

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES OR TO ANY U.S. PERSON

IMPORTANT: You must read the following before continuing. The following disclaimer applies to the offering circular (the “Offering Circular”) following this page, and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Issuer (as defined in the Offering Circular) as a result of such access. In order to be eligible to view the attached Offering Circular or make an investment decision with respect to the securities, investors must be outside the United States.

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

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including certain Managers, are “capital market intermediaries” (“CMIs”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “SFC Code”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (“OCs”) for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer and/or the Company, a CMI or its group companies would be considered under the SFC Code as having an association (“Association”) with the Issuer, the Company, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Company or any CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Manager or its group company has more than 50 per cent. interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with any Manager, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the relevant Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Company, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

Confirmation of your Representation:

In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must be purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. By accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to have represented to the Managers (as defined in the Offering Circular), the Issuer (as defined in the Offering Circular) and the Company (as defined in the Offering Circular) (1) that you are not a U.S. person, (2) that you and any customers you represent are not, and that the electronic mail address that you gave the Issuer and to which this e-mail has been delivered is not, located in the United States and (3) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person.

The materials relating to any offering of securities described in the Offering Circular do not constitute, and may not be used in connection with, an offer or solicitation by or on behalf of any of the Issuer or the Managers in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Managers or any affiliate of the Managers are licensed brokers or dealers in that jurisdiction, the offering shall be deemed to be made by the Managers or such affiliate on behalf of the Issuer in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Managers or any person who controls the Managers nor any director, officer, employee nor agent of the Managers or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Managers.

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

The Offering Circular is being furnished in connection with an offering in offshore transactions outside the United States and to, or for the account or benefit of, non-U.S. persons in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the Offering Circular.

Actions that you may not take: If you receive this notice by e-mail, you should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

STRICTLY CONFIDENTIAL

BOCOM LEASING MANAGEMENT HONG KONG COMPANY LIMITED
(交銀租賃管理香港有限公司)
(incorporated with limited liability in Hong Kong)

with the benefit of a Keepwell and Asset Purchase Deed provided by



BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.
(a company incorporated in the People's Republic of China with limited liability)

CNY2,400,000,000 2.9 per cent. Bonds due 2025

Issue Price: 100.0 per cent.

The CNY2,400,000,000 2.9 per cent. bonds due 2025 (the “**Bonds**”) will be issued by Bocom Leasing Management Hong Kong Company Limited (交銀租賃管理香港有限公司) (the “**Issuer**”), a company incorporated in Hong Kong with limited liability. The Issuer and Bank of Communications Financial Leasing Co., Ltd. (交銀金融租賃有限責任公司) (the “**Company**”) and, together with its subsidiaries, the “**Group**”) entered into a Keepwell and Asset Purchase Deed on 15 December 2022 (the “**Keepwell and Asset Purchase Deed**”) as further described in “*Description of the Bonds*”, and may not give rise to a debt claim in the event of any insolvency proceedings in relation to the Company.

The Bonds will be constituted by and have the benefit of, a Deed of Covenant (as amended and/or supplemented from time to time, the “**Deed of Covenant**”) dated 15 December 2022 (the “**Issue Date**”) executed by the Issuer relating to the Bonds. The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 2.9 per cent. per annum, payable in arrear on 15 December in each year (each an “**Interest Payment Date**”) commencing on 15 December 2023. Payments on the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Hong Kong or any political subdivision or any authority therein or thereof having power to tax to the extent described under “*Terms and Conditions of the Bonds – Taxation*”.

Neither the Ministry of Finance (“**MOF**”) nor any other PRC governmental entity has any payment or other obligations under the Bonds, the Deed of Covenant or the Keepwell and Asset Purchase Deed in lieu of the Issuer or the Company, and will not provide a guarantee of any kind for the Bonds. The Bondholders (as defined below) shall have no recourse to the MOF nor any other PRC governmental entity in respect of any obligation arising out of or in connection with the Bonds or the Deed of Covenant. The Bonds are solely to be repaid by the Issuer and the obligations of the Issuer under the Bonds or the Deed of Covenant shall solely be fulfilled by the Issuer as an independent legal person.

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) (*Negative Pledge*) of the terms and conditions of the Bonds (the “**Terms and Conditions**”)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the “**NDRC Circular**”) issued by the National Development and Reform Commission of the PRC (“**NDRC**”) on 14 September 2015 which came into effect on the same day, the Issuer is relying on the annual foreign debt issuance quota granted by the NDRC to Bank of Communications Co., Ltd. pursuant to the NDRC Circular (the “**NDRC quota**”) and that the issuance of the Bonds will be within the NDRC quota. The Company shall within the prescribed timeframe as stipulated in the Certificate file or cause to be filed with the NDRC the requisite information and documents within the prescribed time frame after the Issue Date in accordance with the NDRC Circular.

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 15 December 2025 (the “**Maturity Date**”). At any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders (as defined below) (which notice shall be irrevocable), the Issuer may redeem the Bonds in whole, but not in part, at their principal amount, together with any interest accrued to the date fixed for redemption, if, immediately before giving such notice (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8 (*Taxation*)) of the Terms and Conditions, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 8 December 2022, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it. At any time following the occurrence of a Change of Control (as defined in the Terms and Conditions), each holder of Bonds (each a “**Bondholder**” or a “**Holder**” of Bonds) will have the right, at such Bondholder’s option, to require the Issuer to redeem all but not some only of that Bondholder’s Bonds on the Change of Control Put Settlement Date (as defined in the Terms and Conditions) at 101 per cent. of their principal amount, together with interest accrued to the date fixed for redemption. See “*Terms and Conditions – Redemption and Purchase*”.

As there is currently no specific regulations or guidelines relating to the issuance of cross-border debt securities in the China (Shanghai) Pilot Free Trade Zone, there are some uncertainties regarding the interpretation and application of PRC taxation or foreign exchange related laws and regulations to these Bonds. See “*Taxation*”, “*Risk Factors – Risks Relating to the Bonds – Gains on the transfer of the Bonds and interest payable by the Issuer to overseas Bondholders may be subject to income tax and value added tax under PRC tax laws*” and “*Risk Factors – Risks Relating to the Bonds – Stamp duties may also be imposed during the issuance and transfer of the Bonds*”. Investors should consult their own legal and tax advisors as needed before making its investment decision.

The Bonds are being issued as “sustainable bonds” under the Sustainable Financing Framework. See “*Sustainable Financing Framework*”.

For a more detailed description of the Bonds, see “*Terms and Conditions of the Bonds*” beginning on page 50.

The Bonds will be issued in denominations of CNY1,500,000 and integral multiples of CNY10,000 in excess thereof.

Investing in the Bonds involves certain risks. See “*Risk Factors*” beginning on page 15 for a discussion of certain factors to be considered in connection with an investment in the Bonds. The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act**”) and may not be offered or sold within the United States, or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see “*Subscription and Sale*”.**

Application will be made for the listing of the Bonds on the Chongwa (Macao) Financial Asset Exchange Co., Ltd. (the “**MOX**”) after the Issue Date. This document is for distribution to professional investors (as defined in Section 11 of Guideline on Provision and Distribution of Financial Products (Circular 033/2010-DSB/AMCM) promulgated by the Monetary Authority of Macao) in Macao and professional investors from other jurisdictions in accordance with a relevant exemption from public offering regulations in those jurisdictions (“**Professional Investors**”) only. **Investors should not purchase the Bonds in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Bonds are only suitable for Professional Investors.**

The MOX has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this documents to Professional Investors only have been reproduced in this document. Listing of the Bonds on the MOX is not to be taken as an indication of the commercial merits or credit quality of the Bonds, the Issuer or the quality of disclosure in this document. The MOX takes no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Approval in-principle has been received for the listing and quotation of the Bonds on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). **The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular.** This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Please see the selling restrictions set out under the section “*Subscription and Sale*” on page 112 of this Offering Circular.

The Bonds are expected to be rated “A3” by Moody’s Investors Service, Inc. (“**Moody’s**”), a rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

The Bonds will be initially issued in uncertificated book-entry form entered in China Central Depository & Clearing Co., Ltd. (中央國債登記結算有限責任公司) (“**CCDC**”) with on or about 15 December 2022. Beneficial interests in the Bonds will be shown on, and transfers thereof will be effected only through, records maintained by CCDC as described herein. No certificate or other evidence of title, other than the Deed of Covenant, will be issued by, or on behalf of, the Issuer to evidence title to a Bond unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation.

Global Advisor

Bank of Communications

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

BOCOM International

China International Capital
Corporation

China Industrial Securities
International

Joint Lead Manager and Joint Bookrunner

CMBC Capital

PRC Coordinator

Haitong Securities Co., Ltd.

Offering Circular dated 8 December 2022

NOTICE TO INVESTORS

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE THE OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR ANY OF ITS SUBSIDIARIES OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS AT ANY DATE SUBSEQUENT TO THE DATE HEREOF.

MOX takes no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

This Offering Circular includes particulars given in compliance with the rules and regulations of MOX for the purpose of giving information with regard to the Issuer and the Company. The Issuer and the Company accept full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, investors should consult their advisers.

To the best of the knowledge and belief of the Issuer and the Company, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer and the Company, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer and the Group and the Bonds which is material in the context of the issue and offering of the Bonds (including the information which is required by applicable laws and the relevant rules and regulations imposed by the MOX, and according to the particular nature of the Issuer, the Company, the Group and the Bonds and is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and the Group and of the rights attaching to the Bonds) and the undertakings set out in the Keepwell and Asset Purchase Deed and the Deed of Covenant; (ii) the statements contained in this Offering Circular relating to the Issuer, the Company, the Group, the Bonds, the Deed of Covenant, the Keepwell and Asset Purchase Deed and the Service Agreement, are in every material particular true and accurate and, in the light of the circumstances under which they were made, not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Company and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Company, the Group, the Bonds, the Deed of Covenant, the Keepwell and Asset Purchase Deed or the Service Agreement, the omission of which would, in the context of the issue and offering of the Bonds make any statement in this Offering Circular misleading; (v) all reasonable enquiries have been made by the Issuer and the Company to ascertain such facts and to verify the accuracy of all such information and statements in this Offering Circular; (vi) this Offering Circular does not include an untrue statement of a material fact, or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (vii) the statistical, industry and market-related data and forward looking statements included in this Offering Circular, are based on or derived or extracted from sources which the Issuer and the Company believe to be accurate and reliable in all material respects.

The Issuer and the Company have prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of BOCOM International Securities Limited, China International Capital Corporation Hong Kong Securities Limited, China Industrial Securities International Brokerage Limited and CMBC Securities Company Limited (together, the “**Managers**”), the Issuer or the Company to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the

offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Company and the Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, the PRC, Singapore, Japan and Macau and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, see “*Subscription and Sale*”. By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, Bonds. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

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No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Company, the Group or the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Company, the Group, the Managers or the Agents (as defined in the Terms and Conditions) or their respective affiliates, directors, employees, agents, representatives, officers or advisers.

Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Company or the Group since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Company, the Group, the Managers or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers to subscribe for or purchase the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

None of the Managers or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers has independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted, by the Managers or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers, as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Bonds. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Managers or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Company, the Group, the Managers or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers that any recipient of this Offering Circular should purchase the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Managers, the Agents or any of their respective affiliates, directors, officers or advisers in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer, the Company and the Group and the merits and risks involved in investing in the Bonds. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

To the fullest extent permitted by law, none of the Managers or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers accepts any responsibility for the contents of this Offering Circular and assume no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Managers or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or on their behalf in connection with the Issuer, the Company, the Group, the Bonds, the Deed of Covenant, the Keepwell and Asset Purchase Deed, the Service Agreement or the issue and offering of the Bonds. Each of the Managers and the Agents and their respective affiliates, directors, employees, agents, representatives, officers or advisers accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this

Offering Circular or any such statement. None of the Managers or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers undertakes to review the results of operations, financial condition or affairs of the Issuer, the Company or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Managers or the Agents or their respective affiliates, directors, employees, agents, representatives, officers or advisers.

In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined the classification of the Bonds as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

IN CONNECTION WITH THIS OFFERING, ANY MANAGER APPOINTED AND ACTING IN ITS CAPACITY AS STABILISATION MANAGER (THE “STABILISATION MANAGER”) OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILISATION MANAGER MAY, SUBJECT TO ALL APPLICABLE LAWS, OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE(S) OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILISATION MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME AND MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS.

The Managers and their respective affiliates may purchase the Bonds for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer, the Company, the Group or any of their respective subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). Furthermore, investors in the Bonds may include entities affiliated with the Group.

Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able to purchase the Bonds under applicable laws or regulations.

The contents of this Offering Circular have not been reviewed by any regulatory authority in the PRC, Hong Kong or elsewhere. Investors are advised to exercise caution in relation to the offer. If any investor is in any doubt about any of the contents of this Offering Circular, that investor should obtain independent professional advice.

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts used throughout this Offering Circular have been obtained based on, among other sources, internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed by the Issuer to be reliable and accurate but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the

Issuer, the Company, the Managers or their respective affiliates, directors, employees, agents, representatives, officers and advisers makes any representation as to the correctness, accuracy or completeness of that information complied within or outside the PRC. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

PRESENTATION OF FINANCIAL INFORMATION

The Offering Circular contains the audited consolidated financial statements of the Group as at and for the years ended 31 December 2020 and 2021 (the “**Group’s Annual Audited Financial Statements**”) and the unaudited but reviewed consolidated financial statements of the Group as at and for the six months ended 30 June 2022 (the “**Group’s 2022 Reviewed Interim Financial Statements**”). The restated consolidated financial information of the Group as at and for the year ended 31 December 2019 and the audited consolidated financial information of the Group as at and for the year ended 31 December 2020 have been extracted from the Group’s audited consolidated financial statements as at and for the year ended 31 December 2020. The audited consolidated financial information of the Group as at and for the year ended 31 December 2021 has been extracted from the Group’s audited consolidated financial statements as at and for the year ended 31 December 2021. The unaudited but reviewed consolidated financial information of the Group as at and for the six months ended 30 June 2022 have been extracted from the Group’s unaudited but reviewed consolidated financial statement as at and for the six months ended 30 June 2022.

The Group’s Annual Audited Financial Statements and the Group’s 2022 Reviewed Interim Financial Statements were prepared and presented in accordance with the People’s Republic of China Generally Accepted Accounting Principles (the “**PRC GAAP**”). The Group’s Annual Audited Financial Statements have been audited by PricewaterhouseCoopers Zhong Tian LLP (“**PwC Zhong Tian**”), the independent auditor of the Issuer in accordance with Auditing Standards for Chinese Certified Public Accountants. The Group’s 2022 Reviewed Interim Financial Statements have been reviewed by KPMG Huazhen LLP (“**KPMG Huazhen**”) in accordance with China Standards on Review Engagements issued by the Chinese Institute of Certified Public Accountants.

The Group’s Annual Audited Financial Statements and the Group’s 2022 Reviewed Interim Financial Statements have only been prepared in Chinese and are included elsewhere in this Offering Circular. English translations of such financial statements (the “**Financial Statements Translation**”) have been prepared and included in this Offering Circular for reference only. Should there be any inconsistency between the Group’s Annual Audited Financial Statements or the Group’s 2022 Reviewed Interim Financial Statements (as the case may be) and the Financial Statements Translation, the Group’s Annual Audited Financial Statements or the Group’s 2022 Reviewed Interim Financial Statements (as the case may be) included elsewhere in this Offering Circular in Chinese shall prevail. The Financial Statements Translation does not itself constitute audited or reviewed financial statements, and is qualified in their entirety by, and is subject to the more detailed information and the financial information set out or referred to in, the Group’s Annual Audited Financial Statements or the Group’s 2022 Reviewed Interim Financial Statements (as the case may be).

The Offering Circular contains the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2020 and 2021 (the “**Issuer’s Annual Audited Financial Statements**”, together with the Group’s Annual Audited Financial Statements, the “**Annual Audited Financial Statements**”). The Offering Circular also contains the unaudited but reviewed consolidated financial information of the Issuer as at and for the six months ended 30 June 2022 (the “**Issuer’s 2022 Reviewed Interim Financial Statements**”). The restated consolidated financial information of the Issuer as at and for the year ended 31 December 2019 has been extracted from the Issuer’s audited consolidated financial statements as at and for the year ended 31 December 2020. The restated consolidated financial information of the Issuer as at and for the year ended 31 December 2020 and the audited consolidated financial information of the Issuer as at and for the year ended 31 December 2021 have been extracted from the Issuer’s audited consolidated financial statements as at and for the year ended 31 December 2021. The unaudited but reviewed consolidated financial information of the Issuer as at and for the six months ended 30 June 2022 have been extracted from the Issuer’s unaudited but reviewed consolidated financial statement as at and for the six months ended 30 June 2022.

The Issuer's financial statements and information and restated financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRS**”) were audited by PricewaterhouseCoopers (“**PwC**”). The Issuer's 2022 Interim Financial Statements were prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRS**”), reviewed by KPMG in accordance with Hong Kong Standards on Review Engagements (“**HKSREs**”).

The MOF promulgated the Notice on Printing and Distributing the Regulations on the Accounting Treatment of Rental Concessions Related to COVID-19 (Cai Kuai [2020] No. 10) in 2020 and promulgated the Notice on Adjustments to the Scope of Application of the Provisions on the Accounting Treatment of Rent Concession Relating to the COVID-19 Epidemic (Cai Kuai [2021] No. 9) in 2021 (collectively, the “**Rental Concessions Notice**”). The MOF also promulgated the Notice on Promulgation of the Interpretation No. 14 on Accounting Standards for Business Enterprises (Cai Kuai [2021] No. 1). The financial statements for the years ended 31 December 2020 and 31 December 2021 are prepared in accordance with the above notice. The Rental Concessions Notice has no significant impact on the Group. For further details, please refer to note 4(22) of the Group's Annual Audited Financial Statements as at and for the years ended 31 December 2020 and 31 December 2021, which are included elsewhere in this Offering Circular.

As at 1 January 2019, the Group adopted the revised Accounting Standard for Business Enterprises No. 14 – Revenue, issued by the Ministry of Finance in July 2017. The adoption of this standard does not have a significant impact on the Group.

As at 1 January 2019, the Group also adopted the revised Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, No. 23 – Transfer of Financial Assets and Accounting Standard for Business Enterprises and No. 37 – Presentation of Financial Instruments. The implementation of new accounting standards for financial instruments mainly leads to changes in recognition, classification and measurement of the Group's financial assets as well as related accounting policies for impairment of financial assets.

In addition, pursuant to the Circular on Amendment to Formats of Financial Statements of Financial Enterprises for 2018 (Cai Kuai [2018] No. 36) issued by the Ministry of Finance in December 2018, the Group prepared its financial statements in accordance with the revised formats of financial enterprises from the accounting year beginning on 1 January 2019 and the Group is not required to restate previous comparatives. The adoption of such circular has no material impact on the Group's financial position, financial performance and cash flows.

The Ministry of Finance also released the Accounting Standard for Business Enterprises No. 21 – Lease in 2018 and the Circular on the Amendment to the Formats of Corporate Financial Statements for the year of 2019 (Cai Kuai [2019] No. 6) in 2019 (collectively, the “**New Lease Standards**”) which was adopted by the Group as at 1 January 2019. In accordance with the New Lease Standards, the Group recognised the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings in 2019 and other relevant line items in the financial statements. The Group did not restate its comparatives for the previous reporting period (year ended 31 December 2018).

On 26 August 2020, Xiangmao International Ship Lease Co., Limited (“**Xiangmao**”), a subsidiary of the Group, acquired 99.6% and 0.4% equity of Chiao Tung Developments Limited (“**Chiao Tung**”) from Bank of Communications (Nominee) Company Limited and Kiu Fai Company, Limited at nil consideration (“**August 2020 Acquisitions**”).

As Chiao Tung and Xiangmao are ultimately controlled by Bank of Communications Co., Ltd. both before and after the August 2020 Acquisitions, Chiao Tung and Xiangmao have been regarded as a “common control combination”. Accordingly, comparative figures with respect to the consolidated balance sheet and income statement of the Group as at and for the year ended 31 December 2019 included in the Group's audited consolidated financial statements as at and for the year ended 31 December 2020 have been restated to reflect the August 2020 Acquisitions. They are restated as if Xiangmao had been combined at the previous balance sheet date. Please refer to note 46 of the Group's consolidated financial statements as at and for the year ended 31 December 2020 entitled “Business combination involving enterprises under common control” for further details.

From 1 January 2021, the Issuer has adopted amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 arising from Interest Rate Benchmark Reform Phase 2 and applied the Amendment to HKFRS 16 arising from COVID-19-Related Rent Concessions (extends by one year) but have not restated comparatives for the previous reporting periods (the year ended 31 December 2018 and 2019). These amendments have no significant impact on the Issuer's financial position, financial performance and cash flows. From 1 January 2020, the Issuer has adopted amendments to HKAS 1 and HKAS 8 – Definition of Material, amendments to HKFRS 3 – Definition of a Business, Revised Conceptual Framework for Financial Reporting, amendments to HKFRS 9, HKAS 39 and HKFRS 7 arising from Interest Rate Benchmark Reform Phase 1 and applied the early adopted amendments to HKFRS 16 arising from COVID-19-Related Rent Concessions but have not restated comparatives for the 2019 reporting period. These amendments have no significant impact on the Issuer.

From 1 January 2019, the Issuer has adopted HKFRS 16 – Leases and (HK) Interpretation 23 Uncertainty over Income Tax Treatments but has not restated comparatives for the previous reporting period (the year ended 31 December 2018). The reclassifications and the adjustments arising from the new rules are instead recognised in the opening balance sheet on 1 January 2019.

In 2020, the Issuer and its subsidiaries (the “**Acquirers**”) acquired 100% of the issued share capital of Tongrui International Ship Lease Co., Limited and five other entities (“**2020 Acquired Companies**”) from Chiao Tung, for consideration of USD8,733,937 (“**2020 Acquisitions**”). As the 2020 Acquired Companies and the Acquirers are ultimately controlled by Bank of Communications Co., Ltd. both before and after the 2020 Acquisitions, the 2020 Acquisitions have been regarded as a “common control combination”. Therefore, merger accounting has been applied to account for the acquisition in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA. Accordingly, comparative figures with respect to the consolidated balance sheet and income statement of the Issuer as at and for the year ended 31 December 2019 included in the Issuer's audited consolidated financial statements as at and for the year ended 31 December 2020 have been restated to reflect the 2020 Acquisitions. Please refer to note 27 of the Issuer's audited consolidated financial statements entitled “Business combination” for further details.

In 2021, the Acquirers gradually acquired 100% of the issued share capital of Xiangrui International Ship Lease Co., Limited and other 9 entities (“**2021 Acquired Companies**”) from Chiao Tung Developments Limited, for consideration of USD60,465,287 (“**2021 Acquisitions**”). Since the 2021 Acquired Companies and the Acquirers are ultimately controlled by Bank of Communications Co., Ltd. before and after the 2021 Acquisitions, the 2021 Acquisitions have been regarded as businesses combination under common control. Therefore, merger accounting has been applied to account for the 2021 Acquisitions in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA. Accordingly, the comparative figures with respect to the consolidated financial statements of the Issuer as at and for the year ended 31 December 2020 included in the Issuer's 2021 Audited Financial Statements have been restated to reflect the 2021 Acquisitions and the 2020 Acquisitions. Please refer to note 1 and note 27 of the Issuer's 2021 Audited Financial Statements entitled “General information” and “Business combination” for further details.

None of the Managers nor their respective affiliates, directors, officers and advisors has independently verified or checked the accuracy of the Financial Statements Translation and can give no assurance that the information contained in the Financial Statements Translation is accurate, truthful or complete. Consequently, such Financial Statements Translation should not be relied upon by potential purchasers to provide the same quality of information associated with information that has been subject to an audit or review. Potential purchasers must exercise caution when using such financial information to evaluate the financial condition, results of operations and prospects of the Group.

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

Unless otherwise stated, all financial data contained herein which is stated as relating to the Company are referring to the consolidated data of the Group.

In this Offering Circular, because certain amounts have been rounded, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items, and actual numbers may differ from those contained herein due to rounding.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

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

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

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

In this Offering Circular, unless otherwise indicated or the context otherwise requires, references to:

- “**CBIRC**” refers to China Banking and Insurance Regulatory Commission;
- “**CBRC**” refers to China Banking Regulatory Commission;
- “**CSRC**” refers to China Securities Regulation Commission;
- “**GDP**” refers to gross domestic product;
- “**MOF**” refers to the Ministry of Finance of the PRC;
- “**MOFCOM**” refers to the Ministry of Commerce of the PRC;
- “**MOX**” refers to Chongwa (Macao) Financial Asset Exchange Co., Ltd.;
- “**SGX-ST**” refers to the Singapore Exchange Securities Trading Limited;
- “**NDRC**” refers to the National Development and Reform Commission of the PRC or its competent local counterparts;
- “**PBOC**” refers to the People’s Bank of China, the central bank of the PRC;
- “**PRC Government**” refers to the central government of the PRC and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;
- “**SAFE**” refers to the State Administration of Foreign Exchange of the PRC or its competent counterparts;
- “**SAT**” refers to the State Administration of Taxation of the PRC;
- “**State Council**” refers to the State Council of the PRC;
- “**VAT**” refers to value added tax; and
- “**BOCOM**” or the “**Bank**” refers to Bank of Communications Co., Ltd.

This Offering Circular contains translation of certain Renminbi amounts into U.S. dollars at a specified rate solely for the convenience of the reader. Unless otherwise specified, where financial information in relation to the Issuer has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB6.6981 to U.S.\$1.00 (the noon buying rate in New York City on 30 June 2022 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York). Further information regarding exchange rate is set forth in “Exchange Rates” in this Offering Circular. No representation is made that the Renminbi amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all.

FORWARD-LOOKING STATEMENTS

Certain statements under “*Risk Factors*”, “*Description of the Issuer*”, “*Description of the Group*” and elsewhere in this Offering Circular constitute “forward-looking statements”. The words including “believe”, “expect”, “plan”, “anticipate”, “schedule”, “estimate”, “may”, “will”, “would”, “could”, “aim”, “intend”, “project”, “potential”, “future”, “seek”, “should” and similar words or the negative thereof, or expressions identify forward-looking statements.

In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial position, business strategy, prospects, capital expenditure and investment plans of the Issuer, the Company and Group and the plans and objectives of Issuer’s, the Company’s and the Group’s management for its future operations (including development plans and objectives relating to the Group’s operations), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Issuer, the Company or the Group to differ materially from those expressed or implied by such forward-looking statements. Reliance should not be placed on these forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer’s, the Company’s and/or the Group’s present and future business strategies and the environment in which the Issuer, the Company and/or the Group will operate in the future. Each of the Issuer, the Company and the Group expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer’s, the Company’s or the Group’s expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under “*Risk Factors*” and elsewhere, important factors that could cause actual results to differ materially from the Issuer’s, the Company’s and/or the Group’s expectations. All subsequent written and forward-looking statements attributable to the Issuer, the Company, the Group or persons acting on behalf of the Issuer, the Company and/or the Group are expressly qualified in their entirety by such cautionary statements.

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SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety, including the section entitled “Risk Factors”, before making an investment decision.

THE ISSUER

The Issuer serves as an operating platform for the Group’s overseas operations in shipping leasing. As at 30 June 2022, the Issuer held 497 SPVs which are all engaged in shipping leasing business. The SPVs own a total number of 369 vessels (67 of which are still under production) with a leased asset of RMB89.77 billion (equivalent to U.S.\$13.40 billion). The vessels comprise 76 container vessels representing a leased asset of RMB27.54 billion (equivalent to U.S.\$4.11 billion), 121 bulk cargo ships representing a leased asset of RMB17.57 billion (equivalent to U.S.\$2.62 billion), 40 gas carriers representing a leased asset of RMB19.47 billion (equivalent to U.S.\$2.91 billion) and 110 oil tankers representing a leased asset of RMB17.53 billion (equivalent to U.S.\$2.62 billion). CMA CGM, MSC, Scorpio Tanker, TMS and QPS are the Issuer’s top five clients.

As at 30 June 2022, the Issuer had total assets of approximately U.S.\$27,577,082,447. For the six months ended 30 June 2022, the Issuer’s revenue amounted to U.S.\$779,809,893 and profit before taxation amounted to approximately U.S.\$303,046,043.

THE GROUP

The Group is one of the leading financial leasing companies in the PRC and was among the first batch of five pilot financial leasing entities approved by the State Council of the PRC. The Company is the largest subsidiary of BOCOM in terms of asset amount as at the date of this Offering Circular, the sole leasing platform of BOCOM and strategically important to BOCOM. With the strong support from BOCOM, the Group has grown rapidly since its incorporation in 2007, and has become the largest financial leasing company in the PRC in terms of total assets. According to survey data compiled by the China Banking Association Financial Leasing Committee (中國銀行業協會金融租賃專業委員會), the Group ranked the first in terms of total assets and operating leased assets, second in terms of leased assets and operating income and third in terms of net profits and lease projects investment (as compared to Chinese financial leasing companies with total assets over RMB100 billion as of 30 June 2022) in the financial leasing industry in the PRC as at and for the six months ended 30 June 2022. As at 30 June 2022, the Group had leased assets of RMB304.20 billion and total assets of RMB349.49 billion. In 2022, the Group received ratings of A2 from Moody’s, A- from S&P and A from Fitch, respectively.

The Group’s leasing business is comprised of both onshore and offshore businesses. The domestic leasing operations in the PRC are operated by the Company and Bank of Communications Aviation and Shipping Financial Leasing Company Limited (“**BOCOM Aviation and Shipping**”), a wholly owned subsidiary of the Group. BOCOM Aviation and Shipping also carries out all of the Group’s offshore leasing business.

COMPETITIVE STRENGTHS

- Continuously Strong Growing Trend
- Continuously Optimising Business Models
- Strong Financing Capability with Diverse Channels
- Sound and Robust Asset Quality
- Strong Support from BOCOM

BUSINESS STRATEGIES

- Strengthen Market Position
- Strengthen Existing Businesses and Explore New Growth Opportunities
- Internationalisation, Professionalisation and Expand the Customer Base
- Improve Risk Management, Ensure the Stability of Asset Quality and Recruitment of Professionals
- Continue to Leverage and Improve Synergies with BOCOM
- Diversify its Funding Sources and Optimise its Debt Structure

THE OFFERING

The following is a brief summary of the offering and is qualified in its entirety by the remainder of this Offering Circular. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in “Terms and Conditions of the Bonds” and “Summary of Provisions Relating to the Bonds Held in CCDC” shall have the same meanings in this summary. For a more complete description of the terms and conditions of the Bonds, see “Terms and Conditions of the Bonds” in this Offering Circular.

The Issuer	Bocom Leasing Management Hong Kong Company Limited (交銀租賃管理香港有限公司).
The Company	Bank of Communications Financial Leasing Co., Ltd. (交銀金融租賃有限責任公司).
The Bonds	CNY2,400,000,000 2.9 per cent. Bonds due 2025.
CCDC Code	G228068
Sustainable Financing Framework	The Bonds are being issued as “sustainable bonds” under the Sustainable Financing Framework. See “ <i>Sustainable Financing Framework</i> ”.
Issue Price	The Bonds will be issued at 100.0 per cent. of their principal amount.
Form and Denomination	The Bonds will be issued in registered uncertificated form in denominations of CNY1,500,000 and integral multiples of CNY10,000 in excess thereof. No certificate or other evidence of title, other than the Deed of Covenant, will be issued by, or on behalf of, the Issuer to evidence title to a Bond unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation.
Issue Date	15 December 2022.
Interest	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 2.9 per cent. per annum, payable in arrear on 15 December in each year, commencing on 15 December 2023.
Risk Factors	There are certain factors that may affect the Issuer’s or the Company’s ability to fulfil its obligations under the Bonds. These are set out under “ <i>Risk Factors</i> ” below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Bonds. These are set out under “ <i>Risk Factors</i> ” below and include the fact that the Bonds may not be a suitable investment for all investors and certain market risks.
Managers	BOCOM International Securities Limited, China International Capital Corporation Hong Kong Securities Limited, China Industrial Securities International Brokerage Limited and CMBC Securities Company Limited.
Maturity Date	15 December 2025.

Status of the Bonds	The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) (<i>Negative Pledge</i>) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.
Keepwell and Asset Purchase Deed	The Issuer and the Company will enter into the Keepwell and Asset Purchase Deed, as further described in “ <i>Description of the Keepwell and Asset Purchase Deed</i> ”.
Covenants	The Bonds will contain covenants including Condition 4(a) (<i>Negative Pledge</i>) of the Terms and Conditions, Condition 4(b) (<i>Financial Statements etc.</i>), Condition 4(c) (<i>Information Report to NDRC</i>) and Condition 4(d) (<i>Obligation to Acquire Assets</i>).
Use of Proceeds	The net proceeds of the offering of the Bonds will be used to finance and/or refinance the Eligible Green and/or Social Projects/Assets in accordance with the Sustainable Financing Framework. See “ <i>Use of Proceeds</i> ”.
Events of Default	The Bonds will contain certain events of default as further described in Condition 9 (<i>Events of Default</i>) of the Terms and Conditions.
Cross Acceleration	See the relevant sub-condition under “ <i>Terms and Conditions of the Bonds – Events of Default</i> ”.
Taxation	<p>All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds and the Deed of Covenant shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any of the Relevant Jurisdictions, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Bondholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except as further described in Condition 8 (<i>Taxation</i>) of the Terms and Conditions.</p> <p>“Relevant Jurisdiction” means Hong Kong or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Bonds. If the Issuer becomes subject at any time to any taxing jurisdiction other than Hong Kong, references to “Relevant Jurisdiction” shall be construed as references to Hong Kong and/or such other jurisdiction.</p>
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.

Redemption for Change of Control	At any time following the occurrence of a Change of Control, the Issuer shall at the option of the Holder of any Bond redeem all, but not some only of the Bonds held by such Holder on the Change of Control Put Settlement Date at 101 per cent. of their principal amount (together with interest accrued to the date fixed for redemption), as further described in Condition 6(c) (<i>Redemption for Change of Control</i>) of the Terms and Conditions.
Redemption for Taxation Reasons	<p>The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 13 (<i>Notices</i>) of the Terms and Conditions (which notice shall be irrevocable), at their principal amount (together with interest accrued to the date fixed for redemption) if, immediately before giving such notice:</p> <ul style="list-style-type: none"> (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (<i>Taxation</i>) of the Terms and Conditions as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8 (<i>Taxation</i>) of the Terms and Conditions), or any change in the application or official interpretation of, such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 8 December 2022; and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, <p>provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due, as further described in Condition 6(b) (<i>Redemption for Taxation Reasons</i>) of the Terms and Conditions.</p>
Further Issues	The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects save for the date of issue, the first payment of interest on them and the timing for making of the NDRC Post-issue Filing and the corresponding notice) and so that the same shall be consolidated and form a single series with such Bonds, as further described in Condition 12 (<i>Further Issues</i>) of the Terms and Conditions.
Clearing and Settlement	The Bonds will initially be issued in uncertificated book-entry form entered in CCDC. Beneficial interests in the Bonds will be shown on, and transfers thereof will be effected only through, records maintained by CCDC. Except as described in this Offering Circular, definitive certificates for the Bonds will not be issued in exchange for beneficial interests in the Bonds.
Rating	The Bonds are expected to be rated "A3" by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

Principal Agent, Registrar and Transfer Agent	China Central Depository & Clearing Co., Ltd. (中央國債登記結算有限責任公司) (the “CCDC”).
Governing Law	The Bonds, the Deed of Covenant, the Keepwell and Asset Purchase Deed and any non-contractual obligations arising out of or in connection with the Bonds, the Deed of Covenant or the Keepwell and Asset Purchase Deed will be governed by, and shall be construed in accordance with, English Law.
Listing	<p>Application will be made to the MOX for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors. Admission to the listing of the Bonds on the MOX shall not be taken as an indication of the commercial merits or credit quality of the Bonds, the Issuer or the quality of disclosure in this document.</p> <p>Approval in-principle has been received for the listing and quotation of the Bonds on the SGX-ST. For so long as any Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, such Bonds if traded, will be traded on the SGX-ST in a minimum board lot size of at least S\$200,000 (or its equivalent in foreign currencies).</p>
Selling Restrictions	For a description of certain restrictions on offers, sales and deliveries of Bonds and on the distribution of offering material in the United States, the United Kingdom, Hong Kong, the PRC, Singapore, Japan and Macau, see “ <i>Subscription and Sale</i> ” below.

SUMMARY FINANCIAL INFORMATION OF THE GROUP

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

The summary restated consolidated financial information of the Group as at and for the year ended 31 December 2019 and the summary consolidated financial information of the Group as at and for the year ended 31 December 2020 are derived from the Group's audited consolidated financial statements as at and for the year ended 31 December 2020 and should be read in conjunction with such audited consolidated financial statements and the notes thereto included elsewhere in this Offering Circular. The audited consolidated financial statements of the Group as at and for the year ended 31 December 2020 have been prepared and presented in accordance with PRC GAAP and have been audited by PwC Zhong Tian. The summary consolidated financial information of the Group as at and for the years ended 31 December 2021 is derived from the Group's audited consolidated financial statements as at and for the year ended 31 December 2021 and should be read in conjunction with such audited consolidated financial statements and the notes thereto included elsewhere in this Offering Circular. The audited consolidated financial statements of the Group as at and for the year ended 31 December 2021 have been prepared and presented in accordance with PRC GAAP and have been audited by PwC Zhong Tian in accordance with China Standards on Auditing.

The consolidated financial information of the Group as at and for the six months ended 30 June 2022 are derived from the Group's 2022 Reviewed Interim Financial Statements. The Group's 2022 Reviewed Interim Financial Statements as at and for the six months ended 30 June 2022 have been prepared and presented in accordance with PRC GAAP and have been reviewed by KPMG Huazhen in accordance with China Standards on Auditing.

*The MOF promulgated the Notice on Printing and Distributing the Regulations on the Accounting Treatment of Rental Concessions Related to COVID-19 in 2020 (Cai Kuai [2020] No. 10 (the "**Rental Concessions Notice 2020**")). The consolidated financial statements of the Group for the year ended 31 December 2020 are prepared in accordance with this Rental Concessions Notice 2020 and it has no significant impact on the Group's financial position, financial performance and cash flows. For further details, please refer to note 4(22) of the Group's 2020 Audited Financial Statements, which are included elsewhere in the Offering Circular.*

*The MOF promulgated the Notice on Printing and Distributing the Regulations on the Accounting Treatment of Rental Concessions Related to COVID-19 in May 2021 (Cai Kuai [2021] No. 9) (the "**Rental Concessions Notice 2021**")). The financial statements for the year ended 31 December 2021 are prepared in accordance with this Rental Concessions Notice 2021 and it has no significant impact on the Group's financial position, financial performance and cash flows. For further details, please refer to note 4(22) of the Group's 2021 Audited Financial Statements, which are included elsewhere in this Offering Circular.*

*The MOF promulgated China Accounting Standards Interpretation No. 14 (Cai Kuai [2021] No. 1) (the "**Interpretation**") in January 2021. The Interpretation clarified the accounting treatment and disclosure requirement for changes in the basis for determining the contractual cash flows of financial assets/liabilities, lease receivables and lease liabilities, if the change is a direct consequence of the interest rate benchmark reform. The Group has adopted the related requirement from the interpretation and it has no significant impact on the Group's financial position, financial performance and cash flows. For details, please refer to note 4(22) of the Group's 2021 Audited Financial Statements, which are included elsewhere in the Offering Circular.*

*On 26 August 2020, Xiangmao, a subsidiary of the Group, acquired 99.6% and 0.4% equity of Chiao Tung from Bank of Communications (Nominee) Company Limited and Kiu Fai Company, Limited at nil consideration (the "**August 2020 Acquisitions**").*

As Chiao Tung and Xiangmao are ultimately controlled by Bank of Communications Co., Ltd. before and after 26 August 2020, the August 2020 Acquisitions has been regarded as a business combination under common control. Accordingly, comparative figures with respect to the consolidated financial statements of the Group as at and for the year ended 31 December 2019 included in the Group's 2020 Audited Financial Statements have been restated to reflect the August 2020 Acquisitions. For further details, please refer to note 46 of the Group's 2020 Audited Financial Statements.

Potential investors should exercise caution when using such data to evaluate the Group's consolidated financial information and results of operations.

CONSOLIDATED STATEMENT OF BALANCE SHEETS OF THE GROUP

	As at 30 June	As at 31 December		
	2022	2021	2020	2019
	(Unaudited but reviewed)	(Audited)	(Audited)	(Restated) ⁽¹⁾
<i>(All amounts in RMB'000 unless otherwise stated)</i>				
Assets				
Cash at bank and on hand	37,502,117	26,341,061	31,756,524	6,753,027
Placements with banks and other financial institutions	—	—	698,494	—
Prepayments for lease assets	19,729,882	15,125,878	10,963,397	9,538,011
Derivative financial assets	765,179	69,733	17	87,826
Notes receivable	6,560	12,775	1,196	12,575
Lease receivables	152,208,893	149,161,802	139,270,577	124,893,450
Other receivables	1,491,802	590,096	370,939	344,004
Financial assets held for trading	97,398	—	—	—
Financial assets held under re-sale agreements	—	—	489,590	—
Other debt investments	3,274,688	3,274,806	2,484,148	1,015,137
Investment properties	2,637,255	2,637,255	3,434,189	3,962,704
Fixed assets	129,952,862	119,973,903	118,135,611	119,548,794
Deferred tax assets	1,536,940	1,403,943	1,310,283	1,072,577
Other assets	282,356	295,844	357,121	379,877
Total assets	349,485,932	318,887,096	309,272,086	267,607,982
Liabilities				
Borrowings	180,726,507	N/A	N/A	N/A
Short-term borrowings	N/A	78,352,046	69,841,067	59,840,047
Placements from banks and other financial institutions	36,753,204	25,798,329	15,648,309	11,064,457
Derivative financial liabilities	1,363	339,928	935,827	149,180
Notes payable	14,849,750	10,080,359	6,652,738	334,038
Employee benefits payable	166,638	233,214	219,947	247,553
Taxes payable	885,808	986,379	666,652	641,081
Other payables	9,421,763	8,814,991	8,764,931	9,630,148
Long-term borrowings	N/A	75,122,630	80,566,580	61,636,557
Bonds payable	62,995,307	78,612,127	89,762,924	95,576,426
Deferred tax liabilities	1,247,705	995,918	796,648	682,968
Other liabilities	3,739,226	3,706,838	3,617,959	3,903,422
Total liabilities	310,787,271	283,042,759	277,473,582	243,705,877
Owners' equity				
Paid-in capital	14,000,000	14,000,000	14,000,000	8,500,000
Other comprehensive income	5,338	(961,874)	(1,477,399)	(672,235)
Surplus reserve	1,474,630	1,475,221	1,341,839	1,166,493
General risk reserve	4,719,058	4,719,058	4,549,680	3,821,843
Undistributed profits	18,499,635	16,611,932	13,384,384	11,086,004
Total owners' equity	38,698,661	35,844,337	31,798,504	23,902,105
Total liabilities and owner's equity	349,485,932	318,887,096	309,272,086	267,607,982

CONSOLIDATED INCOME STATEMENT OF THE GROUP

	Six months ended		Year ended 31 December		
	2022	2021	2021	2020	2019
	(Unaudited but reviewed)	(Unaudited)	(Audited)	(Audited)	(Restated) ⁽¹⁾
<i>(All amounts in RMB'000 unless otherwise stated)</i>					
Interest income.	229,069	157,724	383,423	167,441	72,006
Income on finance lease and sale and leaseback transactions	3,558,100	3,368,275	6,728,082	6,656,305	6,504,679
Operating lease income.	6,934,076	6,215,704	13,600,399	13,072,617	12,074,476
Revenue from other operations	50	18	85	–	–
Gains/(losses) on disposals of assets	198,745	153,470	293,450	(80,988)	87,038
Other income.	501	209,704	325,747	373,553	398,891
Investment income	–	–	–	–	(5,993)
Gains or losses arising from changes in fair value.	5,009	182	2,483	(7,641)	(25,783)
Exchange (losses)/gains	(19,882)	(16,161)	(8,582)	(24,419)	9,983
Operating income	10,905,668	10,088,916	21,325,087	20,156,868	19,115,297
Interest expenses.	(2,835,535)	(3,089,566)	(5,976,144)	(6,700,487)	(7,720,487)
Operating lease expenses	(3,664,318)	(3,450,315)	(6,962,131)	(7,050,480)	(6,078,098)
Fee and commission expenses	(119,369)	(63,718)	(182,293)	(140,830)	(98,124)
Costs of sales from other operations	–	–	–	(38,175)	(26,565)
Taxes and surcharges	(74,975)	(44,277)	(110,567)	(99,548)	(85,264)
Operating and administrative expenses	(283,182)	(258,752)	(611,713)	(557,496)	(580,274)
Credit impairment losses.	(855,786)	(748,172)	(984,751)	(729,071)	(366,295)
Asset impairment losses	(671,735)	(248,067)	(1,980,398)	(484,725)	(232,530)
Operating costs	(8,504,900)	(7,902,867)	(16,807,997)	(15,800,812)	(15,187,637)
Operating profit	2,400,768	2,186,049	4,517,090	4,356,056	3,927,660
Non-operating income	–	–	2	–	236
Non-operating expenses	–	–	–	(5,319)	(500)
Total profit	2,400,768	2,186,049	4,517,092	4,350,737	3,927,396
Less: Income tax expenses.	(513,656)	(440,054)	(986,784)	(1,149,174)	(945,226)
Net profit	1,887,112	1,745,995	3,530,308	3,201,563	2,982,170

	Six months ended		Year ended 31 December		
	2022	2021	2021	2020	2019
	(Unaudited but reviewed)	(Unaudited)	(Audited)	(Audited)	(Restated) ⁽¹⁾
<i>(All amounts in RMB'000 unless otherwise stated)</i>					
Classified by continuity of operations					
Including: Net profit of the acquiree entity in a business combination under common control before the combination date	–	–	–	(18,423)	(37,764)
Net profit from continuing operations	1,887,112	1,745,995	3,530,308	3,201,563	2,982,170
Net profit from discontinued operations	–	–	–	–	–
Other comprehensive income net of tax	967,212	249,986	515,525	(805,164)	(63,526)
Other comprehensive income items which will be reclassified subsequently to profit or loss.	967,212	249,986	515,525	(806,294)	(62,396)
Effective portion of gains or losses on hedging instruments in a cash flow hedge	756,100	259,289	510,336	(714,284)	(58,955)
Differences arising from translation of foreign currency financial statements	211,208	(26,928)	(56,604)	(82,614)	(1,731)
Fair value changes in other debt investments	(96)	17,362	61,857	(9,734)	(1,935)
Provision for credit impairment of other debt investments	–	263	(64)	338	225
Other comprehensive income items that may not be reclassified subsequently to profit or loss.	–	–	–	1,130	(1,130)
Fair value changes in other equity investments	–	–	–	1,130	(1,130)
Total comprehensive income	2,854,324	1,995,981	4,045,833	2,396,399	2,918,644

Note:

- (1) The figures with respect to the consolidated statement of financial position and statement of comprehensive income of the Group as at and for the year ended 31 December 2019 were extracted from the Group's 2020 Audited Financial Statements have been restated to reflect the August 2020 Acquisitions. Please refer to note 46 of the Group's consolidated financial statements as at and for the year ended 31 December 2020 entitled "Business combination involving enterprises under common control" for further details.

SUMMARY FINANCIAL INFORMATION OF THE ISSUER

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

The summary restated consolidated financial information of the Issuer as at and for the year ended 31 December 2019 is derived from the Issuer's audited consolidated financial statements as at and for the year ended 31 December 2020 and should be read in conjunction with such audited consolidated financial statements and the notes thereto included elsewhere in this Offering Circular. The audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2020 have been prepared and presented in accordance with HKFRS and have been audited by PwC. The summary restated consolidated financial information of the Issuer as at and for the year ended 31 December 2020 and the summary consolidated financial information of the Issuer as at and for the year ended 31 December 2021, are derived from the Issuer's audited consolidated financial statements as at and for the year ended 31 December 2021 and should be read in conjunction with such audited consolidated financial statements and the notes thereto included elsewhere in this Offering Circular. The audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021 have been prepared and presented in accordance with HKFRS and have been audited by PwC in accordance with Hong Kong Standards on Auditing.

The consolidated financial information of the Issuer as at and for the six months ended 30 June 2022 are derived from the Group's 2022 Reviewed Interim Financial Statements. The Issuer's 2022 Reviewed Interim Financial Statements as at and for the six months ended 30 June 2022 have been prepared and presented in accordance with HKFRS and have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410.

The Issuer's 2022 Reviewed Interim Financial Statements have not been audited by a certified public accountant and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. None of the Managers or their respective affiliates, directors, officers or advisers makes any representation or warranty, express or implied, regarding the sufficiency of such unaudited but reviewed consolidated financial statements for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Issuer's financial condition and results of operations. In addition, the Issuer's 2022 Reviewed Interim Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Issuer for the full financial year ended 31 December 2022.

From 1 January 2020, the Issuer has adopted amendments to HKAS 1 and HKAS 8 – Definition of Material, amendments to HKFRS 3 – Definition of a Business, Revised Conceptual Framework for Financial Reporting, amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Interest Rate Benchmark Reform Phase 1 and early adopted amendments to HKFRS 16 arising from COVID-19-Related Rent Concessions but have not restated comparatives for the previous reporting periods (the years ended 31 December 2018 and 2019). These amendments have no significant impact on the Issuer's financial position, financial performance and cash flows.

As such, investors should note that the Issuer's consolidated financial information as at and for the years ended 31 December 2018 and 2019 may not be directly comparable to the Issuer's consolidated financial information after 1 January 2020.

In 2020, the Acquirers acquired the entire issued share capital of Tongrui International Ship Lease Co., Limited and other five entities, for a total consideration of USD8,733,937.

Since the 2020 Acquired Companies and the Acquirers are ultimately controlled by Bank of Communications Co., Ltd. before and after the 2020 Acquisitions, the 2020 Acquisitions have been regarded as businesses combination under common control. Therefore, merger accounting has been applied to account for the 2020 Acquisitions in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA. Accordingly, the comparative figures with respect to the consolidated financial statement of the Issuer as at and for the year ended 31 December 2019 included in the Issuer's 2020 Audited Financial Statements have been restated to reflect the 2020 Acquisitions. Please refer to note 27 of the Issuer's 2020 Audited Financial Statements entitled "Business combination" for further details.

From 1 January 2021, the Issuer has adopted amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 arising from Interest Rate Benchmark Reform Phase 2 and applied the Amendment to HKFRS 16 arising from COVID-19-Related Rent Concessions (extends by one year) but have not restated comparatives for the previous reporting periods (the year ended 31 December 2019 and 2020). These amendments have no significant impact on the Issuer's financial position, financial performance and cash flows.

In 2021, the Acquirers gradually acquired 100% of the issued share capital of Xiangrui International Ship Lease Co., Limited and other 9 entities from Chiao Tung, for consideration of USD60,465,287 from the Group's other subsidiaries.

Since the 2021 Acquired Companies and the Acquirers are ultimately controlled by Bank of Communications Co., Ltd. before and after the 2021 Acquisitions, the 2021 Acquisitions have been regarded as businesses combination under common control. Therefore, merger accounting has been applied to account for the 2021 Acquisitions in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA. Accordingly, the comparative figures with respect to consolidated financial statement of the Issuer as at and for the year ended 31 December 2020 included in the Issuer's 2021 Audited Financial Statements have been restated to reflect the 2021 Acquisitions and the 2020 Acquisitions. Please refer to note 1 and note 27 of the Issuer's 2021 Audited Financial Statements entitled "General information" and "Business combination" for further details.

However, investors should note that the Issuer's consolidated financial information as at and for the years ended 31 December 2019 and 2020 appearing in the Issuer's 2020 Audited Financial Statements have not been restated for the 2021 Acquisitions and may not be comparable with the Issuer's consolidated financial information after 1 January 2021.

