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ICBCIL FINANCE CO. LIMITED

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

US\$5,000,000,000

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)

This Supplemental Offering Circular (the “Supplemental Offering Circular”) to the offering circular dated 7 October 2015 (the “Principal Offering Circular”, together with this Supplemental Offering Circular, the “Offering Circular”), relating to the US\$5,000,000,000 Medium Term Note Programme (the “Programme”) established by ICBCIL Finance Co. Limited (the “Issuer”), amends and supplements, and must be read in conjunction with, the Principal Offering Circular. Capitalised terms used but not otherwise defined in this Supplemental Offering Circular shall have the meanings ascribed to them in the Principal Offering Circular.

This Supplemental Offering Circular contains important information. You should read this Supplemental Offering Circular carefully in conjunction with the Principal Offering Circular before making any investment decision.

The Programme, and the notes that may be issued from time to time thereunder (the “Notes”), are more fully described in the Offering Circular. This Supplemental Offering Circular is subject to additional restrictions and limitations on distribution, transfer, and other matters set forth in the Principal Offering Circular as though such additional restrictions and limitations were set forth in this Supplemental Offering Circular.

INVESTING IN THE NOTES INVOLVES CERTAIN RISKS. SEE “RISK FACTORS” BEGINNING ON PAGE 19 OF THE PRINCIPAL OFFERING CIRCULAR FOR A DISCUSSION OF RISKS RELATING TO AN INVESTMENT IN THE NOTES.

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.

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. Accordingly, the Notes are being offered and sold only (1) to qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A thereunder (“Rule 144A”) and (2) outside the United States to non-U.S. persons (as defined under Regulation S under the Securities Act (“Regulation S”)) in compliance with Regulation S. Prospective purchasers are hereby notified that the seller of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of the Offering Circular, see “Subscription and Sale” and “Transfer Restrictions” in the Principal Offering Circular.

This Supplemental Offering Circular, together with the Principal Offering Circular, shall be used solely for issuance of the Notes under the Programme in reliance of Rule 144A, and this Supplemental Offering Circular shall not be incorporated by reference into the Principal Offering Circular.

Arrangers

ICBC

**Goldman Sachs
(Asia) L.L.C.**

Morgan Stanley

Citigroup

**BofA Merrill
Lynch**

Dealers

ICBC

**Goldman
Sachs (Asia)
L.L.C.**

**Morgan
Stanley**

Citigroup

**BofA Merrill
Lynch**

**Wells Fargo
Securities**

ANZ

Offering Circular dated 7 October 2015

IMPORTANT NOTICE

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 confirms, 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.

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” of the Principal Offering Circular) or the Trustee or the Agents (each as defined in “Terms and Conditions of the Notes” of the Principal Offering Circular). 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, the Agents or their respective affiliates 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, the Agents or their respective affiliates to any person to subscribe for or to purchase any Notes.

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 Arrangers and the Dealers 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. Accordingly, the Notes are being offered and sold only (1) to qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (2) outside the United States to non-U.S. persons (as defined under Regulation S) in compliance with Regulation S. Prospective purchasers are hereby notified that the seller of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of the Offering Circular, see “Subscription and Sale” and “Transfer Restrictions” in the Principal Offering Circular.

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.

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, 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.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955 (“RSA 421-B”), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

CERTAIN DEFINITIONS AND CONVENTIONS

In the Supplemental 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\$” or “U.S. dollar” are to the lawful currency of the United States of America, references to “Renminbi” or “RMB” 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 the Supplemental 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, the Supplemental 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 RMB6.200, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 30 June 2015. 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” in the Principal Offering Circular.

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 each Pricing Supplement in which this Supplemental Offering Circular is specifically referred to. Each such Pricing Supplement 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.

Except as expressly set forth above, any documents incorporated by reference in the Principal Offering Circular shall not form part of this Supplemental Offering Circular.

This Supplemental Offering Circular, together with the Principal Offering Circular, shall be used solely for issuance of the Notes under the Programme in reliance of Rule 144A. This Supplemental Offering Circular shall not be incorporated by reference into the Principal Offering Circular.

Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Supplemental Offering Circular will be available 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 Supplemental Offering Circular.

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any Notes are “restricted securities” as defined in Rule 144(a)(3) under the Securities Act, the Issuer will during any period that it is neither subject to section 13 or 15(d) of the United States Securities and Exchange Act of 1934 (the “Exchange Act”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder furnish, upon request, to any holder or beneficial owner of such restricted securities or any prospective purchaser designated by any such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

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 Exchange Act. All statements other than statements of historical fact contained in this Offering Circular, including, without limitation, those regarding the Group's future financial position and results of operations, strategies, plans, objectives, goals and targets, future developments in the markets where the Group 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 Group'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 Group's present and future business strategies and the environment in which the Group will operate in the future. Important factors that could cause the Group'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 Group operates;
- the business and operating strategies and the future business development of the Group;
- the general economic, political, social conditions and developments globally;
- changes in competitive conditions and its ability to compete under these conditions;
- the Group's operations and business prospects;
- the Group's capital expenditure and development plans;
- the Group's expectations with respect to its ability to acquire and maintain regulatory qualifications required to operate its business;
- the Group's business strategy and plans to achieve this strategy;
- the availability and charges of bank loans and other forms of financing;
- the Group's financial condition and results of operations;
- changes in currency exchange rates;
- changes in interest rates;
- the macroeconomic policies of the PRC government and changes in the regulatory environment in the PRC; and
- other factors beyond the Issuer's and the Group's control, including those discussed in the section headed "Risk Factors" in the Principal Offering Circular.

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 Group 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 Group 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 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 this Offering Circular and is qualified in its entirety by the more detailed information and the financial statements appearing elsewhere in this 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 this 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 titled “Risk Factors” of this Offering Circular. Prospective investors should carefully read that section before deciding to invest in the Notes.

The Company was incorporated on 28 November 2007 in Tianjin, PRC as a wholly-owned subsidiary of ICBC. ICBC was established on 1 January 1984.

The Company was the first bank-affiliated financial leasing company in the PRC approved by the CBRC. It was established as a key platform in implementing ICBC’s comprehensive operating strategy and products offering, and ICBC and its subsidiaries (the “**ICBC Group**”) have provided the Company with full support in its business development. After over seven years of steady business development, the Company has grown into one of the largest financial leasing companies in the PRC regulated by the CBRC, with the largest total consolidated assets according to quarterly statistics from the China Banking Association Financial Leasing Committee (中國銀行業協會金融租賃專業委員會) (“**CBA Financial Leasing Committee**”) as at 31 December 2014.

ICBC’s leasing operations consist of both domestic and offshore leasing businesses. ICBC’s domestic leasing operations in the PRC are owned and operated by the Group, whereas the offshore leasing 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 ICBCIL Group and financial consolidation is not otherwise required or provided by applicable laws or regulations, the financial statements of ICBCIL Group are not consolidated into the Group’s consolidated financial statements. The offshore leasing business, however, is managed and operated by the Company, though the assets of the offshore leasing platform are owned by ICBCIL Group. The Company manages ICBCIL Group by providing management and sharing resources. See “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 leasing businesses unless specifically indicated otherwise. See “– Business Description of the ICBCIL Group”.

The Company’s leasing business is organised around three major sectors: (i) aviation, (ii) shipping and (iii) big-ticket equipment. With favourable government policy support and support from the ICBC Group, the Company has grown to become the largest financial leasing company in the PRC regulated by the CBRC in terms of total consolidated assets, as at 31 December 2014 according to the CBA Financial Leasing Committee. The total consolidated assets of the Group increased from RMB119 billion as at 31 December 2012 to RMB174 billion as at 31 December 2014. The operating income of the Group increased from RMB2,283 million in 2012 to RMB3,619 million in 2014 and the operating profit grew from RMB1,398 million in 2012 to RMB2,562 million in 2014. The total consolidated assets of the Group as at 30 June 2015 was RMB175 billion, the operating income of the Group for the period ended 30 June 2015 was RMB1,815 million and the operating profit of the Group for the six months ended 30 June 2015 was RMB1,030 million. With a focus on “large markets, large clients and big-ticket leasing transactions”, as at 30 June 2015, the Group owned 271 large aircraft, including 107 aircraft delivered to the Group and already in lease, 183 ships and maritime assets, and approximately 35,000 pieces of large equipment. As at 30 June 2015, the Group had approximately 706 clients with over 1,161 leasing contracts. As the Company is ICBC Group’s primary leasing platform, 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.

On 13 January 2014, ICBC injected additional RMB3 billion of equity capital into the Company, upon which the Company's share capital was increased to RMB11 billion. The equity injection is one of several rounds which ICBC has made. After the injection, the Company became the best capitalised financial leasing company in the PRC according to quarterly statistics from CBA Financial Leasing Committee.

The Company also benefits from the offshore leasing platform of ICBC owned by the ICBCIL Group but managed and operated by the Company. Although the Group does not retain any equity interest in the offshore leasing business, the development of such business facilitates the internationalisation of ICBC's leasing brand, builds an integrated global leasing platform for the ICBC Group, broadens the client base and leads to more innovative leasing products and services, thus benefiting the development of the Company's domestic leasing business in the long term. For example, in the shipping sector, the ICBCIL Group, under the management of the Company, is also a pioneer in the financial leasing of offshore vessels provided by a PRC leasing entity, demonstrated by the US\$1.5 billion agreement with the Export-Import Bank of China for 51 offshore support vessels designed and constructed by the Sinopacific Shipbuilding Group for BOURBON and the delivery of "South China Sea No. 7", a semi-submersible drilling platform to China Oilfield Services Limited. In 2015, the ICBCIL Group concluded a US\$900 million leasing agreement with a top-tier European oil company for 18 tanker vessels and a US\$800 million leasing agreement with Golar LNG for four large LNG vessels. These transactions demonstrated the ICBCIL Group's ability to win business from some of the leading shipping clients. As at 30 June 2015, the ICBCIL Group owned 129 ships and maritime assets. In the aviation sector, as at 30 June 2015, the ICBCIL Group owned 152 large aircraft, including 124 aircraft already in lease. As at 30 June 2015, the ICBCIL Group had approximately 114 clients with over 320 leasing contracts. As at 30 June 2015, U.S. dollar denominated assets of both the Group and the ICBCIL Group accounted for approximately 55 per cent. of the total assets of the Group and the ICBCIL Group, in which those physically located offshore accounted for approximately 35 per cent. of such total 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 an A320 aircraft and lease of the same to Air Asia 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; lease arrangement of 11 aircraft to Garuda Indonesia with support from the U.S. Export-Import Bank, the first lease financing of a Chinese leasing company guaranteed by the U.S. Export-Import Bank and the first bond issuance by a Chinese leasing company guaranteed by the U.S. Export-Import Bank in the international capital markets; leasing arrangement of eight A320 aircraft with Wizz Air Hungary Airlines, the first pre-delivery financing in PRC and the biggest finance deal between China and Hungary; 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.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

Except as otherwise stated, all historical financial information included in this Offering Circular and discussed in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” is that of the Group.

The following summarises the consolidated financial data of the Group. This financial data is distinct from the financial data of the Issuer. The financial statements of the Issuer and notes thereto are included elsewhere in this Offering Circular.

The following tables present a summary of historical financial information and other data of the Group. The consolidated income statement and statement of cash flows for the financial years ended 31 December 2012, 2013 and 2014, and the six-month periods ended 30 June 2014 and 2015, and the consolidated balance sheet as of 31 December 2012, 2013 and 2014, and 30 June 2015, have been derived from the consolidated financial statements of the Group for such years and periods and as of such dates, set forth elsewhere in this Offering Circular. The financial statements of the Group have been prepared and presented in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (“PRC GAAP”). PRC GAAP differs in certain respect from U.S. GAAP and generally accepted accounting principles in other jurisdictions. The summary financial data below should be read in conjunction with the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements of the Group and the notes thereto included elsewhere in this Offering Circular.

Consolidated Balance Sheet of the Group

	As at 30 June		As at 31 December			
	2015	2015	2014	2014	2013	2012
	(in US\$ thousands)	(in RMB thousands)	(in US\$ thousands)	(in RMB thousands)		
Assets						
Cash at bank and on hand	2,841,307	17,616,102	2,352,524	14,585,649	9,735,404	3,666,835
Deposit with the central bank	5,222	32,377	12,413	76,961	75,814	132,380
Call loan to banks	32,258	200,000	–	–	–	–
Financial assets carried at fair value through profit and loss	406,351	2,519,378	304,487	1,887,819	–	–
Financial assets available for sale	–	–	32,258	200,000	–	–
Prepayments	1,528,735	9,478,160	2,114,080	13,107,298	28,721,711	31,138,796
Finance lease receivables	17,852,866	110,687,772	17,795,674	110,333,177	92,606,223	75,235,947
Fixed assets	3,714,155	23,027,763	3,271,051	20,280,515	10,053,799	4,691,327
Construction in progress	1,058,206	6,560,880	1,068,732	6,626,139	6,253,053	3,592,339
Intangible assets	1,922	11,919	1,777	11,020	9,387	7,595
Deferred tax assets	52,911	328,046	55,332	343,061	349,259	92,295
Other assets	750,292	4,651,809	1,085,899	6,732,574	1,406,252	502,719
Total assets	28,244,227	175,114,206	28,094,228	174,184,213	149,210,902	119,060,233
Liabilities and owners’ equity						
Liabilities						
Borrowings	23,075,729	143,069,520	23,320,681	144,588,223	124,658,146	95,109,914
Advances from customers	380,748	2,360,637	399,982	2,479,887	2,341,086	2,058,880
Long-term Payable	272,424	1,689,027	251,586	1,559,832	–	–
Employee benefits payable	21,567	133,717	29,535	183,118	121,790	73,202
Taxes payable	38,691	239,882	43,395	269,046	474,158	175,892
Security deposit	45,830	284,144	54,782	339,646	501,983	692,803
Financial assets sold under repurchase agreements	1,259,980	7,811,876	947,222	5,872,777	7,395,963	7,925,574
Other payable	115,650	717,028	128,816	798,658	699,989	2,010,775
Total liabilities	25,210,618	156,305,831	25,175,998	156,091,187	136,193,115	108,047,040
Owners’ equity						
Paid-in capital	1,774,194	11,000,000	1,774,194	11,000,000	8,000,000	8,000,000
Capital reserve	–	–	–	–	–	–
Surplus reserve	117,669	729,550	117,692	729,691	532,357	320,159
General reserve	402,354	2,494,592	402,354	2,494,592	2,136,192	1,683,616
Retained earnings	739,842	4,587,021	624,324	3,870,811	2,350,910	1,008,306
Translation differences of financial statements denominated in foreign currency	(450)	(2,788)	(334)	(2,068)	(1,672)	1,112
Total owners’ equity	3,033,609	18,808,375	2,918,230	18,093,026	13,017,787	11,013,193
Total liabilities and owners’ equity	28,244,227	175,114,206	28,094,228	174,184,213	149,210,902	119,060,233

Consolidated Statement of Income of the Group

	Six months ended 30 June			Year ended 31 December			
	2015	2015	2014	2014	2014	2013	2012
	(in US\$ thousands)	(in RMB thousands)		(in US\$ thousands)	(in RMB thousands)		
Net interest income							
Interest income	572,060	3,546,773	4,052,811	1,307,229	8,104,822	7,484,608	5,757,534
Interest expense	(472,581)	(2,930,000)	(3,310,542)	(1,078,715)	(6,688,032)	(5,480,270)	(4,745,042)
	99,480	616,773	742,269	228,515	1,416,790	2,004,338	1,012,492
Net operating lease income	157,457	976,234	530,884	223,787	1,387,479	758,632	351,031
Net fee and commission income							
Fee and commission income	30,470	188,911	713,687	157,054	973,733	1,539,008	1,036,543
Fee and commission expense	(23,594)	(146,283)	(155,517)	(50,179)	(311,112)	(148,041)	(84,207)
	6,875	42,628	558,170	106,874	662,621	1,390,967	952,336
Investment income	7,476	46,351	2,798	5,052	31,324	1,683	–
Gain/(loss) from changes in fair value . .	21,219	131,559	8,873	14,164	87,819	–	–
Foreign exchange gain/(loss)	215	1,332	(20,761)	5,372	33,304	38,621	(33,200)
Operating income	292,722	1,814,877	1,822,233	583,764	3,619,337	4,194,241	2,282,659
Business taxes and surcharges	(11,566)	(71,709)	(66,201)	(22,229)	(137,820)	(230,836)	(142,353)
Operating and administrative expenses . .	(85,169)	(528,045)	(316,268)	(144,286)	(894,574)	(614,671)	(411,188)
Impairment loss on assets	(29,822)	(184,899)	(97,540)	(4,094)	(25,382)	(1,057,498)	(331,125)
Operating expenses	(126,557)	(784,653)	(480,009)	(170,609)	(1,057,776)	(1,903,005)	(884,666)
Operating profit	166,165	1,030,224	1,342,224	413,155	2,561,561	2,291,236	1,397,993
Add: Non-operating income	405	2,508	–	38,985	241,706	403,261	180,198
Less: Non-operating expenses	0	(2)	–	(524)	(3,247)	(130)	(18)
Profit before income tax	166,569	1,032,730	1,342,224	451,616	2,800,020	2,694,367	1,578,173
Less: Income tax expenses	(51,052)	(316,520)	(360,576)	(116,836)	(724,386)	(686,989)	(411,037)
Net profit for the period/year	115,518	716,210	981,648	334,780	2,075,634	2,007,378	1,167,136
Other comprehensive income for the period/year	(116)	(720)	1,722	(64)	(396)	(2,784)	(269)
Total comprehensive income for the period/ year	115,402	715,490	983,370	334,716	2,075,238	2,004,594	1,166,867

Consolidated Statement of Cash Flows of the Group

	Six months ended 30 June			Year ended 31 December			
	2015	2015	2014	2014	2014	2013	2012
	(in US\$ thousands)	(in RMB thousands)		(in US\$ thousands)	(in RMB thousands)		
Cash flows from operating activities							
Net decrease in finance lease receivables and prepayments	501,271	3,107,878	—	—	—	—	—
Cash received from interest, fee and commission	597,596	3,705,094	4,813,329	1,456,709	9,031,593	9,154,842	6,707,189
Cash received from operating lease income	157,862	978,742	532,236	212,996	1,320,578	747,925	383,647
Net increase in financial assets sold under repurchase agreements	312,758	1,939,099	—	—	—	—	—
Net increase in borrowings	—	—	15,229,025	3,214,529	19,930,077	29,548,232	32,694,101
Net decrease in deposit with the central bank	7,191	44,584	—	—	—	56,566	—
Cash received relating to other operating activities	166,484	1,032,200	94,121	69,256	429,385	590,731	2,968,338
Sub-total of cash inflows	1,743,161	10,807,597	20,668,711	4,953,489	30,711,633	40,098,296	42,753,275
Net increase in financial lease receivables and prepayments	—	—	(7,622,415)	(451,655)	(2,800,264)	(16,010,688)	(30,085,583)
Net decrease in borrowings	(244,952)	(1,518,703)	—	—	—	—	—
Net decrease in financial assets sold under repurchase agreements	—	—	(5,135,869)	(245,675)	(1,523,186)	(529,611)	(3,824,621)
Net increase in deposits with the central bank	—	—	(603)	(185)	(1,146)	—	(12,000)
Net increase in placements with banks and other financial institutions	(32,258)	(200,000)	—	—	—	—	—
Cash paid for interest, fee and commission	(524,607)	(3,252,563)	(3,399,014)	(1,121,358)	(6,952,422)	(6,712,060)	(4,867,700)
Cash paid to and for employees	(18,213)	(112,923)	(72,350)	(21,848)	(135,455)	(145,268)	(127,018)
Cash paid for all types of taxes	(78,149)	(484,521)	(690,711)	(321,704)	(1,994,564)	(985,605)	(518,433)
Cash paid relating to other operating activities	(13,808)	(85,607)	(456,887)	(228,541)	(1,416,954)	(632,817)	(590,240)
Sub-total of cash outflows	(911,987)	(5,654,317)	(17,377,849)	(2,390,966)	(14,823,991)	(25,016,049)	(40,025,595)
Net cash inflow from operating activities .	831,174	5,153,280	3,290,862	2,562,523	15,887,642	15,082,247	2,727,680
Cash flows from investing activities							
Cash received from investment	32,258	200,000	—	—	—	—	—
Proceeds from sale of fixed assets, intangible assets and other long-term assets	280,846	1,741,245	231,317	27,317	169,368	129,874	—
Proceeds from disposal of subsidiaries . .	2,464	15,274	—	—	—	—	—
Cash received relating to investment activities	191,794	1,189,122	2,799	722,270	4,478,074	1,682	182,924
Sub-total of cash inflows	507,361	3,145,641	234,116	749,587	4,647,442	131,556	182,924
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(615,498)	(3,816,088)	(6,934,957)	(1,943,881)	(12,052,060)	(9,125,958)	(3,867,745)
Cash paid for acquisition of investments .	(244,243)	(1,514,307)	(6,826,622)	(1,284,357)	(7,963,015)	—	—
Sub-total of cash outflows	(859,741)	(5,330,395)	(13,761,579)	(3,228,238)	(20,015,075)	(9,125,958)	(3,867,745)
Net cash outflow from investing activities	(352,380)	(2,184,754)	(13,527,463)	(2,478,650)	(15,367,633)	(8,994,402)	(3,684,821)
Cash flows from financing activities							
Cash received from investors	—	—	3,000,000	483,871	3,000,000	—	3,000,000
Net cash inflow from financing activities .	—	—	3,000,000	483,871	3,000,000	—	3,000,000
Effect of foreign exchange rate changes on cash and cash equivalents	670	4,153	36,291	678	4,203	(19,276)	(1,245)
Net (decrease)/increase in cash and cash equivalents	479,464	2,972,679	(7,200,310)	568,421	3,524,212	6,068,569	2,041,614
Add: cash and cash equivalents at the beginning of the period/year	2,058,844	12,764,834	9,240,622	1,490,423	9,240,622	3,172,053	1,130,439
Cash and cash equivalents at the end of the period/year	2,538,309	15,737,513	2,040,312	2,058,844	12,764,834	9,240,622	3,172,053

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Group's business, financial condition and results of operations is based on, and should be read in conjunction with, the Group's audited financial information as at and for each of the years ended 31 December 2013 and 2014, and unaudited financial information as at and for the six months ended 30 June 2014 and 2015, including the notes thereto, and other financial information appearing elsewhere in this Offering Circular. These financial statements have been prepared in accordance with PRC GAAP. PRC GAAP differs in certain material respects from U.S. GAAP. For a summary of certain differences between PRC GAAP and U.S. GAAP, see "Summary of Certain Differences Between PRC GAAP and U.S. GAAP" in the Principal Offering Circular. For the purposes of this section and unless stated otherwise, references to "financial year 2012", "financial year 2013" and "financial year 2014" are references to the Group's financial years ended 31 December 2012, 2013 and 2014, respectively.

The following discussion and discussions in other parts of this Offering Circular contain forward-looking statements that involve risks and uncertainties. The Issuer and the Group caution investors that the Group's business and financial performance are subject to substantial risks and uncertainties. The Group's future results could differ materially from those projected in the forward-looking statements. In evaluating the Group's business, investors should carefully consider the information provided under the caption "Risk Factors".

OVERVIEW

The Company was incorporated on 28 November 2007 in Tianjin, PRC as a wholly-owned subsidiary of ICBC. ICBC was established on 1 January 1984.

The Company was the first bank-affiliated financial leasing company in the PRC approved by the CBRC. It was established as a key platform in implementing ICBC's comprehensive operating strategy and products offering, and ICBC and its subsidiaries (the "**ICBC Group**") have provided the Company with full support in its business development. After over seven years of steady business development, the Company has grown into one of the largest financial leasing companies in the PRC regulated by the CBRC, with the largest total consolidated assets according to quarterly statistics from the China Banking Association Financial Leasing Committee (中國銀行業協會金融租賃專業委員會) ("**CBA Financial Leasing Committee**") as at 31 December 2014.

ICBC's leasing operations consist of both domestic and offshore leasing businesses. ICBC's domestic leasing operations in the PRC are owned and operated by the Group, whereas the offshore leasing 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 ICBCIL Group and financial consolidation is not otherwise required or provided by applicable laws or regulations, the financial statements of ICBCIL Group are not consolidated into the Group's consolidated financial statements. The offshore leasing business, however, is managed and operated by the Company, though the assets of the offshore leasing platform are owned by ICBCIL Group. The Company manages ICBCIL Group by providing management and sharing resources. See "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 leasing businesses unless specifically indicated otherwise. See "– Business Description of the ICBCIL Group".

The Group does not own equity interests in the offshore leasing businesses of ICBC, held by ICBCIL, and the financial statements of ICBCIL and its subsidiaries are not consolidated into the Group's financial statements appearing elsewhere in this Offering Circular. See "– Basis for Presentation of Financial Information".

The Group's businesses comprise three major sectors: (i) aviation; (ii) shipping; and (iii) big-ticket equipment. These sectors, however, are not distinct operating segments for the purpose of the preparation of the Group's financial statements. In addition, there were no significant indications of regional risks over the financial years and periods discussed in this section. Accordingly, no regional segments have been identified for the purpose of reporting.

Aviation Financial Leasing

The Group provides personalised leasing services to large-scale airlines, airports, airplane manufacturers in the PRC. Products covered include various types of airplanes.

Shipping Financial Leasing

The Group provides financial leasing services to shipping companies, ports, ship manufacturers and shipbuilders in the PRC. Products covered include various types of vessels and shipping equipment, including marine engineering platforms, marine engineering service vessels, LNG vessels, cruises ships, special-purpose vessels and container vessels.

Equipment Financial Leasing

The Group provides equipment leasing services to major equipment manufacturers in the PRC, including financial leasing, operating leasing, sale-leaseback and advisory services. The Group's customers include manufacturers and small and medium enterprise customers, which operate in various industries such as public infrastructure and energy.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The Group's business, operating results and financial condition are affected by a number of external factors, some of which are beyond its control. The following factors are the principal factors affecting the Group's operating results and financial condition:

Macroeconomic Factors and Development of the Leasing Industry in the PRC

The Group's revenue primarily comprises 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 in the PRC affect the Group's revenue. This demand for airplanes, ships and heavy equipment is affected by the economic environment both globally and in the PRC.

The PRC's economic growth had a positive impact on demand for leasing services from PRC customers. In the last decade, increased urbanisation and industrialisation, investments in infrastructure, the development of a comprehensive national air network and the PRC airline industry, with new airports and the expansion and modernisation of existing airports, the development of the PRC railroad system and investments in other transportation-related projects have led to a growth in the demand for airplanes, vessels, equipment and machinery and related finance leasing services for funding these acquisitions. These macroeconomic factors had a positive impact on the PRC finance leasing industry in general and on the Group's leasing businesses. Despite such growth, the leasing penetration rate in the PRC was approximately 3.1 per cent. in 2013, according to White Clarke Group, which is relatively low compared to leasing penetration rates in developed economies such as the United States, Canada, United Kingdom, Sweden, Germany and Italy. Any economic growth in the PRC and increased demand from PRC customers, including from agencies and entities owned, controlled or otherwise associated with local governments, for finance leasing products in the future will continue to have a positive impact on the leasing penetration rate, which is crucial for the growth of PRC finance leasing companies such as the Group.

However, a significant slowdown in the PRC or global economy could have a negative impact on infrastructure projects, the PRC 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 Group's businesses, revenue and results of operations. For additional information on the PRC leasing industry, see "Industry Overview – Growth in the PRC Market" in the Principal Offering Circular. General market conditions may also impact the ability of the Group's customers to meet their lease payment obligations, which may negatively impact the Group's 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 quality of the Group.

Competition

The opening up of the financial leasing industry in the PRC has resulted in increased competition from domestic leasing companies and foreign lessors with a business presence in the PRC. A number of these competitors have a broad customer base and access to significant financing and leasing resources. Increased competition in the PRC leasing market may negatively impact the Group's ability to source new customers and retain existing customers, and put downward pressure on the lease payments that the Group is able to charge its customers. Increased competition could therefore have a material adverse effect on the Group's business, prospects, revenue and results of operations. For further information on the Group's competitive environment, see "Industry Overview – Competition" in the Principal Offering Circular.

Size and Mix of Assets under Leases

The Group's ability to expand its number of aircraft, vessels, machinery and equipment and other assets under lease affects the Group's revenue and results of operations as most of the Group's income is generated from leases. The mix of aircraft types, vessel types and big-ticket equipment under lease also affects its revenues and profitability because assets under lease carry different lease rental rates and associated costs. Older assets under lease also tend to depreciate more rapidly under the Group's accounting policies and are more susceptible to the risk of impairment. Consequently, the size of the Group's portfolio of leased assets and variations in its product mix by type have and will have an impact on its revenue and results of operations.

Terms of Purchase Commitments and Lease Agreement

The purchase price of assets that the Group acquires for leasing and the rental rates for leases and leaseback transactions may fluctuate depending on market conditions, customer demand and the macroeconomic environment in the PRC and globally. General market conditions may impact the Group's ability to negotiate favourable commercial terms in new leases, including higher rental prices or longer lease terms, which would impact the Group revenue, results of operations and profitability.

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 and PRC credit environment and changes in monetary and fiscal policies of the PRC or other countries may impact the availability or the cost of financing. Although the Group has not encountered a situation where it is unable to secure sufficient bank borrowings to fund its operations and purchases of assets, the cost of such financing has been subject to variation and the Group expects it to continue to be the case in the future.

The Group's leasing business generates profit from the differences of the rates it charges its customers and the rates it pays on its financing sources. Therefore, the Group's operating results and profitability depend, to a significant extent, on the interest rates it charges its customers and pays on its loans in the

PRC and elsewhere. The rates at which the Group charges its customers are mainly determined by reference to the benchmark rates of PBOC. To achieve a lower interest rate on the Group's borrowings, a significant part of the Group's financing comprises short-term financing from financial institutions in China on a rolling basis and is subject to a floating interest rate such as the London Interbank Offered Rate or the SHIBOR. Any increase in short-term interest rates will lead to an increase in the Group's cost of funding, and vice versa. In financial year 2013, the level of the Shanghai Interbank Offered Rate increased in the second half of 2013 and remained relatively high until the first quarter of 2014 due to a temporary liquidity shortage in the PRC. During that period, the Group's funding costs increased. 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.

Impact of Variations in Foreign Currency Exchange Rates

The Group receives rental income and makes purchase payments in various currencies, including the Renminbi and the U.S. dollar, and fluctuations in foreign exchange rates impact the Group's earnings and cash flow and the Renminbi value of its payment obligations under loans denominated in currencies other than the Renminbi. Since 2005, the Renminbi has been permitted to fluctuate within a narrow and managed band against a basket of foreign currencies, including the U.S. dollar. The PRC's adoption of a more flexible currency policy or a widening of the managed band against the relevant basket of currency policy (such as in August 2015) may result in significant appreciations or depreciations of the Renminbi against the U.S. dollar and other foreign currencies, which would impact the Group's results of operations and profitability.

Sale of Assets under Lease and Variations in their Residual Values

The Group actively manages its asset portfolio to manage risks and generate gains on sales. Market conditions impact the Group's ability to effect such sales and sales prices, which affects the Group's ability to generate gains or minimise losses on sales at the expiry of the leases relating to these assets. Market conditions may also impact the residual value of assets under lease. If the appraised values or estimated market values of leased assets decline or are impaired due to economic factors, obsolescence or other adverse circumstances, the Group will not realise the expected residual value of its leased assets, which would adversely affect its operating results and financial condition.

Impact of Changes in the Group's Tax and Regulatory Environments

Changes in the laws governing our current tax environment in the PRC, changes in the applicable tax rates, or increases in the cost of legal or regulatory compliance of applicable tax laws could have an impact on the Group's costs and results of operations. Estimates and judgements are applied by the Group's management to determine the appropriate amount of tax-related liabilities and contingencies for tax-related liabilities to be recognised in the financial information. Changes in the amount of the estimates could materially increase or decrease the provision for tax-related liabilities. Changes in such laws and regulations, or policies, of the PRC government or agencies governing the Group's tax environment may adversely affect our financial condition or results of operations.

Furthermore, the PRC leasing industry is heavily regulated. Therefore, changes in applicable PRC laws and regulations, or in the interpretation of such laws or regulations applicable to the Group and its businesses may impact its leasing business practices, its business model, regulatory compliance costs, results of operations and profitability.

BASIS FOR PRESENTATION OF FINANCIAL INFORMATION

The consolidated financial statements of the Group included elsewhere in this Offering Circular and the financial information presented in this section have been prepared in accordance with PRC GAAP and under the historical cost basis. The Group's functional currency is the Renminbi and the financial

statements included elsewhere in this Offering Circular are presented in Renminbi, which is also the reporting currency of the Group. The reporting periods are of twelve months for each of the Group's financial years 2012, 2013 and 2014, and six months for the period ending 30 June 2015.

The consolidated financial statements of the Group included elsewhere in this Offering Circular consolidate the Company and all its subsidiaries. For the avoidance of doubt, since the Company does not own any equity interest in the Issuer or ICBCIL, and does not control ICBCIL or the Issuer to require or permit consolidation of their financial statements under PRC GAAP, neither the Issuer nor ICBCIL or their respective subsidiaries is within the scope of such consolidation. Accordingly, the consolidated financial statements of the Group and the Group's consolidated financial information discussed in this Offering Circular do not reflect the results or the assets and liabilities of (i) the Issuer or (ii) ICBCIL or its subsidiaries.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies stated below are significant to the preparation of the Group's consolidated financial statements included elsewhere in this Offering Circular. Note III to these consolidated financial statements includes a summary of principal accounting policies used in the preparation of the Group's consolidated financial statements. The determination of these accounting policies is fundamental to the Group's financial condition and results of operations, and requires its management to make subjective and complex judgements about matters that are inherently uncertain based on information and data that may change in future periods. As a result, determinations regarding these items necessarily involved the use of assumptions and subjective judgements as to future events and are subject to change, and the use of different assumptions or data could produce materially different results. In addition, actual results could differ from estimates and may have a material adverse effect on our business, financial condition, operating results and cash flows.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of other policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the Group's financial information. Note III, paragraph 18 to the Group's consolidated financial statements included elsewhere in this Offering Circular includes a summary of significant accounting estimates and judgements made by the Group's management in the process of applying the Group's accounting policies.

The following significant accounting policies are believed to involve the most significant judgements and estimates used in the preparation of the consolidated financial information of the Group.

Classification of Leases

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to the ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

Revenue Recognition

Revenue is recognised when the amount of revenue and costs, if applicable, can be reliably measured, when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for the relevant activities as described below.

Interest Income

Interest income from financial assets is recognised based on the duration and the effective interest rate as incurred. Interest income includes amortisation of any discount or premium or other differences between the initial carrying amount of interest-bearing assets and the amount at maturity, calculated on an effective interest rate basis. The effective interest rate is the rate that discounts estimated future cash

payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the relevant contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest Income Relating to Finance Leases

Interest income under finance leases is recognised in profit or loss using the effective interest method over the periods covered by the lease term. At the commencement of the finance lease term, the Group recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivables (total), and recognises the unguaranteed residual value at the same time. The difference between the aggregate of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the aggregate of their present value is recognised as unearned finance income. Unearned finance income is allocated to each accounting period during the lease term using the effective interest method.

Net Operating Lease Income

Rental income receivable under operating leases is recognised over the periods covered by the lease term using the straight-line method.

Interest Income Relating to Contingent Rentals

Contingent rentals are recognised as income in the accounting period in which they are earned.

Fee and Commission Income

Fee and commission income is recognised on an accrual basis when the service is rendered or received.

Other Income

Other income is recognised on an accrual basis.

Offsetting a Financial Asset against a Financial Liability

Financial assets and financial liabilities are presented separately on the balance sheet and are not offset. However, a financial asset and a financial liability are offset when the following two conditions are satisfied: (i) the Group has a legal right to set off the recognised amounts and the legal right is currently enforceable; and (ii) the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

Determination of Fair Value of Financial Instruments

If there is an active market for a financial asset or financial liability, the quoted price in the active market is used to establish the fair value of the financial asset or financial liability. If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include, among others, using recent arm's length market transactions between knowledgeable, willing parties and discounted cash flow analysis. The Group assesses the valuation technique used and tests it for validity periodically.

Impairment of Receivables

Receivables, which are considered individually significant, are assessed individually for impairment. If there is objective evidence that an impairment loss on receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate, and recognised in profit or loss.

In addition to individually assessing receivables (identified as impaired) for impairment losses, the Group regularly assesses groups of receivables for impairment losses. This collective assessment of receivables for impairment is conducted on receivables which are considered individually insignificant and individually assessed receivables with no objective evidence of impairment. Individually assessed receivables with no objective evidence of impairment are grouped together in portfolios of similar credit risk characteristics for the purpose of assessing a collective impairment loss. Receivables that were impaired as at the balance sheet date but were not individually identified as being impaired until after the balance sheet date are subject to such collective assessment by the Group. The Group assesses whether there is any evidence of impairment arising from a decrease in expected future cash flows of the groups of receivables (without signs of any cash flow reduction during individual assessments) in order to determine whether it is necessary to make provisions for impairment losses. Such evidence of impairment includes lessees' likely defaults due to deterioration in their financial conditions or adverse changes of their economic landscapes. The Group then assesses resultant impairment losses after considering factors such as asset profiles, industry risk affecting lessees, and regulatory requirements, and in light of the Group's historical loss experience in portfolios of assets carrying similar credit risk characteristics, the period between a loss occurring and that loss being identified and the current economic and credit environments and the Group's judgment on the level of inherent losses based on historical experience. As soon as there is an objective evidence of impairment on individual assets in a pool of assets, those assets are removed from the pool of financial assets.

To narrow the difference between the actual loss and estimated loss on impaired receivables, the Group regularly assesses the methodologies and assumptions used in estimating the timing and amounts of expected future cash flows.

Impairment of Non-Financial Assets

Assets such as fixed 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 or asset group is the greater of its fair value less costs to sell it and its present value of expected future cash flows. If a market price of the asset or the asset group cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing the present value of expected future cash flows, significant judgements 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.

Borrowing Costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. They are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition and construction of that qualifying asset. Capitalisation of borrowing costs starts from the date when activities to acquire or construct and prepare the asset for its intended use are in progress and the expenditure or borrowing costs for the qualifying asset are being incurred, and ceases when the qualifying asset becomes ready for its intended use. Capitalisation of borrowing costs is suspended when the acquisition, or construction activities are interrupted abnormally and the interruption lasts for more than three months.

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 capitalisation 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 to purchase the asset. Where funds are borrowed for the acquisition and construction of a qualifying asset, the amount of interest to be capitalised on such borrowings is determined by applying a capitalisation rate to the

weighted average of the excess amounts of cumulative expenditures 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 effective interest rate is determined as the rate that exactly discounts estimated future cash now through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognised as a financial expense in the period in which they are incurred.

Other borrowing costs are recognised as financial expenses when incurred.

Depreciation and Amortisation

Fixed assets and intangible assets are depreciated and amortised on a straight-line basis over their useful lifetime 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.

The Group's fixed assets comprise, among others, buildings, motor vehicles, computer and electronic equipment and office equipment. The fixed assets under operating leases of the Group are aircraft and vessels.

Income Taxes

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Income tax for the year consists of current tax and movements in deferred tax assets and liabilities. We recognise current tax and movements in deferred tax assets and liabilities in profit or loss except to the extent that they relate to items recognised directly in equity, in which case the relevant amounts of tax are recognised directly in equity.

Current Tax

Current tax is the expected tax payable on the taxable income for the year, at the applicable tax rates, and any adjustment to tax payable in respect to previous years.

Deferred Tax

Deferred tax assets and liabilities arise from deductible and taxable temporary differences, respectively, which are the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

The Group reviews the carrying amount of a deferred tax asset at the end of each reporting period. Such amount is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Offsetting

Deferred tax assets are offset against deferred tax liabilities, if the taxable entity has the legally enforceable right to set off current tax assets against current tax liabilities and certain additional conditions are met, as further set out in paragraph 14, Note III to the Group's consolidated financial statements included elsewhere in this Offering Circular.

Value Added Tax Reform

In accordance with the Circular on the Pilot Scheme on Switching from Business Tax Levy to VAT Levy for Transportation and Certain Modern Services Industries in Eight Provincial Cities including Beijing (the "Circular"), certain taxable items for certain industries in Tianjin are subject to a new VAT levy rather than the previously applicable business tax levy. As a result, revenue from leasing contracts signed on or after 1 December 2012 are subject to a 17 per cent. VAT instead of a 5 per cent. business tax, which effectively increased the overall tax levied on the Group. Revenue from leasing contracts signed before 1 December 2012 are still subject to 5 per cent. business tax only.

Accounting Standards Issued but not Effective

Amendments to the applicable accounting standards are disclosed in the notes to the audited consolidated financial statements of the Group included elsewhere in this Offering Circular. The adoption of these amendments or new standards, as applicable, is not expected to have any material impact on the Group's consolidated financial statements in the period of initial application.

PRINCIPAL COMPONENTS OF INCOME STATEMENT ITEMS

Set forth below is a description of the key line items of the Group's consolidated statement of comprehensive income.

Interest Income

The Group's interest income is principally generated from finance leases entered into between the Group and its customers. The Group also receives interest income from deposits and cash balances with banks and other financial institutions.

Lease agreements provide for the payment of a fixed, periodic amount of rent or a floating, periodic amount of rent tied to floating interest rates. The rates that are charged to the customers are generally based on the PBOC benchmark rates. Under certain circumstances and for certain assets, supplemental maintenance rental price based on asset utilisation and lease terms or an end-of-lease compensation amount calculated with reference to the technical condition of the leased asset at lease operation may be charged to the lessee. The amount of interest income recognised by the Group is primarily influenced by (i) contracted lease rates, which are subject to market conditions, and the age, condition and type of the leased equipment, (ii) fluctuations in interest rates during the term of the lease, where lease rates are tied to floating interest rates, (iii) the lessees' performance under their lease obligations and (iv) the amount of supplemental maintenance and end-of-lease payments charged to customers.

The table below shows a breakdown of interest income for the financial years/period indicated therein:

	Year ended 31 December						Six months ended 30 June			
	2012	%	2013	%	2014	%	2014	%	2015	%
<i>(in RMB thousands, except percentages)</i>										
Interest income from finance leases	5,719,212	99.3	7,452,102	99.6	7,754,092	95.7	3,921,812	96.8	3,360,400	94.7
Interest income from bank deposits	38,322	0.7	32,506	0.4	340,212	4.2	121,681	3.0	186,213	5.3
Interest income from deposits and placements with banks and other financial institutions . . .	—	—	—	—	10,518	0.1	9,318	0.2	160	—
Total interest income	5,757,534	100	7,484,608	100	8,104,822	100	4,052,811	100	3,546,773	100

Interest Expenses

Most of the Group's interest expenses arise from the Group's borrowing and associated interest; the Group also incurs costs related to the sale of financial assets under repurchase agreements. The borrowings of the Group are generally incurred to finance its finance leasing business, as well as for the acquisition of assets for operating leases.

The table below shows a breakdown of interest expenses for the financial years and periods indicated therein:

	Year ended 31 December						Six months ended 30 June			
	2012	%	2013	%	2014	%	2014	%	2015	%
<i>(in RMB thousands, except percentages)</i>										
Interest expense on borrowings	4,136,366	87.2	5,194,649	94.8	6,456,674	96.5	3,157,620	95.4	2,899,866	99.0
Interest expense on financial assets sold under repurchase agreements	608,676	12.8	285,621	5.2	231,358	3.5	152,922	4.6	30,134	1.0
Total interest expense	4,745,042	100	5,480,270	100	6,688,032	100	3,310,542	100	2,930,000	100

Net Operating Lease Income

Net operating lease income primarily consists of rental revenues generated by leases that qualify as operating leases.

Fee and Commission Income

Fee and commission income is generated from consulting services such as consulting and advisory fees, management and maintenance fees and other value added services provided to customers. Most of the fees and commission income are collected at the early stage of the advisory and consulting projects.

Fee and Commission Expense

Fee and commission expenses comprise fees and commissions paid during the ordinary course of business, such as banking fees and account opening fees for various projects when the Group conducts its leasing business.

Investment Income

Investment income primarily consists of income from fixed income wealth management products and disposal of its equity investment in special purpose vehicles.

Foreign Exchange Gain/(Loss)

Foreign exchange gains or losses arise primarily from the exchange fluctuations after entering into leasing transactions, as well as the purchase and settlement of foreign currencies when conducting business in different currencies. The appreciation or depreciation of the Renminbi against foreign currencies, in particular the U.S. dollar, impacts the Group's foreign exchange gains or losses.

Business Taxes and Surcharges

Business taxes and surcharges are expenses related to business taxes, city maintenance and construction tax and education surcharges payable in the PRC.

Operating and Administrative Expenses

Operating and administrative expenses consist primarily of depreciation charges, staff emoluments, rental expenses, advertising, entertainment and consulting charges.

The table below shows a breakdown of the Group's operating and administrative expenses by main category of expenses for the financial years and periods indicated therein:

	Year ended 31 December						Six months ended 30 June			
	2012	%	2013	%	2014	%	2014	%	2015	%
<i>(in RMB thousands, except percentages)</i>										
Depreciation	136,998	33.3	289,159	47.0	555,769	62.1	210,788	66.6	408,735	77.4
Staff emolument	147,088	35.8	193,856	31.5	196,690	22.0	54,140	17.1	63,580	12.0
Rental expenses	22,899	5.6	23,635	3.8	30,901	3.5	15,510	4.9	15,453	2.9
Stamp duty	11,603	2.8	21,466	3.5	20,394	2.3	10,578	3.3	12,702	2.4
Advertisement and entertainment	26,322	6.4	18,567	3.0	14,180	1.6	4,476	1.4	5,105	1.0
Consulting fees	21,670	5.3	15,896	2.6	32,391	3.6	7,638	2.4	8,433	1.6
Amortisation	3,113	0.8	2,163	0.4	3,601	0.4	1,002	0.3	1,505	0.3
Supervision charges	6,630	1.6	9,782	1.6	6,999	0.8	2,645	0.9	–	–
Others ⁽¹⁾	34,865	8.4	40,147	6.6	33,649	3.7	9,491	3.1	12,532	2.4
Total operating and administrative expenses	411,188	100	614,671	100	894,574	100	316,268	100	528,045	100

Note:

- (1) "Others" primarily include insurance expenses, utility expenses, postal and travelling expenses, as well as other miscellaneous operating expenses.

Depreciation and amortisation expenses are influenced by the adjusted gross book values of the Group's equipment, aircraft and vessels under operating leases and used in the Group's own operation, the relevant depreciable life of these assets and their respective estimated residual values. The adjusted gross book value is the original purchase cost and applicable taxes or costs of materials used for building the asset and related labour costs (as applicable), adjusted for subsequent capitalised improvements and impairments. See Note 5, Section III in the consolidated financial statements of the Group included elsewhere in this Offering Circular. Assets are depreciated on a straight-line basis over their useful lives, after taking into account their estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period.

Rental expenses mostly consist of rental expenses for offices.

Staff emoluments principally consist of salaries, employee benefits, bonuses and other compensation.

Consulting fees principally consist of fees paid to advisers in the ordinary course of business.

Supervision charges principally consist of annual fees paid to regulators such as the CBRC.

Impairment Loss on Assets

Carrying amounts of financial and non-financial assets are reviewed at each balance sheet date for determining whether impairment losses are to be recognised and charged. The Group makes individual and collective assessments of assets for impairment, as set out in Note 5, Section III of the consolidated financial statements included elsewhere in this Offering Circular. Impairment loss on assets comprises impairment losses on finance lease receivables, on finance lease prepayment and on assets under operating leases.

Impairment on finance lease receivables is the major component of the Group's impairment loss on assets. Finance lease receivables principally comprise a stream of cash flows receivable from the Group's customers under lease agreements classified as finance leases and the residual value of the assets owned by the Group and classified under finance leases minus unearned finance income during the remaining lease term of the relevant lease agreement. Unearned finance income is the difference between the present value and the gross value for the finance lease receivables. In 2013, the Group instituted a change in provisioning policy after its internal review of asset quality in response to the changing macroeconomic environment, which required an additional 0.5 per cent. provision to be booked for certain assets.

Non-Operating Income

Non-operating income principally comprises tax rebates from the Tianjin government.

Non-Operating Expenses

Non-operating expenses principally comprise miscellaneous expenses such as expenses associated with the disposal of assets.

Income Tax Expenses

Income tax expenses include current tax and deferred tax. Most of the Group income tax expenses relate to PRC corporate income tax.

REVIEW OF HISTORICAL FINANCIAL RESULTS

The following table summarises our combined results for the financial years or periods indicated:

	Year ended 31 December				Six months ended 30 June		
	2012	2013	2014	2014	2014	2015	2015
				(in US\$ thousands)			(in US\$ thousands)
	(in RMB thousands)				(in RMB thousands)		
Interest income	5,757,534	7,484,608	8,104,822	1,307,229	4,052,811	3,546,773	572,060
Interest expense	(4,745,042)	(5,480,270)	(6,688,032)	(1,078,715)	(3,310,542)	(2,930,000)	(472,581)
Net interest income	1,012,492	2,004,338	1,416,790	228,515	742,269	616,773	99,480
Net operating lease income	351,031	758,632	1,387,479	223,787	530,884	976,234	157,457
Fee and commission income	1,036,543	1,539,008	973,733	157,054	713,687	188,911	30,470
Fee and commission expense	(84,207)	(148,041)	(311,112)	(50,179)	(155,517)	(146,283)	(23,594)
Net fee and commission income	952,336	1,390,967	662,621	106,874	558,170	42,628	6,875
Investment income	–	1,683	31,324	5,052	2,798	46,351	7,476
Gain/(loss) from changes in fair value	–	–	87,819	14,164	8,873	131,559	21,219
Foreign exchange gain/(loss)	(33,200)	38,621	33,304	5,372	(20,761)	1,332	215
Operating income	2,282,659	4,194,241	3,619,337	583,764	1,822,233	1,814,877	292,722
Business taxes and surcharges	(142,353)	(230,836)	(137,820)	(22,229)	(66,201)	(71,709)	(11,566)
Operating and administrative expenses	(411,188)	(614,671)	(894,574)	(144,286)	(316,268)	(528,045)	(85,169)
Impairment loss on assets	(331,125)	(1,057,498)	(25,382)	(4,094)	(97,540)	(184,899)	(29,822)
Operating expenses	(884,666)	(1,903,005)	(1,057,776)	(170,609)	(480,009)	(784,653)	(126,557)
Operating profit	1,397,993	2,291,236	2,561,561	413,155	1,342,224	1,030,224	166,165
Non-operating income	180,198	403,261	241,706	38,985	–	2,508	405
Non-operating expenses	(18)	(130)	(3,247)	(524)	–	(2)	0
Profit before income tax	1,578,173	2,694,367	2,800,020	451,616	1,342,224	1,032,730	166,569
Income tax expenses	(411,037)	(686,989)	(724,386)	(116,836)	(360,576)	(316,520)	(51,052)
Net profit for the period/year	1,167,136	2,007,378	2,075,634	334,780	981,648	716,210	115,518
Other comprehensive income for the period/year	(269)	(2,784)	(396)	(64)	1,722	(720)	(116)
Total comprehensive income for the period/year	1,166,867	2,004,594	2,075,238	334,716	983,370	715,490	115,402

Comparison of the Group's results of operations for the six months ended 30 June 2015 and 2014

Net Interest Income

The Group's net interest income decreased by RMB125 million, or 16.9 per cent., from RMB742 million in the six months ended 30 June 2014 to RMB617 million in the six months ended 30 June 2015. This decrease was due to decreased interest income which was partially offset by a decrease in interest expense, as explained below.

Interest income

The Group's interest income decreased by RMB506 million, or 12.5 per cent., from RMB4.1 billion in the six months ended 30 June 2014 to RMB3.5 billion in the six months ended 30 June 2015. This decrease was primarily due to a 14.3 per cent. decrease in interest income from finance leases. The decrease primarily reflected decreases in interest rates as a result of PBOC's rate decreases, as well as decreases in business volume for finance leases due to a slowdown in the leasing market.

Interest expense

The Group's interest expense decreased by RMB381 million, or 11.5 per cent., from RMB3.3 billion in the six months ended 30 June 2014 to RMB2.9 billion in the six months ended 30 June 2015. This decrease was primarily due to a 8.2 per cent. decrease in interest expense on borrowings. This decrease primarily reflected adjustment of borrowing structures to decrease funding costs in order to take advantage of lower interest rates in the market.

Net Operating Lease Income

The Group's net operating lease income increased by RMB445 million, or 83.9 per cent., from RMB531 million in the six months ended 30 June 2014 to RMB976 million in the six months ended 30 June 2015. This substantial increase was primarily due to the Company's strategy to develop and expand its operating lease business and increase the operating lease portfolio.

Net Fee and Commission Income

The Group's net fee and commission income decreased by RMB515 million, or 92.3 per cent., from RMB558 million in the six months ended 30 June 2014 to RMB43 million in the six months ended 30 June 2015. This decrease was primarily due to a substantial decrease in fee and commission income, as explained below.

Fee and commission income

The Group's fee and commission income decreased by RMB525 million, or 73.5 per cent., from RMB714 million in the six months ended 30 June 2014 to RMB189 million in the six months ended 30 June 2015. This substantial decrease was primarily due to decreased income from consulting services as a result of the restructuring of the Company's fee and commission business and an increased focus on providing continued services during the course of leases rather than providing consulting services.

