

Item	Translation differences arising from financial statements in foreign currencies	Others	Total other comprehensive income
1.Closing balance of last year	-205,281,966.65	--	-205,281,966.65
2.Increase/decrease for last year	--	--	--
3.Opening balance of current year	-205,281,966.65	--	-205,281,966.65
4.Increase/decrease for current year	-92,898,419.25	-2,610,234.28	-95,508,653.53
5.Closing balance of current year	-298,180,385.90	-2,610,234.28	-300,790,620.18

55. Foreign currency translation

The exchange difference of the company included in the current profit and loss is 29,551,866.85 Yuan.

56. Lease

1. Financing lease (lessor)

Item	Amount
1.Information about Revenue	
Gain/Loss from Sales	--
Financing income from net lease investment	7,731,288,367.24
Income related to variable lease payments not included in net lease investment	--
2.Undiscounted lease receipts to be received after the balance sheet date	155,154,051,918.15
Year 1	46,746,580,123.13
Year 2	34,368,335,918.34
Year 3	22,113,040,437.38
Year 4	13,619,270,174.01
Year 5	10,395,286,241.38
Over 5 years	27,911,539,023.91

The balance of unrecognized financing income of the company on 31 December 2021 is 20,871,311,373.34 Yuan.

2. Operating lease (lessor)

Item	Amount
1.Information about Revenue	
Rental Income	2,129,616,700.59
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	12,738,928,898.98
Year 1	2,323,269,825.22
Year 2	2,051,177,368.19

Item	Amount
Year 3	2,085,403,102.32
Year 4	2,617,134,595.09
Year 5	1,329,248,242.18
Over 5 years	2,332,695,765.98

3. Financing lease (lessee)

Residual lease period	minimum lease payment
Within 1 year (include 1 year)	298,758,399.54
1 to 2 years (include 2 years)	298,864,658.36
2 to 3 years (include 3 years)	298,973,828.00
Over 3 years	2,132,947,703.19
Total	3,029,544,589.09

The balance of unrecognized financing expense of the company on 31 December 2021 is 254,587,322.63 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	3,624,424,766.23	461,467,344.60	--	3,672,404,039.14	394,667,179.61	--
Total	3,624,424,766.23	461,467,344.60	--	3,672,404,039.14	394,667,179.61	--

4. Operating lease (lessee)

Residual lease period	Operating lease amount
Within 1 year (include 1 year)	5,599,937.28
1 to 2 years (include 2 years)	3,582,379.93
2 to 3 years (include 3 years)	1,804,095.53
Over 3 years	12,177,644.85
Total	23,164,057.59

5. Information disclosure of Lessee

Item	Amount
Interest expense on lease liabilities	202,642,783.18
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	165,101,003.14

Item	Amount
Total cash outflow related to leasing	80,592,340.20
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	9,891,448,589.43	10,742,330,043.83	441,673,064.58	329,826,876.53	--	--
Including: Foreign transaction revenue	9,861,774,792.60	9,796,029,299.74	441,673,064.58	329,826,876.53	--	--
Interdivision transaction revenue	29,673,796.83	946,300,744.09	--	--	--	--
2. Investment income from associates and joint ventures	--	-227,910.24	--	--	--	--
3. Asset impairment loss	1,225,586,102.00	--	2,037,586.83	-912,160.06	-2,837.85	--
4. Credit impairment loss	-1,226,198,757.00	-1,418,654,561.30	645,683.64	306,441.21	--	--
5. Depreciation and amortization	766,003,487.36	1,027,276,999.45	44,253.98	46,650.01	--	3,227.88
6. Profit before tax	2,568,505,991.20	2,618,958,876.42	6,453,169.71	7,376,613.17	20,308.03	5,988.56
7. Income tax expenses	558,016,362.02	560,928,813.54	2,178,062.41	1,840,306.09	1,593.77	1,497.14
8. Net profit	2,010,489,629.18	2,058,030,062.88	4,275,107.30	5,536,307.08	18,714.26	4,491.42
9. Total assets	204,003,202,922.29	204,940,334,183.74	42,502,540.29	75,980,312.20	1,505,154,939.82	1,355,049,699.37
10. Total liabilities	176,927,311,254.22	178,719,669,394.89	14,536,297.96	24,279,959.60	1,005,135,293.99	855,048,767.80
11. Other significant non-cash assets	--	--	--	--	--	--

(Continued)

Item	Offset		Total	
	Current period	Prior period	Current period	Prior period
12. Operating income	-29,673,796.83	-946,300,744.09	10,303,447,857.18	10,125,856,176.27
Including: Foreign transaction revenue	--	--	10,303,447,857.18	10,125,856,176.27
Interdivision transaction revenue	-29,673,796.83	-946,300,744.09	--	--
13. Investment income from associates and joint ventures	--	--	--	-227,910.24
14. Asset impairment loss	612,580.41	--	1,228,233,431.25	-912,160.06
15. Credit impairment loss	--	--	-1,225,553,073.36	-1,418,348,120.09
16. Depreciation and amortization	-759,560,902.9	--	6,486,838.44	1,027,326,877.34
17. Profit before tax	-20,197,342.32	-89,485,412.11	2,554,782,126.62	2,536,856,066.04
18. Income tax expenses	4,000,000.00	--	564,196,018.20	562,770,616.77
19. Net profit	-24,197,342.32	-89,485,412.11	1,990,586,108.42	1,974,085,449.27
20. Total assets	-37,967,199,852.91	-47,625,882,231.44	167,583,660,549.49	158,745,221,396.50

Item	Offset		Total	
	Current period	Prior period	Current period	Prior period
21. Total liabilities	-36,633,675,754.38	-45,859,343,069.13	141,313,307,091.79	133,737,519,485.79
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	1,990,586,108.42	1,974,085,449.27
Add: Provisions for asset impairment	2,683,195.74	912,160.06
Credit impairment loss	1,225,550,235.51	1,418,348,120.09
Depreciation of fixed assets,	1,211,799,295.04	1,026,252,322.89
Amortization of right of use assets	149,639,811.76	--
Amortization of intangible assets	1,773,349.33	1,071,325.27
Amortization of long-term prepaid expenses	--	--
Losses on disposal of fixed assets, intangible assets and other long-term assets (Income "-")	-12,818,688.61	-176,653,362.48
Losses on scrapping of fixed assets (Income "-")	--	--
Losses on changes in fair value (Income "-")	30,408,298.81	37,898,604.42
Financial expenses (Income "-")	29,606,197.58	-34,312,678.93
Investment losses (Income "-")	-50,015,840.48	-25,571,108.89
Decrease in deferred tax assets (Increase "-")	-340,906,545.10	-317,737,645.58
Increase in deferred tax liabilities (Decrease "-")	106,206,276.55	87,291,706.37
Decrease in contract assets (Increase "-")	--	--
Decrease in inventories (Increase "-")	1,281,888.40	2,317,676.42
Decrease in operating receivables (Increase "-")	-16,309,874,187.97	-15,064,333,419.91
Increase in operating payables (Decrease "-")	1,453,767,424.29	1,624,044,105.04
Others	--	--
Net cash flows from operating activities	-10,510,313,180.73	-9,446,386,745.96
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	3,860,768,989.28	4,278,128,360.14
Less: Cash as at the beginning of period	4,278,128,360.14	3,745,663,252.90

Item	Current period	Prior period
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	-417,359,370.86	532,465,107.24

(2) Details of cash and cash equivalents

Item	Closing balance	Opening balance
1. Cash	3,860,768,989.28	4,278,128,360.14
Including: Cash on hand	50,540.40	38,495.30
Bank deposits available on demand	3,860,718,448.88	4,278,089,864.84
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	--	--
3. Cash and cash equivalents as at the end of the period	3,861,085,679.34	4,278,128,360.14
Including: restricted cash and cash equivalents by the parent company or subsidiaries within the group	2,039,558,254.62	1,616,225,759.56

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	1,698,221,619.56		9,453,401,071.93
Including: USD	1,386,848,687.57	6.3757	8,842,131,177.37
Euro	63,512,932.53	7.2198	458,550,670.27
Hong Kong dollar	158,535,610.01	0.8176	129,618,714.74
Japanese Yen	87,201,604.00	0.0554	4,830,968.86
GBP	2,122,785.45	8.6064	18,269,540.69
Accounts receivable	33,064,803.72		51,878,348.79
Including: USD	4,469,974.50	6.3757	28,499,216.42
Euro	--	7.2198	--
Hong Kong dollar	28,594,829.22	0.8176	23,379,132.37
Long-term borrowings	2,711,079,855.56		17,645,387,868.50
Including: USD	2,284,168,312.60	6.3757	14,563,171,910.64
Euro	426,911,542.96	7.2198	3,082,215,957.86
Hong Kong dollar	--	--	--
Other receivables	97,382,248.15		79,619,726.09

Item	Closing Balance in foreign currency	Conversion exchange rate	Closing Balance translated in RMB
Including: USD	--	--	--
Euro	--	--	--
Hong Kong dollar	97,382,248.15	0.8176	79,619,726.09
Current portion of non-current assets	990,036,824.27		4,408,991,216.76
Including: USD	521,021,943.71	6.3757	3,321,879,606.49
Euro	32,109,814.10	7.2198	231,826,435.84
Hong Kong dollar	372,957,912.59	0.8176	304,930,389.34
GBP	63,947,153.87	8.6064	550,354,785.09
Long-term receivables	2,920,143,313.64		18,891,202,801.03
Including: USD	2,596,431,577.76	6.3757	16,554,068,810.32
Euro	323,711,735.88	7.2198	2,337,133,990.71
Hong Kong dollar	--	--	--
Short-term borrowings	2,843,445,374.09		8,443,577,611.00
Including: USD	770,712,751.82	6.3757	4,913,833,291.76
Euro	200,146,301.37	7.2198	1,445,016,266.63
Hong Kong dollar	1,801,496,874.95	0.8176	1,472,903,844.96
GBP	71,089,445.95	8.6064	611,824,207.65
Other payables	28,500.00		23,301.60
Including: USD	--	--	--
Euro	--	--	--
Hong Kong dollar	28,500.00	0.8176	23,301.60
Japanese Yen	--	--	--
Current portion of non-current liabilities	1,076,039,551.26		6,962,247,486.09
Including: USD	861,463,340.80	6.3757	5,492,431,821.91
Euro	202,177,088.27	7.2198	1,459,678,141.87
Hong Kong dollar	12,399,122.20	0.8176	10,137,522.31
Japanese Yen	--	--	--
Bond payable	1,458,521,861.47		9,521,741,597.76
Including: USD	1,194,757,182.39	6.3757	7,617,413,367.78
Euro	263,764,679.07	7.2198	1,904,328,229.98
Hong Kong dollar	--	--	--
Japanese Yen	--	--	--
Long-term payables	197,884,661.90		1,261,653,238.88
Including: USD	197,884,661.90	6.3757	1,261,653,238.88
Euro	--	--	--
Hong Kong dollar	--	--	--

Item	Closing Balance in foreign currency	Conversion exchange rate	Closing Balance translated in RMB
Japanese Yen	--	--	--

60. Assets with restricted ownership or using rights

Item	Closing book value	Reason of restriction
Financial leasing receivables	60,732,530,736.06	Loan pledged guarantee and factoring financing pledged
Financial assets held for trading	202,000,000.00	Loan pledge
Cash at bank and on hand	2,039,558,254.62	Loan pledged and special plan accounts
Others	7,677,875,718.13	Mortgage guarantee of long-term borrowings
Total	70,651,964,708.81	—

Notes:

- (1) As at 31 December 2021, the Company's Financial leasing receivables of RMB 60,732,530,736.06 (Initial registration amount for pledge is RMB91,956,415,744.28), bank deposit of RMB 361,914,727.71, structured deposit of RMB 202,000,000.00 and 58 SPV shares are used for pledge of the short-term borrowings of RMB4,948,895,386.22 and of the long-term borrowings of RMB 32,551,120,621.35. At the same time, 145 aircrafts and 72 bulk carriers and 2 equipment have been used for mortgage guarantee.
- (2) As at 31 December 2021, there are 20 aircrafts, 11 bulk carriers whose total book value are RMB 7,677,875,718.13 (Initial registration amount for mortgage is RMB9,564,822,407.14) have been used for the mortgage guarantee of long-term borrowings of RMB 5,411,196,633.93.
- (3) As at 31 December 2021, the bank account with RMB 291,191,050.45 is Guoshou Investment AVIC Leasing phase I ABS special account. The bank account with RMB 201,162,923.91 is China Yinhe AVIC Leasing 2021 phase III ABS special account. The bank account with RMB 67,815,093.47 is Pingan AVIC Leasing 2019 phase I ABS special account. The bank account with RMB 989,095,492.53 is Guojun Asset Management-AVIC Leasing 2021 phase II ABS special account. The bank account of RMB 76,704,005.66 is Zhongxin Securities AVIC Leasing 2021 phase I ABS special account.
- (4) Other special account funds: the special account for collection and payment with RMB 51,674,960.89 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
Feilong General Aviation Co., Ltd	Under the control of the same controlling shareholder
Huahang Culture Communication (Beijing) Co., Ltd	Under the control of the same controlling shareholder

Name of related party	Relationship with the Group
Guihang Guiyang Hospital	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
Shandong Xinchuan Heavy Industry Co., Ltd	Under the control of the same controlling shareholder
AVIC Shanxi Jinheng Technology Co., Ltd.	Under the control of the same controlling shareholder
Shanxi Airlines Hongfeng Precision Machinery Tools Co., Ltd.	Under the control of the same controlling shareholder
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
Shenzhen Sanxin exquisite glass 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

Name of related party	Relationship with the Group
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
AVIC Shixin installation engineering (Beijing) Co., Ltd	Under the control of the same controlling shareholder
China Aviation Investment Property Co., Ltd.	Under the control of the same controlling shareholder
AVIC Property Management 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
Ningbo AVIC Supply Chain Management Co., Ltd.	Factoring	Factoring	Fair market value	2,477.88	0.3628	832.78	6.2958
Henan Xinfei Electric Appliance Group Co., Ltd	Factoring	Factoring	Fair market value	897.54	5.5169	—	—
AVIC International Mineral Resources Co., Ltd	Factoring	Factoring	Fair market value	385.14	2.3673	—	—
Shanghai Xinkangze Commercial Factoring Co., Ltd.	Factoring	Factoring	Fair market value	290.64	1.7872	164.62	2.2445
China Flying Dragon General Aviation Co., Ltd.	Factoring	Factoring	Fair market value	239.06	1.4694	—	—
Guizhou Anji Aviation Precision Casting Co., Ltd	Factoring	Factoring	Fair market value	215.21	1.3228	90.16	0.6816
Fesher Aviation Components (Zhenjiang) Co., Ltd.	Factoring	Factoring	Fair market value	202.79	1.2465	107.23	0.8107
Chengdu Aircraft Industry (Group) Co., Ltd	Factoring	Factoring	Fair market value	158.60	0.9748	—	—

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
Guiyang Anda Aerospace Materials Engineering Co., Ltd.	Factoring	Factoring	Fair market value	85.85	0.5277	129.25	0.9771
Beijing Yuhua Fund Management Co., Ltd	Other - consulting fees	Other - consulting fees	Fair market value	70.75	0.0108	--	--
AVIC International Automobile Exhibition and Marketing Co., Ltd	Factoring	Factoring	Fair market value	69.26	0.4257	--	--
Beijing Qingyun Aviation Instrument Co., Ltd	Factoring	Factoring	Fair market value	68.68	0.4222	--	--
AVIC Beijing Precision Engineering Institute Aircraft Industry	Factoring	Factoring	Fair market value	59.43	0.3653	59.43	0.4493
Guizhou Huafeng Electric Co., Ltd.	Factoring	Factoring	Fair market value	43.04	0.2693	43.23	0.3268
AVIC Liyuan Hydraulic Co., Ltd	Factoring	Factoring	Fair market value	22.30	0.1370	--	--
AVIC Shanxi Hongyuan Aviation Forging Company Ltd.	Factoring	Factoring	Fair market value	--	--	238.68	1.8044
Ningbo Jiangbei Tianhang Industry and Trade Co., Ltd.	Factoring	Factoring	Fair market value	--	--	302.83	2.2894
Shanghai Aviation Electric Co., Ltd.	Factoring	Factoring	Fair market value	--	--	276.52	2.0904
Huahang Culture Communication (Beijing) Co., Ltd	Factoring	Factoring	Fair market value	--	--	94.51	0.7145
Wuxi Leihua Technology Co., Ltd.	Factoring	Factoring	Fair market value	--	--	66.18	0.5003
AVIC Aircraft Landing Gear Co., Ltd.	Factoring	Factoring	Fair market value	--	--	115.72	0.8749
AVIC Leihua Electronic Technology Research Institute	Factoring	Factoring	Fair market value	--	--	184.43	1.3943
AVIC Shenyang Aircraft Design Institute	Factoring	Factoring	Fair market value	--	--	5.31	0.0401
Sichuan Fanhua Aviation Instrument Electric Co., Ltd.	Factoring	Factoring	Fair market value	--	--	77.79	0.5881
AVIC Xi 'An Aviation Computing Technology Research Institute	Factoring	Factoring	Fair market value	--	--	--	--
AVIC International Steel Trading Co., Ltd.	Factoring	Factoring	Fair market value	--	--	--	--
AVIC Capital Investment Management (Shenzhen) Co., Ltd.	Factoring	Factoring	Fair market value	--	--	--	--

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 (%)
Ningbo AVIC Supply Chain Management Co., Ltd.	Factoring	Factoring	Fair market value	58,000.00	15.3268	22,000.00	4.4956
Henan Xifei Electric Appliance Group Co., Ltd	Factoring	Factoring	Fair market value	25,000.00	6.6064	--	--
Jiangxi Hongdu Aviation Industry Group	Factoring	Factoring	Fair market value	20000	5.2851	--	--
AVIC International Mineral Resources Co., Ltd	Factoring	Factoring	Fair market value	15100	3.9903	--	--
China Flying Dragon General Aviation Co., Ltd.	Factoring	Factoring	Fair market value	7240	1.9132	--	--
AVIC International Automobile Exhibition and Marketing Co., Ltd	Factoring	Factoring	Fair market value	5600	1.4798	--	--
Guizhou Anji Aviation Precision Casting Co., Ltd	Factoring	Factoring	Fair market value	5,000.00	1.3213	4,000.00	0.8174
Guiyang Anda Aerospace Materials Engineering Co., Ltd.	Factoring	Factoring	Fair market value	4,000.00	1.057	4,000.00	0.8174
Beijing Qingyun Aviation Instrument Co., Ltd	Factoring	Factoring	Fair market value	3000	0.7928	--	--
China Aviation Industry Supply and marketing Shanghai Co., Ltd	Factoring	Factoring	Fair market value	2000	0.5285	--	--
Guizhou Huafeng Electric Co., Ltd.	Factoring	Factoring	Fair market value	1,000.00	0.2643	--	--
AVIC Liyuan Hydraulic Co., Ltd	Factoring	Factoring	Fair market value	518	0.1369	--	--
AVIC Leihua Electronic Technology Research Institute	Factoring	Factoring	Fair market value	--	--	17,000.00	3.4739
Shanghai Xinkangze Commercial Factoring Co., Ltd.	Factoring	Factoring	Fair market value	--	--	11,350.00	2.3193
AVIC Aircraft Landing Gear Co., Ltd.	Factoring	Factoring	Fair market value	--	--	10,000.00	2.0435
Shanghai Aviation Electric Co., Ltd.	Factoring	Factoring	Fair market value	--	--	8,931.22	1.8251
Fesher Aviation Components (Zhenjiang) Co., Ltd.	Factoring	Factoring	Fair market value	--	--	8,500.00	1.7369
Ningbo Jiangbei Tianhang Industry and Trade Co., Ltd.	Factoring	Factoring	Fair market value	--	--	8,000.00	1.6348
AVIC Shanxi Hongyuan Aviation Forging Company Ltd.	Factoring	Factoring	Fair market value	--	--	5,500.00	1.1239
Sichuan Fanhua Aviation Instrument Electric Co., Ltd.	Factoring	Factoring	Fair market value	--	--	3,456.20	0.7063
Wuxi Leihua Technology Co., Ltd.	Factoring	Factoring	Fair market value	--	--	3,000.00	0.613
Huahang Culture Communication (Beijing) Co., Ltd	Factoring	Factoring	Fair market value	--	--	2,000.00	0.4087
AVIC Beijing Precision Engineering Institute Aircraft Industry	Factoring	Factoring	Fair market value	--	--	1,260.00	0.2575

