ALLIANCE INTERNATIONAL EDUCATION LEASING HOLDINGS LIMITED

友聯國際教育租賃控股有限公司

(formerly known as International Alliance Financial Leasing Co., Ltd.
国际友联融资租赁有限公司)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1563)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2022, the profit for the year amounted to approximately RMB372.1 million, as compared with the profit of approximately RMB78.9 million for the year ended 31 December 2021.
- For the year ended 31 December 2022, the revenue amounted to approximately RMB368.8 million, representing an increase of approximately 59.1% as compared with that of approximately RMB231.8 million for the year ended 31 December 2021.
- For the year ended 31 December 2022, the profit before tax amounted to approximately RMB415.0 million, compared with the profit before tax of approximately RMB122.9 million for the year ended 31 December 2021.
- As at 31 December 2022, the total assets amounted to approximately RMB4,174.6 million, representing an increase of approximately 71.3% as compared with that of approximately RMB2,436.5 million as at 31 December 2021.
- As at 31 December 2022, the total shareholders' equity amounted to approximately RMB2,598.0 million, representing an increase of approximately 104.0% as compared with that of approximately RMB1,273.5 million as at 31 December 2021.
- For the year ended 31 December 2022, the return on equity was approximately 14.3%.
- For the year ended 31 December 2022, the return on total assets was approximately 8.9%.

The board (the "**Board**") of directors (the "**Directors**") of Alliance International Education Leasing Holdings Limited (formerly known as International Alliance Financial Leasing Co., Ltd.) (the "**Company**") is pleased to present the results of the Company and its subsidiaries (collectively, the "**Group**") for the financial year ended 31 December 2022 and the comparative figures as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	**2022** ***RMB'000***	2021 *RMB'000* (Restated)
Revenue	*4*	**368,796**	231,843
Cost of services		**(112,816)**	—
Gross profit		**255,980**	231,843
Other income, gains or losses	*5*	**28,216**	16,262
Gain on bargain purchase	*23*	**270,483**	—
Selling and distribution expenses		**(6,370)**	—
Administrative expenses		**(52,806)**	(38,559)
Finance costs	*6*	**(76,984)**	(89,793)
Impairment losses (recognised) reversed on financial assets	*7*	**(3,500)**	3,103
Profit before tax	*8*	**415,019**	122,856
Income tax expense	*9*	**(42,899)**	(43,957)
Profit for the year		**372,120**	78,899
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**5,884**	(875)
Total comprehensive income for the year		**378,004**	78,024

	Note	2022 RMB'000	2021 RMB'000 (Restated)
Profit for the year attributable to:			
Owners of the Company		**360,386**	78,899
Non-controlling interests		**11,734**	—
		372,120	78,899
Total comprehensive income for the year			
Owners of the Company		**366,270**	78,024
Non-controlling interests		**11,734**	—
		378,004	78,024
Earnings per share (Expressed in RMB Yuan per share)			
Basic and diluted	*11*	**0.2388**	0.0526

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 RMB'000	2021 RMB'000
Non-current assets			
Property and equipment	12	**824,078**	453
Right-of-use assets	13	**460,780**	763
Intangible assets		**48,636**	1,442
Finance lease receivables	14	**916,068**	994,471
Other receivables	15	**471**	—
Deferred tax assets	16	**91,454**	94,964
		2,341,487	1,092,093
Current assets			
Inventories		**2,013**	—
Finance lease receivables	14	**1,226,508**	1,025,489
Financial asset at fair value through profit or loss	17	**83,000**	48,000
Trade and other receivables	15	**295,806**	29,130
Bank balances	18	**225,832**	241,822
		1,833,159	1,344,441
Current liabilities			
Trade, bills and other payables	19	**535,378**	101,934
Deposits from finance lease customers	14	**96,181**	57,709
Lease liabilities		**4,869**	678
Contract liabilities	20	**292,238**	—
Income tax payables		**17,026**	17,219
Deferred income	21	**15,352**	13,040
Borrowings	22	**308,475**	169,920
		1,269,519	360,500
Net current assets		**563,640**	983,941
Total assets less current liabilities		**2,905,127**	2,076,034

	Notes	**2022** **RMB'000**	2021 RMB'000
Capital and reserves			
Share capital		**11**	10
Reserves		**2,239,225**	1,273,464
Equity attributable to owners of the Company		**2,239,236**	1,273,474
Non-controlling interests		**358,724**	—
Total equity		**2,597,960**	1,273,474
Non-current liabilities			
Deposits from finance lease customers	*14*	**75,046**	162,196
Lease liabilities		**33,000**	—
Other payables	*19*	**152,647**	—
Deferred income	*21*	**23,227**	14,404
Borrowings	*22*	**20,850**	625,960
Deferred tax liabilities	*16*	**2,397**	—
		307,167	802,560
		2,905,127	2,076,034

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

Alliance International Education Leasing Holdings Limited (formerly known as International Alliance Financial Leasing Co., Ltd.) (the "**Company**") is an exempted company with limited liability incorporated in the Cayman Islands on 19 January 2015, with a registered share capital of United States Dollar ("**USD**") 50,000. The registered address of the Company is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Unit 2602, 26th Floor, One Hennessy, No. 1 Hennessy Road, Wanchai, Hong Kong. Its controlling shareholder is Union Capital Pte. Ltd. ("**Union Capital**"), a company incorporated in Singapore. Union Capital is solely owned by Ms. Sui Yongqing. The Company was listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with the stock code of 1563.

Pursuant to a special resolution passed at the Company's extraordinary general meeting held on 14 February 2023, subject to and conditional upon the approval of the Registrar of Companies in the Cayman Islands having obtained by way of issue of a certificate on change of name, the name of the Company changed from "International Alliance Financial Leasing Co., Ltd. 国际友联融资租赁有限公司" to "Alliance International Education Leasing Holdings Limited 友聯國際教育租賃控股有限公司". Subsequently, the Certificate of Incorporation on Change of Name (the "**Change of Name**") was issued by the Registrar of Companies in the Cayman Islands on 14 February 2023 and the Change of Name has taken effect on the same date accordingly to certify the change of the Company's name.

The Group is principally engaged in offering private higher education and finance leasing services. The Company is an investment holding company.

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

Reclassification of prior years' financial statements as a result of acquisition of a subsidiary

In August 2022, the Group acquired 70% equity interest in Yantai Nanshan University* (煙台南山學院) (the "**Yantai Nanshan University**"), which engages in providing private higher education services.

Prior to the acquisition of the Yantai Nanshan University, the Group classified the items of income and expense by nature for the consolidated statement of profit or loss and other comprehensive income while the Yantai Nanshan University classified the items of income and expense by function for the statement of profit or loss and other comprehensive income.

The Directors confirm the presentation for consolidated statement of profit or loss and other comprehensive income as a result of the acquisition of the Yantai Nanshan University, the staff costs and other operating expenses of the Group during the year ended 31 December 2021 are reclassified to administrative expenses and other income and other gain, net and net exchange losses during the year ended 31 December 2021 are reclassified to other income, gains or losses.

The comparative information for the year ended 31 December 2021 has been restated in the consolidated statements of profit or loss and other comprehensive income.

BASIS OF PREPARATION

The annual results set out in this announcement do not constitute the Group's financial statements for the year ended 31 December 2022 but are extracted from those financial statements.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Companies Ordinance (Cap 622 of the laws of Hong Kong).

2. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

In the current year, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB which are effective for the Group's financial year beginning 1 January 2022:

Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendment to IFRSs	Annual Improvements to HKFRSs 2018–2020 cycle

Except as described below, the application of the amendments to IFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKFRS 3 Reference to the Conceptual Framework

The Group has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update a reference to IFRS 3 so that it refers to Conceptual Framework for Financial Reporting issued in March 2018 (the "**Conceptual Framework**") instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in September 2010). They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments did not have significant impact on the financial position and performance of the Group.

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 16	Lease liability in a Sale and Leaseback[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after a date to be determined.