Fee and commission expense

The Group's fee and commission expense decreased by approximately RMB10 million, or 6.4 per cent., from RMB156 million in the six months ended 30 June 2014 to RMB146 million in the six months ended 30 June 2015. This decrease was primarily due to fluctuation in administrative costs in connection with fees paid to banks and advisors in the ordinary course of business.

Investment Income

The Group's investment income increased by approximately RMB43 million from RMB3 million in the six months ended 30 June 2014 to RMB46 million in the six months ended 30 June 2015. This increase was primarily due to income generated by certain fixed income wealth management products and disposal of shareholding in subsidiaries.

Gain/(Loss) from changes in Fair Value

The Group's gain from changes in fair value was RMB132 million in the six months ended 30 June 2015 compared to RMB9 million in the six months ended 30 June 2014. This gain was primarily due to changes in fair value of fixed income wealth management products in which the Group invested in late 2014 and in 2015.

Foreign Exchange Gain/(Loss)

The Group's foreign exchange gain from changes in fair value was RMB1 million in the six months ended 30 June 2015 compared to a loss of RMB21 million in the six months ended 30 June 2014.

Operating Income

As a result of the foregoing, the Group's operating income decreased by RMB7 million, or 0.4 per cent., from RMB1,822 million in the six months ended 30 June 2014 to RMB1,815 million in the six months ended 30 June 2015.

Operating Expenses

The Group's loss on assets increased by RMB305 million, or 63.5 per cent., from RMB480 million in the six months ended 30 June 2014 to RMB785 million in the six months ended 30 June 2015. This increase was primarily due to increases in operating and administrative expenses and impairment loss on assets, as explained below.

Business taxes and surcharges

The Group's business taxes and surcharges increased by RMB6 million, or 9.1 per cent., from RMB66 million in the six months ended 30 June 2014 to RMB72 million in the six months ended 30 June 2015. This increase was primarily due to an 86.2 per cent. increase in city maintenance and construction tax.

Operating and administrative expenses

The Group's operating and administrative expenses increased by RMB212 million, or 67.0 per cent., from RMB316 million in the six months ended 30 June 2014 to RMB528 million in the six months ended 30 June 2015. This increase was primarily due to a 93.9 per cent. increase in depreciation. The increase in depreciation of fixed assets primarily reflected the acquisition of equipment for operating leases in the first half of 2015 to which depreciation charges were applied.

Impairment loss on assets

The Group's impairment loss on assets increased by approximately RMB87 million, or 88.8 per cent., from RMB98 million in the six months ended 30 June 2014 to RMB185 million in the six months ended 30 June 2015. This increase was primarily due to a RMB160 million increase in impairment loss on finance lease receivables as a result of the lower asset quality of a few projects due to more challenging macroeconomic environment and market conditions.

Operating Profit

As a result of the foregoing, the Group's operating profit decreased by RMB312 million, or 23.2 per cent., from RMB1.3 billion in the six months ended 30 June 2014 to RMB1.0 billion in the six months ended 30 June 2015.

Non-operating Income

The Group's non-operating income was RMB3 million in the six months ended 30 June 2015 as a result of tax rebates granted by the Tianjin Government. The Group did not receive any non-operating income in the six months ended 30 June 2014.

Non-operating Expenses

The Group's non-operating expenses were approximately RMB2,000 in the six months ended 30 June 2015. The Group did not incur any non-operating expenses in the six months ended 30 June 2014.

Profit before Income Tax

As a result of the foregoing, the Group's profit before income tax decreased by RMB309 million, or 23.1 per cent., from RMB1.3 billion in the six months ended 30 June 2014 to RMB1.0 billion in the six months ended 30 June 2015.

Income Tax Expenses

The Group's income tax expenses decreased by RMB44 million, or 12.2 per cent., from RMB361 million in the six months ended 30 June 2014 to RMB317 million in the six months ended 30 June 2015. The Group's effective tax rate (being income tax expenses divided by profit before income tax expenses) was 30.6 per cent. in the six months ended 30 June 2015 compared to 26.9 per cent. in the six months ended 30 June 2014.

Net Profit for the Period

As a result of the foregoing, the Group's net profit decreased by approximately RMB266 million, or 27.0 per cent., to RMB716 million in the six months ended 30 June 2015 from RMB982 million in the six months ended 30 June 2014.

Comparison of the Group's results of operations for the Financial Years 2014 and 2013

Net Interest Income

The Group's net interest income decreased by RMB586 million, or 29.3 per cent., from RMB2.0 billion in the financial year 2013 to RMB1.4 billion in the financial year 2014. This decrease was primarily due to increased interest expense, as explained below.

Interest income

The Group's interest income increased by RMB620 million, or 8.3 per cent., from RMB7.5 billion in the financial year 2013 to RMB8.1 billion in the financial year 2014. This primarily reflected increases in interest income from finance leases as a result of increased business volume.

Interest expense

The Group's interest expense increased by RMB1.2 billion, or 22.0 per cent., from RMB5.5 billion in the financial year 2013 to RMB6.7 billion in the financial year 2014. This increase was primarily due to a 24.3 per cent. increase in interest expense on borrowings. This substantial increase was primarily due to the Group's increase in borrowings as a result of business expansion and the need to finance acquisition of assets used for leasing purposes.

Net Operating Lease Income

The Group's net operating lease income increased by RMB629 million, or 82.9 per cent., from RMB759 million in the financial year 2013 to RMB1.4 billion in the financial year 2014. This increase was primarily due to the Group's strategy to expand its operating lease business and expand its operating lease portfolio.

Net Fee and Commission Income

The Group's net fee and commission income decreased by RMB728 million, or 52.4 per cent., from RMB1.4 billion in the financial year 2013 to RMB663 million in the financial year 2014. This decrease was primarily due to a substantial decrease in fee and commission income, as well as a substantial increase in fee and commission expense, as explained below.

Fee and commission income

The Group's fee and commission income decreased by RMB565 million, or 36.7 per cent., from RMB1.5 billion in the financial year 2013 to RMB974 million in the financial year 2014. This decrease was primarily due to the Group's adjustment of profit structure and pricing in response to the market's and clients' demands, and the Group's focus on providing continued asset management services during the course of leases rather than providing fees and commission based services, resulting in lower fees and commission collected compared to the previous year.

Fee and commission expense

The Group's fee and commission expense increased by RMB163 million from RMB148 million in the financial year 2013 to RMB311 million in the financial year 2014. This increase was primarily due to increases in commission expenses and fees for advisers.

Investment Income

The Group's investment income increased by RMB29 million from RMB2 million in the financial year 2013 to RMB31 million in the financial year 2014. This increase was primarily due to returns from fixed income and other investments as a result of the Group's investment in wealth management products and the disposal of shareholdings in two subsidiaries.

Gain/(Loss) from changes in Fair Value

The Group's gain from changes in fair value was RMB88 million in the financial year 2014. The Group had no gain or loss from changes in fair value in the financial year 2013. The gain in fair value in the financial year 2014 was primarily due to gains from fixed income and other investments as a result of the Group's investment in wealth management products.

Foreign Exchange Gain/(Loss)

The Group's foreign exchange gain from changes in fair value was RMB33 million in the financial year 2014 compared to a gain of RMB39 million in the financial year 2013. This decrease was primarily due to the management and control of foreign currency exposure in response to market trends and changes.

Operating Income

As a result of the foregoing, the Group's operating income decreased by RMB575 million, or 13.7 per cent., from RMB4.2 billion in the financial year 2013 to RMB3.6 billion in the financial year 2014.

Operating Expenses

The Group's operating expenses decreased by RMB845 million, or 44.4 per cent., from RMB1.9 billion in the financial year 2013 to RMB1.1 billion in the financial year 2014. This decrease was primarily due to a substantial decrease in impairment loss on assets, as explained below.

Business taxes and surcharges

The Group's business taxes and surcharges decreased by RMB93 million, or 40.3 per cent., from RMB231 million in the financial year 2013 to RMB138 million in the financial year 2014. This decrease was primarily due to a 45.0 per cent. decrease in business taxes, which primarily reflected the changes in tax laws resulting in a shift of certain business taxes to value added tax. See “– Significant Accounting Policies and Estimates – Value added tax reform”.

Operating and administrative expenses

The Group's operating and administrative expenses increased by RMB280 million, or 45.5 per cent., from RMB615 million in the financial year 2013 to RMB895 million in the financial year 2014. This increase was primarily due to a 92.2 per cent. increase in depreciation. The increase in depreciation of fixed assets primarily reflected the acquisition of assets for operating leases in financial year 2014 to which depreciation charges were applied.

Impairment loss on assets

The Group's impairment loss on assets decreased by RMB1.0 billion, or 97.6 per cent., from RMB1.1 billion in the financial year 2013 to RMB25 million in the financial year 2014. This decrease was primarily due to a 78.0 per cent. decrease in impairment losses on finance lease receivables in the financial year 2014, as well as an impairment reversal of RMB238 million in the financial year 2014 as compared to an impairment loss of RMB123 million in the financial year 2013. The decrease in impairment losses on finance lease receivables and the impairment reversal was primarily due to changes in asset quality, as well as increased asset recovery and disposal of impaired assets resulting in reversal of assets previously considered to be impaired.

Operating Profit

As a result of the foregoing, the Group's operating profit increased by RMB270 million, or 11.8 per cent., from RMB2.3 billion in the financial year 2013 to RMB2.6 billion in the financial year 2014.

Non-operating Income

The Group's non-operating income decreased by RMB162 million, or 40.1 per cent., from RMB403 million in the financial year 2013 to RMB242 million in the financial year 2014. This decrease was primarily due to decreases in the tax rebate granted by the Tianjin Municipal Government as a result of lower taxes paid by the Group.

Non-operating Expenses

The Group's non-operating expenses increased by RMB3.1 million from RMB0.1 million in the financial year 2013 to RMB3.2 million in the financial year 2014. This increase was primarily due to non-operating expenses such as contribution to employment security funds for disabled people.

Profit before Income Tax

As a result of the foregoing, the Group's profit before income tax increased by RMB106 million, or 3.9 per cent., from RMB2.7 billion in the financial year 2013 to RMB2.8 billion in the financial year 2014.

Income Tax Expenses

The Group's income tax expenses increased by RMB37 million, or 5.4 per cent., from RMB687 million in the financial year 2013 to RMB724 million in the financial year 2014. The Group's effective tax rate was 25.9 per cent. in the financial year 2014 compared to 25.5 per cent. in the financial year 2013.

Net Profit for the Period

As a result of the foregoing, the Group's net profit increased by RMB68 million, or 3.4 per cent., to RMB2.1 billion in the financial year 2014 from RMB2.0 billion in the financial year 2013.

Comparison of the Group's results of operations for the Financial Years 2013 and 2012

Net Interest Income

The Group's net interest income increased by RMB992 million, or 98.0 per cent., from RMB1.0 billion in the financial year 2012 to RMB2.0 billion in the financial year 2013. This increase was due to increased interest income, as explained below.

Interest income

The Group's interest income increased by RMB1.7 billion, or 30.0 per cent., from RMB5.8 billion in the financial year 2012 to RMB7.5 billion in the financial year 2013. This increase was primarily due to a 30.3 per cent. increase in interest income from finance lease in the financial year 2013. This substantial increase primarily reflected the Group's strategy of business expansion and increases in business volume for both finance leases and operating leases.

Interest expense

The Group's interest expense increased by RMB735 million, or 15.5 per cent., from RMB4.7 billion in the financial year 2012 to RMB5.5 billion in the financial year 2013. This increase was primarily due to a 25.6 per cent. increase in interest expense on borrowings. This increase primarily reflected an increase in the Group's borrowings as the Group expanded its business and required new funding for its projects.

Net Operating Lease Income

The Group's net operating lease income increased by RMB408 million, or 116.1 per cent., from RMB351 million in the financial year 2012 to RMB759 million in the financial year 2013. This increase was primarily due to the Group's strategy and focus on expanding its operating lease business and increase its operating lease portfolio.

Net Fee and Commission Income

The Group's net fee and commission income increased by RMB439 million, or 46.1 per cent., from RMB952 million in the financial year 2012 to RMB1.4 billion in the financial year 2013. This increase was primarily due to increased income from consulting services, as explained below.

Fee and commission income

The Group's fee and commission income increased by RMB502 million, or 48.5 per cent., from RMB1.0 billion in the financial year 2012 to RMB1.5 billion in the financial year 2013. This increase was primarily due to increases in consulting fees as the Group's business expanded.

Fee and commission expense

The Group's fee and commission expense increased by RMB64 million, or 75.8 per cent., from RMB84 million in the financial year 2012 to RMB148 million in the financial year 2013. This increase was primarily due to increases in fees and expenses paid to banks in the course of business.

Investment Income

The Group's investment income was RMB2 million in the financial year 2013. The Group had no investment income in the financial year 2012. In the financial year 2013, the Group invested in fixed income wealth management products.

Foreign Exchange Gain/(Loss)

The Group's foreign exchange gain was RMB39 million in the financial year 2013 compared to a loss of RMB33 million in the financial year 2012. This foreign exchange gain was primarily due to fluctuations in currency exchange rates.

Operating Income

As a result of the foregoing, the Group's operating income increased by RMB1.9 billion, or 83.7 per cent., from RMB2.3 billion in the financial year 2012 to RMB4.2 billion in the financial year 2013.

Operating Expenses

The Group's operating expenses increased by RMB1.0 billion, or 115.1 per cent., from RMB885 million in the financial year 2012 to RMB1.9 billion in the financial year 2013. This increase was primarily due to an increase in the Group's loss on assets, as explained below.

Business taxes and surcharges

The Group's business taxes and surcharges increased by RMB88 million, or 62.2 per cent., from RMB142 million in the financial year 2012 to RMB231 million in the financial year 2013. This increase was primarily due to a 53.6 per cent. increase in business taxes, which primarily reflected increases in the Group's taxable income.

Operating and administrative expenses

The Group's operating and administrative expenses increased by RMB203 million, or 49.5 per cent., from RMB411 million in the financial year 2012 to RMB615 million in the financial year 2013. This increase was primarily due to a 111.1 per cent. increase in depreciation of fixed assets and a 31.8 per cent. increase in staff emoluments. The increase in depreciation of fixed assets primarily reflected the acquisition of assets for operating leases in financial year 2013 to which depreciation charges were applied. The increase in staff emoluments primarily reflected increases in the number of employees.

Impairment loss on assets

The Group's impairment loss on assets increased by RMB726 million, or 219.4 per cent., from RMB331 million in the financial year 2012 to RMB1.1 billion in the financial year 2013. This increase was primarily due to a RMB731 million increase in impairment losses on finance lease receivables. This increase was primarily due to increases in impairment provisions for a certain category of assets due to changes in policies of the Group which resulted in a 0.5 per cent. increase for provision to be booked with regard to such assets. See “– Principal Components of Income Statement Items – Impairment Loss on Assets”.

Operating Profit

As a result of the foregoing, the Group's operating profit increased by RMB893 million, or 63.9 per cent., from RMB1.4 billion in the financial year 2012 to RMB2.3 billion in the financial year 2013.

Non-operating Income

The Group's non-operating income increased by RMB223 million, or 123.8 per cent., from RMB180 million in the financial year 2012 to RMB403 million in the financial year 2013. This increase was primarily due to a RMB223 million increase in non-operating income. This increase reflected a rebate of business tax and enterprise income tax granted from the Tianjin government (PRC).

Non-operating Expenses

The Group's non-operating expenses increased by RMB112,000 from RMB18,000 in the financial year 2012 to RMB130,000 in the financial year 2013.

Profit before Income Tax

As a result of the foregoing, the Group's profit before income tax increased by RMB1.1 billion, or 70.73 per cent., from RMB1.6 billion in the financial year 2012 to RMB2.7 billion in the financial year 2013.

Income Tax Expenses

The Group's income tax expenses increased by RMB276 million, or 67.1 per cent., from RMB411 million in the financial year 2012 to RMB687 million in the financial year 2013. This increase primarily reflected an increase in the Group's taxable profit in the financial year 2013. The Group's effective tax rate was 25.5 per cent. in the financial year 2013 compared to 26.0 per cent. in the financial year 2012.

Net Profit for the Period

As a result of the foregoing, the Group's net profit increased by RMB840 million, or 72.0 per cent., to RMB2.0 billion in the financial year 2013 from RMB1.2 billion in the financial year 2012.

LIQUIDITY AND CAPITAL RESOURCES

The Group's principal sources of funds during the six-month period ended 30 June 2015 and the three financial years 2012, 2013 and 2014 have been cash flows generated from our operating activities and bank loans and factoring arrangement with ICBC. The Group's principal uses of funds during the six-month period ended 30 June 2015 and the three financial years 2012, 2013 and 2014 have been purchases of aircraft and vessels for leasing purposes.

Cash Flows

The Group needs cash primarily to fund its purchases of assets and other operating expenses.

The following table sets forth a condensed summary of the Group's consolidated statements of cash flows for the financial years and periods indicated:

	Year ended 31 December				Six months ended 30 June		
	2012	2013	2014	2014	2014	2015	2015
	(in RMB thousands)			(in US\$ thousands)	(in RMB thousands)		(in US\$ thousands)
Net cash flows generated from/(used in)							
operating activities	2,727,680	15,082,247	15,887,642	2,562,523	3,290,862	5,153,280	831,174
Net cash flows generated from/(used in)							
investing activities	(3,684,821)	(8,994,402)	(15,367,633)	(2,478,650)	(13,527,463)	(2,184,754)	(352,380)
Net cash flows generated from/(used in)							
financing activities	3,000,000	—	3,000,000	483,871	3,000,000	—	—
Effect of foreign exchange rate changes							
on cash and cash equivalents	(1,245)	(19,276)	4,203	678	36,291	4,153	670
Cash and cash equivalents at beginning of							
year/period	1,130,439	3,172,053	9,240,622	1,490,423	9,240,622	12,764,834	2,058,844
Net increase/(decrease) in cash and cash							
equivalents	2,041,614	6,068,569	3,524,212	568,421	(7,200,310)	2,972,679	479,464
Cash and cash equivalents at end of year/period	<u>3,172,053</u>	<u>9,240,622</u>	<u>12,764,834</u>	<u>2,058,844</u>	<u>2,040,312</u>	<u>15,737,513</u>	<u>2,538,309</u>

Cash flows generated from/(used in) operating activities

Net cash flows generated from operating activities amounted to RMB5.2 billion in the six months ended 30 June 2015. In the six months ended 30 June 2015, the Group's net cash flows generated from operating activities were primarily a result of cash received from interest, fee and commission, cash from operating leases and other operating activities, net decrease in finance lease receivables and prepayment, and net increase in financial assets sold under repurchase agreements, which was partially offset by cash outflows primarily comprising of net decrease in borrowing, cash paid for interest, fee and commission and cash paid for taxes. Cash received from interest, fee and commission for the six months ended 30 June 2015 decreased to RMB3.7 billion from RMB4.8 billion for the same period in 2014, primarily as a result of lower business volume resulting in lower fees and commission received. The cash flow from net decrease in finance lease receivables and prepayment for the six months ended 30 June 2015 was RMB3.1 billion, which was primarily due to lower business volume for finance lease, disposal of receivables and decrease of receivables during the course of the leases. The cash flow from increases in financial assets under repurchase agreements for the six months ended 30 June 2015 was RMB1.9 billion, which was primarily due to repurchase transactions for the sale and repurchase of the Group's receivables, in particular finance leases for equipment. For the six months ended 30 June 2015, the cash received from operating leases for the period amounted to RMB979 million, and cash generated from other operating activities amounted to RMB1,032 million. In the six months ended 30 June 2015, cash outflows from operating activities were primarily the result of decreases in net borrowing and cash paid for interest, fee and commission. Decreases in net borrowing for the six months ended 30 June 2015 amounted to RMB1.5 billion, which was primarily a result of less demand for acquisition of assets

as business volume decreases. Cash paid for interest, fee and commission for the six months ended 30 June 2015 was RMB3.3 billion. Cash used for payment of various taxes for the six months ended 30 June 2015 amounted to RMB485 million.

Net cash flows generated from operating activities amounted to RMB3.3 billion inflow in the six months ended 30 June 2014. In the six months ended 30 June 2014, the Group's net cash flows generated from operating activities were primarily a result of increases in net borrowings and cash received from interest, fee and commission. In the six months ended 30 June 2014, the Group's increases in net borrowings amounted to RMB15.2 billion, and cash received from interest, fee and commission amounted to RMB4.8 billion. The cash flows generated from operating activities were partially offset by cash used in operating activities, which was primarily caused by increases in finance lease receivables and prepayment and decreases in financial assets under repurchase agreements. In the six months ended 30 June 2014, the Group had cash outflows from an increase in finance lease receivables and prepayment of RMB7.6 billion, and a decrease in financial assets under repurchase agreements of RMB5.1 billion.

Net cash flows generated from operating activities amounted to RMB15.9 billion in the financial year 2014. In the financial year 2014, the Group's cash flows generated from operating activities were primarily a result of a net increase in borrowings and cash received from interest, fee and commission. The net increase in borrowings in the financial year 2014 amounted to RMB19.9 billion, which was primarily due to acquisition of assets. Cash received from interest, fee and commission in the financial year 2014 amounted to RMB9.0 billion, which was primarily due to income from finance leases and consulting fees. In the financial year 2014, the Group's cash flows used in operating activities were primarily a result of cash paid for interest, fee and commission and increases in financial lease receivables and prepayments. Cash paid for interest, fee and commission in the financial year 2014 amounted to RMB7.0 billion, which was primarily due to repayment of borrowings. The increases in financial lease receivables and prepayments in the financial year 2014 amounted to RMB2.8 billion, which was primarily due to increases in finance lease business volume.

Net cash flows generated from operating activities amounted to RMB15.1 billion in the financial year 2013. In the financial year 2013, the Group's cash flows generated from operating activities were primarily a result of new bank loans and interest, fee and commission paid to the Group. The net increase in borrowings in the financial year 2013 amounted to RMB29.5 billion, and cash received from interest, fee and commission in the financial year 2013 amounted to RMB9.2 billion. In the financial year 2013, the Group's cash flows used in operating activities were primarily a result of an increase in financial lease receivables and prepayments, payments of interest on borrowings, fee and commission, payments to employees and tax payments. Working capital outflows were substantially lower in the financial year 2013 compared to the financial year 2012, which was primarily due to a substantially lower increase in financial lease receivables and prepayments in the financial year 2013 compared to the financial year 2012. At RMB16.0 billion, the net increase in lease receivables and prepayment in the financial year 2013 was RMB14.1 billion lower than that in the financial 2012 (RMB30.1 billion). This lower increase in financial lease receivables and prepayment in the financial year 2013 was primarily due to a lower rate of increase in business volume in the financial year 2013 as compared to the financial year 2012. Cash paid for interest, fee and commission in the financial year 2013 amounted to RMB6.7 billion, and cash paid for taxes in the financial year 2013 amounted to RMB986 million.

Net cash flows generated from operating activities amounted to RMB2.7 billion in the financial year 2012. In the financial year 2012, the Group's cash flows generated from operating activities were primarily a result of increase in borrowings and cash received from interest, fee and commission, and the Group's cash flows used in operating activities were primarily a result of net increase in financial lease receivables and prepayments and cash paid for interest, fee and commission. The net increase in borrowings amounted to RMB32.7 billion, and cash received from interest, fee and commission amounted to RMB6.7 billion. The net increase in financial lease receivables and prepayments amounted to RMB30.1 billion, and cash paid for interest, fee and commission amounted to RMB4.9 billion for the financial year 2012.

Cash flows generated from/(used in) investing activities

Net cash flows used in investing activities amounted to RMB2.2 billion in the six months ended 30 June 2015. In the six months ended 30 June 2015, the Group's net cash flows used in investing activities were primarily a result of acquisition of assets such as aircraft and vessels for operating leases.

Net cash flows used in investing activities amounted to RMB13.5 billion in the six months ended 30 June 2014. In the six months ended 30 June 2014, the Group's net cash flows used in investing activities primarily resulted from asset acquisitions such as aircraft and vessels for operating leases and cash paid for investments.

Net cash flows used in investing activities amounted to RMB15.4 billion in the financial year 2014. In the financial year 2014, the Group's cash flows used in investing activities were primarily a result of acquisition of assets such as aircraft and vessels for operating leases.

Net cash flows used in investing activities amounted to RMB9.0 billion in the financial year 2013. In the financial year 2013, the Group's cash flows used in investing activities primarily resulted from the acquisition of assets such as aircraft and vessels for operating leases.

Net cash flows used in investing activities amounted to RMB3.7 billion in the financial year 2012. In the financial year 2012, the Group's cash flows used in investing activities primarily resulted from the acquisition of assets such as aircraft and vessels for operating leases.

Cash flows generated from/(used in) financing activities

In the six months ended 30 June 2015, the Group had no cash flows generated from or used in financing activities.

Net cash flows generated from financing activities in the six months ended 30 June 2014 amounted to RMB3.0 billion. This reflected the shareholder equity contribution from ICBC.

Net cash flows generated from financing activities amounted to RMB3.0 billion in the financial year 2014 which were shareholder equity contribution from ICBC.

In the financial year 2013, the Group had no cash flows generated from or used in financing activities.

In the financial year 2012, the Group's cash flows generated from financing activities amounted to RMB3.0 billion, which were shareholder equity contribution from ICBC.

CERTAIN BALANCE SHEET ITEMS

As at 30 June 2015, we had total assets of RMB175.1 billion, representing an increase of RMB930 million, or 0.5 per cent., from RMB174.2 billion as at 31 December 2014, principally resulting from acquisition of assets as the Group's business expands.

Included below is a discussion of our principal balance sheet items, including deposits with banks, prepayments and finance lease receivables.

Deposits with Banks

In addition to cash balances with banks, which are readily available for funding the day-to-day operations of the Group, the Group also has cash balances with the People's Bank of China in accordance with applicable regulations. Deposits with the People's Bank of China are not readily available and cannot be used for funding the Group's day-to-day operations.

The following table presents the Group's cash balances with banks and the People's Bank of China as at the balance sheet dates indicated:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	(in RMB thousands)			
Deposits with banks.	3,666,835	9,735,404	14,585,649	17,616,102
Deposits with the People's Bank of China.	132,380	75,814	76,961	32,377

The increase in the Group's deposits with banks presented in the above table primarily due to the Group's liquidity management and its increased liquidity needs as its businesses expanded.

Prepayments

The Group makes various prepayments principally in connection with the acquisition of assets pursuant to its contractual obligations under purchase agreements. Under these purchase agreements, the Group has an obligation to prepay part of the purchase price of the assets to be delivered, most of which will be leased to the Group's customers. The timing of and the share of the final purchase price that a prepayment represents vary depending on the suppliers and the type of purchased asset. The Group regularly assesses the carrying amount of its prepayments and whether impairment charges should be recognised.

The following table sets forth the Group's prepayments and related provision for impairment as at the dates indicated:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	(in RMB thousands)			
Prepayments for acquisition of finance lease assets. . .	31,454,537	29,160,312	13,308,116	9,623,628
Less: provision for impairment – collectively assessed	(315,741)	(438,601)	(200,818)	(145,468)
Carrying amount	31,138,796	28,721,711	13,107,298	9,478,160

The carrying amount of the Group's prepayments for acquisition of finance lease assets decreased by RMB2.4 billion, or 7.8 per cent., from RMB31.1 billion as at 31 December 2012 to RMB28.7 billion as at 31 December 2013. It also decreased by RMB15.6 billion, or 54.4 per cent., to RMB13.1 billion as at 31 December 2014, and further decreased by RMB3.6 billion, or 27.7 per cent., to RMB9.5 billion as at 30 June 2015. The decreases do not reflect business trends, but instead were caused by variations in the commencement of leases. As leases commenced, prepayments for the acquisition of finance lease assets are reduced. Since the commencement of the leases vary throughout the year depending on the business needs of the lessee and other commercial arrangements, the prepayments for acquisition of finance lease assets may vary significantly throughout the year.

The following table shows the ageing analysis for the Group's prepayments as at the dates indicated, based on the invoice date:

	Year ended 31 December						Six months ended 30 June	
	2012		2013		2014		2015	
Within one year.	22,119,086	70.32%	22,787,086	78.14%	10,489,146	78.82%	6,191,397	64.34%
More than one year and less than two years	6,407,394	20.37%	1,825,969	6.26%	1,540,943	11.58%	1,614,001	16.77%
More than two years and less than three years.	2,517,657	8.00%	2,498,642	8.57%	300,000	2.25%	1,514,900	15.74%
More than three years.	410,400	1.31%	2,048,615	7.03%	978,027	7.35%	303,330	3.15%
Total amount.	31,454,537	100.00%	29,160,312	100.00%	13,308,116	100.00%	9,623,628	100.00%
Provision for impairment	(315,741)	–	(438,601)	–	(200,818)	–	(145,468)	–
Carrying amount	31,138,796	–	28,721,711	–	13,107,298	–	9,478,160	–

Finance Lease Receivables

The Group's finance lease receivables are the major component of its assets and principally composed of (i) cash flows receivable from its finance lease agreements with its customers and (ii) the residual value of the assets owned by the Group and classified under finance leases minus the unearned finance income during the remaining lease term of the relevant lease agreements entered into by the Group. The unearned finance income is the difference between the present value and the gross value for the finance lease receivables.

The Group regularly determines whether impairment charges should be recognised in connection with finance lease receivables. See “– Significant Accounting Policies and Estimates – Impairment of Receivables”. Finance lease receivables represent the payments over the lease term that the Group's leasing customers are obliged to make to the Group.

The following table sets forth the Group's finance lease receivables and related unearned finance income and provision for impairment as at the dates indicated:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	<i>(in RMB thousands)</i>			
Finance lease receivables	97,143,780	116,703,664	136,022,038	134,682,536
Unearned finance income	(20,888,961)	(22,143,931)	(23,547,253)	(21,631,142)
Less:	<u>76,254,819</u>	<u>94,559,733</u>	<u>112,474,785</u>	<u>113,051,394</u>
Provision for impairment – collectively assessed	(844,502)	(1,454,807)	(1,791,181)	(1,799,508)
Provision for impairment – individually assessed	(174,370)	(498,703)	(350,427)	(564,114)
Carrying amount	<u>75,235,947</u>	<u>92,606,223</u>	<u>110,333,177</u>	<u>110,687,772</u>

The carrying amount of the Group's finance lease receivables increased by RMB17.4 billion, or 23.1 per cent., from RMB75.2 billion as at 31 December 2012 to RMB92.6 billion as at 31 December 2013. It also increased by RMB17.7 billion, or 19.1 per cent., to RMB110.3 billion as at 31 December 2014, and further increased by RMB355 million, or 0.3 per cent., to RMB110.7 billion as at 30 June 2015. The increasing trend primarily reflected increases in the scale of the Group's finance lease business.

The following table shows the Group's contracted minimum lease receipts for future accounting years:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	<i>(in RMB thousands)</i>			
Within one year	16,083,080	18,166,009	25,073,004	26,027,251
More than one year and less than two years	14,685,886	18,567,490	22,589,796	22,576,303
More than two years and less than three years	13,853,600	17,515,224	20,378,699	19,994,111
More than three years	<u>52,521,214</u>	<u>62,454,941</u>	<u>67,980,539</u>	<u>66,084,871</u>
Total amount	<u>97,143,780</u>	<u>116,703,664</u>	<u>136,022,038</u>	<u>134,682,536</u>

As at 31 December 2014, finance lease receivables which had been pledged for the Company's borrowings and repurchase agreements amounted to RMB5.9 billion, which has decreased by RMB4.3 billion, or 43.3 per cent., from RMB9.9 billion as at 31 December 2013. The decrease was primarily due to decreases in secured borrowings in connection with financial leases.

Fixed Assets

The Group's fixed assets mostly consist of assets under operating leases. The Group regularly assesses the carrying amount of its fixed assets and whether impairment charges should be recognised.

The net book value of the Group's fixed assets was RMB23.0 billion as at 30 June 2015. The net book value of the Group's fixed assets was RMB4.7 billion, RMB10.1 billion and RMB20.3 billion as at 31 December 2012, 2013 and 2014, respectively. The net book value of the Group's fixed assets under operating leases was RMB23.0 billion as at 30 June 2015. The net book value of the Group's fixed assets under operating leases was RMB4.7 billion, RMB10.0 billion and RMB20.3 billion as at 31 December 2012, 2013 and 2014, respectively. As at 31 December 2014, fixed assets under operating leases which had been pledged as collateral for the Group's borrowings amounted to RMB3.4 billion, which has increased by RMB763 million, or 28.8 per cent., from RMB2.7 billion as at 31 December 2013. The increase was primarily due to increases in secured borrowing in connection with operating leases.

Financial Assets sold under Repurchase Agreements

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	(in RMB thousands)			
Factoring	4,677,334	7,095,963	4,864,916	7,811,876
Finance lease receivables under repurchase agreements	3,248,240	300,000	1,007,861	–
Total	7,925,574	7,395,963	5,872,777	7,811,876
Domestic banks	7,925,574	7,395,963	5,872,777	7,811,876

The Group enters into a factoring arrangement with ICBC with recourse to the Group. Under the arrangement, the Group transfers certain finance lease receivables to ICBC, who has the right to request the Group to repurchase all uncollected finance lease receivables when the factoring arrangement has been effective for one year, or if there are certain circumstances adversely affecting the repayment of finance lease receivables. The purpose for the factoring transactions are to obtain financing for the Group's business needs and working capital. The Group enters into factoring transactions for finance lease receivables denominated in RMB, and the type of finance receivables for factoring transactions are mainly in connection with equipment leases. The factoring arrangement has recourse to the Group and they represent liabilities of the Group on its balance sheet.

The financial assets sold under factoring transactions amounted to RMB4.7 billion as at 31 December 2012, which increased by RMB2.4 billion, or 51.7 per cent., to RMB7.1 billion as at 31 December 2013. The financial assets sold under factoring transactions decreased by RMB2.2 billion, or 31.4 per cent., from RMB7.1 billion as at 31 December 2013 to RMB4.9 billion as at 31 December 2014. The variations in financial assets sold under factoring transactions were due to the Group's financing strategies in response to market conditions and commercial arrangement.

Indebtedness

Most of the Group's indebtedness consists of bank borrowings from domestic and international banks. As at 30 June 2015, approximately 74.8 per cent. of our total bank borrowings originated from PRC banks.

Bank Borrowings

The following table sets forth a summary of the maturity profile for the Group's outstanding borrowings as at the dates indicated:

	As at 31 December				As at 30 June	
	2012	2013	2014	2014	2015	2015
	(in RMB thousands)			(in US\$ thousands)	(in RMB thousands)	(in US\$ thousands)
Borrowings						
Short term	90,587,195	113,172,386	127,029,847	20,488,685	124,040,198	20,006,484
Long term	4,522,719	11,485,760	17,558,376	2,831,996	19,029,322	3,069,245
Total borrowings	95,109,914	124,658,146	144,588,223	23,320,681	143,069,520	23,075,729
including from domestic banks	94,438,078	117,900,236	140,528,895	22,665,951	106,963,851	17,252,234
including from international banks	671,836	6,757,910	4,059,328	654,730	36,105,669	5,823,495

As at 30 June 2015, approximately US\$2.2 billion of the Group's total bank borrowings are secured borrowings. The assets pledged generally include aircraft, vessels and equipment owned by the Group. Upon the occurrence of a default on such secured borrowings, the lender may take possession of, and sell, the assets secured. In addition, the Group is qualified to borrow in the interbank lending market in the PRC and has received over RMB343 billion credit facilities through the interbank lending market. As at the end of July 2015, over RMB243 billion out of RMB343 billion were unused.

Off-balance Sheet Arrangements

As at the date of the Offering Circular, the Group had no off-balance sheet arrangements as determined for purposes of PRC GAAP other than the contingent liabilities discussed below. For a discussion of certain differences between PRC GAAP and U.S. GAAP, see "Summary of Certain Differences Between PRC GAAP and U.S. GAAP" of the Principal Offering Circular.

Contingent Liabilities

The Group provides credit support to ICBCIL and the Issuer in the form of guarantee, keepwells and liquidity support, asset purchase undertaking, and other forms of support.

On 12 March 2015, the Issuer has issued two tranches of U.S. dollar-denominated notes with a combined total principal amount of US\$1 billion, and on 11 June 2015, the Issuer issued RMB-denominated notes with a total principal amount of RMB1.5 billion. The Company has provided for such notes keepwell and liquidity support and asset purchase undertaking whereby it has agreed to maintain a certain level of consolidated net worth of ICBCIL and the Issuer and procure the repayment of such notes through asset purchase undertakings. As at 30 June 2015, the Issuer had total bank loans and bonds payable of US\$7.1 billion, and net assets of US\$88.2 million. As at 30 June 2015, based on unaudited and unreceived internal data of ICBCIL, ICBCIL and its subsidiaries together had aggregate borrowings (including long term and short term borrowings) and bonds payable of US\$13.8 billion, and net assets of US\$308 million. See "Risk Factors – The Group does not own the 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."

The Company entered into agreements with various banks and financial institutions undertaking to provide resale services to sell assets pledged in connection with foreign currency loans extended to the Issuer by such banks and financial institutions. According to an independent third-party valuation of the assets, as at 30 June 2015, the market value of the assets is higher than the committed disposal price. If the market value of such assets falls by 10 per cent. from its level as at 30 June 2015, it could result in economic loss to the Company of US\$14.3 million.

CAPITAL EXPENDITURE

The Group's capital expenditure during the last three financial years and the six-month period ended 30 June 2015 was primarily used for the acquisition of assets such as aircraft, vessels and equipment and related prepayments. These assets were primarily leased to the Group's clients.

The Group's total capital expenditure was RMB3.9 billion, RMB9.1 billion, RMB12.1 billion, RMB6.9 billion and RMB3.8 billion in the financial years 2012, 2013 and 2014 and the six months ended 30 June 2014 and 2015, respectively.

Other Contractual Obligations and Commitments

In addition to the payment obligations under its bank borrowings set forth above, the Group also has continuing obligations to make payments relating to capital commitments and rental expenses.

The following table sets forth a summary of the capital commitment for the Group as at the dates indicated:

	As at 31 December				As at 30 June	
	2012	2013	2014	2014	2015	2015
	(in RMB thousands)			(in US\$ thousands)	(in RMB thousands)	(in US\$ thousands)
Contracted but not provided for	10,251,041	20,117,453	20,241,650	3,264,782	18,883,865	3,045,785

The capital commitment of the Group mainly consists of a commitment to purchase assets. The contracted but not provided for commitment of the Group increased by RMB9.9 billion from RMB10.3 billion as at 31 December 2012 to RMB20.1 billion as at 31 December 2013, and such contracted but not provided for commitment decreased from RMB20.2 billion as at 31 December 2014 to RMB18.9 billion as at 30 June 2015. The increases primarily resulted from the Group's effort to expand its operating lease business.

As at the dates indicated, the future minimum lease payments under non-cancellable operating leases for the rental of the offices of the Group were payable as follows:

	As at 31 December				As at 30 June	
	2012	2013	2014	2014	2015	2015
	(in RMB thousands)			(in US\$ thousands)	(in RMB thousands)	(in US\$ thousands)
Within one year	22,519	30,444	32,983	5,320	32,983	5,320
One to two years	18,818	30,444	27,515	4,438	11,114	1,793
Over two years	—	25,561	461	74	371	60
Total	41,337	86,449	60,959	9,832	44,468	7,172

As at the dates indicated, the lease commitments in respect of the finance and operating leases of the Group and the Company as lessors, which the Company is committed to lease, were as follows:

	As at 31 December				As at 30 June	
	2012	2013	2014	2014	2015	2015
	(in RMB thousands)			(in US\$ thousands)	(in RMB thousands)	(in US\$ thousands)
Original maturity of less than one year	3,542,873	3,926,370	2,038,363	328,768	2,110,489	340,401
Original maturity of one year or more	3,293,539	2,124,530	15,938,652	2,570,750	21,587,190	3,481,805
Total	6,836,412	6,050,900	17,977,015	2,899,519	23,697,679	3,822,206

RELATED PARTY TRANSACTIONS

The Group entered into certain related party transactions during the last three financial years and the six-month period ended 30 June 2015. Certain significant related party transactions are discussed below. Further information on these transactions is set forth in paragraph 31, Note IV, to the consolidated financial statements of the Group included elsewhere in this Offering Circular. The Group's transactions with related parties were conducted on normal commercial terms in the ordinary course of business at market rates and on an arm's length basis.

Significant Transactions between the Group and ICBC

The tables below presents the balance of significant transactions between the Group and the parent company, ICBC, as at the dates and for the periods indicated:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	(in RMB thousands)			(in RMB thousands)
Cash at bank and on hand.	3,118,907	6,639,132	2,391,517	9,348,351
Borrowings.	17,816,469	25,178,589	53,052,009	51,738,888
Financial assets sold under repurchase agreements ⁽¹⁾	4,677,334	7,095,963	4,864,916	7,811,876
Interest payable.	99,966	89,591	151,466	151,389

Note:

- (1) The amount is in connection with a certain recourse factoring arrangement between the Group and ICBC. Under the arrangement, the Group transferred certain finance lease receivables to ICBC, and ICBC has the right to request the Group to repurchase all uncollected finance lease receivables when the factoring arrangement has been effective for one year, or if there are circumstances adversely affecting the repayment of finance lease receivables. The Group did not derecognise these finance lease receivables.

The borrowings from ICBC increased by RMB7.4 billion, or 41.3 per cent., from RMB17.8 billion as at 31 December 2012 to RMB25.2 billion as at 31 December 2013, and it further increased by RMB27.9 billion to RMB53.1 billion as at 31 December 2014. The increases reflected increased borrowings from ICBC as the business expanded. The borrowings from ICBC decreased by RMB1.3 billion, or 2.5 per cent., from RMB53.1 billion as at 31 December 2014 to RMB51.7 billion as at 30 June 2015.

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	(in RMB thousands)				
Interest income	13,756	7,754	105,269	72,840	5,544
Fee and commission income	8,195	2,560	–	–	–
Interest expense	246,120	1,051,682	2,005,698	1,031,662	1,173,181
Fee and commission fee expense	5,209	21,517	37,149	13,657	56,747

Significant Transactions between the Group and ICBCIL

The tables below present the balance of significant transactions between the Group and ICBCIL as at the dates and for the periods indicated:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	(in RMB thousands)			
Balance at end of the period				
Other assets				
Asset transfer receivables	234,111	918,007	3,028,674	1,901,509
Finance lease receivables	736,752	780,371	710,780	713,890
Account receipts in advance	94,679	11,944	12,222	12,211

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	(in RMB thousands)				
Transaction during the year					
Income from finance lease	12,245	10,812	9,720	5,217	5,352

The Group's asset transfer receivables increased substantially by RMB678 million from RMB240 million as at 31 December 2012 to RMB918 million as at 31 December 2013, and it further increased by RMB2.1 billion from RMB3.0 billion as at 31 December 2014. This increase was primarily due to the payment for certain assets, such as aircraft, which were to be leased out by subsidiaries of ICBCIL. The Group's asset transfer receivables decreased by RMB1.1 billion, or 37.2 per cent., from RMB3.0 billion as at 31 December 2014 to RMB1.9 billion as at 30 June 2015, which was primarily a result of repayment from ICBCIL and its subsidiaries in connection with the payment described above.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT CREDIT, LIQUIDITY AND MARKET RISKS

The Group's business activities are exposed to a variety of financial risks. These risks include credit risk, market risk and liquidity risk.

Credit Risk

The Group is exposed to credit risk, which is the risk of suffering financial loss, should any of its counterparties fail to fulfil their contractual obligations or commitments. Credit risk is the most important risk for the Group's business activities. Significant changes in economy or in the operating environment of particular industry segments (such as the airline or shipping industries) that represent a concentration in the Group's portfolio could result in losses that are different from those provided for as of the balance sheet date. Credit risk arises mainly from leasing activities. The Group manages credit risk through a number of measures, including industry-standard credit assessment, legal compliance, asset management and operations. The Group established an assessment system whereby projects are evaluated and assessed by an assessment committee, and leasing assets are monitored to ensure they remain in good condition. The Group implements its risk management system according to its internal policies and based on its research and surveillance of industries, regions, products, counterparty's credit strength and counterparty's operation and financial condition. In order to minimise its exposure to certain clients, the group may obtain security deposits, guarantees or take insurance of certain leased assets.

Impairment analyses and provisioning policies

If there is objective evidence that indicates future cash flows for a particular financial asset are expected to decrease, and that the amounts can be estimated, the financial asset is recorded as an impaired asset, with provisions made for the impairment loss. Objective evidence that a financial asset is impaired includes, but is not limited to, significant financial difficulty of the lessee, breach of contract by the lessee and the probability that the lessee will become bankrupt.

Maximum credit risk exposure

The maximum exposure to credit risk, without taking into consideration any of the 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. As at 31 December 2014 and 30 June 2015, the Group estimated its maximum credit risk exposure was approximately RMB164.0 billion and RMB168.0 billion, respectively.

Market Risks

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.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is particularly exposed to interest rate risk due to 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 Renminbi. The PBOC establishes Renminbi benchmark interest rates, which include a minimum rate for Renminbi denominated loan rates.

The Group manages its exposure to interest rate risk by, among others, monitoring macroeconomic factors that may impact benchmark interest rates, optimising differences in timing between contractual maturities and repricing of assets and liabilities, and managing deviations of the pricing of assets and liabilities from the benchmark interest rates fixed by the PBOC.

The following tables present 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 as at 31 December 2014:

	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
	(in RMB thousands)					
Assets:						
Cash at bank and on hand	12,764,834	1,141,533	679,282	–	–	14,585,649
Deposits with central bank	76,961	–	–	–	–	76,961
Prepayments	8,987,690	4,119,608	–	–	–	13,107,298
Finance lease receivables	85,451,358	12,263,195	1,078,362	11,540,262	–	110,333,177
Fixed assets, construction in progress and intangible assets	–	–	–	–	26,917,674	26,917,674
Others	2,087,819	–	–	–	7,075,635	9,163,454
Total assets	109,368,662	17,524,336	1,757,644	11,540,262	33,993,309	174,184,213
Liabilities:						
Borrowings	78,045,696	64,006,255	1,751,639	784,633	–	144,588,223
Financial assets sold under repurchase agreements . .	2,010,703	3,862,074	–	–	–	5,872,777
Security deposits payable	–	–	–	–	339,646	339,646
Others	–	–	–	1,559,832	3,730,709	5,290,541
Total liabilities	80,056,399	67,868,329	1,751,639	2,344,465	4,070,355	156,091,187
Interest rate sensitivity gap	29,312,263	(50,343,993)	6,005	9,195,797	N/A	N/A

The following table illustrates the sensitivity of the Group's net interest income to a +/-100 basis points change in interest rates (assuming all other variables are held constant) as at 30 June 2015 and 31 December 2014:

	30 June 2015	31 December 2014
	(In RMB thousands)	
Change in basis points		
+100 basis points	(249,930)	(231,195)
-100 basis points	249,930	231,195

Exchange Rate Risk

Transactions carried out by the Group and the assets and liabilities of the Group are primarily denominated in Renminbi or US dollar. The group's consolidated financial statements are prepared in Renminbi. The Group's exposure to foreign currency exchange rates primarily arises from a currency structure imbalance between assets and liabilities denominated in different currencies, such as when receivables and income from the leasing businesses are denominated in RMB and payments for acquisition of aircraft are denominated in U.S. dollar.

The table below illustrates the sensitivity of the Group's net profit to a 100 basis points depreciation in U.S. dollar against Renminbi (assuming all other variables are held constant) computed based on the Group's net exposure to foreign exchange rates fluctuations as at 30 June 2015 and 31 December 2014:

	Change in exchange rate	Impact on net profit as at	
		30 June 2015	31 December 2014
(In RMB thousands)			
Currency			
U.S. dollar.....	100 bps	221,158	181,988

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 deposits 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 Group monitors current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and bank facilities to meet its liquidity requirements. The following table presents the maturity analysis of the Group's assets and liabilities as at 31 December 2014:

	As at 31 December 2014							
	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
	(In RMB thousands)							
Assets:								
Cash at bank and on hand.	3,815,650	5,159,452	3,789,732	1,141,533	679,282	–	–	14,585,649
Deposits with central bank.	–	–	–	–	–	–	76,961	76,961
Prepayments.	2,022,032	767,795	296,608	2,480,948	5,278,653	2,261,262	–	13,107,298
Finance lease receivables.	–	1,203,505	3,700,787	14,427,593	60,456,388	30,537,804	7,100	110,333,177
Fixed assets, construction in progress and intangible assets.	–	–	–	–	–	–	26,917,674	26,917,674
Others.	200,000	–	1,668,989	5,818,094	1,034,768	408,880	32,723	9,163,454
Total assets.	6,037,682	7,130,752	9,456,116	23,868,168	67,449,091	33,207,946	27,034,458	174,184,213
Liabilities:								
Borrowings.	–	20,686,922	35,319,090	72,868,906	6,266,543	9,446,762	–	144,588,223
Financial assets sold under repurchase agreements.	–	–	2,010,703	3,862,074	–	–	–	5,872,777
Security deposits payable.	963	646	–	14,488	162,320	161,229	–	339,646
Others.	–	350,625	319,786	979,220	2,081,078	1,559,832	–	5,290,541
Total liability.	963	21,038,193	37,649,579	77,724,688	8,509,941	11,167,823	–	156,091,187
Net liquidity.	6,036,719	(13,907,441)	(28,193,463)	(53,856,520)	58,939,150	22,040,123	27,034,458	18,093,026

CAPITAL ADEQUACY

The Group calculates the core tier one capital adequacy ratio, tier one capital adequacy ratio and capital adequacy ratio pursuant to CBRC's Administrative Measures for Capital Management of Commercial Banks (Provisional). The table below sets out the relevant ratios as at the dates indicated:

	As at 30 June 2015	As at 31 December 2014
Core tier one capital adequacy ratio ⁽¹⁾	11.04%	10.38%
Tier one capital adequacy ratio ⁽²⁾	11.04%	10.38%
Capital adequacy ratio ⁽³⁾	11.47%	11.17%

Notes:

- (1) Core tier one capital adequacy ratio equals to core tier one capital of the Group divided by the sum of credit risk weighted assets, market risk weighted assets and operational risk weighted assets.
- (2) Tier one capital adequacy ratio equals to tier one capital of the Group divided by the sum of credit risk weighted assets, market risk weighted assets and operational risk weighted assets.
- (3) Capital adequacy ratio equals to capital of the Group divided by the sum of credit risk weighted assets, market risk weighted assets and operational risk weighted assets.

KEY FINANCIAL RATIOS OF THE GROUP

The table below sets forth the key financial ratios of the Group for the periods and as at the dates indicated below:

	For the 12 months ended and as at 31 December			For the six months ended and as at 30 June
	2012	2013	2014	2015
Profitability Metrics				
ROAA ⁽¹⁾	1.15%	1.50%	1.28%	0.82%
ROAE ⁽²⁾	13.1%	16.7%	13.3%	7.8%
Asset Quality				
NPA Ratio ⁽³⁾	0.56%	0.84%	0.72%	1.00%
Impairment Coverage Ratio ⁽⁴⁾	151.9%	156.5%	170.0%	136.0%
Capital Strength				
Capital Adequacy Ratio ⁽⁵⁾	10.3%	10.6%	11.2%	11.5%
Debt Ratio ⁽⁶⁾	90.8%	91.3%	89.6%	89.3%

Notes:

- (1) Return On Average Assets ("ROAA") = Net Profit/Average on beginning and ending Total Assets. The ROAA for the six months ended 30 June 2015 is calculated on an annualised basis.
- (2) Return On Average Equity ("ROAE") = Net Profit/Average on beginning and ending Total Equity. The ROAE for the six months ended 30 June 2015 is calculated on an annualised basis.
- (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. See "– Capital Adequacy"
- (6) Debt Ratio = Total Liabilities/Total Assets.

U.S. TAXATION

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary does not address the U.S. federal income tax consequences of every type of Note which may be issued under the Programme and this Supplemental Offering Circular and the relevant Pricing Supplement may contain additional or modified disclosure concerning certain U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary deals only with purchasers of Notes that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or the Medicare net investment income tax), and does not address state, local, non-U.S. or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers or traders in securities or currencies that use a mark-to-market method of accounting, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar). Moreover, the summary deals only with Notes with a term of 30 years or less. The U.S. federal income tax consequences of owning Notes with a longer term will be discussed in the applicable Pricing Supplement.

As used herein, the term “U.S. Holder” means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities treated as partnerships for U.S. federal income tax purposes and their partners should consult their tax advisers concerning the U.S. federal income tax consequences to them of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as the income tax treaty between the United States and the People’s Republic of China (the “Treaty”), all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

U.S. Federal Income Tax Characterisation of the Notes

The determination of whether an obligation represents debt or equity for U.S. federal income tax purposes is based on all the relevant facts and circumstances. Although there is no statutory, judicial or administrative authority directly addressing the characterisation of the Notes for U.S. federal income tax purposes, to the extent required to take a position for U.S. federal income tax purposes, the Issuer intends to take the position that the Notes are indebtedness for U.S. federal income tax purposes. This position will be binding on a U.S. Holder unless the U.S. Holder expressly discloses that it is adopting a contrary position on its income tax return. However, the Issuer's position is not binding on the U.S. Internal Revenue Service (the "IRS") or the courts and there can be no assurance that this characterisation will be accepted by the IRS or a court. Each prospective investor should consult its own tax adviser about the proper characterisation of the Notes for U.S. federal income tax purposes, and the consequences of acquiring, owning or disposing of the Notes if the Notes are characterised as equity in the Issuer. The remainder of this summary assumes that the Notes are properly characterised as debt for U.S. federal income tax purposes.