Potential investors should exercise caution when using such data to evaluate the Issuer's consolidated financial information and results of operations.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE ISSUER

	As at 30 June	As at 31 December		
	2022	2021	2020	2019
	(Unaudited but reviewed)	(Audited)	(Restated) ⁽¹⁾	(Restated) ⁽²⁾
		(U.S.\$)		
Assets				
Non-current assets				
Property, plant and equipment	8,303,552,059	7,616,041,481	6,815,073,569	6,383,497,932
Prepayments for operating lease assets	892,365,064	579,155,527	215,042,286	277,270,960
Finance lease and sale and leaseback receivables	3,674,148,621	3,951,624,576	3,673,700,283	2,148,277,071
Accounts receivable	96,260,388	148,956,447	281,057,900	272,016,669
Other receivables	10,421,527,240	10,153,532,958	11,080,423,848	6,798,840,967
Other assets	13,428,602	14,776,216	19,200,123	19,683,032
Deferred tax assets	10,273,389	28,773,136	26,000,684	4,973,752
Derivative financial assets	96,066,245	9,951,154	26,249,038	18,455,132
Total non-current assets	23,507,621,608	22,502,811,495	22,136,747,731	15,923,015,515

	As at 30 June	As at 31 December		
	2022	2021	2020	2019
	(Unaudited but reviewed)	(Audited)	(Restated) ⁽¹⁾	(Restated) ⁽²⁾
		(U.S.\$)		
Current assets				
Finance lease and sale and leaseback receivables	345,352,864	371,240,320	361,144,024	206,019,069
Account receivables	23,570,941	18,996,694	14,132,139	13,466,186
Other receivables	143,113,162	6,682,633	628,486,285	73,712,682
Other assets	4,280,037	4,292,498	589,687	1,279,238
Cash and cash equivalents	3,553,143,835	1,870,253,548	1,951,113,670	184,385,542
Total current assets	4,069,460,839	2,271,465,693	2,955,465,805	478,862,717
 Total assets	<u>27,577,082,447</u>	<u>24,774,277,188</u>	<u>25,092,213,536</u>	<u>16,401,878,232</u>
 Equity and liabilities				
Equity attributable to owners of the Group				
Share capital	—	—	—	—
Other reserve	79,459,706	(3,867,799)	(68,761,481)	6,991,158
Retained earnings	985,672,028	709,032,282	515,966,347	266,274,959
 Total equity	<u>1,065,131,734</u>	<u>705,164,483</u>	<u>447,204,866</u>	<u>273,266,117</u>
 Liabilities				
Non-current liabilities				
Borrowings	16,648,939,536	14,303,312,094	13,587,399,661	9,204,418,220
Bonds payable	4,066,160,900	5,328,633,516	5,835,760,078	5,138,136,747
Other liabilities	526,920,113	529,711,486	409,589,054	306,873,345
Deferred tax liabilities	192,727	1,641,940	4,331,092	1,832,754
Derivative financial liabilities	15,725,007	14,749,642	76,075,799	—
 Total non-current liabilities . . .	<u>21,257,938,283</u>	<u>20,178,048,678</u>	<u>19,913,155,684</u>	<u>14,651,261,066</u>
 Current liabilities				
Borrowings	3,409,794,736	2,398,515,569	2,651,310,683	1,087,550,269
Bonds payable	1,445,302,250	1,115,167,644	908,823,144	—
Current income tax liabilities . .	15,351,675	13,551,850	19,318,871	12,930,486
Other liabilities	383,563,769	363,828,964	1,152,400,288	376,870,294
 Total current liabilities	<u>5,254,012,430</u>	<u>3,891,064,027</u>	<u>4,731,852,986</u>	<u>1,477,351,049</u>
 Total liabilities	<u>26,511,950,713</u>	<u>24,069,112,705</u>	<u>24,645,008,670</u>	<u>16,128,612,115</u>
 Total equity and liabilities	<u>27,577,082,447</u>	<u>24,774,277,188</u>	<u>25,092,213,536</u>	<u>16,401,878,232</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE ISSUER

	Six months ended		Year ended 31 December		
	2022	2021	2021	2020	2019
	(Unaudited and reviewed)	(Unaudited)	(Audited) (U.S.\$)	(Restated) ⁽¹⁾	(Restated) ⁽²⁾
Revenue					
Operating lease income	517,917,729	452,851,241	941,006,501	950,869,378	810,673,602
Finance lease income	56,070,867	59,938,699	113,346,693	113,274,908	91,623,157
Income from sale and leaseback arrangement	52,540,747	43,029,783	78,628,667	69,443,974	22,622,931
Interest income	153,280,550	146,649,603	299,818,900	325,956,353	214,485,558
Total revenue	<u>779,809,893</u>	<u>702,469,326</u>	<u>1,432,800,761</u>	<u>1,459,544,613</u>	<u>1,139,405,248</u>
Cost					
Interest expense	(291,267,524)	(283,357,475)	(561,053,834)	(615,601,106)	(494,299,683)
Depreciation	(268,956,658)	(241,414,168)	(492,746,302)	(496,807,842)	(403,189,674)
Other operating expenses	(16,486,525)	(7,114,235)	(14,103,094)	(22,164,331)	(27,627,664)
Total costs	<u>(576,710,707)</u>	<u>(531,885,878)</u>	<u>(1,067,903,230)</u>	<u>(1,134,573,279)</u>	<u>(925,117,021)</u>
Gross profit	<u>203,099,186</u>	<u>170,583,448</u>	<u>364,897,531</u>	<u>324,971,334</u>	<u>214,288,227</u>
Other income, gains or losses . .	14,100,654	18,971,033	30,280,987	(14,618,961)	(715,809)
Administrative expenses	(666,586)	(2,050,126)	(4,744,460)	(4,981,034)	(3,726,028)
Reversal/(charge) of credit impairment losses	95,909,812	(37,964,610)	(77,251,281)	(57,681,178)	(484,270)
Charge of impairment losses on operating leased assets	(9,397,023)	–	(55,945,293)	(31,913,885)	(2,019,197)
Profit before taxation	303,046,043	149,539,745	257,237,484	215,776,276	207,342,923
Income tax expense	(28,687,878)	(1,685,978)	(3,706,262)	(8,250,473)	(8,739,088)
Net profit for the period	274,358,165	147,853,767	253,531,222	207,525,803	198,603,835
Other comprehensive income . .	83,327,505	31,761,739	64,893,682	(75,752,639)	6,991,158
Total comprehensive for the period	<u>357,685,670</u>	<u>179,615,506</u>	<u>318,424,904</u>	<u>131,773,164</u>	<u>205,594,993</u>

Notes:

- (1) The figures with respect to the consolidated statement of financial position and statement of comprehensive income of the Issuer as at and for the year ended 31 December 2020 were extracted from the Issuer's 2021 Audited Financial Statements have been restated to reflect the 2021 Acquisitions. Please refer to note 27 of the Issuer's audited consolidated financial statements as at and for the year ended 31 December 2021 entitled "Business combination" for further details.
- (2) Giving the foregoing, the Issuer's financial information as at and for the year ended 31 December 2019 appearing in the Issuer's audited consolidated financial statements as at and for the year ended 31 December 2020 may not be comparable with the Issuer's financial information as at and for the years ended 31 December 2020 and 2021 appearing in the Issuer's audited consolidated financial statements as at and for the year ended 31 December 2021. Please refer to the risk factor titled "Risk Factors – Risks Relating to the Group's Financial Statements – The consolidated financial information of the Issuer may not be directly comparable from period to period".

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information contained in this Offering Circular, including the risks and uncertainties described below. The business, financial condition or results of operations of the Group could be materially and adversely affected by any of these risks. Each of the Issuer and the Company believes that the following factors may affect the Issuer's and/or the Company's ability to fulfil its respective obligations under the Bonds and/or the Keepwell and Asset Purchase Deed. Additional considerations and uncertainties not presently known to the Issuer or the Company or which they currently deem immaterial may also have an adverse effect on an investment in the Bonds. All of these factors are contingencies which may or may not occur and none of the Issuer and the Company is in a position to express a view on the likelihood of any such contingency occurring.

Factors which each of the Issuer and the Company believes may be material for the purpose of assessing the market risks associated with the Bonds are also described below. Each of the Issuer and the Company believes that the factors described below represent the principal risks inherent in investing in the Bonds. However, the Issuer and/or the Company may be unable to repay principal, interest or other amounts or fulfil other obligations on or in connection with the Bonds for other reasons and each of the Issuer and the Company does not represent that the statements below regarding the risks of investment in the Bonds are exhaustive.

RISKS RELATING TO THE GROUP'S BUSINESS

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

The sustainability of the Group's business and future growth depends largely on its ability to effectively manage its credit risk and maintain the quality of its receivables portfolio. As such, any deterioration in its asset quality or impairment in the collectability of lease receivables could materially and adversely affect its results of operations. As at 31 December 2019, 2020 and 2021 and as at 30 June 2022, the Group's provision for impairment losses on lease receivables were RMB3,895.50 million, RMB4,211.72 million, RMB5,050.10 million and RMB5,055.19 million, respectively, representing 3.02 per cent., 2.94 per cent., 3.27 per cent. and 3.21 per cent. of the Group's lease receivables, net of unrealised financial income, respectively. The Group may not be able to effectively control the level of its non-performing assets in its current lease receivables portfolio or the level of new non-performing assets in the future. The amount of the Group's non-performing assets may increase in the future due to a substantial increase in its lease contract value, a deterioration in the quality of its lease receivables portfolio, or a decline in the quality of future receivables.

The quality of the Group's lease receivables portfolio may deteriorate for a variety of reasons, including factors beyond its control, such as a slowdown in the economic growth of the PRC or global economies, a recurrence of a global credit crisis or other adverse macroeconomic trends, or a slowdown in the industries of public infrastructure, energy, aircraft, large equipment manufacturing, shipping and any other industries in which the Group primarily engages. In addition, the outbreak of COVID-19 which has spread around the world in early 2020 has taken a toll on the aviation industry and shipping market as a whole, and also continues to affect commercial and economic activities across the globe. Such events could cause operational, financial and liquidity problems for the Group's customers and negatively affect their ability to make timely lease payments. If the level of the Group's impaired lease receivables increases, the Group's business, financial condition and results of operations may be materially and adversely affected.

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

As the main leasing platform of BOCOM, the Group has built a diversified leasing business covering a wide variety of industries, including public infrastructure, energy, aircraft, manufacturing equipment and shipping, which typically require significant initial cash outlays and have relatively long payback periods. Due to the capital-intensive nature of its business operations, a substantial amount of capital as well as ongoing funding activities are required to support the growth of the Group's leased assets portfolio and to fund future expansion. Although the Group generally generates significant funds from its operations continuing to meet its cash requirements over the long leasing term, short-term interbank borrowings are also the primary funding source for the Group's operation and business expansion, which may cause potential liquidity and interest rate risks. As at 30 June 2022, the aggregate amount of borrowings from BOCOM was RMB32.85 billion. In addition, the Company also relies on direct and indirect financial support from its parent, BOCOM, for the expansion of its business. If there are changes in international and/or domestic macroeconomic conditions and policies, or if the Group fails to maintain its existing and future loan arrangements on commercially acceptable terms, there is no guarantee that the Group will be able to continue to obtain adequate funding in the future on reasonable commercial terms, or at all. If sufficient financing is not available to meet the Group's needs, or cannot be obtained on commercially acceptable terms, or at all, the Group may not be able to refinance its existing portfolio, fund the operation and/or expansion of its business, introduce new services or compete with other companies in the similar industries effectively.

Increases in funding costs may adversely affect the Group's results of operations.

Interest rate fluctuations and changes in the cost of funding may have a significant influence on the financial performance of the Group. Any increase in financing cost will pose a negative impact on the Group's profitability. A significant part of the Group's financing is denominated in floating interest rate or short-term financing on a rolling basis. Therefore, a relatively high interest rate is a major factor of any increase in the cost of funding. For example, there was a temporary liquidity shortage in the PRC in June 2013 and the level of Shanghai Interbank Offered Rate (SHIBOR) remained relatively high in the fourth quarter of 2013 and throughout 2014 and led to an increase in the Group's funding costs. Other factors that may affect the cost of funding include the public rating of the Group and BOCOM and the efficiency of its liquidity management. Increased funding costs have a direct negative effect on the Group's profitability, and sustained increased funding costs will materially and adversely affect the Group's results of operations.

Brexit may adversely impact the global markets in which the Group operate and may cause fluctuation in the foreign currency exchange rates.

The platforms in Ireland operated through various Special Purpose Vehicles (the "SPV") established or managed by the Group are a critical part of the Group's strategy of global expansion and business development. The extent Brexit may influence future operations of such overseas platforms remains unpredictable. Brexit may also have an uncertain impact upon the rates of foreign currency exchange, i.e. Euro, Pound Sterling, pound and U.S. dollar, which could increase the funding costs or cause additional expenses for cross-border settlement.

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

The Group's customers include agencies and entities owned, controlled by or otherwise associated with PRC local governments. Revenue contributed by these customers account for a substantial part of the Group's total revenue. PRC governmental policies historically have and will continue to have a significant impact on the Group's business. Any changes in the government's budget, environmental laws or other policy considerations may result in reduced demand for the Group's leasing business. To the extent that the Group's customers are funded or supported by the PRC government, any decrease in such funding or support could lead to customer defaults or contract termination, which would adversely affect the Group's business, financial position and results of operations, which, in turn, may adversely affect the Group's ability to meet its financial obligations.

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

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

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

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

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

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

The Group is required to hold various licences, permits and approvals issued by relevant authorities for the operation of its businesses. Any infringement of legal or regulatory requirements, or any suspension or revocation of these licences, permits and approvals may have a material adverse impact on the Group's business and operations. There can be no assurance that the Group will be able to satisfy such regulatory requirements or that it will be able to retain, obtain or renew relevant licences, permits or approvals in the future. Any failure to comply with the regulatory and legal requirements may hinder the Group's business operations and materially and adversely affect its results of operations and financial condition.

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

The Group is subject to risks related to a variety of industries.

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

- (a) a reduced demand for its public infrastructure, energy equipment, aircraft, shipping, manufacturing equipment or other equipment and hence, lower lease rates or equipment values;
- (b) a higher incidence of lease defaults resulting in higher legal and technical costs associated with the repossession of the public infrastructure, energy equipment, aircraft, shipping, manufacturing equipment or other equipment and its records, as well as lost revenue from such highway, power equipment, aircraft, ship or other equipment;
- (c) a need to restructure lease payments for delinquent lessee companies in financial difficulty which may result in lower lease revenues or the need to make provisions for rental amounts in arrears; or
- (d) an inability to immediately place certain available public infrastructure, energy equipment, aircraft, shipping, manufacturing equipment or other equipment on commercially viable terms and possibly incurring additional storage, insurance and maintenance costs resulting from the idleness of such public infrastructure, energy equipment, aircraft, shipping, manufacturing equipment or other equipment and their preparation for re-lease.

The Group has expanded its businesses in jurisdictions other than China, which has increased the complexity of the risks that the Group faces.

The Group has started to expand its international operations and set up its offshore leasing platform. The Group's international expansion into multiple jurisdictions exposes it to a variety of regulatory and business challenges and risks and has increased the complexity of the Group's risks in a number of areas, including currency risk, interest rate risk, credit risk, regulatory and compliance risk, reputational risk and operational risk. This exposes the Group to additional risks including default risk resulting from the failure in the performance of lessees, and the Group's inexperience in various aspects of the economic and legal framework in overseas markets. If the Group is unable to manage the risks resulting from its international expansion, its business, reputation, results of operations and financial condition may be adversely affected.

Cross-border operations inherently pose complex legal, political, regulatory, tax and economic risks, which could have a material adverse effect on our business.

The scope of the Group's international operations may require it in certain situations to comply with trade and economic sanctions and other restrictions imposed by the United States, the European Union, Singapore, China and other governments or organisations. The U.S. Department of Justice, Department of Commerce, Department of State and Department of Treasury and other federal agencies and authorities have a broad range of civil and criminal penalties they may seek to impose against corporations and individuals for violations of economic sanctions laws, export control laws, the Foreign Corrupt Practices Act, and other federal statutes and regulations, including those established by the Office of Foreign Assets Control. In addition, the UK Bribery Act of 2010 prohibits both domestic and international bribery, as well as bribery in both private and public sectors. Under these and other laws and regulations, various government agencies may require export licences, may seek to impose modifications to business practices, including cessation of business activities in sanctioned countries or with sanctioned persons or entities, and modifications to compliance programmes, which may increase compliance costs, and may subject the Group to fines, penalties and other sanctions. A violation of these laws or regulations could adversely impact the Group's business, financial condition and results of operations.

The Group's customers may be subject to various PRC and overseas regulatory control and changes in such regulations may affect customers from meeting their leasing obligations to the Group.

The energy, aircraft, shipping, public infrastructure and other industries in which many of the Group's customers operate, and the operation of aircraft, vessels, equipment or certain public infrastructure are subject to domestic and international regulatory controls. The aircraft industry is subject to additional controls imposed by various national or federal civil aviation authorities, including, for example, the airworthiness directives for aircraft operated by airlines within the jurisdiction of such authorities. The regulatory authorities may suspend or revoke the licence granted to the Group's customers to operate their businesses for failure to comply with these regulations, which may result in the grounding of aircraft or interruption of business. If the business activities of any of the Group's lessees are disrupted due to failure to meet regulatory requirements, the ability of such lessees to meet their lease obligations towards the Group may be adversely affected.

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

On 23 March 2016, the Ministry of Finance ("MOF") and the State Administration of Taxation ("SAT") jointly issued the Circular of Full Implementation of Business Tax to VAT Reform (Cai Shui [2016] No. 36) (關於全面推開營業稅改徵增值稅試點的通知)(財稅[2016]36號) (the "**Circular 36**"), which provides that all business tax payers are required by the pilot programme to pay VAT from 1 May 2016. On 20 March 2019, MOF, SAT and the General Administration of Customs ("**GAC**") jointly issued the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (Announcement No. 39 [2019] of MOF, SAT and GAC) (財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告)(財政部、稅務總局、海關總署公告2019年第39號) (the "**Announcement 39**"). Under the Circular 36 and Announcement 39, which further changed the applicable tax rate to 6 per cent., 9 per cent. or 13 per cent. VAT is applicable where the entities or individuals provide services within the PRC. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 and its accompanying laws and regulations pertaining to VAT are relatively new and the interpretation and enforcement of such laws and regulations involve uncertainties. The reform may result in an increase in the overall tax liability of the Group and would therefore adversely affect the Group's business, financial condition and results of operations.

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

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

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

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

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

Any default on the Group's borrowings secured by its leased assets may adversely affect the Group's business, financial conditions and results of operations.

The Group has mortgaged certain leased assets to secure some of its bank loans. If the Group defaults on such bank loans, the lenders may foreclose such leased assets mortgaged by the Group, which may disrupt and adversely affect the Group's business. Although the terms of the Group's indebtedness may limit the Group's ability to create certain security over its assets, there can be no assurance that the Group will not mortgage its leased assets to secure its borrowings in the future. There can also be no assurance that the Group will not default on any of its borrowings in the future.

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

As at 30 June 2022, a considerable part of the Group's leases are secured by guarantees. To mitigate credit risks of its leases, the Group may request the lessees to provide guarantees and/or collateral to support their lease obligations. However, such guarantees and/or collaterals need to be negotiated on a case-by-case basis, depending on the nature of the business of the relevant lessee. In the event of any default on the lease payment terms, the Group may be contractually entitled to enforce its security rights over any guarantee or collateral, and/or repossess and dispose of the assets underlying its leases to realise their value. However, the value of such collateral and/or assets underlying such leases to be disposed of may decline and may be materially and adversely affected by a number of factors, such as any damage, loss, oversupply, devaluation or reduced market demand. Similarly, a significant deterioration in the financial condition or creditworthiness of guarantors under the Group's guaranteed leases could significantly reduce any amounts which the Group may be able to recover under such guarantees.

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

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

In the PRC, the procedures for liquidating or otherwise realising the collateral value of tangible assets and the procedures for enforcing the Group's rights to a guarantee or to repossess and dispose of the asset underlying its leases could be time-consuming and in practice it may be difficult to realise such collateral value, enforce the guarantee or repossess and dispose of assets underlying the Group's leases. Although the Group could apply to a PRC court in accordance with the PRC Civil Procedure Law for the attachment or disposal of any underlying collateral, the enforcement of a guarantee or the repossession of the assets underlying the Group's leases upon default, it is uncertain whether any judgment made by local courts would be enforceable, or what the extent to which such judgment could be enforced is, due to uncertainties of the PRC legal system governing such enforcement. In addition, under PRC law, the Group's rights to any collateral securing its leases may be subordinated to other claims. For example, according to the PRC Bankruptcy Law, which took effect on 1 June 2007, and other laws as may be applicable, including but not limited to Maritime Law of PRC and Civil Aviation Law of PRC, claims for the amount that a company in bankruptcy owed its employees, including, but not limited to, salaries, medical insurance and pension benefits, will have priority over the Group's rights to collateral, if not adequately provided for in liquidation proceedings. Therefore, upon any default of any lessee or any guarantor under the Group's lease, if the Group is unable to successfully enforce its right in respect of any collateral or any guarantee related to any assets underlying its leases to be repossessed and disposed of on a timely basis, it may have a material adverse effect on its asset quality, business, financial condition or results of operations.

Where the Group has entered into cross-border leases, the ability to enforce collateral or claim under guarantees will be subject to local law restrictions.

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

The Group makes provisions for impairment losses on finance lease receivables in accordance with PRC GAAP. As at 31 December 2019, 2020 and 2021 and 30 June 2022, the Group's provision for impairment losses on lease receivables were RMB3,895.50 million, RMB4,211.72 million, RMB5,050.10 million and RMB5,055.19 million, respectively, representing 3.02 per cent., 2.94 per cent., 3.27 per cent. and 3.21 per cent. of the Group's lease receivables, net of unrealised financial income, respectively. This reflected both the growth of the Group's business operations and its approach to provisions in view of the macroeconomic environment. The amount of provisions for impairment losses on the Group's lease receivables is determined on the basis of its internal provisioning procedures and guidelines taking into account a number of factors, such as the nature and industry-specific characteristics of the Group's customers and their creditworthiness, economic conditions and trends, write-off experience, delinquencies and the value of underlying collateral and guarantees. As the Group's provisions require significant judgment and estimation, its allowance for impairment losses may not always be adequate to cover actual credit losses in its business operations. The Group's allowance may prove to be inadequate if unforeseen or adverse changes occur in the PRC economy or other economies in which the Group operates or if other events adversely affect specific customers, industries or markets. Under such circumstances, the Group may need to make additional provisions for its lease receivables, which could significantly reduce its profit and may materially and adversely affect its business, financial condition and results of operations.

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

Upon termination or expiry of an existing lease, the Group needs to sell the infrastructure, aircraft, vessels or equipment (as the case may be). There can be no assurance that the Group will be able to sell the infrastructure, aircraft, vessels or equipment (as the case may be) at a price favourable to the Company or at all.

Factors that could affect the Group's ability to sell the infrastructure, aircraft, vessels or equipment include business cycles in the relevant industry, global and domestic financial market conditions, market disruption risks, market demand for the assets, transaction cost such as tax and re-installment cost, which could adversely affect the liquidity, the interest rates, the availability of funding sources, the recovery of lease receivables and changes in the governmental regulation in the PRC and other jurisdictions in which the Group operates. With respect to infrastructure, aircraft, vessels or equipment acquired or leased out by the Group, in some leases, lessees have the discretion as to whether or not they wish to extend the leases after expiration of the initial lease term. In these circumstances, the Group will not be able to predict whether such lessees would exercise such an option. If lessees decide not to extend or there is no extension option granted in favour of lessee, the Group may not be able to re-lease the infrastructure, the aircraft, vessels or equipment on similar terms. The Group's ability to lease out certain infrastructure, aircraft, vessels and equipment and re-lease infrastructure, aircraft, vessels and equipment on the expiration or termination of the initial leases, the lease hire payable under any renewal or replacement lease and the Group's ability to dispose of infrastructure, aircraft, vessels and equipment profitably will depend upon, among other things, the then prevailing availability of lessees and economic conditions in the relevant market at that time. If the Group is unable to lease out the infrastructure, aircraft, vessels or equipment, the Group may be required to bear substantial costs and expenses for insurance, maintenance and compliance with government regulations. If the Group receives less income as a result of lower lease hire under replacement leases or is unable to lease out the infrastructure, aircraft, vessels and equipment on the expiry of their initial leases, this may have a material and adverse effect on the Group's business, results of operations and financial condition.

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

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

The Group's business is dependent on the proper functioning of its information technology systems.

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

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

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

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

The Group, its suppliers and customers may experience shutdowns of their respective operations as a result of severe communicable diseases, such as severe acute respiratory syndrome (SARS), avian influenza (bird flu), H7N9 flu, MERS, the Zika Virus and the ongoing COVID-19, which may have an adverse effect on the Group's business, financial condition and results of operations. For example, the outbreak of any contagious disease that escalates into a regional or global pandemic may have an adverse impact on airlines that operate to or from affected areas or regions. In particular, the ongoing COVID-19 epidemic may further create negative economic impact and increase volatility in the PRC and global market and continue to cause increasing concerns over the prospects of the financial market in PRC. The COVID-19 pandemic and policies implemented by governments to deter the spread of the disease have had and may continue to have an adverse effect on consumer confidence and the general economic conditions to which the Group's business is subject. Despite the roll-out of mass vaccination programmes, significant COVID-19 related restrictions, including those in response to the relatively recent outbreaks of the Delta variant and subsequently the Omicron variant, have continued and in some instances, have been significantly tightened, in a number of countries and regions. The COVID-19 pandemic continues to affect many countries and regions globally and there remains significant uncertainty as to when the pandemic will end and whether governments will implement further travel restrictions or other restrictive measures to contain the COVID-19 pandemic. The resultant disruptions to the supply chain and reduced levels of consumption, commercial activities and industrial production in the affected countries may result in an economic slowdown in such economies which, if prolonged, could cause a global recession. Whilst the PRC has seen a rebound and a degree of normalisation of supply and demand, the pandemic situation continues to be affected by localised re-emergences of the virus. As the situation of the COVID-19 pandemic is still evolving, the heightened uncertainties surrounding the pandemic may pose a material adverse impact on the Group's business, financial condition, results of operations and prospects. Air travel has been severely reduced even though international and national response plans to address such events have been developed or are in development. Other natural calamities such as earthquakes, floods or tsunamis may devastate destinations and significantly reduce travel to affected areas for a period of time.

Similarly, acts of God, acts of war, terrorist attacks, epidemics, political unrest, labour unrest and other similar events may result in political instability and volatility in the world's financial and commodities markets. Terrorist attacks, pirate attacks, hijacking, war or armed hostilities, or the fear of such events, could adversely affect the aviation and shipping industry and may have an adverse effect on the financial condition and liquidity of the Group's lessees, aircraft and vessel values and rental rates, and may lead to lease restructurings or reposessions, all of which could adversely affect the Group's business, financial condition and results of operations.

The Group may be subject to additional operating costs.

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

- (a) the costs of casualty, liability or war risk insurance and the liability costs or losses when insurance coverage has not been or cannot be obtained as required or is insufficient in amount or scope;
- (b) the costs of licensing, exporting or importing leased assets, the costs of storing and operating lease assets, airport taxes, custom duties, air navigation charges, landing fees and similar governmental or quasi-governmental impositions; and
- (c) the penalties and costs associated with the failure of lessees to keep the leased assets registered under all appropriate local requirements or to obtain required governmental licences, consents and approvals.

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

The Group may not have adequate insurance coverage on potential liabilities or losses.

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

The Group does not actively manage or control the operations of its aircraft, vessels and equipment other than to make them available to its lessees. However, since the relevant member of the Group is the sole owner of the aircraft, vessels and equipment, it may be directly or indirectly liable for any losses resulting from the misuse of the aircraft, vessels and equipment or be subject to other legal consequences in jurisdictions in which the Group or its lessees are present. If such events should take place, the Group would have to expend resources in its defence. The Group generally requires its lessees to obtain specified levels of insurance and indemnify it for, and insure against, liabilities arising out of their use and operation of the aircraft vessels and equipment. Some lessees may fail to maintain adequate insurance coverage during a lease term, which, although in contravention of the lease terms, would necessitate the Group taking some corrective action such as terminating the lease or securing insurance for the aircraft, vessels or equipment, which could adversely affect the Group's results of operations.

Claims may be asserted against the Group.

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

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

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

RISKS RELATING TO THE INDUSTRY

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

The leasing business is a highly competitive industry. The Group faces competition from both international and domestic players (including the financing divisions of vendors, manufacturers of aircraft, vessels and equipment, financial institutions including banks, hedge funds and private equity firms, other leasing companies, aircraft brokers, as well as airlines) in its business, and competes with them in capturing new business opportunities. Some of the Group's competitors may have significant financial resources, marketing and other capabilities, more extensive know-how and business relationships and longer operating track records. The Group competes with its competitors on the basis of availability of product types that meet customers' needs, delivery dates, lease rates, lease terms, maintenance reserves and aircraft condition. The Group's revenue is affected by these competitive factors and its success depends on its ability to compete effectively. In addition, the leasing business also requires specialised expertise and extensive experience. For example, in the aircraft financing business of the Group, there is a high percentage of operating leases. As the Group has expanded and grown in the past several years, its assets have increased and the leases have begun to expire, and it has become increasingly difficult to lease and manage the old assets. Furthermore, with the growth of the business, the Group's asset portfolio has also become increasingly diversified into different types and industries, requiring highly specialised expertise and skilled employees to manage the different assets efficiently.

The industries that the Group is engaged in are cyclical.

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

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

The Group receives rental income and makes purchase payments in various currencies such as the RMB and U.S. dollar. The value of the RMB against the U.S. dollar and other currencies may fluctuate significantly and is affected by, among other things, the domestic and international economies, political conditions and supply and demand of currency. On 21 July 2005, the PRC government changed its policy of pegging the value of the RMB to the U.S. dollar. Under the new policy, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy resulted in an appreciation in the value of the RMB against the U.S. dollar. It is possible that the PRC government could adopt a more flexible currency policy, which could result in further and more significant fluctuations of the RMB against the U.S. dollar or any other foreign currency. As a portion of the Company's debts and assets are denominated in currencies other than RMB, fluctuations of RMB against any such currencies could have an adverse effect on the Company's business, financial condition and results of operations.

Although the Group manages exchange rate risks with a variety of techniques, there can be no assurance that fluctuations in exchange rates will not have an adverse effect on the Group's earnings and cash flows. If any of the variety of instruments and strategies the Group uses to hedge its exposure to these various types of risk proves to be ineffective, the Group may incur losses.

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

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

The outlook for the PRC and world economy and financial markets remains uncertain. In Europe, several countries (including Greece) continue to face difficulties in refinancing sovereign debt. In the United States, the unemployment rate remains high, and recovery in the housing market remains subdued. In Asia and other emerging markets, the political unrest in the Korea has resulted in economic instability and uncertainty, and some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. In the Middle East, Syria and the Ukraine, political unrest and military conflicts have resulted in economic instability and uncertainty. The PRC's economic growth may slow down due to weakened exports.

In addition, as the United Kingdom officially withdrew from the European Union on 31 January 2020, the start of the formal Brexit process may result in volatility in global financial markets and economic uncertainty to not only the economies of the United Kingdom and the European Union but also globally. These and other material changes in the global economic and political environment could have an adverse effect on China's economy which would in turn affect the Group's business and prospects.

The economic impact on the global economy due to the rising tensions of the trade war between the U.S. and China is unknown. Starting in April 2018, the United States imposed tariffs on various categories of imports from China, and the PRC responded with similarly sized tariffs on United States' products. By January 2020, the United States had set tariffs on more than U.S.\$360 billion worth of Chinese products and China had set tariffs on more than U.S.\$110 billion worth of U.S. goods. The rhetoric surrounding the trade war continues to escalate and neither side has been willing to significantly progress stalled trade negotiations. The amicable resolution of such a trade war remains elusive, and the lasting impacts any trade war may have on the PRC economy and the industries our clients operate in remain uncertain.

Furthermore, the COVID-19 pandemic has caused stock markets worldwide to lose significant value since February 2020. Market interest rates have declined significantly, with the 10-year United States Treasury bond falling below 1.00 per cent. for the first time on 3 March 2020. Governments and central banks around the globe have introduced or are planning fiscal and monetary stimulus measures including tax cuts, direct subsidies, rate cuts, bond repurchase programmes and suspension or relaxation of prudential bank capital requirements. These measures aim to contain the economic impact of the COVID-19, stabilise the markets and provide liquidity easing to the markets. In the United States, the Federal Open Market Committee ("FOMC") reduced the target federal funds rate by 50 basis points to 1.00 per cent. to 1.25 per cent. on 3 March 2020. Subsequently on 16 March 2020, the FOMC further reduced the target federal funds rate by an additional 100 basis points to 0.00 per cent. to 0.25 per cent.. These reductions in interest rates may result in continued significant volatility in global capital markets and adversely affect business and consumer confidence. There is no assurance that any such measures may be introduced in time or will be sufficient or effective in stabilising markets or mitigating the economic impact of COVID- 19. Please also refer to "*The Group may be subject to risks related to epidemics, acts of terrorism, wars, or other natural or man-made calamities*".

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

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

- market developments that may affect customer confidence, reduce the demand for financing services or cause increases in delinquencies and default rates, which could increase the Group's write-offs and provisions for credit losses;
- the process the Group uses to estimate losses from its credit exposure requires a high degree of management's judgment regarding numerous subjective and qualitative factors, including forecasts of economic conditions and how economic predictors might impair the ability of its customers to perform their contractual obligations under the leases. Financial market disruption and volatility may reduce the accuracy of the Group's judgments;
- the Group's ability to engage in routine funding transactions or borrow from other financial institutions on acceptable terms, or at all, could be adversely affected by disruptions in the capital markets or other events, including actions by rating agencies and a deterioration in investor expectations; and
- the ability of the Group's funding counterparties to provide funding could be adversely affected by market volatility or disruptions in the equity and credit markets.

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

RISKS RELATING TO THE GROUP'S FINANCIAL STATEMENTS

The consolidated financial information of the Issuer may not be directly comparable from period to period.

The Offering Circular contains restated consolidated financial information of the Issuer as at and for the year ended 31 December 2019, which has been extracted from the Issuer's audited consolidated financial statements as at and for the year ended 31 December 2020 (the **"2020 Audited Financial Statements of the Issuer"**). This Offering Circular also contains consolidated financial information of the Issuer as at and for the years ended 31 December 2020 and 2021, which has been extracted from the Issuer's audited consolidated financial statements as at and for the year ended 31 December 2021 (the **"2021 Audited Financial Statements of the Issuer"**). The 2020 and 2021 Audited Financial Statements of the Issuer were prepared and presented in accordance with HKFRS and have been audited by PwC, the independent auditors of the Issuer. The consolidated financial information of the Issuer as at and for the six months ended 30 June 2022 has been extracted from the Issuer's 2022 Reviewed Interim Financial Statements in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

In the Issuer's 2021 Audited Financial Statements, certain restatements have been made by the management in respect of the 2021 Acquisitions. Please refer to note 27 of the 2021 Audited Financial Statements of the Issuer entitled "Business combination" for further details.

Given the foregoing, the Issuer's financial information as at and for the year ended 31 December 2019 appearing in the 2020 Audited Financial Statements of the Issuer may not be comparable with the Issuer's financial information as at and for the years ended 31 December 2020 and 2021 appearing in the 2021 Audited Financial Statements of the Issuer.

The unaudited but reviewed consolidated financial statements of the Issuer and the Group included in this Supplemental Offering Circular have not been audited by a certified public accountant.

The unaudited but reviewed consolidated financial statements of the Issuer and the Group as at and for the six months ended 30 June 2022 have not been audited by a certified public accountant, and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. None of the Managers or their respective affiliates, directors, officers or advisers makes any representation or warranty, express or implied, regarding the sufficiency of such unaudited but reviewed consolidated financial statements for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Issuer's or, as the case may be, the Group's financial condition and results of operations. In addition, the unaudited but reviewed consolidated financial statements of the Issuer and the Group as at and for the six months ended 30 June 2022 should not be taken as an indication of the expected financial condition or results of operations of the Issuer or the Group for the full financial year ended 31 December 2022.

Historical consolidated financial information of the Issuer or the Group may not be indicative of its current or future results of operations.

The historical financial information of the Issuer or the Group included in this Offering Circular is not indicative of the Issuer's or, as the case may be, the Group's future financial results. Such financial information is not intended to represent or predict the Issuer's or, as the case may be, the Group's results of operations of any future periods. The Issuer's or the Group's future results of operations may change materially if its future growth deviates from the historical trends for various reasons, including factors beyond its control, such as changes in economic environment, PRC rules and regulations and the competitive landscape of the industries in which the Issuer or the Group operates their respective businesses. The Issuer or the Group may also acquire businesses or companies or dispose of their respective subsidiaries or assets from time to time in accordance with the Issuer's or, as the case may be, the Group's business objectives. Period-to-period comparisons of the Issuer's or Group's historical operating results must be evaluated in light of the impact of any such transactions on the historical financial information of the Issuer or, as the case may be, the Group.

RISKS RELATING TO THE PRC

China has experienced a slowdown in its economic development and the future performance of China's economy is uncertain.

The economy of the PRC experienced rapid growth in the past 30 years. There has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Bureau of Statistics of the PRC, the annual growth rate of China's GDP decreased from 7.3 per cent. in 2014 to 6.1 per cent. in 2019. China's economy has experienced a significant slowdown since the outbreak of COVID-19 in 2020 and China recorded a GDP annual growth rate of 2.3 per cent. in 2020. Although China's GDP for the year of 2021 rebounded by 8.1 per cent. compared with 2020 largely due to its successful containment of the COVID-19 outbreak in 2021, it has recently seen the resurgence of the pandemic spreading across the nation in 2022. As a result, the Fifth Session of the Thirteenth National People's Congress opened in the Great Hall of the People on March 5, 2022, and Premier Li Keqiang delivered a report on the work of the government. The government work report puts forward the main development targets for this year, including GDP growth of about 5.5%. In May 2017, Moody's changed China's long-term sovereign credit rating and foreign currency issuer ratings to A1 from Aa3. In September 2017, S&P Global Ratings also downgraded China's long-term sovereign credit rating to A+ from AA-, citing increasing economic and financial risks from a prolonged period of strong credit growth. Further indication of the slowdown in the growth of China's economy is evidenced by press reports of a recent increase in bond defaults by PRC corporate issuers.

The future performance of China's economy is not only affected by the economic and monetary policies of the PRC Government, but it is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world. For example, the international trade environment and various governments' trade and economic policies, particularly the recent trade conflicts between the PRC and the United States, may cause uncertainties to the PRC's economy and financial, foreign exchange and capital markets.

More recently, the military conflict between Russia and Ukraine has resulted in an escalated regional instability, amplified the existing geopolitical tension among Russia and other countries in the region, in the European continent and in the United States, as well as adversely affected commodity and other financial markets and economic conditions of various countries. As a result, the United States, the United Kingdom, the member states of the European Union and other public and private actors have levied severe sanctions on Russia. The geopolitical and macroeconomic consequences of this military conflict and the associated sanctions cannot be predicted, and such events, or any further hostilities in Ukraine or elsewhere, could severely impact the world economy.

In addition, the United Kingdom's exit from the European Union took place on 31 January 2020, on which the United Kingdom legally revoked its membership in the European Union ("**Brexit**"). The United Kingdom then entered into the transition period which was agreed between the British government and the European Union. On 24 December 2020, the United Kingdom and the European Union reached the EU-UK Trade and Cooperation Agreement, setting out the new rules that will apply from 1 January 2021. The transition period ended on 31 December 2020 and the United Kingdom left the European Union single market and customs union. Brexit may continue to create negative economic impact and increase volatility in global markets, including but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the Pound Sterling and Euro against other leading currencies) and a possible economic recession involving more countries and areas.

On 11 March 2020, the World Health Organisation declared COVID-19 as a global pandemic. The COVID-19 pandemic has resulted in a number of countries declaring a state of emergency and a number of countries, including the PRC, Japan, the United States, members of the European Union and the United Kingdom, imposing extensive business and travel restrictions with a view to containing the pandemic. Widespread reductions in consumption, industrial production and business activities arising from the COVID-19 pandemic and the efforts to contain it have negatively impacted the global economy and global

markets, causing a global recession in 2020. In addition, given the high uncertainties associated with the COVID-19 pandemic, regional resurgence of COVID-19 may occur in the future, and it is difficult to predict the extent to which the Group may be affected. For example, in light of the emergence of new variants such as the Delta variants and Omicron variants, renewed lockdowns and other restrictive measures may from time to time be imposed by governments (whether in the PRC or elsewhere) to contain further waves of infections. Should the Group's operations be disrupted again by any resurgence or variance of COVID-19 and the restrictive measures imposed by the local government, the Group's results of operations and financial conditions may be materially and adversely affected. Furthermore, COVID-19 has led to significant volatility in global markets across all asset classes, including stocks, bonds, oil and other commodities and this volatility may persist for some time. As such, there continues to be uncertainty for the overall prospects for the global and the PRC economies this year and beyond. Any material changes in the financial markets, the PRC economy or regional economies as a result of these events or developments may materially and adversely affect the Group's business, financial condition and results of operations.

Changes in the economic, political and social conditions in the PRC and government policies adopted by the PRC Government could affect the Group's business, results of operations and financial condition.

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

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

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

Furthermore, the global crisis in financial services and credit markets since 2008 caused a slowdown in the growth of the global economy with a corresponding impact on the Chinese economy. Although the global and PRC economies have largely recovered, there can be no assurance that any such recovery is sustainable. In addition, macroeconomic events in 2011 such as the tightening of monetary policy by the PRC and other governments and the sovereign debt crisis in Europe may have an adverse effect on the global and the PRC economies. If the crisis in global financial services and credit markets were to persist, there is no certainty as to its impact on the global economy, especially the Chinese economy. As a result of global economic cycles, there can be no assurance that the Chinese economy will grow in a sustained or steady manner. Any slowdown or recession in the Chinese economy may affect the Group's ability to secure new leases and contracts and its ability to obtain sufficient financing, which may in turn have a material adverse effect on its business, results of operations and financial condition.

The operations of the Group may be affected by inflation and deflation within the PRC.

Economic growth in the PRC has historically been accompanied by periods of high inflation. Increasing inflation rates were caused by many factors beyond the Group's control, such as rising production and labour costs, high lending levels, changes in national and foreign governmental policies and regulations as well as movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. If inflation rates rise beyond the Group's expectations, the Group may be unable to increase the price of its services and products in amounts that are sufficient to cover its increasing operating costs. Further inflationary pressures within the PRC may have a material adverse effect on the Group's business, financial condition or results of operations.

Recently, concerns have arisen over deflationary pressures in the PRC as a result of weak domestic demand and a slowing economy. Inflation rates within the PRC have been on a downward trend in recent years. A prolonged period of deflation may result in falling profits, closure of plants and shrinking employment and incomes by companies and individuals, any of which could adversely affect the Group's business, financial condition or results of operations.

Investors may experience difficulties in effecting service of legal process and enforcing judgments against the Group and the Group's management.

It may be difficult to effect service of process upon, or to enforce against, the Company or its directors or members of the Company's senior management who reside in the PRC in connection with judgments obtained in non PRC courts. The Group's assets located throughout PRC and overseas markets, but substantially all of the assets of the Company's directors and the members of its senior management may be located within the PRC. Therefore, it may be difficult for investors to effect service of process upon the Company or its directors or members of its senior management inside the PRC. The PRC has not entered into treaties or arrangements providing for the recognition of judgment made by courts of most other jurisdictions. On 14 July 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the **"Choice of Court Arrangement"**), pursuant to which a party with an enforceable final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a "choice of court" agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with an enforceable final court judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a "choice of court" agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A "choice of court" agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Choice of Court Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not enter into a "choice of court" agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against the Company or the Company's directors or members of its senior management in the PRC and/or to seek recognition and enforcement for foreign judgments in the PRC. On 18 January 2019, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters between the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the **"2019 Arrangement"**), which seeks to establish a bilateral legal mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between the courts of Hong Kong and the PRC. The 2019 Arrangement will be implemented by local legislation in Hong Kong and will take effect after both Hong Kong and the PRC have completed the necessary procedures to enable implementation and shall apply to judgments made by the courts of Hong Kong and the PRC on or after the date of the commencement of the 2019 Arrangement. Upon commencement of the 2019 Arrangement, the Choice of Court Arrangement shall be terminated, except for "choice of court" agreements in writing made between parties before the commencement of the 2019 Arrangement, in which case the Choice of Court Arrangement shall continue to apply. However, the recognition and enforcement of judgments rendered by a Hong Kong court in the PRC are subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement. There can be no assurance that investors can successfully effect service of process against the Company or the Company's directors or members of its senior management in the PRC and/or to seek recognition and enforcement for judgments rendered by a Hong Kong court in the PRC.

Furthermore, the PRC does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, United Kingdom, or some other European countries or Japan. Hence, the recognition and enforcement in the PRC of judgment of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

Government control of currency conversion may adversely affect the value of investors' investments.

Most of the Group's revenue is denominated in Renminbi ("RMB"), which is also the reporting currency of the Group. RMB is not a freely convertible currency. A portion of the Group's cash may be required to be converted into other currencies in order to meet the Group's foreign currency needs, including cash payments on declared dividends, if any, on the Bonds. However, the PRC Government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, the Group might not be able to pay dividends to the holders of the Bonds in foreign currencies. On the other hand, foreign exchange transactions under capital account in the PRC continue to be not freely convertible and require the approval of SAFE. These limitations could affect the Group's ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures.

The implementation of PRC employment regulations may increase labour costs in the PRC generally.

The PRC Labour Contract Law (中華人民共和國勞動合同法) became effective on 1 January 2008 in the PRC and was amended on 28 December 2012. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.

In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from five to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. As a result of the PRC Labour Contract Law and the Regulations on Paid Annual Leave for Employees, the Group's labour costs (inclusive of those incurred by contractors) may increase. Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Group decides to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's business, financial condition and results of operations.

Further, in the event that there is a labour shortage or a significant increase to labour costs, the Group's business operation costs is likely to increase. In such circumstances, the profit margin may decrease and the financial results may be adversely affected. In addition, inflation in the PRC has increased in recent years. Inflation in the PRC increases the costs of raw materials required by the Group for conducting its business and the costs of labour as well. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's operations and therefore negatively impact the Group's profitability.

Under the new Enterprise Income Tax Law, the Issuer (or any other overseas entities of the Group) may be classified as a “resident enterprise” for PRC tax purposes, which will subject it to PRC enterprise income tax on its worldwide income and PRC withholding taxes on interest it pays on the Bonds.

Under the Enterprise Income Tax Law (the “**New EIT Law**”) of the PRC which took effect on 1 January 2008 and was amended on 24 February 2017 and 29 December 2018 and its implementing regulation, an enterprise established outside the PRC with a “de facto management body” within the PRC is deemed a “resident enterprise” for PRC tax purposes, meaning that it can be treated as a PRC enterprise for enterprise income tax purposes, and therefore subject to PRC enterprise income tax at the rate of 25 per cent. on their worldwide taxable income, although dividends paid from one resident to another may qualify as “tax-exempt income”. The Implementing Regulation defines the term “de facto management body” as a management body that exercises substantial and overall control and management over the production and operations, personnel, accounting and properties of an enterprise. A circular issued by the State Administration of Taxation on 22 April 2009 (the “**Circular 82**”) provides that a foreign enterprise controlled by a PRC company or a PRC company group will be classified as a “resident enterprise” with a “de facto management body” located within the PRC if all of the following requirements are satisfied: (i) the places of the senior management and core management departments in charge of daily operations to perform their duties are mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders’ meetings are located or kept within the PRC; and (iv) at least half of the enterprise’s directors with voting rights or senior management reside within the PRC. On 27 July 2011, the State Administration of Taxation issued the Provisional Administrative Regulations of Enterprise Income Taxation of a Foreign Enterprise Controlled by a PRC Enterprise or a PRC Enterprise Group (the “**Circular 45**”), which became effective on 1 September 2011, and which provides that a foreign enterprise controlled by a PRC company or a PRC company group shall be deemed a “resident enterprise” by the final decision of the State Administration of Taxation through the application of the foreign enterprise or the investigation of the relevant tax authorities.

The Group confirms that, as at the date of this Offering Circular, none of its overseas entities, including the Issuer, has been treated as a PRC resident enterprise by the PRC tax authorities. There is however no assurance that the Issuer or other overseas entities in the Group will not be treated as “resident enterprises” under the New EIT Law, any aforesaid circulars or any amended regulations in the future. If the Issuer is treated as a PRC resident enterprise for PRC enterprise income tax purpose, among other things, it would be subject to the PRC enterprise income tax at the rate of 25 per cent. on its worldwide taxable income. Furthermore, if the Issuer were treated as a PRC resident enterprise, payments of interest by the Issuer may be regarded as derived from sources within the PRC and therefore the Issuer may be obligated to withhold PRC income tax at 10 per cent. on payments of interest on the Bonds to non-PRC resident enterprise investors, unless any such non-PRC investor’s jurisdiction of incorporation has a tax treaty with the PRC that provides for preferential withholding tax treatment. In the case of non-PRC resident individual investors, the tax may be withheld at a rate of 20 per cent., unless a lower treaty rate is applicable. In addition, if the Issuer were treated as a PRC resident enterprise, any gain realised on the transfer of the Bonds by non-PRC resident investors may be regarded as derived from sources within the PRC and may be subject to a 10 per cent. PRC income tax in the case of non-PRC resident enterprises or 20 per cent. in the case of non-PRC resident individuals (or a lower applicable treaty rate, if any). According to an arrangement between Mainland China and Hong Kong for the avoidance of double taxation, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, may be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds.

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

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

The Group's domestic leasing business is conducted in the PRC and such operations are located in the PRC, hence its business operations are regulated primarily by PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, past court judgments in the PRC have limited precedential value and may be cited only for reference. Furthermore, PRC written statutes often require detailed interpretations by courts and enforcement bodies for their application and enforcement. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, China has not developed a fully integrated legal system and recently enacted laws and regulations that may not sufficiently cover all aspects of economic activities in the PRC. In particular, because these laws and regulations are relatively new and constantly evolving, in view of how the PRC's financial services industry is still developing, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties, which may in turn have a negative impact on the Group's business.

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

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

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

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

The payment of dividends by the Issuer's operating subsidiaries in the PRC is subject to restrictions under the PRC law.

The PRC laws require that dividends be paid only out of net profit, calculated according to the PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions. In addition, the PRC law requires enterprises set aside part of their net profit as statutory reserves before distributing the net profit for the current financial year. These statutory reserves are not available for distribution as cash dividends. Since the availability of funds to fund the Issuer's operations and to service its indebtedness depends upon dividends received from these subsidiaries, any legal restrictions on the availability and usage of dividend payments from the Issuer's subsidiaries may impact the Issuer's ability to fund its operations and to service its indebtedness.

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

Facts, forecasts and other statistics in this Offering Circular relating to the PRC, its economy or the relevant industry in which the Group operates have been directly or indirectly derived from official government publications and certain other public industry sources and although the Group believes such facts and statistics are accurate and reliable, it cannot guarantee the quality or the reliability of such source materials. They have not been prepared or independently verified by the Issuer, the Agents or any of its or their respective affiliates, employees, directors, agents, advisors or representatives, and, therefore, the Issuer, the Agents or any of its or their respective affiliates, employees, directors, agents, advisors or representatives makes no representation as to the completeness, accuracy or fairness of such facts or other statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be incomplete, inaccurate or unfair or may not be comparable to statistics produced for other economies or the same or similar industries in other countries and should not be unduly relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts or other statistics.

RISKS RELATING TO THE KEEPWELL AND ASSET PURCHASE DEED AND THE BONDS

The PRC Government has no obligations under the Bonds.