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 (%)
AVIC Shenyang Aircraft Design Institute	Factoring	Factoring	Fair market value	--	--	500	0.1022
Baosheng Technology Innovation Co., Ltd	Finance lease	Purchasing leasing assets	Fair market value	48,000.00	0.8518	--	--
Nanjing AVIC Industrial Technology City Development Co., Ltd	Finance lease	Purchasing leasing assets	Fair market value	27,000.00	0.4792	--	--
AVIC International Aviation Development Co., Ltd	Operating Lease	Purchasing leasing assets	Fair market value	8,834.00	0.2579	27,153.59	0.5359
AVIC Zhuhai General Aviation Co., Ltd.	Finance lease	Purchasing leasing assets	Fair market value	950.00	0.0169	--	--
AVIC Hebei General Aviation Co., Ltd.	Finance lease	Purchasing leasing assets	Fair market value	700.00	0.0124	--	--
AVIC engineering integration equipment Co., Ltd	Operating Lease	Purchasing leasing assets	Fair market value	333.00	0.0121	--	--
China Aviation Manufacturing Technology Research Institute	Operating Lease	Purchasing leasing assets	Fair market value	288.00	0.0105	--	--
AVIC International Automobile Exhibition and Marketing Co., Ltd	Finance lease	Purchasing leasing assets	Fair market value	200.00	0.0035	5,600.00	1.4798
AVIC Materials and Equipment Co., Ltd.	Finance lease	Purchasing leasing assets	Fair market value	192.64	0.0034	--	--
AVIC Beijing Precision Engineering Institute Aircraft Industry	Operating Lease	Purchasing leasing assets	Fair market value	152.28	0.0056	--	--
Henan Xinfei Electric Appliance Group Co., Ltd	Finance lease	Purchasing leasing assets	Fair market value	10.00	0.0002	25,000.00	6.6064
AVIC International Mineral Resources Co., Ltd	Finance lease	Purchasing leasing assets	Fair market value	8.00	0.0001	15,100.00	3.9903
AVIC General Aircraft South China Aircraft Industry Co., Ltd.	Finance lease	Purchasing leasing assets	Fair market value	--	--	34,654.69	9.1578
Jinzhou (Baotou) Renewable Energy Co., Ltd.	Finance lease	Purchasing leasing assets	Fair market value	--	--	28,000.00	7.3992
Shanghai Aeroengine Manufacturing Company, Ltd.	Finance lease	Purchasing leasing assets	Fair market value	--	--	11,600.00	3.0654
Harbin General Aircraft Industry Co., Ltd	Finance lease	Purchasing leasing assets	Fair market value	--	--	5,337.00	0.1054
Shijiazhuang AVIC Cessna Aircraft Co., Ltd.	Finance lease	Purchasing leasing assets	Fair market value	--	--	3,653.11	0.0721
Shenyang Shanghangfa Auto Parts Co., Ltd.	Finance lease	Purchasing leasing assets	Fair market value	--	--	2,400.00	0.6342
China Aviation Technology Beijing Co., Ltd.	Finance lease	Purchasing leasing assets	Fair market value	--	--	2,326.41	0.0459
Wuhan Shangfa Auto Parts Co., Ltd.	Finance lease	Purchasing leasing assets	Fair market value	--	--	1,800.00	0.4757
Lanzhou Flight Control Co., Ltd.	Finance lease	Purchasing leasing assets	Fair market value	--	--	272.39	0.0720
Chengdu Kaitian Electronics Co., Ltd.	Finance lease	Purchasing leasing assets	Fair market value	--	--	226.05	0.0597
Sichuan Lingfeng Aviation Hydraulic Machinery Co., Ltd.	Finance lease	Purchasing leasing assets	Fair market value	--	--	182.02	0.0481

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 National Aero-Technology Import & Export Corporation.	Finance lease	Purchasing leasing assets	Fair market value	--	--	97.00	0.0256
China Aviation Industry Corporation Beijing Great Wall Metrology and Testing Technology Research Institute	Finance lease	Purchasing leasing assets	Fair market value	--	--	56.21	0.0149
China Aviation Investment Property Co., Ltd.	Receiving services	Rental	Fair market value	387.67	61.8069	340.84	75.7786
Beijing Aviation Investment Real Estate Co., Ltd	Receiving services	Property Fee	Fair market value	47.38	19.0838	42.84	9.524
AVIC Aviation Industry Investment Co., Ltd.	Receiving services	Consulting service fee	Fair market value	729.08	15.4168	96.22	6.5551
AVIC Finance Co., Ltd	Receiving services	Consulting fee	Fair market value	17.50	0.3700	--	--
AVIC engineering consulting (Beijing) Co., Ltd	Receiving services	Consulting service fee	Fair market value	15.10	0.3193	--	--
Beijing Aviation Association Certification Center Co., Ltd	Receiving services	Training Expense	Fair market value	0.66	0.4989	--	--
China Aviation planning and Design Institute Co., Ltd	Receiving services	Consulting service fee	Fair market value	203.07	4.2940	--	--
AVIC Securities Co., Ltd.	Receiving services	Commission charge	Fair market value	--	--	28.30	0.4338

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)
China Flying Dragon General Aviation Co., Ltd.	Finance lease	1,679.69	733.00
Nanjing AVIC Industrial Technology City Development Co., Ltd	Finance lease	1,253.32	-
Jinzhou (Baotou) Renewable Energy Co., Ltd.	Finance lease	1,237.23	2,005.50
China Aviation Integrated Technology Research Institute	Finance lease	704.12	742.26
Baosheng Technology Innovation Co., Ltd	Finance lease	697.01	--
AVIC Hebei General Aviation Co., Ltd.	Finance lease	459.93	1,322.26
Jinan Institute of special structure of China Aviation Industry Corporation	Finance lease	364.56	--
Chengdu Kaitian Electronics Co., Ltd.	Finance lease	320.19	67.33
Guizhou Anji Aviation Precision Casting Co., Ltd	Finance lease	312.96	20.59
Shanghai Aeroengine Manufacturing Company, Ltd.	Finance lease	297.45	1,053.61
Lanzhou Flight Control Co., Ltd.	Finance lease	155.75	38.94

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)
AVIC Zhuhai General Aviation Co., Ltd.	Finance lease	140.59	175.91
AVIC Beijing Precision Engineering Institute Aircraft Industry	Finance lease	104.60	28.99
Shenyang Shanghangfa Auto Parts Co., Ltd.	Finance lease	76.28	163.33
Sichuan Lingfeng Aviation Hydraulic Machinery Co., Ltd.	Finance lease	72.04	327.26
Jiangxi Jinghang aviation forging and Casting Co., Ltd	Finance lease	62.78	--
Jiangxi Changjiang General Aviation Co., Ltd.	Finance lease	39.12	51.41
Shenyang Shenfei Civil Products Industry Co., Ltd.	Finance lease	38.03	37.22
AVIC SAC Commercial Aircraft Company Limited	Finance lease	31.13	129.13
Guizhou Tianyi Electric Appliance Co., Ltd	Finance lease	22.58	44.12
Inner Mongolia General Aviation Co., Ltd	Finance lease	20.49	34.46
Wuhan Shangfa Auto Parts Co., Ltd.	Finance lease	12.17	387.51
Taiyuan Aviation Instrument Co., Ltd.	Finance lease	7.99	4.01
AVIC International Automobile Exhibition and Marketing Co., Ltd	Finance lease	2.38	--
Guizhou Anda Aviation Forging Co., Ltd.	Finance lease	1.70	238.05
Guizhou Huafeng Electric Co., Ltd.	Finance lease	0.77	--
AVIC Shanxi Hongyuan Aviation Forging Company Ltd.	Finance lease	0.34	--
Ningbo Jiangbei Tianhang Industry and Trade Co., Ltd.	Finance lease	0.34	--
Shanghai Aviation Electric Co., Ltd.	Finance lease	0.24	--
Huahang Culture Communication (Beijing) Co., Ltd	Finance lease	0.13	--
Shanghai Xinkangze Commercial Factoring Co., Ltd.	Finance lease	0.11	--
Xingfu General Aviation Co., Ltd	Finance lease	--	41.42
Chinese Flight Test Establishment	Finance lease	--	41.22
AVIC Const Group energy Technology (Beijing) Co., Ltd.	Finance lease	--	2.16
Shijiazhuang Aircraft Industry Co., Ltd.	Finance lease	--	126.65
Shaanxi Qinling Aviation Electric Co., Ltd.	Finance lease	--	7.72
Wuxi Leihua Technology Co., Ltd.	Operating lease	3.45	--
Qing'an Group Co., Ltd	Operating lease	18.42	--

(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	3,876,660.00

Lessee	Lessor	Lease asset	Initial date	Due date	Pricing method	Leasing amount current period
AVIC International Leasing Co., Ltd	AVIC Investment Holdings Co., Ltd.	Building	2017/12/10	2022/9/10	Pricing at Fair Market Value	328,252.06

4. Related party funds borrowing

Name of related party	Borrowing amount	Initial date	Due date	Interest rate (%)
Borrowed:				
AVIC Capital International Holdings Limited	1,255,375,330.00	2020-6-4	2025-6-5	2.77%
AVIC Capital International Holdings Limited	1,903,018,936.00	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 noncurrent assets:				
AVIC International Aviation Development Co., Ltd	2,903.44	--	1,653.50	--
AVIC Materials and Equipment Co., Ltd.	619.83	--	1,195.40	--
China Aviation Technology Beijing Co., Ltd.	479.27	--	8,101.01	--
Total	4,002.54	--	10,949.91	--
Other current assets:				
China Flying Dragon General Aviation Co., Ltd.	7,240.00	--	--	--
AVIC International Automobile Exhibition and Marketing Co., Ltd	5,600.00	--	--	--
China Aviation Industry Supply and marketing Shanghai Co., Ltd	2,000.00	--	--	--
Shanghai Aviation Electric Co., Ltd.	--	--	8,931.22	89.31
Huahang Culture Communication (Beijing) Co., Ltd	--	--	2,000.00	20.00
Fesher Aviation Components (Zhenjiang) Co., Ltd.	--	--	8,500.00	85.00
AVIC Aircraft Landing Gear Co., Ltd.	--	--	10,000.00	100.00
AVIC Shanxi Hongyuan Aviation Forging Company Ltd.	--	--	5,500.00	55.00
Wuxi Leihua Technology Co., Ltd.	--	--	3,000.00	30.00
AVIC Leihua Electronic Technology Research Institute	--	--	17,000.00	170.00
Ningbo Jiangbei Tianhang Industry and Trade Co., Ltd.	--	--	8,000.00	80.00
AVIC Shenyang Aircraft Design Institute	--	--	500.00	5.00
Sichuan Fanhua Aviation Instrument Electric Co., Ltd.	--	--	3,456.20	34.56

Item	Closing balance		Opening balance	
	Book balance	Provision for bad and doubtful debts	Book balance	Provision for bad and doubtful debts
Chengdu Aircraft Industry (Group) Co., Ltd	--	--	20,000.00	200.00
Total	15,630.00	--	96,887.42	968.87
Prepayments::				
China Aviation Investment Property Co., Ltd.	--	--	193.83	--
Beijing Aviation Investment Real Estate Co., Ltd	--	--	23.69	--
AVIC Property Management Co., Ltd.	0.42	--	0.95	--
Total	0.42	--	218.47	--
Other receivables:				
AVIC Chengdu Raise Real Estate Co., Ltd.	--	--	1.37	1.11
AVIC Capital International Holdings Limited	--	--	40,475.15	40.47
Total	--	--	40476.52	41.58
Long-term receivables:				
Baosheng Technology Innovation Co., Ltd	44,000.00	1067.12	--	--
Jinzhou (Baotou) Renewable Energy Co., Ltd.	24,589.17	674.80	26,889.59	498.05
AVIC Hebei General Aviation Co., Ltd.	23,830.16	100.81	23,130.16	32.95
Nanjing AVIC Industrial Technology City Development Co., Ltd	10,800.00	244.22	--	--
Shanghai Aeroengine Manufacturing Company, Ltd.	4,753.06	113.67	9,372.10	170.46
AVIC Zhuhai General Aviation Co., Ltd.	3,404.22	19.32	2,761.36	4.77
Jiangxi Jinghang aviation forging and Casting Co., Ltd	2,794.73	61.97	--	--
Shenyang Shanghangfa Auto Parts Co., Ltd.	1,562.65	37.37	2,098.19	33.92
Shenyang Shenfei Civil Products Industry Co., Ltd.	919.87	18.36	1,142.55	21.16
Inner Mongolia General Aviation Co., Ltd	229.26	0.67	520.40	0.74
AVIC International Automobile Exhibition and Marketing Co., Ltd	200.00	4.85	--	--
Guizhou Huafeng Electric Co., Ltd.	13.63	0.24	20.00	0.37
Henan Xinfei Electric Appliance Group Co., Ltd	10.00	0.24	--	--
AVIC International Mineral Resources Co., Ltd	8.00	0.19	--	--
Ningbo Jiangbei Tianhang Industry and Trade Co., Ltd.	2.05	0.01	10.00	0.18
AVIC Shanxi Hongyuan Aviation Forging Company Ltd.	2.05	0.01	10.00	0.18
AVIC SAC Commercial Aircraft Company Limited	--	--	1,176.63	11.33
Wuhan Shangfa Auto Parts Co., Ltd.	--	--	971.68	9.95
Guizhou Tianyi Electric Appliance Co., Ltd	--	--	684.05	12.52
Jiangxi Changjiang General Aviation Co., Ltd.	--	--	486.82	0.69

Item	Closing balance		Opening balance	
	Book balance	Provision for bad and doubtful debts	Book balance	Provision for bad and doubtful debts
Shaanxi Qinling Aviation Electric Co., Ltd.	--	--	103.99	1.93
Taiyuan Aviation Instrument Co., Ltd.	--	--	36.40	0.37
Shanghai Aviation Electric Co., Ltd.	--	--	20.48	0.37
Huahang Culture Communication (Beijing) Co., Ltd	--	--	4.86	0.09
Shanghai Xinkangze Commercial Factoring Co., Ltd.	--	--	4.86	0.09
Total	117,118.85	2,343.85	69,444.12	800.12

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

Item	Closing balance	Opening balance
Accounts payable:		
AVIC International Aviation Development Co., Ltd	8,235.00	--
China Aviation Industry Supply and Marketing Co., Ltd	726.00	--
AVIC engineering integration equipment Co., Ltd	222.00	--
Zhengzhou Aircraft Equipment Co., Ltd.	22.00	22.00
AVIC Beijing Precision Engineering Institute Aircraft Industry	16.92	--
Total	9,221.92	22.22
Long-term payables:		
Baosheng Technology Innovation Co., Ltd	1,440.00	--
AVIC Hebei General Aviation Co., Ltd.	1,372.50	1,305.50
Jinan Institute of special structure of China Aviation Industry Corporation	913.50	--
China Flying Dragon General Aviation Co., Ltd.	560.87	403.73
Nanjing AVIC Industrial Technology City Development Co., Ltd	360.00	--
AVIC Zhuhai General Aviation Co., Ltd.	259.80	250.30
Jiangxi Jinghang aviation forging and Casting Co., Ltd	240.00	--
China Aviation Integrated Technology Research Institute	216.75	216.75
Guizhou Anji Aviation Precision Casting Co., Ltd	186.00	66.00
Chengdu Kaitian Electronics Co., Ltd.	171.42	130.42
Inner Mongolia General Aviation Co., Ltd	90.00	90.00
AVIC Beijing Precision Engineering Institute Aircraft Industry	73.20	73.20
Shenyang Shenfei Civil Products Industry Co., Ltd.	59.84	59.84
Chengdu aircraft design and Research Institute of AVIC	50.71	--
Lanzhou Flight Control Co., Ltd.	50.00	50.00
Sichuan Lingfeng Aviation Hydraulic Machinery Co., Ltd.	41.14	41.14
Shaanxi Huayan Aviation Instrument Co., Ltd	24.49	--
Baoding Xiangyang Aviation Precision Machinery Co., Ltd	23.17	--

Item	Closing balance	Opening balance
Accounts payable:		
Shaanxi Changkong Gear Co., Ltd	17.76	--
AVIC International Automobile Exhibition and Marketing Co., Ltd	10.00	--
Qing'an Group Co., Ltd	6.39	--
Wuxi Leihua Technology Co., Ltd.	1.95	--
Guizhou Huafeng Electric Co., Ltd.	0.40	0.40
AVIC SAC Commercial Aircraft Company Limited	--	553.61
Jiangxi Changjiang General Aviation Co., Ltd.	--	120.41
Guizhou Tianyi Electric Appliance Co., Ltd	--	50.00
Taiyuan Aviation Instrument Co., Ltd.	--	36.79
Total	6,169.89	3,448.09
Other payables:		
AVIC Capital Holdings Co.,Ltd.	2,220,000.00	633,775.00
Total	2,220,000.00	633,775.00
Advance Receipts:		
Shanghai Xinkangze Commercial Factoring Co., Ltd.	792.86	--
Jiangxi Hongdu Aviation Industry Group	392.17	--
AVIC Hebei General Aviation Co., Ltd.	184.64	--
AVIC Beijing Precision Engineering Institute Aircraft Industry	39.40	--
Wuhan Shangfa Auto Parts Co., Ltd.	0.14	0.43
AVIC UNITA Property Insurance Co., Ltd	--	83.79
Guizhou Anda Aviation Forging Co., Ltd.	--	3.07
Total	1,409.21	87.29

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	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

(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	33,469,690.07	100	4,618,201.71	13.80
A single item of accounts receivable that is not significant but a single item of provision for bad debts	--	--	--	--
Total	33,469,690.07	100	4,618,201.71	13.80

(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	--	4,618,201.71	--	4,618,201.71
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	--	-3,945,885.29	--	-3,945,885.29
Reversal in current period	--	--	--	--
Write-off in current period	--	--	--	--
Write-off in current period upon termination of accounts receivable	--	--	--	--
Other Changes	--	--	--	--
Closing balance	--	672,316.42	--	672,316.42

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

Name of debtor	Book balance	Proportion (%)	Provision for bad debt
Client D	5,259,800.75	37.32	250,892.50
Client E	5,234,883.20	37.14	249,703.92
Client F	3,600,000.00	25.54	171,720.00
Total	14,094,683.95	100	672,316.42

2. Other receivables

Item	Closing balance	Opening balance
Interest receivable	33,315,651.15	--
Dividends receivable		--
Other receivables	30,674,836,904.07	15,134,813,117.47
Total	30,708,152,555.22	15,134,813,117.47

(1). Classification of interest receivable

Item	Closing balance	Opening balance
Term deposit	--	--
Loan by mandate	--	--
Bond investment	--	--
Others	33,315,651.15	--
Total	33,315,651.15	--

(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	30,676,323,621.44	100	1,486,717.37	100
A single item of accounts receivable that is not significant but a single item of provision for bad debts	--	--	--	--
Total	30,676,323,621.44	100	1,486,717.37	100

(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	15,135,282,847.59	100	469,730.12	100
A single item of accounts receivable that is not significant but a single item of provision for bad debts	--	--	--	--

Classification	Opening balance			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Total	15,135,282,847.59	100	469,730.12	100

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	469,730.12	--	--	469,730.12
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	1,016,987.25	--	--	1,016,987.25
Reversal in current period	--	--	--	--
Write-off in current period	--	--	--	--
Write-off in current period upon termination of accounts receivable	--	--	--	--
Other Changes	--	--	--	--
Closing balance	1,486,717.37	--	--	1,486,717.37

3. Long-term equity investments

(1). Classification of long-term equity investment

Items	Opening Balance	Increased	Decreased	Closing balance
Investment in subsidiaries	1,132,518,321.00	102,800,000.00	1,200,000.00	1,234,118,321.00
Investment in joint ventures	--	--	--	--
Investment in associates	20,000.00	724,163.34	--	744,163.34
Subtotal	1,132,538,321.00	103,524,163.34	1,200,000.00	--
Less: Provision for impairment loss of long-term equity investments	--	--	--	--
Total	1,132,538,321.00	103,524,163.34	1,200,000.00	1,234,862,484.34

(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
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
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
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
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
Lanshuo 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 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 Lanqiu 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
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	200,000,000.00	--	1,200,000.00	198,800,000.00
Lanzhuo Leasing (Tianjin) Co., Ltd.	100,000.00	--	100,000.00	--	100,000.00
Lanri 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

Invested unit	Initial investment cost	Opening Balance	Increased	Decreased	Closing balance
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
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
Lanming 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

Invested unit	Initial investment cost	Opening Balance	Increased	Decreased	Closing balance
Lanchen Equipment Leasing (Shanghai) Co. Ltd.	100,000.00	--	100,000.00	--	100,000.00
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(shanghai) 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

(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	20,000.00	--	--	724,163.34	--
1. Joint ventures	--	--	--	--	--	--
2. Associates	20,000.00	20,000.00	--	--	724,163.34	--
Feitian No.1 Leasing (Tianjin) Co., Ltd.	20,000.00	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	5,393,804,631.23	3,484,761,944.24	6,253,202,194.32	3,535,806,722.33
Financial lease and operating	5,313,008,171.05	3,452,811,482.93	6,253,202,194.32	3,535,806,722.33

Item	Current period		Prior period	
	Revenue	Cost	Revenue	Cost
lease				
Trade and others	80,796,460.18	31,950,461.31	—	—
2.Subtotal of other business	748,623.84	1,528,108.20	543,119.26	1,528,108.20
Rental income	748,623.84	1,528,108.20	543,119.26	1,528,108.20
Total	5,394,553,255.07	3,486,290,052.44	6,253,745,313.58	3,537,334,830.53

5. Income from investments

Sources of investment income	Current period	Prior period
Investment income received from the long-term investment measured by equity method	724,163.34	3,638,899.59
Investment income received from disposal of trading financial assets	31,679,521.05	9,723,646.72
Investment income received from disposal of long-term receivables	-3,385,291.08	15,403,903.62
Investment income received from the holding period of trading financial assets	18,350,582.77	1,804,658.96
Dividend income received from the holding period of other equity instruments	301,063.07	—
Others	28,009,217.57	—
Total	75,679,256.72	30,571,108.89

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 and AVIC Leasing's 2021 third phase Asset-backed Support Special Plan, the proportion of subordinated bonds held by the Company is between 76% 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 March 18, 2022.

AVIC INTERNATIONAL LEASING CO., LTD.

2022-03-18

Independent Auditor's Report

ZH Shen Zi (2021) No. 0203480

To the shareholders of AVIC International Leasing Co., Ltd.:

I.Opinion

We have audited the accompanying financial statements of AVIC International Leasing Co., Ltd. (the "Company"), which comprise the consolidated balance sheet and company balance sheet as at 31 December 2020, the consolidated income statement and company income statement, the consolidated statement of changes in owners' equity and company statement of changes in owners' equity and the consolidated cash flow statement and company cash flow statement, for the year then ended, and the notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprise and present fairly the consolidated financial position and financial position of the Company as at December 31, 2020 and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

II.Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing("CSAs"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III.Other information

The management of the Company is responsible for the other information. The other information comprises the information included in the 2020 annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially

inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

The Company's management is responsible for the preparation of the financial statements that give fair presentation in accordance with Accounting Standards for Business Enterprises, and for designing, implementing and maintaining internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management of the Company is responsible for assessing the Company's ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

V. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 of 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 misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control .
- (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 the Company's internal control.