Stated Interest

General

Interest on a Note, whether payable in U.S. dollars or a currency other than U.S. dollars (a "foreign currency"), other than interest on a "Discount Note" that is not "qualified stated interest" (each as defined below under "Original Issue Discount – General"), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such U.S. Holder's method of accounting for U.S. federal income tax purposes, reduced by the allocable amount of any amortisable bond premium, subject to the discussion below. Interest paid by the Issuer on the Notes, and original issue discount ("OID"), if any, accrued with respect to the Notes (as described below under "– Original Issue Discount"), constitutes income from sources outside the United States.

Effect of PRC Withholding Taxes

As discussed in "Taxation – PRC" in the Principal Offering Circular, payments of interest and OID on the Notes to non-PRC resident Noteholders may be subject to PRC withholding tax. The Issuer may become liable for the payment of Additional Amounts to U.S. Holders (see "Terms and Conditions of the Notes – Taxation" in the Principal Offering Circular) so that U.S. Holders receive the same amounts they would have received had no PRC withholding taxes been imposed. For U.S. federal income tax purposes, U.S. Holders would be treated as having received the amount of any PRC taxes withheld with respect to a Note, and as then having paid over the withheld taxes to the PRC taxing authorities. As a result, the amount of interest income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of interest or OID may be greater than the amount of cash actually received (or receivable) by the U.S. Holder with respect to the payment.

Subject to certain limitations, a U.S. Holder generally will be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for PRC income taxes withheld at a rate not exceeding the applicable Treaty rate. Interest generally will constitute "passive category income" for purposes of the foreign tax credit. The rules governing foreign tax credits are complex. Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of any PRC withholding taxes on payments on the Notes.

Original Issue Discount

General

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with OID. The following summary does not discuss Notes that are characterised as contingent payment debt instruments for U.S. federal income tax purposes. In the event the Issuer issues contingent payment debt instruments to U.S. Holders, the applicable Pricing Supplement will describe certain U.S. federal income tax consequences thereof.

A Note, other than a Note with a term of one year or less taking into account the last possible day on which the Note can be outstanding in accordance with its terms (a “Short-Term Note”), will be treated as issued with OID (a “Discount Note”) if the excess of the Note’s “stated redemption price at maturity” over its issue price (as defined above) is equal to or more than a *de minimis* amount (0.25 per cent. of the Note’s stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than “qualified stated interest” before maturity (an “instalment obligation”) will be treated as a Discount Note if the excess of the Note’s stated redemption price at maturity over its issue price is equal to or greater than 0.25 per cent. of the Note’s stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note’s weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by; (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note’s stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of qualified stated interest. A qualified stated interest payment generally is any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under “Variable Interest Rate Notes”), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note. The daily portion is determined by allocating to each day in any “accrual period” a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note’s adjusted issue price at the beginning of the accrual period and the Discount Note’s yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The “adjusted issue price” of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Acquisition premium

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being “acquisition premium”) and that does not make the election described below under “– Election to Treat All Interest as Original Issue Discount”, is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder’s adjusted basis in the Note immediately after its purchase over the Note’s adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note’s adjusted issue price.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially determined as described below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but likely will be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is recognised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note’s stated redemption price at maturity and no payment of interest will be treated as qualified stated interest. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder’s purchase price for the Short-Term Note. This election will apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Market discount

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a “Market Discount Note”) if the Note’s stated redemption price at maturity or, in the case of a Discount Note, the Note’s “revised issue price”, exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note’s stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note’s maturity (or, in the case of a Note that is an instalment obligation, the Note’s weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes “*de minimis* market discount” and, unless the U.S. Holder makes to election described below under “– Election to Treat All Interest as Original Issue Discount”, the market discount rules will not apply. For this purpose, the “revised issue price” of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Any gain recognised on the sale or retirement of a Market Discount Note (including any payment on a Note that is not qualified stated interest) generally will be treated as ordinary income to the extent of the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may avoid such treatment by electing to include market discount in income currently over the life of the Note. This

election applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year for which the election is made. This election may not be revoked without the consent of the IRS.

A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently may be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note. A U.S. Holder may elect to deduct such interest expense when paid or incurred but only to the extent of net interest income from the Note for the taxable year. If the interest expense exceeds such net interest income, such excess is currently deductible only to the extent that such excess exceeds the portion of the market discount allocable to the days during the taxable year on which such Note was held by the U.S. Holder.

Market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Market Discount Note with respect to which it is made and is irrevocable.

Variable Interest Rate Notes

Notes that provide for interest at variable rates (“Variable Interest Rate Notes”) generally will bear interest at a “qualified floating rate” and thus will be treated as “variable rate debt instruments” under Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a “variable rate debt instrument” if (a) its issue price does not exceed the total noncontingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A “qualified floating rate” is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note’s issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate.

An “objective rate” is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer’s stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note’s term. A “qualified inverse floating rate” is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be

expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate. A "current value" of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument", then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" generally will not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a "true" discount (i.e., at a price below the Note's stated principal amount) equal to or in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from "true" discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general OID rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID

and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a “variable rate debt instrument”, then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as contingent payment debt obligations will be more fully described in the applicable Pricing Supplement.

Election to treat all Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under “– Original Issue Discount – General”, with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium (described below under “– Notes purchased at a Premium”) or acquisition premium. This election generally will apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under “– Market Discount” to include market discount in income currently over the life of all debt instruments having market discount that are acquired on or after the first day of the first taxable year to which the election applies. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Notes purchased at a premium

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as “amortisable bond premium”, in which case the amount required to be included in the U.S. Holder’s income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note’s yield to maturity) to that year. The amortisation of bond premium on a Note with an unconditional early redemption put or call may be deferred. Any election to amortise bond premium will apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also “– Original Issue Discount – Election to treat all Interest as Original Issue Discount”.

Prior accrued interest on Additional Notes

Under the terms of the Notes, if the Issuer issues additional notes that have the same CUSIP, ISIN or other identifying number of the outstanding Notes of any series (“Additional Notes”), the Additional Notes and the outstanding Notes of that series must be fungible for U.S. federal income tax purposes. U.S. Holders that purchase Additional Notes upon their issuance may elect to exclude from income the portion of the interest paid on the first interest date on Additional Notes that relates to the period from the preceding interest payment date on the outstanding Notes to the issue date of the Additional Notes (“prior accrued interest”). Prior accrued interest not included in income will not form part of any amortisable bond premium (as described under “– Notes purchased at a Premium” above). A U.S. Holder’s tax basis in Additional Notes will generally equal the cost of such Additional Notes to the U.S. Holder, reduced by any prior accrued interest excluded from income.

Sale and retirement of the Notes

A U.S. Holder generally will recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will be its cost increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Except to the extent described above under “– Original Issue Discount – Market Discount” or “– Original Issue Discount – Short Term Notes”, or attributable to changes in exchange rates (as discussed below under “– Foreign Currency Notes”), gain or loss recognised on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year.

Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source. As discussed in “Taxation – PRC” in the Principal Offering Circular, gains from the disposition of Notes may be subject to PRC taxes. If a payment were subject to PRC withholding tax, the amount realised would include any such PRC tax withheld and any Additional Amounts paid with respect thereto. In the event that PRC tax were imposed on the sale or disposition of the Notes, a U.S. Holder that is eligible for the benefits of the Treaty may be able to treat the gain as foreign-source gain for foreign tax credit purposes. Prospective purchasers should consult their tax advisers as to the foreign tax credit implications of any PRC tax imposed on the sale or retirement of Notes, including their eligibility for the benefits under the Treaty.

Foreign Currency Notes

Interest

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the accrual basis U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary

income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

OID

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale or disposition of the Note), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Market discount

Market discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the sale or retirement of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Bond premium

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income (or OID) in units of the foreign currency. On the date bond premium offsets interest income (or OID), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the amount offset multiplied by the difference between the spot rate in effect on the date of the offset, and the spot rate in effect on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a market loss when the Note matures.

Sale or retirement

As discussed above under “– Sale and retirement of Notes”, a U.S. Holder generally will recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and its tax basis in the Note. A U.S. Holder's tax basis in a Note that is denominated in a foreign currency (and the amount of any adjustment to the U.S. Holder's tax basis) generally will be the U.S. dollar value of the purchase price (or the U.S. dollar value of the foreign currency amount of the tax basis adjustment) on the date of purchase (or adjustment). In the case of Notes traded on an established securities market, within the meaning of the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), the tax basis will be determined by reference to the U.S. dollar value of the purchase price determined on the settlement date for the purchase.

The amount realised on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement, or the settlement date for the sale, in the case of Notes sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), which are traded

on an established securities market within the meaning of the applicable Treasury Regulations. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (as adjusted for amortised bond premium, if any) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realised only to the extent of total gain or loss realised on the sale or retirement.

Disposition of foreign currency

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Information reporting and backup withholding

Payments of principal and interest on the Notes, accruals of OID with respect to the Notes and the proceeds of sale or other disposition of Notes by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments, including payments of accrued OID, if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Notes, including requirements related to the holding of certain foreign financial assets.

Reportable transactions

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (US\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of US\$10,000 in the case of a natural person and US\$50,000 in all other cases generally is imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

ERISA AND CERTAIN OTHER CONSIDERATIONS

Title I of the U.S. Employee Retirement Income Security Act of 1974 (“**ERISA**”) and Section 4975 of the U.S. Internal Revenue Code of 1986 (the “**Code**”) prohibit a broad range of transactions involving the assets of any employee benefit or other plan subject to such provisions of law (“**Plans**”) and persons (referred to as “**parties in interest**” or “**disqualified persons**”) having certain relationships to such Plans, unless a statutory or administrative exemption applies to the transaction. Prohibited transactions within the meaning of ERISA or Section 4975 of the Code include, among other transactions, a sale of a note or other security, the provision of services or the provision of services. Any Arranger, Dealer or Agent, the Trustee, the Issuer, any member of the Group, or any of their respective affiliates, may be a party in interest or a disqualified person.

Among other prohibited transaction exemptions that could readily apply, a statutory exemption under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code may apply if (i) a person is a party in interest or disqualified person with respect to a Plan solely by reason of it or any of its affiliates providing services to the Plan, (ii) such person and its affiliates are not fiduciaries with respect to the Plan’s assets used to acquire the Notes and (iii) the Plan receives no less than and pays no more than “adequate consideration” (the “**Service Provider Exemption**”). Adequate consideration generally means, in the case of a security for which there is no generally recognised market, fair market value as determined in good faith by the Plan fiduciary.

There can be no assurance that any exemption will be available with respect to any particular transaction involving the Notes, or that, if an exemption is available, it will cover all aspects of any particular transaction. No assurance is given regarding whether the purchase or holding of any Notes would be considered to involve an extension of credit to the Issuer for purposes of ERISA or Section 4975 of the Code. By its purchase of any Notes, whether in the case of the initial purchase or any subsequent transfer, the purchaser or transferee thereof will be deemed to have represented and agreed either that (i) it is not and for so long as it holds a Note (or any interest therein) will not be a Plan or an entity or arrangement whose underlying assets include for purposes of ERISA or Section 4975 of the Code the assets of any Plan, or a governmental or other employee benefit plan which is subject to any U.S. federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (“**Similar Law**”), or (ii) its purchase and holding of the Notes will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of such a governmental or other employee benefit plan, any violation of Similar Law).

Governmental plans and certain church and other U.S. plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to state or other federal laws that are substantially similar to ERISA and the Code. Fiduciaries of any such plans should consult with their counsel before purchasing any Notes.

The foregoing discussion is general in nature and not intended to be all-inclusive. Any Plan fiduciary who proposes to cause a Plan to purchase any Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such investment will not constitute or result in a prohibited transaction or any other violation of an applicable requirement of ERISA.

The sale of Notes to a Plan is in no respect a representation by the Issuer or the Group, that such an investment meets all relevant requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

OTHER GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme and the issue of this Offering Circular. The establishment of the Programme and the issue of Notes thereunder have been duly authorised by a resolution of the Board of Directors of the Issuer dated 29 September 2015. 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 the entry into the transaction documents in connection with the Programme was authorised by meeting minutes of the Capital and Business Management Committee of the Company passed on 6 August 2015 which was approved by the President of the Company on 6 August 2015. 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 the entry into the transaction documents in connection with the Notes was authorised by a meeting of the board of directors of ICBCIL passed on 24 September 2015.

Significant or Material Change

There has been: (i) no significant change in the financial or trading position of either the Group or the Issuer since 31 December 2014; and (ii) no material adverse change in the financial position or prospects of either the Group or the Issuer since 31 December 2014 other than those disclosed in the Offering Circular.

Litigation

Except as described in “Business – Legal Proceedings” in the Principal Offering Circular, there are no governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Issuer is aware) that may have, or have had, during the 12 months prior to the date of this Offering Circular, a significant effect on the Issuer’s or the Group’s financial position or profitability.

Independent Auditors

The financial statements of the Group have been audited by Ernst & Young Hua Ming LLP (a member of the Chinese Institute of Certified Public Accountants) for the year ended 31 December 2012 and by KPMG Huazhen (a member of the Chinese Institute of Certified Public Accountants) for the years ended 31 December 2013 and 2014. The interim financial statements of the Group for the six months ended 30 June 2015 have been reviewed but not audited by KPMG Huazhen (a member of the Chinese Institute of Certified Public Accountants). The financial statements of the Issuer have been audited by KPMG, Certified Public Accountants, for the period from 2 December 2013 to 31 December 2013 and for the year ended 31 December 2014. The interim financial statements of the Issuer for the six months ended 30 June 2015 have been reviewed but not audited by KPMG, Certified Public Accountants, for the six months ended 30 June 2015.

ICBCIL FINANCE CO. LIMITED

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

US\$5,000,000,000
Medium Term Note Programme

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



ICBC Financial Leasing Co., Ltd.

(a company incorporated in the PRC with limited liability)

Under the US\$5,000,000,000 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\$5,000,000,000 (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**”) have entered into a keepwell and liquidity support deed dated on or about 7 October 2015 (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.**

The Notes will constitute direct, general, unconditional, unsubordinated and, subject to the creation of any security permitted or approved in accordance with Condition 4(a) of the Terms and Conditions of the Notes, unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured 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 during the 12-month period from the date of this Offering Circular on the Hong Kong Stock Exchange. Notice of the aggregate nominal amount of the Notes, interest (if any) payable in respect of the Notes, the issue price of the Notes and any other terms and conditions not contained herein which are applicable to each Tranche of the Notes will be set out in a pricing supplement (the “**Pricing Supplement**”) which, with respect to Notes to be listed on the Hong Kong Stock Exchange, will be delivered to the Hong Kong Stock Exchange, on or before the date of issue of the Notes of such Tranche. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange or listed, traded or quoted on or by any other competent authority, exchange or quotation system. 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.

With respect to each Tranche of the Notes, registration will be completed, or application to registration will be made, by the Issuer and the Company in accordance with the Notice on the Administrative Reform for the Registration of Offshore Debt Issuances issued by the National Development and Reform Commission (the “**NDRC Notice**”), as set forth in the applicable Pricing Supplement. After issuance of each Tranche of the Notes, the Issuer and the Company shall report the issuance information to the NDRC within 10 working days 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 depository on behalf of Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) 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 depository on behalf of Euroclear and Clearstream, Luxembourg 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, Luxembourg 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, Luxembourg, with a common depository on behalf of Euroclear and Clearstream, Luxembourg 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, Luxembourg, 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.

The Programme is rated “A-” by Standard & Poor’s Ratings Services Inc. (the “**S&P**”), “A3” by Moody’s Investors Service, Inc. (“**Moody’s**”) and “A” by Fitch Ratings Ltd. (“**Fitch**”). 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

ICBC

Goldman Sachs
(Asia) L.L.C.

Morgan Stanley

Citigroup

BofA Merrill
Lynch

Dealers

ICBC

Goldman
Sachs (Asia)
L.L.C.

Morgan
Stanley

Citigroup

BofA Merrill
Lynch

Wells Fargo
Securities

ANZ

Offering Circular dated 7 October 2015

NOTICE TO INVESTORS

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.

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 including the United Kingdom, Hong Kong, Singapore, the PRC, Japan, Taiwan and the Cayman Islands. 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.

In connection with any Tranche of Notes, one or more of the Dealers (or persons acting on their behalf) may act as the stabilising manager(s) (the “Stabilising Manager(s)”). The identity of the Stabilising 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 Stabilising 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 Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager) to do this. Such stabilising, 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 stabilising 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” are to the Company and its subsidiaries, and references to the “ICBCIL Group” are to ICBCIL and its subsidiaries.

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 RMB6.200, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 30 June 2015. 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 each of the years ended 31 December 2012, 2013 and 2014 (collectively, the “**Group Audited Financial Statements**”) have been prepared in accordance with the Accounting Standards for Business Enterprises in China (“**PRC GAAP**”). The audited consolidated financial statements of the Group as at and for the year ended 31 December 2012 have been audited in accordance with the China Standards on Auditing by Ernst & Young Hua Ming LLP (“**Ernst & Young Hua Ming**”). The audited consolidated financial statements of the Group as at and for each of the years ended 31 December 2013 and 2014 have been audited in accordance with the International Standards on Auditing by KPMG Huazhen LLP (“**KPMG Huazhen**”).

The consolidated financial statements of the Group as at and for the six months ended 30 June 2014 and 2015 (the “**Group Interim Financial Information**”, and together with the Group Audited Financial Statements, the “**Group Financial Information**”) have been reviewed but not audited by KPMG Huazhen. Consequently, the Group Interim Financial Information should not be relied upon by potential purchasers to provide the same quality of information associated with information that has been subject to an audit. Potential purchasers must exercise caution when using such data to evaluate the Group’s financial condition, results of operations and results. None of the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers or advisers makes any representation or warranty, express or implied, regarding the sufficiency of such consolidated interim financial results for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Group’s financial condition and results of operations. The Group Interim Financial Information should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2015.

PRC GAAP differs in certain material respects from the International Financial Reporting Standards (“**IFRS**”) and the Generally Accepted Accounting Principles (“**U.S. GAAP**”). For a discussion of certain differences between PRC GAAP and IFRS, see “Summary of Certain Differences between PRC GAAP and IFRS”. For a discussion of certain differences between PRC GAAP and U.S. GAAP, see “Summary of Certain Differences between PRC GAAP and U.S. GAAP”.

This Offering Circular contains the audited financial statements of the Issuer as at 31 December 2013 and 2014, for the period from 2 December 2013 to 31 December 2013 and for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) and have been audited by KPMG (the “**Issuer Audited Financial Statements**”). In addition, this Offering Circular contains the unaudited financial statements of the Issuer as at and for the six months ended 30 June 2015, which have been prepared in accordance with HKFRS and have been reviewed by KPMG (the “**Issuer Interim Financial Information**”, and together with the Issuer Audited Financial Statements, the “**Issuer Financial Information**”).

“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 an 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 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.

ENFORCEABILITY OF CIVIL LIABILITY

The Issuer is a corporation organised under the laws of Hong Kong. The Company is a corporation organised under the laws of the People's Republic of China. Most of the directors and executive officers of the Issuer and the Company are residents of the People's Republic of China, and all or a substantial portion of the assets of the Company and such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons or to enforce against any of them in the United States judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

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SUMMARY

This summary does not contain all the information that may be important to prospective investors in deciding to invest in the Notes. Prospective investors should read the entire Offering Circular, including the section entitled “Risk Factors” and the financial statements and related notes thereto, before making an investment decision.

The Company was incorporated on 28 November 2007 in Tianjin, PRC as a wholly-owned subsidiary of ICBC. ICBC was established on 1 January 1984.

The Company was the first bank-affiliated financial leasing company in the PRC approved by the CBRC. The Company is a limited liability company incorporated under the Company Law of the PRC. The Company was established as a key platform in implementing ICBC’s comprehensive operating strategy and products offering, and ICBC and its subsidiaries (the “**ICBC Group**”) have provided the Company with full support in its business development. As at 30 June 2015, ICBC was ranked first in the PRC banking industry in terms of each of the following three categories: total assets, market share of loans and market share of deposits. ICBC has since developed into one of the largest commercial banks in the world, established presence in six continents, and expanded its operations to 41 countries and regions. After over seven years of steady business development, the Company has grown into one of the largest financial leasing companies in the PRC regulated by the CBRC, and also the largest in terms of total consolidated assets, according to quarterly statistics from the China Banking Association Financial Leasing Committee (中國銀行業協會金融租賃專業委員會) (“**CBA Financial Leasing Committee**”) as at 31 December 2014.

ICBC’s leasing operations consist of both domestic and offshore leasing businesses. ICBC’s domestic leasing operations in the PRC are owned and operated by the Group, whereas the offshore leasing 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 ICBCIL Group and financial consolidation is not otherwise required or provided by applicable laws or regulations, the financial statements of ICBCIL Group are not consolidated into the Group’s consolidated financial statements. The offshore leasing business, however, is managed and operated by the Company, though the assets of the offshore leasing platform are owned by ICBCIL Group. The Company manages ICBCIL Group by providing management and sharing resources. See “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 leasing businesses unless specifically indicated otherwise. See “– Business Description of the ICBCIL Group”.

The Company’s leasing business is organised around three major sectors: (i) aviation, (ii) shipping and (iii) big-ticket equipment. With favourable government policy support and support from the ICBC Group, the Company has grown to become the largest financial leasing company in the PRC regulated by the CBRC in terms of total consolidated assets, as at 31 December 2014 according to the CBA Financial Leasing Committee. The total consolidated assets of the Group increased from RMB119 billion as at 31 December 2012 to RMB174 billion as at 31 December 2014. The operating income of the Group increased from RMB2,283 million in 2012 to RMB3,619 million in 2014 and the operating profit grew from RMB1,398 million in 2012 to RMB2,562 million in 2014. The total consolidated assets of the Group as at 30 June 2015 was RMB175 billion, the operating income of the Group for the period ended 30 June 2015 was RMB1,815 million and the operating profit of the Group for the six months ended 30 June 2015 was RMB1,030 million. With a focus on “large markets, large clients and big-ticket leasing transactions”, as at 30 June 2015, the Group owned 271 large aircraft, including 107 aircraft delivered to the Group and already in lease, 183 ships and maritime assets, and approximately 35,000 pieces of large equipment. As at 30 June 2015, the Group had approximately 706 clients with over 1,161 leasing contracts. As the Company is ICBC Group’s primary leasing platform, 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. On 13 January 2014, ICBC injected additional RMB3 billion of equity capital into the Company, upon

which the Company's share capital was increased to RMB11 billion. The equity injection is one of several rounds which ICBC has made. After the injection, the Company became the best capitalised financial leasing company in the PRC according to quarterly statistics from CBA Financial Leasing Committee.

The Company also benefits from the offshore leasing platform of ICBC owned by the ICBCIL Group but managed and operated by the Company. Although the Group does not retain any equity interest in the offshore leasing business, the development of such business facilitates the internationalisation of ICBC's leasing brand, builds an integrated global leasing platform for the ICBC Group, broadens the client base and leads to more innovative leasing products and services, thus benefiting the development of the Company's domestic leasing business in the long term. For example, in the shipping sector, the ICBCIL Group, under the management of the Company, is also a pioneer in the financial leasing of offshore vessels provided by a PRC leasing entity, demonstrated by the US\$1.5 billion agreement with the Export-Import Bank of China for 51 offshore support vessels designed and constructed by the Sinopacific Shipbuilding Group for BOURBON and the delivery of "South China Sea No. 7", a semi-submersible drilling platform to China Oilfield Services Limited. In 2015, the ICBCIL Group concluded a US\$900 million leasing agreement with a top-tier European oil company for 18 tanker vessels and a US\$800 million leasing agreement with Golar LNG for four large LNG vessels. These transactions demonstrated the ICBCIL Group's ability to win business from some of the leading shipping clients. As at 30 June 2015, the ICBCIL Group owned 129 ships and maritime assets. In the aviation sector, as at 30 June 2015, the ICBCIL Group owned 152 large aircraft, including 124 aircraft already in lease. As at 30 June 2015, the ICBCIL Group had approximately 114 clients with over 320 leasing contracts. As at 30 June 2015, U.S. dollar denominated assets of both the Group and the ICBCIL Group accounted for approximately 55 per cent. of the total assets of the Group and the ICBCIL Group, in which those physically located offshore accounted for approximately 35 per cent. of such total 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 an A320 aircraft and lease of the same to Air Asia 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; lease arrangement of 11 aircraft to Garuda Indonesia with support from the U.S. Export-Import Bank, the first lease financing of a Chinese leasing company guaranteed by the U.S. Export-Import Bank and the first bond issuance by a Chinese leasing company guaranteed by the U.S. Export-Import Bank in the international capital markets; leasing arrangement of eight A320 aircraft with Wizz Air Hungary Airlines, the first pre-delivery financing in PRC and the biggest finance deal between China and Hungary; 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.

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)
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\$5,000,000,000 (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 Industrial and Commercial Bank of China (Asia) Limited ICBC Standard Bank Plc Goldman Sachs (Asia) L.L.C. Morgan Stanley & Co. International plc Citigroup Global Markets Limited Merrill Lynch International
Dealers	ICBC International Securities Limited Industrial and Commercial Bank of China (Asia) Limited ICBC Standard Bank Plc Goldman Sachs (Asia) L.L.C. Morgan Stanley & Co. International plc Citigroup Global Markets Limited Merrill Lynch International Wells Fargo Securities, LLC Australia and New Zealand Banking Group Limited

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 <i>pari passu</i> 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 <i>pari passu</i> 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, Luxembourg or any other agreed clearance system compatible with Euroclear and Clearstream, Luxembourg 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, Luxembourg, 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, Luxembourg, or with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream, Luxembourg, 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, Luxembourg or DTC for the accounts of Euroclear and Clearstream, Luxembourg 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, Luxembourg and/or the CMU Service, as appropriate.

Clearing Systems With respect to Notes (other than CMU Notes), Euroclear, Clearstream, Luxembourg 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, Luxembourg, 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, Luxembourg, 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 three 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 three business days (“T+3”), unless the parties to any such trade expressly agree otherwise. Accordingly, in the event that an Issue Date is more than three 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 three business days prior to the relevant Issue Date will be required, by virtue of the fact that such Notes initially will settle beyond T+3, 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 practices and, in the event that an Issue Date is more than three 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.

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	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> • 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	<p>The Programme is rated "A-" by S&P, "A3" by Moody's and "A" by Fitch. In addition, the Company is rated "A stable" by S&P, "A2 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.</p> <p>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.</p>

Withholding Tax	<p>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.</p>
Governing Law	<p>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.</p>
Jurisdiction	<p>Exclusive jurisdiction of Hong Kong courts.</p>
Listing	<p>Application has been made to the Hong Kong Stock Exchange for the listing of the Programme during the 12-month period from the date of this Offering Circular on the Hong Kong Stock Exchange, as described in this Offering Circular.</p> <p>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.</p> <p>The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).</p> <p>Notes to be listed on the Hong Kong Stock Exchange will be traded on the Hong Kong Stock Exchange in a board lot size of at least HK\$500,000 (or its equivalent in other currencies).</p>
Selling Restrictions	<p>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.</p> <p>For the purposes of Regulation S, Category 2 selling restrictions will apply unless otherwise indicated in the relevant Pricing Supplement.</p> <p>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.</p>

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 2012 has been derived from the Group's audited consolidated financial statements for the year ended 31 December 2012, which have been audited by Ernst & Young Hua Ming LLP. The summary consolidated financial information as at and for the years ended 31 December 2013 and 2014 has been derived from the Group's consolidated financial statements for the years ended 31 December 2013 and 2014, which have been audited by KPMG (Special General Partnership) 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 Group Interim Financial Information was prepared and presented in accordance with PRC GAAP and has been reviewed but has not been audited. Consequently, the Group Interim Financial Information should not be relied upon by potential purchasers to provide the same quality of information associated with information that has been subject to an audit. Potential purchasers must exercise caution when using such data to evaluate the Group's financial condition, results of operations and results. None of the Dealers, the Trustee or the Agents or any of their respective affiliates, directors or advisers makes any representation or warranty, express or implied, regarding the sufficiency of such consolidated interim financial results for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Group's financial condition and results of operations. The Group Interim Financial Information as at and for the six months ended 30 June 2015 should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2015.

The Group's financial statements have been prepared and presented in accordance with PRC GAAP. PRC GAAP differs in certain material respects from U.S. GAAP and IFRS. For a discussion of certain differences between PRC GAAP and U.S. GAAP, see "Summary of Certain Differences Between PRC GAAP and U.S. GAAP". For a discussion of certain differences between PRC GAAP and IFRS, see "Summary of Certain Differences Between PRC GAAP and IFRS".

Consolidated Balance Sheet of the Group

	As at 30 June		As at 31 December			
	2015	2015	2014	2014	2013	2012
	(in US\$ thousands)	(in RMB thousands)	(in US\$ thousands)	(in RMB thousands)		
Assets						
Cash at bank and on hand	2,841,307	17,616,102	2,352,524	14,585,649	9,735,404	3,666,835
Deposit with the central bank	5,222	32,377	12,413	76,961	75,814	132,380
Call loan to banks	32,258	200,000	—	—	—	—
Financial assets carried at fair value						
through profit and loss	406,351	2,519,378	304,487	1,887,819	—	—
Financial assets available for sale	—	—	32,258	200,000	—	—
Prepayments	1,528,735	9,478,160	2,114,080	13,107,298	28,721,711	31,138,796
Finance lease receivables	17,852,866	110,687,772	17,795,674	110,333,177	92,606,223	75,235,947
Fixed assets	3,714,155	23,027,763	3,271,051	20,280,515	10,053,799	4,691,327
Construction in progress	1,058,206	6,560,880	1,068,732	6,626,139	6,253,053	3,592,339
Intangible assets	1,922	11,919	1,777	11,020	9,387	7,595
Deferred tax assets	52,911	328,046	55,332	343,061	349,259	92,295
Other assets	750,292	4,651,809	1,085,899	6,732,574	1,406,252	502,719
Total assets	28,244,227	175,114,206	28,094,228	174,184,213	149,210,902	119,060,233

	As at 30 June		As at 31 December			
	2015	2015	2014	2014	2013	2012
	(in US\$ thousands)	(in RMB thousands)	(in US\$ thousands)	(in RMB thousands)		
Liabilities and owners' equity						
Liabilities						
Borrowings	23,075,729	143,069,520	23,320,681	144,588,223	124,658,146	95,109,914
Advances from customers	380,748	2,360,637	399,982	2,479,887	2,341,086	2,058,880
Long-term payable	272,424	1,689,027	251,586	1,559,832	–	–
Employee benefits payable	21,567	133,717	29,535	183,118	121,790	73,202
Taxes payable	38,691	239,882	43,395	269,046	474,158	175,892
Security deposit	45,830	284,144	54,782	339,646	501,983	692,803
Financial assets sold under repurchase agreements . .	1,259,980	7,811,876	947,222	5,872,777	7,395,963	7,925,574
Other payable	115,650	717,028	128,816	798,658	699,989	2,010,775
Total liabilities	25,210,618	156,305,831	25,175,998	156,091,187	136,193,115	108,047,040
Owners' equity						
Paid-in capital	1,774,194	11,000,000	1,774,194	11,000,000	8,000,000	8,000,000
Capital reserve	–	–	–	–	–	–
Surplus reserve	117,669	729,550	117,692	729,691	532,357	320,159
General reserve	402,354	2,494,592	402,354	2,494,592	2,136,192	1,683,616
Retained earnings	739,842	4,587,021	624,324	3,870,811	2,350,910	1,008,306
Translation differences of financial statements denominated in foreign currency	(450)	(2,788)	(334)	(2,068)	(1,672)	1,112
Total owners' equity	3,033,609	18,808,375	2,918,230	18,093,026	13,017,787	11,013,193
Total liabilities and owners' equity	28,244,227	175,114,206	28,094,228	174,184,213	149,210,902	119,060,233

Consolidated Statement of Income of the Group

	Six months ended 30 June			Year ended 31 December			
	2015	2015	2014	2014	2014	2013	2012
	(in US\$ thousands)	(in RMB thousands)		(in US\$ thousands)	(in RMB thousands)		
Net interest income							
Interest income	572,060	3,546,773	4,052,811	1,307,229	8,104,822	7,484,608	5,757,534
Interest expense.	(472,581)	(2,930,000)	(3,310,542)	(1,078,715)	(6,688,032)	(5,480,270)	(4,745,042)
	99,480	616,773	742,269	228,515	1,416,790	2,004,338	1,012,492
Net operating lease income.	157,457	976,234	530,884	223,787	1,387,479	758,632	351,031
Net fee and commission income							
Fee and commission income	30,470	188,911	713,687	157,054	973,733	1,539,008	1,036,543
Fee and commission expense.	(23,594)	(146,283)	(155,517)	(50,179)	(311,112)	(148,041)	(84,207)
	6,875	42,628	558,170	106,874	662,621	1,390,967	952,336
Investment income	7,476	46,351	2,798	5,052	31,324	1,683	–
Gain/(loss) from changes in fair value. . .	21,219	131,559	8,873	14,164	87,819	–	–
Foreign exchange gain/(loss).	215	1,332	(20,761)	5,372	33,304	38,621	(33,200)
Operating income.	292,722	1,814,877	1,822,233	583,764	3,619,337	4,194,241	2,282,659
Business taxes and surcharges.	(11,566)	(71,709)	(66,201)	(22,229)	(137,820)	(230,836)	(142,353)
Operating and administrative expenses. . .	(85,169)	(528,045)	(316,268)	(144,286)	(894,574)	(614,671)	(411,188)
Impairment loss on assets.	(29,822)	(184,899)	(97,540)	(4,094)	(25,382)	(1,057,498)	(331,125)
Operating expenses.	(126,557)	(784,653)	(480,009)	(170,609)	(1,057,776)	(1,903,005)	(884,666)
Operating profit.	166,165	1,030,224	1,342,224	413,155	2,561,561	2,291,236	1,397,993
Add: Non-operating income	405	2,508	–	38,985	241,706	403,261	180,198
Less: Non-operating expenses	0	(2)	–	(524)	(3,247)	(130)	(18)
Profit before income tax	166,569	1,032,730	1,342,224	451,616	2,800,020	2,694,367	1,578,173
Less: Income tax expenses	(51,052)	(316,520)	(360,576)	(116,836)	(724,386)	(686,989)	(411,037)
Net profit for the period/year	115,518	716,210	981,648	334,780	2,075,634	2,007,378	1,167,136
Other comprehensive income for the period/year.	(116)	(720)	1,722	(64)	(396)	(2,784)	(269)
Total comprehensive income for the period/ year.	115,402	715,490	983,370	334,716	2,075,238	2,004,594	1,166,867

Consolidated Statement of Cash Flows of the Group

	Six months ended 30 June			Year ended 31 December			
	2015	2015	2014	2014	2014	2013	2012
	(in US\$ thousands)	(in RMB thousands)		(in US\$ thousands)	(in RMB thousands)		
Cash flows from operating activities							
Net decrease in finance lease receivables and prepayments	501,271	3,107,878	–	–	–	–	–
Cash received from interest, fee and commission	597,596	3,705,094	4,813,329	1,456,709	9,031,593	9,154,842	6,707,189
Cash received from operating lease income	157,862	978,742	532,236	212,996	1,320,578	747,925	383,647
Net increase in financial assets sold under repurchase agreements.	312,758	1,939,099	–	–	–	–	–
Net increase in borrowings.	–	–	15,229,025	3,214,529	19,930,077	29,548,232	32,694,101
Net decrease in deposit with the central bank	7,191	44,584	–	–	–	56,566	–
Cash received relating to other operating activities	166,484	1,032,200	94,121	69,256	429,385	590,731	2,968,338
Sub-total of cash inflows	1,743,161	10,807,597	20,668,711	4,953,489	30,711,633	40,098,296	42,753,275
Net increase in financial lease receivables and prepayments	–	–	(7,622,415)	(451,655)	(2,800,264)	(16,010,688)	(30,085,583)
Net decrease in borrowings.	(244,952)	(1,518,703)	–	–	–	–	–
Net decrease in financial assets sold under repurchase agreements.	–	–	(5,135,869)	(245,675)	(1,523,186)	(529,611)	(3,824,621)
Net increase in deposits with the central bank	–	–	(603)	(185)	(1,146)	–	(12,000)
Net increase in placements with banks and other financial institutions	(32,258)	(200,000)	–	–	–	–	–
Cash paid for interest, fee and commission	(524,607)	(3,252,563)	(3,399,014)	(1,121,358)	(6,952,422)	(6,712,060)	(4,867,700)
Cash paid to and for employees.	(18,213)	(112,923)	(72,350)	(21,848)	(135,455)	(145,268)	(127,018)
Cash paid for all types of taxes.	(78,149)	(484,521)	(690,711)	(321,704)	(1,994,564)	(985,605)	(518,433)
Cash paid relating to other operating activities	(13,808)	(85,607)	(456,887)	(228,541)	(1,416,954)	(632,817)	(590,240)
Sub-total of cash outflows	(911,987)	(5,654,317)	(17,377,849)	(2,390,966)	(14,823,991)	(25,016,049)	(40,025,595)
Net cash inflow from operating activities .	831,174	5,153,280	3,290,862	2,562,523	15,887,642	15,082,247	2,727,680
Cash flows from investing activities							
Cash received from investment	32,258	200,000	–	–	–	–	–
Proceeds from sale of fixed assets, intangible assets and other long-term assets	280,846	1,741,245	231,317	27,317	169,368	129,874	–
Proceeds from disposal of subsidiaries. . .	2,464	15,274	–	–	–	–	–
Cash received relating to investment activities	191,794	1,189,122	2,799	722,270	4,478,074	1,682	182,924
Sub-total of cash inflows	507,361	3,145,641	234,116	749,587	4,647,442	131,556	182,924
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(615,498)	(3,816,088)	(6,934,957)	(1,943,881)	(12,052,060)	(9,125,958)	(3,867,745)
Cash paid for acquisition of investments .	(244,243)	(1,514,307)	(6,826,622)	(1,284,357)	(7,963,015)	–	–
Sub-total of cash outflows	(859,741)	(5,330,395)	(13,761,579)	(3,228,238)	(20,015,075)	(9,125,958)	(3,867,745)
Net cash outflow from investing activities	(352,380)	(2,184,754)	(13,527,463)	(2,478,650)	(15,367,633)	(8,994,402)	(3,684,821)
Cash flows from financing activities							
Cash received from investors	–	–	3,000,000	483,871	3,000,000	–	3,000,000
Net cash inflow from financing activities .	–	–	3,000,000	483,871	3,000,000	–	3,000,000
Effect of foreign exchange rate changes on cash and cash equivalents	670	4,153	36,291	678	4,203	(19,276)	(1,245)
Net (decrease)/increase in cash and cash equivalents.	479,464	2,972,679	(7,200,310)	568,421	3,524,212	6,068,569	2,041,614
Add: cash and cash equivalents at the beginning of the period/year.	2,058,844	12,764,834	9,240,622	1,490,423	9,240,622	3,172,053	1,130,439
Cash and cash equivalents at the end of the period/year.	2,538,309	15,737,513	2,040,312	2,058,844	12,764,834	9,240,622	3,172,053

Key Financial Ratios of the Group

	For the 12 months ended and as at 31 December			For the six months ended and as at 30 June
	2012	2013	2014	2015
Profitability Metrics				
ROAA ⁽¹⁾	1.15%	1.50%	1.28%	0.82%
ROAE ⁽²⁾	13.1%	16.7%	13.3%	7.8%
Asset Quality				
NPA Ratio ⁽⁴⁾	0.56%	0.84%	0.72%	1.00%
Impairment Coverage Ratio ⁽⁵⁾	151.9%	156.5%	170.0%	136.0%
Capital Strength				
Capital Adequacy Ratio ⁽⁶⁾	10.3%	10.6%	11.2%	11.5%
Debt Ratio ⁽⁷⁾	90.8%	91.3%	89.6%	89.3%

Notes:

- (1) Return On Average Assets ("ROAA") = Net Profit/Average on beginning and ending Total Assets. The ROAA for the six months ended 30 June 2015 is calculated on an annualised basis.
- (2) Return On Average Equity ("ROAE") = Net Profit/Average on beginning and ending Total Equity. The ROAE for the six months ended 30 June 2015 is calculated on an annualised basis.
- (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. See "– Capital Adequacy".
- (6) Debt Ratio = Total Liabilities/Total Assets.

Capital Adequacy

The Group calculates the core tier one capital adequacy ratio, tier one capital adequacy ratio and capital adequacy ratio pursuant to CBRC's Administrative Measures for Capital Management of Commercial Banks (Provisional). The table below sets out the relevant ratios as at the dates indicated:

	As at 30 June 2015	As at 31 December 2014
Core tier one capital adequacy ratio ⁽¹⁾	11.04%	10.38%
Tier one capital adequacy ratio ⁽²⁾	11.04%	10.38%
Capital adequacy ratio ⁽³⁾	11.47%	11.17%

Notes:

- (1) Core tier one capital adequacy ratio equals to core tier one capital of the Group divided by the sum of credit risk weighted assets, market risk weighted assets and operational risk weighted assets.
- (2) Tier one capital adequacy ratio equals to tier one capital of the Group divided by the sum of credit risk weighted assets, market risk weighted assets and operational risk weighted assets.
- (3) Capital adequacy ratio equals to capital of the Group divided by the sum of credit risk weighted assets, market risk weighted assets and operational risk weighted assets.

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 Issuer was incorporated on 2 December 2013, and as such, the financial information of the Issuer consists of information for the period from 2 December 2013 to 30 June 2015. The selected financial information presented below as at 31 December 2013 and 2014 and for the period from 2 December 2013 (date of incorporation of the Issuer) to 31 December 2013 and for the year ended 31 December 2014 have been extracted from the Issuer's audited financial statements for the years ended 31 December 2013 and 2014 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 selected financial information presented below as at and for the six months ended 30 June 2014 and 2015 have been extracted from the Issuer's reviewed financial statements for the six months ended 30 June 2015 which have been prepared in accordance with HKFRS and have been reviewed by KPMG, Certified Public Accountants in accordance with Hong Kong Standards on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA.

The Issuer's financial statements have been prepared and presented in accordance with HKFRS. HKFRS differ in certain material respects from U.S. GAAP. For a discussion of certain differences between HKFRS and U.S. GAAP, see "Summary of Certain Differences Between U.S. GAAP and HKFRS".

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

	Six months ended 30 June		Year ended 31 December	Period from 2 December 2013 to 31 December 2013
	2015	2014	2014	2013
	(US\$)			
Interest income	103,107,868	21,090,457	104,339,137	8,955
Interest expense	(58,835,260)	(9,243,292)	(42,674,100)	(25,484)
Net interest income	44,272,608	11,847,165	61,665,037	(16,529)
Exchange gain/(loss)	(83,335)	—	—	—
Fair value loss on interest rate swap	(1,070,977)	—	(6,494,668)	—
Operating expenses	(397,622)	(7,812)	(252,565)	(10,891)
Profit/loss before taxation	42,720,674	11,839,353	54,917,804	(27,420)
Income tax	(5,962,889)	(246,627)	(3,477,060)	—
Profit/loss for the year/period	<u>36,757,785</u>	<u>11,592,726</u>	<u>51,440,744</u>	<u>(27,420)</u>
Other comprehensive income for the year/period	—	—	—	—
Total comprehensive income for the year/period	<u>36,757,785</u>	<u>11,592,726</u>	<u>51,440,744</u>	<u>(27,420)</u>

Statement of Financial Position of the Issuer

	As at 30 June 2015	As at 31 December 2014 (US\$)	2013
Assets			
Cash and cash equivalents	2,433,910,770	294,376,811	68,134,976
Amounts due from holding company	453,376,750	100,076,750	–
Amounts due from a fellow subsidiary	132,652,625	258,118,342	–
Amounts due from other related companies	4,834,884,432	2,572,647,199	26,865,000
Interest receivable	153,539,056	73,261,628	8,955
Other receivable	3,792,032	–	50,000
Total assets	<u>8,012,155,665</u>	<u>3,298,480,730</u>	<u>95,058,931</u>
Liabilities			
Bank loans	5,914,221,638	2,640,425,349	95,000,000
Amounts due to holding company	2,000,795	2,000,795	–
Amounts due to fellow subsidiaries	27,802,000	1,080,000	–
Amounts due to other related companies	691,941,996	577,720,268	–
Interest payable	34,766,590	15,569,592	25,484
Financial derivative liability	11,357,677	6,494,668	–
Tax payable	9,439,949	3,477,060	–
Other payable	217,767	249,674	10,867
Bond payable	1,232,186,144	–	–
Total liabilities	<u>7,923,934,556</u>	<u>3,247,017,406</u>	<u>95,036,351</u>
Net assets	<u>88,221,109</u>	<u>51,463,324</u>	<u>22,580</u>
Capital and Reserves			
Share capital	50,000	50,000	50,000
Reserves	88,171,109	51,413,324	(27,420)
Total equity	<u>88,221,109</u>	<u>51,463,324</u>	<u>22,580</u>

Statement of Cash Flows of the Issuer

	Six months ended 30 June		(for year ended 31 December 2014)	(for period from 2 December 2013 to 31 December 2013)
	2015	2014	2014	2013
	(US\$)			
Cash Flows from Operating Activities				
Profit/(loss) before tax	42,720,674	11,839,353	54,917,804	(27,420)
Fair value changes	1,070,977	–	6,494,668	–
Increase in amount due from holding company	(353,300,000)	(223,312,018)	(100,076,750)	–
Increase in amount due from fellow subsidiaries	125,465,717	–	(258,118,342)	–
Increase in amounts due from other related companies	(2,262,237,234)	(993,223,048)	(2,545,782,199)	(26,865,000)
Increase in interest receivable	(80,277,428)	(15,942,452)	(73,252,673)	(8,955)
Increase in other payables and accruals	(31,907)	795	238,808	36,351
Decrease in other receivables	–	50,000	50,000	–
Increase in interest payable	54,112,760	9,243,293	42,674,099	–
Increase in amount due to the holding company	–	2,000,000	2,000,795	–
Increase in amount due to other related companies	10,884,800	–	10,884,800	–
Net cash flows used in operating activities	<u>(2,461,591,641)</u>	<u>(1,209,344,077)</u>	<u>(2,859,968,990)</u>	<u>(26,865,024)</u>
Cash Flows from Financing Activities				
Interest paid	(34,915,762)	(4,731,598)	(27,129,991)	–
Repayment of bank loans	(1,496,000,000)	(95,000,000)	(2,492,600,000)	–
Proceeds from bank loans	4,769,796,290	1,344,577,146	5,038,025,348	95,000,000
Proceeds from related party loans	130,058,928	82,300,000	567,915,468	–
Proceeds from bond	1,232,186,144	–	–	–
Net cash flows generated from financing activities	<u>4,601,125,600</u>	<u>1,327,145,548</u>	<u>3,086,210,825</u>	<u>95,000,000</u>
Net increase in cash and cash equivalents	2,139,533,959	117,801,471	226,241,835	68,134,976
Cash and cash equivalents at beginning of the year/period	294,376,811	68,134,976	68,134,976	–
Cash and cash equivalents at end of the year/period	<u>2,433,910,770</u>	<u>185,936,447</u>	<u>294,376,811</u>	<u>68,134,976</u>

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information contained in this 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 in the PRC 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. When the PRC experienced a sustained economic growth during the last three decades, the increased urbanisation and industrialisation have prompted the development of the airline industry, the railroad system and other transportation-related industry and increased the demand for airplanes, large vessels, equipment and machinery and associated finance leasing services for funding these acquisitions. The Group's businesses greatly benefited from such macroeconomic development. 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 additional information on the PRC leasing industry, please refer to the section headed "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 of 31

December 2012, 2013 and 2014 was 0.56 per cent., 0.84 per cent. and 0.72 per cent., respectively; and as of 30 June 2014 and 2015, was 0.65 per cent. and 0.99 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, ship leasing and equipment leasing, 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 to 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 2014, the aggregate amount of current and non-current borrowings of the Group were RMB127,030 million and RMB17,558 million, respectively; as at 30 June 2015 those numbers were RMB124,040 million and RMB19,029 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 three rounds of capital injection into the Company, increasing its share capital to RMB11 billion. 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 around three major sectors: (i) aviation, (ii) shipping and, (iii) big-ticket equipment. 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. Concentrating its operations and investments in a few sectors places it at greater risk from events or circumstances adversely affecting these industries. As a result, the Group's business, financial condition and results of operations and ability to service the Notes could be 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 2014 and 30 June 2015 were RMB144,588 million and RMB143,070 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.

The Group does not own the 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.

The Group does not own the 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 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.

As at 30 June 2015, based on the unaudited and unreviewed internal data of ICBCIL, ICBCIL and its subsidiaries had aggregate borrowings of approximately US\$13.8 billion and aggregate value of net assets of US\$308 million. ICBCIL and its subsidiaries have grown rapidly in the past, and may continue to grow in the future. Because the Group provides substantial credit support in the form of guarantee, and keepwell and liquidity support to ICBCIL and its subsidiaries, it may become obligated to pay or provide support for the payment for up to approximately US\$13.8 billion in respect of such indebtedness incurred by ICBCIL and its subsidiaries. The Group currently provides positive net worth keepwell commitment to the ICBCIL Group and thereby supports its entire balance sheet. If the indebtedness of the ICBCIL Group further grows, the Group is responsible to help it maintain such positive net worth, which may exert extra financial burdens on the Group. 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 guarantee) or procure sufficient funds for the payment obligation (in the case of keepwell and liquidity support) under such indebtedness, 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 are 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 Shanghai Interbank Offered Rate (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 since April 2015 the short-term SHIBOR (one-week, two-week and one-month) has increased slightly, mid to long-term SHIBOR have remained at a low level. But there can be no assurances that SHIBOR will not increase in the future. In addition, there have been speculations that the United States Federal Reserve may raise interest rates in the near future, which may cause interest rates to rise generally. 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 ratings for the Programme of “A-” by S&P, “A3” by Moody's and “A” by Fitch, as well as the Group's corporate credit ratings, 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 only domestic leasing businesses. The domestic leasing operations in the PRC are owned and operated by the Group, whereas the offshore leasing 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 “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, shipping and big-ticket equipment leasing business, it is primarily the responsibility of the lessees to maintain such aircraft, vessels and big-ticket equipment 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, vessels and big-ticket equipment 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 vessels and equipment being rendered inoperative, which may result in the Group incurring substantial costs to restore the aircraft, vessels and equipment to an acceptable condition prior to the sale of the aircraft, vessels and equipment, 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, shipping and big-ticket equipment 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, shipping and big-ticket equipment. 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 China Banking Regulatory Commission (“CBRC”) 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, vessels and equipment 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, vessels and equipment. 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.

The Group is subject to risks related to tax law changes.

In 2011, the State Council approved “Pilot Proposals for the Change from Business Tax to Value-Added Tax” (the “**Proposals**”). The Proposals came into force on 1 January 2012, and were first carried out implementation in Shanghai in the transportation business and certain service businesses including tangible personal property leasing service businesses. Such Proposals were extended to another eight provinces and cities including Tianjin and Anhui provinces beginning 1 September 2012, and were further extended to cover the whole nation beginning 1 August 2013. Such Proposals may lead to an increase in the overall tax payable by leasing companies, which, among other things, is mainly caused by (i) an increase of the applicable tax rate from 5 per cent. to 17 per cent. and (ii) a change in the method of calculating the taxable amount. From 1 January 2014, the Group, when servicing financing leases for corporeal movables, is subject to value-added tax instead of business tax. However, before 31 December 2015, the Group would have been refunded tax paid over the 3 per cent. tax rate. There can be no assurance that such Proposals will not be applied in the future to the whole leasing sector in which the Group operates. In the event that the Group is required to pay tax in accordance with such Proposals, it may result in an increase in the overall tax liability of the Group and would therefore adversely affect the Group's business, financial condition and results of operations.

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, vessels or equipment that the Group finances could adversely affect its business, financial condition and results of operations.

Declines in the residual value of the aircraft, vessels or equipment 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, vessels and equipment (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 2014, the carrying amount of the Group's lease receivables was RMB110,333 million, of which RMB5,620 million was pledged to secure its bank loans. As at 30 June 2015, the carrying amount of the Group's lease receivables was RMB110,634 million, of which RMB4,895 million was pledged to secure its bank loans.

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.

As at 30 June 2015, a considerable part of the Group's leases was secured by guarantees. 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 practice 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 judgment 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 2012, 2013 and 2014, the Group's consolidated impairment provision on lease receivables was RMB1,019 million, RMB1,954 million and RMB2,142 million, respectively, representing 1.35 per cent., 2.07 per cent. and 1.90 per cent. of the Group's net lease receivables, respectively. As at 30 June 2015, the Group's consolidated impairment provision on lease receivables

was RMB2,364 million, representing 2.09 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, vessels or equipment 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, vessel or equipment (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, vessels or equipment 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, vessels or equipment 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, vessels or equipment on similar terms in a timely manner. The Group's ability to lease aircraft, vessels and equipment and re-lease aircraft, vessels and equipment 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, vessels and equipment 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, vessels or equipment, 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, vessels and equipment 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.

The Group is subject to risks related to epidemics, acts of terrorism, wars or other natural or man-made calamities.