Neither the MOF nor any other PRC government is an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds or the Keepwell and Asset Purchase Deed in lieu of the Issuer or the Company. This position has been reinforced by the Circular of the Ministry of Finance on Issues relevant to the Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知)(財金[2018]23號) (the “**MOF Circular**”) promulgated on 28 March 2018 and which took effect on the same day, and the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委、財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知)(發改外資[2018]706號) (the “**Joint Circular**”) promulgated on 11 May 2018 and which took effect on the same day. Both the MOF Circular and the Joint Circular (“**Circulars**”) are relatively new, and because of the limited volume of published decisions, the interpretation and enforcement of these laws and regulations involve uncertainties. Pursuant to the Circulars, the PRC Government does not have any payment obligations under the Bonds or the Keepwell and Asset Purchase Deed. The Bonds are solely to be repaid by the Issuer and the obligations under the Keepwell and Asset Purchase Deed shall be fulfilled by the Company, as applicable, each as an obligor under the relevant transaction documents and as an independent legal person.

The Company depends on distributions from its subsidiaries to meet its payment obligations, and provisions of applicable laws or contractual restrictions could limit the amount of such distributions.

The Company is a holding company and derives a substantial portion of its operating income from its subsidiaries. As a result, the Company depends on distributions from its subsidiaries in order to meet its payment obligations. In general, these subsidiaries are separate and distinct legal entities and have no obligation to provide the Company with funds for its payment obligations, whether by dividends, distributions, loans or otherwise. In addition, provisions of applicable laws, such as those limiting the legal sources of dividends, limit the ability of the Company's subsidiaries to make payments or other distributions to it. Pursuant to financing agreements entered into in the ordinary course of business, certain subsidiaries of the Company have also agreed to certain contractual restrictions on their ability to make distributions. The Issuer, the Company and their respective subsidiaries may incur significant additional secured or unsecured indebtedness in the future, and there can be no assurance that the Issuer or the Company will have sufficient cash flows from its own operations and distributions by its subsidiaries and affiliates to satisfy its obligations in respect of the Bonds or the Keepwell and Asset Purchase Deed, as the case may be. Although each of the Issuer and the Company believes that it will be able to meet its obligations in respect of the Bonds or the Keepwell and Asset Purchase Deed, as the case may be, any shortfall would have to be made up from other sources of cash, such as a sale of investments or any financing available to the Issuer or the Company.

The Bonds are unsecured obligations.

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

- the Issuer enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's indebtedness.

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

The Bonds will be structurally subordinated to the existing and future indebtedness and other liabilities of the Issuer's existing and future subsidiaries, and effectively subordinated to the Issuer's secured debt to the extent of the value of the collateral securing such indebtedness.

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

The Keepwell and Asset Purchase Deed is not a guarantee of the payment obligations under the Bonds and performance by the Company of its obligations under the Keepwell and Asset Purchase Deed is subject to the approvals of the PRC authorities. In addition, the Keepwell and Asset Purchase Deed may not give rise to a debt claim against the Company or be recognised by PRC courts in insolvency proceedings in relation to the Company in the PRC.

The Company has entered into a Keepwell and Asset Purchase Deed, as further discussed in “*Description of the Keepwell and Asset Purchase Deed*”. Pursuant to the terms of the Keepwell and Asset Purchase Deed, the Principal Agent may take action against the Company to enforce the provisions of the Keepwell and Asset Purchase Deed. However, neither the Keepwell and Asset Purchase Deed nor any actions taken by the Principal Agent thereunder can be deemed as a guarantee by the Company of the payment obligation of the Issuer under the Bonds. Accordingly, the Company will only be obliged to cause the Issuer to obtain, before the due date of the relevant payment obligations, funds sufficient by means as permitted by applicable laws and regulations so as to enable the Issuer to pay such payment obligations in full as they fall due, rather than assume the payment obligation as in the case of a guarantee.

Furthermore, even if the Company intends to perform its obligations under the Keepwell and Asset Purchase Deed, depending on the manner in which the Company performs its obligations under the Keepwell and Asset Purchase Deed in causing the Issuer to obtain, before the due date of the relevant payment obligations, funds sufficient to meet its obligations under the Bonds, such performance may be subject to obtaining prior consent, approvals, registration and/or filings from relevant PRC governmental authorities, including the NDRC, the MOFCOM and SAFE. PRC counsels to the Managers and the Issuer have confirmed that (i) if the assets to be purchased under the Keepwell and Asset Purchase Deed would be imported into the PRC, the relevant PRC governmental approvals or permits from PRC approval authorities, including but not limited to NDRC, Civil Aviation Administration of China, MOFCOM and the General Administration of Customs of the PRC (中華人民共和國海關總署), are required and (ii) if the purchased assets under the Keepwell and Asset Purchase Deed would not be imported into the PRC, and those assets would be leased by the Company after the purchase (falling within the ambit of the finance leasing laws in the PRC), the Company should register such lease at the local foreign exchange authority within 15 working days upon an external claim and there are no other Regulatory Approvals (as defined in the Keepwell and Asset Purchase Deed) required under the PRC laws. Although the Company is required to use all reasonable efforts to obtain any required consents and approvals in order to fulfil its obligations under the Keepwell and Asset Purchase Deed, there is no assurance that such consents or approvals will be obtained in a timely manner or at all. In the event that the Company fails to obtain the requisite consents or approvals, the Issuer may have insufficient funds to discharge their outstanding payment obligations to the Bondholders. Further, in the event of an insolvency of a Relevant Transferor (as defined in the Keepwell and Asset Purchase Deed) any sale proceeds received by that Relevant Transferor may be subject to the insolvency claims of third parties. The Bondholders will not have a direct claim against the sale proceeds received by such Relevant Transferor.

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

In addition, the obligations under the Keepwell and Asset Purchase Deed may not give rise to a debt claim against the Company or be recognised by the PRC courts in insolvency proceedings in relation to the Company in the PRC. As the parties to the Keepwell and Asset Purchase Deed have submitted to the exclusive jurisdiction of Hong Kong courts, parties who have successfully obtained a judgment from Hong Kong courts in relation to a claim under a Keepwell and Asset Purchase Deed and wish to enforce such a judgment in the PRC may do so pursuant to the Choice of Court Arrangement. However, it is currently uncertain as to whether such a judgment will be recognised and enforced by PRC courts where it relates

to insolvency proceedings commenced in the PRC as the judicial practice in this area is relatively new and still evolves. Consequently, even if any of the Bondholder has successfully obtained judgment in Hong Kong courts in relation to the Keepwell and Asset Purchase Deed, there can be no assurance that PRC courts will recognise and enforce such a judgment in insolvency proceedings relating to the Company. Accordingly, a Bondholder may have limited or no remedies if insolvency proceedings are commenced in relation to the Company in the PRC.

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

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

- in the event that such financing agreements, lease agreements or other agreements contain non-disposal or other restrictive covenants that would prevent the sale of any asset by a Relevant Transferor, the Company and its subsidiaries would need to obtain the consent from the third party creditor or counterparty, as the case may be, before the Relevant Transferor is able to proceed with the sale of such assets; and
- in the event that certain assets have been secured in favour of third party creditors, the Company and its subsidiaries would need to arrange for these security interests to be released before the Relevant Transferor is able to proceed with the sale of such assets.

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

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

The proceeds realisable from the asset sale pursuant to the Keepwell and Asset Purchase Deed may not be sufficient to satisfy the Issuer's obligations under the Bonds.

Under the Terms and Conditions, the Deed of Covenant and the Keepwell and Asset Purchase Deed, there are no restrictions on the Issuer or its subsidiaries to dispose of any of their assets or secure in favour of third party creditors or any requirement to maintain a certain minimum value in respect of their assets. The Bondholders also have no security interest in any of such assets held by the Issuer or its subsidiaries. Such assets may be sold and transferred to third parties outside the Group, be secured in favour of third party creditors or depreciate in value over a period of time. There can be no assurance that upon the occurrence of a Triggering Event (as defined in the Keepwell and Asset Purchase Deed) there are sufficient assets held by the Issuer or its subsidiaries available for sale to the Company or the Designated Purchasers, as the case may be, for the performance by the Company of its obligations under the Keepwell and Asset Purchase Deed.

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

Any failure to complete the relevant filings under the NDRC Circular within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds.

The NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any foreign debt securities issued, with a maturity term of one year or longer, with the NDRC prior to the issue of the securities and submit the information report within 10 working days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of non-compliance with the pre-issue registration requirement.

The Issuer is relying on the NDRC quota granted by the NDRC to Bank of Communications Co., Ltd. pursuant to the NDRC Circular and that the issuance of the Bonds will be within the NDRC quota. Based on the above, for the issuance of the Bonds, the Bank has obtained the pre-issuance registration certificate stipulated in the NDRC Circular provided that it shall still complete the NDRC post-issuance notification within the prescribed timeframe after the completion of the issuance.

The interpretation of the NDRC Circular may involve significant uncertainty, which may adversely affect the enforceability and/or effective performance of the Bonds. In addition, the administration of the NDRC Circular may be subject to a certain degree of executive and policy discretion by the NDRC. The NDRC Circular does not expressly state the legal consequences of non-compliance with such post issue notification requirements, therefore there is no assurance that the failure to comply with the NDRC requirements would not result in any adverse consequences for the Issuer, the Company, the Bonds or the investors in the Bonds. There is also no assurance that the registration certificate with the NDRC will not be revoked or amended in the future or that future changes in PRC laws and regulations will not have a negative impact on the performance or validity and enforceability of the Bonds in the PRC. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions.

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

Investment in the Bonds involves risk. A potential investor should not invest in the Bonds unless they have the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

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

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

The Bonds may be subject to optional redemption by the Issuer and may have a lower market value than bonds that cannot be redeemed.

An optional redemption feature is likely to limit the market value of Bonds, and the market value of Bonds generally will not rise substantially above the price at which they can be redeemed. The Issuer may be expected to redeem the Bonds when its cost of borrowing (taking into account costs of exercising such optional redemption) is lower than its costs under the Bonds. At those times, investors may not be able to reinvest the redemption proceeds at an effective interest rate to achieve the returns investors would have been able to achieve had there been no redemption. Investors should consider reinvestment risk in light of other investments available at that time.

RISKS RELATING TO THE MARKET GENERALLY

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

The Bonds will carry fixed interest rates. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. If Bondholders sell the Bonds they hold before the maturity of such Bonds, they may receive an offer less than their investment.

Any ratings of the Bonds may be downgraded or withdrawn

The Bonds are expected to be assigned a rating of “A3” by Moody’s. The rating represents only the opinions of the rating agencies and their assessment of the ability of the Issuer and the Company to perform their respective obligations under the Bonds and the Keepwell and Asset Purchase Deed as applicable, and credit risks in determining the likelihood that payments will be made when due under any applicable Bonds. A rating is not recommendations to buy, sell or hold any Bonds and may be subject to suspension, reduction or withdrawal at any time. Neither of the Issuer nor the Company is obligated to inform holders of the Bonds if the ratings are downgraded or withdrawn. Each rating should be evaluated independently of the other rating. Moreover, other international rating agencies that neither the Issuer nor the Company has engaged to provide a rating may nonetheless issue an unsolicited rating. If any such unsolicited ratings are issued, there can be no assurance that such ratings will not be different from those ratings stated hereby. A downgrade or withdrawal of the ratings may materially and adversely affect the market price of the Bonds and the Issuer’s or the Company’s ability to access the debt capital markets.

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. Although approval in-principle has been received for the listing and quotation of the Bonds on the MOX and the SGX-ST, no assurance can be given as to the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds or that a liquid market will develop. The liquidity of the Bonds will be adversely affected if the Bonds are held or allocated to a limited number of investors. The Managers are not obligated to make a market in the Bonds, and if the Managers do so, it may discontinue such market making activity at any time at their sole discretion. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

One or more initial investors may subscribe for a material proportion of the aggregate principal amount of the Bonds.

One or more initial investors may subscribe for a material proportion of the aggregate principal amount of the Bonds. If such an event occurs, any holder of a significant portion of or majority of the aggregate principal amount of the Bonds may be able to exercise certain rights and powers on its own, which will be binding on all holders of the Bonds and control the outcome of votes on such matters. Any such holder of a significant percentage of the Bonds, even if less than a majority, will be able to exercise certain rights and powers and will have significant influence on matters voted on by Bondholders. Additionally, the existence of any such significant Bondholder may reduce the liquidity of the Bonds in the secondary trading market. If any such Bondholder sells a material amount of the aggregate principal amount of the Bonds at any one time, it may materially and adversely affect the trading price of the Bonds.

The liquidity and price of the Bonds following the offering may be volatile.

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the Issuer's turnover, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, changes in government regulations and changes in general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

Developments in other markets may adversely affect the market price of the Bonds.

The market price of the Bonds may be adversely affected by decline in the international financial markets and world economic conditions. The market for the Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in the PRC and Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including the PRC. Since the global financial crisis in 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

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

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

A change in English law which governs the Bonds may adversely affect holders of the Bonds.

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

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

The Bonds, the Deed of Covenant and the Keepwell and Asset Purchase Deed are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Under the Choice of Court Arrangement, judgments of Hong Kong courts are likely to be recognised and enforced by PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts.

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

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

If any member of the Group is unable to comply with the restrictions and covenants in its financing agreements, there could be a default under the terms of these agreements, which could cause repayment of its debt to be accelerated.

If any member of the Group is unable to comply with its current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to such member of the Group, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some of the Group's debt agreements contain cross-acceleration or cross-default provisions. As a result, an acceleration in relation to a debt agreement of a member of the Group may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under the Group's other debt agreements. In addition, under the Issuer's debt agreements, events of default may be triggered by certain events relating to a delisting of the Bank or downgrade of the Bank's credit ratings below certain specified levels. If any of these events occur, there is no assurance that their respective assets and cash flows would be sufficient to repay in full all of their respective indebtedness, or that the Issuer would be able to find alternative financing. Even if they could obtain alternative financing, they cannot assure holders that it would be on terms that are favourable or acceptable to them.

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

Each of the Issuer and the Company are non-listed companies and they are not required under the applicable laws and regulations to publish their financial statements or make periodic public announcements. Therefore, there is limited publicly available information about the Issuer, the Company and the Group. In making an investment decision, investors must rely upon their own examination of the Issuer, the Company and the Group, the terms of the offering and the financial information of the Company and the Group. The consolidated financial statements of the commercial operations of the Group included in the Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. See “*Summary of Significant Differences between PRC GAAP and IFRS*” for details. Each investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

Modifications and waivers may be made in respect of the Terms and Conditions by less than all of the holders of the Bonds, and decisions may be made on behalf of all holders of the Bonds that may be adverse to the interests of the individual holders of the Bonds.

The Terms and Conditions contain provisions for calling meetings of the holders of the Bonds to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including those Bondholders who did not attend and vote at the relevant meeting and those Bondholders who voted in a manner contrary to the majority. There is a risk that the decision of the majority of holders of the Bonds may be adverse to the interests of the minority holders of the Bonds.

The Issuer or the Company may not be able to raise the funds necessary to finance the purchase of Bonds upon occurrence of a Change of Control at the option of the holder.

Following the occurrence of a Change of Control, Bondholders may require the Issuer to redeem their Bonds. See “*Terms and Conditions of the Bonds – Redemption and Purchase– Redemption for Change of Control*”. The source of funds for any such redemption would be the Issuer's available cash or third-party financing. However, there is no assurance that the Issuer would have sufficient funds at that time to make the required redemption of the Bonds. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Bonds by the Issuer would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness of the Group.

Gains on the transfer of the Bonds may be subject to income tax under PRC tax laws.

Under the New EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the New EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the New EIT Law, a “non-resident enterprise” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply, respectively, unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to an arrangement between Mainland China and Hong Kong for the avoidance of double taxation, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, may be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds.

On 23 March 2016, the SAT issued the Circular 36, which provides that all business tax payers are included into the pilot programme to pay VAT from 1 May 2016. VAT is applicable where the entities or individuals provide services within the PRC. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. As Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

If a Bondholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax on gains on the transfer of the Bonds, the value of the relevant Bondholder's investment in the Bonds may be materially and adversely affected.

Stamp duties may also be imposed during the issuance and transfer of the Bonds.

There are uncertainties regarding the interpretation and application of current and future PRC taxation related laws and regulations and there can be no assurance that the relevant PRC regulatory authorities will not take a view that is contrary to the opinion of the Issuer.

According to the Stamp Duty Law of the PRC (中華人民共和國印花稅法) promulgated by the Standing Committee of NPC on 10 June 2021 and implemented on 1 July 2022 and its implementation rules, enterprises or individuals that have written taxable certificates and conducted securities transactions within the PRC are subject to stamp duty and shall be obliged to pay relevant stamp duties in accordance with the provisions therein. However, there are no specific regulations or guidelines relating to the taxation of the issuance of cross-border debt securities in the China (Shanghai) Pilot Free Trade Zone. Although the issuance or transfer of cross-border debt securities in the China (Shanghai) Pilot Free Trade Zone may not be treated as the issuance or transfer of debt securities issuance in the PRC, there can be no assurance that if the issuance or transfer of the Bonds will not be deemed or treated by PRC taxation authority as the entry into a loan contract or use of any other taxable instruments in the PRC and thus be subject to PRC stamp duty. In addition, there can be no assurance that PRC laws will not be revised as to impose stamp duty upon the issuance or transfer of the Bonds or similar debt instrument. Given that the Deed of Covenant will be executed in Shanghai, China, if the issuance of the Bonds is treated in the same way as the entering into of a loan contract, or use of any other taxable instruments in the PRC, both the borrower and lender (i.e. the Issuer and the investor purchasing the Bonds, respectively) in respect of the issuance of the Bonds, or both the transferor and transferee (i.e. the investors transferring the Bonds) in respect of the transfer of the Bonds would be each subject to PRC stamp duty of 0.005 per cent. of the amount borrowed, or any other rate applicable to the issuance and 0.1 per cent to the transfer of the Bonds (or such higher rate if local governments have other additional requirements). The Issuer undertakes that to the extent any PRC stamp duty is payable on initial issuance of the Bonds, it will bear such relevant PRC stamp duties for itself and the Bondholders.

The taxation authorities may impose a fine if a person subject to such PRC stamp duty is found to have failed to attach, or have attached insufficient number of stamps to a taxable instrument. The taxation authority, in addition to ordering such person to attach the appropriate number of stamps, may impose a fine of up to 20 times the amount of stamp duty payable, depending on the seriousness of the individual case. Investors should further consult their own legal and tax advisors in relation to their PRC stamp duty obligations and liabilities in relation to any transfer of the Bonds.

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

No assurances are made by the Issuer as to whether or not payments on the Bonds may be made without withholding taxes or deductions applying from the Issue Date on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or any subdivision or authority therein or thereof having power to tax. Investors are referred to the section headed “*Taxation*” for details of the prevailing withholding taxes applicable in the relevant jurisdictions and the risks associated with any identified ambiguity in the withholding tax rules. Although pursuant to the Terms and Conditions the Issuer is required to gross up payments on account of any such withholding taxes or deductions, the Issuer also has the right to redeem the Bonds at any time in the event it has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the PRC or any political subdivision or any authority therein or thereof having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), as set out in the Terms and Conditions.

The Issuer may issue additional Bonds in the future.

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

The China (Shanghai) Pilot Free Trade Zone bond market is a recent development and such FTZ bonds cleared through CCDC will be subject to the operational procedures and requirements of CCDC.

Bond issuances in the China (Shanghai) Pilot Free Trade Zone is a recent market development. FTZ bonds are cleared through CCDC and will be subject to the operational procedures and requirements of CCDC. CCDC is responsible for setting and has in place its own set of operational procedures and requirements for bond issuance, clearance and settlement. It also sets rules on who may invest and trade in the bonds issued in the China (Shanghai) Pilot Free Trade Zone. See “– *An investor needs to maintain an account with CCDC to invest in and trade the Bonds*”. As the market continues to develop, CCDC’s procedures and requirements may be amended from time to time. In addition, CCDC may, as it deems appropriate, amend the terms of the service agreements it has entered into with issuer and investor participants and such amendments would be binding. There are no assurances that CCDC’s current operational procedures will remain unchanged during the term of these Bonds.

An investor needs to maintain an account with CCDC to invest in and trade the Bonds.

As the Bonds will be issued in uncertificated book-entry form entered in CCDC, an investor needs to maintain an account with CCDC in order to invest in the Bonds. While the Bonds are entered in CCDC, the Bonds can only be traded between investors who maintain accounts with CCDC (and not with other clearing system). This requirement may make the Bonds difficult to trade and affect the liquidity of the Bonds.

The Bonds will be issued in uncertificated book-entry form entered in CCDC and accountholders of CCDC must rely on CCDC procedures.

The Bonds will be issued in uncertificated book-entry form entered in CCDC. CCDC will maintain records of the beneficial interests in the Bonds. While the Bonds are held in CCDC, investors will be able to trade their beneficial interests only through CCDC to another person who maintains a securities account with CCDC. Except in the circumstances described in the Terms and Conditions, investors will not be entitled to receive definitive Certificates.

While the Bonds are held in CCDC, the Issuer will discharge its payment obligations under the Bonds by making payments to CCDC for distribution to its accountholders.

An accountholder of CCDC who holds a beneficial interest in the Bonds must rely on the procedures of CCDC to receive payments under the Bonds. Each payment will only be made to either the Renminbi free trade account (自由貿易賬戶) maintained by or on behalf of the accountholder with a bank in the China (Shanghai) Pilot Free Trade Zone (“**FTZ Account**”) or, the Renminbi account maintained by or on behalf of it with a bank in Hong Kong. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Bonds.

Amounts received in a Bondholder’s FTZ Account may be subject to certain restrictions.

If a Bondholder elects to receive the amounts payable under the Bonds in his or her FTZ Account, such amounts may be subject to restrictions on foreign exchange conversion and/or offshore remittance which may apply to such FTZ Account.

The Bonds may be redeemed by the Issuer prior to maturity.

The Issuer may redeem the Bonds at its option, in whole but not in part, at a redemption price equal to their principal amount, together with interest accrued to the date fixed for redemption if, subject to certain conditions, as a result of a change in tax law, the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions), as further described in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions.

If the Issuer redeems the Bonds prior to their maturity dates, investors may not receive the same economic benefits they would have received had they held the Bonds to maturity, and they may not be able to reinvest the proceeds they receive in a redemption in similar securities. In addition, the Issuer’s ability to redeem the Bonds may reduce the market price of the Bonds.

Any amount received by Bondholders in their respective FTZ Accounts may be subject to certain restrictions.

FTZ Accounts are created and maintained pursuant to the Opinion of the People’s Bank of China on Financial Support for Construction of China (Shanghai) Pilot Free Trade Zone (中國人民銀行關於金融支持中國(上海)自由貿易試驗區建設的意見) and other pilot rules, regulations, circulars or notes in connection therewith, which allow the remittance of the proceeds from the offering of the Bonds out of the China (Shanghai) Pilot Free Trade Zone (the “**Shanghai FTZ**”) or the remittance of money into the Shanghai FTZ. However, these rules in relation to FTZ Accounts are constantly evolving. There can be no assurance that if a Bondholder elects to receive the amounts payable under the Bonds in his or her FTZ Account, such amounts will not be subject to supporting documentation requirements or restrictions on foreign exchange conversion and/or offshore remittance and/or the maximum limitation which may apply to such FTZ Account in the future.

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

The Issuer will pay principal, premium and interest on the Bonds in Renminbi (the “**Specified Currency**”). This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Specified Currency would decrease (1) the Investor’s Currency equivalent yield on the Bonds, (2) the Investor’s Currency equivalent value of the principal payable on the Bonds and (3) the Investor’s Currency equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

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

Renminbi is not freely convertible at present. The PRC Government continues to regulate conversion between Renminbi and foreign currencies, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Participating banks in Hong Kong, Macau, Singapore, Taiwan, Seoul, Frankfurt, London, Paris, Luxembourg, Doha and Toronto have been permitted to engage in the settlement of current account trade transactions in Renminbi under certain pilot schemes.

However, remittance of Renminbi by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are still being developed.

Although starting from 1 October 2016, Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, there can be no assurance that the PRC Government will continue to liberalise control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which will have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance their obligations under the Bonds.

Remittance of proceeds into or outside of the PRC in Renminbi may be subject to restrictions.

In the event that the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC government authorities. However, there can be no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC governmental authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

There can be no assurance that the PRC Government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the pilot schemes introduced will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that the Issuer does remit some or all of the proceeds from the Shanghai FTZ into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds from the PRC into the Shanghai FTZ in Renminbi, it will need to source Renminbi in the Shanghai FTZ or elsewhere outside the PRC to finance its obligations under the Bonds, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Bonds and the ability of the Issuer to source Renminbi outside the PRC to service such Bonds.

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

While PBOC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the “**Renminbi Clearing Banks**”), and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the “**Settlement Arrangements**”), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC. The Renminbi Clearing Banks only have access to onshore liquidity support from PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

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

Bonds being issued as “sustainable bonds” may not be a suitable investment for all investors seeking exposure to sustainable assets.

The Company has developed its sustainable financing framework (the “**Framework**”) and intends to issue the Bonds as “sustainable bonds” in accordance with the Framework. See “*Sustainable Financing Framework*”. The Company has received from Vigeo Eiris an independent opinion (the “**Second-Party Opinion**”) confirming that the Framework is in compliance with the Green Bond Principles of the International Capital Market Association (the “**ICMA Green Bond Principles**”), the Social Bond Principles issued by the International Capital Market Association (the “**ICMA Social Bond Principles**”), the Sustainability Bond Guidelines issued by the International Capital Market Association (the “**ICMA Sustainable Bond Guidelines**”), the Green Loan Principles of the Loan Market Association (the “**Green Loan Principles**”), and the Social Loan Principles of the Loan Market Association (the “**Social Loan Principles**”), together with the ICMA Green Bond Principles, the ICMA Social Bond Principles, the ICMA Sustainable Bond Guidelines and the Green Loan Principles, the “**Principles and Guidelines**”, each as updated by the relevant association from time to time). The Principles and Guidelines are sets of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the sustainable bonds and sustainable loans market.

There is currently no market consensus on what precise attributes are required for a particular project to be defined as “sustainable”, and therefore no assurance can be provided to potential investors that the relevant Eligible Green and/or Social Projects/Assets (as defined in the Framework) will meet or continue to meet the relevant eligibility criteria. Although applicable green projects and social projects are expected to be selected in accordance with the categories recognised under the Principles and Guidelines and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and/or operation of any such green projects. Where any negative impacts are insufficiently mitigated, green projects may become controversial, and/or may be criticised by activist groups or other stakeholders.

Neither the Second-Party Opinion nor the Third-Party Verification is incorporated into, or is intended to form part of, this Offering Circular. None of the Issuer, the Company or the Managers makes any representation as to the suitability of the Second-Party Opinion or the Third-Party Verification. None of the Second-Party Opinion or the Third-Party Verification is, or should be deemed to be, a recommendation to buy, sell or hold the Bonds and is only current as at the date that the Second-Party Opinion or the Third-Party Verification (as the case may be) was initially issued, and may be updated, suspended or withdrawn by the relevant provider(s) at any time. Furthermore, the Second-Party Opinion and the Third-Party Verification are for information purpose only and none of the Issuer, the Company, the Managers, the Second-Party Opinion provider, the Third-Party Verification provider accept any form of

liability for the substance of the Second-Party Opinion, the Third-Party Verification and/or any liability for loss arising from the use of the Second-Party Opinion, the Third-Party Verification and/or the information provided in them. A withdrawal of the Second-Party Opinion and/or the Third-Party Verification may affect the value of the Bonds and/or may have consequences for certain investors with portfolio mandates to invest in green assets. Prospective investors must determine for themselves the relevance of the Second-Party Opinion, the Third-Party Verification and/or the information contained therein and/or the Second-Party Opinion provider and/or the Third-Party Verification provider for the purpose of any investment in the Bonds.

Whilst the Company has agreed to certain obligations relating to reporting and use of proceeds as described under the sections entitled “Use of Proceeds” and “Sustainable Financing Framework”, it would not be an Event of Default under the Terms and Conditions if (i) the Issuer or the Company were to fail to comply with such obligations or were to fail to use the proceeds of the issue of the Bonds in the manner specified in this Offering Circular and/or (ii) the Second-Party Opinion and/or the Third-Party Verification issued in connection with such Bonds were to be withdrawn. Any failure to use the net proceeds of the issue of the Bonds in connection with Eligible Green and/or Social Projects/Assets, and/or any failure to meet, or to continue to meet, the investment requirements of certain investors with environmental and/or social concerns with respect to such Bonds, may affect the value and/or trading price of such Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in green projects. In the event that the Bonds are included in any dedicated “green”, “environmental”, “social”, “sustainable” or other equivalently-labelled index, no representation or assurance is given by the Issuer, the Company or any other person that such listing or admission, or inclusion in such index, satisfies any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own constitutive documents or other governing rules or investment portfolio mandates.

None of the Issuer, the Company or the Managers makes any representation as to (i) whether the Bonds will meet investor criteria and expectations regarding environmental impact and sustainability performance for any investors, (ii) whether the net proceeds will be used in the manner as described in the sections entitled “Use of Proceeds” and “Sustainable Financing Framework”, or (iii) the characteristics of Eligible Green and/or Social Projects/Assets, including their relevant environmental and sustainability criteria. Each potential investor of the Bonds should have regard to the relevant projects and eligibility criteria described under the section titled “Sustainable Financing Framework”. Each potential investor of the Bonds should determine for itself the relevance of the information contained in this Offering Circular regarding the use of proceeds, and its purchase of any Bonds should be based upon such investigation as it deems necessary.

TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions of the Bonds (as defined below) substantially in the form in which they (other than the text in italics) will be endorsed on the registered certificate.

These are the terms and conditions (“**Conditions**”) of CNY2,400,000,000 2.9 per cent. bonds due 2025 (the “**Bonds**”) of Bocom Leasing Management Hong Kong Company Limited (交銀租賃管理香港有限公司) (the “**Issuer**”).

The issue of the Bonds was authorised by a resolution of the board of directors of the Issuer on 24 November 2022.

The Bonds are constituted by and have the benefit of, a Deed of Covenant (as amended, restated and/or supplemented from time to time, the “**Deed of Covenant**”) dated 15 December 2022 (the “**Issue Date**”) executed by the Issuer relating to the Bonds. An offshore bond issuer service agreement (離岸債券發行人服務協議) dated 5 December 2022 (as amended and/or supplemented from time to time, the “**Service Agreement**”) has been entered into in relation to the Bonds between the Issuer and China Central Depository & Clearing Co., Ltd. (中央國債登記結算有限責任公司) (“**CCDC**”) as principal agent, registrar, transfer agent and the other agents named in it. The principal agent, the registrar and any transfer agent for the time being are referred to below respectively as the “**Principal Agent**”, the “**Registrar**” and the “**Transfer Agent**”. “**Agents**” means the Principal Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time with respect to the Bonds. The Bonds also have the benefit of a keepwell and asset purchase deed dated on or about 15 December 2022 (as amended, restated and/or supplemented from time to time, the “**Keepwell and Asset Purchase Deed**”) and entered into between the Issuer and Bank of Communications Financial Leasing Co., Ltd. (交銀金融租賃有限責任公司) (the “**Company**”). The entering into the Keepwell and Asset Purchase Deed have been duly authorised by the Company’s board of directors dated 24 November 2022.

So long as CCDC acts as the Principal Agent and notwithstanding any provision to the contrary in these Conditions or the Deed of Covenant, CCDC has the right to amend the Service Agreement (including its rules and procedures which forms part of the Service Agreement) by publishing such amended Service Agreement on its website. In such case, the Issuer may accept CCDC’s amendments to the Service Agreement without the consent of the Bondholders if to do so could not reasonably be expected to be prejudicial to the interests of the Bondholders. Copies of the Service Agreement, the Deed of Covenant and the Keepwell and Asset Purchase Deed are available for inspection upon prior written request and satisfactory proof of holding and identity by the Bondholders by logging on to CCDC’s website (www.chinabond.com.cn). The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Deed of Covenant, the Keepwell and Asset Purchase Deed and those provisions of the Service Agreement (as may be amended by CCDC from time to time) applicable to them.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Deed of Covenant.

1. FORM, SPECIFIED DENOMINATION AND TITLE

The Bonds are issued in the specified denomination of CNY1,500,000 and integral multiples of CNY10,000 in excess thereof (each a “**Specified Denomination**”). The Bonds are issued in registered uncertificated form by entry in the Register (as defined below) and will not be serially numbered, unless otherwise agreed between the Issuer and the Principal Agent. No certificate or other evidence of title, other than the Deed of Covenant, will be issued by, or on behalf of, the Issuer to evidence title to a Bond unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation.

The Bonds are debt obligations of the Issuer owing under the Deed of Covenant. Each entry in the Register constitutes a separate and individual acknowledgment to the relevant Bondholder of the indebtedness of the Issuer to the relevant Bondholder which the Bondholder to whom those separate and individual obligations are owed is entitled to enforce without having to join any other Bondholder or any predecessor to title of a Bondholder.

Title to the Bonds shall pass by transfer and registration in the Register as described in Condition 3. Except as ordered by a court of competent jurisdiction or as required by law, the Holder of any Bond shall be deemed to be and shall be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it.

In these Conditions, “**Bondholder**” or, in respect of any Bond, “**Holder**” means the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first named thereof).

*The Bonds will initially be issued in uncertificated book-entry form entered in CCDC. When the Bonds are entered in CCDC, a “**Bondholder**” or, in respect of any Bond, a “**Holder**” means the person in whose name an interest in the Bonds is entered on the books and records of CCDC and the amount of interest in the Bonds shown in the books and records of CCDC as held by the Bondholder shall represent the entire holding of interest in the Bonds of that Bondholder.*

If the Bonds are entered in CCDC, a Bondholder may, on or after the Exchange Date, exchange its interest in the Bonds (as show on the books and records of CCDC) in whole but not in part for registered certificates if (1) CCDC is closed for business for a continuous period of 14 business days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (2) if principal in respect of any Bonds is not paid when due, by the Bondholder giving notice to the Principal Agent of its election for such exchange or (3) the Service Agreement is terminated.

*“**business day**” means a day, other than a public holiday of the PRC or prescribed by special regulations, on which CCDC is generally open for business; and*

*“**Exchange Date**” means a day falling not less than 60 calendar days or, in the case of exchange following failure to pay principal in respect of any Bonds when due 30 calendar days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Agent is located and, except in the case of exchange pursuant to (1) and (3) above, in the city in which CCDC is located.*

2. STATUS

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

3. TRANSFERS OF BONDS

(a) Register

The Issuer will cause the register (the “**Register**”) of Bondholders to be kept at the specified office of the Registrar and in accordance with the terms of the service agreement entered into with the Agents, on which shall be entered the names and addresses of the Holders and the particulars of the Bonds held by them and of all transfers of the Bonds.

*When the Bonds are entered in CCDC, the “**Register**” shall mean the books and records of CCDC recording the names of the Bondholders and the amount of interest in the Bonds held by each Bondholder and the service agreement entered into with the Agents shall mean the Service Agreement entered into with CCDC.*

(b) Transfer

Subject to the Service Agreement and Conditions 3(d) and 3(e), a Bond may be transferred in whole or in part but in any case in a Specified Denomination by depositing the form of transfer in the form as from time to time specified by, and obtainable from, the Principal Agent duly completed and signed, at the specified office of the Registrar or any Transfer Agent and any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer. In the case of a transfer of only part of a holding of Bonds evidenced by one certificate, a new certificate shall be issued to the transferee in respect of the part transferred (which shall be in a Specified Denomination) and a further new certificate in respect of the balance of the holding not transferred (which shall be in a Specified Denomination) shall be issued to the transferor. In the case of a transfer of the Bonds to a person who is already a holder of the Bonds, a new certificate evidencing the enlarged holding shall only be issued against surrender of the certificate evidencing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

Transfers of interests in the Bonds entered in CCDC will be effected in accordance with the rules of CCDC in effect from time to time, and any transferee acquiring such interests in the Bonds will be required to have and maintain an account with CCDC.

(c) Formalities Free of Charge

Registration of transfer of Bonds will be effected without charge by or on behalf of the Issuer or any Agent but upon (i) payment (or the giving of such indemnity and/or security and/or pre-funding as the Issuer or any Agent may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; (ii) the Registrar being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the relevant Agent being satisfied that the Regulations (as defined in Condition 3(e)) have been complied with.

(d) Closed Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (but excluding) the due date for any payment of principal or interest (or premium) in respect of that Bond; or (ii) after a Tax Redemption Notice has been given pursuant to Condition 6(b); or (iii) after a Change of Control Put Exercise Notice in respect of any such Bond has been delivered pursuant to Condition 6(c).

(e) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations (the “**Regulations**”) concerning transfer and registration of Bonds the initial draft of which is scheduled to the Deed of Covenant, including a requirement that the transferee represent and agree in the form of transfer that it or the person who will have the beneficial interest in the relevant Bonds is a qualified investor under applicable laws and regulations. The regulations may be changed by the Issuer, with the prior written approval of the Registrar.

4. COVENANTS

(a) **Negative Pledge**

So long as any Bond remains outstanding (as defined in the Deed of Covenant), neither the Issuer nor the Company shall, and the Issuer and the Company shall procure that none of their respective Material Subsidiaries (as defined in Condition 9) will, create or permit to subsist any Security Interest (save for Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto (A) securing the Bonds equally and rateably therewith or (B) providing such other security for the Bonds as may be approved by an Extraordinary Resolution (as defined in the Deed of Covenant) of Bondholders.

(b) **Financial Statements etc.:**

- (i) So long as the any Bond remains outstanding, the Company shall make available for inspection by the Bondholders at the specified office of the Principal Agent, upon prior written request and proof of holding and identity satisfactory to the Principal Agent:
 - (A) a copy of the Company Audited Financial Reports within 180 days of the end of each Relevant Period prepared in accordance with PRC GAAP (audited by an internationally recognised firm of independent accountants), provided that if such statements shall be in the Chinese language, the Company shall provide the Principal Agent with an English translation of the same translated by (x) an internationally recognised firm of accountants or (y) a professional translation service provider and checked by an internationally recognised firm of independent accountants, together with a certificate signed by a director or an Authorised Signatory of the Company certifying that such translation is complete and accurate; and
 - (B) a copy of the Company Unaudited Management Accounts within 90 days of the end of each Relevant Period prepared on a basis consistent with the Company Audited Financial Reports, provided that if such statements shall be in the Chinese language, the Company shall provide the Principal Agent with an English translation of the same together with a certificate signed by a director or an Authorised Signatory of the Company certifying that such translation is complete and accurate,
- (ii) So long as any Bond remains outstanding, the Issuer shall make available for inspection by the Bondholders at the specified office of the Principal Agent, upon prior written request and proof of holding and identity satisfactory to the Principal Agent a copy of the Issuer Audited Financial Reports in the English language within 180 days of the end of each Relevant Period prepared in accordance with the HKFRS (audited by an internationally recognised firm of independent accountants),

provided that, if at any time the capital stock of the Issuer or the Company is listed for trading on a stock exchange as commonly used for quotation or listing of debt securities, the Issuer or the Company, as the case may be, may make available for inspection by the Bondholders at the specified office of the Principal Agent, upon prior written request and proof of holding and identity satisfactory to the Principal Agent, as soon as they are available but in any event not more than 14 days after any financial or other reports of the Issuer or the Company, as the case may be, are filed with the exchange on which the Issuer's or the Company's, as the case may be, capital stock is at such time listed for trading, true and correct copies of any financial or other report filed with such exchange in lieu of the reports or accounts of the Issuer or the Company, as the case may be, identified in this Condition 4(b).

(c) **Information Report to NDRC:**

The Company undertakes to:

- (i) file or cause to be filed with the NDRC the requisite information and documents within the prescribed time frame after the Issue Date in accordance with the Circular on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號) (the “**NDRC Circular**”) issued by the NDRC and which came into effect on 14 September 2015 and any implementation rules as issued by the NDRC from time to time (the “**NDRC Post-issue Information Report**”); and
- (ii) within five PRC Business Days after submission of such NDRC Post-issue Information Report set out in Condition 4(c)(i), provide the Principal Agent with a certificate substantially in the form scheduled to the Deed of Covenant signed by a director or an Authorised Signatory of the Company confirming the due filing of the NDRC Post-issue Information Report.

(d) **Obligation to Acquire Assets:**

In the event of a Triggering Event, the Company has agreed in the Keepwell and Asset Purchase Deed that it shall purchase (either by itself or through a Subsidiary of the Company as designated by it) certain Assets held by the Issuer and/or any Subsidiary of the Issuer and/or any other Subsidiary of the Company in the manner as set out in the Keepwell and Asset Purchase Deed in order to assist the Issuer under its obligations under the Bonds.

For the purposes of these Conditions:

“**Assets**” means the airplanes, ships, equipment and/or other assets held by a Relevant Transferor (as defined in the Keepwell and Asset Purchase Deed) which is subject to the Purchase (as defined in the Keepwell and Asset Purchase Deed) pursuant to the Keepwell and Asset Purchase Deed;

“**Authorised Signatory**” means any director of the Issuer or the Company (as the case may be) or any other person duly authorised by the Issuer or the Company (as the case may be) as specified in a certificate provided to the Principal Agent by the Issuer or the Company (as the case may be) from time to time;

“**Company Audited Financial Reports**” means the annual audited consolidated balance sheets, income statements, cash flow statements and statements of changes in owner’s equity of the Company and its Subsidiaries (as defined in Condition 9) together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or intended to be read with any of them, prepared in accordance with PRC GAAP;

“**Company Unaudited Management Accounts**” means the semi-annual unaudited consolidated balance sheets, income statements and cash flow statements of the Company and its Subsidiaries together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or intended to be read with any of them (if any), prepared on a basis consistent with the Company Audited Financial Reports;

“**HKFRS**” means the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;

“**Issuer Audited Financial Reports**” means the annual audited consolidated balance sheets, income statements, cash flow statements and statements of changes in owner’s equity of the Issuer and its Subsidiaries together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or intended to be read with any of them prepared in accordance with the HKFRS;

“**NDRC**” means the National Development and Reform Commission;

“**Permitted Security Interest**” means:

- (i) any Security Interest on any property or asset existing at the time of acquisition of such property or asset or to secure the payment of all or any part of the purchase price or construction cost thereof or to secure any indebtedness incurred prior to, or at the time of, such acquisition or the completion of construction of such property or asset for the purpose of financing all or any part of the purchase price or construction cost thereof or any substitute security created on those property or asset in connection with the refinancing of indebtedness secured by the relevant property or asset (**provided that** the principal amount secured by any such security may not be increased without approval by an Extraordinary Resolution of the Bondholders);
- (ii) any lien arising by operation of law;
- (iii) any Security Interest on any property or asset securing Relevant Indebtedness if (i) by the terms of such indebtedness it expressly provides that recourse by the holders of such indebtedness is limited to the properties or assets of the issuer or the borrower and the revenues to be generated by the operation of, or loss of or damage to, such properties or assets, for repayment of the moneys advanced and payment of interest thereon and (ii) such indebtedness is not guaranteed by the Issuer, the Company or any Material Subsidiary of the Company; and
- (iv) any Security Interest on any property or asset of the Company or any Material Subsidiary of the Company which is created pursuant to any securitisation, repackaging or like arrangement in accordance with normal market practice; for the avoidance of doubt, such arrangement shall include that for asset-backed securities;

“**PRC Business Days**” means a day (other than a Saturday or Sunday) on which commercial banks are open for business in the PRC;

“**PRC GAAP**” means the Accounting Standards for Business Enterprises in the PRC;

“**Relevant Indebtedness**” means any present or future indebtedness (whether being principal, premium, interest or other amounts) which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities (a) which for the time being is, or is intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market, (b) which has an original maturity in excess of one year, (c) which is issued within the China (Shanghai) Pilot Free Trade Zone or otherwise outside of the PRC, and (d) which does not have the benefit of credit enhancement through a standby letter of credit, bank guarantee or other similar arrangement or instrument from a commercial bank;

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

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

“**Triggering Event**” means any of the following events:

- (i) an Event of Default; or
- (ii) the Issuer fails to provide the Company (with a copy to the Principal Agent) with a Liquidity Notice (as defined in the Keepwell and Asset Purchase Deed) on or prior to the Liquidity Notice Date (as defined in the Keepwell and Asset Purchase Deed) in accordance with the Keepwell and Asset Purchase Deed.

5. INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 2.9 per cent. per annum, payable in arrear on 15 December in each year (each an “**Interest Payment Date**”) commencing on 15 December 2023.

Each Bond will cease to bear interest from the due date for redemption unless payment of principal or premium (if any) is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholders, and (b) the day falling seven days after the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Bondholders under these Conditions).

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Interest in respect of any Bond shall be calculated per CNY10,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and actual number of days in the Interest Period (or such other period) divided by 365, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6. REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 15 December 2025 (the “**Maturity Date**”). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholders in accordance with Condition 13 (which notice shall be irrevocable), at their principal amount (together with interest accrued to the date fixed for redemption) if, immediately before giving such notice (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of, such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 8 December 2022, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided, however, that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the publication of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer shall deliver or procure that there is delivered to the Principal Agent (i) a certificate signed by an Authorised Signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and (ii) an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment.

Upon the expiry of any such notice period as is referred to in this Condition 6(b), the Issuer shall be bound to redeem the Bonds in accordance with this Condition 6(b).

(c) **Redemption for Change of Control**

At any time following the occurrence of a Change of Control (as defined below), the Issuer shall at the option of the Holder of any Bond redeem all but not some only of the Bonds held by such Holder on the Change of Control Put Settlement Date (as defined below) at 101 per cent. of their principal amount (together with interest accrued to the date fixed for redemption). Following the occurrence of a Change of Control, the Issuer shall give notice to Bondholders and the Principal Agent in accordance with Condition 13 (*Notices*) by not later than seven days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the date of the occurrence of the Change of Control.

In order to exercise such option, the holder of a Bond must, within 30 days following (i) a Change of Control or (ii) (if later) the day upon which the Issuer gives such relevant notice to Bondholders in accordance with Condition 13 (*Notices*), deposit the Bond with the Principal Agent together with a duly completed and signed notice of redemption (a “**Change of Control Put Exercise Notice**”) in the form scheduled to the Deed of Covenant. The “**Change of Control Put Settlement Date**” shall be the 14th day after the expiry of such period of 30 days as referred to above. No Bond, once deposited with a duly completed Change of Control Put Exercise Notice in accordance with this Condition 6(c) (*Redemption for Change of Control*), may be withdrawn; **provided, however, that** if, prior to the Change of Control Put Settlement Date, the Bonds so deposited or Bonds evidenced by any Certificate so deposited become immediately due and payable or, upon due presentation of any Bond or Certificate on the Change of Control Put Settlement Date, payment of the redemption moneys is improperly withheld or refused, such Bond or Certificate shall, without prejudice to the exercise of such option, be returned to the holder by uninsured first class mail (airmail if overseas) at the address specified by such holder in the relevant Change of Control Put Exercise Notice.

For the purposes of these Conditions: a “**Change of Control**” occurs when:

- (a) the Controlling Persons cease to Control the Company; or
- (b) the Company ceases to, directly or indirectly, own or control 100 per cent. of the voting rights of the issued share capital of the Issuer.

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

“**Controlling Persons**” mean Bank of Communications Co., Ltd. or its successor.

(d) **Purchase**

The Issuer, the Company or their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Company or any of their respective Subsidiaries, shall not entitle the Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Holders and for the purposes of Condition 9 and Condition 11(a).

(e) **Cancellation**

All Bonds so redeemed or purchased by the Issuer, the Company or any of their respective Subsidiaries shall be cancelled and may not be reissued or resold.

(f) **Notice of redemption**

All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond, including any Tax Redemption Notice given by the Issuer pursuant to Condition 6(b) and/or any Change of Control Put Exercise Notice given by a Bondholder pursuant to Condition 6(c), the notice given first in time shall prevail, and in the event of more than one notices being given on the same date, the first to be given shall prevail. None of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption, and none of them shall be liable to Bondholders, the Issuer, the Company or any other person for not doing so.

7. PAYMENTS

(a) **Method of Payment:**

- (i) Payments of principal and premium (if any) and interest shall be made in Renminbi by wire transfer to the registered account of each Bondholder.
- (ii) Payment of any amount on each Bond shall be paid to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”).

*For the purposes of this Condition 7, a Bondholder’s “**registered account**” means either the Renminbi free trade account (自由貿易賬戶) maintained by or on behalf of it with a bank in the China (Shanghai) Pilot Free Trade Zone or, the Renminbi account maintained by or on behalf of it with a bank in Hong Kong, in each case as nominated from time to time by the Bondholder and the details of which appear on the Register at the close of business on the Record Date.*

- (iii) If the amount of principal being paid is less than the amount then due, the Registrar will annotate the Register with the amount of principal so paid. If the amount of interest or premium (if any) being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest or premium (if any) so paid.

*Notwithstanding the foregoing, so long as the Bonds are entered in CCDC, each payment in respect of the Bonds will be made to the person shown as the Bondholder in the books and records of CCDC at the close of business of CCDC on the CCDC Business Day before the due date for such payments in accordance with the rules of CCDC, where “**CCDC Business Day**” means a day, other than a public holiday of the PRC or prescribed by special regulations, on which CCDC is generally open for business.*

- (b) **Payments subject to Fiscal Laws:** All payments are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.
- (c) **Payment Initiation:** Payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day).
- (d) **Appointment of Agents:** The Principal Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and the Company and their respective specified offices are listed below. Each of the Principal Agent, the Registrar and the Transfer Agent acts solely as agents of the Issuer and the Company and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer and the Company shall at all times maintain (i) a Principal Agent, (ii) a Registrar, (iii) a Transfer Agent and (iv) such other agents as may be required by any other stock exchange on which the Bonds may be listed.

Notice of any such change or any change of any specified office shall promptly be given to the Bondholders in accordance with Condition 13.
- (e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day.
- (f) **Non-Payment Business Days:** If any date for payment in respect of any Bond is not a Payment Business Day, the Holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “**Payment Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are generally open for business and settlement of Renminbi payments in Beijing.

So long as the Bonds are entered in CCDC, each Payment Business Day shall mean CCDC Business Day.

8. TAXATION

All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds and the Deed of Covenant shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any of the Relevant Jurisdictions, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Bondholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Bond:

- (a) held by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of its having some connection with the Relevant Jurisdiction other than the mere holding of the Bond; or,

- (b) held by or on behalf of a holder who would not be liable for or subject to such withholding or deduction by making a declaration of identity, non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested to make such declaration or claim, such holder fails to do so within any applicable period prescribed by such relevant tax authority.

As used in these Conditions:

“Relevant Date” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further presentation of the Bond being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation. and

“Relevant Jurisdiction” means Hong Kong or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Bonds. If the Issuer becomes subject at any time to any taxing jurisdiction other than Hong Kong, references in these Conditions to the Relevant Jurisdiction shall be construed as references to Hong Kong and/or such other jurisdiction.

References in these Conditions to principal, premium (if any) and interest shall be deemed also to refer to any additional amounts which may be payable under this Condition 8.

None of the Agents shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charges, withholding or other payment imposed by or in any jurisdiction.

9. EVENTS OF DEFAULT

If an Event of Default (as defined below) occurs, the Holder of at least 25 per cent. in nominal amount of the Bonds then outstanding may give notice in writing to the Issuer (with a copy to the Principal Agent at its specified office) that such Bond becomes immediately due and payable at its principal amount together with any premium and accrued but unpaid interest (if any).