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

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

During the year ended 31 December 2022, the Group commenced the business engaging in private higher education upon the completion of the acquisition of Yantai Nanshan University (as detailed in note 23), and it is considered as a new operating and reportable segment by the CODM.

During the year ended 31 December 2021, the CODM considered that there was only one reportable operating segment, being the finance leasing business of the Group. Since the Group mainly provided finance leasing services in the PRC, the operating segment had been identified on the basis of internal management reports prepared in accordance with accounting policies conforming with IFRSs and CODM regularly reviewed the overall results, assets and liabilities of the Group as a whole to make decisions about resources allocation. Accordingly, no analysis of this single operating segment was presented for the year ended 31 December 2021.

Specifically, the Group's reportable and operating segments under IFRS 8 are as follows:

1. Private higher education services — provision of tuition services, student accommodation services and other education services; and

2. Finance leasing services — provision of sale-leaseback and direct finance leasing services.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the year ended 31 December 2022

	Finance leasing *RMB'000*	**Private higher education services** *RMB'000*	**Total** *RMB'000*
REVENUE			
External sales	**208,862**	**159,934**	**368,796**
Segment profit	**137,861**	**39,112**	**176,973**
Unallocated other income, gains or losses			**2,821**
Gain on bargain purchase			**270,483**
Unallocated administrative expenses			**(24,775)**
Unallocated finance costs			**(10,483)**
Profit before tax			**415,019**

4. REVENUE

Revenue represents the net amounts received and receivable for services rendered net of sales related taxes. An analysis of the Group's revenue for the year is as follows:

	Notes	**2022** **RMB'000**	2021 RMB'000
Revenue from contracts with customers within the scope of IFRS 15			
Disaggregated by services lines			
Tuition fees	*a*	**145,784**	—
Boarding fees	*a*	**12,710**	—
Other education service fees	*b*	**1,440**	—
		159,934	—
Revenue from other source			
Finance lease services		**208,862**	231,843
		368,796	231,843

Notes:

(a) During the year ended 31 December 2022, tuition fees and boarding fees mainly represented income received from the provision of education and boarding services to the students, which was recognised over time, i.e. the academic year, of the services rendered.

(b) During the year ended 31 December 2022, other education service fees mainly represented income received from the provision of other education services including training services to the students, which was recognised over time, i.e. the periods of the applicable program, of the services rendered.

Disaggregation of revenue from contracts with customers by timing of recognition

	2022 **RMB'000**	2021 RMB'000
Timing of revenue recognition over time	**159,934**	—

Transaction price allocated to the remaining performance obligations for contracts with customers

The tuition fees, boarding fees and other education service fees contracts are with an original expected duration of one year or less. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period.

5. OTHER INCOME, GAINS OR LOSSES

	2022	2021
	RMB'000	*RMB'000*
Government grants *(Note)*	**7,631**	10,919
Net exchange gains (losses)	**2,757**	(317)
Rental income	**4,289**	—
Sales of education materials	**3,712**	—
Investment and interest income	**8,395**	5,282
Loss on disposal of property and equipment	**(434)**	(14)
Others	**1,866**	392
	28,216	16,262

Note: Government grants represent local governments' offer for the refund of value-added tax of approximately RMB6,631,000 (2021: RMB10,919,000) to enterprises in the finance leasing industry and subsidies of approximately RMB1,000,000 (2021: nil) from the local governments for supporting private higher education businesses. The government grants are one-off in nature with no specific conditions.

6. FINANCE COSTS

	2022	2021
	RMB'000	*RMB'000*
Interest expense on:		
— Borrowings	**35,581**	68,582
— Imputed interest on deposits from finance lease customers	**27,837**	18,583
— Imputed interest on consideration payables	**10,358**	—
— Bills payables	**2,587**	2,314
— Lease liabilities	**621**	314
	76,984	89,793

7. IMPAIRMENT LOSSES (RECOGNISED) REVERSED ON FINANCIAL ASSETS

	2022	2021
	RMB'000	*RMB'000*
Finance lease receivables	**1,264**	27,407
Other receivables	**(4,764)**	(24,304)
	(3,500)	3,103

8. PROFIT BEFORE TAX

	2022	2021
	RMB'000	*RMB'000*
Profit before tax has been arrived at after charging:		
Directors' remuneration	**3,973**	3,278
Salaries, bonus and other employee benefits	**62,858**	6,156
Retirement benefits schemes contributions	**12,240**	1,690
Total staff costs	**79,071**	11,124
Auditor's remuneration	**2,610**	1,050
Depreciation of property and equipment	**13,716**	1,185
Depreciation of right-of-use assets	**8,390**	1,305
Amortisation of intangible assets	**3,774**	352

9. INCOME TAX EXPENSE

	2022	2021
	RMB'000	*RMB'000*
Current income tax		
PRC Enterprise Income Tax	**36,992**	26,846
Deferred income tax expense *(Note 16)*	**5,907**	17,111
	42,899	43,957

10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

11. EARNINGS PER SHARE

The calculation of basic earnings per share is as follows:

	2022	2021
	RMB'000	*RMB'000*
Profit for the year attributable to owners of the Company	**360,386**	78,899
Number of shares		
Weighted average number of shares in issue *('000)*	**1,509,415**	1,500,000

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the years ended 31 December 2022 and 2021.

12. PROPERTY AND EQUIPMENT

Property and equipment consist of (i) property and buildings, (ii) education equipment, (iii) furniture and other equipment and (iv) motor vehicles, and the carrying amounts at 31 December 2022 are (i) RMB773,617,000, (ii) RMB24,789,000, (iii) RMB21,240,000 and (iv) RMB4,432,000 respectively.

13. RIGHT-OF-USE ASSETS

	2022	2021
	RMB'000	*RMB'000*
Land use rights	**419,036**	—
Buildings	**38,656**	—
Office	**3,088**	763
	460,780	763

14. FINANCE LEASE RECEIVABLES

The Group entered into finance leasing arrangements as a lessor for certain equipment and aircrafts to its lessees. All interest rates inherent in the leases are determined at the contract date over the lease terms.

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

	2022	2021
	RMB'000	*RMB'000*
Amounts receivable under finance leases		
Within 1 year	**1,611,768**	1,476,970
After 1 year but within 2 years	**401,303**	562,488
After 2 years but within 3 years	**297,306**	261,002
After 3 years but within 4 years	**270,613**	181,902
After 4 years but within 5 years	**87,621**	84,772
After 5 years	**—**	23,477
Gross investment in leases	**2,668,611**	2,590,611
Less: Unearned finance income	**(266,810)**	(310,162)
Present value of minimum lease payment receivables	**2,401,801**	2,280,449
Less: Allowance for impairment losses	**(259,225)**	(260,489)
	2,142,576	2,019,960
Analysed for reporting purposes as:		
Current assets	**1,226,508**	1,025,489
Non-current assets	**916,068**	994,471
	2,142,576	2,019,960

The following table presents the amounts included in profit or loss:

	2022	2021
	RMB'000	*RMB'000*
Finance income on the net investment in finance lease	**207,567**	227,516

The Group's finance lease arrangements do not include variable payments.

The average term of finance leases entered into is ranged from 2 to 5 years (2021: ranged from 2 to 8 years).