The Group, its suppliers and clients may experience shutdowns of their respective operations as a result of severe communicable disease, such as severe acute respiratory syndrome (SARS), avian influenza (bird flu), H7N9 flu and ebola, which may have an adverse effect on the Group's business, financial condition and results of operations. For example, the outbreak of any contagious disease that escalates into a regional or global pandemic may have an adverse impact on airlines that operate to or from affected areas or regions. Air travel may be severely reduced even though international and national response plans to address such events have been developed or are in development. Other natural calamities such as earthquakes, floods or tsunamis may devastate destinations and significantly reduce travel to affected areas for a period of time.

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 reposessions, 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 licensing, 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, vessel or equipment, either of which could adversely affect the Group's results of operations. In addition, the Group will obtain insurance for the aircraft, vessels and equipment 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 practice 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, vessel and equipment, 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 licensing 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;
- trade restrictions or embargoes;
- sanctions imposed by certain countries against transactions with other countries or entities with which the Group conducts business, 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 has not engaged in any business dealings with persons that are subject to or the target of, or are located in countries which are subject to or the targets of, sanctions imposed by the U.S. and other jurisdictions. However, some of the Group's counterparties may be affiliated with persons that are subject to sanctions. For example, the Company leases commercial aircraft to Aeroflot Russian Airlines. While Aeroflot Russian Airlines is not itself subject to or the target of any sanctions, one of its subsidiaries, Dobrolet, is subject to 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 the sanctioned regimes, regions or organisations. However, the sanction laws of the U.S. and other jurisdictions are evolving and changing 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 will be used for the offshore 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 will be used by ICBCIL to develop offshore 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 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 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 CBRC, 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 are 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, shipping financing and big-ticket equipment financial 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, Standard and Poor's Ratings Services ("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 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.

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 Dealers, the Trustee, the Agents or their respective advisers and therefore none of the Issuer, the Group, the Dealers, 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 practice 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.

Furthermore, the global crisis in financial services and credit markets since 2008 caused a slowdown in the growth of the global economy, with a corresponding impact on the PRC economy. Although the global and PRC economies have largely recovered, there can be no assurance that any such recovery is sustainable. In addition, 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, which has been slowing down in recent years. According to IMF World Economic Outlook, the real GDP growth of the PRC was 7.7 per cent., 7.7 per cent. and 7.4 per cent. in 2012, 2013 and 2014, respectively, and the estimated GDP growth of the PRC in 2015 and 2016 is 6.8 per cent. and 6.3 per cent., respectively. 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, 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 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 may 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 judgments 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 judgments 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.

Holders of Notes may experience difficulties in effecting service of legal process and enforcing judgments against the Issuer, the Group, their respective directors or senior management.

The Issuer is incorporated in Hong Kong and the Group is a company incorporated under the laws of the PRC and most of its assets and subsidiaries are located in the PRC. All of the Group's directors and senior management reside within the PRC. The assets of these directors and senior management also may be located within the PRC. As a result, it may not be possible to effect service of process upon most of the Group's directors and senior management outside the PRC. Moreover, the PRC does not have treaties providing for reciprocal recognition and enforcement of court judgments in the United States, the United Kingdom or most other countries. As a result, in the PRC, recognition and enforcement of court judgments from the jurisdictions mentioned above may be difficult or impossible in relation to any matter that is not subject to a binding arbitration provision.

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 judgments 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 Judgments 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", judgments 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 judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts.

However, recognition and enforcement of a Hong Kong court judgment 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 judgments, and could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or that such judgment could not satisfy certain requirements or conditions. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice 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.

Any force majeure events, including the outbreak, or threatened outbreak, of any severe communicable diseases in Hong Kong or the PRC could materially and adversely affect the Group's business and results of operations.

Any force majeure events, including the outbreak, or threatened outbreak, of any severe communicable disease (such as severe acute respiratory syndrome, Middle East respiratory syndrome or avian influenza) in Hong Kong or the PRC could materially and adversely affect the overall business sentiment and environment in the PRC, particularly if such outbreak is inadequately controlled. This, in turn, could materially and adversely affect domestic consumption, labour supply and, possibly, the overall gross domestic product ("GDP") growth of the PRC. The Group's domestic revenue is currently derived from its PRC operations, and any labour shortages on contraction or slowdown in the growth of domestic consumption in the PRC could materially and adversely affect the Group's business, financial condition and results of operations. In addition, if any of the Group's employees are affected by any severe communicable disease, it could adversely affect or disrupt production levels and operations at the relevant plants and materially and adversely affect the Group's business, financial condition and results of operations, which may also involve a closure of the Group's facilities to prevent the spread of the disease. The spread of any severe communicable disease in the PRC may also affect the operations of the Group's clients and suppliers, which could materially and adversely affect the Group's business, financial condition and results of operations.

Risks Relating to the Notes Issued under the Programme

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 will be structurally subordinated to the existing and future indebtedness and other liabilities of the Issuer's existing and future subsidiaries.

The Notes will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's existing and future subsidiaries. The Notes will not be guaranteed by any of the Issuer's subsidiaries, and the Issuer may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Issuer. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Issuer is subject to various restrictions under applicable law. Each of the Issuer's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Notes or make any funds available therefore, whether by dividends, loans or other payments. The Issuer's right to receive assets of any of the Issuer's subsidiaries upon that subsidiary's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Issuer is a creditor of that subsidiary). Consequently,

the Notes will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any of the Issuer's subsidiaries and any subsidiaries that the Issuer may in the future acquire or establish.

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

The Terms and Conditions of the Notes provide that the Trustee may, without the consent of Noteholders, 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. 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 will not be materially prejudiced thereby.

A change in English law which governs the Notes may adversely affect Noteholders.

The Terms and Conditions of the Notes are governed by English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

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 judgments of the Hong Kong courts in respect of English law governed matters or disputes.

The terms and conditions of the Notes and the transaction documents are governed by English law, while 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 Judgments 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”, judgments 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 judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts. However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC, state sovereignty or the basic principles of the PRC laws. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice 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 Noteholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the Noteholders’ ability to initiate a claim outside of Hong Kong will be limited.

The Notes may be represented by Global Notes or Global Certificates and holders of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System(s).

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates. Such Global Notes or Global Certificates will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg, lodged with the CMU, or deposited with the Custodian and registered in the name of Cede & Co. as nominee for the DTC (each of Euroclear, Clearstream, Luxembourg, the CMU and DTC, a “**Clearing System**”). Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive Definitive Notes. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through the Clearing Systems and the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg, to the relevant paying agent in the case of the CMU, or to the order of DTC’s nominee, as the case may be, for distribution to their account holders. A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates. Holders of beneficial interests in the Global Notes or Global Certificates will not have a

direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right under the respective Global Notes or 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.

Interest on the Notes may be subject to the EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**Directive**”), EU member states (“**Member States**”) are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Under such a withholding system, the beneficial owner of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The rate of withholding is 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income. The Luxembourg government has announced that Luxembourg will elect out of the withholding system in favour of automatic exchange of information with effect from 1 January 2015. A number of non-EU countries and certain dependant or associated territories of certain Member States have adopted similar measures to the Savings Directive.

On 24 March 2014 the Council of the European Union adopted a Directive amending the Savings Directive (the “**Amending Directive**”) which, when implemented, will broaden the scope of the rules described above. The Member States will have until 1 January 2016 to adopt national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Savings Directive to payments made to, or secured for, certain other entities and legal arrangements (including trusts and partnerships), where certain conditions are satisfied. They also broaden the definition of “interest payment” to cover income that is equivalent to interest. Investors who are in any doubt as to their position should consult their professional advisers.

If a payment under a Note were to be made by a person in a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any law implementing or complying with, or introduced in order to conform to, the Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts under the terms of such Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

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 Notes, the Issuer may, and at maturity will, be required to redeem all of the Notes. 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 in time, or on acceptable terms, or at all. The ability to redeem the Notes 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, 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. 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, subject to certain exceptions. However, unless in the case of any particular Tranche of Notes the relevant Pricing Supplement specifies otherwise, the Issuer also has the right to redeem the Notes at any time in the event it has or will become obliged to pay additional amounts 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), 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 the Trustee’s claims thereunder may be subordinated to other obligations of the Company and its subsidiaries.

The Company will enter into a Keepwell and Liquidity Support Deed and the Deed of Asset Purchase Undertaking in relation to the Notes, as further discussed in “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. Specifically, the Issuer has entered into a number of financing agreements that are guaranteed by the Company, including the US\$300 million term loan facility dated 13 May 2014 and the US\$500 million term loan facility dated 20 November 2014. 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.

In addition, 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.

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 any 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.

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 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 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 will enter 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 “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.

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 London Interbank Offered Rate (“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.

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.

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). 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. Although the Issuer may make an application for the Notes issued under the Programme to be admitted to listing on the Hong Kong Stock Exchange or another stock exchange, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. 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 that may be issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of 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.

Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected.

The Issuer will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement (the “**Specified Currency**”). This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Specified Currency would decrease (i) the Investor’s Currency equivalent yield on the Notes, (ii) the Investor’s Currency equivalent value of the principal payable on the Notes and the Investor’s Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

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

Investment in fixed rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of fixed rate 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 any 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 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, licensed 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 and for individual customers with accounts in Hong Kong of up to RMB20,000 per person per day. 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 CBRC jointly issued the Circular on Issues Concerning Administration over Enterprises Engaging in Renminbi Settlement of Export Trade in Goods, 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.

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

The net proceeds of the Notes will be used primarily offshore for the purposes of funding the acquisition of assets in the ordinary course of trading and other general corporate purposes. With respect to each Tranche of the Notes, the specific use of proceeds will be stated in the Issuer's and the Company's application to the NDRC for the registration of offshore debt as required by the NDRC Notice, and such use of proceeds will be set forth in the applicable Pricing Supplement relating to such Tranche of Notes.

EXCHANGE RATE INFORMATION

This Offering Circular contains translations of certain RMB amounts into U.S. dollar amounts at specified rates. Unless otherwise stated, the translations of RMB into U.S. dollars have been made at the Noon Buying Rate, as of 30 June 2015, which was RMB 6.2000 to US\$1.00. The Issuer and the Company make no representation that the RMB or U.S. dollar amounts referred to in this Offering Circular could have been, or could be, converted into U.S. dollars or RMB, as the case may be, at any particular rate, the rates stated below, or at all. See “Risk Factors – Risks Relating to the PRC – Changes in interest rates and currency exchange rates could have an adverse effect on the Group’s business, financial condition and results of operations.”

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi with reference to a basket of currencies in the market during the prior day. The PBOC also takes into account other factors such as general conditions existing in the international foreign exchange markets. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, has been based on rates set by the 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 July 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. Although PRC 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 items, such as foreign direct investment, loans or securities, requires the approval of the SAFE and other relevant authorities. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. The PRC government has since made and in the future may make further adjustments to the exchange rate system. The PBOC authorised the China Foreign Exchange Trading Center, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 am each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over the counter exchange rate for that business day. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows 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 the PBOC. On 20 June 2010, the PBOC announced that it intended to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate and, on 16 April 2012, the band was expanded to 1.0 per cent. On 11 August 2015, 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. depreciation of the Renminbi against the U.S. dollar on the same day. More adjustments may be made to the exchange rate system by the PRC government in the future. Currently, the PBOC announces the closing price of a foreign currency traded against Renminbi in the inter-bank foreign exchange spot market after the closing of the market on each business day, and makes it the central parity for the following business day.

The following table sets forth the noon buying rates for U.S. dollars in New York City for cable transfers payable in Renminbi as certified by the Federal Reserve Bank of New York for customs purposes for and as at the periods indicated as set forth in the H.10 statistical release of the Federal Reserve Board.

	Noon Buying Rate			
	Low	Average	High	Period End
	(RMB per US\$1.00)			
2010	6.6000	6.7603	6.8330	6.6000
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2221	6.2990	6.3879	6.2301
2013	6.0537	6.1412	6.2438	6.0537
2014	6.0402	6.1704	6.2591	6.2046
2015				
Six months ended 30 June 2015	6.1870	6.2192	6.2741	6.2000
March	6.1955	6.2386	6.2741	6.1990
April	6.1927	6.2010	6.2185	6.2018
May	6.1958	6.2035	6.2086	6.1980
June	6.1976	6.2052	6.2086	6.2000
July	6.2008	6.2085	6.2097	6.2097
August	6.2086	6.3383	6.4122	6.3760
1 September through 25 September	6.3544	6.3685	6.3836	6.3737

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 30 June 2015:

	As at 30 June 2015	
	Actual	
	<i>(thousands of RMB)</i>	<i>(thousands of U.S. dollars)</i>
Borrowings		
Short-term	124,040,198	20,006,484
Long-term	<u>19,029,322</u>	<u>3,069,245</u>
Total Borrowings	<u>143,069,520</u>	<u>23,075,729</u>
Owner's Equity		
Paid-in capital	11,000,000	1,774,194
Surplus reserve	729,550	117,669
General reserve	2,494,592	402,354
Retained earnings	4,587,021	739,842
Other comprehensive income	<u>(2,788)</u>	<u>(450)</u>
Total Owner's Equity	<u>18,808,375</u>	<u>3,033,609</u>
Total Borrowings and Owner's Equity	<u><u>161,877,895</u></u>	<u><u>26,109,338</u></u>

There has been no material change in the total borrowings and owner's equity of the Group since 30 June 2015.

CAPITALISATION AND INDEBTEDNESS OF THE ISSUER

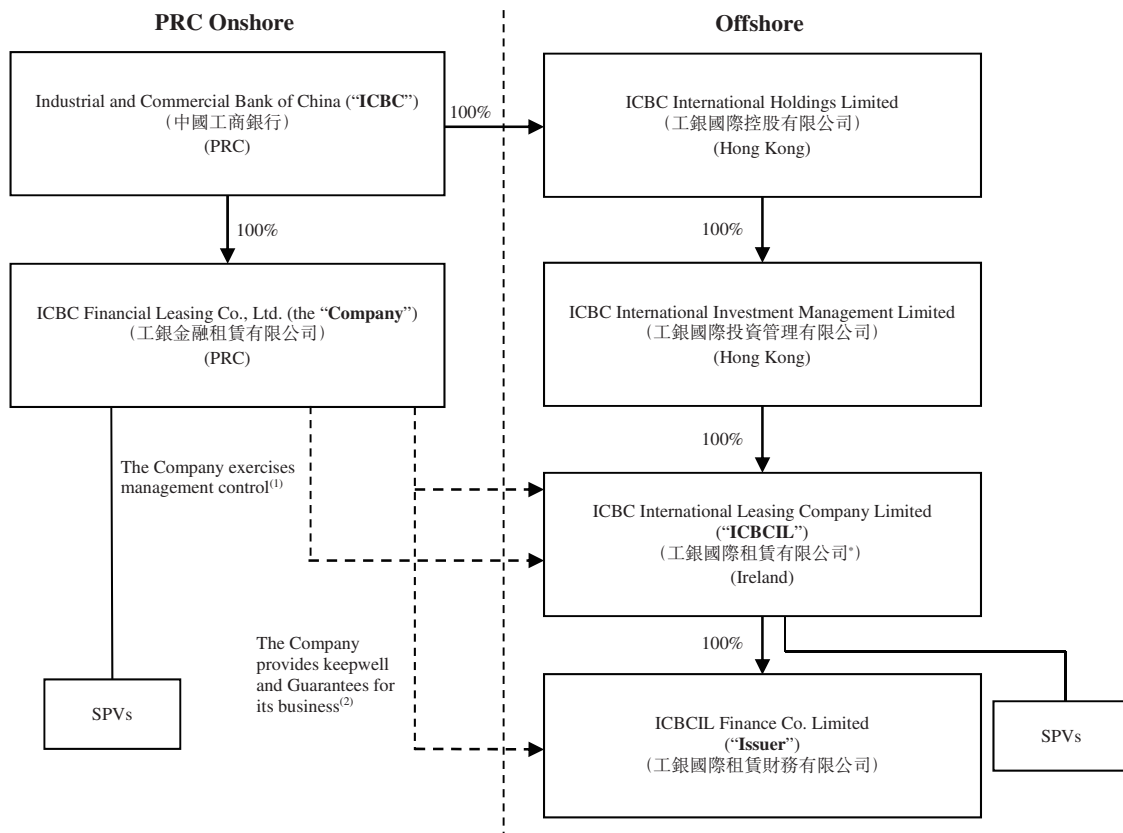
The following table sets forth the total borrowings and equity of the Issuer as at 30 June 2015:

	As at 30 June 2015
	<u>Actual</u>
	<i>(U.S. dollars)</i>
Borrowings	
Bank Loans	5,914,221,638
Interest Payable.	34,766,590
Bond Payable	<u>1,232,186,144</u>
Total Borrowings	<u>7,181,174,372</u>
Equity	
Share Capital	50,000
Reserves	<u>88,171,109</u>
Total Equity	<u>88,221,109</u>
Total Borrowings and Equity	<u><u>7,269,395,481</u></u>

There has been no material change in the total borrowings and equity of the Issuer since 30 June 2015.

CORPORATE STRUCTURE

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



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 authorized by the Company. Please see "Risk Factors – The Group does not own the 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 – The Group does not own the 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.

INDUSTRY OVERVIEW

Recent Development in the Global Leasing Industry

Despite the adverse impact of the global financial crisis in 2008 and 2009, since the second half of 2010, the international financial leasing industry has begun to show signs of recovery as reflected by the increased number of new leasing projects, decreased amount of bad debt and profits stabilised. According to a survey conducted by the White Clarke Group (the “**2015 White Clarke Global Leasing Report**”), there was a significant rebound in the industry in 2011 where new business volumes increased by 20.0 per cent.; in 2012, the industry also grew by a respectable 9.0 per cent. The industry, however, experienced considerably slower growth in 2013 than in previous years at 1.7 per cent. globally. Three regions, namely North America, Europe and Asia, represent approximately 96 per cent. of the world leasing market volume, with Asia representing US\$177.3 billion, or 20.1 per cent., of the global market volume in 2013. As economic growth in the PRC has slowed to 7.7 per cent. per annum in 2013 according to National Bureau of Statistics of the PRC, the leasing sector also experienced a negative growth rate of 2.59 per cent. between 2012 and 2013 for the first time in recent history. Nevertheless the PRC has enjoyed a year-on-year growth of 61 per cent. since 2008 according to the White Clarke Global Leasing Report. Given the low market penetration of 3.1 per cent. in the PRC against the developed markets, there remains significant growth potential. The table below shows the top 10 countries ranked according to annual lease volume, market penetration rate and growth rate as of the end of 2013.

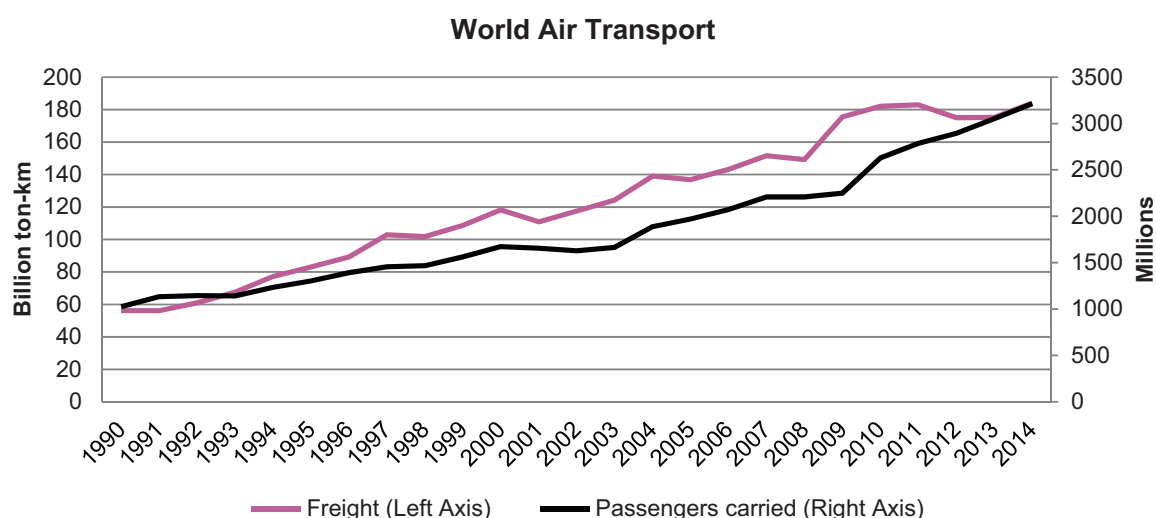
<u>Ranking</u>	<u>Country</u>	<u>Annual Volume</u>	<u>Market Penetration</u>	<u>Growth</u> <u>2012–2013</u>	<u>Growth</u> <u>2011–2012</u>
		<i>(US\$bn)</i>	<i>(%)</i>	<i>(%)</i>	<i>(%)</i>
1	United States	317.88	22.0	8.00	9.50
2	People’s Republic of China	88.90	3.1	–2.59	41.67
3	Germany	71.31	16.6	–0.33	1.12
4	United Kingdom	69.79	31.0	12.61	9.56
5	Japan	67.26	9.8	30.00	6.23
6	France	34.31	12.5	–2.88	–0.28
7	Russia	25.22	N/A	0.39	7.10
8	Sweden	20.82	24.4	–2.57	15.95
9	Italy	18.93	9.4	–0.27	–22.22
10	Canada	12.47	32.0	8.00	15.63

Source: 2015 White Clarke Global Leasing Report

The aviation sector has been generally growing based on freight volume and number of passengers carried by aircraft since 1990, as illustrated by the below chart. According to Airbus S.A.S.’s “Global Market Forecast – Freight forecast (2013)”, freight traffic growth is expected to reach a CAGR of 4.8 per cent. from 2011 to 2031 and the freight business volume is expected to grow from US\$77 billion in 2013 to US\$157 billion in 2032. Aircraft manufacturers are forecasting strong growth in demand for aviation assets. According to “Airbus Global Market Forecast (2014)” and “Boeing Current Market Outlook (2014 – 2033)”, Airbus forecasted demand of 31,358 new deliveries scheduled between 2014 and 2033 while Boeing forecasted demand for 36,770 new aircraft valued at US\$5.2 trillion by current book value by 2033. Over the next 20 years, the global airline industry is projected to add 34,000 new airplanes, of which approximately 41 per cent. will replace older and less efficient airplanes and approximately 59 per cent. will be new deliveries, which will reflect growth in emerging markets and evolving business models. In the shipping industry, the supply and demand of container shipping has been growing at largely stable rates of 6 per cent. during the period 2000-2014, with demand experiencing a sharp and negative growth in 2009 but it has since recovered, according to the United Nations Conference on Trade and Development Report (2014).

According to the White Clarke Global Leasing Report, industrial equipment, construction equipment, medical equipment and computer hardware all exhibited double-digit growth in 2013 in Asia. In China, a number of factors might have affected the leasing industry in a positive manner such as monetary easing and relaxation of regulatory rules for financial institutions and decentralisation of approval procedure for foreign-invested lessors. Due to its flexibility, financial leasing has been growing in popularity as a method of financing in the shipping industry. Overall, the leasing market is projected to have significant potential to grow in emerging markets such as the PRC.

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. According to the China Financial Leasing Annual Report, the leasing industry in the PRC started 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 such as accounting standards and taxation, the leasing industry in the PRC has entered a stage of rapid development. Especially in the last two 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. Together with the relaxation of market access, the entry of new capital and the growth of market size, the industry has entered a new growth phase.



Source: World Bank

Growth in the PRC Market

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, which accounted for 40.9 per cent. of leasing volume in the PRC as of the end of 2014. 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 RMB2,100 billion in 2013, representing a CAGR of 111 per cent. according to “China Financial Leasing Industry Report 2014”. Despite being the world’s second largest leasing market in 2013 in terms of total balance, the leasing penetration rate in the PRC, at approximately 3.1 per cent., 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. Financial leasing presented the highest penetration rate in the construction machinery industry, at nearly 16 per cent. as of the end of 2013. In 2013, financial leasing turnover from engineering machinery exceeded RMB100 billion. The next largest is the financial leasing of the aviation industry, whose leasing business penetration stood at approximately 10 per cent. at the end of 2013.

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. The Twelfth Five-Year Plan (中華人民共和國國民經濟和社會發展第十二個五年) published by the National People's Congress in 2011 showed the government's general attitude in encouraging different types of domestic companies to "go abroad", by engaging in the relaxation of offshore investment rules and regulations, proactively negotiating investment protection and tax bilateral treaties, and providing more convenience for overseas investments. With respect to the leasing industry specifically, the Twelfth Five-Year Plan proposed to further enhance, among other things, the leasing industry's capability in managing assets allocation and serving financing needs. Furthermore, the State Council of the PRC, the State General Administration of Customs, State Administration of Taxation (the "SAT"), CBRC, SAFE, PBOC, Ministry of Finance of PRC and MOFCOM have all promulgated new regulations aimed at overcoming regulatory impediments that have traditionally hindered the development of the PRC leasing industry. These reforms and further liberalisation of the PRC leasing industry have given the industry a basis for further growth. A State Council executive meeting presided by Premier Li Keqiang on 26 August 2015 approved support measures for the growth of the financial leasing industry. The meeting pointed out that increasing the pace of the development of financial leasing, part of the PRC government's efforts to deepen financial reform, will help ease funding difficulties, raise enterprises' investment and promote industrial upgrades.

Competition

The opening up of the financial leasing industry in the PRC has resulted in increased competition. Leasing companies in the PRC can broadly be divided into three types according to their principal regulators: (i) bank-affiliated financial leasing companies that are approved and regulated by the CBRC; (ii) foreign-invested leasing companies that are approved and regulated by the Ministry of Commerce or provincial MOC authorities; and (iii) certain pilot domestic leasing companies that are jointly approved and regulated by the MOC and the SAT.

As of 30 June 2015, 2,951 leasing companies were registered in the PRC, of which, 39 were financial leasing companies that were approved and regulated by the CBRC, 191 were domestic leasing companies and 2,721 were foreign-invested leasing companies. The registered capital for each type of leasing company has reached RMB957 billion, RMB98.6 billion and RMB735 billion, respectively. Evaluating the competitive landscape, among financial leasing companies regulated by the CBRC, bank-affiliated financial leasing companies have market-leading positions with strong competitive advantages, especially in the area of financing costs and client networks. Of the 39 financial leasing companies that were approved and regulated by CBRC, 26 are bank affiliated. 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.

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 billion. ICBC was established on 1 January 1984. ICBC has since developed into one of the largest commercial banks in the world, established presence in six continents, and expanded its operations to 41 countries and regions. As at 30 June 2015, ICBC was ranked first in the PRC banking industry in terms of each of total assets, market share of loans and market share of deposits. In 2014, ICBC was named the world's largest company by *Forbes* and the largest bank in terms of tier-1 capital and total assets by *The Banker*. ICBC was also ranked first place among commercial banks in terms of revenue by *Fortune* for two consecutive years.

The Company was the first bank-affiliated financial leasing company in the PRC approved by the CBRC. It was established as a key platform in implementing ICBC's comprehensive operating strategy and products offering, and ICBC and its subsidiaries (the “**ICBC Group**”) have provided the Company with full support in its business development. After over seven years of steady business development, the Company has grown into one of the largest financial leasing companies in the PRC regulated by the CBRC, with the largest market share among financial leasing companies in PRC in terms of total consolidated assets, net capital and net profit which were 12.3 per cent., 11.4 per cent. and 12.0 per cent., respectively, according to quarterly statistics from the China Banking Association Financial Leasing Committee (中國銀行業協會金融租賃專業委員會) (“**CBA Financial Leasing Committee**”) as at 31 December 2014.

ICBC's leasing operations consist of both domestic and offshore leasing businesses. ICBC's domestic leasing operations in the PRC are owned and operated by the Group, whereas the offshore leasing 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 ICBCIL Group and financial consolidation is not otherwise required or provided by applicable laws or regulations, the financial statements of ICBCIL Group are not consolidated into the Group's consolidated financial statements. The offshore leasing business, however, is managed and operated by the Company, though the assets of the offshore leasing platform are owned by ICBCIL Group. The Company manages ICBCIL Group by providing management and sharing resources. See “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 leasing businesses unless specifically indicated otherwise. See “– Business Description of the ICBCIL Group”.

The Company's leasing business is organised around three major sectors: (i) aviation, (ii) shipping and (iii) big-ticket equipment. With favourable government policy support and support from the ICBC Group, the Company has grown to become the largest financial leasing company in the PRC regulated by the CBRC in terms of total consolidated assets, as at 31 December 2014 according to the CBA Financial Leasing Committee. The total consolidated assets of the Group increased from RMB119 billion as at 31 December 2012 to RMB174 billion as at 31 December 2014. The operating income of the Group increased from RMB2,283 million in 2012 to RMB3,619 million in 2014 and the operating profit grew from RMB1,398 million in 2012 to RMB2,562 million in 2014. The total consolidated assets of the Group as at 30 June 2015 was RMB175 billion, the operating income of the Group for the period ended 30 June 2015 was RMB1,815 million and the operating profit of the Group for the six months ended 30 June 2015 was RMB1,030 million. With a focus on “large markets, large clients and big-ticket leasing transactions”, as at 30 June 2015, the Group owned 271 large aircraft, including 107 aircraft delivered to the Group and already in lease, 183 ships and maritime assets, and approximately 35,000 pieces of large equipment. As at 30 June 2015, the Group had approximately 706 clients with over 1,161 leasing contracts. As the Company is ICBC Group's primary leasing platform, 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. On 13 January 2014, ICBC injected additional RMB3 billion of equity capital into the Company, upon

which the Company's share capital was increased to RMB11 billion. The equity injection is one of several rounds which ICBC has made. After the injection, the Company became the best capitalised financial leasing company in the PRC according to quarterly statistics from CBA Financial Leasing Committee.

In the aviation sector, as at 31 December 2013, in terms of total aviation assets (including the assets owned by the ICBCIL Group), the Company was one of the top 10 aviation leasing business companies in the world, according to *Air France Journal*. According to the latest report by Flightglobal aviation website, as at 31 December 2014, the Company was still one of the top 10 aviation leasing business companies in the world by fleet value. The Company and ICBCIL have developed co-operative relationships with leading international airline companies, including Air Asia, Air Berlin, British Airways, Cathay Pacific Airways, China Airlines, Air China, China Southern Airlines, Emirates, Singapore Airlines and Virgin Atlantic. The Company has also entered into strategic co-operation agreements with various international aviation manufacturers including Airbus, Boeing, Bombardier and Commercial Aircraft Corporation of China.

In the shipping sector, the Company concluded a US\$1.5 billion operating lease for 46 offshore support vessels with Bourbon Group of France in 2013, which was the single largest leasing transaction in terms of vessel quantity of that year globally; in the same year, the Company entered into a leasing agreement with MSC, the second largest container ship operator in the world, for seven large container ships with total value of 574 million; in 2014, the Company concluded the sale and lease back transaction worth of US\$ 800 million for 4 LNG carriers with Golar LNG Ltd, a global leading LNG Operator; in the first half of 2015, the Company executed 18 tanker carriers lease agreements with a total value of approximately US\$900 million with a top tier European oil company. These transactions demonstrate the Company's ability in providing leasing products for the top class shipping clients in the world. The Company also cooperated with top class shipyards all over the world.

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, Datang International Power Generation, Laigang, Sichuan Telecom 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.

The Company also benefits from the offshore leasing platform of ICBC owned by the ICBCIL Group but managed and operated by the Company. Although the Group does not retain any equity interest in the offshore leasing business, the development of such business facilitates the internationalisation of ICBC's leasing brand, builds an integrated global leasing platform for the ICBC Group, broadens the client base and leads to more innovative leasing products and services, thus benefiting the development of the Company's domestic leasing business in the long term. For example, in the shipping sector, the ICBCIL Group, under the management of the Company, is also a pioneer in the financial leasing of offshore vessels provided by a PRC leasing entity, demonstrated by the US\$1.5 billion agreement with the Export-Import Bank of China for 51 offshore support vessels designed and constructed by the Sinopacific Shipbuilding Group for BOURBON and the delivery of "South China Sea No. 7", a semi-submersible drilling platform to China Oilfield Services Limited. In 2015, the ICBCIL Group concluded a US\$900 million leasing agreement with a top-tier European oil company for 18 tanker vessels and a US\$800 million leasing agreement with Golar LNG for four large LNG vessels. These transactions demonstrated the ICBCIL Group's ability to win business from some of the leading shipping clients. As at 30 June 2015, the ICBCIL Group owned 129 ships and maritime assets. In the aviation sector, as at 30 June 2015, the ICBCIL Group owned 152 large aircraft, including 124 aircraft already in lease. As at 30 June 2015, the ICBCIL Group had approximately 114 clients with over 320 leasing contracts. As at

30 June 2015, based on the internal data of the Company and ICBCIL, which have not been audited or reviewed, U.S. dollar denominated assets of both the Group and the ICBCIL Group accounted for approximately 55 per cent. of the total assets of the Group and the ICBCIL Group, in which those physically located offshore accounted for approximately 35 per cent. of such total 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 an A320 aircraft and lease of the same to Air Asia 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; lease arrangement of 11 aircraft to Garuda Indonesia with support from the U.S. Export-Import Bank, the first lease financing of a Chinese leasing company guaranteed by the U.S. Export-Import Bank and the first bond issuance by a Chinese leasing company guaranteed by the U.S. Export-Import Bank in the international capital markets; leasing arrangement of eight A320 aircraft with Wizz Air Hungary Airlines, the first pre-delivery financing in PRC and the biggest finance deal between China and Hungary; 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:

- “Innovative Transaction Award” in 2015 by China Maritime Finance (DFTP) Summit
- “Growing Enterprise Award” in 2015 by Corporate Social Responsibility China Honor Roll 2015
- “China Social Responsibility Outstanding Enterprise Award” in 2014 by Xinhua Net
- “Best Financial Leasing Company of the Year” in 2014 by *Financial Times*
- “Financial Leasing Company with Excellent Competitiveness” in 2014 by *China Business*
- “China Financial Leasing Company of the Year” at the 2014 China Financial Leasing Annual Conference
- “Innovation Award” at the 2014 China Aviation Finance Awards Ceremony
- “Outstanding Finance/Leasing Company” in 2014 by Jet Support Services, Inc. (JSSI)
- “Leasing Project of the Year” in 2013 by *Marine Money*
- “Deal of the Year” at the 2013 Seatrade Asia Awards
- “Most Innovative Financial Leasing Company of the Year” at the 2013 Gold Medals League for Chinese Financial Institutions
- “Chinese Leasing Company of the Year” at the 2013 China Leasing Annual Conference

- “International Financial Leasing Award” in the 2013 Asian Banks Competitiveness Ranking
- “Financial Leasing Company of the Year” in the 2013 CBN Financial Value Ranking
- “Financial Leasing Company with Excellent Competitiveness” at the 2013 (11th) China Annual Business Meeting on Enterprise Competitiveness
- “Best Financial Leasing Institution” in 2013 by China Leader of Financial Industry Annual Selection
- Awards of Innovation and Awards of Merit at the 2013 (1st) China Aviation Financial Award Ceremony
- “Most Influential Financial Leasing Company” at the 2012 Financial Times Golden Dragon Award
- “Top Ten Innovative Shipping Support Enterprises” in 2012 by the *China Shipping Gazette*
- “Golden Wheel Award” for the Best Financial Service Providers for Logistics at the 2012 (Ninth) China Freight Industry Awards
- “Best ECA-backed Facility China in 2015 by The Asset Asian Awards”

Competitive Strengths

Strong support from ICBC

As at 30 June 2015, according to Capital IQ and public filings of ICBC, ICBC was ranked the first globally in terms of total assets (with total assets of US\$3.6 trillion), total loans (with a total loan balance of US\$2.0 trillion), total customer deposits (with total customer deposits of US\$2.6 trillion), net profits for the six months ended 30 June 2015 (with total net profits of US\$24.1 billion) and tier-1 capital (with tier-1 capital of US\$248.6 billion). ICBC also plays an important role in China’s economy and financial system. In addition, according to public disclosure, CBRC reports and National Bureau of Statistics data, as at 31 December 2014, the percentage of ICBC’s individual customers to the PRC’s population and the percentage of ICBC’s loan balance to China’s GDP were 34.0 per cent. and 17.3 per cent., respectively. The market share of the ICBC in the PRC banking sector in terms of total assets, customer deposits, total loan balance and net interest income were 12.0 per cent., 13.3 per cent., 12.7 per cent. and 14.3 per cent., respectively. Among the Global 2000 selected by Forbes in 2015 in terms of sales, profit, assets and market value, ICBC ranked as the largest enterprise in the world. In 2014, within the Global 500 selected by Fortune in terms of total operating revenue, ICBC ranked first among all commercial banks. 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 “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 CBRC and has implemented strict corporate governance standards throughout the ICBC Group, from which the Company has benefited.

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 CBRC and prescribed by the internal policy of ICBC, the Company’s asset-liability dependency upon ICBC is 35 per cent., which means that ICBC may provide liquidity support to the Group at any time up to the amount equal to 35 per cent. of the Group’s total assets. In March 2014, the CBRC promulgated the Measures for Financial Leasing Companies (Order of

CBRC [2014] No. 3) (the “**Measures on Financial Leasing Companies**”). Pursuant to Article 16 of the Measures on Financial Leasing Companies, ICBC, as the promoter of the Company, is obliged to commit in 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 big-ticket 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 aviation, shipping and big-ticket equipment that are inaccessible to smaller leasing companies. The nature of big-ticket 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 30 June 2015, the Group owned 271 large aircraft, including 107 delivered to the Group aircraft already in lease, 183 ships and maritime assets and approximately 35,000 pieces of large equipment. As at 30 June 2015, the Group had approximately 706 clients with over 1,161 leasing contracts.

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 seven years. As at 30 June 2015, the Company had approximately 687 clients with over 1,042 leasing contracts.

Leading client base and global distribution channels through the management of the ICBCIL Group

With access to ICBC's broad platform and service capabilities, the Company has a leading client base, many in which have robust balance sheets and are industry leaders in their respective fields of operations. The Company also benefits from the offshore leasing platform owned by the ICBCIL Group and managed and operated by the Company. Since the establishment of ICBCIL in 2010, the offshore leasing business has entered into strategic agreements with various international aviation manufacturers including Airbus, Boeing, Embraer and Commercial Aircraft Corporation of China. The ICBCIL Group made its first entrance into the international aircraft leasing market with an agreement with British Airways. The ICBCIL Group developed its overseas aviation leasing business through financial and business consultants to effectively link business operations among ICBC's entities in Ireland, Macau and Doha and distribute its assets across Germany, the United Kingdom, Ireland, the UAE and Malaysia. The ICBCIL Group has also developed relationships with leading international airlines including British Airways, Singapore Airlines, Cathay Pacific Airways, Emirates, Air Berlin and Air Asia. ICBCIL Group receives financial and other support from the ICBC Group as its offshore leasing platform. For example, in 2011, ICBC's Hong Kong branch provided credit support through a guarantee in relation to an issue of US\$750 million offshore notes by a subsidiary of ICBCIL, whereby the proceeds of the notes were used for developing the offshore leasing business. Although the Group does not retain any equity interest in the offshore leasing business, the development of such business facilitates the internationalisation of the ICBC's leasing brand, builds an integrated global leasing platform for the ICBC Group, broadens the client base and leads to more innovative leasing products and services, thus benefiting the development of the Company's domestic leasing business in the long term.

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", some of which were achieved through the ICBCIL Group it manages.

In the aviation sector, these 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; and
- 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; and
- the first portfolio sale in domestic market with the value of US\$200 million.

In the shipping sector, these “firsts” include:

- leasing agreements between the Company and the China Huaneng Group signed for new cargo ships for a total value of RMB5.3 billion, which is one of the largest Chinese ship leasing projects in the PRC and the first for PRC bank-affiliated leasing companies;
- an RMB3 billion leasing programme between the Company and China Sinotrans Group Co., Ltd, which the Company believes was the first time that one of the three largest PRC shipping companies entered into a strategic arrangement with a PRC leasing company; and
- a financial arrangement for a mega containership to be operated domestically in collaboration with the world’s largest ship leasing company, SEASPAN, and one of the PRC’s largest shipping companies, COSCO Container Lines Co. Ltd., in which the Company helped to develop one of the first innovative leasing programmes for the world’s largest containership.

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 abroad”. 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. The Company was named “Top Ten Innovative Shipping Support Enterprises” in 2012 by the *China Shipping Gazette*. 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.

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 is qualified to borrow in the interbank lending market in the PRC and has been granted over RMB343 billion facilities through interbank lending market. Furthermore, as required by CBRC and prescribed by ICBC, the asset-liability dependency upon the parent of the Company is 35 per cent., which means that ICBC may provide liquidity support to the Company at any time up to an amount equal to 35 per. cent of the Groups’s total assets. As at the end of July 2015, over RMB243 billion out of RMB343 billion were unused. The Company also receives liquidity from factoring and trading of receivable assets. In 2014, the Company raised RMB20 billion through receivable factoring and other

bank financial products. The Company also supports its growth by various project financing and structured financing with leasing assets. In 2015 the Company became one of the first financial leasing companies qualified for leasing asset securitisation by the CBRC.

On the offshore platform, the ICBCIL Group has completed syndicated loans since 2013 for a total of US\$1.925 billion. In 2011, one of ICBCIL's subsidiaries successfully raised US\$750 million of funding by issuing bonds that are guaranteed by ICBC Hong Kong Branch. In 2015, the Issuer raised US\$1 billion and RMB1.5 billion by issuing bonds with the benefit of a keepwell and liquidity support deed and deed of assets purchase undertaking provided by the Company and ICBCIL for each issuance.

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 remaining focused on its selected industries. Apart from aviation and ship leasing, the Company 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 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, also they are gradually expanding to include 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. 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. Some of the international leading clients of the ICBCIL Group include British Airways, Singapore Airlines, TAM Airlines, SEASpan and BOURBON.

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.

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.

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 establishment of the Programme represents a further step towards improving the Company's overall funding mix, enhancing financial flexibility and securing an optimal asset liability match.

Business Description of the Group

The Company's domestic leasing business is organised around three major sectors: (i) aviation, (ii) shipping and (iii) big-ticket equipment. The Company's development has been supported by favourable government policies and initiatives. The 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 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 “PRC Regulations – Financial Leasing Companies in the PRC”. After over seven 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 approximately RMB2.6 billion for the year ended 31 December 2014, 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 and joint lease. 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 aviation, shipping and big-ticket equipment sectors, such as transportation, telecommunication, electric power and grid, urban infrastructure and manufacturing. 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 big-ticket 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 aviation business has been a key strategic area since the establishment of the Company. The Company provides tailored financial services to large-scale airlines, airports, airplane 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 airplane 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, Hainan Airlines and Shenzhen Airlines.

The Company is one of the leaders and pioneers in the PRC aviation leasing industry, as represented by the below transactions, some of which were conducted through the ICBCIL Group:

- in 2009, the Company conducted the first operating lease among PRC bank-affiliated leasing businesses for British Airways’ two B777 aircraft as well as the first Hong Kong tax lease for Cathay Pacific Airways’ B747-400ERF aircraft;

- in 2009, in collaboration with China Southern Airlines, the Company pioneered the use of tax efficient Chinese special purpose vehicle structures in its leasing transactions for two B777F aircraft;
- in 2010, the Company conducted the first PRC airport financing project for Phoenix Airport;
- in 2013, the Company completed what it believes to be the first leasing in the PRC of an Airbus A380, the world's largest passenger aircraft;
- in 2013, the Company launched what it believes to be the PRC's first aircraft asset management system with its independent intellectual property rights. This system adopts multi-dimension dynamic management over the contract, ownership, insurance, value assessment and technology of aircraft asset; and
- in September 2015, the Company's management accompanied Chairman Xi Jinping's inaugural state visit to the United States and placed an order of 30 Boeing 737-800NG aircraft.

The success of these transactions was a direct result of the favourable regulatory environment and support from the government, as well as product innovation by the Company. In addition, they represented the Company's ability to effectively compete against domestic as well as foreign 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. With support from the PRC government, the Company was able to enter into large transactions that represented significant milestones for PRC companies in the aviation 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 on 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 for 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 large-scale 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 April 2013, the ICBCIL Group signed an agreement with Hungary's biggest airline, Wizz Air, for leasing of eight brand new Airbus A320s. This is the first co-operation of the Company and Wizz Air for aircraft leasing, and one of the biggest financial co-operation projects between China and Hungary recently;
- 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 October 2013, the ICBCIL Group entered into a US\$1.7 billion aircraft leasing contract with Garuda Indonesia and a US\$1 billion Memorandum of Cooperation for aircraft financing with AirAsia of Malaysia. The Airbus A320 aircraft involved in these deals will be assembled in Tianjin and they will contribute to promoting the economic connections between China and members of the Association of Southeast Asian Nations and the future export of Chinese-made commercial aircraft;
- 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; and
- in July 2014, the Company accompanied Premier Li Keqiang's visit to Brazil and signed a US\$3 billion co-operation framework with Petrobras for marine engineering equipment leasing, and a strategic co-operation agreement with Azul for financing of 8 E190 aircraft.
- in September 2015, ICBCIL signed a leasing contract with American Airlines on nine aircraft, five of which aircraft have been delivered as at the date hereof.

In addition, the Company's average plane age is more competitive than its international peers. As at 30 June 2015, the average plane age of the Company (including the ICBCIL Group's assets) was 3.2 years, compared to 7.3 years for AerCap Holdings N.V., 5.2 years for Anseft Worldwide Aviation Services and 5.4 years for Aviation Capital Group, according to public disclosure of these international peers. As at 31 December 2013 in terms of total aviation assets (including the ICBCIL Group's assets), the Company ranked amongst the world's top 10 aviation leasing companies, according to *Air France Journal*. According to the latest report by the Flightglobal aviation website, as at 31 December 2014, the Company was one of the top 10 aviation leasing businesses in the world by fleet value.

In the first half of 2014 the Company made deliveries on a few notable aviation deals, including that with Garuda Airlines for delivery of five Boeing 777-300 ER planes and six Airbus 320-200 planes; that with Air China for five Boeing 777-300 ER planes and that with China Southern Airlines for Airbus B787, B777-300ER and eight Airbus 320-200 planes. In May 2014, the U.S. Export-Import Bank agreed to provide guarantees in relation to the lease of two B777-300ER planes entered into between the Company, through ICBCIL Group, and Garuda Airlines, which marked the first time a PRC domestic financial leasing company had utilised U.S. Export-Import Bank guaranteed loans for commercial aircraft financing. The planes were delivered in Seattle, United States on 21 May 2014. In May 2014, the Company, through the ICBCIL Group, entered into a co-operation memorandum with Ethiopia Airlines. The memorandum marked one of the largest collaborative efforts between the two countries in aviation finance. The memorandum was signed during PRC Premier Li Keqiang's visit to Ethiopia.

For the year ended 31 December 2013, the Company initiated aviation lease transactions of approximately RMB23.5 billion in aggregate (approximately RMB11.0 billion of which were through ICBCIL Group). For the year ended 31 December 2014, RMB28 billion of aviation lease transactions were initiated (approximately RMB10.9 billion of which were through ICBCIL Group), representing a year-on-year increase of around RMB4.5 billion. The aviation 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.

As at 30 June 2015, the Group owned 271 aircraft, including 107 aircraft already delivered and 164 under construction. As at 30 June 2015, the average age of the fleet owned by the Group was 2.7 years, with 87 aircraft less than five years old, representing 81.3 per cent. of the fleet; 19 aircraft between 5-10 years old, representing 17.7 per cent. of the fleet; and only one aircraft older than 10 years, representing 1 per cent. of the fleet.

The table below sets forth the types of aircraft in the Company's fleet as at 30 June 2015.

	Fleet	
	Number	Percentage
Wide Body	23	21.5%
Narrow Body	77	72.0%
Regional Jet	7	6.5%

As at 30 June 2015, there were 107 aircraft owned by the Group that were under lease, in which 46 were under finance lease and 61 were under operating lease, with a remaining total balance of lease contracts of US\$6.5 billion.

The following table shows the top five clients as at 30 June 2015 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	Number of Aircraft Leased	Remaining Balance of Lease Contracts as at 30 June 2015
		(in RMB thousands)
China Southern Airline	23	9,521,960
Air China	18	7,788,044
China Eastern Airline	13	3,683,166
Sichuan Airline	12	3,277,130
Shandong Airline	11	3,324,306

Ship Leasing Sector

The ship leasing business is another core business of the Company, which was one of the first companies to provide financial leasing services to the shipping industry in the PRC. The Company serves shipping companies, ports and ship builders and provides its clients with specialised ship leasing products covering various types of vessels, including dry bulkers, containerships, offshore drilling rigs, offshore support vessels, LNG vessels, LPG vessels, cruise ships and other special-purpose vessels. The Company believes it has achieved a leading position in terms of market analysis, development and design of leasing products for the shipping industry.

Since its establishment, the Company has been providing innovative and customised products and services for its shipping clients, some of which were entered into by the ICBCIL Group, such as:

- in 2008, the Company and the China Huaneng Group signed leasing agreements for new cargo ships for a total value of RMB5.3 billion, the largest Chinese ship leasing projects of the year;
- in 2009, in collaboration with one of the world's largest ship leasing companies, SEASpan, and one of the PRC's largest shipping companies, COSCO Container Lines Co. Ltd, the Company helped to develop what it believes to be the first innovative leasing programmes for the world's largest containership at that time, which was the financing arrangement for the first mega containership to be operated domestically;
- in a 2010 deal with the Hui Fu Group for two ocean-going bulk carriers, the Company successfully introduced one of the first cross-border leasing projects settled in RMB;

- in 2013, the Company delivered “South China Sea No. 7”, a semi-submersible drilling platform to China Oilfield Services Limited, which was the first for PRC financial leasing companies in the leasing of offshore drilling rigs;
- in 2013, the ICBCIL Group entered into a US\$574 million leasing agreement with the world’s second largest container ship operator, MSC, for seven large container ships;
- in 2015, the ICBCIL Group concluded a US\$900 million agreement with a top-tier European oil company for 18 tanker vessels and another US\$800 million contract with Golar of leasing of four large LNG vessels; and
- in 2015, the ICBCIL Group signed a US\$3 billion co-operation framework with Petrobras of marine engineering equipment leasing.

The Company believes that it is also one of the first financial leasing companies to provide leasing services of marine engineering platforms and LNG vessels. These transactions demonstrate the Company’s ability to win business from some of the largest shipping clients worldwide, as well as to customise complicated transactions for clients.

In May 2014, the ICBCIL Group entered into a leasing contract with China Oilfield Services Limited (“COSL”) in relation to a 300ft Super M2 jack-up rig named Gulf Driller #1 (海灣鑽探者1號), which was the second transaction relating to marine engineering platform equipment which the Company had undertaken with COSL.

The Company also experienced rapid growth in its international expansion of shipping business with business presence in Singapore, France, Germany, Norway, the United Kingdom and Italy among others. The Company has cultivated a batch of stable and international quality clients, who promote the development of a comprehensive business relationship with ICBC.

In recent years, the Company has expanded its shipping asset base and its leased product structure. For the year ended 31 December 2013, the Company initiated ship leasing transactions of RMB1.3 billion. For the year ended 31 December 2014, RMB3.5 billion of ship leasing transactions were initiated, representing a year-on-year increase of around RMB2.2 billion. As at 30 June 2015, the balance of leasing contracts of the Company in the shipping sector was RMB12.2 billion.

As at 30 June 2015, the Group owned 183 vessels, 169 of which had already been delivered for operation and 14 of which remained under construction. The total value of such vessels as at 30 June 2015 was RMB9.42 billion. Approximately 70 per cent. of the Group’s delivered vessels were less than five years old.

As at 30 June 2015, there were 169 vessels owned by the Group that were in lease, with a remaining total balance of lease contracts of RMB12.31 billion.

The following table shows the top five clients as at 30 June 2015 in terms of remaining balance of lease contracts in the shipping sector, which illustrates the diversified revenue base of the Company in this sector:

Name of Client	Type of Vessels Leased	Remaining Balance of Lease Contracts as at 30 June 2015 <i>(in RMB thousands)</i>
China Oilfield Services	Drilling Platform	3,134,999
China Huaneng Group	Bulker	2,500,736
Shandong Shipping Corporation	LNG Carrier and Bulker	1,448,528
China Ship Fund	Bulker	1,371,650
Shanghai Leading Energy Shipping	Bulker	1,274,697

The following table shows a breakdown of the shipping asset portfolio of the Group as at 30 June 2015:

Vessels	Percentage Composition
Bulkers	59%
Offshore drilling rigs	25%
Cruise ships	6%
Container ships	6%
Roll on/roll off ships	4%

Equipment Leasing Sector

In 2008, the Company entered into its first big-ticket equipment financial 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 programs. 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. 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 big-ticket equipment financial 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 China National Nuclear Corporation, Datang International Power Generation, Laigang (a leading steel company in Shandong), Sichuan Telecom 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 equipment financial 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. 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 marks a substantial milestone in the development of the cross-border equipment leasing business. Also in 2014, the Company signed the first chained leasing co-operation with the largest domestic power equipment manufactory, Dongfang Electric Corporation, provided Nanjing Public Transportation Company with more than 500 electric and LNG-powered buses, echoing national efforts in urbanisation, energy saving and emission reduction by developing a green buses leasing programme, and 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 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. Since 1 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. Over the years, the Company gradually expanded into the fields of energy and power, rail transportation, equipment manufacturing, infrastructure, broadcasting and TV, tourism, medical treatment and education.

