

(Continued)

Bond Name	Opening balance	Issued this period	Calculated interest at face value	Amortization of premium and discount	Repaid this period	Other Changes	Closing balance
18 Zhongzu 02	95,529,753.41	-	1,678,093.18	-	-	-	97,207,846.59
18 Zhongzu 06	20,029,150.68	-	277,698.64	-	-	-	20,306,849.32
19 Zhongzu 03	612,729,205.48	-	14,222,136.99	-	-	-	626,951,342.47
19 Hangzu 01 (Long)	1,037,887,123.29	-	2,312,876.71	-	1,040,200,000.00	-	-
19 Zhongzu 04	1,013,095,616.44	-	20,976,164.38	-	-	-	1,034,071,780.82
20 Zhongzu 01	1,560,058,356.16	-	30,454,520.55	-	62,100,000.00	-	1,528,412,876.71
20 Hangzu 01	885,941,260.27	-	16,394,136.99	-	-	-	902,335,397.26
20 Hangzu 02	1,015,732,602.74	-	19,240,547.94	-	-	-	1,034,973,150.68
20 Zhongzu 02	514,191,780.82	-	8,678,082.19	-	17,500,000.00	-	505,369,863.01
20 Zhongzu 03	613,975,890.41	-	6,215,239.73	-	534,620,000.00	-	85,571,130.14
20 Hangzu 03	608,120,547.96	-	11,306,301.36	-	-	-	619,426,849.32
21 Hangzu 01	622,068,164.38	-	11,544,328.77	-	23,280,000.00	-	610,332,493.15
21 Hangzu 03	1,546,451,506.85	-	29,604,657.53	-	59,700,000.00	-	1,516,356,164.38
GC Hangzu 01	509,343,835.62	-	9,245,479.45	-	17,950,000.00	-	500,639,315.07
21 Hangzu 04	1,018,292,328.77	-	18,496,712.33	-	-	-	1,036,789,041.10
21 Hangzu 05	1,011,126,027.40	-	15,372,602.74	-	-	-	1,026,498,630.14
SOAR WISE N2205(4536)	2,876,348,401.42	-	42,385,119.29	1,290,805.15	2,970,326,700.00	50,302,374.14	-
SOAR WISE N2403(40630)	3,188,813,698.64	-	28,146,294.17	2,919,441.43	28,381,500.00	167,993,509.85	3,359,491,444.09
SOAR WISE N2410(40874)	1,911,668,929.47	-	15,880,346.56	1,556,246.13	16,055,820.00	100,316,781.87	2,013,366,484.03

AVIC INTERNATIONAL LEASING CO.,LTD
From January to June Year 2022
Notes to the Financial Statements

Bond Name	Opening balance	Issued this period	Calculated interest at face value	Amortization of premium and discount	Repaid this period	Other Changes	Closing balance
SOAR WISE N2208(40795)	1,447,486,769.67	-	6,677,407.34	1,732,923.73	-	(26,787,133.01)	1,429,109,967.73
19 Hu AVIC Leasing ZR001 Zhongxin	500,000,000.00	-	13,072,222.22	-	-	-	513,072,222.22
19 AVIC Leasing PPN001	826,294,794.52	-	10,905,205.48	-	837,200,000.00	-	-
19 AVIC Leasing PPN002	617,013,698.63	-	9,986,301.37	-	627,000,000.00	-	-
19 AVIC Leasing PPN004	923,603,164.20	-	17,616,835.80	-	941,220,000.00	-	-
19 AVIC Leasing PPN005	507,775,342.47	-	10,661,643.83	-	-	-	518,436,986.30
21 AVIC Leasing PPN001	1,034,012,602.74	-	20,728,219.18	-	41,800,000.00	-	1,012,940,821.92
21 AVIC Leasing PPN004	1,027,070,136.99	-	19,290,136.98	-	38,900,000.00	-	1,007,460,273.97
18 AVIC Leasing MTN001BC	72,075,835.62	-	1,145,506.85	-	2,310,000.00	-	70,911,342.47
19 AVIC Leasing MTN001BC	1,755,131,232.88	-	20,518,767.12	-	1,775,650,000.00	-	-
20 AVIC Leasing MTN001	1,018,909,589.04	-	16,860,273.97	-	34,000,000.00	-	1,001,769,863.01
20 AVIC Leasing MTN002	304,843,890.41	-	5,549,013.70	-	-	-	310,392,904.11
20 AVIC Leasing MTN003	1,006,869,589.04	-	19,736,438.36	-	-	-	1,026,606,027.40
21 AVIC Leasing MTN001	1,038,800,547.95	-	20,777,908.21	-	41,900,000.00	-	1,017,678,356.16
21 AVIC Leasing MTN002	1,035,894,794.52	-	21,025,753.43	-	42,400,000.00	-	1,014,520,547.95
21 AVIC Leasing MTN004	613,561,643.84	-	11,157,534.24	-	22,500,000.00	-	602,219,178.08
21 AVIC Leasing MTN005	1,015,950,684.93	-	17,604,109.59	-	-	-	1,033,554,794.52

AVIC INTERNATIONAL LEASING CO., LTD
From January to June Year 2022
Notes to the Financial Statements

Bond Name	Opening balance	Issued this period	Calculated interest at face value	Amortization of premium and discount	Repaid this period	Other Changes	Closing balance
21 AVIC Leasing MTN006	1,013,538,630.14	-	17,256,986.30	-	-	-	1,030,795,616.44
21 AVIC Leasing MTN007	1,106,187,726.03	-	18,982,684.93	-	-	-	1,125,170,410.96
22 Hangzu 01	-	1,000,000,000.00	11,134,246.58	-	-	-	1,011,134,246.58
22 Hangzu 02	-	700,000,000.00	9,665,753.42	-	-	-	709,665,753.42
SOAR WISE N2505 (5248)	-	2,986,349,756.62	11,887,177.00	339,667.39	-	23,154,098.83	3,021,730,699.84
22 AVIC Leasing MTN003	-	500,000,000.00	3,209,589.02	-	-	-	503,209,589.02
22 AVIC Leasing MTN004	-	900,000,000.00	2,446,027.40	-	-	-	902,446,027.40
Less: Bond payable due within one year	11,493,449,674.67	-	-	-	-	-	9,139,421,816.33
Total	26,032,975,179.16	6,086,349,756.62	620,326,981.82	7,839,083.83	9,174,994,020.00	314,979,631.68	26,241,504,471.45

33. Lease liabilities

Item	Closing balance	Opening balance
Lease payments	5,052,777,809.66	4,850,620,322.73
Unrecognized financing expenses	524,817,471.43	467,513,754.93
Less: Lease Liabilities payable due within one year	1,276,494,914.71	1,283,535,880.00
Net lease liabilities	3,251,465,423.52	3,099,570,687.80

34. Long-term payables

Item	Opening balance	Increased	Decreased	Closing Balance
Long-term payables	5,573,418,077.04	566,209,202.97	642,727,658.85	5,496,899,621.16
Total	5,573,418,077.04	566,209,202.97	642,727,658.85	5,496,899,621.16

(1) The top five long-term payable balances at the end of the period.

Company Name	Closing balance	Opening balance
Customer G	195,877,395.71	175,735,402.84
Customer H	109,359,073.81	103,889,001.83
Customer I	92,000,000.00	92,000,000.00
Customer J	87,062,995.29	85,921,511.92
Customer K	80,000,000.00	50,000,000.00
Total	564,299,464.81	507,545,916.59

35. Other non-current liabilities

Item	Closing balance	Opening balance
Medium term note	--	--
Private placement note	--	--
Pending changeover output VAT	565,456,431.78	495,046,002.52
Liabilities continued to be involved	1,087,888,481.72	1,008,851,480.72
Transfer of lease income rights	878,201,743.27	909,336,693.36
Total	2,531,546,656.77	2,413,234,176.60

36. Paid in capital

Investor name	Opening Balance		Increased	Decreased	Closing Balance	
	Investment amount	Porportion (%)			Investment amount	Porportion (%)
AVIC Investment Holding	4,895,910,092.00	49.07	--	--	4,895,910,092.00	49.07
AVIC Industry-Finance Holdings Co., Ltd.	4,896,656,707.00	49.07	--	--	4,896,656,707.00	49.07
AVIC Xi'an Aircraft Industry(Group) Co., Ltd	136,626,100.00	1.37	--	--	136,626,100.00	1.37
COMAC Capital Co., Ltd.	49,275,000.00	0.49	--	--	49,275,000.00	0.49
Total	9,978,467,899.00	100	--	--	9,978,467,899.00	100

37. Other equity instruments

Item	Closing balance	Opening balance
19 Hangzu Y1	1,500,000,000.00	1,500,000,000.00
21 Hangzu Y1	1,500,000,000.00	1,500,000,000.00
21 Hangzu Y2	600,000,000.00	600,000,000.00
21 Hangzu Y3	400,000,000.00	400,000,000.00
21 AVIC Leasing MTN003	400,000,000.00	400,000,000.00
22 AVIC Leasing MTN001	1,000,000,000.00	—
22 AVIC Leasing MTN002	600,000,000.00	—
Total	6,000,000,000.00	4,400,000,000.00

Financial Instruments Issued	Issued Date	Accounting Classification	Stock Interest Rate or Interest Rate	Issued Price	Quantity	Amount	Due date or renewal	Conversion conditions	Conversion situation
19 Hangzu Y1 ^{Note 1}	2019/12/10	equity instruments	4.70%	100.00	15,000,000.00	1,500,000,000.00	3+N	—	—
21 Hangzu Y1 ^{Note 2}	2021/6/2	equity instruments	4.73%	100.00	15,000,000.00	1,500,000,000.00	2+N	—	—
21 Hangzu Y2 ^{Note 3}	2021/8/30	equity instruments	3.99%	100.00	6,000,000.00	600,000,000.00	2+N	—	—
21 Hangzu Y3 ^{Note 4}	2021/8/30	equity instruments	4.50%	100.00	4,000,000.00	400,000,000.00	3+N	—	—
21 AVIC Leasing MTN003 ^{Note 5}	2021/3/8	equity instruments	5.00%	100.00	4,000,000.00	400,000,000.00	2+N	—	—
22 AVIC Leasing MTN001 ^{Note 6}	2022/3/1	equity instruments	3.40%	100.00	10,000,000.00	1,000,000,000.00	2+N	—	—
22 AVIC Leasing MTN002 ^{Note 7}	2022/4/7	equity instruments	3.78%	100.00	6,000,000.00	600,000,000.00	2+N	—	—
Total	—	—	—	—	60,000,000.00	6,000,000,000.00	—	—	—

Basic information about other equity instruments

Note 1: AVIC International Leasing Co., Ltd. publicly issued 2019 renewable corporate bonds (phase I). The face value of the bonds is 100 yuan, which is issued at par. The current bond is a fixed interest rate bond. The simple interest is calculated on an annual basis without compound interest. If there is a deferred interest, each deferred interest will accrue interest at the current coupon rate during the deferred period. The coupon rate of the first cycle will be negotiated between the issuer and the lead underwriter within the preset range according to the results of offline bookkeeping and filing to qualified investors, and determined by the issuer. It will be fixed in the first cycle and reset once in each cycle thereafter.

The current bond is attached with the issuer's deferred interest payment right. Unless a compulsory interest payment event occurs, the issuer can choose to postpone the current interest and all interests and fruits deferred in accordance with this clause to the next interest payment date on each interest payment date of the current bond, and is not limited by any number of deferred interest payments. The aforesaid deferred

interest does not belong to the issuer's failure to pay interest in full as agreed.

Note 2: AVIC International Leasing Co., Ltd. publicly issued the third medium-term note of AVIC International Leasing Co., Ltd. in 2021. The bond is referred to as 21 AVIC leasing MTN003. The bond is an ordinary corporate bond with a face value of 100 yuan, a bond term of 2 + n years, a coupon rate of 5% and an issue interest rate of 5%, and is issued at par. The current bond is a fixed interest rate bond. The simple interest is calculated on an annual basis without compound interest. If there is a deferred interest, each deferred interest will accrue interest at the current coupon rate during the deferred period. The coupon rate of the first cycle will be negotiated between the issuer and the lead underwriter within the preset range according to the bookkeeping and filing results of offline professional investors. It will be determined by the issuer and will be fixed in the first cycle, and then reset once in each cycle.

The current bond is attached with the issuer's deferred interest payment right. Unless a compulsory interest payment event occurs, the issuer can choose to postpone the current interest and all interests and fruits deferred in accordance with this clause to the next interest payment date on each interest payment date of the current bond, and is not limited by any number of deferred interest payments. The aforesaid deferred interest does not belong to the issuer's failure to pay interest in full as agreed

Note 3: AVIC International Leasing Co., Ltd. publicly issues 2021 renewable corporate bonds (phase I). The bonds are referred to as 21 Hangzu Y1 for short. The total amount of the bonds issued is no more than 1.5 billion yuan (including 1.5 billion yuan). The face value of the bonds is 100 yuan, which is issued at par. The basic term of the bonds is 2 years, and each two interest bearing years is one cycle. At the end of each cycle, the issuer has the option to choose to extend the term of the bonds by one cycle (i.e. 2 years), or choose to pay the bond in full at the end of the period. The bond is a fixed interest rate bond, and the simple interest is calculated annually without compound interest. If there is any deferred interest, each deferred interest will accrue interest according to the coupon rate of the current period during the deferred period. The coupon rate of the first cycle will be filed by the issuer and the lead underwriter according to the offline bookkeeping result to professional investors. The coupon rate of the first cycle is the initial benchmark interest rate plus the initial interest margin, and the coupon rate of subsequent cycles is adjusted to the current benchmark interest rate plus the initial interest margin plus 300 basis points. The initial interest margin is the coupon rate of the first cycle minus the initial benchmark interest rate. If the current benchmark interest rate is unavailable on the reset date due to macroeconomic and policy changes and other factors in the future, the current benchmark interest rate shall continue to use the benchmark interest rate of the previous period before the interest rate reset date. The method to determine the benchmark interest rate: the initial benchmark interest rate is the arithmetic mean (rounded to 0.01%) of the Treasury bond yield with a repayment period of 2 years in the yield curve of China bond interbank fixed rate treasury bonds published by China bond information network (www.chinabond.com.cn) (or other websites recognized by China national debt depository and Clearing Co., Ltd.) five working days before the bookkeeping and filing date; the current benchmark interest rate in the subsequent cycle is the

arithmetic mean (rounded to 0.01%) of the Treasury bond yield with a repayment period of 2 years in the yield curve of China bond interbank fixed rate treasury bonds published by China bond information network (www.chinabond. Com. CN) (or other websites recognized by China national debt depository and Clearing Co., Ltd.) five working days before the coupon rate reset date. Negotiation within the preset interval is determined by the issuer, fixed in the first cycle, and reset once in each cycle thereafter.

On May 31, 2021, the issuer and the lead underwriter made bookkeeping and filing of the coupon rate to professional investors offline. According to the bookkeeping and filing results, after full consultation and careful judgment between the issuer and the lead underwriter, it was finally determined that the coupon rate of 21 Hangzu Y1 was 4.73%.

The current bond is attached with the issuer's deferred interest payment option. Unless a compulsory interest payment event occurs, the issuer can choose to postpone the current interest and all interests and fruits deferred in accordance with this clause to the next interest payment date on each interest payment date of the current bond, and is not limited by any number of deferred interest payments. The aforesaid deferred interest does not belong to the issuer's failure to pay interest in full as agreed. If the issuer decides to postpone the payment of interest, the issuer shall disclose the announcement of deferred payment of interest five working days before the interest payment date. The amount of deferred payment will be compounded according to the interest rate implemented in the current period. On the next interest payment date, if the issuer continues to choose to postpone the payment, the compound interest generated from the above deferred payment amount will be added to all deferred interests and fruits to calculate the interest.

The interest of the bond subjects to the corporate income tax policy for dividends and bonuses, that is, the interest income of investors investing in the bonds is subject to the corporate income tax law, and the dividends, bonuses and other equity investment income between resident enterprises are exempted from corporate income tax, and the interest expenses paid by the issuer for the bonds shall not be deducted before corporate income tax.

Note 4: AVIC International Leasing Co., Ltd. publicly issued 2021 renewable corporate bonds (phase II). The bonds are referred to as 21 Hangzu Y2 for short. The total amount of bonds issued in this phase does not exceed 600 million yuan (including 600 million yuan). The face value of the bonds is 100 yuan, which is issued at par. The basic period of the bonds is 2 years, and each two interest bearing years is one cycle. At the end of each cycle, the issuer has the option to choose to extend the term of the bonds by one cycle (i.e. 2 years), or choose to pay the bond in full at the end of the cycle. The bond is a fixed interest rate bond, and the simple interest is calculated annually without compound interest. If there is any deferred interest, each deferred interest will accrue interest according to the coupon rate of the current period during the deferred period. The coupon rate of the first cycle will be filed by the issuer and the lead underwriter according to the offline bookkeeping result to professional investors. The coupon rate of the first cycle is the initial benchmark interest rate plus the initial interest margin, and the coupon rate of subsequent cycles is adjusted to the current benchmark interest rate plus the initial interest margin plus 300 basis points. The initial interest margin is the

coupon rate of the first cycle minus the initial benchmark interest rate. If the current benchmark interest rate is unavailable on the reset date due to macroeconomic and policy changes and other factors in the future, the current benchmark interest rate shall continue to use the benchmark interest rate of the previous period before the interest rate reset date. The method to determine the benchmark interest rate: the initial benchmark interest rate is the arithmetic mean (rounded to 0.01%) of the Treasury bond yield with a repayment period of 2 years in the yield curve of China bond interbank fixed rate treasury bonds published by China bond information network (www.chinabond. Com. CN) (or other websites recognized by China national debt depository and Clearing Co., Ltd.) five working days before the bookkeeping and filing date; the current benchmark interest rate in the subsequent cycle is the arithmetic mean (rounded to 0.01%) of the Treasury bond yield with a repayment period of 2 years in the yield curve of China bond interbank fixed rate treasury bonds published by China bond information network (www.chinabond. Com. CN) (or other websites recognized by China national debt depository and Clearing Co., Ltd.) five working days before the coupon rate reset date. Negotiation within the preset interval is determined by the issuer, fixed in the first cycle, and reset once in each cycle thereafter.

On Aug 26, 2021, the issuer and the lead underwriter made bookkeeping and filing of the coupon rate to professional investors offline. According to the bookkeeping and filing results, after full consultation and careful judgment between the issuer and the lead underwriter, it was finally determined that the coupon rate of 21 Hangzu Y2 was 3.99%.

The current bond is attached with the issuer's deferred interest payment option. Unless a compulsory interest payment event occurs, the issuer can choose to postpone the current interest and all interests and fruits deferred in accordance with this clause to the next interest payment date on each interest payment date of the current bond, and is not limited by any number of deferred interest payments. The aforesaid deferred interest does not belong to the issuer's failure to pay interest in full as agreed. If the issuer decides to postpone the payment of interest, the issuer shall disclose the announcement of deferred payment of interest five working days before the interest payment date. The amount of deferred payment will be compounded according to the interest rate implemented in the current period. On the next interest payment date, if the issuer continues to choose to postpone the payment, the compound interest generated from the above deferred payment amount will be added to all deferred interests and fruits to calculate the interest.

The interest of the bond subjects to the corporate income tax policy for dividends and bonuses, that is, the interest income of investors investing in the bonds is subject to the corporate income tax law, and the dividends, bonuses and other equity investment income between resident enterprises are exempted from corporate income tax, and the interest expenses paid by the issuer for the bonds shall not be deducted before corporate income tax.

Note 5: AVIC International Leasing Co., Ltd. publicly issued 2021 renewable corporate bonds (phase II). The bonds are referred to as 21 Hangzu Y3 for short. The total amount of bonds issued in this phase does not exceed 400 million yuan (including 400 million yuan). The face value of the bonds is 100 yuan, which is issued at par. The basic period of the bonds is 3 years, and each three interest bearing years is one cycle. At the end

of each cycle, the issuer has the option to choose to extend the term of the bonds by 1 cycle (i.e. 3 years), Or choose to pay the bond in full at the end of the cycle .The bond is a fixed interest rate bond, and the simple interest is calculated annually without compound interest. If there is any deferred interest, each deferred interest will accrue interest according to the coupon rate of the current period during the deferred period. The coupon rate of the first cycle will be filed by the issuer and the lead underwriter according to the offline bookkeeping result to professional investors. The coupon rate of the first cycle is the initial benchmark interest rate plus the initial interest margin, and the coupon rate of subsequent cycles is adjusted to the current benchmark interest rate plus the initial interest margin plus 300 basis points. The initial interest margin is the coupon rate of the first cycle minus the initial benchmark interest rate. If the current benchmark interest rate is unavailable on the reset date due to macroeconomic and policy changes and other factors in the future, the current benchmark interest rate shall continue to use the benchmark interest rate of the previous period before the interest rate reset date. The method to determine the benchmark interest rate: the initial benchmark interest rate is the arithmetic mean (rounded to 0.01%) of the Treasury bond yield with a repayment period of 3 years in the yield curve of China bond interbank fixed rate treasury bonds published by China bond information network (www.chinabond. Com. CN) (or other websites recognized by China national debt depository and Clearing Co., Ltd.) five working days before the bookkeeping and filing date; the current benchmark interest rate in the subsequent cycle is the arithmetic mean (rounded to 0.01%) of the Treasury bond yield with a repayment period of 3 years in the yield curve of China bond interbank fixed rate treasury bonds published by China bond information network (www.chinabond. Com. CN) (or other websites recognized by China national debt depository and Clearing Co., Ltd.) five working days before the coupon rate reset date. Negotiation within the preset interval is determined by the issuer, fixed in the first cycle, and reset once in each cycle thereafter.

On Aug 26, 2021, the issuer and the lead underwriter made bookkeeping and filing of the coupon rate to professional investors offline. According to the bookkeeping and filing results, after full consultation and careful judgment between the issuer and the lead underwriter, it was finally determined that the coupon rate of 21 Hangzu Y3 was 4.5%.

The current bond is attached with the issuer's deferred interest payment option. Unless a compulsory interest payment event occurs, the issuer can choose to postpone the current interest and all interests and fruits deferred in accordance with this clause to the next interest payment date on each interest payment date of the current bond, and is not limited by any number of deferred interest payments. The aforesaid deferred interest does not belong to the issuer's failure to pay interest in full as agreed. If the issuer decides to postpone the payment of interest, the issuer shall disclose the announcement of deferred payment of interest five working days before the interest payment date. The amount of deferred payment will be compounded according to the interest rate implemented in the current period. On the next interest payment date, if the issuer continues to choose to postpone the payment, the compound interest generated from the above deferred payment amount will be added to all deferred interests and fruits to calculate the interest.

The interest of the bond subjects to the corporate income tax policy for dividends and bonuses, that is, the interest income of investors investing in the bonds is subject to the corporate income tax law, and the

dividends, bonuses and other equity investment income between resident enterprises are exempted from corporate income tax, and the interest expenses paid by the issuer for the bonds shall not be deducted before corporate income tax.

Note 6: AVIC International Leasing Co., Ltd. publicly issued the first medium-term note of AVIC International Leasing Co., Ltd. in 2022. The bond is referred to as 22 AVIC leasing MTN001. The total amount of bonds issued in this phase is 1,000 million yuan. The face value of the bonds is 100 yuan, which is issued at par. The basic period of the bonds is 2 years, and the bonds last long before redemption by the issuer in accordance with the terms of issue, and due upon redemption by the issuer in accordance with the terms of issue. Unless a compulsory interest payment event occurs, the issuer can choose to postpone the current interest and all interests and fruits deferred in accordance with this clause to the next interest payment date on each interest payment date of the current bond, and each deferred interest will accrue interest according to the coupon rate of the current period during the deferred period.