An **“Event of Default”** occurs if:

- (a) **Non-Payment:** failure to pay any amount of principal or any premium (if any) in respect of the Bonds within seven days of the due date for payment therefor or failure to pay any amount of interest in respect of the Bonds within 21 days of the due date for payment thereof; or
- (b) **Breach of Other Obligations:** the Issuer or the Company defaults in the performance or observance of any of its obligations under or in respect of the Bonds, the Deed of Covenant, the Keepwell and Asset Purchase Deed or the Service Agreement and such default (i) is incapable of remedy or (ii) being a default which is capable of remedy remains unremedied for 45 days after the written notice thereof has been given to the Issuer or the Company, as the case may be or to the Principal Agent at its specified office by and Holder, *provided that* the occurrence of a Change of Control shall not constitute an event of default under this Condition 9(b), but only trigger a redemption pursuant to Condition 6(c); or

- (c) **Cross-acceleration of Issuer, Company or a Material Subsidiary:** (i) any indebtedness of the Issuer, the Company or any Material Subsidiary is not paid when due or (as the case may be) within any originally applicable grace period; (ii) any such indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Company or (as the case may be) the relevant Material Subsidiary or (provided that no event of default, howsoever described, has occurred) any person entitled to such indebtedness; or (iii) the Issuer, the Company or any Material Subsidiary fails to pay when due any amount payable by it under any guarantee of any indebtedness, *provided that* the amount of indebtedness referred to in sub-paragraph (i) and/or subparagraph (ii) above and/or the amount payable under any guarantee referred to in subparagraph (iii) above, individually or in the aggregate, exceeds U.S.\$50,000,000 (or its equivalent in any other currency or currencies); or
- (d) **Unsatisfied Judgment:** one or more judgment(s) or order(s) for the payment of any amount exceeding U.S.\$50,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer, the Company or any Material Subsidiary, such judgment continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) thereof or, if later, the date therein specified for payment and no further appeal or judicial review from such judgment is permissible under applicable law; or
- (e) **Security Enforced:** a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets or revenues of the Issuer, the Company or any Material Subsidiary and if challenged, such possession or appointment is not discharged within 60 days after the date(s) thereof; or
- (f) **Insolvency, etc:** (i) the Issuer, the Company or any Material Subsidiary becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer, the Company or any Material Subsidiary or the whole or a substantial part of the undertaking, assets and revenues of the Issuer, the Company or any Material Subsidiary, (iii) the Issuer, the Company or any Material Subsidiary takes any action for a readjustment or deferment of a substantial part of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of all or a substantial part of its indebtedness or any guarantee of all or a substantial part of its indebtedness given by it, in each case, except on terms approved by an Extraordinary Resolution of the Bondholders; or
- (g) **Winding Up, etc:** (i) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Company or any Material Subsidiary or (ii) the Issuer, the Company or any Material Subsidiary ceases or threatens to cease to carry on all or a substantial part of its business except (A) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Bondholders, or (B) in the case of a Material Subsidiary, whereby all or a substantial part of the assets or business of such Material Subsidiary are transferred to or otherwise vested in either the Issuer, the Company or any of their respective Subsidiaries; or (C) a members' voluntary solvent winding-up of any Material Subsidiary, or (D) in the case of a Material Subsidiary, any disposal or sale of a Material Subsidiary to any other person on arms' length terms for market consideration; or
- (h) **Failure to Take Action:** any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Company lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Bonds, the Deed of Covenant, or the Keepwell and Asset Purchase Deed (without prejudice to clause 2.2 thereof) (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Bonds, the Deed of Covenant, the Keepwell and Asset Purchase Deed, admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (i) **Analogous Event:** any event occurs which under the laws of Hong Kong or the PRC has an analogous effect to any of the events referred to in Condition 9(d) (*Unsatisfied judgment*) to 9(g) (*Winding Up, etc.*) above; or

- (j) **Illegality:** it is or will become unlawful for the Issuer or the Company to perform or comply with any one or more of its obligations under any of the Bonds, the Deed of Covenant, the Keepwell and Asset Purchase Deed or the Service Agreement; or
- (k) **Keepwell and Asset Purchase Deed Not in Force:** the Keepwell and Asset Purchase Deed is not (or is claimed by the Company not to be) in full force and effect, or the Keepwell and Asset Purchase Deed is modified, amended or terminated other than strictly in accordance with its respective terms or these Conditions; or
- (l) **Nationalisation:** any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, the Company or any of their respective Material Subsidiaries.

In these Conditions,

“Material Subsidiary” means a Subsidiary of the Issuer or the Company, as the case may be, whose total assets or total revenue as of the date at which its latest audited financial statements were prepared or, as the case may be, for the financial period to which these audited financial statements relate, account for five per cent. or more of the consolidated assets or consolidated revenue of the Issuer or the Company, as the case may be, as of such date or for such period. If a Material Subsidiary transfers all of its assets and business to another Subsidiary of the Issuer or the Company, as the case may be, the transferee shall become a Material Subsidiary and the transferor shall cease to be a Material Subsidiary on completion of such transfer;

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

“Subsidiary” means, in relation to any Person (the **“first Person”**), any other Person whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the first Person.

10. PRESCRIPTION

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal or premium (if any)) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11. MEETINGS OF HOLDERS AND MODIFICATION OF DEED OF COVENANT AND THE KEEPWELL AND ASSET PURCHASE DEED

(a) Meetings of Bondholders

The Deed of Covenant contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any of the provisions of the Deed of Covenant. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if requested to do so by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Deed of Covenant, including consideration of proposals, *inter alia*, (i) to modify the Maturity Date or the dates on which interest is payable in respect of the Bonds, (ii) to reduce

or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify or cancel the Keepwell and Asset Purchase Deed, in which case the necessary quorum shall be two or more persons holding or representing not less than three-quarters or at any adjourned meeting not less than one quarter of the principal amount of the Bonds for the time being outstanding or (v) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any such meeting adjourned for lack of quorum not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders, whether or not they were present at the meeting at which such resolution was passed.

The Deed of Covenant provides that a resolution in writing signed by or on behalf of the Bondholders of not less than 75 per cent. in principal amount of the Bonds outstanding shall, in each case, be as valid and effective as an Extraordinary Resolution of Bondholders. A resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) Modification of Agreements and Deeds

The Bonds, the Conditions, the Deed of Covenant and the Keepwell and Asset Purchase Deed may be amended without the consent of the Bondholders to correct a manifest error. In addition, the parties to the Services Agreement may agree to modify any provision thereof, but the Issuer and the Company shall not agree, without the consent of the Bondholders, to any such modification unless it is of a formal, minor or technical nature or is to correct a manifest error or to comply with any mandatory provision of applicable law or if to do so could not reasonably be expected to be materially prejudicial to the interests of the Bondholders. Any such modification shall be binding on the Bondholders, and shall be notified by the Issuer to the Bondholders as soon as practicable thereafter.

12. FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects save for the date of issue, the first payment of interest on them and the timing for making of the NDRC Post-issue Filing and the corresponding notice) (so that, for the avoidance of doubt, references in the Conditions to “**Issue Date**” shall be to the first issue date of the Bonds) and so that the same shall be consolidated and form a single series with such Bonds, and references in these Conditions to “**Bonds**” shall be construed accordingly.

13. NOTICES

All notices to the Holders will be valid (i) if mailed to them by uninsured mail at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday, a Sunday or a public holiday in the PRC) after the date of mailing; or (ii) if sent to them by electronic communication, when the relevant receipt of such communication being read is given, or where no read receipt is requested by the sender, at the time of sending, provided that no delivery failure notification is received by the sender within 24 hours of sending such communication. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given, on the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the Bonds are centrally held by CCDC, notices to the Bondholders shall be validly given by the delivery of the relevant notice to CCDC, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

14. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

15. CURRENCY INDEMNITY

Renminbi is the sole currency of account and payment for all sums payable by the Issuer in respect of the Bonds and the Deed of Covenant, including damages. Any amount received or recovered in a currency other than Renminbi (whether as a result of, or of the enforcement of, a judgement or order of a court of any jurisdiction or otherwise) by any Bondholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the Renminbi amount which such Bondholder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that Renminbi amount is less than the Renminbi amount expressed to be due to any Holder in respect of such Bond, the Issuer shall indemnify such Bondholder against any loss sustained by such Bondholder as a result. In any event, the Issuer shall indemnify each such Bondholder against any cost of making any such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Bondholder and shall continue in full force and effect despite any other judgement, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Bonds or any other judgement or order. Any reference in the Conditions to principal and/or interest will be deemed to include any amount which may be payable under the indemnity in this Condition.

16. GOVERNING LAW AND JURISDICTION

(a) Governing Law

The Bonds, the Deed of Covenant and the Keepwell and Asset Purchase Deed and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes, claim, difference or controversy that may arise out of, in relation to or in connection with any Bonds, the Deed of Covenant or the Keepwell and Asset Purchase Deed, including any dispute as to its existence, validity, interpretation, performance, breach termination or consequences of its nullity and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Deed of Covenant or the Keepwell and Asset Purchase Deed ("**Proceedings**"). Each of the Issuer and the Company irrevocably submits to:

- (i) the exclusive jurisdiction of the courts of Hong Kong in relation to any Proceedings;
- (ii) the jurisdiction of the courts of Hong Kong and the courts of any other jurisdictions in relation to the recognition of any judgment or order of the Hong Kong courts in relation to any Proceedings.

Each of the Issuer and the Company waives any objection to the Hong Kong courts on the ground they are an inconvenient or inappropriate forum to settle any Proceedings.

(c) **Agent for Service of Process**

The Company appoints the Issuer as its agent for service of process in Hong Kong. If for any reason the Issuer shall cease to be such agent for service of process, the Company shall forthwith appoint a new agent for service of process in Hong Kong and deliver to the Principal Agent a copy of the new agent's acceptance of that appointment within seven days of the Issuer ceasing to be such agent for service of process. The Company agrees that failure by a process agent to notify it of any process will not invalidate the relevant Proceedings.

(d) **Waiver of Immunity**

To the extent that the Issuer or the Company may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer, the Company or their respective assets or revenues, each of the Issuer and the Company agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

SUMMARY OF PROVISIONS RELATING TO THE BONDS HELD IN CCDC

The Terms and Conditions and the Deed of Covenant contain provisions which apply to the Bonds while they are entered in CCDC. The following is a summary of certain of those provisions.

Unless otherwise defined or the context requires otherwise, terms defined in the Terms and Conditions set out in this Offering Circular have the meaning in the paragraphs below.

FORM AND TITLE

The Bonds will be issued in uncertificated book-entry form entered in CCDC. No certificate or other evidence of title, other than the Deed of Covenant, will be issued by, or on behalf of, the Issuer to evidence title to a Bond unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation.

Under the Deed of Covenant, the Issuer unconditionally and irrevocably undertakes to pay such principal, premium (if any), interest and any other amounts that may be payable on the Bonds to the holder of the Bonds in accordance with the Terms and Conditions.

A person in whose name an interest in the Bonds is entered on the books and records of CCDC will be entitled to have title to the Bonds registered in his name and to receive individual definitive Certificates if CCDC is closed for business for a continuous period of 14 business days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

Such exchange will be effected in accordance with the provisions of the an offshore bond issuer service agreement dated 5 December 2022 between the Issuer and CCDC as principal agent and the other agents named therein (the “**Service Agreement**”), the Deed of Covenant and the regulations concerning the transfer and registration of the Bonds scheduled thereto and, in particular, shall be effected without charge to any holder of the Bonds, but against such indemnity and/or security as the Registrar or the relevant Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

PAYMENT

So long as the Bonds are entered in CCDC, CCDC will act as the paying agent of the Bonds and make payments of any interest, principal and premium in respect of the Bonds in accordance with the terms of the Service Agreement. Each payment in respect of the Bonds will be made to the person shown as the holder in the books and records of CCDC at the close of business of CCDC on the CCDC Business Day before the due date for such payments in accordance with the rules of CCDC, where “**CCDC Business Day**” means a day (other than a public holiday of the PRC) on which CCDC is operating.

NOTICES

So long as the Bonds are centrally held by CCDC, notices to the Bondholders shall be validly given by the delivery of the relevant notice to CCDC, for communication by it to entitled accountholders in substitution for notification as required by the Terms and Conditions.

BONDHOLDER’S REDEMPTION

The Bondholder’s redemption option in Condition 6(c) (*Redemption for Change of Control*) of the Terms and Conditions may be exercised by the entitled accountholders by giving notice to the Principal Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Terms and Conditions.

ISSUER'S REDEMPTION

The option of the Issuer provided for in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions may be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the Terms and Conditions.

TRANSFERS

Transfers of interests in the Bonds will be effected in accordance with the rules of CCDC in effect from time to time, and any transferee acquiring such interests in the Bonds will be required to have and maintain an account with CCDC.

DESCRIPTION OF THE KEEPWELL AND ASSET PURCHASE DEED

The following contains summaries of certain key provisions of the Keepwell and Asset Purchase Deed. Such statements do not purport to be complete and are qualified in their entirety by reference to the Keepwell and Asset Purchase Deed. Capitalised terms used in this section shall have the meanings given to them in the Keepwell and Asset Purchase Deed.

NOT A GUARANTEE BY THE COMPANY OF THE OBLIGATIONS OF THE ISSUER UNDER THE BONDS.

The Keepwell and Asset Purchase Deed is not, and nothing therein contained and nothing done pursuant thereto by the Company shall be deemed to constitute, or shall be construed as, or shall be deemed any evidence of, a guarantee by the Company of the payment of any obligation, responsibilities, indebtedness or liability, of any kind or character whatsoever, of the Issuer under the laws of any jurisdiction, including the PRC.

OWNERSHIP OF THE ISSUER AND PRIMARY OVERSEAS PLATFORM

At all times during the term of the Keepwell and Asset Purchase Deed, the Company undertakes to the Issuer and the Beneficiaries (as defined in the Keepwell and Asset Purchase Deed) that it shall directly or indirectly own and hold all the legal and beneficial title to the outstanding shares of the Issuer except for whereby all of the undertaking and assets of the Issuer are transferred to or otherwise vested in the Company or any of its subsidiaries and shall maintain the Issuer as a primary overseas platform of the Company for its offshore leasing business.

MAINTENANCE OF CONSOLIDATED NET WORTH AND LIQUIDITY

Pursuant to the Keepwell and Asset Purchase Deed, the Company undertakes to the Beneficiaries that it shall cause the Issuer:

- (i) to have a Consolidated Net Worth of at least HKD100,000,000 (or equivalent), at all times;
- (ii) to have sufficient liquidity to ensure timely payment of any amounts payable under or in respect of the Bonds in accordance with the Terms and Conditions and the Deed of Covenant and otherwise under the Deed of Covenant and the Service Agreement; and
- (iii) to remain solvent and a going concern at all times under the laws of its jurisdiction of incorporation or applicable accounting standards.

COMPLIANCE WITH THE TERMS AND CONDITIONS

So long as any of the Bonds remains outstanding, the Company covenants in favour of each Beneficiary that it shall duly perform and comply with the obligations expressed to be undertaken by it under the Terms and Conditions as applicable to it as if the relevant undertakings were set out in full in the Keepwell and Asset Purchase Deed.

OBLIGATION TO ACQUIRE ASSETS

In the event that a Triggering Event has occurred, the Company undertakes to the Beneficiaries that it shall give a notice in writing (the “**Triggering Event Notice**”) to the Bondholders (with a copy to CCDC as principal agent) upon becoming aware of the occurrence of a Triggering Event in accordance with the Keepwell and Asset Purchase Undertaking and agrees that it shall purchase (either by itself or through a Subsidiary of the Company as designated by it (the “**Designated Purchaser**”)) (the “**Purchase**”) and the Issuer undertakes to the Beneficiaries that it shall sell to the Company:

- (i) the Assets held by the Issuer and/or any Subsidiary of the Issuer and/or any Subsidiary of the Company, as designated by the Issuer and notified in writing to the Bondholders within seven Business Days after the date of the Triggering Event Notice; or
- (ii) in the absence of a designation and notification within seven Business Days after the date of the Triggering Event Notice as provided in (i) above, all the Assets held by the Issuer and its Subsidiaries,

(each such designated entity in the case referred to in (i) above or, as the case may be, each such Subsidiary of the Issuer or the Issuer in the case referred to in (ii) above, a “**Relevant Transferor**”) in either such case at the Purchase Price on the relevant Purchase Closing Date on the terms set out in the Keepwell and Asset Purchase Deed.

The Keepwell and Asset Purchase Deed shall enure for the benefit of each Beneficiary and its (and any subsequent) successors and assigns The Bondholders or the Relevant Account Holders (as the case may be) of at least 25 per cent. in nominal amount of the Bonds then outstanding shall be entitled severally to enforce the Keepwell and Asset Purchase Deed against the Company.

The obligations set out in the Keepwell and Asset Purchase Deed shall be suspended if any of the following events has occurred (each a “**Suspension Event**”):

- (i) (a) all of the payment obligations of the Issuer in respect of any principal, premium and interest under the Bonds have been satisfied in full and (b) all amounts due and payable to the Bondholders under the Deed of Covenant have been satisfied in full; or
- (ii) in the event of a Liquidity Notice Failure Event, (a) the payment obligations of the Issuer in respect of any principal, premium and interest under the Bonds due on the Interest Payment Date immediately following the relevant Liquidity Notice Date together with any default interest then due have been satisfied in full and (b) all amounts due and payable to the Bondholders under the Bonds and the Deed of Covenant as at the date of the relevant Liquidity Notice Date have been satisfied in full; or
- (iii) in the event of an Event of Default where a Triggering Event Notice has been given, such Event of Default has been waived by an Extraordinary Resolution.

DETERMINATION OF PURCHASE PRICE

Within seven Business Days after the date of the Triggering Event Notice, the Company undertakes to the Beneficiaries that it shall determine in accordance with any applicable PRC laws and regulations effective at the time of determination (i) the purchase price of the Relevant Asset(s) (the “**Purchase Price**”); and (ii) the other applicable terms relating to the Purchase which shall not conflict with the Company’s obligations in the Keepwell and Asset Purchase Deed, provided that the Purchase Price shall be no less than the Relevant Amount.

CLOSING

The Company undertakes to the Beneficiaries that within 30 days after the date of the Triggering Event Notice:

- (i) it shall (or shall procure the Designated Purchaser to), and shall procure each Relevant Transferor to, execute, an asset sale agreement;
- (ii) it shall procure the transfer of the Relevant Assets to it or the Designated Purchaser, and
- (iii) it shall make payment (or procure the payment by the Designated Purchaser) to or to the order of each Relevant Transferor the Purchase Price payable in immediately available funds in Renminbi to such account as may be designated by such Relevant Transferor and notified in writing to the Bondholders,

provided if the Bondholders receive an opinion of a PRC counsel of recognised international standing stating that under applicable PRC law as at the date of the opinion, approvals, consents, clearances or other authorisations of a PRC government authority are required for the purchase of any Relevant Asset under the Keepwell and Asset Purchase Deed and that the Company undertakes to use its reasonable endeavours to obtain such approval, clearance or other authorisation and complete the completion of the Purchase within six months from the date of the Triggering Event Notice.

PRC counsels to the Managers and the Issuer have confirmed that (i) if the assets to be purchased under the Keepwell and Asset Purchase Deed would be imported into the PRC, the relevant PRC governmental approvals or permits from PRC approval authorities, including but not limited to NDRC, Civil Aviation Administration of China, MOFCOM and the General Administration of Customs of the PRC (中華人民共和國海關總署), are required and (ii) if the purchased assets under the Keepwell and Asset Purchase Deed would not be imported into the PRC, and those assets would be leased by the Company after the purchase (falling within the ambit of the finance leasing laws in the PRC), the Company should register such lease at the local foreign exchange authority within 15 working days upon an external claim and there are no other Regulatory Approvals (as defined in the Keepwell and Asset Purchase Deed) required under the PRC laws.

OTHER UNDERTAKINGS

For so long as the Bonds are outstanding, the Company undertakes to the Beneficiaries:

- (i) to procure that the articles of association of the Issuer shall not be amended in a manner that is, directly or indirectly, materially adverse to the Bondholders;
- (ii) to cause the Issuer to remain in full compliance with the Terms and Conditions, the Deed of Covenant, and all applicable rules and regulations;
- (iii) to take any and all reasonable action necessary to comply with its obligations under the Keepwell and Asset Purchase Deed; and
- (iv) to cause the Issuer to take all reasonable action necessary to comply with its obligations under the Keepwell and Asset Purchase Deed.

The parties thereto acknowledge that in order for the Company to comply with its obligations under the Keepwell and Asset Purchase Deed, the Company may be required to obtain Regulatory Approvals. In this case, the performance of such obligation(s) shall always be qualified by, and subject to, the Company having obtained such Regulatory Approvals. The Company undertakes to use all reasonable efforts to obtain such Regulatory Approvals within the time stipulated by the relevant Approval Authorities, if applicable.

For the purpose of the Keepwell and Asset Purchase Deed, (i) a certificate signed by a director or Authorised Signatory (as defined in the Keepwell and Asset Purchase Deed) of the Company as to the fact stating that the Company has used reasonable efforts to fulfil its obligations under the Keepwell and Asset Purchase Deed, but having used such endeavours, it has not been able to fulfil its obligations under the Keepwell and Asset Purchase Deed and setting forth a statement of facts showing such endeavours, together with any evidence or records of communication, filings and/or submissions supporting such endeavours, and (ii) an opinion of a PRC counsel of recognised international standing, stating the applicable Regulatory Approvals under the Keepwell and Asset Purchase Deed and, where applicable, setting out the legal analysis as to why these cannot be obtained or are not reasonably achievable under the applicable PRC laws and regulations, shall be prima facie evidence of that fact.

The Keepwell and Asset Purchase Deed, as to which time shall be of the essence, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law.

USE OF PROCEEDS

The net proceeds of the Bonds shall be used by the Issuer to finance and/or refinance the Eligible Green and/or Social Projects/Assets in accordance with the Sustainable Financing Framework.

The gross proceeds from the offering of the Bonds will be CNY2,400,000,000.

SUSTAINABLE FINANCING FRAMEWORK

The Company first published its sustainable financing framework on 7 June 2021 (the “**Sustainable Financing Framework**”). The Sustainable Financing Framework was published and updated from time to time in accordance with:

- (i) the ICMA Green Bond Principles issued by the International Capital Market Association;
- (ii) the ICMA Social Bond Principles issued by the International Capital Market Association;
- (iii) the ICMA Sustainability Bond Guidelines issued by the International Capital Market Association;
- (iv) the LMA Green Loan Principles issued by the Loan Market Association; and
- (v) the LMA Social Loan Principles issued by the Loan Market Association.

The Sustainable Financing Framework sets out the governance and processes under which the Company intends to issue green, social or sustainability bonds, loans or any other similar debt instruments, and in doing so contribute to positive environmental and social impacts. The Sustainable Financing Framework is publicly available on the homepage of the Company’s website (<https://www.bocommleasing.com/>)

ELIGIBLE PROJECT CATEGORIES

The net proceeds of the issuance of any green bonds will be allocated to Eligible Green Projects, the net proceeds of the issuance of any social bonds will be allocated to Eligible Social Projects and the net proceeds from sustainability bonds will be allocated to Eligible Green Projects and Eligible Social Projects:

ELIGIBLE GREEN PROJECTS

- **Clean transportation:** investments and expenditure in low energy consuming or low emission transportation assets, systems, infrastructure, components and financing services, including but not limited to subways, mass rapid transit and urban light rail for public transport and electric vehicles for private vehicles;
- **Renewable energy:** investments and expenditure including construction, operation and transmission from renewable energy sources, including offshore and onshore wind, solar and hydropower (<25MW) including pumped storage equipment;
- **Pollution prevention and control:** investments and expenditure for developing and operating infrastructure and equipment for sewage and sludge treatment facilities and emission-efficient waste to energy;
- **Sustainable water and wastewater management:** investments and expenditures in projects and infrastructure dedicated to reduce water consumption, sustainably manage water resources, and reduce water pollution, including developing and improving water supply and management infrastructure, urban drainage, and other flood control activities including construction of weirs; and
- **Energy efficiency:** investments and expenditure in projects that reduce energy consumption by at least 20% compared to the average of national energy consumption of an equivalent project or technology, including but not limited to modification of motor control systems, centralised district heating/cooling systems, smart grids and improved chillers.

ELIGIBLE SOCIAL PROJECTS

- **Access to essential services:** investment and expenditure to provide affordable public healthcare services that bring social benefits to general public, including:
 - Construction or expansion of public hospitals for Tier 2 cities or lower, including Western China regions;
 - Provision of equipment to public hospitals, clinics, health care centres for the provision of free/subsidised health services or infrastructure for the provision of emergency medical response and disease control services (including COVID-19 related projects);
 - Drug development and medical device testing and investment covered by public health insurance schemes or public budget (including COVID-19 related projects); and
- **Affordable basic infrastructure:** investments and expenditure in infrastructure to provide clean drinking water for the general public for Tier 2 cities or lower, including the Western China regions. Infrastructure includes raw water intake facilities and distribution network.

PROJECT EVALUATION AND SELECTION

The Company's Sustainable Finance Working Group ("SFWG") is responsible for the management of the Sustainable Financing Framework and the compliance of all financing instruments issued under the Sustainable Financing Framework. The SFWG consists of senior representatives from the Financial Markets, Finance and Accounting, Legal and Compliance and Development and Research departments.

The Company will follow the procedures below to evaluate and select the Eligible Green Projects and/or Eligible Social Projects:

1. Preliminary Screening

For new issuances, Financial Markets will coordinate and compile the submission of identified projects for the SFWG's review. The identified projects' environmental and social credentials will be obtained and confirmed via liaison with relevant business partners and internal departments.

2. Review and Approval

The SFWG will consider potential projects, assess their eligibility, and approve those that qualify as eligible projects. The SFWG will consider all proposed projects holistically and aim to ensure that all approved projects financed under this framework have net-positive environmental and social impact for stakeholders and the wider society. Where available, the environmental or social assessments of the projects and their compliance with relevant policy requirements and market standards will be reviewed as part of the assessment process.

3. Update and Maintenance

The SFWG will review the eligibility of those projects every half-year. Should a project be considered by SFWG to be no longer meeting the criteria detailed above or is subject to postponement, cancellation or divestment, the Company is committed to reallocating proceeds on a best efforts basis to ensure the full amount of proceeds are allocated to eligible projects. Such monitoring will be done throughout the life of the sustainable instruments.

MANAGEMENT OF PROCEEDS

The proceeds of each sustainable debt instrument can be used both for the financing and/or refinancing of eligible projects. A look-back period of three years will apply for refinancing.

The proceeds from each sustainable debt instrument issued will be managed by the Financial Markets with oversight by the SFWG. The Company will track the allocation of proceeds to eligible projects within its internal management system including descriptions of the projects, the regions in which the projects are located, and the amount of proceeds allocated to the projects. The selected eligible projects will be clearly earmarked with respect to the specific sustainable debt instrument to avoid double counting.

Pending allocation, net proceeds from the sale of the notes will be invested in cash, cash equivalents or deposits, subject to exclusions criteria. For each issuance under this framework, the Company expects to achieve fully allocation within two years from the date of issuance.

REPORTING

The Company will provide information on the allocation of the net proceeds from each sustainable debt instrument and impact reporting on the environmental and/or social benefits of the eligible green projects and eligible social projects. Such information will be publicly available on the homepage of the Company's website (<https://www.bocommleasing.com/>). Until all the net proceeds or an amount equal to these net proceeds have been allocated or any material changes have occurred prior to the relevant maturity date.

Allocation Reporting

Information will be provided on the allocation of net proceeds of each green or social bond issued until full allocation, which includes:

- (i) Allocation amount by eligible project category, and clearly indicating the sustainable development goals (the “SDGs”) of which such allocation supports;
- (ii) Allocation amount by geographical distribution;
- (iii) Proportion between financing and refinancing;
- (iv) Project examples, subject to confidentiality;
- (v) Details of each sustainable debt instrument;
- (vi) Aggregate amount of proceeds from each sustainable debt instrument that has been allocated to the Eligible Green Projects and/or Eligible Social Projects; and
- (vii) Amount of unallocated proceeds and its temporary treatment.

Impact Reporting

Where possible and subject to data availability and confidentiality, the Company will report on the environmental and/or social impact of the projects using relevant indicators as suggested in the ICMA Harmonized Framework for Impact Reporting.

Subject to the categories of Eligible Green Assets and the availability of information, the Company aims to include, but not be limited to, the following impact indicators on best effort basis:

- **Clean transportation:** number and type of clean transportation infrastructure built and annual GHG emissions reduced/avoided (tonnes of CO2 equivalent), number of parking lots for electric vehicle, number of electric vehicle charging points installed and number of people with access to clean transportation system;

- **Renewable energy:** annual renewable energy generation (MWh for electricity) (GJ for other energy) and annual GHG emissions reduced/avoided (tonnes of CO2 equivalent);
- **Pollution prevention and control:** waste reduced/avoided (tonnes) and annual GHG emissions reduced/avoided (tonnes of CO2 equivalent);
- **Sustainable water and wastewater management:** annual amount of rainwater collected and reused (in cubic metres), annual amount of fresh water conserved and annual amount of water pollution avoided;
- **Energy efficiency:** annual energy savings in (MWh for electricity) (GJ for other energy) and annual GHG emissions reduced/avoided (tonnes of CO2 equivalent);
- **Access to essential services:** number of healthcare devices/facilities deployed and number of individuals/households benefitted;
- **Affordable basic infrastructure:** number of new household water/sanitation connections and number of people with access to connectivity.

EXCHANGE RATES

PRC

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the markets during the prior day. The PBOC also takes into account other factors such as the general conditions existing in the international foreign exchange market. Since 1994, the exchange rate for the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, has been set by the PBOC based on the previous day's inter-bank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. On 21 July 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to that of the U.S. dollar to allow the value of the Renminbi to fluctuate within a narrow and managed band based on market supply and demand and by reference to a basket of currencies. This change in policy has resulted in a significant appreciation of the Renminbi against the U.S. dollar.

The PRC government has made further adjustments to the exchange rate system. The PBOC authorised the China Foreign Exchange Trading Center, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 a.m. each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and as the over the counter exchange rate for that business day. On 18 May 2007, the PBOC enlarged, effective from 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. On 19 June 2010, the PBOC announced that in view of the recent economic situation and financial market developments in China and abroad, and as the balance of payments situation in China, it has decided to proceed further with the reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility. According to the announcement, the exchange rate floating bands will remain the same as previously announced but the PBOC will place more emphasis on reflecting the market supply and demand with reference to a basket of currencies. On 12 April 2012, the PBOC announced that effective from 16 April 2012, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar would be enlarged from 0.5 per cent. to 1.0 per cent. around the central parity rate, which allows the Renminbi to fluctuate against the U.S. dollar by up to 1.0 per cent. above or below the central parity rate published by the PBOC. The PRC government may in the future make further adjustments to the exchange rate system.

Although the PRC governmental policies have been introduced in 1996 to relax restrictions on the convertibility of the Renminbi into foreign currency for current account items, conversion of the Renminbi into foreign currency for capital items, such as foreign direct investment, loans or security, still requires the approval of the State Administration of Foreign Exchange and other relevant authorities. On 11 August 2015, the PBOC adopted a more market-oriented approach and announced that the midpoint for the value of the Renminbi against the U.S. dollar would be quoted by the market makers with reference to the closing rate of the previous trading session.

On 11 December 2015, the China Foreign Exchange Trade System, a sub-institutional organisation of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective.

Renminbi depreciated significantly against the U.S. dollar throughout the entire year in 2016 and the first half of 2017. In the second half of 2017 and the first half of 2018, Renminbi experienced further fluctuation in value against the U.S. dollar. On 5 August 2019, the PBOC set the Renminbi's daily reference rate above 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. The PRC government may in the future make further adjustments to the exchange rate system.

The following table sets forth for the periods indicated, certain information concerning the exchange rates between Renminbi and U.S. dollars. For periods prior to 1 January 2009, the exchange rates reflect the noon buying rates as reported by the Federal Reserve Bank of New York. For periods after 1 January 2009, the exchange rates reflect the exchange rates as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System of the United States.

	Period End	Exchange Rate		
		Average⁽¹⁾	High	Low
		<i>(RMB per U.S.\$1.00)</i>		
2010	6.6000	6.7603	6.8330	6.6000
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2301	6.2990	6.3879	6.2221
2013	6.0537	6.1412	6.2438	6.0537
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2869	6.4896	6.1870
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7350	6.9575	6.4773
2018	6.8755	6.6292	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.9042	7.1681	6.5208
2021	6.3726	6.4382	6.5518	6.3640
2022				
January	6.3610	6.3556	6.3822	6.3206
February	6.3084	6.3436	6.3660	6.3084
March	6.3609	6.3341	6.3696	6.3116
April	6.6080	6.4310	6.3590	6.6243
May	6.6715	6.6990	6.6079	6.7880
June	6.6981	6.6952	6.6534	6.7530
July	6.7433	6.7352	6.6945	6.7655
August	6.8890	6.8007	6.9100	6.7230
September	7.1135	7.0195	7.1990	6.8985
October	7.3048	7.1902	7.3048	7.1103
November	7.0879	7.1812	7.3000	7.0440
December (through 2 December 2022) ..	7.0190	7.0307	7.0424	7.0190

(1) Calculated by averaging the rates on the last business day of each months during the relevant year. Monthly average rates are calculated by averaging the daily rates during the relevant monthly period.

CAPITALISATION AND INDEBTEDNESS OF THE ISSUER

The following table sets forth the capitalisation of the Issuer, on a consolidated basis as at 30 June 2022. The table should be read in conjunction with the financial statements and the accompanying notes included in this Offering Circular.

	As at 30 June 2022	
	Unaudited but reviewed	As Adjusted
	<i>(U.S. \$'000)</i>	<i>(U.S. \$'000)</i>
Debt:		
Borrowings	20,058,734	20,058,734
Bonds payable	5,511,463	5,511,463
Bonds to be issued	–	358,311
Total debt ⁽¹⁾	25,570,197	25,928,508
Equity:		
Share capital	–	–
Other reserve	79,460	79,460
Retained earnings	985,672	985,672
Total equity	1,065,132	1,065,132
Total capitalisation ⁽²⁾	26,635,329	26,993,640

Notes:

(1) The total debt equals to the sum of borrowings and bonds payable.

(2) Total capitalisation represents total debt and total equity.

Except as disclosed in this Offering Circular, there has been no material adverse change in the total capitalisation and indebtedness of the Issuer on a consolidated basis since 30 June 2022.

CAPITALISATION AND INDEBTEDNESS OF THE GROUP

The following table sets forth the capitalisation of the Group, on a consolidated basis as at 30 June 2022. The table should be read in conjunction with the financial statements and the accompanying notes included in this Offering Circular.

	As at 30 June 2022			
	Unaudited but reviewed		As Adjusted	
	(RMB'000)	(U.S.\$'000) ⁽⁵⁾	(RMB'000)	(U.S.\$'000) ⁽⁵⁾
Debt:				
Borrowings ⁽¹⁾	180,726,507	26,981,757	180,726,507	26,981,757
Bonds payable ⁽²⁾	62,995,307	9,404,952	62,995,307	9,404,952
Bonds to be issued	–	–	2,400,000	358,311
Total debt ⁽³⁾	<u>243,721,814</u>	<u>36,386,709</u>	<u>246,121,814</u>	<u>36,745,020</u>
Equity:				
Paid-in capital	14,000,000	2,090,145	14,000,000	2,090,145
Other comprehensive income	5,338	797	5,338	797
Surplus reserve	1,474,630	220,156	1,474,630	220,156
General risk reserve	4,719,058	704,537	4,719,058	704,537
Undistributed profits	18,499,635	2,761,923	18,499,635	2,761,923
Total equity	<u>38,698,661</u>	<u>5,777,558</u>	<u>38,698,661</u>	<u>5,777,558</u>
Total capitalisation ⁽⁴⁾	<u>282,420,475</u>	<u>42,164,267</u>	<u>284,820,475</u>	<u>42,522,578</u>

Notes:

- (1) On 27 October 2021 and 9 February 2022, the Group entered into various facility agreements with syndicates of lenders for a total aggregate amount of U.S.\$1.65 billion.
- (2) On 27 September 2021, the Group completed the issue of HKD775 million 1.07 per cent. fixed-rate bonds due 2024.
- (3) The total debt equals to the sum of borrowings and bonds payable.
- (4) Total capitalisation represents total debt and total equity.
- (5) Based on the exchange rate of RMB6.6981 to U.S.\$1.00.

Except as disclosed in this Offering Circular, there has been no material adverse change in the total capitalisation and indebtedness of the Group on a consolidated basis since 30 June 2022.

DESCRIPTION OF THE ISSUER

FORMATION

The Issuer is a limited liability company incorporated under the Companies Ordinance (Cap. 622) of Hong Kong (CR No. 2294539). It was incorporated in Hong Kong on 9 October 2015. Its registered office is located at 18/F, 20 Pedder Street, Central, Hong Kong. The Issuer is a wholly-owned subsidiary of the Company.

BUSINESS ACTIVITY

The Issuer serves as an operating platform for the Group's overseas operations in shipping leasing. As at 30 June 2022, the Issuer held 497 SPVs which are all engaged in shipping leasing business. The SPVs own a total number of 369 vessels (67 of which are still under production) with a leased asset of RMB89.77 billion (equivalent to U.S.\$13.40 billion). The vessels comprise 76 container vessels representing a leased asset of RMB27.54 billion (equivalent to U.S.\$4.11 billion), 121 bulk cargo ships representing a leased asset of RMB17.57 billion (equivalent to U.S.\$2.62 billion), 40 gas carriers representing a leased asset of RMB19.47 billion (equivalent to U.S.\$2.91 billion) and 110 oil tankers representing a leased asset of RMB17.53 billion (equivalent to U.S.\$2.62 billion). CMA CGM, MSC, Scorpio Tanker, TMS and QPS are the Issuer's top five clients.

As at 30 June 2022, the Issuer had total assets of approximately U.S.\$27,577,082,447. For the six months ended 30 June 2022, the Issuer's revenue amounted to U.S.\$779,809,893 and profit before taxation amounted to approximately U.S.\$303,046,043.

FINANCIAL STATEMENTS

For details of the Issuer's financial information, see "*Summary Financial Information of the Issuer*" and the Issuer's audited or reviewed financial statements contained in this Offering Circular.

DIRECTORS AND OFFICERS

The Directors of the Issuer, and each of their business addresses are set out as follows:

Name	Position	Business Address
Zichu Cai	Director	No. 333 Lujiazui Ring Road, Shanghai, the PRC
Libi Mao	Director	18/F, 20 Pedder Street, Central, Hong Kong
Ruijia Wang	Director	18/F, 20 Pedder Street, Central, Hong Kong

SHARE CAPITAL

The total issued share capital of the Issuer is HKD1.00, which is divided into one ordinary share of HKD1.00. The Issuer's share is fully paid. None of the equity securities of the Issuer is listed or dealt in on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought.

Except as disclosed in this Offering Circular, there has been no material adverse change in the total capitalisation and indebtedness of the Issuer on a consolidated basis since 30 June 2022.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is one of the leading financial leasing companies in the PRC and was among the first batch of five pilot financial leasing entities approved by the State Council of the PRC. The Company is the largest subsidiary of **BOCOM** in terms of asset amount as at the date of this Offering Circular, the sole leasing platform of BOCOM and strategically important to BOCOM. With the strong support from BOCOM, the Group has grown rapidly since its incorporation in 2007, and has become the largest financial leasing company in the PRC in terms of total assets. According to survey data compiled by the China Banking Association Financial Leasing Committee (中國銀行業協會金融租賃專業委員會), the Group ranked the first in terms of total assets and operating leased assets, second in terms of leased assets and operating income and third in terms of net profits and lease projects investment (as compared to Chinese financial leasing companies with total assets over RMB100 billion as of 30 June 2022) in the financial leasing industry in the PRC as at and for the six months ended 30 June 2022. As at 30 June 2022, the Group had leased assets¹ of RMB304.20 billion and total assets of RMB349.49 billion. In 2022, the Group received ratings of A2 from Moody's, A- from S&P and A from Fitch, respectively.

The Group's leasing business is comprised of both onshore and offshore businesses. The domestic leasing operations in the PRC are operated by the Company and Bank of Communications Aviation and Shipping Financial Leasing Company Limited ("**BOCOM Aviation and Shipping**"), a wholly owned subsidiary of the Group. BOCOM Aviation and Shipping also carries out all of the Group's offshore leasing business.

As the sole leasing platform of BOCOM, the Group has a diversified leasing businesses portfolio with various segments including public infrastructure, energy equipment, machinery equipment, aviation and shipping, etc. Over the years, the Group has developed a stable customer base comprising high-end and quality customers in the leasing market, which is supported by its competitive financial strength and comprehensive leasing products, the Group's business comprises of three segments, including aviation leasing, ship leasing, and traditional leasing.

- *Aviation* – The Group commenced its aviation leasing business in 2008 and has been expanding both its domestic and offshore aviation leasing operations. The Group's customers are the largest domestic PRC airlines such as Air China, China Eastern and China Southern and large foreign airline companies such as KLM Airlines, Korean Air and Emirates Airline. As at 30 June 2022, the Group owned or managed a fleet of 269 aircrafts. As at 30 June 2022, the Group had leased assets of approximately RMB86.22 billion in aviation leasing segment, representing 28.34 per cent. of the total leased assets of the Group. As at 30 June 2022, the Group had an extensive client coverage of 33 domestic clients and 38 offshore clients in aviation leasing segment.
- *Shipping* – The Group leases a range of vessels including container liners, chemical tankers, oil tankers, LNG carriers, bulk carriers and cruise ships. As at 30 June 2022, the Group owned 432 vessels and had 73 clients in domestic and international markets in shipping leasing segment. As at 30 June 2022, the Group had leased assets of approximately RMB102.39 billion in shipping leasing segment, representing approximately 33.66 per cent. of the total leased assets of the Group.

¹ Leased assets = finance lease asset balance + operation lease asset balance + prepayment lease asset balance.

- *Traditional leasing* – The traditional leasing business of the Group, which mainly comprises domestic finance leasing business conducted in RMB, covers a wide range of industries including transportation, energy and utilities, infrastructure, manufacturing machinery, culture and tourism, biomedicine and new energy, and other domestic and foreign projects which comply with national industrial policies as well as promote economic transformation. The traditional leasing business is leading in multiple subsectors of its domestic business. As at 30 June 2022, the Group had leased assets of approximately RMB115.58 billion in its traditional leasing segment, representing approximately 37.99 per cent. of the total leased assets of the Group.

The diagram below shows the simplified organisational structure of the Group as of the date of this Offering Circular.



RECENT DEVELOPMENTS

Impact of COVID-19 outbreak

The COVID-19 outbreak in early 2020 has caused substantial disruption to international economies and markets, including the PRC and other markets in which the Group operates in. While the PRC domestic economy has remained generally stable in recent years, it is facing mounting downward pressure, especially due to the sudden outbreak of COVID-19. The PRC government and many governments across the world have imposed a number of measures in an effort to contain the spread of COVID-19, including mandatory business closures, travel restrictions, quarantines, lockdowns, limitations on public gatherings and the suspension of major events. These containment measures have caused disruptions across the PRC and a majority of the countries globally. In addition, the aviation and shipping industry where most of the Group's clients operate in, has been adversely affected with material reduction in demand for air travel and shipping volume globally.

As a result, the Group has received requests from its customers to delay lease payment obligations due to the effects of the COVID-19 pandemic. The Group evaluates each request on a case by case basis, taking into consideration various factors including the cash flow and liquidity position of each customer as well as customer goodwill. In the short term, the Group expects a certain impact on its finance lease receivables or return on equity of the Group. At this stage, it is difficult to quantify the economic impact arising from the COVID-19 outbreak. However, the PRC economy, particularly domestic PRC airlines companies and international shipping trade, has shown signs of recovery and if the conditions in the PRC continue to improve, the Group anticipates that the impact of the COVID-19 pandemic on its overall operating results and financial condition during the current fiscal year may be limited. The Group will continue to closely monitor the progression of this pandemic, evaluate and proactively assess and respond to its impact on the financial position and operating results of the Group.

If the COVID-19 pandemic continues for a prolonged period of time or should there be further waves of infections whether within the PRC or globally, the Group's customers and in turn the Group's business, may be adversely affected. For more information on the impact of COVID-19, please refer to the risk factors entitled "*The Group may be subject to risks related to epidemics, acts of terrorism, wars, or other natural or man-made calamities*".

HISTORY OF THE COMPANY

The Company was incorporated on 20 December 2007 with an initial registered capital of RMB2 billion upon approval by CBRC and was wholly owned by BOCOM, one of the largest commercial banks in the PRC. The Company was among the first batch of five financial leasing companies approved by the State Council of the PRC and commenced its leasing business since 2008.

Since 2011, BOCOM has conducted its offshore leasing business through its own SPVs. Starting from 21 October 2014, the Group operated BOCOM's offshore leasing business through its offshore leasing platform.

BOCOM as the sole shareholder of the Company injected RMB14 billion in over six rounds in March 2010, April 2013, July 2015, February 2017, December 2017 and February 2020 into the Company's paid-in capital, which increased the Company's paid-in capital to RMB14.00 billion as at the date of this Offering Circular and made it one of the most well capitalised financial leasing companies in the PRC. As at 31 December 2019, 2020, 2021 and 30 June 2022, the Group's total assets amounted to RMB267.61 billion, RMB309.27 billion, RMB318.89 billion and RMB349.49 billion, respectively. For the six months ended 30 June 2022, the Group realised net profits of RMB1.89 billion.

LEASING INDUSTRY IN THE PRC

Overview of PRC Leasing Industry

The leasing industry in the PRC started in the early 1980s. From 1981 to 1987, the PRC leasing industry was at its preliminary stage when guarantee was provided by the government for leasing projects and the financial performance of the leasing companies is mixed. From 1988 to 1998, industry consolidation started as the government no longer provided guarantee for leasing projects and the majority of the leases subsequently became overdue. From 1999 to 2006, industry consolidation continued and the regulators stipulated series of regulations and policies which established the regulatory framework for the leasing industry. From 2007 onwards, the leasing industry experienced a rapid development in recent years. Now the Asian leasing market is led and dominated by the PRC market.

Various reasons led to this growth. First, the improved political and social environment increased the demand of leasing service. For example, since 2007, certain qualified financial institutions have been permitted to invest in or establish financial leasing companies. In March 2014, the CBRC promulgated the Measures on Financial Leasing Companies (as non-bank financial institutions) (Order of CBRC [2014] No. 3) (金融租賃公司管理辦法)(銀監會[2014]3號) (the "**Measures on Financial Leasing Companies**"), which provides more comprehensive protection for the rights and obligations of the respective parties in a leasing transaction and allows more financial institutions to participate in the financial leasing industry. In July 2014, financial leasing companies regulated by CBRC were allowed to set up onshore and offshore specialised subsidiaries, which accelerated the offshore expansion of the leasing businesses. In addition, in August and September 2015, the State Council passed the Guiding Opinions on Promoting the Healthy Development of Financial Leasing Business (by Financial Leasing Companies as non-bank Financial Institutions) (促進金融租賃行業健康發展的指導意見) and the Guiding Opinions on Enhancing Development of Financial Leasing Business (關於加快融資租賃業發展的指導意見) to further promote the healthy growth of financial leasing business through financial service innovation and supporting industrial upgrade. Secondly, with the urbanisation of the PRC, the continued growth of fixed asset investment, recovery of equipment and import and export provide a solid foundation for leasing business. Thirdly, there is greater awareness of the leasing industry with more businesses utilising leases to make fixed-asset purchases.

Financial Leasing Companies in the PRC

By 8 May 2018 on which the Notice of the General Office of the Ministry of Commerce on Matters Concerning Adjustments to the Responsibility to Regulate Financial Leasing Companies, Commercial Factoring Companies and Pawn Shops (商務部辦公廳關於融資租賃公司、商業保理公司和典當行管理職責調整有關事宜的通知) (the “**Notice on Adjustments**”) was promulgated, Financial leasing companies in the PRC can be broadly divided into three types, according to their regulatory reporting lines: (i) domestic leasing companies classified as non-bank financial institutions that are approved and regulated by the CBIRC; (ii) foreign invested leasing companies that are approved and regulated by the Ministry of Commerce (the “**MOC**”) or provincial MOC authorities; and (iii) certain pilot domestic leasing companies that are jointly approved and regulated by the MOC and SAT. Consistent with the Notice on Adjustments and the Interim Measures for the Supervision and Administration of Finance Leasing Companies (融資租賃公司監督管理暫行辦法) promulgated by the CBIRC on 26 May 2020, the latter two types of leasing companies also fall under the supervision of the CBIRC and its local offices and are supervised by provincial governments meanwhile.

In 2014, CBIRC issued the Measures on Financial Leasing Companies (as non-bank financial institutions) (Order of CBIRC [2014] No. 3) (金融租賃公司管理辦法)(銀監會[2014]3號) which became effective on 13 March 2014 and brought into existence the financial leasing companies by state-owned PRC commercial banks. The Measures on Financial Leasing Companies further relaxed the entry barrier for new financial leasing companies as non-bank financial institutions, and, as a result, apart from the major state-owned banks and central state-owned enterprises, more financial institutions, including rural commercial banks, insurance companies and government investment companies, became qualified as initiators of financial leasing companies. Comparing with other financial leasing companies, the shareholders of CBIRC-regulated financial leasing companies as non-bank financial institutions usually have much stronger economic strength, better financial and liquidity record, more flexible financing sources and stricter risk management, representing the core force of the PRC financial leasing industry.

As the number of leasing companies and the available capital rapidly increased, the leasing industry in the PRC has entered a phase of rapid growth. Evaluating the competitive landscape, bank affiliated financial leasing companies have clear market leading positions with strong competitive advantages, especially in the area of customer networks and financing costs.

Financial leasing companies as non-bank financial institutions are under strict regulation by the CBIRC. According to the Measures on Financial Leasing Companies, the key regulated indicators include the following: the ratio of net capital and risk-weighted assets should not be less than the minimum criteria required by the CBIRC; the balance of all finance leasing transactions provided to a single lessee shall not exceed 30 per cent. of its net capital; the balance of all finance leasing provided to a single group shall not exceed 50 per cent. of its net capital; the balance of all finance leasing provided to a single related party may not exceed 30 per cent. of its net capital; the balance of all finance leasing provided to a shareholder and its related parties shall not exceed 50 per cent. of its net capital; the balance of all finance leasing provided to the related parties of a shareholder and related parties of that shareholder should not exceed the contribution by that shareholder, and at the same time, should fulfil the requirements pertaining to related-party transactions; and interbank borrowing may not exceed 100 per cent. of its net capital. Other than the above, financial leasing companies as non-bank financial institutions are subject to certain pilot rules governing PRC commercial banks, for example, categorising assets into five risk categories as well as the “Administrative Measures for the Capital of Commercial Banks of the PRC (Trial)” (《商業銀行資本管理辦法(試行)》). Financial leasing companies as non-bank financial institutions are required to file reports with the CBIRC on a regular basis and are subject to scheduled or un-scheduled and on-site or off-site inspections by the CBIRC.

In January 2022, China Banking and Insurance Regulatory Commission issued Notice by the General Office of the China Banking and Insurance Regulatory Commission of Issuing the Measures for the Administration of Project Companies of Financial Leasing Companies (金融租賃公司項目公司管理辦法) (No. 143 [2021]), which aimed to regulate the financial leasing business carried out by financial leasing companies through project companies and strengthen risk prevention. In particular, financial leasing companies and specialised subsidiaries shall, under the principle of necessity, form project companies, and prudently control the number of project companies.

COMPETITIVE STRENGTHS

As at the date of this Offering Circular, according to the relevant statistics published by the Financial Leasing Committee of China Banking Association, the Group's key indicators in respect of its operation and management, including business development, profitability and asset quality, were ranked one of the highest in the industry. The Group is committed to being a first-class financial leasing company with distinctive expertise, high profitability, quality assets and good brand image, and also strives for a balanced development in respect of the business scale, risk management, asset quality and social responsibility.

The Group believes that its key strengths include the following:

Continuously Strong Growing Trend

The Company is among the first batch of five pilot financial leasing companies with paid-in capital amounting to RMB14.00 billion. As at 30 June 2022, according to the survey data compiled by the China Banking Association Financial Leasing Committee (中國銀行業協會金融租賃專業委員會), the Group ranked a number of firsts in the financial leasing industry in the PRC in terms of main metrics. As at 30 June 2022, the Group had total assets of RMB349.49 billion, leased assets of RMB304.20 billion and non-performing asset ratio ("NPA ratio") of 0.98 per cent, and for the six months ended 30 June 2022, the Group's operating income and net profit were RMB10.91 billion and RMB1.89 billion, ranking the first in terms of total assets and operating leased assets, second in terms of operating income and leased assets, and third in terms of net profits and lease projects investment, respectively, among Chinese financial leasing companies with total assets over RMB100 billion.