As at 30 June 2015, the Group owned approximately 35,000 pieces of large equipment used in 279 projects, including over 4,800 pieces of lifting, loading and unloading equipment and over 15,000 pieces of urban and rail transportation equipment.

As at 30 June 2015, all of the large equipment owned by the Group were leased to clients, and all were under financial lease, with a remaining total balance of lease contracts of RMB96.6 billion.

The following table shows the top five clients as at 30 June 2015 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 30 June 2015
	<i>(in RMB thousands)</i>
Huaneng Longkaikou Hydro-power (華能龍開口水電有限公司)	1,351,180
Chengdu Metro Limited (成都地鐵有限責任公司)	1,255,969
Kunming Railway Transportation (昆明軌道交通集團有限公司)	1,176,400
Beijing Infrastructure Investment (北京市基礎設施投資有限公司)	1,130,389
Bao Steels Barun Mines (包鋼集團巴潤礦業有限責任公司)	1,028,472

Business Description of the ICBCIL Group

The offshore leasing business owned by the ICBCIL Group and managed by the Group is organised around two major sectors: (i) aviation and (ii) shipping. The ICBCIL Group's development has also enjoyed financial and other support from the ICBC Group as its offshore leasing platform. Although the Group does not retain any equity interest in the ICBCIL Group's offshore leasing business, the development of such business facilitates the internationalisation of ICBC's leasing brand, builds an integrated global leasing platform for the ICBC Group, broadens the client base and leads to more innovative leasing products and services, thus benefiting the development of the Company's domestic leasing business in the long term.

The ICBCIL Group has engaged in international financing for the purchase of commercial airplanes and vessels by clients worldwide. Since 2013, it has 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 has 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

The aviation business has been one of the key strategic areas since the establishment of the ICBCIL Group. As at 30 June 2015, the ICBCIL Group owned 152 aircraft, including 128 aircraft already delivered and over 24 under construction. As at 30 June 2015, the average age of the fleet owned by ICBCIL Group was 3.62 years, with 93 aircraft less than five years old, representing 72.7 per cent. of the fleet; 27 aircraft between five-ten years old, representing 21.1 per cent. of the fleet; and eight aircraft older than ten years, representing 6.2 per cent. of the fleet.

The table below sets forth the types of aircraft in the ICBCIL Group's fleet as at 30 June 2015.

	Fleet	
	Number	Percentage
Wide Body	18	14.1%
Narrow Body	100	78.1%
Regional Jet	10	7.8%

As at 30 June 2015, there were 128 aircraft owned by the ICBCIL Group that were in lease, of which 109 were under operating lease while 19 were under finance lease, with a remaining total balance of lease contracts of US\$6.7 billion.

Shipping Leasing Sector

For the year ended 31 December 2013, the ICBCIL Group initiated ship leasing transactions of RMB9.73 billion. For the year ended 31 December 2014, RMB17.84 billion of ship leasing transactions were initiated, representing a year on year increase of around RMB8.11 billion. As at 30 June 2015, the ICBCIL Group owned 129 vessels, 103 of which had already been delivered for operation and 26 of which remained under construction, with a total value of RMB32.5 billion. As at 30 June 2015, there were 103 vessels owned by the ICBCIL Group that were in lease, with a remaining total balance of lease contracts of RMB31.9 billion.

The following table shows a breakdown of the shipping asset portfolio of the ICBCIL Group as at 30 June 2015:

Vessels	Percentage Composition
Marine ships	31%
Offshore drilling rigs	20%
Gas vessels	19%
Bulkers	12%
Container ships	5%
Oil tankers	5%
Chemical tankers	2%
Cruise ships	2%
Others	4%

Key Lease Terms

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 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 and all of the Group's vessels are under operating leases. In practice, the Group actively seeks purchasers of the underlying assets under operating leases and starts doing so before the end of the lease term.

All of the Group's leases have fixed terms. Typical lease terms range between seven and 12 years for aircraft, five and ten years for vessels, and three and ten years for large equipment. During the lease term, maintenance cost and operating costs such as fuel and insurance are lessees' responsibility. Usually, the lessee is also required to "gross-up" lease payments where they are subject to withholdings and other taxes.

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.

Financing

The Company focuses on maintaining competitive debt funding costs, and it achieves this by adopting a proactive approach to debt financing and by maintaining a diverse range of financing sources. This approach enabled the Company to achieve an average interest cost of 5.52 per cent. per annum for Renminbi denominated financing and 3.10 per cent. per annum for US dollar denominated financing in 2014, and an average interest cost of 5.11 per cent. per annum for Renminbi denominated financing and 2.85 per cent. per annum for US dollar denominated financing in the first half of 2015, which the Company believes was one of the lowest debt costs in the PRC leasing industry. Over 90 per cent. of the Group's debt financing during 2014 and the first half of 2015 was unsecured.

Risk Management

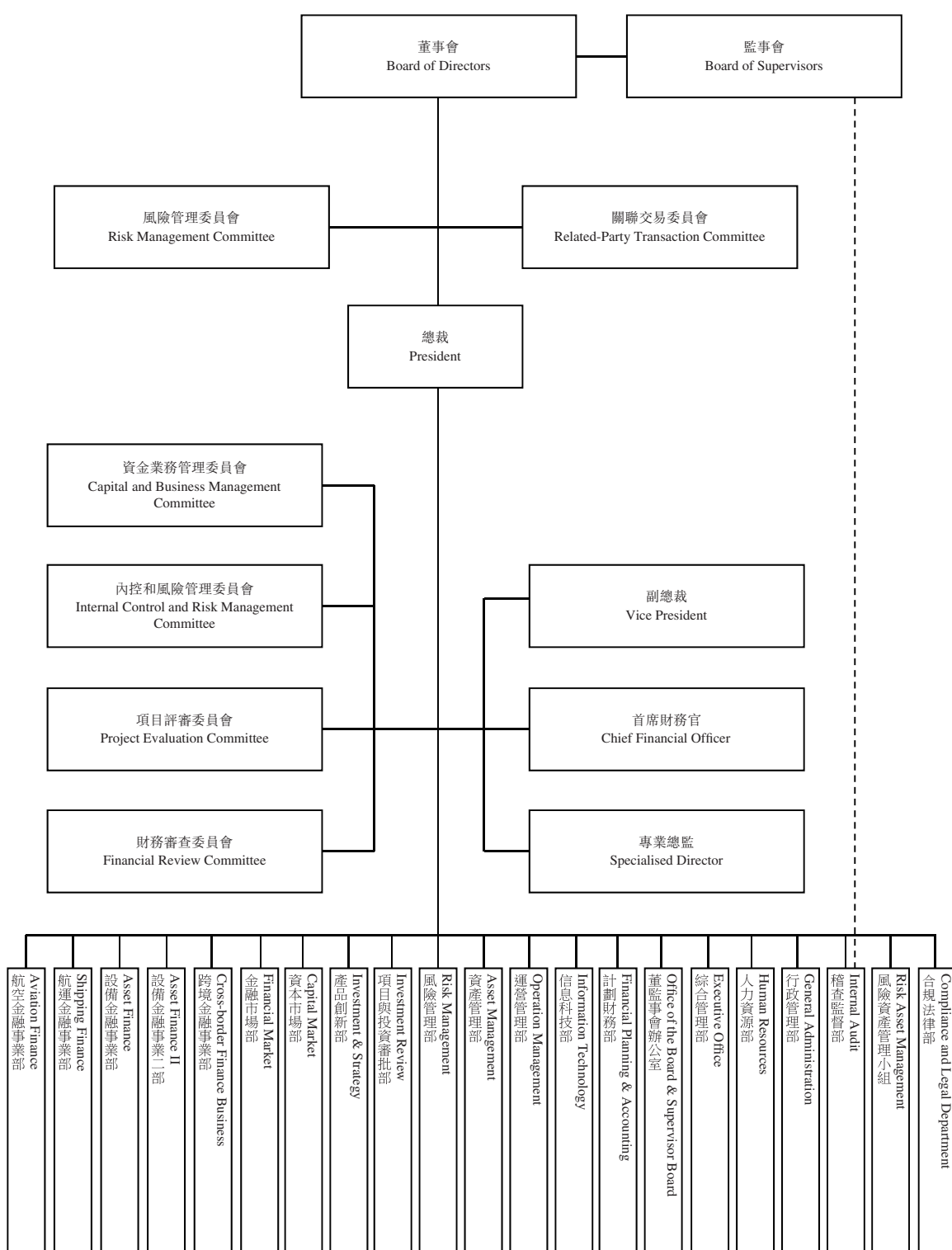
The Company places importance on prudent operations and rated the quality of development as the top priority. Through analysing characteristics of China's leasing industry and upholding the principles of "prudent and steady, determined for innovation, value-creating, risk controlled", the Company established 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 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.

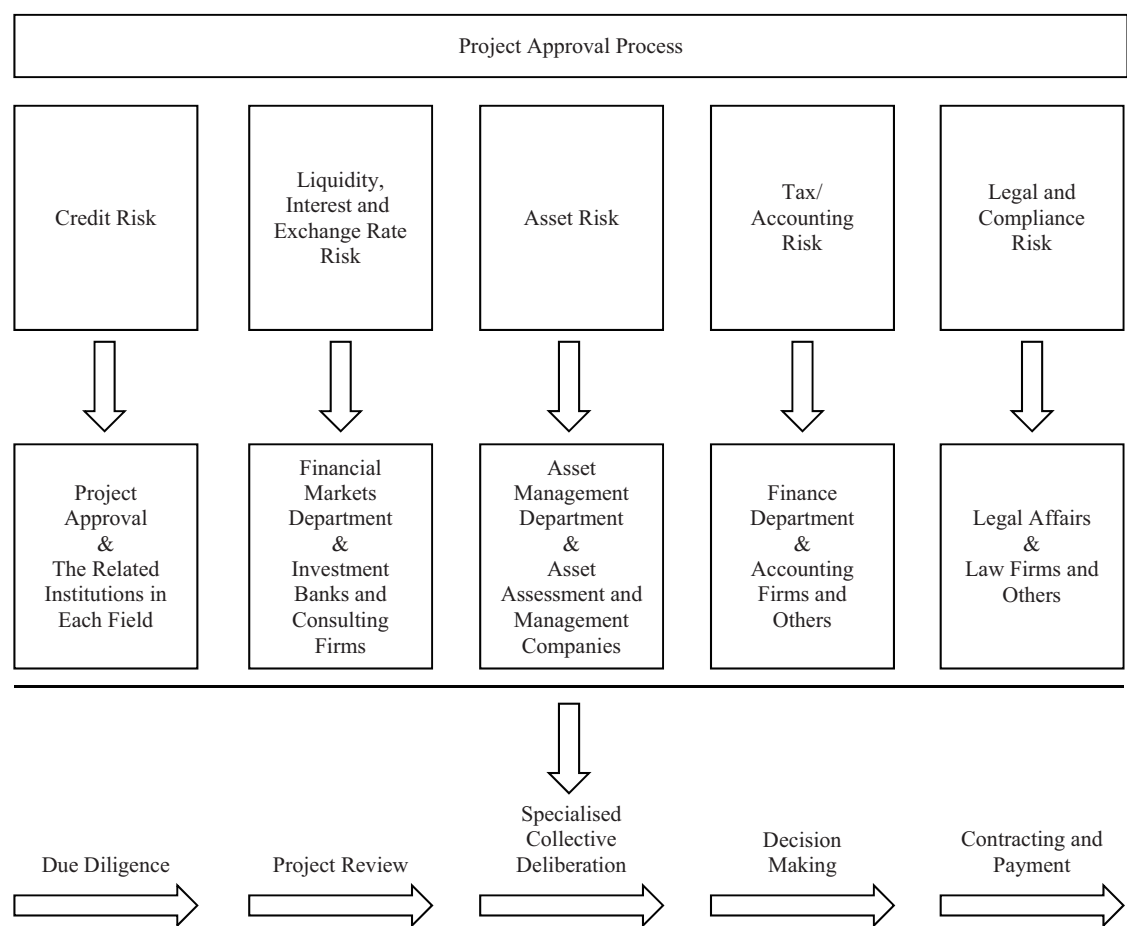
The chart below sets out the management structure of the Company.



The Company has also established a compliance and legal department (合規法律部).

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. Dollars 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 such system 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.

As at 31 December 2012, 2013, 2014 and 30 June 2015, the Group's non-performing assets to total assets ratios were 0.56 per cent., 0.84 per cent., 0.72 per cent. and 1 per cent., respectively and its impairment coverage ratios were 151.9 per cent., 156.5 per cent., 170.0 per cent. and 136.0 per cent., respectively.

The Company measures and monitors its asset quality through a lease receivables classification system. In accordance with statutory requirements promulgated by the CBRC, 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 30 June 2015, 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 practice and the Company is usually the beneficiary of such insurance. As at 30 June 2015, 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 Company may not have adequate insurance to cover all 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 30 June 2015, the Group had approximately 254 employees. The Company believes that it has a high-quality workforce possessing specialised industry expertise, with over 94 per cent. of its employees having attained bachelor's degrees and above and over 61 per cent. having attained master's degrees and above as at 30 June 2015. The professional staff 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.

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
Yulin Jiang	Chairman of the Board
Zigang Liu	Director
Ying Wang	Director
Yixin Wang	Director
Lin Cong	Executive Director, President
Fuxing Ji	Executive Director, Vice President

Mr Yulin Jiang is the Chairman of the Board. Mr Jiang served as Vice President of Fuyang Central Sub-branch, President and Party Secretary of Wuhu Branch of ICBC, Vice President and Member of the Party Committee of Anhui Branch of ICBC, President and Party Secretary of Yunan Branch of ICBC, General Manager of Credit Administration Department of ICBC and General Manager of the Management Information Department, successively.

Mr Zigang Liu is a Director of the Company. Mr Liu has served as the Director and the Deputy Director of the Industry and Communication Credit Department of ICBC, President and Party Secretary of the Jiangsu Wuxi Branch of ICBC, Deputy Director of the Audit Department of ICBC, General Manager of the Real Estate Credit Department, General Manager of the Housing Financing Department, President and Party Secretary of the Hebei Branch of ICBC, General Manager of the Credit Administration Department of ICBC, Chief Officer of Credit Business, the General Manager of the Credit and Investment Management Department, successively.

Ms Ying Wang is a Director of the Company. She worked in the Foreign Exchange Management Division of the International Business Department and the Foreign Exchange Accounting Division and the Foreign Exchange Clearing Division of the International Department of ICBC, and served as Deputy Chief and Chief of the Foreign Exchange Business Audit Division of the Audit and Supervision Bureau, and Chief of the Foreign Entity Audit Division of the Internal Audit Bureau, of ICBC, successively.

Ms Yixin Wang is a Director of the Company. Ms Wang served as the Deputy General Manager of the Business Office and Loan Office, Deputy Division Chief and Division Chief of the Energy and Transportation Office, Division Chief of First Corporation Business Office, Deputy General Manager of Business and Deputy General Manager of Special Financing Office, of ICBC, successively.

Mr Lin Cong is an Executive Director and President of the Company. Mr Cong joined ICBC in 1990, and served as Deputy Chief of each of the Loan Division, Fund Division and Credit Review and Approval Division of the Business Department of ICBC. Mr Cong joined Industrial and Commercial East Asia Finance Holding Ltd. in 1998 and served as Chief Representative of the Beijing Representative Office and held as the concurrent positions of Vice President and Chief Representative of the Beijing Representative Office of the Company, successively. Mr Cong joined ICBC Financial Leasing Co., Ltd in 2007 and serves as President. Mr Cong holds Bachelor's degree in Economics (Public Finance) from Renmin University of China, Master's degree in Economics from PBOC's Financial Research Institute and EMBA from Cheung Kong Graduate School of Business.

Mr Fuxing Ji is an Executive Director and Vice President of the Company. Mr Ji joined ICBC in 1988, and served as Deputy Division Chief of the Industrial and Communications Sector Loan Department, Assistant Manager and Division Chief of the Business Department of the Headquarters, Vice President and President of Beijing Xijiekou Sub-branch, General Manager of Corporate Business Department of the Beijing Branch, and Commissioner of the Internal Audit Bureau for Branches under the Direct

Control of Headquarters, of ICBC, successively. Mr Ji joined ICBC Financial Leasing Co., Ltd in 2010 and serves as Vice President. Mr Ji holds Master's degree in Economics from Shanghai Academy of Social Sciences and is a Senior Economist.

Senior Management of the Company

Name	Position
Lin Cong	Executive Director, President
Fuxing Ji	Executive Director, Vice President
Li Li	Vice President
Mei Tao	Vice President
Qing Xu	Vice President

Biographies of **Mr Lin Cong** and **Mr Fuxing Ji** can be found in the Biographies of the Directors above. Biographies of the other senior executives are as follows.

Ms Li Li holds a master's degree in Economics from Renmin University of China. She joined ICBC in 1984 and successively worked in the Business Credit Department, Banking Department and Clearing Centre of the Operation Management Department. Ms Li served as Deputy Director of the Banking Department, Director of the Banking Department, Director of the Clearing Centre, Deputy General Manager of the Clearing Centre, Deputy General Manager of the Operation Management Department and concurrently General Manager of the Clearing Centre. Ms Li Li joined ICBC Financial Leasing Co., Ltd. in November 2011 and serves as a Vice President.

Ms Mei Tao has a master's degree in Economics from Renmin University of China. She joined ICBC in 1989 and successively served as Deputy General Manager of the Capital Operation Department, Deputy General Manager of the Business Department II and General Manager of the Banking Department in the Beijing Branch. She worked as Deputy General Manager of Industrial and Commercial Bank of China (London) Limited in 2005 and a member of the Board of Directors of Industrial and Commercial Bank of China (London) Limited in 2006. Ms Tao joined ICBC Financial Leasing Co., Ltd. in December 2007 and successively served as Financial Controller and Vice President.

Ms Qing Xu holds a master's degree in Business Administration from Peking University. She joined ICBC in 1995 and served as Deputy Director of the Banking Department. She joined ICBC Financial Leasing Co., Ltd. in May 2008, and successively served as Managing Director of the Risk Management Department and Risk Controller of the Company. Ms Xu has served as Vice President of the Company since December 2012.

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.

PRC REGULATIONS

In March 2014, the CBRC promulgated the Measures on Financial Leasing Companies (Order of CBRC [2014] No. 3) (the “**Measures on Financial Leasing Companies**”), which replaced the previous Measures on Financial Leasing Companies promulgated on 23 January 2007 by 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 CBRC. According to the 《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 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 license and the financial license 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 shipping financial leasing industry.

In order to promote issuance of offshore debts and facilitate cross-border financing activities, National Development and Reform Commission issued the Notice on the Administrative Reform for the Registration of Offshore Debt Issuances (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) on 14 September (the “NDRC Notice”). 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 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 (信貸資產證券化備案登記工作流程通知) promulgated by the 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 CBRC have also lowered the entry requirements for financial leasing companies to issue bonds.

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 13/F, Gloucester Tower, the Landmark, 15 Queen's Road Central, Central, 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 30 June 2015, the Issuer had no employees.

Directors

As at the date of this Offering Circular, the directors of the Issuer and their business addresses are:

Zuo Xinghua: 10/F, Bank of Beijing Building, 17(C) Jinrong Street, Xicheng District, Beijing, China

Dai Lin: 10/F, Bank of Beijing Building, 17(C) Jinrong Street, Xicheng District, Beijing, China

Han Li Min: 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 Contracts

As of the date of this Offering Circular, the Issuer has entered into a number of financing agreements. These include the following facilities:

- US\$300,000,000 term loan facility agreement with a number of PRC and international banks dated 13 May 2014. The facility is supported by a guarantee granted by the Company. The facility will mature on 13 May 2017;
- US\$150,000,000 term loan facility agreement with Wells Fargo Bank and Doha Bank dated 30 October 2014. The facility will mature on 30 October 2015; and
- US\$500,000,000 term loan facility agreement with a number of PRC and international banks dated 20 November 2014. The facility is supported by a guarantee granted by the Company. The facility will mature on 20 November 2017.

The Issuer also entered into a US\$300,000,000 notional amount interest rate swap with Standard Chartered Bank (Hong Kong) Limited, which expires on 5 December 2024. The fair value of the interest rate swap as at 31 December 2014 was US\$6,494,668.

Financial Information

The Issuer has prepared its audited financial statements for the period from 2 December 2013 to 31 December 2013 and the year ended 31 December 2014 and its unaudited interim financial statements for the six months ended 30 June 2015, each of which are included elsewhere in this Offering Circular. The financial year of the Issuer ends on 31 December of each year.

Auditors

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

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 a Trust Deed dated on or about 7 October 2015 (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 on or about 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) a keepwell and liquidity support deed dated on or about 7 October 2015 (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 on or about 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 authorized 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 practice;

“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, sub-paragraph (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 Euro-zone 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 inter-bank 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 judgment) 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:

$$\text{Day Count Equation} = \frac{[360 \times (Y2 - Y1)] + 30 \times [(M2 - M1)] + (D2 - D1)}{360}$$

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:

$$\text{Day Count Equation} = \frac{[360 \times (Y2 - Y1)] + 30 \times [(M2 - M1)] + (D2 - D1)}{360}$$

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:

$$\text{Day Count Equation} = \frac{[360 \times (Y2 - Y1)] + 30 \times [(M2 - M1)] + (D2 - D1)}{360}$$

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 judgment) 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 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 67 per cent. of the voting rights of the issued share capital of each of the Company or ICBCIL; or
- (ii) ICBCIL ceases to, directly or indirectly, own or control 80 per cent. of the voting rights of the issued share capital of the Issuer; or
- (iii) 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 unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired 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, unexpired 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 of up to (and including) 10 per cent. (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 such withholding or deduction is imposed pursuant to 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; or
- (c) held by a holder who would have been able to avoid such withholding or deduction by arranging to receive the relevant payment through another Paying Agent in a member state of the European Union; or
- (d) 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 14 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 judgment*: one or more judgment(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 judgment 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 judgment 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 on terms approved by an Extraordinary Resolution of the Noteholders, or (B) in the case of a Principal Subsidiary, 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, Luxembourg 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.

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.

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, Luxembourg 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 receipt of 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, Luxembourg (or the relevant Lodging and Paying Agent in the case of CMU Notes) and Euroclear and/or Clearstream, Luxembourg, 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 only after the date falling at least 40 days after the completion of the distribution of the Notes of the relevant Series 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, Luxembourg (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, Luxembourg 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, Luxembourg 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, Luxembourg, 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, Luxembourg, 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, Luxembourg, 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 for interests in a Permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes, has been received by the Issuer.

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, Luxembourg 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, Luxembourg or CMU*

If a Global Certificate will be cleared through Euroclear, Clearstream, Luxembourg or CMU, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg 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 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, or to the order of, 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, Luxembourg, 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, Luxembourg, 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:

[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\$5,000,000,000

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 [1] 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.]*
- [(ii)] 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: [Specify/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]
- [Index Linked Redemption]
- [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]*
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 [•], respectively]*
- (Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*
- NDRC Registration *[Insert registration certificate number and date]*
14. Listing: *[Hong Kong/specify other/None]*
- (For Notes to be listed on the [Hong Kong Stock Exchange], insert the expected effective listing date of the Notes)*
15. Method of distribution: *[Syndicated/Non-syndicated]*
- Provisions Relating to Interest (if any) Payable
16. 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 <i>(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.”)</i>
(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]] <i>(Actual/365 (Fixed) is applicable to Hong Kong dollar denominated Fixed Rate Notes and Renminbi denominated Fixed Rate Notes.)</i>
[(vi) Determination Date(s):	[•] in each year <i>[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. Only relevant where Day Count Fraction is Actual/Actual (ICMA).]</i> <i>[This will need to be amended in the case of regular interest payment dates which are not of equal duration]</i>
(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/give details]
17. Floating Rate Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(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 Date(s): [•]
- (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:
18. 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)*
19. Index Linked Interest Note [Applicable/Not Applicable]
 Provisions
*(If not applicable, delete the remaining sub-paragraphs of
 this paragraph)*

- (i) Index/Formula: [Give 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) Day Count Fraction: [•]
20. 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

21. 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)*

22. 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)

23. Final Redemption Amount: [[•] per Calculation Amount/specify other/see Appendix]]
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): [[•] per Calculation Amount/specify other/see Appendix]]

General Provisions Applicable to the Notes

25. 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]

26. 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 17(iii) and 19(vii) relate)*
27. 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]*
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/give details.]
(A new form of temporary Global Note and/or permanent Global Note may be required for Partly Paid issues)
29. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
30. 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)]
31. Other terms or special conditions: [Not Applicable/give details]

Distribution

32. (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*]
33. If non-syndicated, name of relevant Dealer: [Not Applicable/*give name and address*]
34. Total commission and concession: [•] per cent. of the Aggregate Nominal Amount
- [Private Bank Rebate/Commission: *specify*] (*Delete if not applicable*)
35. U.S. Selling Restrictions: [Rule144A/Reg. S Category 2];
36. 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.*)
37. Additional selling restrictions: [Not Applicable/*give details*]

Operational Information

38. Clearing System [DTC/Euroclear/Clearstream, Luxembourg/CMU/*specify*]
39. Any clearing system(s) other than DTC, Euroclear or Clearstream, Luxembourg and the relevant identification number(s): [CMU/Not Applicable/*give name(s) and number(s)*]
40. Delivery: Delivery [against/free of] payment
41. 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.)

[[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.]

[Stabilising]

In connection with this issue, *[insert name of Stabilising Manager]* (the “**Stabilising Manager**”) (or persons acting on behalf of any Stabilising 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 Stabilising Manager (or persons acting on behalf of a Stabilising 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 Stabilising Manager (or persons acting on behalf of any Stabilising 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\$5,000,000,000 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, Luxembourg, 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, Luxembourg

Euroclear and Clearstream, Luxembourg 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, Luxembourg 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, Luxembourg 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, Luxembourg 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, Luxembourg participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system’s rules and procedures.

CMU

The CMU is a central depository 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, Luxembourg, 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, Luxembourg, in any Notes held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg, 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 organization” 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 practice 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 practice 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 practices, 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 144A 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, Luxembourg 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, Luxembourg, 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, Luxembourg or, if appropriate, the Alternative Clearing System.

Registered Notes

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg 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 an 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, Luxembourg 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 practices, 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 an 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, Luxembourg, 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 an Regulation S Global Certificate may only be held through Euroclear, Clearstream, Luxembourg or the CMU. In the case of Registered Notes to be cleared through Euroclear, Clearstream, Luxembourg 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, Luxembourg, 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, Luxembourg 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, Luxembourg, 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, Luxembourg 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, Luxembourg 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, Luxembourg 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, Luxembourg, 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, Luxembourg 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, Luxembourg 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, Luxembourg 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, Luxembourg 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, Luxembourg 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, Luxembourg 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 three 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 three business days (“T+3”), unless the parties to any such trade expressly agree otherwise. Accordingly, in the event that an Issue Date is more than three 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 three business days prior to the relevant Issue Date will be required, by virtue of the fact that such Notes initially will settle beyond T+3, 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 practices and, in the event that an Issue Date is more than three 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.

DESCRIPTION OF THE KEEPWELL 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 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 ICBCIL to directly or indirectly own and hold 80 per cent. of the legal and beneficial title to all the outstanding shares of the Issuer;
- (ii) procure Industrial and Commercial Bank of China Limited (or its successor) to directly or indirectly own and hold 67 per cent. of the legal and beneficial title to all the outstanding shares of each of the Company and ICBCIL; and
- (iii) 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 procure ICBCIL to maintain the Issuer as a primary overseas financing platform of ICBCIL.

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, the 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.

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 (including any premium payable on redemption of the Notes) 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 assessable 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:

- (a) 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;
- (b) Interest on the Notes is derived from Hong Kong and is received by or accrues to a person other than a corporation (such as a partnership), carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business;
- (c) Interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of the laws of Hong Kong) by way of interest which arises through or from the carrying on by the financial institution of its business in Hong Kong.

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 or redemption of the Notes will be subject to Hong Kong profits tax.

Gains or profits derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, from the carrying on of a trade, profession or business in Hong Kong and the sums are revenue in nature and have a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

Stamp duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of the Notes.

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.

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 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, 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., unless a lower treaty rate is applicable. 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 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 the scheduled payment, as further set out in the Terms and Conditions of the Notes.

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).

EU Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “Savings Directive”), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the “**Amending Directive**”). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of “interest payment” to cover income that is equivalent to interest.

Investors who are in any doubt as to their position should consult their professional advisers.

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**”).

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.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the 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.

POTENTIAL FATCA WITHHOLDING AFTER 2018

Pursuant to certain provisions of U.S. law, 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. A number of jurisdictions (including Hong Kong and the PRC) 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. Certain aspects of the application of these rules 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, is not clear at this time. 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 1 January 2019 and, provided the Notes are respected as debt for U.S. federal income tax purposes, Notes 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 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.

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 27 July 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地區的通知), 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 20 January 2015, the SAFE issued Notice on the Pilot Scheme of Cross-border Foreign Exchange Payment Services Provided by Payment Institutions (關於開展支付機構跨境外匯支付業務試點的通知), which facilitates domestic institutions and individuals to carry out e-commerce trade through the internet, standardises the cross-border foreign exchange payment services provided by payment institutions, and prevents the risk of cross-border capital flows through the internet channel.

The Measures and the subsequent circulars will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices 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 3 December 2013, the 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 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 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 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 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 “**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 licensing 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.

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 will 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 full service 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 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 have received and will 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 licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed 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.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") 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 final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (i) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant 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 Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

- (iii) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant 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 the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments there to, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

United Kingdom

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 S.I. No. 60 of 2007, European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1603) (as amended), including, without limitation, Regulations 7 and 152 thereof 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 – 2014 (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, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any rules issued under Section 1363 of the Companies Act 2014 by the Central Bank of Ireland;
- (iv) 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 Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section Section 1370 of the Companies Act 2014 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 Companies Act 2014; 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 this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore and the Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). 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 offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such 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, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), 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.

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.

In relation to the Notes, 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 with the provisions of S.I. No. 60 of 2007, European Communities (Markets in Financial Instruments) Regulations 2007, including, without limitation, parts 6, 7 and 12 thereof 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 – 2014 (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, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any rules issued under Section 51 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Central Bank of Ireland;
- (iv) 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 Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 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 Companies Acts 1963 to 2013; 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).

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.

TRANSFER RESTRICTIONS

Rule 144A Notes

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 Rule 144A Notes in the United States in reliance on Rule 144A. Each purchaser of Rule 144A Notes, by accepting delivery of the Rule 144A Offering Circular, will be deemed to have represented, agreed and acknowledged that:

1. It is (a) a QIB, (b) acquiring such Rule 144A Notes for its own account, or for the account of one or more QIBs, and (c) aware, and each beneficial owner of the Rule 144A Notes has been advised, that the sale of the Rule 144A Notes to it is being made in reliance on Rule 144A.
2. (i) The Rule 144A Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States and (ii) it will, and each subsequent holder of the Rule 144A Notes is required to, notify any purchaser of the Rule 144A Notes from it of the resale restrictions on the Rule 144A Notes.
3. The Rule 144A Notes, unless the Issuer determines otherwise in accordance with applicable law, will bear a legend (the “**Rule 144A Legend**”) in or substantially in the following form:

“THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. 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 MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A “QIB”) THAT IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, OR (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.”

4. It understands that the Rule 144A Notes will be represented by a Rule 144A Global Certificate. Before any interest in a Rule 144A Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Certificate or as the case may be, Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with the restrictions set forth above.
5. It understands that the Trustee for the Notes will not be required to accept for registration of transfer any such Notes acquired by it, except upon presentation of evidence satisfactory to the Issuer and the Trustee that the restrictions set forth herein have been complied with.
6. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

7. It understands that the Issuer, the Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgments, representations or agreements deemed to have been made by it by its purchase of such Notes are no longer accurate, it shall promptly notify the Issuer, the Registrar, the relevant Dealers and their affiliates.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Regulation S Notes

Each purchaser of Regulation S Notes and each subsequent purchaser of such Regulation S Notes, by accepting delivery of this Offering Circular and the Regulation S Notes, will be deemed to have represented, agreed and acknowledged that:

1. It is, or at the time Regulation S Notes are purchased will be, the beneficial owner of such Regulation S Notes and (a) it is located outside the United States (within the meaning of Regulation S) and (b) with respect to purchasers in the initial sale and in resales prior to the distribution compliance period, it is not a U.S. person.
2. (i) It understands that such Regulation S Notes have not been and will not be registered under the Securities Act and that it will not offer, sell, pledge or otherwise transfer such Regulation S Notes except (a) with respect to Regulation S Notes in a Series that includes Rule 144A Notes, in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account, or for the account of one or more QIBs, provided that the transferee must take delivery of such Notes in the form of Rule 144A Notes of the same Series or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States and (ii) it will, and each subsequent holder of the Rule 144A Notes is required to, notify any purchaser of the Regulation S Notes from it of the resale restrictions on the Regulation S Notes.
3. It understands that the Regulation S Notes, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend in or substantially in the following form:

“THIS NOTE HAS 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 MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED (1) AS FURTHER PROVIDED BELOW, OR (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THE NOTES.

THIS NOTE MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A “QIB”) THAT IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, *PROVIDED* THAT NOTES OF THE SAME SERIES HAVE BEEN OFFERED AND SOLD IN RELIANCE OF RULE 144A (SUCH NOTES, “**RULE 144A NOTES**”) AND THE TRANSFEEE TAKES DELIVERY IN THE FORM OF RULE 144A NOTES.”

4. It agrees that it will deliver to each person to whom it transfers such Regulation S Notes notice of the restrictions on transfer set forth herein of such Regulation S Notes.
5. It understands that the Trustee for the Notes will not be required to accept for registration of transfer any such Notes acquired by it, except upon presentation of evidence satisfactory to the Issuer and the Trustee that the restrictions set forth herein have been complied with.
6. It understands that the Regulation S Notes will be represented by an Regulation S Global Certificate, or as the case may be, a Global Note. Before any interest in an Regulation S Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Certificate, it will be required to provide a Transfer Agent with a written certification as to compliance with applicable securities laws.
7. If it is acquiring any Notes as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
8. It understands that the Issuer, the Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgments, representations or agreements deemed to have been made by it by its purchase of such Notes are no longer accurate, it shall promptly notify the Issuer, the Registrar, the relevant Dealers and their affiliates.

LEGAL MATTERS

Certain matters in connection with this offering as to English law, U.S. federal 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 and U.S. federal law will be passed upon for the Dealers by Davis Polk & Wardwell LLP. Certain matters in connection with this offering as to PRC law will be passed upon for the Company by King & Wood Mallesons and for the Dealers by Jingtian & Gongcheng. Certain matters in connection with this offering as to Irish law will be passed upon for the Company by Arthur Cox.

INDEPENDENT PUBLIC ACCOUNTANTS

The Group Audited Financial Statements have been audited by Ernst & Young Hua Ming in respect of the audited consolidated financial statements for the year ended 31 December 2012, and by KPMG Huazhen in respect of the audited consolidated financial statements for the years ended 31 December 2013 and 2014, where Ernst & Yong Hua Ming and KPMG Huazhen are the independent auditors of the Company. The Group Interim Financial Information has been reviewed but not audited by KPMG Huazhen. Consequently, the Group Interim Financial Information should not be relied upon by potential purchasers to provide the same quality of information associated with information that has been subject to an audit or a full review. Potential purchasers must exercise caution when using such data to evaluate the Group's financial condition and results of operations. The Issuer Audited Financial Statements have been audited by KPMG, and the Issuer Interim Financial Information have been reviewed by KPMG, the independent auditor of the Issuer.

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.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND U.S. GAAP

Introduction

The consolidated financial statements of the Group included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. Certain differences exist between PRC GAAP and U.S. GAAP which might be relevant to the financial information included herein.

The following is a general summary of certain differences between PRC GAAP and U.S. GAAP as applicable to the Company and the Group. The differences identified below are limited to those significant differences that are appropriate to the financial statements. 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 summary. A complete reconciliation of the consolidated financial information and related footnote disclosure between PRC GAAP and U.S. GAAP have not been prepared, and differences between PRC GAAP and U.S. GAAP have not been quantified. Had any such quantification or reconciliation been undertaken, other potentially significant accounting and disclosure differences may be required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and U.S. GAAP as a result of prescribed changes in accounting standard. Regulatory bodies that promulgate PRC GAAP and U.S. GAAP have significant projects ongoing that could affect future comparisons. Finally, no attempt has been made to identify future differences between PRC GAAP and U.S. GAAP that may affect the financial information as a result of transactions or events that may occur in the future. Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and U.S. GAAP is complete.

In making an investment decision, you must rely upon your own examination of the financial information, the terms of the offering and other disclosure contained herein.

Leases

Under PRC GAAP, lease classification depends on whether substantially all of the risks and rewards incidental to ownership of the leased asset have been transferred from the lessor to the lessee.

Lessees would use the interest rate implicit in the lease if this is practicable to determine; if not, they would use the incremental borrowing rate.

Land and building elements are bifurcated and accounted for separately unless the land element is immaterial.

Under U.S. GAAP, lease classification depends on whether substantially all of the risks and rewards incidental to ownership of the leased asset have been transferred from the lessor to the lessee. However, there are more detailed requirements than PRC GAAP, and a lease that does not transfer substantially all of the rewards incidental to ownership of the leased asset can be a capital lease in certain circumstances.

Lessees would use the incremental borrowing rate to discount minimum lease payments unless the implicit rate is known and is the lower rate.

Land and building elements are generally accounted for as a single unit unless land represents more than 25 per cent. of the total fair value of leased property.

Presentation of Debt Origination Costs

Under PRC GAAP, the unamortized portion of the direct costs related to the procuring debts are netted from the related borrowings.

Under U.S. GAAP, costs of issuing debts should be deferred as an asset and amortized using the effective interest method over the life of the debts.

Provisions

Under PRC GAAP, a provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate of the amount of the obligation can be made. When the effect of discounting is material, the amount recognized for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement. For probable losses, an entity is required to accrue the “best estimate” of the amount that will be required to settle the obligation. Depending on the facts and circumstances, this may or may not be the outcome with the highest probability. When all points in a continuous range of possible outcomes are equally likely, an entity should measure the provision at the midpoint of the range.

U.S. GAAP requires substantially the same criteria as PRC GAAP. However, under U.S. GAAP, a provision should be discounted only where both the amount of the liability and the timing of payments are either fixed or reliably determinable. For probable losses, an entity is required to accrue the amount of loss that is most likely to occur (i.e., the outcome with the highest probability). If all possible amounts in the range are equally likely, an entity should measure the provision at the minimum amount of the range.

Loans and other receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Under PRC GAAP, subsequent to initial recognition, they are carried at amortized cost using the effective interest method, less any identified impairment losses.

Under U.S. GAAP, the classification and accounting treatment of these loans and other receivables non-derivative financial assets generally depend on whether the asset meets the definition of a debt security under ASC 320. If the asset meets that definition, it is generally classified as trading, available-for-sale or held-to-maturity. If classified as trading or available-for-sale, the debt security is carried at fair value. To meet the definition of a debt security under ASC 320, the asset is required to be of a type commonly available on securities exchanges or in markets or, when represented by an instrument, is commonly recognized in any area in which it is issued or dealt in as a medium for investment. Loans and other receivables that are not within the scope of ASC 320 fall within the scope of other guidance and may be measured at amortized cost, at lower of cost or fair value or at fair value if the fair value option is elected.

Additional differences involve loans and other receivables and held-to-maturity investments that are carried at amortized cost. For such financial assets, both PRC GAAP and U.S. GAAP use the effective interest method to calculate amortized cost and allocate interest income over the relevant period. The effective interest method is based on the effective interest rate calculated at initial recognition of the financial asset. Under PRC GAAP, the effective interest is calculated based on estimated future cash flows over the expected life of the financial asset. Under U.S. GAAP, although certain exceptions apply, the calculation of the effective interest rate generally is based on contractual cash flows over the financial asset’s contractual life.

In general, PRC GAAP focuses on whether a qualifying transfer has taken place, whether risks and rewards have been transferred and, in some cases, whether control over the assets in question has been transferred. U.S. GAAP focuses on whether any entity has surrendered control over an asset, including the surrendering of legal and effective control.

Under PRC GAAP, full derecognition can be achieved only if all of the risks and rewards are transferred or the entity has neither retained nor transferred substantially all of the risks and rewards and the transferee has the practical ability to sell the transferred asset. Under PRC GAAP, if the entity has neither retained nor transferred substantially all of the risks and rewards and the transferee does not have the practical ability to sell the transferred asset, the transferor continues to recognize the transferred asset with an associated liability under the continuing involvement model which has no equivalent under U.S. GAAP.

Under U.S. GAAP, derecognition can be achieved even if the transferor has significant ongoing involvement with the asset, such as the retention of significant exposure to credit risk.

Impairment of Assets

Under PRC GAAP, at each balance sheet date, if an indication of impairment exists, an asset's recoverable amount is estimated and an impairment loss is recognized to reduce the asset to its recoverable amount. Such impairment losses are recognized in the income statements. Reversals of previous provision of impairment are allowed when the circumstances and events that led to the writedown cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

U.S. GAAP requires an impairment loss to be recognized for long-lived assets, including property, plant and equipment and certain identifiable intangibles where a triggering event occurs or the carrying amount of the asset may not be recoverable. An estimate of the future undiscounted cash flows expected to result from the use and eventual disposal of the asset, or the group of assets, is compared to the carrying value to determine whether impairment exists. If it is determined that the asset is impaired, the impairment loss recognized is the difference between the carrying amount of the asset and its fair value based on quoted market value less selling costs, if available. If quoted market value is not available, the estimate of fair value is based on various valuation techniques, including the sum of future discounted cash flows and fundamental analysis. Once such impairments have been recorded, subsequent reversal of impairment charges are not allowed. An asset to be disposed of is recorded at the lower of its carrying value or fair value less cost to sell.

Deferred Income Taxes

Under PRC GAAP, deferred tax assets and liabilities are required to be provided in full using the liability method on temporary differences arising between the tax base of an asset or a liability and its carrying amount in the financial statements at any point in time. Deferred tax assets and liabilities arising from temporary differences need to be measured at the rates enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax liabilities are provided in full on all taxable temporary differences while deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. All deferred tax assets and liabilities are classified as non-current.

Under U.S. GAAP, deferred tax assets and liabilities are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. A valuation allowance is provided to reduce the amount of deferred tax assets if, in the opinion of management, it is considered more likely than not that some portion of, or all of, the deferred tax asset will not be realized in the future. Classification of deferred tax assets and liabilities must be consistent with the underlying asset or liability generating the difference.

Other disclosures

Certain additional disclosures not required under PRC GAAP are required to be disclosed under U.S. GAAP. Some of the areas where U.S. GAAP requires specific additional disclosures include, among others, concentrations of credit risk, significant customers and suppliers and segment-related disclosures.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN U.S. GAAP AND HKFRS

The Issuer's financial information for the period from 2 December to 31 December 2013 and the year ended 31 December, 2014 included elsewhere in this offering circular has been prepared and presented in accordance with HKFRS. In Hong Kong, financial statements are prepared in accordance with HKFRS issued by the Hong Kong Institute of Certified Public Accountants. Certain differences exist between HKFRS and U.S. GAAP, which might be material to the financial information herein.

The matters described below summarize certain differences between HKFRS and U.S. GAAP that may be material to the issuer's balance sheets and statements of comprehensive income. The Issuer is responsible for preparing the summary below. Such summary should not be construed to be exhaustive. The Issuer has not prepared a complete reconciliation of the financial information and related footnote disclosure between HKFRS and U.S. GAAP and have not quantified such differences. Accordingly, no assurance is provided that the following summary of differences between HKFRS and U.S. GAAP is complete. Had the Issuer undertaken any such quantification or reconciliation, other potential significant accounting and disclosure differences may have come to the Issuer's attention which are not identified below.

Furthermore, no attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented in the audited consolidated financial information or footnotes thereto. Additionally, no attempt has been made to identify future differences between HKFRS and U.S. GAAP as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate HKFRS and U.S. GAAP have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between HKFRS and U.S. GAAP that may affect the financial information as a result of transactions or events that may occur in the future.

In making an investment decision, the investors must rely upon their own examination of us, the terms of the offering and the financial information. The investors should consult their own professional advisors for an understanding of the differences between HKFRS and U.S. GAAP, and how those differences might affect the financial information included herein.

Leases

Under HKFRS, lease classification depends on whether substantially all of the risks and rewards incidental to ownership of the leased asset have been transferred from the lessor to the lessee.

Lessees would use the interest rate implicit in the lease if this is practicable to determine; if not, they would use the incremental borrowing rate.

Land and building elements are bifurcated and accounted for separately unless the land element is immaterial.

Under U.S. GAAP, lease classification depends on whether substantially all of the risks and rewards incidental to ownership of the leased asset have been transferred from the lessor to the lessee. However, there are more detailed requirements than HKFRS, and a lease that does not transfer substantially all of the rewards incidental to ownership of the leased asset can be a capital lease in certain circumstances.

Lessees would use the incremental borrowing rate to discount minimum lease payments unless the implicit rate is known and is the lower rate.

Land and building elements are generally accounted for as a single unit unless land represents more than 25 per cent. of the total fair value of leased property.

Presentation of Debt Origination Costs

Under HKFRS, the unamortized portion of the direct costs related to the procuring debts are netted from the related borrowings.

Under U.S. GAAP, costs of issuing debts should be deferred as an asset and amortized using the effective interest method over the life of the debts.

Provisions

Under HKFRS, a provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate of the amount of the obligation can be made. When the effect of discounting is material, the amount recognized for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement. For probable losses, an entity is required to accrue the “best estimate” of the amount that will be required to settle the obligation. Depending on the facts and circumstances, this may or may not be the outcome with the highest probability. When all points in a continuous range of possible outcomes are equally likely, an entity should measure the provision at the midpoint of the range.

U.S. GAAP requires substantially the same criteria as HKFRS. However, under U.S. GAAP, a provision should be discounted only where both the amount of the liability and the timing of payments are either fixed or reliably determinable. For probable losses, an entity is required to accrue the amount of loss that is most likely to occur (i.e., the outcome with the highest probability). If all possible amounts in the range are equally likely, an entity should measure the provision at the minimum amount of the range.

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GENERAL INFORMATION

1. **Clearing Systems:** The Notes may be accepted for clearance through the Euroclear and Clearstream, Luxembourg 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, Luxembourg 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.
2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme and the issue of this Offering Circular. The establishment of the Programme and the issue of Notes thereunder have been duly authorised by a resolution of the Board of Directors of the Issuer dated 29 September 2015. 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 the entry into the transaction documents in connection with the Programme was authorised by meeting minutes of the Capital and Business Management Committee of the Company passed on 6 August 2015 which was approved by the President of the Company on 6 August 2015. 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 the entry into the transaction documents in connection with the Notes was authorised by a meeting of the board of directors of ICBCIL passed on 24 September 2015.
3. **NDRC Registration:** With respect to each Tranche of the Notes, registration will be completed, or application to registration will be made, by the Issuer and the Company in accordance with the NDRC Notice as set forth in the applicable Pricing Supplement. After issuance of each Tranche of the Notes, the Issuer and the Company shall report the issuance information to the NDRC within 10 business days after the completion of each such issuance.
4. **No Material Adverse Change:** Except as disclosed in this Offering Circular, there has been no material adverse change since 31 December 2014 in the financial or trading position, prospects or results of operations of the Issuer or the Group.
5. **Litigation:** Except as disclosed, 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 HKSE for the listing of the Programme for 12 months after 7 October 2015, 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). Notes to be listed on the HKSE will be traded on the HKSE in a board lot size of at least HK\$500,000 (or its equivalent in other currencies).
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 Financial Information and (ii) the Issuer's Financial Information;
 - (c) the Agency Agreement;
 - (d) the Trust Deed;
 - (e) the 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.

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REVIEW REPORT

To the board of directors of ICBC Financial Leasing Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the accompanying consolidated financial statements of ICBC Financial Leasing Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 1 to 46, which comprise the consolidated and the Company's statements of financial position as at 30 June 2015, the consolidated and the Company's income statements, the consolidated and the Company's statements of changes in equity and cash flow statements for the six month period then ended, and explanatory notes. The directors are responsible for the preparation and presentation of interim financial report in accordance with Accounting Standard for Business Enterprises No.32, *Interim Financial Reporting*.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the International Auditing and Assurance Standards Board. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2015 is not prepared, in all material respects, in accordance with Accounting Standard for Business Enterprises No.32, *Interim Financial Reporting*.



Certified Public Accountants
8th Floor, Tower E2, Oriental Plaza
1 East Chang An Avenue
Beijing 100738, China

18 September 2015

ICBC FINANCIAL LEASING CO., LTD.
Consolidated balance sheet and balance sheet as at 30 June 2015
(Expressed in Renminbi '000 unless otherwise stated)

	Note III	The Group		The Company	
		30 June	31 December	30 June	31 December
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Assets					
Cash at bank and on hand	1	17,616,102	14,585,649	15,197,500	8,639,621
Deposit with the central bank	2	32,377	76,961	32,377	76,961
Placements with bank and other financial institutions		200,000	-	200,000	-
Prepayments	3	9,478,160	13,107,298	6,367,539	9,084,994
Finance lease receivables	4	110,687,772	110,333,177	97,868,031	96,281,741
Financial assets carried at fair value through profit and loss		2,519,378	1,887,819	2,519,378	1,887,819
Financial assets available for sale		-	200,000	-	200,000
Long-term equity investments	5	-	-	6,800	6,600
Fixed assets	6	23,027,763	20,280,515	765,006	591,900
Construction in progress	7	6,560,880	6,626,139	6,560,880	6,626,139
Intangible assets	8	11,919	11,020	11,919	11,020
Deferred tax assets	9	328,046	343,061	325,751	319,331
Other assets	10	4,651,809	6,732,574	28,576,154	37,089,931
Total assets		175,114,206	174,184,213	158,431,335	160,816,057

The notes on pages 11 to 46 form part of these financial statements.