The coupon rate of the first cycle is determined through centralized bookkeeping and filing, and remains unchanged in the first two interest years. The coupon rate of the first two interest years is the initial benchmark interest rate plus the initial interest margin. The coupon rate of the subsequent period is adjusted to the current benchmark interest rate plus the initial interest margin plus 300 basis points. The initial interest margin is the coupon rate of the first cycle minus the initial benchmark interest rate. If the current benchmark interest rate is unavailable on the reset date due to macroeconomic and policy changes and other factors in the future, the current benchmark interest rate shall continue to use the benchmark interest rate of the previous period before the interest rate reset date. The method of determining the benchmark interest rate: the initial benchmark interest rate is the arithmetic mean value of the Treasury bond yield with a repayment period of 2 years (rounded to 0.01%) in the yield curve of the fixed interest rate treasury bonds between banks of China bonds published by the China bond information website (www.chinabond.com.cn) (or other websites recognized by China national debt registration and Clearing Co., Ltd.) five working days before the bookkeeping and filing date; The current benchmark interest rate in the subsequent cycle is the arithmetic mean value (rounded to 0.01%) of the Treasury bond yield with a repayment period of 2 years in the yield curve of the fixed rate treasury bonds between banks published by China bond information network (www.chinabond.com.cn) (or other websites recognized by China national debt depository and Clearing Co., Ltd.) ten working days before the face rate reset date.

On Mar 1, 2022, the issuer and the lead underwriter made bookkeeping and filing of the coupon rate to professional investors offline. According to the bookkeeping and filing results, after full consultation and careful judgment between the issuer and the lead underwriter, it was finally determined that the coupon rate of 22 AVIC leasing MTN001 was 3.4%.

The current bond is attached with the issuer's deferred interest payment option. Unless a compulsory interest payment event occurs, the issuer can choose to postpone the current interest and all interests and

fruits deferred in accordance with this clause to the next interest payment date on each interest payment date of the current bond, and is not limited by any number of deferred interest payments. The aforesaid deferred interest does not belong to the issuer's failure to pay interest in full as agreed. If the issuer decides to postpone the payment of interest, the issuer shall disclose the announcement of deferred payment of interest five working days before the interest payment date. The amount of deferred payment will be compounded according to the interest rate implemented in the current period. On the next interest payment date, if the issuer continues to choose to postpone the payment, the compound interest generated from the above deferred payment amount will be added to all deferred interests and fruits to calculate the interest.

The interest of the bond subjects to the corporate income tax policy for dividends and bonuses, that is, the interest income of investors investing in the bonds is subject to the corporate income tax law, and the dividends, bonuses and other equity investment income between resident enterprises are exempted from corporate income tax, and the interest expenses paid by the issuer for the bonds shall not be deducted before corporate income tax.

Note 7: AVIC International Leasing Co., Ltd. publicly issued the second medium-term note of AVIC International Leasing Co., Ltd. in 2022. The bond is referred to as 22 AVIC leasing MTN002. The total amount of bonds issued in this phase is 600 million yuan. The face value of the bonds is 100 yuan, which is issued at par. The basic period of the bonds is 2 years, and the bonds last long before redemption by the issuer in accordance with the terms of issue, and due upon redemption by the issuer in accordance with the terms of issue. Unless a compulsory interest payment event occurs, the issuer can choose to postpone the current interest and all interests and fruits deferred in accordance with this clause to the next interest payment date on each interest payment date of the current bond, and each deferred interest will accrue interest according to the coupon rate of the current period during the deferred period.

The coupon rate of the first cycle is determined through centralized bookkeeping and filing, and remains unchanged in the first two interest years. The coupon rate of the first two interest years is the initial benchmark interest rate plus the initial interest margin. The coupon rate of the subsequent period is adjusted to the current benchmark interest rate plus the initial interest margin plus 300 basis points. The initial interest margin is the coupon rate of the first cycle minus the initial benchmark interest rate. If the current benchmark interest rate is unavailable on the reset date due to macroeconomic and policy changes and other factors in the future, the current benchmark interest rate shall continue to use the benchmark interest rate of the previous period before the interest rate reset date. The method of determining the benchmark interest rate: the initial benchmark interest rate is the arithmetic mean value of the Treasury bond yield with a repayment period of 2 years (rounded to 0.01%) in the yield curve of the fixed interest rate treasury bonds between banks of China bonds published by the China bond information website (www.chinabond.com.cn) (or other websites recognized by China national debt registration and Clearing Co., Ltd.) five working days before the bookkeeping and filing date; The current benchmark interest rate in the subsequent cycle is the arithmetic mean value (rounded to

0.01%) of the Treasury bond yield with a repayment period of 2 years in the yield curve of the fixed rate treasury bonds between banks published by China bond information network (www.chinabond. Com. CN) (or other websites recognized by China national debt depository and Clearing Co., Ltd.) five working days before the face rate reset date.

On Apr 7, 2022, the issuer and the lead underwriter made bookkeeping and filing of the coupon rate to professional investors offline. According to the bookkeeping and filing results, after full consultation and careful judgment between the issuer and the lead underwriter, it was finally determined that the coupon rate of 22 AVIC leasing MTN002 was 3.48%.

The current bond is attached with the issuer's deferred interest payment option. Unless a compulsory interest payment event occurs, the issuer can choose to postpone the current interest and all interests and fruits deferred in accordance with this clause to the next interest payment date on each interest payment date of the current bond, and is not limited by any number of deferred interest payments. The aforesaid deferred interest does not belong to the issuer's failure to pay interest in full as agreed. If the issuer decides to postpone the payment of interest, the issuer shall disclose the announcement of deferred payment of interest ten working days before the interest payment date. The amount of deferred payment will be compounded according to the interest rate implemented in the current period. On the next interest payment date, if the issuer continues to choose to postpone the payment, the compound interest generated from the above deferred payment amount will be added to all deferred interests and fruits to calculate the interest.

The interest of the bond subjects to the corporate income tax policy for dividends and bonuses, that is, the interest income of investors investing in the bonds is subject to the corporate income tax law, and the dividends, bonuses and other equity investment income between resident enterprises are exempted from corporate income tax, and the interest expenses paid by the issuer for the bonds shall not be deducted before corporate income tax.

38. Capital reserves

Item	Opening balance	Increased	Decreased	Closing Balance
1. Capital(equity) premium	3,341,756,201.00	--	--	3,341,756,201.00
2. Other capital reserves	374,537.76	--	--	374,537.76
Total	3,342,130,738.76	--	--	3,342,130,738.76

39. Surplus reserve

Item	Opening balance	Increased	Decreased	Closing Balance
Statutory surplus reserve	749,135,118.35	--	--	749,135,118.35
Total	749,135,118.35	--	--	749,135,118.35

40. Retained earnings

Item	Current period	Prior period
Opening balance at the beginning of current period	5,162,891,375.78	3,850,006,502.41
Increased current period	1,013,918,522.91	995,661,734.29

Item	Current period	Prior period
Inc: Net profit attributable to the Company the current period	1,013,918,522.91	995,661,734.29
Transfer from other comprehensive income		—
Decreased current period	937,523,448.22	913,155,098.37
Inc: Appropriation for surplus reserve current period		—
Appropriation for general risk reserve current period	—	—
Cash dividends distributed current period	798,277,431.92	798,277,431.92
Increase capital	—	—
Other decreases	139,246,016.30	114,877,666.45
Closing balance at the beginning of current period	5,239,286,450.47	3,932,513,138.33

41. Operating revenues and Operating costs

Item	Current period		Prior period	
	Revenue	Cost	Revenue	Cost
Subtotal of main Business	4,693,654,380.56	3,059,294,465.34	4,678,193,101.01	2,485,292,634.10
Financial lease and operating lease	4,633,541,567.61	3,008,881,970.73	4,604,947,323.95	2,441,730,007.53
Trade and others	60,112,812.95	50,412,494.61	73,245,777.06	43,562,626.57
Subtotal of other business	184,403.67	969,417.00	401,834.86	969,417.00
Rental income	184,403.67	969,417.00	401,834.86	969,417.00
Total	4,693,838,784.23	3,060,263,882.34	4,678,594,935.87	2,486,262,051.10

42. Selling expenses

Item	Current period	Prior period
Employee compensation	49,275,481.14	40,697,921.16
Travelling fees	1,851,164.19	3,709,595.11
Logistics fees	528,555.03	1,013,280.71
Transportation	60,441.00	676,756.94
Business entertainment fees	311,558.58	968,072.95
Rental fees	643,494.32	398,113.20
Communication fees	68,449.59	116,062.77
Business office expenses	—	—
Maintenance cost	—	—
Others	11,179.94	267,838.37
Total	52,750,323.79	47,847,641.21

43. Administrative expenses

Item	Current period	Prior period
Depreciation of fixed assets	3,198,332.85	579,596,785.86
Employee compensation	44,276,184.67	47,706,462.21

Item	Current period	Prior period
Consulting fee	5,550,915.86	42,646,008.55
Legal cost	7,131,903.49	6,044,413.10
Asset management fees	11,378,414.54	7,726,133.54
Administrative fee	3,886,386.53	656,866.62
Advertising and business promotion expenses	258,670.25	—
Travel expenses	1,229,163.70	1,709,067.58
Transportation	141,775.24	795,890.87
Software service fee	2,900,367.64	1,437,833.50
Decoration fee	10,970,695.31	—
Others	5,615,126.39	9,326,725.68
Total	96,537,936.47	697,646,187.51

44. Finance expenses

Item	Current period	Prior period
Interest expenses	213,141.50	—
Less: Interest income	43,546,205.36	22,538,378.95
Net exchange loss	-1,323,839.14	-36,588,456.09
Financial institution fee	803,876.43	—
Total	-43,853,026.57	-59,126,835.04

45. Other income

Item	Current period	Prior period
Unemployment insurance subsidies	—	—
Enterprise contribution subsidy from Pudong New Area government	—	7,000.00
Tianjin Dongjiang Bonded Port Area Support Fund	—	—
Individual income tax service charge refund	438,889.39	345,384.94
Tax refund from the Finance Bureau of Guangzhou Nansha Economic Development Zone	—	—
Enterprise contribution subsidy from Chengdu government	—	—
Refund of Value added Tax	7,404,618.79	2,298,878.35
10% vat input plus deduction	283.02	13,633.45
Total	7,843,791.20	2,664,896.74

46. Income from investments

Sources of investment income	Current period	Prior period
Investment income received from the long-term investment measured by equity method	—	386,832.37
Investment income received from disposal of long-term investment	—	—
Investment income received from the holding period of trading financial assets	44,629,567.21	31,558,957.16
Dividend income received from the holding period of other equity instruments	301,063.07	—

Sources of investment income	Current period	Prior period
Investment income received from disposal of trading financial assets	1,783,037.21	55,334.89
Investment income received from disposal of long-term receivables	—	-3,873,470.73
Total	46,713,667.49	28,127,653.69

47. Gains or losses from changes in fair values

Sources of gains or losses from changes in fair values	Current period	Prior period
Trading financial assets	-938,314.86	1,856,946.28
Total	-938,314.86	1,856,946.28

48. Credit impairment loss

Item	Current period	Prior period
Bad debt loss	-307,960,014.07	-310,246,392.22
Total	-307,960,014.07	-310,246,392.22

49. Asset impairment loss

Item	Current period	Prior period
Inventory Falling Price Loss	-2,305,435.23	-460,255.30
Total	-2,305,435.23	-460,255.30

50. Gains or losses from asset disposals

Item	Current period	Prior period	Amount included in current non-recurring gains and losses
Gains or losses from disposal of fixed assets, construction in progress, productive biological assets and intangible assets that not classified as held for sale	7,840,613.09	66,029,293.87	7,840,613.09
Total	7,840,613.09	66,029,293.87	7,840,613.09

51. Non-operating income

Item	Current period	Prior period	Amount included in current non-recurring gains and losses
Government subsidies unrelated to the daily activities of the enterprise	20,812,000.00	30,004,200.00	20,812,000.00
Others	—	2,395.38	—
Total	20,812,000.00	30,006,595.38	20,812,000.00

Details of Government subsidies

Item	Current period	Prior period
Shanghai Financial Leasing Industry Financial Support Fund	20,428,000.00	30,000,000.00

Item	Current period	Prior period
Shanghai Subsidies for Work-for-Training	—	4,200.00
Chengdu Shuangliu Free Trade Zone Promotion and Efficiency Enhancement Service Industry Project Award	384,000.00	—
Total	20,812,000.00	30,004,200.00

52. Non-operating expenses

Item	Current period	Prior period	Amount included in current non-recurring gains and losses
Donations	200,000.00	16,000.00	200,000.00
Penalty	—	13,668.30	—
Total	200,000.00	29,668.30	200,000.00

53. Income tax expenses

Item	Current period	Prior period
Current income tax expenses	342,147,189.62	422,194,282.82
Deferred income tax adjustment	-78,628,981.22	-113,276,757.89
Total	263,518,208.40	308,917,524.93

Adjustment process of accounting profit and income tax expenses:

Item	Current period
Total profits	1,277,436,731.31
Income tax expenses calculated at applicable tax rates	319,359,182.83
Effect of different rates in the subsidiaries	-58,491,986.37
Effect of the adjustment for previous period income tax	2,646,704.79
Non-taxable income	—
Costs, expenses and losses not deductible for tax purposes	4,307.15
Effect of use of deductible losses of unrecognized deferred income tax assets in previous period	—
Effect of deductible temporary difference or deductible loss of unrecognized deferred income tax assets in the current period	—
Others	—
Income tax expenses	263,518,208.40

54. Other comprehensive income attributable to parent company

(1) The information of other comprehensive income items and their impact to income tax and profit and loss

Item	Current period		
	Amount before tax	Income tax	Net amount after tax
I. Items of other comprehensive income that will be reclassified to profit or loss	224,688,366.77	—	224,688,366.77

Item	Current period		
	Amount before tax	Income tax	Net amount after tax
Translation differences arising from financial statements in foreign currencies	224,688,366.77	—	224,688,366.77
Less: Net amount after tax included in other comprehensive income in the previous period and transferred to profit and loss in the current period	—	—	—
II. Items of other comprehensive income that will not be reclassified to profit or loss	—	—	—
Less: Net amount after tax included in other comprehensive income in the previous period and transferred to retained earnings in the current period	—	—	—
Total	224,688,366.77	—	224,688,366.77

(Continued)

Item	Prior period		
	Amount before tax	Income tax	Net amount after tax
I. Items of other comprehensive income that will be reclassified to profit or loss	-37,289,657.60		-37,289,657.60
Translation differences arising from financial statements in foreign currencies	-37,289,657.60		-37,289,657.60
Less: Net amount after tax included in other comprehensive income in the previous period and transferred to profit and loss in the current period	—	—	—
II. Items of other comprehensive income that will not be reclassified to profit or loss	—	—	—
Less: Net amount after tax included in other comprehensive income in the previous period and transferred to retained earnings in the current period	—	—	—
Total	-37,289,657.60		-37,289,657.60

(2) Adjustment of other comprehensive income items

Item	Translation differences arising from financial statements in foreign currencies	Others	Total other comprehensive income
1.Closing balance of last year	-298,180,385.90	-2,610,234.28	-300,790,620.18
2.Increase/decrease for last year	—	—	—
3.Opening balance of current year	-298,180,385.90	-2,610,234.28	-300,790,620.18
4.Increase/decrease for current year	224,688,366.77	—	224,688,366.77
5.Closing balance of current year	-73,492,019.13	-2,610,234.28	-76,102,253.41

55. Foreign currency translation

The exchange difference of the company included in the current profit and loss is -1,323,839.14 Yuan.

56. Lease

1. Financing lease (lessor)

Item	Amount
1.Information about Revenue	--
Gain/Loss from Sales	-
Financing income from net lease investment	3,591,376,346.99
Income related to variable lease payments not included in net lease investment	-
2.Undiscounted lease receipts to be received after the balance sheet date	160,181,050,494.97
Year 1	47,862,662,000.83
Year 2	35,425,913,269.92
Year 3	24,342,818,519.27
Year 4	13,160,184,682.86
Year 5	9,845,331,614.75
Over 5 years	29,544,140,407.34

The balance of unrecognized financing income of the company on 30 June 2021 is 19,870,085,258.13 Yuan.

2. Operating lease (lessor)

Item	Amount
1.Information about Revenue	
Rental Income	1,042,165,220.62
Income related to variable lease payments not included in Lease receipts	-
2.Undiscounted lease receipts to be received in the next consecutive five accounting years after the balance sheet date	22,405,785,531.51
Year 1	2,850,909,396.24
Year 2	2,336,759,040.42
Year 3	2,112,015,557.08
Year 4	1,887,924,823.43
Year 5	1,498,456,877.29
Over 5 years	11,719,719,837.05

3. Financing lease (lessee)

Residual lease period	minimum lease payment
Within 1 year (include 1 year)	742,887,664.29
1 to 2 years (include 2 years)	243,706,868.33
2 to 3 years (include 3 years)	84,168,815.89
Over 3 years	-
Total	1,070,763,348.51

The balance of unrecognized financing expense of the company on 30 June 2021 is 41,720,614.31 Yuan.

1) Information about leased fixed assets relating to financial leasing is as follows:

Category	Closing balance			Opening balance		
	Original value	Accumulated depreciation	Provis on for impair ment	Original value	Accumulated depreciation	Provis on for impair ment
Transportation	3,815,261,755.89	561,510,146.38	—	3,624,424,766.23	461,467,344.60	—
Equipment	—	—	—	—	—	—
Total	3,815,261,755.89	561,510,146.38	—	3,624,424,766.23	461,467,344.60	—

4. Operating lease (lessee)

Residual lease period	Operating lease amount
Within 1 year (include 1 year)	3,795,841.75
1 to 2 years (include 2 years)	—
2 to 3 years (include 3 years)	—
Over 3 years	—
Total	3,795,841.75

5. Information disclosure of Lessee

Item	Amount
Interest expense on lease liabilities	37,290,495.09
Short term lease expense included in current profit and loss	—
Lease expense of low value assets	—
Variable lease payments not included in the measurement of lease liabilities	—
Income from subletting right to use assets	—
Total cash outflow related to leasing	321,721,581.89
Relevant profits and losses arising from sale and leaseback transactions	—
Others	—

57. Segment reporting

Item	Leasing business		Trade and other business		Real estate development business	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
1. Operating income	4,643,135,578.00	4,613,764,672.48	59,796,186.32	75,109,336.72	—	—
Including: Foreign transaction revenue	4,634,042,597.91	4,603,485,599.15	59,796,186.32	75,109,336.72	—	—
Interdivision transaction revenue	9,092,980.09	10,279,073.33	—	—	—	—
2. Investment income from associates and joint ventures	—	386,832.37	—	—	—	—
3. Asset impairment loss	—	—	-2,305,435.23	-460,255.30	—	—
4. Credit impairment loss	-307,225,122.60	-310,592,125.05	-734,891.47	345,732.83	—	—
5. Depreciation and amortization	3,968,166.26	414,554,221.74	18,407.25	23,464.72	—	—

Item	Leasing business		Trade and other business		Real estate development business	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
6. Profit before tax	1,327,483,241.42	1,234,826,887.63	2,908,328.39	2,589,146.27	--	3,024.80
7. Income tax expenses	273,374,535.52	286,939,566.34	731,370.57	647,286.57	--	--
8. Net profit	1,054,108,705.90	963,410,548.97	2,176,957.82	1,941,859.7	--	--
9. Total assets	216,497,503,739.29	194,333,907,535.02	46,357,277.31	71,399,699.93	1,586,464,083.46	1,453,221,678.84
10. Total liabilities	187,124,643,477.78	167,540,319,240.75	16,214,077.16	45,766,705.2	1,086,444,437.63	953,218,420.50
11. Other significant non-cash assets	--	--	--	--	--	--

(Continued)

Item	Offset		Total	
	Current period	Prior period	Current period	Prior period
12. Operating income	-9,092,980.09	-64,830,263.39	4,693,838,784.23	4,678,594,935.87
Including: Foreign transaction revenue	--	--	4,693,838,784.23	4,678,594,935.87
Interdivision transaction revenue	-9,092,980.09	-10,279,073.33	--	--
13. Investment income from associates and joint ventures	--	--	--	386,832.37
14. Asset impairment loss	--	--	-2,305,435.23	-460,255.30
15. Credit impairment loss	--	--	-307,960,014.07	-310,246,392.22
16. Depreciation and amortization	--	--	3,986,573.51	414,577,686.46
17. Profit before tax	-52,954,838.50	-67,160,200.52	1,277,436,731.31	1,304,579,259.22
18. Income tax expenses	-10,587,697.69	--	263,518,208.40	308,917,524.93
19. Net profit	-42,367,140.81	-30,309,325.62	1,013,918,522.91	995,661,734.29
20. Total assets	-41,298,446,607.17	-24,246,828,946.28	176,831,878,492.89	171,611,699,967.51
21. Total liabilities	-39,466,860,398.84	-23,084,523,287.97	148,760,441,593.73	145,454,781,078.48
22. Other significant non-cash assets	--	--	--	--

58. Consolidated cash flow statement

(1) Adjust net profit to cash flow from operating activities

Item	Current period	Prior period
1. Reconciliation from net profit to cash flows from operating activities:		
Net profit	1,013,918,522.91	995,661,734.29
Add: Provisions for asset impairment	2,305,435.23	460,255.30
Credit impairment loss	307,960,014.07	310,246,392.22
Depreciation of fixed assets,	733,244,206.41	484,259,152.58
Amortization of right of use assets	102,681,752.95	69,681,466.12
Amortization of intangible assets	1,598,247.62	799,242.48
Amortization of long-term prepaid expenses	--	--

Item	Current period	Prior period
Losses on disposal of fixed assets, intangible assets and other long-term assets (Income "-")	-7,840,613.09	-66,029,293.87
Losses on scrapping of fixed assets (Income "-")	-	-
Losses on changes in fair value (Income "-")	938,314.86	-1,856,946.28
Financial expenses (Income "-")	1,323,839.14	-36,588,456.09
Investment losses (Income "-")	-46,713,667.49	-28,127,653.69
Decrease in deferred tax assets (Increase "-")	-139,388,421.60	-163,616,658.46
Increase in deferred tax liabilities (Decrease "-")	60,759,440.38	50,339,900.57
Decrease in contract assets (Increase "-")	-	-
Decrease in inventories (Increase "-")	-322,003.69	173,241.83
Decrease in operating receivables (Increase "-")	-4,392,284,329.69	-5,251,317,234.07
Increase in operating payables (Decrease "-")	962,035,552.41	-6,320,257,178.91
Others	-	-
Net cash flows from operating activities	-1,399,783,709.58	-9,956,172,035.98
2. Significant investing and financing activities not involving the use of cash:	-	-
Conversion of debt into capital	-	-
Convertible bonds due within one year	-	-
Fixed assets under finance lease	-	-
3. Net changes in cash and cash equivalents	-	-
Cash as at the end of period	7,446,870,089.11	5,547,023,353.60
Less: Cash as at the beginning of period	3,860,768,989.28	4,278,128,360.14
Add: Cash equivalents as at the end of period	-	-
Less: Cash equivalents as at the beginning of period	-	-
Net increase/decrease in cash and cash equivalents	3,586,101,099.83	1,268,894,993.46

(2) Details of cash and cash equivalents

Item	Closing balance	Opening balance
1. Cash	7,446,870,089.11	3,860,768,989.28
Including: Cash on hand	4,510.40	50,540.40
Bank deposits available on demand	7,446,865,578.71	3,860,718,448.88
Other cash and cash equivalents available on demand	-	-
Deposits with the central bank available for payment	-	-
Deposits with interbank funds	-	-
Interbank loans	-	-
Accrued interest	-	316,690.06
2. Cash equivalents	-	-
Including: Bond investments with a maturity of 3 months or less	-	-