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

(4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we come to the conclusion that there is significant uncertainty, the auditing standards require us to draw the users' attention to the relevant disclosure in the financial statements in the audit report; if the disclosure is not sufficient, we should issue a non-unqualified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtained sufficient and appropriate audit evidences regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

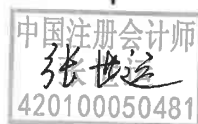
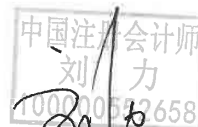
Mazars Certified Public Accountants (Special
General Partnership)



Beijing, China

Certified Public Accountants:

Certified Public Accountants:



10 March 2021

AVIC International Leasing Co., Ltd

CONSOLIDATED AND THE COMPANY BALANCE SHEETS AS AT 31 December 2020
(All amounts in RMB Yuan unless otherwise stated)



ASSETS	Note	31 December 2020 Consolidated	01 January 2020 Consolidated	31 December 2020 Company	01 January 2020 Company
Current assets					
Cash at bank and on hand	VIII.1	5,894,354,119.70	5,182,579,787.85	3,213,771,514.96	1,867,489,323.64
☆Financial assets held for trading	VIII.2	1,374,754,554.90	328,295,226.85	1,374,754,554.90	328,307,532.23
Derivative financial assets					
Notes receivable	VIII.3	33,111,076.68	19,763,620.92	4,022,744.89	8,122,624.88
Accounts receivable	VIII.4	110,603,832.37	111,562,039.23	28,851,488.36	38,302,632.81
Receivable financing					
Advances to suppliers	VIII.5	15,902,445.64	12,754,123.27	9,225,001.11	10,435,028.60
Other receivables	VIII.6	421,929,445.07	721,241,687.60	15,134,813,117.47	12,681,552,867.37
Inventories	VIII.7	7,078,415.45	9,396,091.87		
Inc:Raw Material					
Stock goods					
☆Contractual assets					
Assets classified as held for sale					
Current portion of non-current assets	VIII.8	36,659,172,955.46	32,621,434,004.98	31,191,219,853.75	28,330,924,942.01
Other current assets	VIII.9	3,022,590,986.26	1,858,392,471.26		630,902,609.62
Total current assets		47,539,487,832.51	40,865,409,053.83	50,956,558,275.44	43,895,037,951.16
Non-current assets					
☆Debt investment					
Available-for-sale financial assets					
☆Other investment on bonds					
Long-term receivables	VIII.10	86,581,640,827.20	90,227,869,868.77	51,392,557,724.41	58,366,176,286.37
Long-term equity investments	VIII.11	20,000.00	123,833,400.00	1,132,538,321.00	1,206,618,321.00
☆Investment in other equity instruments	VIII.12	444,302,351.49	5,000,000.00	444,302,351.49	5,000,000.00
☆Other non-current financial assets	VIII.14	1,015,738,955.75		969,703,197.10	
Investment properties	VIII.15	54,764,710.77	56,703,544.77	42,889,692.89	44,417,801.09
Fixed assets	VIII.16	17,117,687,124.66	12,973,276,763.28	347,179,755.64	281,343,080.53
Construction in progress	VIII.17	1,736,607,077.74	1,898,723,898.67		
Bearer biological assets					
Oil and gas assets					
Right-of-use assets					
Intangible assets					
Development costs	VIII.18	6,321,658.21	2,379,208.38	6,321,658.21	2,379,208.38
Goodwill					
Long-term prepaaid expenses					
Deferred tax assets	VIII.19	1,155,917,454.04	849,103,084.69	825,655,650.97	618,166,066.46
Other non-current assets	VIII.13	1,096,983,971.50	1,762,405,519.34	725,360,081.50	351,976,723.86
Total non-current assets		111,209,984,131.36	107,890,295,288.90	55,886,508,433.21	60,866,077,499.69
TOTAL ASSETS		158,749,481,963.87	148,755,704,342.73	106,843,166,708.65	104,762,115,060.85

AVIC International Leasing Co., Ltd

CONSOLIDATED AND THE COMPANY BALANCE SHEETS AS AT 31 December 2020
(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND OWNERS' EQUITY	Note	31 December 2020 Consolidated	01 January 2020 Consolidated	31 December 2020 Company	01 January 2020 Company
Current liabilities					
Short-term borrowings	VIII.20	9,983,188,635.53	10,528,365,458.23	8,487,206,794.43	9,530,513,426.67
☆Financial liabilities held for trading					
Derivative financial liabilities					
Notes payable	VIII.21	151,500,000.00	-	151,500,000.00	-
Accounts payable	VIII.22	109,521,833.55	110,478,461.06	100,874,857.11	105,370,532.40
Advances from customers	VIII.23	864,893,148.13	771,315,019.23	462,983,877.25	504,170,650.24
☆Contractual liability	VIII.24	2,370,064.73	2,202,184.92		
Employee benefits payable	VIII.25	16,613,582.01	8,309,274.80	12,354,146.02	6,538,935.29
Taxes payable	VIII.26	934,800,560.01	1,485,138,827.64	660,296,534.52	338,287,510.16
Other payables	VIII.27	7,618,201,585.36	6,154,838,911.22	8,538,733,689.56	6,981,014,151.78
Liabilities classified as held for sale					
Current portion of non-current liabilities					
Other current liabilities	VIII.28	23,561,356,308.45	27,247,801,989.41	16,046,482,853.54	22,574,807,154.87
Total current liabilities	VIII.29	12,798,259,452.04	4,255,488,505.73	12,798,259,452.04	4,255,488,505.73
Non-current liabilities					
Long-term borrowings	VIII.30	44,321,274,015.31	37,589,296,866.38	15,192,774,341.66	13,552,880,606.59
Debentures payable	VIII.31	11,667,396,968.12	16,355,343,708.19	8,740,000,000.00	10,796,000,000.00
Lease liabilities				47,358,692,307.47	44,296,190,867.14
Long-term payables	VIII.32	10,967,008,960.53	11,813,465,130.07	6,374,471,062.97	6,997,788,688.44
Accrued liabilities					
Deferred income					
Deferred tax liabilities	VIII.19	171,792,452.71	95,424,022.57		
Other non-current liabilities	VIII.33	10,769,602,686.68	11,240,954,394.31	9,595,214,337.02	11,185,887,188.03
Inc: Special Reserve Fund					
Total non-current liabilities		77,887,075,083.35	77,075,484,121.52	39,902,459,741.65	42,531,556,484.06
Total liabilities		133,737,780,053.16	127,619,422,753.82	87,261,152,049.12	86,827,747,351.20
Owners' equity					
Paid-in capital or share capital	VIII.34	9,978,467,899.00	9,978,467,899.00	9,978,467,899.00	9,978,467,899.00
Other equity instruments	VIII.35	4,500,000,000.00	3,000,000,000.00	4,500,000,000.00	3,000,000,000.00
Including: preferred shares					
Perpetual bonds					
Capital surplus	VIII.36	4,500,000,000.00	3,000,000,000.00	4,500,000,000.00	3,000,000,000.00
Less: treasury shares		3,342,130,738.76	3,342,130,738.76	3,342,130,738.76	3,342,130,738.76
Other comprehensive income	VIII.50	-205,281,966.65	15,968,007.73		
Specialized reserve					
Surplus reserve	VIII.37	607,659,791.20	507,045,820.92	607,659,791.20	507,045,820.92
Undistributed profits	VIII.38	3,850,006,502.41	2,884,890,799.40	1,153,556,230.57	1,106,723,250.97
Total owners' equity belongs to parent company		22,073,182,964.72	19,728,503,255.81	19,982,014,659.53	17,934,367,709.65
Minority interests		2,938,518,945.99	1,407,778,333.10		
Total owners' equity		25,011,701,910.71	21,136,281,588.91	19,982,014,659.53	17,934,367,709.65
TOTAL LIABILITIES AND OWNERS' EQUITY		158,749,481,963.87	148,755,704,342.73	106,843,166,708.65	104,762,115,060.85

The accompanying notes form an integral part of these financial statements.

Legal representative:  Principal in charge of accounting: 

Head of accounting department:

CONSOLIDATED AND THE COMPANY INCOME STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts in RMB Yuan unless otherwise stated)

Items	Note	2020 Consolidated	2019 Consolidated	2020 Company	2019 Company
Total revenues	VIII.39	10,125,858,176.27	10,076,845,248.60	6,253,745,313.58	6,515,427,869.10
Less: Operating cost	VIII.39	5,386,090,034.00	5,703,618,487.96	3,537,334,830.53	3,848,809,635.52
Taxes and surcharges		81,242,652.75	157,159,301.81	44,856,286.43	11,508,974.05
Selling and distribution expenses	VIII.40	83,943,563.33	76,862,884.99	76,566,847.61	69,885,806.91
General and administrative expenses	VIII.40	1,276,577,245.87	1,167,804,183.60	273,748,278.76	350,805,260.38
Research and development expense					
Financial expenses	VIII.40	-55,167,701.93	-88,898,310.71	-90,874,183.64	-141,832,854.34
Add: Other income	VIII.41	415,299,209.47	132,231,630.13	800,890.89	273,555.52
Investment income + / loss -	VIII.42	25,571,108.89	136,169,694.19	30,571,108.89	14,765,416.87
Inc: Income from investment in joint ventures and joint ventures					
Recognized Income of Termination of Financial Assets Measured at Amortized Cost + / loss -					
Net Open Hedging Return + / loss -					
Profit arising from changes in fair value + / loss -	VIII.43	-37,898,604.42	1,098,532.23	-38,280,864.57	1,098,532.23
Credit impairment losses + / loss -	VIII.44	-1,418,348,120.09	-1,403,871,392.61	-1,281,053,345.61	-1,236,186,068.74
Asset impairment losses + / loss -	VIII.45	-912,160.06	194,491.68	-	-
Asset disposal income + / loss -	VIII.46	176,653,362.48	214,627,218.25	176,653,362.48	133,590,407.31
Operating profit + / loss -		2,513,535,178.52	2,140,748,874.82	1,300,704,405.97	1,289,792,889.77
Add: Non-operating income	VIII.47	23,619,037.90	77,894,964.37	23,419,037.90	75,847,443.02
Less: Non-operating expenses	VIII.48	298,150.38	330,000.00	296,065.30	330,000.00
Total profit + / loss -		2,536,856,066.04	2,218,313,839.19	1,323,827,378.57	1,365,310,332.79
Less: Income tax expenses	VIII.49	562,770,616.77	507,106,554.62	315,687,675.76	341,625,731.79
Net profit + / loss -		1,974,085,449.27	1,711,207,284.57	1,008,139,702.81	1,023,684,601.00
(1) Continuous operating net profit + / loss -		1,974,085,449.27	1,711,207,284.57	1,008,139,702.81	1,023,684,601.00
(2) Termination of net profit + / loss -					
Other comprehensive income, net of tax	VIII.50	-221,249,974.38	-326,499.68	-	-
Including: Attributable to equity holders of the Company, net of tax		-221,249,974.38	-326,499.68	-	-
Other comprehensive income that will not be reclassified to profit or loss					
Gains (losses) on remeasurement of net defined benefit liabilities or assets					
Share of OCI of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss					
Changes in Fair Value of Investment in Other Equity Instruments					
Fair Value Change of Enterprise's Credit Risk					
Other items					
Other comprehensive income that will be reclassified to profit or loss		-221,249,974.38	-326,499.68	-	-
Other comprehensive income of convertible profits and losses under the equity method					
Gains (losses) on change of fair value of available-for-sale financial assets					
Changes in fair value of other debt investments					
The amount of financial assets reclassified into other comprehensive income					
Credit impairment reserve for other creditor's rights investment					
Gains (losses) on effective part of cash flow hedges					
Exchange differences on translation		-221,249,974.38	-326,499.68		
Other items					
Total comprehensive income		1,752,835,474.89	1,710,880,784.89	1,008,139,702.81	1,023,684,601.00
Earnings per share					
Basic earnings per share					
Diluted earnings per share					

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

CONSOLIDATED AND THE COMPANY CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2020 Consolidated	2019 Consolidated	2020 Company	2019 Company
Cash flows from operating activities					
Cash received from sales of goods or rendering of services		54,495,327,509.69	53,450,281,576.09	42,975,309,746.33	37,107,807,394.31
Refund of taxes and surcharges					
Cash received relating to other operating activities		4,007,612,753.03	4,734,431,845.47	9,341,885,675.56	12,965,144,426.35
Sub-total of cash inflows		58,502,940,262.72	58,184,713,421.56	52,317,195,421.89	50,072,951,820.66
Cash paid for goods and services		63,894,837,707.75	62,975,225,428.87	44,715,305,559.39	44,229,323,785.65
Cash paid to and on behalf of employees		171,454,444.24	133,304,103.24	159,742,991.43	122,276,433.08
Payments of taxes and surcharges		2,113,547,622.12	999,767,690.10	595,807,508.73	448,900,826.28
Cash paid relating to other operating activities		1,769,487,234.57	1,999,970,881.71	12,714,908,040.59	14,124,293,277.75
Sub-total of cash outflows		67,949,327,008.68	66,108,268,103.92	58,185,764,100.14	58,924,794,322.76
Net cash flows from operating activities		-9,446,386,745.96	-7,923,554,682.36	-5,868,568,678.25	-8,851,842,502.10
Cash flows from investing activities					
Cash received from disposal of investments		4,197,292,383.09	5,112,384,280.91	4,202,292,383.09	5,112,321,722.48
Cash received from returns on investments		1,804,658.96	-	1,804,658.96	-
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		12,044,490,464.15	6,996,218,288.03	12,044,490,464.15	6,577,145,378.84
Net cash received from disposal of subsidiaries and other business units		-	1,554,981,004.88	-	-
Cash received relating to other investing activities					
Sub-total of cash inflows		16,243,587,506.20	13,663,583,573.82	16,248,587,506.20	11,689,467,101.32
Cash paid to acquire fixed assets, intangible assets and other long-term assets		2,638,504,042.20	3,340,141,570.63	127,618,584.00	47,709,600.00
Cash paid to acquire investments		5,481,867,615.75	5,437,405,433.74	5,482,767,616.75	5,389,161,433.74
Net cash paid to acquire subsidiaries and other business units					
Cash paid relating to other investing activities					
Sub-total of cash outflows		8,120,371,657.95	8,777,547,004.37	5,610,386,199.75	5,436,871,033.74
Net cash flows from investing activities		8,123,215,848.25	4,886,036,569.45	10,638,201,306.45	6,252,596,067.58
Cash flows from financing activities					
Cash received from capital contributions		3,075,239,045.22	5,371,326,361.34	1,500,000,000.00	4,000,000,000.00
Cash received from borrowings		46,565,832,662.27	47,660,913,866.00	31,445,733,268.82	31,478,488,350.00
△Cash received by issuing bonds		29,870,000,000.00	27,518,523,156.20	29,870,000,000.00	24,424,000,000.00
Cash received relating to other financing activities		9,634,329,366.50	16,837,461,642.09	9,417,150,000.00	15,297,890,567.94
Sub-total of cash inflows		89,145,401,073.99	97,388,225,025.63	72,232,883,258.82	75,200,378,917.94
Cash repayments of borrowings		70,555,042,574.76	74,709,378,465.04	61,334,810,744.25	57,438,760,676.52
Cash payments for interest expenses and distribution of dividends or profits		6,139,291,463.65	6,403,433,683.92	4,669,181,345.02	4,721,595,033.88
Cash payments relating to other financing activities		10,403,171,773.60	14,212,354,018.19	10,037,740,047.72	11,771,068,154.75
Sub-total of cash outflows		87,097,505,812.01	95,325,166,167.15	76,041,732,136.99	73,931,423,865.15
Net cash flows from financing activities		2,047,895,261.98	2,063,058,858.48	-3,808,848,878.17	1,268,955,052.79
Effect of foreign exchange rate changes on cash and cash equivalents					
		-192,259,257.03	30,834,804.62	173,276.62	10,357.00
Net increase in cash and cash equivalents		532,465,107.24	-943,624,449.81	960,957,026.65	-1,330,281,024.73
Add: Cash and cash equivalents at beginning of year		3,745,663,252.90	4,689,287,702.71	1,004,587,323.57	2,334,868,348.30
Cash and cash equivalent at end of year		4,278,128,360.14	3,745,663,252.90	1,965,544,350.22	1,004,587,323.57

The accompanying notes form an integral part of these financial statements.

Legal representative:

Principal in charge of accounting:

Head of accounting department:

AVIC International Leasing Co., Ltd

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE YEAR ENDED 31 December 2020
(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Attributable to equity holders of the Company										Minority interest	Total owners' equity			
		Paid-in capital	Other equity instruments				Capital surplus	Less: treasury shares	Other comprehensive income	Specialized reserve	Surplus reserves			Undistributed profits	Others	Subtotal
			Preferred stock	Perpetual bond	Others											
Balance at 31 December 2019		8,722,868,493.00		1,500,000,000.00			2,866,412,144.76		-35,320,111.59			446,547,854.88	2,287,717,501.32		14,996,123,983.07	
Changes in accounting policies									52,634,615.39			-41,870,434.15	-378,334,447.41		-366,670,322.57	
Corrections of prior period errors																
Others																
Balance at 1 January 2019		8,722,868,493.00		1,500,000,000.00			2,866,412,144.76		16,334,507.41			404,677,399.92	1,899,883,154.51		14,832,453,660.50	
Movements for the year ended 31 December 2019		1,269,281,408.00		1,500,000,000.00			1,243,716,594.00		-326,466.68			102,358,489.10	394,037,634.89		5,933,827,028.41	
Total comprehensive income									-326,466.68				1,711,207,284.57		1,710,900,794.89	
Capital contribution and withdrawal by owners		1,269,281,408.00		1,500,000,000.00			1,243,716,594.00								4,000,000,000.00	
Capital contribution by owners		1,269,281,408.00		1,500,000,000.00			1,243,716,594.00								2,500,000,000.00	
Capital contribution by other equity instruments owners				1,500,000,000.00											1,500,000,000.00	
Amounts of share based payments recognised in owner's equity															2,597,778,333.10	
Others															1,590,000,000.20	
Profit distribution															1,407,778,333.10	
Appropriation to surplus reserves																
Profit distribution to equity owners																
Others																
Transfer within owners' equity																
Transfer from capital surplus to paid-in capital																
Transfer from surplus reserves to paid-in capital																
Surplus reserves used to offset accumulated losses																
Change in net defined benefit liabilities or assets generated by carrying forward the remeasurement																
Other comprehensive income carry-over retained earnings																
Others																
Balance at 31 December 2019		9,978,467,899.00		3,000,000,000.00			3,342,132,739.76		15,868,007.73			597,045,920.92	2,864,867,786.49		21,138,291,598.81	
Balance at 31 December 2019		9,978,467,899.00		3,000,000,000.00			3,342,132,739.76		15,868,007.73			597,045,920.92	2,864,867,786.49		21,138,291,598.81	
Changes in accounting policies																
Corrections of prior period errors																
Others																
Balance at 1 January 2020		9,978,467,899.00		3,000,000,000.00			3,342,132,739.76		15,868,007.73			597,045,920.92	2,864,867,786.49		21,138,291,598.81	
Movements for the year ended 31 December 2020				1,500,000,000.00					-271,248,974.38			140,813,972.28	965,157,153.91		3,395,430,321.60	
Total comprehensive income									-271,248,974.38				1,314,026,348.27		1,752,856,474.89	
Capital contribution and withdrawal by owners				1,500,000,000.00											3,000,740,612.69	
Capital contribution by owners				1,500,000,000.00											1,530,740,612.69	
Capital contribution by other equity instruments owners				1,500,000,000.00											1,500,000,000.00	
Amounts of share based payments recognised in owner's equity															3,000,740,612.69	
Others																
Profit distribution																
Appropriation to surplus reserves																
Profit distribution to equity owners																
Others																
Transfer within owners' equity																
Transfer from capital surplus to paid-in capital																
Transfer from surplus reserves to paid-in capital																
Surplus reserves used to offset accumulated losses																
Change in net defined benefit liabilities or assets generated by carrying forward the remeasurement																
Other comprehensive income carry-over retained earnings																
Others																
Balance at 31 December 2020		9,978,467,899.00		4,500,000,000.00			3,342,132,739.76		-265,281,966.65			807,859,791.20	3,850,086,566.41		25,011,701,910.71	

The accompanying notes form an integral part of these financial statements.

Chief financial officer





Principal financial officer

Head of accounting department

5

COMPANY STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE YEAR ENDED 31 December 2020
(All amounts in RMB Yuan unless otherwise stated)

The accompanying notes form an integral part of these financial statements.

Principal in charge of accounting:	Head of accounting department:
	
Legal representative:	
	

Notes to the Financial Statements

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.

