming year.

	The Group	
Change in basis points	*31 December 2020*	*31 December 2019*
+100 basis points	(1,026,525)	(597,931)
-100 basis points	1,026,525	597,931

(In RMB '000, unless otherwise stated)

(b) Exchange rate risk

The Group	31 December 2020					31 December 2019				
	RMB	*USD (RMB equivalent)*	*EUR (RMB equivalent)*	*HKD (RMB equivalent)*	*Total*	*RMB*	*USD (RMB equivalent)*	*EUR (RMB equivalent)*	*HKD (RMB equivalent)*	*Total*
Assets:										
Cash at bank and on hand	4,582,570	8,046,926	115,845	1,936	12,747,277	8,343,651	18,001,474	54,448	575	26,400,148
Deposits with central bank	69,500	842	-	-	70,342	19,058	900	-	-	19,958
Bills receivable	4,200	-	-	-	4,200	7,100	-	-	-	7,100
Prepayments	3,286,355	-	-	-	3,286,355	2,487,655	1,180,625	29	-	3,668,309
Lease receivables	106,061,309	7,974,139	672,219	-	114,707,667	86,965,810	9,348,700	795,272	-	97,109,782
Fixed assets, right-of-use assets, construction in progress and intangible assets	16,656,377	111,670,616	-	-	128,326,993	19,082,901	111,915,765	-	-	130,998,666
Investments in equity instrument	41,824	98,682	-	-	140,506	-	-	-	-	-
Investments in debt	2,848,209	-	-	-	2,848,209	2,380,005	-	-	-	2,380,005
Others	1,339,150	20,775,025	53,132	-	22,167,307	1,483,819	9,106,936	34,189	-	10,624,944
Total assets	134,889,494	148,566,230	841,196	1,936	284,298,856	120,769,999	149,554,400	883,938	575	271,208,912
Liabilities:										
Borrowings	84,469,146	121,359,110	787,570	-	206,615,826	73,699,964	122,856,999	820,734	-	197,377,697
Repurchase agreements	481,624	-	-	-	481,624	1,800,746	-	-	-	1,800,746
Bond payables	16,246,549	-	-	-	16,246,549	10,197,631	-	-	-	10,197,631
Bills payable	93,122	-	-	-	93,122	154,561	-	-	-	154,561
Security deposit payable	151,869	709,568	-	-	861,437	253,299	872,562	-	-	1,125,861
Others	2,526,584	19,428,843	26,669	40,793	22,022,889	2,603,030	21,628,651	27,904	30,063	24,289,648
Total liabilities	103,968,894	141,497,521	814,239	40,793	246,321,447	88,709,231	145,358,212	848,638	30,063	234,946,144
Net long position	30,920,600	7,068,709	26,957	(38,857)	37,977,409	32,060,768	4,196,188	35,300	(29,488)	36,262,768
Lease commitment	1,235,067	81,199,091	-	-	82,434,158	944,721	92,990,376	-	-	93,935,097

(In RMB '000, unless otherwise stated)

The table below indicates a sensitivity analysis of exchange rate changes of the currencies to which the Group had significant exposure on its monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement in the currency rates against the RMB, with all other variables held constant, on net profit. A negative amount in the table reflects a potential net reduction in net profit, while a positive amount reflects a potential net increase.

This effect, however, is based on the assumption that the Group's foreign exchange exposures as at the year end are kept unchanged and, therefore, have not incorporated actions that would be taken by the Group to mitigate the adverse impact of this foreign exchange risk. The following table indicate a sensitivity analysis of exchange rate changes on the Group's monetary assets and liabilities.

Currency	*Change in exchange rate (%)*	*Impact on net profit as at 31 December 2020*	*Impact on net profit as at 31 December 2019*
USD	(1%)	88,469	154,061
EUR	(1%)	(48)	47
HKD	(1%)	389	295

While the table above indicates the effect on net profit of 1% depreciation of USD and EUR, there will be an opposite effect with the same amount if the currency appreciates by the same percentage.

(3) Liquidity risk

Liquidity risk is the risk that the Group is unable to provide funds for maturing liabilities through asset realisation at reasonable prices on a timely basis.

The Group is exposed to specific daily calls on its available cash resources, including release of security deposit and repayment of fixed-term borrowings. The Group sets certain limits on funds available to meet such calls and on interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The Risk Management Committee (the "RM" Committee) under board of Directors of Group is responsible for formulating liquidity risk management policies. The Financial Market Department under the RM Committee is responsible for the daily liquidity risk management.

(In RMB '000, unless otherwise stated)

(a) The maturity analysis of assets and liabilities of the Group as at 31 December 2020 is as follows:

	Overdue/ repayable on demand	*Within 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Undated*	*Total*
Assets:								
Cash at bank and on hand	12,747,277	-	-	-	-	-	-	12,747,277
Deposits with central bank	56,251	-	-	-	-	-	14,091	70,342
Bills receivable	-	1,200	-	3,000	-	-	-	4,200
Prepayments	551,844	600,000	42,169	2,092,342	-	-	-	3,286,355
Lease receivables	627,005	3,876,099	6,278,191	21,070,916	62,158,528	20,139,925	557,003	114,707,667
Fixed assets, right-of-use assets and construction in progress	-	-	-	-	-	-	128,326,993	128,326,993
Investments in equity instrument	-	-	-	-	-	-	140,506	140,506
Investments in debt	-	-	4,390	1,083,895	1,759,924	-	-	2,848,209
Others	4,881,002	29,748	9,832	5,524,481	2,265,127	8,475,828	981,289	22,167,307
Total assets	18,863,379	4,507,047	6,334,582	29,774,634	66,183,579	28,615,753	130,019,882	284,298,856
Liabilities:								
Borrowings	36,343,976	31,847,655	39,573,044	55,688,661	32,491,605	10,670,885	-	206,615,826
Repurchase agreements	-	-	481,624	-	-	-	-	481,624
Bond payables	-	97,262	89,773	4,079,715	11,979,799	-	-	16,246,549
Bills payables	-	48,701	20,000	24,421	-	-	-	93,122
Security deposit payable	-	-	-	137,030	158,714	498,917	66,776	861,437
Others	3,486,241	560,362	3,249,842	2,103,564	6,054,809	3,894,709	2,673,362	22,022,889
Total liability	39,830,217	32,553,980	43,414,283	62,033,391	50,684,927	15,064,511	2,740,138	246,321,447
Net liquidity gap	(20,966,838)	(28,046,933)	(37,079,701)	(32,258,757)	15,498,652	13,551,242	127,279,744	37,977,409

(In RMB '000, unless otherwise stated)

The maturity analysis of assets and liabilities of the Group as at 31 December 2019 is as follows:

	Overdue/ repayable on demand	*Within 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Undated*	*Total*
Assets:								
Cash at bank and on hand	26,400,148	-	-	-	-	-	-	26,400,148
Deposits with central bank	4,524	-	-	-	-	-	15,434	19,958
Bills receivable	-	-	-	7,100	-	-	-	7,100
Prepayments	283,378	451,887	362,557	2,570,487	-	-	-	3,668,309
Lease receivables	-	2,664,139	4,838,541	25,153,951	47,479,599	16,651,388	322,164	97,109,782
Fixed assets, right-of-use assets and construction in progress	-	-	-	-	-	-	130,998,666	130,998,666
Investments in debt	-	-	-	-	2,380,005	-	-	2,380,005
Others	5,233,499	24,288	5,372	1,120,041	2,271,576	11,652	1,958,516	10,624,944
Total assets	31,921,549	3,140,314	5,206,470	28,851,579	52,131,180	16,663,040	133,294,780	271,208,912
Liabilities:								
Borrowings	31,198,111	40,564,755	45,012,216	27,765,527	38,127,333	14,709,755	-	197,377,697
Repurchase agreements	-	1,800,746	-	-	-	-	-	1,800,746
Bond payables	-	97,262	89,824	28,440	9,982,105	-	-	10,197,631
Bills payables	-	-	50,000	104,561	-	-	-	154,561
Security deposit payable	-	2,093	9,744	81,606	168,808	740,798	122,812	1,125,861
Others	4,629,480	399,666	1,477,061	1,595,042	7,593,622	6,014,570	2,580,207	24,289,648
Total liability	35,827,591	42,864,522	46,638,845	29,575,176	55,871,868	21,465,123	2,703,019	234,946,144
Net liquidity gap	(3,906,042)	(39,724,208)	(41,432,375)	(723,597)	(3,740,688)	(4,802,083)	130,591,761	36,262,768

(In RMB '000, unless otherwise stated)

(b) The table below summarises the maturity profile of the Group's financial instruments and operating lease payments based on the contractual undiscounted cash flows as at 31 December 2020. The balances of some accounts in the below table will be different to the balances on the balance sheet as the table incorporates all cash flows relating to both principal and interest.

	Overdue/ repayable on demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Assets:								
Cash at bank and on hand	12,747,277	-	-	-	-	-	-	12,747,277
Deposits with central bank	56,251	-	-	-	-	-	14,091	70,342
Bills receivable	-	1,200	-	3,000	-	-	-	4,200
Prepayments	551,844	600,000	42,169	2,092,342	-	-	-	3,286,355
Lease receivables	642,336	4,126,627	6,830,232	23,225,120	71,765,751	25,158,035	1,509,504	133,257,605
Investments in equity instrument	-	-	-	-	-	-	140,506	140,506
Investments in debt	-	-	5,406	1,127,339	1,880,270	-	-	3,013,015
Others	4,881,002	29,748	9,832	5,524,481	2,265,127	8,475,828	231,864	21,417,882
Total assets	18,878,710	4,757,575	6,887,639	31,972,282	75,911,148	33,633,863	1,895,965	173,937,182
Liabilities:								
Borrowings	36,343,976	31,909,342	39,812,480	56,248,512	34,537,606	12,150,067	-	211,001,983
Repurchase agreements	-	-	483,932	-	-	-	-	483,932
Bond payables	-	103,500	108,500	4,358,307	12,506,956	-	-	17,077,263
Bills payable	-	48,701	20,000	24,421	-	-	-	93,122
Others	3,489,108	584,855	2,331,324	2,365,433	6,788,580	4,594,785	1,237,853	21,391,938
Total liabilities	39,833,084	32,646,398	42,756,236	62,996,673	53,833,142	16,744,852	1,237,853	250,048,238

(In RMB '000, unless otherwise stated)

The table below summarises the maturity profile of the Group's financial instruments and operating lease payments based on the contractual undiscounted cash flows as at 31 December 2019. The balances of some accounts in the below table will be different to the balances on the balance sheet as the table incorporates all cash flows relating to both principal and interest.

	Overdue/ repayable on demand	*Within 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Undated*	*Total*
Assets:								
Cash at bank and on hand	26,400,148	-	-	-	-	-	-	26,400,148
Deposits with central bank	4,524	-	-	-	-	-	15,434	19,958
Bills receivable	-	-	-	7,100	-	-	-	7,100
Prepayments	283,378	451,887	362,557	2,570,487	-	-	-	3,668,309
Lease receivables	-	2,885,227	5,362,594	29,006,662	54,896,946	21,060,471	942,540	114,154,440
Investments in debt	-	-	5,406	77,389	2,464,121	-	-	2,546,916
Others	5,233,499	24,288	5,372	1,120,041	2,271,576	11,652	1,038,056	9,704,484
Total assets	31,921,549	3,361,402	5,735,929	32,781,679	59,632,643	21,072,123	1,995,030	156,501,355
Liabilities:								
Borrowings	31,198,111	40,651,527	45,337,495	28,178,962	42,036,317	17,502,464	-	204,904,876
Repurchase agreements	-	1,801,090	-	-	-	-	-	1,801,090
Bond payables	-	103,500	108,500	163,200	10,682,269	-	-	11,057,469
Bills payable	-	-	50,000	104,561	-	-	-	154,561
Others	4,632,544	450,610	377,821	2,503,062	9,030,682	7,466,919	1,351,959	25,813,597
Total liabilities	35,830,655	43,006,727	45,873,816	30,949,785	61,749,268	24,969,383	1,351,959	243,731,593

(In RMB '000, unless otherwise stated)

(4) Fair value of financial assets and financial liabilities

(a) Fair value hierarchy

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels of inputs are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

The Group

	31 December 2020			
	Level 1	*Level 2*	*Level 3*	*total*
Assets				
Derivative financial assets	-	143,249	-	143,249
Investments in equity instrument	41,824	-	98,682	140,506
Investments in debt	-	2,848,209	-	2,848,209
Total	41,824	2,991,458	98,682	3,131,964

	31 December 2020			
	Level 1	*Level 2*	*Level 3*	*total*
Liabilities				
Derivative financial instruments	-	533	-	533

The Group

	31 December 2019			
	Level 1	*Level 2*	*Level 3*	*total*
Assets				
Derivative financial assets	-	55,893	-	55,893
Investments in debt	-	2,380,005	-	2,380,005
Total	-	2,435,898	-	2,435,898

	31 December 2019			
	Level 1	*Level 2*	*Level 3*	*total*
Liabilities				
Derivative financial instruments	-	2,139	-	2,139

There were no transfers, between Level 1 and Level 2, or between Level 2 and Level 3, of the Group's above assets and liabilities which are measured at fair value on a recurring basis. The Group recognises transfers between different levels at the end of the current reporting period during which such transfers are made.

(b) Level 3 fair value measurement

Financial assets valued using valuation techniques is investments in equity instrument. These investments are valued using cash flow discount method, the main inputs used by the Group in valuing these investments includes observable data and unobservable data. Observable inputs include assumptions regarding current interest rates; unobservable inputs include assumptions regarding market price volatilities and expected rate of return.

As at 31 December 2020, the effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions were immaterial.

Reconciliation between the opening and closing balances of the assets under the recurring Level 3 fair value measurements is as follows:

The Group

2020	1 January 2020	Total gains or losses for the year		Purchases, issues, sales and settlements		31 December 2020	Unrealised gains or losses for the year included in profit or loss for assets held at the end of the year
		In profit or loss	In other comprehensive income	Purchases	Settlements		
Financial assets							
Investments in equity instrument	-	-	(313,262)	411,944	-	98,682	-

(In RMB '000, unless otherwise stated)

Note: The above gains or losses for the year included in profit or loss or other comprehensive income are as follows:

	Item	*The Group* 2020	2019
Realised gains charged to profit or loss for the year	Investment income	27,629	60,041
Unrealised gains charged to profit or loss for the year	Losses from changes in fair value	95,636	51,027
Total		123,265	111,068
Gains or losses charged to other comprehensive income	Other comprehensive income	(346,314)	11,752

(c) Fair value of other financial instruments

The Group's financial instruments include cash at bank and on hand, deposits with central bank, lease receivables, borrowings, repurchase agreements, etc.

As at the balance sheet date, the book value and fair value of financial instruments are the same, except for the financial instruments listed following:

	Book value		*Fair value*	
	2020	*2019*	*2020*	*2019*
Bond payables	16,246,549	10,197,631	16,344,976	10,286,555

(5) Capital management

The capital management of the Group focuses on capital adequacy ratios and returns on capital so as to enable the Group to meet the requirements for regulatory compliance, credit rating, risk compensation and shareholder's return. This also facilitates the Group's risk management, ensures the orderly expansion of the asset size and enhances its operational structure and business model.

The Group calculates and discloses its capital adequacy ratio in line with the *Administrative Measures for Financial Leasing Companies* issued by the former CBRC in 2014, and the former CBRC's *Administrative Measures for Capital Management of Commercial Banks (Trial)*, and *Administrative Measures for Capital Adequacy Ratios of Commercial Banks* and other relevant rules and regulations. The Group has communicated with regulators on accounting treatments specific to the industry.

The capital adequacy ratios and related components of the Group are calculated in accordance with the statutory financial statements of the Group prepared under PRC GAAP. During the year, the Group has complied in full with all its externally imposed capital requirements.

(In RMB '000, unless otherwise stated)

As at 31 December 2020, the Group's core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio calculated in line with *Administrative Measures for Capital Management of Commercial Banks (Trial)* and other relevant rules and regulations are as follows:

The Group

	31 December 2020	*31 December 2019*
Core tier 1 capital adequacy ratio	12.52%	12.87%
Tier 1 capital adequacy ratio	12.52%	12.87%
Capital adequacy ratio	13.09%	13.61%

44 Related party relationships and transactions

(1) Information on the Company's subsidiaries is disclosed in Note IV.9.

(2) Information on the parent company:

Name of the parent company	*Registered capital*	*Place of registration*	*Principal activities*	*% of equity interest held*	*Nature or type of operation*	*Name of chairman*
Industrial and Commercial Bank of China Limited	RMB 356.4 billion	Beijing	Financial services	100%	Commercial bank	Chen Siqing

(3) Nature of related-party relationship where no control exists:

Name of companies	*Relationship with the Company*
Industrial and Commercial Bank of China (Asia) Limited ("ICBC Asia")	Controlled by the parent company
Industrial and Commercial Bank of China (Europe) S.A. ("ICBC Europe")	Controlled by the parent company
ICBC International Leasing Company Limited ("ICBC International Leasing") [1,2]	1.Controlled by the parent company 2.The Company and ICBC International Investment Management Limited conduct important financial and operating decisions together according to the contract

The Company entered into agreements with ICBC Asia to undertake a remarketing service commitment to resell assets pledged for foreign currency loans extended to its related companies. Please refer to Note IV.46. Contingencies.

(In RMB '000, unless otherwise stated)

(4) Balances and transactions with related parties

Significant balances between the Group and the parent company:

	2020	*2019*
At 31 December		
Cash at bank and on hand	10,400,487	20,125,104
Borrowings*	76,524,269	53,161,093
Lease receivables	175,601	507,982
Repurchase agreements	-	1,800,746
Other payable	3	-

* Including the amount pertains to the recourse factoring arrangement entered into by the Group and the parent company. Under the arrangement, the Group transferred certain lease receivables to the parent company, and the parent company has the right to request the Group to repurchase all uncollected lease receivables when the factoring arrangement has been operating for one year or there are some circumstances that have adverse impact on the repayment of lease receivables. The Group did not derecognise these lease receivables.

	2020	*2019*
Transaction during the year		
Interest income	77,210	21,534
Fee and commission income	4,549	7,693
Interest expense	1,335,781	1,849,388
Fee and commission fee	120,606	136,970

(5) Transactions between the Company and its subsidiaries

The related parties over which the Company has controls are the holding subsidiaries of the Company. For details of the holding subsidiaries of the Company, please refer to Note IV.9. All the significant balances and transactions between the Company and its holding subsidiaries are eliminated in the consolidated financial statements. Details of the material transactions are as follows:

At 31 December	*2020*	*2019*
Other assets		
Entrusted loans	27,291,706	23,423,665
Receivables due to assets transfer transaction	11,246,809	11,366,398
Receivables arising from termination of contract	1,359,713	1,485,234
Other receivables	7,748	298
Borrowings	1,290,562	1,680,776
Lease receivables	66,129	70,702

	2020	*2019*

Transaction during the year		
Interest income	854,223	912,180
Interest expense	44,011	152,260

The fixed assets under operating leases which have been sold by the Company to the subsidiaries during this accounting period amounted to RMB 4,957 million (2019: RMB 507 million).

(6) Related transaction between the Group and ICBC International Leasing

Significant transactions between the Group and ICBC International Leasing during this accounting period are as follows:

At 31 December	*2020*	*2019*
Other assets		
Entrusted loans	14,529,197	7,005,842
Receivables arising from termination of contract	339,013	363,397
Other receivables	92,843	130,305
Borrowings	39,548,186	35,289,864
Other payables		
Leased assets payables	199,387	213,178
Others	259,967	341,858

Transaction during the year	*2020*	*2019*
Interest Income	295,995	217,269
interest expense	826,481	1,582,722

The fixed assets under operating leases purchased by the Group from ICBC international leasing in this year are RMB 44 million.

45 Non-adjusting post balance sheet events

The Group has no non-adjusting post balance sheet event need to be disclosed.

46 Contingencies

The Company entered into agreements with ICBC Asia, the Export-Import Bank of China, BNP Paribas, Bank of America, National Bank of Australia and Crédit Agricole Asia Shipfinance Limited to undertake a remarketing service commitment to resell assets pledged for foreign currency loans extended to its related companies by the above counterparties.

As at 31 December 2020, the Company provided joint guarantees to forty-four of its domestic subsidiaries and one overseas related company for their borrowings, which amounted to RMB 18.4 billion (31 December 2019: RMB 22.6 billion).

47 Comparative figures

Certain data of the comparative period was reclassified to conform to the presentation of financial statements in current year. Above reclassifications don't have significant impact on financial performance and financial position in comparative period.

V Approval of the financial statements

These financial statements were approved by the Company on 31 March 2021.

ICBCIL Finance Co. Limited

Report of the directors and financial statements
for the year ended 31 December 2020

Directors' Report

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 December 2020.

Principal place of business

ICBCIL Finance Co. Limited ("the Company") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Principal activities

The principal activities of the Company are the provision of financing for its group companies ("the Group") and the related liquidity management and risk management activities.

Business Review

The Company was incorporated on 2 December 2013 in Hong Kong. The immediate holding company is ICBC International Leasing Company Limited, which is incorporated in Ireland.

The Company was the main financing platform of its related company, ICBC International Leasing Company Limited and its group companies. The related group companies are mainly engaged in leasing business in three main sectors: (i) aviation; (ii) shipping; and (iii) big-ticket equipment. The Company manages the Group's liquidity, i.e. the provision of the intercompany financing and investment for cash management purposes.

The Company's management team comprises highly experienced professionals with diverse backgrounds in leasing, commercial banking, investment banking, global capital markets and relevant industry experience. This enables the Company to effectively identify and cultivate relationships with financing counterparties. The Company has maintained a stable management team which has enabled a healthy and stable growth of the Company.

Business environment - Key Factors affecting our results of Operations and Financial Condition

- Macroeconomic Factors and Development of the associated leasing SPVs

  The Group's revenue primarily comprises intercompany interest income generated by financial leases, operating lease income and fee and commission income from consulting services, all of which are driven by the volume of leasing business. As a result, fluctuations in demand for airplanes, ships and heavy equipment from airlines, shipping companies and manufacturers affect the Company's revenue. The demand for airplanes, ships and heavy equipment is affected by the economic environment both globally and in the People's Republic of China (PRC).

  A significant slowdown in the PRC or global economy could have a negative impact on infrastructure projects, the global airline and shipping industry and demand for equipment and machinery, which could negatively affect demand for finance leasing products, and in turn have a material adverse effect on the Company's businesses, revenue and results of operations. A slowdown in the economy may also affect the ability of lessees to pay the rent and hence the asset, i.e. the intercompany loan portfolio, quality of the Company.

- Ability to Access Financing for the Acquisition of Assets under Lease and Variations in Interest Rates

  The leasing industry is capital intensive and sustaining while expanding the portfolio of assets under lease requires access to financing sources. A major component of the Group's operating expenses is the interest expense incurred to finance the purchases of assets for its financial and operating lease business. The Group mainly finances its operations and expansion through domestic and foreign bank loans and cash generated from its operations. The global environment and changes in money markets may impact the availability or the cost of financing. Any decision by the United States Federal Reserve to increase interest rates may also cause interest rates to rise generally, which would negatively impact the Group's funding costs and its profitability.

Financial review

For the accounting policies, please refer to Note 1 of the financial statement.

- Risk Management

  The Company adopts a comprehensive risk management system designed to proactively minimise credit, market, liquidity and operational risks.

  The credit risk for the Company arises from the intercompany borrowings. As the designated activity is to provide financial support of the Group associated companies, the Company's credit risk is believed to be manageable.

  Liquidity risk is the risk that the Company is unable to provide funds for maturing liabilities through asset realisation at reasonable prices on a timely basis. The Company monitors current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and bank facilities to meet its liquidity requirements.

Financial review (continued)

Sensitivity analysis, interest rate gap analysis and foreign exchange exposure analysis are the main market risk management tools used by the Company to monitor the market risk of its overall businesses. For the details of interest rate risk and foreign exchange risk, please refer to Note 24 to the financial statements.

Compliance review

- Legal and Compliance Risk

  Legal risk is the risk of incurring legal sanctions, regulatory penalties, financial losses, reputational losses or other negative consequences that arise out of or in connection with the failure of the Company to comply with relevant laws, regulations, administrative rules, regulatory provisions and requirements of other relevant rules in the operational management of the Company; the unfavorable legal defects that exist in products, services or information provided, transactions engaged in, and contracts, agreements or other documents executed by the Company; legal disputes (legal or arbitration proceedings) between the Company and its counterparties and stakeholders; important changes in relevant laws and regulations, administrative rules, regulatory provisions and other relevant rules; and other relevant legal events that occur internally and externally.

  Based on the objective to ensure legal and compliant operation, the Company always attaches importance to establishing a sound legal risk management system and forming a full-process legal risk prevention and control mechanism to support and secure business innovation and market competition, and prevent and eliminate various potential or practical legal risks. The Board of Directors is responsible for reviewing and determining the strategy and policy relating to legal risk management, and assumes the ultimate responsibility of legal risk management. The Senior Management is responsible for executing the legal risk management strategy and policy, formulating relevant systems and measures, and examining and approving relevant important affairs. The Legal and Compliance Department of the Group is the functional department in charge of legal risk management across the Company, with relevant business departments providing related support and assistance on the work regarding legal risk prevention and control, and the affiliates undertaking the responsibility of legal risk management of their respective institutions.

  In 2020, the Company continued to strengthen legal risk management and control and provided stronger legal support to business transformation and innovative development with a view to ensuring the legal and compliant operation and healthy business development of the Group. The Company advanced IT-based legal risk prevention and control and upgraded the working mechanism and process for consolidated legal risk management. The Company further standardized contract management and reinforced authorization management and related parties management.

- Legal Proceedings

  The Company is involved, from time to time, in legal documentation work arising in the ordinary course of its operations.

Business forward looking

The Company's business forward looking largely depends on the development of the Group's leasing business. The key strategies are specialisation, marketisation and internationalisation.

Specialisation

The Group intends to enhance its position as a leasing industry innovator by remaining focused on its selected industries. Apart from aviation and ship leasing, the Group also aims to develop the big-ticket equipment leasing market by focusing on the areas of energy and power, rail transit and construction machinery.

Marketisation

The Group aims to offer leasing services and products that meet clients' needs. Leveraging on the brand, clients, network and technological advantages of ICBC, the Group aims to establish a comprehensive range of financial leasing products and services. The Group also aims to develop its asset trading operations to improve the quality of its assets and also promote the strategic development of its business. The Group's clients include not only large and medium-sized state-owned enterprises and industry-leading enterprises, also they are gradually expanding to include listed companies and successful private and small and medium-sized enterprises.

Internationalisation

The Group aims to establish itself as an industry leader in the international leasing market through its management of the ICBCIL Group. The ICBCIL Group currently has a high-quality client base, strong market competitiveness, and businesses across five continents and in more than 20 countries and regions.

Through these strategies, the Group aims to maintain specialised industry focus, anticipate and adapt to continuously shifting market conditions and prudently proceed with international expansion.

Financial statements

The profit of the Company for the year ended 31 December 2020 and the state of the Company's affairs as at that date are set out in the financial statements on pages 11 to 43.

Share capital

Details of the movements in share capital of the Company are set out in note 23 to the financial statements.

Directors

The directors during the financial year were:

Wang, Liang	
Li, Ting	(appointed on 23 September 2020)
Kan, Disi	(appointed on 23 September 2020)
Xiao, Jian	(resigned on 13 January 2020)
Wu, Liyong	(resigned on 23 September 2020)

At no time during the year was the Company, or any of its holding company or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts

No contract of significance to which the Company, or any of its holding company or fellow subsidiaries was a party, and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

By order of the board

Director

Director

31 March 2021

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Independent auditor's report to the members of ICBCIL Finance Co. Limited

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of ICBCIL Finance Co. Limited ("the Company") set out on pages 11 to 43, which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Assessing the fair value of financial instruments</th></tr>
<tr><td colspan="2">Refer to note 13, note 20 and note 24 to the financial statements and the accounting policies on page 27.</td></tr>
<tr><th>The Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The valuation of the Company's financial instruments, stated at fair value, is based on a combination of market data and valuation models which often require a considerable number of inputs. Many of these inputs are obtained from readily available data for liquid markets. Where one or more observable data is not readily available, as in the case of level 3 financial instruments, then estimates need to be developed which can involve significant management judgement.

Management assessed the fair values of certain level 2 and level 3 financial instruments by obtaining and analysing fair value calculations prepared by the relevant counterparties to the financial instruments, which also involved significant management judgement.

We identified assessing the fair value of financial instruments as a key audit matter because of the degree of complexity involved in valuing certain financial instruments and because of the degree of judgement exercised by management in determining the inputs used in the valuation models.</td><td>Our audit procedures to assess the fair value of financial instruments included the following:

• assessing the design, implementation and operating effectiveness of key internal controls over the valuation process for financial instruments and front office/back office reconciliations, including the controls over obtaining fair value calculations from counterparties and controls over assessing the methodology adopted in the fair value calculations prepared by the relevant counterparties;
• engaging our internal valuation specialists to assist us in performing an independent review, on a sample basis, of the fair value calculations obtained and used by management in the assessment of the fair values of level 2 and level 3 financial instruments and comparing our valuations with the Company's valuations. Our procedures included assessing the fair value calculations prepared by the relevant counterparties, developing parallel models, obtaining inputs independently and verifying the inputs; and
• assessing whether the disclosures in the financial statements, including fair value hierarchy information, appropriately reflected the Company's exposure to financial instrument valuation risk with reference to the requirements of the prevailing accounting standards.</td></tr>
</table>

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Independent auditor's report to the members of ICBCIL Finance Co. Limited (continued)

(Incorporated in Hong Kong with limited liability)

Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Independent auditor's report to the members of ICBCIL Finance Co. Limited (continued)

(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

Independent auditor's report to the members of ICBCIL Finance Co. Limited (continued)

(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe the matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leung Tat Ming.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

31 March 2021

Statement of profit or loss and other comprehensive income for the year ended 31 December 2020

(Expressed in US dollars)

	Note	*2020* US$	*2019* US$
Interest income	3	362,120,669	479,480,197
Interest expense	4	(353,373,681)	(425,208,053)
Net interest income		8,746,988	54,272,144
Other income		11,219	-
Investment loss	5	(39,777,639)	(6,634,534)
Loss from changes in fair value	6	(14,626,741)	(19,442,436)
Operating expenses	7	(2,543,991)	(6,768,933)
Exchange gain/(loss)		413,241	(2,047,202)
Impairment loss		(28,110)	(14,009)
(LOSS)/PROFIT BEFORE TAXATION		(47,805,033)	19,365,030
Income tax	9	8,582,137	(4,799,415)
(LOSS)/PROFIT FOR THE YEAR		(39,222,896)	14,565,615
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Item that may be reclassified to profit or loss:			
Effective hedging portion of gains or losses arising from cash flow hedging instruments	20	(4,040,552)	(16,348,864)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(43,263,448)	(1,783,249)

The notes on pages 17 to 43 form part of these financial statements.