The Group maintained a strong growth in total assets, gross revenue and net profit in the past 14 years, from 2007 to 2021, the CAGR of total assets, gross revenue, net profit and leased assets were 43.62 per cent., 81.94 per cent., 105.60 per cent. and 73.68 per cent., respectively. In particular, the profit growth has exceeded the growth of total assets. The Group is the pioneer in the PRC financial leasing industry with strong growth rhythm.

Continuously Optimising Business Models

The Group aims to increase its operating leasing business to promote optimisation of its business structure. Operating leasing has the benefits of (i) longer asset maturity since it is subject to depreciation as fixed assets, (ii) focus on the risk of leased assets value, (iii) assumption of the risk of residual value of leased assets by the lessors and (iv) pricing at fixed rates normally. In contrast, financing leasing has the benefit of (i) shorter assets maturity since it is subject to the lease term, (ii) focus on lessee's credit risk, (iii) assumption of the risk of residual value of leased assets by the lessees and (iv) pricing at floating rates normally. The proportion of operating lease assets in the total leased assets of the Group increased from 10.81 per cent. as at 31 December 2014 to 48.82 per cent. as at 30 June 2022. The profit contribution (based on total net profit of the Group) from the Group's operating leasing business also increased from 10 per cent. in 2014 to 57 per cent. for the six months ended 30 June 2022. The Group strives to optimise its business models continuously with main focus on accelerating the development of aviation and shipping segments and promoting international market. Accelerated by the dual-wheel driven business model and the synergy of on and offshore platforms, the leasing assets net growth of aviation and shipping segments reached RMB16.37 billion, accounting for 42.00 per cent. of the Group's total leasing assets net growth for the first half of 2022. Among the Group's total leasing assets increments in aviation and

shipping segments, its offshore leasing assets increments amounted to RMB11.79 billion, accounting for 72.02 per cent. for the first half of 2022. As at 30 June 2022, the leased assets of aviation and shipping reached RMB188.61 billion, accounting for 62.00 per cent. of the total leased asset. The financing liabilities denominated in foreign currency accounted for 70 per cent. of the Group's total financing liabilities for the first half of 2022. The proportion of aviation and shipping in total leased assets have also continuously grown from 30.36 per cent. as at 31 December 2015 to 62.00 per cent. as at 30 June 2022. The Group also strives to improve the internationalisation of its aircraft and shipping leasing businesses and successfully increased the proportion of its offshore business in the leased assets of the Group's aviation and shipping leasing business segments from zero per cent. as at 31 December 2014 to 71.00 per cent. as at 30 June 2022. To support the Group's increasing volume of offshore business, the Group has set up operating entities globally including one Shanghai Free Trade Zone specialised subsidiary, three offshore marketing platforms which are the European aviation leasing platform in Dublin and the European ship leasing marketing platform in Hamburg and one offshore treasury centre in Hong Kong.

Strong Financing Capability with Diverse Channels

The Group has diversified financing channels which help to provide stable and low-cost financing for the sustainable development of its business. The Group is currently utilising comprehensive and diversified financing channels, including long-term loans, short-term loans, bank deposits, payable bonds, financial assets sold under repurchase agreements, borrowings from banks, payable bonds, capital injection, etc.

The Group has continuously used diverse and innovative financing methods mainly including credit loans, financing bonds and asset mortgaged bonds:

- in 2009, the Group was the first financial leasing company in the banking sector to access the inter-bank market in China;
- in 2010, the Group was the first financial leasing company to issue domestic financial bonds approved by the CBRC;
- in 2012, the Group was the first financial leasing company from the banking sector to enter into the RMB and foreign currency lending market;
- in 2014, the Group was the first Chinese financial leasing company to set up a Euro Medium Term Note Programme;
- in 2014, the Group was the first financial leasing company to issue asset-backed securities and was awarded "Top 10 transaction prize" by the first Chinese Assets Securitization Forum;
- in 2016, the Group was the first onshore financial leasing company to issue offshore USD bonds with guarantee provided by an onshore company and was awarded "Global Capital (Asia) Best offshore structure financing transaction";
- in 2017, the Group was the first financial leasing company to establish and operate an offshore treasury centre;
- in 2017, the Group was the first financial leasing company worldwide to conduct an air freighter JOLCO (Japanese Operating Leasing with Call Option) deal;
- in 2017, the Group was the first financial leasing company obtaining basic qualification for derivative transactions in China;
- in 2018, the Group was the first financial leasing company in the onshore free trade zone to conduct French tax leasing refinancing and the deal was awarded "Best Restructuring Transaction of the year" by AirFinance Journal;

- in 2018, the Group was the first financial leasing company of China to finance from syndicated loans in Japanese currency;
- in 2019, the Group was the first financial leasing company of China to finance from Green Syndicated Loans;
- in 2019, the Group conducted one of the first batches of JOLCO financing project of ships;
- in 2019, the Group was the first financial leasing company to venture into the RMB interest rate swap trading business;
- in 2021, the Group was the first financial leasing company of China to obtain green and sustainability certifications from both Hong Kong Quality Assurance Agency and Vigeo Eiris, a leading global ESG institution;
- in 2021, the Group had its debut Hong Kong dollars bond issuance;
- in 2021, the Group conducted the first batch of delivery of JOLCO financing project of ships; and
- in 2021, the Group was the first to conduct SOFR-based loan in Chinese financial leasing industry.

The Group obtained funding through credit line with banks. As at 30 June 2022, more than 200 banks have granted the Group credit line with a total amount of over RMB840 billion with RMB509 billion being unutilised. The Group also obtained diverse and innovative sources of funding, comprising RMB financing and foreign currency financing. As at 30 June 2022, the RMB financing and the foreign currency financing accounted for 30 per cent. and 70 per cent. of the Group's total source of funding, respectively. The RMB financing sources include financial tickets and letter of credit, bonds and project loan (including factoring) and inter-bank borrowings, representing 15.25 per cent., 21.59 per cent. and 63.16 per cent. of the Group's total source of RMB funding, respectively. The foreign currency financing sources also include bonds, working capital loan and project loan, representing 25.32 per cent., 48.95 per cent. and 25.73 per cent. of the Group's total source of foreign currency funding, respectively. As at 31 December 2021, the Group is liquid with foreign currency financing with 67.41 per cent of foreign currency funding with balance of remaining maturity of no less than one year.

The average funding costs of the Group generally remained stable, which declined from 5.08 per cent. in 2014 to 2.38 per cent. in 2021 and recorded 2.19 per cent. for the first half of 2022.

Sound and Robust Asset Quality

As at 30 June 2022, the leased assets of the Group is RMB304.20 billion. The NPA ratio as at 31 December 2019, 2020 and 2021 and 30 June 2022 is 0.65 per cent., 0.53 per cent. 0.80 per cent. and 0.98 per cent, respectively; as at 30 June 2022, the Group had a rental collection ratio of 97.26 per cent.; the Group had a provision coverage ratio of 182.53 per cent.; the Group had provision balance amounted to RMB4,927.90 million. The provisioning rate of the Group as at 30 June 2022 was 3.17 per cent. To realise the prudent and adequate provision, the allowance for impairment losses in the operating lease of the Group reached to RMB2,915.01 million as at 30 June 2022.

The Group maintains prudent provisioning policy and adequate provisions by categorising its leased assets into five categories. As at 30 June 2022, the leased assets of the Group were RMB304.20 billion, among which approximately RMB155.67 billion was finance leased asset and RMB125.88 billion was operating leased assets. Among RMB155.67 billion of finance leased assets, RMB149.93 billion belongs to pass category, RMB3.04 billion belongs to special mention category, and RMB0.96 billion belongs to sub-standard category. The Company periodically conducts impairment test on the operating lease assets, and as at 30 June 2022, RMB2,915.01 million impairment is identified for the operating lease assets.

Strong Support from BOCOM

BOCOM is one of the five largest state-owned commercial banks in the PRC and controlled directly by the MOF. As at 30 June 2022, BOCOM's tier one capital reached RMB150,742 million and as at 30 June 2022, BOCOM ranked the fifth among other Asian commercial banks and ranked the tenth globally in terms of tier one capital. As at 31 December 2021, BOCOM was ranked the 137th in the Global 500 by the Fortune and ranked the tenth in Top 1000 World Banks by The Banker. By 30 June 2022, BOCOM received ratings of A2 from Moody's, A- from S&P and A from Fitch, respectively. Over the years, BOCOM has built up an expansive branch network fully covering mainland China, with 23 overseas branches in 21 countries and regions.

As the sole shareholder of the Group, BOCOM provides strong support to the Group from five aspects:

Capital injection by BOCOM – In 2010, 2013, 2015, February 2017, December 2017 and February 2020, BOCOM has made capital injections of RMB2.00 billion, RMB2.00 billion, RMB1.00 billion, RMB0.50 billion, RMB1.00 billion and RMB5.50 billion into the Group's capital, respectively, which increased the Company's paid-in capital to RMB14.00 billion as at the date of this Offering Circular and enhanced the Group's overall financial strength and improved its competitiveness in the market. The Group has not distributed dividends since its establishment, and all the profits are used for business development. As at 30 June 2022, the net capital of the Group amounted to approximately RMB42.43 billion.

Funding support from BOCOM – As at 30 June 2022, the credit line granted by BOCOM was RMB118.1 billion. As required by the CBIRC, BOCOM has inserted the following clauses into the Article of Association of the Group: BOCOM agrees to provide liquidity support to the Group when it is facing difficulty in fulfilling its payment obligations and agrees to provide supplementary capital when the Group's capital is eroded by operation loss. BOCOM and its 16 branches granted the Group a total credit line of nearly RMB290 billion.

Network support – As at 30 June 2022, BOCOM had 23 offshore subsidiaries/branches and representative offices in 21 countries (excluding PRC) and regions which covered the major markets in the world. The Group and BOCOM have set up internal profit distribution, shadow accounting and customer sharing mechanisms.

Post-lease management support – The Group offers post-lease management commission fee to branches of BOCOM and establishes risk-sharing mechanism for clients recommended by branches of BOCOM under the arrangement of BOCOM's head office. The Group has also established an online risk coordination system in multiple branches of BOCOM, enabling the sharing of post-lease monitoring information. Overseas branches of the Group also assist in the monitoring of operations of aircraft and vessels in vicinity.

Management and operation support – BOCOM formulates policy of extending credit and portfolio management for different industries, regions and client types under the framework guidelines of the parent bank, and appoints experienced industry professionals from senior management as the Group's management board and grants full operation authorisation to the Group in making operation decisions which increases the efficiency of decision-making.

BUSINESS STRATEGIES

The Group is committed to being a first-class financial leasing company with distinctive expertise, high profitability, quality assets and good brand image and also strives for a balanced development in respect of the business scale, risk management, asset quality and social responsibility. It plans to achieve this goal by pursuing the following strategic initiatives:

Strengthen Market Position

The Group is focused on synergies and organic growth to continually explore business potential. The Group aims to further strengthen synergies between the BOCOM and the Group while simultaneously and actively expanding business development channels to enhance independent marketing ability. The Group is also focused on maintaining and managing existing clients, and discovering potential business needs of existing clients to foster a cornerstone customer group.

Strengthen Existing Businesses and Explore New Growth Opportunities

The Group plans to pursue continuous business expansion, focusing particularly on higher growth in the international aircraft and shipping sectors. The Group also plans to increase the proportion of aviation leasing and shipping leased assets and rapidly increase the proportion of operating lease business to support the long-term sustainable profit growth. The Company aims to professionalise the development of its five core business segments in order to promote the growth and profitability of the operating leasing business.

Internationalisation, Professionalisation and Expand the Customer Base

The Group continues to develop its ability of operational management and assets disposal as well as explore more ways to make profits. By leveraging the network of BOCOM, the Group will explore clients in the domestic market. The Group will also actively explore clients in the international market, and deliver aircraft and shipping assets globally. The Company aims to benefit from the dual growth engines of domestic and international businesses. In terms of the domestic business, the Group will make full use of a specialised subsidiary in free trade areas (“FTAs”) to develop international aircraft and shipping business by taking advantage of the favourable policies of FTAs. With regard to the international business, the Company has and continues to set up international leasing business SPVs in overseas financial centres (Hong Kong, Singapore, Ireland and Germany) to promote the internalisation of leasing business and develop overseas financing channels to increase financing sources and reduce funding costs. The Group will adhere to the transforming and development plan of the key industries.

Improve Risk Management, Ensure the Stability of Asset Quality and Recruitment of Professionals

The Group plans to build a lease management system to manage operating leases that focus on residual value management (i.e., residual value = (the present value of all future cash flow of a lease – risk provision)). The system will contain a complete database of all operating leases, including all financial and technical files, current value of a lease, etc. The Group plans to reach out and employ professionals in the aircraft and shipping industries who specialised in engineering, evaluation, or remarketing and to engage professional third parties to support these efforts.

Continue to Leverage and Improve Synergies with BOCOM

The Group plans to strengthen its cooperation with the BOCOM’s domestic and overseas branches of various levels in the course of business development, and plans to carry out cross-cooperation in the areas such as business development, sharing of risk information and post-leasing management.

Diversify its Funding Sources and Optimise its Debt Structure

The Group plans to explore and expand its domestic and foreign financing sources by developing financing channels sources, optimising and adjusting its current debt structure to meet its demand for funds in domestic and foreign currencies to support its professional leasing business.

AWARDS

The Group's accomplishments in the PRC leasing industry have been recognised by the following awards from various prestigious organisations:

- 2021 “Best Financial Leasing Company” by Financial Times;
- 2021 “Top 50 World Aircraft Leasing Company” by Airfinance Journal;
- 2021 “Award on Structured Lease Transaction” by Airfinance Journal;
- 2021 “Best Sustainability Bond – NBFI” by The Asset;
- 2021 “Best Financial Leasing Company of the Year in China Financial Institutions Gold List” by Financial News;
- 2020 “Best Liquidity and Investment Management Award” by The Asset;
- 2020 “Global Shipping Finance of the Year” by Seatrade;
- 2020 “Best Financial Leasing Company of the Year in China Financial Institutions Gold List” by Financial News;
- 2020 “People’s Corporate Social Responsibility Annual Case Award” by People’s Daily;
- 2020 “Best Public Welfare Practice Award in China Corporate Social Responsibility List” by YiMagazine;
- 2019 “Deal of the Year Leasing – East” by Marine Money;
- 2019 “Phecda Award” as financing leasing company by Securities Times;
- “2018 Best Influential Award” for financing leasing business in Shanghai Free Trade Zone;
- “Competitive Finance Leasing Company of 2018” by China Business News;
- “Outstanding Finance Leasing Company of 2018” by China Business News;
- “Top 100 Economic Contributors” – the Largest Non-bank Tax Payer in the Shanghai Free Trade Zone by Shanghai Municipal Government (Shanghai Pilot Free Trade Zone);
- “Innovation Award” of the “China Air Finance Wan Hoo Award” by China Air Finance Development (DFTP) Summit;
- “Best Institution for Shipping Finance in 2016” by China Maritime Forum;
- 2016 “The Most Influential Finance Leasing Company” by China Business News;
- “Outstanding Competitive Industry Breakthrough of 2016” by China Business Journal;
- 2016 “The Best Aircraft and Shipping Financial Institution” by cnss.com.cn;
- “Competitive Finance Leasing Company of 2016” by China Business News;
- “China Air Finance Award – Award of Innovation” by 2016 China Air Finance Development (DFTP) Summit;

- “2015 Outstanding in Financial Industry” by Shanghai Pudong New District Government;
- “Best 2015 China Financial Innovation Awards” by 2015 China Economic Summit Forum;
- “The Best Industry Breakthrough in Financial Leasing Company of 2015” by First Financial Daily;
- “Outstanding Competitive Industry Breakthrough of 2015” by China Business Journal;
- 2015 “PRC Financial Leasing Company of the Year” by the China Financial Leasing Annual Conference;
- 2014 “The Most Influential Financial Leasing Company” by Economic Information Daily;
- “The Best Industry Breakthrough in Financial Leasing Company of 2014” by China Business News;
- “Outstanding Competitive Industry Breakthrough of 2014” by China Business Journal;
- “Most Outstanding Finance Leasing company” by CBN Financial Value Ranking 2013;
- “CBA Finance Leasing Committee Member with Outstanding Contributions” by CBRC in 2013;
- “Best 2013 China Finance Leasing Innovation Awards” by China International Financial Forum;
- 2012 “PRC Financial Leasing Company of the Year” by the China Financial Leasing Annual Conference;
- 2012 “Top ten Financial Product Innovation Awards” by The Chinese Banker;
- 2011 “PRC Financial Leasing Company of the Year” by the China Financial Leasing Annual Conference; and
- “Second Prize for Financial Innovation” by the Shanghai Municipal Government.

BUSINESS OF THE GROUP

The Group’s principal business is leasing public infrastructure, vessels, aircrafts, equipment and other assets to customers in a variety of industries primarily including:

- Aviation;
- Shipping; and
- Traditional leasing business covering a variety of industries such as Public Infrastructure, Energy equipment, machinery equipment, culture and tourism, Biomedicine, new energy and other domestic and foreign projects which comply with national industrial policies as well as promote economic transformation.

Aviation Leasing

The Group is one of the leading aviation leasing companies in the PRC and managed one of the largest aircraft fleets among the financial leasing companies in the PRC, comprising 262 self-owned aircraft, all of which are on balance sheet, and 7 managed aircraft and achieved a number of milestones in the development of its international aviation leasing business. The Group launched the first aircraft leasing transaction in 2008; concluded its first new aircraft leasing transaction and the first aircraft leasing project in Shanghai Bonded Zone in 2010; conducted its first operating lease transaction in 2011; set up aircraft leasing platform in Ireland through BOCOM in 2012; concluded the first Japanese Yen denominated

aircraft leasing project in the PRC and its first business jet leasing in 2012; conducted its first cooperative project with an offshore client in 2013; was the first company to be approved by the CBRC to establish specialised subsidiaries in Shanghai Free Trade and conducted its first third-party aircraft slot leasing in 2014; possessed a fleet of over 100 aircrafts in 2015; concluded the first Euro denominated leasing in the PRC in 2016; conducted its first vintage aircraft leasing project in 2017. In 2018, the Group ranked 11th among aircraft leasing companies in terms of fleet value². In 2019, the Group also conducted its first Australian and African aircraft leasing project, and conducted its first aircraft transaction in Shanghai Free Trade Zone. In 2021, the Group delivered its first operating lease on passenger-to-freighter converted aircraft.

The Group owns or manages a highly liquid aircraft portfolio with diversified aircraft model. The Group's aircraft fleet comprises 82.00 per cent. narrow-body aircrafts, 9.00 per cent. wide-body aircrafts, and 9.00 per cent. regional jets and business jets (percentages were calculated by number of aircraft). The Group owns or manages 128 aircrafts of A320 (319, 321), 87 aircrafts of B737, 13 aircrafts of A330, 12 aircrafts of B767 (777, 787, 747), 9 aircrafts of Embraer, 10 aircrafts of Bombardier and 2 aircrafts of Gulfstream and one aircraft of ARJ. Narrow-body aircrafts such as A320 from Airbus and B737 from Boeing are the most popular models on the market, and as forecasted by Boeing, the demand for narrow-body aircrafts and market price will continue to increase. As at 30 June 2022, the Group has 84 orders with Boeing, among which 44 have been delivered. The Group also placed purchase orders with Airbus and COMAC. The number of purchase orders with Airbus and COMAC were 82 and 30 respectively. 24 aircraft from Airbus have been delivered. The delivery plan of COMAC exists uncertainty. The Group had a young fleet with an average age of 5.89 years as at 30 June 2022. Among which, 19.08 per cent. of the aircraft are aged below three years, 30.53 per cent. of aircraft are aged between three and five years, 38.55 per cent. of aircraft are aged between five and ten years and only 11.84 per cent. of the aircraft are aged above ten years.

The number of aircraft operated by the Group has increased rapidly from 2008 to 2021 with a 13-year CAGR of 53.87 per cent. The Group also places focus on increasing the proportion of operating lease and offshore assets in the aviation leasing segment. As at 30 June 2022, the Group's operating lease accounted for approximately 92.09 per cent. of the Group's total leased assets in the aviation leasing segment, among the highest in the PRC leasing industry. The Group promotes internationalisation of its aviation leased assets by increasing the proportion of its offshore assets from zero per cent. in 2014 to 40.70 per cent. of the Group's total leased assets in the aviation leasing segment as at 30 June 2022.

With regard to customer base, the Group maintains close contact with domestic and international airlines, manufacturers and professional service providers. As at 30 June 2022, the Group had 71 lessees and 196 aircraft on order, and had business relationships with 71 airline companies situated in 27 countries and regions and had 33 domestic airlines customers, covering Air China, China Eastern, China Southern, Xiamen Airlines, Shenzhen Airlines, Shandong Airlines, Sichuan Airlines, Shanghai Airlines, China Cargo Airlines, Hebei Airlines, Spring Airlines, Tianjin Airlines, Chengdu Airlines, Kunming Airlines, Fuzhou Airlines, Urumqi Air, Yangtze River Express, 9 Air, Juneyao Airlines, Donghai Airlines, Air ChangAn, China Express and Okay Airways, and 38 foreign airlines customers which include Virgin Atlantic Airlines, Singapore Airlines, Emirates, Korean Air, HK Express, Jetstar, Garuda, Flydubai, EVA, KLM, Etihad Airlines, Azul Brazilian Airlines, Bombardier, Iceland Air, Vista Jet, Asiana Airlines, SAS, WIZZ Airlines, Transavia, Frontier, Volaris Airlines, Easyjet and Cathay Pacific. In 2020, the Group successfully explored the markets of Australian market and Africa and established the client span covering all 5 continents.

The Group has diversified leasing solutions and business platforms. The Group mainly leases aircrafts with concurrent services in upstream and downstream sectors of the civil aviation and general aviation, which involve the leasing of transportation aircrafts, various aircrafts for general aviation equipment such as engines and simulation aircrafts. The Group owns or manages SPVs in domestic free trade zone and offshore SPV platforms to provide diversified services including operating leasing and financial leasing

² Data source: Flight Global-Portfolio Tracker: ISTAT EMEA 2018.

services in the currencies of U.S. dollar, Japanese Yen, AUZ dollar, Canadian Dollar, CNY and Euro. The Group specifically sets up an aviation leasing department, recruiting talents with expertise from airlines, law firms, manufacturers, assets trading institutions etc. who provide effective support in offering products and services across the whole industry-chain and the whole life-cycle through their specialties. The Group also introduces advanced experience and expertise in overseas markets via an Irish platform and preliminarily establishes an international team and management mechanism.

The Group provides well rounded client service by offering a variety of leasing solutions, diversified business platforms, a professional team and cooperation with bank groups. The Group plans to continue to grow its aviation leasing business and grow its assets in this business segment. As at 30 June 2022, aviation leasing was the Group's third largest segment by lease asset book value. As at 30 June 2022, the Group had an aviation leased asset of approximately RMB86.22 billion, representing 28.34 per cent. of the total leased assets of the Group, among which the offshore leased asset balance accounted for 40.70 per cent.

Ship Leasing

The Group has since 2013 achieved a number of milestones in the development of its international ship leasing business. The Group is the first Chinese leasing company to operate large container ship operating leasing business; the Group has signed contracts on 20 newly-built large container ships with Mediterranean Shipping Company and CMA CGM, the two world leading container liner shipping companies, and the total value of new orders exceeded U.S.\$2 billion in 2013 and 2014; the Group is the first Chinese leasing company to cooperate with Maersk Line, the container liner shipping company ranked the first in the world; the Group is the first Chinese leasing company to cooperate with Maersk Line, the global ranked first container liner shipping company; the Group has signed contracts on 32 oil tankers of various types with TRIFIGURA, the world largest oil and petroleum products trader, and the total value of contracts reached U.S.\$1.35 billion in 2017 and the Group was awarded "Best Institution for Shipping Finance in 2016" by China Maritime Forum; the Group has signed financing contracts on 10 newly-built 180,000 DWT capsize ships with RWE AG (Fortune 500), Shanghai Waigaoqiao Shipbuilding and Shandong Shipping. The total contract value was U.S.\$550m, making it the largest single order for new bulk carriers globally in 2018.

As at 30 June 2022, the Company owned or managed 432 vessels of various types, with 73 domestic and international clients. The Group continues to improve the operating leasing business and offshore business in its ship leasing segment. As at 30 June 2022, the shipping operating leasing business accounted for 67.51 per cent. of the Group's total ship leasing business, and the Group's offshore leased assets accounted for 96.52 per cent. of its total shipping leased assets. The Group owns or manages SPV in domestic free trade zone and offshore SPV to provide a wide range of diversified products and various lease subjects, covering bulk ships, container ships, liquefied natural gas carrier, chemical ships, and oil tankers and engineering ships. The return³ on shipping leased asset has increased from 1.15 per cent. in 2015 to 3.54 per cent. as at 30 June 2022.

As at 30 June 2022, the Group owns 432 ships of various types with 73 customers, ranking the first among Chinese leasing peers with customers covering all top five container carriers in the world. The Group has successfully carried out business cooperation with a large number of quality customers, including MSC, CMA CGM, MAERSK Line, Hapag Lloyd AG, SFL, Teekay, Trafigura, Polaris, Sinokor, QPS, Scorpio Tanker, Cosmship, BW Pacific, Wah Kwong, Pedredec, Costamare, OOCL, Navig8, Oceanbulk, Hurtigruten, Seaspam, Flex LNG, Bohi Grain and Oil, Huayang Maritime Center, Jinjiang Shipping, China Changjiang National Shipping, KingFour Marine and COFCO and has made satisfactory achievements. The Group also establishes a European marketing platform in Hamburg, Germany to maintain the clients in Europe.

³ Calculated by dividing net income by the average balance of leased assets at the beginning of the year and at the end of the year.

The Company places its strategic focus on developing business models and provides a wide range of diversified products and various lease subjects covering bulk ships, container vessels, luxury cruise ships, oil tankers, and marine engineering ships. As of the date of this Offering Circular, the Company had 100 per cent. utilisation of vessels, no legacy of non-performing assets and no unscheduled termination of lease or failure in delivery. The following table is a breakdown of ships in terms of leased assets of the Group as at 30 June 2022.

	Leased Assets	Percentage	Number of Vessels
	<i>(Unit: RMB million)</i>	<i>(%)</i>	
Oil vessels	17,528	17.12	110
Chemical vessels	1,708	1.67	8
Liquid gas vessels	19,466	19.01	40
Bulker ships	20,079	19.61	151
Container vessels	35,092	34.27	101
Engineering vessels	1,950	1.90	6
Cruises	5,676	5.54	16
Containers	890	0.87	0
Total	102,390	100	432

In addition to the traditional financing business, the Group jointly promotes equity and debt financing which improves profit sharing and profit margin.

The Group's ship leasing department recruits talents with expertise from professional institutions including shipping companies, law firms, shipyards etc. who provide effective support in offering products and services across the whole industry-chain and the whole life-cycle through their specialties.

As at 30 June 2022, the Group had leased assets of approximately RMB102.39 billion in ship leasing segment, representing approximately 33.66 per cent. of the total leased assets of the Group.

Traditional Leasing

The traditional leasing business of the Group, which mainly comprises domestic finance leasing business conducted in RMB, covers a wide range of industries including transportation, energy and utilities, infrastructure, manufacturing machinery, culture and tourism, biomedicine and new energy, and other domestic and foreign projects which comply with national industrial policies as well as promote economic transformation. The traditional leasing business is leading in multiple subsectors of its domestic business. As at 30 June 2022, the Group had leased assets of approximately RMB115.58 billion in traditional leasing segment, representing approximately 38.00 per cent. of the total leased assets of the Group.

COMPETITION

In the general leasing business, the Group mainly competes with other bank-affiliated financial leasing companies in the PRC, such as ICBC Financial Leasing Co., Ltd., Minsheng Financial Leasing Co., Ltd., CCB Financial Leasing Co., Ltd., CMB Financial Leasing Co., Ltd. and China Development Bank Financial Leasing Co., Ltd., which are the other five largest PRC financial leasing companies affiliated with PRC banks.

In addition, the Group provides a more diverse variety of products compared to most of its international competitors. The credit rating of the Group is also higher than most of its international competitors. Furthermore, the Company has closer relationship with PRC clients and producers.

RISK MANAGEMENT FRAMEWORK

The Group faces various risks during its daily operation and the major financial risks for the Group are: credit risk and market risk. Market risk can be further segmented into interest rate risk, foreign currency exchange risk and liquidity risk. The Group has established a comprehensive risk management mechanism, involving various levels of risk control to identify, evaluate and monitor these risks. The goal of the Group's risk management system is to achieve an appropriate balance between risk and return and minimise the potential adverse effects on the Group's financial performance.

The Group's risk management framework is divided into three levels: (1) the Board of Directors sets the Company's overall risk management strategy and has set up a Risk Management and Connected Transactions Committee and a Budget and Audit Committee who are responsible for risk control; (2) the senior management establishes risk management policies and procedures to implement the risk management strategies approved by the Board of Directors and, under this level, there is a Project Approval Committee established; and (3) the Business Department, Fund Department, Financial Department, Risk Evaluation Department, Legal Compliance Department, Assets Management Department and review meeting are responsible for the execution of the risk management policies and procedures approved by the Board of Directors.

CREDIT RISK

Credit risk is the risk which arises when a counterparty fails to meet its contractual obligations at the relevant due date. Credit risk primarily arises from prepayments for lease assets and finance lease receivables. Through implementation of a ten-grade classification system, credit risk management policies and procedures, leasing business information system, investment of leasing business and continuous optimising the portfolio of lease receivables, the Group is able to identify, monitor and manage its credit risk at each link.

Through the 10-level risk rating system, the policies, systems and procedures relating to the credit risk management, the leasing information system, the administration on the investment in leasing business and the optimisation of the leasing asset structure, the Group is able to promptly and effectively identify, monitor and manage the potential credit risks in various aspects. By carrying out several specific measures, including the 5-level-categorised asset management, the credit quota administration, the risk-mitigation measures administration, the analysis on the credit risk impairment and provisions for impairment, the Group is able to effectively control potential credit risk.

The Group is also supported by BOCOM's industry and policy experts. The Group uses BOCOM's credit database and scoring template to assess the credit risk of lessees but produces a separate credit assessment report based on its own assessment metrics. Guidance on leasing risks is issued by BOCOM and the Group at the start of each year, which is subject to quarterly evaluation. Large-scale leasing project assessments are further reviewed by BOCOM's headquarters after being assessed by the Company.

The Group measures and monitors the quality of finance lease receivables and other financial assets according to the "Guiding Principles on the Risk-Based Loan Categorization" (貸款風險分類指引) promulgated by the CBRC and sets up a five-grade classification system. After asset allocation, the Company continues to monitor and adjust for changes in risk, continuously weighing risk versus expected return. Business managers are held accountable for risk and are responsible for post-lease credit monitoring on a quarterly basis.

POST-TRANSACTION PROJECT MANAGEMENT

Post-transaction project management includes asset quality classification, lease management and transfer and disposal of leased assets (including non-performing assets). Asset quality classifications are carried out by the Business Department, Operation Department and Risk Management Department. The classification is based on the actual value and the risks associated with the assets, so as to allow effective measures to be taken to protect the value of the assets.

Lease management includes collecting rentals and conducting post-lease reviews. Reminders and notices of payment are issued to the lessees around one to two weeks before the due date. If any lease payment is overdue, the relevant department would communicate with the lessees and consider whether to accept deferred payments with interest. Post-lease reviews are performed in accordance with the Group's policy and the frequency of checks performed is linked to asset quality. In principle, reviews are performed once every 12 months for assets in the "normal" category, every six months for the "special mention" category and in greater frequency for the "non-performing" categories (which comprise "sub-standard", "doubtful" and "loss" categories). Upon the occurrence of any high-risk events, post-lease reviews will be performed immediately. After the completion of post-lease reviews, reports are submitted to the Risk Management Department of the Company.

To control risk, leased assets are generally required to be insured by the lessee. Lessees normally undertake to protect and maintain the value of leased assets, including making insurance claims or undertaking litigation. In financing leases, the leased asset would normally be transferred to the lessee at the end of the lease.

MARKET RISK

Market risk refers to the potential loss suffered by the Group as a result of adverse movements in market prices, primarily interest rates and foreign currency exchange rates. The Board of Directors sets market risk strategy, appetite, policies and procedures. Senior management and the Risk and Connected Transactions Committee oversee and approve risk measurement procedures and stress tests. The Treasury Department and Finance and Accounting Department take the lead in management of market risk and quarterly submits risk report to the senior management.

The Group measures, monitors and manages interest rate risk and market risk by complying with the sensitivity indicators for the risk in respect of the interest rate provided for in the Basel Accord and other relevant tools. The Group relies on sensitivity analysis as the main technical methods to measure and control market risk. Sensitivity analysis of interest rate is to periodically calculate the gap between the amount of interest-earning assets and interest-bearing liabilities that mature or must be repriced within certain periods and analyse the sensitivity in response to changes in base rates and market rates by using the gap data. Results of sensitivity analysis are reported to senior management on a quarterly basis.

The Group's interest rate risk results mainly from a mismatch of interest rate repricing period and change in market interest rates. The Treasury Department and Finance and Accounting Department of the Group exercise regular monitoring on the repricing period of interest rate sensitive assets and liabilities to manage interest rate risk. With the fluctuation of market interest rates, the interest rate margin of the Company may increase, decrease or even result in loss due to unpredictable changes.

Interest rates of finance lease receivables of the Group, rather than that agreed by both parties through negotiation, is based on the benchmark interest rate regulated by the People's Bank of China (PBOC) and varies as the benchmark interest rate is adjusted by the PBOC, if any. Interest rates of the Lessor's prepayments for lease assets and finance lease receivables change with the adjustments of the benchmark interest rate of the PBOC.

Since the Group's financings are mainly denominated in a same currency, the Group has limited interest rate risk. For example, some subsidiaries of the Group carry out their leasing business in USD, and their corresponding lease contracts are also priced in USD which minimises the associated exposure risk.

LIQUIDITY RISK

Liquidity risk refers to the risk which arises when the Group is unable meet the obligation to settle its due liabilities or meet the immediate demand of capital. The primary source of liquidity demand for the Group are the repayment of maturing bank borrowings and withdrawal requests from lessees under finance leases. The Group's goal of liquidity risk management is to ensure that sufficient capital resource is available at any time to meet such demands.

The Group manages the liquidity risk by monitoring the proportions of liquidity of different terms and other relevant indicators, and establishes liquidity emergency plans for the purpose of liquidity risk prevention. The Treasury Department takes the lead in management of liquidity risk and regularly submits risk reports to the senior management. The Group has established a comprehensive liquidity risk management framework comprising:

- daily fund management through monthly monitoring future cash flows and making liquidity gap analysis report;
- monitoring of assets liquidity ratio to meet the internal and regulatory requirements;
- management of the degree of concentration of maturities of liabilities;
- establishment of liquidity contingent plan through agreements with banks;
- dealing with liquidity gap through interbank lending, borrowings and sales under repurchase agreements; and
- issuance of medium and long-term financial bonds to optimise the medium and long-term asset and liability structure, and continuing to issue financial bonds at appropriate stages in the future.

The Treasury Department oversees day to day risk management, including capital budgeting, balancing current funds, maintaining appropriate working capital and carrying out regular liquidity stress tests. The Group's objectives of liquidity risk management include:

- diversifying funding sources;
- managing and controlling cash flow mismatch;
- holding liquid reserves in order to meet any stress demand; and
- balancing between revenue and liquidity risk.

The Group has liquidity management procedures which are followed on a daily basis and designed according to monthly and weekly cash management plans. The Group uses interbank money market transactions to adjust any liquidity exposures and improve the overall operational efficiency of funds.

Through stress testing, the Group is able to gauge cash flows under different scenarios and adjust its liquidity reserves according to market conditions. This allows the Group to maintain its high-quality liquid assets and to mitigate any potential liquidity risks.

MANAGEMENT AND DISPOSAL OF NON-PERFORMING ASSETS

If payments on any lease contracts are overdue, the payment collection business unit will take charge of the collection process based on the Group's lease payment management procedures and take appropriate legal measures to protect the value of the Group's assets. If any lease receivable becomes non-collectable, a specialised team within the Group will take responsibility for taking recourse in accordance with the Group's non-performing asset management policy. Such recourse may include seeking recourse from the guarantor, disposing of the collateral, transferring the lease, recovering and selling the leased assets and taking legal actions. After taking all possible means of recourse or disposal, the Group will, in accordance with relevant Group policies, write off the balance as bad debt if there are still debts outstanding.

EMPLOYEES

As at 30 June 2022, the Group had a total of 266 employees, of which 261 are regular employees. The employees holding Bachelor's degree or above accounted for 100 per cent., the employees holding Master's degree or above accounted for 52 per cent. The employees are mainly based in the head office in Shanghai. The Group also sets up Leasing Business Dept. III, and offshore business platforms in Hong Kong, Ireland and Hamburg etc.

The Group is committed to recruiting, training and retaining skilled and experienced employees throughout its operations. The Company intends to achieve this by offering competitive remuneration packages as well as by focusing on training and career development. In accordance with the relevant PRC laws and regulations, the Group contributes to social welfare insurance for its full-time employees in the PRC, including basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance and maternity insurance.

The Group's labour union safeguards the rights and interests of the employees and coordinates closely with management with respect to human resources matters. The Group's operations have never been affected by any strike or significant labour disputes. The Group believes it has a good relationship with the labour union and the Group's employees.

LEGAL PROCEEDINGS

From time to time, the Group is involved in legal proceedings, claims or disputes in the ordinary course of its business.

As at the date of this Offering Circular, there is no litigation, arbitration or claim pending or threatened against the Group, which is expected to have a material adverse effect on its business, financial condition and results of operations.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS AND BOARD OF DIRECTORS

The Board of Directors is responsible for the overall corporate governance of the Company including establishing the Company's strategic direction and management goals, as well as monitoring the achievement of these goals. The following table sets forth the information regarding the Company's directors (the "**Directors**") as at the date of this Offering Circular.

Directors	Year of birth	Position
Mr. Xu Bin.	1966	Chairman
Mr. Zhu Yequn	1969	Executive Director and President
Mr. Liu Yang	1979	Director
Mr. Tong Bo.	1975	Director
Mr. Liu Dongnan	1977	Director

The following contains certain biographical information of each of the Company's Directors as at the date of this Offering Circular.

Mr. Xu Bin – President. Mr. Xu is also a member of the Communist Party Committee of the Company and the chief specialist of BOCOM and the secretary of the Party Committee and chairman of Bank of Communications Financial Leasing Co., Ltd. He has been working in the financial field for 24 years. Previously, Mr. Xu was the secretary of the Party Committee and vice president of BOCOM Jiangsu Branch, the secretary of the Party Committee and the president of BOCOM Anhui Branch and Guizhou Branch, the secretary of the Party Committee, the president and executive vice president of the Yangtze River Delta Integrated Management Headquarters of Shanghai Branch. He also served as Yangtze River Delta Integrated Management Headquarters of Shanghai Branch. Mr. Xu obtained a master's degree in business administration.

Mr. Zhu Yequn – Executive Director. Mr. Zhu is also the deputy secretary of the Communist Party Committee and the president of the Company and the chairman of Bank of Communications Aviation and Shipping Financial Leasing Company Limited. He has been working in the financial field for 29 years. Previously, Mr. Zhu was the head of the risk and asset management department, deputy director of the credit and non-credit monitoring divisions and senior manager of the asset monitoring division of the risk monitoring department of BOCOM. He concurrently served as a member of the Communist Party Committee and vice president of the Company. Mr. Zhu obtained his master's degree in business administration.

Mr. Liu Yang – Director. Mr. Liu is the deputy general manager of risk management department, deputy director of internal control and case prevention office. He has been working in the financial field since August 2004. Previously, Mr. Liu held various positions within BOCOM, including secretary and senior secretary of integrated information management, personal loan division, personal financial risk management, risk system management, personal loan policy department, credit system management, personal loan credit department, retail credit department and office secretary department, deputy senior manager of BOCOM financial institutions planning department, deputy senior manager and senior manager of non-banking institutions and vice president and member of the Communist Party Committee of BOCOM Jilin Branch.

Mr. Tong Bo – Director. Mr. Tong is the deputy general manager of corporate institutional business department. He has been working in the financial field since September 1996. Previously, Mr. Tong held various positions within BOCOM, including security officer, account manager, deputy section head, section head, vice president of BOCOM Wuhan Branch Qingshan sub-branch, vice president and president of BOCOM Wuhan Branch Hanyang sub-branch, president and secretary of the Communist Party Committee of BOCOM Yichang Branch and general manager of business department of BOCOM Hubei Branch.

Mr. Liu Dongnan – Director. Mr. Liu is the deputy general manager of financial management department of BOCOM. He has been working in the financial field since April 2002. Previously, Mr. Liu held various positions in China Guangfa Bank (廣東發展銀行) Shanghai Branch, including clerk of funding department, and chiefs, deputy section chiefs, and section chiefs of trainee department. Mr. Liu also held various positions in BOCOM, including manager of the integrated business asset and liability management department, deputy senior manager, senior manager and senior treasurer manager of the asset and liability management department, deputy senior manager and senior manager of intermediary business manager of the asset and liability management department, deputy chief executive officer of BOCOM Hong Kong Branch and deputy chief executive officer of Bank of Communications (Hong Kong) Limited.

SENIOR MANAGEMENT

The Company's senior management includes the chairman, the president and the vice president. All of the Company's senior management team are appointed and dismissed by the Board of Directors.

The following table sets forth the information regarding the members of the Company's senior management as at the date of this Offering Circular.

Senior Management	Year of birth	Position
Mr. Xu Bin.	1966	Chairman
Mr. Zhu Yequn	1969	Executive Director and President
Ms. Li Ru	1970	Vice President
Mr. Wang Dong	1971	Vice President

The following contains certain biographical information of each of the members of the Company's senior management as at the date of this Offering Circular.

Mr. Xu Bin – See “*Directors and Senior Management – Directors and Board of Directors*”.

Mr. Zhu Yequn – See “*Directors and Senior Management – Directors and Board of Directors*”.

Ms. Li Ru – Vice President. Ms. Li is also a member of the Communist Party Committee and the vice president of the Company and the director of Bank of Communications Aviation and Shipping Financial Leasing Company Limited. She has been working in the financial field for 29 years. Previously, Ms. Li served as clerk of the sub-branch, staff member of the international business department, deputy section chief of the deposit and remittance division, assistant director and deputy director of Nanchang branch of BOCOM. She was also the deputy general manager of Yingbin branch, deputy senior manager of the private financial business department of Nanchang branch of BOCOM. She concurrently served as the manager of the corporate business department I, member of the Communist Party Committee and assistant president of the Company. Ms. Li obtained her master's degree in economics.

Mr. Wang Dong – Vice President. Mr. Wang is also a member of the Communist Party Committee and the vice president of the Company. He has been working in the financial field for 29 years. Previously, Mr. Wang served as the loan officer of the credit department, director of Qingshan sub-branch and Guangchang sub-branch, assistant president, deputy president and president of Baotou branch of BOCOM. He also concurrently served as the manager of energy equipment leasing department and marketing director of the Company. Mr. Wang obtained his master's degree in business administration.

Special Committees

The Board of Directors has established three special committees: the Risk Management and Connected Transactions Committee, the Remuneration and Nomination Committee and the Budget and Audit Committee.

Risk Management and Connected Transactions Committee

Business activities of the Company are faced with many risks, and the Company analyses, evaluates, accepts and manages risk of certain degree or risk combination. The target of the Company is to maintain a balance between the risk and return. The Company takes advantage of the advanced risk management technology of its parent bank and lessons learned from other leasing companies to enhance its risk management policy to identify relevant risks, therefore determining a proper risk limit and control procedures, and monitoring the risk and limit through a reasonable control process.

The risk management framework of the Company is divided into three levels: (1) board of directors which is responsible for preparing the risk management strategy of the group; (2) senior management which is responsible for preparing risk management policies and procedures, including interest rate risk, credit risk and other special risks management policies, based on the existing risk management strategy; and (3) business department, fund department, financial department, risk evaluation department, legal compliance department, assets management department and review meeting which are responsible for executing these risk management policies and procedures approved by the board of directors. The chairman of the risk management committee is the president of the Company.

Since 2014, the Company has implemented a regular meeting schedule of the risk management committee and held special sessions at regular intervals to discuss and assess the risk management situation of the Company, and to plan, coordinate and implement the risk management work. The committee analyses the distribution of leasing assets in different industries, time limits, business types and customer types, with special attention paid to potential credit risk, market risk, compliance risk and default risk in assets balance.

Remuneration and Nomination Committee

The primary responsibilities of the Company's Remuneration and Nomination Committee are, *inter alia*:

- to discuss and give opinions on selection standards and procedures of director and senior executives, to look for qualified director and senior executives, and to review and comment on qualifications of the director and senior executives;
- to discuss and give opinions on assessment and compensation management system of directors and senior executives;
- to assess directors and senior executives and give proper opinions; and
- other responsibilities specified by articles of incorporation.

Budget and Audit Committee

The main responsibilities of the Budget and Audit Committee are preparing the annual budget for final approval by Bank of Communications and monitoring the quality and integrity of the Company's accounting and reporting practices. The roles of the committee also include legal and regulatory compliance, risk management, and corporate governance practices oversight.

Special Committee – Project Approval Committee

The Company's senior management has established a Project Approval Committee as specialised committee which is a special agency responsible for group discussion and review of leasing projects and other operational activities of the Company. The primary responsibilities of the Project Approval Management Committee are, *inter alia*:

- to discuss project investigation, evaluation, examination and approval systems, and to propose final opinions;
- to discuss matters related to leasing projects as well as the management and handling of leasing assets, and to propose final opinions; and
- to discuss other issues at the request of company leaders, and to propose final opinions.

Members of Project Approval Committee include all senior managers of the Company as well as heads of Leasing Business Departments, Treasury Department, Asset Management Department and Risk Management Department. Meetings are held periodically as needed.

PRC REGULATIONS

This section is a high-level overview of the PRC legal system and a summary of the principal PRC laws and regulations relevant to the issue of the Bonds by the Issuer. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations.

In March 2014, the CBRC promulgated the Measures on Financial Leasing Companies (Order of CBRC [2014] No. 3) (the “**Measures on Financial Leasing Companies**”), which replaced the previous Measures on Financial Leasing Companies promulgated on 23 January 2007 by CBRC, which specifically targeted the financial leasing companies it regulates. The Measures on Financial Leasing Companies aimed to provide more comprehensive regulation of the rights and obligations of the parties to leasing transactions and allow more financial institutions to participate in the financial leasing industry. In particular, the new Measures on Financial Leasing Companies (i) considerably relaxed the qualification requirements for establishing such financial leasing companies; (ii) permitted these financial leasing companies, business scope to further expand; and (iii) allowed such financial leasing companies to further establish their subsidiaries upon approval from the CBRC. According to the (《中國銀監會辦公廳關於印發金融租賃公司專業子公司管理暫行規定的通知》) promulgated by the CBRC on 11 July 2014, financial leasing companies are allowed to establish specialised subsidiaries that operate specific financial leasing businesses in the free trade zone and tax-free zone in the PRC or abroad.

Under the Measures on Financial Leasing Companies, the promoter of a financial leasing company shall stipulate in the articles of association of the financial leasing company that if the financial leasing company has difficulties meeting payment obligations, the promoter will provide liquidity support. Furthermore, the promoter shall promptly inject capital when the financial leasing company’s operating losses erode its capital. The new rules create a more favourable environment for competent financial leasing companies, and at the same time require more support by the promoters of the leasing business.

On 10 January 2014, SAFE released a Notice on Further Improving and Adjusting Regulation on Capital Item Foreign Exchange Management (關於進一步改進和調整資本項目外匯管理政策的通知), respectively. This Notice relaxed the foreign exchange regulation over financial leasing companies by (i) only requiring such companies to register their overseas claims after the occurrence of such claims; (ii) lifting the quote limitation on entering into offshore financial leasing transactions (which is replaced by a post-signing filing procedure); and (iii) allowing for direct remittance and settlement with banks.

Based on the business licence and the financial licence of the Issuer, the Issuer is permitted to engage in inter-bank lending and borrowing business.

On 1 September 2015, the General Office of the State Council promulgated the Guiding Opinion on Promoting the Healthy Development of Financial Leasing Industry (國務院辦公廳關於促進金融租賃行業健康發展的指導意見), which is intended to promote the development of the financial leasing industry, encourage involvement of private capital in the financial leasing industry and strengthen the financial leasing companies’ core competitiveness. In addition, it also encourages financial leasing enterprises to establish more specialised subsidiaries in the free trade zone to improve their service quality, simplifies the registration process of transactions to benefit the financial leasing enterprises, and improves the ship registration system to promote the development of the shipping financial leasing industry.

In order to promote issuance of offshore debts and facilitate cross-border financing activities, the National Development and Reform Commission issued the NDRC Circular. In accordance with the NDRC Circular, if any onshore entity, any offshore branch of any onshore entity or any offshore entity which is controlled by any onshore entity intends to issue any offshore debt (including bonds or long-term loans), and the term of such debt is more than one year, it is required to (1) provide an application to the NDRC for registration of such offshore debt before the issuance of such offshore debt and (2) report the issuance information to the NDRC within the prescribed period after the completion of such issuance.

The Issuer is relying on the NDRC quota granted by the NDRC to Bank of Communications Co., Ltd. pursuant to the NDRC Circular and that the issuance of the Bonds will be within the NDRC quota, provided that it shall file or cause to be filed with the NDRC the requisite information and documents within the prescribed time frame after the Issue Date in accordance with the NDRC Circular.

On 28 March 2018 the Ministry of Finance issued the MOF Circular, and on 11 May 2018, the NDRC and the Ministry of Finance promulgated the Joint Circular. Pursuant to the above two circulars, any public interest assets such as public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll bridges, non-operating water conservancy facilities, no-charge pipe network facilities and other public interest assets and the usage rights of reserve land cannot be counted towards the Group's assets for the purposes of issuing medium and long term foreign debt and that the relevant foreign debts shall be repaid by the enterprises granting loans as independent legal persons.

In addition, the establishment of the Shanghai Free Trade Zone also provided a series of tax preferences, registered capital relaxation and other special treatment to financial leasing companies. Its policy on financial leasing companies is believed to be a spotlight of the free trade zone area.

The Group believes that the steps taken by the PRC government above illustrate the government's support for the financial leasing industry in further developing this sector. In addition, the reform and de-centralisation process of the PRC government is likely to give rise to further business opportunities for financial leasing companies. For example, the Notice on the Credit Asset Securitisation Registration Workflow Notification (關於信貸資產證券化備案登記工作流程的通知) promulgated by the CBRC in 2014 and the People's Bank of China Announcement on Matters relating to Administration of the Issuance of Credit Asset-Backed Securities (中國人民銀行公告2015年第7號關於信貸資產支持證券發行管理有關事宜的公告) promulgated by the PBOC in 2015 have reformed the asset securitisation process by replacing the approval process with a registration procedure, which means projects no longer need to be approved on a case-by-case basis. The PBOC and the CBRC have also lowered the entry requirements for financial leasing companies to issue bonds.

FOREIGN EXCHANGE CONTROLS

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange controls and is not freely convertible into foreign exchange at this time. SAFE, under the authority of PBOC, is empowered with the *functions* of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

Prior to 31 December 1993, a quota system was used for the management of foreign currency. Any enterprise requiring foreign currency was required to obtain a quota from the local SAFE office before it could convert Renminbi into foreign currency through PBOC or other designated banks. Such conversion had to be effected at the official rate prescribed by SAFE on a daily basis. Renminbi could also be converted into foreign currency at swap centres. The exchange rates used by swap centres were largely determined by the demand for, and supply of, the foreign currency and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap centre had to obtain the prior approval of SAFE.