As of 31 December 2020, the shareholding structure of the Company is as follows:

Name of Investors	Capital Contributed (in thousand RMB)	Percentage (%)
AVIC Investment Holding Co., Ltd.	489,591.0092	49.065
AVIC Capital Co., Ltd.	489,665.6707	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	997,846.7899	100.00

Headquarters Address: 17-18 Floor, No.212 Jiangning Road, Jing'an District, 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 105 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
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 Lanhua Leasing (Tianjin) Co., Ltd.	Lanhua Leasing
33	AVIC Lanfei Leasing (Tianjin) Co., Ltd.	Lanfei Leasing

No.	Company Name	Abbreviation
34	AVIC Lanzhao Leasing (Tianjin) Co., Ltd.	Lanzhao Leasing
35	AVIC Lanfu Leasing (Tianjin) Co., Ltd.	Lanfu Leasing
36	AVIC Lantu Leasing (Tianjin) Co., Ltd.	Lantu Leasing
37	AVIC Lanqiu Leasing (Shanghai) Co., Ltd.	Lanqiu Leasing
38	AVIC Lankai Leasing (Tianjin) Co., Ltd.	Lankai Leasing
39	AVIC Lanrui Leasing (Tianjin) Co., Ltd.	Lanrui Leasing
40	AVIC Lantuo Leasing (Tianjin) Co., Ltd.	Lantuo 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	Lanjuan Leasing (Tianjin) Co., Ltd.	Lanjuan 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
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	Landao Equipment Leasing (Shanghai) Co., Ltd.	Landao Equipment Leasing

No.	Company Name	Abbreviation
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	AVIC 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	Landan Leasing (Tianjin) Co., Ltd.	Landan Leasing
89	Laner Leasing (Tianjin) Co., Ltd.	Laner Leasing
90	Lantao Leasing (Tianjin) Co., Ltd.	Lantao Leasing
91	Lanwei Leasing (Tianjin) Co., Ltd.	Lanwei Leasing
92	Lanya Leasing (Tianjin) Co., Ltd.	Lanya Leasing
93	Lanren Leasing (Tianjin) Co., Ltd.	Lanren Leasing
94	Lanqiong Leasing (Haikou) Co., Ltd.	Lanqiong Leasing
95	Landing Leasing (Haikou) Co., Ltd.	Landing Leasing
96	Lanke Leasing (Haikou) Co., Ltd.	Lanke Leasing
97	Landong Leasing (Haikou) Co., Ltd.	Landong Leasing
98	Lanye Leasing (Haikou) Co., Ltd.	Lanye Leasing
99	Lanming Leasing (Haikou) Co., Ltd.	Lanming Leasing
100	Lanmeng Leasing (Haikou) Co., Ltd.	Lanmeng Leasing

No.	Company Name	Abbreviation
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

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 Capital Co., Ltd. ("AVIC Capital") 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. 10, 2021.

II Basis of preparation of the financial statements

Based on the assumption of continuity the Company's financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises (promulgated by Ministry of Finance Order No. 33, revised by Ministry of Finance Order No. 76), 42 specific accounting standards, enterprise accounting standards application guidelines, enterprise accounting standards interpretation and other related regulations (hereinafter collectively referred to as "enterprise accounting standards") issued and revised on February 15, 2006 and thereafter.

III Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises to truly and completely reflect the consolidated and the Company's financial position as at 31 December 2020, and the consolidated and the Company's financial performance and cash flows for the year of 2020

IV Significant accounting policies and accounting estimates

1. Accounting year

The Company's accounting period is divided into annual and interim periods. Interim accounting period refers to a reporting period shorter than a complete accounting year. The accounting year of the Company is from 1 January to 31 December of each calendar year.

2. Functional currency and presentation currency

The Company and its controlled subsidiaries use the currency of the primary economic environment in which the entity operates as the functional currency. The currency used by the Company in financial statements is Renminbi ("RMB").

3. Basis of accounting and measurement basis

The Company adopts the accrual basis of accounting. In the event that impairment of assets occurs, a provision for impairment is made accordingly in accordance with the relevant regulations.

4. Business combinations

A business combination is a transaction or event that combines two or more separate businesses into one reporting entity. Business combinations are classified into business combinations under the same control and business combinations not under the same control.

(1) Business combinations involving enterprises under common control

For a business combination that the combining party pays the cash, transfers the non-cash assets or assumes the debt as the merger consideration, the combining consideration paid by the combining party and the acquired owner's equity shall be measured at the book value, and the difference between the book value of acquired owner's equity in the ultimate controller's consolidated financial statements and the book value of combination consideration shall adjust the capital reserve (share premium). And if the capital reserve (share premium) is insufficient to offset the Company should adjust the retained earnings. Where the combining party issues equity securities as the merger consideration, it shall determine the initial investment cost of the long-term equity investment according to the book value of the owner's equity of the combined party in the consolidated financial statements of the ultimate controlling party on the combining date. The share capital shall be confirmed according to the total face value of the issued shares. The difference between the initial investment cost of the long-term equity investment and the total face value of the shares issued shall be adjusted to the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. The direct related expenses incurred for the business combination are recognized in profit or loss when incurred. Transaction costs for the issuance of equity securities or debt securities for business combinations are included in the initial recognition amount of equity securities or debt securities.

In the case of realizing the business combination under the same control through multiple transactions, if the transactions belong to the "package deal", the Company treats it as a transaction for obtaining control of the subsidiary according to the same principle as above. If each transaction is not a "package deal", for the equity investment held by the company before the acquisition of the control of the merged party, the relevant profit or loss, other comprehensive income and other changes in net assets that have been recognized between the date of later of acquired date of original equity investment and the date on which the combined party and the merged party are in the same party's final control combination and the combination date should be written off against the retained earnings or the current profits and losses.

(2) Business combination not under the same control

The merger cost incurred by the purchaser and the identifiable net assets acquired in the combination are measured at the fair value at the date of purchase. If the combination cost is more than the fair value of the identifiable net assets of the acquiree acquired on the acquisition date, the difference between the two shall be recognized as goodwill. If the combination cost is less than the fair value of the identifiable net assets of the acquiree obtained in the combination date, the difference shall be included in the current profit and loss. The direct related expenses incurred for the business combination are recognised in profit or loss when incurred. Transaction costs for the issuance of equity securities or debt securities for business combinations are included in the initial recognition amount of equity securities or debt securities.

In the case of a business combination not under the same control through multiple transactions, if the transactions belong to the "package deal", the company treats it as a transaction for obtaining control of the subsidiary according to the principle mentioned above. If each transaction is not a "package deal", the equity of the purchased party held before the purchase date shall be re-measured according to the fair value of the equity at the date of purchase, and the difference between the fair value and its book value shall be calculated in the current Investment income. For the equity of the purchased party held before the purchase date, the involved other comprehensive income under the equity method and other changes in owner's equity other than net profit or loss, other comprehensive income and profit distribution (hereinafter referred to as "changes in other owners' equity") shall be converted into current income at the date of purchase, except for other comprehensive income arising from the re-measurement of the net benefit or net assets of the defined benefit plan by the investee.

(3) The judgment of package deal

For the business combination that is realized through multiple transactions, the Company determines whether the step-by step transaction is a package deal by combining the terms of the various transaction, as well as the equity ratio, the target of acquisition, the method of acquisition, the time of acquisition, and the consideration obtained in each step. If the terms, conditions and economic impact of each transaction meet one or more of the following situations, the Company usually treats multiple transactions as a "package deal" for accounting: ① these transactions are made simultaneously or with consideration of each other's influence; ② these transactions as a whole can achieve a complete business result; ③ the occurrence of one transaction depends on the occurrence of at least one other transaction; ④ it is not economical for one transaction but it's economical when considered together with other deals.

5. Basis of preparation of consolidated financial statements

(1). The scope of consolidation

The scope of consolidated financial statements is determined on the basis of control. The control means that the Company has right to variable returns from its involvement with the investee entity and have the ability to affect those returns through its power over the investee entity.

Once the changes in relevant facts and circumstances lead to changes in the relevant elements involved in the above control definition, the Company will conduct a reassessment.

(2). Method of preparation of consolidated financial statements

The Company includes the subsidiary in the scope of consolidation from the date that the Company acquires the actual control on its net assets and operation decisions and ceases to include the subsidiary in the scope of consolidation from the date of losing control. For the disposed subsidiary, the operating results and cash flow before the disposal date have been appropriately included in the consolidated profit statement and consolidated cash flow statement. For the current disposal of subsidiaries, the Company does not adjust the beginning of the consolidated balance sheet. For the subsidiaries that increased in business combinations not under the same control, their business results and cash flows after the purchase date have been properly included in the consolidated income statement and consolidated cash flow statement. And the opening and comparison numbers of the consolidated financial statements are not adjusted. For the subsidiaries that increased in business combinations under the same control, their business results and cash flows from the beginning of the merger period to the merger date have been properly included in the consolidated income statement and consolidated cash flow statement. And the opening and comparison numbers of the consolidated financial statements are adjusted.

When preparing consolidated financial statements, if the accounting policies or periods adopted by the subsidiary company are inconsistent with those adopted by the company, necessary adjustments shall be made to the financial statements of the subsidiary company in accordance with the company's accounting policies and accounting periods. For subsidiaries acquired by mergers of enterprises not under the same control, the financial statements shall be adjusted on the basis of the fair value of identifiable net assets on the purchase date.

All significant transaction balances, transactions and unrealized profits within the company are offset when the consolidated financial statements are prepared.

The share of subsidiaries' owner's equity that don't belong to the Company are presented as the item of Minority interests under the owner's equity items in consolidated balance sheet. The share of current net profit and loss that belong to minority shareholders' rights and interests are presented as the items Minority interests under the net profit items in the consolidated profit statement. In consolidated financial statements if the current loss shared by the minority shareholders of the subsidiary exceeds the minority shareholder's share of the subsidiary's beginning owner's equity, the balance will still reduce the minority shareholders' equity.

If lost the control of the subsidiary due to the disposal of some equity or other reasons, the remained equity investment after disposal shall be re-measured with its fair value on the date of loss of control. The difference between the amount of the sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity and the amount of the share of the original shareholding and the net assets that have been continuously calculated from the date of purchase from the original shareholding, shall be included in the Investment income for current period of loss of control. Other comprehensive income related to the original subsidiary's equity investment is accounted for on the same basis as the purchaser's direct disposal of related assets or liabilities when control is lost (That is, except for the changes due to the remeasurement of the net benefits or net assets of the defined benefit plan in the original subsidiary, the rest are converted into current investment income). The follow-up measurement of the remaining equity is in accordance with "Accounting Standards for Business Enterprises No. 2-Long-term Equity Investment" or "Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments". Details are referred to Note IV (12) "Long-term equity investment" or (9) "Recognition and Measurement of Financial instruments".

If the Company disposes of equity investments in subsidiaries through multiple transactions in stages until it loses control, it is necessary to distinguish whether each transaction of equity investments in subsidiaries until loss of control is a package deal. If the terms, conditions and economic impact of the various transactions dealing with the equity investment of the subsidiary meet one or more following conditions, the multiple transactions shall be treated as a package transaction. ①These transactions are made at the same time or with consideration of each other's influence;

② these transactions can achieve a complete business result as a whole; ③ the occurrence of one transaction depends on the occurrence of at least one other transaction; ④ if one transaction is not economical on its own but it is economical when considered together with other transactions. If it is not a package transaction, the transactions shall be treated according to the accounting policy for the partial disposal of the equity investment in the subsidiary and the loss of control over the original subsidiary. If it is not a package transaction, each of these transactions shall be treated as disposal of part of the long-term equity investment in the subsidiary without losing control (see Note IV, (12) "Long-term equity investment", 2, (4)) and "the loss of control of the original subsidiary due to the disposal of part of the equity investment or other reasons" (see the previous paragraph for details). If disposing equity investment by stages until losing control is qualified as a package transaction, the transactions shall be treated as a single transaction of the disposal of subsidiary that lose control. The difference between the consideration received and the carrying amount of disposal investment that has the share of the net assets of the subsidiary before the loss of control is recognized as other comprehensive income in the consolidated financial statements and shall be transferred to the current profit and loss of control when the control is lost.

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

Joint venture arrangement means an arrangement jointly controlled by two or more parties. The Company divides the arrangement into joint operations and joint ventures based on the rights and obligations assumed in the joint arrangement. Joint operation means that the joint parties own the relevant assets of the arrangement and assume the relevant liabilities. Joint venture means that the joint venture parties only have the rights on the net assets of the arrangement.

The company's investment in joint ventures is accounted for by the equity method, and is handled in accordance with the accounting policies described in Note IV, (12) "Long-term equity investment" and 2, (2) "Long-term equity investment accounted for by the equity method".

The company, as a joint venture party, confirms the separately held assets and liabilities as well as the jointly held assets and liabilities assumed by the company's share; confirms the revenue of the joint operation by the share; recognize the revenue generated by the sale of the joint operation according to the company's share; recognize the expenses incurred separately by the company and the expenses of the joint operation by the company's share.

If the Company invests or sells assets to the joint operation (other than the business of the assets), the Company shall only recognize the profit or loss arising from the transaction belongs to other parties in the joint operation before the assets are sold to the third party by joint operation. If there is the impairment loss for the assets that is in accordance with the "Accounting Standards for Business Enterprises No. 8 – Impairment of Assets", the Company shall fully recognize the losses. If the Company purchases assets from joint operations (other than the business of the assets), the Company shall only recognize the portion of the profit or loss arising from the transaction attributable to other parties in the joint operation before selling the assets to a third party. And if the purchased assets meet the asset impairment losses stipulated in the "Accounting Standards for Business Enterprises No. 8 – Impairment of Assets", the Company shall recognize such losses according to its share.

7. Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, deposits that can be readily drawn on demand and the short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

8. Foreign currency transactions and translation of foreign currency financial statements

(1) Translation method for foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions. However, the foreign currency exchange business or transactions involving foreign currency exchange occurred shall be converted into functional currency at the exchange rate actually adopted.

(2) The translation method for foreign currency monetary items and foreign currency non-monetary items

As at the balance sheet date, the foreign currency monetary items are translated into RMB by adopting the prevailing exchange rate on the balance sheet date. Foreign exchange difference arising from the difference between the prevailing exchange rate on the balance sheet date and the prevailing exchange rate on initial recognition date is recognized in profit or loss for the current period, except for the exchange differences arising from the special foreign currency borrowings related to the acquisition and construction of assets eligible for capitalization shall be handled in accordance with the principle of capitalization of borrowing costs.

Non-monetary items denominated in foreign currency that are measured at historical cost are still measured at amount denominated in reporting currency exchanged at the prevailing exchange rate at the transaction date. Non-monetary items denominated in foreign currency that are measured at fair value are translated using the exchange rate at the date when fair value was determined and the difference between the translated functional currency amount and the prevailing exchange rate on initial recognition or on the previous balance sheet date are recognized as changes in fair value (including exchange rate changes), and included in current profit or loss or recognized as other comprehensive income.

(3) Translation of foreign currency financial statements

Foreign currency financial statements of overseas operations are translated into RMB statements in the following ways: Assets and liabilities items in the balance sheet are converted at the spot exchange rate on the balance sheet date; Owner's equity items other than "undistributed profits" items are translated at the spot exchange rate when it occurs. The income and expense items in the income statement are converted at the current average exchange rate. The undistributed profit at the beginning of the year is the undistributed profit at the end of the year after conversion in the previous year; the undistributed profit at the end of the year is calculated according to the converted profit after distribution. The total difference between assets with liabilities and owners' equity after conversion is recognized as other comprehensive income as a translation difference in foreign currency statements. When disposing of overseas operations and losing control, the foreign currency statement translation differences listed in the owner's equity items in the balance sheet that are related to the overseas operations are transferred to the current profit or loss in full or in proportion to the disposal of the overseas operations.

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

The number of the beginning of the year and the actual number of the previous year are listed according to the converted the financial statements of the previous year.

When disposing of all the owner's equity of the company's overseas operations or losing control of overseas operations due to the disposal of part of the equity investment or other reasons, the related foreign currency statement translation differences that belong to the parent company listed in owner's equity items in the balance sheet are all transferred to the current profit and loss.

When disposal of part of the equity investment or other reasons leads to a reduction in the proportion of overseas operating equity held but without loss of control over overseas operations, the foreign currency statement translation difference related to the overseas operating disposal will be vested in minority shareholders' equity and not transferred to current profit or loss. When disposing of part of the equity of an overseas operation as an associate or joint venture, the foreign currency statement translation difference related to the overseas operation is transferred to the current profit or loss in proportion to the disposal of the overseas operation.

If there is a foreign currency monetary item that substantially constitutes a net investment in overseas operations, in the consolidated financial statements, the exchange difference arising from changes in exchange rates is recognized as "foreign currency statement translation difference" as other comprehensive income. When disposal this part, the difference will be included in the current profit and loss.

9. Recognition and Measurement of Financial Instruments

The term "financial instruments" refers to the contracts whereby the financial assets of an enterprise are formed and whereby the financial liabilities or right instruments of any other entity are formed. Financial assets or liabilities at the time when the Company becomes a party to the contract of financial instruments are recognized in the balance sheet.

(1) Classification and Measurement of Financial Assets

According to the business model of managing financial assets and the characteristics of contractual cash flow of financial assets, the Company classified the financial assets into the following 3 categories when they are initially recognized: the financial assets which are measured at the post-amortization cost, the financial assets which are measured at their fair values and whose variation is included into other comprehensive income and the financial assets which are measured at their fair values and whose variation is included into the current profits and losses.

The company initially recognizes financial assets at fair value. Of the financial assets whose amount initially recognized fair value and changes into current profit or loss statement, related transaction costs incurred at acquisition are included directly in current profit or loss; other financial assets transaction costs are included in the initially recognized amount.

A. Debt instrument investment measured at amortized cost

The financial assets that meet the following requirements shall be classified as financial assets measured at amortized cost: the Company's business model for managing such financial assets is to collect contractual cash flows; the contractual terms of the financial assets stipulate that cash flows generated on a specific date are only payments of principal and interest that is based on the amount of unpaid principal.

Such financial assets are subsequently measured at amortized cost according to the real interest rate method, related gains or losses incurred from amortization or impairment are included directly in current profit or loss.

B. Debt instrument investment measured at fair value and whose variation is included into other comprehensive income

The financial assets that meet the following requirements shall be classified as financial assets measured at fair value and whose variation is included into other comprehensive income: the Company's business model for managing such financial assets is both to collect and to sell contractual cash flows; the contractual terms of the financial assets stipulate that cash flows generated on a specific date are only payments of principal and interest that is based on the amount of unpaid principal.

Such financial assets are subsequently measured by fair value. Losses or gains related to impairment of the financial assets, exchange gains and losses, and interest on the financial assets calculated by the real interest rate method are included in the current profits and losses. Except for changes of fair value of such financial assets, the changes shall be included in other comprehensive gains.

C. Investments designated as equity instruments measured at fair value and whose changes are included in other comprehensive gains

The Company irrevocably chooses to designate certain non-trading equity instrument investments as financial assets measured at fair value through profit or loss. Only the related dividend income is recognized in profit or loss for the current period. Changes in fair value are included in other comprehensive income. When the financial asset is derecognized, the accumulated gain or loss previously included in other comprehensive income is transferred from other comprehensive income and is included in retained earnings.

D. The financial assets which are measured at their fair values and whose variation is included into the current profits and losses

Financial assets held by the Company that are not classified as the above-mentioned financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income are classified at fair value through financial assets that are included in the current profit and loss.

For such financial assets, fair value is used for subsequent measurement, and all changes in fair value are recognized in current profit or loss.

(2) Impairment of financial instruments

For the post-amortization financial instrument, the Company divides it as financial instruments measured at fair value through other comprehensive income, lease receivables, and financial guarantee contracts, and financial instruments whose loss preparation is recognized on the basis of expected credit losses.

For other financial instruments, except for purchased or sourced financial assets that have suffered credit impairment, the Company assesses the changes in the credit risk of the relevant financial instruments from initial recognition on each balance sheet date. If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company measures its loss preparation according to the amount of expected credit loss for the entire duration of the financial instrument; if the credit risk of the financial instrument has not been significantly increased since the initial confirmation, the Company measured its loss provision based on the amount equivalent to the expected credit loss of the financial instrument in the next 12 months. The increase or reversal of the credit loss provision, except for financial assets that are measured at fair value whose gains or losses are recognized in other comprehensive income, is recognized as impairment gains or losses in current profit or loss. For financial assets measured at fair value in other comprehensive income, the Company recognizes its credit loss reserves in other comprehensive income, and the impairment loss or gain is recognized in current profit or loss, and the book value is stated in the balance sheet.

During the previous accounting period, the Company has measured the loss provision according to the amount of expected credit loss for the entire duration of the financial instrument, but on the current balance sheet date, the financial instrument is no longer in a situation where the credit risk has increased significantly since the initial recognition, so the company measures the loss provision of the financial instrument on the current balance sheet date according to the amount of expected credit loss in the next 12 months. The reversal amount of the loss provision formed as the impairment gain is included in the current period profit and loss.

The Company uses the reasonable and evidence-based forward-looking information available to compare the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date to determine whether the credit risk of financial instruments has been increased significantly.

On the balance sheet date, if the Company determines that the financial instrument has relatively lower credit risk, it assumes that the credit risk of the financial instrument has not increased significantly since the initial recognition.

When one or more events that the Company anticipates adversely affecting the future cash flows of a financial asset, the financial asset becomes a financial asset that has suffered a credit impairment. Evidence that a financial asset has been credit-impaired includes the following observable information: significant financial difficulties with the issuer or debtor; breach of contract by the debtor, such as default or overdue of interest or principal repayment; the creditor gives concessions to the debtor in any other circumstances for economic or contractual considerations relating to the financial difficulties of the debtor; the debtor is likely to go bankrupt or carry out other financial restructuring; the financial difficulties of the issuer or the debtor cause the active market of the financial asset to disappear; the issuer or the debtor purchases or sources a financial asset at a substantial discount that reflects the fact that credit losses have occurred. When a financial instrument is overdue for more than (including) 90 days, the company presumes that the financial instrument has defaulted.

The Company determines the expected credit losses of relevant financial instruments in the following ways:

- a) For financial assets, credit losses should be the present value of the difference between the contractual cash flows that the company should receive and the cash flows expected to be received.
- b) For lease receivables, credit losses should be the present value of the difference between the contractual cash flows that the company should receive and the cash flows expected to be received.
- c) For financial assets that have suffered credit impairment on the balance sheet date but not purchased or originated from credit impairment, the credit loss is the difference between the book balance of the financial asset and the present value of the estimated future cash flow discounted at the original real interest rate.