ICBC FINANCIAL LEASING CO., LTD.
Consolidated balance sheet and balance sheet as at 30 June 2015 (continued)
(Expressed in Renminbi '000 unless otherwise stated)

	Note III	The Group		The Company	
		30 June <u>2015</u>	31 December <u>2014</u>	30 June <u>2015</u>	31 December <u>2014</u>
Liabilities and owners' equity					
Liabilities					
Borrowings	11	143,069,520	144,588,223	132,203,310	133,167,634
Financial assets sold under repurchase agreements	12	7,811,876	5,872,777	4,363,431	5,872,777
Advance from customers	13	2,360,637	2,479,887	2,188,995	2,292,867
Long-term payables	14	1,689,027	1,559,832	-	-
Employee benefits payable	15	133,717	183,118	133,717	183,118
Taxes payable	16(3)	239,882	269,046	127,610	190,544
Security deposit	17	284,144	339,646	235,682	293,829
Other payable	18	717,028	798,658	612,405	764,352
Total liabilities		<u>156,305,831</u>	<u>156,091,187</u>	<u>139,865,150</u>	<u>142,765,121</u>


The notes on pages 11 to 46 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated balance sheet and balance sheet as at 30 June 2015(continued)
(Expressed in Renminbi '000 unless otherwise stated)

	Note III	The Group		The Company	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
Liabilities and owners' equity (continued)					
Owners' equity					
Paid-in capital	19	11,000,000	11,000,000	11,000,000	11,000,000
Surplus reserve	20	729,550	729,691	705,317	705,317
General reserve	21	2,494,592	2,494,592	2,294,809	2,294,809
Retained earnings		4,587,021	3,870,811	4,566,059	4,050,810
Other comprehensive income	22	(2,788)	(2,068)	-	-
Total owners' equity		18,808,375	18,093,026	18,566,185	18,050,936
Total liabilities and owners' equity		175,114,206	174,184,213	158,431,335	160,816,057



Legal Representative &
Chairman



Deputy Chief Financial
Officer



General Manager of
Finance Department



The notes on pages 11 to 46 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated income statement and income statement
for the period ended 30 June 2015
(Expressed in Renminbi '000 unless otherwise stated)

	Note III	The Group		The Company	
		Jan - Jun 2015	Jan - Jun 2014	Jan - Jun 2015	Jan - Jun 2014
Net interest income					
Interest income	23	3,546,773	4,052,811	3,632,140	4,170,672
Interest expense	23	(2,930,000)	(3,310,542)	(2,786,492)	(3,227,767)
		616,773	742,269	845,648	942,905
Net operating lease income		976,234	530,884	6,631	2,683
Net fee and commission income					
Fee and commission income	24	188,911	713,687	188,911	713,687
Fee and commission expense	24	(146,283)	(155,517)	(117,748)	(110,821)
		42,628	558,170	71,163	602,866
Investment income		46,351	2,798	19,660	2,798
Gain/loss from changes in fair value		131,559	8,873	131,559	8,873
Foreign exchange gain / (loss)		1,332	(20,761)	(443)	(23,758)
Operating income		1,814,877	1,822,233	1,074,218	1,536,367
Business taxes and surcharges	25	(71,709)	(66,201)	(37,462)	(45,065)
Operating and administrative expenses	26	(528,045)	(316,268)	(130,719)	(109,386)
Impairment loss on assets	27	(184,899)	(97,540)	(200,030)	(57,120)
Operating expenses		(784,653)	(480,009)	(368,211)	(211,571)
Operating profit		1,030,224	1,342,224	706,007	1,324,796
Add: Non-operating income	28	2,508	-	-	-
Less: Non-operating expenses		(2)	-	(2)	-
Profit before income tax		1,032,730	1,342,224	706,005	1,324,796
Less: Income tax expenses	29	(316,520)	(360,576)	(190,756)	(331,485)
Net profit for the period		716,210	981,648	515,249	993,311

The notes on pages 11 to 46 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated income statement and income statement
for the period ended 30 June 2015 (continued)
(Expressed in Renminbi '000 unless otherwise stated)

	The Group		The Company	
	Jan - Jun <u>2015</u>	Jan - Jun <u>2014</u>	Jan - Jun <u>2015</u>	Jan - Jun <u>2014</u>
Note III				
Other comprehensive income for the period				
Other comprehensive income that may be reclassified to profit or loss				
Translation differences of financial statements denominated in foreign currency	(720)	1,722	-	-
Total comprehensive income for the period	<u>715,490</u>	<u>983,370</u>	<u>515,249</u>	<u>993,311</u>

The notes on pages 11 to 46 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated cash flow statement and cash flow statement
for the period ended 30 June 2015
(Expressed in Renminbi '000 unless otherwise stated)

Note III	The Group		The Company	
	Jan - Jun 2015	Jan - Jun 2014	Jan - Jun 2015	Jan - Jun 2014
I、Cash flows from operating activities				
Net decrease in finance lease receivables and prepayments	3,107,878	-	931,135	-
Cash received from interest, fee and commission	3,705,094	4,813,329	3,939,849	4,613,888
Cash received from operating lease income	978,742	532,236	6,686	2,117
Net increase in financial assets sold under repurchase agreements	1,939,099	-	-	-
Net increase in borrowings	-	15,229,025	-	12,819,477
Net decrease in deposit with the central bank	44,584	-	44,584	-
Cash received relating to other operating activities	1,032,200	94,121	8,161,356	69,700
Sub-total of cash inflows	10,807,597	20,668,711	13,083,610	17,505,182
Net increase in financial lease receivables and prepayments	-	(7,622,415)	-	(4,124,696)
Net decrease in borrowings	(1,518,703)	-	(964,325)	-
Net increase in placements with bank and other financial institutions	(200,000)	-	(200,000)	-
Net decrease in financial assets sold under repurchase agreements	-	(5,135,869)	(1,509,346)	(4,562,689)
Net increase in deposits with the central bank	-	(603)	-	(603)
Cash paid for interest, fee and commission	(3,252,563)	(3,399,014)	(3,148,646)	(3,219,369)
Cash paid to and for employees	(112,923)	(72,350)	(112,923)	(72,407)
Cash paid for all types of taxes	(484,521)	(690,711)	(469,459)	(633,004)
Cash paid relating to other operating activities	(85,607)	(456,887)	(39,782)	(9,394,976)
Sub-total of cash outflows	(5,654,317)	(17,377,849)	(6,444,481)	(22,007,744)
Net cash inflow from operating activities	5,153,280	3,290,862	6,639,129	(4,502,562)

The notes on pages 11 to 46 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated cash flow statement and cash flow statement (continued)
for the period ended 30 June 2015
(Expressed in Renminbi'000 unless otherwise stated)

	Note III	The Group		The Company	
		Jan - Jun 2015	Jan - Jun 2014	Jan - Jun 2015	Jan - Jun 2014
2、Cash flows from investing activities:					
Cash received from investment		200,000	-	200,000	-
Proceeds from sale of fixed assets, intangible assets and other long- term assets		1,741,245	231,317	2,047,938	583,611
Proceeds from disposal of subsidiaries		15,274	-	15,274	-
Cash received relating to investment activities		1,189,122	2,799	723,060	2,799
Sub-total of cash inflows		3,145,641	234,116	2,986,272	586,410
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(3,816,088)	(6,934,957)	(1,915,190)	(2,355,171)
Cash paid for acquisition of financial assets		(1,514,307)	(6,826,622)	(1,514,172)	(1,261,100)
Sub-total of cash outflows		(5,330,395)	(13,761,579)	(3,429,362)	(3,616,271)
Net cash outflow from investing activities		(2,184,754)	(13,527,463)	(443,090)	(3,029,861)
3、Cash flows from financing activities					
Cash received from the equity owner		-	3,000,000	-	3,000,000
Net cash inflow from financing activities		-	3,000,000	-	3,000,000
4、Effect of foreign exchange rate changes on cash and cash equivalents		4,153	36,291	(3,099)	31,662
5、Net increase in cash and cash equivalents		2,972,679	(7,200,310)	6,192,940	(4,500,761)
Add: cash and cash equivalents at the beginning of the year		12,764,834	9,240,622	7,495,806	6,243,339
6、Cash and cash equivalents at the end of the year	30	15,737,513	2,040,312	13,688,746	1,742,578

The notes on pages 11 to 46 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated cash flow statement and cash flow statement (continued)
for the period ended 30 June 2015
(Expressed in Renminbi'000 unless otherwise stated)

Supplementary information

1 Reconciliation of net profit to cash flows from operating activities:

	The Group		The Company	
	Jan - Jun 2015	Jan - Jun 2014	Jan - Jun 2015	Jan - Jun 2014
Net profit	716,210	981,648	515,249	993,311
Add: Impairment losses on assets/ (reversal)	184,899	97,540	200,030	57,120
Depreciation of fixed assets	408,735	210,788	13,618	6,409
Amortisation of intangible assets	1,185	774	1,185	774
Losses on disposal of fixed assets	2	-	2	-
Increase in long-term deferred expenses	(45)	-	(45)	-
(Increase)/decrease in deferred expenses	34	(1,135)	4	(1,135)
Exchanges (gains) / losses	(1,332)	20,761	443	23,758
Investment income	(46,351)	(2,798)	(19,660)	(2,798)
Gains from changes in fair value of financial assets measured at FVTPL	(131,559)	(8,873)	(131,559)	(8,873)
Increase in deferred tax assets	15,015	192	(6,420)	(878)
Increase in operating receivables	3,963,034	(7,932,693)	9,015,217	(13,617,832)
Increase in operating payables	43,453	9,924,658	(2,948,935)	8,047,582
Net cash flows from operating activities	<u>5,153,280</u>	<u>3,290,862</u>	<u>6,639,129</u>	<u>(4,502,562)</u>

2 Net change in cash and cash equivalents:

	The Group		The Company	
	Jan - Jun 2015	Jan - Jun 2014	Jan - Jun 2015	Jan - Jun 2014
Cash and cash equivalents at the end of the year	15,737,513	2,040,312	13,688,746	1,742,578
Less: Cash and cash equivalents at the beginning of the year	<u>12,764,834</u>	<u>9,240,622</u>	<u>7,495,806</u>	<u>6,243,339</u>
Net increase in cash and cash equivalents	<u>2,972,679</u>	<u>(7,200,310)</u>	<u>6,192,940</u>	<u>(4,500,761)</u>

The notes on pages 11 to 46 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated statement of changes in owners' equity as at 30 June 2015
(Expressed in Renminbi'000 unless otherwise stated)

Jan-Jun 2015							
	Note III	<u>Paid-in capital</u>	<u>Surplus reserve</u>	<u>General reserve</u>	<u>Retained earnings</u>	<u>Other comprehensive income</u>	<u>Total</u>
Balance at 1 January 2015		11,000,000	729,691	2,494,592	3,870,811	(2,068)	18,093,026
Changes in equity for the year		-	-	-	-	-	-
1. Net profit for the year		-	-	-	716,210	-	716,210
2. Paid-in capital	19	-	-	-	-	-	-
3. Appropriation for statutory surplus reserve	20	-	(141)	-	-	-	(141)
4. Appropriation for general reserve	21	-	-	-	-	-	-
5. Other comprehensive income		-	-	-	-	(720)	(720)
Sub-total		-	(141)	-	716,210	(720)	715,349
Balance at 30 June 2015		11,000,000	729,550	2,494,592	4,587,021	(2,788)	18,808,375

2014							
	Note III	<u>Paid-in capital</u>	<u>Surplus reserve</u>	<u>General reserve</u>	<u>Retained earnings</u>	<u>Other comprehensive income</u>	<u>Total</u>
Balance at 1 January 2014		8,000,000	532,357	2,136,192	2,350,910	(1,672)	13,017,787
Changes in equity for the year		-	-	-	-	-	-
1. Net profit for the year		-	-	-	2,075,635	-	2,075,635
2. Paid-in capital	19	3,000,000	-	-	-	-	3,000,000
3. Appropriation for statutory surplus reserve	20	-	197,334	-	(197,334)	-	-
4. Appropriation for general reserve	21	-	-	358,400	(358,400)	-	-
5. Other comprehensive income		-	-	-	-	(396)	(396)
Sub-total		3,000,000	197,334	358,400	1,519,901	(396)	5,075,239
Balance at 31 December 2014		11,000,000	729,691	2,494,592	3,870,811	(2,068)	18,093,026

The notes on pages 11 to 46 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Statement of changes in owners' equity as at 30 June 2015 (continued)
(Expressed in Renminbi '000 unless otherwise stated)

	Note III	Jan-Jun 2015				Total
		Paid-in capital	Surplus reserve	General reserve	Retained earnings	
Balance at 1 January 2015		11,000,000	705,317	2,294,809	4,050,810	18,050,936
Changes in equity for the year		-	-	-	-	-
1. Net profit for the year		-	-	-	515,249	515,249
2. Paid-in capital	19	-	-	-	-	-
3. Appropriation for statutory surplus reserve	20	-	-	-	-	-
4. Appropriation for general reserve	21	-	-	-	-	-
Sub-total		-	-	-	515,249	515,249
Balance at 30 June 2015		11,000,000	705,317	2,294,809	4,566,059	18,566,185

	Note III	2014				Total
		Paid-in capital	Surplus reserve	General reserve	Retained earnings	
Balance at 1 January 2014		8,000,000	508,373	2,136,192	2,436,931	13,081,496
Changes in equity for the year		-	-	-	-	-
1. Net profit for the year		-	-	-	1,969,440	1,969,440
2. Paid-in capital	19	3,000,000	-	-	-	3,000,000
3. Appropriation for statutory surplus reserve	20	-	196,944	-	(196,944)	-
4. Appropriation for general reserve	21	-	-	158,617	(158,617)	-
Sub-total		3,000,000	196,944	158,617	1,613,879	4,969,440
Balance at 31 December 2014		11,000,000	705,317	2,294,809	4,050,810	18,050,936

The notes on pages 11 to 46 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Notes to the financial statements
(Expressed in Renminbi '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”) and obtained the approval Yin Jian Fu [2007] No. 407 from the China Banking Regulatory Commission (the “CBRC”) on 18 September 2007. It was also approved by the State Administration for Industry and Commerce on the same day with “Pre-approved Notice on Enterprise Name” (Guo Deng Ji Nei Ming Yu He Zi [2007] No. 1139).

The Company obtained its financial permit No. M0011H212000001 from the CBRC of The People’s Republic of China (the “PRC”). The Company obtained its business licence No. 100000000041343 from the State Administration for Industry and Commerce of the RPC. The legal representative is Cong Lin, and the registered office is located at No. 20 Guangchang East Road, Tianjin Economic-Technological Development Area. As at 30 June 2015 , the Company has a registered capital of RMB 110,000,000,000.

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 CBRC.

II、 Basis of preparation

The interim financial statements have been prepared in accordance with the requirements of Accounting Standards for Business issued by the Ministry of Finance of the PRC (“MOF”). The accounting policies and accounting estimates adopted in these interim financial statements are consistent with those adopted in the preparation of the annual financial statements for 2014.

The interim financial statements have been prepared on a going concern basis.

The interim financial statements are presented in accordance with the requirements of “Accounting Standards for Business Enterprises No.32 - Interim Financial Reporting” issued by the MOF and do not include all the information and data disclosed in the annual financial statements. These interim financial statements shall be read in conjunction with the annual financial statements for 2014.

The interim financial statements conform with the requirements of the “Accounting Standards for Business Enterprises”, and give a true and complete view of the financial status of the Company and of the Group as at 30 June 2015 and of their operating results and cash flows for the six months ended 30 June 2015.

III Notes to the consolidated financial statements and financial statements

1、 Cash at bank and on hand

	The Group		The Company	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Deposits with banks	17,616,102	14,585,649	15,197,500	8,639,621

2、 Deposit with the central bank

	The Group and the Company	
	30 June 2015	31 December 2014
Deposit with the central bank	32,377	76,961

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.

3、 Prepayments

	The Group		The Company	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Prepayments for acquisition of finance lease assets	9,623,628	13,308,116	6,465,703	9,224,559
Less: Provision for impairment - collectively assessed	(145,468)	(200,818)	(98,164)	(139,565)
	9,478,160	13,107,298	6,367,539	9,084,994

	The Group		The Company	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Movement of provision for impairment				
Balance at the beginning of the year	200,818	438,601	139,565	438,601
Charge for the period	(55,350)	(237,783)	(41,401)	(299,036)
Balance at the end of the period/year	145,468	200,818	98,164	139,565
	The Group		The Company	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Within 1 year	6,191,397	10,489,146	3,033,472	6,405,589
1 to 2 years	1,614,001	1,540,943	1,614,001	1,540,943
2 to 3 years	1,514,900	300,000	1,514,900	300,000
Over 3 years	303,330	978,027	303,330	978,027
	9,623,628	13,308,116	6,465,703	9,224,559
Less: Provision for impairment -collectively assessed	(145,468)	(200,818)	(98,164)	(139,565)
Carrying amount	9,478,160	13,107,298	6,367,539	9,084,994

4、 Finance lease receivables

	The Group		The Company	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Finance lease receivables	134,682,536	136,022,038	120,219,253	120,120,838
Less: Unearned finance Income	(21,631,142)	(23,547,253)	(20,183,157)	(21,912,463)
	113,051,394	112,474,785	100,036,096	98,208,375
Less: Provision for impairment				
- collectively assessed	(1,799,508)	(1,791,181)	(1,603,951)	(1,576,207)
- individually assessed	(564,114)	(350,427)	(564,114)	(350,427)
Carrying amount	110,687,772	110,333,177	97,868,031	96,281,741

- (1) The following table presents the Group's and the Company's contracted minimum lease receipts for future accounting years:

	The Group		The Company	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Within 1 year	26,027,251	25,073,004	24,029,460	23,014,881
1 to 2 years	22,576,303	22,589,796	20,659,516	20,573,740
2 to 3 years	19,994,111	20,378,699	18,137,291	18,403,942
Over 3 years	66,084,871	67,980,539	57,392,986	58,128,275
Total	134,682,536	136,022,038	120,219,253	120,120,838

- (2) The movement of provision for impairment of finance lease receivables:

	The Group		The Company	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Movement of provision for impairment				
Balance at the beginning of the year	2,141,608	1,953,510	1,926,634	1,803,701
Charge for the period	369,456	534,889	369,456	435,593
Release for the period	(129,207)	(329,022)	(128,025)	(312,660)
Transferred-out provision for impairment of subsidiaries no longer consolidated	(18,235)	(17,769)	-	-
Balance at the end of the period/year	2,363,622	2,141,608	2,168,065	1,926,634

- (3) As at 30 June 2015, finance lease receivables which had been pledged for the Company's borrowings and repurchase agreements amounted to RMB 4,895,328,000 (31 December 2014: RMB 5,619,684,000).

5、 Long-term equity investments and consolidated subsidiaries

	The Group		The Company	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Long-term equity investments	-	-	6,800	6,600

As at 30 June 2015, the consolidated subsidiaries included the following:

	<u>Place of registrat ion</u>	<u>Registered capital</u>	<u>Nature of business</u>	<u>% of equity interest held by the Company</u>	<u>% of voting right held by the Company</u>
ICBC Financial Leasing (Beijing) Co., Ltd	Beijing	1 million	Finance lease	100%	100%
ICBC Financial Leasing (Tianjin) Co., Ltd	Tianjin	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%
Tian Yin (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	Finance lease	100%	100%
Tian Shu (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	Finance lease	100%	100%
Tian Ji (Tianjin) 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	0.1 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 Kai (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%
Tian Pu (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	Finance lease	100%	100%

	<u>Place of</u> <u>registratio</u> <u>n</u>	<u>Registered</u> <u>capital</u>	<u>Nature of</u> <u>business</u>	<u>% of</u> <u>equity</u> <u>interest</u> <u>held by</u> <u>the</u> <u>Company</u>	<u>% of voting</u> <u>right held by</u> <u>the Company</u>
Yuan Kang (Tianjin) 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 Jia (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 Ping(Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	Finance lease	100%	100%
Tian Xing(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 Chong (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) Leasing Co., Ltd	Tianjin	0.1 million	Finance lease	100%	100%
Hai Tao (Tianjin) 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 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%
Tian Qian(Tianjin)Aircraft Leasing Co., Ltd	Tianjin 0.1 million	Finance lease	100%	100%

As at 30 June 2015, the paid-in capital of the above subsidiaries totaled RMB 6,800,000 (31 December 2014: RMB 6,600,000).

In 2013, the Company invested RMB 0.1 million to establish Tian Feng (Tianjin) Leasing Co., Ltd (“Tian Feng”), and included it as a wholly-owned subsidiary in the consolidated financial statements. In 2015, the Company transferred 100% of its shares in Tian Feng to a third party through a transfer agreement, the consideration was RMB 3,142,000, and the gain from disposal was RMB3,042,000. The Company no longer included Tian Feng in its consolidated financial statements dated 30 June 2015.

In 2013, the Company invested RMB 0.1 million to establish Tian Xiu (Tianjin) Leasing Co., Ltd (“Tian Xiu”), and included it as a wholly-owned subsidiary in the consolidated financial statements. In 2015, the Company transferred 100% of its shares in Tian Xiu to a third party through a transfer agreement, the consideration was RMB 3,937,000, and the gain from disposal was RMB 3,837,000. The Company no longer included Tian Xiu in its consolidated financial statements dated 30 June 2015.

6、 Fixed assets

The Group

	Office equipment and computer	Motor vehicle	Operating lease assets	Total
Cost				
1 January 2015	17,620	4,470	21,476,313	21,498,403
Addition	465	-	2,216,355	2,216,820
Transfer in from construction in progress	-	-	953,328	953,328
Disposal	(1,051)	-	-	(1,051)
Translation differences of financial statements denominated in foreign currency	-	-	(15,908)	(15,908)
30 June 2015	17,034	4,470	24,630,088	24,651,592
Accumulated depreciation				
1 January 2015	(12,198)	(4,062)	(1,087,095)	(1,103,355)
Addition	(1,246)	(116)	(407,373)	(408,735)
Disposal	1,049	-	-	1,049
Translation differences of financial statements denominated in foreign currency	-	-	1,695	1,695
30 June 2015	(12,395)	(4,178)	(1,492,773)	(1,509,346)
Provision for impairment				
1 January 2015	-	-	(114,533)	(114,533)
Addition	-	-	-	-
Disposal	-	-	-	-
Translation differences of financial statements denominated in foreign currency	-	-	50	50
30 June 2015	-	-	(114,483)	(114,483)
Net book value				
1 January 2015	5,422	408	20,274,685	20,280,515
30 June 2015	4,639	292	23,022,832	23,027,763

The Company

	Office equipment and computer	Motor vehicle	Operating lease assets	Total
Cost				
1 January 2015	17,606	4,470	653,821	675,897
Addition	465	-	95,468	95,933
Transfer in from construction in progress	-	-	953,328	953,328
Disposal	(1,051)	-	(862,535)	(863,586)
Translation differences of financial statements denominated in foreign currency	-	-	-	-
30 June 2015	17,020	4,470	840,082	861,572
Accumulated depreciation				
1 January 2015	(12,195)	(4,062)	(10,442)	(26,699)
Addition	(1,244)	(116)	(12,258)	(13,618)
Disposal	1,049	-	-	1,049
Translation differences of financial statements denominated in foreign currency	-	-	-	-
30 June 2015	(12,390)	(4,178)	(22,700)	(39,268)
Provision for impairment				
1 January 2015	-	-	(57,298)	(57,298)
Addition	-	-	-	-
Translation differences of financial statements denominated in foreign currency	-	-	-	-
30 June 2015	-	-	(57,298)	(57,298)
Net book value				
1 January 2015	5,411	408	586,081	591,900
30 June 2015	4,630	292	760,084	765,006

As at 30 June 2015, fixed assets under operating lease which had been pledged as collateral for the Group's borrowings amounted to RMB 6,454,894,000 (31 December 2014: RMB 3,417,954,000).

7、 Construction in progress

	<u>The Group and The Company</u>	
	30 June <u>2015</u>	31 December <u>2014</u>
Balance at the beginning of the year	6,626,139	6,253,053
Addition	1,726,379	3,626,347
Transferred to fixed assets	(953,328)	(907,611)
Other transfer out	(838,310)	(2,345,650)
	<hr/>	<hr/>
Balance at the end of the period/year	<u>6,560,880</u>	<u>6,626,139</u>

As at 30 June 2015, the Group's and the Company's construction in progress is aircrafts under construction.

8、 Intangible assets

The Group and the Company

	<u>Computer software</u>
Cost	
1 January 2015	17,529
Addition	<u>2,084</u>
30 June 2015	<u>19,613</u>
Accumulated amortisation	
1 January 2015	(6,509)
Addition	<u>(1,185)</u>
30 June 2015	<u>(7,694)</u>
Net book value	
1 January 2015	<u>11,020</u>
30 June 2015	<u>11,919</u>

9、 Deferred tax assets

The Group

	30 June 2015		31 December 2014	
	<u>Deferred tax assets</u>	<u>Deductible temporary difference</u>	<u>Deferred tax assets</u>	<u>Deductible temporary difference</u>
Deferred tax assets				
Provision for impairment losses	337,374	1,349,755	308,917	1,235,927
Payroll	33,446	133,783	44,198	176,793
Change in fair value of financial assets measured at FVTPL	(54,845)	(219,379)	(21,955)	(87,819)
Others	12,071	48,284	11,901	47,598
Total	<u>328,046</u>	<u>1,312,443</u>	<u>343,061</u>	<u>1,372,499</u>
	<u>Deferred tax assets</u>			
	<u>Balance at the beginning of the year</u>	<u>Charged to income statement</u>	<u>Charged to equity statement</u>	<u>Balance at the end of the year</u>
Provision for impairment losses	308,917	28,457	-	337,374
Payroll	44,198	(10,752)	-	33,446
Change in fair value of financial assets measured at FVTPL	(21,955)	(32,890)	-	(54,845)
Others	11,901	170	-	12,071
Total	<u>343,061</u>	<u>(15,015)</u>	<u>-</u>	<u>328,046</u>

As at 30 June 2015, the deductible tax losses of subsidiaries which amounted to RMB 365,097,000 (2014: RMB 354,989,000) are not recognized as deferred tax assets, as the management considered that it is not probable that there would be sufficient taxable profit against which the above deductible losses can be utilized in the foreseeable future.

The Company

	30 June 2015		31 December 2014	
	<u>Deferred tax</u> <u>assets</u>	<u>Deductible</u> <u>temporary</u> <u>difference</u>	<u>Deferred tax</u> <u>assets</u>	<u>Deductible</u> <u>temporary</u> <u>difference</u>
Deferred tax assets				
Provision for impairment losses	334,506	1,338,025	281,323	1,125,294
Payroll	33,446	133,783	44,198	176,793
Change in fair value of financial assets measured at FVTPL	(54,845)	(219,379)	(21,955)	(87,819)
Others	12,644	50,574	15,765	63,056
Total	325,751	1,303,003	319,331	1,277,324

	<u>Deferred tax assets</u>			
	<u>Balance at the beginning of the year</u>	<u>Charged to income statement</u>	<u>Charged to equity statement</u>	<u>Balance at the end of the year</u>
Provision for impairment losses	281,323	53,183	-	334,506
Payroll	44,198	(10,752)	-	33,446
Change in fair value of financial assets measured at FVTPL	(21,955)	(32,890)	-	(54,845)
Others	15,765	(3,121)	-	12,644
Total	319,331	6,420	-	325,751

10、 Other assets

	The Group		The Company	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Entrusted loans	-	-	20,118,920	27,200,289
Receivables due to assets transfer transaction	2,845,175	4,942,023	6,119,351	7,569,564
Deductible input VAT	858,689	775,406	858,689	759,913
Continue involvement in assets	51,620	-	51,620	-
Interest receivable	277,269	246,679	923,597	1,106,514
Prepaid borrowing cost	119,658	142,796	57,105	72,848
Buyout factoring receivables	14,340	88,382	-	-
Operating lease receivables	94,467	81,069	61,960	62,015
Mortgaged assets	65,819	65,819	65,819	65,819
Security deposit	33,505	32,723	33,505	32,723
Deferred expenses	2,784	2,818	1,150	1,154
Long-term deferred expenses	976	931	976	931
Others	287,507	353,928	283,462	218,161
Total	4,651,809	6,732,574	28,576,154	37,089,931

11、 Borrowings

	The Group		The Company	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Analysed by duration:				
Short-term	124,040,198	127,029,847	124,163,987	126,231,454
Long-term	19,029,322	17,558,376	8,039,323	6,936,180
Total	143,069,520	144,588,223	132,203,310	133,167,634
Analysed by counterparty:				
Domestic banks	106,963,851	140,528,895	101,480,965	129,529,889
Overseas banks	36,105,669	4,059,328	30,722,345	3,637,745
Total	143,069,520	144,588,223	132,203,310	133,167,634

12、 Financial assets sold under repurchase agreements

	The Group		The Company	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Factoring	7,811,876	4,864,916	4,363,431	4,864,916
Finance lease receivables under repurchase agreements	-	1,007,861	-	1,007,861
Total	7,811,876	5,872,777	4,363,431	5,872,777
Domestic banks	7,811,876	5,872,777	4,363,431	5,872,777

13、 Advances from customers

	The Group		The Company	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Rent in advance	2,024,658	2,256,258	1,853,016	2,069,238
Others	335,979	223,629	335,979	223,629
Total	2,360,637	2,479,887	2,188,995	2,292,867

14、 Long-term payables

	The Group		The Company	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Acquisition of fixed assets	1,689,027	1,559,832		-

15、 Employee benefits payable

The Group and the Company

	30 June 2015			
	Balance at the beginning of the period	Charge for the period	Payment for the period	Balance at the end of the period
Salaries, bonuses, allowances and subsidies	175,147	44,531	(94,236)	125,442
Staff welfare	-	2,841	(2,841)	-
Social insurance	-	7,052	(7,052)	-
Housing fund	-	3,025	(3,025)	-
Labour union fee, staff and workers' education fee	7,971	31,326	(31,022)	8,275
Total	183,118	88,775	(138,176)	133,717

	31 Decemeber 2014			
	Balance at the beginning of the period	Charge for the period	Payment for the period	Balance at the end of the period
Salaries, bonuses, allowances and subsidies	115,682	158,946	(99,481)	175,147
Staff welfare	-	9,522	(9,522)	-
Social insurance	-	12,180	(12,180)	-
Housing fund	-	5,878	(5,878)	-
Labour union fee, staff and workers' education fee	6,108	10,164	(8,301)	7,971
Total	121,790	196,690	(135,362)	183,118

16、 Taxation

(1) The types of taxes applicable to the Group's rendering of services include business tax, value added tax (VAT), city maintenance and construction tax, education surcharges and etc.

<u>Tax name</u>	<u>Tax basis and applicable rate</u>
Business tax	5% of taxable revenue
VAT	Output VAT is 17% of income from leasing business based on tax laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable; and 6% of total income from consulting service
City maintenance and construction tax	7% of both business tax paid and VAT payable
Education surcharges	3% of both business tax paid and VAT payable
Local education surcharges	2% of both business tax paid and VAT payable
Flood control expenses	1% of both business tax paid and VAT payable

In accordance with the *Circular on the Pilot Scheme on Switching from Business Tax Levy to VAT Levy for Transportation and Certain Modern Services Industries in Eight Provincial Cities Including Beijing* (Cai Shui [2012] No.71) (the “Circular”), the tax reform of switching from business tax levy to VAT levy was launched for transportation and certain modern services industries in Tianjin municipality from 1 December 2012. The taxable item of the Group was tangible property leasing service as regulated under the Circular, and therefore, the revenue from the tangible property leasing contracts signed on or after 1 December 2012 is subject to VAT instead of business tax, using the tax rate of 17%. Revenue from the contracts that signed before 1 December 2012 continues to be subject to 5% business tax.

- (2) The statutory income tax rate applicable to the Group and the company was 25% in 2015 (2014: 25%).

- (3) Taxes payable

	The Group		The Company	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Enterprise income tax payable	176,840	210,508	105,150	164,000
Business tax and surcharges payable	33,050	36,274	18,702	24,747
Withholding of individual income tax payable	1,645	939	1,645	939
VAT payable	25,497	20,277	-	-
Others	2,850	1,048	2,113	858
Total	<u>239,882</u>	<u>269,046</u>	<u>127,610</u>	<u>190,544</u>

17、 Security deposit payable

	The Group		The Company	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Security deposit for leasing purpose	<u>284,144</u>	<u>339,646</u>	<u>235,682</u>	<u>293,829</u>

18、 Other payable

	The Group		The Company	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Interest payable	473,449	662,390	395,483	655,633
Rent collected from factoring business	112,665	59,022	112,665	59,022
Leased assets payables	29,804	29,996	7,973	8,134
Continue involvement in liabilities	51,620	-	51,620	-
Others	49,490	47,250	44,664	41,563
Total	717,028	798,658	612,405	764,352

19、 Paid-in capital

The Group and the Company

	30 June 2015		31 December 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
The Industrial and Commercial Bank of China Limited	11,000,000	100.00%	11,000,000	100.00%

On 13 January 2014, the Industrial and Commercial Bank of China Limited injected a capital of RMB 3 billion to the Company; the paid-in capital has been verified by KPMG Huazhen (LLP), with the “KPMG Huazhen Yan Zi No. 1400201 capital verification report” issued. The Company had the business license updated for the capital injection on 24 December 2014, and the registered capital after the change was RMB 11 billion.

20、 Capital reserve

In accordance with the *Company Law of the People's Republic of China* and the Company's Articles of Association, the Company shall appropriate 10% of its annual net profit to its statutory surplus reserve until the cumulative statutory surplus reserve reaches 50% of its share capital. The statutory surplus reserve can be used to make up for the loss or increase the paid-in capital upon approval. No statutory surplus reserve was provided for during the period.

21、 General reserve

In accordance with the *Administrative Measures for Provisions by Financial Institutions* (Cai Jin [2012] No. 20) issued by the MOF, the Company 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, in principal, be no less than 1.5% of the total risk assets at the end of the period. No general reserve was provided for during the period. The Company fulfilled the above requirement on 30 June 2015.

22、 Other comprehensive income

The Group's other comprehensive income on 30 June 2015 represents the difference arising from the translation of financial statements denominated in foreign currency.

23、 Net interest income

	The Group		The Company	
	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014
Interest income from finance lease	3,360,400	3,921,812	3,126,121	3,767,514
Interest income from bank deposit	186,213	121,681	505,859	393,840
Interest income from other financial institutions	160	9,318	160	9,318
Sub-total	3,546,773	4,052,811	3,632,140	4,170,672
Interest expense on borrowings	(2,899,866)	(3,157,620)	(2,758,212)	(3,086,191)
Interest expense on financial assets sold under repurchase agreements	(30,134)	(152,922)	(28,280)	(141,576)
Sub-total	(2,930,000)	(3,310,542)	(2,786,492)	(3,227,767)
Net interest income	616,773	742,269	845,648	942,905
	The Group		The Company	
	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014
Capitalised interest expense	76,263	120,666	76,263	120,666

The capitalization rate used to calculate the amount of capitalized borrowing costs is 1.59%-2.83% (2014:2.14%-4.31%).

24、 Net fee and commission income

	The Group		The Company	
	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014
Income from consulting services	188,911	713,687	188,911	713,687
Fee and commission expense	(146,283)	(155,517)	(117,748)	(110,821)
Net fee and commission income	42,628	558,170	71,163	602,866

25、 Business taxes and surcharges

	The Group		The Company	
	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014
Business taxes	48,981	53,948	33,152	39,881
City maintenance and construction tax	12,284	6,598	2,321	2,792
Education surcharges	5,237	3,633	995	1,196
Others	5,207	2,022	994	1,196
Total	71,709	66,201	37,462	45,065

26、 Operating and administrative expenses

	The Group		The Company	
	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014
Depreciation	408,735	210,788	13,618	6,409
Staff emolument	63,580	54,140	63,580	54,139
Rental expenses	15,453	15,510	15,453	15,510
Stamp duty	12,702	10,578	11,343	9,515
Advertisement and entertainment	5,105	4,476	5,105	4,403
Consulting fees	8,433	7,638	7,664	6,305
Supervision charges	-	2,645	-	2,645
Amortisation	1,505	1,002	1,505	1,002
Others	12,532	9,491	12,451	9,458
Total	528,045	316,268	130,719	109,386

27、 Impairment loss on assets

	The Group		The Company	
	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014
Impairment losses on finance lease receivables	240,249	79,906	241,431	48,207
Impairment losses on finance lease prepayment	(55,350)	17,634	(41,401)	8,913
Total	184,899	97,540	200,030	57,120

28、 Non-operating income

Non-operating income in the previous period represented the rebate of business tax and enterprise income tax granted by Tianjin government.

29、 Income tax expenses

	The Group		The Company	
	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014
Current income tax	303,133	360,384	197,176	332,363
Deferred income tax	13,387	192	(6,420)	(878)
Total	316,520	360,576	190,756	331,485
Income tax expenses are adjusted based on the income tax on total profit at the applicable tax rate:				
Total profit	1,032,730	1,342,224	706,005	1,324,796
Income tax at applicable tax rate (25%)	258,182	335,556	176,501	331,199
Unrecognised deductible loss	35,543	24,734	-	-
Effect of non-deductible entertainment expenses	350	286	350	286
Others	22,445	-	13,905	-
Income tax expense	316,520	360,576	190,756	331,485

30、Cash and cash equivalents

Cash and cash equivalents carried in the cash flow statement were as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>30 June</u> <u>2015</u>	<u>31 December</u> <u>2014</u>	<u>30 June</u> <u>2015</u>	<u>31 December</u> <u>2014</u>
Cash and bank deposit with original maturity of less than 3 months	<u>15,737,513</u>	<u>12,764,834</u>	<u>13,688,746</u>	<u>7,495,806</u>

31、Commitments

(1) Capital commitments

	<u>The Group and The Company</u>	
	<u>30 June</u> <u>2015</u>	<u>31 December</u> <u>2014</u>
Contracted but not provided for	<u>18,883,865</u>	<u>20,241,650</u>

(2) Operating lease commitments

As at the balance sheet date, the future minimum lease payments under non-cancellable operating leases of the Group and the Company were payable as follows:

	<u>30 June</u> <u>2015</u>	<u>31 December</u> <u>2014</u>
Within one year	32,983	32,983
Two to three years	11,114	27,515
Over three years	<u>371</u>	<u>461</u>
Total	<u>44,468</u>	<u>60,959</u>

(3) Lease commitments

As at the balance sheet date, the lease commitments of the Group and the Company as lessors were payable as follows:

Lease commitments that are unconditionally irrevocable	30 June 2015	31 December 2014
Original maturity of less than 1 year	2,110,489	2,038,363
Original maturity of 1 year or above	21,587,190	15,938,652
Total	23,697,679	17,977,015

32、 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 fulfil 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 CBRC's *Guidelines for Risk Classification of Assets of Non-bank Financial Institutions (Trial)*, the Group classifies finance lease

receivables and prepayments for finance leased assets 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

If there is objective evidence that indicates future cash flows for a particular financial asset are expected to decrease, and that the amounts can be estimated, the financial asset is recorded as an impaired asset, with provisions made for the impairment loss.

Objective evidence that a financial asset is impaired includes:

- 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.

The Group regularly reviews the quality of its leased assets. For assets individually assessed for impairment, the allowance for impairment loss is determined through individual evaluation of incurred loss at the balance sheet date. In the evaluation, the Group considers the value of collaterals held and expected future cash flows. Allowance for impairment losses is provided collectively for individually insignificant asset portfolios with similar credit risk characteristics; and individually significant assets where losses are incurred but not identified. In the evaluation, the Group considers the possibility of default and the historical trend of losses, as well as current economic environment that has impacts on the inherent losses of the portfolio.

(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	
	30 June 2015	31 December 2014
Credit risk exposure relating to balance sheet items:		
Cash at bank and on hand	17,616,102	14,585,649
Deposit with the central bank	32,377	76,961
Placements with bank and other financial institutions	200,000	-
Prepayments	9,478,160	13,107,298
Finance lease receivable	110,687,772	110,333,177
Financial assets measured at FVTPL	2,519,378	1,887,819
Available-for-sale financial assets	-	200,000
Interest receivable	277,269	246,679
Operating lease receivable	94,467	81,069
Other	3,351,805	5,482,876
Sub-total	144,257,330	146,001,528
Lease commitment guarantee	23,697,679	17,977,015
Maximum credit risk exposure	167,955,009	163,978,543

(d) Concentration of finance lease receivables

Credit risk increases when counter-parties are concentrated in certain specific industries or geographical regions, or they share certain economic characteristics. The Group conducts its leasing business within China, and is not exposed to any significant geographical concentration risk. 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	
	30 June 2015	31 December 2014
Transportation, storage and postal service	61,891,095	61,575,216
Production and supply of electricity, gas and water	25,810,615	25,422,326
Mining	7,720,339	7,757,916
Water, environment and public utility management	5,978,890	6,639,914
Manufacturing	4,699,689	4,887,758
Leasing and commercial services	4,385,694	3,477,239
Culture, sports and entertainment	971,567	1,099,966
Information transmission, computer service and software	679,121	401,128
Construction	571,843	945,415
Health, social security and social welfare	299,682	173,550
Wholesale and retail	42,236	83,170
Agriculture, forestry, farming and fishery	623	11,187
Total	113,051,394	112,474,785

(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 Renminbi 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.

(a) Interest rate risk

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 Renminbi. The PBOC establishes Renminbi benchmark interest rates which include a floor for Renminbi loan rates.

The Group manages its interest rate risk by:

- regularly monitoring the macroeconomic factors that may impact the PBOC 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 PBOC 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.

Change in basis points	30 June 2015	31 December 2014
+100 basis points	(249,930)	(231,195)
-100 basis points	249,930	231,195

(b) Exchange rate risk

The tables below indicate 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 Renminbi, 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 period 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.

<u>Currency</u>	Change in exchange rate (%)	Impact on net profit as at 30 June 2015	Impact on net profit as at 31 December 2014
USD	100 basis points	221,158	181,988

While the table above indicates the effect on net profit of 100 basis point depreciation of USD, 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 Treasury Management Committee of the Group is responsible for formulating liquidity risk management policies. The Financial Market Department under the Treasury Management Committee is responsible for the daily liquidity risk management.

(4) Fair value of financial assets and financial liabilities

- (a) Those financial instruments for which their carrying amounts are the reasonable approximations of their fair values because they are short-term in nature or reprice to current market rates regularly, are as follows:

<u>Assets</u>	<u>Liabilities</u>
Cash at bank and on hand	Borrowings
Deposit with the central bank	Financial assets sold under repurchase agreements
Finance lease receivables	Other financial liabilities
	Other financial assets

Available-to-sell financial assets and financial assets designated at fair value through profit and loss are presented at fair value.

(b) 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 and the Company'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 and the Company

	30 June 2015			total
	Level 1	Level 2	Level 3	
Assets				
Financial assets at fair value through profit or loss				
- Asset management plan	-	-	2,519,378	2,519,378
Available-for-sale financial assets				
- Wealth management products	-	-	-	-
Total	-	-	2,519,378	2,519,378

There were no transfers, between Level 1 and Level 2, or between Level 2 and Level 3, of the Group's and the Company's above assets and liabilities which are measured at fair value on a recurring basis. The Group and the Company recognise transfers between different levels at the end of the current reporting period during which such transfers are made.

(c) Level 3 fair value measurement

Financial assets valued using valuation technique include wealth management products and asset management plans. The underlying assets under the Group's asset management plans are mostly bonds denominated in Renminbi, convertible bonds and assets sold under repurchase agreements. The Group adopts both observable data and unobservable data when discounting cash flows in valuation models for these investments; observable valuation parameters include the assumption of the current interest rate; unobservable valuation parameters include assumptions of expected rate of return, prepayment rate and market liquidity.

Reconciliation between the beginning balance and closing balance of assets measured at Level 3 fair value on a recurring basis:

The Group and the Company

Jan-Jun 2015	Balance at the beginning of the year	Total gain or loss for the year		Charged to OCI	Acquisition, issuance, sale and settlement		Balance at the end of the year	Unrealised gain or loss charged to P/L for assets held or liabilities assumed at the end of the year
		Charged to P/L	Charged to OCI		Acquisition	Settlement		
Financial assets								
Financial assets at fair value through profit or loss	1,887,819	131,559	-	-	500,000	-	2,519,378	131,559
Asset management plans								
Available-for-sale financial assets	200,000	12,680	-	-	-	(212,680)	-	-
Available-for-sale financial products								
Subtotal	2,087,819	144,239	-	-	500,000	(212,680)	2,519,378	131,559
Total	2,087,819	144,239	-	-	500,000	(212,680)	2,519,378	131,559

Note: gain or loss recognised by the Group and the Company in profit or loss, or other comprehensive income are as follows:

	The Group and the Company	
	Item	Amount
Realised gain or loss charged to profit or loss for the year	Investment income	12,680
Unrealised gain or loss charged to profit or loss for the year	Gain or loss from changes in fair value	131,559
Total	-	144,239
Gain or loss charged to other comprehensive income	Gain or loss from changes in fair value of available-for-sale financial assets	-

(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 CBRC's *2014 Administrative Measures for Financial Leasing Companies, Capital Management of Commercial Banks (Trial)*, *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 ratio and other figures of the Group have been calculated on the statutory financial statement prepared under the China accounting standards. During the period, the Group has complied the capital requirement as required by regulator.

As at 30 June 2015, the Group's core Tier-1 capital adequacy ratio, Tier-1 capital adequacy ratio and capital adequacy ratio calculated on CBRC's *Capital Management of Commercial Banks (Trial)* and other relevant rules and regulations are as follows:

The Group

	30 June <u>2015</u>	31 December <u>2014</u>
Core Tier-1 Capital adequacy ratio	11.04%	10.38%
Tier-1 Capital adequacy ratio	11.04%	10.38%
Capital adequacy ratio	11.47%	11.17%

33、 Related party relationships and transactions

(1) Information on the Company's subsidiaries is disclosed in Note III 5.

(2) Information on the parent company:

<u>Name of the parent company</u>	<u>Registered capital</u>	<u>Place of registration</u>	<u>Principal activities</u>	<u>% of equity interest held</u>	<u>Nature or type of operation</u>	<u>Name of chairman</u>
The Industrial and Commercial Bank of China Limited	RMB 349.3 billion	Beijing	Financial services	100%	Commercial bank	Jiang Jianqing

(3) Nature of related-party relationship where no control exists:

<u>Name of company</u>	<u>Relationship with the Company</u>
Industrial and Commercial Bank of China Limited	Controlled by the parent company (Asia)
Industrial and Commercial Bank of China (Macau) Limited	Controlled by the parent company
ICBC International Leasing Co., Ltd International Leasing")	Controlled by the parent company ("ICBC

(4) Pricing policies

The Group's transactions with related parties were conducted on normal commercial terms in the ordinary course of business, which were not more favorable than those offered to other independent third party customers.

During this accounting period, the Company provided a remarketing service for the resale of collateral on the foreign currency loan contracts extended to the Company's related companies by Industrial and Commercial Bank of China (Asia) Limited ("ICBC Asia"), Industrial and Commercial Bank of China (Macau) Limited ("ICBC Macau") and Doha branch of the Industrial and Commercial Bank of China Limited. Please refer to Note III 35 for details.

(5) Balance and transaction with related parties

Significant balance between the Group and the parent company:

	30 June 2015	31 December 2014
Cash at bank and on hand	9,348,351	2,391,517
Borrowings	51,738,888	53,052,009
Financial assets sold under repurchase agreements *	7,811,876	4,864,916
Interest payable	<u>151,389</u>	<u>151,466</u>

* The amount pertains to the recourse factoring arrangement entered into by the Group and the parent company. Under the arrangement, the Group transferred certain finance lease receivables to the parent company, and the parent company has the right to request the Group to repurchase all uncollected finance 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 finance lease receivables. The Group did not derecognise these finance lease receivables.

	Jan – Jun 2015	Jan – Jun 2014
Interest income	5,544	72,840
Interest expense	1,173,181	1,031,662
Fee and commission fee	<u>56,747</u>	<u>13,657</u>

(6) 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 III 7. 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:

	30 June <u>2015</u>	31 December <u>2014</u>
Balance at end of the period/year		
Other assets		
Entrusted loan	20,118,920	27,200,289
Assets transfer receivables	3,493,066	2,627,574
Operating lease receivables	61,960	62,015
Interest receivable	731,159	979,617
Borrowings	5,469,617	743,980
Interest payable	<u>66,108</u>	<u>55,461</u>
	Jan – Jun 2015	Jan – Jun 2014
Interest income	420,133	311,386
Interest expense	<u>24,410</u>	<u>318,233</u>

The fixed assets under operating leases which have been sold by the Company to the subsidiaries during this accounting period amounted to RMB 862,535,000 (January to June 2014: RMB 719,146,000).

(7) Related transaction between the Group and ICBC International Leasing

Significant transactions between the Group and ICBC International Leasing during this accounting period/year are as follows:

	30 June 2015	31 December 2014
Balance at end of the period/year		
Other assets		
Asset transfer receivables	1,901,509	3,028,674
Finance lease receivables	713,890	710,780
Account receipts in advance	<u>12,211</u>	<u>12,222</u>
	Jan – Jun 2015	Jan – Jun 2014
Income from finance lease		
Income from finance lease	<u>5,352</u>	<u>5,217</u>

There were no fixed assets under operating leases purchased by the Group from ICBC International Leasing during this accounting period. Fixed assets under operating leases were transferred by the Company to ICBC International Leasing at book value for the amount of RMB 838,310,000, during this accounting period with no gain from this transfer (January to June 2014: disposed amount of RMB 855,104,000 with no gain from disposal).

The Group's transactions with related parties were conducted on normal commercial terms in the ordinary course of business and at market rates.

34、 Post balance sheet events

The Group has no significant post balance sheet event that needs to be disclosed this period.

35、 Contingencies

The Company entered into agreements with ICBC Asia, ICBC Macau, Crédit Agricole, ICBC Doha branch, DVB Bank, Deutsche Bank, Export Development Canada, Citibank and BNP Paribas to undertake a remarketing service commitment for the collaterals of foreign currency loan contracts, pursuant to which the Company is committed to dispose those loan collaterals at a consideration not lower than the disposal consideration under relevant loan contracts when its related companies are unable to make repayment. As collateral market price is lower than the price commitments, the Company will reimburse the difference. According to independent third-party valuation of the assets, as at 30 June 2015, the market value of the assets is higher than the committed disposal price. In the case that the market value falls by 10% from this level, it could result in economic loss to the Company of USD 1,429,000.

As at 30 June 2015, the Company provided joint guarantees totalling RMB 25.8 billion to thirteen of its domestic subsidiaries and one overseas related company for their borrowings.

VI、 Approval of the financial statements

These financial statements were approved by the Company on 18 September 2015.

Independent auditors' report
to the board of directors of ICBC Financial Leasing Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

We have audited the accompanying consolidated financial statements of ICBC Financial Leasing Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 1 to 69, which comprise the consolidated and the Company's statements of financial position as at 31 December 2014 and 2013, the consolidated and the Company's income statements, the consolidated and the Company's statements of changes in equity and cash flow statements for the years then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Director's responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Accounting Standards for Business Enterprises promulgated by Ministry of Finance of the People's Republic of China and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independent auditors' report
to the board of directors of ICBC Financial Leasing Co., Ltd.(continued)**

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2014 and 2013 and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Accounting Standards for Business Enterprises promulgated by Ministry of Finance of the People's Republic of China.

KPMG Huazhen LLP.