On 28 December 1993, PBOC, under the authority of the State Council, promulgated the Notice of PBOC Concerning Further Reform of the Foreign Currency Control System, effective from 1 January 1994. The Notice announced the abolition of the foreign exchange quota system, the implementation of conditional convertibility of Renminbi in current account items, the establishment of the system of settlement and payment of foreign exchange by banks, and the unification of the official Renminbi exchange rate and the market rate for Renminbi established at swap centres. On 26 March 1994, PBOC promulgated the Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (the "**Provisional Regulations**"), which set out detailed provisions regulating the trading of foreign exchange by enterprises, economic organisations and social organisations in the PRC.

On 1 January 1994, the former dual exchange rate system for Renminbi was abolished and replaced by a controlled floating exchange rate system, which was determined by demand and supply of Renminbi. Pursuant to such system, PBOC set and published the daily Renminbi-U.S. dollar exchange rate. Such exchange rate was determined with reference to the transaction price for Renminbi-U.S. dollar in the inter-bank foreign exchange market on the previous day. Also, PBOC, with reference to exchange rates in the international foreign exchange market, announced the exchange rates of Renminbi against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by PBOC.

On 29 January 1996, the State Council promulgated the “Regulations for the Control of Foreign Exchange of the PRC” (“**Control of Foreign Exchange Regulations**”) which became effective from 1 April 1996. The Control of Foreign Exchange Regulations classifies all international payments and transfers into current account items and capital account items. Most current account items are subject to the approval by relevant banks that are duly authorised by SAFE to do so, while capital account items are still subject to SAFE approval directly. The Control of Foreign Exchange Regulations was subsequently amended on 14 January 1997. Such amendment affirms that the State shall not restrict international current account payments and transfers. On 5 August 2008, the Control of Foreign Exchange Regulations were further amended pursuant to a resolution of the State Council of China and came into effect on 5 August 2008 (the “**New Forex Regulation**”). Under the New Forex Regulation, foreign currency received under current account by onshore entities will not be asked to be settled into Renminbi automatically, while foreign currency under capital account may also be maintained upon approval. The Renminbi will be convertible for current account items (including the distribution of dividends, interest and royalties payments, and trade and service-related foreign exchange transactions) upon presentation of valid receipts and proof certifying the purposes of the conversion of Renminbi into foreign currency to the designated foreign exchange banks. Conversion of Renminbi into foreign exchange and remittance of foreign exchange funds outside of PRC for capital account items, like direct investment, loan, loan guarantee, securities investment, capital contribution and repatriation of investment, is still subject to restriction, and prior approval from SAFE or its competent branch.

On 20 June 1996, PBOC promulgated the “Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange” (the “**Settlement Regulations**”) which became effective on 1 July 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. Domestic entities seeking to enter into foreign exchange transactions are required to open up foreign exchange accounts for current account or capital account transactions, as the case may be, at banks involved in foreign exchange business. Interest payments for foreign debt may be made from a foreign exchange account of a domestic entity or using foreign exchange purchased at designated foreign exchange banks after the verification of the bona fide nature of the transaction by SAFE. Domestic entities may apply to SAFE for approval to purchase foreign exchange by presenting valid documents required by the Settlement Regulations for repayment of foreign debt principal and such payment can be made upon the approval of SAFE.

On 25 October 1998, PBOC and SAFE promulgated the “Notice Concerning the Discontinuance of Foreign Exchange Swap Business”, pursuant to which from 1 December 1998, all foreign exchange swap business in the PRC for foreign-invested enterprises was discontinued, while the trading of foreign exchange by foreign-invested enterprises was to be regulated under the system for the settlement and sale of foreign exchange applicable to banks.

On 21 July 2005, PBOC announced that, beginning from 21 July 2005, the PRC will implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the U.S. dollar only. PBOC will announce the closing price of a foreign currency such as the U.S. dollar traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity for trading of the Renminbi on the following business day.

On 11 August 2015, PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate for the last trading date. In January and February 2016, the Renminbi experienced further fluctuations in value against the U.S. dollar. In 2017, the Renminbi depreciated as against the U.S. dollar and continued to fluctuate in 2018 and early 2019. Against the backdrop of uncertainty in trade relations and the global economy, the PBOC authorised the China Foreign Exchange Trade System and National Interbank Funding Centre on 8 August 2019 to publish the central parity rate of the Renminbi as against the U.S. dollar in the interbank exchange market, which was U.S.\$1.00 to RMB7.0039. That was the first time the value of the Renminbi as against the U.S. dollar fell below RMB7.00 per U.S. dollar since 2008. It is possible that the PRC Government could adopt a more flexible currency policy in the future, which could result in further and more significant revaluations of the Renminbi against the U.S. dollar or any other foreign currency. Any future exchange rate volatility relating to Renminbi or any significant revaluation of the Renminbi may materially and adversely affect the Group's cash flows, revenue, earnings and financial position, as well as the value of any distributions payable to the Issuer by its PRC subsidiaries.

TAXATION

The following summary of certain PRC, Hong Kong and the United States tax consequences of the purchase, ownership and disposal of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Bonds or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. Persons considering the purchase of the Bonds should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.

PRC

The following summary describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Bondholders in this section. In considering whether to invest in the Bonds, potential purchasers should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction. Reference is made to PRC taxes from the taxable year beginning on or after 1 January 2008.

Income Tax

Pursuant to the New Enterprise Income Tax Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose “de facto management bodies” are within the territory of the PRC shall be PRC tax resident enterprises for the purpose of the New Enterprise Income Tax Law and they shall pay enterprise income tax at the rate of 25 per cent. in respect of their income sourced from both within and outside the PRC. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “de facto management body” of the Issuer is within the territory of the PRC, the Issuer may be held to be a PRC tax resident enterprise for the purpose of the New Enterprise Income Tax Law and be subject to enterprise income tax at the rate of 25 per cent. for its income sourced from both within and outside PRC. As confirmed by the Issuer, as at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the New Enterprise Income Tax Law. On that basis, non-PRC tax resident holders of the Bonds will not be subject to withholding tax, income tax or any other taxes or duties (including stamp duty) imposed by any governmental authority in the PRC in respect of the holding of the Bonds or any repayment of principal and payment of interest made thereon.

However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the New Enterprise Income Tax Law and related implementation regulations in the future. If the Issuer is treated as a PRC tax resident enterprise, the interest payable by the Issuer may be considered as income sourced inside the PRC. Pursuant to the New Enterprise Income Tax Law and its implementation regulations, any non-resident enterprise without establishment within the PRC or its income has no actual connection to its establishment inside the PRC may be subject to enterprise income tax at the rate of 10 per cent. on the passive incomes including interest payable sourced inside the PRC unless a lower tax treaty rate applies. Similarly, pursuant to the PRC Individual Income Tax Law, any non-resident individual Bondholders may be subject to individual income tax at the rate of 20 per cent. on the interest payable, which may be further decreased by an applicable tax treaty. Such income tax shall be withheld at source by the PRC entity making payment, who shall be obliged to withhold the tax amount from each payment or payment due. Accordingly, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer shall withhold income tax from the payments of interest in

respect of the Bonds for any non-PRC enterprise and individual Bondholders. However, notwithstanding the potential withholding of PRC tax by the Issuer, the Issuer has agreed to pay additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions.

Non-PRC tax resident Bondholders will not be subject to the PRC tax on any capital gains derived from a sale or exchange of Bonds consummated outside mainland China between non-PRC Bondholders, except however, if the Issuer is treated as a PRC tax resident enterprise under the New Enterprise Income Tax Law and related implementation regulations in the future, any gain realised by the non-PRC tax resident enterprise Bondholders from the transfer of the Bonds may be regarded as being derived from sources within the PRC and accordingly would be subject to up to 10 per cent. of PRC withholding tax unless decreased or exempted by an applicable tax treaty. Further, non-PRC tax resident individual Bondholders may be subject to individual income tax at the rate of 20 per cent. on the capital gains, which may be decreased or exempted by an applicable tax treaty.

VAT

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation issued Circular 36, confirming that business tax will be completely replaced by VAT from 1 May 2016. With effect from 1 May 2016, income derived from the provision of financial services which previously was subject to business tax will be entirely replaced by, and subject to, VAT.

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

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

If the Issuer is treated as a PRC tax resident and if PRC tax authorities take the view that holders of Bonds are providing loans within the PRC, then holders of Bonds could be deemed to be providing financial services within PRC and consequently, holders of Bonds could become subject to VAT at the rate of 6 per cent. on interest payments under the Bonds. In addition, under such an interpretation holders of Bonds could become subject to local levies at approximately 12 per cent. of the VAT payment and consequently, the combined rate of VAT and local levies payable on interest due to holders of Bonds could be up to 6 per cent. Since Bondholders are located outside of the PRC, the Issuer, acting as the obligatory withholder in accordance with applicable law, would be required in such instance to withhold VAT and local levies from the payment of interest income to Bondholders.

Where a holder located outside of the PRC resells Bonds to a buyer also located outside of the PRC, since neither buyer nor seller is located in the PRC, theoretically Circular 36 would not apply and the Issuer would not have the obligation to withhold VAT or local levies. However, there is uncertainty as to the applicability of VAT if either a seller or buyer of Bonds is located within the PRC.

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

The Group confirms that, as at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise.

However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise. Pursuant to the VAT reform detailed above, the Issuer may need to withhold VAT (should such tax apply) from the payments of interest in respect of the Bonds for any Bondholders located outside of the PRC. The Issuer has agreed to pay additional amounts to holders of the Bonds, subject to certain exceptions, so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions.

Stamp Duty

According to the Stamp Tax Law of the PRC (中華人民共和國印花稅法), enterprises or individuals that have written taxable certificates and conducted securities transactions within the territory of the PRC shall be taxpayers of stamp duty and shall be obliged to pay relevant stamp duties in accordance with the provisions therein. A taxpayer shall calculate the amount of stamp duty payable according to the nature of the taxable instruments. However, as there is no specific regulations or guidelines relating to the taxation of the issuance of cross-border debt securities in the China (Shanghai) Pilot Free Trade Zone, it is uncertain if the issuance of the Bonds may be deemed as the entry into a loan contract in the PRC. If the issuance of the Bonds is treated as the same as the entry into a loan contract, both the borrower and lender (i.e., the Issuer and the investor purchasing the Bonds, respectively) would be each subject to stamp duty of 0.005 per cent, of the amount borrowed (or such higher rate if local governments have other additional requirements). The Issuer undertakes that to the extent any PRC stamp duty is payable on initial issuance of the Bonds, it will bear such relevant PRC stamp duties for itself and the Bondholders (or as may be otherwise agreed between the Issuer, the Manager and/or the investors).

No PRC stamp duty will be imposed on non-PRC Bondholders either upon issuance of the Bonds or upon a subsequent transfer of Bonds to the extent that the register of holders of the Bonds is maintained outside the PRC and the issuance and the sale of the Bonds is made outside of the PRC.

The taxation authorities may impose a fine if a person subject to such PRC stamp duty is found to have failed to attach, or have attached insufficient number of stamps to a taxable instrument. The taxation authority, in addition to ordering such person to attach the appropriate number of stamps, may impose a fine of up to 20 times the amount of stamp duty payable, depending on the seriousness of the individual case. Investors should further consult their own legal and tax advisors in relation to their PRC stamp duty obligations and liabilities in relation to any transfer of the Bonds.

HONG KONG

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profits Tax

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “IRO”), Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (a) interest on the Bonds is derived from Hong Kong and is received by or accrued to a corporation carrying on a trade, profession or business in Hong Kong;

- (b) interest on the Bonds is derived from Hong Kong and is received by or accrued to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (c) interest on the Bonds is received by or accrued to a financial institution (as defined in the IRO and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (d) interest on the Bonds is received by or accrued to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

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

UNITED STATES FATCA TAX PROVISION

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (the “**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (the “**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining “foreign passthru payment” and Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds.

SUBSCRIPTION AND SALE

A subscription agreement dated 8 December 2022 (the “**Subscription Agreement**”) has been entered into between the Issuer, the Company and the Managers, pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to offer, and the Managers have agreed to, severally but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds indicated in the following table:

	Principal amount of the Bonds to be subscribed
	<i>CNY</i>
BOCOM International Securities Limited	600,000,000
China International Capital Corporation Hong Kong Securities Limited	600,000,000
China Industrial Securities International Brokerage Limited	600,000,000
CMBC Securities Company Limited	600,000,000
Total	2,400,000,000

The Issuer (and the Company shall ensure that the Issuer has sufficient funds to do so), will pay each relevant Manager a commission as agreed between them in respect of Bonds subscribed by it. The Issuer has agreed to reimburse the Managers for certain of their activities in connection with the offer and sale of the Bonds.

The Issuer and the Company have agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement entitles the Managers to terminate any agreement that they make to subscribe Bonds in certain circumstances prior to payment for such Bonds being made to the Issuer.

The Managers or any of their respective affiliates may have performed certain banking and advisory services for the Issuer, the Company and/or their respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, the Company and/or their respective affiliates in the ordinary course of the Issuer’s, the Company’s or their business. The Managers or certain of their respective affiliates may purchase the Bonds and be allocated the Bonds for asset management and/or proprietary purposes but not with a view to distribution.

In connection with the offer and sale of the Bonds, the Issuer, the Company, the Managers and/or their respective affiliates may place orders, receive allocations and purchase Bonds for their own account (without a view to distributing such Bonds) and such orders and/or allocations of the Bonds may be material. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer or the Company, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering. Accordingly, references herein to the Bonds being “offered” should be read as including any offering of the Bonds to the Issuer, the Company, the Managers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds. If this is the case, liquidity of trading in the Bonds may be constrained (see “*Risk Factors – Risks Relating to the Market Generally – One or more initial investors may subscribe for a material proportion of the aggregate principal amount of the Bonds*”). The Issuer, the Company and the Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors.

IMPORTANT NOTICE TO CMIS (INCLUDING PRIVATE BANKS)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer and/or the Company, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the Company, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Bonds. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Company or any CMI (including its group companies) and inform the Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e., two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Bonds (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer and/or the Company. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Bonds, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a “principal” basis may require the relevant affiliated Manager(s) (if any) to categorise it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any “Associations” (as used in the SFC Code);
- Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

To the extent information being disclosed by CMI's and investors is personal and/or confidential in nature, CMI's (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Company, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMI's that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMI's (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMI's (including private banks) are required to provide the relevant Manager(s) with such evidence within the timeline requested.

GENERAL

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken in any jurisdiction by the Issuer, the Company or the Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer, the Company or the Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer, the Company or the Managers. If a jurisdiction requires that an offering of Bonds be made by a licensed broker or dealer and the Managers or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, such offering shall be deemed to be made by the Managers or such affiliate on behalf of the Issuer and the Company in such jurisdiction.

United States

The Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold outside of the United States and to, or for the account or benefit of, non-U.S. persons in reliance on Regulation S. In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirement of the Securities Act.

United Kingdom

Each of the Managers has represented, warranted and agreed that:

- (i) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Hong Kong

Each of the Managers has represented, warranted and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds except for Bonds which are a “structured product” as defined in the SFO other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

The People’s Republic of China

Each of the Managers has represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong Special Administrative Region and Macau Special Administrative Region or Taiwan), except as permitted by the securities laws or any other applicable laws and regulations of the PRC. However, in respect of the special arrangement in the China (Shanghai) Pilot Free Trade Zone, the Bonds are allowed to be offered or sold, directly or indirectly, in the China (Shanghai) Free Trade Zone to the extent that such offer or sale is permitted by the securities laws or any other applicable laws or regulations of the PRC, or approved by the relevant PRC regulatory authorities.

Singapore

Each of the Managers has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Managers has represented and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase, and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interests (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Act**”). Accordingly, each Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws and regulations and ministerial guidelines of Japan.

Macao

The Bonds have not been and will not be promoted, distributed, sold or delivered in Macao, or any document relating to the Bonds be distributed or circulated in Macao, except under the terms of and in compliance with the Macao Financial System Act and any other laws in Macao that may apply to the offer and sale of the Bonds in Macao. The Bonds have not been and will not be registered or otherwise authorised for public offer under the Financial System Act of Macao, thus may not be offered or sold in Macao, unless such offer is made by Macao licensed entities according to the Macao Financial System Act and upon their communication to the Macao Monetary Authority and the MOX, in observation of the guidelines and recommendations issued by the Macao local regulatory authority from time to time.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN PRC GAAP AND IFRS

The consolidated financial statements of the Group included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Group. The Company is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of the financial information and related footnote disclosure as to the difference between PRC GAAP and IFRS and no attempt has been made to quantify such differences. Had any such quantification or reconciliation been undertaken by the Company, other potentially significant accounting and disclosure differences may have been required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons or events that may occur in the future.

Accordingly, there is no assurance that the following summary of differences between PRC GAAP and IFRS is complete. In making an investment decision, each investor must rely upon its own examination of the Group, the terms of the offering and other disclosure contained herein. Each investor should consult its own professional advisors for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

REVERSAL OF AN IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognised for a long term asset (including fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period. Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

GENERAL INFORMATION

1. **Central Depository:** The Bonds will be issued in uncertificated book-entry form entered in CCDC (CCDC Code: G228068).
2. **Authorisations:** Each of the Issuer and the Company has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Deed of Covenant, the Keepwell and Asset Purchase Deed and the Service Agreement. The issue of the Bonds has been duly authorised by a resolution of the Board of Directors of the Issuer dated 24 December 2022. The entering into the Keepwell and Asset Purchase Deed has been duly authorised by the Company's board of directors dated 1 December 2022.
3. **NDRC Approval:** Pursuant to the NDRC Circular issued by the NDRC on 14 September 2015 which came into effect on the same day, the Issuer is relying on the NDRC quota granted by the NDRC to Bank of Communications Co., Ltd. pursuant to the NDRC Circular and that the issuance of the Bonds will be within the NDRC quota.
4. **No Material and Adverse Change:** Except as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer, of the Company or of the Group since 30 June 2022 and no material adverse change in the financial position or prospects of the Issuer, of the Company or of the Group since 30 June 2022.
5. **Litigation:** None of the Issuer, the Company nor any of their respective subsidiaries is involved in any material litigation or arbitration proceedings relating to claims or amounts which are material in the context of the issue of the Bonds, nor is the Issuer, the Company or any of their respective subsidiaries aware that any such proceedings are pending or threatened.
6. **Available Documents:** From the Issue Date and so long as any Bond is outstanding, the following documents are available for inspection during normal business hours at the Issuer's office at 18/F, 20 Pedder Street Central, Hong Kong:
 - (a) the Memorandum and Articles of Association of the Issuer and the Company;
 - (b) the Annual Audited Financial Statements;
 - (c) the most recently audited consolidated financial statements of the Issuer and the Company and, where applicable, unaudited but reviewed consolidated interim financial statement of the Issuer and the Company;
 - (d) the Deed of Covenant;
 - (e) the Keepwell and Asset Purchase Deed; and
 - (f) the Service Agreement.
7. **Financial Statements:** The Group's Annual Audited Financial Statements, which are included elsewhere in this Offering Circular, have been audited by PwC Zhong Tian in its reports dated 29 April 2021 and 20 April 2022 respectively. The Group's 2022 Reviewed Interim Financial Statements, which are included elsewhere in this Offering Circular, have been reviewed by KPMG Huazhen in its report dated 29 September 2022. The Group's Annual Audited Consolidated Financial Statements and the Group's 2022 Reviewed Interim Financial Statements have only been prepared in Chinese and are included elsewhere in this Offering Circular. The Financial Statements Translation have been prepared and included in this Offering Circular for reference only. Should there be any inconsistency between the Group's Annual Audited Financial Statements or the Group's

2022 Reviewed Interim Financial Statements (as the case may be) and the Financial Statements Translation, the Group's Annual Audited Financial Statements or the Group's 2022 Reviewed Interim Financial Statements (as the case may be) included elsewhere in this Offering Circular in Chinese shall prevail. The Financial Statements Translation does not itself constitute audited or reviewed financial statements, and is qualified in their entirety by, and is subject to the more detailed information and the financial information set out or referred to in, the Group's Annual Audited Financial Statements or the Group's 2022 Reviewed Interim Financial Statements (as the case may be).

The Issuer's Annual Audited Consolidated Financial Statements, which are included elsewhere in this Offering Circular, have been audited by PwC in its reports dated 30 April 2021 and 20 May 2022, respectively. The Issuer's 2022 Reviewed Interim Financial Statements, which are included elsewhere in this Offering Circular, have been reviewed by KPMG in its report dated 29 September 2022.

- 8. Listing of Bonds:** Application will be made to the MOX for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors. Admission to the listing of the Bonds on the MOX shall not be taken as an indication of the commercial merits or credit quality of the Bonds, the Issuer or the quality of disclosure in this document.

Approval in-principle has been received for the listing and quotation of the Bonds on the SGX-ST. For so long as any Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, such Bonds if traded, will be traded on the SGX-ST in a minimum board lot size of at least S\$200,000 (or its equivalent in foreign currencies). The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular.

For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption. In addition, in the event that the Bonds is exchanged for Bonds in definitive form, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include material information with respect to the delivery of the Bonds in definitive form, including details of the paying agent in Singapore.

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⁴ The Group's unaudited but reviewed consolidated financial statements for the six months ended 30 June 2022 together with the review report set out herein are reproduced from the issued Group's unaudited but reviewed consolidated financial statements for the six months ended 30 June 2022.

⁵ The Group's unaudited but reviewed consolidated financial statements for the six months ended 30 June 2022 together with the review report set out herein are reproduced from the issued Group's unaudited but reviewed consolidated financial statements for the six months ended 30 June 2022.

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⁶ The Group's audited consolidated financial statements for the year ended 31 December 2021 together with the auditor's report set out herein are reproduced from the issued Group's audited consolidated financial statements for the year ended 31 December 2021.

⁷ The Group's audited consolidated financial statements for the year ended 31 December 2020 together with the auditor's report set out herein are reproduced from the issued Group's audited consolidated financial statements for the year ended 31 December 2020.

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⁸ The Issuer's unaudited but reviewed consolidated financial statements for the six months ended 30 June 2022 together with the auditor's report set out herein are reproduced from the issued Issuer's unaudited but reviewed consolidated financial statements for the six months ended 30 June 2022.

⁹ The Issuer's audited consolidated financial statements for the year ended 31 December 2021 together with the auditor's report set out herein are reproduced from the issued Issuer's audited consolidated financial statements for the year ended 31 December 2021.

¹⁰ The Issuer's audited consolidated financial statements for the year ended 31 December 2020 together with the auditor's report set out herein are reproduced from the issued Issuer's audited consolidated financial statements for the year ended 31 December 2020.

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS
FOR THE SIX MONTHS 1 JANUARY 2022 TO 30 JUNE 2022
IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION AND ITS ENGLISH
TRANSLATION, THE CHINESE VERSION WILL PREVAIL

Review Report

毕马威华振专字第 2201588 号

To the Board of Directors of Bank of Communications Financial Leasing Co., Ltd.,

We have reviewed the accompanying interim financial statements of Bank of Communications Financial Leasing Co., Ltd. (hereinafter “the Company”), which comprise the consolidated and company balance sheets as at 30 June 2022, and the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in owners’ equity for the six months then ended, and the notes to the interim financial statements. Management of the Company are responsible for the preparation and presentation of these interim financial statements in accordance with the *Chinese Accounting Standard 32 “Interim Financial Statements”*. Our responsibility is to express a conclusion on these interim financial statements based on our review and to report our conclusion.

We conducted our review in accordance with the *China Standard on Review No. 2101 “Engagements to Review Financial Statements”*. Those Standards require that we plan and perform review procedures to obtain limited assurance about whether the financial statements are free from material misstatement. A review of interim financial statements primarily limit to making inquiries to the relevant persons of the Company and analytical procedures to financial statements, which the level of assurance is lower than the audit. We do not perform the audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with the *Chinese Accounting Standard 32 “Interim Financial Reporting”*.

KPMG Huazhen LLP

Signing CPA

Beijing, the People's Republic of China

Shi Haiyun

Wang Yang

29 September 2022

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD
Consolidated balance sheet
as at 30 June 2022
(Expressed in RMB'000 Yuan)

		The Group		The Company	
	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Assets					
Cash at bank and on hand	6	37,502,117	26,341,061	5,024,867	6,620,847
Derivative financial assets	7	765,179	69,733	59,415	6,287
Financial assets held under re-sale agreements	8	-	-	40,367	338,915
Notes receivable		6,560	12,775	6,560	12,775
Prepayments for lease assets	9	19,729,882	15,125,878	-	-
Lease receivables	10	152,208,893	149,161,802	113,340,709	109,687,401
Other receivables	11	1,491,802	590,096	48,008,412	41,815,076
Financial assets held for trading		97,398	-	97,398	-
Other debt investments	12	3,274,688	3,274,806	3,274,688	3,274,806
Long-term equity investments	13	-	-	14,032,372	14,030,862
Investment properties	14	2,637,255	2,637,255	-	-
Fixed assets	15	129,952,862	119,973,903	9,306	11,051
Deferred tax assets	16	1,536,940	1,403,943	1,266,937	1,057,135
Other assets	17	282,356	295,844	144,955	168,988
Total assets		349,485,932	318,887,096	185,305,986	177,024,143

This financial statement was approved on September 29, 2022.

Chairman of Board of
Directors
Xu Bin

President:
Zhu Yequn

Head of accounting
department:
Zhong Liaoliao

The notes on pages 13 to 75 form part of these financial statements.

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.
Consolidated balance sheet
as at 30 June 2022 (continued)
(Expressed in RMB'000 Yuan)

		The Group		The Company	
	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Liabilities and owners' equity					
Liabilities					
Placements from banks and other financial institutions	18	36,753,204	25,798,329	36,753,204	25,798,329
Borrowings	19	180,726,507	153,474,676	64,366,515	66,504,729
Derivative financial liabilities	7	1,363	339,928	72	110,066
Notes payable	20	14,849,750	10,080,359	14,849,750	10,080,359
Employee benefits payable	21	166,638	233,214	166,314	232,856
Taxes payable	4(3)	885,808	986,379	212,119	282,309
Other payables	22	9,421,763	8,814,991	20,707,286	20,712,547
Bonds payable	23	62,995,307	78,612,127	20,966,499	25,936,707
Deferred tax assets	16	1,247,705	995,918	-	-
Other liabilities	24	3,739,226	3,706,838	884,426	959,281
Total liabilities		<u>310,787,271</u>	<u>283,042,759</u>	<u>158,906,185</u>	<u>150,617,183</u>
Owners' equity					
Paid-in capital	25	14,000,000	14,000,000	14,000,000	14,000,000
Other comprehensive income	26	5,338	(961,874)	52,178	(6,991)
Surplus reserve	27	1,474,630	1,475,221	1,219,469	1,219,469
General risk reserve	28	4,719,058	4,719,058	4,719,483	4,719,483
Retained earnings		18,499,635	16,611,932	6,408,671	6,474,999
Total owners' equity		<u>38,698,661</u>	<u>35,844,337</u>	<u>26,399,801</u>	<u>26,406,960</u>
Total liabilities and owners' equity		<u>349,485,932</u>	<u>318,887,096</u>	<u>185,305,986</u>	<u>177,024,143</u>

This financial statement was approved on September 29, 2022.

Chairman of Board of Directors
Xu Bin

President:
Zhu Yequn

Head of accounting department:
Zhong Liaoliao

The notes on pages 13 to 75 form part of these financial statements.

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.
Consolidated income statement
for the six months ended 30 June 2022
(Expressed in RMB'000 Yuan)

	Note	The Group		The Company	
		Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2022 (Unaudited)
Interest income	29	229,069	157,724	409,719	455,712
Income on finance lease and sale and lease back transactions	30	3,558,100	3,368,275	2,662,179	2,491,434
Operating lease income	31	6,934,076	6,215,704	-	-
Other income		501	209,704	-	-
Investment income		-	-	102,897	-
Gains from changes in fair value		5,009	182	-	-
Net exchange (losses) / gains		(19,882)	(16,161)	17,714	(4,919)
Other income		50	18	50	18
Gains from asset disposals		198,745	153,470	-	(89)
Operating income		<u>10,905,668</u>	<u>10,088,916</u>	<u>3,192,559</u>	<u>2,942,156</u>
Interest expenses	32	(2,835,535)	(3,089,566)	(1,649,661)	(1,781,335)
Operating lease expenses	33	(3,664,318)	(3,450,315)	-	-
Fee and commission		(119,369)	(63,718)	(85,998)	(36,889)
Taxes and surcharges		(74,975)	(44,277)	(22,591)	(12,761)
Operating and administrative expenses	34	(283,182)	(258,752)	(181,659)	(168,971)
Credit impairment losses	35	(855,786)	(748,172)	(1,341,087)	(393,006)
Asset impairment losses	36	(671,735)	(248,067)	-	-
Operating costs		<u>(8,504,900)</u>	<u>(7,902,867)</u>	<u>(3,280,996)</u>	<u>(2,392,962)</u>
Operating profits / (losses)		2,400,768	2,186,049	(88,437)	549,194
Add: Non-operating income		-	-	-	-
Less: Non-operating expenses		-	-	-	-
Total profits / (losses)		<u>2,400,768</u>	<u>2,186,049</u>	<u>(88,437)</u>	<u>549,194</u>
Less: income tax expenses	37	(513,656)	(440,054)	22,109	(145,357)
Net profits / (losses)		<u>1,887,112</u>	<u>1,745,995</u>	<u>(66,328)</u>	<u>403,837</u>

This financial statement was approved on September 29, 2022.

Chairman of Board of
Directors
Xu Bin

President:
Zhu Yequn

Head of accounting
department:
Zhong Liaoliao

The notes on pages 13 to 75 form part of these financial statements.

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.
Consolidated income statement
for the six months ended 30 June 2022 (continued)
(Expressed in RMB'000 Yuan)

	Note	The Group		The Company	
		Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2022 (Unaudited)
Net profits / (losses)		1,887,112	1,745,995	(66,328)	403,837
Net profit classified by continuity of operation:					
Net profit from continuing operations		1,887,112	1,745,995	(66,328)	403,837
Net profit from discontinues operations		-	-	-	-
Net profit classified by ownership:					
Attributable to owners of the Company		1,887,112	1,745,995	(66,328)	403,837
Attributable to non- controlling interests		-	-	-	-
Other comprehensive income, net of tax	26	967,212	249,986	59,169	24,045
Other comprehensive income (net of tax) attributable to shareholders of the Company		967,212	249,986	59,169	24,045
Other comprehensive income items which will be reclassified subsequently to profit or loss:		967,212	249,986	59,169	24,045
Fair value changes in other debt investments		(96)	17,362	(96)	17,362
Provision for credit impairment of other debt investments		-	263	-	263
Effective portion on hedging instruments in a cash flow hedge		756,100	259,289	59,265	6,420
Differences arising from translation of foreign currency		211,208	(26,928)	-	-
Total comprehensive income		<u>2,854,324</u>	<u>1,995,981</u>	<u>(7,159)</u>	<u>427,882</u>

This financial statement was approved on September 29, 2022.

Chairman of Board of
Directors
Xu Bin

President:
Zhu Yequn

Head of accounting
department:
Zhong Liaoliao

The notes on pages 13 to 75 form part of these financial statements.

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.
Consolidated cash flow statement
for the six months ended 30 June 2022
(Expressed in RMB'000 Yuan)

	The Group		The Company	
	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2022 (Unaudited)
Cash flows from operating activities:				
Cash received from leasing interest and operating lease income	10,699,950	9,386,441	2,643,938	2,247,782
Other interest income received	178,655	149,569	424,112	497,648
Net decrease in lease receivable	-	-	410,029	-
Net increase in borrowings	23,990,570	7,197,187	-	-
Net increase in placements from banks and other financial institutions	10,871,912	3,335,751	10,871,912	3,335,751
Net decrease in mandatory reserve deposits with central bank	50,475	-	50,475	-
Net decrease in financial assets held under re-sale agreement	-	490,000	233,990	667,150
Net increase in financial assets sold under repurchase agreement	-	2,200,000	-	2,200,000
Cash received relating to other operating activities	1,875,241	528,041	15,316	430,160
Sub-total of cash inflows	47,666,803	23,286,989	14,649,772	9,378,491

This financial statement was approved on September 29, 2022.

Chairman of Board of Directors
Xu Bin

President:
Zhu Yequn

Head of accounting department:
Zhong Liaoliao

The notes on pages 13 to 75 form part of these financial statements.

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.
Consolidated cash flow statement
for the six months ended 30 June 2022 (continued)
(Expressed in RMB'000 Yuan)

Note	The Group		The Company	
	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Payment of interest	(2,549,796)	(1,568,642)	(1,359,750)	(1,393,939)
Net increase in lease receivables	(267,884)	(12,443,566)	-	(9,035,807)
Net cash payments of lease guarantee deposit refund	(285,056)	(24,662)	(308,437)	(440,552)
Net decrease in borrowings	-	-	(2,270,152)	(1,817,894)
Net increase in mandatory reserve deposits with central bank	-	(50,430)	-	(50,430)
Cash payments of fee and commission expenses	(119,369)	(63,718)	(85,998)	(36,889)
Cash paid to and on behalf of employees	(221,564)	(224,271)	(194,564)	(185,078)
Payments of taxes and surcharges	(1,121,975)	(799,445)	(396,351)	(326,331)
Cash paid relating to other operating activities	(1,154,935)	(347,887)	(6,265,908)	(5,061,580)
Subtotal of cash outflows	<u>(5,720,579)</u>	<u>(15,522,621)</u>	<u>(10,881,160)</u>	<u>(18,348,500)</u>
Net cash flows generated from / (used in) operating activities	38(1) <u>41,946,224</u>	<u>7,764,368</u>	<u>3,768,612</u>	<u>(8,970,009)</u>

This financial statement was approved on September 29, 2022.

Chairman of Board of
Directors
Xu Bin

President:
Zhu Yequn

Head of accounting
department:
Zhong Liaoliao

The notes on pages 13 to 75 form part of these financial statements.

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.
Consolidated cash flow statement
for the six months ended 30 June 2022 (continued)
(Expressed in RMB'000 Yuan)

	The Group		The Company	
	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Cash flows from investing activities				
Investment returns received	50,405	-	153,302	-
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	17,796,434	3,370,380	-	43
Sub-total of cash inflows	17,846,839	3,370,380	153,302	43
Payment for acquisition of fixed assets, intangible assets and other long-term assets	(28,621,321)	(8,451,351)	(316)	(1,447)
Payment for acquisition of investments	-	(700,000)	-	(700,000)
Net payment for acquisition of subsidiaries and other investing activities	-	-	(1,510)	-
Sub-total of cash outflows	(28,621,321)	(9,151,351)	(1,826)	(701,447)
Net cash flows used in investing activities	(10,774,482)	(5,780,971)	151,476	(701,404)

This financial statement was approved on September 29, 2022.

Chairman of Board of Directors Xu Bin	President: Zhu Yequn	Head of accounting department: Zhong Liaoliao
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The notes on pages 13 to 75 form part of these financial statements.

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.
Consolidated cash flow statement
for the six months ended 30 June 2022 (continued)
(Expressed in RMB'000 Yuan)

Note	The Group		The Company	
	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Cash flows from financing activities:				
Proceeds from borrowings	-	10,228,350	-	7,000,000
Sub-total of cash inflows	-	10,228,350	-	7,000,000
Repayments of borrowings	(17,532,526)	(5,872,410)	(5,000,000)	-
Payment for profit distributions or interest	(1,126,815)	(1,124,795)	(432,300)	(184,000)
Cash repayments of principal and interest of lease liabilities	(2,830)	(3,979)	(20,344)	(19,576)
Sub-total of cash outflows	(18,662,171)	(7,001,184)	(5,452,644)	(203,576)
Net cash outflow (used in) / generated from financing activities	(18,662,171)	3,227,166	(5,452,644)	6,796,424
Effect of foreign exchange rate changes on cash and cash equivalents	(19,882)	(16,161)	(16,527)	(4,919)
Net increase in cash and cash equivalents	38(2) 12,489,689	5,194,402	(1,549,083)	(2,879,908)
Add: Cash and cash equivalents at the beginning of the year	22,650,662	29,846,067	6,161,003	7,884,479
Cash and cash equivalents at the end of the year	38(3) 35,140,351	35,040,469	4,611,920	5,004,571

This financial statement was approved on September 29, 2022.

Chairman of Board of
Directors
Xu Bin

President:
Zhu Yequn

Head of accounting
department:
Zhong Liaoliao

The notes on pages 13 to 75 form part of these financial statements.

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.
Consolidated statement of changes in owners' equity (unaudited)
for the six months ended 30 June 2022
(Expressed in RMB'000 Yuan)

	Note	Paid-in capital	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Total
Balance at 1 January 2022		14,000,000	(961,874)	1,475,221	4,719,058	16,611,932	35,844,337
Changes in equity during the six period							
1. Total comprehensive income							
- Net profits	26	-	-	-	-	1,887,112	1,887,112
- Other comprehensive income		-	967,212	-	-	-	967,212
2. Transfers within equity							
- Other changes	27	-	-	(591)	-	591	-
Balance at 30 June 2022		14,000,000	5,338	1,474,630	4,719,058	18,499,635	38,698,661

This financial statement was approved on September 29, 2022.

Chairman of Board of Directors Xu Bin	President: Zhu Yequn	Head of accounting department: Zhong Liaoliao
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The notes on pages 13 to 75 form part of these financial statements.

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.
Consolidated statement of changes in owners' equity (unaudited)
for the six months ended 30 June 2022 (continued)
(Expressed in RMB'000 Yuan)

	Note	Paid-in capital	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Total
Balance at 1 January 2021		14,000,000	(1,477,399)	1,341,839	4,549,680	13,384,384	31,798,504
Changes in equity during the period							
1. Total comprehensive income							
- Net profits	26	-	-	-	-	1,745,995	1,745,995
- Other comprehensive income		-	249,986	-	-	-	249,986
2. Transfers within equity							
- Other changes	27	-	-	(457)	-	457	-
Balance at 30 June 2021		14,000,000	(1,227,413)	1,341,382	4,549,680	15,130,836	33,794,485

This financial statement was approved on September 29, 2022.

Chairman of Board of Directors Xu Bin	President: Zhu Yequn	Head of accounting department: Zhong Liaoliao
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The notes on pages 13 to 75 form part of these financial statements.

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.
Company statement of changes in owners' equity (unaudited)
for the six months ended 30 June 2022 (continued)
(Expressed in RMB'000 Yuan)

	Note	<u>Paid-in capital</u>	Other comprehensive income	<u>Surplus reserve</u>	General risk reserve	<u>Retained earnings</u>	<u>Total</u>
Balance at 1 January 2022		14,000,000	(6,991)	1,219,469	4,719,483	6,474,999	26,406,960
Changes in equity during the period							
Total comprehensive income		-	-	-	-	(66,328)	(66,328)
- Net losses	26	-	59,169	-	-	-	59,169
- Other comprehensive income							
Balance at 30 June 2022		14,000,000	52,178	1,219,469	4,719,483	6,408,671	26,399,801

This financial statement was approved on September 29, 2022.

Chairman of Board of Directors Xu Bin	President: Zhu Yequn	Head of accounting department: Zhong Liaoliao
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The notes on pages 13 to 75 form part of these financial statements.

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.
Company statement of changes in owners' equity (unaudited)
for the six months ended 30 June 2022 (continued)
(Expressed in RMB'000 Yuan)

	Note	<u>Paid-in capital</u>	<u>Other comprehensive income</u>	<u>Surplus reserve</u>	<u>General risk reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at 1 January 2021		14,000,000	(68,434)	1,127,377	4,549,680	5,643,928	25,252,551
Changes in equity during the period							
Total comprehensive income		-	-	-	-	403,837	403,837
- Net profit	26	-	24,045	-	-	-	24,045
- Other comprehensive income							
Balance at 30 June 2021		14,000,000	(44,389)	1,127,377	4,549,680	6,047,765	25,680,433

This financial statement was approved on September 29, 2022.

Chairman of Board of Directors Xu Bin	President: Zhu Yequn	Head of accounting department: Zhong Liaoliao
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The notes on pages 13 to 75 form part of these financial statements.

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.
Notes to the financial statements
For the six months ended 30 June 2022
(Expressed in RMB'000 Yuan)

1 General information

Bank of Communications Financial Leasing Co., Ltd. (the "Company") is a wholly-owned subsidiary of Bank of Communications Co., Ltd. (the "BoCom"). Its registration was approved by China Banking and Insurance Regulatory Commission (hereinafter referred to as the "CBIRC") by Yin Jian Fu (2007) No. 416. The registration place of the Company is Shanghai.

The Company holds the Financial License (M0012H23100001) issued by CBIRC, the Company's unified social credit code is 913100006694171074.

The Company and its subsidiaries' ("the Group") approved scope of business includes finance lease, sales and disposal of leasehold, imports and exports, and economic consulting, etc.

2 Basis of preparation

The financial statements have been prepared on the going concern basis.

3 Statement of compliance

The interim financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance ("MOF") of the People's Republic of China.

The interim financial statements are presented and disclosed in accordance with *the Accounting Standard for Business Enterprises No.32 - Interim Financial Reporting*. The interim financial statements do not include all the information and disclosures required to prepare a complete set of annual financial statements in accordance with the requirements of the Accounting Standard for Business Enterprises. Therefore, the interim financial statements should be read together with the financial statements of the Group in 2021.

In 2022, the Group has adopted the revised accounting requirements and guidance under CAS newly issued by the Ministry of Finance ("MOF") as follows:

- "Accounting for selling outputs that are produced before fixed assets are available for intended use or produced in the course of research and development" ("accounting for sales before intended use") in CAS Bulletin No.15 (Caikuai [2021] No.35)
- "Determining whether a contract is onerous" in CAS Bulletin No.15; and
- Notice of Application Issues for Accounting Treatment of COVID-19-Related Rent Concessions (Caikuai [2022] No.13)

(1) Accounting for sales before intended use

In accordance with CAS Bulletin No.15, the Group accounts for the proceeds and related cost arising from the sale of products or by-products produced before the fixed asset is available for its intended use and in the course of research and development (“sales before intended use”) in accordance with CAS 14 – Revenue and CAS 1 – Inventories respectively, and recognises them in profit or loss for the current period. The net amount of proceeds from such sales before intended use less related costs is no longer offset against the cost of the fixed asset or research and development expenditure.

The adoption of Bulletin No.15 does not have a significant effect on the financial position and financial performance of the Group.

(2) “Determining whether a contract is onerous”

In accordance with CAS Bulletin No.15, when determining whether a contract is onerous, the Group includes in its estimated cost of fulfilling the contract the amount of the incremental cost of fulfilling the contract and the allocation of other costs directly attributable to fulfilling the contract.

The adoption of Bulletin No.15 does not have a significant effect on the financial position and financial performance of the Group.

(3) Caikuai [2022] No.13

The Accounting Treatment of COVID-19-Related Rent Concessions (Caikuai [2020] No.10) provides a practical expedient under certain conditions for rent concessions occurring as a direct consequence of the COVID-19 pandemic. According to the provisions of Caikuai [2022] No.13, the practical expedient of Caikuai [2020] No.10 can continue to apply to eligible reduction in lease payments that are originally due after 30 June 2022.

The adoption of the above regulation does not have a significant effect on the financial position and financial performance of the Group.

Except as described below, the Group’s accounting policies applied in preparing these unaudited interim condensed consolidated financial statements are consistent with those policies applied in preparing the 2021 annual consolidated financial statements.

4 Taxation

(1) Taxation related to services

The types of taxes applicable to the Company and its mainland subsidiaries' rendering of services include value added tax (VAT), surcharges and so on

Category	Tax base
VAT	Output VAT is 5%~13% of taxable services revenue, based on tax laws. The basis for VAT payable is to deduct input VAT from the output VAT for the period
City maintenance and construction tax	7%,5%,1% of VAT
Educational surcharge	3% of VAT
Local educational surcharge	2% of VAT

Overseas subsidiaries of the Company shall comply with relevant local tax laws.

(2) Income tax

The statutory income tax rate of the Company and its subsidiaries is 25%, the current period is subject to the statutory tax rate (25% for the period from January 1 to June 30, 2021). Overseas subsidiaries of the Company are subject to the local tax rate.

(3) Taxes payable

	The Group		The Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Enterprise income tax	655,407	721,534	161,245	205,791
VAT	193,338	229,561	45,905	72,232
Other taxes	37,063	35,284	4,969	4,286
Total	885,808	986,379	212,119	282,309

5 Subsidiaries

As at 30 June 2022, the Group had 879 subsidiaries included in the consolidation scope, there are 98 first-tier subsidiaries which as following:

Subsidiaries	Place of <u>registration</u>	Major business <u>location</u>	Nature of <u>business</u>	<u>Shareholding</u>	<u>Voting rights</u>
Bank of Communications Aviation and Shipping Financial Leasing Company Limited	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinfenghuang (Shanghai) Aircraft Leasing Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Han Yang (Shanghai) Shipping Leasing Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinxiang (Shanghai) Aircraft Leasing Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinling (Shanghai) Aircraft Leasing Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinhong (Shanghai) Aircraft Leasing Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinpeng (Shanghai) Aircraft Leasing Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinyun (Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jintong (Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinyue (Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinao (Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinlan (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jingui (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinrui (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinlian (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinju (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinchang (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinxuan (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jincheng (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinou (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinli (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinjuan (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinque (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinyao (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinhe (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Ruifeng (Shanghai) Ship Chartering Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
Ruili (Tianjin) Ship Chartering Co., Ltd	Tianjin	Tianjin	Financial leasing	100%	100%
Ruiqi (Tianjin) Ship Chartering Co., Ltd	Tianjin	Tianjin	Financial leasing	100%	100%
Ruisheng (Tianjin) Ship Chartering Co., Ltd	Tianjin	Tianjin	Financial leasing	100%	100%
Ruitong (Tianjin) Ship Chartering Co., Ltd	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinsong (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

Subsidiaries	Place of <u>registration</u>	Major business <u>location</u>	Nature of <u>business</u>	<u>Shareholding</u>	<u>Voting rights</u>
BoCom Jinhuang (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinsang (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinmei (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinduan (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinying (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinhuan (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinzhang (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinbi (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinzhan (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jincha (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinge (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinxiao (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinjun (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinliu (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Xiangfu (Shanghai) Ship Chartering Co., Ltd	Shanghai	Shanghai	Financial leasing	100%	100%
Xiangju (Shanghai) Ship Chartering Co., Ltd	Shanghai	Shanghai	Financial leasing	100%	100%
Xiangchi (Shanghai) Ship Chartering Co., Ltd	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinyi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jiner (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinqi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinsan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinjiu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinwu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinliu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinshi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinshiyi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinshier (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinshiwu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinshiqi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinshiba (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinershi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinshijiu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinershiyi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinershisan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinershier (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%

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<u>Subsidiaries (continued)</u>	<u>Place of registration</u>	<u>Major business location</u>	<u>Nature of business</u>	<u>Shareholding</u>	<u>Voting rights</u>
BoCom Jinershiwu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinershiba (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinershijiu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinsanshi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinshiliu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
Guangzhou Bankcomm Suiyi Aircraft Leasing Co., Ltd.	Guangzhou	Guangzhou	Financial leasing	100%	100%
Guangzhou Bankcomm Suiwu Aircraft Leasing Co., Ltd.	Guangzhou	Guangzhou	Financial leasing	100%	100%
Guangzhou Bankcomm Suisan Aircraft Leasing Co., Ltd.	Guangzhou	Guangzhou	Financial leasing	100%	100%
Guangzhou Bankcomm Suier Aircraft Leasing Co., Ltd.	Guangzhou	Guangzhou	Financial leasing	100%	100%
BoCom Jinershiqi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinershiliu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Huyi (Shanghai) Ship Chartering Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Huer (Shanghai) Ship Chartering Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Huwu (Shanghai) Ship Chartering Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinqiong (Shanghai) Aircraft Leasing Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jincong (Shanghai) Aircraft Leasing Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinsanshiyi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinsanshier (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Huyi (Shanghai) Aircraft Leasing Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Huer (Shanghai) Aircraft Leasing Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Qingyi (Tianjin) Ship Chartering Co., Ltd.	Qingdao	Qingdao	Financial leasing	100%	100%
BoCom Husan (Shanghai) Aircraft Leasing Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Huli (Shanghai) Ship Chartering Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinyi (Tianjin) Ship Chartering Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Huyi (Shanghai) Vehicle Leasing Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jiner (Tianjin) Ship Chartering Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinsan (Tianjin) Ship Chartering Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinsi (Tianjin) Ship Chartering Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinwu (Tianjin) Ship Chartering Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinsanshisan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Huqi (Shanghai) Ship Chartering Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Huba (Shanghai) Ship Chartering Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%

6 Cash at bank and on hand

	Note	The Group		The Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
Cash at bank	6(1)	37,083,945	25,886,781	4,555,514	6,128,358
Mandatory reserve deposits with central bank	6(2)	420,157	470,632	420,157	470,632
Excess reserved deposits with central bank		56,406	32,645	56,406	32,645
Less: ECL provision		(58,391)	(48,997)	(7,210)	(10,788)
Total		<u>37,502,117</u>	<u>26,341,061</u>	<u>5,024,867</u>	<u>6,620,847</u>

- (1) As at 30 June 2022, a time deposit of RMB 2,000,000,000 (31 December 2021: RMB2,000,000,000) was pledged to the bank as collateral for borrowings with restricted use.
- (2) Mandatory reserve deposited in central bank refers to reserve deposited in the central bank by the Group in accordance with relevant regulations. The mandatory reserve deposited in the People's Bank of China include deposit reserve denominated in RMB and deposit reserve denominated in foreign currencies, which are not available for use by the Group in daily operation and cannot be used without the approval from the People's Bank of China.

7 Derivative financial instruments

The Group determines the economic relationship between the hedging instrument and the hedged item by matching the key terms of the interest rate swap contract with the terms of the finance lease receivables, loan and bond payable contracts (i.e. notional amount, expected repayment date and interest rate). The hedge ratio (the ratio between the nominal amount of the derivative instruments and the carrying value of the hedged finance lease receivables, loans and bonds payable) is determined as 1:1.

The Group

	30 June 2022					
	Nominal amount	Fair value		Hedge rate	Hedge rate	
		Assets	Liabilities		Foreign exchange rate	Expiry year
Cash flow hedge – Interest rate derivatives	21,766,785	743,773	(72)	0.20% - 5.625%	N/A	2022 - 2027
Cash flow hedge - Foreign exchange derivatives	1,959,682	15,892	(1,291)	1.24% - 2.46%	USD 1 to RMB 6.4600 HKD 1 to USD 0.1285	2022 - 2024
Fair value hedge - Interest rate derivatives	475,040	5,514	-	2%	N/A	2024
Total	24,201,507	765,179	(1,363)			
	31 December 2021					
	Nominal amount	Fair value		Hedge rate	Hedge rate	
		Assets	Liabilities		Foreign exchange rate	Expiry year
Cash flow hedge – Interest rate derivatives	29,893,523	69,355	(239,983)	0.20% - 5.68%	N/A	2022 - 2027
Cash flow hedge - Foreign exchange derivatives	3,863,940	-	(99,945)	1.24% - 2.55%	USD 1 to RMB 6.4600 HKD 1 to USD 0.1285	2022 - 2024
Fair value hedge - Interest rate derivatives	534,607	378	-	2%	N/A	2024
Total	34,292,070	69,733	(339,928)			

The Company

		30 June 2022			
	Nominal amount	Fair value		Hedge rate	
		Assets	Liabilities	Hedge rate	Foreign exchange rate
Cash flow hedge – Interest rate derivatives	2,375,957	43,523	(72)	0.20% - 4.55%	N/A
Cash flow hedge - Foreign exchange derivatives	1,292,200	15,892	-	2.46%	USD 1 to RMB 6.4600
Total	3,668,157	59,415	(72)		

		31 December 2021			
	Nominal amount	Fair value		Hedge rate	
		Assets	Liabilities	Hedge rate	Foreign exchange rate
Cash flow hedge – Interest rate derivatives	8,592,007	6,287	(12,490)	0.20% - 5.68%	N/A
Cash flow hedge - Foreign exchange derivatives	3,230,300	-	(97,576)	2.40% - 2.55%	USD 1 to RMB 6.4600
Total	11,822,307	6,287	(110,066)		

For the six months ended 30 June 2022, the Group's net income from the cash flow hedges of RMB 902 million (for the six months ended 30 June 2021: net income of RMB 315 million) were recognised in other comprehensive income; the Company's net income from the cash flow hedges of RMB 70 million (for the six months ended 30 June 2021: net income of RMB 85 million) were recognised in other comprehensive income. The gain or loss arising from ineffective portion of cash flow hedge was immaterial. Furthermore, there were no transactions for which cash flow hedge accounting had to be ceased as a result of the highly probable cash flows no longer being expected to occur.