Item	Closing balance	Opening balance
3. Cash and cash equivalents as at the end of the period	7,446,870,089.11	3,860,768,989.28
Including: restricted cash and cash equivalents by the parent company or subsidiaries within the group	995,305,879.60	2,039,558,254.62

59. Monetary item in foreign currency

Item	Closing Balance in foreign currency	Conversion exchange rate	Closing Balance translated in RMB
Cash at bank and on hand	–	–	3,052,598,544.15
Including: USD	421,619,538.74	6.7114	2,829,657,372.30
Euro	29,803,354.25	7.0084	208,873,827.93
Hong Kong dollar	16,449,186.06	0.8552	14,067,343.92
Japanese Yen	–	–	–
GBP	–	–	–
Accounts receivable	–	–	122,119,441.11
Including: USD	18,195,822.20	6.7114	122,119,441.11
Euro	–	–	–
Hong Kong dollar	–	–	–
Long-term borrowings	–	–	20,112,204,875.22
Including: USD	2,913,534,616.82	6.7114	19,553,896,227.33
Euro	79,662,782.93	7.0084	558,308,647.89
Hong Kong dollar	–	–	–
Other receivables	–	–	158,536.48
Including: USD	23,621.97	6.7114	158,536.48
Euro	–	–	–
Hong Kong dollar	–	–	–
Current portion of non-current assets	–	–	3,264,555,544.32
Including: USD	426,454,400.58	6.7114	2,862,106,064.03
Euro	57,423,874.25	7.0084	402,449,480.29
Hong Kong dollar	–	–	–
GBP	–	–	–
Other current assets	–	–	16,478,023.51
Including: USD	2,455,228.94	6.7114	16,478,023.51
Euro	–	–	–
Hong Kong dollar	–	–	–
GBP	–	–	–
Long-term receivables	–	–	20,974,980,613.08
Including: USD	2,549,586,922.31	6.7114	17,111,297,670.41
Euro	551,293,154.31	7.0084	3,863,682,942.67

Item	Closing Balance in foreign currency	Conversion exchange rate	Closing Balance translated in RMB
Hong Kong dollar	--	--	--
Short-term borrowings	--	--	4,752,614,906.00
Including: USD	499,290,000.00	6.7114	3,350,934,906.00
Euro	200,000,000.00	7.0084	1,401,680,000.00
Hong Kong dollar	--	--	--
GBP	--	--	--
Other payables	--	--	500,727,025.53
Including: USD	74,608,431.26	6.7114	500,727,025.53
Euro	--	--	--
Hong Kong dollar	--	--	--
Japanese Yen	--	--	--
Current portion of non-current liabilities	--	--	6,438,521,266.37
Including: USD	736,927,956.91	6.7114	4,945,818,290.01
Euro	212,987,697.10	7.0084	1,492,702,976.36
Hong Kong dollar	--	--	--
Japanese Yen	--	--	--
Bond payable	--	--	8,360,075,616.68
Including: USD	1,245,653,010.80	6.7114	8,360,075,616.68
Euro	--	--	--
Hong Kong dollar	--	--	--
Japanese Yen	--	--	--
Long-term payables	--	--	1,044,764,970.82
Including: USD	155,670,198.59	6.7114	1,044,764,970.82
Euro	--	--	--
Hong Kong dollar	--	--	--
Japanese Yen	--	--	--

60. Assets with restricted ownership or using rights

Item	Closing book value	Reason of restriction
Financial leasing receivables	71,859,994,695.35	Loan pledged guarantee and factoring financing pledged
Financial assets held for trading	202,000,000.00	Loan pledge
Cash at bank and on hand	995,305,879.60	Loan pledged and special plan accounts
Others	8,143,350,825.50	Mortgage guarantee of long-term borrowings
Total	81,200,651,400.45	—

Notes:

- (1) As at 30 June 2022, the Company's Financial leasing receivables of RMB 71,859,994,695.35 (Initial registration amount for pledge is RMB 104,093,725,196.96), bank deposit of RMB 206,504,073.93, structured deposit of RMB 202,000,000.00 and 62 SPV shares are used for pledge of the short-term borrowings of RMB 483,308,241.79 and of the long-term borrowings of RMB 44,165,433,955.96. At the same time, 150 aircrafts and 41 bulk carriers and 2 equipment have been used for mortgage guarantee.
- (2) As at 30 June 2022, there are 19 aircrafts, 17 bulk carriers whose total book value are RMB 8,143,350,825.50 (Initial registration amount for mortgage is RMB 14,176,270,423.30) have been used for the mortgage guarantee of long-term borrowings of RMB 5,678,260,057.00.
- (3) As at 30 June 2022, the bank account with RMB 108,377,020.48 is Guoshou Investment AVIC Leasing phase I ABS special account. The bank account with RMB 101,952,441.72 is China Yinhe AVIC Leasing 2021 phase III ABS special account. The bank account with RMB 191,941,666.82 is Pingan AVIC Leasing 2019 phase I ABS special account. The bank account with RMB 135,589,034.54 is Guojun Asset Management-AVIC Leasing 2021 phase II ABS special account. The bank account of RMB 46,985,109.69 is Zhongxin Securities AVIC Leasing 2021 phase I ABS special account. The bank account with RMB 124,528,649.75 is Guojun Asset Management-AVIC Leasing 2020 phase I ABS special account. The bank account with RMB 15,295,492.42 is Huatai AVIC Leasing 2020 phase III ABS special account. The bank account with RMB 25,624,545.38 is Guoshou Investment AVIC Leasing No. 1 ABS special account. The bank account of RMB 34,605,279.63 is Xing-Zhongtai Securities AVIC Leasing 2019 phase III ABS special account.
- (4) Other special account funds: the special account for collection and payment with RMB 61,254,960.89 is generated by the fact that the Company sells long-term receivables with the risk and rewards that have been transferred, but assumes the obligation to pay the received cash flow to one or more final payees.

IX Illustration of contingencies

1. Contingent liabilities

(1) Contingent liabilities arising from pending litigation or arbitration

None.

(2) Contingent liabilities arising from by providing debt guarantee for other companies or units

None.

(3) Commitment of operating lease

On January 1, 2019, the company signed a lease agreement with AVIC investment building real estate Co., Ltd. for the period from January 1, 2019 to December 31, 2023. Liquidated damages of 0.05% per day is needed to pay when defaults.

On December 10, 2017, the company signed a lease agreement with AVIC Investment Holding Co., Ltd. for the lease period from December 10, 2017 to September 10, 2022. There is no security deposit and prepaid rent in this lease agreement.

X Events after the balance sheet date

None.

XI Related Parties and Related Transactions

A. Relationship of related parties

1. Parent company

Name of the parent company	Place of registration	Nature of business	Registered capital (Yuan)	Proportion of shareholdings (%)	Proportion of voting right (%)
AVIC Industry-Finance Holdings Co., Ltd.	Harbin	Investment industry	8,919,974,627.00	49.07	49.07

2. The Company's ultimate controlling party is Aviation Industry Corporation of China

3. Information about subsidiaries

The general information and other related information about the subsidiaries is set out in Note VII.

4. Information about joint venture and associates

The general information and other related information about joint venture and associates is set out in Note VIII. 11 Long-term equity investments.

5. Information on Other Related Parties of the Company

Name of related party	Relationship with the Group
Beijing Aviation Investment Real Estate Co., Ltd	Under the control of the same controlling shareholder
AVIC Chengdu Raise Real Estate Co., Ltd.	Under the control of the same controlling shareholder
Huahang Culture Communication (Beijing) Co., Ltd	Under the control of the same controlling shareholder
Guizhou Anda Aviation Forging Co., Ltd.	Under the control of the same controlling shareholder
Guizhou Tianyi Electric Appliance Co., Ltd	Under the control of the same controlling shareholder
Harbin General Aircraft Industry Co., Ltd	Under the control of the same controlling shareholder
AVIC Hebei General Aviation Co., Ltd.	Under the control of the same controlling shareholder
Jiangxi Changjiang General Aviation Co., Ltd.	Under the control of the same controlling shareholder
Jinzhou (Baotou) Renewable Energy Co., Ltd.	Under the control of the same controlling shareholder
Inner Mongolia General Aviation Co., Ltd	Under the control of the same controlling shareholder

Name of related party	Relationship with the Group
Shaanxi Qinling Aviation Electric Co., Ltd.	Under the control of the same controlling shareholder
Shanghai Aeroengine Manufacturing Company,ltd.	Under the control of the same controlling shareholder
Shanghai Xinkangze Commercial Factoring Co., Ltd.	Under the control of the same controlling shareholder
Shenyang Shanghangfa Auto Parts Co., Ltd.	Under the control of the same controlling shareholder
Shijiazhuang Aircraft Industry Co., Ltd.	Under the control of the same controlling shareholder
Sichuan Lingfeng Aviation Hydraulic Machinery Co., Ltd.	Under the control of the same controlling shareholder
Taiyuan Aviation Instrument Co., Ltd.	Under the control of the same controlling shareholder
Wuhan Shangfa Auto Parts Co., Ltd.	Under the control of the same controlling shareholder
Xingfu General Aviation Co., Ltd	Under the control of the same controlling shareholder
Zhengzhou Aircraft Equipment Co., Ltd.	Under the control of the same controlling shareholder
Chinese Flight Test Establishment	Under the control of the same controlling shareholder
China Flying Dragon General Aviation Co., Ltd.	Under the control of the same controlling shareholder
AVIC Beijing Precision Engineering Institute Aircraft Industry	Under the control of the same controlling shareholder
China Aviation Industry Corporation Beijing Great Wall Metrology and Testing Technology Research Institute	Under the control of the same controlling shareholder
AVIC Xi 'An Aviation Computing Technology Research Institute	Under the control of the same controlling shareholder
China Aviation Technology Beijing Co., Ltd.	Under the control of the same controlling shareholder
China Aviation Integrated Technology Research Institute	Under the control of the same controlling shareholder
China National Aero-Technology Import & Export Corporation.	Under the control of the same controlling shareholder
AVIC Const Group energy Technology (Beijing) Co., Ltd.	Under the control of the same controlling shareholder
AVIC SAC Commercial Aircraft Company Limited	Under the control of the same controlling shareholder
China Aviation Investment Property Co., Ltd.	Under the control of the same controlling shareholder
AVIC Materials and Equipment Co., Ltd.	Under the control of the same controlling shareholder
AVIC Capital International Holdings Limited	Under the control of the same controlling shareholder
AVIC Industry-Finance Holdings Co., Ltd.	Under the control of the same controlling shareholder
AVIC Capital Investment Management (Shenzhen) Co., Ltd.	Under the control of the same controlling shareholder
AVIC Zhuhai General Aviation Co., Ltd.	Under the control of the same controlling shareholder

B. Related party transactions

1. Related Transactions for Sales of Goods and Reception of Labor Service

(in RMB ten thousand yuan)

Related Party	Transaction Type	Transaction Content	Pricing and Decision Procedure of Transaction	Current period		Prior period	
				Amount	Proportion of similar transaction amount (%)	Amount	Proportion of similar transaction amount
Shanghai Xinkangze Commercial Factoring Co., Ltd.	Factoring	Factoring	Fair market value	--	--	220.92	3.02
Ningbo AVIC Supply Chain Management Co., Ltd.	Factoring	Factoring	Fair market value	--	--	688.94	9.41
Fesher Aviation Components (Zhenjiang) Co., Ltd.	Factoring	Factoring	Fair market value	45.28	0.67	--	--
AVIC International Automobile Exhibition and Marketing Co., Ltd	Factoring	Factoring	Fair market value	112.5	1.66	688.94	9.41
China Aviation Industry Supply and marketing (Shanghai) Co., Ltd	Factoring	Factoring	Fair market value	10.06	0.15	--	--
Jiangxi Hongdu Aviation Industry Group	Factoring	Factoring	Fair market value	369.97	5.45	--	--
China Flying Dragon General Aviation Co., Ltd.	Factoring	Factoring	Fair market value	144.52	2.13	--	--
Beijing Aviation Precision Machinery Research Institute of China Aviation Industry Corporation	Factoring	Factoring	Fair market value	1.93	0.03	--	--
Guizhou Anji Aviation Precision Casting Co., Ltd	Factoring	Factoring	Fair market value	28.77	0.42	215.21	2.94

2. Related Transactions for Acquisition of Goods and Provision of Labor Service

(in RMB ten thousand yuan)

Related Party	Transaction Type	Transaction Content	Pricing and Decision Procedure of Transaction	Current year		Prior year	
				Amount	Proportion of similar transaction amount (%)	Amount	Proportion of similar transaction amount (%)
China Aviation Technology (Beijing) Co., Ltd	Finance lease	Purchasing leasing assets	Fair market value	291.93	0.01	--	--
AVIC International Aviation Development Co., Ltd	Operating Lease	Purchasing leasing assets	Fair market value	5,133.70	0.15	--	--
Beijing Hangwei high tech Connection Technology Co., Ltd	Finance lease	Purchasing leasing assets	Fair market value	4,900.00	0.14	--	--
Baosheng System Integration Technology Co., Ltd	Finance lease	Purchasing leasing assets	Fair market value	5,000.00	8.22	--	--
Lanzhou Wanli aviation electromechanical Co., Ltd	Operating Lease	Purchasing leasing assets	Fair market value	1,400.00	0.04	--	--
Nanjing AVIC Industrial Science and Technology City Development Co., Ltd	Finance lease	Purchasing leasing assets	Fair market value	--	--	15,000.00	0.45

Related Party	Transaction Type	Transaction Content	Pricing and Decision Procedure of Transaction	Current year		Prior year	
				Amount	Proportion of similar transaction amount (%)	Amount	Proportion of similar transaction amount (%)
Shenyang Shenfei civil products industry Co., Ltd	Finance lease	Purchasing leasing assets	Fair market value	--	--	221.09	0.01
AVIC materials and Equipment Co., Ltd	Finance lease	Purchasing leasing assets	Fair market value	--	--	192.64	0.01
Zhuhai AVIC General Aviation Co., Ltd	Finance lease	Purchasing leasing assets	Fair market value	--	--	950.00	0.03
Guizhou anda aviation Forging Co., Ltd	Finance lease	Purchasing leasing assets	Fair market value	--	--	2,063.90	0.06
Hebei AVIC General Aviation Co., Ltd	Finance lease	Purchasing leasing assets	Fair market value	--	--	700.00	0.02
Ningbo AVIC Supply Chain Management Co., Ltd	Factoring	Factoring	Fair market value	--	--	18,000.00	10.18
Aviation Industry Archives	Receiving services	Periodical fee	Fair market value	--	--	0.03	0.05
Training center of AVIC	Receiving services	Training Expense	Fair market value	--	--	0.43	4.03
AVIC engineering consulting (Beijing) Co., Ltd	Receiving services	Consulting service fee	Fair market value	1.32	0.19	--	--
AVIC Aviation Industry Investment Co., Ltd	Receiving services	Consulting service fee	Fair market value	127.08	18.06	240.42	5.67
China Feilong General Aviation Co., Ltd	Factoring	Factoring	Fair market value	4,300.00	7.07	--	--
Beijing Aviation Precision Machinery Research Institute of China Aviation Industry Corporation	Factoring	Factoring	Fair market value	439.68	0.72	--	--
Fischer aviation parts (Zhenjiang) Co., Ltd	Factoring	Factoring	Fair market value	4,000.00	6.58	--	--
AVIC International Automobile Exhibition and sales Co., Ltd	Factoring	Factoring	Fair market value	9,000.00	14.80	--	--
Jinzhou (Baotou) renewable energy Co., Ltd	Factoring	Factoring	Fair market value	5,000.00	8.22	--	--
Beijing Aviation Investment Real Estate Co., Ltd	Receiving services	Property Fee	Fair market value	22.35	12.76	--	--
Guizhou Anji Aviation Precision Casting Co., Ltd	Factoring	Factoring	Fair market value	2,000.00	3.29	5,000.00	2.83
Guizhou Anji Aviation Precision Casting Co., Ltd	Operating Lease	Purchasing leasing assets	Fair market value			538.15	0.02

3. Related Lease

(1) The Company as the lessor

Name of Lessee	Transaction Content	Lease income recognized in the current period (in ten thousand yuan)	Lease income recognized in the prior period (in ten thousand yuan)
Baosheng Technology Innovation Co., Ltd	Finance lease	823.19	--
Baosheng System Integration Technology Co., Ltd	Finance lease	136.23	--

Name of Lessee	Transaction Content	Lease income recognized in the current period (in ten thousand yuan)	Lease income recognized in the prior period (in ten thousand yuan)
Beijing Hangwei high tech Connection Technology Co., Ltd	Finance lease	111.31	—
Guizhou Huafeng Electric Appliance Co., Ltd	Finance lease	0.28	0.42
Henan Xinfei Electric Appliance Group Co., Ltd	Finance lease	0.22	—
Jiangxi Jinghang aviation forging and Casting Co., Ltd	Finance lease	57.45	—
Jinzhou (Baotou) renewable energy Co., Ltd	Finance lease	540.24	591.70
Nanjing AVIC Industrial Science and Technology City Development Co., Ltd	Finance lease	549.16	353.77
Inner Mongolia General Aviation Co., Ltd	Finance lease	6.61	12.04
Ningbo Jiangbei Tianhang industry and Trade Co., Ltd	Finance lease	0.03	0.22
Shaanxi Hongyuan aviation Forging Co., Ltd	Finance lease	0.03	0.22
Shenyang Shanghangfa Auto Parts Co., Ltd	Finance lease	10.56	40.89
Shenyang Shenfei civil products industry Co., Ltd	Finance lease	15.99	20.01
AVIC International Mineral Resources Co., Ltd	Finance lease	0.17	—
AVIC International Automobile Exhibition and sales Co., Ltd	Finance lease	4.51	—
Zhuhai AVIC General Aviation Co., Ltd	Finance lease	64.45	46.30
Chengdu Kaitian Electronics Co., Ltd	Operating Lease	168.77	152.84
Guizhou Anji Aviation Precision Casting Co., Ltd	Operating Lease	284.96	106.14
Lanzhou Flight Control Co., Ltd	Operating Lease	138.50	77.88
Qing'an Group Co., Ltd	Operating Lease	6.14	6.14
Shaanxi Huayan Aviation Instrument Co., Ltd	Operating Lease	50.62	—
Shaanxi Changkong Gear Co., Ltd	Operating Lease	10.97	—
Sichuan Lingfeng Aviation Hydraulic Machinery Co., Ltd	Operating Lease	54.64	—
Wuxi Leihua Technology Co., Ltd	Operating Lease	3.45	—
China Feilong General Aviation Co., Ltd	Operating Lease	205.90	554.47
Beijing Aviation Precision Machinery Research Institute of China Aviation Industry Corporation	Operating Lease	69.73	34.87
Chengdu aircraft design and Research Institute of AVIC	Operating Lease	78.46	—
Jinan Special Structure Research Institute of AVIC	Operating Lease	779.18	—
China Aviation Integrated Technology Research Institute	Operating Lease	345.82	342.15
Hebei AVIC General Aviation Co., Ltd	Finance lease	—	869.47
AVIC SAC Commercial Aircraft Company Limited	Finance lease	—	19.94
Wuhan Shangfa Auto Parts Co., Ltd	Finance lease	—	12.17
Shanghai Aero Engine Manufacturing Co., Ltd	Finance lease	—	174.00
Shaanxi Qinling Aviation Electric Co., Ltd	Finance lease	—	2.31
Shanghai xinkangze commercial factoring Co., Ltd	Finance lease	—	0.09

Name of Lessee	Transaction Content	Lease income recognized in the current period (in ten thousand yuan)	Lease income recognized in the prior period (in ten thousand yuan)
Shanghai avionics Co., Ltd	Finance lease	–	0.24
Guizhou Tianyi Electric Appliance Co., Ltd	Finance lease	–	16.07
China Airlines Culture Communication (Beijing) Co., Ltd	Finance lease	–	0.10
Taiyuan Aviation Instrument Co., Ltd	Finance lease	–	7.99

(2) The Company as the lessee

Lessee	Lessor	Lease asset	Initial date	Due date	Pricing method	Leasing amount current period
AVIC International Leasing Co., Ltd	China Aviation Investment Property Co., Ltd.	Building	2019/1/1	2023/12/31	Pricing at Fair Market Value	1,778,284.40
AVIC International Leasing Co., Ltd	AVIC Investment Holdings Co., Ltd.	Building	2017/12/10	2022/9/10	Pricing at Fair Market Value	162,150.00

4. Related party funds borrowing

Name of related party	Borrowing amount	Initial date	Due date	Interest rate (%)
Borrowed:				
AVIC Capital International Holdings Limited	1,271,993,690.00	2020-6-4	2025-6-5	2.77%
AVIC Capital International Holdings Limited	1,928,210,648.00	2021-2-10	2026-2-9	2.50%

5. Receivables from and payables to related parties

(1) Related party receivables and prepayments (in RMB ten thousand yuan)

Item	Closing balance		Opening balance	
	Book balance	Provision for bad and doubtful debts	Book balance	Provision for bad and doubtful debts
Other non current assets:				
Guizhou Anji Aviation Precision Casting Co., Ltd	39.56	–	39.56	–
AVIC materials and Equipment Co., Ltd	619.83	–	619.83	–
AVIC International Aviation Development Co., Ltd	5,379.25	–	2,903.44	–
Shijiazhuang AVIC Cessna aircraft Co., Ltd	3,653.11	–	3,653.11	–
China Aviation Technology (Beijing) Co., Ltd	1,029.61	–	737.68	–
AVIC Tongfei South China Aircraft Industry Co., Ltd	30,667.86	–	30,667.86	–
Total	41,389.22	–	38,621.48	–
Other current assets:				

Item	Closing balance		Opening balance	
	Book balance	Provision for bad and doubtful debts	Book balance	Provision for bad and doubtful debts
Shanghai xinkangze commercial factoring Co., Ltd	790.00	—	790.00	—
Fischer aviation parts (Zhenjiang) Co., Ltd	4,000.00	—	—	—
Jinzhou (Baotou) renewable energy Co., Ltd	5,000.00	—	—	—
AVIC International Mineral Resources Co., Ltd	—	—	15,100.00	—
China Aviation Industry Supply and marketing (Shanghai) Co., Ltd	—	—	2,000.00	—
Beijing Qingyun Aviation Instrument Co., Ltd	—	—	3,000.00	—
Total	9,790.00	—	20,890.00	—
Prepayments:				
AVIC Aviation Industry Investment Co., Ltd	254.16	—	—	—
Total	254.16	—	—	—
Accounts receivable:				
China Aviation Industry Supply and Marketing Co., Ltd	—	—	360.00	—
China Feilong General Aviation Co., Ltd	2.29	0.27	2.29	0.27
Total	2.29	0.27	362.29	0.27
Long term receivables:				
Hebei AVIC General Aviation Co., Ltd	23,487.71	99.36	23,830.16	100.81
Shenyang Shenfei civil products industry Co., Ltd	805.11	16.07	919.87	18.36
Jiangxi Jinghang aviation forging and Casting Co., Ltd	2,534.79	56.21	2,794.73	61.97
Zhuhai AVIC General Aviation Co., Ltd	3,090.39	17.54	3,404.22	19.32
Guizhou Huafeng Electric Appliance Co., Ltd	10.34	0.18	13.63	0.24
Nanjing AVIC Industrial Science and Technology City Development Co., Ltd	21,600.00	488.44	10,800.00	244.22
Baosheng Technology Innovation Co., Ltd	36,000.00	873.10	44,000.00	1,067.12
AVIC International Automobile Exhibition and sales Co., Ltd	166.67	4.04	200.00	4.85
AVIC International Mineral Resources Co., Ltd	4.86	0.12	8.00	0.19
Henan Xinfei Electric Appliance Group Co., Ltd	6.08	0.15	10.00	0.24
Jinzhou (Baotou) renewable energy Co., Ltd	23,397.89	642.11	24,589.17	674.80
Inner Mongolia General Aviation Co., Ltd	—	—	229.26	0.67
Shenyang shanghangfa Auto Parts Co., Ltd	—	—	1,562.65	37.37
Shaanxi Hongyuan aviation Forging Co., Ltd	—	—	2.05	0.01
Ningbo Jiangbei Tianhang industry and Trade Co., Ltd	—	—	2.05	0.01
Beijing Hangwei high tech Connection Technology Co., Ltd	4,131.13	200.30	—	—
Baosheng System Integration Technology Co., Ltd	4,166.67	202.02	—	—