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

	2022			
	Individual provisions as 12m ECL *RMB'000*	**Individual provision as lifetime ECL not credit-impaired** *RMB'000*	**Individual provision as lifetime ECL credit-impaired** *RMB'000*	**Total** *RMB'000*
As at 1 January 2022	**2,787**	**235**	**257,467**	**260,489**
Changes due to finance lease receivables recognised in the opening balance that have:				
— Transferred to 12m expected credit loss ("**ECL**")	**26,980**	**(75)**	**(26,905)**	**—**
— Transferred to Lifetime ECL credit-impaired	**(152)**	**(149)**	**301**	**—**
Provided for the year *(Note)*	**38,459**	**—**	**26,200**	**64,659**
Reversal for the year *(Note)*	**(25,921)**	**(11)**	**(39,991)**	**(65,923)**
Balance at 31 December 2022	**42,153**	**—**	**217,072**	**259,225**
Expected loss rate	**2.13%**	**—**	**51.05%**	**10.79%**

	2021			
	Individual provisions as 12m ECL	Individual provision as lifetime ECL not credit-impaired	Individual provision as lifetime ECL credit-impaired	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2021	3,458	3,426	281,046	287,930
Changes due to finance lease receivables recognised in the opening balance that have:				
— Transferred to 12m ECL	2,556	(2,556)	—	—
— Transferred to Lifetime ECL not credit-impaired	—	20,984	(20,984)	—
Provided for the year *(Note)*	807	—	27,791	28,598
Reversal for the year *(Note)*	(4,034)	(21,619)	(30,352)	(56,005)
Foreign currency translation	—	—	(34)	(34)
Balance at 31 December 2021	2,787	235	257,467	260,489
Expected loss rate	0.16%	0.31%	61.31%	11.42%

Note: There has been no change in the estimation techniques or significant assumptions made during the current year in assessing the loss allowance for the finance lease receivables.

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

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

	2022			2021		
	Present value of finance lease receivables	**Expected credit losses**	**Carrying amount**	Present value of finance lease receivables	Expected credit losses	Carrying amount
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
12m ECL	**1,976,622**	**(42,153)**	**1,934,469**	1,786,045	(2,787)	1,783,258
Lifetime ECL not credit-impaired *(Note a)*	—	—	—	74,456	(235)	74,221
Lifetime ECL credit-impaired *(Note b)*	**425,179**	**(217,072)**	**208,107**	419,948	(257,467)	162,481
	2,401,801	**(259,225)**	**2,142,576**	2,280,449	(260,489)	2,019,960

Notes:

(a) The Group presumes that the credit risk on a finance lease receivable has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Group has transferred the 12m ECL of finance lease receivables into lifetime ECL not credit-impaired when contractual payments are past due more than 30 days and within 90 days.

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

(iv) The Group entered into sale and repurchase agreements or clauses with certain counterparties with respect to some of the Group's finance lease receivables, and as a result recognised secured and unguaranteed borrowings. The carrying amounts of such finance lease receivables were approximately RMB326.7 million as at 31 December 2021 (2022: nil). The details of such finance lease receivables were as follows:

	2022	2021
	RMB'000	*RMB'000*
With secured and unguaranteed borrowings issued	**—**	326,710

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

	2022	2021
	RMB'000	*RMB'000*
The amounts of deposits from finance lease customers	**171,227**	219,905
Analysed for reporting purposes as:		
Current liabilities	**96,181**	57,709
Non-current liabilities	**75,046**	162,196
	171,227	219,905

(vi) As at 31 December 2022 and 2021, the annual internal rate of return and average yield of finance lease receivables are as follows:

	2022 *RMB'000*	2021 *RMB'000*
Annual internal rate of return	**3.77%~12.55%**	5.23%~12.55%
Average annual internal rate of return	**7.17%**	7.32%

(vii) As at 31 December 2022 and 2021, the carrying amounts of floating rate of return finance lease receivables and fixed rate of return finance lease receivables are as follows:

	2022 *RMB'000*	2021 *RMB'000*
Analysed for reporting purposes as:		
Floating rate of return	**779,959**	688,599
Fixed rate of return	**1,362,617**	1,331,361
	2,142,576	2,019,960

The floating rates of return of finance lease receivables were with reference to the benchmark interest rate of the People's Bank of China ("**PBOC Rate**") or the Secured Overnight Financing Rate ("**SOFR**") (2021: PBOC Rate). The rates of return of finance lease receivables were adjusted periodically with reference to the PBOC Rate or SOFR (2021: PBOC Rate).

15. TRADE AND OTHER RECEIVABLES

	2022 *RMB'000*	2021 *RMB'000*
Trade receivables	**549**	—
Prepaid expenses	**1,457**	357
Expenses paid on behalf of customers	**45,330**	46,045
Deductible value-added tax	**8,752**	19,853
Short-term loan receivables	**280,961**	—
Interest receivables	**2,441**	—
Other receivables	**1,025**	413
Subtotal	**340,515**	66,668
Less: Allowance for impairment losses	**(44,238)**	(37,538)
	296,277	29,130
Analysed for reporting purposes as:		
Current assets	**295,806**	29,130
Non-current assets	**471**	—
	296,277	29,130

Students are required to pay tuition fees and boarding fees in advance for the upcoming school years, which normally commences in September of the year. The trade receivables represent other tuition and services fees receivable from students who applied other tuition and services during school year. There is no significant concentration of credit risk with a number of individual students.

Short-term loan receivables to independent parties are unsecured, carry interests ranged from 7.8% to 24% per annum and repayable at an agreed date. No impairment loss has been recognised as at 31 December 2022.

An ageing analysis of the trade receivables as at 31 December 2022 and 2021, based on the transaction date and net of loss allowance, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 30 days	**549**	—

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the credit risk and days past due of the trade receivables to measure the expected credit losses.

Trade receivables as at 31 December 2022 were not past due and had no recent history of default. The expected credit losses were assessed to be minimal at 31 December 2022.

Movements of allowances for impairment losses of other receivables are as follows:

	2022	2021
	RMB'000	*RMB'000*
At beginning of the year	**37,538**	12,782
Provided for the year	**4,764**	24,304
Foreign currency translation	**1,936**	452
At end of the year	**44,238**	37,538

As at 31 December 2022, the aircraft maintenance and some other miscellaneous expenses paid on behalf of customers amounted to approximately RMB45,330,000 (2021: RMB46,045,000) are credit-impaired financial assets and the ECL is provided at an amount equal to lifetime ECL of approximately RMB44,238,000 (2021: RMB37,538,000). The Group measures the loss allowance for remaining other receivables at an amount equal to 12m ECL.

16. DEFERRED TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and deferred tax liabilities of the same taxable entity have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes:

	2022	2021
	RMB'000	*RMB'000*
Deferred tax assets	**91,454**	94,964
Deferred tax liabilities	**(2,397)**	—
	89,057	94,964

Movements in balances of deferred tax assets and liabilities

	2022	2021
	RMB'000	*RMB'000*
Balance at beginning of the year	**94,964**	112,075
Charge to profit or loss *(Note 9)*	**(5,907)**	(17,111)
Balance at end of the year	**89,057**	94,964

17. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	2021
	RMB'000	*RMB'000*
Financial asset at FVTPL comprises:		
Listed bond investment	**83,000**	48,000

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

18. BANK BALANCES

	2022 *RMB'000*	2021 *RMB'000*
Bank balances	**225,832**	241,822
Less: Pledged bank balances	**(100,000)**	(100,000)
Cash and cash equivalents	**125,832**	141,822

Bank balances include demand deposits and short-term bank deposits for the purpose of meeting the Group's short-term cash commitment, which carry floating interest rate based on daily bank deposit rates as at 31 December 2022 and 2021.

Pledged bank balances represent deposits pledged to banks for bills payables. Deposits amounting to RMB100,000,000 (2021: RMB100,000,000) have been pledged to secure bills payables and are therefore classified as current assets. The Group cannot use them until the related transactions are matured and released.

The pledged bank balances carry fixed interest rate of 2.25% (2021: 2.25%) per annum.