8 Financial assets held under re-sale agreements

The Company

	30 June 2022	31 December 2021
Receivables from subsidiaries	40,401	339,199
Less: ECL provision	(34)	(284)
Total	<u>40,367</u>	<u>338,915</u>

9 Prepayments for lease assets

The Group

	30 June 2022	31 December 2021
Advance purchase payment	<u>19,729,882</u>	<u>15,125,878</u>

10 Lease receivables

(1) Carrying amount of lease receivables

	The Group		The Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Finance lease receivables	47,454,204	54,680,255	22,371,186	29,075,247
Sale and leaseback receivables	109,338,533	99,218,944	95,320,076	84,480,106
Sub-total	156,792,737	153,899,199	117,691,262	113,555,353
Less: ECL provision	(5,018,922)	(5,027,956)	(4,350,553)	(3,867,952)
Sub-total	151,773,815	148,871,243	113,340,709	109,687,401
Receivables from operating lease	471,345	312,702	-	-
Less: ECL provision	(36,267)	(22,143)	-	-
Sub-total	435,078	290,559	-	-
Carrying amount of lease receivables	152,208,893	149,161,802	113,340,709	109,687,401

(2) The due dates of finance lease receivables are analysed below:

The Group

	30 June 2022		31 December 2021	
	Book balance	Proportion	Book balance	Proportion
Within 1 year	13,850,025	25%	16,073,770	25%
1 – 2 years	8,960,820	16%	11,945,951	18%
2 – 3 years	6,442,572	12%	7,508,778	12%
3 – 4 years	4,923,058	9%	6,141,332	10%
4 – 5 years	5,604,720	10%	5,626,025	9%
Over 5 years	15,500,669	28%	16,250,614	26%
Sub-total	55,281,864	100%	63,546,470	100%
Less: Unearned finance income	(7,827,660)		(8,866,215)	
Total	47,454,204		54,680,255	

The Company

	30 June 2022		31 December 2021	
	<u>Book balance</u>	<u>Proportion</u>	<u>Book balance</u>	<u>Proportion</u>
Within 1 year	9,721,017	39%	11,679,106	36%
1 – 2 years	5,296,558	21%	8,278,530	25%
2 – 3 years	3,589,514	15%	4,617,254	14%
3 – 4 years	2,002,905	8%	2,805,236	9%
4 – 5 years	2,301,038	9%	2,670,616	8%
Over 5 years	2,024,719	8%	2,537,061	8%
Sub-total	24,935,751	100%	32,587,803	100%
Less: Unearned finance income	(2,564,565)		(3,512,556)	
Total	22,371,186		29,075,247	

- (3) Finance lease receivables and sale and leaseback receivables by stage are presented as follows:

The Group

	30 June 2022			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Finance lease receivables and sale and leaseback receivables	148,918,071	5,062,607	2,812,059	156,792,737
Less: ECL provision	(2,075,620)	(990,964)	(1,952,338)	(5,018,922)
Carrying amount	146,842,451	4,071,643	859,721	151,773,815

	31 December 2021			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Finance lease receivables and sale and leaseback receivables	143,466,898	8,131,738	2,300,563	153,899,199
Less: ECL provision	(2,230,840)	(1,389,517)	(1,407,599)	(5,027,956)
Carrying amount	141,236,058	6,742,221	892,964	148,871,243

The Company

	30 June 2022			
	Stage 1	Stage 1	Stage 1	Stage 1
Finance lease receivables and sale and leaseback receivables	110,294,675	4,894,405	2,502,182	117,691,262
Less: ECL provision	(1,546,823)	(972,244)	(1,831,486)	(4,350,553)
Carrying amount	108,747,852	3,922,161	670,696	113,340,709

	31 December 2021			
	Stage 1	Stage 1	Stage 1	Stage 1
Finance lease receivables and sale and leaseback receivables	106,232,449	5,272,885	2,050,019	113,555,353
Less: ECL provision	(1,711,775)	(846,290)	(1,309,887)	(3,867,952)
Carrying amount	104,520,674	4,426,595	740,132	109,687,401

- (4) Finance lease receivables and sale and leaseback receivables are presented according to the changes in ECL provision by stages as follows

The Group

	30 June 2022			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3	
1 January 2022	2,230,840	1,389,517	1,407,599	5,027,956
Transfer:				
- To Stage 1	103,832	(103,832)	-	-
- To Stage 2	(89,811)	150,233	(60,422)	-
- To Stage 3	-	(727,923)	727,923	-
Provision	(184,366)	281,916	464,612	562,162
Write-off	-	-	(582,679)	(582,679)
Recovery after written-off	-	-	3,000	3,000
Changes in foreign currency and others	15,125	1,053	(7,695)	8,483
30 June 2022	2,075,620	990,964	1,952,338	5,018,922

	31 December 2021			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-month ECL	Lifetime ECL		Total
1 January 2021	1,807,866	1,600,363	788,535	4,196,764
Transfer:				
- To Stage 1	550,602	(550,602)	-	-
- To Stage 2	(155,717)	155,717	-	-
- To Stage 3	(1,133)	(456,365)	457,498	-
Provision	41,813	656,255	237,200	935,268
Write-off	-	-	(43,689)	(43,689)
Recovery after written-off	-	-	4,000	4,000
Changes in foreign currency and others	(12,591)	(15,851)	(35,945)	(64,387)
31 December 2021	<u>2,230,840</u>	<u>1,389,517</u>	<u>1,407,599</u>	<u>5,027,956</u>

The Company

	30 June 2022			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-month ECL	Lifetime ECL		Total
1 January 2022	1,711,775	846,290	1,309,887	3,867,952
Transfer:				
- To Stage 1	33,767	(33,767)	-	-
- To Stage 2	(89,811)	150,233	(60,422)	-
- To Stage 3	-	(303,356)	303,356	-
Provision	(108,908)	312,844	866,217	1,070,153
Write-off	-	-	(582,679)	(582,679)
Recovery after written-off	-	-	3,000	3,000
Changes in foreign currency and others	-	-	(7,873)	(7,873)
30 June 2022	<u>1,546,823</u>	<u>972,244</u>	<u>1,831,486</u>	<u>4,350,553</u>

	31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL		
1 January 2021	1,388,082	1,313,935	755,775	3,457,792
Transfer:				
- To Stage 1	550,602	(550,602)	-	-
- To Stage 2	(144,675)	144,675	-	-
- To Stage 3	(1,133)	(387,315)	388,448	-
Provision	(81,101)	325,597	241,298	485,794
Write-off	-	-	(43,689)	(43,689)
Recovery after written-off	-	-	4,000	4,000
Changes in foreign currency and others	-	-	(35,945)	(35,945)
31 December 2021	1,711,775	846,290	1,309,887	3,867,952

(5) Finance lease receivables and sale and leaseback receivables by industry

The Group

	30 June 2022		31 December 2021	
	Total carrying amount	Proportion	Total carrying amount	Proportion
Transportation, storage and post services	89,981,098	57%	83,949,729	54%
Electricity, thermal, gas and water production and supply	23,431,352	15%	23,778,791	15%
Manufacturing	14,132,254	9%	13,625,607	9%
Water conservancy, environmental and other public facilities	7,170,160	5%	7,062,343	5%
Construction	7,141,393	4%	10,016,359	7%
Mining	6,154,116	4%	6,464,009	4%
Rental and business services	4,176,117	3%	3,659,506	2%
Real estate business	1,413,776	1%	1,382,757	1%
Financial industry	-	0%	47,184	0%
Others	3,192,471	2%	3,912,914	3%
Total	156,792,737	100%	153,899,199	100%

The Company

	30 June 2022		31 December 2021	
	<u>Total carrying</u>		<u>Total carrying</u>	
	<u>amount</u>	<u>Proportion</u>	<u>amount</u>	<u>Proportion</u>
Transportation, storage and post services	52,107,668	44%	44,684,096	39%
Electricity, thermal, gas and water production and supply	23,431,352	20%	23,778,791	21%
Manufacturing	13,795,749	12%	13,412,282	13%
Water conservancy, environmental and other public facilities	7,170,160	6%	7,062,343	6%
Construction	7,141,393	6%	10,016,359	9%
Mining	6,154,116	5%	6,464,009	6%
Rental and business services	3,284,624	3%	2,794,618	2%
Real estate business	1,413,776	1%	1,382,757	1%
Financial industry	-	0%	47,184	0%
Others	3,192,424	3%	3,912,914	3%
Total	117,691,262	100%	113,555,353	100%

(6) Finance lease receivables and sale and leaseback receivables by geographical areas

The Group

	30 June 2022		31 December 2021	
	<u>Total carrying</u>		<u>Total carrying</u>	
	<u>amount</u>	<u>Proportion</u>	<u>amount</u>	<u>Proportion</u>
Northern China	40,986,284	26%	38,555,543	25%
Overseas	33,123,275	21%	35,095,847	23%
Western China	27,332,912	17%	27,621,663	18%
Eastern China	24,017,124	16%	23,113,701	15%
Central and Southern China	24,012,678	15%	22,445,415	14%
North Eastern China	7,320,464	5%	7,067,030	5%
Total	156,792,737	100%	153,899,199	100%

The Company

	30 June 2022		31 December 2021	
	<u>Total carrying</u>		<u>Total carrying</u>	
	<u>amount</u>	<u>Proportion</u>	<u>amount</u>	<u>Proportion</u>
Northern China	40,398,410	34%	38,448,872	34%
Overseas	26,376,259	23%	26,587,060	24%
Western China	23,382,381	20%	23,001,817	20%
Eastern China	20,213,748	17%	18,450,574	16%
Central and Southern China	7,320,464	6%	7,067,030	6%
Total	117,691,262	100%	113,555,353	100%

- (7) As at 30 June 2022, the book balance of finance lease receivables and sale and leaseback receivables pledged by the Group was RMB 10.857 billion (31 December 2020: RMB 10.882 billion).

11 Other receivables

	The Group		The Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Other receivables	1,880,038	703,698	1,145,301	386,831
Receivables from subsidiaries	-	-	47,285,793	41,574,534
Sub-total	1,880,038	703,698	48,431,094	41,961,365
Less: ECL provision	(388,236)	(113,602)	(422,682)	(146,289)
Other receivables - net	1,491,802	590,096	48,008,412	41,815,076

(1) Other receivables are presented according to the ECL model by stages as follows:

The Group

	30 June 2022			Total
	Stage 1	Stage 2	Stage 3	
Total credit risk exposure from other receivables	1,300,649	-	579,389	1,880,038
Less: ECL provision	(12,942)	-	(375,294)	(388,236)
Carrying amount of credit risk exposure from other receivables	1,287,707	-	204,095	1,491,802

	31 December 2021			Total
	Stage 1	Stage 2	Stage 3	
Total credit risk exposure from other receivables	417,167	-	286,531	703,698
Less: ECL provision	(6,258)	-	(107,344)	(113,602)
Carrying amount of credit risk exposure from other receivables	410,909	-	179,187	590,096

The Company

	30 June 2022			Total
	Stage 1	Stage 2	Stage 3	
Total credit risk exposure from other receivables	47,851,705	-	579,389	48,431,094
Less: ECL provision	(47,388)	-	(375,294)	(422,682)
Carrying amount of credit risk exposure from other receivables	47,804,317	-	204,095	48,008,412

	31 December 2021			Total
	Stage 1	Stage 2	Stage 3	
Total credit risk exposure from other receivables	41,674,834	-	286,531	41,961,365
Less: ECL provision	(38,945)	-	(107,344)	(146,289)
Carrying amount of credit risk exposure from other receivables	41,635,889	-	179,187	41,815,076

(2) Changes on ECL provision of other receivables are as follows:

The Group

	30 June 2022			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3	
1 January 2022	6,258	-	107,344	113,602
Provision	6,581	-	267,950	274,531
Changes in foreign currency and others	103	-	-	103
30 June 2022	12,942	-	375,294	388,236

	31 December 2021			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3	
1 January 2021	3,521	-	100,195	103,716
Provision	3,114	-	53,381	56,495
Write-off	-	-	(46,232)	(46,232)
Changes in foreign currency and others	(377)	-	-	(377)
31 December 2021	6,258	-	107,344	113,602

The Company

	30 June 2022			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3	
1 January 2022	38,945	-	107,344	146,289
Provision	6,961	-	267,950	274,911
Changes in foreign currency and others	1,482	-	-	1,482
30 June 2022	47,388	-	375,294	422,682

	31 December 2021			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3	
1 January 2021	30,362	-	100,195	130,557
Provision	9,045	-	53,381	62,426
Write-off	-	-	(46,232)	(46,232)
Changes in foreign currency and others	(462)	-	-	(462)
31 December 2021	38,945	-	107,344	146,289

12 Other debt investments

Financial assets at fair value through other comprehensive income:

The Group and the Company

	30 June 2022	31 December 2021
Debt instrument investments – Government bonds	<u>3,274,688</u>	<u>3,274,806</u>

As at 30 June 2021, the Group expects that the credit risk of debt instrument investments did not increase significantly since the initial recognition. The provision for loss measured based upon the ECL within the next 12 months with an amount of RMB 499,000 is then recognised in profit or loss for the current period.

13 Long-term equity investments

The Company

	30 June 2022	31 December 2021
Investment in subsidiaries	<u>14,032,372</u>	<u>14,030,862</u>

As at 30 June 2022, there was no indication that the Company's long-term equity investments may be impaired, therefore no provision for impairment was made. (31 December 2021: Nil).

Details of each subsidiary refer to Note 5.

14 Investment properties

The Group

	<u>Buildings</u>
31 December 2020	3,434,189
Fair value changes	2,120
Transfer to fixed assets	<u>(799,054)</u>
31 December 2021	2,637,255
Changes of the period	<u>-</u>
30 June 2022	<u>2,637,255</u>

15 Fixed assets

The Group

	Office equipment and electronic equipment	Motor vehicles	Buildings	Aircraft leased out under operating lease	Ship leased out under operating lease	Total
Original carrying amount						
1 January 2022	27,764	1,202	4,657,971	76,555,554	67,310,592	148,553,083
Increase in the current period	351	-	-	4,414,207	21,522,897	25,937,455
Decrease in the current period	(31)	-	-	(4,363,381)	(15,303,533)	(19,666,945)
Differences on translation of foreign currency financial statements	62	-	-	3,883,709	3,517,971	7,401,742
30 June 2022	28,146	1,202	4,657,971	80,490,089	77,047,927	162,225,335
Accumulated depreciation						
1 January 2022	(16,048)	(984)	(526,879)	(13,428,268)	(12,119,067)	(26,091,246)
Increase in the current period	(2,210)	(26)	(65,640)	(1,528,998)	(1,992,228)	(3,589,102)
Decrease in the current period	29	-	-	826,559	873,068	1,699,656
Differences on translation of foreign currency financial statements	(57)	-	-	(706,591)	(670,127)	(1,376,775)
30 June 2022	(18,286)	(1,010)	(592,519)	(14,837,298)	(13,908,354)	(29,357,467)
Provision f						
1 January 2022	-	-	-	(2,091,296)	(396,638)	(2,487,934)
Increase in the current period	-	-	-	(611,578)	(60,157)	(671,735)
Decrease in the current period	-	-	-	241,981	127,619	369,600
Differences on translation of foreign currency financial statements	-	-	-	(106,191)	(18,746)	(124,937)
30 June 2022	-	-	-	(2,567,084)	(347,922)	(2,915,006)
Carrying amount						
1 January 2022	11,716	218	4,131,092	61,035,990	54,794,887	119,973,903
30 June 2022	9,860	192	4,065,452	63,085,707	62,791,651	129,952,862

As at 30 June 2021, the book value of the Group's fixed assets leased out under operating lease as collateral was RMB 58.365 billion (31 December 2020: RMB 57.988 billion).

	Office equipment and electronic equipment	Motor vehicles	Buildings	Aircraft leased out under operating lease	Ship leased out under operating lease	Total
Original carrying amount						
1 January 2021	23,694	1,202	3,841,866	75,883,509	60,820,704	140,570,975
Increase in the current period	7,158	-	17,051	5,225,144	11,394,931	16,644,284
Decrease in the current period	-	-	799,054	-	-	799,054
Differences on translation of foreign currency financial statements	(3,088)	-	-	(2,858,492)	(3,519,521)	(6,381,101)
Original carrying amount	-	-	-	(1,694,607)	(1,385,522)	(3,080,129)
31 December 2021	27,764	1,202	4,657,971	76,555,554	67,310,592	148,553,083
Accumulated depreciation						
1 January 2021	(14,832)	(931)	(404,265)	(11,184,059)	(10,056,134)	(21,660,221)
Increase in the current period	(4,149)	(53)	(122,614)	(3,132,946)	(3,607,034)	(6,866,796)
Decrease in the current period	2,933	-	-	603,657	1,265,964	1,872,554
Differences on translation of foreign currency financial statements	-	-	-	285,080	278,137	563,217
31 December 2021	(16,048)	(984)	(526,879)	(13,428,268)	(12,119,067)	(26,091,246)
Provision for impairment loss						
1 January 2022	-	-	-	(527,532)	(247,611)	(775,143)
Increase in the current period	-	-	-	(1,622,342)	(358,056)	(1,980,398)
Decrease in the current period	-	-	-	40,328	202,001	242,329
Differences on translation of foreign currency financial statements	-	-	-	18,250	7,028	25,278
31 December 2021	-	-	-	(2,091,296)	(396,638)	(2,487,934)
Carrying amount						
1 January 2021	8,862	271	3,437,601	64,171,918	50,516,959	118,135,611
31 December 2021	11,716	218	4,131,092	61,035,990	54,794,887	119,973,903

16 Deferred tax assets and deferred tax liabilities

The Group

	Note	Six months ended 30 June 2022	Year ended <u>2021</u>
Net balance at the beginning of the period / year		408,025	513,635
Including: Deferred tax assets		1,403,943	1,310,283
Deferred tax liabilities		(995,918)	(796,648)
Net change in deferred taxes recognised in income tax expenses	37	35,289	38,366
Net change in deferred taxes recognised in other comprehensive income	26	(145,549)	(138,375)
Effect of foreign exchange rate changes		(8,530)	(5,601)
Net balance at the end of the period/year		<u>289,235</u>	<u>408,025</u>
Including: Deferred tax assets		1,536,940	1,403,943
Deferred tax liabilities		(1,247,705)	(995,918)

The Company

	Note	Six months ended 30 June 2022	<u>2021</u>
Net balance at the beginning of the period/year		1,057,135	1,032,624
Including: Deferred tax assets		1,057,135	1,032,624
Deferred tax liabilities		-	-
Net change in deferred taxes recognised in income tax expenses	37	220,493	54,024
Net change in deferred taxes recognised in other comprehensive income	26	(10,691)	(29,513)
Net balance at the end of the period/year		<u>1,266,937</u>	<u>1,057,135</u>
Including: Deferred tax assets		1,266,937	1,057,135
Deferred tax liabilities		-	-

(1) Deferred tax assets

The Group

	30 June 2022		31 December 2021	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Provision	1,314,798	5,612,368	1,129,451	4,890,314
Deferred income	187,712	750,848	187,712	750,848
Salaries accrued but unpaid	51,443	205,772	50,114	200,456
Fair value changes in derivative financial instruments	(316)	(825)	53,395	270,259
Fair value changes in other debt investments	(16,697)	(66,788)	(16,729)	(66,918)
Total	1,536,940	6,501,375	1,403,943	6,044,959

The Company

	30 June 2022		31 December 2021	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Provision	1,045,008	4,180,032	825,844	3,303,376
Deferred income	187,712	750,848	187,712	750,848
Salaries accrued but unpaid	51,443	205,772	50,114	200,456
Fair value changes in derivative financial instruments	(529)	(2,116)	10,194	40,776
Fair value changes in other debt investments	(16,697)	(66,788)	(16,729)	(66,918)
Total	1,266,937	5,067,748	1,057,135	4,228,538

(2) Deferred tax liabilities

The Group

	2022年6月30日		2021年12月31日	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Expected income tax (a)	691,090	4,188,424	595,920	3,611,636
Depreciation of fixed assets	424,658	3,397,264	376,645	3,013,160
Fair value changes of derivative financial instruments	119,010	721,273	10,406	63,067
Fair value changes of investment properties	12,947	51,788	12,947	51,788
Total	1,247,705	8,358,749	995,918	6,739,651

- (a) Based on study of the relevant provisions of the Inland Revenue Ordinance and the opinions of some professional bodies, the Group measures the tax liabilities by assessing the possibility of income tax effects arising from the taxation policies on ship operating leases in Hong Kong, and accrues deferred tax liabilities.

17 Other assets

	The Group		The Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Temporary payments	264,065	274,255	40,034	44,178
Right-of-use assets	13,981	16,389	100,682	119,702
Intangible assets	4,103	4,883	4,032	4,791
Long-term prepaid expenses	207	317	207	317
Total	282,356	295,844	144,955	168,988

18 Placements from banks and other financial institutions

The Group and the Company

	30 June 2022	31 December 2021
From banks in mainland China	35,500,433	23,431,283
From non-bank financial institutions	1,252,771	2,367,046
Total	<u>36,753,204</u>	<u>25,798,329</u>

19 **Borrowings**

	The Group		The Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Short-term borrowings	92,415,388	78,352,046	56,829,330	58,783,694
Including: long-term borrowings due within one year	10,360,549	12,947,158	3,905,678	8,964,350
Long-term borrowings (excluding long-term borrowings due within one year)	88,311,119	75,122,630	7,537,185	7,721,035
Total	<u>180,726,507</u>	<u>153,474,676</u>	<u>64,366,515</u>	<u>66,504,729</u>

20 Notes payable

The Group and the Company

	30 June 2022	31 December 2021
Bank acceptance notes	<u>14,849,750</u>	<u>10,080,359</u>

Bank acceptance notes mentioned above will be due within one year.

21 Employee benefits payable

	Note	The Group		The Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
Short-term employee benefits	21(1)	163,842	230,471	163,842	230,471
Post-employment benefits: Defined contribution plans	21(2)	2,796	2,743	2,472	2,385
Total		166,638	233,214	166,314	232,856

(1) Short-term employee benefits

The Group

Six month ended at 30 June 2022				
	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period
Wages and salaries, bonus, allowances and subsidies	200,456	115,860	(186,748)	129,568
Employee welfare and others	64	3,911	(3,886)	89
Social security contributions				
- Medical insurance	952	4,731	(4,726)	957
- Working injury insurance and maternity insurance	50	81	(80)	51
Housing funds	68	4,929	(4,762)	235
Labour union funds and employee education funds	28,881	7,550	(3,489)	32,942
Total	230,471	137,062	(203,691)	163,842

2021				
	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Wages and salaries, bonus, allowances and subsidies	192,416	267,870	(259,830)	200,456
Employee welfare and others	77	11,121	(11,134)	64
Social security contributions				
- Medical insurance	801	16,770	(16,619)	952
- Working injury insurance and maternity insurance	48	143	(141)	50
Housing funds	79	9,150	(9,161)	68
Labour union funds and employee education funds	23,947	9,483	(4,549)	28,881
Total	217,368	314,537	(301,434)	230,471

The Company

Six month ended at 30 June 2022				
	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period
Wages and salaries, bonus, allowances and subsidies	200,456	93,955	(164,843)	129,568
Employee welfare and others	64	2,484	(2,459)	89
Social security contributions	1,002	4,306	(4,300)	1,008
- Medical insurance	952	4,241	(4,236)	957
- Working injury insurance and maternity insurance	50	65	(64)	51
Housing funds	68	4,802	(4,635)	235
Labour union funds and employee education funds	28,881	7,446	(3,385)	32,942
Total	230,471	112,993	(179,622)	163,842

2021				
	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Wages and salaries, bonus, allowances and subsidies	192,416	215,954	(207,914)	200,456
Employee welfare and others	77	8,798	(8,811)	64
Social security contributions	849	16,331	(16,178)	1,002
- Medical insurance	801	16,212	(16,061)	952
- Working injury insurance and maternity insurance	48	119	(117)	50
Housing funds	79	8,908	(8,919)	68
Labour union funds and employee education funds	23,947	9,400	(4,466)	28,881
Total	217,368	259,391	(246,288)	230,471

(2) Post-employment benefit – Defined contribution plans

The Group

Six month ended at 30 June 2022				
	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period
Pensions	2,646	17,719	(17,667)	2,698
Unemployment insurance	97	207	(206)	98
Total	2,743	17,926	(17,873)	2,796

2021				
	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Pensions	2,492	34,713	(34,559)	2,646
Unemployment insurance	87	943	(933)	97
Total	2,579	35,656	(35,492)	2,743

The Company

Six month ended at 30 June 2022				
	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period
Pensions	2,288	14,827	(14,741)	2,374
Unemployment insurance	97	202	(201)	98
Total	2,385	15,029	(14,942)	2,472

2021				
	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Pensions	2,047	28,499	(28,258)	2,288
Unemployment insurance	87	933	(923)	97
Total	2,134	29,432	(29,181)	2,385

22 Other payables

	Note	The Group		The Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
Temporary receipts from lessee	(1)	6,558,814	6,842,048	3,361,685	3,666,564
Reserves for aircraft maintenance		1,414,453	1,220,020	-	-
Payables for leasing projects		377,191	94,716	363,897	80,571
Payables to subsidiaries		-	-	16,865,078	16,848,529
Others		1,071,305	658,207	116,626	116,883
Total		<u>9,421,763</u>	<u>8,814,991</u>	<u>20,707,286</u>	<u>20,712,547</u>

- (1) The temporary receipts from lessee are the lease security deposits determined according to the lease contracts.

23 Bonds payable

	The Group		The Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
General bonds carried at amortised cost	<u>62,995,307</u>	<u>78,612,127</u>	<u>20,966,499</u>	<u>25,936,707</u>

Details of bonds are as follows:

	Note	Currency	Issue date	Maturity	Interest rate (%)	Par value (original currency)	Interest accrued as at 30 June 2022			
							Opening balance	Increase in the current period	Paid in the current period	Balance at the end of the period
18 BoCom Leasing L2	(1)	RMB	18 September 2018	10 years	5.15	2,000,000	2,025,000	51,786	-	326
19 BoCom Leasing 01		RMB	20 May 2019	3 years	3.68	5,000,000	5,112,789	69,511	5,182,300	-
19 BoCom Leasing 02		RMB	8 July 2019	3 years	3.65	5,000,000	5,086,499	91,675	-	1,936
19 BoCom Leasing 03		RMB	21 October 2019	3 years	3.49	3,500,000	3,521,431	61,414	-	1,357
20 BoCom Leasing 01		RMB	5 November 2020	3 years	3.65	3,000,000	3,011,867	55,054	-	1,233
21 BoCom Leasing 01		RMB	1 March 2021	3 years	3.62	4,000,000	4,113,724	71,805	144,800	1,548
21 BoCom Leasing 02		RMB	22 April 2021	3 years	3.45	3,000,000	3,065,396	51,585	103,500	1,162
BOCOM Leasing Management Hong Kong Co., Ltd.		USD	22 January 2019	3 years	4	800,000	5,191,600	10,130	5,201,730	-
BOCOM Leasing Management Hong Kong Co., Ltd.		USD	22 January 2019	5 years	4.375	700,000	4,533,731	100,937	98,201	232,994
BOCOM Leasing Management Hong Kong Co., Ltd.		USD	12 April 2019	3 years	3M Libor + 1.20	120,000	767,631	3,788	771,419	-
BOCOM Leasing Management Hong Kong Co., Ltd.		USD	5 September 2019	5 years	3M Libor + 1.175	400,000	2,548,098	33,839	33,888	132,032
BOCOM Leasing Management Hong Kong Co., Ltd.		USD	5 September 2019	5 years	2.625	200,000	1,280,627	17,597	17,132	66,293
BOCOM Leasing Management Hong Kong Co., Ltd.		USD	25 October 2019	3 years	3M Libor + 1.05	180,000	1,150,744	9,701	9,675	59,004
BOCOM Leasing Management Hong Kong Co., Ltd.		USD	10 December 2019	5 years	3M Libor + 1.075	600,000	3,824,032	52,581	52,658	197,553
BOCOM Leasing Management Hong Kong Co., Ltd.		USD	2 March 2020	5 years	3M Libor + 0.95	500,000	3,189,351	36,573	37,385	164,331
BOCOM Leasing Management Hong Kong Co., Ltd.		USD	2 March 2020	3 years	3M Libor + 0.83	300,000	1,913,700	20,806	21,311	99,094
BOCOM Leasing Management Hong Kong Co., Ltd.		USD	14 July 2020	3 years	1.75	350,000	2,244,179	20,187	19,675	116,293
BOCOM Leasing Management Hong Kong Co., Ltd.		USD	14 July 2020	5 years	3M Libor + 1.70	450,000	2,874,983	34,523	28,053	147,984
BOCOM Leasing Management Hong Kong Co., Ltd.		USD	18 June 2021	3 years	1.125	500,000	3,173,812	18,749	18,782	166,337
BOCOM Leasing Management Hong Kong Co., Ltd.		HKD	27 September 2021	3 years	1.07	775,000	635,690	4,177	4,026	28,543

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Note	Currency	Issue date	Maturity	Interest rate (%)	Par value (original currency)	Interest accrued as at 30 June 2022			
						Opening balance	Increase in the current period	Paid in the current period	Balance at the end of the period
Azure Orbit	USD	6 March 2013	10 years	3.75	500,000	3,225,437	63,306	61,309	3,391,801
Azure Orbit IV	USD	25 January 2018	5 years	3.75	950,000	6,147,608	119,687	116,487	6,466,521
Azure Orbit IV	USD	25 January 2018	10 years	4	250,000	1,607,956	33,596	32,698	1,691,284
Azure Nova	USD	21 March 2017	5 years	3.5	1,050,000	6,758,430	-	6,758,430	-
Azure Nova	USD	21 March 2017	10 years	4.25	250,000	1,607,812	35,728	34,742	1,690,914
Total						78,612,127	1,068,735	18,748,201	62,995,307

(1) Provided that the Group's capital level still meets the regulatory capital requirements set by the CBIRC after the exercise of the redemption right, the Group may, with the prior approval of the CIRC, elect to redeem the Bond in part or in whole at face value in a lump sum on the first day after the end of the fifth interest bearing year of the Bond, namely 20 September 2023.

24 Other liabilities

	The Group		The Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Advances from customers	3,726,703	3,693,780	784,324	841,880
Lease liabilities	12,523	13,058	100,102	117,401
Total	<u>3,739,226</u>	<u>3,706,838</u>	<u>884,426</u>	<u>959,281</u>

25 Paid-in capital

The Company's registered capital structure is as follows:

	30 June 2022 and 31 December 2021	
	Amount	%
	RMB	
Bank of Communications Co.,Ltd.	<u>14,000,000</u>	<u>100</u>

26 Other comprehensive income

The Group

	Other comprehensive income in the balance sheet		Other comprehensive income in income statement for the six months ended 30 June 2022			
	31 December 2021	Changes during the period	30 June 2022	Amount before tax	Less: Income tax expenses	Net amount after tax
Other comprehensive income items which will be reclassified to profit or loss						
Fair value changes in other debt investments	50,188	(96)	50,092	(128)	32	(96)
Provision for credit impairment of other debt investments	499	-	499	-	-	-
Effective portion of hedging instruments in a cash flow hedge	(258,515)	756,100	497,585	901,681	(145,581)	756,100
Differences arising from translation of foreign currency financial statements	(754,046)	211,208	(542,838)	211,208	-	211,208
Total	(961,874)	967,212	5,338	1,112,761	(145,549)	967,212

	Other comprehensive income in the balance sheet		Other comprehensive income in income statement for the six months ended 30 June 2021			
	31 December 2020	Changes during the period	30 June 2021	Amount before tax	Less: Income tax expenses	Net amount after tax
Other comprehensive income items which will be reclassified to profit or loss						
Fair value changes in other debt investments	(11,669)	17,362	5,693	23,149	(5,787)	17,362
Provision for credit impairment of other debt investments	563	263	826	352	(89)	263
Effective portion of hedging instruments in a cash flow hedge	(768,851)	259,289	(509,562)	314,775	(55,486)	259,289
Differences arising from translation of foreign currency financial statements	(697,442)	(26,928)	(724,370)	(26,928)	-	(26,928)
Total	(1,477,399)	249,986	(1,227,413)	311,348	(61,362)	249,986

The Company

	Other comprehensive income in the balance sheet		Other comprehensive income in income statement for the six months ended 30 June 2022		
	31 December 2021	Changes during the period	30 June 2022	Amount before tax	Less: Income tax expenses
Other comprehensive income items which will be reclassified to profit or loss					Net amount after tax
Effective portion of hedging instruments in a cash flow hedge	50,188	(96)	50,092	(128)	32
Provision for credit impairment of other debt investments	499	-	499	-	-
Effective portion of hedging instruments in a cash flow hedge	(57,678)	59,265	1,587	69,988	(10,723)
Total	(6,991)	59,169	52,178	69,860	(10,691)
					59,169
	Other comprehensive income in the balance sheet		Other comprehensive income in income statement for the six months ended 30 June 2021		
	31 December 2020	Changes during the period	30 June 2021	Amount before tax	Less: Income tax expenses
Other comprehensive income items which will be reclassified to profit or loss					Net amount after tax
Effective portion of hedging instruments in a cash flow hedge	(11,669)	17,362	5,693	23,149	(5,787)
Provision for credit impairment of other debt investments	563	263	826	352	(89)
Effective portion of hedging instruments in a cash flow hedge	(57,328)	6,420	(50,908)	8,448	(2,028)
Total	(68,434)	24,045	(44,389)	31,949	(7,904)
					24,045

27 Surplus reserve

The Company

	Six months ended 30 June 2022		
	Balance at the beginning of the period	Changes during the period	Balance at the end of the period
Statutory surplus reserve	1,475,221	(591)	1,474,630

	2021		
	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Statutory surplus reserve	1,341,839	133,382	1,475,221

The Company

	Six months ended 30 June 2022		
	Balance at the beginning of the period	Changes during the period	Balance at the end of the period
Statutory surplus reserve	1,219,469	-	1,219,469

	2021		
	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Statutory surplus reserve	1,127,377	92,092	1,219,469

In accordance with the *Company Law of the People's Republic of China* and the Company's Articles of Association, the Company and its subsidiaries should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company and its subsidiaries can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid-in capital after approval from the appropriate authorities.

28 General risk reserve

The Group

	Six months ended 30 June 2022		
	Balance at the beginning of the period	Changes during the period	Balance at the end of the period
General risk reserve	4,719,058	-	4,719,058

	2021		
	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
General risk reserve	4,549,680	169,378	4,719,058

The Company

	Six months ended 30 June 2022		
	Balance at the beginning of the period	Changes during the period	Balance at the end of the period
General risk reserve	4,719,483	-	4,719,483

	2021		
	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
General risk reserve	4,549,680	169,803	4,719,483

According to the regulations of the *Administrative Measures for the Provision of Reserves of Financial Enterprises* (Cai Jin [2012] No. 20) issued by the Ministry of Finance, the Company and its subsidiaries appropriate 1.5% of ending balance of risk assets of the current year to the general risk reserve.

29 Interest income

	The Group		The Company	
	Six months ended 30 June 2022	Six months ended 30 June 2021	Six months ended 30 June 2022	Six months ended 30 June 2021
Interest income from financial enterprises	178,655	116,506	19,629	33,405
Interest income from bonds	50,414	41,218	50,414	41,218
Interest income from transactions between subsidiaries	-	-	339,676	381,089
Total	<u>229,069</u>	<u>157,724</u>	<u>409,719</u>	<u>455,712</u>

30 Income from finance lease and sale and leaseback

	The Group		The Company	
	Six months ended 30 June 2022	Six months ended 30 June 2021	Six months ended 30 June 2022	Six months ended 30 June 2021
Interest income from sale and leaseback	2,053,460	1,727,719	1,734,057	1,452,364
Interest income from finance leases	<u>1,504,640</u>	<u>1,640,556</u>	<u>928,122</u>	<u>1,039,070</u>
Total	<u>3,558,100</u>	<u>3,368,275</u>	<u>2,662,179</u>	<u>2,491,434</u>

31 Operating lease income

The Group

	30 June 2022	30 June 2021
Operating lease - Ship	3,829,458	3,302,281
Operating lease - Aircraft	2,961,669	2,760,130
Building leasing	<u>142,949</u>	<u>153,293</u>
Total	<u>6,934,076</u>	<u>6,215,704</u>

32 Interest expenses

	The Group		The Company	
	Six months ended 30 June 2022	Six months ended 30 June 2021	Six months ended 30 June 2022	Six months ended 30 June 2021
Total interest expenses of borrowings	1,593,161	1,540,219	964,510	1,073,023
Less: Capitalised interest expenses	(109,109)	(98,865)	-	-
Net interest expenses of borrowings	1,484,052	1,441,354	964,510	1,073,023
Interest expenses of bonds	1,128,529	1,546,595	462,349	606,885
Interest expenses of placements from banks and other financial institutions	203,743	93,004	203,743	93,004
Interest expenses of financial assets sold under agreements to repurchase	15,711	6,025	15,711	6,025
Interest expenses of deposits	1,822	1,832	1,821	1,832
Interest expenses of lease liabilities	1,678	756	1,527	566
Total	<u>2,835,535</u>	<u>3,089,566</u>	<u>1,649,661</u>	<u>1,781,335</u>

33 Cost of operating leases

The Group

	Six months ended 30 June 2022	Six months ended 30 June 2021
Depreciation of fixed assets leased out under operating lease	3,521,226	3,341,631
Other expenses	<u>143,092</u>	<u>108,684</u>
Total	<u>3,664,318</u>	<u>3,450,315</u>

34 Operating and administrative expenses

	The Group		The Company	
	Six months ended 30 June 2022	Six months ended 30 June 2021	Six months ended 30 June 2022	Six months ended 30 June 2021
Employee benefits and welfare	154,988	159,138	128,022	119,973
Depreciation and amortisation	71,517	59,697	21,949	22,292
Consulting expenses	8,154	18,345	3,885	9,005
Travelling expenses	1,690	2,877	1,166	2,874
Entertainment expenses	979	2,759	876	2,718
Others	45,854	15,936	25,761	12,109
Total	<u>283,182</u>	<u>258,752</u>	<u>181,659</u>	<u>168,971</u>

35 Credit impairment losses

	The Group		The Company	
	Six months ended 30 June 2022	Six months ended 30 June 2021	Six months ended 30 June 2022	Six months ended 30 June 2021
Credit impairment losses on lease receivables	574,754	715,838	1,070,153	365,210
- Credit impairment losses on finance lease receivables and receivables for sale and leaseback	562,162	630,599	1,070,153	365,210
- Credit impairment losses on operating lease receivables	12,592	85,239	-	-
Losses on credit impairment of other receivables	274,531	24,500	274,911	27,740
Losses on credit impairment of cash at bank on hand	6,516	9,400	(3,763)	1,812
Credit impairment losses on placements with banks and other financial institutions	-	(1,506)	-	(1,506)
Losses on other credit impairment	<u>(15)</u>	<u>(60)</u>	<u>(214)</u>	<u>(250)</u>
Total	<u>855,786</u>	<u>748,172</u>	<u>1,341,087</u>	<u>393,006</u>

36 Asset impairment losses

The Group

	Six months ended 30 June 2022	Six months ended 30 June 2021
Impairment losses on aircraft assets	611,578	248,067
Impairment losses on ship assets	<u>60,157</u>	<u>-</u>
Total	<u>671,735</u>	<u>248,067</u>

37 Income tax expenses

	The Group		The Company	
	Six months ended 30 June 2022	Six months ended 30 June 2021	Six months ended 30 June 2022	Six months ended 30 June 2021
Current income tax	548,945	447,939	198,384	110,945
Deferred income tax	(35,289)	(7,885)	(220,493)	34,412
Total	<u>513,656</u>	<u>440,054</u>	<u>(22,109)</u>	<u>145,357</u>

38 Notes to the cash flow statement

(1) Reconciliation from net profit to cash flows from operating activities

	The Group		The Company	
	Six months ended 30 June 2022	Six months ended 30 June 2021	Six months ended 30 June 2022	Six months ended 30 June 2021
Net profits / (losses)	1,887,112	1,745,995	(66,328)	403,837
Add: Asset impairment losses	671,735	248,067	-	-
Credit impairment losses	855,786	748,172	1,341,087	393,006
Depreciation and amortisation	3,592,743	3,401,328	21,949	22,292
(Gains) / losses on disposal of fixed assets	(198,745)	(153,470)	-	89
Net gains from changes in fair value	(5,009)	(182)	-	-
Gains arising from investments	-	-	(102,897)	-
Interest incomes of bonds	(50,414)	-	(50,414)	-
Interest expenses of bonds	1,128,529	1,546,595	462,349	606,885
Interest expenses of lease liabilities	1,678	756	1,527	566
Exchange losses/(gains)	19,882	16,161	(17,714)	4,919
(Decrease) / increase in deferred tax assets	(178,472)	(76,971)	(220,493)	34,412
Increase in deferred tax liabilities	143,183	69,086	-	-
Increase in operating receivables	(5,297,974)	(15,643,137)	(10,707,530)	(16,507,375)
Increase in operating payables	39,376,190	15,861,968	13,107,076	6,071,360
Net cash flows from / (used in) operating activities	<u>41,946,224</u>	<u>7,764,368</u>	<u>3,768,612</u>	<u>(8,970,009)</u>

(2) Net increase / (decrease) in cash and cash equivalents

	The Group		The Company	
	Six months ended 30 June 2022	Six months ended 30 June 2021	Six months ended 30 June 2022	Six months ended 30 June 2021
Cash and cash equivalents at the end of the period	35,140,351	35,040,469	4,611,920	5,004,571
Less: Cash and cash equivalents at the beginning of the period	(22,650,662)	(29,846,067)	(6,161,003)	(7,884,479)
Net increase / (decrease) in cash and cash equivalents	<u>12,489,689</u>	<u>5,194,402</u>	<u>(1,549,083)</u>	<u>(2,879,908)</u>

(3) Cash and cash equivalents

	Note	The Group		The Company	
		30 June 2022	30 June 2021	30 June 2022	30 June 2021
Cash at bank and on hand	6	37,502,117	37,477,737	5,024,867	5,441,839
Less: Mandatory reserve deposits with central bank		(420,157)	(437,268)	(420,157)	(437,268)
Pledged deposits		(2,000,000)	(2,000,000)	-	-
Add: credit loss provision		58,391	-	7,210	-
Cash and cash equivalents at the end of the period		<u>35,140,351</u>	<u>35,040,469</u>	<u>4,611,920</u>	<u>5,004,571</u>

39 Related parties and related party transactions

(1) The parent company and subsidiaries

The general information and other related information of the subsidiaries are set out in Note 5.

(a) Information of the parent company

	Place of registration	Nature of business
Bank of Communications Co., Ltd. (hereinafter referred to as "BoCom")	China	Commercial banking

(b) Registered capital and changes in registered capital of the parent company

	1 January 2022	Increase in the current period	Decrease in the current period	30 June 2022
BoCom	<u>74,262,727</u>	<u>-</u>	<u>-</u>	<u>74,262,727</u>

(c) The percentages of shareholding and voting rights in the Company held by the parent company

	30 June 2022 and 31 December 2021	
	Shareholding	Voting rights
BoCom	<u>100%</u>	<u>100%</u>

(2) Nature of related parties that do not control/are not controlled by the Company

Relationship with the Group

Bank of Communications(Luxemburg) Limited (hereinafter referred to as “the subsidiary of BoCom”)	Controlled by the parent company
Bank of Communications International Trust Co., Ltd. (hereinafter referred to as “the subsidiary of BoCom”)	Controlled by the parent company
BOCOM Financial Asset Investment Co., Ltd. (hereinafter referred to as “the subsidiary of BoCom”)	Controlled by the parent company
BOCOM Wealth Management Co., Ltd. (hereinafter referred to as “the subsidiary of BoCom”)	Controlled by the parent company
BOCOM MPF & Financial Services Company Limited (hereinafter referred to as “the subsidiary of BoCom”)	Controlled by the parent company

(3) Related party transactions

Pricing policies

Related party transactions of the Group mainly comprise deposit business and loan transactions with BoCom. Transactions between the Group and the related parties are conducted in accordance with general commercial terms and normal business procedures, with pricing policies in line with those of transactions with independent third party.

(a) Balances of related party transactions

	The Group		The Company	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Balance sheet items				
Cash at bank and on han	3,392,147	8,093,006	70,493	4,278,934
Derivative financial assets	42,163	-	-	-
Financial assets held under re-sale agreements	-	-	40,401	339,199
Other receivables	-	-	47,285,793	41,574,534
Other assets	1,213	1,623	-	-
Placements from banks and other financial institutions	14,613,348	11,798,876	14,613,348	11,798,876
Borrowings	82,024,032	70,538,504	9,902,573	20,128,542
Derivative financial liabilities	-	18,021	-	-
Other payables	-	-	16,865,078	16,848,529
Other liabilities	1,171	1,586	-	-
Off-balance sheet items				
Notional amount of derivative	2,681,400	2,550,280		

(b) Amounts of related party transactions

	The Group		The Company	
	Six months ended 30 June 2022	Six months ended 30 June 2021	Six months ended 30 June 2022	Six months ended 30 June 2021
Interest income				
Operating lease income	3,392,147	8,093,006	70,493	4,278,934
Interest expense	42,163	-	-	-
Fee and commission	-	-	40,401	339,199
Operating and administrative expense	-	-	47,285,793	41,574,534
Other comprehensive income:	1,213	1,623	-	-
Effective portion o hedging instruments in cash flow hedges	14,613,348	11,798,876	14,613,348	11,798,876

40 Commitments

(1) Capital commitments

Capital expenditures contracted for by the Group but are not yet necessary to be recognised on the balance sheet as at the balance sheet date are as follows:

The Group

	30 June 2022	31 December 2021
Ship and aircraft	<u>55,376,102</u>	<u>59,655,917</u>

41 Operating lease receipts after the balance sheet date

The undiscounted amount of the lease receipts receivable of the Group, as the lessor, after the balance sheet date is summarised as follows:

The Group

	30 June 2022	31 December 2021
Within 1 year	14,401,440	13,226,595
1 – 2 years	13,922,165	12,895,473
2 – 3 years	12,888,437	12,230,086
3 – 4 years	11,727,132	11,087,606
4 – 5 years	10,566,746	9,953,374
Over 5 years	40,319,240	38,477,394
Total	<u>103,825,160</u>	<u>97,870,528</u>

When the Group lease its own buildings, aircraft and ships, its rental income from operating leasing is recognized during its lease term within the straight-line method or other reasonable and systematic method. The variable charterhire obtained by the Group, which is not included in net lease assets, will be recognized when it actually occurs. The disclosure of the amount of operating lease receipts after the balance sheet date mentioned above does not include the variable rent that may be received in the future.

42 Financial instrument and risk

(1) Overview of financial risk management

The Group's activities expose it to a variety of financial risks and those activities involve analysis, assessment, acceptance and management of a certain degree of risks or portfolio of risks. Risk management is core to the financial business, and business risks are inevitable. The Group's objectives are therefore to achieve an appropriate balance between risk and return, to minimise potential adverse effects on the Group's financial statements at the same time.

The Group's risk management policies are designed to identify and analyse related risks, setting appropriate risk limitation and controls in order to monitor risk and limitation through appropriate control processes.

The Board of Directors of the Group sets the risk management strategies. The Group's management has constituted appropriate risk management policies and procedures according to risk management strategies, including credit risk, market risk and specific risk management policies. These risk management policies and procedures are implemented by the business sector, Treasury Department, Financial Accounting Department, Risk Assessment Department, Legal Compliance Department, Asset Management Department and the Assessment Committee after the approval of the Board of Directors.

The Group is mainly exposed to credit risk, market risk and liquidity risk. Market risk mainly includes interest rate risk and foreign exchange risk.

(2) Credit risk

The Group's credit risk refers to the risk that lessee fails to perform contractual liabilities. The Group's credit risk mainly arises from lease and related business.

(a) Credit risk management

The Group established standard policies and operational procedures and controls over lease activities, which include project due diligence and application, project review and approval, disbursement, post-lending monitoring and management of non-performing finance lease receivables. Through implementation of internal rating management system, credit risk management policies and procedures, leasing business information system, investment management of leasing business and continuous optimisation of the portfolio of assets under lease contracts, the Group is able to identify, monitor and manage its credit risk in all aspects.

Changes in economic environment or assets under finance leases and sale and leaseback in a particular industry may result in losses to the Group. Credit risks in the statements are mainly from lease receivables. The Group has established mechanisms to constitute individual lessee limitation of credit risk. The Group monitors the credit risk above regularly, makes an assessment annually at least and reports to the Board of Directors.

(b) Risk limit management and mitigation policies

The Group manages, limits and monitors credit risk concentration, especially for those concentrated in single lessee, group, industry and region.

For the single lessee, group and industry, the Group sets up a quota to improve credit risk structure. Under the Measures for the Administration of Financial Leasing Companies, the concentration of an individual customer shall be no more than 30% of net capital, pursuant to which the Group sets the maximum limit for leasing projects. The Group monitors above risks timely, and even reviews them more frequently as necessary.

The Group manages credit risk exposure by periodically analysing the lessee's ability to repay the principal and interest, mainly by periodic and non-periodic reports.

Other specific management and mitigation measures are summarised as follows:

(i) Guarantee and deposit

The Group mitigates credit risk by obtaining collateral/pledge, security deposits and corporate or individual credit guarantee.

Generally, guarantee is required by the Group for leasing business. Guarantee varies based on the lessee's credit record, credit risk exposure of the leasing and different characteristics of guarantee. The Group evaluates the guarantor's ability to guarantee, the ownership and value of collaterals and pledges, and the feasibility of realising mortgage and pledge rights. Therein, the fair value of collateral is appraised by a professional appraisal institution; the Group also evaluates the financial position, credit record and capability of compensation of third party guarantors who provide guarantee to finance lease receivables. The Group requests for deposits and the proportion of deposits will vary with different projects' credit risk.

(ii) Insurance and supervision on assets under finance leases

For finance lease, the ownership of the lease asset belongs to the Group before the term of lease expires, while the risks and rewards in operational use and maintenance belong to the lessee. Therefore, whenever incidents occur concerning subject matter of the lease asset, the lessee should report immediately to the insurance company and notify the Group with all relevant materials submitted and deal with settlement of claim together with the Group.

The Group conducts periodic monitoring and insurance measures against the lease assets. According to internal policies, the Group visits every leasing project regularly and irregularly each year, including physical inspection of lease assets to understand its operating conditions. Moreover, the Group generally requires the lessee to have the lease asset insured with the Company as the beneficiary, to reduce risk.

(c) Measurement of ECLs

The Group measures the ECL of financial instruments at amortised cost or debt investments at fair value through other comprehensive income. The Group divides them into 3 stages by assessing whether there has been a significant increase in credit risk since initial recognition. Stage 1 is “financial assets without significant increase in credit risk since initial recognition”, at which the Group only needs to measure ECL in the next 12 months. Stage 2 is “financial assets with significant increase in credit risk” and stage 3 is “credit-impaired financial assets”, at both of which the Group needs to measure lifetime ECL.

The Group calculates ECLs through exposure at default (“EAD”) and ECL rate, and determines the ECL rate based on probability of default (“PD”) and loss given default (“LGD”). In determining the ECL rate, the Group mainly uses the ECL model of the BoCom, which considers the internal historical credit loss data and so on, and adjusts the historical data based on the current situation and forward-looking information. In accordance with the requirements of accounting standards, judgements, assumptions and estimates used in the measurement of ECL includes:

- Parameters for measuring ECLs
- Judgement criteria for significant increase in credit risk
- Definition of credit-impaired assets
- Forward-looking information

Parameters for measuring ECLs

Based on whether the credit risk has increased significantly and whether the credit impairment has occurred, the Group measures the provision for impairment of different assets by the 12-month or lifetime ECL. Key parameters for measuring the ECL include PD, LGD and EAD. Based on the internal rating system used in current risk management, the Group, in accordance with the Financial Instrument Standards, establishes the PD, LGD and EAD model by taking into account the quantitative analysis of historical statistics (such as counterparty rating, guarantee method and collateral category, repayment method, etc.) and forward-looking information.