Item	Closing balance		Opening balance	
	Book balance	Provision for bad and doubtful debts	Book balance	Provision for bad and doubtful debts
Lanzhou Wanli aviation electromechanical Co., Ltd	1,400.00	67.88	--	--
Total	120,801.64	2,667.52	112,365.79	2,230.18

(2) Related party payables and advance receipts (in RMB ten thousand yuan)

Item	Closing balance	Opening balance
Accounts payable:		
Zhengzhou aircraft equipment Co., Ltd	22.00	22.00
Beijing Aviation Precision Machinery Research Institute of China Aviation Industry Corporation	16.92	16.92
AVIC engineering integration equipment Co., Ltd	222.00	222.00
China Aviation Industry Supply and Marketing Co., Ltd	726.00	726.00
AVIC International Aviation Development Co., Ltd	8,235.00	8,235.00
China Aerospace Manufacturing Technology Research Institute	192.00	--
Total	9,413.92	9,221.92
Long-term payables:		
China Feilong General Aviation Co., Ltd	575.73	403.73
Hebei AVIC General Aviation Co., Ltd	1,372.50	1,372.50
China Aviation Integrated Technology Research Institute	216.75	216.75
Baoding Xiangyang Aviation Precision Machinery Co., Ltd	23.17	23.17
Beijing Aviation Precision Machinery Research Institute of China Aviation Industry Corporation	73.2	73.2
Lanzhou Flight Control Co., Ltd	129.00	50.00
Guizhou Anji Aviation Precision Casting Co., Ltd	186.00	186.00
Shenyang Shenfei civil products industry Co., Ltd	59.84	59.84
Guizhou Huafeng Electric Appliance Co., Ltd	0.40	0.40
Wuxi Leihua Technology Co., Ltd	1.95	1.95
Jinan Special Structure Research Institute of AVIC	913.50	913.50
Qing'an Group Co., Ltd	6.39	6.39
Nanjing AVIC Industrial Science and Technology City Development Co., Ltd	810.00	360.00
Baosheng Technology Innovation Co., Ltd	1,440.00	1,440.00
Shaanxi Changkong Gear Co., Ltd	17.76	17.76
Jiangxi Jinghang aviation forging and Casting Co., Ltd	240.00	240.00
Chengdu aircraft design and Research Institute of AVIC	50.71	50.71
AVIC International Automobile Exhibition and sales Co., Ltd	10.00	10.00
Shaanxi Huayan Aviation Instrument Co., Ltd	24.49	24.49

Item	Closing balance	Opening balance
Zhuhai AVIC General Aviation Co., Ltd	259.80	259.80
Chengdu Kaitian Electronics Co., Ltd	171.42	171.42
AVIC composite materials Co., Ltd	421.04	--
Beijing Hangwei high tech Connection Technology Co., Ltd	245.00	--
Baosheng System Integration Technology Co., Ltd	150.00	--
Lanzhou Wanli aviation electromechanical Co., Ltd	70.00	--
Sichuan Lingfeng Aviation Hydraulic Machinery Co., Ltd	53.74	41.14
Inner Mongolia General Aviation Co., Ltd	--	90.00
Total	7,522.39	6,012.75
Other payables:		
China Aviation Industry Group Co., Ltd	1.00	--
AVIC Industrial Finance Holding Co., Ltd	2,220,000.00	2,222,625.91
Golden Network (Beijing) e-commerce Co., Ltd	0.29	--
Total	2,220,001.29	2,222,625.91
Advance receipts:		
Hebei AVIC General Aviation Co., Ltd	165.36	184.64
Guizhou anda aviation Forging Co., Ltd	291.93	--
Baoding Xiangyang Aviation Precision Machinery Co., Ltd	0.12	--
Shanghai xinkangze commercial factoring Co., Ltd	792.86	792.86
Wuxi Leihua Technology Co., Ltd	1.95	--
Qing'an Group Co., Ltd	6.94	--
Wuhan Shangfa Auto Parts Co., Ltd	0.14	0.14
Beijing Aviation Precision Machinery Research Institute of China Aviation Industry Corporation	--	39.40
Jiangxi Hongdu Aviation Industry Group	--	392.17
Total	1,259.30	1,409.21
Lease liabilities:		
AVIC investment building real estate Co., Ltd	327.94	496.53
AVIC Investment Holding Co., Ltd	20.93	14.95
Total	348.87	511.48

XII Notes of Main Items in the Financial Statements of the Parent Company

1. Accounts receivable

Classification	Closing balance			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
A single item of accounts receivable that is significant and a single item of provision for bad debts	–	–	–	–
A collection of accounts receivable that has a provision for bad debts based on the credit risk characteristics	2,676,162.40	100	515,964.11	19.28
A single item of accounts receivable that is not significant but a single item of provision for bad debts	–	–	–	–
Total	2,676,162.40	100	515,964.11	

(Continued)

Classification	Opening balance			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
A single item of accounts receivable that is significant and a single item of provision for bad debts	–	–	–	–
A collection of accounts receivable that has a provision for bad debts based on the credit risk characteristics	14,094,683.95	100	672,316.42	4.77
A single item of accounts receivable that is not significant but a single item of provision for bad debts	–	–	–	–
Total	14,094,683.95	100	672,316.42	4.77

(1). Bad debt reserves withdrawn, recovered or reversed based on the combination of credit risk characteristics in the current period

Provision for bad debts	Stage 1:expected credit loss in the next 12 months	Stage 2:Expected credit loss for the entire duration (no credit impairment)	Stage 3:Expected credit loss for the entire duration (credit impairment has occurred)	Total
Opening balance	–	672,316.42	–	672,316.42
Opening balance in current period	–	–	–	–
move forward to stage 2	–	–	–	–
move forward to stage 3	–	–	–	–
move back to stage 2	–	–	–	–
move back to stage 1	–	–	–	–
Provision in current period	–	–	–	–
Reversal in current period	–	156,352.31	–	156,352.31
Write-off in current period	–	–	–	–

Provision for bad debts	Stage 1:expected credit loss in the next 12 months	Stage 2:Expected credit loss for the entire duration (no credit impairment)	Stage 3:Expected credit loss for the entire duration (credit impairment has occurred)	Total
Write-off in current period upon termination of accounts receivable	—	—	—	—
Other Changes	—	—	—	—
Closing balance	—	515,964.11	—	515,964.11

(2) The top five of accounts receivable in the final balance:

Name of debtor	Book balance	Proportion (%)	Provision for bad debt
Client L	2,676,162.40	100	515,964.11
Total	2,676,162.40	100	515,964.11

2. Other receivables

Item	Closing balance	Opening balance
Interest receivable	—	—
Dividends receivable	—	—
Other receivables	33,102,829,849.34	30,708,152,555.22
Total	33,102,829,849.34	30,708,152,555.22

(1). Classification of interest receivable

Item	Closing balance	Opening balance
Term deposit	—	—
Loan by mandate	—	—
Bond investment	—	—
Others	—	—
Total	—	—

(2). Other receivables

Classification	Closing balance			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
A single item of accounts receivable that is significant and a single item of provision for bad debts	—	—	—	—
A collection of accounts receivable that has a provision for bad debts based on the credit risk characteristics	33,105,842,821.69	100.00	3,012,972.35	0.01
A single item of accounts receivable that is not significant but a single item of provision for bad	—	—	—	—

Classification	Closing balance			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
debts				
Total	33,105,842,821.69	100.00	3,012,972.35	—

(Continued)

Classification	Opening balance			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
A single item of accounts receivable that is significant and a single item of provision for bad debts	—	—	—	—
A collection of accounts receivable that has a provision for bad debts based on the credit risk characteristics	30,709,639,272.59	100	1,486,717.37	0.00
A single item of accounts receivable that is not significant but a single item of provision for bad debts	—	—	—	—
Total	30,709,639,272.59	100	1,486,717.37	—

i. Bad debt reserves withdrawn, recovered or reversed based on the combination of credit risk characteristics in the current period.

Provision for bad debts	Stage 1:expected credit loss in the next 12 months	Stage 2:Expected credit loss for the entire duration (no credit impairment)	Stage 3:Expected credit loss for the entire duration (credit impairment has occurred)	Total
Opening balance	1,486,717.37	—	—	1,486,717.37
Opening balance in current period	—	—	—	—
move forward to stage 2	—	—	—	—
move forward to stage 3	—	—	—	—
move back to stage 2	—	—	—	—
move back to stage 1	—	—	—	—
Provision in current period	1,526,254.98	—	—	1,526,254.98
Reversal in current period	—	—	—	—
Write-off in current period	—	—	—	—
Write-off in current period upon termination of accounts receivable	—	—	—	—

Provision for bad debts	Stage 1:expected credit loss in the next 12 months	Stage 2:Expected credit loss for the entire duration (no credit impairment)	Stage 3:Expected credit loss for the entire duration (credit impairment has occurred)	Total
Other Changes	–	–	–	–
Closing balance	3,012,972.35	–	–	3,012,972.35

3. Long-term equity investments

(1). Classification of long-term equity investment

Items	Opening Balance	Increased	Decreased	Closing balance
Investment in subsidiaries	1,234,118,321.00	450,000,000.00	–	1,684,118,321.00
Investment in joint ventures	–	–	–	–
Investment in associates	744,163.34	–	–	744,163.34
Subtotal	1,234,862,484.34	450,000,000.00	–	1,684,862,484.34
Less: Provision for impairment loss of long-term equity investments	–	–	–	–
Total	1,234,862,484.34	450,000,000.00	–	1,684,862,484.34

(2). Investment in subsidiaries

Invested unit	Initial investment cost	Opening Balance	Increased	Decreased	Closing balance
Shanghai Yuanhang Machinery & Electronic Co., Ltd.	20,000,000.00	20,000,000.00	-	-	20,000,000.00
AVIC Lanwen Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lanjing Leasing (Tianjin) Co., Ltd.	1,000,000.00	1,000,000.00	-	-	1,000,000.00
AVIC Lanjun Leasing (Tianjin) Co., Ltd.	1,000,000.00	1,000,000.00	-	-	1,000,000.00
AVIC Lanao Leasing (Tianjin) Co. Ltd	1,000,000.00	1,000,000.00	-	-	1,000,000.00
AVIC Lanwan Leasing (Tianjin) Co., Ltd.	1,000,000.00	1,000,000.00	-	-	1,000,000.00
AVIC Lanfeng Leasing (Tianjin) Co., Ltd.	1,000,000.00	1,000,000.00	-	-	1,000,000.00
AVIC Lanhui Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lantai Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Langang Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lanqi Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lanhong Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lanzhu Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lansai Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lanan Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lanzhou Leasing (Shanghai) Co., Ltd.	30,000.00	30,000.00	-	-	30,000.00
AVIC Lanchuan Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
CAVIC AVIATION LEASING (IRELAND) CO., DESIGNATED ACTIVITY COMPANY	402,238,321.00	402,238,321.00	-	-	402,238,321.00
AVIC Lanzhong Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lanlin Leasing (Tianjin) Co., Ltd	100,000.00	100,000.00	-	-	100,000.00

Invested unit	Initial investment cost	Opening Balance	Increased	Decreased	Closing balance
AVIC Lanbo Leasing (Shanghai) Co., Ltd.	30,000.00	30,000.00	-	-	30,000.00
AVIC Lanhao Leasing (Shanghai) Co., Ltd.	30,000.00	30,000.00	-	-	30,000.00
AVIC Lanxu Leasing (Shanghai) Co., Ltd.	30,000.00	30,000.00	-	-	30,000.00
AVIC Lanhai Leasing (Shanghai) Co., Ltd.	30,000.00	30,000.00	-	-	30,000.00
AVIC Lanliang Leasing (Shanghai) Co., Ltd.	30,000.00	30,000.00	-	-	30,000.00
AVIC Lanxia Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lanshuo Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lanjiang Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Shanghai Hangrong Real Estate Co., Ltd.	500,000,000.00	500,000,000.00	-	-	500,000,000.00
AVIC Lanyuan Leasing(Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lanyun Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lanheng Leasing(Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lanfei Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lanzhao Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lanfu Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lantu Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lanrui Leasing(Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lantuo Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lanqin Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lanqu Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lanbei Leasing(Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
AVIC Lanhua Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00

Invested unit	Initial investment cost	Opening Balance	Increased	Decreased	Closing balance
AVIC Lankai Leasing (Tianjin) Company Limited.	100,000.00	100,000.00	-	-	100,000.00
Lanpeng No.1 Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Landian No.1 Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanshu No.1 Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanyong Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanyu No.1 Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Landian No.2 Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanchu Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lancai Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanxuan Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
New Land Leasing (Tianjin) Co., Ltd.	200,000,000.00	198,800,000.00	-	-	198,800,000.00
Lanzhuo Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanli Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanlai Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanjie Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanhan Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanhuang Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Languang Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanlie Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanhe Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanshui Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanju Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00

Invested unit	Initial investment cost	Opening Balance	Increased	Decreased	Closing balance
Lancong Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lansheng Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanjun Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanxin Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanrui Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanyan Leasing (Guangzhou) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanzhe Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Landa Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanlei Leasing (Haikou) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanning Leasing (Haikou) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Landu Aircraft Leasing (Chengdu) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanzi Aircraft Leasing (Chengdu) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanle Leasing (Haikou) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanao Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lande Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Langui Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanyi Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanping Leasing(Shanghai) Co.,Ltd	100,000.00	100,000.00	-	-	100,000.00
Lanye Leasing (Haikou) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanxiu Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanai Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanchen Equipment Leasing (Shanghai) Co. Ltd.	100,000.00	100,000.00	-	-	100,000.00

AVIC INTERNATIONAL LEASING CO.,LTD
From January to June Year 2022
Notes to the Financial Statements

Invested unit	Initial investment cost	Opening Balance	Increased	Decreased	Closing balance
Lanchao Leasing(Shanghai) Co.,Ltd	100,000.00	100,000.00	-	-	100,000.00
Landan Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lantong Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanze Leasing(Shanghai) Co.,Ltd	100,000.00	100,000.00	-	-	100,000.00
Lanchang Leasing(Shanghai) Co.,Ltd	100,000.00	100,000.00	-	-	100,000.00
Lanmin Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanman Leasing(Shanghai) Co.,Ltd	100,000,000.00	100,000,000.00	-	-	100,000,000.00
Landuo Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
Lanbin Leasing (Tianjin) Co., Ltd.	100,000.00	100,000.00	-	-	100,000.00
New Airlines Financial Leasing (Haikou) Co.,Ltd	450,000,000.00	-	450,000,000.00	-	450,000,000.00

(3). Investment in joint ventures & associates

Invested unit	Cost of Investment	Opening Balance	Changes in this period			
			Increase Investment	Decrease Investment	Investment gains and losses confirmed by equity method	Other comprehensive income adjustment
Total	20,000.00	724,163.34	--	--	--	--
1. Joint ventures	--	--	--	--	--	--
2. Associates	20,000.00	724,163.34	--	--	--	--
Feitian No.1 Leasing (Tianjin) Co., Ltd.	20,000.00	724,163.34	--	--	--	--

(Continued)

Invested unit	Changes in this period				Closing balance	Closing balance of provision for impairment loss
	Other equity changes	Declare cash dividends or profits	Provision for impairment loss	Others		
Total	--	--	--	--	744,163.34	--
一. 1. Joint ventures	--	--	--	--	--	--
二. 2. Associates	--	--	--	--	744,163.34	--
Feitian No.1 Leasing (Tianjin) Co., Ltd.	--	--	--	--	744,163.34	--

4. Operating revenues and Operating costs

Item	Current period		Prior period	
	Revenue	Cost	Revenue	Cost
1.Subtotal of main Business	2,383,280,882.64	1,681,399,329.61	2,769,756,968.16	1,674,682,718.72
Financial lease and operating lease	2,382,964,256.01	1,681,399,329.61	2,769,756,968.16	1,674,682,718.72
Trade and others	316,626.63	--	--	--
2.Subtotal of other business	123,853.21	764,054.10	341,284.40	764,054.10
Rental income	123,853.21	764,054.10	341,284.40	764,054.10
Total	2,383,404,735.85	1,682,163,383.71	2,770,098,252.56	1,675,446,772.82

5. Income from investments

Sources of investment income	Current period	Prior period
Investment income received from the long-term investment measured by equity method	--	386,832.37
Investment income received from disposal of trading financial assets	131,688.33	2,430,517.77
Investment income received from disposal of long-term receivables	--	-4,181,043.27
Investment income received from the holding period of trading financial assets	38,368,337.79	31,052,154.56
Dividend income received from the holding period of other equity instruments	301,063.07	--

Sources of investment income	Current period	Prior period
Others	—	65,658.60
Total	38,801,089.19	29,754,120.03

XIII Other contents to be disclosed in accordance with the relevant financial accounting rules and regulations

The Company securitized part of the long-term accounts receivable. The manager sets up a structured entity, which issues priority asset-backed securities and subordinated asset-backed securities to investors. The Company holds all or part of the subordinated asset-backed securities. As an asset service organization, the Company provides services such as asset maintenance and daily management. After paying the tax burden and related expenses, the special plan will be used to repay the principal and interest of the priority asset-backed securities. The remaining trust property after the repayment of all principal and interest is regarded as the income of the subordinated asset-backed securities and belongs to the subordinate bondholders. The Company holds all subordinated bonds of AVIC Leasing's 2019 second phase Asset-backed Support Special Plan, and retains almost all risks and rewards of basic assets, so it has not derecognized the basic assets. For AVIC Leasing's 2019 third phase Asset-backed Support Special Plan, AVIC Leasing's 2020 first phase Asset-backed Support Special Plan, AVIC Leasing's 2020 second phase Asset-backed Support Special Plan, AVIC Leasing's 2020 third phase Asset-backed Support Special Plan, AVIC Leasing's 2021 first phase Asset-backed Support Special Plan, AVIC Leasing's 2021 second phase Asset-backed Support Special Plan, AVIC Leasing's 2021 third phase Asset-backed Support Special Plan, Ping'an AVIC Leasing's first phase Asset-backed Support Special Plan and Guoshou - AVIC Leasing Asset-backed Special Plan No.1. The proportion of subordinated bonds held by the Company is between 73% and 84%. The Company has not transferred or retained almost all relevant risks and rewards. The relevant financial assets are recognized according to the degree of continuous involvement in the transferred financial assets, and the relevant liabilities are recognized accordingly. At the same time, the Company has actual control over the above-mentioned structured entities, which have been included in the scope of consolidated financial statements.

XIV. Commitments

None

XV. Approval of Financial Statements

The financial statements and the notes to the financial statements were approved by the Company on August 24, 2022.

AVIC INTERNATIONAL LEASING CO., LTD.

2022-08-24

Independent Auditor's Report

D.H.S.Z. [2022] 009168

To the Shareholders/Owners of AVIC INTERNATIONAL LEASING CO., LTD:

I. Audit Opinion

We have audited the accompanying financial statements of AVIC INTERNATIONAL LEASING Co., Ltd. (Herein after "AVIC Company"), which comprise the consolidated and the parent company's balance sheet as at 31 December 2021, the consolidated and the parent company's income statement, the consolidated and the parent company's cash flows statement and the consolidated and the parent company's statement of changes in equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present in all material respects in accordance with the requirements of Accounting Standards for Business Enterprises, and fairly reflect AVIC Company's financial position at 31 December 2021 and the financial performance and cash flows for the year then ended.

II. Basis for Audit Opinion

We conducted our audit in accordance with CICPA Standards on Auditing ("CSAs"). In *'IV. Certified Public Accountant's Responsibilities for the Audit of Financial Statements'* of this report, our responsibilities under these standards are described. Those standards require that we comply with CICPA professional ethical requirements, that we are independent from AVIC Company and have fulfilled all other ethical obligations. We believe that we have obtained sufficient and appropriate audit evidence as basis of for our opinion.

III.Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of AVIC Company is responsible for the preparation and present these financial statements fairly in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management of AVIC Company is also responsible for assessing AVIC Company's ability to continue as a going concern, disclosing matters related to going concern (if applicable), and using going concern assumption, unless the management either intends to liquidate the Company or to cease operations or has no realistic option to comply.

Those charged with governance are responsible for overseeing the AVIC Company's financial reporting process.

IV.Certified Public Accountant's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions the users taken on the basis of these Financial Statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatements of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting. Based on the audit evidence obtained, conclude on whether a material uncertainty exists related to events or conditions that may cast significant doubt on AVIC Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause AVIC Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the Financial Statements, and evaluate whether Financial Statements fairly reflected the underlying transactions and events.

6. Obtain sufficient appropriate audit evidence regarding AVIC Company's financial information of the entities or business activities within the Group to express an opinion on the Financial Statements. We are responsible for the direction, supervision and performance the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance on audit scope, time schedule and significant audit findings, including internal control flaws that worth attention.

【Signature Page】

Da Hua Certified Public Accountants
(Special General Partnership)



CICPA:

A handwritten signature in black ink, reading '邹志文' (Zou Zhiwen), is written over a rectangular stamp. The stamp contains the text '邹志文' and '中国注册会计师' (China Certified Public Accountant).

CICPA:

A handwritten signature in black ink, reading '张世运' (Zhang Shiyun), is written over a rectangular stamp. The stamp contains the text '张世运' and '中国注册会计师' (China Certified Public Accountant).