Statement of financial position at 31 December 2020

(Expressed in US dollars)

	Note	*2020* US$	*2019* US$
ASSETS			
Cash and cash equivalents	10	836,932,905	1,665,793,622
Amounts due from other related companies	11	14,047,650,396	12,342,729,442
Interest receivable	12	216,544,904	1,047,541,941
Financial assets designated at fair value through profit or loss	13	-	129,406,806
Tax prepaid	21	3,258,474	-
Deferred tax asset	21	3,253,494	-
Other receivables	14	44,980,000	27,290,000
Total assets		15,152,620,173	15,212,761,811
LIABILITIES			
Bank loans	15	6,289,406,899	4,712,978,431
Amounts due to holding company	16	26,444	26,444
Amounts due to other related companies	17	658,187,578	657,730,235
Bond payable	18	7,783,694,567	9,375,839,332
Interest payable	19	100,710,004	114,395,150
Financial derivative liability	20	45,673,235	24,143,212
Tax payable	21	-	9,602,262
Other payables	22	218,351	80,202
Total liabilities		14,877,917,078	14,894,795,268
Net assets		274,703,095	317,966,543

Statement of financial position at 31 December 2020 (continued)

(Expressed in US dollars)

	Note	*2020* US$	*2019* US$
CAPITAL AND RESERVES			
Share capital	23	50,000	50,000
Reserves		274,653,095	317,916,543
Total equity		274,703,095	317,966,543

Director

Director

The notes on pages 17 to 43 form part of these financial statements.

Statement of changes in equity for the year ended 31 December 2020

(Expressed in US dollars)

	Share capital US$	*Cash flow hedging reserve* US$	*Retained profits* US$	*Total equity* US$
Balance as at 1 January 2019	50,000	3,049,667	316,650,125	319,749,792
Changes in equity during the year:				
Profit for the year	-	-	14,565,615	14,565,615
Other comprehensive income	-	(16,348,864)	-	(16,348,864)
Total comprehensive income for the year	-	(16,348,864)	14,565,615	(1,783,249)
Balance as at 31 December 2019	50,000	(13,299,197)	331,215,740	317,966,543
Changes in equity during the year:				
Loss for the year	-	-	(39,222,896)	(39,222,896)
Other comprehensive income	-	(4,040,552)	-	(4,040,552)
Total comprehensive income for the year	-	(4,040,552)	(39,222,896)	(43,263,448)
Balance as at 31 December 2020	50,000	(17,339,749)	291,992,844	274,703,095

The notes on pages 17 to 43 form part of these financial statements.

Cash flow statement
for the year ended 31 December 2020
(Expressed in US dollars)

	Note	2020 US$	2019 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before taxation		(47,805,033)	19,365,030
Interest expense of long-term bank loans, related party loans, repurchase agreements and bonds		313,046,814	326,056,712
Investment loss		39,777,639	6,634,534
Loss from changes in fair value		14,626,741	19,442,436
Exchange (gain)/loss		(88,482)	2,330,144
Impairment loss		28,110	14,009
Increase in amounts due from other related companies		(1,712,620,819)	(1,196,840,491)
Decrease in interest receivable		830,104,689	55,527,890
Decrease in prepayments		-	141,000
Increase in other receivables		(17,690,000)	(27,290,000)
(Decrease)/increase in short-term loan		(1,444,908,279)	389,118,073
Increase in amounts due to holding company		-	17,600
Increase in amount due to other related companies		457,343	16,994,502
Decrease in interest payable		(16,749,170)	(2,086,934)
Increase/(decrease) in other payables		138,149	(37,077,950)
Decrease in restricted cash		-	401,000,000
Cash used in operations		(2,041,682,298)	(26,653,445)
Hong Kong Profits Tax (paid)/refund		(7,532,093)	62,017
Net cash flows used in operating activities		(2,049,214,391)	(26,591,428)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income (paid)/received		(2,067,075)	16,675,560
Proceeds from sale of financial assets designated at fair value through profit or loss		132,269,536	108,754,205
Net cash flows generated from investing activities		130,202,461	125,429,765

Cash flow statement
for the year ended 31 December 2020 (continued)
(Expressed in US dollars)

	Note	*2020* US$	*2019* US$
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(316,676,652)	(312,860,199)
Proceeds from long-term bank loans		3,295,000,000	961,856,601
Repayment of long-term bank loans		(265,000,000)	(800,000,000)
Proceeds from related party loans		-	640,724,993
Proceeds from bond		898,571,843	2,092,671,954
Repayment of bond		(2,500,000,000)	(1,528,174,089)
Settlement of financial derivative		-	(2,582,848)
Investment income (paid)/received		(21,740,897)	2,416,903
Net cash flows generated from financing activities		1,090,154,294	1,054,053,315
Net (decrease)/increase in cash and cash equivalents		(828,857,636)	1,152,891,652
Cash and cash equivalents at beginning of the year		1,476,816,935	323,929,446
Effect of foreign exchange rate changes on cash and cash equivalents		25,028	(4,163)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	10	647,984,327	1,476,816,935

The notes on pages 17 to 43 form part of these financial statements.

Notes to the financial statements

(Expressed in US dollars unless otherwise indicated)

1 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Company are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Company for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- derivative financial instruments (see note 1(h)); and

- financial instruments designed at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

1 Significant accounting policies (continued)

(c) Changes in accounting policies

The Company has applied the amendment to HKFRS 16, Covid-19-Related Rent Concessions issued by the HKICPA to these financial statements for the current accounting period. Other than the amendment to HKFRS 16, the Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

None of the developments have had a material effect on how the Company's results and financial position for the current or prior periods have been prepared or presented. The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition of financial instruments

At initial recognition, financial assets are classified into three categories: financial assets measured at amortised cost, financial assets measured at FVOCI and financial assets measured at FVTPL.

At initial recognition, financial liabilities are classified into two categories: financial liabilities measured at FVTPL and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities measured at FVTPL, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs.

Measurement of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Company shall take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date (including the condition and location of the asset; and restrictions, if any, on the sale or use of the asset, etc.), and use valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. The adopted valuation techniques mainly include market approach, income approach and cost approach.

1 Significant accounting policies (continued)

Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at FVOCI, or at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Company manages its financial assets in order to generate cash flows. That is, the Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Company determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Company's key management personnel.

1 Significant accounting policies (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Company also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Subsequent measurement of financial assets

<u>Financial assets measured at FVTPL</u>

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

<u>Financial assets measured at amortised cost</u>

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

<u>Debt instruments measured at FVOCI</u>

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

<u>Equity instruments measured at FVOCI</u>

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL and other financial liabilities.

<u>Financial liabilities measured at FVTPL</u>

A financial liability is classified as measured at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

1 Significant accounting policies (continued)

Financial liabilities measured at FVTPL are subsequently measured at fair value and net gains and losses (including any interest expense) are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

For the financial liabilities designated as at FVTPL, they are accounted for in accordance with the following requirements: (i) the amount of changes in the fair value of the financial liability arising from changes in the Company's own credit risk should be included in other comprehensive income; (ii) other changes in fair value of the financial liabilities are recognised in current profit or loss. If the treatment of the impact of changes in the financial liabilities' own credit risk will create or enlarge the accounting mismatch in profit or loss in accordance with (i), the Company shall recognise the entire gain or loss of the financial liabilities (including the amount of the impact of changes in its own credit risk) in profit and loss. When these liabilities are derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to retained earnings.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(e) Impairment of the financial assets

The Company recognises loss allowances for ECL on:

- Financial assets measured at amortised cost;
- Debt instruments measured at FVOCI; and
- Loan commitments and financial guarantee contracts.

Financial assets measured at fair value, including debt investments or equity securities measured at FVTPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

The Company's method of measuring expected credit losses of financial instruments reflects the following elements: (i) unbiased weighted average probability determined by the results of evaluating a range of possible outcomes; (ii) time value of money; (iii) reasonable and evidence-based information about past events, current conditions, and future economic forecasts that are available at no additional cost or effort at the end of the reporting period.

1 Significant accounting policies (continued)

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Company is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the end of the reporting period (or a shorter period if the expected life of the instrument is less than 12 months).

The Company classifies financial instruments into three stages and makes provisions for expected credit losses accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition.

The three risk stages are defined as follows:

Stage 1: A financial instrument of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month expected credit losses is recognised as loss allowance.

Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount equal to lifetime expected credit losses is recognised as loss allowance.

Stage 3: A financial instrument is considered to be credit-impaired as at the end of the reporting period. The amount equal to lifetime expected credit losses is recognised as loss allowance.

Presentation of allowance for ECL

ECLs are remeasured at the end of each reporting period to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Company recognises an impairment gain or loss for financial instruments measured at amortised cost with a corresponding adjustment to their carrying amount through a loss allowance account; for debt instruments that are measured at FVOCI, the loss allowance is recognised in other comprehensive income. The Company recognises loss allowances for loan commitments and financial guarantee contracts through other liabilities (allowance for impairment losses on credit commitments).

Write-off

The book value of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

1 Significant accounting policies (continued)

(f) Derecognition of financial assets and liabilities

Financial assets

Financial asset is derecognised when one of the following conditions is met:

- the Company's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Company transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Company neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where the Company has transferred its rights to receive cash flows from an asset or has retained its rights to receive cash flows from the asset but assumed the obligation to pay those cash flows to the eventual recipients and meanwhile meet the conditions of the transfer of financial assets, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

The Company derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(g) Trade and other receivables

A receivable is recognised when the Company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Company has an unconditional right to receive consideration, the amount is presented as a contract asset.

(h) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to profit or loss.

1 Significant accounting policies (continued)

For less complex derivative products, the fair values are principally determined by valuation models which are commonly used by market participants. Inputs to valuation models are determined from observable market data wherever possible, including foreign exchange spot and forward rates and interest rate yield curves. For more complex derivative products, the fair values are mainly determined by quoted prices from dealers.

(i) Hedging

At the inception of a hedge relationship, the Company formally designates the hedge instruments and the hedged item, and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to meet the hedge effectiveness in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to analyse the sources of hedge ineffectiveness which are expected to affect the hedge relationship in remaining hedging period. If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the Company would rebalance the hedging relationship.

Cash flow hedges

Cash flow hedges are hedges of the Company's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, a highly probable forecast transaction or a component of any such item, and could affect profit or loss. For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in other comprehensive income. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in profit or loss.

When the hedged cash flow affects profit or loss, the gain or loss on the hedging instrument recognised directly in other comprehensive income is recycled in the corresponding income or expense line of the statement of profit or loss. When the hedging relationship ceases to meet the qualifying criteria after taking into account any rebalancing of the hedging relationship, including the hedging instrument has expired or has been sold, terminated or exercised, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income until the hedged forecast transaction ultimately occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

(j) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

1 Significant accounting policies (continued)

(k) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(m) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(n) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

1 Significant accounting policies (continued)

Interest income

Interest income is recognised as it accrues using the effective interest method.

(p) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

(q) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(r) Related parties

(a) A person, or a close member of that person's family, is related to the Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or the Company's parent.

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).

1 Significant accounting policies (continued)

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Accounting judgements and estimates

In the process of apply the Company's accounting policies, management has made the following significant accounting judgements:

Fair value of financial instruments

If the market for a financial instrument is not active, the Company establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. To the extent practicable, valuation technique makes maximum use of market inputs. However, where market inputs are not available, management needs to make estimates on such unobservable market inputs.

3 Interest income

	2020 US$	*2019* US$
Related party loans interest income	347,750,588	455,338,865
Bank interest income	14,236,018	23,829,535
Derivative security deposits interest income	134,063	311,797
Total	362,120,669	479,480,197

4 Interest expense

	2020 US$	*2019* US$
Bond interest expense	230,827,508	293,075,051
Bank loan interest expense	90,455,555	105,022,117
Related party loans interest expense	32,090,618	26,928,637
Derivative security deposit interest expense	-	182,248
Total	353,373,681	425,208,053

5 Investment loss

	2020 US$	*2019* US$
Investment income from financial assets measured at FVTPL	117,464	235,491
Swap investment loss	(39,895,103)	(6,870,025)
Total	(39,777,639)	(6,634,534)

6 Loss from changes in fair value

	Note	*2020* US$	*2019* US$
Gain from changes in fair value of financial assets measured at FVTPL	(i)	2,862,730	13,306,541
Net loss from interest rate swap	(ii)	(17,489,471)	(31,499,607)
Net loss from interest rate option		-	(1,249,370)
Total		(14,626,741)	(19,442,436)

(i) Since November 2015, the Company invested financial assets with Industrial and Commercial Bank of China Limited, Singapore Branch. In 2020, the financial assets have been redeemed.

(ii) As at 31 December 2019, the total notional amount of interest rate swap traded with ICBC Standard Bank Plc is US$1,800,000,000, of which US$900,000,000, US$600,000,000 and US$300,000,000 expire in May 2021, November 2021 and June 2025, respectively.

The fair value of the interest rate swaps were set out in note 20.

7 Operating expenses

	2020 US$	*2019* US$
Bank charge	1,828,369	1,455,129
Legal consulting fee	518,821	956,392
Rating fee	98,150	187,000
Tax consulting fee	51,262	3,904
Auditors' remuneration	33,862	32,533
Company secretary fee	13,527	17,975
Commission fee	-	4,116,000
Total	2,543,991	6,768,933

8 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2020 US$	*2019* US$
Directors' fees	-	-
Salaries, allowances and benefits in kind	-	-
Discretionary bonuses	-	-
Retirement scheme contributions	-	-
Total	-	-

9 Income tax in the statement of profit or loss and other comprehensive income

(a) *Taxation charged to profit or loss:*

	2020 US$	*2019* US$
Current tax - Hong Kong Profits Tax		
Provision for the year	-	4,799,415
Over-provision in respect of prior years	(5,328,643)	-
	(5,328,643)	4,799,415
Deferred tax		
Origination and reversal of temporary differences	(3,253,494)	-
Total	(8,582,137)	4,799,415

The Company is eligible for 8.25% tax band under the two-tiered tax regime introduced by the Hong Kong SAR Government in 2018. The provision for Hong Kong Profits Tax for 2020 is calculated at 8.25% for the first HKD2,000,000, and the remaining part is calculated at 16.5% (2019: 16.5%) of the estimated assessable profits for the year, taking into account a reduction granted by the Hong Kong SAR Government of 75% of the tax payable for the year of assessment 2020-21 subject to a maximum reduction of HKD20,000 for each business (2019: a maximum reduction of HKD20,000 was granted for the year of assessment 2019-20 and was taken into account in calculating the provision for 2019).

9 Income tax in the statement of profit or loss and other comprehensive income (continued)

(b) Reconciliation between tax expense charged to profit or loss and accounting profit at applicable tax rates:

	2020 US$	*2019* US$
(Loss)/profit before taxation	(47,805,033)	19,365,030
Notional tax on profit before taxation	(7,887,830)	3,195,230
Tax effect of non-deductible expenses	10,981,640	18,060,548
Tax effect of non-taxable income	(6,347,304)	(16,432,741)
Tax effect of two-tiered tax regime	-	(21,068)
One-off tax reduction	-	(2,554)
Over-provision in prior years	(5,328,643)	-
Actual tax expense charged to profit	(8,582,137)	4,799,415

10 Cash and cash equivalents

	2020 US$	*2019* US$
Unrestricted cash at bank	647,984,327	1,476,816,935
Restricted cash at bank	189,000,000	189,000,000
Less:		
Provision for impairment loss	(51,422)	(23,313)
Total	836,932,905	1,665,793,622

11 Amounts due from other related companies

	Note	*2020* US$	*2019* US$
Less than one year			
Related party loans	(i)	13,736,156,179	12,031,235,225
More than one year			
Related party loans	(ii)	311,494,217	311,494,217
Total		14,047,650,396	12,342,729,442

(i) The balance of related party loans are unsecured and have no fixed terms of repayment.

(ii) The balances of related party loans more than one year are unsecured. As at 31 December 2020, the balances were US$311,494,217 which will be due in year of 2024.

12 Interest receivable

	2020 US$	*2019* US$
Related party loans interest receivable	215,968,323	1,045,549,541
Deposit interest receivable	562,252	1,956,863
Security deposits interest receivable	14,329	35,537
Total	216,544,904	1,047,541,941

13 Financial assets designated at fair value through profit or loss

	2020 US$	*2019* US$
Financial assets designated at fair value through profit or loss	-	129,406,806

Please refer to note 6 for detailed information.

14 Other receivables

	2020 US$	*2019* US$
Derivative security deposit receivable	44,980,000	27,290,000

15 Bank loans

At 31 December, the bank loans were as follows:

	2020 US$	2019 US$
Less than one year		
- Secured	180,000,000	180,000,000
- Unsecured	2,216,325,553	3,835,958,608
Financing fee	-	163,222
Total bank loans repayable within 1 year	2,396,325,553	4,016,121,830
More than one year		
- Unsecured	3,895,000,000	700,000,000
Less: financing fee	(1,918,654)	(3,143,399)
Total bank loans repayable more than 1 year	3,893,081,346	696,856,601
Total	6,289,406,899	4,712,978,431

16 Amounts due to holding company

	2020 US$	2019 US$
ICBC International Leasing Company Limited	26,444	26,444

17 Amounts due to other related companies

		2020 US$	2019 US$
Less than one year			
Related party loans	(i)	17,000,000	17,000,000
Other payables		-	5,242
Total amounts due to other related companies less than 1 year		17,000,000	17,005,242
More than one year			
Related party loans	(ii)	643,000,000	643,000,000
Less: Financing fee		(1,812,422)	(2,275,007)
Total amounts due to other related companies more than 1 year		641,187,578	640,724,993
Total		658,187,578	657,730,235

17 Amounts due to other related companies (continued)

(i) The related party loan less than one year is unsecured and the loan is automatically renewable.

(ii) The related party loans more than one year are US$641,187,578 in total. The balance of US$343,000,000 is unsecured with interest rate of 6.5% and expires in June 2022. The balance of US$298,187,578 is unsecured with floating rate of 6M Libor plus 260 basis points and expires in December 2024.

18 Bond payable

	2020 US$	2019 US$
Notional amount	7,800,000,000	9,400,000,000
Less: financing fee	(16,305,433)	(24,160,668)
Total	7,783,694,567	9,375,839,332

In August 2020, the Company issued a USD note with principal amount of US$ 900,000,000, of which expire in August 2025.

19 Interest payable

	2020 US$	2019 US$
Bond interest payable	45,625,949	62,658,352
Related party loans interest payable	44,363,689	21,587,771
Bank loan interest payable	10,720,366	30,149,027
Total	100,710,004	114,395,150

20 Derivative financial instruments

	2020			2019		
	Nominal amount US$	Assets US$	Liabilities US$	Nominal amount US$	Assets US$	Liabilities US$
Interest rate swap	1,800,000,000	-	45,673,235	1,800,000,000	-	24,143,212

20 Derivative financial instruments (continued)

Cash flow hedges

The Company's cash flow hedges consist of interest rate swap contracts that are used to protect against exposures to variability of future cash flows.

Among the above derivative financial instruments, those designated as hedging instruments in cash flow hedges are set out below.

	2020			2019		
	Nominal amount US$	Assets US$	Liabilities US$	Nominal amount US$	Assets US$	Liabilities US$
Interest rate swap	1,500,000,000	-	24,113,300	1,500,000,000	-	20,072,747

	31 December 2020				
	Carrying amount of hedged items				
	Assets US$	Liabilities US$	Effect of hedging instruments on other comprehensive income during the current period US$	Hedging instruments accumulated in other comprehensive income US$	Amounts reclassified from other comprehensive income to profit or loss US$
Bonds payable	-	1,500,000,000	4,040,552	17,339,749	-

	31 December 2019				
	Carrying amount of hedged items				
	Assets US$	Liabilities US$	Effect of hedging instruments on other comprehensive income during the current period US$	Hedging instruments accumulated in other comprehensive income US$	Amounts reclassified from other comprehensive income to profit or loss US$
Bonds payable	-	1,500,000,000	13,818,958	13,299,197	-

There is no ineffectiveness recognized in profit or loss that arises from the cash flow hedge for the current year (2019: Nil).

Please refer to note 6.

21 Income tax in the statement of financial position

(a) Current taxation in the statement of financial position represents:

	2020 US$	*2019* US$
(Reversal)/provision for Hong Kong Profits Tax for the year	(5,328,643)	4,799,415
Provisional Profits Tax (paid)/received	(7,532,093)	62,017
Balance of Profits Tax provision relating to prior years	9,602,262	4,740,830
Total	(3,258,474)	9,602,262

(b) Deferred tax asset recognized

The deferred tax assets recognised in the statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	*Recognition of tax losses* US$
At 1 January 2020	-
Credited to profit or loss	(3,253,494)
Total	(3,253,494)

22 Other payables

	2020 US$	*2019* US$
Financing fee	189,960	-
Auditors' remuneration	18,391	17,202
Agency service fee	10,000	63,000
Total	218,351	80,202

23 Share capital

	2020 US$	*2019* US$
Issued		
50,000 ordinary shares of US$1 each	50,000	50,000

50,000 ordinary shares of US$1 each were issued at par to the shareholder of the Company, which was fully paid by the shareholder of the Company on 8 January 2014.

24 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Company's business.

The Company's exposure to these risks and the financial risk management policies and practices used by the Company to manage these risks are described below.

Credit risk

At 31 December, the carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to the credit risk at the reporting date was:

	31 Dec 2020 US$	*31 Dec 2019* US$
Cash and cash equivalents	836,932,905	1,665,793,622
Amounts due from other related companies	14,047,650,396	12,342,729,442
Interest receivable	216,544,904	1,047,541,941
Financial assets designated at fair value through profit or loss	-	129,406,806
Other receivables	44,980,000	27,290,000

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The following table details the Company's exposure to interest rate risks:

31 December 2020	*Interest bearing at fixed rate* US$	*Interest bearing at variable rate* US$	*Total* US$
Assets			
Cash and cash equivalents	550,000,000	286,932,905	836,932,905
Amounts due from other related companies	14,047,650,396	-	14,047,650,396
Other receivables	44,980,000	-	44,980,000
Total assets	14,642,630,396	286,932,905	14,929,563,301
Liabilities			
Bank loans	(2,186,325,553)	(4,103,081,346)	(6,289,406,899)
Amounts due to other related company	(360,000,000)	(298,187,578)	(658,187,578)
Bond payable	(5,686,163,025)	(2,097,531,542)	(7,783,694,567)
Total liabilities	(8,232,488,578)	(6,498,800,466)	(14,731,289,044)
Net exposure	6,410,141,818	(6,211,867,561)	198,274,257

24 Financial risk management and fair values of financial instruments (continued)

31 December 2019	*Interest bearing at fixed rate* US$	*Interest bearing at variable rate* US$	*Total* US$
Assets			
Cash and cash equivalents	880,000,000	785,793,622	1,665,793,622
Amounts due from other related companies	12,342,729,442	-	12,342,729,442
Financial assets designated at fair value though profit or loss	125,737,344	3,669,462	129,406,806
Other receivables	27,290,000	-	27,290,000
Total assets	13,375,756,786	789,463,084	14,165,219,870
Liabilities			
Bank loans	(3,786,121,830)	(926,856,601)	(4,712,978,431)
Amounts due to other related company	(360,000,000)	(297,724,993)	(657,724,993)
Bond payable	(7,278,329,583)	(2,097,509,749)	(9,375,839,332)
Total liabilities	(11,424,451,413)	(3,322,091,343)	(14,746,542,756)
Net exposure	1,951,305,373	(2,532,628,259)	(581,322,886)

At 31 December 2020, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Company's profit after tax and retained profits by approximately US$62.12 million (2019: US$25.33 million).

The sensitivity analysis above indicates the annualised impact on the Company's interest expense that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to floating rate instruments.

Currency risk

The Company's functional currency is United States dollars. The Company is exposed to currency risk primarily through lends and borrows giving rise to amounts due from other related company, amounts due to other related company and cash balances that are denominated in other currencies, being primarily Euro (EUR), Hong Kong Dollar (HKD) and Renminbi (RMB).

24 Financial risk management and fair values of financial instruments (continued)

(i) Exposure to currency risk

The following table details the Company's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the Company's functional currency of United States dollars. For presentation purposes, the amounts of the exposure are expressed in United States dollars.

	2020			2019		
	Euro US$	Renminbi US$	Hong Kong Dollar US$	Euro US$	Renminbi US$	Hong Kong Dollar US$
Cash and cash equivalents	148,087	6,822	417,260	342,966	6,468	116,958
Amounts due from other related companies	81,909,140	-	83,842,818	74,386,280	-	83,463,347
Interest receivable	10,275,948	-	5,039,885	7,406,575	-	3,319,986
Bank loans	(87,323,177)	-	(89,002,376)	(79,541,943)	-	(86,416,665)
Interest payable	14,311	-	(265,544)	-	-	(656,530)
Net exposure to currency risk	5,024,309	6,822	32,043	2,593,878	6,468	(172,904)

(ii) Sensitivity analysis

The following table indicates the instantaneous change on the Company's profit after tax and retained profits that would arise if foreign exchange rates to which the Company has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

Currency	*Change in exchange rate (%)*	*Impact on profit after tax and retained profits as at 31 December 2020*	*Impact on profit after tax and retained profits as at 31 December 2019*
EUR	(1%)	(50,751)	(26,201)
RMB	(1%)	(69)	(65)
HKD	(1%)	(324)	1,747

While the table above indicates the effect on net profit of 1% depreciation of EUR, HKD or RMB, there will be an opposite effect with the same amount if the currency appreciates by the same percentage.

24 Financial risk management and fair values of financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at an unacceptably high cost. If the Company cannot meet its obligations under the various debt arrangements or its capital commitments, it may be subject to contract breach damages and may even be unable to continue to operate on a going concern basis.

In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and mitigate the effects of fluctuations in cash flows. It monitors the risk to shortage of funds by regular analysis of cash flow movements, forecasts and adherence to all loan agreements.

The following are the contractual maturities of financial liabilities as at the end of reporting periods:

31 December 2020	*Less than 1 year* US$	*1-5 years* US$	*Greater than 5 years* US$	*Contractual cashflow* US$	*Carrying amount* US$
Bank loans	(2,437,896,243)	(3,943,051,180)	-	(6,380,947,423)	(6,289,406,899)
Amount due to other related companies	(25,665,708)	(736,918,770)	-	(762,584,478)	(658,187,578)
Bond payable	(2,289,604,646)	(5,454,062,917)	(573,564,000)	(8,317,231,563)	(7,783,694,567)
Financial derivative liability	(29,527,929)	(16,178,883)	-	(45,706,812)	(45,673,235)
Total	(4,782,694,526)	(10,150,211,750)	(573,564,000)	(15,506,470,276)	(14,776,962,279)

31 December 2019	*Less than 1 year* US$	*1-5 years* US$	*Greater than 5 years* US$	*Contractual cashflow* US$	*Carrying amount* US$
Bank loans	(4,034,730,358)	(732,971,266)	-	(4,767,701,624)	(4,712,978,431)
Amount due to other related companies	(32,715,426)	(773,609,867)	-	(806,325,293)	(657,730,235)
Bond payable	(2,782,568,537)	(6,829,931,881)	(593,504,500)	(10,206,004,918)	(9,375,839,332)
Financial derivative liability	(11,396,968)	(12,745,578)	(164,058)	(24,306,604)	(24,143,212)
Total	(6,861,411,289)	(8,349,258,592)	(593,668,558)	(15,804,338,439)	(14,770,691,210)

24 Financial risk management and fair values of financial instruments (continued)

Fair value measurement

(i) Financial instruments measured at fair value

HKFRS 13, *Fair value measurement* categorises fair value measurements into a three-level hierarchy. The level into which fair value is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The following are financial instruments measured at fair value as at the end of reporting periods:

	Carrying amount at 31 December 2020 US$	*Fair value at 31 December 2020* US$	*Fair value measurements as at 31 December 2020 categorised into* *Level 1* US$	*Level 2* US$	*Level 3* US$
Financial derivative liability	45,673,235	45,673,235	-	45,673,235	-

	Carrying amount at 31 December 2019 US$	*Fair value at 31 December 2019* US$	*Fair value measurements as at 31 December 2019 categorised into* *Level 1* US$	*Level 2* US$	*Level 3* US$
Financial assets designated at fair value through profit or loss	129,406,806	129,406,806	-	-	129,406,806
Financial derivative liability	24,143,212	24,143,212	-	24,143,212	-

24 Financial risk management and fair values of financial instruments (continued)

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Company's financial instruments carried at cost or amortised cost were not materially different from their fair values as at the end of the reporting periods except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

	Carrying amount at 31 December 2020 US$	*Fair value at 31 December 2020* US$	*Fair value measurements as at 31 December 2020 categorised into* *Level 1* US$	*Level 2* US$	*Level 3* US$
Bank loans	6,289,406,899	6,164,105,101	-	6,164,105,101	-
Bond payable	7,783,694,567	7,969,762,500	-	7,969,762,500	-
Amount due to other related companies	658,187,578	707,917,943	-	707,917,943	-

	Carrying amount at 31 December 2019 US$	*Fair value at 31 December 2019* US$	*Fair value measurements as at 31 December 2019 categorised into* *Level 1* US$	*Level 2* US$	*Level 3* US$
Bank loans	4,712,978,431	4,712,718,490	-	4,712,718,490	-
Bond payable	9,375,839,332	9,629,813,500	-	9,629,813,500	-
Amount due to other related companies	657,730,235	726,371,960	-	726,371,960	-

25 Commitments and contingencies

The Company has placed deposits with a bank for a loan.

26 Material related party transactions

(a) *Transactions with key management personnel*

All members of key management personnel are directors of the Company, and their remuneration is disclosed in note 8.

26 Material related party transactions (continued)

(b) Transactions with other related parties

During the year, the Company entered into the following material related party transactions:

	2020 US$	*2019* US$
Interest income from other related companies	351,869,752	462,224,325
Interest expense to other related companies	101,471,068	115,390,459
Operating expense to the holding company	-	17,600
Operating expenses to other related companies	-	4,116,000
Investment loss from the other related companies	(39,895,103)	(6,870,025)

The outstanding balances arising from related party transactions at the end of the reporting period are as follows:

	2020 US$	*2019* US$
Cash and cash equivalents	493,755,996	460,697,155
Amounts due from other related companies	14,047,650,396	12,342,729,442
Interest receivable from other related companies	215,995,152	1,045,585,078
Other receivables	44,980,000	27,290,000
Bank loans	(4,971,325,553)	(3,735,958,608)
Amounts due to holding company	(26,444)	(26,444)
Amounts due to other related companies	(658,187,578)	(657,730,235)
Interest payable to other related companies	(50,633,513)	(46,700,496)
Financial derivative liability	(45,673,235)	(24,143,212)

27 Events after the reporting period

There were no events after the reporting period which should require revision of the figures or disclosures in the financial statement.

28 Immediate and ultimate controlling party

At 31 December 2020, the directors consider the immediate parent of the Company to be ICBC International Leasing Company Limited, which is incorporated in Ireland. The ultimate controlling party of the Company is Industrial and Commercial Bank of China Limited, which is incorporated in PRC.