The factors reflected in the company's method of measuring expected credit losses of financial instruments include: unbiased probability weighted average amount determined by evaluating a series of possible results; time value of money; past events and current situation that can be obtained without unnecessary additional cost or effort on balance sheet day. And the reasonable and basis information of the future economic situation forecast.

When the Company no longer reasonably expects that the financial asset contract cash flow can be recovered in whole or in part, the book balance of the financial asset is directly written down. Such write-downs constitute the de-recognition of related financial assets.

(3) Confirmation basis and measurement of financial asset transfer

If the financial assets meet one of the following conditions, the company will terminate the confirmation of the financial assets: A. The contractual right to receive the cash flow of the financial assets is terminated; B. The financial assets have been transferred, and the company transfers almost all the risks and rewards of ownership of financial assets to the transferee.; C. The financial assets have been transferred. Although the Company has neither transferred nor retained almost all the risks and rewards of ownership of financial assets, it has given up control over the financial assets.

If transferring part of the financial assets of meets the conditions for termination confirmation, the book value of the transferred financial assets will be apportioned between the derecognized portion and the non-recognized portion

according to their respective fair values, and the difference between the sum of the consideration received by the termination confirmation part and the amount corresponding to the termination confirmation part in the cumulative change of fair value recorded in other comprehensive income, and the book value of the termination confirmation part on the termination confirmation date is included in the current profit and loss or retained income.

If the Company neither transfers nor retains almost all of the risks and rewards of ownership of the financial assets and does not waive the control of the financial assets, the relevant financial assets and liability are recognized in accordance with the extent of continuing involvement in the transferred financial assets. The Company measures the related liabilities in the following manner:

- A. If the transferred financial assets are measured at amortized cost, the book value of the related liabilities is equal to the carrying amount of the transferred financial assets minus the amortized cost of the Company's retained rights (if the Company retains the relevant rights due to the transfer of financial assets) plus the amortized cost of the Company's obligation (if the Company has undertaken the related obligations due to the transfer of financial assets), the related liabilities are not designated as financial liabilities measured at fair value through current profit or loss;
- B. If the transferred financial assets are measured at fair value, the book value of the related liabilities is equal to the book value of continuing to be involved in the transferred financial assets minus the fair value of the rights reserved by the company (if the company retains the relevant rights due to the transfer of financial assets) plus the fair value of the obligations assumed by the company (if the company has undertaken the relevant obligations due to the transfer of financial assets), the fair value of the rights and obligations shall be the fair value when measured on an independent basis.

If the transfer of financial assets does not meet the conditions for derecognition, the financial assets transferred will continue to be recognized and the consideration received will be recognized as a financial liability.

For the transfer of financial assets under the conditions of continued involvement, the Company recognizes the relevant financial assets and financial liabilities according to the extent of continuing involvement in the transferred financial assets, so as to fully reflect the rights and obligations of the company.

(4). Classification and Measurement of Financial Liability

The Company classified the financial liabilities into the following 2 categories when they are initially recognized: The financial liabilities which are measured at their fair values and whose variation is included in the current profits and losses, and the financial liabilities which are measured at the post-amortization cost. Financial liabilities are measured at fair value on initial recognition.

The financial liabilities which are measured at their fair values and whose variation is included in the current profits and losses, including transactional financial liabilities (including derivatives that are financial liabilities) and the designated financial liabilities which are measured at their fair values and whose variation is included in the current profits and losses. Such financial liabilities are measured at fair value. Gains or losses arising from changes in fair value are recognized in current profit or loss.

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method.

(5) Derecognition of financial liabilities

If all or part of the current obligations of the Company's financial liabilities has been discharged, the financial liabilities or part of them will be terminated. The Company and the creditors have signed an agreement to replace the existing financial liabilities with new financial liabilities, and the new financial liabilities are substantially different from the existing financial liabilities, then the existing financial liabilities are derecognized and the new financial liabilities are recognized.

If the financial liability is derecognized in whole or in part, the difference between the carrying amount of the derecognized portion and the consideration paid (including the transferred non-cash assets or the new financial liabilities) is recognized in current profit or loss.

(6) Offset of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other. However, if the following conditions are met, the net amount after offsetting is shown in the balance sheet: the company has the statutory right to offset the confirmed amount, and the legal right is currently enforceable; net settlement, or simultaneous realization of the financial assets and settlement of the financial liabilities. If the financial assets that do not meet the conditions for termination confirmation are transferred, the transferor shall not offset the transferred financial assets and related liabilities.

10. Receivables

Receivables include notes receivable, accounts receivable, other receivables, etc.

(1) Calculation method of bad debt provision

Based on expected credit losses, the Company makes provision for impairment of receivables in accordance with its applicable expected credit loss measurement method (general method or simplified method) and recognizes credit impairment losses. The Company assesses on each balance sheet date whether the credit risk of the receivables has increased significantly since the initial recognition. If the credit risk has increased significantly since the initial recognition, it shall be measured at an amount equivalent to the expected credit loss during the entire duration. If the credit risk has not increased significantly since the initial recognition, the loss provision is measured at an amount equivalent to expected credit losses in the next 12 months. When assessing expected credit losses, the Company considers all reasonable and supportable information, including forward-looking information.

Except for financial assets that assess credit risk individually, the Group divides receivables into different groups based on common risk characteristics, and assesses credit risk on a portfolio basis.

Basis for grouping:

Items	Basis for grouping
Related party portfolio	Divided according to relevant standards disclosed by related parties
Aging portfolio	Divided according to the age of existence

(2) Reversal of bad debt provision

If the expected credit loss on the balance sheet date is less than the current book value of the impairment provision for a receivable, the difference shall be recognized as an impairment gain.

If the company's transfer of receivables to third parties meets the conditions for termination of confirmation, the difference between the transaction amount and the book value of the receivables that have been written off and relevant taxes shall be included in the current profit and loss.

11. Inventories

(1) Classification of Inventories

The Company's inventory is finished goods.

(2) Recognition

The Company's inventory shall be recognized unless it meets the conditions as follows simultaneously: the economic benefits concerning this inventory are likely to flow into the enterprise; and the cost of this inventory can be measured reliably.

(3) Initial measurement

The inventory shall be initially measured at historical cost as obtained. When delivering inventories the Company accounts for their actual cost by the method of weighted average.

(4) Measurement at the end of period

The inventory shall be measured on the day of balance sheet at the lower of cost or net realizable value. If the net realizable value is lower than its cost the Company shall make provision for the loss on decline in the of or for the impairment of the inventory and shall include it in the current profits and losses.

① the confirmation method of net realizable value:

The net realizable value shall be confirmed based on well-established evidence and considering the factors like the purpose of inventory held and events after the balance sheet date etc.

The materials held for manufacturing shall be measured by cost if the net realizable value of the finished goods is higher than the cost, or measured by net realizable value if the net realizable value of the finished goods is lower than the cost.

The inventories held for the sales contract or labor contract shall be accounted for based on the contract value for the net realizable value.

If the quantity of inventories is more than the order in the sales contract, the net realizable value of the exceeding part shall be accounted based on the general sale price.

② the Company shall make provision for the loss on decline in value of the individual inventory.

12. Long-term equity investment

Long-term equity investments include equity investments to subsidiaries, joint ventures and associated enterprises.

(1) Initial measurement

The Company conducts initial measurement of long-term equity investments as follows:

① the initial cost of the long-term equity investment formed in the business combination shall be ascertained in accordance with the provisions:

A. for the business combination under the same control, if the consideration of the combination paid by cash, transferring non-cash assets or bearing its debts, the initial investment cost of the long-term equity investment shall be the share of the book value of the owner's equity in the final controlling party's consolidated financial statements on the combination date. The difference between the initial cost of the long-term equity investment and the book value of paid cash, non-cash assets transferred as well as the debts borne shall adjust the capital reserve. If the capital reserve is insufficient to offset, the retained earnings will be adjusted. The direct related expenses incurred for the business combination, including the audit expenses, evaluation expenses and legal service expenses shall be included in the current profit and loss when incurred.

If the consideration of the combination is issuing the equity security the initial investment cost of the long-term equity investment shall be the share of the book value of the owner's equity in the final controlling party's consolidated financial statements on the combination date. The total face value of the stocks issued shall be regarded as the capital stock, while the difference between the initial cost of the long-term equity investment and the total face book value of the stock issued shall adjust the capital reserve. If the capital reserve is insufficient to offset, the retained earnings will be adjusted. Fees, commissions and other expenses incurred in the issuance of equity securities in the business combination shall be offset against the premium income of equity securities. If the premium income is insufficient to offset, the retained earnings shall be offset.

B. In the business combination not under the same control, the company determines the combination cost by distinguishing the following conditions:

- a) If the business combination realized by an exchange transaction, the combination cost shall be the assets paid, the liabilities incurred or assumed, or the equity securities issued on the purchase date to obtain control of the purchased party.
- b) If the business combination realized by stage through multiple exchange transactions, the sum of the book value of the equity investment held by the purchaser before the purchase date and the new investment cost on the purchase date shall be the initial investment cost of the investment.
- c) The agency fees like auditing fee, legal services fee, evaluation fee and consulting fee, etc. and other related management expenses incurred in the business combination are recognized in profit or loss in the period in

which they are incurred; the transaction costs of equity securities or debt securities issued as a merger consideration are included in the initial confirmed amount of the equity securities and debt securities.

- d) Where a future event that may affect the cost of the combination is agreed in the merger contract or agreement, if the future events are likely to occur on the purchase date and the amount of the impact on the combination cost can be reliably measured, it shall be included in the combination cost.

② In addition to the long-term equity investment formed by the business combination, the long-term equity investment obtained by other means shall determine the initial investment cost according to the following provisions:

A. For the long-term equity investment obtained by paying cash, the actual purchase price shall be as the initial investment cost. The initial investment cost includes expenses, taxes and other necessary expenses directly related to the acquisition of long-term equity investments.

B. For the long-term equity investment obtained by issuing equity securities, the fair value of the issued equity securities shall be taken as the initial investment cost but the cash dividends or profits that have been declared but not yet paid out from the invested entity shall not be included. Transaction costs incurred in the issuance or acquisition of equity instruments may be directly attributable to equity transactions and deducted from equity.

C. The initial investment cost of a long-term equity investment obtained through the exchange of non-monetary assets shall be determined in accordance with Accounting Standards for Business Enterprises No. 7 - Exchange of Non-Monetary Assets.

D. The initial investment cost of long-term equity investment obtained through debt restructuring shall be determined in accordance with the Accounting Standards for Business Enterprises No. 12 - Debt Restructuring.

③ Regardless of the way in which the long-term equity investment is obtained, the cash dividends or profits included in the consideration paid which have been declared but not yet issued by the invested entity shall be accounted for separately as receivable items and shall not be included in the initial investment cost.

(2) Subsequent measurement

Long-term equity investments that can control the investee shall be accounted for using the cost method in individual financial statements. Long-term equity investments that have joint control or significant influence over the investee shall be accounted for using the equity method.

① Long-term equity investments accounted for by using the cost method are valued at the initial investment cost. Adding or withdrawing investment shall adjust the cost of long-term equity investment. The cash dividends or profits declared by the investee shall be recognized as current investment income.

② For long-term equity investments accounted for by using the equity method, if the initial investment cost is greater than the fair value of the investee's identifiable net assets, the initial investment cost of the long-term equity investment shall not be adjusted. If the initial investment cost of long-term equity investment is less than the fair value of the identifiable net assets of the investee, the difference shall be included in the current profit and loss and the cost of the long-term equity investment shall be adjusted.

After obtaining the long-term equity investment, the investment income and other comprehensive income shall be recognized separately according to the share of net profit and loss and other comprehensive income realized by the investee, and the book value of the long-term equity investment shall be adjusted at the same time. If the profit or cash dividend is declared by the investee the book value shall be reduced according to the share. For the change in the owner's equity other than the net profit or loss, other comprehensive income and profit distribution of the invested entity, the book value shall be adjusted and included in the owner's equity.

When confirming the share of the net profit or loss of the investee, based on the fair value of the investee's identifiable net assets at the time of acquisition, the net profit from the investee shall be confirmed after adjusted. If the accounting policies and accounting periods adopted by the invested entity are inconsistent with the Company, the financial statements of the invested entity shall be adjusted in accordance with the accounting policies and accounting periods of the Company, and the investment income and other comprehensive income shall be confirmed accordingly.

(Accounting [2017] No. 22, impracticable is not included). When recognizing the net loss of the investee, the upper limit of loss recognized shall be the book value of the long-term equity investment and other long-term equity that substantially constitutes the net investment of the investee, except for the company has the obligation to bear additional losses. If the invested entity realizes the net profit in the future, the Company will resume the confirmation of the revenue share after the income sharing amount makes up for the unconfirmed loss share.

When calculated the net profit or loss of the investee that should be shared, the unrealized internal transaction gains and losses between joint ventures and associated enterprises shall be offset according to the proportion that should be enjoyed, based on which the Company shall confirm the investment income. If the unrealized internal transaction losses incurred by the Company and the investee are asset impairment losses, they shall be fully confirmed.

For the Company's equity investments in associates, some of which are indirectly held by venture capital institutions, mutual funds, trust companies or similar entities including investment-linked insurance funds, regardless of whether the above entities have a significant impact on this part of the investment, The Company shall measure the investment indirectly held at fair value and include the change in profit or loss and account the rest by using the equity method according to the relevant provisions of the "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments".

③ When the Company disposes of the long-term equity investment, the difference between the book value and the actual price shall be included in the current profit and loss. For the long-term equity investment accounted for by using the equity method, when the investment is disposed, based on the same method of disposing the assets and liabilities directly by the investee, the Company shall accounted for the part originally included in the other comprehensive income by the portion accordingly.

④ Due to the decrease in the shareholding ratio caused by other investors' capital increase and the loss of control for the subsidiaries but still having the joint control or significant influence to the subsidiaries, the Company's long-term equity investment shall be accounted for from the cost method to equity method in individual financial statements. The difference between the increased shares of net assets of the subsidiary that the investor should enjoy due to capital increase and the original book value of the long-term equity investment corresponding to the decline in the shareholding ratio, shall adjust the current profits and losses. Then the Company shall adjust the new shareholding ratio of investment that regarded as having been using equity method since the investment was obtained.

(3). The basis for joint control and significant impact on the investee

Joint control refers to the control that is common to an arrangement in accordance with the relevant agreement, and the decision for the relevant activities of the arrangement must be made after unanimously agreed by the parties sharing the control. Related activities are activities that have a significant impact on the return of an arrangement. Significant influence refers to the investing party's power in the decision-making of the financial and operating policies of the invested entity, but it cannot control or jointly control the formulation of these policies with other parties.

(4). Impairment test method and accrual method

The method of impairment test for long-term equity investments and the accrual method of impairment provision shall be implemented in accordance with the "asset impairment" accounting policy formulated by the Company.

13. Investment properties

(1). Investment property is a property held to earn rentals or for capital appreciation or both. The Company's investment property includes: ①leased land use rights, ②land use right held and provided for to transfer after appreciation and ③ leased building and construction.

(2). The Company's Investment property shall be recognized unless it meets the conditions as follows simultaneously:

① the economic benefits concerning this property are likely to flow into the enterprise; ②and the cost of this inventory can be measured reliably.

(3). Initial measurement

The Company's investment property is initially measured at acquisition cost.

① The cost of purchased investment real estate includes purchase price, related taxes and other expenses directly attributable to the asset;

- ② The cost of self-constructed investment real estate consists of the necessary expenses incurred before the construction of the asset reaches its intended usable condition;
- ③ The cost of investment real estate obtained in other ways shall be determined in accordance with the relevant accounting standards.

(4). Subsequent measurement

The company uses the cost model to conduct subsequent measurement of investment real estate and using the same method of depreciation or amortization as fixed assets and intangible assets

If there is conclusive evidence that the use of real estate has changed, converting self-use real estate or inventory into investment real estate or converting investment real estate into self-use real estate, the book value before conversion shall be used as the recorded value after conversion.

At the end of the period, the investment real estate measured by the cost model shall be accounted for at the lower of its cost and recoverable amount. If the recoverable amount is lower than the cost, the impairment provision shall be made based on the difference between the two. Once the provision for impairment is made, it will not be reversed.

14. Fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of services, for rental to others, or for administrative purposes and have useful lives more than one accounting year.

(1). The Company's fixed asset shall be initially measured by cost if it meets the conditions as follows simultaneously:

- ① the economic benefits concerning this asset are likely to flow into the enterprise;
- ② the cost of this asset can be measured reliably.

(2) Depreciation methods

Subsequent expenditures related to fixed assets shall be included in the cost of fixed assets if they meet the recognition conditions of fixed assets. Or they shall be included directly in current profits or losses.

The Company uses the straight line method for depreciation.

The useful life, residual value rate and annual depreciation rate of various fixed assets are listed as follows:

Category	Useful lives (years)	Residual (percentage %)	Annual depreciation rates%
Housing and buildings	30 years	5	3.17
Equipment	5-15 years	5	6.33-19
Transportation	4-25 years	5	3.8-23.75
Office equipment	5 years	5	19

At the end of each fiscal year, the company shall review the useful life, estimated net residual value and depreciation method of fixed assets. If the service life differs from the original estimated, the Company shall adjust the service life of the fixed assets; if the estimated net residual value is different from the original estimated, the Company shall adjust the estimated net residual value; and if the expected realization of economic benefits related to fixed assets has a significant change, the Company shall change the depreciation method of fixed assets. Changes in the useful life, estimated net residual value and depreciation method of fixed assets shall be as changes in accounting estimates.

(3). Financial leased fixed assets

If all the risks and rewards related the leased fixed assets are all transferred to the Company, the Company shall confirm the lease of the fixed assets a financial leasing.

The cost of fixed assets acquired from financial leasing shall be determined by the lower of the fair value of the leased assets on the start date and the present value of the minimum lease payments.

The financial leased fixed assets shall adopt a depreciation policy consistent with the self-owned fixed assets. If it can be reasonably determined the ownership of the leased asset at the expiration of the lease term, the depreciation shall be made within the useful life of the leased asset; if it cannot reasonably determine the ownership of the leased asset at the expiration of the lease term, the Company shall make depreciation on the shorter period of the lease term and the useful life of the assets.

(4) The impairment of fixed assets shall be implemented in accordance with the "asset impairment" accounting policy formulated by the Company.

15. Construction in Progress

(1) Accounting for the Construction in progress: the cost of the Construction in progress shall be recognized based on the actual construction cost, including capitalized borrowing costs and exchange gains and losses.

(2) when the construction in progress reaches the working condition for its intended use it shall be transferred to the fixed assets. The fixed assets constructed that have reached the expected usable status but have not yet been processed for final accounts shall be recognized as fixed assets according to the estimated value, and depreciation is provided. After the completion of the final settlement procedures, the original temporary valuation shall be adjusted according to the actual cost. But the amount of depreciation that has been accrued shall be adjusted.

(3) The impairment of construction in progress shall be carried out in accordance with the "asset impairment" accounting policy formulated by the Company.

16. Borrowing costs

(1) Recognition principle of borrowing costs and capitalization period

The borrowing costs that can be included in the construction or production of the capitalized assets shall be capitalized and included in the relevant asset costs when meet the following conditions:

- ① Asset expenditure has been occurred;
- ② Borrowing expense has been occurred;
- ③ The necessary acquisition, construction or production activities that make the assets intended usable or saleable have begun.

Borrowing costs that are not eligible for capitalization shall be recognized as expenses at the time of occurrence and are included in current profits or losses.

If the assets eligible for capitalization are interrupted abnormally during the acquisition, construction or production process and lasts for more than 3 months, the Capitalization of borrowing costs shall be suspended. The borrowing costs incurred in the suspending period shall be recognized as cost and included in the current profits and losses until the activity restart. But if the suspending is the necessary procedure for the acquisition or construction or production of assets eligible for capitalization to reach the intended usable or saleable state, the capitalization of the borrowing costs continues.

When the asset eligible for capitalization is ready for its intended use or sale, it shall stop the capitalization of borrowing costs and the borrowing costs incurred in the future shall be recognized as the expenses in the period in which they are incurred.

Assets eligible for capitalization refer to assets such as fixed assets, investment real estate and inventories that require a substantial period of acquisition, construction or production activities to achieve the intended use or sale status.

(2) The accounting method for the amount of borrowing costs capitalization

For the special loan that used to construct or produce the assets eligible for the capitalization, the borrowing cost shall be the amount of the actual current interest expense of the special loan minus the interest income obtained by depositing the unused borrowing funds into the bank or the investment obtained through temporary investment.

For the general loan that has been used for purchasing or producing the asset that meet the condition of capitalization, the amount of the interest of the general loan that should be capitalized shall be calculated by the weighted average of

asset expenditures of the part of Cumulative asset expenditure that over the special loan multiplying the capitalization rate of the general loan.

During the capitalization period, the exchange differences of foreign currency special borrowings shall be all capitalized, and the exchange differences of foreign currency general borrowings shall be included in the current profits and losses.

17. Intangible assets

The Company's intangible assets refers to the identifiable non-monetary assets which have no physical shape possessed or controlled by the Company.

(1) Confirmation of Intangible assets

If an asset meets the following conditions simultaneously the Company shall confirm it as intangible asset:

- ① The economic benefits related to intangible assets are likely to flow into the enterprise;
- ② The cost of intangible assets shall be measured reliably.

(2) Measurement of Intangible assets

- ① the Company's intangible assets shall be initially measured at cost.
- ② Subsequent measurement

A. For intangible assets with limited service life, the Company shall determine the service life at the time of acquisition and adopt the straight-line method within the service life in the future period. The amortized amount shall be included in relevant cost and expense calculation according to the beneficial items. If it is unforeseen the service life that the intangible assets will bring economic benefits to the enterprise, it shall be regarded as intangible assets with uncertain service life and it shall not be amortized.