18 March 2022

Consolidated Balance Sheet

Prepared by: AVIC International Leasing Co., Ltd

31 December 2021

Currency: Chinese Yuan

Item	Note VIII	Closing Balance	Opening Balance	Item	Note VIII	Closing Balance	Opening Balance
Current assets:				Current liabilities:			
Cash at bank and on hand	1	5,900,843,833.96	5,894,354,119.70	Short-term borrowings	21	6,671,444,259.15	9,983,168,635.53
Financial assets held for trading	2	1,984,831,586.71	1,374,754,554.90	Financial liabilities held for trading		-	-
☆ Financial assets classified as measured at fair value and the change of which shall be included in current profit or loss		-	-	☆ Financial liabilities classified as measured at fair value and the change of which shall be included in current profit or loss		-	-
Derivative financial assets		-	-	Derivative financial liabilities		-	-
Notes receivable	3	38,909,013.37	33,111,076.68	Notes payable	22	508,750,000.00	151,500,000.00
Accounts receivable	4	129,341,138.28	110,603,832.37	Accounts payable	23	237,483,230.78	199,521,633.55
Accounts receivable financing		-	-	Payments received in advance	24	966,918,710.52	864,893,146.13
Prepayments	5	28,617,202.22	15,902,445.64	Contract liabilities	25	4,487,154.00	2,370,064.73
Other receivables	6	20,035,154.00	421,829,445.07	Employee benefits payable	26	25,848,524.86	16,613,582.01
Inc: Dividends receivable		-	-	Tax payables	27	1,009,252,212.93	934,800,560.61
Inventories	7	3,113,331.31	7,078,415.45	Other payables	28	24,061,178,175.25	7,618,201,585.36
Inc: Raw Material		-	-	Hold-for-sale liabilities		-	-
Merchandise inventory (finished products)	7	3,113,331.31	7,078,415.45	Current portion of non-current liabilities	29	25,243,456,920.78	23,585,086,858.97
Contract assets		-	-	Other current liabilities	30	5,897,259,845.21	12,798,259,452.04
Hold-for-sale assets		-	-	Total current liabilities		64,426,079,123.23	56,844,437,520.33
Current portion of non-current assets	8	39,013,333,443.91	36,659,172,956.46	Non-current liabilities:			
Other current assets	9	3,821,493,607.17	3,022,590,986.28	Long-term borrowings	31	39,490,031,118.70	44,321,274,015.31
Total current assets		50,940,016,410.93	47,536,487,832.51	Bonds payable	32	26,032,975,179.16	11,687,396,988.12
Non-current assets:				Lease liabilities	33	3,096,570,687.80	3,677,789,695.12
Debt investments		-	-	Long-term payables	34	5,573,418,077.04	7,295,976,813.75
☆ Available-for-sale financial assets		-	-	Long-term employee benefits payable		-	-
Other debt investments		-	-	Provisions		-	-
☆ Held to maturity investment		-	-	Deferred income	54	-	-
Long-term receivables	10	91,156,799,371.11	88,581,640,827.20	Deferred tax liabilities	19	277,998,729.26	171,792,452.71
Long-term equity investments	11	744,163.34	20,000.00	Other non-current liabilities	35	2,413,234,176.80	10,769,602,886.68
Investment in other equity instruments	12	21,419,849.54	444,302,351.49	Total non-current liabilities		76,887,227,868.56	77,893,815,831.60
Other non-current financial assets	13	1,079,063,077.14	1,015,738,955.75	Total liabilities		141,313,307,091.79	133,748,253,352.02
Investment properties	14	52,825,076.77	54,784,710.77	Equity:			
Fixed assets	15	16,239,837,313.46	13,733,431,632.14	Paid-in capital	36	9,978,467,899.00	9,978,467,899.00
Construction in progress	16	1,476,927,965.86	1,736,607,077.74	National Capital			
Productive biological assets		-	-	National Legal Person Capital	36	9,978,467,899.00	9,978,467,899.00
Oil and gas assets		-	-	Collective Capital			
Right-of-use assets	17	3,185,230,353.11	3,394,728,791.38	Private Capital			
Intangible assets	18	10,586,507.73	6,321,658.21	Foreign Capital			
Development expenditure		-	-	#Less: capital returned			
Goodwill		-	-	Net Paid-in capital (or share capital)	36	9,978,467,899.00	9,978,467,899.00
Long-term deferred expenses		-	-	Other equity instruments	37	4,400,000,000.00	4,500,000,000.00
Deferred tax assets	19	1,496,823,969.14	1,195,917,454.04	Capital reserves	38	3,342,130,738.76	3,342,130,738.76
Other non-current assets	20	1,919,371,864.24	1,096,983,971.50	Less: Treasury stock		-	-
Inc: Special reserve materials		-	-	Other comprehensive income	54	-300,790,820.18	-205,281,966.65
Total non-current assets		116,643,642,136.56	111,220,457,430.22	Inc: Translation difference of foreign currency statements	54	-289,180,385.90	-205,281,966.65
				Special reserves		-	-
				Surplus reserve	39	749,135,118.35	607,659,791.20
				Retained earnings	40	5,162,891,375.78	3,850,006,502.41
				Equity attributable to parent company		23,331,834,511.71	22,073,182,664.72
				*Non-controlling interests		2,938,518,945.99	2,938,518,945.99
				Total owners' equity		26,270,353,457.70	25,011,701,910.71
Total assets		167,583,660,549.49	158,759,955,262.73	Total liabilities and owners' equity		167,583,660,549.49	158,759,955,262.73

Notes: Account with the sign of * in the table is only for the use of consolidated financial statements; Account with the sign of △ in the table is only for the use of financial enterprises; Account with the sign of # in the table is only for the use of foreign investment enterprises; Account with the sign of ☆ in the table is only for the use of enterprises that has not applied new financial instruments standards.

Legal representative:

Principal in charge of Accounting:

Head of accounting department:

Consolidated Income Statement

Prepared by: AVIC International Leasing Co., Ltd

For the year ended 31 December 2021

Currency: Chinese Yuan

Item	Note VIII	Current Period	Prior Period	Item	Note VII	Current Period	Prior Period
1. Operating revenue		10,303,447,857.16	10,125,856,176.27	5. Net profit (loss is listed as "-")		1,890,586,108.42	1,974,085,449.27
Inc: Operating revenue	41	10,303,447,857.16	10,125,856,176.27	I. Net profit classified by ownership			
△ Interest revenue		-	-	Net profit attributable to parent company		1,890,586,108.42	1,974,085,449.27
△ Earned Premium		-	-	* Net profit attributable to non-controlling interests			
△ Fee and commission revenue		-	-	II. Net profit classified by going concern			
2. Operating costs		6,874,503,191.67	6,772,685,794.02	Net profit from continuing operations		1,990,586,108.42	1,974,085,449.27
Inc: Operating costs	41	6,522,046,981.12	5,386,090,034.00	Net profit from discontinuing operations			
△ Interest expense		-	-	6. Other comprehensive income after tax	54	-95,508,653.53	-221,249,974.38
△ Fee and commission expense		-	-	Other comprehensive income after tax attributable to parent company	54	-95,508,653.53	-221,249,974.38
△ Surrender money		-	-	i. Items of other comprehensive income that will not be reclassified to profit or loss	54	-2,610,234.28	-
△ Net compensation expenditure		-	-	I. Changes in remeasurement of defined benefit plans			
△ Net amount of insurance liability reserve withdrawn		-	-	ii. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
△ Expenditures dividend policy		-	-	ii. Changes in fair value of investments in other equity instruments	54	-2,610,234.28	
△ Reinsurance expenses		-	-	iv. Changes in fair value of the Company's own credit risk			
Taxes and surcharges		69,684,524.82	81,242,652.75	v. Others			
Selling expenses	42	91,051,866.34	83,943,563.33	II. Items of other comprehensive income that will be reclassified to profit or loss	54	-92,898,419.25	-221,249,974.38
Administrative expenses	43	284,263,828.08	1,276,577,245.87	I. Other comprehensive income that can be transferred to profit or loss under the equity method			
Research and development expenses		-	-	ii. Changes in fair value of other debt investments			
Finance expenses	44	-92,554,005.69	-55,167,701.93	iv. Changes in fair value of available-for-sale financial assets			
Others		-	-	iv. Amount of financial assets reclassified into other comprehensive income			
Add: Other income	45	249,512,655.65	415,299,209.47	iv. Gain or loss from held to maturity investment reclassified as available for sale financial assets			
Income from investments (loss is listed as "-")	46	50,015,840.48	25,571,108.88	vi. Provisions for credit impairment of other debt investments			
△ Exchange gains (loss is listed as "-")		-	-	vi. Cash flow hedging reserve (The effective portion of gains or losses arising from cash flow hedging)			
Gains or losses from net exposure hedging (loss is listed as "-")		-	-	vii. Translation differences arising from financial statements in foreign currencies	54	-92,898,419.25	-221,249,974.38
Gains or losses from changes in fair values (loss is listed as "-")	47	-30,408,298.81	-37,898,604.42	ix. Others			
Credit impairment losses (loss is listed as "-")	48	-1,225,550,235.51	-1,418,348,120.09	* Other comprehensive income attributable to non-controlling interests after tax			
Asset impairment losses (loss is listed as "-")	49	-2,683,195.74	-912,180.06	7. Total comprehensive income		1,895,077,454.89	1,752,835,474.89
Gains or losses from asset disposals (loss is listed as "-")	50	12,818,688.81	176,653,382.48	Total comprehensive income attributable to parent company		1,895,077,454.89	1,752,835,474.89
3. Operating profit (loss is listed as "-")		2,482,650,120.19	2,513,535,178.52	* Total comprehensive income attributable to non-controlling interests		-	-
Add: Non-operating income	51	72,281,674.73	23,619,037.90	8. Earnings per share:			
Less: Non-operating expenses	52	149,668.30	299,150.36	Basic earnings per share			
4. Profit before tax (loss is listed as "-")		2,554,762,126.62	2,536,856,066.04	Diluted earnings per share			
Less: Income tax	53	564,198,018.20	562,770,618.77				

Note: Account with the sign of "+" in the table is only for the use of consolidated financial statements; Account with the sign of "-" in the table is only for the use of financial enterprises; Account with the sign of "N/A" in the table is only for the use of enterprises that has not applied new financial instruments standards.

Principal in charge of Accounting:

Head of accounting department:

Consolidated Cash Flows Statement

Prepared by: AVIC International Leasing Co., Ltd

For the year ended 31 December 2021

Currency: Chinese Yuan

Item	Note VIII	Current Period	Prior Period	Item	Note VIII	Current Period	Prior Period
1. Cash flows from operating activities				Cash received from withdrawal of investments		7,221,451,472.28	4,197,292,383.09
Cash received from sales and services		61,884,407,858.68	54,485,327,509.68	Cash received from investment income		113,722,535.36	1,804,658.96
△Net increase in customer deposits and interbank deposits				Net proceeds from disposals of fixed assets, intangible assets and other long-term assets		10,900,844,497.84	12,044,490,464.15
△Net increase in borrowings from the central bank				Net proceeds from disposal of subsidiaries and other business units		187,249,926.49	-
△Net increase in borrowings from other financial institutions				Other cash receipts related to investing activities		-	-
△Cash received from premium of original insurance contract				Total cash inflows from investing activities		18,423,268,431.58	16,243,587,506.20
△Net cash received from reinsurance business				Cash paid for fixed assets, intangible assets and other long-term assets		1,472,845,375.32	2,638,504,042.20
△Net increase in deposits and investment funds of policyholders				Cash paid for investments		6,633,878,261.07	5,481,867,615.75
△Net increase in disposal of financial assets measured at fair value through profit or loss				Net cash paid for acquiring subsidiaries and other business units		-	-
△Cash receiving interest, handling charges and commissions				Other cash payments related to investing activities		-	-
△Net increase in borrowing funds				Total cash outflows from investing activities		8,106,723,636.39	8,120,371,657.95
△Net increase in repurchase business funds				Net cash flows from investing activities		10,316,544,795.59	8,123,215,848.25
△Net cash received from agency trading of securities				3. Cash flows from financing activities:			
Tax and surcharge refunds		-	-	Cash received from investments by others		3,200,000,000.00	3,075,239,045.22
Other cash receipts related to operating activities		3,542,747,326.19	4,007,612,753.03	Including: Cash received by subsidiaries from non-controlling investors		-	-
Total cash inflows from operating activities		65,427,155,184.78	58,502,940,282.72	Cash received from borrowings		40,786,813,229.97	48,565,832,682.27
Cash paid for goods and services		73,043,020,576.62	63,894,837,707.75	△Cash received from issuing bonds		30,921,840,000.00	29,870,000,000.00
△Net increase in customer loans and advances				Other cash receipts related to other financing activities		22,870,246,497.10	9,634,329,366.50
△Net increase in deposits with the central bank and other banks				Total cash inflows from financing activities		97,178,899,727.07	69,145,401,073.99
△Cash paid for compensation of original insurance contract				Cash repayments for debts		82,639,786,727.79	70,555,042,574.76
△Net increase in lending funds				Cash paid for distribution of dividends and profit and for interest expenses		6,620,257,268.60	6,139,291,463.65
△Cash paid for interest, handling charges and commissions				Including: Dividends or profit paid by subsidiaries to non-controlling investors		-	-
△Cash paid for policy dividends				Other cash payments related to financing activities		8,368,465,794.40	10,403,171,773.60
Cash paid to and for employees		204,315,201.05	171,454,444.24	Total cash outflows from financing activities	54	97,428,509,310.79	87,097,505,812.01
Taxes and surcharges paid		1,497,332,030.91	2,113,547,622.12	Net cash flows from financing activities		-249,509,583.72	2,047,895,261.98
Other cash payments related to operating activities		1,192,800,556.93	1,769,487,234.57	4. Effect of changes in foreign exchange rates on cash and cash equivalents		25,918,598.00	-192,259,257.03
Total cash outflows from operating activities		75,937,468,365.51	67,949,327,006.68	5. Net increase in cash and cash equivalents		-417,359,370.86	532,465,107.24
Net cash flows from operating activities		-10,510,313,180.73	-9,446,386,745.96	Add: Opening balance of cash and cash equivalents		4,276,128,360.14	3,745,663,252.90
2. Cash flows from investing activities				6. Closing balance of cash and cash equivalents		3,860,768,989.28	4,276,128,360.14

Note: Account with the sign of △ in the table is only for the use of financial enterprises.
Legal representative:

Principal in charge of Accounting:

Head of accounting department:

Consolidated Statement of Changes in Equity

Prepared by: AVIC International Leasing Co., Ltd

For the year ended 31 December 2021

Currency: Chinese Yuan

For the year ended 31 December 2023															Currency: Chinese Yuan	
Items	Equity attributable to parent company															
	Other equity instruments				Current Period									Non-controlling interests	Total owners' equity	
	Paid-in capital	Preferred stock	Perpetual debt	Others	Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	△General risk reserves	Retained earnings	Subtotal				
Column	1	2	3	4	5	6	7	8	9	10	11	12	13	14		
1. Closing balance of last year	9,978,457,899.00	-	4,500,000,000.00	-	3,342,130,738.76	-	-205,281,966.65	-	607,659,791.20	-	3,650,096,502.41	22,072,182,864.72	2,936,518,945.99	25,011,701,910.71		
Add: Increase/decrease due to changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Increase/decrease due to corrections of errors in prior period	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Others	9,978,457,899.00	-	4,500,000,000.00	-	3,342,130,738.76	-	-205,281,966.65	-	607,659,791.20	-	3,650,096,502.41	22,072,182,864.72	2,936,518,945.99	25,011,701,910.71		
2. Opening balance of current year	9,978,457,899.00	-	4,500,000,000.00	-	3,342,130,738.76	-	-205,281,966.65	-	607,659,791.20	-	3,650,096,502.41	22,072,182,864.72	2,936,518,945.99	25,011,701,910.71		
3. Increase/decrease for current year (decrease "-")	—	—	-100,000,000.00	-	54.00	-	-85,528,633.53	-	141,375,527.15	-	1,312,854,172.37	1,256,051,630.89	-	1,256,051,630.89		
I. Total comprehensive income	-	-	-100,000,000.00	-	-	-	-85,528,633.53	-	141,375,527.15	-	1,312,854,172.37	1,256,051,630.89	-	1,256,051,630.89		
II. Owner's contributions to and withdrawals of capital	-	-	-100,000,000.00	-	-	-	-	-	-	-	-	-100,000,000.00	-	-100,000,000.00		
I. Common stock contributed/paid-in capital by shareholders/owners	-	-	-100,000,000.00	-	-	-	-	-	-	-	-	-100,000,000.00	-	-100,000,000.00		
II. Capital contributed by other equity instruments holders	-	-	-100,000,000.00	-	-	-	-	-	-	-	-	-100,000,000.00	-	-100,000,000.00		
III. Share-based payments to owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
IV. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
III. The appropriation and distribution of special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
I. Appropriation of special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
II. Distribution of special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
IV. Profit distribution	-	-	-	-	54.00	-	-	-	141,375,527.15	-	477,701,295.06	436,425,863.90	-	436,425,863.90		
I. Appropriation of surplus reserve	-	-	-	-	54.00	-	-	-	81,624,011.50	-	-81,624,011.50	54.00	-	54.00		
Including: statutory surplus reserve	-	-	-	-	-	-	-	-	81,624,011.50	-	-81,624,011.50	-	-	-		
discretionary surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Reserve fund	-	-	-	-	54.00	-	-	-	-	-	-	54.00	-	54.00		
Enterprise development fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Retain of profits to investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
△II. Appropriation of general risk reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
II. Distribution to owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
IV. Others	-	-	-	-	-	-	-	-	58,651,315.65	-	-1,132,839,964.42	-1,132,839,964.42	-	-1,132,839,964.42		
V. Transfers within owners' equity	-	-	-	-	-	-	-	-	-	-	536,861,940.97	536,861,940.97	-	536,861,940.97		
I. Capital reserves transferred to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
II. Surplus reserve transferred to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
III. Use of surplus reserve to cover previous losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
IV. Changes in remeasurement of defined benefit plans transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
V. Other comprehensive income transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VI. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
4. Closing balance of current year	9,978,457,899.00	-	4,400,000,000.00	-	3,342,130,792.76	-	-300,790,620.18	-	749,135,118.35	-	5,162,891,375.78	23,331,634,565.71	2,936,518,945.99	26,270,353,511.70		

Note: Account with the sign of △ in the table is only for the use of financial enterprises; Account with the sign of # in the table is only for the use of foreign investment enterprises.

Legal representative:

Principal in charge of Accounting:

Head of accounting department:

Consolidated Statement of Changes in Equity

Prepared by: AVIC International Leasing Co., Ltd

For the year ended 31 December 2021

Currency: Chinese Yuan

Prepared by: Anhui International Leasing Co., Ltd.		For the year ended at December 31, 2021													Currency: Chinese Yuan	
Items	Equity attributable to parent company														Non-controlling interests	Total owners' equity
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	Δ General risk reserves	Retained earnings	Subtotal				
Column	1	2	3	4	5	6	7	8	9	10	11	12	13	14		
1. Closing balance of last year	9,978,467,899.00	-	3,000,000,000.00	-	3,342,130,738.76	-	15,968,007.73	-	507,045,820.92	-	2,884,890,789.40	19,728,503,265.81	1,407,778,333.10	21,136,281,588.91		
Add: Increase/decrease due to changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Increase/decrease due to corrections of errors in prior period	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2. Opening balance of current year	9,978,467,899.00	-	3,000,000,000.00	-	3,342,130,738.76	-	15,968,007.73	-	507,045,820.92	-	2,884,890,789.40	19,728,503,265.81	1,407,778,333.10	21,136,281,588.91		
3. Increase/decrease for current year (decrease: "-")	-	-	1,500,000,000.00	-	-	-	-221,249,974.38	-	100,813,970.28	-	865,115,713.01	2,344,678,708.97	1,330,740,612.89	3,879,420,321.80		
I. Total comprehensive income	-	-	-	-	-	-	-221,249,974.38	-	100,813,970.28	-	865,115,713.01	2,344,678,708.97	1,330,740,612.89	3,879,420,321.80		
II. Owner's contributions to and withdrawals of capital	-	-	1,500,000,000.00	-	-	-	-	-	-	-	-	1,500,000,000.00	1,330,740,612.89	3,030,740,612.89		
I. Common stock contributed/paid-in capital by shareholders/owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
II. Capital contributed by other equity instruments holders	-	-	1,500,000,000.00	-	-	-	-	-	-	-	-	1,500,000,000.00	1,330,740,612.89	3,030,740,612.89		
III. Share-based payments to owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
IV. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
III. The appropriation and distribution of special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
I. Appropriation of special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
II. Distribution of special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
IV. Profit distribution	-	-	-	-	-	-	-	-	100,813,970.28	-	-1,008,968,738.26	-808,155,765.98	-	-808,155,765.98		
I. Appropriation of surplus reserve	-	-	-	-	-	-	-	-	100,813,970.28	-	-100,813,970.28	-	-	-		
Including: statutory surplus reserve	-	-	-	-	-	-	-	-	100,813,970.28	-	-100,813,970.28	-	-	-		
discretionary surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Reserve fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Enterprise development fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Return of profits to investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
ΔΔ. Appropriation of general risk reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
II. Distribution to owners	-	-	-	-	-	-	-	-	-	-	-808,155,765.98	-808,155,765.98	-	-808,155,765.98		
IV. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
V. Transfers within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
I. Capital reserves transferred to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
II. Surplus reserve transferred to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
III. Use of surplus reserve to cover previous losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
IV. Changes in remeasurement of defined benefit plans transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
V. Other comprehensive income transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VI. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
4. Closing balance of current year	9,978,467,899.00	-	4,500,000,000.00	-	3,342,130,738.76	-	-205,281,966.65	-	607,859,791.20	-	3,850,006,502.41	22,073,182,964.72	2,538,516,945.99	25,011,701,910.71		

Note: Account with the sign of Δ in the table is only for the use of financial enterprises; Account with the sign of # in the table is only for the use of foreign investment enterprises.

Legal representative:

Principal in charge of Accounting:

Head of accounting department:

Balance Sheet

Prepared by: AVIC International Leasing Co., Ltd

31 December 2021

Currency: Chinese Yuan

Item	Note XII	Closing Balance	Opening Balance	Item	Note XII	Closing Balance	Opening Balance
Current assets:				Current liabilities:			
Cash at bank and on hand		2,974,524,909.37	3,213,771,514.96	Short-term borrowings		4,512,647,818.29	8,487,206,794.43
Financial assets held for trading		1,984,831,586.71	1,374,754,554.90	Financial liabilities held for trading		-	-
☆Financial assets classified as measured at fair value and the change of which shall be included in current profit or loss		-	-	☆Financial liabilities classified as measured at fair value and the change of which shall be included in current profit or loss		-	-
Derivative financial assets		-	-	Derivative financial liabilities		-	-
Notes receivable		19,648,622.60	4,022,744.89	Notes payable		508,750,000.00	151,500,000.00
Accounts receivable	1	13,422,367.53	28,851,488.36	Accounts payable		229,441,029.11	100,874,857.11
Accounts receivable financing		-	-	Payments received in advance		487,494,089.64	462,983,877.25
Prepayments		7,961,877.89	9,225,001.11	Contract liabilities		-	-
Other receivables	2	30,708,152,555.22	15,134,813,117.47	Employee benefits payable		21,498,053.02	12,354,149.02
Inc: Dividends receivable		-	-	Tax payables		591,545,606.71	660,286,634.52
Inventories		-	-	Other payables		25,617,424,580.28	8,638,733,889.56
Inc: Raw Material		-	-	Inc: Dividends payable		-	-
Merchandise inventory (finished products)		-	-	Held-for-sale liabilities		-	-
Contract assets		-	-	Current portion of non-current liabilities		17,017,716,169.37	16,050,215,404.06
Held-for-sale assets		-	-	Other current liabilities		5,697,259,845.21	12,798,259,452.04
Current portion of non-current assets		29,419,324,383.15	31,191,219,853.75	Total current liabilities		54,693,777,291.61	47,382,424,857.89
Other current assets		-	-	Non-current liabilities:			
Total current assets		65,127,966,302.47	50,956,658,275.44	Long-term borrowings		12,431,037,803.43	15,192,774,341.66
Non-Current assets:				Bonds payable		20,954,000,000.00	8,740,000,000.00
△ Loans and advances		-	-	Lease liabilities		642,571,297.19	1,013,763,374.62
Debt investments		-	-	Long-term payables		3,542,001,752.69	5,367,448,436.69
☆Available-for-sale financial assets		-	-	Long-term employee benefits payable		-	-
Other debt investments		-	-	Provisions	54	-	-
☆Held to maturity investment		-	-	Deferred income		-	-
Long-term receivables		43,572,511,749.98	51,392,557,724.41	Deferred tax liabilities		-	-
Long-term equity investments	3	1,234,862,484.34	1,132,538,321.00	Other non-current liabilities		1,420,001,210.92	9,595,214,337.02
Other equity investment instruments		21,419,846.54	444,302,351.49	Total non-current liabilities		38,989,812,164.23	39,909,200,489.98
Other non-current financial assets		989,406,602.44	969,703,197.10	Total liabilities		93,683,389,455.84	87,271,625,347.88
Investment properties		41,361,584.69	42,889,682.89	Equity:			
Fixed assets		478,363,804.76	347,179,755.64	Paid-in capital		9,978,467,899.00	9,978,467,899.00
Construction in progress		-	-	National Capital		-	-
Productive biological assets		-	-	National Legal Person Capital		9,978,467,899.00	9,978,467,899.00
Oil and gas assets		-	-	Collective Capital		-	-
Right-of-use assets		6,896,970.75	10,473,298.85	Private Capital		-	-
Intangible assets		10,598,507.73	6,321,658.21	Foreign Capital		-	-
Development expenditure		-	-	#Less: capital returned		-	-
Goodwill		-	-	Net Paid-in capital(or share capital)		9,978,467,899.00	9,978,467,899.00
Long-term deferred expenses		-	-	Other equity instruments		4,400,000,000.00	4,500,000,000.00
Deferred tax assets		940,673,233.84	825,655,650.97	Inc: preferred stocks		-	-
Other non-current assets		1,122,208,633.17	725,360,081.50	Perpetual debts		4,400,000,000.00	4,500,000,000.00
Total non-current assets		46,418,303,418.24	55,696,981,732.07	Capital reserves		3,342,130,738.76	3,342,130,738.76
				Less: Treasury stock		-	-
				Other comprehensive income		-2,610,234.28	-
				Inc: Translation difference of foreign currency statements		-	-
				Special reserves		-	-
				Surplus reserve		749,135,118.35	607,859,791.20
				Inc: statutory surplus reserve		749,135,118.35	607,859,791.20
				discretionary surplus reserve		-	-
				Retained earnings		1,395,756,743.04	1,153,556,230.57
				Total owners' equity		19,862,880,264.87	19,562,014,659.53
Total assets		113,546,269,720.71	106,653,640,007.51	Total liabilities and owners' equity		113,546,269,720.71	106,653,640,007.51

Note: Account with the sign of △ in the table is only for the use of financial enterprises; Account with the sign of # in the table is only for the use of foreign investment enterprises; Account with the sign of ☆ in the table is only for the use of enterprises that has not applied new financial instruments standards.