29 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2020

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Company.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform — Phase 2	1 January 2021
Amendments to HKFRS 3, Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37, Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022
Amendments to HKAS 1, Classification of Liabilities as Current or Non-current	1 January 2023

The Company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

30 Approval of the financial statements

The financial statements were approved and authorized for issue by the board of directors on 31 March 2021.

ICBC FINANCIAL LEASING CO., LTD.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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Independent Auditors' Report
To the Shareholders of ICBC Financial Leasing Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the accompanying financial statements of ICBC Financial Leasing Co., Ltd. (the "Company") set out on pages 1 to 83, which comprise the consolidated balance sheet and balance sheet as at 31 December 2019, the consolidated income statement and income statement, the consolidated cash flow statement and cash flow statement, the consolidated statement of changes in shareholders' equity and statement of changes in shareholders' equity for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of the Company as at 31 December 2019, and the consolidated and company financial performance and cash flows of the Company for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises all the information included in 2019 annual report of the Company, other than the financial statements and out auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

KPMG

Independent Auditors' Report
To the Shareholders of ICBC Financial Leasing Co., Ltd. (continued)
(Incorporated in the People's Republic of China with limited liability)

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

KPMG

Independent Auditors' Report
To the Shareholders of ICBC Financial Leasing Co., Ltd. (continued)
(Incorporated in the People's Republic of China with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG

Independent Auditors' Report
To the Shareholders of ICBC Financial Leasing Co., Ltd. (continued)
(Incorporated in the People's Republic of China with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Huazhen LLP

Certified Public Accountants
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31 March 2020

ICBC FINANCIAL LEASING CO., LTD.
Consolidated balance sheet and balance sheet
31 December 2019
(In RMB '000, unless otherwise stated)

		The Group		*The Company*	
	Note IV	*31 December 2019*	*31 December 2018*	*31 December 2019*	*31 December 2018*
Assets					
Cash at bank and on hand	1	26,400,148	22,228,561	20,780,120	19,085,473
Deposits with the central bank	2	19,958	2,019,223	19,958	2,019,223
Derivative financial assets	3	55,893	2,273	-	-
Bills receivable	4	7,100	-	7,100	-
Prepayments	5	3,668,309	3,234,032	2,491,579	1,992,733
Lease receivables	6	97,109,782	113,680,237	82,322,224	92,955,197
Investments in debt	7	2,380,005	2,364,975	2,380,005	2,364,975
Long-term equity investments	8	-	-	3,103,835	3,081,435
Fixed assets	9	99,942,545	110,064,975	1,387,382	526,775
Construction in progress	10	14,720,734	11,425,244	14,720,734	11,425,244
Right-of-use assets	11	16,335,387		74,568	
Deferred tax assets	12	707,524	472,276	623,166	410,923
Other assets	13	9,861,527	6,997,452	37,480,223	41,325,250
Total assets		271,208,912	272,489,248	165,390,894	175,187,228

The notes on pages 11 to 83 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated balance sheet and balance sheet (continued)
31 December 2019
(In RMB '000, unless otherwise stated)

		The Group		*The Company*	
	Note IV	*31 December 2019*	*31 December 2018*	*31 December 2019*	*31 December 2018*
Liabilities and Equity					
Liabilities					
Borrowings	14	197,377,897	217,744,944	128,076,665	146,660,278
Repurchase agreements	15	1,800,746	-	1,800,746	-
Advances from customers	16	2,522,710	2,759,064	1,522,692	1,673,251
Bond payables	17	10,197,631	4,021,054	10,197,631	4,021,054
Bills payable	18	154,561	-	154,561	-
Derivative financial liabilities	3	2,139	-	-	-
Long-term payables	19	851,802	8,735,866	-	-
Lease liabilities	20	13,499,322		71,458	
Employee benefits payable	21	153,811	105,174	153,811	105,174
Taxes payable	22(3)	50,5120	362,888	87,690	6,063
Security deposits payable	23	1,125,861	1,007,875	152,289	129,220
Other payables	24	5,399,779	4,614,700	545,935	391,705
Deferred tax liabilities	12	1,354,965	961,359	-	-
Total liabilities		234,946,144	240,312,924	142,763,478	152,986,745
Equity					
Paid-in capital	25	18,000,000	18,000,000	18,000,000	18,000,000
Capital reserve		492,527	492,527	-	-
Other comprehensive income		597,760	339,994	28,863	17,565
Surplus reserve	26	1,907,395	1,616,457	1,224,126	1,203,510
General reserve	27	2,922,506	2,922,506	2,722,724	2,722,724
Retained earnings		12,342,580	8,804,840	651,703	256,684
Total equity		36,262,768	32,176,324	22,627,416	22,200,483
Total liabilities and equity		271,208,912	272,489,248	165,390,894	175,187,228

赵桂才

陈畅

阚迪思

Chief Executive Officer	Deputy Chief Executive Officer	General Manager of Finance Department	(Company stamp)
Zhao, Gui Cai	Chen, Chang	Kan, Disi	

工银金融租赁有限公司

The notes on pages 11 to 83 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated income statement and income statement
Year ended 31 December 2019
(In RMB '000, unless otherwise stated)

	Note IV	The Group 2019	The Group 2018	The Company 2019	The Company 2018
Operating income					
Interest income	28	5,347,776	5,858,106	5,233,630	5,718,626
Operating lease income	29	11,660,084	9,508,047	33,814	35,350
Fee and commission income	30	668,628	760,798	634,993	748,558
Investment income		90,472	26,080	243,392	39,468
Other income	31	543,761	439,911	116,773	75,497
Gain/(losses) from changes in fair value		51,027	(46)	-	-
Exchanges gains		30,124	203,145	8,103	167,861
Other operating income		177,097	97,718	677	-
Gains from asset disposal		293,605	103,788	-	-
Total operating income		18,862,574	16,997,547	6,271,382	6,785,360
Operating expense					
Interest expense	32	(7,486,785)	(7,558,812)	(4,238,430)	(4,913,116)
Operating lease expenses	33	(4,560,654)	(4,045,799)	(19,062)	(36,968)
Fee and commission expenses		(233,903)	(154,041)	(210,167)	(135,708)
Taxes and surcharges	34	(118,602)	(104,545)	(14,785)	(24,311)
Operating and administrative expenses	35	(616,591)	(451,660)	(410,728)	(359,319)
Impairment losses	36	(1,087,578)	(674,377)	(804,736)	(228,634)
Total operating expense		(14,104,013)	(12,987,234)	(5,697,908)	(5,698,056)
Operating profit		4,758,561	4,010,313	573,474	1,087,304

The notes on pages 11 to 83 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated income statement and income statement (continued)
Year ended 31 December 2019
(In RMB '000, unless otherwise stated)

	Note IV	The Group 2019	The Group 2018	The Company 2019	The Company 2018
Add: Non-operating income		240	324	107	10
Less: Non-operating expenses		(713)	(19)	(633)	(10)
Profit before taxation		4,758,088	4,010,618	572,948	1,087,304
Less: Income tax expense	37	(929,410)	(988,754)	(157,313)	(368,231)
Profit for the year		3,828,678	3,021,864	415,635	719,073
Other comprehensive income, net of tax	38				
Items that may be reclassified to profit or loss:					
1. Gains arising from changes in fair value of other investments in debt		11,298	17,565	11,298	17,565
2. Foreign currency translation differences		246,468	455,290	-	-
Total comprehensive income for the year		4,086,444	3,494,719	426,933	736,638

The notes on pages 11 to 83 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated cash flow statement and cash flow statement
Year ended 31 December 2019
(In RMB '000, unless otherwise stated)

	Note IV	The Group 2019	The Group 2018	The Company 2019	The Company 2018
1. Cash flows from operating activities:					
Net decrease in finance lease receivables, sales and leaseback receivables and prepayments		15,614,553	1,685,444	9,368,785	-
Cash received from interest, fee and commission		6,457,302	6,400,435	7,367,726	6,108,096
Cash received from operating lease income		11,618,345	9,526,540	33,533	31,766
Net increase in short-term borrowings		-	24,201,997	-	27,547,490
Net increase in repurchase agreements		1,800,000	-	1,800,000	-
Net decrease in deposits with the central bank		1,948	2,943	1,948	2,943
Cash received relating to other operating activities		2,157,353	1,850,361	2,549,770	200,759
Sub-total of cash inflows		37,649,501	43,667,720	21,121,762	33,891,054
Net increase in finance lease receivables, sales and leaseback receivables and prepayments		-	-	-	(576,558)
Net decrease in short-term borrowings		(33,246,411)	-	(30,579,169)	-
Payments of interest expense on short-term borrowings, fee and commission expenses		(4,532,778)	(4,800,884)	(5,106,031)	(4,406,748)
Payment to and for employees		(233,621)	(319,419)	(229,056)	(319,419)
Payments of taxes		(696,989)	(836,510)	(239,968)	(519,653)
Payments for other operating activities		(4,352,215)	(2,979,619)	(241,419)	(7,870,949)
Sub-total of cash outflows		(43,062,014)	(8,936,432)	(36,395,643)	(13,693,327)
Net cash (outflow)/inflow from operating activities		(5,412,513)	34,731,288	(15,273,881)	20,197,727

The notes on pages 11 to 83 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated cash flow statement and cash flow statement (continued)
Year ended 31 December 2019
(In RMB '000, unless otherwise stated)

	Note IV	The Group 2019	The Group 2018	The Company 2019	The Company 2018
2. Cash flows from investing activities:					
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		6,958,283	279,598	-	3
Proceeds from sales and redemption of investments		59,057,930	189,418,304	59,057,930	189,418,304
Proceeds from disposal of subsidiaries		4,567	-	167,531	-
Proceeds from other investing activities		14,920,597	9,711,629	15,647,634	9,711,629
Sub-total of cash inflows		80,941,377	199,409,531	74,873,095	199,129,936
Payment for acquisition of fixed assets, intangible assets and other long-term assets		(12,865,354)	(24,590,482)	(3,951,825)	(7,533,730)
Payment for acquisition of subsidiaries		-	-	(24,800)	(3,070,835)
Payment for investments		(58,915,094)	(191,714,544)	(58,900,000)	(191,701,156)
Payment for other investing activities		-	(14,906,823)	-	(14,579,081)
Sub-total of cash outflows		(71,780,448)	(231,211,849)	(62,876,625)	(216,884,802)
Net cash inflow/(outflow) from investing activities		9,160,929	(31,802,318)	11,996,470	(17,754,866)
3. Cash flows from financing activities					
Proceeds from long-term borrowings		23,044,362	8,143,559	15,292,534	1,727,975
Proceeds from issuance of bonds		5,981,493	3,991,997	5,981,493	3,991,997
Sub-total of cash inflows		29,025,855	12,135,556	21,274,027	5,719,972
Repayments of long-term borrowings		(12,304,215)	(8,029,171)	(2,503,373)	(3,698,271)
Payment for interest of long-term borrowings		(2,006,005)	(1,631,194)	(410,243)	(137,595)
Payment for interest of bonds		(163,200)	-	(163,200)	-
Repayments of lease liabilities		(1,027,968)		(54,472)	
Sub-total of cash outflows		(15,501,388)	(9,660,365)	(3,131,288)	(3,835,866)
Net cash inflow from financing activities		13,524,467	2,475,191	18,142,739	1,884,106

The notes on pages 11 to 83 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated cash flow statement and cash flow statement (continued)
Year ended 31 December 2019
(In RMB '000, unless otherwise stated)

	Note IV	The Group		The Company	
		2019	2018	2019	2018
4. Effect of foreign exchange rate changes on cash and cash equivalents		188,765	429,033	119,281	55,012
5. Net increase in cash and cash equivalents		17,461,648	5,833,194	14,984,609	4,381,979
Add: cash and cash equivalents at the beginning of the year		8,943,523	3,110,329	5,800,405	1,418,426
6. Cash and cash equivalents at the end of the year	39	26,405,171	8,943,523	20,785,014	5,800,405

The notes on pages 11 to 83 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated cash flow statement and cash flow statement (continued)
Year ended 31 December 2019
(In RMB '000, unless otherwise stated)

Supplementary information

1 Reconciliation of net profit to cash flows from operating activities:

	The Group		The Company	
	2019	2018	2019	2018
Profit for the year	3,828,678	3,021,864	415,635	719,073
Add: Impairment losses	1,087,578	674,377	804,736	228,634
Depreciation of fixed assets	3,970,419	3,607,874	21,177	39,007
Depreciation of right-of-use assets	621,289		47,360	
Amortisation of other intangible assets	4,267	3,358	4,267	3,358
Gains from asset disposal	(293,605)	(103,788)	-	-
Decrease/(increase) in long-term deferred expenses	93,705	(113,609)	825	(287)
Amortisation of leasing premium assets	41,135	-	-	-
Decrease/(increase) in deferred expenses	1,380	16,155	(748)	7,547
Exchanges gains	(30,124)	(203,145)	(8,103)	(167,861)
Investment income	(90,472)	(26,080)	(243,392)	(39,468)
Interest income from investments in debt	(82,761)	(19,235)	(82,761)	(19,235)
Interest expense on lease liabilities	508,580		3,168	
(Gains)/losses from changes in fair value	(51,027)	46	-	-
(Increase)/decrease in deferred tax assets	(239,014)	18,527	(216,009)	62,998
Increase in deferred tax liabilities	381,544	251,955	-	-
Decrease/(increase) in operating receivables	12,352,543	(101,185)	13,341,658	(7,485,228)
(Decrease)/increase in operating payables	(27,516,628)	27,704,174	(29,361,894)	26,849,189
Net cash (outflow)/inflow from operating activities	(5,412,513)	34,731,288	(15,273,881)	20,197,727

2 Movement of cash and cash equivalents:

	The Group		The Company	
	2019	2018	2019	2018
Cash and cash equivalents at the end of the year	26,405,171	8,943,523	20,785,014	5,800,405
Less: Cash and cash equivalents at the beginning of the year	8,943,523	3,110,329	5,800,405	1,418,426
Net increase in cash and cash equivalents	17,461,648	5,833,194	14,984,609	4,381,979

The notes on pages 11 to 83 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated statement of changes in shareholders' equity
Year ended 31 December 2019
(In RMB '000, unless otherwise stated)

		2019						
	Note IV	*Paid-in capital*	*Capital reserve*	*Other comprehensive income*	*Surplus reserve*	*General reserve*	*Retained earnings*	*Total*
Balance at 1 January 2019		18,000,000	492,527	339,994	1,616,457	2,922,506	8,804,840	32,176,324
Changes in equity for the year								
1. Profit for the year		-	-	-	-	-	3,828,678	3,828,678
2. Other comprehensive income		-	-	257,766	-	-	-	257,766
3. Appropriation to surplus reserve	26	-	-	-	290,938	-	(290,938)	-
Sub-total		-	-	257,766	290,938	-	3,537,740	4,086,444
Balance at 31 December 2019		18,000,000	492,527	597,760	1,907,395	2,922,506	12,342,580	36,262,768

		2018						
	Note IV	*Paid-in capital*	*Capital reserve*	*Other comprehensive income*	*Surplus reserve*	*General reserve*	*Retained earnings*	*Total*
Balance at 31 December 2017		11,000,000	492,527	(132,861)	1,427,329	2,750,042	13,890,625	29,427,662
Changes in accounting policies		-	-	-	-	-	(746,057)	(746,057)
Adjusted balance at 1 January 2018		11,000,000	492,527	(132,861)	1,427,329	2,750,042	13,144,568	28,681,605
Changes in equity for the year								
1. Profit for the year		-	-	-	-	-	3,021,864	3,021,864
2. Other comprehensive income		-	-	472,855	-	-	-	472,855
3. Appropriation to surplus reserve	26	-	-	-	189,128	-	(189,128)	-
4. Appropriation to general reserve	27	-	-	-	-	172,464	(172,464)	-
5. Retained earnings transferred to paid-in capital		7,000,000	-	-	-	-	(7,000,000)	-
Sub-total		7,000,000	-	472,855	189,128	172,464	(4,339,728)	3,494,719
Balance at 31 December 2018		18,000,000	492,527	339,994	1,616,457	2,922,506	8,804,840	32,176,324

The notes on pages 11 to 83 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Statement of changes in shareholders' equity
Year ended 31 December 2019
(In RMB '000, unless otherwise stated)

		2019					
	Note IV	*Paid-in capital*	*Other comprehensive income*	*Surplus reserve*	*General reserve*	*Retained earnings*	*Total*
Balance at 1 January 2019		18,000,000	17,565	1,203,510	2,722,724	256,684	22,200,483
Changes in equity for the year							
1. Profit for the year		-	-	-	-	415,635	415,635
2. Other comprehensive income		-	11,298	-	-	-	11,298
3. Appropriation to surplus reserve	26	-	-	20,616	-	(20,616)	-
Sub-total		-	11,298	20,616	-	395,019	426,933
Balance at 31 December 2019		18,000,000	28,863	1,224,126	2,722,724	651,703	22,627,416

		2018					
	Note IV	*Paid-in capital*	*Other comprehensive income*	*Surplus reserve*	*General reserve*	*Retained earnings*	*Total*
Balance at 31 December 2017		11,000,000	-	1,122,114	2,550,260	7,546,538	22,218,912
Changes in accounting policies		-	-	-	-	(755,067)	(755,067)
Adjusted balance at 1 January 2018		11,000,000	-	1,122,114	2,550,260	6,791,471	21,463,845
Changes in equity for the year							
1. Profit for the year		-	-	-	-	719,073	719,073
2. Other comprehensive income		-	17,565	-	-	-	17,565
3. Appropriation to surplus reserve	26	-	-	81,396	-	(81,396)	-
4. Appropriation to general reserve	27	-	-	-	172,464	(172,464)	-
5. Retained earnings transferred to paid-in capital		7,000,000	-	-	-	(7,000,000)	-
Sub-total		7,000,000	17,565	81,396	172,464	(6,534,787)	736,638
Balance at 31 December 2018		18,000,000	17,565	1,203,510	2,722,724	256,684	22,200,483

The notes on pages 11 to 83 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Notes to the financial statements
(In RMB '000, unless otherwise stated)

I Company status

ICBC Financial Leasing Co., Ltd. (the "Company") is a wholly-owned subsidiary of Industrial and Commercial Bank of China Limited ("ICBC"). It obtained the approval Yin Jian Fu [2007] No. 407 from the former China Banking Regulatory Commission (the "former CBRC") on 18 September 2007 and was incorporated in Tianjin on 26 November 2007.

The Company obtained its financial permit No. M0011H212000001 from the former CBRC. The Company obtained its business licence with unified social credit code 91120116710935177L from the State Administration for Industry and Commerce of the People's Republic of China (the "PRC"). The legal representative is Zhao Guicai, and the registered office is located at No. 20 Guangchang East Road, Tianjin Economic-Technological Development Area. As at 31 December 2019, the Company has a registered capital of RMB 18,000,000,000.

The principal activities of the Company and its subsidiaries (the "Group") comprise the provision of financial leasing services, disposal of leased assets, import and export trade, economic consultancy services and other services as approved by the former CBRC.

II Basis of preparation

The financial statements have been prepared on the going concern basis.

1 Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS") issued by the Ministry of Finance ("MOF"). These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2019, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

2 Accounting year

The accounting year of the Group is from 1 January to 31 December.

3 Functional currency and presentation currency

The Company's functional currency is Renminbi ("RMB") and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled. Some of the Group's subsidiaries have functional currencies that are different from the Company's functional currency. Their financial statements have been translated based on the accounting policy set out in Note III.2.

III Significant accounting policies and accounting estimates

1 Business combinations and consolidated financial statements

(a) Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total face value of shares issued) is adjusted against the capital premium in the capital reserve, with any excess adjusted against retained earnings. Any costs directly attributable to the combination is recognised in profit or loss when incurred. The combination date is the date on which one combining enterprise obtains control of other combining enterprises.

(b) Consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognised as investment income for the current period.

2 Translation of foreign currencies

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates or rates that approximate the spot exchange rates on the dates of the transactions. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, such as the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition and construction of qualifying assets (see Note III (18)). Non-monetary items that are measured at historical cost in foreign currencies are translated to RMB using the exchange rate at the transaction date.

Some of the Group's subsidiaries have functional currencies that are different from the Company's functional currency. Assets and liabilities of foreign operations are translated to RMB at the spot exchange rate at the balance sheet date. Equity items, excluding retained earnings and foreign currency translation differences recognised in other comprehensive income, are translated to RMB at the spot exchange rates at the transaction dates. Income and expenses of foreign operations are translated to Renminbi at the spot exchange rates or exchange rates similar to spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income. The translation differences accumulated in other comprehensive income with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

3 Cash and cash equivalents

Cash and cash equivalents refer to short-term highly liquid assets, which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents comprise cash, unrestricted balances with central banks and amounts due from banks and other financial institutions with original maturity of less than three months.

4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Initial recognition of financial instruments

At initial recognition, financial assets are classified into three categories: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income ("FVOCI") and financial assets measured at fair value through profit or loss ("FVTPL").

At initial recognition, financial liabilities are classified into two categories: financial liabilities measured at FVTPL and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities measured at FVTPL, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs.

(b) Classification and subsequent measurement of financial assets

Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at FVOCI, or at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Subsequent measurement of financial assets

Financial assets measured at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

Debt instruments measured at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity instruments measured at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(c) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL and other financial liabilities.

Financial liabilities measured at FVTPL

A financial liability is classified as measured at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities measured at FVTPL are subsequently measured at fair value and net gains and losses (including any interest expense) are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

For the financial liabilities designated as at FVTPL, the gains and losses arose are accounted for in accordance with the following requirements: (i) the amount of changes in the fair value of the financial liability arising from changes in the Group's own credit risk should be included in other comprehensive income; (ii) other changes in fair value of the financial liabilities are recognised in current profit or loss. If the treatment of the impact of changes in the financial liabilities' own credit risk will create or enlarge the accounting mismatch in profit or loss in accordance with (i), the Group shall recognise the entire gain or loss of the financial liabilities (including the amount of the impact of changes in its own credit risk) in profit and loss. When these liabilities are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to retained earnings.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(d) Presentation of financial instruments

Financial assets and financial liabilities are generally presented separately in the statement of financial position and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the statement of financial position when both the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognised amounts; and
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(e) Derecognition of financial assets and liabilities

Financial assets

Financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where the Group has transferred its rights to receive cash flows from an asset or has retained its rights to receive cash flows from the asset but assumed the obligation to pay those cash flows to the eventual recipients and meanwhile meet the conditions of the transfer of financial assets, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

The derecognition of financial assets sold on condition of repurchase is determined by the economic substance of the transaction. If a financial asset is sold under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the Group will not derecognise the asset. If a financial asset is sold together with an option to repurchase the financial asset at its fair value at the time of repurchase (in case of transferor sells such financial asset), the Group will derecognise the financial asset.

Financial liabilities

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

5 Derivatives

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to profit or loss.

For less complex derivative products, the fair values are principally determined by valuation models which are commonly used by market participants. Inputs to valuation models are determined from observable market data wherever possible, including foreign exchange spot and forward rates and interest rate yield curves. For more complex derivative products, the fair values are mainly determined by quoted prices from dealers.

6 Impairment of assets

Except for impairment of assets set out in Note III.14, impairment of assets is accounted for using the following principles:

(a) Impairment of financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on:

- Financial assets measured at amortised cost;
- Debt instruments measured at FVOCI;
- Lease receivables;
- Loan commitments and financial guarantee contracts.

Financial assets measured at fair value, including debt investments or equity securities measured at FVTPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The Group's method of measuring expected credit losses of financial instruments reflects the following elements: (i) unbiased weighted average probability determined by the results of evaluating a range of possible outcomes; (ii) time value of money; (iii) reasonable and evidence-based information about past events, current conditions, and future economic forecasts that are available at no additional cost or effort at the end of the reporting period.

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the end of the reporting period (or a shorter period if the expected life of the instrument is less than 12 months).

The Group classifies financial instruments into three stages and makes provisions for expected credit losses accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition.

The three risk stages are defined as follows:

Stage 1: A financial instrument of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month expected credit losses is recognised as loss allowance.

Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount equal to lifetime expected credit losses is recognised as loss allowance. Refer to Note IV.42 (1) for the description of how the Group determines when a significant increase in credit risk has occurred.

Stage 3: A financial instrument is considered to be credit-impaired as at the end of the reporting period. The amount equal to lifetime expected credit losses is recognised as loss allowance. Refer to Note IV.42 (1) for the definition of credit-impaired financial assets.

Presentation of allowance for ECL

ECLs are remeasured at the end of each reporting period to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for financial instruments measured at amortised cost with a corresponding adjustment to their carrying amount through a loss allowance account; for debt instruments that are measured at FVOCI, the loss allowance is recognised in other comprehensive income. The Group recognises loss allowances for loan commitments and financial guarantee contracts through other payables (allowance for impairment losses on lease commitments).

Write-off

The book value of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(b) Impairment of other assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- right-of-use assets
- intangible assets
- construction in progress
- long-term deferred expenses
- long-term equity investments, etc.

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated.

The recoverable amount of an asset is the higher of its fair value (see Note III.12) less costs to sell and its present value of expected future cash flows.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate, after considering various factors including the estimated future cash flows, the useful lives and the discount rate of the asset.

If the estimated result indicates the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss and charged to profit or loss for the current period. An allowance for impairment of the asset is recognised accordingly. For impairment losses related to an asset group or a set of asset groups, the carrying amount of assets in the asset group or set of asset groups will be reduced on a pro rata basis. However, the carrying amount of an impaired asset will not be lower than the greatest amount of its individual fair value less costs to sell (if determinable), the present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

7 Lease

A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;

- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;

- the lessee has the right to direct the use of the asset.

For a contract that contains lease components and non-lease components, for the leases in which it is a lessee, the Group has elected not to separate lease components from non-lease components and accounts for the lease component and non-lease components as a single lease component; for the leases in which it is a lessor, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note III. 6(b).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Each institution of the Group uses interest rate that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment as incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;

- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;

- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

(b) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. The derecognition and impairment of the finance lease receivable are recognised in accordance with the accounting policy in Note III 4 (e) and Note III. 6(a). Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases is recognised as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

8 Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries.

The Group's long-term equity investments in subsidiaries are accounted for using the cost method, which long-term equity investments are initially measured at cost. For the long-term equity investments acquired through a business combination, the initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The initial cost of a long-term equity investment acquired other than through a business combination, the initial cost is determined as follows: if the Group acquires the investment by cash, the long-term equity investment is initially recognised at the aggregate of the cash paid, the initial direct costs, the tax, and any other costs that are directly attributable; if the investment is acquired by issuing equity securities, the long-term equity investment is initially recognized at the fair value of the equity securities issued. The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses (refer to Note III. 6(b)).

(In RMB '000, unless otherwise stated)

9 Fixed assets and construction in progress

Fixed assets represent the tangible assets held by the Group for rental to others or for administrative purposes with useful lives over one accounting year. The Group's fixed assets comprise operating lease assets, property and buildings, motor vehicles, office equipment and computer. etc.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note III.6 (b)). Construction in progress is stated in the balance sheet at cost less impairment losses (see Note III.6 (b)).

The initial cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The initial cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note III.18), and any other costs directly attributable to bringing the asset to working condition for its intended use.

Construction in progress is transferred to fixed assets when it is ready for its intended use. No depreciation is provided against construction in progress.

If different depreciation rates or methods have been applied to the related parts of an item of fixed assets with different useful lives or providing benefits to the Group in different ways, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale. The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

	Estimated useful life	*Estimated net residual value*	*Depreciation rate*
Property and buildings	28 years	3%	3.5%
Office equipment and computer	3 - 5 years	-	20.00% - 33.33%
Motor vehicle	4 - 6 years	-	16.67% - 25.00%

The fixed assets under operating lease of the Group are aircrafts and ships. The estimated useful life of the aircrafts is 20 - 25 years and the estimated net residual values expressed as a percentage of cost is 5% - 15%. The estimated useful life of the ships is 25 years and the estimated net residual values expressed as a percentage of cost is 5%.

Useful lives, residual values and depreciation methods are reviewed at least at each year-end.

10 Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note III.6 (b)).

For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale. For an intangible asset with a finite useful life, its useful life and amortisation method are reviewed and adjusted at each year-end.

The intangible assets of the Group is computer software, and the amortisation years are 10 years.

11 Long-term deferred expenses

Expenditure incurred with beneficial period over one year is recognised as long-term deferred expenses. Long-term deferred expenses are stated in the balance sheet at cost less accumulated amortisation and impairment losses (see Note III.6 (b)).

12 Fair value measurement

Unless otherwise specified, the Group determines fair value measurement as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

13 Employee benefits

(a) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accured at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(b) Post-employment benefits - defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognised as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

14 Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible tax losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or tax loss).

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and liabilities are offset if all the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and assets, and
- they relate to income taxes levied by the same tax authority on either:
  - the same taxable entity; or
  - different taxable entities which intend either to settle the current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

15 Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

16 Revenue recognition

Revenue is the gross inflow of economic benefit arising in the course of the Group's ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from owners. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following respective conditions are met:

(a) Interest income

For all financial instruments measured at amortised cost and interest-generating financial instruments classified as financial assets measured at FVOCI, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, where appropriate, to the book value of the financial asset, or the amortized cost of financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not expected credit losses.

Interest income is calculated by applying the effective interest rate to the book value of financial assets and is included in interest income, except for:

- For purchased or originated credit-impaired financial assets, whose interest income is calculated, since initial recognition, by applying the credit adjusted effective interest rate to their amortised cost; and

- Financial assets that are not purchased or originated credit-impaired but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortized cost (i.e. net of the expected credit loss provision). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their book value.

The Group recognises interest income under finance leases over the lease term, based on a pattern reflecting a constant periodic rate of return. Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

(b) Operating lease income

Please refer to Note III. 7(b).

(c) Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income recognised by the Group reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to customers, and income is recognised when its performance obligation in contracts is satisfied.

(i) The Group recognises income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The customer controls the service provided by the Group in the course of performance; or
- The Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

(ii) In other cases, the Group recognises revenue at a point in time at which a customer obtains control of the promised services.

(d) Other revenue

Other revenue is recognised on an accrual basis.

17 Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Company will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

A government grant related to an asset that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income or non-operating income in the periods in which the expenses or losses are recognised. Otherwise, the grant is included in other income or non-operating income directly.

18 Borrowing costs

Borrowing costs incurred directly attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as financial expenses when incurred.
During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition and construction of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.

- To the extent that the Group borrows funds generally and uses them for the acquisition and construction of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition and construction that are necessary to prepare the asset for its intended use or sale are in progress, and ceases when the assets become ready for their intended use or sale. Capitalisation of borrowing costs is suspended when the acquisition and construction activities are interrupted abnormally for a period of more than three months.

19 Profit distributions to owners

Distributions of profit proposed in the profit appropriation plan to be approved after the balance sheet date are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

20 Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

21 Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

22 Significant accounting estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(a) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI and with exposure arising from lease commitments and financial guarantee contracts, is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (the likelihood of customers defaulting and the resulting losses). Refer to Note IV.42(1) for the explanation of the inputs, assumptions and estimation techniques used in measuring ECL.