19. TRADE, BILLS AND OTHER PAYABLES

	Notes	2022 *RMB'000*	2021 *RMB'000*
Current			
Trade payables		**4,239**	—
Deposit received		**450**	—
Government grants	*a*	**34,434**	—
Miscellaneous advances received from students	*b*	**12,899**	—
Other payables and accruals		**10,806**	1,431
Other tax payables		**7,935**	—
Payables for purchase of property and equipment		**22,327**	—
Payables for salary		**29,905**	503
Payables for scholarship	*c*	**2,748**	—
Payables to employees	*d*	**14,084**	—
Rental income received in advances	*e*	**3,681**	—
Bills payables	*f*	**100,000**	100,000
Consideration payable	*g*	**291,870**	—
		535,378	101,934

	Note	2022 *RMB'000*	2021 *RMB'000*
Non-current			
Consideration payable	*g*	**152,647**	—

Notes:

a) The grants are mainly related to the grants received from the government for the purpose of compensating the expenses arising from conducting research by teachers and students. The grants are received on behalf of teachers and students and distributed to teachers and students when the related activities are completed. Government grants received for undistributed amount are included in trade and other payables.

b) The advances represented expenses relating to textbooks, insurance, etc. collected from students which will be paid on behalf of students.

c) The Group receives subsidies from different parties for distribution to students as scholarships.

d) The payables represented employees benefit payables and funding to the employees.

e) The advances represented rental income received in advances from tenants based on the terms of tenancy agreements entered into.

f) The bills payable for acquisition of leased assets are repayable within one year and bear a fixed interest rate at 2.25% per annum. Such bills payable are aged within one year.

g) The considerable payables represented the sum of discounted consideration payables and related interest payables to the seller of the 70% of the equity interest of Yantai Nanshan University. The payables will be settled on agreed dates.

An ageing analysis of the trade payables as at 31 December 2022 and 2021, based on the invoice date.

	2022	2021
	RMB'000	*RMB'000*
Within 1 year	**4,239**	—

20. CONTRACT LIABILITIES

The Group recognised the revenue-related contract liabilities, which represented the unsatisfied performance obligation as at 31 December 2022.

21. DEFERRED INCOME

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

22. BORROWINGS

	2022	2021
	RMB'000	*RMB'000*
Secured and unguaranteed borrowings *(note i)*	**—**	61,812
Unsecured and unguaranteed borrowings	**329,325**	734,068
Total	**329,325**	795,880
Represented by:		
Borrowing from banks	**98,086**	232,514
Other borrowings *(note ii)*	**231,239**	563,366
Total	**329,325**	795,880
Represented by:		
Carrying amount repayable		
Within one year	**308,475**	169,920
More than one year, but not exceeding two years	**20,850**	325,206
More than two years, but not exceeding five years	**—**	300,754
	329,325	795,880
Less: Amounts under current liabilities	**(308,475)**	(169,920)
Non-current liabilities	**20,850**	625,960

Notes:

i. Secured and unguaranteed borrowings

As at 31 December 2021, the Group's secured and unguaranteed borrowings represented the Group's repurchase agreements with certain counterparties to sell Group's finance lease receivables as detailed in note 14. During the year ended 31 December 2022, the secured and unguaranteed borrowings have been fully settled.

ii. Other borrowings represented unguaranteed and unsecured payable at a fixed rate of 4.50% per annum (2021: fixed rate of 4.50%–7.54% per annum) from independent parties within 3 years (2021: 3 years) duration.

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

	2022	2021
	RMB'000	*RMB'000*
Fixed-rate borrowings:		
Within one year	**308,475**	169,920
More than one year, but not exceeding two years	**20,850**	325,206
More than two years, but not exceeding five years	**—**	300,754
	329,325	795,880

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

	2022	2021
Fixed-rate borrowing	**4.10%–6.71%**	3.80%–8.00%

23. ACQUISITION OF A SUBSIDIARY

On 18 August 2022, the Group acquired 70% of the equity interest of Yantai Nanshan University at a consideration of RMB566,000,000. This acquisition has been accounted for using the acquisition method. The amount of gain on bargain purchase arising as a result of the acquisition was approximately RMB270,483,000. Yantai Nanshan University is engaged in providing private higher education services. Yantai Nanshan University was acquired so that the Group can tap into the PRC higher education market for diversifying and expand the Group's business in addition to finance leasing.

Consideration transferred

	RMB'000
Cash paid	105,000
Consideration payable	461,000
Total purchase consideration	566,000
Interest payable	5,900
Less: Fair value change of consideration payable and interest payable	(32,741)
	539,159

Gain on bargain purchase:

	RMB'000
Consideration transferred	539,159
Plus: Non-Controlling interests (30% of Yantai Nanshan University)	346,990
Less: Fair value of identifiable net assets acquired	(1,156,632)
Gain on bargain purchase arising on acquisition	(270,483)

The non-controlling interests (30%) in Yantai Nanshan University recognised at the acquisition date was measured by reference to the fair value of the non-controlling interests and amounted to approximately RMB346,990,000. This fair value was estimated by applying an income approach. The following were the key model inputs used in determining the fair value:

- assumed pre-tax discount rate of 17.10% and 16.10% for brand name and student base respectively;

- assumed long-term sustainable growth rate of 3%; and

- assumed adjustments because of the lack of control or lack of marketability that market participants would consider when estimating the fair value of the non-controlling interests in Yantai Nanshan University.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW/REVIEW

In 2022, despite the recurring COVID-19 pandemic (the "**Pandemic**") during the first half of the year, China witnessed an expansion in its economic aggregate and a steady improvement of its development quality throughout the year. Since the last quarter of 2022, China has gradually relaxed its COVID-19 controls, and cross-border traffic was fully resumed in February 2023, leading to a better overall business environment, and a generally improved economic operation. According to the National Bureau of Statistics of the People's Republic of China (the "**PRC**"), China's annual GDP reached RMB121.0 trillion, representing a year-on-year increase of 3%. The Company is in a favourable position to capture the overall growth of the domestic economy through its dual-track strategy, namely operating in both the higher education and finance leasing business segments, which are complementary to each other.

Higher Education

The Group completed the transaction in relation to the acquisition of 70% equity interests in Yantai Nanshan University on 18 August 2022. The financial income and financial position of Yantai Nanshan University have been included in the consolidated financial statements of the Company since the same date according to the 1st set of the Structured Contracts (as defined in the circular of the Company dated 3 August 2022). For details, please refer to the circular of the Company dated 3 August 2022 and the announcement of the Company dated 18 August 2022.

According to the National Bureau of Statistics and the Ministry of Education of the PRC, China's total revenue of higher education industry increased from RMB997.3 billion in 2016 to RMB1,382.7 billion in 2020, representing a compound annual growth rate (CAGR) of approximately 8.5%. It is expected that the total revenue of higher education industry in China will continue to grow in the future. As the school-age population of age 18 to 21 in higher education start to recover in 2023, the enrollment of higher education is also expected to increase steadily. Compared with the data in 2020, the enrollment rate of higher education in China lagged behind that of major developed countries. Only approximately 54.4% of the college-aged population in China are enrolled in higher education institutions, compared to an average of approximately 65.6% and 88.8% in France and United States of America respectively for the same period, which all pointed to the huge potential of the higher education industry in China.

In terms of policy, on 14 May 2021, the State Council released the Implementation Rules for the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法實施條例》), which became effective on 1 September 2021 ("**2021 Implementation Rules**"), to further promote the development of private education and encourage enterprises to establish or participate in the establishment of private schools for vocational education in accordance with the law by means of sole proprietorship, joint venture and cooperation. In addition, private schools may enjoy the preferential tax policies as stipulated by the PRC government, and local governments may provide lands through various means. These policies have provided the private higher education industry with a definite direction of encouragement and soil for development, and further confirmed the strategic foresight of the Group's management.

The Group's Yantai Nanshan University, located in Longkou City, Shandong Province, the PRC (中國山東省龍口市), is a private institution of higher education that provides undergraduate and junior college diploma programmes approved by the Ministry of Education of the PRC. In 2018, the Yantai Nanshan University was recognised as one of the Model Colleges of Experimental Innovation and Entrepreneurship in Shandong Province (山東省創新創業典型經驗高校) by the Department of Human Resources and Social Security of the Shandong Province (山東省人力資源和社會保障廳). Yantai Nanshan University, as an application-oriented higher education institution, collaborates closely with enterprises in various industries to promote and adhere to "Integration of industry and education; Cooperation of school and enterprise (產學融合、校企合作)", offers 49 undergraduate programmes and 40 junior college diploma programmes with a total of 30 faculties, and strives to improve its students' practical training and career prospects.