Legal representative:

Principal in charge of Accounting:

Head of accounting department:

Income Statement

Prepared by: AVIC International Leasing Co., Ltd

For the year ended 31 December 2021

Currency: Chinese Yuan

Item	Note XII	Current Period	Prior Period	Item	Note XII	Current Period	Prior Period
1. Operating revenue		5,394,553,255.07	6,253,745,313.58	4. Profit before tax (loss is listed as "-")		1,082,501,796.62	1,323,827,376.57
Inc: Operating revenue	4	5,394,553,255.07	6,253,745,313.58	Less: Income tax		266,281,681.60	315,687,676.76
△Interest revenue		-	-	5. Net profit (loss is listed as "-")		816,240,115.02	1,008,139,702.81
△Earned Premium		-	-	Profit from continuing operations		816,240,115.02	1,008,139,702.81
△Fee and commission revenue		-	-	Profit from discontinuing operations		-	-
2. Operating costs		3,582,373,614.98	3,841,732,058.89	6. Other comprehensive income after tax		-2,610,234.28	-
Inc: Operating costs	4	3,486,280,052.44	3,537,334,830.53	i. Items of other comprehensive income that will not be reclassified to profit or loss		-2,610,234.28	-
△Interest expense		-	-	i. Changes in remeasurement of defined benefit plans		-	-
△Fee and commission expense		-	-	ii. Other comprehensive income that cannot be transferred to profit or loss under the equity method		-	-
△Surrender money		-	-	iii. Changes in fair value of investments in other equity instruments		-2,610,234.28	-
△Net compensation expenditure		-	-	iv. Changes in fair value of the Company's own credit risk		-	-
△Net amount of insurance liability reserve withdrawn		-	-	v. Others		-	-
△Expenditures dividend policy		-	-	ii. Items of other comprehensive income that will be reclassified to profit or loss		-	-
△Reinsurance expenses		-	-	i. Other comprehensive income that can be transferred to profit or loss under the equity method		-	-
Taxes and surcharges		23,555,297.55	44,855,286.43	ii. Changes in fair value of other debt investments		-	-
Selling expenses		84,050,754.07	76,695,841.61	ix. Changes in fair value of available-for-sale financial assets		-	-
Administrative expenses		244,474,762.12	273,746,278.76	iv. Amount of financial assets reclassified into other comprehensive income		-	-
Research and development expenses		-	-	xv. Gain or loss from held to maturity investment reclassified as available for sale financial assets		-	-
Finance expenses		-255,997,251.20	-80,874,183.64	vi. Provisions for credit impairment of other debt investments		-	-
Others		-	-	vi. Cash flow hedging reserve (The effective portion of gains or losses arising from cash flow hedging)		-	-
Add: Other income		661,472.08	800,890.89	vii. Translation differences arising from financial statements in foreign currencies		-	-
Income from investments (loss is listed as "-")	5	75,679,256.72	30,571,108.88	ix. Others		-	-
△Exchange gains (loss is listed as "-")		-	-	7. Total comprehensive income		813,629,880.74	1,008,139,702.81
Gains or losses from net exposure hedging (loss is listed as "-")		-	-	8. Earnings per share:	54		
Gains or losses from changes in fair values (loss is listed as "-")		-30,408,298.81	-38,280,864.57	Basic earnings per share			
Credit impairment losses (loss is listed as "-")		-843,641,188.39	-1,281,053,345.61	Diluted earnings per share			
Asset impairment losses (loss is listed as "-")		-	-				
Gains or losses from asset disposals (loss is listed as "-")		-3,210,256.77	176,653,362.48				
3. Operating profit (loss is listed as "-")		1,011,280,624.92	1,300,704,405.97				
Add: Non-operating income		71,330,840.00	23,419,037.90				
Less: Non-operating expenses		149,668.30	296,065.30				

Note: Account with the sign of △ in the table is only for the use of financial enterprises; Account with the sign of △ in the table is only for the use of enterprises that has not applied new financial instruments standards.
Legal representative: Principal in charge of Accounting: Head of accounting department:

Cash Flows Statement

Prepared by: AVIC International Leasing Co., Ltd

For the year ended 31 December 2021

Currency: Chinese Yuan

Item	Note XII	Current Period	Prior Period	Item	Note XII	Current Period	Prior Period
1. Cash flows from operating activities				2. Cash flows from investing activities			
Cash received from sales and services		42,743,352,676.79	42,975,309,746.33	Cash received from withdrawal of investments		7,221,251,472.28	4,202,292,383.09
ΔNet increase in customer deposits and interbank deposits		-	-	Cash received from investment income		113,722,535.37	1,804,658.86
ΔNet increase in borrowings from the central bank		-	-	Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		9,725,903,828.80	12,044,490,454.15
ΔNet increase in borrowings from other financial institutions		-	-	Net proceeds from disposal of subsidiaries and other business units		-	-
ΔCash received from premium of original insurance contract		-	-	Other cash receipts related to investing activities		-	-
ΔNet cash received from reinsurance business		-	-	Total cash inflows from investing activities		17,060,877,836.46	16,248,587,506.20
ΔNet increase in deposits and investment funds of policyholders		-	-	Cash paid for fixed assets, intangible assets and other long-term assets		268,296,395.71	127,818,584.00
ΔNet increase in disposal of financial assets measured at fair value through profit or loss		-	-	Cash paid for investments		6,690,005,161.07	5,482,767,615.75
ΔCash receiving interest, handling charges and commissions		-	-	Net cash paid for acquiring subsidiaries and other business units		-	-
ΔNet increase in borrowing funds		-	-	Other cash payments related to investing activities		-	-
ΔNet increase in repurchase business funds		-	-	Total cash outflows from investing activities		6,958,301,556.78	5,610,366,199.75
ΔNet cash received from agency trading of securities		-	-	Net cash flows from investing activities		10,102,576,279.68	10,638,261,306.45
Tax and surcharge refunds		-	-	3. Cash flows from financing activities:			
Other cash receipts related to operating activities		17,517,451,977.08	9,341,885,675.56	Cash received from investments by others		3,900,000,000.00	1,500,000,000.00
Total cash inflows from operating activities		60,260,804,653.87	52,317,195,421.89	Cash received from borrowings		24,999,651,368.04	31,445,733,258.82
Cash paid for goods and services		37,108,237,816.96	44,715,305,556.38	Δ Cash received from issuing bonds		23,560,000,000.00	29,870,000,000.00
ΔNet increase in customer loans and advances		-	-	Other cash receipts related to other financing activities		22,760,925,029.99	9,417,150,000.00
ΔNet increase in deposits with the central bank and other banks		-	-	Total cash inflows from financing activities		74,160,576,398.03	72,332,883,258.82
ΔCash paid for compensation of original insurance contract		-	-	Cash repayments for debts		61,388,309,349.31	61,334,810,744.25
ΔNet increase in lending funds		-	-	Cash paid for distribution of dividends and profit and for interest expenses		4,268,003,785.84	4,669,181,345.02
ΔCash paid for interest, handling charges and commissions		-	-	Other cash payments related to financing activities		8,200,158,505.55	10,037,740,847.72
ΔCash paid for policy dividends		-	-	Total cash outflows from financing activities		73,856,471,640.70	76,041,732,136.99
Cash paid to and for employees		188,651,466.07	159,742,991.43	Net cash flows from financing activities	54	304,104,757.33	-3,608,848,878.17
Taxes and surcharges paid		840,479,805.10	595,807,508.73	4. Effect of changes in foreign exchange rates on cash and cash equivalents		11,983.05	173,276.62
Other cash payments related to operating activities		33,392,246,623.62	12,714,988,049.59	5. Net increase in cash and cash equivalents		-772,117,257.82	860,957,928.95
Total cash outflows from operating activities		71,439,614,911.75	58,185,764,100.14	Add: Opening balance of cash and cash equivalents		1,965,544,350.22	1,034,567,323.57
Net cash flows from operating activities		-11,178,810,257.88	-5,868,568,678.25	6. Closing balance of cash and cash equivalents		1,193,427,092.40	1,965,544,350.22

Note: Account with the sign of Δ in the table is only for the use of financial enterprises.
Legal representative:

Principal in charge of Accounting:

Head of accounting department:

Statement of Changes in Equity

Prepared by: AVIC International Leasing Co., Ltd

For the year ended 31 December 2021

Currency: Chinese Yuan

Items	Current Period											
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	ΔGeneral risk reserves	Retained earnings	Subtotal
Column	1	2	3	4	5	6	7	8	9	10	11	12
1. Closing balance of last year	9,978,467,899.00	-	4,500,000,000.00	-	3,342,130,738.76	-	-	-	607,859,791.20	-	1,153,556,230.57	19,582,014,659.53
Add: Increase/decrease due to changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease due to corrections of errors in prior period	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
2. Opening balance of current year	9,978,467,899.00	-	4,500,000,000.00	-	3,342,130,738.76	-	-	-	607,859,791.20	-	1,153,556,230.57	19,582,014,659.53
3. Increase/decrease for current year(decrease:"-")	-	-	-100,000,000.00	-	54.00	-	-2,610,234.28	-	141,275,327.15	-	242,200,512.47	280,865,659.34
I. Total comprehensive income	-	-	-100,000,000.00	-	-	-	-2,610,234.28	-	-	-	816,240,115.02	813,629,880.74
II. Owner's contributions to and withdrawals of capital	-	-	-100,000,000.00	-	-	-	-	-	-	-	-	-100,000,000.00
I. Common stock contributed/paid-in capital by shareholders/owners	-	-	-100,000,000.00	-	-	-	-	-	-	-	-	-
II. Capital contributed by other equity instruments holders	-	-	-100,000,000.00	-	-	-	-	-	-	-	-	-100,000,000.00
III. Share-based payments to owners' equity	-	-	-	-	-	-	-	-	-	-	-	-
IV. Others	-	-	-	-	-	-	-	-	-	-	-	-
III. The appropriation and distribution of special reserves	-	-	-	-	-	-	-	-	-	-	-	-
I. Appropriation of special reserves	-	-	-	-	-	-	-	-	-	-	-	-
II. Distribution of special reserves	-	-	-	-	-	-	-	-	-	-	-	-
IV. Profits distribution	-	-	-	-	54.00	-	-	-	141,275,327.15	-	-574,039,602.55	-432,764,221.40
I. Appropriation of surplus reserve	-	-	-	-	54.00	-	-	-	81,624,011.50	-	-81,624,011.50	54.00
Including: statutory surplus reserve	-	-	-	-	-	-	-	-	81,624,011.50	-	-81,624,011.50	-
discretionary surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
#reserve fund	-	-	-	-	-	-	-	-	-	-	-	-
#enterprise development fund	-	-	-	-	54.00	-	-	-	-	-	-	54.00
#return of profits to investment	-	-	-	-	-	-	-	-	-	-	-	-
ΔII. Appropriation of general risk reserves	-	-	-	-	-	-	-	-	-	-	-	-
III. Distribution to owners	-	-	-	-	-	-	-	-	-	-	-1,029,277,431.92	-1,029,277,431.92
IV. Others	-	-	-	-	-	-	-	-	59,651,315.65	-	536,861,840.87	596,513,156.52
V. Transfers within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-
I. Capital reserves transferred to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-
II. Surplus reserve transferred to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-
III. Use of surplus reserve to cover previous losses	-	-	-	-	-	-	-	-	-	-	-	-
IV. Changes in remeasurement of defined benefit plans transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
V. Other comprehensive income transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
VI. Others	-	-	-	-	-	-	-	-	-	-	-	-
4. Closing balance of current year	9,978,467,899.00	-	4,400,000,000.00	-	3,342,130,792.76	-	-2,610,234.28	-	749,135,118.35	-	1,395,756,743.04	19,652,880,318.87

Note: Account with the sign of Δ in the table is only for the use of financial enterprises; Account with the sign of # in the table is only for the use of foreign investment enterprises.

Legal representative:

Company's legal representative:

Head of accounting department:

Statement of Changes in Equity

Prepared by: AVIC International Leasing Co., Ltd

For the year ended 31 December 2021

Currency: Chinese Yuan

Items	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Prior Period			Surplus reserve	ΔGeneral risk reserves	Retained earnings	Subtotal
		Preferred stock	Perpetual debt	Others			Other comprehensive income	Special reserves					
Column	1	2	3	4	5	6	7	8	9	10	11	12	
1. Closing balance of last year	9,978,467,899.00		3,000,000,000.00	-	3,342,130,738.76	-	-	-	507,045,820.92	-	1,106,723,250.97	17,934,367,709.65	
Add: Increase/decrease due to changes in accounting policies												-	
Increase/decrease due to corrections of errors in prior period												-	
Others												-	
2. Opening balance of current year	9,978,467,899.00	-	3,000,000,000.00	-	3,342,130,738.76	-	-	-	507,045,820.92	-	1,106,723,250.97	17,934,367,709.65	
3. Increase/decrease for current year(decrease:"-")	-	-	1,500,000,000.00	-	-	-	-	-	100,813,970.28	-	46,832,979.60	1,647,846,949.88	
I. Total comprehensive income											1,008,139,702.81	1,008,139,702.81	
II. Owner's contributions to and withdrawals of capital	-	-	1,500,000,000.00	-	-	-	-	-	-	-	-	1,500,000,000.00	
I. Common stock contributed/paid-in capital by shareholders/owners												-	
II. Capital contributed by other equity instruments holders			1,500,000,000.00									1,500,000,000.00	
III. Share-based payments to owners' equity												-	
IV. Others												-	
III. The appropriation and distribution of special reserves								-	-			-	
I. Appropriation of special reserves												-	
II. Distribution of special reserves												-	
IV. Profits distribution	-	-			-	-	-	-	100,813,970.28	-	-961,306,723.21	-860,492,752.93	
I. Appropriation of surplus reserve	-	-			-	-	-	-	100,813,970.28	-	-100,813,970.28	-	
Including: statutory surplus reserve									100,813,970.28		-100,813,970.28	-	
discretionary surplus reserve												-	
#reserve fund												-	
#enterprise development fund												-	
#return of profits to investment												-	
II. Distribution to owners											-860,492,752.93	-860,492,752.93	
IV. Others												-	
V. Transfers within owners' equity	-	-			-	-	-	-	-	-	-	-	
I. Capital reserves transferred to paid-in capital												-	
II. Surplus reserve transferred to paid-in capital												-	
III. Use of surplus reserve to cover previous losses												-	
IV. Changes in remeasurement of defined benefit plans transferred to retained earnings												-	
V. Other comprehensive income transferred to retained earnings												-	
VI. Others												-	
4. Closing balance of current year	9,978,467,899.00	-	4,500,000,000.00	-	3,342,130,738.76	-	-	-	607,859,791.20	-	1,153,556,230.57	19,582,014,659.53	

Note: Account with the sign of Δ in the table is only for the use of financial enterprises; Account with the sign of # in the table is only for the use of foreign investment enterprises.

Legal representative:

Company's legal representative:

Head of accounting department:

AVIC International Leasing Co., Ltd

Notes to Financial Statements in 2021

I Company Information

AVIC International Leasing Co., Ltd (hereinafter "the Company"), formerly known as Shanghai AVIC International Leasing Co., Ltd., is a limited liability company established jointly by AVIC International Holding Corporation ("AVIC International") (formerly known as "China National Aero-Technology Import & Export Corporation") and Agricultural Bank of China Jiangxi Trust & Investment Co., Ltd, and obtained business license number 150262700 from Shanghai Administration for Industry & Commerce on 5 November 1993. The registered address is Pudong Waigaoqiao Free Trade Zone, and the registered capital amounted to USD 5,000,000.

On 5 January 1998, the registered capital of the Company was changed to RMB 40,000,000.

On 7 August 2003, the registered capital of the Company was changed to RMB 70,000,000.

On 29 December 2006, led by AVIC I (on 6 November 2008, Aviation Industry Corporation of China was established by reorganization of AVIC II and AVIC I), thirteen companies contributed capital to the Company, the registered capital was changed to RMB 430,000,000.

On 13 February 2009, according to the resolution of the Board of Directors, the Company changed its name as AVIC International Leasing Co., Ltd. According to the "Approval on The Transfer of Sharers" (Hang Kong Zi (2009) No.377) issued by Aviation Industry Corporation of China on 28 April 2009, the 23.36% equity interests of the Company held by Aviation Industry Corporation of China was transferred for free to AVIC Investment Holding Co., Ltd. On 31st December 2009, the Company's capital was increased by the contribution of AVIC Investment Holding Co., Ltd., AVIC Chengdu CAIC Electronics Co., Ltd., AVIC Jincheng Group Co. Ltd., and AVIC Shanxi Aero Electronics Co., Ltd. The registered capital was changed to RMB 850,000,000.

On 28th February 2011, the registered capital of the Company was increased by RMB 650,000,000 and the registered capital of the Company was changed to RMB 1,500,000,000.

On 17 March 2012, in accordance with the shareholders' meeting resolution, the Company decided to increase capital of RMB 500,000,000 in two phases, and the registered capital would be changed to RMB 2,000,000,000 after the capital increase. On 27 July 2012, the Company completed the first phase of capital increase of RMB 490,000,000 and the paid-in capital after the capital increase amounted to RMB 1,990,000,000 after the capital

increase. On 25 February 2013, the Company completed the second phase of capital increase of RMB 10,000,000 and the paid-in capital after capital increase amounted to RMB 2,000,000,000.

On 9 June 2013, in accordance with the shareholders' meeting resolution, the Company decided to increase capital of RMB 725,581,400, to be paid in full within two years by installments from the date of the change of the business license, and the registered capital would be changed to RMB 2,725,581,400 after the capital increase. On 30 December 2013, the Company completed the first phase of capital increase of RMB 139,534,900 and the paid-in capital changed to RMB 2,139,534,900 after the capital increase. On 25 March 2014, the Company completed the second phase of capital increase of RMB 586,046,500 and the paid-in capital increase amounted to RMB 2,725,581,400 after the capital increase.

On 8 May 2014, in accordance with shareholders' meeting resolution, the Company's capital reserve of RMB 1,064,418,600 was transferred to registered capital, the Company's registered capital after the capital increase amounted to RMB 3,790,000,000, the original proportion of shareholding of each shareholder remained unchanged. In June 2014, the business license was changed accordingly with license number 310115000142049.

On 15 August 2014, in accordance with the shareholders' meeting resolution, the Company's equity interest of 0.866% held by Shenyang Aircraft Industry (Group) Co., Ltd. was transferred to Shenyang Shenfei Enterprise Management Limited, The Company completed the procedures of change of registration in Industrial & Commercial Bureau.

According to 'the Response for Approving AVIC Capital Co., Ltd issued shares to AVIC International and Other Companies to Buy Assets and Raise Relevant Funds' issued by China Securities Regulatory Commission (ZhengjianXuke [2015]No.2394), AVIC Capital Co., Ltd. (hereinafter "AVIC Capital") issued its shares to acquire total 30.95% of the Company's equity interests held by AVIC International, Shaanxi Aero Electronics Co., Ltd., Xi'an Flight Automatic Control Research Institute, Chengdu CAIC Electronics Co., Ltd., Jincheng Group Co., Ltd., Luoyang Institute of Electro-optical Devices, Shenyang Liming Aero-Engine (Group) Co., Ltd., Aeronautical Radio Electronics Research Institute, Shenyang Shenfei Enterprise Management Limited, Xi'an Aero-Engine (Group) Co., Ltd., China Airborne Missile Academy, and Xi'an Institute of Aeronautics and Technology. The above equity transfer and registration of changes in the Administration of Industry and Commerce had been completed on 16 November 2015.

On 11 December 2015, according to the resolution of the shareholders' meeting, the Company increased the capital by RMB 1,145,680,985. The paid-in capital was changed to RMB 4,935,680,985 after capital increase.

On 29 December 2016, according to the resolution of the shareholders' meeting, the Company increased the capital by RMB 2,530,224,100. The paid-in capital was changed to RMB 7,465,905,085 after capital increase.

On 31 May 2018, the shareholders' meeting passed the Bill of Capital Increase, which allowed the investment

of RMB 2,500,000,000 and RMB 2,500,000,000 by AVIC Capital and AVIC Investment Holding Co., Ltd. respectively RUIHUA Certified Public Accountants, Shanghai Branch was employed to exam the paid-in capital of the first phase of the registered capital as of October 30, 2018. The Company increased the capital by RMB 1,256,281,400. The paid-in capital was changed to RMB 8,722,186,500 after capital increase. And Capital surplus was increased by RMB 1,243,718,600 and changed to RMB 2,098,412,100.

On January 2019 the Company received the second investment with RMB 2,500,000,000 from AVIC Capital and AVIC Investment Holding Co., Ltd, which was verified and issued a capital verification report Ruihua SH YanZi (2019) No. 31160001 by RUIHUA Certified Public Accountants, Shanghai Branch. The paid-in capital was increased to RMB 9,978,467,899 and the Capital surplus was increased to RMB 3,342,130,738.76.

On 6 December 2019, the Company held the shareholders' meeting and with the approval of the shareholders' meeting, Shanghai Aviation Industry (Group) Co., Ltd. transferred all its shares in AVIC International Leasing Co., Ltd. to COMAC Capital Co., Ltd. The proportion of the Company's equity held by other shareholders remains unchanged

On 25 June 2021, the name of the company's shareholder AVIC Capital Holding Co., Ltd. was changed to AVIC Industry-Finance Holdings Co., Ltd. (herein after referred to as "AVIC Industry Finance").

As of 31 December 2021, the shareholding structure of the Company is as follows:

Name of Investors	Capital Contributed (in ten thousand RMB)	Capital Contributed Proportion (%)
AVIC Investment Holding Co., Ltd.	489,591.01	49.065%
AVIC Industry-Finance Holdings Co., Ltd.	489,665.67	49.072%
AVIC Xi'an Aircraft Industry (Group) Company Ltd.	13,662.61	1.369%
COMAC Capital Co., Ltd.	4,927.50	0.494%
Total	997,846.79	100.00%

Headquarters Address: No. 1481, Guozhan Road, Pudong New Area, Shanghai.

Legal Representative: Zhou Yong.

The Company implements general manager responsibility system led by the Board of Directors, according to the regulations from 'the Company Law of the People's Republic of China' and 'the Company's articles of association', the shareholders meeting is the highest authority of the Company, the shareholders shall exercise their voting rights according to proportion to their respective shares of capital contribution. The Board of Directors is composed of 7 directors with 1 chairman, and Committee of Strategic Development, Risk Management, Audit, HR and Remuneration Management, etc. The Board of Supervisors consists of 5 supervisors, with 3 shareholder supervisors, and 2 staff supervisors.