Amortization methods of an intangible asset with a finite useful life are shown as follows:

Category	Useful life	Method
Software use right	5 years	straight-line method

The Company reviews the finite useful life of an intangible asset and the amortization method at the end of each financial year. A change in the useful life or amortization method used is accounted for as a change in accounting estimate. In addition, the service life of intangible assets with uncertain service life shall also be reviewed. If there is evidence that the service life of intangible assets is foreseeable the Company shall estimate the useful life and make amortization according to the amortization policy of intangible assets with limited service life.

B. Impairment method of intangible assets refers to "asset impairment" accounting policy formulated by the Company.

18. Long-term deferred expenses

Long-term deferred expenses are recorded at the actual cost, and amortized evenly over the expected benefit period. For the long-term deferred expense that cannot benefit in future accounting period, their amortized value is recognized in profit or loss for the current period.

19. Impairment of non-current and non-financial assets

On the balance sheet date, for the non-current and non-financial assets such as fixed assets, construction in progress, intangible assets with a limited useful life, investment real estate measured by cost model long-term equity investments in subsidiaries, joint ventures and associates, and goodwill, the Company judges whether there is any sign of impairment. When there are signs of impairment, the company tests the impairment to estimate the recoverable amount. For the goodwill, intangible assets with uncertain service life and intangible assets that have not yet reached the usable state, regardless of whether there are signs of impairment, they should be tested for impairment every year.

If the tested result shows that the recoverable amount of the asset is less than the carrying amount of the asset the amount of the write-down is recognized as the asset impairment loss and the corresponding asset impairment provision is made. The recoverable amount shall be determined according to the net amount of the fair value of an asset minus the disposal expenses, and the current value of the expected future cash flow of the asset, whichever is

higher. The fair value of the asset is determined according to the price of the sales contract in the fair transaction. If there is no sales agreement but there is an active market for assets, the fair value is determined according to the buying offer. If there is no sales agreement or an active market for assets, the fair value of the asset is estimated based on the best information available. Disposal costs include related legal costs, related taxes, handling fees, and direct costs incurred to make the assets marketable. The present value of the asset's expected future cash flow is determined according to the estimated future cash flow generated during the continuous use of the asset and at the time of final disposal, and the appropriate discount rate is selected to determine the discounted amount. If there is any indication that an asset may be impaired, the company usually estimates its recoverable amount based on the individual asset. When it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined based on the asset group to which the asset belongs. The asset group is the smallest asset portfolio that can independently generate cash inflows.

The goodwill listed separately in the financial statements will be allocated to the asset group or combination of asset groups expected to benefit from the synergies of the business combination during the impairment test. If the test results indicate that the recoverable amount of the asset group or combination of asset groups containing the allocated goodwill is lower than its book value, the corresponding impairment loss is recognized. The amount of impairment loss is offset against the book value of goodwill allocated to the asset group or combination of asset groups, and then offset proportionally the book value of other assets in the asset group or combination of asset based on their proportion of the book value.

Once the asset impairment loss is confirmed, it will not be reversed in the future accounting period.

20. Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the Company's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

(1) Short-term employee benefits

In the accounting period in which employees have rendered services, the Company recognized short-term employee benefits as liability, and account it to current profits and losses except for the employee benefits included in asset costs according to the other accounting policy.

(2) Post-employment benefits

Post-employment benefit plan includes defined contribution plans and defined benefit plans. The post-employment benefit plan refers to the agreement reached between the company and the employee on the post-employment benefits, or the rules or measures established by the company to provide employees with post-employment benefits. Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into an escrow fund and will have no further obligation. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

A. Defined contribution plans

In the accounting periods which employees rendered services, the amount of defined contribution plan is recognized as liability and charged to profit or loss for the current period or cost of relevant assets.

B. Defined benefit plans

The Company does not have any defined benefit plans.

(3) Termination benefits

Termination benefits provided by the Company to employees is recognized as an employee benefits liability and charged to profit or loss for the current period at the earlier of the following dates: the Company can no longer withdraw the offer of those benefits; and the Company recognizes costs for a restructuring and involves the payment of termination benefits.

(4) Other long-term employee benefits

If other long-term employee benefits provided by the Company to employees meet the conditions of the defined contribution plan, it shall be handled in accordance with the accounting policies of the above-mentioned defined

contribution plan; otherwise, the net liability or net asset of other long-term employee benefits shall be confirmed and measured in accordance with the accounting policies of the above-mentioned defined benefits plan.

21. Bonds payable

The non-convertible corporate bonds issued by the Company are treated as liabilities according to the actual amount received (deducting related transaction costs). The difference between the amount actually received by the bond issuance and the total face value of the bond is regarded as the bond premium or discount. It is amortized at the time of accruing interest at the actual interest rate during the existence period, and is handled according to the principle of processing borrowing costs.

The convertible corporate bonds issued by the company are divided into liabilities and equity component at initial recognition and processed separately. The initial confirmation amount of the liability is confirmed by its fair value. And the initial recognition amount of the equity component is determined according to the amount of the convertible corporate bond issuance price (net of related transaction costs) deducting the initial recognition amount of the liability component.

22. Estimated liabilities

(1) The confirmation standard of estimated liabilities

If the obligations related to the contingent events meet the following conditions at the same time, the Company shall recognize them as the estimated liabilities:

- ① the obligation is a present obligation of the Company;
- ② it is probable that an outflow of economic benefits will be required to settle the obligation; and
- ③ The amount of the obligation can be measured reliably.

(2) The measurement method of the estimated liabilities

The estimated liabilities shall be initially measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation. There is a continuous range of required expenditures, and the probability of occurrence of various outcomes within the range is the same. The best estimate amount shall be determined by the intermediate value within the range. In other cases, the best estimates shall be determined as follows:

- ① If the contingency involves a single item, it shall be determined according to the most likely amount.
- ② If the contingency involves multiple projects, it shall be determined by calculated according to various possible outcomes and relevant probabilities.

When determining the best estimate, the Company shall consider the factors such as risks, uncertainties and time value of money associated with contingent events. If the time value of money has a significant impact, the best estimate is determined by discounting the relevant future cash outflows.

If part or all of the expenses required by the Company to settle the estimated liabilities are expected to be compensated by the third party, the compensation amount can be separately recognized as an asset only when it is basically determined to be received. The confirmed compensation amount does not exceed the book value of the estimated liabilities

The company shall review the book value of the estimated liabilities on the balance sheet date. If there is conclusive evidence that the book value cannot truly reflect the current best estimate, the book value will be adjusted according to the current best estimate.

23. Accounting treatment of other financial instruments such as preferred stocks and perpetual bonds

According to the contractual terms of other financial instruments such as preferred stocks and perpetual bonds, and the economic substance they reflect rather than their legal forms, combined with the definition of financial assets, financial liabilities and equity instruments, the Company classifies the financial instrument or its components as financial assets, financial liabilities or equity instruments at initial recognition.

Financial liabilities are liabilities that meet one of the following conditions: contractual obligations to deliver cash or other financial assets to other parties; contractual obligations to exchange financial assets or financial liabilities with other parties under potentially adverse conditions; a non-derivative contract that will be settled in the future or may be settled by the company's own equity instruments, and the enterprise will deliver a variable amount of its own equity instruments under the contract; derivative contracts that are to be settled in the future or that can be settled using the

company's own equity instruments, except for derivatives contracts that exchange a fixed amount of cash or other financial assets with a fixed amount of their own equity instruments. The Company issues share options, options or warrants in the same proportion to all holders of existing non-derivative self-equity instruments of the same class, so that they have the right to exchange a fixed amount of any currency for a fixed amount of the company's own equity instruments. Such shares, options or warrants are classified as equity instruments. Among them, the enterprise's own equity instruments do not include financial instruments that classified as equity instruments with put-back provision in accordance with the accounting standards of the enterprise, and financial instruments in which the issuer is obligated to deliver its net assets to the other party only when it is liquidated, and contract in which the company's own equity instruments are required, in the future, to collect or deliver.

An equity instrument is a contract that evidences a residual interest in the assets of the company or a component of the company after deducting all liabilities. The Company classifies financial instruments issued as equity instruments when the following conditions are met: the financial instruments should not include the delivery of cash or other financial assets to other parties, or exchange financial assets with other parties under potentially adverse conditions or contractual obligations of financial liabilities; Or the financial instrument can be settled by the company's own equity instruments. In the case of non-derivatives, the financial instrument should not include contractual obligations to settle a variable amount of its own equity instruments; in the case of derivatives, the company can only settle the financial instrument by exchanging a fixed amount of cash or other financial assets with a fixed amount of its own equity instruments. The enterprise's own equity instruments do not include financial instruments that classify special financial instruments with put-back provision into equity instruments in accordance with the Accounting Standards for Business Enterprises, and do not include contracts that require the collection or delivery of the company's own equity instruments in the future.

24. Revenue

The revenue shall be recognized when the client obtains control of the relevant product if the contract meets the following conditions at the same time: the parties to the contract have approved the contract and promised to fulfill their obligations; the contract clarifies the rights and obligations of the parties to the contract in relation to the transferred goods or the provision of labor services; The contract has clear payment terms related to the transferred goods; the contract has a commercial substance, that is, the performance of the contract will change the company's future cash flow risk, time distribution or amount; the consideration that the company is entitled to obtain due to the transfer of goods to client is likely to be recovered.

On the starting date of the contract, the Company identifies each individual performance obligation in the contract, and allocates the transaction price to each individual performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods promised by each individual performance obligation. When determining the transaction price, the influence of factors such as variable consideration, major financing components in the contract, non-cash consideration, and consideration payable to client are considered.

For each individual performance obligation in the contract, if one of the following conditions is met, the company will recognize the transaction price allocated to the individual performance obligation as revenue according to the performance progress during the relevant performance period: the client obtains and consumes the economic benefits brought by the company's performance at the same time as the company's performance; client can control the products under construction during the company's performance; the products produced by the Company during the performance have irreplaceable uses, and the company has the right to collect payment for the accumulated performance part of the contract during the entire contract period. The progress of performance is determined by the input method or output method according to the nature of the transferred goods. When the performance progress cannot be reasonably determined, if the cost incurred by the Company is expected to be compensated, the revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

If the above conditions are not met, the Company will recognize the transaction price allocated to the individual performance obligation as revenue when the client obtains control of the relevant product. When judging whether the client has obtained control of the product, the Company considers the following signs: the Company enjoys the current right of collection for the product, that is, the client has the current payment obligation for the product; the Company has transferred the legal ownership of the product to the client, that is, the client has the legal ownership of the product; the Company has transferred the product to the client, that is, the customer has taken possession of the product; The Company has transferred the main risks and rewards of the ownership of the product to the client, that is,

the client has obtained the major risks and rewards of the ownership of the product; the customer has accepted the product; other signs that the customer has obtained control of the product.

25. Government subsidy

The Company's government subsidies are divided into government subsidies related to assets and government subsidies related to income. The government subsidies related to assets refer to the government assets which are obtained by enterprises for the purposes of purchase or construction, or which form the long-term assets by other ways. The government subsidies related to income refer to the government assets other than the subsidies related to assets. If the government subsidy document does not clearly determine the recipient of the subsidy, it shall be judged on the basis of the basic conditions necessary for obtaining the subsidy. The long-term assets that formed by the acquisition or construction or other means shall be divided to the government subsidy related to assets. Others shall be classified as the government subsidy related to income.

(1) The recognition of the government subsidy

The government subsidy will be recognized if it meets the following conditions simultaneously:

- ① the subsidy can meet the attached conditions of the government subsidy;
- ② the subsidy can be received by the company.

(2) The measurement of the government subsidy

① If the government subsidy is a monetary asset, it shall be measured at the amount received or receivable. If a government subsidy is a non-monetary asset, it shall be measured at fair value. If the fair value cannot be obtained reliably, it shall be measured at the nominal amount.

② The government subsidies related to assets shall be recognized as deferred income when acquired. When the relevant assets reach the expected usable status, they are recognized in profit or loss in a reasonable and systematic manner within the useful lives of the assets. If the relevant assets are sold, transferred, scrapped or damaged before the end of their useful lives, the balance of the relevant deferred income that has not been allocated shall be transferred to the profit and loss of the current period.

The government subsidies related to the income, which are used to compensate for related costs and losses in the subsequent period, shall be recognized as deferred income when acquired, and shall be included in the current profit and loss in the period in which the related costs or losses are recognized. If they have compensated the occurred expenses or losses, they shall be directly included in the current profits and losses.

Government subsidies related to daily activities shall be included in other income; others shall be included in non-operating income and expenditure.

③ For the policy preferential subsidized interest the Company shall make accounting treatment according to the following two ways obtained:

- A. If the government allocates the interest subsidy funds to the loan bank, the loan bank provides loans to the company at a policy preferential interest rate. The fair value of the loan will be used as the book value of the loan and the borrowing costs will be calculated according to the actual interest rate method. The difference between the actual amount received and the fair values of the loan shall be recognized as deferred income. Deferred income shall be amortized over the period of the borrowing using the effective interest method to offset the related borrowing costs.
- B. If the government directly allocates the subsidized interest to the company, the subsidized interest will be offset against the relevant borrowing costs.

④ If the confirmed government subsidy needs to be returned, it shall be handled as follows:

- A. If there is any related deferred income, the book balance of the deferred income shall be written off, and the excess shall be included in the current profit and loss.
- B. In other cases, it will be directly included in the current profit and loss.

26. Deferred income tax assets and deferred income tax liabilities

For the temporary difference generated by the difference between the book value of certain assets and liabilities and the taxation base, and the difference between the book value and taxation base of items that have not been

recognized as assets and liabilities but whose tax base can be determined in accordance with tax laws, the Company uses the balance sheet liability method to determine the deferred income tax assets and deferred income tax liabilities.

For taxable temporary related to the initial recognition of goodwill or related to the initial recognition of assets or liabilities arising from transactions that are neither a business combination, nor affect accounting profits and taxable income (or deductible losses), deferred income tax liabilities are not recognized. In addition, for the taxable temporary differences related to investments in subsidiaries, associates and joint ventures, if the Company can control the timing of the reversal of the temporary difference, and the temporary difference may not be reversed in the foreseeable future, the related deferred income tax liabilities will not be recognized. Except for the above situations, the Company recognizes all other deferred income tax liabilities arising from temporary taxable differences.

For deductible temporary differences related to the initial recognition of assets or liabilities arising from transactions that are neither a business combination nor affect accounting profits and taxable income (or deductible losses) when occurrence the deferred income tax assets are not recognized. In addition, for deductible temporary differences related to investments in subsidiaries, associates and joint ventures, if the temporary difference is not likely to be reversed in the foreseeable future, or it is not likely to obtain taxable income used to offset the deductible temporary difference, the Company doesn't recognize the deferred income tax assets. Except for the above-mentioned exceptions, the Company recognizes the deferred income tax assets arising from other deductible temporary differences within the limit of the taxable income that is likely to obtain in the future.

For the deductible losses and tax deductions that can be carried forward in subsequent years, the corresponding deferred income tax assets are confirmed to the extent that the future taxable income that is likely to be used to deduct the deductible losses and tax deductions.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rate during the period in which the related assets are expected to be recovered or the related liabilities are paid off in accordance with the tax law.

On the balance sheet date, the book value of deferred income tax assets is reviewed. If it is probable that sufficient taxable income will not be available in the future to offset the benefits of deferred tax assets, the carrying amount of deferred tax assets is reduced. Reversal of the amount of write-down when it is probable that sufficient taxable income will be obtained.

27. Leasing

A financial lease is a lease that substantially transfers all risks and rewards related to the ownership of assets. The ownership may or may not be transferred eventually. Leases other than finance leases are operating leases.

Leasing business that meets one or more of the following criteria is usually a financial lease: ① When the lease term expires, the ownership of the leased asset is transferred to the lessee. ② The lessee has the option to purchase the leased asset, and the purchase price concluded is expected to be much lower than the fair value of the leased asset when the option is exercised. Therefore, it can be reasonably determined on the lease start date that the lessee will exercise this option. ③ Even if the ownership of the asset is not transferred, the lease period accounts for most of the service life of the leased asset. ④ The current value of the lessee's minimum lease payment and the lessor's minimum collection at the start date of the lease is almost equivalent to the fair value of the leased asset on the lease start date. ⑤ The leased assets are of a special nature and only the lessee can use them without major renovation.

1. Accounting treatment for the operating lease as lessee

As the lessee, the company's rent for operating leases is included in the relevant asset cost or current profit and loss on a straight-line basis over the lease term. The initial direct costs incurred are recognized in profit or loss for the current period; contingent rentals are recognized in profit or loss when incurred.

2. Accounting treatment for the operating lease as lessor

Rental income from operating leases is recognized as profit or loss for the current period using the straight-line method for each period of the lease period. The initial direct expenses with a larger amount are capitalized when incurred, and are included in the current profit and loss in installments on the same basis as the confirmed rental income throughout the lease period; other initial direct expenses with a smaller amount are included in the current profit and loss when incurred. Contingent rent is included in the current profit and loss when it actually occurs.

3. Accounting treatment for the financial lease as lessee

As the lessee, the company will use the lower of the fair value of the leased asset and the present value of the minimum lease payment on the lease beginning date as the book value of the leased asset. The minimum lease payments are recorded as the long-term payables, and the difference is treated as unrecognized financing expenses. In the process of lease negotiation and signing of the lease contract, the initial direct costs attributable to the lease item are included in the value of the leased asset. The balance of the minimum lease payment after deducting unrecognized financing expenses is listed as long-term liabilities and long-term liabilities due within one year.

The unrecognized financing expenses are apportioned during each period of the lease term, and the real interest rate method is used to calculate the current financing expenses. Contingent rentals are recognized in current profit or loss when they actually incurred.

4. Accounting treatment for the financial lease as lessor

As the lessor, the company will use the sum of the minimum lease receivable amount and the initial direct cost on the start date of the lease as the entry value of the financial lease receivables, and record the unguaranteed residual value. The difference between the sum of the minimum lease receipt amount, initial direct charge and unguaranteed residual value and its present value is recognized as unrealized financing income. The balance of financing lease receivables after deducting unrealized financing income is listed as long-term claims and long-term claims due within one year.

The unrealized financing income is allocated in each period of the lease term. The current financing income is calculated by the actual interest rate method. Contingent rentals are recognized in current profit or loss when they actually incurred.

28. Category held for sale

The Company classifies the asset as category held for sale whose book value shall be recovered through the sale (including the exchange of non-monetary assets with commercial substance, the same below) rather than the continuous use of a non-current asset or disposal group. If a non-current asset or disposal group is classified as category held for sale, it shall meet the conditions as follows simultaneously: according to the practice of selling such assets or disposal groups in similar transactions, it can be sold immediately under current conditions; the Company has already resolved a sale plan and obtained a certain purchase commitment, which is expected to be completed within one year. A disposal group is a group of assets that are disposed of as a whole through sale or other means in a transaction, and the liabilities that are directly related to those assets transferred in the transaction. If the asset group or asset group to which the disposal group belongs is allocated to the goodwill acquired in the business combination in accordance with the Accounting Standards for Business Enterprises No. 8 - Asset Impairment, the disposal group shall include the goodwill allocated to the disposal group.

For the non-current assets and disposal groups classified as held for sale, the Company initially measures or re-measures the value according to the lower of the book value or the net value of fair value less costs of disposal. If the net amount of the fair value less the disposal expenses is lower than the original book value, the difference is recognized as the asset impairment loss included in the current profit and loss, and the provision for impairment of assets held for sale shall be made. For the amount of impairment loss of assets recognized by the disposal group held for sale, the book value of the goodwill in the disposal group shall be deducted firstly, and then the book value of each non-current asset applicable for the "Accounting Standards for Business Enterprises No. 42-Non-current Assets Held for Sale, Disposal Groups, and Termination of Business" (hereinafter referred to as the "Government Standards Held for Sale") in the disposal group shall be deducted proportionally. If the net amount of the fair value of the non-current assets held for sale less expenses is increased on balance sheet date, the previously written down amount shall be recovered. And the asset impairment loss recognized after being classified as held for sale shall be reversed and the amount of the reversal shall be included in the current profit and loss. And the Company increases the book value in proportion of each non-current asset that is subject to the measurement requirements of the holding for sale standard except for goodwill in the disposal group. The deducted book value of the goodwill and the asset impairment losses recognized before the classification of non-current assets held for sale shall not be reversed.

Non-current assets held for sale or non-current assets in the disposal group are not depreciated or amortized, and interest and other expenses of liabilities in the disposal group held for sale continue to be recognized.

When a non-current asset or disposal group no longer continues to be classified as held for sale or if it is removed from a disposal group held for sale because that it no longer meets the conditions for holding the category for sale, the

Company shall measure it at the lower of the following amount: ① the amount of book value before being classified to held for sale, adjusted according to the depreciation, amortization or impairment that should be confirmed if it is not classified as held for sale; ② the amount recovered.

29. Measurement of fair value

Fair value is the price that would be received for selling an asset or transferring a liability in an orderly transaction between market participants at the measurement date. The fair value measured and / or disclosed in this financial statement is determined on this basis whether the fair value is observable or estimated using valuation techniques.

1. Assets and liabilities measured by fair value

The Company's assets measured at fair value at the end of this year mainly include trust shares, fund products and subordinated bonds, and there are no liabilities measured at fair value.

2. Valuation techniques

The Company uses valuation techniques that are applicable in the current circumstances and that can be supported by sufficient data and other information. The valuation techniques used mainly include market approach, income approach and cost approach. The Company uses one or more of the valuation techniques consistent to measure the fair value, fully considers the reasonableness of each valuation result, and selects the amount that best represents the fair value in the current situation as the fair value.