In particular, Yantai Nanshan University actively conducts long-term cooperation with its partners, accumulates education resources on design of majors, curriculum formulation and off-campus internship, etc. via close communication, and updates and consolidates majors and curriculums contents to create an education environment that combines practical training with academic studies which include, but not limited to, internships, workplace simulation training and participation at external practical training bases that Yantai Nanshan University has set up with its school-enterprise collaboration partners. This provides practical training opportunities for the students to get prepared with solid grasp on the applicable skills, and prepares its students for future development after graduation. For instance, Yantai Nanshan University established Nanshan Aluminium Industrial College* (南山鋁業產業學院) and Nanshan Culture and Tourism Industrial College* (南山文旅產業學院) in October 2020 to enhance the integration of industry and education and enhance its innovation of talent training model. In addition, based on the strategic cooperation agreement entered into between the Company and Nanshan Yulong Petrochemical Co., Ltd.* (南山裕龍石化有限公司) in April 2021, Yantai Nanshan University expects to offer more choices to college-aged population and graduates, and more service talents to enterprises.

In the past few school years, the number of student admission of Yantai Nanshan University maintained a stable growth and the total number of student enrollments has been on a rising trend. The total number of student enrollments of the school years 2021/2022, 2022/2023 and 2023/2024 was 29,047, 33,809 and 34,958, respectively. As compared with the school years mentioned above, the range of listed tuition fees of undergraduate programmes have increased from upwards of RMB12,800 to upwards of RMB15,800 and that of junior college diploma programmes have also increased from upwards of RMB8,200 to upwards of RMB9,800.

As mentioned above, the financial results of Yantai Nanshan University has been consolidated into the consolidated financial statements of the Company since 18 August 2022. To demonstrate the scale of operation of Yantai Nanshan University, its full-year results are as follows:

	Statement of profit or loss (for the year ended 31 December 2022)	**Statement of profit or loss (for the period between 18 August 2022 and 31 December 2022)**
	RMB' million	*RMB' million*
Revenue	450.051	159.934
Profit before tax	90.133	39.112

Along with the continuous economic development, demand for higher education is expected to continue to increase, as supported by the focus on pursuing higher levels of academic qualifications based on the society's overall social, economic, and technological development along with the people's increasing income and wealth and increasing spending on education in China, which, together with the long-term competitive strength of Yantai Nanshan University, the Group's higher education business segment will provide a stable source of income for the growth and will be beneficial for its future financial position.

Finance Leasing

Since 2022, the finance leasing industry has entered the key period of transformation and development. With the issuance of various policies, the regulation of finance leasing has become clearer, and with the clean-up of the finance leasing industry in China and consolidation of finance leasing companies in various provinces and municipalities, the path ahead of the future development for finance leasing companies which truly serves the economy has become more lucid.

Since the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) issued the Interim Measures for the Supervision and Administration of Financial Leasing Companies* (《融資租賃公司監督管理暫行辦法》) in 2020, industry supervision became more stringent. In 2021, various regions in the PRC have successively issued their regional implementation rules, which carefully took into account the actual situation of the regions to ensure and safeguard sustainable development of the industry. The regulatory requirements cover the issues and risks of finance leasing companies, focusing on due diligence, management of leased assets and capital investment. Such developments provided more certain supervision indicators, and led finance leasing companies to pay more attention to compliance management and the improvement in the risk management capabilities, which are beneficial for a healthier and more sustainable development in the industry as a whole.

In the first half of 2022, the Pandemic still fluctuated in the PRC, and the recovery of the domestic economic environment still faced severe challenges. However, since the last quarter of 2022, China has gradually relaxed its COVID-19 controls, and cross-border traffic has been fully resumed since February 2023, which is expected to lead to a better overall business environment.

In terms of data, as at the end of June 2022, the national balance of finance leasing contracts amounted to approximately RMB6.03 trillion, representing a continuous decrease from RMB6.21 trillion as at the end of 2021, RMB6.50 trillion as at the end of 2020 and RMB6.65 trillion as at the end of 2019. However, as of the end of June 2022, the total number of finance leasing companies in China was slightly increased, and reached approximately 11,603 (end of 2021: 11,180). Hence, the competition in the finance leasing industry has further intensified.

The customers served by the Group are mostly in healthcare industry and aviation industry. In 2022, business environment in the PRC remained stable, therefore certain lessees, particularly those in the healthcare industry, have sufficient cash flow to make timely repayments, hence the Group was not required to make significant net impairment provision on finance lease receivables during the Reporting Period.

Consistent with the practices in 2022, the Group's management has been proactively deploying various means to recover the Group's finance lease receivables, including but not limited to instituting legal proceedings, in order to protect its rights and entitlements under the relevant finance lease agreements.

Maintaining the profitable trend and scale from previous year, the Group's finance lease business recorded revenue of approximately RMB208.86 million during 2022, with profit before tax of approximately RMB137.86 million.

2022 was the second year of the "14th Five-Year Plan". China's manufacturing industry is undergoing transformation and equipment upgrading, and evolution from traditional manufacturing to digital and intelligent manufacturing. It is expected to promote a new round of rapid growth in the future. As such, the demand for financing will remain strong. While the development in the healthcare and energy sectors continues, the investments in the transportation and infrastructure segments are also picking up. Finance leasing is one of the common medium- and long-term financing tools in the manufacturing industry, therefore, the Group will continue to cultivate relationship with potential customers in such key industries. In addition, the overall penetration rate of leasing in the Chinese market is still far lower than that of European and American markets, demonstrating a relatively large potential for industry development. Overall, the Board is of the view that the increase in demand for finance leasing continues to provide financial flexibility for various investment and business operation during the Reporting

Period. The finance leasing industry has a huge potential and a very bright prospect. Thus, the Board intends to further expand the Group's finance leasing and related businesses in sectors including healthcare, transportation, energy and infrastructure.

The Group will continue to pay close attention to the market changes in the finance leasing industry, adjust its business strategies in a timely manner, expand and diversify its business scope, actively adjust the speed of business development, give priority to risk prevention and control at appropriate times, and strengthen the project approval committee's role in project selection. The Group is committed to improving and enhancing the level of asset management, diversifying customer and project categories, improving the quality of its cashflows, reducing overall asset risk, and developing its business by adhering to the principle of "quality over quantity", making steady progress and actively seeking opportunities amid changes.

FINANCIAL REVIEW

Revenue

The Group's revenue mainly derived from income generated from higher education and finance leasing. Revenue generated from the Group's higher education was mainly from (i) tuition fee; (ii) boarding fees; and (iii) other education service fees, and all of such revenue was generated in the PRC. The Group's finance leasing services included sale-leaseback and direct finance leasing.

Revenue of the Group increased by approximately 59.1% from approximately RMB231.8 million for the year ended 31 December 2021 to approximately RMB368.8 million for the year ended 31 December 2022. The significant increase in revenue was mainly due to the increase in the Group's overall revenue as a result of the acquisition of the business of Yantai Nanshan University during the Reporting Period. During the Reporting Period, revenue of tuition fees, boarding fees and other education services fees included in the Group's revenue (during the period from 18 August 2022 to 31 December 2022) amounted to approximately RMB159.9 million.

Costs of services

The Group's costs of services amounted to approximately RMB112.8 million for the year ended 31 December 2022 (2021: nil), which were mainly derived from the operations of Yantai Nanshan University.

Gross profit and gross profit margin

The Group recorded a gross profit of approximately RMB256.0 million for the year ended 31 December 2022 with approximately 69.4% of gross profit margin, as compared to the gross profit of approximately RMB231.8 million for the year ended 31 December 2021, representing an increase of approximately 10.4%.