(b) Impairment of non-financial assets

As described in Note III.6 (b), assets such as fixed assets, right-of-use assets and intangible assets are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognised.

The recoverable amount of an asset (asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. In assessing the present value of expected future cash flows, significant judgments are exercised over the asset's cash inflow, selling price, related operating expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of cash inflow, selling price and related operating expenses based on reasonable and supportable assumptions.

(c) Depreciation and amortisation

As described in Note III.9 and III.10, fixed assets and intangible assets are depreciated and amortised on a straight-line basis over their useful lives after taking into account their residual value. The useful lives of the assets are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experience of similar assets and the estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

(d) Income tax

Determining income tax provisions requires the Group to estimate the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly. In addition, deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant estimation on the tax treatments of certain transactions and also significant assessment on the probability that adequate future taxable profits will be available for the deferred income tax assets to be recovered.

(e) Fair value of financial instruments

If the market for a financial instrument is not active, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. To the extent practicable, valuation technique makes maximum use of market inputs. However, where market inputs are not available, management needs to make estimates on such unobservable market inputs.

19 Profit distributions to owners

Distributions of profit proposed in the profit appropriation plan to be approved after the balance sheet date are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

20 Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

21 Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

22 Significant accounting estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(a) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI and with exposure arising from loan commitments and financial guarantee contracts, is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (the likelihood of customers defaulting and the resulting losses). Refer to Note IV.42(1) for the explanation of the inputs, assumptions and estimation techniques used in measuring ECL.

As a lessee

The Group leases many assets, including properties, and transportation.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under New lease standard, the Group includes all major leases in the balance sheet, and recognises right-of-use assets and lease liabilities.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets, and leases with less than 12 months of lease term. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The Group applies *CAS. No 8 - Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Impacts on new lease standard transition

The Group has initially applied New lease standard using the modified retrospective approach. Under this approach, comparative information is not restated. For leases classified as operating leases (not including short-term lease choosing simplified accounting treatments and leases of low-value assets) before the date of initial application, lease liabilities were measured at the present value of remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid lease payments. Each institution of the Group uses interest rate that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment as incremental borrowing rate.

(In RMB '000, unless otherwise stated)

For leases classified as finance lease before the date of initial application, the right-of-use asset and the lease liability are measured at the original carrying amounts of asset under finance leases and finance lease payables at the date of initial application.

At the date of initial application, the Group initially recognised lease liabilities of RMB11,634 million and right-of-use assets of RMB14,041 million and no impacts on the beginning balance of retained earnings.

	The Group
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	2,841,216
Financial lease liabilities recognized as at 31 December 2018	
- Recognition exemption of low-value assets and leases with less than 12 months of lease term at transition	(100)
- Extension options reasonably certain to be exercised	1,719,984
Lease payments under New lease standards (without discounting)	4,561,100
Present value of leasing payments	3,857,090
Present value of financial lease payments at 31 December 2018 as disclosed in the Group's consolidated financial statements	7,709,886
Operating lease payables at 31 December 2018 as disclosed in the Group's consolidated financial statmens	66,716
Lease liabilities recognised as at 1 January 2019	11,633,692

Affected assets and liabilities items in the consolidated balance sheets as at 1 January 2019:

	The Group		
	31 December 2018	*Adjustment*	*1 January 2019*
Fixed assets	110,064,975	(10,215,428)	99,849,547
Right-of-use assets	-	14,040,671	14,040,671
Long-term payables	8,735,866	(7,709,886)	1,025,980
Lease liabilities	-	11,633,692	11,633,692
Other payables			
- operating lease payables	66,716	(66,716)	-
Other payables - other	31,847	(31,847)	-
Total	118,899,404	7,650,486	126,549,890

(b) CAS No.7 - Exchange of Non-Monetary Assets (Revised) ("CAS 7 (2019)")

CAS 7 (2019) further clarifies the scope of the standard, specifies the timing for recognition of assets received and derecognition of assets given up, and the accounting treatment for cases in which the timing of recognition and derecognition are inconsistent. The standard modifies the principles of measurement for multiple assets received or given up simultaneously in exchanges of non-monetary assets measured at fair value. It also requires the disclosure of whether exchanges of non-monetary assets have commercial substance and the reasons why they do or do not have commercial substance.

The effective date of CAS7 (2019) is 10 June 2019. Exchange of non-monetary assets that occurred between 1 January 2019 and the effective date shall be adjusted according to CAS7 (2019). Retrospective adjustment is not required for exchanges of non-monetary assets prior to 1 January 2019.

The adoption of CAS 7(2019) has no material effect on the financial position and financial performance of the Group.

(c) CAS No.12 - Debt Restructurings (Revised) ("CAS 12 (2019)")

CAS 12 (2019) modifies the definition of debt restructuring to specify the scope of this standard, as well as the application of relevant financial instruments standards with respect to the recognition, measurement and presentation of financial instruments involved in debt restructuring. For debt restructuring in which a debt is settled by the transfer of assets, CAS 12 (2019) modifies the principle of measurement for initial recognition of non-financial assets received by the creditor, and gains or losses of the debtor from debt restructuring are recognised without distinguishing whether they are gains or losses from asset transfer or debt restructuring. For debt restructuring in which a debt is settled by the issuance of equity instruments to the creditor, CAS 12 (2019) revises the principle of measurement for initial recognition of its share of equity by the creditor, and provides more guidance on the principle of measurement for initial recognition of equity instruments by the debtor.

The effective date of CAS 12 (2019) is 17 June 2019. Debt restructuring that occurred between 1 January 2019 and the effective date shall be adjusted according to CAS 12 (2019). Retrospective adjustment is not required for debt restructuring prior to 1 January 2019.

The adoption of CAS 12 (2019) has no material effect on the financial position and financial performance of the Group.

24 Business combinations and the consolidated financial statements

(a) The subsidiaries

Refer to Note IV.8 for the subsidiaries included in the consolidated financial statements as at 31 December 2019.

(b) Former subsidiaries that no longer included in the scope of consolidation during the year

The Company disposed Gongyintiangao No.41 (Tianjin) Aircraft Leasing Co., Ltd. and Gongyintiangao No.42 (Tianjin) Aircraft Leasing Co., Ltd. during the year and lost control over Gongyintiangao No.41 (Tianjin) Aircraft Leasing Co., Ltd. and Gongyintiangao No.42 (Tianjin) Aircraft Leasing Co., Ltd.

(In RMB '000, unless otherwise stated)

IV Notes to the consolidated financial statements and financial statements

1 Cash at bank and on hand

	The Group		*The Company*	
	31 December 2019	*31 December 2018*	*31 December 2019*	*31 December 2018*
Deposits with banks	26,400,647	21,862,278	20,780,490	18,719,162
Accrued interest	-	366,997	-	366,997
Subtotal	26,400,647	22,229,275	20,780,490	19,086,159
Less: Allowance for impairment losses	(499)	(714)	(370)	(686)
Total	26,400,148	22,228,561	20,780,120	19,085,473

2 Deposits with the central bank

		The Group and the Company	
	Note	*31 December 2019*	*31 December 2018*
Mandatory reserves with the PBOC	(i)	15,434	17,382
Surplus reserves with the PBOC	(ii)	4,524	2,001,841
Total		19,958	2,019,223

(i) In accordance with the *People's Bank of China's Circular on Including Security Deposit in the Scope of Deposit Reserve (Yin Fa [2011] No.209)*, the Company set aside deposit reserve for security deposit. The deposit reserve cannot be used for the Company's day-to-day operations.

(ii) Surplus reserves with the PBOC include funds for the purpose of cash settlement and other kinds of unrestricted deposits.

3 Derivative financial instruments

At the end of the reporting period, the Group had derivative financial instruments as follows:

	31 December 2019		
	Notional amount	*Asset*	*Liability*
Interest rate swap	2,290,879	55,893	2,139

	31 December 2018		
	Notional amount	*Asset*	*Liability*
Interest rate swap	194,812	2,273	-

(In RMB '000, unless otherwise stated)

4 Bills receivable

At the end of the reporting period, the Group and the Company had bills receivable as follows:

	The Group and the Company	
	31 December 2019	*31 December 2018*
Bank acceptance bills	7,100	-

All of the above bills are due within one year.

5 Prepayments

	The Group		*The Company*	
	31 December 2019	*31 December 2018*	*31 December 2019*	*31 December 2018*
Prepayments for finance lease assets	2,475,853	1,980,960	2,475,783	1,980,960
Accrued interest	15,796	16,112	15,796	16,112
Less: Allowance for impairment losses	-	(4,339)	-	(4,339)
Subtotal of prepayments for finance lease assets	2,491,649	1,992,733	2,491,579	1,992,733
Prepayments for operating lease assets	1,176,660	1,241,299	-	-
Total	3,668,309	3,234,032	2,491,579	1,992,733

The movement of the Group's and the Company's allowance for impairment losses of prepayments is as follows:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Balance at 1 January 2019	4,339	-	-	4,339
Transfer:				
- to stage 1	-	-	-	-
- to stage 2	-	-	-	-
- to stage 3	-	-	-	-
Reversals for the year	(4,339)	-	-	(4,339)
Balance at 31 December 2019	-	-	-	-

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Balance at 1 January 2018	12,129	-	-	12,129
Transfer:				
- to stage 1	-	-	-	-
- to stage 2	-	-	-	-
- to stage 3	-	-	-	-
Reversals for the year	(7,790)	-	-	(7,790)
Balance at 31 December 2018	4,339	-	-	4,339

(In RMB '000, unless otherwise stated)

6 Lease receivables

		The Group		The Company	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
Finance lease receivables	(1)	77,590,494	116,280,978	65,458,269	95,739,816
Sales and leaseback receivables		22,229,886		19,866,525	
Less: Allowance for impairment losses	(2)	(3,169,928)	(2,992,881)	(3,073,974)	(2,854,597)
Sub-total		96,650,452	113,288,097	82,250,820	92,885,219
Operating lease receivables		459,330	392,140	71,404	69,978
Carrying amount of lease receivables		97,109,782	113,680,237	82,322,224	92,955,197

(i) The following table presents the Group's and the Company's contracted minimum finance lease receipts for future accounting years:

	The Group		The Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Within 1 year (inclusive)	28,905,939	28,250,391	25,594,971	24,320,725
1 to 2 years (inclusive)	15,587,381	26,966,576	13,498,411	23,245,928
2 to 3 years (inclusive)	11,076,966	20,316,217	9,041,328	16,983,737
Over 3 years or undated	31,461,541	57,421,933	25,253,365	44,531,982
Total	87,031,827	132,955,117	73,388,075	109,082,372
Less: unearned finance income	(9,441,333)	(16,674,139)	(7,929,806)	(13,342,556)
Total	77,590,494	116,280,978	65,458,269	95,739,816

(ii) The movement of allowance for impairment of lease receivables:

	The Group			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2019	560,118	1,423,667	1,009,096	2,992,881
Transfer:				
- to stage 1	78,456	(78,456)	-	-
- to stage 2	(7,582)	7,582	-	-
- to stage 3	(3,657)	(6,504)	10,161	-
Addition during the year	215,016	427,228	31,436	673,680
Written-off and transferred out during the year	-	-	(506,395)	(506,395)
Recoveries of previously written-off	-	-	8,641	8,641
Other change	1,190	(69)	-	1,121
Balance at 31 December 2019	843,541	1,773,448	552,939	3,169,928

(In RMB '000, unless otherwise stated)

	The Group			
	Stage 1	*Stage 2*	*Stage 3*	*Total*
Balance at 1 January 2018	795,178	1,982,639	461,108	3,238,925
Transfer:				
- to stage 1	188,148	(188,148)	-	-
- to stage 2	(5,080)	5,080	-	-
- to stage 3	(17,977)	(16,986)	34,963	-
(Reversals)/addition during the year	(400,151)	(358,918)	561,325	(197,744)
Written-off and transferred out during the year	-	-	(48,686)	(48,686)
Recoveries of previously written-off	-	-	386	386
Balance at 31 December 2018	560,118	1,423,667	1,009,096	2,992,881

	The Company			
	Stage 1	*Stage 2*	*Stage 3*	*Total*
Balance at 1 January 2019	422,650	1,422,851	1,009,096	2,854,597
Transfer:				
- to stage 1	78,456	(78,456)	-	-
- to stage 2	(7,582)	7,582	-	-
- to stage 3	(3,657)	(6,504)	10,161	-
Additions during the year	260,711	425,027	31,436	717,174
Written-offs and transferred out during the year	-	-	(506,395)	(506,395)
Recoveries of previously written-off	-	-	8,641	8,641
Other change	(43)	-	-	(43)
Balance at 31 December 2019	750,535	1,770,500	552,939	3,073,974

	The Company			
	Stage 1	*Stage 2*	*Stage 3*	*Total*
Balance at 1 January 2018	636,131	1,947,868	461,108	3,045,107
Transfer:				
- to stage 1	184,787	(184,787)	-	-
- to stage 2	(1,988)	1,988	-	-
- to stage 3	(17,977)	(16,986)	34,963	-
(Reversals)/additions during the year	(378,303)	(325,232)	561,325	(142,210)
Written-offs and transferred out during the year	-	-	(48,686)	(48,686)
Recoveries of previously written-off	-	-	386	386
Balance at 31 December 2018	422,650	1,422,851	1,009,096	2,854,597

(iii) As at 31 December 2019, lease receivables which had been pledged for the Group's borrowings and repurchase agreements amounted to RMB 33,813 million (31 December 2018: RMB 44,114 million).

(In RMB '000, unless otherwise stated)

7 Investments in debt

	The Group and the Company	
	31 December 2019	*31 December 2018*
Investments in debt measured at FVOCI		
Analysed by type of issuers		
Governments and central banks	1,580,724	1,574,353
Policy banks	799,281	790,622
Total	2,380,005	2,364,975

As at 31 December 2019, investment in debt which had been pledged for the repurchase agreements amounted to RMB 1.8 billion (31 December 2018: RMB Nil).

8 Long-term equity investments and scope of consolidated financial statements

	The Group		*The Company*	
	31 December 2019	*31 December 2018*	*31 December 2019*	*31 December 2018*
Long-term equity investments	-	-	3,103,835	3,081,435

(In RMB '000, unless otherwise stated)

As at 31 December 2019, the consolidated subsidiaries included the following:

	Place of registration	*Registered capital RMB*	*Nature of business*	*% of equity interest held by the Company*	*% of voting right held by the Company*
ICBC Aviation Leasing Company Limited	Hong Kong	1.2 billion USD	Finance Lease	100%	100%
ICBC Financial Leasing (Beijing) Co., Ltd.	Beijing	1 million	Finance Lease	100%	100%
Tian Lang (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Hai Ju (Tianjin) Ship Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Hai Hui (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Guang (Tianjin) Leasing Co., Ltd.	Tianjin	21.3 million	Finance Lease	100%	100%
Tian Shang (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Hai Xing (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Hai Wang (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Hai Jin (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Jiao (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Kang (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Yue (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Qing (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Rong (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Lu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Shen (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Jin (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Peng (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Shun (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Yun De (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Yun Long (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Chang (Shanghai) Aircraft Leasing Co., Ltd.	Shanghai	0.1 million	Finance Lease	100%	100%
Tian Hong (Shanghai) Aircraft Leasing Co., Ltd.	Shanghai	0.1 million	Finance Lease	100%	100%
Tian Li (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Yan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Pu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Shuang (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Ji (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Yang (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Song (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Gang (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Yu (Xiamen) Aircraft Leasing Co., Ltd.	Xiamen	0.1 million	Finance Lease	100%	100%
Hai Jiang (Tianjin) Ship Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Hai Tao (Tianjin) Ship Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Hai Peng (Tianjin) Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Qian (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Yi (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Chuan (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Qi (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Chen (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Quan (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyinwuju (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Zhen (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Chi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Xiao (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Yong (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Hui (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Min (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Hai Lu (Tianjin) Ship Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Xu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Ao (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Mu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Yun (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Xi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Xuan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Yuan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Lan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Meng (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Lian (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Jiu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Shan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Dan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Ling (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Xuan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Yi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Ming (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Jun (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Hu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Bing (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Jun (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%

(In RMB '000, unless otherwise stated)

	Place of registration	*Registered capital RMB*	*Nature of business*	*% of equity interest held by the Company*	*% of voting right held by the Company*
Tian Mao (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Miao (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Han (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Feng (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Jing (Xiamen) Aircraft Leasing Co., Ltd.	Xiamen	0.1 million	Finance Lease	100%	100%
Tian Ye (Xiamen) Aircraft Leasing Co., Ltd.	Xiamen	0.1 million	Finance Lease	100%	100%
Tian Wu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Nuo (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Nan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Long (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Liang (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tian Xin (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.1 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.2 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.3 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.4 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.5 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.6 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.7 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.8 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.9 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.10 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.11 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.12 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.13 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.14 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.15 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.16 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.17 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.18 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.19 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.30 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.31 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.32 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.33 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.34 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.35 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.36 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.37 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.38 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.39 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.40 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.43 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.44 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.45 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.46 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.47 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.48 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.49 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.50 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.51 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.52 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.54 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Gongyintiangao No.55 (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.56 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.57 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.58 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.59 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.60 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.61 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.62 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.65 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.66 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.67 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
ICBC Aviation (Zhoushan) Aircraft Leasing Co., Ltd.	Zhoushan	0.1 million	Finance Lease	100%	100%
Tiangao No.68 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.69 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.70 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.71 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.72 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.74 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tangao No.75 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.77 (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.78 (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	Finance Lease	100%	100%
Tiangao No.79 (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	Finance Lease	100%	100%

As at 31 December 2019, the paid-in capital of the above subsidiaries amounted to RMB 3,104 million (31 December 2018: RMB 3,081 million).

(In RMB '000, unless otherwise stated)

9 Fixed assets

The Group

	Office equipment and computers	*Motor vehicle*	*Property and buildings*	*Operating lease assets*	*Total*
Cost					
At 1 January 2018	22,076	4,702	-	95,799,973	95,826,751
Additions during the year	3,237	-	-	20,429,690	20,432,927
Transfers from construction in progress	-	-	-	5,169,638	5,169,638
Disposals during the year	(8)	-	-	(246,853)	(246,861)
Foreign currency translation differences	-	-	-	4,630,065	4,630,065
At 31 December 2018	25,305	4,702	-	125,782,513	125,812,520
Change in accounting policy	-	-	-	(10,985,396)	(10,985,396)
At 1 January 2019	25,305	4,702	-	114,797,117	114,827,124
Additions during the year	3,006	583	959,300	5,747,785	6,710,674
Transfers from construction in progress	-	-	-	506,833	506,833
Transfers from prepayments	-	-	-	2,276,276	2,276,276
Disposals during the year	(14)	-	-	(7,810,547)	(7,810,561)
Foreign currency translation differences	6	-	-	1,818,076	1,818,082
At 31 December 2019	28,303	5,285	959,300	117,335,540	118,328,428
Accumulated depreciation					
At 1 January 2018	(18,741)	(4,469)	-	(10,377,028)	(10,400,238)
Charge for the year	(2,000)	(39)	-	(3,605,835)	(3,607,874)
Written off on disposals	5	-	-	50,947	50,952
Foreign currency translation differences	-	-	-	(592,927)	(592,927)
At 31 December 2018	(20,736)	(4,508)	-	(14,524,843)	(14,550,087)
Change in accounting policy	-	-	-	624,172	624,172
At 1 January 2019	(20,736)	(4,508)	-	(13,900,671)	(13,925,915)
Charge for the year	(2,327)	(47)	-	(3,968,045)	(3,970,419)
Written off on disposals	14	-	-	1,037,049	1,037,063
Foreign currency translation differences	(2)	-	-	(249,056)	(249,058)
At 31 December 2019	(23,051)	(4,555)	-	(17,080,723)	(17,108,329)
Allowance for impairment losses					
At 1 January 2018	-	-	-	(324,416)	(324,416)
Charge for the year	-	-	-	(873,157)	(873,157)
Written off on disposals	-	-	-	20,099	20,099
Foreign currency translation differences	-	-	-	(19,984)	(19,984)
At 31 December 2018	-	-	-	(1,197,458)	(1,197,458)
Change in accouting policy	-	-	-	145,796	145,796
At 1 January 2019	-	-	-	(1,051,662)	(1,051,662)
Charge for the year	-	-	-	(324,823)	(324,823)
Written off on disposals	-	-	-	108,820	108,820
Foreign currency translation differences	-	-	-	(9,889)	(9,889)
At 31 December 2019	-	-	-	(1,277,554)	(1,277,554)
Net book value					
At 31 December 2018	4,569	194	-	110,060,212	110,064,975
At 31 December 2019	5,252	730	959,300	98,977,263	99,942,545

(In RMB '000, unless otherwise stated)

The Company

	Office equipment and computers	*Motor vehicle*	*Property and buildings*	*Operating lease assets*	*Total*
Cost					
At 1 January 2018	22,061	4,702	-	1,047,717	1,074,480
Additions during the year	2,891	-	-	-	2,891
Transfers from construction in progress	-	-	-	5,169,638	5,169,638
Transfer to accounts receivable	-	-	-	(5,169,638)	(5,169,638)
Disposals during the year	(8)	-	-	-	(8)
At 31 December 2018 and 1 January 2019	24,944	4,702	-	1,047,717	1,077,363
Additions during the year	2,220	583	959,300	-	962,103
Transfers from construction in progress	-	-	-	506,833	506,833
Transfer to accounts receivable	-	-	-	(506,833)	(506,833)
At 31 December 2019	27,164	5,285	959,300	1,047,717	2,039,466
Accumulated depreciation					
At 1 January 2018	(18,726)	(4,469)	-	(86,031)	(109,226)
Charge for the year	(2,000)	(39)	-	(36,968)	(39,007)
Written off on disposals	5	-	-	-	5
At 31 December 2018 and 1 January 2019	(20,721)	(4,508)	-	(122,999)	(148,228)
Charge for the year	(2,068)	(47)	-	(19,062)	(21,177)
At 31 December 2019	(22,789)	(4,555)	-	(142,061)	(169,405)
Allowance for impairment losses					
At 1 January 2018	-	-	-	(30,470)	(30,470)
Charge for the year	-	-	-	(371,890)	(371,890)
At 31 December 2018 and 1 January 2019	-	-	-	(402,360)	(402,360)
Charge for the year	-	-	-	(80,319)	(80,319)
At 31 December 2019	-	-	-	(482,679)	(482,679)
Net book value					
At 31 December 2018	4,223	194	-	522,358	526,775
At 31 December 2019	4,375	730	959,300	422,977	1,387,382

As at 31 December 2019, fixed assets under operating lease which had been pledged as collateral for the Group's borrowings amounted to RMB 51,278 million (31 December 2018: RMB 56,423 million).

(In RMB '000, unless otherwise stated)

10 Construction in progress

	The Group and the Company	
	2019	*2018*
At 1 January	11,425,244	8,790,681
Additions during the year	4,341,958	7,833,198
Transferred:	(1,046,468)	(5,198,635)
- to fixed assets	(506,833)	(5,169,638)
- to others	(539,635)	(28,997)
At 31 December	14,720,734	11,425,244

As at 31 December 2019, the Group's and the Company's construction in progress is aircraft under construction.

	The Group and the Company	
	2019	*2018*
Borrowing costs capitalised	196,421	318,981

The interest rate per annum, at which the borrowing costs were capitalised for the current year by the Group and the Company, was 2.37%-3.26%. (2018: 2.37% - 4.17%)

(In RMB '000, unless otherwise stated)

11 Right-of-use assets

The Group

	Leased properties and buildings	*Operating lease Right-of-use assets*	*Total*
Cost			
At 1 January 2019	122,996	14,687,643	14,810,639
Additions during the year	36,362	3,366,840	3,403,202
Disposals during the year	-	(697,620)	(697,620)
Foreign currency translation differences	603	241,827	242,430
At 31 December 2019	159,961	17,598,690	17,758,651
Accumulated depreciation			
At 1 January 2019	-	(624,172)	(624,172)
Charge for the year	(56,545)	(565,578)	(622,123)
Written off on disposals	-	29,422	29,422
Foreign currency translation differences	(68)	(14,571)	(14,639)
At 31 December 2019	(56,613)	(1,174,899)	(1,231,512)
Allowance for impairment losses			
At 1 January 2019	-	(145,796)	(145,796)
Charge for the year	-	(49,167)	(49,167)
Written off on disposals	-	5,612	5,612
Foreign currency translation differences	-	(2,401)	(2,401)
At 31 December 2019	-	(191,752)	(191,752)
Net book value			
At 1 January 2019	122,996	13,917,675	14,040,671
At 31 December 2019	103,348	16,232,039	16,335,387

(In RMB '000, unless otherwise stated)

The Company

	Leased properties and buildings
Cost	
At 1 January 2019	86,399
Additions during the year	36,363
At 31 December 2019	122,762
Accumulated depreciation	
At 1 January 2019	-
Charge for the year	(48,194)
At 31 December 2019	(48,194)
Net book value	
At 1 January 2019	86,399
At 31 December 2019	74,568

12 Deferred tax assets and liabilities

The Group

Deferred tax assets	*31 December 2019*		*31 December 2018*	
	Deferred tax assets/ (liabilities)	*Deductible/ (Taxable) temporary difference*	*Deferred tax assets/ (liabilities)*	*Deductible/ (Taxable) temporary difference*
Allowance for impairment losses	601,022	2,404,088	388,689	1,554,758
Accrued staff costs	34,152	136,608	22,943	91,771
Changes in fair value from investments in debt	(9,621)	(38,484)	(5,855)	(23,420)
Others	81,971	327,884	66,499	265,994
Total	707,524	2,830,096	472,276	1,889,103

Deferred tax liabilities	*31 December 2019*		*31 December 2018*	
	Deferred tax liabilities)	*Taxable temporary difference*	*Deferred tax liabilities/ (assets)*	*Taxable/ (Deductible) temporary difference*
Changes in fair value from financial derivative assets	-	-	(6)	(47)
Depreciation on fixed assets	1,346,893	10,782,393	952,868	7,622,943
Unrealised loss arising from intra-group transactions	8,072	64,577	8,497	67,980
Total	1,354,965	10,846,970	961,359	7,690,876

(In RMB '000, unless otherwise stated)

Deferred tax assets

	2019			
	Balance at the beginning of the year	*Credited to income statement*	*Charged to equity statement*	*Balance at the end ofthe year*
Allowance for impairment losses	388,689	212,333	-	601,022
Accrued staff costs	22,943	11,209	-	34,152
Changes in fair value from investments in debt	(5,855)	-	(3,766)	(9,621)
Others	66,499	15,472	-	81,971
Total	472,276	239,014	(3,766)	707,524

Deferred tax liabilities

	2019			
	Balance at the beginning of the year	*Charged/ (credited) to income statement*	*Charged to equity statement*	*Balance at the end of the year*
Changes in fair value from financial derivative assets	(6)	6	-	-
Depreciation on fixed assets	952,868	382,099	11,926	1,346,893
Unrealised loss arising from intra-group transactions	8,497	(561)	136	8,072
Total	961,359	381,544	12,062	1,354,965

Deferred tax assets

	2018			
	Balance at the beginning of the year	*Credited/ (charged) to income statement*	*Charged to equity statement*	*Balance at the end of the year*
Allowance for impairment losses	382,859	5,830	-	388,689
Accrued staff costs	41,513	(18,570)	-	22,943
Changes in fair value from financial assets measured at FVTPL	-	-	(5,855)	(5,855)
Others	72,286	(5,787)	-	66,499
Total	496,658	(18,527)	(5,855)	472,276

Deferred tax liabilities

	2018			
	Balance at the beginning of the year	*Charged/ (credited) to income statement*	*Charged to equity statement*	*Balance at the end of the year*
Changes in fair value from financial derivative assets	108	(117)	3	(6)
Depreciation on fixed assets	660,780	252,615	39,473	952,868
Unrealised loss arising from intra-group transactions	8,620	(543)	420	8,497
Total	669,508	251,955	39,896	961,359

As at 31 December 2019, the deductible tax losses of subsidiaries which amounted to RMB 424,695,000 (31 December 2018: RMB 396,968,000) were not recognized as deferred income tax assets, as management considered that it was not probable that there would be sufficient taxable profit against which the above deductible losses could be utilized in the foreseeable future. The deductible tax losses expire within 5 years from the year when such losses were incurred under current tax law.

(In RMB '000, unless otherwise stated)

The Company

Deferred tax assets	*31 December 2019*		*31 December 2018*	
	Deferred tax assets/ (liabilities)	*Deductible/ (taxable) temporary difference*	*Deferred tax assets/ (liabilities)*	*Deductible/ (taxable) temporary difference*
Allowance for impairment losses	529,871	2,119,484	327,401	1,309,604
Accrued staff costs	34,152	136,608	22,943	91,772
Changes in fair value from investments in debt	(9,621)	(38,484)	(5,855)	(23,420)
Others	68,764	275,056	66,434	265,736
Total	623,166	2,492,664	410,923	1,643,692

Deferred tax assets	*2019*			
	Balance at the beginning of the year	*Credited to income statement*	*Charged to equity statement*	*Balance at the end of the year*
Allowance for impairment losses	327,401	202,470	-	529,871
Accrued staff costs	22,943	11,209	-	34,152
Changes in fair value from investments in debt	(5,855)	-	(3,766)	(9,621)
Others	66,434	2,330	-	68,764
Total	410,923	216,009	(3,766)	623,166

Deferred tax assets	*2018*			
	Balance at the beginning of the year	*Charged to income statement*	*Charged to equity statement*	*Balance at the end of the year*
Allowance for impairment losses	364,901	(37,500)	-	327,401
Accrued staff costs	41,513	(18,570)	-	22,943
Changes in fair value from financial assets measured at FVTPL	-	-	(5,855)	(5,855)
Others	73,362	(6,928)	-	66,434
Total	479,776	(62,998)	(5,855)	410,923

(In RMB '000, unless otherwise stated)

13 Other assets

	The Group		*The Company*	
	31 December 2019	*31 December 2018*	*31 December 2019*	*31 December 2018*
Entrusted loans	7,005,842	2,562,647	23,423,665	25,805,248
Maintenance right assets	374,978	-	-	-
Receivables arising from termination of contracts	363,397	-	1,848,631	-
Prepayments of borrowing cost	307,554	362,758	6,512	26,591
Long-term deferred expenses	285,921	379,626	839	1,664
Deductible input VAT	197,082	244,506	142,963	198,210
Lease premium assets	161,596	-	-	-
Repossessed assets	52,280	54,823	52,280	54,823
Security deposits	17,069	672,376	17,069	672,376
Other intangible assets	15,853	15,200	15,853	15,200
Receivables due to assets transfer transaction	-	2,114,450	11,366,398	14,224,402
Prepayment of income tax	-	66,512	-	66,512
Other receivables	1,079,955	524,554	606,013	260,224
Total	9,861,527	6,997,452	37,480,223	41,325,250

The movement of other intangible assets of the Group and the Company is as follows.