The fair value measurement is divided into three levels based on the observability of the input value and the importance of the input value to the fair value measurement as a whole:

The input value of the first level is the unadjusted quotation of the same asset or liability that can be obtained on the measurement date in an active market. An active market refers to a market in which the transaction volume and transaction frequency of related assets or liabilities are sufficient to continuously provide pricing information. The second level input value is the input value of the related assets or liabilities that is directly or indirectly observable except the first level input value, which includes: ① Quotes for similar assets or liabilities in active markets. ② Quotes of the same or similar assets or liabilities in inactive markets. ③ Other observable input values except quotation, including observable interest rate, yield curve, implied volatility, credit spread, etc. during the normal quotation interval. ④ The input value of market verification. The third level input value is the unobservable input value. The Company uses the third level of input only when there is no market activity in the relevant assets or liabilities or when market activities rarely result in the observable input value being unavailable or impractical.

When the company measures assets and liabilities at fair value, it uses the first level input value first, the second level input value second, and the third level input value last.

3. Accounting treatment methods

For the accounting treatment problems like measuring the relevant assets or liabilities at fair value, and the changes in fair value being included in the current period 's profit or loss or other comprehensive income, they are regulated by other relevant accounting standards that require or allow the Company to use fair value for measurement or disclosure. And it can refer to other parts in Note IV.

30. Asset securitization business

In applying the accounting policy for securitized financial assets, the Company has considered the degree of risk and reward of assets transferred to other entities, and the extent to which the Company exercises control over the entity:

When the Company has transferred almost all the risks and rewards of ownership of the financial asset, the Company will terminate the recognition of the financial asset. When the Company retains almost all the risks and rewards of ownership of the financial asset, the Company continues to confirm the financial asset. If the Company does not transfer or retain almost all the risks and rewards of ownership of the financial asset, the Company considers whether there is control over the financial asset. If the Company does not retain control, the Company terminates the recognition of the financial asset and recognizes the rights and obligations generated or retained during the transfer as assets or liabilities respectively. If the company retains control, the financial assets are recognized based on the continued involvement of the financial assets.

For details of the asset securitization arrangements that the Company has established during the year and has not yet ended, please refer to Note XIII. (1) "Asset Securitization".

V Significant changes in accounting policies, accounting estimates and correction of errors in prior periods

1. Changes in accounting policies

Changes in accounting policies due to the implementation of the new revenue standard

The Ministry of Finance issued the "Accounting Standards for Business Enterprises No. 14-Revenue (2017 Revision)" (Caikuai [2017] No. 22) (hereinafter referred to as the "New Revenue Standards") on July 5, 2017. As approved by the 21st meeting of the 8th Board of Directors of AVIC Capital on April 20, 2020, the Company began to implement the aforementioned New Revenue Standards from January 1, 2020.

The New Revenue Standard establishes a new revenue recognition model for regulating revenue generated from contracts with clients. In order to implement the New Revenue Standards, the Company reassessed the recognition and measurement, accounting and presentation of main contract revenue.

The main changes and impacts of the implementation of the New Revenue Standards are as follows:

The Company changed the contractual consideration received from client in advance due to the transfer of goods from the item of "accounts received in advance" to the item of "contract liability".

① Impact on the financial statements on January 1, 2020

Item	31 December 2019		1 January 2020	
	Consolidated	Company	Consolidated	Company
Accounts received in advance	2,202,184.92	--	--	--
Contract liability	--	--	2,202,184.92	--

2. Changes in accounting estimates

During the reporting period, the Company did not have any changes in accounting estimates.

3. Significant correction for previous errors

During the reporting period, the Company did not have any important corrections for previous errors

VI TAXATION

1. Main Taxes and Tax Rate

Category of taxes	Tax basis	Tax rate (%)
Enterprise income tax	Taxable income	10, 12.5, 16.5, 20, 25
VAT	Taxable value added	3, 6, 9, 13
Urban maintenance and construction tax	Subject to turnover tax	1, 7
Educational surcharge	Subject to turnover tax	3

2. Notes of the taxpaying bodies with different enterprises income tax rate:

Name	Income tax rate (%)
Brilliant Cherish Limited	16.50

Name	Income tax rate (%)
Golden North Shipping Limited	16.50
Golden West Shipping Limited	16.50
One Star Shipping Limited	16.50
Changyihai Limited	16.50
Braving Wind Shipping Co., Limited	16.50
Multi-Creative Limited	16.50
Oriental Express Shipping Limited	16.50
Fanni Shipping Limited	16.50
Pan Pacific Shipping Limited	16.50
Crown Ample Limited	16.50
Soar Park Shipping Limited	16.50
Soar Rich Shipping Limited	16.50
Soar Bright Shipping Limited	16.50
Hope Well Shipping Limited	16.50
SOAR NORTH SHIPPING LIMITED	16.50
SOAR GAIN SHIPPING LIMITED	16.50
SOAR EAST SHIPPING LIMITED	16.50
Soar Vast Limited	16.50
Soar Rise Limited	16.50
Soar Great Limited	16.50
SOAR CHEER SHIPPING LIMITED	16.50
Big Ocean Shipping Limited	16.50
Sino Shine Shipping Co., Limited	16.50
Fine Ocean Shipping Limited	16.50
Fast King Shipping Limited	16.50
Golden Honest Shipping Limited	16.50
Goldway Shipping Limited	16.50
Million Star Corporation Limited	16.50
Flourish Shipping Co. Limited	16.50
Able Fantasy Limited	16.50
Ruihao Industry Limited	16.50
Good Trend Shipping Limited	16.50

Name	Income tax rate (%)
Easy Express Shipping Limited	16.50
Great Shipping Limited	16.50
Hongkong Koresyn Limited	16.50
Soar Harmony Shipping Limited	16.50
Sun Faith Shipping Limited	16.50
Yishengda International Co., Limited	16.50
Honest Pleasure Limited	16.50
Good Ocean Shipping Limited	16.50
China Aviation International Holding Co., Ltd	16.50
Cavic Aviation Leasing (Ireland) 21 Co., Limited	12.50
Cavic Aviation Leasing (Ireland) 18 Co., Limited	12.50
Cavic Aviation Leasing (Ireland) 22 Co., Designated Activity Company	12.50
Cavic Aviation Leasing (Ireland) 23 Co., Limited	12.50
Cavic 24 Designated Activity Company	12.50
Cavic 25 Designated Activity Company	12.50
Cavic Aviation Leasing (Ireland) 26 Co., Designated Activity Company	12.50
Cavic 27 Designated Activity Company	12.50
Cavic 28 Designated Activity Company	12.50
Cavic 29 Designated Activity Company	12.50
Cavic 30 Designated Activity Company	12.50
Cavic 33 Designated Activity Company	12.50
Cavic 35 Designated Activity Company	12.50
Cavic 36 Designated Activity Company	12.50
Cavic 37 Designated Activity Company	12.50
Cavic 38 Designated Activity Company	12.50
Cavic 16 Aviation Leasing(Ireland) Co., Limited	12.50
Cavic Aviation Leasing (Ireland) Co., Designated Activity Company	12.50
Cavic Aviation Leasing France 21 Sarl	12.50
Cavic Aviation Leasing(Ireland) 31 Co.Limited	12.50
Cavic 39 Designated Activity Company	12.50
CAVIC 17 DESIGNATED ACTIVITY COMPANY	12.50
CAVIC 20 DESIGNATED ACTIVITY COMPANY	12.50

Name	Income tax rate (%)
CAVIC 32 DESIGNATED ACTIVITY COMPANY	12.50
CAVIC 40 DESIGNATED ACTIVITY COMPANY	12.50
AVIC Lanbo Leasing (Shanghai) Co.,Ltd.	5.00
AVIC Lanzhou Leasing (Shanghai) Co.,Ltd.	5.00
AVIC Lanhai Leasing (Shanghai) Co.,Ltd.	15.00
AVIC Lanhao Leasing (Shanghai) Co.,Ltd.	5.00
Lanjing Leasing (Tianjin) Co., Ltd.	5.00
Lanwan Leasing (Tianjin) Co., Ltd.	5.00
Lanzhao Leasing (Tianjin) Co., Ltd.	5.00
AVIC Lanqiu Leasing (Tianjin) Co.,Ltd.	5.00, 10.00
AVIC Lantuo Leasing (Tianjin) Co., Ltd.	5.00, 10.00
AVIC Lanshuihao Leasing (Tianjin) Co., Ltd.	5.00, 10.00
AVIC Lanying Leasing (Tianjin) Co., Ltd.	5.00, 10.00
Lanle Leasing (Haikou) Co., Ltd.	15.00
Lanqiong Leasing (Haikou) Co., Ltd.	15.00
Landing Leasing (Haikou) Co., Ltd.	15.00
Lanke Leasing (Haikou) Co., Ltd.	15.00
Landong Leasing (Haikou) Co., Ltd.	15.00
Lanye Leasing (Haikou) Co., Ltd.	15.00
Lanming Leasing (Haikou) Co., Ltd.	15.00
Lanmeng Leasing (Haikou) Co., Ltd.	15.00
Lanbai Leasing (Haikou) Co., Ltd.	15.00
Lanlei Leasing (Haikou) Co., Ltd.	15.00
Avicil Aquarius Limited	0.00
Avicil Capricorn Limited	0.00
Avicil Libra Limited	0.00
Avicil Pisces Limited	0.00
Avicil Scorpio Limited	0.00
Great Apollo Limited	0.00
Great Cheer Limited	0.00
Great Chemical Tankers 5 Limited	0.00
Great Chemical Tankers 6 Limited	0.00

Name	Income tax rate (%)
Great East Limited	0.00
Great Energy Limited	0.00
Great Epsilon Limited	0.00
Great Honor Limited	0.00
Great Hope Limited	0.00
Great Kappa Limited	0.00
Great Lamda Limited	0.00
Great Navigation Limited	0.00
Great Spirit Limited	0.00
Great Thita Limited	0.00
Great Kavala Limited	0.00
Great Paros Limited	0.00
Great Syros Limited	0.00
Great Skiathos Limited	0.00
Great Sifnos Limited	0.00
Great Folegandros Limited	0.00
Great Serifos Limited	0.00
GLORY ARYA Limited	0.00
GLORY SNOW Limited	0.00
Star Bravo shipping limited	0.00
Star Antares shipping limited	0.00
Star Leo shipping limited	0.00
Star Lyra shipping limited	0.00
Star Maia shipping limited	0.00
Star Hydra shipping limited	0.00
Hanchen Limited	0.00
Hanshan Limited	0.00
One Star Atlantic Limited	16.50
One Star Cloud Limited	16.50
One Star Melbourne Limited	16.50
One Star MSC LIMITED	0.00
One Star Tokyo Limited	16.50

Name	Income tax rate (%)
Soar Triumph Limited	0.00
Soar Trophy Limited	0.00
Hailan Limited	0.00
Hanri Limited	0.00
Hanxing Limited	0.00
Hanyue Limited	0.00
Hanjiang Limited	0.00
Hanhe Limited	0.00
Hanhu Limited	0.00
Hanhai Limited	0.00
GOOD HONOR SHIPPING LIMITED	0.00
Great Intuition Limited	0.00
Great Invention Limited	0.00
Great Catalina Limited	0.00
Great Monica Limited	0.00
Great Mercury Limited	0.00
Great Antipsara Limited	0.00
Great Kithira Limited	0.00
Great Thasos Limited	0.00
Hanyu 1 Limited	0.00
Hanyu 2 Limited	0.00
Hanyu 3 Limited	0.00
Hanyu 4 Limited	0.00
Hanyu 5 Limited	0.00
Hanyu 6 Limited	0.00
CAVIC 34 DESIGNATED ACTIVITY COMPANY	12.5
CAVIC 41 DESIGNATED ACTIVITY COMPANY	12.5
CAVIC 42 DESIGNATED ACTIVITY COMPANY	12.5
CAVIC 43 DESIGNATED ACTIVITY COMPANY	12.5
CAVIC 45 DESIGNATED ACTIVITY COMPANY	12.5
CAVIC 48 DESIGNATED ACTIVITY COMPANY	12.5
Great Beryl Limited	0.00

Name	Income tax rate (%)
Soar Nice Limited	0.00
Noble Celsius Shipping Limited	0.00
Hanzhou 1 Limited	0.00
Hanzhou 2 Limited	0.00
JADE 2020 Limited	0.00
GREAT SKYROS LIMITED	0.00
GREAT RHODES LIMITED	0.00
GREAT CRETE LIMITED	0.00
GREAT RHEA LIMITED	0.00
Cool Bear Shipping Limited	0.00
Cool Lan Shipping Limited	0.00
CAVIC 49 DESIGNATED ACTIVITY COMPANY	12.50
CAVIC 46 DESIGNATED ACTIVITY COMPANY	12.50
GEM 2020 Limited	0.00
CAVIC 50 DESIGNATED ACTIVITY COMPANY	12.50
CAVIC 53 DESIGNATED ACTIVITY COMPANY	12.50
CAVIC 57 DESIGNATED ACTIVITY COMPANY	12.50
Glory Singapore Limited	0.00
Glory Hongkong Limited	0.00
Glory Sydney Limited	0.00
Psychic Award Shipping Limited	0.00
Psychic Trophy Shipping Limited	0.00
Psychic Triumph Shipping Limited	0.00

VII BUSINESS COMBINATION AND FINANCIAL STATEMENT CONSOLIDATION

1. Basic information of subsidiaries in the consolidation for this period

No.	Name of subsidiaries	Level	Type (Note 1)	Registered place	Place of principal business	Business nature
1	Shanghai Yuanhang Machinery & Electronic Co., Ltd.	2	1	Shanghai	Shanghai	Electromechanical products trade
2	AVIC Lanjing Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
3	AVIC Lanjun Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
4	AVIC Lanwan Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing

No.	Name of subsidiaries	Level	Type	Registered place	Place of principal business	Business nature
			(Note 1)			
5	AVIC Lanao Leasing (Tianjin) Co. Ltd	2	1	Tianjin	Shanghai	Leasing
6	AVIC Lanfeng Leasing (Tianjin) Co.,Ltd.	2	1	Tianjin	Shanghai	Leasing
7	AVIC Lanhui Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
8	China Aviation International Holding Co.,Ltd	2	3	British Virgin Islands	Shanghai	Leasing
9	CAVIC Aviation Leasing (Ireland) Co., Designated Activity Company	2	3	Ireland	Shanghai	Leasing
10	Lantai Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
11	AVIC Lanan Leasing (Tianjin) Co.,Ltd.	2	1	Tianjin	Shanghai	Leasing
12	AVIC Langang Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
13	AVIC Lanqi Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
14	AVIC Lanzhu Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
15	AVIC Lanhong Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
16	Lansai Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
17	AVIC Lanzhou Leasing (Shanghai) Co., Ltd.	2	1	Shanghai	Shanghai	Leasing
18	AVIC Lanbo Leasing (Shanghai) Co., Ltd.	2	1	Shanghai	Shanghai	Leasing
19	AVIC Lanxu Leasing (Shanghai) Co., Ltd.	2	1	Shanghai	Shanghai	Leasing
20	AVIC Lanhai Leasing (Shanghai) Co., Ltd.	2	1	Shanghai	Shanghai	Leasing
21	AVIC Lanhao Leasing (Shanghai) Co., Ltd.	2	1	Shanghai	Shanghai	Leasing
22	AVIC Lanliang Leasing (Shanghai) Co., Ltd.	2	1	Shanghai	Shanghai	Leasing
23	Lanchuan Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
24	AVIC Lanyun Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
25	AVIC Lanlin Leasing (Tianjin) Co., Ltd	2	1	Tianjin	Shanghai	Leasing
26	AVIC Lanwen Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
27	AVIC Lanzhong Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
28	AVIC Lanyuan Leasing(Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
29	Lanshuo Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
30	AVIC Lanxia Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
31	AVIC Lanjiang Leasing (Tianjin)	2	1	Tianjin	Shanghai	Leasing

No.	Name of subsidiaries	Level	Type	Registered place	Place of principal business	Business nature
			(Note 1)			
	Co., Ltd.					
32	AVIC Lanheng Leasing(Tianjin) Co.,Ltd.	2	1	Tianjin	Shanghai	Leasing
33	AVIC Lanzhao Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
34	AVIC Lanfei Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
35	AVIC Lanfu Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
36	AVIC Lantu Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
37	AVIC Lankai Leasing (Tianjin) Company Limited.	2	1	Tianjin	Shanghai	Leasing
38	AVIC Lanrui Leasing(Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
39	AVIC Lantuo Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
40	AVIC Lanqin Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
41	AVIC Lanbei Leasing(Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
42	AVIC Lanhua Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
43	AVIC Lanqiu Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
44	Shanghai Hangrong Real Estate Co., Ltd.	2	1	Shanghai	Shanghai	Real estate development
45	Soar Vast Limited	3	3	Hong Kong	Shanghai	Leasing
46	CAVIC 16 Aviation Leasing (Ireland) Co., Limited	3	3	Ireland	Shanghai	Leasing
47	Soar Rise Limited	3	3	Hong Kong	Shanghai	Leasing
48	CAVIC Aviation Leasing (Ireland) 18 Co., Limited	3	3	Ireland	Shanghai	Leasing
49	CAVIC Aviation Leasing (Ireland) 21 Co., Limited	3	3	Ireland	Shanghai	Leasing
50	Soar Great Limited	3	3	Hong Kong	Shanghai	Leasing
51	Brilliant Cherish Limited	3	3	Hong Kong	Shanghai	Leasing
52	CAVIC Aviation Leasing (Ireland) 22 Co., Designated Activity Company	3	3	Ireland	Shanghai	Leasing
53	CAVIC Aviation Leasing (Ireland) 23 Co., Limited	3	3	Ireland	Shanghai	Leasing
54	CAVIC Aviation Leasing (Ireland) 26 Co., Designated Activity Company	3	3	Ireland	Shanghai	Leasing
55	CAVIC AVIATION LEASING(IRELAND) 31 COLIMITED	3	3	Ireland	Shanghai	Leasing
56	CAVIC 39 DESIGNATED ACTIVITY COMPANY	3	3	Ireland	Shanghai	Leasing
57	Golden Honest Shipping Limited	3	3	Hong Kong	Shanghai	Leasing

No.	Name of subsidiaries	Level	Type	Registered place	Place of principal business	Business nature
			(Note 1)			
58	Sun Faith Shipping Limited	3	3	Hong Kong	Shanghai	Leasing
59	Flourish Shipping Co. Limited	3	3	Hong Kong	Shanghai	Leasing
60	Sino Shine Shipping Co., Limited	3	3	Hong Kong	Shanghai	Leasing
61	Fanni Shipping Limited	3	3	Hong Kong	Shanghai	Leasing
62	Braving Wind Shipping Co., Limited	3	3	Hong Kong	Shanghai	Leasing
63	Crown Ample Limited	3	3	Hong Kong	Shanghai	Trading
64	Million Star Corporation Limited	3	3	Hong Kong	Shanghai	Leasing
65	Honest Pleasure Limited	3	3	Hong Kong	Shanghai	Leasing
66	Pan Pacific Shipping Limited	3	3	Hong Kong	Shanghai	Leasing
67	Multi-Creative Limited	3	3	Hong Kong	Shanghai	Leasing
68	Fast King Shipping Limited	3	3	Hong Kong	Shanghai	Leasing
69	Easy Express Shipping Limited	3	3	Hong Kong	Shanghai	Leasing
70	AVIC New Victor (Tianjin) Leasing Co., Ltd	4	1	Tianjin	Shanghai	Leasing
71	CAVIC Aviation Leasing France 21 Sarl	4	3	France	Shanghai	Leasing
72	Able Fantasy Limited	3	3	Hong Kong	Shanghai	Leasing
73	HongKong Koresyn Limited	3	3	Hong Kong	Shanghai	Leasing
74	Ruihao Industry Limited	3	3	Hong Kong	Shanghai	Leasing
75	Good Trend Shipping Limited	3	3	Hong Kong	Shanghai	Leasing
76	Great Shipping Limited	3	3	Hong Kong	Shanghai	Leasing
77	Goldway Shipping Limited	3	3	Hong Kong	Shanghai	Leasing
78	Good Ocean Shipping Limited	3	3	Hong Kong	Shanghai	Leasing
79	Yishengda International Co., Limited	3	3	Hong Kong	Shanghai	Leasing
80	Fine Ocean Shipping Limited	3	3	Hong Kong	Shanghai	Leasing
81	Changyihai Limited	3	3	Hong Kong	Shanghai	Leasing
82	Golden West Shipping Limited	3	3	Hong Kong	Shanghai	Leasing
83	Golden North Shipping Limited	3	3	Hong Kong	Shanghai	Leasing
84	One Star Shipping Limited	3	3	Hong Kong	Shanghai	Leasing
85	AVIC New Horizon Leasing (Shanghai) Co., Ltd	3	1	Shanghai	Shanghai	Leasing
86	Oriental Express Shipping Limited	3	3	Hong Kong	Shanghai	Leasing
87	Big Ocean Shipping Limited	3	3	Hong Kong	Shanghai	Leasing
88	CAVIC 24 Designated Activity Company	3	3	Ireland	Shanghai	Leasing