Other income, gains or losses

Other income, gains or losses of the Group, which primarily derived from (i) government grants; (ii) investment and interest income; (iii) loss on the disposal of plant and equipment, increased from approximately RMB16.3 million for the year ended 31 December 2021 to approximately RMB28.2 million for the year ended 31 December 2022.

Specifically, government grants, which are mainly subject to change in the tax payment every year, decreased from approximately RMB10.9 million for the year ended 31 December 2021 to approximately RMB7.6 million for the year ended 31 December 2022; investment and interest income increased from approximately RMB5.3 million for the year ended 31 December 2021 to approximately RMB8.4 million for the year ended 31 December 2022. In addition, the business of Yantai Nanshan University during the Reporting Period contributed to an increase in rental income and income from the sale of teaching materials of approximately RMB4.3 million and RMB3.7 million, respectively.

Administrative expenses

Administrative expenses of the Group primarily included staff costs, rental expenses, legal and professional fees and daily office expenses. For the year ended 31 December 2022, the administrative expenses amounted to approximately RMB52.8 million (2021: approximately RMB38.6 million), representing approximately 14.3% of the total revenue of the Group (2021: approximately 16.6%).

Finance costs

Finance costs of the Group primarily derived from borrowings, imputed interest on deposits from finance lease customers and consideration payable. The finance costs decreased by approximately 14.3% from approximately RMB89.8 million for the year ended 31 December 2021 to approximately RMB77.0 million for the year ended 31 December 2022. The decrease in finance costs was mainly a result of the decrease in borrowing costs by approximately 48.1% from approximately RMB68.6 million for the year ended 31 December 2021 to approximately RMB35.6 million for the year ended 31 December 2022.

Gain on bargain purchase

The Group continuously seeks potential opportunities. A one-off gain on bargain purchase of approximately RMB270.5 million for the year ended 31 December 2022 was recognised as a result of the completion of the acquisition of Yantai Nanshan University. Details of the acquisition are set out in the section headed "ACQUISITION OF A SUBSIDIARY" in note 23 to the consolidated financial statements in this announcement.

Profit for the year

The net profit of the Group for the year ended 31 December 2022 amounted to approximately RMB372.1 million, as compared to approximately RMB78.9 million for the year ended 31 December 2021, representing a significant increase of approximately 4.7 times. The main reason was that while the net profit of the Group's finance leasing business remained stable, upon the completion of acquisition of Yantai Nanshan University, the net profit (during the period from 18 August 2022 to 31 December 2022) of Yantai Nanshan University was consolidated into the Group's profit, with the recognition of one-off gain on bargain purchase (RMB270.5 million) in connection with the acquisition.

Dividend

The Board did not recommend payment of any final dividend to shareholders for the year ended 31 December 2022 (2021: nil).

Liquidity, financial resources and capital resources

As at 31 December 2022, the cash and cash equivalents of the Group amounted to approximately RMB125.8 million (2021: approximately RMB141.8 million). Working capital (current assets less current liabilities) and the total equity of the Group amounted to approximately RMB563.6 million (2021: approximately RMB983.9 million) and approximately RMB2,598.0 million (2021: approximately RMB1,273.5 million), respectively.

As at 31 December 2022, the balance of borrowings of the Group amounted to RMB329.3 million (2021: RMB795.9 million). As at 31 December 2022, the Group's borrowings due within one year amounted to approximately RMB308.5 million (31 December 2021: approximately RMB169.9 million) and the Group's borrowings due after one year amounted to approximately RMB20.8 million (31 December 2021: approximately RMB626.0 million).

As at 31 December 2022, the gearing ratio of the Group (dividing the total indebtedness by total equity and indebtedness as at the end of the period) was approximately 11.3% (2021: approximately 38.5%). Such decrease was mainly due to the decrease in the borrowings as compared with the scale of the Group's business.

Finance lease receivables

Finance lease receivables of the Group comprises mainly (i) gross amount of finance lease receivables; offset by (ii) unearned finance income; and (iii) allowance for impairment losses. As at 31 December 2022, the respective carrying amounts of such components of the finance lease receivables amounted to (i) approximately RMB2,668.6 million; (ii) approximately RMB266.8 million; and (iii) approximately RMB259.2 million (as at

31 December 2021, the respective carrying amounts of such components of the finance lease receivables amounted to (i) approximately RMB2,590.6 million; (ii) approximately RMB310.2 million; and (iii) approximately RMB260.5 million).

The finance lease receivables of the Group slightly increased by approximately 6.1% from RMB2,020.0 million for the year ended 31 December 2021 to RMB2,142.6 million for the year ended 31 December 2022.

The allowances for impairment losses of the Group slightly decreased by approximately 0.5% from approximately RMB260.5 million as at 31 December 2021 to approximately RMB259.2 million as at 31 December 2022.

Background information of the lessees which was relevant to the impairment recorded during the Reporting Period

Nine customers (eight of which were in the healthcare industry and one of which was in the aviation industry) (2021: one customer, which was in the aviation industry), were unable to repay the relevant rental fees for the financial year ended 31 December 2022. Accordingly, the Group made provision for impairment under IFRS 9 — Financial Instruments to reflect the outstanding sum during the Reporting Period.

The factors, events and circumstances leading to the reversal of impairment loss

Consistent with practices in previous financial years, in the financial year ended 31 December 2022, the Group has assessed the general ageing of finance lease receivables and took prudent measures to recover the outstanding rental fee. Such measures included demanding repayments by telephone calls and physical visits, as well as instituting legal proceedings, etc.

With the improving business environment in the PRC, the lessees, particularly those in the healthcare industry, are facilitated to make timely repayments, which led to a net reversal in impairment losses on finance lease receivables for the year ended 31 December 2022.

The Board is of the view that the reversal of impairment losses for the year ended 31 December 2022 is fair and reasonable because (a) it is in line with the relevant accounting policies under the IFRSs; and (b) it is in conformity with the market situation and reflecting the Company's situation.

The methods and basis used in determining the amount of the impairment

The Group's main business entity is a finance leasing company, which adopts a three-stage model to measure expected credit losses in accordance with the requirements of the new financial instrument standards. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since the initial recognition. The Group calculates the provision of loss based on 12-month expected credit loss, unless the credit risk has increased significantly since the initial recognition, the Group recognises the existence of expected credit loss. The assessment of whether the expected credit loss of the duration should be recognised is based on the substantial increase in the probability or risk of default since the initial recognition. The expected credit loss model and the estimation or calculation formula of relevant parameters for finance lease receivables are as follows:

ECL (Expected Credit Loss) = EAD x PD x LGD x DF

EAD (Exposure at Default): Exposure at Default is the present value of minimum lease payment receivable minus security deposit

PD (Probability of Default): Probability of Default refers to the possibility that the borrower cannot repay the principal and interest of the financial lease or perform relevant obligations according to the contract requirements within a certain period of time in the future. The probability of default is the base for calculating the expected loss of finance lease receivables. The Group will base on the measurement method of its internal credit rating historical data and consider the rating of the companies according to the credit rating historical data accumulated over a long period of time, including past repayment records, current and previous financial data and leased property value, etc, by taking the average value of historical probability of default as the corresponding default probability of such companies under different credit ratings.

LGD (Loss Given Default): Loss Given Default is an estimate of loss arising on default, which is obtained by mapping the main scale of external rating. The regulatory reference value and peer practice under the primary credit risk method are adjusted in combination with the Company's business characteristics. The LGD in the Group's impairment model is set based on the regulatory reference value, the LGD of peers, and the fact that the Company's collection strength will be lower than that of banks and financial institutions in combination with expert experience.

DF (Discount Factor): $1/(1+EIR)^{t-1}$, where EIR is the effective interest rate of the contract, and t is the remaining term.

Based on the IFRS, the Group made a relatively reasonable estimation on the recovery of future funds from a prudent perspective, and provided an appropriate amount of impairment losses allowance.