	Computer software
Cost	
At 1 January 2018	31,065
Additions during the year	2,813
At 31 December 2018 and 1 January 2019	33,878
Additions during the year	4920
At 31 December 2019	38,798
Accumulated amortisation	
At 1 January 2018	(15,320)
Charge for the year	(3,358)
At 31 December 2018 and 1 January 2019	(18,678)
Charge for the year	(4,267)
At 31 December 2019	(22,945)
Net book value	
At 31 December 2018	15,200
At 31 December 2019	15,853

(In RMB '000, unless otherwise stated)

14 Borrowings

	The Group		The Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Analysed by duration:				
Short-term	135,799,527	169,245,136	109,932,565	140,110,785
Long-term	57,429,912	44,811,188	17,727,186	4,883,712
Accrued interest	4,148,258	3,688,620	416,914	1,665,781
Total	197,377,697	217,744,944	128,076,665	146,660,278
Analysed by counterparty:				
Domestic institutions	133,279,449	150,027,664	125,915,701	140,954,949
Overseas institutions	59,949,990	64,028,660	1,744,050	4,039,548
Accrued interest	4,148,258	3,688,620	416,914	1,665,781
Total	197,377,697	217,744,944	128,076,665	146,660,278

Including the amount pertains to the recourse factoring arrangement.

15 Repurchase agreements

	The Group and the Company	
	31 December 2019	31 December 2018
Repurchase agreements - securities	1,800,000	
Accrued interest	746	-
Total	1,800,746	-
Domestic institutions	1,800,746	-

16 Advances from customers

	The Group		The Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Rental fee received in advance	1,871,894	2,117,796	909,412	1,089,845
Others	650,816	641,268	613,280	583,406
Total	2,522,710	2,759,064	1,522,692	1,673,251

(In RMB '000, unless otherwise stated)

17 Bond payables

	The Group and the Company	
	31 December 2019	*31 December 2018*
Debt securities	9,982,105	3,992,464
Accrued interest	215,526	28,590
Total	10,197,631	4,021,054

In October 2018, the Company issued a three-year 4.08% fixed rate notes with a principal amount of RMB 4 billion, which would expire in 2021.

In January 2019, the Company issued a three-year 3.45% fixed rate notes with a principal amount of RMB 3 billion, which would expire in 2022.

In March 2019, the Company issued a three-year 3.45% fixed rate notes with a principal amount of RMB 2 billion, which would expire in 2022.

In March 2019, the Company issued a five-year 3.95% fixed rate notes with a principal amount of RMB 1 billion, which would expire in 2024.

18 Bills payable

	The Group and the Company	
	31 December 2019	*31 December 2018*
Bank acceptance bills	154,561	-

The bills above are all due within one year.

19 Long-term payables

	The Group		*The Company*	
	31 December 2019	*31 December 2018*	*31 December 2019*	*31 December 2018*
Financial lease payables		7,709,886		-
Acquisition of fixed assets	851,802	1,025,980	-	-
Total	851,802	8,735,866	-	-

(In RMB '000, unless otherwise stated)

The following table presents the Group's contracted minimum financial lease payables for future accounting years as at 31 December 2018:

	The Group 31 December 2018
Within 1 year (inclusive)	856,940
1 to 2 years (inclusive)	792,923
2 to 3 years (inclusive)	935,600
Over 3 years	6,707,809
Sub-total	9,293,272
Less: Unrecognised finance charges	(1,583,386)
Carrying amount	7,709,886

20 Lease liabilities

	The Group		*The Company*	
	31 December 2019	*31 December 2018*	*31 December 2019*	*31 December 2018*
Lease liabilities	13,499,322		71,458	

The following table presents the Group's and the Company's contracted minimum lease payables for future accounting years as at 31 December 2019:

	31 December 2019	
	The Group	*The Company*
Within 1 year (inclusive)	1,537,024	42,378
1 to 2 years (inclusive)	1,627,709	4,795
2 to 3 years (inclusive)	1,729,351	5,024
Over 3 years	10,928,377	25,723
Sub-total	15,822,461	77,920
Less: Unrecognized financing expenses	(2,323,139)	(6,462)
Carrying amount	13,499,322	71,458

(In RMB '000, unless otherwise stated)

21 Employee benefits payable

		The Group and the Company	
	Note	31 December 2019	31 December 2018
Short-term employee benefits	(1)	153,811	105,174
Post-employment benefits - defined contribution plans	(2)	-	-
Total		153,811	105,174

(1) Short-term employee benefits

	The Group			
	Balance at 1 January 2019	Accrued during the year	Paid during the year	Balance at 31 December 2019
Salaries, bonuses, allowances and subsidies	90,257	199,908	(155,071)	135,094
Staff welfare	-	27,508	(27,508)	-
Social insurance	-	11,159	(11,159)	-
Medical insurance	-	323	(323)	-
Work-related injury insurance	-	10,057	(10,057)	-
Maternity insurance	-	779	(779)	-
Housing fund	-	12,198	(12,198)	-
Labour union fee, staff and workers' education fee	14,917	10,603	(6,803)	18,717
Total	105,174	261,376	(212,739)	153,811

	The Company			
	Balance at 1 January 2019	Accrued during the year	Paid during the year	Balance at 31 December 2019
Salaries, bonuses, allowances and subsidies	90,257	196,405	(151,568)	135,094
Staff welfare	-	26,757	(26,757)	-
Social insurance	-	11,088	(11,088)	-
Medical insurance	-	323	(323)	-
Work-related injury insurance	-	9,986	(9,986)	-
Maternity insurance	-	779	(779)	-
Housing fund	-	12,198	(12,198)	-
Labour union fee, staff and workers' education fee	14,917	10,603	(6,803)	18,717
Total	105,174	257,051	(208,414)	153,811

(In RMB '000, unless otherwise stated)

	The Group and the Company			
	Balance at 1 January 2018	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2018*
Salaries, bonuses, allowances and subsidies	175,884	161,111	(246,738)	90,257
Staff welfare	-	23,453	(23,453)	-
Social insurance	-	9,210	(9,210)	-
Medical insurance	-	8,261	(8,261)	-
Work-related injury insurance	-	276	(276)	-
Maternity insurance	-	673	(673)	-
Housing fund	-	11,218	(11,218)	-
Labour union fee, staff and workers' education fee	14,404	8,086	(7,573)	14,917
Total	190,288	213,078	(298,192)	105,174

(2) Post-employment benefits - defined contribution plans

	The Group			
	Balance at 1 January 2019	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2019*
Basic pension insurance	-	16,101	(16,101)	-
Unemployment insurance	-	726	(726)	-
Enterprise pension	-	4,055	(4,055)	-
Total	-	20,882	(20,882)	-

	The Company			
	Balance at 1 January 2019	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2019*
Basic pension insurance	-	15,861	(15,861)	-
Unemployment insurance	-	726	(726)	-
Enterprise pension	-	4,055	(4,055)	-
Total	-	20,642	(20,642)	-

	The Group and the Company			
	Balance at 1 January 2018	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2018*
Basic pension insurance	-	16,403	(16,403)	-
Unemployment insurance	-	672	(672)	-
Enterprise pension	-	4,152	(4,152)	-
Total	-	21,227	(21,227)	-

(In RMB '000, unless otherwise stated)

22 Taxation

(1) The types of taxes applicable to the Group's rendering of services include value added tax (VAT), city construction tax, education surcharges and etc.

Tax name	*Tax basis and applicable rate*
VAT	Output VAT is 3%-17% of income from leasing business based on tax laws. The basis for VAT payable is to deduct input VAT from the output VAT for the period
City construction tax	1% - 7% of VAT payable
Education surcharges	3% of VAT payable
Local education surcharges	2% of VAT payable
Flood control expenses	1% of VAT payable

(2) Taxes on profits assessable overseas have been calculated at the applicable rates of tax prevailing in the countries/regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

(3) Taxes payable

	The Group		*The Company*	
	31 December 2019	*31 December 2018*	*31 December 2019*	*31 December 2018*
Income tax payable	324,095	167,454	82,423	-
VAT and surcharges payable	175,690	189,318	-	237
Withholding of individual income tax payable	1,293	2,523	1,293	2,523
Others	4,042	3,593	3,974	3,303
Total	505,120	362,888	87,690	6,063

23 Security deposits payable

	The Group		*The Company*	
	31 December 2019	*31 December 2018*	*31 December 2019*	*31 December 2018*
Security deposits for leasing purposes	1,125,861	1,007,875	152,289	129,220

(In RMB '000, unless otherwise stated)

24 Other payables

	The Group		The Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Maintenance reserve payable	3,880,325	2,971,974	-	-
Payables arising from termination of contracts	393,134	304,822	-	-
Rent collected from factoring business	304,901	167,494	304,901	167,494
Leased assets payables	282,010	253,026	40,127	18,497
Lessor contribution	242,539	274,086	-	-
Operating lease payables	-	66,716	-	-
Others	296,870	576,582	200,907	205,714
Total	5,399,779	4,614,700	545,935	391,705

25 Paid-in capital

The Company

	31 December 2019		31 December 2018	
	Amount	Percentage (%)	Amount	Percentage (%)
Industrial and Commercial Bank of China Limited	18,000,000	100.00	18,000,000	100.00

26 Surplus reserve

In accordance with the Company Law of the People's Republic of China and the Company's and the subsidiaries' Articles of Association, the Company and the subsidiaries shall appropriate 10% of its annual net profit to its statutory surplus reserve. The statutory surplus reserve can be used to make up for the loss or increase the paid-in capital upon approval.

(In RMB '000, unless otherwise stated)

27 General reserve

In accordance with the Administrative Measures for Provisions by Financial Institutions (Cai Jin [2012] No. 20) issued by the Ministry of Finance, the Company and the subsidiaries set aside a general reserve for possible unrecognised losses on risk assets, as part of the provisions for impaired assets. The general reserve, which is dealt with in profit distribution and forms part of the shareholders' equity, shall, be no less than 1.5% in principle of the total risk assets at the end of the period.

28 Interest income

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Interest income from finance lease	4,348,501	5,247,706	3,579,449	4,323,011
Interest income from sales and leaseback	450,963		413,101	
Interest income from bank deposits	463,428	588,416	1,156,196	1,373,631
Interest income from placements with banks and other financial institutions	2,123	2,749	2,123	2,749
Interest income from investments in debt	82,761	19,235	82,761	19,235
Total	5,347,776	5,858,106	5,233,630	5,718,626

The interest income from bank deposit includes interest income from the entrusted loan by the Company and the interest income arising from cash pool.

29 Operating lease income

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Operating lease income	11,660,084	9,508,047	33,814	35,350

30 Fee and commission income

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Income from consulting services	668,628	760,798	634,993	748,558

31 Other income

Pursuant to *CAS No.16-Government grants (2018)*, a government grant related to the income is reclassified as other income, the government grants incurred this year represents the rebates of income tax, VAT tax relief and financial support fund from Tianjin government.

(In RMB '000, unless otherwise stated)

32 Interest expense

	The Group		The Company	
	2019	*2018*	*2019*	*2018*
Interest expense on borrowings	5,969,507	6,788,312	3,225,237	4,271,386
Interbank interest expense	630,291	611,300	630,291	611,300
Interest expense on lease liabilities	504,085		-	
Bond interest expense	358,284	29,057	358,284	29,057
Interest expense of repurchase agreements	24,618	1,373	24,618	1,373
Finance lease interest expense		126,770		-
Total	7,486,785	7,556,812	4,238,430	4,913,116

33 Operating lease expenses

	The Group		The Company	
	2019	*2018*	*2019*	*2018*
Depreciation of operating lease assets	3,968,045	3,605,835	19,062	36,968
Depreciation of right-of-use assets	565,578		-	
Cost of operating lease	-	413,202	-	-
Amortisation of loss from sales and leaseback	26,931	26,762	-	-
Total	4,560,554	4,045,799	19,062	36,968

34 Taxes and surcharges

	The Group		The Company	
	2019	*2018*	*2019*	*2018*
City construction tax	40,127	38,789	-	-
Education surcharge	28,612	27,706	-	-
Others	49,863	38,050	14,785	24,311
Total	118,602	104,545	14,785	24,311

35 Operating and administrative expenses

	The Group		The Company	
	2019	*2018*	*2019*	*2018*
Employee benefits	282,258	234,305	277,693	234,305
Maintenance expenses	63,942	3,126	525	-
Consulting fees	60,204	51,189	9,740	10,311
Depreciation charge for right-of-use assets	55,711		47,360	
Amortisation	50,668	6,629	5,580	6,054
Advertisement and entertainment	9,345	10,635	7,169	9,521
Interest expense on lease liabilities	4,495		3,168	
Depreciation charge for fixed assets	2,374	2,039	2,115	2,039
Rental expenses	2,202	53,156	2,202	43,935
Others	85,392	90,581	55,176	53,154
Total	616,591	451,660	410,728	359,319

(In RMB '000, unless otherwise stated)

36 Impairment losses

	The Group		The Company	
	2019	2018	2019	2018
Impairment losses/(reversals) on lease receivables	673,680	(197,744)	717,174	(142,210)
Reversal of impairment losses on prepayments for finance lease	(4,339)	(7,790)	(4,339)	(7,790)
Impairment losses on operating lease assets	324,823	873,157	80,319	371,890
Impairment losses on right-of-use assets	49,167		-	
Impairment losses on other assets	45,837	5,919	13,269	5,935
(Reversal of)/Impairment losses on finance lease commitments	(1,397)	1,244	(1,397)	1,244
Reversal of impairment losses on cash at bank	(193)	(409)	(290)	(435)
Total	1,087,578	674,377	804,736	228,634

37 Income tax expense

In 2019, the Group's applicable PRC income tax rate is 25% (2018: 25%). Taxes on profits assessable overseas have been calculated at the applicable rates of tax prevailing in the countries/regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. A reconciliation of the income tax expense applicable to profit before taxation at the PRC statutory income tax rate to actual income tax expense is as follows:

	The Group		The Company	
	2019	2018	2019	2018
Current income tax expense	786,880	718,272	373,322	305,233
Deferred income tax charged/(credited)	142,530	270,482	(216,009)	62,998
Total	929,410	988,754	157,313	368,231
Reconciliation of income tax expense applicable to profit before taxation at applicable tax rate to income tax expense:				
Profit before taxation	4,758,088	4,010,618	572,948	1,087,304
Tax at the applicable income tax rate (25%)	1,189,522	1,002,655	143,238	271,826
Effect of different applicable rates of tax prevailing in other countries/regions	(348,372)	(229,153)	-	-
Effect of unrecognised deferred income tax assets for deductible loss	50,562	56,298	-	-
Effect of using the deductible losses for which no deferred tax asset was recognised in previous period	(16,028)	(30,643)	-	-
Others	53,726	189,597	14,075	96,405
Income tax expense	929,410	988,754	157,313	368,231

(In RMB '000, unless otherwise stated)

38 Other comprehensive income

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Items that may be reclassified to profit or				
Changes in fair value of investments in debt	15,064	23,420	15,064	23,420
Less: income tax effect	(3,766)	(5,855)	(3,766)	(5,855)
Sub-total	11,298	17,565	11,298	17,565
Foreign currency translation differences	246,468	455,290	-	-
Total	257,766	472,855	11,298	17,565

39 Cash and cash equivalents

Cash and cash equivalents carried in the cash flow statements were as follows:

	The Group		*The Company*	
	31 December 2019	*31 December 2018*	*31 December 2019*	*31 December 2018*
Cash and bank deposits with original maturity of less than 3 months	26,400,647	6,941,682	20,780,490	3,798,564
Surplus reserves with the PBOC	4,524	2,001,841	4,524	2,001,841
	26,405,171	8,943,523	20,785,014	5,800,405

40 Segment information

The Group operates principally in Mainland China, and has subsidiaries operating outside Mainland China, including Hong Kong and Ireland.

The Group's segment is determined based on the geographical areas, the main operation segments are Mainland China, Hong Kong and Ireland.

		2019				
	Note	*Mainland China*	*Hong Kong*	*Ireland*	*Eliminations*	*Total*
Interest income		4,744,987	210,949	503,098	(111,258)	5,347,776
Operating lease income		4,587,129	-	7,072,955	-	11,660,084
Other revenue	(a)	1,404,528	56,300	394,126	-	1,854,954
Interest expense		(5,210,612)	(100,866)	(2,286,565)	111,258	(7,486,785)
Cost of operating lease		(1,945,705)	(5,818)	(2,604,545)	(4,486)	(4,560,554)
Tax and surcharges		(118,082)	(499)	(21)	-	(118,602)
Impairment loss		(967,612)	(9,197)	(110,769)	-	(1,087,578)
Other expense	(b)	(649,188)	(26,942)	(175,077)	-	(851,207)
Profit for the year		1,845,445	123,927	2,793,202	(4,486)	4,758,088
Income tax expense		(523,605)	(23,900)	(382,466)	561	(929,410)
Net profit		1,321,840	100,027	2,410,736	(3,925)	3,828,678
Depreciation		(1,996,272)	(14,170)	(2,577,614)	(4,486)	(4,592,542)
Capital expenditure		(6,705,542)	(414,047)	(6,479,439)	334,759	(13,264,269)

(In RMB '000, unless otherwise stated)

	Note	Mainland China	Hong Kong	2019 Ireland	Eliminations	Total
Assets by segments		193,071,644	11,840,987	80,391,375	(14,095,094)	271,208,912
Including:						
Fixed assets		43,938,469	398,908	55,540,592	64,576	99,942,545
Right-of-use assets		6,917,684	28,780	9,388,923	-	16,335,387
Construction in progress		14,720,734	-	-	-	14,720,734
Other non-current assets	(c)	16,692	1,285	820,371	-	838,348
Liabilities by segments		(166,138,881)	(2,573,409)	(71,322,689)	5,088,835	(234,946,144)

	Note	Mainland China	Hong Kong	2018 Ireland	Eliminations	Total
Interest income		5,355,239	30,530	500,040	(27,703)	5,858,106
Operating lease income		3,717,138	-	5,790,909	-	9,508,047
Other revenue	(a)	1,425,578	-	206,140	-	1,631,718
Interest expense		(5,624,482)	(208)	(1,959,825)	27,703	(7,556,812)
Cost of operating lease		(1,623,874)	-	(2,417,582)	(4,343)	(4,045,799)
Tax and surcharges		(104,543)	-	(2)	-	(104,545)
Impairment loss		(490,885)	(2)	(183,490)	-	(674,377)
Other expense	(b)	(515,599)	(11,664)	(78,457)	-	(605,720)
Profit for the year		2,138,572	18,656	1,857,733	(4,343)	4,010,618
Income tax expense		(735,767)	(3,078)	(250,452)	543	(988,754)
Net profit		1,402,805	15,578	1,607,281	(3,800)	3,021,864
Depreciation		(1,625,913)	-	(1,977,618)	(4,343)	(3,607,874)
Capital expenditure		(16,770,566)	(346)	(13,603,976)	867,464	(29,507,424)

	Note	Mainland China	Hong Kong	2018 Ireland	Eliminations	Total
Assets by segments		201,657,741	8,272,061	75,210,862	(12,651,416)	272,489,248
Including:						
Fixed assets		50,582,549	346	59,414,100	67,980	110,064,975
Construction in progress		11,425,244	-	-	-	11,425,244
Other non-current assets	(c)	16,864	3,243	374,719	-	394,826
Liabilities by segments		(176,124,875)	(3,497)	(68,663,052)	4,478,500	(240,312,924)

(a) Other revenue includes fee and commission income, investment income, other income, gains or losses from changes in fair value, exchange gains, other operating income, gains from asset disposal, and non-operating income.

(b) Other expense includes fee and commission expenses, operating and administrative expenses, and non-operating expenses.

(c) Other non-current assets includes intangible assets, long-term deferred expenses, maintenance right assets and lease premium assets.

(In RMB '000, unless otherwise stated)

41 Commitments

(1) Capital commitments

	The Group and the Company	
	31 December 2019	*31 December 2018*
Contracted but not provided for	11,050,863	15,074,731

(2) Operating lease commitments - Lessee

At the end of the 31 December 2018, the Group and the Company's total future minimum lease payments in respect of non-cancellable operating lease arrangements were as follows:

	31 December 2018
Within 1 year (inclusive)	491,148
1 to 2 years (inclusive)	512,135
Over 2 years	1,837,933
Total	2,841,216

(3) Lease commitments

At the end of the reporting period, the Group and the Company's lease commitments as lessor were as follows:

Lease commitments that are unconditionally irrevocable	*31 December 2019*	*31 December 2018*
Original maturity of less than 1 year	13,415,552	13,775,119
Original maturity of 1 year or above	80,519,545	90,735,738
Total	93,935,097	104,510,857

42 Risk management

The Group's business activities are exposed to a variety of financial risks. The Group's risk management is largely geared to analyse, evaluate and manage risks of varying degrees or their combinations. The Group aims to strike a balance between risk and return and minimise potential adverse effects on its financial position and operating results.

(1) Credit risk

(a) Credit risk management

The Group is exposed to credit risk, which is the risk of suffering financial loss, should any of its counterparties fail to fulfill their contractual obligations or commitments. Credit risk is the most important risk for the Group's business activities; management therefore carefully manages its exposure to credit risk. Credit risk arises mainly from leasing activities. Currently, the Group's Risk Management Committee is responsible for decision-making and centralised coordination in credit risk management, and manages credit risk through a number of measures, including industry-standard credit assessment, legal compliance, asset management and operation.

Under the former CBRC's *Guidelines for Risk Classification of Assets of Non-bank Financial Institutions (Trial)*, the Group classifies finance lease receivables and sale and leaseback receivables into five categories, namely pass, special mention, sub-standard, doubtful and loss.

The Group performs credit risk management during pre-lease investigation, lease approval, and post-lease management. The Group carries out continuous monitoring of leasing projects, and strengthens risk surveillance over key industries, regions, products and customers. The Group controls its credit risk through, among other necessary measures, regular analyses of customers' ability to repay interests and principals and appropriate adjustments to their credit limits. The Group employs a range of policies to mitigate credit risk, primarily through taking collaterals and security deposit, obtaining guarantees from companies or individuals, and taking out insurance on leased assets.

In order to minimise credit risk, the Group will seek additional collaterals from counterparties or require additional guarantors once impairment indications are identified for a lease facility.

(b) Impairment analyses and provisioning policies

The Group classifies financial instruments into three stages and makes provisions for expected credit losses accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition.

The three risk stages of financial instruments are defined as follows:

Stage 1: A financial instrument of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month expected credit losses is recognised as loss allowance.

Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount equal to lifetime expected credit losses is recognised as loss allowance.

Stage 3: A financial instrument is considered to be credit-impaired as at the end of the reporting period. The amount equal to lifetime expected credit losses is recognised as loss allowance.

Significant increase in credit risk

The assessment of significant increase since initial recognition in the credit risk is performed at least on a quarterly basis for financial instruments held by the Group. The Group takes into consideration all reasonable and supportable information (including forward-looking information) that reflects significantly change in credit risk for the purposes of classifying financial instruments. The main considerations are regulatory and operating environment, internal and external credit risk gradings, debt-servicing capacity, operating capabilities, contractual terms, and repayment records. The Group compares the risk of default of a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics as at the end of the reporting period and its risk of default at the date of initial application to determine changes in the risk of default during the lifetime of a financial instrument or a portfolio of financial instruments. In determining whether credit risk of a financial instrument has increased significantly since initial recognition, the Group considers factors indicating whether the probability of default has risen sharply, whether the financial instrument has been past due for more than 30 days, whether the market price has been falling to assess deterioration.

Objective evidence that a financial instrument is impaired includes:

- The principal or interest of financial instrument is past due more than 90 days to the Group;
- Significant financial difficulty of the lessee;
- A breach of contract by the lessee, such as default or delinquency in interest or principal payments;
- Concession to the lessee, for economic or legal reasons relating to the lessee's financial difficulty that the lessor would not otherwise consider;
- Probability that the lessee will become bankrupt or undergo other financial reorganisations.

Description of parameters, assumptions, and estimation techniques

ECL for a financial instrument is measured at an amount equal to 12-month ECL or lifetime ECL depending on whether a significant increase in credit risk on that financial instrument has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the product of Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposure at Default ("EAD"), considering the time value of money. Related definitions are as follows:

PD is the possibility that a customer will default on its obligation within a certain period of time in light of forward-looking information. The Group's PD is adjusted based on the results of the Internal Rating-Based Approach under the New Capital Accord, taking the forward-looking information into account and deducting the prudential adjustment to reflect the debtor's point-in-time (PIT) PD under the current macroeconomic environment;

LGD is the magnitude of the likely loss if there is a default in light of forward-looking information. The LGD is depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals, with taking the forward-looking information into account;

EAD refers to the total amount of on- and off-balance sheet exposures in the event of default and is determined based on the historical repayment records.

The assumptions underlying the ECL calculation, such as how the PDs and LGDs of different maturity profiles change are monitored and reviewed on a quarterly basis by the Group.

There have been no significant changes in estimation techniques or significant assumptions made during the year.

The impairment loss on credit-impaired Stage 3 financial instruments applied cash flow discount method, if there is objective evidence that an impairment loss on a financial instrument has incurred, the amount of the loss is measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The allowance for impairment loss is deducted in the carrying amount. The impairment loss is recognised in the statement of profit or loss. In determining allowances on an individual basis, the following factors are considered:

- The sustainability of the lessee's business plan;

- The lessee's ability to improve performance once a financial difficulty has arisen;

- The estimated recoverable cash flows from projects and liquidation;

- The availability of other financial support and the realisable value of collateral; and

- The timing of the expected cash flows.

It may not be possible to identify a single, or discrete events that result in the impairment, but it may be possible to identify impairment through the combined effect of several events. The impairment losses are evaluated at the end of each reporting period, unless unforeseen circumstances require more careful attention.

(In RMB '000, unless otherwise stated)

(c) Maximum credit risk exposure

The maximum exposure to credit risk at the balance sheet date without taking into consideration of any collateral held or other credit enhancement is represented by the carrying value of each financial asset in the balance sheet after deducting any impairment allowance. A summary of the maximum exposure is as follows:

	The Group	
	31 December 2019	31 December 2018
Credit risk exposure relating to balance sheet items:		
Cash at bank and on hand	26,400,148	22,228,561
Deposits with the central bank	19,958	2,019,223
Bills receivable	7,100	-
Prepayments	2,491,649	2,491,579
Lease receivables	97,109,782	113,680,237
Investments in debt	2,380,005	2,364,975
Other assets	7,442,201	5,351,747
Sub-total	135,850,843	148,136,322
Lease commitments	93,935,097	104,510,857
Maximum credit risk exposure	229,785,940	252,647,179

(In RMB '000, unless otherwise stated)

(d) Risk concentration of finance lease receivables and sale and leaseback receivables

Credit risk increases when counter-parties are concentrated in certain specific industries or geographical regions, or they share certain economic characteristics. The customers of the Group concentrate in a number of key industries, each with their own unique characteristics in economic development, which therefore presents different credit risks to the Group.

	The Group	
	31 December 2019	*31 December 2018*
Transportation, storage and postal service	59,149,650	64,156,200
Production and supply of electricity, gas and water	13,136,831	14,669,428
Water, environment and public utility management	10,473,767	13,746,726
Mining	4,075,725	5,001,638
Finance	3,346,533	1,100,636
Leasing and commercial services	3,327,581	9,650,938
Manufacturing	3,267,033	4,093,300
Culture, sports and entertainment	1,746,530	1,988,708
Health, social security and social welfare	633,512	682,477
Construction	461,462	926,512
Information transmission, computer service and software	201,756	264,415
Total	99,820,380	116,280,978

(e) Quality of finance lease receivables and sales and leaseback receivables

As at 31 December 2019, the credit risk exposures of the Group's finance lease receivables and sales and leaseback receivables are listed as below:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Book value	93,230,213	5,751,367	838,800	99,820,380
Provision for expected credit losses	(843,541)	(1,773,448)	(552,939)	(3,169,928)

As at 31 December 2018, the credit risk exposures of the Group's finance lease receivables are listed as below:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Book value	108,831,056	6,155,622	1,294,300	116,280,978
Provision for expected credit losses	(560,118)	(1,423,667)	(1,009,096)	(2,992,881)

(2) Market risk

Market risk is the risk of loss, in respect of the Group's on and off-balance sheet activities, arising from adverse movements in market rates (including interest rates, foreign exchange rates, commodity prices, stock prices and other prices). Market risk arises from both the Group's trading and non-trading business.

The Group is exposed to primarily structural interest rate risk arising from leasing business and position risk arising from treasury transactions. Interest rate risk is inherent in many of its businesses and largely arises from mismatches between the re-pricing dates of assets and liabilities. The Group's foreign exchange risk mainly includes foreign exchange exposure arising from a currency structure imbalance between foreign currency assets and foreign currency liabilities. As at the balance sheet date, the Group's business is primarily conducted in RMB and US dollar. Sensitivity analysis, interest rate gap analysis and foreign exchange risk concentration analysis are the main market risk management tools used by the Group to monitor the market risk of its overall businesses.

(In RMB '000, unless otherwise stated)

(a) Interest rate risk

The following table presents the Group's exposures to interest rate risk, with financial instruments stated at net carrying amounts, based on the earlier of contractual repricing dates or maturity dates.

At 31 December 2019	*Within 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Non-interest bearing*	*Total*
Assets:						
Cash at bank and on hand	24,058,020	-	-	-	2,342,128	26,400,148
Deposits with central bank	19,958	-	-	-	-	19,958
Bills receivable	-	-	-	-	7,100	7,100
Prepayments	2,214,263	-	-	-	1,454,046	3,668,309
Lease receivables	73,371,595	21,492,061	1,117,835	383,101	745,190	97,109,782
Fixed assets, Right-of-use assets and construction in progress	-	-	-	-	130,998,666	130,998,666
Investments in debt	-	-	2,380,005	-	-	2,380,005
Others	4,596,687	-	2,092,860	-	3,935,397	10,624,944
Total assets	104,260,523	21,492,061	5,590,700	383,101	139,482,527	271,208,912
Liabilities:						
Borrowings	145,480,954	26,368,849	19,101,320	2,278,316	4,148,258	197,377,697
Repurchase agreements	1,800,000	-	-	-	746	1,800,746
Bond payables	-	-	9,982,105	-	215,526	10,197,631
Bills payable	-	-	-	-	154,561	154,561
Security deposit payable	-	-	-	-	1,125,861	1,125,861
Others	12,256,768	98,469	716,290	1,250,039	9,968,082	24,289,648
Total liabilities	159,537,722	26,467,318	29,799,715	3,528,355	15,613,034	234,946,144
Interest rate sensitivity gap	(55,277,199)	(4,975,257)	(24,209,015)	(3,145,254)	Not-applicable	Not-applicable

(In RMB '000, unless otherwise stated)

At 31 December 2018	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets:						
Cash at bank and on hand	5,728,550	14,920,024	-	-	1,579,987	22,228,561
Deposits with central bank	2,019,223	-	-	-	-	2,019,223
Prepayments	1,976,621	-	-	-	1,257,411	3,234,032
Lease receivables	100,413,689	11,278,018	814,643	496,543	677,344	113,680,237
Fixed assets and construction in progress	-	-	-	-	121,490,219	121,490,219
Investments in debt	-	-	2,364,975	-	-	2,364,975
Others	2,305,389	-	-	-	5,166,612	7,472,001
Total assets	112,443,472	26,198,042	3,179,618	496,543	130,171,573	272,489,248
Liabilities:						
Borrowings	150,732,337	55,495,054	5,544,271	2,284,662	3,688,620	217,744,944
Bond payables	-	-	3,992,464	-	28,590	4,021,054
Security deposit payable	-	-	-	-	1,007,875	1,007,875
Others	8,453,386	56,783	225,697	-	8,803,185	17,539,051
Total liabilities	159,185,723	55,551,837	9,762,432	2,284,662	13,528,270	240,312,924
Interest rate sensitivity gap	(46,742,251)	(29,353,795)	(6,582,814)	(1,788,119)	Not-applicable	Not-applicable

(In RMB '000, unless otherwise stated)

The Group's interest rate risk arises from the differences in timing between contractual maturities and repricing of interest-bearing assets and liabilities. The Group's interest-generating assets and interest-bearing liabilities are mainly denominated in RMB and USD.