The Company shall have 1 general manager and 5 deputy general managers, and departments are as follows:

Leasing Department, Risk Management Department, Assets Management Department, Finance Department, Treasury Department, General Management Department, Legal Compliance Department, Discipline Inspection and Audit Department and Information Technology Department.
The Company has 128 indirectly held subsidiaries as shown in below:

No.	Company Name	Abbreviation
1	Shanghai Yuanhang Machinery & Electronic Co., Ltd.	Shanghai Yuanhang Electrical
2	Shanghai Hangrong Real Estate Co., Ltd.	Hangrong Real Estate
3	AVIC Lanbo Leasing (Tianjin) Co., Ltd.	Lanbo Leasing
4	AVIC Lanzhou Leasing (Tianjin) Co., Ltd.	Lanzhou Leasing
5	AVIC Lanliang Leasing (Tianjin) Co., Ltd.	Lanliang Leasing
6	AVIC Lanhai Leasing (Tianjin) Co., Ltd.	Lanhai Leasing
7	AVIC Lanxu Leasing (Tianjin) Co., Ltd.	Lanxu Leasing
8	AVIC Lanhao Leasing (Tianjin) Co., Ltd.	Lanhao Leasing
9	AVIC Lanjing Leasing (Tianjin) Co., Ltd.	Lanjing Leasing
10	AVIC Lanwan Leasing (Tianjin) Co., Ltd.	Lanwan Leasing
11	AVIC Lanjun Leasing (Shanghai) Co., Ltd.	Lanjun Leasing
12	AVIC Lan'ao Leasing (Tianjin) Co., Ltd.	Lan'ao Leasing
13	AVIC Lanfeng Leasing (Shanghai) Co., Ltd.	Lanfeng Leasing
14	AVIC Lanhui Leasing (Shanghai) Co., Ltd.	Lanhui Leasing
15	Lantai Leasing (Shanghai) Co., Ltd.	Lantai Leasing
16	AVIC Lan'an Leasing (Tianjin) Co., Ltd.	Lan'an Leasing
17	AVIC Lanyun Leasing (Tianjin) Co., Ltd.	Lanyun Leasing
18	AVIC Lanlin Leasing (Tianjin) Co., Ltd.	Lanlin Leasing
19	AVIC Lanwen Leasing (Tianjin) Co., Ltd.	Lanwen Leasing
20	AVIC Lanzhong Leasing (Tianjin) Co., Ltd.	Lanzhong Leasing
21	Lanchuan Leasing (Tianjin) Co., Ltd.	Lanchuan Leasing
22	AVIC Lanyuan Leasing (Tianjin) Co., Ltd.	Lanyuan Leasing
23	Lanshuo Leasing (Tianjin) Co., Ltd.	Lanshuo Leasing
24	AVIC Lanxia Leasing (Tianjin) Co., Ltd.	Lanxia Leasing
25	AVIC Lanjiang Leasing (Tianjin) Co., Ltd.	Lanjiang Leasing
26	AVIC Langang Leasing (Shanghai) Co., Ltd.	Langang Leasing
27	AVIC Lanqi Leasing (Tianjin) Co., Ltd.	Lanqi Leasing

No.	Company Name	Abbreviation
28	AVIC Lanzhu Leasing (Tianjin) Co., Ltd.	Lanzhu Leasing
29	AVIC Lanhong Leasing (Tianjin) Co., Ltd.	Lanhong Leasing
30	Lansai Leasing (Tianjin) Co., Ltd.	Lansai Leasing
31	AVIC Lanheng Leasing (Tianjin) Co., Ltd.	Lanheng Leasing
32	AVIC Lanfei Leasing (Tianjin) Co., Ltd.	Lanfei Leasing
33	AVIC Lanzhao Leasing (Tianjin) Co., Ltd.	Lanzhao Leasing
34	AVIC Lanfu Leasing (Tianjin) Co., Ltd.	Lanfu Leasing
35	AVIC Lantu Leasing (Tianjin) Co., Ltd.	Lantu Leasing
36	AVIC Langju Leasing (Shanghai) Co., Ltd.	Langju Leasing
37	AVIC Lankai Leasing (Tianjin) Co., Ltd.	Lankai Leasing
38	AVIC Lanrui Leasing (Tianjin) Co., Ltd.	Lanrui Leasing
39	AVIC Lantuo Leasing (Tianjin) Co., Ltd.	Lantuo Leasing
40	AVIC Lanhua Leasing (Tianjin) Co., Ltd.	Lanhua Leasing
41	AVIC Lanqin Leasing (Tianjin) Co., Ltd.	Lanqin Leasing
42	AVIC Lanbei Leasing (Tianjin) Co., Ltd.	Lanbei Leasing
43	Lanyu No.1 Leasing (Tianjin) Co., Ltd.	Lanyu No.1
44	Landian No.1 Leasing (Tianjin) Co., Ltd.	Landian No.1
45	Landian No.2 Leasing (Tianjin) Co., Ltd.	Landian No.2
46	Lanpeng No.1 Leasing (Tianjin) Co., Ltd.	Lanpeng No.1
47	Lanshu No.1 Leasing (Tianjin) Co., Ltd.	Lanshu No.1
48	Lancai Leasing (Tianjin) Co., Ltd.	Lancai Leasing
49	Lancong Leasing (Tianjin) Co., Ltd.	Lancong Leasing
50	Landa Leasing (Tianjin) Co., Ltd.	Landa Leasing
51	Lanyong Leasing (Tianjin) Co., Ltd.	Lanyong Leasing
52	Lanchu Leasing (Tianjin) Co., Ltd.	Lanchu Leasing
53	Lanxin Leasing (Tianjin) Co., Ltd.	Lanxin Leasing
54	Lanrui Leasing (Tianjin) Co., Ltd.	Lanrui Leasing
55	Lansheng Leasing (Tianjin) Co., Ltd.	Lansheng Leasing
56	Lanjun Leasing (Tianjin) Co., Ltd.	Lanjun Leasing
57	Lanrong Leasing (Tianjin) Co., Ltd.	Lanrong Leasing
58	Lan'ao Leasing (Tianjin) Co., Ltd.	Lan'ao Leasing
59	Lancheng Leasing (Tianjin) Co., Ltd.	Lancheng Leasing

No.	Company Name	Abbreviation
60	Lanjia Leasing (Tianjin) Co., Ltd.	Lanjia Leasing
61	Lanxiang Leasing (Tianjin) Co., Ltd.	Lanxiang Leasing
62	Lanzhe Leasing (Tianjin) Co., Ltd.	Lanzhe Leasing
63	Lanyang Aircraft Leasing (Shanghai) Co., Ltd.	Lanyang Aircraft Leasing
64	Lanjie Aircraft Leasing (Shanghai) Co., Ltd.	Lanjie Aircraft Leasing
65	Lanjia Ship Leasing (Shanghai) Co., Ltd.	Lanjia Ship Leasing
66	Lanchen Equipment Leasing (Shanghai) Co., Ltd.	Lanchen Equipment Leasing
67	LandaoEquipment Leasing (Shanghai) Co., Ltd.	Landao Equipment Leasing
68	Niulan Leasing (Tianjin) Co., Ltd.	Niulan Leasing
69	Lanyan Leasing (Guangzhou) Co., Ltd.	Lanyan Leasing
70	Lanfa Ship Leasing (Shanghai) Co., Ltd.	Lanfa Ship Leasing
71	Lanxiao Ship Leasing (Shanghai) Co., Ltd.	Lanxiao Ship Leasing
72	CAVIC AVIATION LEASING (IRELAND) CO., DESIGNATED ACTIVITY COMPANY	CAVIC AVIATION LEASING (IRELAND)
73	China Aviation International Holding Co., Ltd.	China Aviation International Holding
74	Lanxiu Leasing (Tianjin) Co., Ltd.	Lanxiu Leasing
75	Lanmin Leasing (Tianjin) Co., Ltd.	Lanmin Leasing
76	LanLu Leasing (Tianjin) Co., Ltd.	LanLu Leasing
77	Lanyi Leasing (Tianjin) Co., Ltd.	Lanyi Leasing
78	Lanbin Leasing (Tianjin) Co., Ltd.	Lanbin Leasing
79	Langui Leasing (Tianjin) Co., Ltd.	Langui Leasing
80	Landuo Leasing (Tianjin) Co., Ltd.	Landuo Leasing
81	Lanping Leasing (Tianjin) Co., Ltd.	Lanping Leasing
82	Lande Leasing (Tianjin) Co., Ltd.	Lande Leasing
83	Lanai Leasing (Tianjin) Co., Ltd.	Lanai Leasing
84	Lanqian Leasing (Tianjin) Co., Ltd.	Lanqian Leasing
85	Lanshuai Leasing (Tianjin) Co., Ltd.	Lanshuai Leasing
86	Lantang Leasing (Tianjin) Co., Ltd.	Lantang Leasing
87	Lanyou Leasing (Tianjin) Co., Ltd.	Lanyou Leasing
88	Laner Leasing (Tianjin) Co., Ltd.	Laner Leasing
89	Lantao Leasing (Tianjin) Co., Ltd.	Lantao Leasing
90	Lanwei Leasing (Tianjin) Co., Ltd.	Lanwei Leasing
91	Lanya Leasing (Tianjin) Co., Ltd.	Lanya Leasing

No.	Company Name	Abbreviation
92	Lanren Leasing (Tianjin) Co., Ltd.	Lanren Leasing
93	Lanqiong Leasing (Haikou) Co., Ltd.	Lanqiong Leasing
94	Landing Leasing (Haikou) Co., Ltd.	Landing Leasing
95	Lanke Leasing (Haikou) Co., Ltd.	Lanke Leasing
96	Landong Leasing (Haikou) Co., Ltd.	Landong Leasing
97	Lanye Leasing (Haikou) Co., Ltd.	Lanye Leasing
98	Lanming Leasing (Haikou) Co., Ltd.	Lanming Leasing
99	Lanmeng Leasing (Haikou) Co., Ltd.	Lanmeng Leasing
100	Laner Leasing (Tianjin) Co., Ltd.	Laner Leasing
101	Lanbai Leasing (Haikou) Co., Ltd.	Lanbai Leasing
102	Lanle Leasing (Haikou) Co., Ltd.	Lanle Leasing
103	Lanlei Leasing (Haikou) Co., Ltd.	Lanlei Leasing
104	Landu Aircraft Leasing (Chengdu) Co., Ltd.	Landu Leasing
105	Lanzi Aircraft Leasing (Chengdu) Co., Ltd.	Lanzi Leasing
106	Lanman Leasing(shanghai) Co.,Ltd	Lanman Leasing
107	Lancan Leasing(shanghai) Co.,Ltd	Lancan Leasing
108	Lanchang Leasing(shanghai) Co.,Ltd	Lanchang Leasing
109	Lanmiao Leasing(shanghai) Co.,Ltd	Lanmiao Leasing
110	Lanze Leasing(shanghai) Co.,Ltd	Lanze Leasing
111	Lanchao Leasing(shanghai) Co.,Ltd	Lanchao Leasing
112	Lante Leasing(shanghai) Co.,Ltd	Lante Leasing
113	Lantong Leasing(shanghai) Co.,Ltd	Lantong Leasing
114	Lanchun Leasing(shanghai) Co.,Ltd	Lanchun Leasing
115	Lanping Leasing(shanghai) Co.,Ltd	Lanping Leasing
116	Lanzhuo Leasing(Tianjin) Co.,Ltd	Lanzhuo Leasing
117	Lanxuan Leasing(Tianjin) Co.,Ltd	Lanxuan Leasing
118	Lanhuang Leasing(Tianjin) Co.,Ltd	Lanhuang Leasing
119	Lanri Leasing(Tianjin) Co.,Ltd	Lanri Leasing
120	Lanlie Leasing(Tianjin) Co.,Ltd	Lanlie Leasing
121	Lanlai Leasing(Tianjin) Co.,Ltd	Lanlai Leasing
122	Lanhan Leasing(Tianjin) Co.,Ltd	Lanhan Leasing
123	Lanjie Leasing(Tianjin) Co.,Ltd	Lanjie Leasing

No.	Company Name	Abbreviation
124	Languang Leasing(Tianjin) Co.,Ltd	Languang Leasing
125	Lanhe Leasing(Tianjin) Co.,Ltd	Lanhe Leasing
126	Lanju Leasing(Tianjin) Co.,Ltd	Lanju Leasing
127	Lanshui Leasing(Tianjin) Co.,Ltd	Lanshui Leasing
128	Lande Leasing(Tianjin) Co.,Ltd	Lande Leasing

The Company is in the leasing industry, and the nature of business includes: financing lease and operating lease and the main business activities include financing lease and operating lease of aircraft, ships and equipment. The business scope prescribed in the business license includes: financing lease and operating lease of aircraft, engines, airborne equipment and ground equipment, electrical and mechanical equipment and transportation assets, residual processing and repair of lease assets, contract energy management, import and export of goods and technology, systems integration, domestic trade (except the special provisions), exhibition, industrial investment and related business advisory services. (Should projects subject to government approval, approved by the relevant departments to carry out business activities).

The parent company and the ultimate parent company of the Company are AVIC Industry-Finance Holdings Co., Ltd. ('AVIC Industrial Finance') and Aviation Industry Corporation of China ("AVIC") respectively.

These financial statements have been approved for issuance by the Board of Directors of the Company on Mar. 18, 2022.

II Basis of preparation of the financial statements

Based on the assumption of continuity and actual transactions and events, excluding the following subsidiaries, the Company's financial statements have been recognized and measured in accordance with the fundamental Accounting Standards for Business Enterprises, specific accounting standards, enterprise accounting standards application guidelines, enterprise accounting standards interpretation and other related regulations (hereinafter collectively referred to as "enterprise accounting standards") promulgated by Ministry of Finance.

III Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements have been prepared in accordance with requirements of Basis of preparation of the financial statements as stated in note II. The financial statements have truly and completely reflected the Company's consolidated financial position, the Company's consolidated financial performance and the Company's cash flows during the reporting period.

IV Statement of significant Accounting Policies and Accounting Estimates

1. Accounting period

The accounting period of the company is divided into annual period and interim period. Interim period refers to a reporting period shorter than a complete accounting year. A fiscal year runs from 1 January to 31 December

of the Gregorian calendar.

2. Recording currency

RMB is the currency of the primary economic environment in which the Company's domestic institutions operate, and the Company's domestic institutions use RMB as their recording currency. The Company's foreign institutions determine their own accounting currency based on the currency of the primary economic environment in which they operate. The currency used in the preparation of these financial statements is RMB.

3. Basis of accounting and valuation principles

The Company's accounting is maintained on the accrual basis of accounting. The financial statements are measured at historical cost, except for certain circumstances, which are measured at replacement cost, net realizable value, present value or fair value in accordance with the standards. The company will give special instructions on such circumstances.

4. Accounting for business combinations under common control and those not under common control

i. The terms, conditions and economic impacts of various transactions in the process of enterprise combination step by step meet one or more of the following situations, and multiple transactions are treated as a package of transactions for accounting.

- (1) The transactions are entered into at the same time or after taking into account their mutual effects.
- (2) These transactions can achieve a complete business result as a whole.
- (3) The occurrence of a transaction is dependent on the occurrence of at least one other transaction.
- (4) A transaction alone is not economical. However, it is economic when it is considered together with other transactions.

ii. Business combinations under common control

The Company's assets and liabilities acquired in a business combination are measured at the carrying amount of the assets and liabilities of the consolidated party (including goodwill arising from the acquisition of the consolidated party by the ultimate controlling party) in the consolidated financial statements of the ultimate controlling party at the date of the combination. The difference between the carrying value of the net assets acquired in the combination and the carrying value of the consideration paid for the combination (or the aggregate nominal value of the shares issued) is adjusted against the equity premium in capital surplus, or against retained earnings if the equity premium in capital surplus is insufficient to cover the reduction.

If contingent consideration exists and requires recognition of a projected liability or asset, the difference between the amount of such projected liability or asset and the amount of subsequent settlement of the contingent consideration is adjusted against capital surplus (capital premium or equity premium) and, if capital surplus is insufficient, against retained earnings.

For a business combination that is ultimately achieved through multiple transactions, if it is a package transaction, each transaction is accounted for as one transaction to obtain control; if it is not a package transaction, the difference between the initial investment cost of the long-term equity investment, and the sum

of the carrying value of the long-term equity investment prior to reaching consolidation plus the carrying value of the new consideration paid for further acquisition of shares at the date of consolidation is adjusted to Capital surplus; if capital surplus is not sufficient to cover the reduction, the adjustment is made to retained earnings. For equity investments held prior to the date of consolidation, other comprehensive income recognized as a result of the adoption of the equity method of accounting or accounting under the Standard on Recognition and Measurement of Financial Instruments is not accounted for until the disposal of the investment is accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee; Changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution recognized in the net assets of the investee as a result of the adoption of the equity method are not accounted for until the investment is disposed of and transferred to profit or loss for the current period.

iii. Business combinations not under common control

The date of purchase is the date on which the Company actually obtains control of the purchased party, i.e. the date on which control of the net assets or production and operating decisions of the purchased party is transferred to the Company. The Company generally considers that a transfer of control is achieved when the following conditions are also met.

- ① The contract or agreement for the business combination has been adopted by the internal authority of the Company.
- ② The matter of business combination requiring the approval of the relevant state authorities has been approved.
- ③ The necessary formalities for the transfer of property rights have been carried out.
- ④ The Company has paid the majority of the combination price and has the ability and plans to pay the remaining amount.
- ⑤ The Company effectively controls the financial and operating policies of the purchased party and enjoys the corresponding benefits and bears the corresponding risks.

Assets paid for, liabilities incurred or assumed as consideration for a business combination are measured at fair value at the date of purchase, and the difference between the fair value and its carrying amount is recognized in profit or loss for the current period.

The Company recognizes goodwill for the difference between the cost of the combination and the share of the fair value of the purchasee's identifiable net assets acquired in the combination; the difference between the cost of the combination and the share of the fair value of the purchasee's identifiable net assets acquired in the combination is, after review, recognized in profit or loss for the period.

If a business combination not under common control is achieved in Phases through multiple exchange transactions, each transaction is accounted for as a transaction to obtain control if it is a package transaction; if it is not a package transaction, equity investments held prior to the date of consolidation that are accounted for under the equity method are accounted for as the sum of the carrying value of the equity investment in the acquiree held prior to the date of purchase and the cost of the new investment at the date of purchase, as the

initial cost of that investment. Other comprehensive income recognized as a result of the adoption of the equity method of accounting for equity investments held prior to the date of purchase is accounted for on the same basis as the disposal of the relevant assets or liabilities by the investee. If an equity investment held prior to the date of consolidation is accounted for using the standard on recognition and measurement of financial instruments, the sum of the fair value of the equity investment at the date of consolidation plus the cost of the additional investment is used as the initial cost of investment at the date of consolidation. The difference between the fair value and the carrying amount of the equity interest originally held and the cumulative change in fair value previously included in other comprehensive income should be transferred in full to investment income for the period at the date of consolidation.

iv. Costs incurred in connection with the combination

Intermediary fees such as audit, legal services, valuation and consulting fees and other directly related costs incurred for business combinations are charged to current profit or loss as incurred; transaction costs for the issuance of equity securities for business combinations that are directly attributable to equity transactions are deducted from equity.

5. Presentation of consolidated financial statements

i. Scope of consolidation

The scope of consolidation of the Company's consolidated financial statements is determined on a control basis and all subsidiaries (including separate entities controlled by the Company) are included in the consolidated financial statements.

ii. Consolidation procedures

The Company prepares consolidated financial statements on the basis of its own financial statements and those of its subsidiaries, and on the basis of other relevant information. The Company prepares consolidated financial statements by considering the entire enterprise group as one accounting entity, reflecting the financial position, results of operations and cash flows of the enterprise group as a whole in accordance with the recognition, measurement and presentation requirements of the relevant accounting standards and in accordance with uniform accounting policies.

The accounting policies and accounting periods adopted by all subsidiaries included in the scope of consolidation of the consolidated financial statements are consistent with those of the Company. If the accounting policies and accounting periods adopted by a subsidiary are not consistent with those of the Company, the necessary adjustments are made in accordance with the Company's accounting policies and accounting periods when preparing the consolidated financial statements.

The consolidation of financial statements offsets the effect of internal transactions between the Company and its subsidiaries and between subsidiaries on Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flow. Cash Flow and Consolidated Statement of Changes in Equity. If the consolidated financial statements of an enterprise group differ from the recognition of the same transaction as an accounting entity of the Company or a subsidiary, the transaction is adjusted from the perspective of the enterprise group.

The consolidation of financial statements offsets the effect of internal transactions between the Company and its subsidiaries and between subsidiaries on Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flow. Cash Flow and Consolidated Statement of Changes in Equity. If the consolidated financial statements of an enterprise group differ from the recognition of the same transaction as an accounting entity of the Company or a subsidiary, the transaction is adjusted from the perspective of the enterprise group.

For a subsidiary acquired through a business combination under common control, the financial statements of the subsidiary are adjusted on the basis of the carrying value of its assets and liabilities (including goodwill arising from the acquisition of the subsidiary by the ultimate controlling party) in the financial statements of the ultimate controlling party.

For subsidiaries acquired in a business combination not under common control, the financial statements are adjusted on the basis of the fair value of the identifiable net assets at the date of purchase

(1) Adding a subsidiary or business

During the reporting period, if a subsidiary or business is added as a result of a business combination under the same control, the opening amount of the Consolidated Balance Sheet is adjusted; the revenue, expenses and profit for the period from the beginning to the end of the reporting period of the subsidiary or business combination are included in the Consolidated Statement of Income; the cash flow for the period from the beginning to the end of the reporting period of the subsidiary or business combination is included in the Consolidated Statement of Cash Flow, while the relevant items in the comparative statement are adjusted as if the reporting entity after the combination had been in existence since the point when the ultimate controlling party started to control it.

Where it is possible to exercise control over an investee under the same control as a result of additional investments, etc., the parties involved in the consolidation are treated as if they had existed in their present state at the time when the ultimate controlling party commenced control for the purpose of adjustment. Equity investments held prior to the acquisition of control of the party being consolidated are eliminated from opening retained earnings or current profit or loss in the comparative statement period, respectively, for relevant gains and losses, other comprehensive income and other changes in net assets recognized between the later of the date of acquisition of the original equity interest and the date on which the consolidating party and the party being consolidated are under common control and the date of consolidation.

During the reporting period, if a subsidiary or business is added as a result of a business combination not under common control, the opening balance of the Consolidated Balance Sheet is not adjusted; the revenue, expenses and profit of the subsidiary or business from the date of purchase to the end of the reporting period are included in the Consolidated Statement of Income; the cash flows of the subsidiary or business from the date of purchase to the end of the reporting period are included in the Consolidated Statement of Cash Flow.

If the Company is able to exercise control over an investee not under common control due to additional investment, etc., the Company remeasures the equity interest in the investee held prior to the date of purchase

at the fair value of the equity interest at the date of purchase, and the difference between the fair value and its carrying amount is recognized as investment income for the current period. If the equity interest in the investee held prior to the date of purchase involves other comprehensive income under the equity method of accounting and other changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution, the other comprehensive income and other changes in owners' equity related to the equity interest are transferred to investment income for the period to which they belong at the date of purchase, except for other comprehensive income arising from the remeasurement of the investee's net liabilities or changes in net assets of the defined benefit plan.

(2) Disposal of a subsidiary or business

1) General handling methods

When the Company disposes of a subsidiary or business during the reporting period, the revenue, expenses and profit of the subsidiary or business from the beginning of the period to the date of disposal are included in Consolidated Statement of Income; the cash flows of the subsidiary or business from the beginning of the period to the date of disposal are included in Consolidated Statement of Cash Flow.