Certified Public Accountants
8th Floor, Tower E2, Oriental Plaza
1 East Chang An Avenue
Beijing 100738, China

18 September 2015

ICBC FINANCIAL LEASING CO., LTD.
Consolidated balance sheet and balance sheet
as at 31 December 2014 and 31 December 2013
(Expressed in Renminbi '000 unless otherwise stated)

Assets	Note V	The Group		The Company	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
Cash at bank and on hand	1	14,585,649	9,735,404	8,639,621	6,738,121
Deposit with the central bank	2	76,961	75,814	76,961	75,814
Prepayments	3	13,107,298	28,721,711	9,084,994	28,721,711
Finance lease receivables	4	110,333,177	92,606,223	96,281,741	82,768,834
Financial assets at fair value through profit or loss		1,887,819	-	1,887,819	-
Available-for-sale financial assets		200,000	-	200,000	-
Long-term equity investments	5	-	-	6,600	5,200
Fixed assets	6	20,280,515	10,053,799	591,900	5,229
Construction in progress	7	6,626,139	6,253,053	6,626,139	6,253,053
Intangible assets	8	11,020	9,387	11,020	9,387
Deferred tax assets	9	343,061	349,259	319,331	320,296
Other assets	10	6,732,574	1,406,252	37,089,931	18,201,052
Total assets		174,184,213	149,210,902	160,816,057	143,098,697

The notes on pages 10 to 69 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated balance sheet and balance sheet
as at 31 December 2014 and 31 December 2013 (continued)
(Expressed in Renminbi '000 unless otherwise stated)

		The Group		The Company	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
Liabilities and owners' equity	Note V				
Liabilities					
Borrowings	11	144,588,223	124,658,146	133,167,634	119,420,055
Financial assets sold under repurchase agreements	12	5,872,777	7,395,963	5,872,777	6,629,339
Advances from customers	13	2,479,887	2,341,086	2,292,867	2,223,823
Long-term payables	14	1,559,832	-	-	-
Employee benefits payable	15	183,118	121,790	183,118	121,790
Taxes payable	16(3)	269,046	474,158	190,544	443,794
Security deposit	17	339,646	501,983	293,829	486,178
Other payable	18	798,658	699,989	764,352	692,222
Total liabilities		156,091,187	136,193,115	142,765,121	130,017,201

The notes on pages 10 to 69 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated balance sheet and balance sheet
as at 31 December 2014 and 31 December 2013 (continued)
(Expressed in Renminbi '000 unless otherwise stated)

		The Group		The Company	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
Liabilities and owners' equity (continued)	Note V				
Owners' equity					
Paid-in capital	19	11,000,000	8,000,000	11,000,000	8,000,000
Surplus reserve	20	729,691	532,357	705,317	508,373
General reserve	21	2,494,592	2,136,192	2,294,809	2,136,192
Retained earnings		3,870,811	2,350,910	4,050,810	2,436,931
Other comprehensive income	22	(2,068)	(1,672)	-	-
Total owners' equity		18,093,026	13,017,787	18,050,936	13,081,496
Total liabilities and owners' equity		174,184,213	149,210,902	160,816,057	143,098,697

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Legal Representative &
Chairman

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Deputy Chief Financial
Officer

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General Manager of
Finance Department



The notes on pages 10 to 69 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated income statement and income statement
for the years ended 31 December 2014 and 31 December 2013
(Expressed in Renminbi '000 unless otherwise stated)

		The Group		The Company	
	Note V	2014	2013	2014	2013
Net interest income					
Interest income	23	8,104,822	7,484,608	8,341,251	7,662,061
Interest expense	23	(6,688,032)	(5,480,270)	(6,486,463)	(5,381,043)
		1,416,790	2,004,338	1,854,788	2,281,018
Net operating lease income		1,387,479	758,632	10,083	-
Net fee and commission income					
Fee and commission income	24	973,733	1,539,008	973,733	1,539,008
Fee and commission expense	24	(311,112)	(148,041)	(249,778)	(135,556)
		662,621	1,390,967	723,955	1,403,452
Investment income		31,324	1,683	25,756	1,683
Gains from changes in fair value		87,819	-	87,819	-
Foreign exchange gain / (loss)		33,304	38,621	(2,732)	35,737
Operating income		3,619,337	4,194,241	2,699,669	3,721,890
Business taxes and surcharges	25	(137,820)	(230,836)	(87,205)	(195,197)
Operating and administrative expenses	26	(894,574)	(614,671)	(343,972)	(320,923)
Impairment loss on assets	27	(25,382)	(1,057,498)	118,805	(951,145)
Operating expenses		(1,057,776)	(1,903,005)	(312,372)	(1,467,265)
Operating profit		2,561,561	2,291,236	2,387,297	2,254,625
Add: Non-operating income	28	241,706	403,261	210,846	385,289
Less: Non-operating expenses		(3,247)	(130)	(3,247)	(130)
Profit before income tax		2,800,020	2,694,367	2,594,896	2,639,784
Less: Income tax expenses	29	(724,386)	(686,989)	(625,456)	(661,201)
Net profit for the year		2,075,634	2,007,378	1,969,440	1,978,583
Other comprehensive income for the year					
Other comprehensive income that may be reclassified to profit or loss					
Translation differences of financial statements denominated in foreign currency		(396)	(2,784)	-	-
Total comprehensive income for the year		2,075,238	2,004,594	1,969,440	1,978,583

The notes on pages 10 to 69 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated cash flow statement and cash flow statement
for the years ended 31 December 2014 and 31 December 2013
(Expressed in Renminbi '000 unless otherwise stated)

Note V	The Group		The Company	
	2014	2013	2014	2013
1. Cash flows from operating activities				
Net decrease in finance lease receivables and prepayments	-	-	5,395,986	-
Cash received from interest, fee and commission	9,031,593	9,154,842	8,806,427	8,852,601
Cash received from operating lease income	1,320,578	747,925	9,859	-
Net increase in borrowings	19,930,077	29,548,232	13,747,579	26,516,788
Net decrease in deposit with the central bank	-	56,566	-	56,566
Cash received relating to other operating activities	429,385	590,731	257,390	657,508
Sub-total of cash inflows	30,711,633	40,098,296	28,217,241	36,083,463
Net increase in finance lease receivables and prepayments	(2,800,264)	(16,010,688)	-	(10,368,971)
Net decrease in financial assets sold under repurchase agreements	(1,523,186)	(529,611)	(756,562)	(276,901)
Net increase in deposits with the central bank	(1,146)	-	(1,146)	-
Cash paid for interest, fee and commission	(6,952,422)	(6,712,060)	(6,694,050)	(5,335,355)
Cash paid to and for employees	(135,455)	(145,268)	(135,362)	(145,268)
Cash paid for all types of taxes	(1,994,564)	(985,605)	(1,870,940)	(904,887)
Cash paid relating to other operating activities	(1,416,954)	(632,817)	(14,482,452)	(11,207,058)
Sub-total of cash outflows	(14,823,991)	(25,016,049)	(23,940,512)	(28,238,440)
Net cash inflow from operating activities	15,887,642	15,082,247	4,276,729	7,845,023

The notes on pages 10 to 69 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated cash flow statement and cash flow statement
for the years ended 31 December 2014 and 31 December 2013 (continued)
(Expressed in Renminbi '000 unless otherwise stated)

	Note V	The Group		The Company	
		2014	2013	2014	2013
2. Cash flows from investing activities:					
Proceeds from sale of fixed assets, intangible assets and other long-term assets		169,368	129,874	49,990	182,479
Cash received relating to investment activities		4,478,074	1,682	237,586	1,682
Sub-total of cash inflows		4,647,442	131,556	287,576	184,161
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(12,052,060)	(9,125,958)	(3,664,238)	(4,471,753)
Cash paid for acquisition of financial assets		(7,963,015)	-	(2,650,433)	(1,900)
Sub-total of cash outflows		(20,015,075)	(9,125,958)	(6,314,671)	(4,473,653)
Net cash outflow from investing activities		(15,367,633)	(8,994,402)	(6,027,095)	(4,289,492)
3. Cash flows from financing activities					
Cash received from the equity owner		3,000,000	-	3,000,000	-
Net cash inflow from financing activities		3,000,000	-	3,000,000	-
4. Effect of foreign exchange rate changes on cash and cash equivalents		4,203	(19,276)	2,833	(8,591)
5. Net increase in cash and cash equivalents		3,524,212	6,068,569	1,252,467	3,546,940
Add: cash and cash equivalents at the beginning of the year		9,240,622	3,172,053	6,243,339	2,696,399
6. Cash and cash equivalents at the end of the year	30	12,764,834	9,240,622	7,495,806	6,243,339

The notes on pages 10 to 69 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated cash flow statement and cash flow statement
for the years ended 31 December 2014 and 31 December 2013 (continued)
(Expressed in Renminbi '000 unless otherwise stated)

Supplementary information

1 Reconciliation of net profit to cash flows from operating activities:

	The Group		The Company	
	2014	2013	2014	2013
Net profit	2,075,634	2,007,378	1,969,440	1,978,583
Add: Impairment losses on assets/ (reversal)	25,382	1,057,498	(118,805)	951,145
Depreciation of fixed assets	555,769	289,159	13,088	2,985
Amortisation of intangible assets	1,825	1,587	1,825	1,587
Losses on disposal of fixed assets	-	16	-	16
Increase in long-term deferred expenses	(205)	(726)	(205)	(726)
(Increase)/decrease in deferred expenses	(2,531)	576	(867)	576
Exchanges (gains) / losses	(33,304)	(38,621)	2,732	(35,737)
Investment income	(31,324)	(1,683)	(25,756)	(1,683)
Gains from changes in fair value of Financial assets measured at FVTPL	(87,819)	-	(87,819)	-
Increase in deferred tax assets	6,198	(257,037)	965	(230,446)
Increase in operating receivables	(4,989,322)	(16,092,399)	(10,220,222)	(20,414,663)
Increase in operating payables	18,367,339	28,116,499	12,742,353	25,593,386
Net cash flows from operating activities	15,887,642	15,082,247	4,276,729	7,845,023

2 Net change in cash and cash equivalents:

	The Group		The Company	
	2014	2013	2014	2013
Cash and cash equivalents at the end of the year	12,764,834	9,240,622	7,495,806	6,243,339
Less: Cash and cash equivalents at the beginning of the year	9,240,622	3,172,053	6,243,339	2,696,399
Net increase in cash and cash equivalents	3,524,212	6,068,569	1,252,467	3,546,940

The notes on pages 10 to 69 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Consolidated statement of changes in owners' equity
for the years ended 31 December 2014 and 31 December 2013
(Expressed in Renminbi '000 unless otherwise stated)

		2014					
	Note V	Paid-in capital	Surplus reserve	General reserve	Retained earnings	Other comprehensive income	Total
Balance at 1 January 2014		8,000,000	532,357	2,136,192	2,350,910	(1,672)	13,017,787
Changes in equity for the year							
1. Net profit for the year		-	-	-	2,075,635	-	2,075,635
2. Paid-in capital	19	3,000,000	-	-	-	-	3,000,000
3. Appropriation for statutory surplus reserve	20	-	197,334	-	(197,334)	-	-
4. Appropriation for general reserve	21	-	-	358,400	(358,400)	-	-
5. Other comprehensive income		-	-	-	-	(396)	(396)
Sub-total		3,000,000	197,334	358,400	1,519,901	(396)	5,075,239
Balance at 31 December 2014		11,000,000	729,691	2,494,592	3,870,811	(2,068)	18,093,026
		2013					
	Note V	Paid-in capital	Surplus reserve	General reserve	Retained earnings	Other comprehensive income	Total
Balance at 1 January 2013		8,000,000	320,159	1,683,616	1,008,306	1,112	11,013,193
Changes in equity for the year							
1. Net profit for the year		-	-	-	2,007,378	-	2,007,378
2. Appropriation for statutory surplus reserve	20	-	212,198	-	(212,198)	-	-
3. Appropriation for general reserve	21	-	-	452,576	(452,576)	-	-
4. Other comprehensive income		-	-	-	-	(2,784)	(2,784)
Sub-total		-	212,198	452,576	1,342,604	(2,784)	2,004,594
Balance at 31 December 2013		8,000,000	532,357	2,136,192	2,350,910	(1,672)	13,017,787

The notes on pages 10 to 69 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Statement of changes in owners' equity
for the years ended 31 December 2014 and 31 December 2013
(Expressed in Renminbi '000 unless otherwise stated)

		2014				
	Note V	Paid-in capital	Surplus reserve	General reserve	Retained earnings	Total
Balance at 1 January 2014		8,000,000	508,373	2,136,192	2,436,931	13,081,496
Changes in equity for the year						
1. Net profit for the year		-	-	-	1,969,440	1,969,440
2. Paid-in capital		19 3,000,000	-	-	-	3,000,000
3. Appropriation for statutory surplus reserve		20 -	196,944	-	(196,944)	-
4. Appropriation for general reserve		21 -	-	158,617	(158,617)	-
Sub-total		3,000,000	196,944	158,617	1,613,879	4,969,440
Balance at 31 December 2014		11,000,000	705,317	2,294,809	4,050,810	18,050,936
		2013				
	Note V	Paid-in capital	Surplus reserve	General reserve	Retained earnings	Total
Balance at 1 January 2013		8,000,000	310,515	1,683,045	1,109,353	11,102,913
Changes in equity for the year						
1. Net profit for the year		-	-	-	1,978,583	1,978,583
2. Appropriation for statutory surplus reserve		20 -	197,858	-	(197,858)	-
3. Appropriation for general reserve		21 -	-	453,147	(453,147)	-
Sub-total		-	197,858	453,147	1,327,578	1,978,583
Balance at 31 December 2013		8,000,000	508,373	2,136,192	2,436,931	13,081,496

The notes on pages 10 to 69 form part of these financial statements.

ICBC FINANCIAL LEASING CO., LTD.
Notes to the financial statements
(Expressed in Renminbi '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 China Banking Regulatory Commission (the “CBRC”) on 18 September 2007 and was incorporated in Tianjin on 26 November 2007.

The Company obtained its financial permit No. M0011H212000001 from the CBRC of the People’s Republic of China (the “PRC”). The Company obtained its business licence No. 100000000041343 from the State Administration for Industry and Commerce of the RPC. The legal representative is Cong Lin, and the registered office is located at No. 20 Guangchang East Road, Tianjin Economic-Technological Development Area. As at 31 December 2014, the Company has a registered capital of RMB 110,000,000,000.

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 CBRC.

II Basis of preparation

The financial statements have been prepared by the Group on the basis of going concern.

1 Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business issued by the Ministry of Finance of the PRC (“MOF”) and present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2014 and 2013, and the consolidated financial performance and financial performance, and the consolidated cash flows and cash flows of the Company for the year ended 31 December 2014 and 2013.

2 Accounting year

The accounting year of the Group is from 1 January to 31 December.

3 Functional currency and presentation currency

The Group's functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Group on the basis of the currency in which major income and costs are denominated and settled.

III Significant accounting policies and accounting estimates

1 Consolidated financial statements

The scope of consolidated financial statements includes the Company and all its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases.

When preparing consolidated financial statements, the accounting policies or accounting period of a subsidiary shall be the same as those of the Company.

Intra-group balances and transactions, and any unrealised profit arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2 Translation of foreign currencies

The Group's foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates or the rates that approximate the spot exchange rates on the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the People's Bank of China or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, normally the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to Renminbi using the foreign exchange rate at the transaction date. Effect of changes on foreign exchange rates to cash and cash equivalents is separately presented in the cash flow statement.

3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

4 Financial instruments

(a) Recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

The Group classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value. For financial assets or financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets or financial liabilities, any related directly attributable transaction costs are included in their initial costs. Subsequent to initial recognition, financial assets and liabilities are measured as follows:

- Financial assets and financial liabilities at fair value through profit or loss (including financial assets or financial liabilities held for trading, financial assets or financial liabilities and derivative financial instruments designated at fair value through profit or loss)

Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss are measured at fair value, and the gain or loss arising from fair value changes is recognised in profit or loss.

- Receivables

Receivables are non-derivative financial assets with fixed or determinable recoverable amounts that are not quoted in an active market.

Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method.

- Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sale and other financial assets which do not fall into any of the above categories.

Available-for-sale financial assets whose fair value cannot be measured reliably are measured at cost subsequent to initial recognition. Other

available-for-sale financial assets are measured at fair value subsequent to initial recognition and the gain or loss arising from fair value changes, except for impairment losses and exchange differences from monetary financial assets dominated in foreign currencies which are recognised in profit or loss, are recognised as other comprehensive income. When an available-for-sale financial asset is derecognised, the cumulative gain or loss is reclassified from equity to profit or loss.

– Other financial liabilities

Financial liabilities other than the financial liabilities at fair value through profit or loss are classified as other financial liabilities.

Other financial liabilities mainly include borrowings from banks, financial assets sold under repurchase agreements, security deposit payable, interest payable, other payables and advances from customers, and are measured at amortisation cost.

By the end of the period, the Group has no financial liabilities at fair value through profit or loss.

(b) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Group has a legal right to set off the recognised amounts and the legal right is currently enforceable; and
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(c) Derecognition of financial assets and financial liabilities

A financial asset is derecognised if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers substantially all the risks and rewards of ownership of the financial asset to another party.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in equity.

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged.

5 Impairment of assets

(a) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised and charged in profit or loss. Objective evidence that a financial asset is impaired is the event that occurred after the initial recognition of the asset and that the event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Receivables

By the end of the year, the Group's receivables include finance lease receivables, prepayment for finance lease assets, interest receivable and other receivables, etc.

Individual assessment

Receivables, which are considered individually significant, are assessed individually for impairment. If there is objective evidence that an impairment loss on receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate, and recognised in profit or loss.

Impairment losses relating to receivables are not discounted if the effect of discounting is immaterial. The present value of the estimated future cash flows of a collateralised receivable reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Collective assessment

Same groups of receivables which are considered individually insignificant and individually assessed receivables with no objective evidence of impairment are assessed for impairment losses on a collective basis. If there is observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those financial assets, the impairment is recognised and recorded in profit or loss. The collective impairment loss is assessed after taking into account: (i) historical loss experience in portfolios of similar credit risk characteristics; (ii) the period between a loss occurring and that loss being identified; and (iii) the current economic and credit environments and the judgement from the Group on the actual level of inherent losses based on its historical experience.

Individually assessed receivables with no objective evidence of impairment are grouped together in portfolios of similar credit risk characteristics for the purpose of assessing a collective impairment loss.

Collective assessment covers those receivables that were impaired at the balance sheet date but was not individually identified as such until some time in the future. As soon as there is an objective evidence of impairment on individual assets in a pool, those assets are removed from the pool of financial assets.

Impairment reversal and receivables written-off

If, after an impairment loss has been recognised on receivables, there is a recovery in the value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. The reversal shall not result in a carrying amount of the financial asset that exceeds the amortised cost at the date of the reversal, had the impairment not been recognised.

When the Group determines that a receivable has no reasonable prospect of recovery after the Group has completed all the necessary legal or other proceedings, the receivable is written off against its allowance for impairment losses. If in a subsequent period the receivable written off is recovered, the amount recovered will be recognised in profit or loss through impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are assessed for impairment on an individual basis and on a collective group basis as followings.

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that has been recognised directly in equity is reclassified to profit or loss even though the financial asset has not been derecognised.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. The impairment loss on an investment in unquoted instrument whose fair value cannot be reliably measured is not reversed.

(b) Impairment of non-financial assets

Except for the items in Note III 14, 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
- intangible assets
- construction in progress
- long-term equity investments
- other assets

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 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. A provision 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.

6 Lease

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

(a) Assets leased out under finance leases

At the commencement of the lease term, the Group recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable (total), and recognises unguaranteed residual value at the same time. The difference between the aggregate of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the aggregate of their present value is recognised as unearned finance income.

Unearned finance income is allocated to each accounting period during the lease term using the effective interest method. At the balance sheet date, finance lease receivables (total), net of unearned finance income, are presented as finance lease receivables in the balance sheet.

(b) Assets leased out under operating leases

Income derived from operating leases is recognised as an income using the straight-line method over the lease term.

(c) Operating lease charges

Rental payments under operating leases are recognised as the cost or expense of a related asset on a straight-line basis over the lease term.

7 Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries.

Subsidiaries are the investees over which the Company is able to exercise control, i.e. having the power to govern their financial and operating policies so as to obtain benefits from their operating activities. 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted for preparing the consolidated financial statements using the equity method.

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by subsidiaries as investment income in the current period. For any long-term equity investments with an indication of impairment on the balance sheet date, the impairment losses are accounted for in accordance with the accounting policy set out in Note III 5(b).

8 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 buildings, motor vehicles, computer and electronic equipment and office equipment. etc.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note III 5(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, 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 Company in different ways, each part is recognised as a separate fixed asset.

Subsequent expenditures incurred in relation to a fixed asset is included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and its cost can be reliably measured; the carrying amount of the replaced part is derecognised. Other subsequent expenditures 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.

Fixed assets are depreciated using the straight-line method over their estimated useful lives. The estimated useful lives, net residual value and depreciation rates of each class of fixed assets are as follows:

	<i>Estimated useful life</i>	<i>Estimated net residual value</i>	<i>Depreciation rate</i>
Office equipment and computer	3 - 5 years	-	20.00% - 33.33%
Motor vehicles	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 25 years and the estimated net residual values expressed as a percentage of cost is 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%.

9 Intangible assets

Intangible assets are software licenses, and measured at cost. They are amortised on the straight-line basis over their approved useful life and contractual period. 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 5(b)).

The amortisation years for the Group's intangible assets are 10 years.

For an intangible asset with a finite useful life, its useful life and amortisation method are reviewed and adjusted at each year-end.

10 Long-term deferred expenses

Long-term deferred expenses include the expenditure for improvements to fixed assets under operating lease and other payments that have been made but should be recognised as expenses for more than one year in the current and subsequent periods. Long-term deferred expenses are amortised on the straight-line basis over the expected beneficial period and are stated at actual cost net of accumulated amortisation.

11 Borrowing cost

Borrowing cost incurred directly attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of the asset.

Except for the above, other borrowing costs are recognised in profit or loss when incurred.

12 Fair value measurement

Unless otherwise specified, the Group determines fair value measurement as below:

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

Employee benefits are all forms of consideration given and other relevant expenditures incurred in exchange for services rendered by employees. Employee benefits are recognised as a liability in the accounting period in which the associated services are rendered by employees, with a corresponding increase in the expenses in the current period.

Pursuant to the relevant laws and regulations of the PRC, employees of the Group participate in the social insurance system established and managed by government organisations. The Group makes social insurance contributions - including contributions to basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and etc. - as well as contributions to housing fund, at the applicable benchmarks and rates stipulated by the government for the benefit of its employees. Except for the above contributions, the Group does not have any other obligations in this respect.

14 Income tax

Current tax and deferred tax expense (or revenue) are recognised in profit or loss except to the extent that they relate to items recognised directly in equity.

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 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, the amount of deferred tax recognised is measured based on the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates that are expected to be applied in the period when the asset is recovered or the liability is settled in accordance with tax laws.

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 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

Interest income from financial assets is recognised in profit or loss based on the duration and the effective interest rate as incurred. Interest income includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

The effective interest method is a method of calculating the amortised cost and the interest income of a financial asset based on its effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income under finance leases is recognised in profit or loss using the effective interest method over the periods covered by the lease term. Contingent rentals are recognised as income in the accounting period in which they are earned.

(b) Fee and commission income

Fee and commission income is recognised on an accrual basis when the service is rendered or received.

(c) Other income

Other income is recognised on an accrual basis.

16 Segment reporting

Reportable segments are identified and disclosed based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system.

An operating segment is a component of the Group that engages in business activities (1) from which it may earn revenues and incur expenses, (2) whose financial performance are regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance, and (3) for which financial information regarding financial position, financial performance and cash flows is available. Two or more operating segments may be aggregated into a single operating segment if the segments have same or similar economic characteristics and a certain more criteria.

The Group focused on leasing business during the year without significant indications of regional risks, therefore it did not manage the business in segment and no segment information is disclosed.

17 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 of the Group. Related parties of the Group and the Company include, but are not limited to:

- (i) the Company's parent;
- (ii) the Company's subsidiaries;
- (iii) enterprises that are controlled by the Company's parent;
- (iv) investors that have joint control or exercise significant influence over the Company;
- (v) enterprises or individuals if a party has control or joint control over both the enterprises or individuals and the Group;
- (vi) key management personnel of the Company and close family members of such individuals;
- (vii) key management personnel of the Company's parent and close family members of such individuals; and
- (viii) other enterprises that are controlled or jointly controlled by key management personnel of the Company or close family members of such individuals.

18 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) Impairment of receivables

As described in Note III 5(a), in addition to individually assessing receivables (identified as impaired) for impairment losses, the Group regularly assesses groups of receivables for impairment losses. The Group will judge whether there is any evidence of impairment arising from a decrease in expected future cash flows of the groups of receivables (without signs of any cash flow reduction during individual assessments) in order to determine whether it is necessary to make provisions for impairment losses. Such evidence of impairment includes lessees' likely defaults due to deterioration in their financial conditions or adverse changes of their economic landscapes. The Group then assesses resultant impairment losses after considering factors such as asset profiles, industry risk affecting lessees, and regulatory requirements. To narrow the difference between the actual loss and estimated loss on impaired receivables, the Group regularly assesses the methodologies and assumptions used in estimating the timing and amounts of expected future cash flows.

(b) Impairment of non-financial assets

As described in Note III 5(b), assets such as fixed 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. Since a market price of the asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. 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 Notes III 8 and 9, 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 taxes

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

IV Changes in accounting policies

Changes in accounting policies and their effects

(a) Description of and reasons for changes in accounting policies

The Company has adopted the following new standards and revised standards from 1 July 2014:

- (i) Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investments (“CAS 2(2014)”)
- (ii) Accounting Standards for Business Enterprises No. 9 – Employee Benefits (“CAS 9(2014)”)
- (iii) Accounting Standards for Business Enterprises No. 30 – Presentation of Financial Statements (“CAS 30(2014)”)
- (iv) Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements (“CAS 33(2014)”)
- (v) Accounting Standards for Business Enterprises No. 39 – Fair Value Measurement (“CAS 39”)
- (vi) Accounting Standards for Business Enterprises No. 41 – Disclosures of Interests in Other Entities (“CAS 41”)

In addition, the Company has adopted “Accounting Rules on Classification between Financial Liabilities and Equity Instruments as well as the Related Accounting Treatment” (“Caikuai [2014] No. 13”) since 17 March 2014 and “Accounting Standards for Business Enterprises No. 37 – Financial Instruments: Presentation and Disclosures” (“CAS 37 (2014)”) in the 2014 annual financial statements.

The significant accounting policies after adopting the above Accounting Standards for Business Enterprises are summarised in Note III.

Impacts of the adoption of the accounting standards mentioned above are discussed below:

(i) Long-term equity investments

CAS 2 (2014) revised some requirements with respect to the scope, recognition and measurement of long-term equity investments, and the disclosure requirements have been stipulated in CAS 41. The Group has reassessed the effect of the revisions and concluded that the revisions do not have any material impact on the Group's financial statements (including current and comparative periods).

(ii) Employee benefits

According to the requirements in CAS 9 (2014) with respect to the classification, recognition and measurement of short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits, the Group has reviewed the treatments for current employee benefits and changed its accounting policy accordingly. The adoption of CAS 9 (2014) does not have any material impact on the financial position and the financial results of the Group.

(iii) Presentation of financial statements

In accordance with CAS 30 (2014), the Group has modified the presentation of its financial statements, including presenting separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that will never be reclassified to profit or loss in its income statement.

Presentation of comparative statements is adjusted accordingly.

(iv) Consolidation scope

CAS 33 (2014) introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the Group has power over the investee, exposure or rights to variable returns from its involvements with the investee and ability to use its power to affect those returns. As a result of the adoption of CAS 33 (2014), the Group has changed its accounting policy with respect to determining whether it has control over and consequently whether it consolidates an investee.

The adoption of CAS 33 (2014) does not have any material impact on the Group's consolidation scope.

(v) Fair value measurement

CAS 39 redefines fair value, establishes a single framework for fair value measurement and revises the requirements for fair value disclosures. The adoption of CAS 39 does not have any material impact on the fair value measurements of the Group's assets and liabilities. The Group's disclosures in accordance with CAS 39 are set out in Note V 32(4) .

(vi) Disclosures of interests in other entities

CAS 41 modifies and specifies disclosure requirements relevant to an enterprise's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group has provided disclosures accordingly in related notes in accordance with this standard.

(vii) Classification between financial liabilities and equity instruments and presentation and disclosures of financial instruments

Caikuai [2014] No. 13 provided guidance on the classification of financial liabilities and equity instruments. The adoption of Caikuai [2014] No. 13 does not have any material impact on the Group's financial statements (including current and comparative periods).

CAS 37 (2014) provided further guidance on the offsetting of a financial asset and a financial liability and revised the disclosure requirements for financial instruments. The offsetting guidance does not have any material impact on the presentation of the Group's financial statements. In addition, the Group has revised disclosures in related notes in accordance with this standard, see relevant notes.

(b) Effect of changes in accounting policies on the financial statements

The above changes in accounting policies do not have any material impact on the 2014 and 2013 financial statements.

V Notes to the consolidated financial statements and financial statements

1 Cash at bank and on hand

	The Group		The Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Deposits with banks	14,585,649	9,735,404	8,639,621	6,738,121

2 Deposit with the central bank

	The Group and the Company	
	31 December 2014	31 December 2014
Deposit with the central bank	76,961	75,814

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.

3 Prepayments

	The Group		The Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Prepayments for finance lease assets	13,308,116	29,160,312	9,224,559	29,160,312
Less: Provision for impairment - collectively assessed	(200,818)	(438,601)	(139,565)	(438,601)
Total	13,107,298	28,721,711	9,084,994	28,721,711

	The Group		The Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Changes in provision for impairment				
Balance at the beginning of the year	438,601	315,741	438,601	315,741
(Charge) /reversal for the year	(237,783)	122,860	(299,036)	122,860
Balance at the end of the year	200,818	438,601	139,565	438,601

	The Group		The Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Within 1 year	10,489,146	22,787,086	6,405,589	22,787,086
1 to 2 years	1,540,943	1,825,969	1,540,943	1,825,969
2 to 3 years	300,000	2,498,642	300,000	2,498,642
Over 3 years	978,027	2,048,615	978,027	2,048,615
	13,308,116	29,160,312	9,224,559	29,160,312
Less: provision for impairment -collectively assessed	(200,818)	(438,601)	(139,565)	(438,601)
Carrying amount	13,107,298	28,721,711	9,084,994	28,721,711

4 Finance lease receivables

	The Group		The Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Finance lease receivables	136,022,038	116,703,664	120,120,838	105,435,103
Less: unearned finance income	(23,547,253)	(22,143,931)	(21,912,463)	(20,862,568)
	112,474,785	94,559,733	98,208,375	84,572,535
Less: Provision for impairment				
- collectively assessed	(1,791,181)	(1,454,807)	(1,576,207)	(1,304,998)
- individually assessed	(350,427)	(498,703)	(350,427)	(498,703)
Carrying amount	110,333,177	92,606,223	96,281,741	82,768,834

- (i) The following table presents the Group's and the Company's contracted minimum lease receipts for future accounting years:

	The Group		The Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Within 1 year	25,073,004	18,166,009	23,014,881	16,737,065
1 to 2 years	22,589,796	18,567,490	20,573,740	17,174,588
2 to 3 years	20,378,699	17,515,224	18,403,942	16,152,809
Over 3 years	67,980,539	62,454,941	58,128,275	55,370,641
Total	136,022,038	116,703,664	120,120,838	105,435,103

- (ii) The movement of provision for impairment of finance lease receivables:

	The Group		The Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Changes in provision for impairment				
Balance at the beginning of the year	1,953,510	1,018,872	1,803,701	975,416
Charge for the year	534,889	970,786	435,593	864,425
Release for the year	(329,022)	(36,148)	(312,660)	(36,140)
Transferred-out provision for impairment of subsidiaries no longer consolidated	(17,769)	-	-	-
Balance at the end of the year	2,141,608	1,953,510	1,926,634	1,803,701

- (iii) As at 31 December 2014, finance lease receivables which had been pledged for the Company's borrowings and repurchase agreements amounted to RMB 5,619,684,000 (31 December 2013: RMB 9,913,809,000).

5 Long-term equity investments and consolidated subsidiaries

	The Group		The Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Long-term equity investments	-	-	6,600	5,200

As at 31 December 2013, the consolidated subsidiaries included the following:

	Place of registration	Registered capital	Nature of business	% of equity interest held by the Company	% of voting right held by the Company
ICBC Financial Leasing (Beijing) Co., Ltd	Beijing	1 million	financial leasing	100%	100%
ICBC Financial Leasing (Tianjin) Co., Ltd	Tianjin	1 million	financial leasing	100%	100%
Tian Lang (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Hai Ju (Tianjin) Ship Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Yin (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Shu (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Ji (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Hai Hui (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Guang (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Shang (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Hai Xing (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Hai Wang (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Hai Jin (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Jiao (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Kang (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Yue (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Qing (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Rong (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Lu (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Shen (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Jin (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Peng (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Kai (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Xiu (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Shun (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Pu (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%

ICBC FINANCIAL LEASING CO., LTD.
Financial statements for the years ended
31 December 2014 and 31 December 2013

	<u>Place of registration</u>	<u>Registered capital</u>	<u>Nature of business</u>	<u>% of equity interest held by the Company</u>	<u>% of voting right held by the Company</u>
Yuan Kang (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Feng (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Yun De (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Yun Long (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Chang (Shanghai) Aircraft Leasing Co., Ltd	Shanghai	0.1 million	financial leasing	100%	100%
Tian Hong (Shanghai) Aircraft Leasing Co., Ltd	Shanghai	0.1 million	financial leasing	100%	100%
Tian Jia (Shanghai) Aircraft Leasing Co., Ltd	Shanghai	0.1 million	financial leasing	100%	100%
Tian Li (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Yan (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Pu (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Shuang (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Ping (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Xing (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Ji (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Yang (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Song (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Gang (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Chong (Tianjin) Aircraft Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Tian Yu (Xiamen) Aircraft Leasing Co., Ltd	Xiamen	0.1 million	financial leasing	100%	100%
Hai Jiang (Tianjin) Ship Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Hai Tao (Tianjin) Ship Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%
Hai Peng (Tianjin) Leasing Co., Ltd	Tianjin	0.1 million	financial leasing	100%	100%

As at 31 December 2014, the paid-in capital of the above subsidiaries totaled RMB 6,600,000 (31 December 2013: RMB 5,200,000).

In 2013, the Company invested RMB 0.1 million to establish Tian Sui (Tianjin) Leasing Co., Ltd (“Tian Sui”), and included it as a wholly-owned subsidiary in the consolidated financial statements. In 2014, the Company sold 100% of its shares in Tian Sui to a third party, the consideration was RMB 20,860,000 and the gain from disposal was RMB 20,760,000. The Company no longer consolidated Tian Sui in its consolidated financial statements as at 31 December 2014.

6

Fixed assets

The Group	Office equipment and computer	Motor vehicle	Operating lease assets	Total
Cost				
1 January 2013	12,467	4,470	5,005,665	5,022,602
Addition	2,003	-	4,787,950	4,789,953
Transfer in from construction in progress	-	-	998,221	998,221
Disposal	(99)	-	-	(99)
Translation differences of financial statements denominated in foreign currency	-	-	(148,272)	(148,272)
31 December 2013 and 1 January 2014	14,371	4,470	10,643,564	10,662,405
Addition	3,249	-	9,886,754	9,890,003
Transfer in from construction in progress	-	-	907,611	907,611
Translation differences of financial statements denominated in foreign currency	-	-	38,384	38,384
31 December 2014	17,620	4,470	21,476,313	21,498,403
Accumulated depreciation				
1 January 2013	(7,681)	(3,029)	(261,772)	(272,482)
Addition	(2,233)	(752)	(286,174)	(289,159)
Disposal	84	-	-	84
Translation differences of financial statements denominated in foreign currency	-	-	9,980	9,980
31 December 2013 and 1 January 2014	(9,830)	(3,781)	(537,966)	(551,577)
Addition	(2,368)	(281)	(553,120)	(555,769)
Translation differences of financial statements denominated in foreign currency	-	-	3,991	3,991
31 December 2014	(12,198)	(4,062)	(1,087,095)	(1,103,355)
Provision for impairment				
1 January 2013	-	-	(58,793)	(58,793)
Translation differences of financial statements denominated in foreign currency	-	-	1,764	1,764
31 December 2013 and 1 January 2014	-	-	(57,029)	(57,029)
Charge for the year	-	-	(57,298)	(57,298)
Translation differences of financial statements denominated in foreign currency	-	-	(206)	(206)
31 December 2014	-	-	(114,533)	(114,533)
Net book value				
31 December 2013	4,541	689	10,048,569	10,053,799
31 December 2014	5,422	408	20,274,685	20,280,515

The Company	Office equipment and computer	Motor vehicle	Operating lease assets	Total
Cost				
1 January 2013	12,466	4,470	-	16,936
Addition	2,003	-	-	2,003
Transfer in from construction in progress	-	-	998,221	998,221
Disposal	(99)	-	(998,221)	(998,320)
31 December 2013 and 1 January 2014	14,370	4,470	-	18,840
Addition	3,236	-	465,116	468,352
Transfer in from construction in progress	-	-	907,611	907,611
Disposal	-	-	(718,906)	(718,906)
31 December 2014	17,606	4,470	653,821	675,897
Accumulated depreciation				
1 January 2013	(7,681)	(3,029)	-	(10,710)
Addition	(2,233)	(752)	-	(2,985)
Disposal	84	-	-	84
31 December 2013 and 1 January 2014	(9,830)	(3,781)	-	(13,611)
Addition	(2,365)	(281)	(10,442)	(13,088)
31 December 2014	(12,195)	(4,062)	(10,442)	(26,699)
Provision for impairment				
1 January 2013	-	-	-	-
Charge for the year	-	-	-	-
1 January 2014	-	-	-	-
Charge for the year	-	-	(57,298)	(57,298)
31 December 2014	-	-	(57,298)	(57,298)
Net book value				
31 December 2013	4,540	689	-	5,229
31 December 2014	5,411	408	586,081	591,900

As at 31 December 2014, fixed assets under operating lease which had been pledged as collateral for the Group's borrowings amounted to RMB 3,417,954,000 (31 December 2013: RMB 2,654,596,000).

7 Construction in progress

	<u>The Group and the Company</u>	
	<u>31 December</u> <u>2014</u>	<u>31 December</u> <u>2013</u>
Balance at the beginning of the year	6,253,053	3,592,339
Addition	3,626,347	4,466,369
Transferred to fixed assets	(907,611)	(998,211)
Other transfer out	(2,345,650)	(807,434)
Balance at the end of the year	<u>6,626,139</u>	<u>6,253,053</u>

As at 31 December 2014 and 2013, the Group's and the Company's construction in progress is aircrafts under construction.

8 Intangible assets

<u>The Group and the Company</u>	<u>Computer software</u>
Cost	
1 January 2014	14,071
Addition	3,458
31 December 2014	<u>17,529</u>
Accumulated amortisation	
1 January 2014	(4,684)
Addition	(1,825)
31 December 2014	<u>(6,509)</u>
Net book value	
31 December 2013	<u>9,387</u>
31 December 2014	<u>11,020</u>

9 Deferred tax assets

The Group

	31 December 2014		31 December 2013	
	Deferred tax assets	Deductible temporary difference	Deferred tax assets	Deductible temporary difference
Deferred tax assets				
Provision for impairment losses	308,917	1,235,927	301,941	1,208,060
Payroll	44,198	176,793	28,921	115,682
Change in fair value of financial assets measured at FVTPL	(21,955)	(87,819)	-	-
Others	11,901	47,598	18,397	73,587
Total	343,061	1,372,499	349,259	1,397,329

	Deferred tax assets			
	Balance at the beginning of the year	Charged to income statement	Charged to equity statement	Balance at the end of the year
Provision for impairment losses	301,941	6,976	-	308,917
Payroll	28,921	15,277	-	44,198
Change in fair value of financial assets measured at FVTPL	-	(21,955)	-	(21,955)
Others	18,397	(6,496)	-	11,901
Total	349,259	(6,198)	-	343,061

As at 31 December 2014, the deductible tax losses of subsidiaries which amounted to RMB 354,989,000 (31 December 2013: RMB 235,590,000) are not recognized as deferred tax assets, as the management considered that it is not probable that there would be sufficient taxable profit against which the above deductible losses can be utilized in the foreseeable future.

The Company

	31 December 2014		31 December 2013	
	Deferred tax assets	Deductible temporary difference	Deferred tax assets	Deductible temporary difference
Deferred tax assets				
Provision for impairment losses	281,323	1,125,294	272,978	1,091,914
Payroll	44,198	176,793	28,921	115,682
Change in fair value of financial assets measured at FVTPL	(21,955)	(87,819)	-	-
Others	15,765	63,056	18,397	73,587
Total	319,331	1,277,324	320,296	1,281,183

	Deferred tax assets			
	Balance at the beginning of the year	Charged to income statement	Charged to equity statement	Balance at the end of the year
Provision for impairment losses	272,978	8,345	-	281,323
Payroll	28,921	15,277	-	44,198
Change in fair value of financial assets measured at FVTPL	-	(21,955)	-	(21,955)
Others	18,397	(2,632)	-	15,765
Total	320,296	(965)	-	319,331

10 Other assets

	The Group		The Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Entrusted loans	-	-	27,200,289	14,108,772
Receivables due to assets transfer transaction	4,942,023	918,007	7,569,564	3,193,244
Deductible input VAT	775,406	87,545	759,913	81,816
Interest receivable	246,679	246,936	1,106,514	645,175
Prepaid borrowing cost	142,796	109,251	72,848	77,630
Buyout factoring receivables	88,382	-	-	-
Operating lease receivables	81,069	14,168	62,015	61,791
Mortgaged assets	65,819	-	65,819	-
Security deposit	32,723	12,108	32,723	12,108
Deferred expenses	2,818	287	1,154	287
Long-term deferred expenses	931	726	931	726
Other receivables	353,928	17,224	218,161	19,503
Total	6,732,574	1,406,252	37,089,931	18,201,052

11 Borrowings

	The Group		The Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Analysed by duration:				
Short-term	127,029,847	113,172,386	126,231,454	113,753,061
Long-term	17,558,376	11,485,760	6,936,180	5,666,994
Total	144,588,223	124,658,146	133,167,634	119,420,055
Analysed by counterparty:				
Domestic banks	140,528,895	117,900,236	129,529,889	112,662,146
Overseas banks	4,059,328	6,757,910	3,637,745	6,757,909
Total	144,588,223	124,658,146	133,167,634	119,420,055

12 Financial assets sold under repurchase agreements

	The Group		The Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Factoring	4,864,916	7,095,963	4,864,916	6,329,339
Finance lease receivables under repurchase agreements	1,007,861	300,000	1,007,861	300,000
Total	<u>5,872,777</u>	<u>7,395,963</u>	<u>5,872,777</u>	<u>6,629,339</u>
Domestic banks	<u>5,872,777</u>	<u>7,395,963</u>	<u>5,872,777</u>	<u>6,629,339</u>

13 Advances from customers

	The Group		The Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Rental fee paid in advance	2,256,258	1,939,717	2,069,238	1,814,916
Others	223,629	401,369	223,629	408,907
Total	<u>2,479,887</u>	<u>2,341,086</u>	<u>2,292,867</u>	<u>2,223,823</u>

14 Long-term payables

	The Group		The Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Acquisition of fixed assets	<u>1,559,832</u>	<u>-</u>	<u>-</u>	<u>-</u>

15 Employee benefits payable

The Group and the Company

	31 December 2014			
	Balance at the beginning of the year	Charge for the year	Payment for the year	Balance at the end of the year
Salaries, bonuses, allowances and subsidies	115,682	158,946	(99,481)	175,147
Staff welfare	-	9,522	(9,522)	-
Social insurance	-	12,180	(12,180)	-
Housing fund	-	5,878	(5,878)	-
Labour union fee, staff and workers' education fee	6,108	10,164	(8,301)	7,971
Total	121,790	196,690	(135,362)	183,118

	31 December 2013			
	Balance at the beginning of the year	Charge for the year	Payment for the year	Balance at the end of the year
Salaries, bonuses, allowances and subsidies	68,061	164,764	(117,143)	115,682
Staff welfare	-	6,230	(6,230)	-
Social insurance	-	11,127	(11,127)	-
Housing fund	-	4,107	(4,107)	-
Labour union fee, staff and workers' education fee	5,141	7,628	(6,661)	6,108
Total	73,202	193,856	(145,268)	121,790

16 Taxation

- (1) The types of taxes applicable to the Group's rendering of services include business tax, value added tax (VAT), city maintenance and construction tax, education surcharges and etc.

Tax name	Tax basis and applicable rate
Business tax	5% of taxable revenue
VAT	Output VAT is 17% of income from leasing business based on tax laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable; and 6% of total income from consulting service
City maintenance and construction tax	7% of both business tax paid and VAT payable
Education surcharges	3% of both business tax paid and VAT payable
Local education surcharges	2% of both business tax paid and VAT payable
Flood control expenses	1% of both business tax paid and VAT payable

In accordance with the *Circular on the Pilot Scheme on Switching from Business Tax Levy to VAT Levy for Transportation and Certain Modern Services Industries in Eight Provincial Cities Including Beijing* (the “Circular”) under ref. Cai Shui [2012] No.71, the tax reform of switching from business tax levy to VAT levy was launched for transportation and certain modern services industries in Tianjin municipality from 1 December 2012. The taxable item of the Group was tangible property leasing service as regulated under the Circular, and therefore, the revenue from the tangible property leasing contracts signed on or after 1 December 2012 is subject to VAT instead of business tax, using the tax rate of 17%. Revenue from the contracts that signed before 1 December 2012 continues to be subject to 5% business tax.

- (2) The statutory income tax rate applicable to the Group and the Company was 25% in 2014 (2013: 25%).

- (3) Taxes payable

	The Group		The Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Enterprise income tax payable	210,508	431,105	164,000	409,828
Business tax and surcharges payable	36,274	37,578	24,747	28,659
Withholding of individual income tax payable	939	3,403	939	3,403
VAT payable	20,277	-	-	-
Others	1,048	2,072	858	1,904
Total	269,046	474,158	190,544	443,794

17 Security deposit payable

	The Group		The Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Security deposit for leasing purpose	339,646	501,983	293,829	486,178

18 Other payable

	The Group		The Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Interest payable	662,390	601,005	655,633	618,224
Rent collected from factoring business	59,022	40,140	59,022	40,140
Leased assets payables	29,996	27,143	8,134	6,575
Others	47,250	31,701	41,563	27,283
Total	798,658	699,989	764,352	692,222

19 Paid-in capital

The Group and
the Company

	31 December 2014		31 December 2013	
	Amount	Percentage (%)	Amount	Percentage (%)
The Industrial and Commercial Bank of China Limited	11,000,000	100.00%	8,000,000	100.00%

On 13 January 2014, the Industrial and Commercial Bank of China Limited injected a capital of RMB 3 billion to the Company; the paid-in capital has been verified by KPMG Huazhen (LLP), with the “KPMG Huazhen Yan Zi No. 1400201 capital verification report” issued. The Company had the business license updated for the capital injection on 24 December 2014, and the registered capital after the change was RMB 11 billion.

20 Statutory surplus reserve

In accordance with the *Company Law of the People's Republic of China* and the Company's Articles of Association, the Company 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 share capital upon approval.

21 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 set aside a general reserve for possible unrecognised losses on risk assets, as part of the provisions for impaired assets as at 31 December 2013. The general reserve, which is dealt with in profit distribution and forms part of the shareholders' equity, shall, in principal, be no less than 1.5% of the total risk assets at the end of the period. The Company fulfilled the above requirement on 31 December 2014.

22 Other comprehensive income

The Company's other comprehensive income on 31 December 2014 represents the difference arising from the translation of financial statements denominated in foreign currency.

23 Net interest income

	The Group		The Company	
	2014	2013	2014	2013
Interest income from finance lease	7,754,092	7,452,102	7,362,729	7,256,362
Interest income from bank deposit	340,212	32,506	968,004	405,699
Interest income from deposits and placements with banks and other financial institutions	10,518	-	10,518	-
Sub-total	8,104,822	7,484,608	8,341,251	7,662,061
Interest expense on borrowings	(6,456,674)	(5,194,649)	(6,272,533)	(5,126,604)
Interest expense on financial assets sold under repurchase agreements	(231,358)	(285,621)	(213,930)	(254,439)
Sub-total	(6,688,032)	(5,480,270)	(6,486,463)	(5,381,043)
Net interest income	1,416,790	2,004,338	1,854,788	2,281,018
	The Group		The Company	
	2014	2013	2014	2013
Capitalised interest expense	210,247	156,826	210,247	156,826

The capitalization rate used to calculate the amount of capitalized borrowing costs is 2.14%-4.31% (2013:2.72%-3.73%).

24 Net fee and commission income

	The Group		The Company	
	2014	2013	2014	2013
Income from consulting services	973,733	1,539,008	973,733	1,539,008
Fee and commission expense	(311,112)	(148,041)	(249,778)	(135,556)
Net fee and commission income	662,621	1,390,967	723,955	1,403,452

25 Business taxes and surcharges

	The Group		The Company	
	2014	2013	2014	2013
Business taxes	106,486	193,465	77,173	168,050
City maintenance and construction tax	16,883	20,116	5,402	14,618
Education surcharges	7,229	13,762	2,315	10,176
Others	7,222	3,493	2,315	2,353
Total	137,820	230,836	87,205	195,197

26 Operating and administrative expenses

	The Group		The Company	
	2014	2013	2014	2013
Depreciation	555,769	289,159	13,088	2,985
Staff emolument	196,690	193,856	196,690	193,856
Rental expenses	30,901	23,635	30,901	23,635
Stamp duty	20,394	21,466	17,826	19,816
Advertisement and entertainment	14,180	18,567	14,107	18,567
Consulting fees	32,391	15,896	27,683	12,886
Amortisation	3,601	2,163	3,601	2,163
Supervision charges	6,999	9,782	6,999	9,782
Others	33,649	40,147	33,077	37,233
Total	894,574	614,671	343,972	320,923

27 Impairment loss on assets

	The Group		The Company	
	2014	2013	2014	2013
Impairment losses on finance lease receivables	205,867	934,638	122,933	828,285
Impairment losses on finance lease prepayment	(237,783)	122,860	(299,036)	122,860
Impairment losses on operating lease assets	57,298	-	57,298	-
Total	25,382	1,057,498	(118,805)	951,145

28 Non-operating income

Non-operating income incurred this year represented the rebate of business tax and enterprise income tax granted from Tianjin government.

29 Income tax expenses

	The Group		The Company	
	2014	2013	2014	2013
Current income tax	722,621	944,026	624,491	891,647
Deferred income tax	1,765	(257,037)	965	(230,446)
Total	724,386	686,989	625,456	661,201
Income tax expenses are adjusted based on the income tax on total profit at the applicable tax rate:				
Total profit	2,800,020	2,694,367	2,594,896	2,639,784
Income tax at applicable tax rate (25%)	700,005	673,592	648,724	659,946
Unrecognised deductible loss	11,566	12,142	-	-
Effect of non-deductible expenses	680	993	680	993
Others	12,135	262	(23,948)	262
Income tax expense	724,386	686,989	625,456	661,201

30 Cash and cash equivalents

Cash and cash equivalents carried in the cash flow statement were as follows:

	The Group		The Company	
	2014	2013	2014	2013
Cash and bank deposit with original maturity of less than 3 months	12,764,834	9,240,622	7,495,806	6,243,339

31 Commitments

(1) Capital commitments

	The Group and the Company	
	31 December 2014	31 December 2013
Contracted but not provided for	20,241,650	20,117,453

(2) Operating lease commitments

As at the balance sheet date, the future minimum lease payments under non-cancellable operating leases of the Group and the Company were payable as follows:

	2014	2013
Within one year	32,983	30,444
One to two years	27,515	30,444
Over two years	461	25,561
Total	60,959	86,449

(3) Lease commitments

As at the balance sheet date, the lease commitments of the Group and the Company as lessors were payable as follows:

	2014	2013
Lease commitments that are unconditionally irrevocable		
Original maturity of less than 1 year	2,038,363	3,926,370
Original maturity of 1 year or above	15,938,652	2,124,530
Total	17,977,015	6,050,900

32 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 CBRC's *Guidelines for Risk Classification of Assets of Non-bank Financial Institutions (Trial)*, the Group classifies finance lease receivables and prepayments for finance leased assets 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

In accordance with the accounting policies stated in Note III 5(a), if there is objective evidence that indicates future cash flows for a particular financial asset are expected to decrease, and that the amounts can be estimated, the financial asset is recorded as an impaired asset, with provisions made for the impairment loss.

Objective evidence that a financial asset is impaired includes:

- 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.

The Group regularly reviews the quality of its leased assets. For assets individually assessed for impairment, the allowance for impairment loss is determined through individual evaluation of incurred loss at the balance sheet date. In the evaluation, the Group considers the value of collaterals held and expected future cash flows. Allowance for impairment losses is provided collectively for individually insignificant asset portfolios with similar credit risk characteristics; and individually significant assets where losses are incurred but not identified. In the evaluation, the Group considers the possibility of default and the historical trend of losses, as well as current economic environment that has impacts on the inherent losses of the portfolio.

(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	
	2014	2013
Credit risk exposure relating to balance sheet items:		
Cash at bank and on hand	14,585,649	9,735,404
Deposit with the central bank	76,961	75,814
Prepayments	13,107,298	28,721,711
Finance lease receivable	110,333,177	92,606,223
Financial assets measured at FVTPL	1,887,819	-
Available-for-sale financial assets	200,000	-
Interest receivable	246,679	246,936
Operating lease receivable	81,069	14,168
Other assets	5,482,876	947,339
Sub-total	146,001,528	132,347,595
Lease commitment	17,977,015	6,050,900
Maximum credit risk exposure	163,978,543	138,398,495

(d) Concentration of finance lease receivables

Credit risk increases when counter-parties are concentrated in certain specific industries or geographical regions, or they share certain economic characteristics. The Group conducts its leasing business within China, and is not exposed to any significant geographical concentration risk. 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	
	2014	2013
Transportation, storage and postal service	61,575,216	49,912,510
Production and supply of electricity, gas and water	25,422,326	18,053,767
Water, environment and public utility management	6,639,914	7,270,129
Manufacturing	4,887,758	6,154,003
Mining	7,757,916	6,033,234
Leasing and commercial services	3,477,239	3,861,303
Construction	945,415	2,419,000
Information transmission, computer service and software	401,128	502,388
Culture, sports and entertainment	1,099,966	230,762
Wholesale and retail	83,170	63,338
Health, social security and social welfare	173,550	37,011
Agriculture, forestry, farming and fishery	11,187	22,288
Total	112,474,785	94,559,733

(e) Quality of finance lease receivables

As at the balance sheet date, the credit risk exposures of the Group's finance lease receivables are listed out below:

	The Group	
	2014	2013
Neither past due nor impaired	108,518,881	92,447,375
Past due but not impaired	2,695,899	863,819
Impaired	1,260,005	1,248,539
Total	112,474,785	94,559,733
Less: Impairment provision	(2,141,608)	(1,953,510)
Net amount	110,333,177	92,606,223

The ageing analysis of debtors that are past due but not impaired is set out as follows:

	The Group	
	2014	2013
Past due within 3 months (inclusive)	2,695,899	863,819
Total	2,695,899	863,819

(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 Renminbi 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.

(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.

	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
31 December 2014						
Assets:						
Cash at bank and on hand	12,764,834	1,141,533	679,282	-	-	14,585,649
Deposits with central bank	76,961	-	-	-	-	76,961
Prepayments	8,987,690	4,119,608	-	-	-	13,107,298
Finance lease receivables	85,451,358	12,263,195	1,078,362	11,540,262	-	110,333,177
Fixed assets, construction in progress and intangible assets	-	-	-	-	26,917,674	26,917,674
Others	2,087,819	-	-	-	7,075,635	9,163,454
Total assets	109,368,662	17,524,336	1,757,644	11,540,262	33,993,309	174,184,213
Liabilities:						
Borrowings	78,045,696	64,006,255	1,751,639	784,633	-	144,588,223
Financial assets sold under repurchase agreements	2,010,703	3,862,074	-	-	-	5,872,777
Security deposit payable	-	-	-	-	339,646	339,646
Others	-	-	-	1,559,832	3,730,709	5,290,541
Total liabilities	80,056,399	67,868,329	1,751,639	2,344,465	4,070,355	156,091,187
Interest rate sensitivity gap	29,312,263	(50,343,993)	6,005	9,195,797	N/A	N/A

31 December 2013	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	9,240,622	-	494,782	-	-	9,735,404
Deposits with central bank	75,814	-	-	-	-	75,814
Prepayments	27,683,505	794,895	-	-	243,311	28,721,711
Finance lease receivables	75,565,629	6,884,471	1,330,145	8,825,978	-	92,606,223
Fixed assets, construction in progress and intangible assets	-	-	-	-	16,316,239	16,316,239
Others	-	-	-	-	1,755,511	1,755,511
Total assets	112,565,570	7,679,366	1,824,927	8,825,978	18,315,061	149,210,902
Liabilities:						
Borrowings	66,858,212	54,112,865	1,681,816	2,005,253	-	124,658,146
Financial assets sold under repurchase agreements	3,904,276	3,491,687	-	-	-	7,395,963
Security deposit payable	-	-	-	-	501,983	501,983
Others	-	-	-	-	3,637,023	3,637,023
Total liabilities	70,762,488	57,604,552	1,681,816	2,005,253	4,139,006	136,193,115
Interest rate sensitivity gap	41,803,082	(49,925,186)	143,111	6,820,725	N/A	N/A

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 Renminbi. The PBOC establishes Renminbi benchmark interest rates which include a floor for Renminbi loan rates.

The Group manages its interest rate risk by:

- regularly monitoring the macroeconomic factors that may impact the PBOC 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 PBOC 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.

Change in basis points	<u>31 December 2014</u>	<u>31 December 2013</u>
+100 basis points	(231,195)	314,934
-100 basis points	231,195	(314,934)

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The tables below indicate 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 Renminbi, 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.

<u>Currency</u>	<u>Change in exchange rate (%)</u>	<u>Impact on net profit as at 31 December 2014</u>	<u>Impact on net profit as at 31 December 2013</u>
USD	(1%)	181,988	115,305

While the table above indicates the effect on net profit of 1% depreciation of USD, 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 Assets and Liabilities Management Committee (the "ALM Committee") of the Group is responsible for formulating liquidity risk management policies. The Financial Market Department under the ALM Committee is responsible for the daily liquidity risk management.