No.	Name of subsidiaries	Level	Type	Registered place	Place of principal business	Business nature
			(Note 1)			
89	CAVIC 25 Designated Activity Company	3	3	Ireland	Shanghai	Leasing
90	CAVIC 27 Designated Activity Company	3	3	Ireland	Shanghai	Leasing
91	Lanpeng No.1 Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
92	Landian No.1 Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
93	Lanshu No.1 Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
94	Lanyu No.1 Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
95	Lanyong Leasing (Tianjin) Co., Ltd	2	1	Tianjin	Shanghai	Leasing
96	Hanyue Limited	3	3	Marshall Islands	Shanghai	Leasing
97	Soar Harmony Shipping Limited	3	3	Hong Kong	Shanghai	Leasing
98	Hanxing Limited	3	3	Marshall Islands	Shanghai	Leasing
99	Soar Bright Shipping Limited	3	3	Hong Kong	Shanghai	Leasing
100	Soar Park Shipping Limited	3	3	Hong Kong	Shanghai	Leasing
101	Soar RICH SHIPPING LIMITED	3	3	Hong Kong	Shanghai	Leasing
102	Hope Well Shipping Limited	3	3	Hong Kong	Shanghai	Leasing
103	Hailan Limited	3	3	Marshall Islands	Shanghai	Leasing
104	Hanri Limited	3	3	Marshall Islands	Shanghai	Leasing
105	CAVIC 28 Designated Activity Company	3	3	Ireland	Shanghai	Leasing
106	CAVIC 29 Designated Activity Company	3	3	Ireland	Shanghai	Leasing
107	CAVIC 30 Designated Activity Company	3	3	Ireland	Shanghai	Leasing
108	CAVIC 33 Designated Activity Company	3	3	Ireland	Shanghai	Leasing
109	CAVIC 35 Designated Activity Company	3	3	Ireland	Shanghai	Leasing
110	CAVIC 36 Designated Activity Company	3	3	Ireland	Shanghai	Leasing
111	CAVIC 37 Designated Activity Company	3	3	Ireland	Shanghai	Leasing
112	CAVIC 38 Designated Activity Company	3	3	Ireland	Shanghai	Leasing
113	Soar Wise Limited	3	3	Cayman	Shanghai	Leasing
114	One Star Atlantic Limited	3	3	Marshall Islands	Shanghai	Leasing
115	One Star Melbourne Limited	3	3	Marshall Islands	Shanghai	Leasing
116	One Star Tokyo Limited	3	3	Marshall Islands	Shanghai	Leasing

No.	Name of subsidiaries	Level	Type	Registered place	Place of principal business	Business nature
			(Note 1)			
117	One Star Cloud Limited	3	3	Marshall Islands	Shanghai	Leasing
118	Soar Triumph Limited	3	3	Marshall Islands	Shanghai	Leasing
119	Soar Trophy Limited	3	3	Marshall Islands	Shanghai	Leasing
120	Great Navigation Limited	3	3	Marshall Islands	Shanghai	Leasing
121	Great Spirit Limited	3	3	Marshall Islands	Shanghai	Leasing
122	Great Energy Limited	3	3	Marshall Islands	Shanghai	Leasing
123	Great Apollo Limited	3	3	Marshall Islands	Shanghai	Leasing
124	One Star MSC Limited	3	3	Marshall Islands	Shanghai	Leasing
125	Hanchen Limited	3	3	Marshall Islands	Shanghai	Leasing
126	SOAR EAST SHIPPING LIMITED	3	3	Hong Kong	Shanghai	Leasing
127	SOAR GAIN SHIPPING LIMITED	3	3	Hong Kong	Shanghai	Leasing
128	SOAR NORTH SHIPPING LIMITED	3	3	Hong Kong	Shanghai	Leasing
129	SOAR CHEER SHIPPING LIMITED	3	3	Hong Kong	Shanghai	Leasing
130	Great Cheer Limited	3	3	Marshall Islands	Shanghai	Leasing
131	Great East Limited	3	3	Marshall Islands	Shanghai	Leasing
132	Avicil Pisces Limited	3	3	Marshall Islands	Shanghai	Leasing
133	Great Honor Limited	3	3	Marshall Islands	Shanghai	Leasing
134	Great Hope Limited	3	3	Marshall Islands	Shanghai	Leasing
135	Avicil Aquarius Limited	3	3	Marshall Islands	Shanghai	Leasing
136	Avicil Capricorn Limited	3	3	Marshall Islands	Shanghai	Leasing
137	Avicil Libra Limited	3	3	Marshall Islands	Shanghai	Leasing
138	Avicil Scorpio Limited	3	3	Marshall Islands	Shanghai	Leasing
139	Great Epsilon Limited	3	3	Marshall Islands	Shanghai	Leasing
140	Great Kappa Limited	3	3	Marshall Islands	Shanghai	Leasing
141	Great Lamda Limited	3	3	Marshall Islands	Shanghai	Leasing
142	Great Theta Limited	3	3	Marshall Islands	Shanghai	Leasing
143	Great Chemical Tankers 5	3	3	Marshall Islands	Shanghai	Leasing
144	Great Chemical Tankers 6	3	3	Marshall	Shanghai	Leasing

No.	Name of subsidiaries	Level	Type	Registered place	Place of principal business	Business nature
			(Note 1)			
				Islands		
145	Hanshan Limited	3	3	Marshall Islands	Shanghai	Leasing
146	Great Kavala	3	3	Marshall Islands	Shanghai	Leasing
147	Great Paros	3	3	Marshall Islands	Shanghai	Leasing
148	Great Syros	3	3	Marshall Islands	Shanghai	Leasing
149	Great Skiathos	3	3	Marshall Islands	Shanghai	Leasing
150	Great Sifnos	3	3	Marshall Islands	Shanghai	Leasing
151	Great Folegandros	3	3	Marshall Islands	Shanghai	Leasing
152	Great Serifos	3	3	Marshall Islands	Shanghai	Leasing
153	GLORY ARYA	3	3	Marshall Islands	Shanghai	Leasing
154	GLORY SNOW	3	3	Marshall Islands	Shanghai	Leasing
155	Star Bravo shipping limited	3	3	Marshall Islands	Shanghai	Leasing
156	Star Antares shipping limited	3	3	Marshall Islands	Shanghai	Leasing
157	Star Leo shipping limited	3	3	Marshall Islands	Shanghai	Leasing
158	Star Lyra shipping limited	3	3	Marshall Islands	Shanghai	Leasing
159	Star Maia shipping limited	3	3	Marshall Islands	Shanghai	Leasing
160	Star Hydra shipping limited	3	3	Marshall Islands	Shanghai	Leasing
161	Lanchu Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
162	Lancai Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
163	Lancong Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
164	New Land Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
165	Lanxuan Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
166	Lanzhou Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
167	Lanyue Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
168	Landi Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
169	Lanxi Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
170	Lanzhuo Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
171	Lanhong Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing

No.	Name of subsidiaries	Level	Type	Registered place	Place of principal business	Business nature
			(Note 1)			
172	Lanyu Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
173	Lansheng Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
174	Lanjun Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
175	Lanxin Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
176	Lanrui Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
177	Lanrong Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
178	Lanao Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
179	Lancheng Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
180	Lanjia Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
181	Lanxiang Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
182	Lanzhe Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
183	Lanyang Aircraft Leasing (Shanghai) Co. Ltd.	2	1	Shanghai	Shanghai	Leasing
184	Lanjie Aircraft Leasing (Shanghai) Co. Ltd.	2	1	Shanghai	Shanghai	Leasing
185	Lanjia Ship Leasing (Shanghai) Co. Ltd.	2	1	Shanghai	Shanghai	Leasing
186	Lanchen Equipment Leasing (Shanghai) Co. Ltd.	2	1	Shanghai	Shanghai	Leasing
187	Landao Equipment Leasing (Shanghai) Co. Ltd.	2	1	Shanghai	Shanghai	Leasing
188	Lanhuang Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
189	Lanri Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
190	Lanzhang Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
191	Lanying Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
192	Lansu Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
193	Lanlie Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
194	Lanzang Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
195	Lanshou Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
196	Lanwang Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
197	Lanlai Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
198	Lanhan Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
199	Lanlv Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing

No.	Name of subsidiaries	Level	Type	Registered place	Place of principal business	Business nature
			(Note 1)			
200	Landiao Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
201	Lanteng Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
202	Lanzhi Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
203	Lanjie Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
204	Lanli Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
205	Landa Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
206	Languang Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
207	Languo Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
208	Lanhao Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
209	Lanhe Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
210	Lanjian Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
211	Lanju Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
212	Lankun Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
213	Lanlong Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
214	Lanshui Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
215	Lanzhen Leasing (Tianjin) Co., Ltd.	3	1	Tianjin	Shanghai	Leasing
216	Landian No.2 Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
217	Lanyan Leasing (Guangzhou) Co., Ltd.	2	1	Guangzhou	Shanghai	Leasing
218	Lanfa Ship Leasing (Shanghai) Co., Ltd.	2	1	Shanghai	Shanghai	Leasing
219	Lanxiao Ship Leasing (Shanghai) Co., Ltd.	2	1	Shanghai	Shanghai	Leasing
220	CAVIC 17 DESIGNATED ACTIVITY COMPANY	3	3	Ireland	Shanghai	Leasing
221	CAVIC 20 DESIGNATED ACTIVITY COMPANY	3	3	Ireland	Shanghai	Leasing
222	CAVIC 32 DESIGNATED ACTIVITY COMPANY	3	3	Ireland	Shanghai	Leasing
223	CAVIC 40 DESIGNATED ACTIVITY COMPANY	3	3	Ireland	Shanghai	Leasing
224	Hanjiang Limited	3	3	Marshall Islands	Shanghai	Leasing
225	Hanhe Limited	3	3	Marshall Islands	Shanghai	Leasing
226	Hanhu Limited	3	3	Marshall Islands	Shanghai	Leasing
227	Hanghai Limited	3	3	Marshall Islands	Shanghai	Leasing

No.	Name of subsidiaries	Level	Type	Registered place	Place of principal business	Business nature
			(Note 1)			
228	Great Intuition Limited	3	3	Marshall Islands	Shanghai	Leasing
229	Great Invention Limited	3	3	Marshall Islands	Shanghai	Leasing
230	Great Catalina Limited	3	3	Marshall Islands	Shanghai	Leasing
231	Great Monica Limited	3	3	Marshall Islands	Shanghai	Leasing
232	Great Mercury Limited	3	3	Marshall Islands	Shanghai	Leasing
233	Great Antipsara Limited	3	3	Marshall Islands	Shanghai	Leasing
234	Great Kithira Limited	3	3	Marshall Islands	Shanghai	Leasing
235	Great Thasos Limited	3	3	Marshall Islands	Shanghai	Leasing
236	Hanyu 1 Limited	3	3	Marshall Islands	Shanghai	Leasing
237	Hanyu 2 Limited	3	3	Marshall Islands	Shanghai	Leasing
238	Hanyu 3 Limited	3	3	Marshall Islands	Shanghai	Leasing
239	Hanyu 4 Limited	3	3	Marshall Islands	Shanghai	Leasing
240	Hanyu 5 Limited	3	3	Marshall Islands	Shanghai	Leasing
241	Hanyu 6 Limited	3	3	Marshall Islands	Shanghai	Leasing
242	GOOD HONOR SHIPPING LIMITED	3	3	Marshall Islands	Shanghai	Leasing
243	CAVIC 34 DESIGNATED ACTIVITY COMPANY	3	3	Ireland	Shanghai	Leasing
244	CAVIC 41 DESIGNATED ACTIVITY COMPANY	3	3	Ireland	Shanghai	Leasing
245	CAVIC 42 DESIGNATED ACTIVITY COMPANY	3	3	Ireland	Shanghai	Leasing
246	CAVIC 43 DESIGNATED ACTIVITY COMPANY	3	3	Ireland	Shanghai	Leasing
247	CAVIC 45 DESIGNATED ACTIVITY COMPANY	3	3	Ireland	Shanghai	Leasing
248	CAVIC 48 DESIGNATED ACTIVITY COMPANY	3	3	Ireland	Shanghai	Leasing
249	Soar Nice Limited	3	3	Marshall Islands	Shanghai	Leasing
250	Noble Celsius Shipping Limited	3	3	Marshall Islands	Shanghai	Leasing
251	Hanzhou 1 Limited	3	3	Marshall Islands	Shanghai	Leasing
252	Hanzhou 2 Limited	3	3	Marshall Islands	Shanghai	Leasing
253	JADE 2020 Limited	3	3	Marshall Islands	Shanghai	Leasing
254	GREAT SKYROS LIMITED	3	3	Marshall Islands	Shanghai	Leasing
255	GREAT RHODES LIMITED	3	3	Marshall Islands	Shanghai	Leasing

No.	Name of subsidiaries	Level	Type	Registered place	Place of principal business	Business nature
			(Note 1)			
				Islands		
256	GREAT CRETE LIMITED	3	3	Marshall Islands	Shanghai	Leasing
257	GREAT RHEA LIMITED	3	3	Marshall Islands	Shanghai	Leasing
258	Cool Bear Shipping Limited	3	3	Marshall Islands	Shanghai	Leasing
259	Cool Lan Shipping Limited	3	3	Marshall Islands	Shanghai	Leasing
260	Great Beryl Limited	3	3	Marshall Islands	Shanghai	Leasing
261	CAVIC 49 DESIGNATED ACTIVITY COMPANY	3	3	Ireland	Shanghai	Leasing
262	CAVIC 46 DESIGNATED ACTIVITY COMPANY	3	3	Ireland	Shanghai	Leasing
263	GEM 2020 Limited	3	3	Marshall Islands	Shanghai	Leasing
264	Lanxiu Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
265	Lanmin Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
266	LanLu Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
267	Lanyi Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
268	Lanbin Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
269	Langui Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
270	Landuo Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
271	Lanping Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
272	Lande Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
273	Lanai Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
274	Lanqian Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
275	Lanshuai Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
276	Lantang Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
277	Lanyou Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
278	Landan Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
279	Laner Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
280	Lantao Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
281	Lanwei Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing

No.	Name of subsidiaries	Level	Type	Registered place	Place of principal business	Business nature
			(Note 1)			
282	Lanya Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
283	Lanren Leasing (Tianjin) Co., Ltd.	2	1	Tianjin	Shanghai	Leasing
284	Lanqiong Leasing (Haikou) Co., Ltd.	2	1	Haikou	Shanghai	Leasing
285	Landing Leasing (Haikou) Co., Ltd.	2	1	Haikou	Shanghai	Leasing
286	Lanke Leasing (Haikou) Co., Ltd.	2	1	Haikou	Shanghai	Leasing
287	Landong Leasing (Haikou) Co., Ltd.	2	1	Haikou	Shanghai	Leasing
288	Lanye Leasing (Haikou) Co., Ltd.	2	1	Haikou	Shanghai	Leasing
289	Lanming Leasing (Haikou) Co., Ltd.	2	1	Haikou	Shanghai	Leasing
290	Lanmeng Leasing (Haikou) Co., Ltd.	2	1	Haikou	Shanghai	Leasing
291	Lanbai Leasing (Haikou) Co., Ltd.	2	1	Haikou	Shanghai	Leasing
292	Lanle Leasing (Haikou) Co., Ltd.	2	1	Haikou	Shanghai	Leasing
293	Lanlei Leasing (Haikou) Co., Ltd.	2	1	Haikou	Shanghai	Leasing
294	Landu Aircraft Leasing (Chengdu) Co., Ltd.	2	1	Chengdu	Shanghai	Leasing
295	Lanzi Aircraft Leasing (Chengdu) Co., Ltd.	2	1	Chengdu	Shanghai	Leasing
296	CAVIC 50 DESIGNATED ACTIVITY COMPANY	3	3	Ireland	Shanghai	Leasing
297	CAVIC 53 DESIGNATED ACTIVITY COMPANY	3	3	Ireland	Shanghai	Leasing
298	CAVIC 57 DESIGNATED ACTIVITY COMPANY	3	3	Ireland	Shanghai	Leasing
299	Glory Singapore Limited	3	3	Marshall Islands	Shanghai	Leasing
300	Glory Hongkong Limited	3	3	Marshall Islands	Shanghai	Leasing
301	Glory Sydney Limited	3	3	Marshall Islands	Shanghai	Leasing
302	Psychic Award Shipping Limited	3	3	Marshall Islands	Shanghai	Leasing
303	Psychic Trophy Shipping Limited	3	3	Marshall Islands	Shanghai	Leasing
304	Psychic Triumph Shipping Limited	3	3	Marshall Islands	Shanghai	Leasing

(Continued)

No.	Name of subsidiaries	Paid-in Capital	Shareholding percentage(%)	Voting right(%)	Investment amount	Acquisition Method (Note 2)
1	Shanghai Yuanhang Machinery & Electronic Co., Ltd.	20,000,000.00	100	100	20,000,000.00	1

No.	Name of subsidiaries	Paid-in Capital	Shareholding percentage(%)	Voting right(%)	Investment amount	Acquisition Method (Note 2)
2	AVIC Lanjing Leasing (Tianjin) Co., Ltd.	1,000,000.00	100	100	1,000,000.00	1
3	AVIC Lanjun Leasing (Tianjin) Co., Ltd.	1,000,000.00	100	100	1,000,000.00	1
4	AVIC Lanwan Leasing (Tianjin) Co., Ltd.	1,000,000.00	100	100	1,000,000.00	1
5	AVIC Lnao Leasing (Tianjin) Co., Ltd.	1,000,000.00	100	100	1,000,000.00	1
6	AVIC Lanfeng Leasing (Tianjin) Co., Ltd.	1,000,000.00	100	100	1,000,000.00	1
7	AVIC Lanhui Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
8	China Aviation International Co., Ltd. Holding	--	100	100	--	1
9	CAVIC Aviation Leasing (Ireland) Co., Designated Activity Company	402,238,321.00	100	100	402,238,321.00	1
10	Lantai Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
11	AVIC Lanan Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
12	AVIC Langang Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
13	AVIC Lanqi Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
14	AVIC Lanzhu Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
15	AVIC Lanhong Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
16	Lansai Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
17	AVIC Lanzhou Leasing (Shanghai) Co., Ltd.	30,000.00	100	100	30,000.00	1
18	AVIC Lanbo Leasing (Shanghai) Co., Ltd.	30,000.00	100	100	30,000.00	1
19	AVIC Lanxu Leasing (Shanghai) Co., Ltd.	30,000.00	100	100	30,000.00	1
20	AVIC Lanhai Leasing (Shanghai) Co., Ltd.	30,000.00	100	100	30,000.00	1
21	AVIC Lanhao Leasing (Shanghai) Co., Ltd.	30,000.00	100	100	30,000.00	1
22	AVIC Lanliang Leasing (Shanghai) Co., Ltd.	30,000.00	100	100	30,000.00	1
23	Lanchuan Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
24	AVIC Lanyun Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
25	AVIC Lanlin Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
26	AVIC Lanwen Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
27	AVIC Lanzhong Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
28	AVIC Lanyuan Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1

No.	Name of subsidiaries	Paid-in Capital	Shareholding percentage(%)	Voting right(%)	Investment amount	Acquisition Method (Note 2)
29	Lanshuo Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
30	AVIC Lanxia Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
31	AVIC Lanjiang Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
32	AVIC Lanheng Leasing(Tianjin) Co.,Ltd.	100,000.00	100	100	100,000.00	1
33	AVIC Lanzhao Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
34	AVIC Lanfei Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
35	AVIC Lanfu Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
36	AVIC Lantu Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
37	AVIC Lankai Leasing (Tianjin) Company Limited.	100,000.00	100	100	100,000.00	1
38	AVIC Lanrui Leasing(Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
39	AVIC Lantuo Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
40	AVIC Lanqin Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
41	AVIC Lanbei Leasing(Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
42	AVIC Lanhua Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
43	AVIC Lanqiu Leasing (Tianjin) Co., Ltd.	100,000.00	100	100	100,000.00	1
44	Shanghai Hangrong Real Estate Co., Ltd.	500,000,000.00	100	100	500,000,000.00	1
45	Soar Vast Limited	--	100	100	--	1
46	CAVIC 16 Aviation Leasing (Ireland) Co., Limited	--	100	100	--	1
47	Soar Rise Limited	--	100	100	--	1
48	CAVIC Aviation Leasing (Ireland) 18 Co., Limited	--	100	100	--	1
49	CAVIC Aviation Leasing (Ireland) 21 Co., Limited	--	100	100	--	1
50	Soar Great Limited	--	100	100	--	1
51	Brilliant Cherish Limited	--	100	100	--	1
52	CAVIC Aviation Leasing (Ireland) 22 Co., Designated Activity Company	--	100	100	--	1
53	CAVIC Aviation Leasing (Ireland) 23 Co., Limited	--	100	100	--	1
54	CAVIC Aviation Leasing (Ireland) 26 Co., Designated Activity Company	--	100	100	--	1

No.	Name of subsidiaries	Paid-in Capital	Shareholding percentage(%)	Voting right(%)	Investment amount	Acquisition Method (Note 2)
55	CAVIC AVIATION LEASING(IRELAND) 31 CO.LIMITED	--	100	100	--	1
56	CAVIC 39 DESIGNATED ACTIVITY COMPANY	--	100	100	--	1
57	Golden Honest Shipping Limited	--	100	100	--	1
58	Sun Faith Shipping Limited	--	100	100	--	1
59	Flourish Shipping Co. Limited	--	100	100	--	1
60	Sino Shine Shipping Co., Limited	--	100	100	--	1
61	Fanni Shipping Limited	--	100	100	--	1
62	Braving Wind Shipping Co., Limited	--	100	100	--	1
63	Crown Ample Limited	--	100	100	--	1
64	Million Star Corporation Limited	--	100	100	--	1
65	Honest Pleasure Limited	--	100	100	--	1
66	Pan Pacific Shipping Limited	--	100	100	--	1
67	Multi-Creative Limited	--	100	100	--	1
68	Fast King Shipping Limited	--	100	100	--	1
69	Easy Express Shipping Limited	--	100	100	--	1
70	AVIC New Victor (Tianjin) Leasing Co., Ltd	61,433,500.00	100	100	61,433,500.00	1
71	CAVIC Aviation Leasing France 21 Sarl	8.40	100	100	8.40	1
72	Able Fantasy Limited	--	100	100	--	1
73	HongKong Koresyn Limited	--	100	100	--	1
74	Ruihao Industry Limited	--	100	100	--	1
75	Good Trend Shipping Limited	--	100	100	--	1
76	Great Shipping Limited	--	100	100	--	1
77	Goldway Shipping Limited	--	100	100	--	1
78	Good Ocean Shipping Limited	--	100	100	--	1
79	Yishengda International Co., Limited	--	100	100	--	1
80	Fine Ocean Shipping Limited	--	100	100	--	1
81	Changyihai Limited	--	100	100	--	1
82	Golden West Shipping Limited	--	100	100	--	1
83	Golden North Shipping Limited	--	100	100	--	1