When control over an investee is lost as a result of the disposal of a portion of an equity investment or otherwise, the Company remeasures the remaining equity investment after disposal at its fair value at the date of loss of control. The difference between the sum of the consideration received for the disposal of the equity interest and the fair value of the remaining equity interest, less the share of the net assets of the original subsidiary calculated on a continuing basis from the date of purchase or consolidation in proportion to the original shareholding and the sum of goodwill, is included in investment income in the period in which control is lost. Other comprehensive income or changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution relating to the equity investment in the original subsidiary is transferred to investment income in the period when control is lost, except for other comprehensive income arising from the remeasurement of the investee's net liabilities or changes in net assets of the defined benefit plan.

2) Step-by-step disposal of subsidiaries

Where an equity investment in a subsidiary is disposed of in Phases through multiple transactions until control is lost, the terms, conditions and economic effects of each transaction for the disposal of the equity investment in the subsidiary are such that one or more of the following circumstances normally indicate that the multiple transactions should be accounted for as a package transaction.

- A. the transactions were entered into at the same time or after taking into account their mutual effects.
- B. these transactions as a whole to achieve a complete commercial result.
- C. the occurrence of one transaction is dependent on the occurrence of at least one other transaction.
- D. A transaction is uneconomic on its own, but is economic when considered together with other transactions.

If the transactions for the disposal of an equity investment in a subsidiary until the loss of control are a package transaction, the Company accounts for each transaction as a disposal of a subsidiary and loss of

control; however, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the investment for each disposal prior to the loss of control is recognized in consolidated financial statements as other comprehensive income, which is transferred to profit or loss in the period in which control is lost.

Where the various transactions for the disposal of equity investments in subsidiaries until the loss of control are not a package transaction, they are accounted for before the loss of control in accordance with the policies relating to partial disposal of equity investments in subsidiaries where control is not lost; upon loss of control, they are accounted for in accordance with the general treatment for disposal of subsidiaries.

(3) Purchase of minority interests in subsidiaries

The difference between the Company's newly acquired long-term equity investment as a result of the purchase of minority interests and its share of the net assets of the subsidiary calculated on a continuing basis from the date of purchase (or the date of consolidation) in accordance with its newly acquired shareholding is adjusted against the equity premium in capital surplus in the Consolidated Balance Sheet, and if the equity premium in capital surplus is not sufficient for elimination, retained earnings are adjusted.

(4) Partial disposal of equity investments in subsidiaries without loss of control

The difference between the disposal price of a long-term equity investment in a subsidiary that is partially disposed of without loss of control and the share of the net assets of the subsidiary calculated on a continuing basis from the date of purchase or the date of consolidation corresponding to the disposal of the long-term equity investment is adjusted against the equity premium in the capital surplus in the Consolidated Balance Sheet, and if the equity premium in the capital surplus is not sufficient to If the equity premium in capital surplus is not sufficient for elimination, an adjustment is made to retained earnings.

6. Classification of joint venture arrangements and accounting for joint operations

i. Classification of joint venture arrangements

The Company classifies joint venture arrangements as joint ventures and joint ventures based on the structure of the joint venture arrangement, its legal form and the terms agreed in the joint venture arrangement, other relevant facts and circumstances, and other factors.

Joint arrangements not entered into through separate entities are classified as joint ventures; joint arrangements entered into through separate entities are normally classified as joint ventures; however, joint arrangements are classified as joint ventures where there is conclusive evidence that any of the following conditions are met and the relevant laws and regulations are complied with.

(1) The legal form of a joint venture arrangement indicates that the joint venturers have separate rights and obligations in respect of the relevant assets and liabilities of the arrangement.

(2) The contractual terms of a joint venture arrangement provide that the joint venturers have separate rights and obligations in respect of the relevant assets and liabilities of the arrangement.

(3) Other relevant facts and circumstances indicate that the joint venturers have separate rights and obligations in respect of the relevant assets and liabilities in the arrangement, such as the joint venturers'

enjoyment of substantially all of the outputs associated with the joint venture arrangement and the ongoing dependence on the joint venturers for the satisfaction of the liabilities in the arrangement.

ii. Accounting for Joint Ventures

The Company recognizes the following items in its share of interest in a joint operation that relate to the Company and accounts for them in accordance with the provisions of the relevant ASBE.

- (1) Recognition of assets held separately and, in proportion to their share, of assets held jointly.
- (2) Recognition of liabilities assumed individually and, in proportion to their share, jointly.
- (3) Recognize revenue arising from the sale of its share of the output of a joint operation.
- (4) Recognize revenue from joint operations arising from the sale of output on the basis of their share.
- (5) Recognition of expenses incurred separately and, in proportion to their share, of expenses incurred in a joint operation.

When the Company contributes or sells assets, etc. to a joint operation (except when such assets constitute a business), only the portion of the gain or loss attributable to the other participants in the joint operation arising from the transaction is recognized until such assets, etc. are sold by the joint operation to a third party. If an impairment loss is incurred on the assets contributed or sold in accordance with the provisions of ASBE No. 8 - Impairment of Assets, etc., the Company recognizes such loss in full.

When the Company purchases assets, etc. from a joint operation (except where such assets constitute a business), it recognizes only the portion of the gain or loss attributable to the other participants in the joint operation arising from the transaction until such assets, etc. are sold to a third party. If an impairment loss on an asset purchased in accordance with the provisions of ASBE No. 8 - Impairment of Assets, etc. is incurred, the Company recognizes that portion of the loss in accordance with its share of the loss.

The Company does not have joint control over a common operation. If the Company is entitled to the assets and bears the liabilities relating to such common operation, it shall still be accounted for in accordance with the above principles; otherwise, it shall be accounted for in accordance with the provisions of the relevant ASBE.

7. Determination standard of cash and cash equivalents

In preparing the cash flow statement, the Company recognizes cash on hand and deposits that are readily available for disbursement as cash. Investments that have all four conditions of being short term (generally maturing within three months from the date of purchase), liquid, easily convertible to known amounts of cash and subject to an insignificant risk of change in value are identified as cash equivalents.

8. Foreign currency operations and translation of foreign currency statements

i. Foreign currency operations

On initial recognition, foreign currency transactions are recorded in RMB using the spot exchange rate at the date of the transaction as the translation rate, however, the foreign currency exchange business or transactions involving foreign currency exchange of the company shall be recorded into the amount of functional currency according to the actually adopted exchange rate.

ii. Translation method for foreign currency monetary items and foreign currency non-monetary items

At the balance sheet date, monetary items denominated in foreign currencies are translated at the spot exchange rate at the balance sheet date, and the resulting exchange differences are recognized in profit or loss for the current period, except for those arising from special borrowings in foreign currencies relating to the acquisition of assets eligible for capitalization, which are treated in accordance with the principle of capitalizing borrowing costs. Non-monetary items measured in terms of historical cost in foreign currencies are still translated using the spot exchange rate at the date of the transaction without any change in the amount of the local currency in which they are recorded.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated using the spot exchange rate at the date when the fair value was determined. The difference between the translated amount in the carrying amount and the amount in the original carrying amount is treated as a change in fair value (including exchange rate changes) and is included in current profit or loss or recognized in other comprehensive income.

iii. Conversion of foreign currency financial statements

Balance sheet assets and liabilities are translated using the spot rate of exchange at the balance sheet date; owners' equity items, except for "undistributed profit", are translated using the spot rate of exchange at the time of occurrence. Income and expense items in the income statement are translated using the spot rate of exchange at the date of the transaction or an approximation of the spot rate. The undistributed profit at the beginning of the year is the undistributed profit at the end of the year after conversion of the previous year; The undistributed profit at the end of the year shall be calculated and listed according to the converted profit distribution items; The difference between the total amount of asset items, liability items and owner's equity items after conversion is recognized as other comprehensive income as the translation difference of foreign currency statements. On disposal of a foreign operation, the translation difference on foreign currency financial statements relating to the foreign operation as shown in other comprehensive income in the balance sheet is transferred from other comprehensive income to profit or loss in the period of disposal.

Foreign currency cash flows and cash flows of overseas subsidiaries are translated at the current average exchange rate on the date of cash flow. The impact of exchange rate changes on cash is presented separately in the cash flow statement as a reconciliation item.

The amount at the beginning of the year and the actual amount of the previous year shall be presented according to the amount converted in the financial statements of the previous year.

When disposing all the owner's equity of the company's foreign operation or losing the control over the overseas operation due to the disposal of part of the equity investment or other reasons, all the translation differences of the foreign currency statements listed under the owner's equity item in the balance sheet and related to the foreign operation and belonging to the owner's equity of the parent company shall be transferred to the current profit and loss of disposal.

When the proportion of foreign business interests held is reduced due to the disposal of some equity

investments or other reasons, but the control over foreign business is not lost, the translation difference of foreign currency statements related to the disposal of foreign business will belong to minority shareholders' interests and will not be transferred to the current profit and loss. When disposing part of the equity of an foreign operation as an associate or joint venture, the translation difference of foreign currency statements related to the foreign operation shall be transferred to the current profit and loss according to the proportion of disposing the foreign operation.

If there are foreign currency monetary items that substantially constitute the net investment in foreign operations, in the consolidated financial statements, the exchange difference arising from the change of exchange rate shall be recognized as "translation difference of foreign currency statements" as other comprehensive income; The disposal of foreign operations shall be included in the current profits and losses.

9. Financial Instruments

Financial instruments include financial assets, financial liabilities and equity instruments.

The Company recognizes a financial asset or financial liability when it becomes a party to a financial instrument contract.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income or interest expense over the accounting periods.

The effective interest rate is the rate used to discount the estimated future cash flows of a financial asset or financial liability through its expected life to the carrying amount of that financial asset or the amortized cost of that financial liability. In determining the effective interest rate, the expected cash flows are estimated taking into account all contractual terms of the financial asset or financial liability (e.g. early repayment, rollover, call option or other similar option, etc.), but excluding expected credit losses.

The amortized cost of a financial asset or financial liability is the cumulative amortization resulting from the initial recognition of that financial asset or financial liability, less principal repaid, plus or minus the amortization of the difference between that initial recognition amount and the maturity amount using the effective interest method, less accumulated provision for losses (applicable to financial assets only).

i. Classification, recognition and measurement of financial asset

The Company classifies its financial assets into the following three categories based on the business model of the financial assets under management and the contractual cash flow characteristics of the financial assets.

- (1) Financial assets measured at amortized cost.
- (2) Financial assets measured at fair value through other comprehensive income.
- (3) Financial assets at fair value through profit or loss.

Financial assets are measured at fair value on initial recognition, except that receivables or notes receivable arising from the sale of goods or provision of services, etc. that do not contain a significant financing component or do not take into account a financing component of less than one year are initially measured at transaction price.

For financial assets at fair value through profit or loss, the related transaction costs are recognized directly

in profit or loss, while for other categories of financial assets, the related transaction costs are recognized in their initial recognition amounts.

The subsequent measurement of financial assets depends on their classification and all relevant financial assets affected are reclassified when, and only when, the Company changes its business model for managing financial assets.

(1) Financial assets classified as measured at amortized cost

A financial asset is classified by the Company as a financial asset carried at amortized cost if the contractual terms of the financial asset provide that the cash flows arising on a specific date are solely payments of principal and interest based on the principal amount outstanding and the business model for managing the financial asset is to collect the contractual cash flows. The Company's financial assets classified as financial assets carried at amortized cost include monetary funds, notes receivable, accounts receivable, other receivables, other debt investments and long-term receivables.

The Company uses the effective interest rate method to recognize interest income on such financial assets and subsequently measures them at amortized cost. Gains or losses arising from their impairment or derecognition or modification are recognized in profit or loss for the current period. The Company determines interest income based on the carrying amount of the financial asset multiplied by the effective interest rate, except for the following.

1) For financial assets acquired or originated that are credit impaired, the Company determines interest income from the initial recognition on the basis of the amortized cost of the financial assets and the effective interest rate adjusted for credit.

2) For financial assets acquired or originated that are not credit impaired but become credit impaired in a subsequent period, the Company determines interest income in the subsequent period based on the amortized cost of the financial asset and the effective interest rate. If the financial instrument is no longer credit impaired in a subsequent period because of an improvement in its credit risk, the Company transfers to the effective interest rate multiplied by the carrying amount of the financial asset to determine interest income.

(2) Financial assets classified as at fair value through other comprehensive income

A financial asset is classified by the Company as a financial asset at fair value through other comprehensive income if the contractual terms of the financial asset provide that the only cash flows arising on a particular date are payments of principal and interest based on the principal amount outstanding and the business model for managing the financial asset is to both collect the contractual cash flows and to sell the financial asset.

The Company uses the effective interest method to recognize interest income on such financial assets. Changes in fair value are recognized in other comprehensive income, except for interest income, impairment losses and exchange differences, which are recognized in profit or loss for the period. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income and recognized in profit or loss for the period.

Notes receivable and accounts receivable that are measured at fair value through other comprehensive

income are presented as financing receivables and other such financial assets are presented as other debt investments, of which: other debt investments maturing within one year from the balance sheet date are presented as non-current assets maturing within one year and other debt investments with original maturity of less than one year are presented as other current assets.

(3) Financial assets designated as at fair value through other comprehensive income

On initial recognition, the Company may irrevocably designate investments in non-trading equity instruments as financial assets at fair value through other comprehensive income on the basis of a single financial asset.

Changes in the fair value of such financial assets are included in other comprehensive income and no provision for impairment is made. Upon derecognition of this financial asset, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income and included in retained earnings. Dividend income is recognized in profit or loss over the period in which the Company holds the investment in the equity instrument, when the Company's right to receive the dividend has been established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. The Company reports such financial assets under the heading of investments in other equity instruments.

(4) Financial assets classified as at fair value through profit or loss

An investment in an equity instrument is a financial asset at fair value through profit or loss if it meets one of the following conditions: it is acquired principally for the purpose of selling in the near term; it is part of a portfolio of centrally managed identifiable financial asset instruments at initial recognition and there is objective evidence of a recent actual pattern of short-term profit-taking; it is a derivative (meeting the definition of a financial guarantee contract and derivatives that are designated as effective hedging instruments).

Financial assets that do not qualify for classification as financial assets at amortized cost or at fair value through other comprehensive income and that are not designated as at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss.

The Company uses fair value for subsequent measurement of such financial assets and recognizes gains or losses arising from changes in fair value, as well as dividend and interest income relating to such financial assets, in profit or loss for the current period.

The Company presents such financial assets under the heading of financial assets held for trading and other non-current financial assets according to their liquidity.

(5) Financial assets designated as at fair value through profit or loss

On initial recognition, the Company may irrevocably designate financial assets as financial assets at fair value through profit or loss on an individual basis in order to eliminate or significantly reduce accounting mismatches.

If a hybrid contract contains one or more embedded derivatives and its host contract is not one of the above financial assets, the Company may designate the whole as a financial instrument at fair value through profit or loss. Exceptions to this are the following.

1) Embedding derivatives will not materially change the cash flows of hybrid contracts.

2) When first determining whether a similar hybrid contract requires unbundling, little analysis is required to clarify that the embedded derivatives it contains should not be unbundled. If an early repayment right is embedded in a loan that allows the holder to repay the loan early at an amount close to amortized cost, the early repayment right does not need to be split.

The Company uses fair value for subsequent measurement of such financial assets and recognizes gains or losses arising from changes in fair value, as well as dividend and interest income relating to such financial assets, in profit or loss for the current period.

The Company presents such financial assets under the heading of financial assets held for trading and other non-current financial assets according to their liquidity.

ii. Classification, recognition and measurement of financial liability

The Company classifies a financial instrument or a component thereof as a financial liability or an equity instrument on initial recognition based on the contractual terms of the financial instrument issued and the economic substance reflected therein, rather than solely on its legal form, taking into account the definitions of a financial liability and an equity instrument. Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, other financial liabilities, and derivatives designated as effective hedging instruments.

Financial liabilities are measured at fair value on initial recognition. For financial liabilities at fair value through profit or loss, the related transaction costs are recognized directly in profit or loss; for other categories of financial liabilities, the related transaction costs are recognized in the initial recognition amount.

The subsequent measurement of financial liabilities depends on their classification.

(1) Financial liabilities at fair value through profit or loss

Such financial liabilities comprise financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated at fair value through profit or loss on initial recognition.

A financial liability is classified as a financial liability held for trading if one of the following conditions is met: it is incurred principally for the purpose of selling or repurchasing in the near future; it is part of a portfolio of identifiable financial instruments that are managed on a central basis and for which there is objective evidence of a recent pattern of short-term profit-taking by the enterprise; it is a derivative, except for derivatives that are designated and are effective hedging instruments, derivatives that qualify as financial guarantee contracts. Exceptions. Trading financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value, with all changes in fair value recognized in profit or loss, except when they relate to hedge accounting.

On initial recognition, for the purpose of providing more relevant accounting information, the Company irrevocably designates financial liabilities as financial liabilities at fair value through profit or loss that meet one of the following conditions.

1) The ability to eliminate or significantly reduce accounting mismatches.

2) A portfolio of financial liabilities or a portfolio of financial assets and financial liabilities is managed

and performance evaluated on a fair value basis in accordance with the enterprise's risk management or investment strategy as set out in formal written documentation and is reported to key management personnel on this basis within the enterprise.

The Company subsequently measures such financial liabilities at fair value, with changes in fair value recognized in other comprehensive income, except for changes in fair value arising from changes in the Company's own credit risk, which are recognized in profit or loss. The Company records all changes in fair value, including the amount of the effect of changes in its own credit risk, in profit or loss, unless the inclusion of changes in fair value arising from changes in the Company's own credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

(2) Other financial liabilities

The Company classifies financial liabilities as financial liabilities measured at amortized cost, except for the following, which are subsequently measured at amortized cost using the effective interest method, with gains or losses arising from derecognition or amortization charged to current profit or loss.

1) Financial liabilities at fair value through profit or loss.

2) Transfers of financial assets do not qualify for derecognition or continue to be involved in the financial liabilities arising from the transferred financial assets.

3) Financial guarantee contracts that do not fall within the first two categories of this article, and loan commitments to lend at below-market interest rates that do not fall within category 1) of this article.

A financial guarantee contract is a contract that requires the issuer to pay a specified amount to the contract holder who has suffered a loss when a specified debtor is unable to pay its debt when due in accordance with the terms of the original or modified debt instrument. Financial guarantee contracts that are not financial liabilities designated as at fair value through profit or loss are measured subsequent to initial recognition at the higher of the amount of the allowance for loss and the amount initially recognized, less accumulated amortization over the guarantee period.

iii. Derecognition of financial assets and financial liabilities

(1) A financial asset is derecognized, i.e., transferred from its accounts and balance sheet, if one of the following conditions is met.

1) The contractual rights to receive cash flows from the financial asset cease.

2) The financial asset has been transferred and the transfer satisfies the requirements for derecognition of a financial asset.

(2) Conditions for derecognition of financial liabilities

A financial liability (or part of a financial liability) is derecognized when the present obligation is discharged.

If an agreement is entered into between the Company and the lender to replace an original financial liability by the assumption of a new financial liability and the contractual terms of the new financial liability are materially different from those of the original financial liability, or if the contractual terms of the original financial liability (or part thereof) are materially modified, the original financial liability is derecognized and a new financial

liability is recognized at the same time, and the difference between the carrying amount and the consideration paid (including the non-cash asset transferred or The difference between the carrying amount and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss for the period.

If the Company repurchases a portion of a financial liability, the carrying amount of the financial liability as a whole is allocated to the respective fair values of the continuing recognized portion and the derecognized portion at the date of repurchase in proportion to the fair value of the whole. The difference between the carrying amount allocated to the derecognized portion and the consideration paid (including non-cash assets transferred or liabilities assumed) should be recognized in profit or loss for the current period.

iv. Basis of recognition and measurement of transfers of financial assets

The Company assesses the extent to which it retains the risks and rewards of ownership of a financial asset when a transfer of financial assets occurs and treats each situation separately as follows.

(1) Where substantially all the risks and rewards of ownership of a financial asset are transferred, the financial asset is derecognized and the rights and obligations arising or retained from the transfer are separately recognized as assets or liabilities.

(2) A financial asset continues to be recognized if substantially all the risks and rewards of ownership of the financial asset are retained.

(3) Where substantially all the risks and rewards of ownership of a financial asset are neither transferred nor retained (i.e. in circumstances other than those in (1) and (2) of this article), they are treated separately, depending on whether they retain control over the financial asset, as follows.

1) If control is not retained over the financial asset, the financial asset is derecognized and the rights and obligations arising from or retained in the transfer are recognized separately as assets or liabilities.

2) If control over the financial asset is retained, the financial asset continues to be recognized to the extent of its continuing involvement in the transferred financial asset and the related liability is recognized accordingly. The extent of continuing involvement in the transferred financial asset is the extent to which the Company bears the risk or reward of changes in value of the transferred financial asset.

In determining whether a transfer of financial assets meets the conditions for derecognition of financial assets as described above, the principle of substance over form is applied. The Company distinguishes between transfers of financial assets as a whole and partial transfers of financial assets.

(1) When a transfer of a financial asset as a whole satisfies the conditions for derecognition, the difference between the following two amounts is recognized in profit or loss.

1) The carrying amount of the transferred financial asset at the date of derecognition.

2) The sum of the consideration received for the transfer of a financial asset and the amount corresponding to the derecognized portion of the cumulative amount of changes in fair value that would otherwise be taken directly to other comprehensive income (financial assets involved in the transfer are those measured at fair value through other comprehensive income).

(2) If part of a financial asset is transferred and the transferred part as a whole meets the conditions

for derecognition, the carrying amount of the financial asset as a whole before the transfer is apportioned between the derecognized part and the continuing recognized part (in which case the retained service asset should be treated as part of the continuing recognized financial asset), based on their respective relative fair values at the date of transfer, and the difference between the following amounts is recognized in profit or loss.

1) The carrying value of the derecognition component at the date of derecognition.

2) The sum of the consideration received for the derecognition component and the amount corresponding to the derecognition component of the cumulative amount of changes in fair value originally recognized in other comprehensive income (financial assets involved in the transfer are financial assets at fair value through other comprehensive income).

If the transfer of a financial asset does not meet the conditions for derecognition, the financial asset continues to be recognized and the consideration received is recognized as a financial liability.

v. Methodology for determining the fair value of financial assets and financial liabilities

The fair value of a financial asset or financial liability for which there is an active market is determined using quoted prices in an active market, unless there is a restricted period for the asset itself. For financial assets with an inherently restricted life, the quoted market price is determined by deducting the amount of compensation required by market participants for assuming the risk that the financial asset will not be available for sale on the open market within a specified period. Quoted prices in active markets include quoted prices for the relevant asset or liability that are readily and regularly available from, for example, exchanges, dealers, brokers, industry groups, pricing agencies or regulators, and are representative of actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets initially acquired or derived or financial liabilities assumed is determined on the basis of their market transaction prices.

Financial assets or financial liabilities for which there is no active market are valued using valuation techniques to determine their fair value. In making valuations, the Company uses valuation techniques that are appropriate in the circumstances and supported by sufficient available data and other information, selects inputs that are consistent with the characteristics of the asset or liability as considered by market participants in transactions for the relevant asset or liability, and gives preference to relevant observable inputs wherever possible. Where relevant observable inputs are not available or not practicable to obtain, unobservable inputs are used.

vi. Impairment of financial instruments

The Company accounts for impairment of financial assets measured at amortized cost, financial assets classified as at fair value through other comprehensive income, lease receivables and on the basis of expected credit losses and recognizes a provision for losses.

Expected credit losses, being the weighted average of credit losses on financial instruments weighted by the risk of default. Credit losses are the difference between all contractual cash flows receivable by the Company under the contract and all cash flows expected to be collected, discounted at the original effective interest rate, being the present value of the entire cash shortfall. Of this amount, for financial assets purchased