(a) The maturity analysis of assets and liabilities of the Group as at 31 December 2014 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	3,815,650	5,159,452	3,789,732	1,141,533	679,282	-	-	14,585,649
Deposits with central bank	-	-	-	-	-	-	76,961	76,961
Prepayments	2,022,032	767,795	296,608	2,480,948	5,278,653	2,261,262	-	13,107,298
Finance lease receivables	-	1,203,505	3,700,787	14,427,593	60,456,388	30,537,804	7,100	110,333,177
Fixed assets, construction in progress and intangible assets	-	-	-	-	-	-	-	-
Others	200,000	-	1,668,989	5,818,094	1,034,768	408,880	26,917,674	26,917,674
							32,723	9,163,454
Total assets	6,037,682	7,130,752	9,456,116	23,868,168	67,449,091	33,207,946	27,034,458	174,184,213
Liabilities:								
Borrowings	-	20,686,922	35,319,090	72,868,906	6,266,543	9,446,762	-	144,588,223
Financial assets sold under repurchase agreements	-	-	2,010,703	3,862,074	-	-	-	5,872,777
Security deposit payable	963	646	-	14,488	162,320	161,229	-	339,646
Others	-	350,625	319,786	979,220	2,081,078	1,559,832	-	5,290,541
Total liability	963	21,038,193	37,649,579	77,724,688	8,509,941	11,167,823	-	156,091,187
Net liquidity	6,036,719	(13,907,441)	(28,193,463)	(53,856,520)	58,939,150	22,040,123	27,034,458	18,093,026

The maturity analysis of assets and liabilities of the Group as at 31 December 2013 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	9,240,622	-	-	-	494,782	-	-	9,735,404
Deposits with central bank	-	-	-	-	-	-	75,814	75,814
Prepayments	7,944,466	2,787,550	2,220,533	12,719,910	2,312,227	737,025	-	28,721,711
Finance lease receivables	-	988,134	2,878,029	10,874,585	50,661,708	26,819,168	384,599	92,606,223
Fixed assets, construction in progress and intangible assets	-	-	-	-	-	-	16,316,239	16,316,239
Others	-	-	475,124	918,294	726	349,259	12,108	1,755,511
Total assets	17,185,088	3,775,684	5,573,686	24,512,789	53,469,443	27,905,452	16,788,760	149,210,902
Liabilities:								
Borrowings	-	10,515,202	42,665,137	60,827,322	5,071,510	5,578,975	-	124,658,146
Financial assets sold under repurchase agreements	-	-	2,345,000	5,050,963	-	-	-	7,395,963
Security deposit payable	572	-	-	-	360,389	141,022	-	501,983
Others	9	133,778	134,613	2,050,866	1,290,614	27,143	-	3,637,023
Total liability	581	10,648,980	45,144,750	67,929,151	6,722,513	5,747,140	-	136,193,115
Net liquidity	17,184,507	(6,873,296)	(39,571,064)	(43,416,362)	46,746,930	22,158,312	16,788,760	13,017,787

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 2014. 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	3,815,650	5,220,011	3,880,575	1,183,635	823,700	-	-	14,923,571
Deposit with the central bank	-	-	-	-	-	-	-	-
Prepayments	1,969,691	781,593	319,217	3,584,048	3,497,911	4,300,516	76,961	76,961
Finance lease receivables	-	1,482,505	4,662,464	18,928,035	73,592,268	37,349,666	7,100	136,022,038
Others	200,000	-	1,668,989	5,039,870	1,033,837	65,819	32,723	8,041,238
Total assets	5,985,341	7,484,109	10,531,245	28,735,588	78,947,716	41,716,001	116,784	173,516,784
Liabilities:								
Borrowings	-	20,735,789	35,591,300	74,384,005	6,730,558	11,679,006	-	149,120,658
Financial assets sold under repurchase agreements	-	-	2,020,810	3,944,793	-	-	-	5,965,603
Security deposit payable	963	646	-	14,488	162,320	161,229	-	339,646
Others	-	195,026	50,740	183,039	2,081,078	1,749,134	-	4,259,017
Total liabilities	963	20,931,461	37,662,850	78,526,325	8,973,956	13,589,369	-	159,684,924

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 2013. 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	9,240,622	-	-	-	494,782	-	-	9,735,404
Deposit with the central bank	-	-	-	-	-	-	75,814	75,814
Prepayments	7,944,466	2,838,542	2,281,328	13,444,645	2,634,020	748,249	-	29,891,250
Finance lease receivables	-	1,607,366	3,395,896	13,162,747	63,352,778	34,681,834	503,043	116,703,664
Others	-	-	278,328	918,007	-	-	12,108	1,208,443
Total assets	17,185,088	4,445,908	5,955,552	27,525,399	66,481,580	35,430,083	590,965	157,614,575
Liabilities:								
Borrowings	-	10,531,427	43,090,511	62,341,467	5,479,531	7,036,156	-	128,479,092
Financial assets sold under repurchase agreements	-	-	2,373,921	5,151,579	-	-	-	7,525,500
Security deposit payable	572	-	-	-	360,389	141,022	-	501,983
Others	9	99,455	66,569	628,604	-	27,143	-	821,780
Total liabilities	581	10,630,882	45,531,001	68,121,650	5,839,920	7,204,321	-	137,328,355

(4) Fair value of financial assets and financial liabilities

- (a) Those financial instruments for which their carrying amounts are the reasonable approximations of their fair values because they are short-term in nature or reprice to current market rates regularly, are as follows:

<u>Assets</u>	<u>Liabilities</u>
Cash at bank and on hand	Borrowings
Deposit with the central bank	Financial assets sold under
Finance lease receivables	repurchase agreements
	Other financial liabilities
	Other financial assets

Available-to-sell financial assets and financial assets designated at fair value through profit and loss are presented at fair value.

(b) 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 and the Company'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 and the Company

	31 December 2014			
	Level 1	Level 2	Level 3	total
Assets				
Financial assets at fair value through profit or loss				
- Asset management plan -	-	-	1,887,819	1,887,819
Available-for-sale financial assets				
- Wealth management products-	-	-	200,000	200,000
Total	-	-	2,087,819	2,087,819

There were no transfers, between Level 1 and Level 2, or between Level 2 and Level 3, of the Group's and the Company's above assets and liabilities which are measured at fair value on a recurring basis. The Group and the Company recognise transfers between different levels at the end of the current reporting period during which such transfers are made.

(c) Level 3 fair value measurement

Financial assets valued using valuation technique include wealth management products and asset management plans. The underlying assets under the Group's asset management plans are mostly bonds denominated in Renminbi, convertible bonds and assets under sale and repurchase agreements. The Group adopts both observable data and unobservable data when discounting cash flows in valuation models for these investments; observable valuation parameters include the assumption of the current interest rate; unobservable valuation parameters include assumptions of expected rate of return, prepayment rate and market liquidity.

Reconciliation between the beginning balance and closing balance of assets measured at Level 3 fair value on a recurring basis:

The Group and the Company

2014	Balance at the beginning of the year	Total gain or loss for the year		Acquisition, issuance, sale and settlement		Balance at the end of the year	Unrealised gain or loss charged to P/L for assets held or liabilities assumed at the end of the year
		Charged to P/L	Charged to OCI	Acquisition	Settlement		
Financial assets							
Financial assets at fair value through profit or loss	-	87,819	-	1,800,000	-	1,887,819	87,819
Asset management plans							
Available-for-sale financial assets							
Available-for-sale financial products -	-	4,992	-	200,000	(4,992)	200,000	-
Subtotal	-	92,811	-	2,000,000	(4,992)	2,087,819	87,819
Total	-	92,811	-	2,000,000	(4,992)	2,087,819	87,819

Note: gain or loss recognised by the Group and the Company in profit or loss, or other comprehensive income are as follows:

The Group and the Company		
	Item	Amount
Realised gain or loss charged to profit or loss for the year	Investment income	4,992
Unrealised gain or loss charged to profit or loss for the year	Gain or loss from changes in fair value	87,819
Total	-	92,811
Gain or loss charged to other comprehensive income	Gain or loss from changes in fair value of available-for-sale financial assets	-

(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 CBRC in 2014, and 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.

As at 31 December 2014, 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	<u>2014</u>
Core Tier 1 capital adequacy ratio	10.38%
Tier 1 capital adequacy ratio	10.38%
Capital adequacy ratio	11.17%

As at 31 December 2013, 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 Adequacy Ratios of Commercial Banks* and other relevant rules and regulations are as follows:

The Group	<u>2013</u>
Net core capital	13,017,787
Supplementary capital	1,826,541
Net capital	14,844,328
Total risk-weighted assets	<u>140,390,629</u>
Core capital adequacy ratio	<u>9.27%</u>
Capital adequacy ratio	<u>10.57%</u>

33 Related party relationships and transactions

(1) Information on the Company's subsidiaries is disclosed in Note V 5.

(2) Information on the parent company:

<u>Name of the parent company</u>	<u>Registered capital</u>	<u>Place of registration</u>	<u>Principal activities</u>	<u>% of equity interest held</u>	<u>Nature or type of operation</u>	<u>Name of chairman</u>
The Industrial and Commercial Bank of China Limited	RMB 349.3 billion	Beijing	Financial services	100%	Commercial bank	Jiang Jianqing

(3) Nature of related-party relationship where no control exists:

<u>Name of company</u>	<u>Relationship with the Company</u>
Industrial and Commercial Bank of China (Asia) Limited	Controlled by the parent company
Industrial and Commercial Bank of China (Macau) Limited	Controlled by the parent company
ICBC International Leasing Co., Ltd ("ICBC International Leasing")	Controlled by the parent company

(4) Pricing policies

The Group's transactions with related parties were conducted on normal commercial terms in the ordinary course of business, which were not more favorable than those offered to other independent third party customers.

During this accounting year, the Company provided a remarketing service for the resale of collateral on the foreign currency loan contracts extended to the Company's related companies by Industrial and Commercial Bank of China (Asia) Limited ("ICBC Asia"), Industrial and Commercial Bank of China (Macau) Limited ("ICBC Macau"), Doha branch and Singapore branch of the Industrial and Commercial Bank of China Limited. Please refer to Note V 35 for details.

(5) Balance and transaction with related parties

Significant balance between the Group and the parent company:

	<u>2014</u>	<u>2013</u>
Cash at bank and on hand	2,391,517	6,639,132
Borrowings	53,052,009	25,178,589
Financial assets sold under repurchase agreements*	4,864,916	7,095,963
Interest payable	151,466	89,591

* The amount pertains to the recourse factoring arrangement entered into by the Group and the parent company. Under the arrangement, the Group transferred certain finance lease receivables to the parent company, and the parent company has the right to request the Group to repurchase all uncollected finance 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 finance lease receivables. The Group did not derecognise these finance lease receivables.

	<u>2014</u>	<u>2013</u>
Interest income	105,269	7,754
Fee and commission income	-	2,560
Interest expense	2,005,698	1,051,682
Fee and commission fee	37,149	21,517

(6) 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 V 5. 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:

Balance at end of the year	2014	2013
Other assets		
Entrusted loan	27,200,289	14,108,772
Assets transfer receivables	2,627,574	2,275,237
Operating lease receivables	62,015	61,791
Interest receivable	979,617	398,239
Borrowings	743,980	580,675
Interest payable	55,461	44,443
	<u>2014</u>	<u>2013</u>
Interest income	795,275	374,301
Interest expense	828,818	26,906

The fixed assets under operating leases which have been sold by the Company to the subsidiaries during this accounting period amounted to RMB 718,906,000 (2013: RMB 998,221,000).

(7) 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:

Balance at end of the year	<u>2014</u>	<u>2013</u>
Other assets		
Asset transfer receivables	3,028,674	918,007
Finance lease receivables	710,780	780,371
Account receipts in advance	12,222	11,944
	<u> </u>	<u> </u>
Transaction during the year	<u>2014</u>	<u>2013</u>
Income from finance lease	9,720	10,812
	<u> </u>	<u> </u>

Fixed assets under operating leases were transferred by the Company to ICBC International Leasing at book value for the amount of RMB 2,345,650,000 during this accounting year with no gain from this transfer (2013: disposed amount: RMB 807,434,000 with no gain from disposal).

The Group's transactions with related parties were conducted on normal commercial terms in the ordinary course of business and at market rates.

34 Non-adjusting post balance sheet events

In April 2015, the Company signed a transfer agreement to sell 100% shares in two subsidiaries, namely Tian Feng (Tianjin) Aircraft Leasing Co., Ltd ("Tian Feng") and Tian Xiu (Tianjin) Aircraft Leasing Co., Ltd ("Tian Xiu") to a third party. The purchase prices are RMB 3,142,000 and RMB 3,937,000 respectively for these two subsidiaries.

35 Contingencies

The Company entered into agreements with ICBC, ICBC Asia, ICBC Macau, ICBC Singapore branch, ICBC Doha branch, the Export-Import Bank of China, Crédit Agricole, DVB Bank, Deutsche Bank and Export Development Canada, Credit Suisse, Goldman Sachs Asia, Citibank and BNP Paribas to undertake a remarketing service commitment to resell assets pledged for foreign currency loans extended to its related companies by the above counterparties. As collateral market price is lower than the price commitments, the Company will reimburse the difference. According to independent third-party valuation of the assets, as at 31 December 2014 the market value of the assets is higher than the committed disposal price. In the case that the market value falls by 10% from this level, it could result in economic loss to the Company of USD 13.49 million.

As at 31 December 2014, the Company provided joint guarantees totalling RMB 10.405 billion to thirteen of its domestic subsidiaries and one overseas related company for their borrowings.

36 Comparative figures

Certain data of the comparative period was reclassified to conform to this period's presentation in respect of these financial statements. The said reclassification had no significant effect on the operating results and financial condition of the Group in the comparative period.

VI Approval of the financial statements

These financial statements were approved by the Company on 18 September 2015.

Review report to the board of directors of ICBCIL Finance Co. Limited

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 4 to 17 which comprises the statement of financial position of ICBCIL Finance Co. Limited (the "Company") as of 30 June 2015, statement of profit or loss and other comprehensive income and statement of changes in equity and cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2015 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, Interim financial reporting.



Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
15 September 2015

Statement of profit or loss and other comprehensive income for the six months ended 30 June 2015

(Expressed in US Dollars)

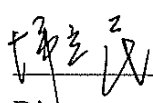
		Six months ended 30 June	
	Note	2015	2014
		US\$	US\$
Interest income	3	103,107,868	21,090,457
Interest expense	4	(58,835,260)	(9,243,292)
Net interest income		44,272,608	11,847,165
Exchange gain/(loss)		(83,335)	-
Net loss from swaps	5	(1,070,977)	-
Operating expenses	6	(397,622)	(7,812)
PROFIT BEFORE TAXATION		42,720,674	11,839,353
Income tax	7	(5,962,889)	(246,627)
PROFIT FOR THE PERIOD		36,757,785	11,592,726
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		36,757,785	11,592,726


The notes on pages 9 to 17 form part of these financial statements.

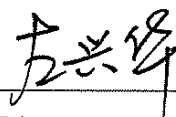
Statement of financial position at 30 June 2015

(Expressed in US Dollars)

	Note	30 June 2015 US\$	31 December 2014 US\$
ASSETS			
Cash and cash equivalents	8	2,433,910,770	294,376,811
Amounts due from holding company	9	453,376,750	100,076,750
Amounts due from fellow subsidiaries	10	132,652,625	258,118,342
Amounts due from other related companies	11	4,834,884,432	2,572,647,199
Interest receivable		153,539,056	73,261,628
Financial derivative asset	12	3,792,032	-
Total assets		8,012,155,665	3,298,480,730
LIABILITIES			
Bank loans	13	5,914,221,638	2,640,425,349
Amounts due to holding company	14	2,000,795	2,000,795
Amounts due to fellow subsidiaries	15	27,802,000	1,080,000
Amounts due to other related companies	16	691,941,996	577,720,268
Interest payable		34,766,590	15,569,592
Financial derivative liability	17	11,357,677	6,494,668
Tax payable		9,439,949	3,477,060
Other payable		217,767	249,674
Bond payable	18	1,232,186,144	-
Total liabilities		7,923,934,556	3,247,017,406
Net assets		88,221,109	51,463,324
CAPITAL AND RESERVES			
Share capital	19	50,000	50,000
Reserves		88,171,109	51,413,324
Total equity		88,221,109	51,463,324


Director


Director


Director

The notes on pages 9 to 17 form part of these financial statements.

Statement of changes in equity
for the six months ended 30 June 2015
(Expressed in US Dollars)

	<i>Share capital US\$</i>	<i>(Accumulated loss)/ Retained profit US\$</i>	<i>Total equity US\$</i>
Balance at 1 January 2014	50,000	(27,420)	22,580
Changes in equity during the year:			
Total comprehensive income for the year	-	51,440,744	51,440,744
Balance at 31 December 2014 and 1 January 2015	50,000	51,413,324	51,463,324
Changes in equity during the period:			
Total comprehensive income for the period	-	36,757,785	36,757,785
Balance at 30 June 2015	50,000	88,171,109	88,201,109

The notes on pages 9 to 17 form part of these financial statements.

Statement of cash flows for the six months ended 30 June 2015 (Expressed in US Dollars)

	Note	Six months ended 30 June 2015 US\$	2014 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		42,720,674	11,839,353
Fair value changes		1,070,977	-
Increase in amount due from holding company		(353,300,000)	(223,312,018)
Decrease in amount due from fellow subsidiaries		125,465,717	-
Increase in amounts due from other related companies		(2,262,237,234)	(993,223,048)
Increase in interest receivable		(80,277,428)	(15,942,452)
Increase/ (decrease) in other payables and accruals		(31,907)	795
Decrease in other receivables		-	50,000
Increase in interest payable		54,112,760	9,243,293
Increase in amount due to the holding company		-	2,000,000
Increase in amount due to other related companies		10,884,800	-
Net cash flows used in operating activities		<u>(2,461,591,641)</u>	<u>(1,209,344,077)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(34,915,762)	(4,731,598)
Repayment of bank loans		(1,496,000,000)	(95,000,000)
Proceeds from bank loans		4,769,796,290	1,344,577,146
Proceeds from related party loans		130,058,928	82,300,000
Proceeds from bond		1,232,186,144	-
Net cash flows generated from financing activities		<u>4,601,125,600</u>	<u>1,327,145,548</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>2,139,533,959</u>	<u>117,801,471</u>
Cash and cash equivalents at beginning of the period		<u>294,376,811</u>	<u>68,134,976</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	8	<u><u>2,433,910,770</u></u>	<u><u>185,936,447</u></u>

The notes on pages 9 to 17 form part of these financial statements.

Notes to the unaudited interim financial report

(Expressed in US Dollars unless otherwise indicated)

1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) , Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 15 September 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

1 Basis of preparation (continued)

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance (or under their equivalent requirements found in section 141 of the predecessor Companies Ordinance (Cap. 32)).

2 Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Company.

- Annual Improvements to HKFRSs 2010-2012 Cycle
- Annual Improvements to HKFRSs 2011-2013 Cycle

None of these 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.

3 Interest income

	<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
Bank interest income	1,163,919	4,475
Related party interest income	98,159,786	21,085,982
Swap interest income	3,784,163	-
	<u>103,107,868</u>	<u>21,090,457</u>

4 Interest expense

	<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
Bank loan interest expense	33,058,022	9,086,932
Related party interest expense	11,302,261	156,360
Bonds interest expense	9,752,477	-
Swap interest expense	4,722,500	-
	<u>58,835,260</u>	<u>9,243,292</u>

5 Net loss from swaps

		<i>Six months ended 30 June</i>	
		<i>2015</i>	<i>2014</i>
Net loss from interest rate swap	(i)	3,571,675	-
Net income from currency swaps	(ii)	(2,500,698)	-
		<u>1,070,977</u>	<u>-</u>

(i) On 5 December 2014, the Company entered into an interest rate swap of notional amount of USD 300,000,000 with Standard Chartered Bank (Hong Kong) Limited, which expires on 5 December 2024. The fair value of the interest rate swap as at 30 June 2015 was -USD 10,066,343 (31 December 2014: -USD 6,494,668).

(ii) On 12 June 2015, the Company entered into a cross currency swap with ICBC Asia. The fair value of the swap as at 30 June 2015 was -USD1,138,234 (31 December 2014: Nil).

In May 2015 and June 2015, the Company entered into six cross currency swaps with ICBC Standard Bank Plc. The fair value of the swaps as at 30 June 2015 were USD 3,792,032 (31 December 2014: Nil).

On 2 June 2015, the Company entered into a currency swap with China Merchants Bank. The fair value of the swap as at 30 June 2015 was -USD 153,100 (31 December 2014: Nil).

6 Operating expenses

	<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
Legal fee	373,495	-
Auditors' remuneration	13,080	-
Bank charge	9,020	3,531
Consulting fees	2,027	4,281
Total	<u>397,622</u>	<u>7,812</u>

7 Income tax

	<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
Current tax - Hong Kong Profits Tax	5,962,889	246,627
Current tax - Overseas	-	-
Deferred taxation	-	-
Total	<u>5,962,889</u>	<u>246,627</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2014: 16.5%) to the six months ended 30 June 2015. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

8 Cash and cash equivalents

	<i>30 June</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
Cash at bank	<u>2,433,910,770</u>	<u>294,376,811</u>

Deposits with banks earn interest at floating rates based on daily bank deposit rates. The carrying amounts of the cash and cash equivalents approximate to their fair values.

9 Amounts due from holding company

	<i>30 June 2015</i>	<i>31 December 2014</i>
Related party loans	<u>453,376,750</u>	<u>100,076,750</u>

The loans to ICBC International Leasing Company Limited are unsecured with interest rate of 6% per annum and are repayable on demand.

10 Amounts due from fellow subsidiaries

		<i>30 June 2015</i>	<i>31 December 2014</i>
Related party loans	(i)	131,732,450	258,118,342
Other receivables	(ii)	<u>920,175</u>	<u>-</u>
		<u>132,652,625</u>	<u>258,118,342</u>

- (i) The balance due from other related companies is unsecured, at fixed interest rates of 6% or 3.36% per annum and has no fixed terms of repayment.
- (ii) The balance of other receivables is unsecured, interest-free and has no fixed terms of repayment.

11 Amounts due from other related companies

		<i>30 June</i> <i>2015</i>	<i>31 December</i> <i>2014</i>
<i>Less than one year</i>			
Related party loans	(i)	4,459,815,401	2,165,607,162
Other receivables	(ii)	51,000	51,000
		<u>4,459,866,401</u>	<u>2,165,658,162</u>
<i>More than one year</i>			
Related company loans	(i)	375,018,031	406,989,037
		<u>4,834,884,432</u>	<u>2,572,647,199</u>

- (i) The balance due from other related companies is unsecured, at fixed interest rates of 6% or 3.36% per annum and has no fixed terms of repayment.
- (ii) The balance of other receivables is unsecured, interest-free and has no fixed terms of repayment.

12 Financial derivative asset

	<i>30 June</i> <i>2015</i>	<i>31 December</i> <i>2014</i>
Currency swap	3,792,032	-
	<u>3,792,032</u>	<u>-</u>

The financial derivative asset represented the fair value of the cross currency swaps entered with ICBC Standard Bank Plc as at 30 June 2015. Please refer to note 5 for further details.

13 Bank loans

At 30 June 2015, the bank loans were as follows:

	<i>30 June 2015</i>	<i>31 December 2014</i>
<i>Less than one year</i>		
- secured	-	-
- unsecured	4,776,780,000	1,746,000,000
Less: financing fee	(6,321,554)	(5,930,242)
Total bank loans repayable within 1 year	<u>4,770,458,446</u>	<u>1,740,069,758</u>
<i>More than one year</i>		
- secured	-	-
- unsecured	1,150,000,000	909,280,000
Less: financing fee	(6,236,808)	(8,924,409)
Total bank loans repayable more than 1 year	<u>1,143,763,192</u>	<u>900,355,591</u>
	<u>5,914,221,638</u>	<u>2,640,425,349</u>

14 Amounts due to holding company

	<i>30 June 2015</i>	<i>31 December 2014</i>
ICBC International Leasing Company Limited	<u>2,000,795</u>	<u>2,000,795</u>

The balance is interest-free and has no fixed terms of repayment.

15 Amounts due to fellow subsidiaries

	<i>30 June 2015</i>	<i>31 December 2014</i>
Related party loans	<u>27,802,000</u>	<u>1,080,000</u>

The loans from fellow subsidiaries are unsecured with interest rate of 3.5% per annum and are repayable on demand.

16 Amounts due to other related companies

		<i>30 June 2015</i>	<i>31 December 2014</i>
<i>Less than one year</i>			
Related party loans	(i)	677,557,196	563,335,468
Other payables	(ii)	10,884,800	10,884,800
		<u>688,441,996</u>	<u>574,220,268</u>
<i>More than one year</i>			
Related party loans	(iii)	3,500,000	3,500,000
		<u>691,941,996</u>	<u>577,720,268</u>

- (i) The loans from related parties are unsecured with interest rate of 3.5% per annum and are repayable on demand.
- (ii) The balance of other payables is unsecured, interest-free and has no fixed terms of repayment.
- (iii) The loans from related parties are unsecured with interest rate of 6% per annum and will be due in 2022 and 2023 respectively.

17 Financial derivative liability

	<i>30 June 2015</i>	<i>31 December 2014</i>
Interest rate swap (i)	10,066,343	6,494,668
Currency swaps (ii)	1,291,334	-
	<u>11,357,677</u>	<u>6,494,668</u>

- (i) Please refer to note 5 (i).
- (ii) Represented the fair values of the swaps entered with ICBC Asia and China Merchants Bank. Please refer to note 5 (ii).

18 Bond payable

	<i>30 June 2015</i>	<i>31 December 2014</i>
Bond payables	<u>1,232,186,144</u>	<u>-</u>

On 12 March 2015, the Company issued two tranches of USD notes with a combined total principal amount of US\$1,000,000,000. On 11 June 2015, the Company issued notes CNY 1,500,000,000 in aggregate principal amount.

19 Share capital

	<i>30 June 2015</i>	<i>31 December 2014</i>
Authorised:		
50,000 ordinary shares of US\$ 1 each	<u>-</u>	<u>-</u>
Issued		
50,000 ordinary shares of US\$ 1 each	<u>50,000</u>	<u>50,000</u>

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 08 January 2014.

20 Commitments and contingencies

There are no other material commitments or contingencies at the reporting date.

21 Material related party transactions

Transactions with other related parties

During the period, the Company entered into the following material related party transactions:

	<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
Interest income from holding company	2,753,246	3,707,375
Interest income from fellow subsidiaries	6,253,629	-
Interest income from other related companies	89,152,911	17,378,607
Swap interest income from ICBC Asia	3,784,163	-
Interest expense to fellow subsidiaries	615,898	3,283
Interest expense to other related companies	10,686,363	153,077

The outstanding balances arising from related party transactions at the end of the reporting period are as follows:

	<i>30 June</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
Amounts due from holding company	453,376,750	100,076,751
Amounts due from fellow subsidiaries	132,652,625	258,118,342
Amounts due from other related companies	4,834,884,432	2,572,647,199
Interest receivable from holding company	7,038,338	4,285,093
Interest receivable from fellow subsidiaries	1,945,162	3,634,866
Interest receivable from other related companies	144,555,556	65,341,669
Amounts due to holding company	2,000,795	2,000,795
Amounts due to fellow subsidiaries	27,802,000	1,080,000
Amounts due to other related companies	691,941,996	577,720,268
Interest payable to other related companies	18,237,261	3,402,595
Interest payable to fellow subsidiaries	35,733	19,145

Independent auditor's report to the shareholders of ICBCIL Finance Co. Limited

(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of ICBCIL Finance Co. Limited ("the Company") set out on pages 5 to 26, which comprise the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended 31 December 2014, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 80 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

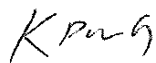
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's report to the shareholders of
ICBCIL Finance Co. Limited (continued)
(Incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit and cash flows for the year ended 31 December 2014 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

15 June 2015

Statement of profit or loss and other comprehensive income for the year ended 31 December 2014

(Expressed in US Dollars)

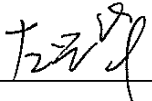
		For the period from 2 December 2013 (date of incorporation) to 31 December	
	Note	2014 US\$	2013 US\$
Interest income	2	104,339,137	8,955
Interest expense	3	(42,674,100)	(25,484)
Net interest income		61,665,037	(16,529)
Fair value loss on interest rate swap	4	(6,494,668)	-
Operating expenses	5	(252,565)	(10,891)
PROFIT/ (LOSS) BEFORE TAXATION		54,917,804	(27,420)
Income tax	7	(3,477,060)	-
PROFIT/ (LOSS) FOR THE YEAR/ PERIOD		<u>51,440,744</u>	<u>(27,420)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR/ PERIOD		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/ PERIOD		<u>51,440,744</u>	<u>(27,420)</u>

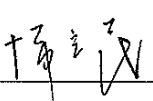
The notes on pages 9 to 26 form part of these financial statements.

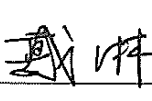
Statement of financial position at 31 December 2014

(Expressed in US Dollars)

	Note	2014 US\$	2013 US\$
ASSETS			
Cash and cash equivalents	8	294,376,811	68,134,976
Amounts due from holding company	9	100,076,750	-
Amounts due from a fellow subsidiary	10	258,118,342	-
Amounts due from other related companies	11	2,572,647,199	26,865,000
Interest receivable	12	73,261,628	8,955
Other receivable		-	50,000
Total assets		3,298,480,730	95,058,931
LIABILITIES			
Bank loans	13	2,640,425,349	95,000,000
Amounts due to holding company	14	2,000,795	-
Amounts due to fellow subsidiaries	15	1,080,000	-
Amounts due to other related companies	16	577,720,268	-
Interest payable	17	15,569,592	25,484
Financial derivative liability	18	6,494,668	-
Tax payable	19	3,477,060	-
Other payable	20	249,674	10,867
Total liabilities		3,247,017,406	95,036,351
Net assets		51,463,324	22,580
CAPITAL AND RESERVES			
Share capital	21	50,000	50,000
Reserves		51,413,324	(27,420)
Total equity		51,463,324	22,580


Director


Director


Director

The notes on pages 9 to 26 form part of these financial statements.

**Statement of changes in equity
for the year ended 31 December 2014**
(Expressed in US Dollars)

	<i>Share capital US\$</i>	<i>(Accumulated loss)/ Retained profit US\$</i>	<i>Total equity US\$</i>
Balance at 2 December 2013	50,000	-	50,000
Changes in equity during the period:			
Total comprehensive income for the period	<u>-</u>	<u>(27,420)</u>	<u>(27,420)</u>
Balance at 31 December 2013 and 1 January 2014	50,000	(27,420)	22,580
Changes in equity during the year:			
Total comprehensive income for the year	<u>-</u>	<u>51,440,744</u>	<u>51,440,744</u>
Balance at 31 December 2014	<u><u>50,000</u></u>	<u><u>51,413,324</u></u>	<u><u>51,463,324</u></u>

The notes on pages 9 to 26 form part of these financial statements.

Statement of cash flows for the year ended 31 December 2014

(Expressed in US Dollars)

		For the period from 2 December 2013 (date of incorporation) to 31 December	
	Note	2014 US\$	2013 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		54,917,804	(27,420)
Fair value changes		6,494,668	-
Increase in amount due from holding company		(100,076,750)	-
Increase in amount due from fellow subsidiaries		(258,118,342)	-
Increase in amounts due from other related companies		(2,545,782,199)	(26,865,000)
Increase in interest receivable		(73,252,673)	(8,955)
Increase in other payables and accruals		238,808	36,351
Decrease in other receivables		50,000	-
Increase in interest payable		42,674,099	-
Increase in amount due to the holding company		2,000,795	-
Increase in amount due to other related companies		10,884,800	-
Net cash flows used in operating activities		(2,859,968,990)	(26,865,024)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(27,129,991)	-
Repayment of bank loans		(2,492,600,000)	-
Proceeds from bank loans		5,038,025,348	95,000,000
Proceeds from related party loans		567,915,468	-
Net cash flows generated from financing activities		3,086,210,825	95,000,000
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the year/ period		226,241,835	68,134,976
		68,134,976	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/ PERIOD			
	8	294,376,811	68,134,976

The notes on pages 9 to 26 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) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. A summary of the significant accounting policies adopted by the company is set out 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(e))

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.

1 Significant accounting policies (continued)

(c) *Changes in accounting policies*

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Company:

- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
- HK(IFRIC) 21, *Levies*

The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended HKFRSs are discussed below:

Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Company.

Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. These amendments do not have material impact on the Company's financial statements.

HK(IFRIC) 21, *Levies*

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. These amendments do not have material impact on the Company's financial statements.

1 Significant accounting policies (continued)

(d) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Impairment losses for bad and doubtful debts are recognised when there is objective evidence of impairment and are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the asset's original effective interest rate where the effect of discounting is material. Objective evidence of impairment includes observable data that comes to the attention of the Company about events that have an impact on the asset's estimated future cash flows such as significant financial difficulty of the debtor.

Impairment losses for trade debtors and bills receivable included within trade and other receivables whose recovery is considered doubtful but not remote are recorded using an allowance account. When the Company is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(e) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(f) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

1 Significant accounting policies (continued)

(g) 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.

(h) 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.

(i) 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.

(j) 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.

1 Significant accounting policies (continued)

(k) 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:

- (i) Interest income

Interest income is recognised as it accrues using the effective interest method.

(l) 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.

(m) 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.

1 Significant accounting policies (continued)

- (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).
 - (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).

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 Interest income

	<i>2014</i>	<i>2013</i>
Bank interest income	11,988,071	-
Related party interest income	92,351,066	8,955
	<u>104,339,137</u>	<u>8,955</u>

3 Interest expense

	<i>2014</i>	<i>2013</i>
Bank loan interest expense	32,898,276	25,484
Related party interest expense	9,775,824	-
	<u>42,674,100</u>	<u>25,484</u>

4 Fair value loss on interest rate swap

	<i>2014</i>	<i>2013</i>
Fair value loss on interest rate swap	<u>6,494,668</u>	<u>-</u>

On 5 December 2014, the Company entered into an interest rate swap of notional amount of USD300,000,000 with Standard Chartered Bank (Hong Kong) Limited, which expires on 5 December 2024. The fair value of the interest rate swap as at 31 December 2014 is USD 6,494,668.

5 Operating expenses

	<i>2014</i>	<i>2013</i>
Legal fee	230,000	-
Auditors' remuneration	13,097	6,561
Bank charge	9,468	24
Company registration fee	-	3,512
Company secretary fee	-	794
Total	<u>252,565</u>	<u>10,891</u>

6 Directors' remuneration

Directors' remuneration disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	2014	2013
Directors' fees	-	-
Salaries, allowances and benefits in kind	-	-
Discretionary bonuses	-	-
Pension scheme contributions	-	-
Total	<u>-</u>	<u>-</u>

7 Income tax

(a) Taxation charged/(credited) to profit or loss:

	2014	2013
Current tax - Hong Kong Profits Tax		
Provision for the year	3,477,060	-
Under/(over)-provision in respect of prior years	<u>-</u>	<u>-</u>
	<u>3,477,060</u>	<u>-</u>
Deferred tax		
Origination and reversal of temporary differences	<u>-</u>	<u>-</u>
	<u>3,477,060</u>	<u>-</u>

The provision for Hong Kong Profits Tax for 2014 is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the year, taking into account a one-off reduction of 75% of the tax payable for the year of assessment 2014-15 subject to a ceiling of \$20,000 allowed by the Hong Kong SAR Government.

7 Income tax (continued)

(b) Reconciliation between tax expense charged to profit or loss and accounting profit at applicable tax rates:

	2014	2013
Profit/(loss) before taxation	<u>54,917,804</u>	<u>(27,420)</u>
Notional tax on profit before taxation	9,061,438	(4,524)
Tax effect of non-deductible expenses	6,011,588	4,784
Tax effect of non-taxable income	(11,592,168)	(1,478)
Effect of tax losses not recognised	(1,218)	-
One-off tax reduction	(2,580)	-
Under provision	<u>-</u>	<u>1,218</u>
Actual tax expense charged to profit or loss	<u>3,477,060</u>	<u>-</u>

8 Cash and cash equivalents

	2014	2013
Cash at bank	<u>294,376,811</u>	<u>68,134,976</u>

Deposits with banks earn interest at floating rates based on daily bank deposit rates. The carrying amounts of the cash and cash equivalents approximate to their fair values.

9 Amounts due from holding company

	2014	2013
Related party loans	<u>100,076,750</u>	<u>-</u>

The loans to ICBC International Leasing Company Limited are unsecured with interest rate of 6% per annum and are repayable on demand.

10 Amounts due from a fellow subsidiary

	2014	2013
Related party loans	<u>258,118,342</u>	<u>-</u>

The Company entered into two loan agreements with ICBCIL Aviation Company Limited in August and October 2015, respectively. The loans are unsecured with interest rate of 6% per annum, and are repayable on demand.

11 Amounts due from other related companies

		2014	2013
<i>Less than one year</i>			
Related party loans	(i)	2,165,607,162	26,865,000
Other receivables	(ii)	<u>51,000</u>	<u>-</u>
		2,165,658,162	26,865,000
<i>More than one year</i>			
Related company loans	(i)	<u>406,989,037</u>	<u>-</u>
		<u>2,572,647,199</u>	<u>26,865,000</u>

(i) The balance due from other related companies is unsecured, at fixed interest rates of 6% or 3.5% per annum and has no fixed terms of repayment.

(ii) The balance of other receivables is unsecured, interest-free and has no fixed terms of repayment.

12 Interest receivable

	2014	2013
Related party loans interest receivable	<u>73,261,628</u>	<u>8,995</u>

13 Bank loans

At 31 December 2014, the bank loans were as follows:

	2014	2013
<i>Less than one year</i>		
– secured	-	-
– unsecured	1,746,000,000	95,000,000
Less: financing fee	<u>(5,930,242)</u>	<u>-</u>
Total bank loans repayable within 1 year	<u>1,740,069,758</u>	<u>95,000,000</u>
<i>More than one year</i>		
– secured	-	-
– unsecured	909,280,000	-
Less: financing fee	<u>(8,924,409)</u>	<u>-</u>
Total bank loans repayable more than 1 year	<u>900,355,591</u>	<u>-</u>
	<u>2,640,425,349</u>	<u>95,000,000</u>

14 Amounts due to holding company

	2014	2013
ICBC International Leasing Company Limited	<u>2,000,795</u>	<u>-</u>

The balance is interest-free and has no fixed terms of repayment.

15 Amounts due to fellow subsidiaries

	2014	2013
Related party loans	<u>1,080,000</u>	<u>-</u>

The loans from fellow subsidiaries are unsecured with interest rate of 3.16% per annum and are repayable on demand.

16 Amounts due to other related companies

		2014	2013
<i>Less than one year</i>			
Related party loans	(i)	563,335,468	-
Other payables	(ii)	10,884,800	-
		<u>574,220,268</u>	<u>-</u>
<i>More than one year</i>			
Related party loans	(iii)	3,500,000	-
		<u>577,720,268</u>	<u>-</u>

(i) The loans from related parties are unsecured with interest rate of 3.16% per annum and are repayable on demand.

(ii) The balance of other payables is unsecured, interest-free and has no fixed terms of repayment.

(iii) The loans from related parties are unsecured with interest rate of 6% per annum and will be due in 2022 and 2023 respectively.

17 Interest payable

	2014	2013
Interest payable	<u>15,569,592</u>	<u>25,484</u>

18 Financial derivative liability

	2014	2013
Interest rate swap	<u>6,494,668</u>	<u>-</u>

Please refer to note 4.

19 Income tax in the statement of financial position

Current taxation in the statement of financial position represents:

	2014	2013
Provision for Hong Kong Profits Tax for the year	3,477,060	-
Provisional Profits Tax paid	-	-
Balance of Profits Tax provision relating to prior years	-	-
	<u>3,477,060</u>	<u>-</u>

20 Other payables

	2014	2013
Other payables	<u>249,674</u>	<u>10,867</u>

21 Share capital

	2014	2013
Authorised: (note1)		
50,000 ordinary shares of US\$ 1 each (note2)	<u>-</u>	<u>50,000</u>
Issued		
50,000 ordinary shares of US\$ 1 each	<u>50,000</u>	<u>50,000</u>

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 08 January 2014.

Note 1: Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

Note 2: In accordance with section 135 of the new Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

22 Financial risk management objectives and policies

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 2014, the carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to the credit risk at the reporting date was:

	<i>31 Dec 2014</i> <i>US\$</i>
Interest receivable	73,261,628
Amounts due from holding company	100,076,750
Amounts due from other related companies	2,572,647,199
Amounts due from a fellow subsidiary	258,118,342

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:

	<i>Interest Bearing</i> <i>At Fixed Rate</i> <i>US\$</i>	<i>Interest Bearing</i> <i>At Variable Rate</i> <i>US\$</i>	<i>Total</i> <i>US\$</i>
Assets			
Cash and cash equivalents	-	294,376,811	294,376,811
Amounts due from a fellow subsidiary	258,118,342	-	258,118,342
Amounts due from holding company	100,076,750	-	100,076,750
Amounts due from other related companies	2,572,596,199	-	2,572,596,199
Total assets	2,930,791,291	294,376,811	3,225,168,102
Liabilities			
Bank loans	(1,189,309,119)	(1,451,116,230)	(2,640,425,349)
Amounts due to fellow subsidiaries	(1,080,000)	-	(1,080,000)
Amounts due to other related company	(566,835,468)	-	(566,835,468)
Financial derivative liability	-	(6,494,668)	(6,494,668)
Total liabilities	(1,757,224,587)	(1,457,610,898)	(3,214,835,485)
Net exposure	1,173,566,704	(1,163,234,087)	10,332,617

22 Financial risk management objectives and policies (continued)

Interest rate risk (continued)

At 31 December 2014, 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\$ 15 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

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is United States dollars. The exposure to other currencies is not significant. As a result no sensitivity analysis has been included.

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 31 December 2014:

	<i>Less than 1 Year US\$</i>	<i>1-5 Years US\$</i>	<i>Greater than 5 years US\$</i>	<i>Contractual Cashflow US\$</i>	<i>Carrying Amount US\$</i>
Bank loans	(1,781,759,623)	(709,824,503)	(343,383,333)	(2,834,967,459)	(2,655,280,000)
Amounts due to fellow subsidiaries	(1,080,000)	-	-	(1,080,000)	(1,080,000)
Amounts due to other related companies	(563,335,468)	-	(3,500,000)	(566,835,468)	(566,835,468)
Interest payable	(15,569,592)	-	-	(15,569,592)	(15,569,592)
Financial derivative liability	-	-	(6,494,668)	(6,494,668)	(6,494,668)
	<u>(2,361,744,683)</u>	<u>(709,824,503)</u>	<u>(353,378,001)</u>	<u>(3,424,947,187)</u>	<u>(3,245,259,728)</u>

22 Financial risk management objectives and policies (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

At 31 December 2014, the only financial instrument of the Company carried at fair value was interest rate swap. These instruments are measured at fair value on a recurring basis and their fair value measurements fall into Level 2 of the fair value hierarchy described above.

(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 are not materially different from their fair values as at 31 December 2014 (2013: nil) except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

	<i>Carrying amount at 31 December 2014 US\$</i>	<i>Fair value at 31 December 2014 US\$</i>	<i>Fair value measurements as at 31 December 2014 categorised into</i>		
			<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
			<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Bank loans	2,655,280,000	2,701,803,408	-	2,701,803,408	-

23 Commitments and contingencies

There are no other material commitments or contingencies at the reporting date.

23 Commitments and contingencies

There are no other material commitments or contingencies at the reporting date.

24 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 6.

(b) Transactions with other related parties

During the year, the Company entered into the following material related party transactions:

	2014	2013
Interest income from holding company	7,998,760	-
Interest income from a fellow subsidiary	3,634,866	-
Interest income from other related companies	80,717,440	8,955
Interest expense to holding company	6,354,084	-
Interest expense to fellow subsidiaries	19,145	-
Interest expense to other related companies	<u>3,402,595</u>	<u>-</u>

The outstanding balances arising from related party transactions at the end of the reporting period are as follows:

	2014	2013
Amounts due from holding company	100,076,751	50,000
Amounts due from a fellow subsidiary	258,118,342	-
Amounts due from other related companies	2,572,647,199	26,865,000
Interest receivable from holding company	4,285,093	-
Interest receivable from a fellow subsidiary	3,634,866	-
Interest receivable from other related companies	65,341,669	8,955
Amounts due to the holding company	2,000,795	-
Amounts due to fellow subsidiaries	1,080,000	-
Amounts due to other related companies	577,720,268	-
Interest payable to other related companies	3,402,595	-
Interest payable to a fellow subsidiary	<u>19,145</u>	<u>-</u>

25 Events after the reporting period

In March 2015, the Company issued two tranches of USD notes with a combined total principal amount of US\$1,000,000,000. On 11 June 2015, the Company issued notes of CNY 1,500,000,000 in aggregate principal amount.

26 Immediate and ultimate controlling party

At 31 December 2014, 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 China.

27 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2014

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Company.

	Effective for accounting periods beginning on or after
Annual improvements to HKFRSs 2010-2012 cycle	1 July 2014
Annual improvements to HKFRSs 2011-2013 cycle	1 July 2014
Annual improvements to HKFRSs 2012-2014 cycle	1 January 2016
HKFRS 9, Financial instruments	1 January 2018

The Company is in the process of making an assessment of what the impact of these amendments 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 Company's results of operations and financial position.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The Company is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the financial statements.

28 Approval of the financial statements

The financial statements were approved and authorized for issue by the board of directors on 15 June 2015.

Independent auditor's report to the shareholders of ICBCIL Finance Co. Limited *(Incorporated in Hong Kong with limited liability)*

We have audited the financial statements of ICBCIL Finance Co. Limited ("the Company") set out on pages 5 to 17, which comprise the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 2 December 2013 (date of incorporation) to 31 December 2013, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 141 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

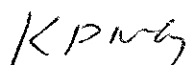
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's report to the shareholders of
ICBCIL Finance Co. Limited (continued)
(Incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its loss and cash flows for the period from 2 December 2013 (date of incorporation) to 31 December 2013 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

31 July 2014

Statement of profit or loss and other comprehensive income
for the period from 2 December 2013 (date of
incorporation) to 31 December 2013
(Expressed in US Dollars)

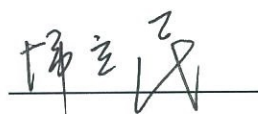
	<i>Notes</i>	2013 US\$
Bank interest income	2	8,955
Bank interest expense	3	(25,484)
Operating expenses	4	<u>(10,891)</u>
LOSS BEFORE TAXATION		(27,420)
Income tax	6	<u>-</u>
LOSS FOR THE PERIOD		<u>(27,420)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(27,420)</u>

The notes on pages 9 to 17 form part of these financial statements.

Statement of financial position at 31 December 2013 (Expressed in US Dollars)

	Notes	2013 US\$
CURRENT ASSETS		
Cash and cash equivalents	7	68,134,976
Amounts due from a related party	8	26,865,000
Interest receivable		8,955
Other receivable		50,000
Total current assets		<u>95,058,931</u>
CURRENT LIABILITIES		
Bank loans	9	95,000,000
Interest payable		25,484
Other payable		10,867
Total current liabilities		<u>95,036,351</u>
NET CURRENT ASSETS		<u>22,580</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>22,580</u>
Net assets		<u>22,580</u>
CAPITAL AND RESERVES		
Share capital	10	50,000
Reserves		(27,420)
Total equity		<u>22,580</u>


Director


Director


Director

The notes on pages 9 to 17 form part of these financial statements.

Statement of changes in equity
for the period from 2 December 2013 (date of
incorporation) to 31 December 2013
(Expressed in US Dollars)

	<i>Notes</i>	<i>Issued capital US\$</i>	<i>Accumulated loss US\$</i>	<i>Total equity US\$</i>
Balance at 2 December 2013		50,000	-	50,000
Changes in equity during the period:				
Total comprehensive income for the period		<u>-</u>	<u>(27,420)</u>	<u>(27,420)</u>
Balance at 31 December 2013		<u>50,000</u>	<u>(27,420)</u>	<u>22,580</u>

The notes on pages 9 to 17 form part of these financial statements.

Statement of cash flows
for the period from 2 December 2013 (date of
incorporation) to 31 December 2013
(Expressed in US Dollars)

<i>Notes</i>	<i>2013</i> US\$
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before tax	(27,420)
Increase in amounts due from a related party	(26,865,000)
Increase in interest receivable	(8,955)
Increase in other payables and accruals	36,351
Net cash flows used in operating activities	<u>(26,865,024)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from new bank loans	<u>95,000,000</u>
Net cash flows from financing activities	<u>95,000,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	68,134,976
Cash and cash equivalents at beginning of the period	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>68,134,976</u></u>

7

The notes on pages 9 to 17 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. A summary of the significant accounting policies adopted by the Company is set out 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

(i) Going concern

Notwithstanding the deficiency in shareholders' funds at the end of the reporting period, the financial statements have been prepared on a going concern basis on the strength of an undertaking given by the parent company, ICBC International Leasing Company Limited, to provide such financial assistance as is necessary to maintain the Company as a going concern and to meet its liabilities as and when they fall due for the foreseeable future. The measurement basis used in the preparation of the financial statements is the historical cost.

(ii) Measurement basis

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.

1 Significant accounting policies (continued)

(c) *Recent developments in accounting standards*

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Company. Of these, the following developments are relevant to the Company's financial statements:

- Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- HKFRS 13, *Fair value measurement*
- Revised HKAS 19, *Employee benefits*

The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Company has chosen to use the new title “statement of profit or loss and other comprehensive income” as introduced by the amendments in these financial statements.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Company's assets and liabilities.

Revised HKAS 19, Employee benefits

Revised HKAS 19 introduces a number of amendments to the recognition, measurement and disclosures of employee benefits. Among them, revised HKAS 19 revises the definitions of short-term and other long-term employee benefits and timing of recognition of termination benefits. These amendments do not have material impact on the Company's financial statements.

1 Significant accounting policies (continued)

(d) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Impairment losses for bad and doubtful debts are recognised when there is objective evidence of impairment and are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the asset's original effective interest rate where the effect of discounting is material. Objective evidence of impairment includes observable data that comes to the attention of the Company about events that have an impact on the asset's estimated future cash flows such as significant financial difficulty of the debtor.

Impairment losses for trade debtors and bills receivable included within trade and other receivables whose recovery is considered doubtful but not remote are recorded using an allowance account. When the Company is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(e) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(f) 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.

1 Significant accounting policies (continued)

(g) 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.

(h) 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.

(i) 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.

(j) 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:

(i) Interest income

Interest income is recognised as it accrues using the effective interest method.

1 Significant accounting policies (continued)

(k) 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.

(l) 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).
- (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).

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	Bank interest income	<i>2013</i>
	Interest income from Hai Kuo Shipping 1356 Limited	<u>8,955</u>
3	Bank interest expense	<i>2013</i>
	Bank loan interest expense	<u>25,484</u>
4	Operating expenses	<i>2013</i>
	Auditors' remuneration	6,561
	Company registration fee	3,512
	Company secretary fee	794
	Bank charge	<u>24</u>
	Total	<u>10,891</u>

5 Directors' remuneration

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	<i>2013</i>
Salaries, allowances and benefits in kind	-
Pension scheme contributions	-
Total	<u>-</u>

6 Income tax

No provision for Hong Kong profits tax has been made as the Company has no assessable profits for the period from 2 December 2013 (date of incorporation) to 31 December 2013.

7 Cash and cash equivalents

	<i>2013</i>
Deposits with banks	<u>68,134,976</u>

Deposits with banks earn interest at floating rates based on daily bank deposit rates. The carrying amounts of the cash and cash equivalents approximate to their fair values.

8 Amounts due from a related party

	<i>2013</i>
Hai Kuo Shipping 1356 Limited	<u>26,865,000</u>

The balance due from a related party is unsecured, at fixed interest rate of 6% and has no fixed terms of repayment.

9 Bank loans

At 31 December 2013, the bank loans were as follows:

	<i>2013</i>
Bank loans	
– secured	-
– unsecured	<u>95,000,000</u>
Total bank loans repayable within 1 year	<u>95,000,000</u>

10 Share capital

	<i>2013</i>
Authorised:	
50,000 ordinary shares of US\$ 1 each	<u>50,000</u>
Issued	
50,000 ordinary shares of US\$ 1 each	<u>50,000</u>

One 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 08 January 2014.

11 Financial risk management objectives and policies

The Company has minimal exposure to market risk (including interest rate risk and foreign currency risk), credit risk, and liquidity risk.

12 Commitments and contingencies

There are no other material commitments or contingencies at the reporting date.

13 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 5.

(b) Transactions with other related parties

During the period, the Company entered into the following material related party transactions:

	<i>2013</i>
Interest Income from a related party	
Hai Kuo Shipping 1356 Limited	<u>8,955</u>

The outstanding balances arising from related party transactions at the end of the reporting period are as follows:

	<i>2013</i>
Amounts due from a related party	
– Hai Kuo Shipping 1356 Limited	26,865,000
Interest receivable from a related party	
– Hai Kuo Shipping 1356 Limited	8,955
Share capital receivable from the parent company	
ICBC International Leasing Company Limited	<u>50,000</u>

14 Events after the reporting period

Except for those disclosed in note 10 to the financial statements, the Company borrowed new bank loans amounting to US\$1,115,280,000 after the end of the reporting period, and the loan principals are repayable by 2017. The Company made new lending to related parties amounting to US\$1,063,109,000.

15 Immediate and ultimate controlling party

At 31 December 2013, 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 China.

16 Approval of the financial statements

The financial statements were approved and authorized for issue by the board of directors on 31 July 2014.

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