The Group manages its interest rate risk by:

- regularly monitoring the macroeconomic factors that may impact the benchmark interest rates;
- optimising the differences in timing between contractual maturities and repricing of interest-generating assets and interest-bearing liabilities; and
- managing the deviation of the pricing of interest-generating assets and interest-bearing liabilities from the benchmark interest rates.

A principal part of the Group's management of interest rate risk is to monitor the sensitivity of projected net interest income under varying interest rate scenarios (simulation modelling). The Group aims to mitigate the impact of prospective interest rate movements which could reduce future net interest income, while balancing the cost of such hedging on the current revenue.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's net interest income.

The sensitivity of the net interest income is the effect of the assumed changes in interest rates on the net interest income for one year, based on the financial assets and financial liabilities held at period end subject to re-pricing within the coming year.

	The Group	
Change in basis points	*31 December 2019*	*31 December 2018*
+100 basis points	(602,525)	(760,960)
-100 basis points	602,525	760,960

(In RMB '000, unless otherwise stated)

(b) Exchange rate risk

The Group

	31 December 2019					31 December 2018			
	RMB	USD (RMB equivalent)	EUR (RMB equivalent)	HKD(RMB equivalent)	Total	RMB	USD (RMB equivalent)	EUR (RMB equivalent)	Total
Assets:									
Cash at bank and on hand	8,343,651	18,001,474	54,448	575	26,400,148	1,665,116	20,528,577	34,868	22,228,561
Deposits with central bank	19,058	900	-	-	19,958	2,018,338	885	-	2,019,223
Bills receivable	7,100	-	-	-	7,100	-	-	-	-
Prepayments	2,487,655	1,180,625	29	-	3,668,309	1,988,906	1,245,126	-	3,234,032
Lease receivables	86,965,810	9,348,700	795,272	-	97,109,782	95,475,308	17,311,527	893,402	113,680,237
Fixed assets, right-of-use assets, and construction in progress	19,082,901	111,915,765	-	-	130,998,666	14,671,047	106,819,172	-	121,490,219
Investments in debt	2,380,005	-	-	-	2,380,005	2,364,975	-	-	2,364,975
Others	1,483,819	9,106,936	34,189	-	10,624,944	4,512,646	2,928,512	30,843	7,472,001
Total assets	120,769,999	149,554,400	883,938	575	271,208,912	122,696,336	148,833,799	959,113	272,489,248
Liabilities:									
Borrowings	73,699,964	122,856,999	820,734	-	197,377,697	86,749,822	130,101,862	893,260	217,744,944
Repurchase agreements	1,800,746	-	-	-	1,800,746	-	-	-	-
Bond payables	10,197,631	-	-	-	10,197,631	4,021,054	-	-	4,021,054
Bills payable	154,561	-	-	-	154,561	-	-	-	-
Security deposit payable	253,299	872,562	-	-	1,125,861	145,756	862,119	-	1,007,875
Others	2,603,030	21,658,209	27,904	505	24,289,648	2,533,177	14,976,029	29,845	17,539,051
Total liabilities	88,709,231	145,387,770	848,638	505	234,946,144	93,449,809	145,940,010	923,105	240,312,924
Net long position	32,060,768	4,166,630	35,300	70	36,262,768	29,246,527	2,893,789	36,008	32,176,324
Lease commitment	944,721	92,990,376	-	-	93,935,097	2,193,327	102,288,085	29,445	104,510,857

The table below indicates a sensitivity analysis of exchange rate changes of the currencies to which the Group had significant exposure on its monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement in the currency rates against the RMB, with all other variables held constant, on net profit. A negative amount in the table reflects a potential net reduction in net profit, while a positive amount reflects a potential net increase.

This effect, however, is based on the assumption that the Group's foreign exchange exposures as at the year end are kept unchanged and, therefore, have not incorporated actions that would be taken by the Group to mitigate the adverse impact of this foreign exchange risk. The following table indicate a sensitivity analysis of exchange rate changes on the Group's monetary assets and liabilities.

Currency	*Change in exchange rate (%)*	*Impact on net profit as at 31 December 2019*	*Impact on net profit as at 31 December 2018*
USD	(1%)	154,061	84,089
EUR	(1%)	47	(66)
HKD	(1%)	(1)	-

While the table above indicates the effect on net profit of 1% depreciation of USD and EUR, there will be an opposite effect with the same amount if the currency appreciates by the same percentage.

(3) Liquidity risk

Liquidity risk is the risk that the Group is unable to provide funds for maturing liabilities through asset realisation at reasonable prices on a timely basis.

The Group is exposed to specific daily calls on its available cash resources, including release of security deposit and repayment of fixed-term borrowings. The Group sets certain limits on funds available to meet such calls and on interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The Risk Management Committee (the "RM" Committee) under board of Directors of Group is responsible for formulating liquidity risk management policies. The Financial Market Department under the RM Committee is responsible for the daily liquidity risk management.

(In RMB '000, unless otherwise stated)

(a) The maturity analysis of assets and liabilities of the Group as at 31 December 2019 is as follows:

	Overdue/ repayable on demand	*Within 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Undated*	*Total*
Assets:								
Cash at bank and on hand	26,400,148	-	-	-	-	-	-	26,400,148
Deposits with central bank	4,524	-	-	-	-	-	15,434	19,958
Bills receivable	-	-	-	7,100	-	-	-	7,100
Prepayments	283,378	451,887	362,557	2,570,487	-	-	-	3,668,309
Lease receivables	-	2,664,139	4,838,541	25,153,951	47,479,599	16,651,388	322,164	97,109,782
Fixed assets, right-of-use assets and construction in progress	-	-	-	-	-	-	130,998,666	130,998,666
Investments in debt	-	-	-	-	2,380,005	-	-	2,380,005
Others	5,233,499	24,288	5,372	1,120,041	2,271,576	11,652	1,958,516	10,624,944
Total assets	31,921,549	3,140,314	5,206,470	28,851,579	52,131,180	16,663,040	133,294,780	271,208,912
Liabilities:								
Borrowings	31,198,111	40,564,755	45,012,216	27,765,527	38,127,333	14,709,755	-	197,377,697
Repurchase agreements	-	1,800,746	-	-	-	-	-	1,800,746
Bond payables	-	97,262	89,824	28,440	9,982,105	-	-	10,197,631
Bills payables	-	-	50,000	104,561	-	-	-	154,561
Security deposit payable	-	2,093	9,744	81,606	168,808	740,798	122,812	1,125,861
Others	4,629,480	399,666	957,062	2,115,041	7,593,622	6,014,570	2,580,207	24,289,648
Total liability	35,827,591	42,864,522	46,118,846	30,095,175	55,871,868	21,465,123	2,703,019	234,946,144
Net liquidity gap	(3,906,042)	(39,724,208)	(40,912,376)	(1,243,596)	(3,740,688)	(4,802,083)	130,591,761	36,262,768

(In RMB '000, unless otherwise stated)

The maturity analysis of assets and liabilities of the Group as at 31 December 2018 is as follows:

	Overdue/ repayable on demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Assets:								
Cash at bank and on hand	4,882,619	-	2,114,870	15,231,072	-	-	-	22,228,561
Deposits with central bank	2,001,841	-	-	-	-	-	17,382	2,019,223
Prepayments	221,000	71,247	16,112	2,377,925	547,748	-	-	3,234,032
Lease receivables	1,357,520	2,567,289	5,313,125	19,718,689	61,674,722	22,748,820	300,072	113,680,237
Fixed assets, and construction in progress	-	-	-	-	-	-	121,490,219	121,490,219
Investments in debt	-	-	-	-	2,364,975	-	-	2,364,975
Others	2,733,565	47,336	-	2,717,052	2,273	-	1,971,775	7,472,001
Total assets	11,196,545	2,685,872	7,444,107	40,044,738	64,589,718	22,748,820	123,779,448	272,489,248
Liabilities:								
Borrowings	33,292,415	42,858,402	33,128,911	67,288,903	20,249,322	20,926,991	-	217,744,944
Bond payables	-	-	-	28,590	3,992,464	-	-	4,021,054
Security deposit payable	-	-	-	255,711	92,768	543,979	115,417	1,007,875
Others	3,781,264	420,989	1,403,174	991,439	4,422,832	4,293,546	2,225,807	17,539,051
Total liability	37,073,679	43,279,391	34,532,085	68,564,643	28,757,386	25,764,516	2,341,224	240,312,924
Net liquidity gap	(25,877,134)	(40,593,519)	(27,087,978)	(28,519,905)	35,832,332	(3,015,696)	121,438,224	32,176,324

(In RMB '000, unless otherwise stated)

(b) The table below summarises the maturity profile of the Group's financial instruments and operating lease payments based on the contractual undiscounted cash flows as at 31 December 2019. The balances of some accounts in the below table will be different to the balances on the balance sheet as the table incorporates all cash flows relating to both principal and interest.

	Overdue/ repayable on demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Assets:								
Cash at bank and on hand	26,400,148	-	-	-	-	-	-	26,400,148
Deposits with central bank	4,524	-	-	-	-	-	15,434	19,958
Bills receivable	-	-	-	7,100	-	-	-	7,100
Prepayments	283,378	451,887	362,557	2,570,487	-	-	-	3,668,309
Lease receivables	-	2,885,227	5,362,594	29,006,662	54,896,946	21,060,471	942,540	114,154,440
Investments in debt	-	-	5,406	77,389	2,464,121	-	-	2,546,916
Others	5,233,499	24,288	5,372	1,120,041	2,271,576	11,652	1,038,056	9,704,484
Total assets	31,921,549	3,361,402	5,735,929	32,781,679	59,632,643	21,072,123	1,996,030	156,501,355
Liabilities:								
Borrowings	31,198,111	40,651,527	45,337,495	28,178,962	42,036,317	17,502,464	-	204,904,876
Repurchase agreements	-	1,801,090	-	-	-	-	-	1,801,090
Bond payables	-	103,500	108,500	163,200	10,682,269	-	-	11,057,469
Bills payable	-	-	50,000	104,561	-	-	-	154,561
Others	4,632,544	450,610	377,821	2,503,062	9,030,682	7,466,919	1,351,959	25,813,597
Total liabilities	35,830,655	43,006,727	45,873,816	30,949,785	61,749,268	24,969,383	1,351,959	243,731,593

(In RMB '000, unless otherwise stated)

The table below summarises the maturity profile of the Group's financial instruments and operating lease payments based on the contractual undiscounted cash flows as at 31 December 2018. The balances of some accounts in the below table will be different to the balances on the balance sheet as the table incorporates all cash flows relating to both principal and interest.

	Overdue/ repayable on demand	*Within 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Undated*	*Total*
Assets:								
Cash at bank and on hand	4,882,722	-	2,185,171	15,748,300	-	-	-	22,816,193
Deposits with central bank	2,001,841	-	-	-	-	-	17,382	2,019,223
Prepayments	221,002	72,306	16,112	2,381,203	547,748	-	-	3,238,371
Lease receivables	1,660,923	2,831,418	6,002,215	22,199,132	71,577,610	27,374,106	1,701,853	133,347,257
Investments in debt	-	-	5,406	69,929	2,324,536	-	-	2,399,871
Others	2,733,565	47,336	-	2,472,546	2,273	-	1,484,300	6,740,020
Total assets	11,500,053	2,951,060	8,208,904	42,871,110	74,452,167	27,374,106	3,203,535	170,560,935
Liabilities:								
Borrowings	33,292,415	42,959,059	33,424,856	69,100,990	22,682,138	25,618,259	-	227,077,717
Bond payables	-	-	-	28,590	4,326,400	-	-	4,354,990
Others	3,781,178	434,488	1,069,823	1,165,121	5,316,948	5,487,818	1,403,383	18,658,759
Total liabilities	37,073,593	43,393,547	34,494,679	70,294,701	32,325,486	31,106,077	1,403,383	250,091,466

(In RMB '000, unless otherwise stated)

(4) Fair value of financial assets and financial liabilities

(a) Fair value hierarchy

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels of inputs are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

The Group

	31 December 2019			
	Level 1	Level 2	Level 3	total
Assets				
Derivative financial assets	-	55,893	-	55,893
Investments in debt	-	2,380,005	-	2,380,005
Total	-	2,435,898	-	2,435,898

	31 December 2019			
	Level 1	Level 2	Level 3	total
Liabilities				
Derivative financial liabilites	-	2,139	-	2,139
Total	-	2,139	-	2,139

The Group

	31 December 2018			
	Level 1	Level 2	Level 3	total
Assets				
Derivative financial assets	-	2,273	-	2,273
Investments in debt	-	2,364,975	-	2,364,975
Total	-	2,367,248	-	2,367,248

(In RMB '000, unless otherwise stated)

There were no transfers, between Level 1 and Level 2, or between Level 2 and Level 3, of the Group's above assets and liabilities which are measured at fair value on a recurring basis. The Group recognises transfers between different levels at the end of the current reporting period during which such transfers are made.

Note: The above gains or losses for the year included in profit or loss or other comprehensive income are as follows:

	The Group	
	Item	*Amount*
Realised gain charged to profit or loss for the year	Investment income	60,041
Unrealised loss charged to profit or loss for the year	Losses from changes in fair value	51,027
Total		111,068
Gain or loss charged to other comprehensive income	Other comprehensive income	11,752

(b) Fair value of other financial instruments

The Group's financial instruments include cash at bank and on hand, deposits with central bank, lease receivables, borrowings, repurchase agreements, etc.

As at the balance sheet date, the book value and fair value of financial instruments are the same, except for the financial instruments listed following:

	Book value		*Fair value*	
	2019	*2018*	*2019*	*2018*
Bond payables	10,197,631	4,021,054	10,286,555	4,050,728

(5) Capital management

The capital management of the Group focuses on capital adequacy ratios and returns on capital so as to enable the Group to meet the requirements for regulatory compliance, credit rating, risk compensation and shareholder's return. This also facilitates the Group's risk management, ensures the orderly expansion of the asset size and enhances its operational structure and business model.

The Group calculates and discloses its capital adequacy ratio in line with the *Administrative Measures for Financial Leasing Companies* issued by the former CBRC in 2014, and the former CBRC's *Administrative Measures for Capital Management of Commercial Banks (Trial)*, and *Administrative Measures for Capital Adequacy Ratios of Commercial Banks* and other relevant rules and regulations. The Group has communicated with regulators on accounting treatments specific to the industry.

(In RMB '000, unless otherwise stated)

The capital adequacy ratios and related components of the Group are calculated in accordance with the statutory financial statements of the Group prepared under PRC GAAP. During the year, the Group has complied in full with all its externally imposed capital requirements.

As at 31 December 2019, the Group's core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio calculated in line with *Administrative Measures for Capital Management of Commercial Banks (Trial)* and other relevant rules and regulations are as follows:

The Group

	31 December 2019	*31 December 2018*
Core tier 1 capital adequacy ratio	12.87%	11.87%
Tier 1 capital adequacy ratio	12.87%	11.87%
Capital adequacy ratio	13.61%	12.49%

43 Related party relationships and transactions

(1) Information on the Company's subsidiaries is disclosed in Note IV.8.

(2) Information on the parent company:

Name of the parent company	*Registered capital*	*Place of registration*	*Principal activities*	*% of equity interest held*	*Nature or type of operation*	*Name of chairman*
Industrial and Commercial Bank of China Limited	RMB 356.4 billion	Beijing	Financial services	100%	Commercial bank	Chen Siqing

(3) Nature of related-party relationship where no control exists:

Name of companies	*Relationship with the Company*
Industrial and Commercial Bank of China (Asia) Limited ("ICBC Asia")	Controlled by the parent company
Industrial and Commercial Bank of China (Europe) S.A. ("ICBC Europe")	Controlled by the parent company
ICBC International Leasing Company Limited ("ICBC International Leasing") [1,2]	1.Controlled by the parent company 2.The Company and ICBC International Investment Management Limited conduct important financial and operating decisions together according to the contract

The Company entered into agreements with ICBC Asia, Singapore Branch of Industrial and Commercial Bank of China, Dubai Branch of Industrial and Commercial Bank of China, and Sydney Branch of Industrial and Commercial Bank of China, to undertake a remarketing service commitment to resell assets pledged for foreign currency loans extended to its related companies. Please refer to Note IV.45. Contingencies.

(In RMB '000, unless otherwise stated)

(4) Balances and transactions with related parties

Significant balances between the Group and the parent company:

	2019	*2018*
At 31 December		
Cash at bank and on hand	20,125,104	2,306,947
Lease receivables	507,982	-
Borrowings*	53,161,093	69,048,061
Repurchase agreements	1,800,746	-

* Including the amount pertains to the recourse factoring arrangement entered into by the Group and the parent company. Under the arrangement, the Group transferred certain lease receivables to the parent company, and the parent company has the right to request the Group to repurchase all uncollected lease receivables when the factoring arrangement has been operating for one year or there are some circumstances that have adverse impact on the repayment of lease receivables. The Group did not derecognise these lease receivables.

	2019	*2018*
Transaction during the year		
Interest income	21,534	6,227
Fee and commission income	7,693	2,284
Interest expense	1,849,388	2,769,925
Fee and commission fee	136,970	94,769

(5) Transactions between the Company and its subsidiaries

The related parties over which the Company has controls are the holding subsidiaries of the Company. For details of the holding subsidiaries of the Company, please refer to Note IV.8. All the significant balances and transactions between the Company and its holding subsidiaries are eliminated in the consolidated financial statements. Details of the material transactions are as follows:

At 31 December	*2019*	*2018*
Other assets		
Entrusted loans	23,423,665	25,805,248
Receivables due to assets transfer transaction	11,366,398	8,899,068
Receivables arising from termination of contract	1,485,234	-
Other receivables	298	-
Lease receivables	70,702	69,557
Borrowings	1,680,776	5,855,991

(In RMB '000, unless otherwise stated)

Transaction during the year	*2019*	*2018*
Interest income	912,180	837,858
Interest expense	152,260	276,064

The fixed assets under operating leases which have been sold by the Company to the subsidiaries during this accounting period amounted to RMB 5,068 million (2018: RMB 5,170 million).

(6) Related transaction between the Group and ICBC International Leasing

Significant transactions between the Group and ICBC International Leasing during this accounting period are as follows:

At 31 December	*2019*	*2018*
Lease receivables	-	142,273
Other assets		
Entrusted loans	7,005,842	2,562,647
Receivables due to assets transfer transaction	-	208,098
Receivables arising from termination of contract	363,397	-
Other receivables	130,305	108,357
Borrowings	35,289,864	34,775,466
Other payables		
Leased assets payables	213,178	209,725
Others	425,151	353,916

Transaction during the year	*2019*	*2018*
Interest Income	217,269	49,679
interest expense	1,582,722	1,257,502
Income from finance lease	-	7,596

44 Non-adjusting post balance sheet events

Since the outbreak of the Coronavirus Disease 2019 ("COVID-19"), the Group has actively implemented relevant national decisions and arrangements, completely ensured various financial services for the epidemic prevention and control. Meanwhile, the Group has been closely following and continuously assessing the impacts of the outbreak on its business, and actively taking countermeasures to ensure the stability of the Group's financial position and financial performance.

45 Contingencies

The Company entered into agreements with ICBC Asia, Singapore Branch of Industrial and Commercial Bank of China, Dubai Branch of Industrial and Commercial Bank of China, Sydney Branch of Industrial and Commercial Bank of China, the Export-Import Bank of China, BNP Paribas, Bank of America and Crédit Agricole Asia Shipfinance Limited to undertake a remarketing service commitment to resell assets pledged for foreign currency loans extended to its related companies by the above counterparties.

As at 31 December 2019, the Company provided joint guarantees to forty-four of its domestic subsidiaries and one overseas related company for their borrowings, which amounted to RMB 22.6 billion (31 December 2018: RMB 22.4 billion).

46 Comparative figures

Certain data of the comparative period was reclassified to conform to the presentation of financial statements in current year. Above reclassifications don't have significant impact on financial performance and financial position in comparative period.

V Approval of the financial statements

These financial statements were approved by the Company on 31 March 2020.

ICBCIL Finance Co. Limited

Report of the directors and financial statements
for the year ended 31 December 2019

Directors' Report

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 December 2019.

Principal place of business

ICBCIL Finance Co. Limited ("the Company") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Principal activities

The principal activities of the Company are the provision of financing for its group companies ("the Group") and the related liquidity management and risk management activities.

Business Review

The Company was incorporated on 2 December 2013 in Hong Kong. The immediate holding company is ICBC International Leasing Company Limited, which is incorporated in Ireland.

The Company was the main financing platform of its related company, ICBC International Leasing Company Limited and its group companies. The related group companies are mainly engaged in leasing business in three main sectors: (i) aviation; (ii) shipping; and (iii) big-ticket equipment. The Company manages the Group's liquidity, i.e. the provision of the intercompany financing and investment for cash management purposes.

The Company's management team comprises highly experienced professionals with diverse backgrounds in leasing, commercial banking, investment banking, global capital markets and relevant industry experience. This enables the Company to effectively identify and cultivate relationships with financing counterparties. The Company has maintained a stable management team which has enabled a healthy and stable growth of the Company.

Business environment - Key Factors affecting our results of Operations and Financial Condition

- Macroeconomic Factors and Development of the associated leasing SPVs

  The Group's revenue primarily comprises intercompany interest income generated by financial leases, operating lease income and fee and commission income from consulting services, all of which are driven by the volume of leasing business. As a result, fluctuations in demand for airplanes, ships and heavy equipment from airlines, shipping companies and manufacturers affect the Company's revenue. The demand for airplanes, ships and heavy equipment is affected by the economic environment both globally and in the People's Republic of China (PRC).

  A significant slowdown in the PRC or global economy could have a negative impact on infrastructure projects, the global airline and shipping industry and demand for equipment and machinery, which could negatively affect demand for finance leasing products, and in turn have a material adverse effect on the Company's businesses, revenue and results of operations. A slowdown in the economy may also affect the ability of lessees to pay the rent and hence the asset, i.e. the intercompany loan portfolio, quality of the Company.

- Ability to Access Financing for the Acquisition of Assets under Lease and Variations in Interest Rates

  The leasing industry is capital intensive and sustaining while expanding the portfolio of assets under lease requires access to financing sources. A major component of the Group's operating expenses is the interest expense incurred to finance the purchases of assets for its financial and operating lease business. The Group mainly finances its operations and expansion through domestic and foreign bank loans and cash generated from its operations. The global environment and changes in money markets may impact the availability or the cost of financing. Any decision by the United States Federal Reserve to increase interest rates may also cause interest rates to rise generally, which would negatively impact the Group's funding costs and its profitability.

Financial review

For the accounting policies, please refer to Note 1 of the financial statement.

- Risk Management

  The Company adopts a comprehensive risk management system designed to proactively minimise credit, market, liquidity and operational risks.

  The credit risk for the Company arises from the intercompany borrowings. As the designated activity is to provide financial support of the Group associated companies, the Company's credit risk is believed to be manageable.

Financial review (continued)

Liquidity risk is the risk that the Company is unable to provide funds for maturing liabilities through asset realisation at reasonable prices on a timely basis. The Company monitors current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and bank facilities to meet its liquidity requirements.

Sensitivity analysis, interest rate gap analysis and foreign exchange exposure analysis are the main market risk management tools used by the Company to monitor the market risk of its overall businesses. For the details of interest rate risk and foreign exchange risk, please refer to Note 24 to the financial statements.

Compliance review

- Legal and Compliance Risk

Legal risk is the risk of incurring legal sanctions, regulatory penalties, financial losses, reputational losses or other negative consequences that arise out of or in connection with the failure of the Company to comply with relevant laws, regulations, administrative rules, regulatory provisions and requirements of other relevant rules in the operational management of the Company; the unfavorable legal defects that exist in products, services or information provided, transactions engaged in, and contracts, agreements or other documents executed by the Company; legal disputes (legal or arbitration proceedings) between the Company and its counterparties and stakeholders; important changes in relevant laws and regulations, administrative rules, regulatory provisions and other relevant rules; and other relevant legal events that occur internally and externally.

Based on the objective to ensure legal and compliant operation, the Company always attaches importance to establishing a sound legal risk management system and forming a full-process legal risk prevention and control mechanism to support and secure business innovation and market competition, and prevent and eliminate various potential or practical legal risks. The Board of Directors is responsible for reviewing and determining the strategy and policy relating to legal risk management, and assumes the ultimate responsibility of legal risk management. The Senior Management is responsible for executing the legal risk management strategy and policy, formulating relevant systems and measures, and examining and approving relevant important affairs. The Legal and Compliance Department of the Group is the functional department in charge of legal risk management across the Company, with relevant business departments providing related support and assistance on the work regarding legal risk prevention and control, and the affiliates undertaking the responsibility of legal risk management of their respective institutions.

Compliance review (continued)

In 2019, the Company continued to strengthen legal risk management and control and provided stronger legal support to business transformation and innovative development with a view to ensuring the legal and compliant operation and healthy business development of the Group. The Company advanced IT-based legal risk prevention and control and upgraded the working mechanism and process for consolidated legal risk management. The Company further standardized contract management and reinforced authorization management and related parties management.

- Legal Proceedings

  The Company is involved, from time to time, in legal documentation work arising in the ordinary course of its operations.

Business forward looking

The Company's business forward looking largely depends on the development of the Group's leasing business. The key strategies are specialisation, marketisation and internationalisation.

Specialisation

The Group intends to enhance its position as a leasing industry innovator by remaining focused on its selected industries. Apart from aviation and ship leasing, the Group also aims to develop the big-ticket equipment leasing market by focusing on the areas of energy and power, rail transit and construction machinery.

Marketisation

The Group aims to offer leasing services and products that meet clients' needs. Leveraging on the brand, clients, network and technological advantages of ICBC, the Group aims to establish a comprehensive range of financial leasing products and services. The Group also aims to develop its asset trading operations to improve the quality of its assets and also promote the strategic development of its business. The Group's clients include not only large and medium-sized state-owned enterprises and industry-leading enterprises, also they are gradually expanding to include listed companies and successful private and small and medium-sized enterprises.

Internationalisation

The Group aims to establish itself as an industry leader in the international leasing market through its management of the ICBCIL Group. The ICBCIL Group currently has a high-quality client base, strong market competitiveness, and businesses across five continents and in more than 20 countries and regions.

Through these strategies, the Group aims to maintain specialised industry focus, anticipate and adapt to continuously shifting market conditions and prudently proceed with international expansion.

Financial statements

The profit of the Company for the year ended 31 December 2019 and the state of the Company's affairs as at that date are set out in the financial statements on pages 11 to 43.

Share capital

Details of the movements in share capital of the Company are set out in note 23 to the financial statements.

Directors

The directors as at the end of the financial year were:

Wu, Liyong	(appointed on 1 March 2018)
Wang, Liang	(appointed on 12 September 2019)
Xiao, Jian	(resigned on 13 January 2020)

At no time during the year was the Company, or any of its holding company or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts

No contract of significance to which the Company, or any of its holding company or fellow subsidiaries was a party, and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Director

Director 武立勇

30 April 2020

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Independent auditor's report to the members of ICBCIL Finance Co. Limited

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of ICBCIL Finance Co. Limited ("the Company") set out on pages 11 to 43, which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Independent auditor's report to the members of ICBCIL Finance Co. Limited (continued)

(Incorporated in Hong Kong with limited liability)

Assessing the fair value of financial instruments	
Refer to note 13, note 14 and note 24 to the financial statements and the accounting policies on page 27.	
The Key Audit Matter	**How the matter was addressed in our audit**
The valuation of the Company's financial instruments, stated at fair value, is based on a combination of market data and valuation models which often require a considerable number of inputs. Many of these inputs are obtained from readily available data, in particular for certain level 2 financial instruments in the fair value hierarchy, the valuation techniques for which use quoted market prices and observable inputs. Where one or more observable data is not readily available, as in the case of level 3 financial instruments, then estimates need to be developed which can involve significant management judgement. Management assessed the fair values of certain level 2 and level 3 financial instruments by obtaining and analysing fair value calculations prepared by the relevant counterparties to the financial instruments, which also involved significant management judgement. We identified assessing the fair value of financial instruments as a key audit matter because of the degree of complexity involved in valuing certain financial instruments and because of the degree of judgement exercised by management in determining the inputs used in the valuation models.	Our audit procedures to assess the fair value of financial instruments included the following: • assessing the design, implementation and operating effectiveness of key internal controls over the valuation process for financial instruments and front office/back office reconciliations, including the controls over obtaining fair value calculations from counterparties and controls over assessing the methodology adopted in the fair value calculations prepared by the relevant counterparties; • engaging our internal valuation specialists to assist us in performing an independent review, on a sample basis, of the fair value calculations obtained and used by management in the assessment of the fair values of level 2 and level 3 financial instruments and comparing our valuations with the Company's valuations. Our procedures included assessing the fair value calculations prepared by the relevant counterparties, developing parallel models, obtaining inputs independently and verifying the inputs; and • assessing whether the disclosures in the financial statements, including fair value hierarchy information, appropriately reflected the Company's exposure to financial instrument valuation risk with reference to the requirements of the prevailing accounting standards.

KPMG

Independent auditor's report to the members of ICBCIL Finance Co. Limited (continued)

(Incorporated in Hong Kong with limited liability)

Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

KPMG

Independent auditor's report to the members of ICBCIL Finance Co. Limited (continued)

(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

KPMG

Independent auditor's report to the members of ICBCIL Finance Co. Limited (continued)

(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe the matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leung Tat Ming.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 April 2020

Statement of profit or loss and other comprehensive income for the year ended 31 December 2019

(Expressed in US dollars)

	Note	2019 US$	2018 US$
Interest income	3	479,480,197	477,189,041
Interest expense	4	(425,208,053)	(387,819,419)
Net interest income		54,272,144	89,369,622
Investment (loss)/income	5	(6,634,534)	17,804,860
(Loss)/gain from changes in fair value	6	(19,442,436)	13,284,710
Operating expenses	7	(6,768,933)	(3,014,589)
Exchange loss		(2,047,202)	(22,245,630)
Impairment (loss)/gain		(14,009)	8,210
PROFIT BEFORE TAXATION		19,365,030	95,207,183
Income tax	9	(4,799,415)	(10,370,517)
PROFIT FOR THE YEAR		14,565,615	84,836,666
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Item that may be reclassified to profit or loss:			
Effective hedging portion of gains or losses arising from cash flow hedging instruments		(16,348,864)	(3,807,147)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(1,783,249)	81,029,519

The notes on pages 17 to 43 form part of these financial statements.