In case that certain lessees failed to repay on time, the Group adopted actions, like active on-site collection or legal actions to minimise the chance of making impairment allowance. Further, the Group deployed different means to recover impaired finance lease receivables. Please refer to the Company's announcement dated 27 May 2020 in relation to, among others, the audited annual results for the financial year ended 31 December 2019 and the paragraph headed "The Company's measures of recovering the impaired finance lease receivables" below for further details. With the measures taken by the

Group and the timely repayment of certain lessees due to the improving business environment, particularly those in healthcare industry, no significant allowances for impairment losses for the year ended 31 December 2022 was required.

The Company's measures of recovering the impaired finance lease receivables

The Company classifies the overdue repayment cases into three categories and deploys different means (subject to the travel restrictions imposed due to the COVID-19) to recover the impaired finance lease receivables accordingly, details of which are summarised as follows:

1. category 1: 30 days or less past due — the Company demands repayment by telephone and physically visiting the customers, to negotiate a deadline for the customers to repay all overdue amount;

2. category 2: 30 to 90 days past due — the Company enhances the recovery method by demanding repayment by telephone and physically visiting the customers frequently, as well as issuing pre-action letter to the customer to recover overdue amount; and

3. category 3: 90 days or more past due — the Company will issue pre-action letter and institute legal proceedings against the relevant customers to recover outstanding sums as well as penalty, liquidated damages and other expenses as permitted under the laws of PRC. The Company may also negotiate a new repayment schedule with the relevant customers to recover the outstanding sums abovementioned, and even dispose of the leased assets and demand the difference between the sale proceeds and the outstanding sums from the relevant customers.

Finance lease commitments

As at 31 December 2022, the Group had no finance lease commitments (31 December 2021: nil).

Employees and remuneration policy

As at 31 December 2022, the Group employed 1,950 full time employees (31 December 2021: 32) for its principal activities. Employees' benefits expenses (including Directors' emoluments) amounted to approximately RMB79.1 million for the year ended 31 December 2022 (2021: approximately RMB11.1 million).

The Group recognises the importance of retaining high calibre and competent staff and continues to provide remuneration packages to employees with reference to the performance of the Group, the performance of the employees and the prevailing market rates. Other various benefits, such as medical and retirement benefits, are also provided to employees. In addition, share options may be granted to eligible employees of the

Group in accordance with the terms of the share option scheme adopted by the Company. Please refer to the paragraph headed "Share Option Scheme" in this announcement for details.

RISK MANAGEMENT

As a company operating in the higher education business and in the finance leasing business, serving different industries, the Group assumes various risks in its business operations, including credit, liquidity, marketing, compliance, legal, operational and reputational risks, among which the main risks faced by the higher education business include human resources, enrollment and market risks; while its finance leasing business is primarily exposed to credit risk.

To properly manage these risks faced by its higher education business, Yantai Nanshan University (as defined as the "**College**" in this paragraph) has established the following risk management structures and measures:

— The board of the College is generally responsible for making strategic decisions about the budget, investments, acquisitions and future development of the College. It is also responsible for reviewing and approving any significant business decisions that involve material risks, such as the expansion of the College into new areas, the increase of tuition fees and boarding fees, the construction of the college and the decision to establish significant business partnerships with third parties to develop new educational programmes;

— The principal is the person who makes decisions for the College. Under the instruction of the board of the College, the principal, assisted by and together with the vice principals and the head of the different departments, are responsible for the continuous risk management of the College. The principal shall make decisions on remedial measures for serious incidents or behaviour that violates the College's internal control policies reported to it. The materials in relation to such incidents shall be filed for record, which include incident reports, records of detection and inspection, inspection report, inspection advice, inspection decisions and their materials. The College will also learn from the experience of the incidents to find its deficiencies and refer to such materials for the guidance of its future work; and

— The College maintains insurance coverage, which the College believes that is in line with customary practice in the education industry of the PRC, including the public liability insurance.

With respect to the credit risk faced by its finance leasing business, the Group has developed a comprehensive risk management system and controls risks through measures including due diligence on customers, independent information review and a multi-level approval process.

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

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

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

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

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

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

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

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

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any material contingent liabilities (31 December 2021: nil).

USE OF PROCEEDS FROM ISSUE OF EQUITY SECURITIES

References are made to the announcements of the Company dated 30 November 2022 (the "**Placing Announcements**") and 14 December 2022, respectively. Unless otherwise defined herein, capitalised terms in this section shall have the same meanings as those defined in the Placing Announcements.

On 14 December 2022, the Company completed the placing of new shares of the Company and the subscription of new shares of the Company. An aggregate of 47,160,000 Placing Shares have been successfully placed at the Placing Price of HK$3.52 per Placing Share to not less than six Placees pursuant to the terms and conditions of the Placing Agreement. An aggregate of 143,754,000 Subscription Shares have been allotted and issued to the Subscribers at the Subscription Price of HK$3.52 per Subscription Share pursuant to the terms and conditions of the each of the Subscription Agreements. The Placing Price is the same as the Subscription Price being HK$3.52 per Placing Share or Subscription Share and representing: (i) a discount of approximately 19.82% to the closing price of HK$4.39 per Share as quoted on the Stock Exchange on the date of the Placing Agreement and the Subscription Agreements; and (ii) a discount of approximately 16.19% to the average closing prices of HK$4.20 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement and the Subscription Agreements. The net proceeds from the Placing and the Subscription would be used on the Group's finance leasing business. Net proceeds from the Placing and Subscription (net of commissions payable to the Placing Agent and other costs, expenses and expenses arising from the Placing and Subscription) amounted to HK$669.6 million, of which, HK$417.0 million (US$53.5 million) have been utilised as intended as at 31 December 2022.

For the avoidance of doubt, no net proceeds from the Placing and the Subscription would be applied as consideration for the acquisition of Yantai Nanshan University.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Share Option Scheme**") on 20 February 2019 which became effective on 15 March 2019. A summary of the principal terms of the Share Option Scheme was set out in Appendix V to the prospectus of the Company dated 28 February 2019.

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group.

The basis of eligibility of any participant to the grant of any share option (the "**Share Option**") shall be determined by the Board (or as the case may be, including, where required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the independent non-executive Directors) from time to time on the basis of the participant's contribution or potential contribution to the development and growth of the Group.

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules (in particular as to grant of Share Option to Directors, chief executives and substantial shareholders of the Company or their respective associates), the Board shall be entitled at any time within 10 years after the date of adoption of the Share Option Scheme to make an offer for the grant of a Share Option to any participant as the Board may determine. The number of Shares which may be issued pursuant to the exercise of the Share Option to be granted under the Share Option Scheme is 150,000,000 in total. There was no Share Option outstanding under the Share Option Scheme nor was any Share Option granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme during the year ended 31 December 2022.

EVENTS AFTER THE REPORTING PERIOD

Renewal of continuing connected transaction and major transaction — finance leasing framework agreement for 2023 to 2025

As the existing finance leasing framework agreement of continuing connected transaction had been expired on 31 December 2022. On 4 November 2022, the Company entered into the finance leasing framework agreement with Nanshan Group Co., Ltd.* (南山集團有限公司) ("**Nanshan Group**"), pursuant to which the Group agreed to provide finance leasing service to Nanshan Group. The finance leasing framework agreement shall be effective for three years from 1 January 2023, subject to the independent shareholders' approval at the extraordinary general meeting of the Company on 6 January 2023 (the "**EGM**").

The Company passed an ordinary resolution relating to the renewal of continuing connected transaction and major transaction of the said finance leasing framework agreement at the EGM. For details, please refer to the Company's announcements dated 4 November 2022, 14 December 2022 and 6 January 2023 and the Company's circular dated 16 December 2022.

Appointments of (i) the chairman of the Board and non-executive Director, (ii) executive Director and (iii) independent non-executive Director

With effect from 9 January 2023, Mr. Song Jianbo has been appointed as the chairman of the Board and a non-executive Director; Mr. Yuen Kin Shan has been appointed as an executive Director; and Ms. Xing Li has been appointed as an independent non-executive Director. For further details of Mr. Song Jianbo, Mr. Yuen Kin Shan and Ms. Xing Li, please refer to the announcement of the Company dated 9 January 2023.