Statement of financial position at 31 December 2019
(Expressed in US dollars)

	Note	*2019* US$	*2018* US$
ASSETS			
Cash and cash equivalents	10	1,665,793,622	913,920,142
Amounts due from other related companies	11	12,342,729,442	11,147,065,342
Interest receivable	12	1,047,541,941	1,103,142,491
Financial assets designated at fair value through profit or loss	13	129,406,806	224,760,358
Financial derivative asset	14	-	32,771,378
Prepayments		-	141,000
Other receivables	15	27,290,000	-
Total assets		15,212,761,811	13,421,800,711
LIABILITIES			
Bank loans	16	4,712,978,431	4,162,980,900
Amounts due to holding company	17	26,444	8,844
Amounts due to other related companies	18	657,730,235	10,740
Bond payable	19	9,375,839,332	8,803,541,567
Interest payable	20	114,395,150	85,824,566
Financial derivative liability	14	24,143,212	7,785,987
Tax payable	21	9,602,262	4,740,830
Other payables	22	80,202	37,157,485
Total liabilities		14,894,795,268	13,102,050,919
Net assets		317,966,543	319,749,792

Statement of financial position at 31 December 2019 (continued)

(Expressed in US dollars)

	Note	*2019* US$	*2018* US$
CAPITAL AND RESERVES			
Share capital	23	50,000	50,000
Reserves		317,916,543	319,699,792
Total equity		317,966,543	319,749,792

Director　　　　Director

The notes on pages 17 to 43 form part of these financial statements.

Statement of changes in equity for the year ended 31 December 2019

(Expressed in US dollars)

	Share capital US$	*Cash flow hedging reserve* US$	*Retained profits* US$	*Total equity* US$
Balance as at 31 December 2017	50,000	6,856,814	231,830,973	238,737,787
Impact of adopting HKFRS 9	-	-	(17,514)	(17,514)
Balance as at 1 January 2018	50,000	6,856,814	231,813,459	238,720,273
Changes in equity during the year:				
Profit for the year	-	-	84,836,666	84,836,666
Other comprehensive income	-	(3,807,147)	-	(3,807,147)
Total comprehensive income for the year	-	(3,807,147)	84,836,666	81,029,519
Balance as at 31 December 2018	50,000	3,049,667	316,650,125	319,749,792
Changes in equity during the year:				
Profit for the year	-	-	14,565,615	14,565,615
Other comprehensive income	-	(16,348,864)	-	(16,348,864)
Total comprehensive income for the year	-	(16,348,864)	14,565,615	(1,783,249)
Balance as at 31 December 2019	50,000	(13,299,197)	331,215,740	317,966,543

The notes on pages 17 to 43 form part of these financial statements.

Cash flow statement
for the year ended 31 December 2019
(Expressed in US dollars)

	Note	*2019* US$	*2018* US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		19,365,030	95,207,183
Interest expense of long-term bank loans, related party loans, repurchase agreements and bonds		326,056,712	295,473,079
Investment loss/(income)		6,634,534	(17,804,860)
Loss/(gain) from changes in fair value		19,442,436	(13,284,710)
Exchange loss		2,330,144	17,214,845
Impairment loss/(gain)		14,009	(8,210)
Decrease in amounts due from a fellow subsidiary		-	920,175
(Increase) /decrease in amounts due from other related companies		(1,196,840,491)	168,257,069
Decrease/(increase) in interest receivable		55,527,890	(355,159,250)
Decrease in prepayments		141,000	369,638
Increase in other receivables		(27,290,000)	(1,810,000)
Increase in short-term loan		389,118,073	119,062,442
Increase/(decrease) in amounts due to holding company		17,600	(2,018,556)
Increase/(decrease) in amount due to other related companies		16,994,502	(6,819,835)
(Decrease)/increase in interest payable		(2,086,934)	13,781,057
Decrease in other payables		(37,077,950)	(1,399)
Decrease/(increase) in restricted cash		401,000,000	(63,040,000)
Cash (used in)/generated from operations		(26,653,445)	250,338,668
Hong Kong Profits Tax refund		62,017	-
Net cash flows (used in)/generated from operating activities		(26,591,428)	250,338,668
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income received		16,675,560	33,170,938
Proceeds from sale of financial assets designated at fair value through profit or loss		108,754,205	50,666,667
Net cash flows generated from investing activities		125,429,765	83,837,605

Cash flow statement
for the year ended 31 December 2019 (continued)
(Expressed in US dollars)

	Note	*2019* US$	*2018* US$
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(312,860,199)	(323,028,311)
Proceeds from long-term bank loans		961,856,601	-
Repayment of long-term bank loans		(800,000,000)	-
Proceeds from related party loans		640,724,993	-
Proceeds from bond		2,092,671,954	1,495,234,627
Repayment of bond		(1,528,174,089)	(1,420,432,196)
Settlement of financial derivative		(2,582,848)	(7,604,733)
Investment income received/(paid)		2,416,903	(1,793,102)
Repayment of repurchase agreements		-	(38,500,000)
Net cash flows generated from/(used in) financing activities		1,054,053,315	(296,123,715)
Net increase in cash and cash equivalents		1,152,891,652	38,052,558
Cash and cash equivalents at beginning of the year		323,929,446	285,885,327
Effect of foreign exchange rate changes on cash and cash equivalents		(4,163)	(8,439)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	10	1,476,816,935	323,929,446

The notes on pages 17 to 43 form part of these financial statements.

Notes to the financial statements

(Expressed in US dollars unless otherwise indicated)

1 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Company are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Company for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- derivative financial instruments (see note 1(h)); and

- financial instruments designed at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

1 Significant accounting policies (continued)

(c) Changes in accounting policies

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Company.

None of the developments have had a material effect on how the Company's results and financial position for the current or prior periods have been prepared or presented. The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition of financial instruments

At initial recognition, financial assets are classified into three categories: financial assets measured at amortised cost, financial assets measured at FVOCI and financial assets measured at FVTPL.

At initial recognition, financial liabilities are classified into two categories: financial liabilities measured at FVTPL and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities measured at FVTPL, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs.

Measurement of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Company shall take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date (including the condition and location of the asset; and restrictions, if any, on the sale or use of the asset, etc.), and use valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. The adopted valuation techniques mainly include market approach, income approach and cost approach.

1 Significant accounting policies (continued)

Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at FVOCI, or at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Company manages its financial assets in order to generate cash flows. That is, the Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Company determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Company's key management personnel.

1 Significant accounting policies (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Company also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Subsequent measurement of financial assets

Financial assets measured at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

Debt instruments measured at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity instruments measured at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL and other financial liabilities.

Financial liabilities measured at FVTPL

A financial liability is classified as measured at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

1 Significant accounting policies (continued)

Financial liabilities measured at FVTPL are subsequently measured at fair value and net gains and losses (including any interest expense) are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

For the financial liabilities designated as at FVTPL, they are accounted for in accordance with the following requirements: (i) the amount of changes in the fair value of the financial liability arising from changes in the Company's own credit risk should be included in other comprehensive income; (ii) other changes in fair value of the financial liabilities are recognised in current profit or loss. If the treatment of the impact of changes in the financial liabilities' own credit risk will create or enlarge the accounting mismatch in profit or loss in accordance with (i), the Company shall recognise the entire gain or loss of the financial liabilities (including the amount of the impact of changes in its own credit risk) in profit and loss. When these liabilities are derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to retained earnings.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(e) Impairment of the financial assets

The Company recognises loss allowances for ECL on:

- Financial assets measured at amortised cost;
- Debt instruments measured at FVOCI; and
- Loan commitments and financial guarantee contracts.

Financial assets measured at fair value, including debt investments or equity securities measured at FVTPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

The Company's method of measuring expected credit losses of financial instruments reflects the following elements: (i) unbiased weighted average probability determined by the results of evaluating a range of possible outcomes; (ii) time value of money; (iii) reasonable and evidence-based information about past events, current conditions, and future economic forecasts that are available at no additional cost or effort at the end of the reporting period.

1 Significant accounting policies (continued)

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Company is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the end of the reporting period (or a shorter period if the expected life of the instrument is less than 12 months).

The Company classifies financial instruments into three stages and makes provisions for expected credit losses accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition.

The three risk stages are defined as follows:

Stage 1: A financial instrument of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month expected credit losses is recognised as loss allowance.

Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount equal to lifetime expected credit losses is recognised as loss allowance.

Stage 3: A financial instrument is considered to be credit-impaired as at the end of the reporting period. The amount equal to lifetime expected credit losses is recognised as loss allowance.

Presentation of allowance for ECL

ECLs are remeasured at the end of each reporting period to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Company recognises an impairment gain or loss for financial instruments measured at amortised cost with a corresponding adjustment to their carrying amount through a loss allowance account; for debt instruments that are measured at FVOCI, the loss allowance is recognised in other comprehensive income. The Company recognises loss allowances for loan commitments and financial guarantee contracts through other liabilities (allowance for impairment losses on credit commitments).

Write-off

The book value of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

1 Significant accounting policies (continued)

(f) Derecognition of financial assets and liabilities

Financial assets

Financial asset is derecognised when one of the following conditions is met:

- the Company's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Company transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Company neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where the Company has transferred its rights to receive cash flows from an asset or has retained its rights to receive cash flows from the asset but assumed the obligation to pay those cash flows to the eventual recipients and meanwhile meet the conditions of the transfer of financial assets, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

The Company derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(g) Trade and other receivables

A receivable is recognised when the Company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Company has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses as determined below:

(h) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to profit or loss.

1 Significant accounting policies (continued)

For less complex derivative products, the fair values are principally determined by valuation models which are commonly used by market participants. Inputs to valuation models are determined from observable market data wherever possible, including foreign exchange spot and forward rates and interest rate yield curves. For more complex derivative products, the fair values are mainly determined by quoted prices from dealers.

(i) Hedging

At the inception of a hedge relationship, the Company formally designates the hedge instruments and the hedged item, and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to meet the hedge effectiveness in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to analyse the sources of hedge ineffectiveness which are expected to affect the hedge relationship in remaining hedging period. If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the Company would rebalance the hedging relationship.

Cash flow hedges

Cash flow hedges are hedges of the Company's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, a highly probable forecast transaction or a component of any such item, and could affect profit or loss. For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in other comprehensive income. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in profit or loss.

When the hedged cash flow affects profit or loss, the gain or loss on the hedging instrument recognised directly in other comprehensive income is recycled in the corresponding income or expense line of the statement of profit or loss. When the hedging relationship ceases to meet the qualifying criteria after taking into account any rebalancing of the hedging relationship, including the hedging instrument has expired or has been sold, terminated or exercised, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income until the hedged forecast transaction ultimately occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

(j) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

1 Significant accounting policies (continued)

(k) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(m) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(n) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

1 Significant accounting policies (continued)

Interest income

Interest income is recognised as it accrues using the effective interest method.

(p) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

(q) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(r) Related parties

(a) A person, or a close member of that person's family, is related to the Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or the Company's parent.

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).

1 Significant accounting policies (continued)

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Accounting judgements and estimates

In the process of apply the Company's accounting policies, management has made the following significant accounting judgements:

Fair value of financial instruments

If the market for a financial instrument is not active, the Company establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. To the extent practicable, valuation technique makes maximum use of market inputs. However, where market inputs are not available, management needs to make estimates on such unobservable market inputs.

3 Interest income

	2019 US$	*2018* US$
Related party loans interest income	455,338,865	450,138,499
Bank interest income	23,829,535	27,050,542
Derivative security deposits interest income	311,797	-
	479,480,197	477,189,041

4 Interest expense

	2019 US$	*2018* US$
Bond interest expense	293,075,051	273,469,542
Bank loan interest expense	105,022,117	113,303,526
Related party loans interest expense	26,928,637	-
Derivative security deposit interest expense	182,248	1,035,478
Repurchase agreements interest expense	-	10,873
	425,208,053	387,819,419

5 Investment (loss)/income

	2019 US$	*2018* US$
Investment income from financial assets measured at FVTPL	235,491	1,906,308
Swap investment (loss)/income	(6,870,025)	15,898,552
	(6,634,534)	17,804,860

6 (Loss)/gain from changes in fair value

	Note	*2019* US$	*2018* US$
Gain from changes in fair value of financial assets measured at FVTPL	(i)	13,306,541	514,814
Net loss from interest rate option	(ii)	(1,249,370)	(394,696)
Net loss from interest rate swap	(iii)	(31,499,607)	(5,894,141)
Net gain from currency derivatives	(iv)	-	19,058,733
		(19,442,436)	13,284,710

(i) Since November 2015, the Company invested financial assets with Industrial and Commercial Bank of China Limited, Singapore Branch.

The fair value of the above contracts were set out in note 13.

(ii) On January 2016 and February 2016, the Company entered into two interest rate option contracts of total notional amount of US$ 600,000,000 with ICBC Standard Bank Plc, which had expired in January 2019 and February 2019, respectively.

(iii) As at 31 December 2019, the total notional amount of interest rate swap traded with ICBC Standard Bank Plc is US$ 1,800,000,000, of which US$900,000,000, US$600,000,000 and US$300,000,000 expire in May 2021, November 2021 and June 2025, respectively.

The fair value of the above contracts were set out in note 14.

(iv) On November 2016, the Company entered into a currency swap with notional amount of RMB 900,000,000 with ICBC Standard Bank Plc, which had expired in November 2019.

7 Operating expenses

	2019 US$	*2018* US$
Commission fee	4,116,000	-
Bank charge	1,455,129	1,645,668
Legal consulting fee	956,392	1,304,997
Rating fee	187,000	-
Auditors' remuneration	32,533	33,992
Company secretary fee	17,975	29,932
Tax consulting fee	3,904	-
Total	6,768,933	3,014,589

8 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2019 US$	*2018* US$
Directors' fees	-	-
Salaries, allowances and benefits in kind		-
Discretionary bonuses	-	-
Retirement scheme contributions	-	-
Total	-	-

9 Income tax in the statement of profit or loss and other comprehensive income

(a) Taxation charged to profit or loss:

	2019 US$	*2018* US$
Current tax - Hong Kong Profits Tax		
Provision for the year	4,799,415	10,370,517
Under/(over) - provision in respect of prior years	-	-
	4,799,415	10,370,517
Deferred tax		
Origination and reversal of temporary differences	-	-
Total	4,799,415	10,370,517

9 Income tax in the statement of profit or loss and other comprehensive income (continued)

The Company is eligible for 8.25% tax band under the two-tiered tax regime introduced by the Hong Kong SAR Government in 2018. The provision for Hong Kong Profits Tax for 2019 is calculated at 8.25% for the first HKD 2,000,000, and the remaining part is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the year, taking into account a reduction granted by the Hong Kong SAR Government of 75% of the tax payable for the year of assessment 2019-20 subject to a maximum reduction of HKD 20,000 for each business (2018: a maximum reduction of HKD 20,000 was granted for the year of assessment 2018-19 and was taken into account in calculating the provision for 2018).

(b) Reconciliation between tax expense charged to profit or loss and accounting profit at applicable tax rates:

	2019 US$	*2018* US$
Profit before taxation	19,365,030	95,207,183
Notional tax on profit before taxation	3,195,230	15,709,185
Tax effect of two-tiered tax regime	(21,068)	(21,063)
Tax effect of non-deductible expenses	18,060,548	23,875,438
Tax effect of non-taxable income	(16,432,741)	(29,190,491)
One-off tax reduction	(2,554)	(2,552)
Actual tax expense charged to profit	4,799,415	10,370,517

10 Cash and cash equivalents

	2019 US$	*2018* US$
Unrestricted cash at bank	1,476,816,935	323,929,446
Restricted cash at bank	189,000,000	590,000,000
Less:		
Provision for impairment loss	(23,313)	(9,304)
	1,665,793,622	913,920,142

11 Amounts due from other related companies

	Note	*2019* US$	*2018* US$
Less than one year			
Related party loans	(i)	12,031,235,225	10,811,475,647
More than one year			
Related party loans	(ii)	311,494,217	335,589,695
		12,342,729,442	11,147,065,342

(i) The balance of related party loans are unsecured and have no fixed terms of repayment.

(ii) The balances of related party loans more than one year are unsecured. As at 31 December 2018, the balances were US$ 335,589,695, and of which US$ 24,095,478 were received in advance in the first half year of 2019. As at 31 December 2019, the balances were US$ 311,494,217 which will be due in year of 2024.

12 Interest receivable

	2019 US$	*2018* US$
Deposit interest receivable	1,956,863	26,754,108
Related party loans interest receivable	1,045,549,541	1,076,388,383
Security deposits interest receivable	35,537	-
	1,047,541,941	1,103,142,491

13 Financial assets designated at fair value through profit or loss

	2019 US$	*2018* US$
Financial assets designated at fair value through profit or loss	129,406,806	224,760,358

Please refer to note 6 for detailed information.

14 Derivative financial instruments

	2019			2018		
	Nominal amount US$	*Assets* US$	*Liabilities* US$	*Nominal amount* US$	*Assets* US$	*Liabilities* US$
Interest rate swap	1,800,000,000	-	24,143,212	3,300,000,000	28,961,341	7,785,987
Interest rate option	-	-	-	600,000,000	1,249,370	-
Currency derivative	-	-	-	131,134,165	2,560,667	-
	1,800,000,000	-	24,143,212	4,031,134,165	32,771,378	7,785,987

Cash flow hedges

The Company's cash flow hedges consist of interest rate swap contracts and currency swap contracts that are used to protect against exposures to variability of future cash flows.

Among the above derivative financial instruments, those designated as hedging instruments in cash flow hedges are set out below.

	2019			2018		
	Nominal amount US$	*Assets* US$	*Liabilities* US$	*Nominal amount* US$	*Assets* US$	*Liabilities* US$
Interest rate swap	1,500,000,000	-	20,072,747	200,000,000	1,236,973	-
Currency derivative	-	-	-	131,134,165	2,560,667	-
	1,500,000,000	-	20,072,747	331,134,165	3,797,640	-

	31 December 2019				
	Carrying amount of hedged items				
	Assets US$	*Liabilities* US$	*Effect of hedging instruments on other comprehensive income during the current period* US$	*Hedging instruments accumulated in other comprehensive income* US$	*Amounts reclassified from other comprehensive income to profit or loss* US$
Bonds payable	-	1,500,000,000	13,818,958	13,299,197	-

There is no ineffectiveness recognized in profit or loss that arises from the cash flow hedge for the current year. (2018: Nil).

Please refer to note 6.

15 Other receivables

	2019 US$	*2018* US$
Derivative security deposit receivable	27,290,000	-

16 Bank loans

At 31 December, the bank loans were as follows:

	2019 US$	*2018* US$
Less than one year		
- Secured	180,000,000	-
- Unsecured	3,835,958,608	3,865,737,251
Financing fee	163,222	(20,023)
Total bank loans repayable within 1 year	4,016,121,830	3,865,717,228
More than one year		
- Secured	-	300,000,000
- Unsecured	700,000,000	-
Less: financing fee	(3,143,399)	(2,736,328)
Total bank loans repayable more than 1 year	696,856,601	297,263,672
Total	4,712,978,431	4,162,980,900

17 Amounts due to holding company

	2019 US$	*2018* US$
ICBC International Leasing Company Limited	26,444	8,844

18 Amounts due to other related companies

		2019 US$	*2018* US$
Less than one year			
Related party loans	(i)	17,000,000	-
Other payables	(ii)	5,242	10,740
Total amounts due to other related companies less than 1 year		17,005,242	10,740
More than one year			
Related party loans	(iii)	643,000,000	-
Less: Financing fee		(2,275,007)	-
Total amounts due to other related companies more than 1 year		640,724,993	-
Total		657,730,235	10,740

18 Amounts due to other related companies (continued)

(i) The related party loan less than one year is unsecured and expires in July 2020.

(ii) The balance of other payables is unsecured, interest-free and has no fixed terms of repayment.

(iii) The related party loans more than one year are US$ 640,724,993 in total. The balance of US$ 343,000,000 is unsecured and expires in June 2022. The balance of US$ 297,724,993 is unsecured and expires in December 2024.

19 Bond payable

	2019 US$	*2018* US$
Notional amount	9,400,000,000	8,831,134,165
Less: financing fee	(24,160,668)	(27,592,598)
	9,375,839,332	8,803,541,567

In March 2019, the Company issued two tranches of USD notes with a combined total principal amount of US$ 1,500,000,000, of which US$ 700,000,000 and US$ 800,000,000 expire in March 2022 and March 2024, respectively.

In November 2019, the Company issued one USD note with principal amount of US$ 600,000,000, which expires in November 2024.

20 Interest payable

	2019 US$	*2018* US$
Bank loan interest payable	30,149,027	29,457,001
Bond interest payable	62,658,352	48,572,789
Related party loans interest payable	21,587,771	7,721,138
Security deposit interest payable	-	73,638
	114,395,150	85,824,566

21 Income tax in the statement of financial position

Current taxation in the statement of financial position represents:

	2019 US$	*2018* US$
Provision for Hong Kong Profits Tax for the year	4,799,415	10,370,517
Provisional Profits Tax received	62,017	-
Balance of Profits Tax provision relating to prior years	4,740,830	(5,629,687)
	9,602,262	4,740,830

22 Other payables

	2019 US$	*2018* US$
Agency service fee	63,000	-
Auditors' remuneration	17,202	17,485
Derivative security deposit payable	-	37,140,000
	80,202	37,157,485

23 Share capital

	2019 US$	*2018* US$
Issued		
50,000 ordinary shares of US$ 1 each	50,000	50,000

50,000 ordinary shares of US$ 1 each were issued at par to the shareholder of the Company, which was fully paid by the shareholder of the Company on 8 January 2014.

24 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Company's business.

The Company's exposure to these risks and the financial risk management policies and practices used by the Company to manage these risks are described below.

Credit risk

At 31 December, the carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to the credit risk at the reporting date was:

	31 Dec 2019 US$	*31 Dec 2018* US$
Cash and cash equivalents	1,665,793,622	913,920,142
Amounts due from other related companies	12,342,729,442	11,147,065,342
Interest receivable	1,047,541,941	1,103,142,491
Financial assets designated at fair value through profit or loss	129,406,806	224,760,358
Financial derivative asset	-	32,771,378
Other receivables	27,290,000	-

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The following table details the Company's exposure to interest rate risks:

31 December 2019	*Interest bearing at fixed rate* US$	*Interest bearing at variable rate* US$	*Total* US$
Assets			
Cash and cash equivalents	880,000,000	785,793,622	1,665,793,622
Amounts due from other related companies	12,342,729,442	-	12,342,729,442
Financial assets designated at fair value though profit or loss	125,737,344	3,669,462	129,406,806
Other receivables	27,290,000	-	27,290,000
Total assets	13,375,756,786	789,463,084	14,165,219,870
Liabilities			
Bank loans	(3,786,121,830)	(926,856,601)	(4,712,978,431)
Amounts due to other related company	(360,000,000)	(297,724,993)	(657,724,993)
Bond payable	(7,278,329,583)	(2,097,509,749)	(9,375,839,332)
Total liabilities	(11,424,451,413)	(3,322,091,343)	(14,746,542,756)
Net exposure	1,951,305,373	(2,532,628,259)	(581,322,886)

24 Financial risk management and fair values of financial instruments (continued)

31 December 2018	*Interest bearing at fixed rate* US$	*Interest bearing at variable rate* US$	*Total* US$
Assets			
Cash and cash equivalents	789,991,479	123,928,663	913,920,142
Amounts due from other related companies	11,147,065,342	-	11,147,065,342
Financial assets designated at fair value though profit or loss	223,944,516	815,842	224,760,358
Total assets	12,161,001,337	124,744,505	12,285,745,842
Liabilities			
Bank loans	(3,492,993,503)	(669,987,397)	(4,162,980,900)
Other payables	(37,140,000)	-	(37,140,000)
Bond payable	(7,306,776,545)	(1,496,765,022)	(8,803,541,567)
Total liabilities	(10,836,910,048)	(2,166,752,419)	(13,003,662,467)
Net exposure	1,324,091,289	(2,042,007,914)	(717,916,625)

At 31 December 2019, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Company's profit after tax and retained profits by approximately US$25.33 million (2018: US$20.42 million).

The sensitivity analysis above indicates the annualised impact on the Company's interest expense that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to floating rate instruments.

Currency risk

The Company's functional currency is United States dollars. The Company is exposed to currency risk primarily through lends and borrows giving rise to amounts due from other related company, amounts due to other related company and cash balances that are denominated in other currencies, being primarily Euro (EUR), Hong Kong Dollar (HKD) and Renminbi (RMB).

24 Financial risk management and fair values of financial instruments (continued)

(i) Exposure to currency risk

The following table details the Company's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the Company's functional currency of United States dollars. For presentation purposes, the amounts of the exposure are expressed in United States dollars.

	2019			*2018*		
	Euro US$	*Renminbi* US$	*Hong Kong Dollar* US$	*Euro* US$	*Renminbi* US$	*Hong Kong Dollar* US$
Cash and cash equivalents	342,966	6,468	116,958	20,177	6,710	54
Amounts due from other related companies	74,386,280	-	83,463,347	80,949,578	-	82,983,412
Interest receivable	7,406,575	-	3,319,986	4,737,386	-	1,674,474
Bank loans	(79,541,943)	-	(86,416,665)	(85,754,094)	-	(82,983,157)
Interest payable	-	-	(656,530)	(58,170)	-	(1,614,193)
Bond payable	-	-	-	-	(130,936,547)	-
Gross exposure to currency risk	2,593,878	6,468	(172,904)	(105,123)	(130,929,837)	60,590
Nominal amounts of currency swap contracts used as cashflow hedge	-	-	-	-	130,936,547	-
Net exposure to currency risk	2,593,878	6,468	(172,904)	(105,123)	6,710	60,590

(ii) Sensitivity analysis

The following table indicates the instantaneous change on the Company's profit after tax and retained profits that would arise if foreign exchange rates to which the Company has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

Currency	*Change in exchange rate (%)*	*Impact on profit after tax and retained profits as at 31 December 2019*	*Impact on profit after tax and retained profits as at 31 December 2018*
EUR	(1%)	(26,201)	48,914
HKD	(1%)	1,747	16,302
RMB	(1%)	(65)	(68)

While the table above indicates the effect on net profit of 1% depreciation of EUR, HKD or RMB, there will be an opposite effect with the same amount if the currency appreciates by the same percentage.

24 Financial risk management and fair values of financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at an unacceptably high cost. If the Company cannot meet its obligations under the various debt arrangements or its capital commitments, it may be subject to contract breach damages and may even be unable to continue to operate on a going concern basis.

In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and mitigate the effects of fluctuations in cash flows. It monitors the risk to shortage of funds by regular analysis of cash flow movements, forecasts and adherence to all loan agreements.

The following are the contractual maturities of financial liabilities as at the end of reporting periods:

31 December 2019	*Less than 1 Year* US$	*1-5 Years* US$	*Greater than 5 years* US$	*Contractual Cashflow* US$	*Carrying Amount* US$
Bank loans	(4,034,730,358)	(732,971,266)	-	(4,767,701,624)	(4,712,978,431)
Amount due to other related companies	(32,715,426)	(773,609,867)	-	(806,325,293)	(657,730,235)
Bond payable	(2,782,568,537)	(6,829,931,881)	(593,504,500)	(10,206,004,918)	(9,375,839,332)
Financial derivative liability	(11,396,968)	(12,745,578)	(164,058)	(24,306,604)	(24,143,212)
	(6,861,411,289)	(8,349,258,592)	(593,668,558)	(15,804,338,439)	(14,770,691,210)

31 December 2018	*Less than 1 Year* US$	*1-5 Years* US$	*Greater than 5 years* US$	*Contractual Cashflow* US$	*Carrying Amount* US$
Bank loans	(3,879,987,251)	(57,000,000)	(314,250,000)	(4,251,237,251)	(4,162,980,900)
Security deposits	(37,214,280)	-	-	(37,214,280)	(37,140,000)
Bond payable	(1,792,939,279)	(7,191,964,750)	(613,445,000)	(9,598,349,029)	(8,803,541,567)
Financial derivative liability	(1,694,122)	(6,972,287)	-	(8,666,409)	(7,785,987)
	(5,711,834,932)	(7,255,937,037)	(927,695,000)	(13,895,466,969)	(13,011,448,454)

24 Financial risk management and fair values of financial instruments (continued)

Fair value measurement

(i) Financial instruments measured at fair value

HKFRS 13, *Fair value measurement* categorises fair value measurements into a three-level hierarchy. The level into which fair value is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The following are financial instruments measured at fair value as at the end of reporting periods:

			Fair value measurements as at 31 December 2019 categorised into		
	Carrying amount at 31 December 2019 US$	*Fair value at 31 December 2019* US$	*Level 1* US$	*Level 2* US$	*Level 3* US$
Financial assets designated at fair value through profit or loss	129,406,806	129,406,806	-	-	129,406,806
Financial derivative liability	24,143,212	24,143,212	-	24,143,212	-

			Fair value measurements as at 31 December 2018 categorised into		
	Carrying amount at 31 December 2018 US$	*Fair value at 31 December 2018* US$	*Level 1* US$	*Level 2* US$	*Level 3* US$
Financial derivative asset	32,771,378	32,771,378	-	31,522,008	1,249,370
Financial assets designated at fair value through profit or loss	224,760,358	224,760,358	-	-	224,760,358
Financial derivative liability	7,785,987	7,785,987	-	7,785,987	-

24 Financial risk management and fair values of financial instruments (continued)

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Company's financial instruments carried at cost or amortised cost were not materially different from their fair values as at the end of the reporting periods except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

	Carrying amount at 31 December 2019	*Fair value at 31 December 2019*	*Fair value measurements as at 31 December 2019 categorised into*		
			Level 1	*Level 2*	*Level 3*
	US$	US$	US$	US$	US$
Bank loans	4,712,978,431	4,712,718,490	-	4,712,718,490	-
Bond payable	9,375,839,332	9,629,813,500	-	9,629,813,500	-
Amount due to other related companies	657,730,235	726,371,960	-	726,371,960	-

	Carrying amount at 31 December 2018	*Fair value at 31 December 2018*	*Fair value measurements as at 31 December 2018 categorised into*		
			Level 1	*Level 2*	*Level 3*
	US$	US$	US$	US$	US$
Bank loans	4,162,980,900	4,163,187,312	-	4,163,187,312	-
Bond payable	8,803,541,567	8,664,295,114	-	8,664,295,114	-

25 Commitments and contingencies

The Company has placed deposits with a bank for a loan.

26 Material related party transactions

(a) Transactions with key management personnel

All members of key management personnel are directors of the Company, and their remuneration is disclosed in note 8.