Change in board lot size

The Board announces that board lot size for trading of the Shares on the Stock Exchange has been changed from 3,000 Shares each to 1,000 Shares each with effect from 9:00 a.m. on Tuesday, 7 February 2023. For details, please refer to the announcement of the Company dated 12 January 2023.

Establishment of strategic investment committee and appointment of members of the strategic investment committee

In order to enhance the investment decision-making procedures, the Company established a strategic investment committee (the "**Strategic Investment Committee**"), with effect from 16 January 2023. The Strategic Investment Committee is responsible for, among other things, the Company's investment strategy, monitoring the implementation and reporting the same to the Board. Mr. Song Jianbo, Mr. Jiao Jianbin and Mr. Yuen Kin Shan have been appointed as members of the Strategic Investment Committee and Mr. Song Jianbo has been appointed as the chairman of the Strategic Investment Committee.

For details on the Strategic Investment Committee and its terms of reference, please refer to the announcement of the Company dated 16 January 2023 and rules of procedures of the Strategic Investment Committee published on the same date.

Change of company name and amendments to the amended and restated memorandum and articles of association

To refresh the corporate image of the Company, and better reflect the current status of the Group and the direction of its future business development, the Board proposed to change (i) the English name of the Company from "International Alliance Financial Leasing Co., Ltd." to "Alliance International Education Leasing Holdings Limited" and (ii) the dual foreign name in Chinese of the Company from "国际友联融资租赁有限公司" to "友聯國際教育租賃控股有限公司" **("Proposed Change of Company Name")**.

In addition, the Listing Rules amended with effect from 1 January 2022 streamlined the requirements for overseas issuers with a single set of shareholder protection standards applicable to all issuers as set out in Appendix 3 of the Listing Rules (the "**Core Standards**") to ensure that consistent protection is provided to all investors. Accordingly, the Board proposed to amend and restate the existing amended and restated memorandum and articles of association of the Company (the "**Existing M&A**"), among others, to (i) conform with the Core Standards and other latest legal and regulatory requirements under the Listing Rules and applicable laws of the Cayman Islands; and (ii) incorporate certain housekeeping amendments (the "**Proposed Amendments**"). The Board also proposed to adopt the second amended and restated memorandum and articles of association which incorporates the Proposed Amendments in substitution for, and to the exclusion of, the Existing M&A.

The Company held an extraordinary general meeting on 14 February 2023 (the "**EGM**") and passed special resolutions of the Company relating to the Proposed Change of Company Name, as well as amendment of the Existing M&A. Subsequent to the approval of the Shareholders by passing a special resolution in relation to the Proposed Change of Company Name at the EGM and the Registrar of Companies in the Cayman Islands approving the Proposed Change of Company Name by way of the issue of the certificate of incorporation on change of name, the Proposed Change of Company Name has taken effect from 14 February 2023, being the date on which the certificate of incorporation on change of name was issued by the Registrar of Companies in the Cayman Islands. The proposed adoption of the second amended and restated memorandum and articles of association of the Company has also taken effect upon the Proposed Change of Company Name becoming effective on 14 February 2023.

For details, please refer to the Company's announcements dated 22 December 2022, 4 January 2023, 17 January 2023 and 1 March 2023 and the Company's circular dated 26 January 2023.

OUTLOOK AND PLANS

Looking forward to 2023, the Board estimates that the economy that in the PRC will gradually improve. The Company's higher education and finance leasing businesses are well-positioned to capture the overall growth in the domestic economy. Please refer to the section headed "Business Overview" in this announcement for further details.

Yantai Nanshan University has a long-term competitive advantage of "Integration of industry and education; Cooperation of school and enterprise (產學融合、校企合作)" and belongs to an industry encouraged by the PRC government policy. In addition, there is a strong demand for the higher education industry, and the relevant business is expected to maintain a stable development. The Company will deepen its existing partnership, continue to organise and design more advanced applied disciplines, as well as develop cooperations between upstream, downstream and other new enterprises.

Furthermore, with the gradual relaxation of the COVID-19 controls, the further improvement of the business environment, and the upgrading equipment brought by the continuous digitalisation and intelligence in the manufacturing industry, all of them continue to bring opportunities to the finance leasing industry, and industry supervision has provided a more favourable business environment for the overall health and sustainable development of the industry. The Group's finance lease business will adapt to market changes, seize opportunities in the market and its business by adhering to the principle of "quality over quantity", and make steady progress in its expansion.

The Group will continue to explore domestic or overseas expansion of its existing businesses and locate suitable acquisition targets (including overseas vocational education and higher education), particularly those businesses or projects that offer excellent potential, provide stable cash flow or natural hedges of financial liquidity or other advantages or synergies, to enrich the Group's existing higher education and finance lease business.

The Group will continue to focus on its internal control and risk management based on the principles of risk prevention and asset monitoring reinforcement, strengthening internal management and improving various systems, while continuing to steadily promote its business development, expansion and diversification.

The Board will strive for new breakthroughs in terms of industry and geographic coverage by improving the corporate governance mechanism; and on the condition of compliance with the Listing Rules, strengthening its internal control, enhancing asset management capability, further forging a professional and high-quality talent team to seize development opportunities and actively explore new customers (including expanding to new industries outside of the existing customer base of the Group). Meanwhile, the Group will also endeavour to maintain the long-term relationship with existing customers and explore opportunities to deepen cooperation with quality customers, in order to achieve steady and long-term development of the Group's higher education and finance leasing businesses.

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

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "**Annual General Meeting**") will be held on Wednesday, 24 May 2023. A notice convening the Annual General Meeting will be published and dispatched to the shareholders of the Company in due course according to the requirements of the Listing Rules. The register of members of the Company will be closed from Friday, 19 May 2023 to Wednesday, 24 May 2023 (both dates inclusive) for the purpose of determining shareholders' entitlement to attend and vote at the Annual General Meeting. In order to qualify for attending and voting at the Annual General Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 18 May 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "**Model Code**"). The Company will periodically issue notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results. The Company has made specific enquiry of the Directors and all of the Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2022.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to promoting good corporate governance and has set up procedures on corporate governance that comply with the principles in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. Throughout the year ended 31 December 2022, the Company had complied with all code provisions in the CG Code and had adopted most of the recommend best practices set out in the CG Code.

AUDIT COMMITTEE

The Company has an audit committee (the "**Audit Committee**") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive Directors. The members of the Audit Committee are Mr. Liu Xuewei, Mr. Liu Changxiang and Mr. Jiao Jian. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2022.

SCOPE OF WORK OF AUDITOR

The figures in respect of the consolidated statement of profit or loss, consolidated statement comprehensive income, consolidated statement of financial position of the Group, and the related notes thereto for the year as set out in this announcement have been agreed by its auditors, SHINEWING (HK) CPA Limited ("**Shinewing**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Shinewing in this respect did not constitute audits, reviews and other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Shinewing in this announcement.

PUBLICATION OF INFORMATION

This announcement is published on the websites of the Company (www.iaf-leasing.com) and the Stock Exchange (www.hkexnews.hk), respectively. The annual report of the Company for the financial year ended 31 December 2022 will be despatched to shareholders of the Company and available on the above websites in due course.

By order of the Board
Alliance International Education Leasing Holdings Limited
Song Jianbo
Chairman

Hong Kong, 3 March 2023

As at the date of this announcement, the Board comprises Mr. Li Luqiang, Mr. Liu Zhenjiang, Mr. Luo Zhenming, Mr. Qiao Renjie and Mr. Yuen Kin Shan as executive Directors; Mr. Song Jianbo and Mr. Jiao Jianbin as non-executive Directors; and Mr. Liu Changxiang, Mr. Liu Xuewei, Mr. Jiao Jian, Mr. Shek Lai Him Abraham and Ms. Xing Li as independent non-executive Directors.

* *For identification purposes only*