26 Material related party transactions (continued)

(b) Transactions with other related parties

During the year, the Company entered into the following material related party transactions:

	2019 US$	*2018* US$
Interest income from other related companies	462,224,325	450,576,996
Interest expense to other related companies	115,390,459	94,917,441
Operating expense to the holding company	17,600	8,844
Operating expenses to other related companies	4,116,000	-
Investment (loss) /income from the other related companies	(6,870,025)	17,107,920

The outstanding balances arising from related party transactions at the end of the reporting period are as follows:

	2019 US$	*2018* US$
Cash and cash equivalents	460,697,155	58,047,320
Amounts due from other related companies	12,342,729,442	11,147,065,342
Interest receivable from other related companies	1,045,585,078	1,076,388,383
Other receivables	27,290,000	-
Financial derivative asset	-	32,771,378
Bank loans	(3,735,958,608)	(3,323,737,251)
Amounts due to holding company	(26,444)	(8,844)
Amounts due to other related companies	(657,730,235)	(10,740)
Other payables	-	(37,140,000)
Interest payable to other related companies	(46,700,496)	(33,677,556)
Financial derivative liability	(24,143,212)	-

27 Events after the reporting period

Since the outbreak of the Coronavirus Disease 2019 ("COVID-19"), the Company has actively implemented relevant decisions and arrangements, completely ensured various financial services for the epidemic prevention and control. Meanwhile, the Company has been closely following and continuously assessing the impacts of the outbreak on its business, and actively taking countermeasures to ensure the stability of the Company's financial position and financial performance.

28 Comparative figures

Some comparative period figures have been reclassified to current period's presentation of the financial statements. The reclassification mentioned above, has no material impact on the Company's financial position.

29 Immediate and ultimate controlling party

At 31 December 2019, the directors consider the immediate parent of the Company to be ICBC International Leasing Company Limited, which is incorporated in Ireland. The ultimate controlling party of the Company is Industrial and Commercial Bank of China Limited, which is incorporated in PRC.

30 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2019 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Company.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, *Definition of a business*	1 January 2020
Amendments to HKAS 1 and HKAS 8, *Definition of material*	1 January 2020

The Company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

31 Approval of the financial statements

The financial statements were approved and authorized for issue by the board of directors on 30 April 2020.

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Appendix 2
Pricing Supplements dated 26 July 2021

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**SEHK**") ("Professional Investors") only.

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UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Pricing Supplement dated 26 July 2021

ICBCIL Finance Co. Limited
(工銀國際租賃財務有限公司)

Issue of US$450,000,000 1.250% Notes due 2024

with the benefit of a keepwell and liquidity support deed
and a deed of asset purchase undertaking provided by

ICBC Financial Leasing Co., Ltd.
(工银金融租赁有限公司)

under its US$20,000,000,000
Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of the Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the offering circular dated 15 July 2021 (the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular. Full information on the Issuer, the Company and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular.

1.	(i) Issuer:	ICBCIL Finance Co. Limited (工銀國際租賃財務有限公司)
	(ii) Company:	ICBC Financial Leasing Co., Ltd. (工银金融租赁有限公司)
2.	(i) Series Number:	No. 23
	(ii) Tranche Number:	No. 1
	(iii) Date on which the Notes will be consolidated and form a single Series:	Not Applicable
3.	Specified Currency or Currencies:	US Dollars
4.	Aggregate Nominal Amount:	
	(i) Series:	US$450,000,000
	(ii) Tranche:	US$450,000,000
5.	(i) Issue Price:	99.959 per cent. of the Aggregate Nominal Amount
	(ii) Gross proceeds:	US$449,815,500
	(iii) Use of Proceeds:	Funding the acquisition of assets in the ordinary course of trading, refinancing and other general corporate purpose
6.	(i) Specified Denominations:	US$200,000 and integral multiples of US$1,000 in excess thereof

	(ii) Calculation Amount:	US$1,000
7.	(i) Issue Date:	2 August 2021
	(ii) Interest Commencement Date:	Issue Date
8.	Maturity Date:	2 August 2024
9.	Interest Basis:	1.250 per cent. Fixed Rate
10.	Redemption/Payment Basis:	Redemption at par
11.	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
12	Put/Call Options:	Not Applicable
13	Date of Board approval for issuance of Notes	12 July 2021
	Date of regulatory approval for issuance of Notes obtained	Pre-Issuance NDRC Registration Certificate Fa Gai Ban Wai Zi Bei [2021] 446 dated 3 June 2021 ("**Certificate**") obtained by Industrial and Commercial Bank of China Limited ("**ICBC**") from NDRC according to the Circular on Promoting the Reform of the Administration on the Filing and Registration System for Foreign Debts Issued by Enterprises
14.	Listing:	The Stock Exchange of Hong Kong Limited, expected to be effective from 3 August 2021
15	Method of distribution:	Syndicated

Provisions Relating to Interest (if any) Payable

16.	Fixed Rate Note Provisions	Applicable
	(i) Rate of Interest:	1.250 per cent. per annum payable semi-annually in arrears
	(ii) Interest Payment Date(s):	2 February and 2 August in each year, commencing on 2 February 2022
	(iii) Fixed Coupon Amount(s):	US$6.25 per Calculation Amount
	(iv) Broken Amount(s): (Applicable to Notes in definitive form)	Not Applicable
	(v) Day Count Fraction:	30/360
	(vi) Determination Date(s):	Not Applicable

	(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17.	Floating Rate Note Provisions	Not Applicable
18.	Zero Coupon Note Provisions	Not Applicable
19.	Index Linked Interest Note Provisions	Not Applicable
20.	Dual Currency Interest Note Provisions	Not Applicable
21.	Issuer Call Option:	Not Applicable
22.	Investor Put Option:	Not Applicable
23.	Final Redemption Amount:	US$1,000 per Calculation Amount
24.	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	US$1,000 per Calculation Amount

General Provisions Applicable to the Notes

25.	Form of Notes:	Registered Notes Global Certificate exchangeable for Individual Note Certificates in the limited circumstances described in the Global Certificate
26.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	Not Applicable
27.	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	Not Applicable
28.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable

29.	Details relating to Instalment Notes:	
	(i) Instalment Amount(s):	Not Applicable
	(ii) Instalment Date(s):	Not Applicable
30.	Redenomination applicable:	Redenomination not applicable
31.	Other terms or special conditions:	Refer to Appendix 1 below

Distribution

32.	(i) If syndicated, names and addresses of the Joint Lead Managers and commitments:	ICBC International Securities Limited 37/F, ICBC Tower 3 Garden Road Central Hong Kong Commitments: US$30,000,000 ICBC Standard Bank Plc 20 Gresham Street London EC2V 7JE United Kingdom Commitments: US$30,000,000 Industrial and Commercial Bank of China (Asia) Limited 28/F, ICBC Tower 3 Garden Road Central Hong Kong Commitments: US$30,000,000 Industrial and Commercial Bank of China Limited, Singapore Branch 6 Raffles Quay No. 23-01 Singapore 048580 Commitments: US$30,000,000 Agricultural Bank of China Limited Hong Kong Branch 25/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong Commitments: US$30,000,000 Australia and New Zealand Banking Group Limited 22/F Three Exchange Square 8 Connaught Place Central, Hong Kong Commitments: US$30,000,000 Bank of China Limited 7/F, Bank of China Tower 1 Garden Road Hong Kong Commitments: US$30,000,000

Bank of Communications Co., Ltd. Hong Kong Branch
20 Pedder Street
Central
Hong Kong
Commitments: US$30,000,000

BNP Paribas
63/F, Two International Finance Centre
8 Finance Street
Central Hong Kong
Commitments: US$30,000,000

CCB International Capital Limited
12/F., CCB Tower
3 Connaught Road Central, Central
Hong Kong
Commitments: US$30,000,000

Goldman Sachs (Asia) L.L.C.
68F, Cheung Kong Center
2 Queen's Road Central
Hong Kong
Commitments: US$30,000,000

Merrill Lynch (Asia Pacific) Limited
55/F, Cheung Kong Center,
2 Queen’s Road Central
Central Hong Kong
Commitments: US$30,000,000

Mizuho Securities Asia Limited
14-15/F, K11 Atelier
18 Salisbury Road
Tsim Sha Tsui
Kowloon, Hong Kong
Commitments: US$30,000,000

MUFG Securities Asia Limited
11/F, AIA Central,
1 Connaught Road Central,
Hong Kong
Commitments: US$30,000,000

The Hongkong and Shanghai Banking Corporation Limited
Level 17, HSBC Main Building
1 Queen's Road Central
Hong Kong
Commitments: US$30,000,000

(ii) Date of Subscription Agreement	26 July 2021

	(iii) Stabilisation Managers:	Each of the Joint Lead Managers acting in its respective capacity as the stabilisation manager
33.	If non-syndicated, name of relevant Dealer:	Not Applicable
34.	Total commission and concession:	As set out in the fee letters
35.	US Selling Restrictions:	Reg. S Category 2
36.	Applicable TEFRA exemption:	TEFRA not applicable
37.	Additional selling restrictions:	Not Applicable
Operational Information		
38.	Clearing System	Euroclear/Clearstream
39.	Any clearing system(s) other than Euroclear or Clearstream and the relevant identification number(s):	Not Applicable
40.	Delivery:	Delivery against payment
41.	Additional Paying Agent(s) (if any):	Not Applicable
	ISIN:	XS2319959354
	Common Code:	231995935
42.	Prohibition of Sales to EEA Retail Investors	Not Applicable
43.	Prohibition of Sales to UK Retail Investors	Not Applicable

Stabilisation

In connection with this issue, each of the Joint Lead Managers acting in its capacity as the stabilisation manager (each, a "**Stabilisation Manager**") (or persons acting on behalf of any Stabilisation Manager) may over-allot and effect transactions with a view to supporting the market price of Notes at a level higher than that which might otherwise prevail. However, there is no assurance that any Stabilisation Manager (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.

Listing Application

Application will be made for the listing of the Notes on The Stock Exchange of Hong Kong Limited and the listing is expected to be effective on 3 August 2021.

This Pricing Supplement comprises the final terms required for the issue of Notes described herein pursuant to the US$20,000,000,000 Medium Term Note Programme of ICBCIL Finance Co. Limited (工銀國際租賃財務有限公司).

Responsibility

The Issuer and the Company accept responsibility for the information contained in this Pricing Supplement.

SIGNED ON BEHALF OF

ICBCIL FINANCE CO. LIMITED
(工銀國際租賃財務有限公司)

By: 李婷
Duly authorised

ICBC FINANCIAL LEASING CO., LTD.
(工银金融租赁有限公司)

By: ______________________________
Duly authorised

APPENDIX 1

SPECIAL CONDITIONS

Set out below are the special conditions ("**Special Conditions**") referred to in paragraph 31 (*Other terms or special conditions*) of this Pricing Supplement. These Special Conditions are applicable only to the Series of Notes governed by this Pricing Supplement.

1. Events of Default

Condition 10(g) of the Terms and Conditions of the Notes shall be deleted and replaced in its entirety with the following:

"(g) *Winding up, etc.*: (i) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, ICBCIL, the Company or any Principal Subsidiary or (ii) the Issuer, ICBCIL, the Company or any Principal Subsidiary ceases or threatens to cease to carry on all or a substantial part of its business except (A) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation while solvent or on terms approved by an Extraordinary Resolution of the Noteholders, or (B) in the case of a Principal Subsidiary, the Issuer or ICBCIL, whereby the undertaking and assets of such Principal Subsidiary, the Issuer or ICBCIL are transferred to or otherwise vested in the Company, the Issuer, ICBCIL or any of their respective Subsidiaries, or (C) a members' voluntary solvent winding-up of any Principal Subsidiary, or (D) in the case of a Principal Subsidiary, any disposal or sale of a Principal Subsidiary to any other person on arms' length terms for market consideration; or"

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**SEHK**") ("Professional Investors") only.

Notice to Hong Kong investors: The Issuer and the Company confirm that the Notes are intended for purchase by Professional Investors only and will be listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and the Company confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

SEHK has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Notes on SEHK is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer and the Company or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and SEHK take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document together with the Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purposes of giving information with regard to the Issuer, the Company and the Group. The Issuer and the Company accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer’s target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Pricing Supplement dated 26 July 2021

ICBCIL Finance Co. Limited
(工銀國際租賃財務有限公司)

Issue of US$550,000,000 1.750% Notes due 2026

with the benefit of a keepwell and liquidity support deed
and a deed of asset purchase undertaking provided by

ICBC Financial Leasing Co., Ltd.
(工银金融租赁有限公司)

under its US$20,000,000,000
Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of the Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the offering circular dated 15 July 2021 (the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular. Full information on the Issuer, the Company and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular.

1.	(i) Issuer:	ICBCIL Finance Co. Limited (工銀國際租賃財務有限公司)
	(ii) Company:	ICBC Financial Leasing Co., Ltd. (工银金融租赁有限公司)
2.	(i) Series Number:	No. 24
	(ii) Tranche Number:	No. 1
	(iii) Date on which the Notes will be consolidated and form a single Series:	Not Applicable
3.	Specified Currency or Currencies:	US Dollars
4.	Aggregate Nominal Amount:	
	(i) Series:	US$550,000,000
	(ii) Tranche:	US$550,000,000
5.	(i) Issue Price:	99.743 per cent. of the Aggregate Nominal Amount
	(ii) Gross proceeds:	US$548,586,500
	(iii) Use of Proceeds:	Funding the acquisition of assets in the ordinary course of trading, refinancing and other general corporate purpose
6.	(i) Specified Denominations:	US$200,000 and integral multiples of US$1,000 in excess thereof

	(ii) Calculation Amount:	US$1,000
7.	(i) Issue Date:	2 August 2021
	(ii) Interest Commencement Date:	Issue Date
8.	Maturity Date:	2 August 2026
9.	Interest Basis:	1.750 per cent. Fixed Rate
10.	Redemption/Payment Basis:	Redemption at par
11.	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
12	Put/Call Options:	Not Applicable
13	Date of Board approval for issuance of Notes	12 July 2021
	Date of regulatory approval for issuance of Notes obtained	Pre-Issuance NDRC Registration Certificate Fa Gai Ban Wai Zi Bei [2021] 446 dated 3 June 2021 ("**Certificate**") obtained by Industrial and Commercial Bank of China Limited ("**ICBC**") from NDRC according to the Circular on Promoting the Reform of the Administration on the Filing and Registration System for Foreign Debts Issued by Enterprises
14.	Listing:	The Stock Exchange of Hong Kong Limited, expected to be effective from 3 August 2021
15	Method of distribution:	Syndicated

Provisions Relating to Interest (if any) Payable

16.	Fixed Rate Note Provisions	Applicable
	(i) Rate of Interest:	1.750 per cent. per annum payable semi-annually in arrears
	(ii) Interest Payment Date(s):	2 February and 2 August in each year, commencing on 2 February 2022
	(iii) Fixed Coupon Amount(s):	US$8.75 per Calculation Amount
	(iv) Broken Amount(s): (Applicable to Notes in definitive form)	Not Applicable
	(v) Day Count Fraction:	30/360
	(vi) Determination Date(s):	Not Applicable

	(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17.	Floating Rate Note Provisions	Not Applicable
18.	Zero Coupon Note Provisions	Not Applicable
19.	Index Linked Interest Note Provisions	Not Applicable
20.	Dual Currency Interest Note Provisions	Not Applicable
21.	Issuer Call Option:	Not Applicable
22.	Investor Put Option:	Not Applicable
23.	Final Redemption Amount:	US$1,000 per Calculation Amount
24.	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	US$1,000 per Calculation Amount

General Provisions Applicable to the Notes

25.	Form of Notes:	Registered Notes Global Certificate exchangeable for Individual Note Certificates in the limited circumstances described in the Global Certificate
26.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	Not Applicable
27.	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	Not Applicable
28.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable

29.	Details relating to Instalment Notes:	
	(i) Instalment Amount(s):	Not Applicable
	(ii) Instalment Date(s):	Not Applicable
30.	Redenomination applicable:	Redenomination not applicable
31.	Other terms or special conditions:	Refer to Appendix 1 below

Distribution

32.	(i) If syndicated, names and addresses of the Joint Lead Managers and commitments:	ICBC International Securities Limited 37/F, ICBC Tower 3 Garden Road Central Hong Kong Commitments: US$39,000,000 ICBC Standard Bank Plc 20 Gresham Street London EC2V 7JE United Kingdom Commitments: US$36,500,000 Industrial and Commercial Bank of China (Asia) Limited 28/F, ICBC Tower 3 Garden Road Central Hong Kong Commitments: US$36,500,000 Industrial and Commercial Bank of China Limited, Singapore Branch 6 Raffles Quay No. 23-01 Singapore 048580 Commitments: US$36,500,000 Agricultural Bank of China Limited Hong Kong Branch 25/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong Commitments: US$36,500,000 Australia and New Zealand Banking Group Limited 22/F Three Exchange Square 8 Connaught Place Central, Hong Kong Commitments: US$36,500,000 Bank of China Limited 7/F, Bank of China Tower 1 Garden Road Hong Kong Commitments: US$36,500,000

Bank of Communications Co., Ltd. Hong Kong Branch
20 Pedder Street
Central
Hong Kong
Commitments: US$36,500,000

BNP Paribas
63/F, Two International Finance Centre
8 Finance Street
Central Hong Kong
Commitments: US$36,500,000

CCB International Capital Limited
12/F., CCB Tower
3 Connaught Road Central, Central
Hong Kong
Commitments: US$36,500,000

Goldman Sachs (Asia) L.L.C.
68F, Cheung Kong Center
2 Queen's Road Central
Hong Kong
Commitments: US$36,500,000

Merrill Lynch (Asia Pacific) Limited
55/F, Cheung Kong Center,
2 Queen’s Road Central
Central Hong Kong
Commitments: US$36,500,000

Mizuho Securities Asia Limited
14-15/F, K11 Atelier
18 Salisbury Road
Tsim Sha Tsui
Kowloon, Hong Kong
Commitments: US$36,500,000

MUFG Securities Asia Limited
11/F, AIA Central,
1 Connaught Road Central,
Hong Kong
Commitments: US$36,500,000

The Hongkong and Shanghai Banking Corporation Limited
Level 17, HSBC Main Building
1 Queen's Road Central
Hong Kong
Commitments: US$36,500,000

(ii) Date of Subscription Agreement	26 July 2021

	(iii) Stabilisation Managers:	Each of the Joint Lead Managers acting in its respective capacity as the stabilisation manager
33.	If non-syndicated, name of relevant Dealer:	Not Applicable
34.	Total commission and concession:	As set out in the fee letters
35.	US Selling Restrictions:	Reg. S Category 2
36.	Applicable TEFRA exemption:	TEFRA not applicable
37.	Additional selling restrictions:	Not Applicable
Operational Information		
38.	Clearing System	Euroclear/Clearstream
39.	Any clearing system(s) other than Euroclear or Clearstream and the relevant identification number(s):	Not Applicable
40.	Delivery:	Delivery against payment
41.	Additional Paying Agent(s) (if any):	Not Applicable
	ISIN:	XS2320544419
	Common Code:	232054441
42.	Prohibition of Sales to EEA Retail Investors	Not Applicable
43.	Prohibition of Sales to UK Retail Investors	Not Applicable

Stabilisation

In connection with this issue, each of the Joint Lead Managers acting in its capacity as the stabilisation manager (each, a "**Stabilisation Manager**") (or persons acting on behalf of any Stabilisation Manager) may over-allot and effect transactions with a view to supporting the market price of Notes at a level higher than that which might otherwise prevail. However, there is no assurance that any Stabilisation Manager (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.

Listing Application

Application will be made for the listing of the Notes on The Stock Exchange of Hong Kong Limited and the listing is expected to be effective on 3 August 2021.

This Pricing Supplement comprises the final terms required for the issue of Notes described herein pursuant to the US$20,000,000,000 Medium Term Note Programme of ICBCIL Finance Co. Limited (工銀國際租賃財務有限公司).

Responsibility

The Issuer and the Company accept responsibility for the information contained in this Pricing Supplement.

SIGNED ON BEHALF OF

ICBCIL FINANCE CO. LIMITED
(工銀國際租賃財務有限公司)

By: 李婷
Duly authorised

ICBC FINANCIAL LEASING CO., LTD.
(工银金融租赁有限公司)

By: ________________________________
Duly authorised

APPENDIX 1

SPECIAL CONDITIONS

Set out below are the special conditions ("**Special Conditions**") referred to in paragraph 31 (*Other terms or special conditions*) of this Pricing Supplement. These Special Conditions are applicable only to the Series of Notes governed by this Pricing Supplement.

1. Events of Default

Condition 10(g) of the Terms and Conditions of the Notes shall be deleted and replaced in its entirety with the following:

"(g) *Winding up, etc.*: (i) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, ICBCIL, the Company or any Principal Subsidiary or (ii) the Issuer, ICBCIL, the Company or any Principal Subsidiary ceases or threatens to cease to carry on all or a substantial part of its business except (A) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation while solvent or on terms approved by an Extraordinary Resolution of the Noteholders, or (B) in the case of a Principal Subsidiary, the Issuer or ICBCIL, whereby the undertaking and assets of such Principal Subsidiary, the Issuer or ICBCIL are transferred to or otherwise vested in the Company, the Issuer, ICBCIL or any of their respective Subsidiaries, or (C) a members' voluntary solvent winding-up of any Principal Subsidiary, or (D) in the case of a Principal Subsidiary, any disposal or sale of a Principal Subsidiary to any other person on arms' length terms for market consideration; or"

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**SEHK**") ("Professional Investors") only.

Notice to Hong Kong investors: The Issuer and the Company confirm that the Notes are intended for purchase by Professional Investors only and will be listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and the Company confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

SEHK has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Notes on SEHK is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer and the Company or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and SEHK take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document together with the Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purposes of giving information with regard to the Issuer, the Company and the Group. The Issuer and the Company accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer’s target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Pricing Supplement dated 26 July 2021

ICBCIL Finance Co. Limited
(工銀國際租賃財務有限公司)

Issue of US$250,000,000 2.650% Notes due 2031

with the benefit of a keepwell and liquidity support deed
and a deed of asset purchase undertaking provided by

ICBC Financial Leasing Co., Ltd.
(工银金融租赁有限公司)

under its US$20,000,000,000
Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of the Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the offering circular dated 15 July 2021 (the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular. Full information on the Issuer, the Company and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular.

1.	(i) Issuer:	ICBCIL Finance Co. Limited (工銀國際租賃財務有限公司)
	(ii) Company:	ICBC Financial Leasing Co., Ltd. (工银金融租赁有限公司)
2.	(i) Series Number:	No. 25
	(ii) Tranche Number:	No. 1
	(iii) Date on which the Notes will be consolidated and form a single Series:	Not Applicable
3.	Specified Currency or Currencies:	US Dollars
4.	Aggregate Nominal Amount:	
	(i) Series:	US$250,000,000
	(ii) Tranche:	US$250,000,000
5.	(i) Issue Price:	99.105 per cent. of the Aggregate Nominal Amount
	(ii) Gross proceeds:	US$247,762,500
	(iii) Use of Proceeds:	Funding the acquisition of assets in the ordinary course of trading, refinancing and other general corporate purpose
6.	(i) Specified Denominations:	US$200,000 and integral multiples of US$1,000 in excess thereof

	(ii) Calculation Amount:	US$1,000
7.	(i) Issue Date:	2 August 2021
	(ii) Interest Commencement Date:	Issue Date
8.	Maturity Date:	2 August 2031
9.	Interest Basis:	2.650 per cent. Fixed Rate
10.	Redemption/Payment Basis:	Redemption at par
11.	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
12	Put/Call Options:	Not Applicable
13	Date of Board approval for issuance of Notes	12 July 2021
	Date of regulatory approval for issuance of Notes obtained	Pre-Issuance NDRC Registration Certificate Fa Gai Ban Wai Zi Bei [2021] 446 dated 3 June 2021 ("**Certificate**") obtained by Industrial and Commercial Bank of China Limited ("**ICBC**") from NDRC according to the Circular on Promoting the Reform of the Administration on the Filing and Registration System for Foreign Debts Issued by Enterprises
14.	Listing:	The Stock Exchange of Hong Kong Limited, expected to be effective from 3 August 2021
15	Method of distribution:	Syndicated

Provisions Relating to Interest (if any) Payable

16.	Fixed Rate Note Provisions	Applicable
	(i) Rate of Interest:	2.650 per cent. per annum payable semi-annually in arrears
	(ii) Interest Payment Date(s):	2 February and 2 August in each year, commencing on 2 February 2022
	(iii) Fixed Coupon Amount(s):	US$13.25 per Calculation Amount
	(iv) Broken Amount(s): (Applicable to Notes in definitive form)	Not Applicable
	(v) Day Count Fraction:	30/360
	(vi) Determination Date(s):	Not Applicable
	(vii) Other terms relating to the method of calculating interest	Not Applicable

	for Fixed Rate Notes:	
17.	Floating Rate Note Provisions	Not Applicable
18.	Zero Coupon Note Provisions	Not Applicable
19.	Index Linked Interest Note Provisions	Not Applicable
20.	Dual Currency Interest Note Provisions	Not Applicable
21.	Issuer Call Option:	Not Applicable
22.	Investor Put Option:	Not Applicable
23.	Final Redemption Amount:	US$1,000 per Calculation Amount
24.	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	US$1,000 per Calculation Amount

General Provisions Applicable to the Notes

25.	Form of Notes:	Registered Notes Global Certificate exchangeable for Individual Note Certificates in the limited circumstances described in the Global Certificate
26.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	Not Applicable
27.	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	Not Applicable
28.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable

29.	Details relating to Instalment Notes:	
	(i) Instalment Amount(s):	Not Applicable
	(ii) Instalment Date(s):	Not Applicable
30.	Redenomination applicable:	Redenomination not applicable
31.	Other terms or special conditions:	Refer to Appendix 1 below

Distribution

32.	(i) If syndicated, names and addresses of the Joint Lead Managers and commitments:	ICBC International Securities Limited 37/F, ICBC Tower 3 Garden Road Central Hong Kong Commitments: US$17,600,000
		ICBC Standard Bank Plc 20 Gresham Street London EC2V 7JE United Kingdom Commitments: US$16,600,000
		Industrial and Commercial Bank of China (Asia) Limited 28/F, ICBC Tower 3 Garden Road Central Hong Kong Commitments: US$16,600,000
		Industrial and Commercial Bank of China Limited, Singapore Branch 6 Raffles Quay No. 23-01 Singapore 048580 Commitments: US$16,600,000
		Agricultural Bank of China Limited Hong Kong Branch 25/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong Commitments: US$16,600,000
		Australia and New Zealand Banking Group Limited 22/F Three Exchange Square 8 Connaught Place Central, Hong Kong Commitments: US$16,600,000
		Bank of China Limited 7/F, Bank of China Tower 1 Garden Road Hong Kong Commitments: US$16,600,000

Bank of Communications Co., Ltd. Hong Kong Branch
20 Pedder Street
Central
Hong Kong
Commitments: US$16,600,000

BNP Paribas
63/F, Two International Finance Centre
8 Finance Street
Central Hong Kong
Commitments: US$16,600,000

CCB International Capital Limited
12/F., CCB Tower
3 Connaught Road Central, Central
Hong Kong
Commitments: US$16,600,000

Goldman Sachs (Asia) L.L.C.
68F, Cheung Kong Center
2 Queen's Road Central
Hong Kong
Commitments: US$16,600,000

Merrill Lynch (Asia Pacific) Limited
55/F, Cheung Kong Center,
2 Queen's Road Central
Central Hong Kong
Commitments: US$16,600,000

Mizuho Securities Asia Limited
14-15/F, K11 Atelier
18 Salisbury Road
Tsim Sha Tsui
Kowloon, Hong Kong
Commitments: US$16,600,000

MUFG Securities Asia Limited
11/F, AIA Central,
1 Connaught Road Central,
Hong Kong
Commitments: US$16,600,000

The Hongkong and Shanghai Banking Corporation Limited
Level 17, HSBC Main Building
1 Queen's Road Central
Hong Kong
Commitments: US$16,600,000

(ii) Date of Subscription Agreement	26 July 2021

	(iii) Stabilisation Managers:	Each of the Joint Lead Managers acting in its respective capacity as the stabilisation manager
33.	If non-syndicated, name of relevant Dealer:	Not Applicable
34.	Total commission and concession:	As set out in the fee letters
35.	US Selling Restrictions:	Reg. S Category 2
36.	Applicable TEFRA exemption:	TEFRA not applicable
37.	Additional selling restrictions:	Not Applicable

Operational Information

38.	Clearing System	Euroclear/Clearstream
39.	Any clearing system(s) other than Euroclear or Clearstream and the relevant identification number(s):	Not Applicable
40.	Delivery:	Delivery against payment
41.	Additional Paying Agent(s) (if any):	Not Applicable
	ISIN:	XS2320543445
	Common Code:	232054344
42.	Prohibition of Sales to EEA Retail Investors	Not Applicable
43.	Prohibition of Sales to UK Retail Investors	Not Applicable

Stabilisation

In connection with this issue, each of the Joint Lead Managers acting in its capacity as the stabilisation manager (each, a "**Stabilisation Manager**") (or persons acting on behalf of any Stabilisation Manager) may over-allot and effect transactions with a view to supporting the market price of Notes at a level higher than that which might otherwise prevail. However, there is no assurance that any Stabilisation Manager (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.

Listing Application

Application will be made for the listing of the Notes on The Stock Exchange of Hong Kong Limited and the listing is expected to be effective on 3 August 2021.

This Pricing Supplement comprises the final terms required for the issue of Notes described herein pursuant to the US$20,000,000,000 Medium Term Note Programme of ICBCIL Finance Co. Limited (工銀國際租賃財務有限公司).

Responsibility

The Issuer and the Company accept responsibility for the information contained in this Pricing Supplement.

SIGNED ON BEHALF OF

ICBCIL FINANCE CO. LIMITED
(工銀國際租賃財務有限公司)

By: 李婷
Duly authorised

ICBC FINANCIAL LEASING CO., LTD.
(工银金融租赁有限公司)

By: ______________________________
Duly authorised

APPENDIX 1

SPECIAL CONDITIONS

Set out below are the special conditions ("**Special Conditions**") referred to in paragraph 31 (*Other terms or special conditions*) of this Pricing Supplement. These Special Conditions are applicable only to the Series of Notes governed by this Pricing Supplement.

1. Events of Default

Condition 10(g) of the Terms and Conditions of the Notes shall be deleted and replaced in its entirety with the following:

"(g) *Winding up, etc.*: (i) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, ICBCIL, the Company or any Principal Subsidiary or (ii) the Issuer, ICBCIL, the Company or any Principal Subsidiary ceases or threatens to cease to carry on all or a substantial part of its business except (A) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation while solvent or on terms approved by an Extraordinary Resolution of the Noteholders, or (B) in the case of a Principal Subsidiary, the Issuer or ICBCIL, whereby the undertaking and assets of such Principal Subsidiary, the Issuer or ICBCIL are transferred to or otherwise vested in the Company, the Issuer, ICBCIL or any of their respective Subsidiaries, or (C) a members' voluntary solvent winding-up of any Principal Subsidiary, or (D) in the case of a Principal Subsidiary, any disposal or sale of a Principal Subsidiary to any other person on arms' length terms for market consideration; or"