Relevant definitions are as follows:

- PD is the probability of occurrence of default event (debts) in a given period of time in future.
- LGD represents the percentage of amount of loss to be occurred in the event of default to the total risk exposure. It is expressed as the loss percentage per unit of exposure which typically varies by nature of counter party, type and seniority of claim and the availability of collaterals or other credit risk mitigation.
- EAD represents the total amount of on-balance sheet and off-balance sheet exposure at the time of default by debtor, reflecting the total amount of possible losses to be incurred. In general, this includes the utilised credit limit, interest receivable, the anticipated usage of unutilised credit facilities as well as the related expenses to be incurred.

Judgement criteria for significant increase in credit risk

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following criteria have been met:

- Principal or interest is more than 30 days past due;
- Credit rating of obligor changes significantly. Credit rating is based on both internal and external rating results, and a significant increase in credit risk is determined when external and internal rating during the reporting period is below the Group's credit acceptance standards or significant downgrading occurs as compared with initially recognised internal rating, such as low risk financial instruments are downgraded by 3 to 6 grades;
- Significant adverse issues have negative impacts on obligator's repayment ability;
- Other situations indicating significant increase in credit risk. For instance, other risk alarm indicators imply growing potential risk, and could cause losses of financial assets to the Group.

Definition of credit-impaired assets

When financial instruments are credit-impaired, the Group defines them as in default. In general, financial assets that are more than 90 days past due are identified as in default.

The Group considers a financial instrument to be credit-impaired when one or more of the following criteria have been met:

- Principal (including advances, applies to below) or interest is more than 90 days past due;
- Issuer or obligor is in significant financial difficulty, or has already been insolvent;
- It is becoming probable that the borrower will enter bankruptcy;
- An active market for that financial asset has disappeared because of financial difficulties of issuers;
- Other objective evidence indicating impairment of the financial asset.

The financial assets are moveable between stages. For instance, financial instruments originally classified at stage 1 should be downgraded to stage 2 if events occur such as a significant increase in credit risk. Financial instruments at stage 2 could be upgraded to stage 1 if credit risk decreases and the criteria for the determination of "a significant increase in credit risk" are no longer met.

Forward-looking information

Both the assessment of significant increases in credit risk and the calculation of ECLs involve forward-looking information. The impairment model from Bank of Communications adopts a topdown development approach. By grouping models, the Group has set up multiple impairment models covering risk exposure of financial institutions and lessees. The Group has also established a macro scenario transmission model with year-on-year growth rate of gross domestic product (GDP) driving the national account, price index, foreign trade, fixed asset investment, currency, interest rate and other indicators, predicting the performance of indicators under three scenarios (i.e., basic scenario, optimistic scenario and pessimistic scenario) on a yearly basis. The forecasts, after evaluation and confirmation by economic experts and senior management, are used in the assets impairment model. The results of macro scenarios and the reasonability of weight are checked quarterly, and the corresponding adjustment is made according to changes in internal and external economic environment. The impact of these economic indicators on PD and LGD varies from different business types. The Group considers internal and external data, expert forecasts and statistical analysis to determine the relationship between these economic indicators and PD and LGD.

The Group forecasts the 2022 year-on-year growth rate of GDP to be 5.5% in the Basic Scenario. The Group made prudential adjustments to the macro scenario settings when evaluating the forecast information used in the impairment model.

(d) Maximum credit risk exposure without considering collateral

Credit risk exposures related to balance sheet items - financial instruments included in the impairment assessment scope:

The Group

	30 June 2022	31 December 2021
Cash at bank and on hand	37,502,117	26,341,061
Derivative financial assets	765,179	69,733
Notes receivable	6,560	12,775
Lease receivables	152,208,893	149,161,802
Other receivables	1,491,802	590,096
Financial assets held for trading	97,398	-
Other debt investments	3,274,688	3,274,806
	<hr/>	<hr/>
Total	195,346,637	179,450,273
	<hr/>	<hr/>

The table above presents the Group's maximum credit risk exposures without considering collateral and other credit enhancements on 30 June 2022 and 31 December 2021. For balance sheet items, the exposures set out above are their net book value on the balance sheet date.

Credit enhancements are applied by the Group for finance lease loans to reduce the credit risk exposure to the acceptable level. The Group generally requires guarantees and security deposits for finance lease business.

(3) Market risk

Market risk refers to the risk of losses to the Group arising from unfavourable changes in market prices (including interest rates, exchange rates, stock prices, commodity prices, etc.). The market risks exposed by the Group mainly comprise interest rate risk and foreign exchange risk.

(a) Market risk measurement techniques

The Group currently uses sensitivity analysis to assess the foreign exchange risk and interest rate risk of the Group. Sensitivity analysis of interest rate is to periodically calculate the gap between the amount of interest-earning assets and interest-bearing liabilities that mature or must be repriced within certain periods, and analyse the sensitivity in response to changes in base rates and market rates by using the gap data. Sensitivity analysis of exchange rate is to calculate the effect of reasonable possible changes in the exchange rate of foreign currency against RMB on net profit when the other factors remain constant, based on the static foreign exchange risk structure of assets and liabilities. Reporting system has been established by the Group for sensitivity analysis, and results of sensitivity analysis are reported to senior management in time.

(b) Interest rate risk

The Group's interest rate risk results mainly from mismatch of interest rate repricing period and change in market interest rate, as well as from the adjustment to interest rate policy of the People's Bank of China. Financial liabilities with floating interest rate expose the Group to interest risk of cash flow, while those with fixed interest rate expose the Group to interest risk of fair value. The Financial Accounting Department and Treasury Department of the Group exercise regular monitoring on the repricing period of interest rate-sensitive assets and liabilities and manage interest rate risk through instruments such as interest rate swap to decrease the fluctuation of market interest rate.

The Group pays high attention to the transition of interest rate benchmark and has established a task force to speed up the launch and implementation of this LIBOR reform project. At the current stage, the progress of this reform is basically on schedule. The first batch of LIBOR varieties withdrawn on January 1, 2022 has successfully completed the conversion as scheduled, and the conversion of USD LIBOR varieties with remaining maturity is progressing steadily, and the impact of the methods of benchmark transition on interest rate risk is generally under control, which has a relatively limited substantial impact on the operations.

At 30 June 2022, the Group designated the interest rate derivative contract with a nominal amount of RMB 21,767 million (2021: RMB 29,894 million (Note 7) as the cash flow hedging instrument. The interest rate derivative contract with a contractual nominal amount of RMB 475 million (2021: RMB 535 million) (Note 7) is designated as the fair value hedging instrument. With the fluctuation of market interest rate, the interest spread of the Group may increase, decrease or even result in loss due to unpredictable changes.

The table below summarises the Group's interest rate risks. Interest-earning assets and interest-earning liabilities under the table are presented at carrying amount, categorised by the earlier of contractual re-pricing date and maturity date.

Interest rates of most of the Group's finance lease receivables change with the adjustments of LPR. Since the date of change in the applicable reference interest rate cannot be determined, the Group has assumed that the date of change in applicable reference interest rate is the working day preceding the date of the report, listing it into the appropriate period according to the repricing date which is closest to the date of the report.

As at each balance sheet date, the re-pricing date and maturity date (whichever is earlier) of assets and liabilities of the Group and the Company are as follows:

The Group

	30 June 2022					
	Within 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years	Non-interest bearing
						Total
Assets						
Cash at bank and on hand	35,391,941	1,583,677	526,499	-	-	37,502,117
Derivative financial assets	-	-	-	-	-	765,179
Notes receivable	-	-	-	-	-	6,560
Lease receivables	12,200,944	34,024,039	86,096,577	9,291,617	10,160,638	152,208,893
Other receivables	-	-	3,784	52,971	132,427	1,491,802
Other debt investments	-	-	-	-	-	97,398
	-	-	-	-	3,274,688	3,274,688
Sub-total	47,592,885	35,607,716	86,626,860	9,344,588	13,567,753	195,346,637
Liabilities						
Placements from banks and other financial institutions	(23,208,862)	(13,544,342)	-	-	-	(36,753,204)
Borrowings	(62,802,777)	(68,568,723)	(20,096,672)	(25,816,525)	(3,441,810)	(180,726,507)
Derivative financial liabilities	-	-	-	-	-	(1,363)
Notes payable	-	-	-	-	-	(14,849,750)
Other payables	(90,215)	-	-	-	-	(6,558,814)
Bonds payable	(5,180,111)	-	(16,664,586)	(37,382,214)	(3,768,396)	(62,995,307)
Other liabilities	(316)	(601)	(2,802)	(8,253)	(551)	(12,523)
	(91,282,281)	(82,113,666)	(36,764,060)	(63,206,992)	(7,210,757)	(301,897,468)
Sub-total	(91,282,281)	(82,113,666)	(36,764,060)	(63,206,992)	(7,210,757)	(301,897,468)
Net position of assets and liabilities	(43,689,396)	(46,505,950)	49,862,800	(53,862,404)	6,356,996	(106,550,831)

	31 December 2021					
	Within 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years	Non-interest bearing
Assets						
Cash at bank and on hand	22,997,448	1,266,333	2,077,280	-	-	-
Derivative financial assets	-	-	-	-	-	69,733
Notes receivable	-	-	-	-	-	12,775
Lease receivables	28,194,124	61,187,308	36,466,232	6,544,631	16,478,948	290,559
Other receivables	-	-	-	-	-	590,096
Other debt investments	-	-	-	-	3,274,806	-
Sub-total	51,191,572	62,453,641	38,543,512	6,544,631	19,753,754	963,163
Liabilities						
Placements from banks and other financial institutions	(7,485,541)	(18,312,788)	-	-	-	-
Borrowings	(20,039,137)	(77,957,274)	(39,009,956)	(13,717,067)	(2,751,242)	-
Derivative financial liabilities	-	-	-	-	-	(339,928)
Notes payable	-	-	-	-	-	(10,080,359)
Other payables	-	-	-	-	-	(6,842,048)
Bonds payable	(9,984,958)	(19,495,015)	(16,268,817)	(27,622,569)	(5,240,768)	(78,612,127)
Other liabilities	(329)	(627)	(2,922)	(8,605)	(575)	-
Sub-total	(37,509,965)	(115,765,704)	(55,281,695)	(41,348,241)	(7,992,585)	(17,262,335)
Net position of assets and liabilities	13,681,607	(53,312,063)	(16,738,183)	(34,803,610)	11,761,169	(16,299,172)

If the yield curve moves 100 basis points in parallel, the potential impact on the Group's net profit in the next year is analyzed as follows:

	The Group	
	30 June 2022	31 December 2021
100 basis points parallel shift in all yield curves	(478,974)	(170,915)
100 basis points parallel shift in all yield curves	478,974	170,915

When conducting the sensitivity analysis, the Group adopts the following assumptions in determining business conditions and financial parameters:

- Not considering business changes after the balance sheet date, based on static gap at the balance sheet date;
- Amounts of fluctuation of interest rates for different interest-earning assets and interestbearing liabilities are the same;
- All assets and liabilities are re-priced during the middle of relevant time buckets;
- Not considering the impact of interest rate changes on customer behaviour;
- Not considering the impact of interest rate changes on market price;
- Not considering the impact of interest rate changes on off-balance sheet items;
- Not considering necessary measures taken by the Company in response to interest rate changes.

Due to the constraints listed above, the actual changes in net interest income of the Company caused by interest rate changes might be different from the result of the sensitivity analysis.

(c) Foreign exchange risk

Foreign exchange risk results mainly from the risk of loss due to foreign exchange rate changes. Except for some subsidiaries which conduct business in USD, the Group's major operational activities are denominated in RMB, and the recording currency is RMB. Exchange rate of RMB to USD or other currencies in China is subject to regulation by PBOC.

The Group's Financial Accounting Department and the Treasury Department are responsible for monitoring the size of the Group's foreign currency transactions and foreign currency assets and liabilities to minimise the exposure to foreign exchange risks; for this reason, the Group may enter into forward foreign exchange contracts or currency swap contracts to mitigate foreign exchange risks. As at 30 June 2022, the Group designated the crosscurrency swap contract with a nominal amount of RMB 1.292 billion (Note 7) as the cash flow hedging instruments for the relevant placements from banks and other financial institutions denominated in foreign currency (31 December 2021: RMB 667 million).

The table below presents the structural analysis by currencies on assets and liabilities of the Group at the balance sheet date.

The Group

	30 June 2022				
	<u>RMB</u>	<u>USD</u>	<u>EUR</u>	<u>Other currencies</u>	<u>Total</u>
Assets					
Cash at bank and on hand	7,399,419	29,905,558	133,955	63,185	37,502,117
Derivative financial assets	862	764,317	-	-	765,179
Lease receivables	118,893,967	29,291,316	3,992,950	30,660	152,208,893
Other receivables	809,923	679,424	2,026	429	1,491,802
Trading financial assets	97,398	-	-	-	97,398
Other debt investments	3,274,688	-	-	-	3,274,688
Investment properties	2,637,255	-	-	-	2,637,255
Other assets	6,043,972	143,619,420	-	1,845,208	151,508,600
Total assets	<u>139,157,484</u>	<u>204,260,035</u>	<u>4,128,931</u>	<u>1,939,482</u>	<u>349,485,932</u>
Liabilities					
Placements from banks and other financial institutions	(12,709,015)	(24,044,189)	-	-	(36,753,204)
Borrowings	(50,663,397)	(126,396,689)	(3,634,112)	(32,309)	(180,726,507)
Derivative financial liabilities	-	(1,363)	-	-	(1,363)
Notes payable	(14,849,750)	-	-	-	(14,849,750)
Other payables	(4,435,346)	(4,980,782)	(5,635)	-	(9,421,763)
Bonds payable	(20,966,499)	(41,364,424)	-	(664,384)	(62,995,307)
Other liabilities	(1,480,559)	(4,449,155)	(101,927)	(7,736)	(6,039,377)
Total liabilities	<u>(105,104,566)</u>	<u>(201,236,602)</u>	<u>(3,741,674)</u>	<u>(704,429)</u>	<u>(310,787,271)</u>
Net position of assets and liabilities	<u>34,052,918</u>	<u>3,023,433</u>	<u>387,257</u>	<u>1,235,053</u>	<u>38,698,661</u>

	31 December 2021				
	RMB	USD	EUR	Other currencies	Total
Assets					
Cash at bank and on hand	7,704,538	18,398,059	177,657	60,807	26,341,061
Derivative financial assets	512	69,221	-	-	69,733
Other receivables	358,283	222,991	8,412	410	590,096
Trading financial assets	3,274,806	-	-	-	3,274,806
Other debt investments	114,534,411	30,157,724	4,391,294	78,373	149,161,802
Investment properties	2,637,255	-	-	-	2,637,255
Other assets	6,397,232	128,621,867	773	1,792,471	136,812,343
Total assets	<u>134,907,037</u>	<u>177,469,862</u>	<u>4,578,136</u>	<u>1,932,061</u>	<u>318,887,096</u>
Liabilities					
Placements from banks and other financial institutions	(13,421,301)	(12,377,028)	-	-	(25,798,329)
Borrowings	(42,609,112)	(106,627,541)	(4,158,886)	(79,137)	(153,474,676)
Derivative financial liabilities	(97,576)	(242,352)	-	-	(339,928)
Notes payable	(10,080,359)	-	-	-	(10,080,359)
Other payables	(4,503,527)	(4,302,914)	(3,122)	(5,428)	(8,814,991)
Bonds payable	(25,936,707)	(52,039,730)	-	(635,690)	(78,612,127)
Other liabilities	(1,540,260)	(4,279,704)	(101,248)	(1,137)	(5,922,349)
Total liabilities	<u>(98,188,842)</u>	<u>(179,869,269)</u>	<u>(4,263,256)</u>	<u>(721,392)</u>	<u>(283,042,759)</u>
Net position of assets and liabilities	<u>36,718,195</u>	<u>(2,399,407)</u>	<u>314,880</u>	<u>1,210,669</u>	<u>35,844,337</u>

If RMB had strengthened/weakened by 10% against USD while all other variables had been held constant, the potential impact of the net profit of the Group and the Company in the next year illustrates as follow:

	The Group	
	30 June 2022	31 December 2021
RMB appreciated by 10% against the USD	(82,587)	(98,822)
RMB depreciated by 10% against the USD	82,587	98,822

(4) Liquidity risk

Liquidity risk refers to the risk that the Group is unable to meet the obligation to settle its due liabilities or meet the immediate demand of capital. Based on the Group's business features, its liquidity risk management framework comprises:

- Daily fund management through monthly monitoring future cash flows and making liquidity gap analysis report;
- Monitoring of assets liquidity ratio to meet the internal and regulatory requirements;
- Management of the degree of concentration of maturities of liabilities;
- Establishment of liquidity contingent plan through agreements with banks;
- Dealing with liquidity gap through interbank lending, borrowings and sales under repurchase agreements;
- Issuance of medium and long-term financial bonds to optimise the medium and long-term asset and liability structure, and continuing to issue financial bonds at appropriate stages in the future.

The Asset and Liability Management Committee is responsible for the preparation of liquidity risk management policies, while the Treasury Department is responsible for daily liquidity risk management, and the specific procedures include:

- (i) Through multi-channel and diversified financing, the Group ensures to obtain a continuous and sufficient source of funds, including payment of deposits and funds to be paid when purchasing lease assets;
- (ii) The Group has medium and long term credit grants from banks and designed a principal and interest prepayment plan that matches the lease term and rental cash flow to minimise liquidity risk due to maturity mismatch.
- (iii) The Group actively manages liquidity risk by predicting future cash flows, establishing quota management and obtaining sufficient credit lines from commercial banks.

(a) Non-derivative financial instruments cash flows

The table below presents the structural analysis by contracted maturities on non-derivative financial assets and liabilities of the Group at the balance sheet date. The amounts listed represent the undiscounted contractual cash flows.

The Group

		30 June 2022					
	Overdue	Payable on demand	Within 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	Total
Non-derivative financial assets							
Cash at bank and on hand	-	-	(23,228,595)	(13,577,723)	-	-	(36,806,318)
Borrowings	-	-	(57,121,090)	(17,839,754)	(20,118,603)	(75,084,203)	(188,682,034)
Notes payable	-	-	(583,000)	(2,255,000)	(12,011,750)	-	(14,849,750)
Other payables	-	-	(629,203)	(124,680)	(425,125)	(3,229,012)	(6,558,814)
Bonds payable	-	-	(5,200,832)	(382,922)	(17,853,133)	(39,550,072)	(65,723,031)
Other liabilities	-	-	(340)	(648)	(3,020)	(8,891)	(13,494)
Total non-derivative financial liabilities	-	-	(86,763,060)	(34,180,727)	(50,411,631)	(117,872,178)	(312,633,441)
31 December 2021							
	Overdue	Payable on demand	Within 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	Total
Non-derivative financial assets							
Cash at bank and on hand	-	-	(7,488,627)	(18,356,113)	-	-	(25,844,740)
Borrowings	-	-	(15,660,811)	(59,532,451)	(28,927,614)	(45,959,997)	(158,292,656)
Notes payable	-	-	(250,000)	(1,832,530)	(7,997,829)	-	(10,080,359)
Other payables	-	-	(656,374)	(130,064)	(443,483)	(3,368,453)	(6,842,048)
Bonds payable	-	-	(5,621,368)	(7,243,741)	(17,242,686)	(48,860,558)	(84,557,675)
Other liabilities	-	-	(355)	(676)	(3,149)	(9,271)	(14,071)
Total non-derivative financial liabilities	-	-	(29,677,535)	(87,095,575)	(54,614,761)	(98,198,279)	(285,631,539)

(b) Derivative financial instruments cash flows

Derivative financial instruments settled on a net basis

The Group's derivative financial instruments that will be settled on a net basis include interest rate derivative financial instruments. The table below analyses the undiscounted cash flows of the derivative financial instruments settled on a net basis and classified based on the remaining contractual period from the balance sheet date to maturity date:

The Group

30 June 2022						
	Within 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	Over 5 years	Total
Asset Interest rate contracts	25,365	50,198	212,306	491,777	-	779,646
Liabilities Interest rate contracts	-	(129)	-	-	-	(129)
31 December 2021						
	Within 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	Over 5 years	Total
Asset Interest rate contracts	4,254	347	13,686	54,172	629	73,088
Asset Interest rate contracts	(8,606)	(18,481)	(61,552)	(159,049)	(1,662)	(249,350)

Derivative financial instruments settled on a total basis

The Group's derivative financial instruments that will be settled on a total basis include exchange rate derivative financial instruments. The table below analyses the undiscounted cash flows of the derivative financial instruments settled on a total basis and classified based on the remaining contractual period from the balance sheet date to maturity date:

The Group

30 June 2022						
	<u>Within 1 month</u>	<u>1 – 3 months</u>	<u>3 months – 1 year</u>	<u>1 – 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Exchange contracts						
Cash inflows	1,358,177	-	-	-	662,772	2,020,949
Cash outflows	(1,342,280)	-	-	-	(664,125)	(2,006,405)
Total	<u>15,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,353)</u>	<u>14,544</u>

31 December 2021						
	<u>Within 1 month</u>	<u>1 – 3 months</u>	<u>3 months – 1 year</u>	<u>1 – 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Exchange contracts						
Cash inflows	1,937,440	-	1,292,200	634,842	-	3,864,482
Cash outflows	(2,024,622)	-	(1,326,067)	(637,212)	-	(3,987,901)
Total	<u>(87,182)</u>	<u>-</u>	<u>(33,867)</u>	<u>(2,370)</u>	<u>-</u>	<u>(123,419)</u>

43 Fair value estimate

(1) Fair value of financial assets and liabilities

The following table lists the fair value information of the Group's assets and liabilities measured at fair value continuously and non continuously at each balance sheet date at the end of the reporting period and the level of fair value measurement. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group

		30 June 2022			
	Note	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis					
Assets					
Derivative financial assets	7	-	765,179	-	765,179
Financial assets held for trading		-	-	97,398	97,398
Other debt investments	12	-	3,274,688	-	3,274,688
Investment properties	14	-	-	2,637,255	2,637,255
Total assets measured at fair value on a recurring basis		-	4,039,867	2,734,653	6,774,520
Liabilities					
Derivative financial liabilities	7	-	1,363	-	1,363
		31 December 2021			
	Note	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis					
Assets					
Derivative financial assets	7	-	69,733	-	69,733
Other debt investments	12	-	3,274,806	-	3,274,806
Investment properties	14	-	-	2,637,255	2,637,255
Total assets measured at fair value on a recurring basis		-	3,344,539	2,637,255	5,981,794
Liabilities					
Derivative financial liabilities	7	-	339,928	-	339,928

During the six months period, there were no changes in valuation techniques for Level 2 fair value measurement. The Group recognizes the conversion between different levels at the end of the reporting period of the year in which the conversion occurs.

- (2) Fair value of other financial instruments (items not measured at fair value at the end of the year)

- (a) Cash and bank deposits, other financial assets and liabilities

Above-mentioned financial assets and liabilities are either due within one year or with floating rate, the carrying amount of which is close to the fair value.

- (b) Lease receivables

The balance of finance lease receivables and receivables from sale and leaseback is determined using the effective interest method. As most of the effective interest rate is based on and will be adjusted in accordance with RMB Loan Prime Rate, the carrying amount is close to the fair value.

- (c) Borrowings

The fair value of borrowings with fixed-term is determined using the discounted cash flow method. The discounted rate is the current interest of fixed-term borrowing with similar remaining period till maturity. As most of the interest rate of floating rate borrowings is based on and will be adjusted in accordance with LIBOR, the carrying amount is close to the fair value.

- (d) Bonds payable

The fair value of bonds payable is determined based on estimates of China Securities Depository and Clearing Company Limited and Bloomberg. As at 30 June 2022 and 31 December 2021, the fair values of bonds were RMB 62.149 billion and RMB 78.569 billion respectively. The Group uses observable inputs to determine the fair value of bonds payable and includes them within Level 2.

44 Capital management

The concept of capital for capital management is broader than that of equities as presented in the balance sheet. The Group's objectives are: (1) to comply with the capital requirements set by the regulators of the banking markets where the entities within the Group operate; (2) to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders (3) to maintain sufficient capital to support the development of its business.

According to measures realised by the CBIRC and on the basis of guidelines developed by the Basel Committee, capital adequacy and the use of regulatory capital are monitored quarterly by the Group's management. The required information is filed with the Shanghai Office of CBIRC on a quarterly basis.

According to the Measures for the Administration of Financial Leasing Companies, the ratio of net capital to risk-weighted assets shall not be lower than the minimum requirements of registered financial regulatory agencies. In accordance with the Administrative Measures for the Capital of Commercial Banks (for Trial Implementation) and the Notice on Issues Concerning Transitional Arrangements for the Implementation of the Administrative Measures for the Capital of Commercial Banks (for Trial Implementation) (Yin Jian Fa [2012] No. 57) issued by the CBRC, the Group's capital ratios are calculated as follows:

The Group

	30 June 2022	31 December 2021
Core tier 1 capital	38,196,972	36,097,968
Net tier 1 capital	38,196,972	36,097,968
Net capital	42,425,115	40,801,615
Risk weighted assets	<u>353,822,547</u>	<u>332,102,401</u>
Core tier 1 capital adequacy ratio	<u>10.80%</u>	<u>10.87%</u>
Tier 1 capital adequacy ratio	<u>10.80%</u>	<u>10.87%</u>
Capital adequacy ratio	<u><u>11.99%</u></u>	<u><u>12.29%</u></u>

45 Comparative information

Certain comparative amounts have been reclassified to conform with the current period's presentation.

交银金融租赁有限责任公司

自 2022 年 1 月 1 日
至 2022 年 6 月 30 日止期间中期财务报表



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审阅报告

毕马威华振专字第 2201588 号

交银金融租赁有限责任公司董事会:

我们审阅了后附的交银金融租赁有限责任公司(以下简称“交银租赁”)的中期财务报表,包括 2022 年 6 月 30 日的合并资产负债表和资产负债表,截至 2022 年 6 月 30 日止六个月期间的合并利润表和利润表、合并现金流量表和现金流量表、合并股东权益变动表和股东权益变动表以及相关财务报表附注。按照《企业会计准则第 32 号——中期财务报告》的规定编制财务报表是交银租赁管理层的责任,我们的责任是在实施审阅工作的基础上对中期财务报表出具审阅报告。

我们按照《中国注册会计师审阅准则第 2101 号——财务报表审阅》的规定执行了审阅业务。该准则要求我们计划和实施审阅工作,以对中期财务报表是否不存在重大错报获取有限保证。审阅主要限于询问交银租赁有关人员和财务数据实施分析程序,提供的保证程度低于审计。我们没有实施审计,因而不发表审计意见。

根据我们的审阅,我们没有注意到任何事项使我们相信上述中期财务报表没有在所有重大方面按照《企业会计准则第 32 号——中期财务报告》的规定编制。

毕马威华振会计师事务所(特殊普通合伙)

中国北京



中国注册会计师

石海云

汪扬

2022 年 9 月 29 日

石海云

汪扬



KPMG Huazhen LLP, a People's Republic of China partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited ("KPMG International"), a private English company limited by guarantee.

毕马威华振会计师事务所(特殊普通合伙) 中国注册会计师事务所, 是符合国际会计师公会(国际会计师公会)成员资格的会计师事务所, 是符合国际会计师公会(国际会计师公会)成员资格的会计师事务所。

交银金融租赁有限责任公司
合并资产负债表和资产负债表
2022年6月30日
(金额单位:人民币千元)

		本集团		本公司	
		2022年	2021年	2022年	2021年
附注		6月30日	12月31日	6月30日	12月31日
		(未经审计)	(经审计)	(未经审计)	(经审计)
资产					
货币资金	6	37,502,117	26,341,061	5,024,867	6,620,847
衍生金融资产	7	765,179	69,733	59,415	6,287
买入返售金融资产	8	-	-	40,367	338,915
应收票据		6,560	12,775	6,560	12,775
预付租赁资产款	9	19,729,882	15,125,878	-	-
应收租赁款	10	152,208,893	149,161,802	113,340,709	109,687,401
其他应收款	11	1,491,802	590,096	48,008,412	41,815,076
交易性金融资产		97,398	-	97,398	-
其他债权投资	12	3,274,688	3,274,806	3,274,688	3,274,806
长期股权投资	13	-	-	14,032,372	14,030,862
投资性房地产	14	2,637,255	2,637,255	-	-
固定资产	15	129,952,862	119,973,903	9,306	11,051
递延所得税资产	16	1,536,940	1,403,943	1,266,937	1,057,135
其他资产	17	282,356	295,844	144,955	168,988
资产合计		349,485,932	318,887,096	185,305,986	177,024,143

此财务报表已于2022年9月29日获得批准。

徐斌

叶群

钟廖廖

董事长: 徐斌

总裁: 竺叶群

会计机构负责人: 钟廖廖

刊载于第13页至第73页的财务报表附注为本财务报表的组成部分。

交银金融租赁有限责任公司
合并资产负债表和资产负债表(续)
2022年6月30日
(金额单位:人民币千元)

		本集团		本公司	
		2022 年	2021 年	2022 年	2021 年
附注		6 月 30 日	12 月 31 日	6 月 30 日	12 月 31 日
		(未经审计)	(经审计)	(未经审计)	(经审计)
负债和所有者权益					
负债					
拆入资金	18	36,753,204	25,798,329	36,753,204	25,798,329
借款	19	180,726,507	153,474,676	64,366,515	66,504,729
衍生金融负债	7	1,363	339,928	72	110,066
应付票据	20	14,849,750	10,080,359	14,849,750	10,080,359
应付职工薪酬	21	166,638	233,214	166,314	232,856
应交税费	4(3)	885,808	986,379	212,119	282,309
其他应付款	22	9,421,763	8,814,991	20,707,286	20,712,547
应付债券	23	62,995,307	78,612,127	20,966,499	25,936,707
递延所得税负债	16	1,247,705	995,918	-	-
其他负债	24	3,739,226	3,706,838	884,426	959,281
负债合计		310,787,271	283,042,759	158,906,185	150,617,183
所有者权益					
实收资本	25	14,000,000	14,000,000	14,000,000	14,000,000
其他综合收益	26	5,338	(961,874)	52,178	(6,991)
盈余公积	27	1,474,630	1,475,221	1,219,469	1,219,469
一般风险准备	28	4,719,058	4,719,058	4,719,483	4,719,483
未分配利润		18,499,635	16,611,932	6,408,671	6,474,999
所有者权益合计		38,698,661	35,844,337	26,399,801	26,406,960
负债及所有者权益总计		349,485,932	318,887,096	185,305,986	177,024,143

此财务报表已于2022年9月29日获得批准。

董事长: 徐斌

总裁: 竺叶群

会计机构负责人: 钟廖廖

刊载于第13页至第73页的财务报表附注为本财务报表的组成部分。

交银金融租赁有限责任公司
合并利润表和利润表
2022年1月1日至6月30日止期间
(金额单位: 人民币千元)

附注	本集团		本公司	
	2022年1月1日至 6月30日止期间 (未经审计)	2021年1月1日至 6月30日止期间 (未经审计)	2022年1月1日至 6月30日止期间 (未经审计)	2021年1月1日至 6月30日止期间 (未经审计)
利息收入	29	229,069	157,724	409,719
融资租赁及售后租回收入	30	3,558,100	3,368,275	2,662,179
经营租赁收入	31	6,934,076	6,215,704	-
其他收益		501	209,704	-
投资收益		-	-	102,897
公允价值变动净收益		5,009	182	-
汇兑净(损失)/收益		(19,882)	(16,161)	17,714
其他业务收入		50	18	50
资产处置收益		198,745	153,470	-
营业收入		10,905,668	10,088,916	3,192,559
利息支出	32	(2,835,535)	(3,089,566)	(1,649,661)
经营租赁成本	33	(3,664,318)	(3,450,315)	-
手续费及佣金支出		(119,369)	(63,718)	(85,998)
税金及附加		(74,975)	(44,277)	(22,591)
业务及管理费	34	(283,182)	(258,752)	(181,659)
信用减值损失	35	(855,786)	(748,172)	(1,341,087)
资产减值损失	36	(671,735)	(248,067)	-
营业成本		(8,504,900)	(7,902,867)	(3,280,996)
营业利润/(亏损)		2,400,768	2,186,049	(88,437)
加: 营业外收入		-	-	-
减: 营业外支出		-	-	-
利润/(亏损) 总额		2,400,768	2,186,049	(88,437)
减: 所得税费用(计提)/ 转回	37	(513,656)	(440,054)	22,109
净利润/(亏损)		1,887,112	1,745,995	(66,328)

此财务报表已于2022年9月29日获得批准。

董事长: 徐斌

总裁: 竺叶群

会计机构负责人: 钟廖廖

刊载于第13页至第73页的财务报表附注为本财务报表的组成部分。

交银金融租赁有限责任公司
合并利润表和利润表(续)
2022年1月1日至6月30日止期间
(金额单位:人民币千元)

附注	本集团		本公司	
	2022年1月1日至	2021年1月1日至	2022年1月1日至	2021年1月1日至
	6月30日止期间 (未经审计)	6月30日止期间 (未经审计)	6月30日止期间 (未经审计)	6月30日止期间 (未经审计)
净利润/(亏损)	1,887,112	1,745,995	(66,328)	403,837
按经营持续性分类:				
持续经营净利润	1,887,112	1,745,995	(66,328)	403,837
终止经营净利润	-	-	-	-
按所有权归属分类:				
归属于母公司				
所有者的净利润	1,887,112	1,745,995	(66,328)	403,837
少数股东损益	-	-	-	-
其他综合收益的税后净额 26	967,212	249,986	59,169	24,045
归属于母公司所有者 的其他综合收益 税后净额	967,212	249,986	59,169	24,045
以后会计期间将 重分类进损益 的项目:	967,212	249,986	59,169	24,045
其他债权投资 公允价值变动	(96)	17,362	(96)	17,362
其他债权投资 信用减值准备	-	263	-	263
现金流量套期 储备	756,100	259,289	59,265	6,420
外币财务报表 折算差额	211,208	(26,928)	-	-
综合收益总额	2,854,324	1,995,981	(7,159)	427,882

此财务报表已于2022年9月29日获得批准。

董事长: 徐斌

总裁: 竺叶群

会计机构负责人: 钟廖廖

刊载于第 13 页至第 73 页的财务报表附注为本财务报表的组成部分。

交银金融租赁有限责任公司
合并现金流量表和现金流量表
2022年1月1日至6月30日止期间
(金额单位: 人民币千元)

附注	本集团		本公司	
	2022年1月1日至	2021年1月1日至	2022年1月1日至	2021年1月1日至
	6月30日止期间 (未经审计)	6月30日止期间 (未经审计)	6月30日止期间 (未经审计)	6月30日止期间 (未经审计)
经营活动产生的现金流量:				
收到的租赁利息及经营				
租赁收入	10,699,950	9,386,441	2,643,938	2,247,782
收到的其他利息收入	178,655	149,569	424,112	497,648
应收租赁款净减少额	-	-	410,029	-
借款净增加额	23,407,850	7,197,187	-	-
拆入资金净增加额	10,871,912	3,335,751	10,871,912	3,335,751
存款准备金的净减少额	50,475	-	50,475	-
买入返售金融资产的				
净减少额	-	490,000	233,990	667,150
卖出回购金融资产款的				
净增加额	-	2,200,000	-	2,200,000
收到其他与经营活动有关				
的现金	1,875,241	528,041	15,316	430,160
经营活动现金流入小计	47,084,083	23,286,989	14,649,772	9,378,491

此财务报表已于2022年9月29日获得批准。

徐斌

董事长: 徐斌

叶群

总裁: 竺叶群

钟廖廖

会计机构负责人: 钟廖廖

刊载于第13页至第73页的财务报表附注为本财务报表的组成部分。

交银金融租赁有限责任公司
合并现金流量表和现金流量表 (续)
2022 年 1 月 1 日至 6 月 30 日止期间
(金额单位: 人民币千元)

附注	本集团		本公司	
	2022 年 1 月 1 日至	2021 年 1 月 1 日至	2022 年 1 月 1 日至	2021 年 1 月 1 日至
	6 月 30 日止期间	6 月 30 日止期间	6 月 30 日止期间	6 月 30 日止期间
	(未经审计)	(未经审计)	(未经审计)	(未经审计)
支付的利息	(1,967,076)	(1,568,642)	(1,359,750)	(1,393,939)
应收租赁款净增加额	(267,884)	(12,443,566)	-	(9,035,807)
退还租赁保证金所支付 的现金净额	(285,056)	(24,662)	(308,437)	(440,552)
借款净减少额	-	-	(2,270,152)	(1,817,894)
存款准备金的净增加额	-	(50,430)	-	(50,430)
支付的手续费及 佣金支出	(119,369)	(63,718)	(85,998)	(36,889)
支付给职工以及为职工 支付的现金	(221,564)	(224,271)	(194,564)	(185,078)
支付的各项税费	(1,121,975)	(799,445)	(396,351)	(326,331)
支付其他与经营活动 有关的现金	(1,154,935)	(347,887)	(6,265,908)	(5,061,580)
经营活动现金流出小计	(5,137,859)	(15,522,621)	(10,881,160)	(18,348,500)
经营活动产生 / (使用) 的现金流量净额	38(1) 41,946,224	7,764,368	3,768,612	(8,970,009)

此财务报表已于 2022 年 9 月 29 日获得批准。

徐斌

叶群

钟廖廖

董事长: 徐斌

总裁: 竺叶群

会计机构负责人: 钟廖廖

刊载于第 13 页至第 73 页的财务报表附注为本财务报表的组成部分。

交银金融租赁有限责任公司
合并现金流量表和现金流量表(续)
2022年1月1日至6月30日止期间
(金额单位:人民币千元)

附注	本集团		本公司	
	2022年1月1日至 6月30日止期间 (未经审计)	2021年1月1日至 6月30日止期间 (未经审计)	2022年1月1日至 6月30日止期间 (未经审计)	2021年1月1日至 6月30日止期间 (未经审计)
投资活动使用的现金流量				
取得投资收益收到的现金	50,405	-	153,302	-
处置固定资产、无形资产 和其他长期资产所收回 的现金净额	4,867,141	3,370,380	-	43
投资活动现金流入小计	4,917,546	3,370,380	153,302	43
购建固定资产、无形资产 和经营租赁资产支付的 现金	(15,692,028)	(8,451,351)	(316)	(1,447)
投资支付的现金	-	(700,000)	-	(700,000)
取得子公司支付的 现金净额	-	-	(1,510)	-
投资活动现金流出小计	(15,692,028)	(9,151,351)	(1,826)	(701,447)
投资活动(使用)/产生的 现金流量净额	(10,774,482)	(5,780,971)	151,476	(701,404)

此财务报表已于2022年9月29日获得批准。

徐斌

叶丛群

钟廖廖

董事长: 徐斌

总裁: 竺叶群

会计机构负责人: 钟廖廖

刊载于第13页至第73页的财务报表附注为本财务报表的组成部分。

交银金融租赁有限责任公司
合并现金流量表和现金流量表(续)
2022年1月1日至6月30日止期间
(金额单位:人民币千元)

附注	本集团		本公司	
	2022年1月1日至 6月30日止期间 (未经审计)	2021年1月1日至 6月30日止期间 (未经审计)	2022年1月1日至 6月30日止期间 (未经审计)	2021年1月1日至 6月30日止期间 (未经审计)
筹资活动产生的现金流量:				
发行债券收到的现金	-	10,228,350	-	7,000,000
筹资活动现金流入小计	-	10,228,350	-	7,000,000
偿还债券支付的现金	(17,532,526)	(5,872,410)	(5,000,000)	-
偿还债券利息支付 的现金	(1,126,815)	(1,124,795)	(432,300)	(184,000)
偿还租赁负债支付 的现金	(2,830)	(3,979)	(20,344)	(19,576)
筹资活动现金流出小计	(18,662,171)	(7,001,184)	(5,452,644)	(203,576)
筹资活动(使用)/产生 的现金流量净额	(18,662,171)	3,227,166	(5,452,644)	6,796,424
汇率变动对现金及 现金等价物的影响	(19,882)	(16,161)	(16,527)	(4,919)
现金及现金等价物 净增加/(减少)额	38(2) 12,489,689	5,194,402	(1,549,083)	(2,879,908)
加:期初现金及现金 等价物	22,650,662	29,846,067	6,161,003	7,884,479
期末现金及现金等价物 余额	38(3) 35,140,351	35,040,469	4,611,920	5,004,571

此财务报表已于2022年9月29日获得批准。

徐斌

叶群二

钟廖廖

董事长: 徐斌

总裁: 竺叶群

会计机构负责人: 钟廖廖

刊载于第13页至第73页的财务报表附注为本财务报表的组成部分。



2022年1月1日至6月30日止期间(未经审计)
(金额单位:人民币千元)

附注	实收资本	其他综合收益	盈余公积	一般风险准备	未分配利润	所有者权益合计
2022年1月1日余额	14,000,000	(961,874)	1,475,221	4,719,058	16,611,932	35,844,337
本期净增减变动额						
1. 综合收益总额						
- 净利润	-	-	-	-	1,887,112	1,887,112
- 其他综合收益	-	967,212	-	-	-	967,212
2. 所有者权益内部结转						
- 其他变动	-	-	(591)	-	591	-
2022年6月30日余额	14,000,000	5,338	1,474,630	4,719,058	18,499,635	38,698,661

此财务报表已于2022年9月29日获得批准。

徐斌

叶欣群

钟廖廖

董事长: 徐斌

总裁: 竺叶群

会计机构负责人: 钟廖廖

刊载于第13页至第73页的财务报表附注为本财务报表的组成部分。



2021年1月1日至6月30日止期间 (未经审计)
(金额单位: 人民币千元)

附注	实收资本	其他综合收益	盈余公积	一般风险准备	未分配利润	所有者权益合计
2021年1月1日余额	14,000,000	(1,477,399)	1,341,839	4,549,680	13,384,384	31,798,504
本期净增减变动额						
1. 综合收益总额						
- 净利润	-	-	-	-	1,745,995	1,745,995
- 其他综合收益	-	249,986	-	-	-	249,986
2. 所有者权益内部结转						
- 其他变动	-	-	(457)	-	457	-
2021年6月30日余额	14,000,000	(1,227,413)	1,341,382	4,549,680	15,130,836	33,794,485

此财务报表已于2022年9月29日获得批准。

徐斌

叶欣群

钟廖廖

董事长: 徐斌

总裁: 竺叶群

会计机构负责人: 钟廖廖

刊载于第13页至第73页的财务报表附注为本财务报表的组成部分。



交银金融租赁有限责任公司

所有者权益变动表

2022年1月1日至6月30日止期间(未经审计)

(金额单位:人民币千元)

	附注	实收资本	其他综合收益	盈余公积	一般风险准备	未分配利润	所有者权益合计
2022年1月1日余额		14,000,000	(6,991)	1,219,469	4,719,483	6,474,999	26,406,960
本期净增减变动额							
综合收益总额							
- 净亏损		-	-	-	-	(66,328)	(66,328)
- 其他综合收益	26	-	59,169	-	-	-	59,169
2022年6月30日余额		14,000,000	52,178	1,219,469	4,719,483	6,408,671	26,399,801

此财务报表已于2022年9月29日获得批准。

徐斌

叶丛群

钟廖廖

董事长:徐斌

总裁:竺叶群

会计机构负责人:钟廖廖

刊载于第13页至第73页的财务报表附注为本财务报表的组成部分。



2021年1月1日至6月30日止期间(未经审计)
(金额单位: 人民币千元)

附注	实收资本	其他综合收益	盈余公积	一般风险准备	未分配利润	所有者权益合计
2021年1月1日余额	14,000,000	(68,434)	1,127,377	4,549,680	5,643,928	25,252,551
本期净增减变动额						
综合收益总额						
- 净利润	-	-	-	-	403,837	403,837
- 其他综合收益	-	24,045	-	-	-	24,045
2021年6月30日余额	14,000,000	(44,389)	1,127,377	4,549,680	6,047,765	25,680,433

此财务报表已于2022年9月29日获得批准。

徐斌

叶群二

钟廖廖

董事长: 徐斌

总裁: 竺叶群

会计机构负责人: 钟廖廖

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交银金融租赁有限责任公司
2022 年 1 月 1 日至 6 月 30 日止期间
财务报表附注
(金额单位：人民币千元)

1 基本情况

交银金融租赁有限责任公司(以下简称“本公司”)系经中国银行保险监督管理委员会(以下简称“银保监会”)银监复[2007]416号文批准,由交通银行股份有限公司(以下简称“交通银行”)全额出资设立的有限责任公司。本公司注册地上海。

本公司持有银保监会颁发的 M0012H231000001 号《金融许可证》,统一社会信用代码为 913100006694171074 号。

本公司及子公司(以下统称“本集团”)的主要经营范围包括金融租赁业务、租赁物品残值变卖及处理业务、进出口业务、经济咨询等。

2 财务报表编制基础

本公司以持续经营为基础编制财务报表。

3 遵循企业会计准则的声明

本中期财务报表按照中华人民共和国财政部(以下简称“财政部”)颁布的企业会计准则的要求编制。

本中期财务报表根据财政部颁布的《企业会计准则第 32 号——中期财务报告》的要求要求进行列报和披露有关财务信息。本中期财务报表并不包括根据企业会计准则要求编制一套完整的年度财务报表所需的所有信息和披露内容,因此本中期财务报表应与本集团 2021 年度财务报表一并阅读。

本集团于 2022 年度执行了财政部于近年颁布的企业会计准则相关规定及指引,主要包括:

- 《企业会计准则解释第 15 号》(财会[2021]35 号)(以下简称“解释第 15 号”)中“关于企业将固定资产达到预定可使用状态前或者研发过程中产出的产品或副产品对外销售的会计处理”(以下简称“试运行销售的会计处理”)的规定;
- 解释第 15 号中“关于亏损合同的判断”的规定;及
- 《关于适用<新冠肺炎疫情相关租金减让会计处理规定>相关问题的通知》(财会[2022]13 号)。

(1) 解释第15号中试运行销售的会计处理规定

根据该规定，企业应将固定资产达到预定可使用状态前以及研发过程中产出的产品或副产品对外销售（以下统称“试运行销售”）取得的收入和成本，按照《企业会计准则第14号——收入》、《企业会计准则第1号——存货》等规定分别进行会计处理，计入当期损益，而不再将试运行销售相关收入抵销相关成本后的净额冲减固定资产成本或者研发支出。

采用该规定未对本集团的财务状况及经营成果产生重大影响。

(2) 解释第15号中关于亏损合同的判断规定

根据该规定，企业在判断亏损合同时，估计履行合同的成本中应包括履行合同的增量成本和与履行合同直接相关的其他成本的分摊金额。

采用该规定未对本集团的财务状况及经营成果产生重大影响。

(3) 财会[2022]13号

《新冠肺炎疫情相关租金减让会计处理规定》（财会[2020]10号）对于满足一定条件的，由新冠肺炎疫情直接引发的租金减让提供了简化方法。根据财会[2022]13号的规定，对于2022年6月30日之后应付租赁付款额的减让可以继续执行财会[2020]10号的简化方法。

采用上述规定未对本集团的财务状况和经营成果产生重大影响。

编制本中期财务报表所采用的会计政策除上述企业会计准则规定及指引外，与编制2021年度财务报表所采用的会计政策一致。

4 税项

(1) 提供服务相关的税费

本公司及境内子公司适用的与提供服务相关的增值税、城市维护建设税、教育费附加及地方教育费附加等：

税种	计税依据
增值税	按税法规定计算的应税收入为基础，以3% - 13%的税率计算销项税额，在扣除当期允许抵扣的进项税额后，差额部分为应交增值税
城市维护建设税	按实际缴纳的增值税的7%、5%或1%计征
教育费附加	按实际缴纳的增值税的3%计征
地方教育费附加	按实际缴纳的增值税的2%计征

本公司境外子公司按照当地相关税法规定执行。

(2) 所得税

本公司及境内子公司的法定税率为25%，本期间按法定税率执行（2021年1月1日至6月30日止期间：25%）。本公司境外子公司分别按照当地税率在当地缴纳企业所得税。

(3) 应交税费

	本集团		本公司	
	2022年 6月30日	2021年 12月31日	2022年 6月30日	2021年 12月31日
企业所得税	655,407	721,534	161,245	205,791
增值税	193,338	229,561	45,905	72,232
其他	37,063	35,284	4,969	4,286
合计	885,808	986,379	212,119	282,309

5 企业合并及合并财务报表

于2022年6月30日，本集团纳入合并范围子公司共879家，其中一级子公司共98家，详情如下：

子公司	注册地	主要经营地	业务性质	持股比例	表决权比例
交银航空航运金融租赁有限责任公司	上海	上海	金融租赁	100%	100%
交银金凤凰(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银瀚洋(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
交银金翔(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金翎(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鸿(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鸢(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金云(天津)飞机租赁有限公司	天津	天津	金融租赁	100%	100%
交银金彤(天津)飞机租赁有限公司	天津	天津	金融租赁	100%	100%
交银金悦(天津)飞机租赁有限公司	天津	天津	金融租赁	100%	100%
交银金翱(天津)飞机租赁有限公司	天津	天津	金融租赁	100%	100%
交银金兰(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金桂(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金瑞(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金莲(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金菊(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金蕙(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金萱(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金诚(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鹰(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鸢(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鸢(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鸢(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鸢(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
瑞丰(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
瑞丽(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
瑞奇(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
瑞胜(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
瑞通(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
交银金松(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金璜(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金桑(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金梅(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金椒(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金橘(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金环(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%

子公司	注册地	主要经营地	业务性质	持股比例	表决权比例
子公司 (续)	注册地	主要经营地	业务性质	持股比例	表决权比例
交银金瑞 (上海) 飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金盟 (上海) 飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金益 (上海) 飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金泰 (上海) 飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金嘉 (上海) 飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金霄 (上海) 飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金骏 (上海) 飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金柳 (上海) 飞机租赁有限公司	上海	上海	金融租赁	100%	100%
祥富 (上海) 船舶租赁有限公司	上海	上海	金融租赁	100%	100%
祥甯 (上海) 船舶租赁有限公司	上海	上海	金融租赁	100%	100%
祥驰 (上海) 船舶租赁有限公司	上海	上海	金融租赁	100%	100%
交银津一 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津七 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津三 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津九 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津五 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津六 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十一 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十二 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十五 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十七 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十八 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十九 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十一 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十三 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十二 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十五 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十八 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十九 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津三十 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十六 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
广州交银穗一 飞机租赁有限责任公司	广州	广州	金融租赁	100%	100%
广州交银穗五 飞机租赁有限责任公司	广州	广州	金融租赁	100%	100%
广州交银穗三 飞机租赁有限责任公司	广州	广州	金融租赁	100%	100%
广州交银穗二 飞机租赁有限责任公司	广州	广州	金融租赁	100%	100%
交银津二十七 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十六 (天津) 飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%

子公司(类)	注册地	主要经营地	业务性质	持股比例	表决权比例
交银沪一(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
交银沪二(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
交银沪五(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
交银金琼(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金琼(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银津三十一(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津三十二(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银沪一(上海)飞机租赁有限责任公司	上海	上海	金融租赁	100%	100%
交银沪二(上海)飞机租赁有限责任公司	上海	上海	金融租赁	100%	100%
交银青一(青岛)船舶租赁有限公司	青岛	青岛	金融租赁	100%	100%
交银沪三(上海)飞机租赁有限责任公司	上海	上海	金融租赁	100%	100%
交银沪六(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
交银津一(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
交银沪一(上海)车辆租赁有限公司	上海	上海	金融租赁	100%	100%
交银津二(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
交银津三(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
交银津四(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
交银津五(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
交银津三十三(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银沪七(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
交银沪八(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%

6 货币资金

	注	本集团		本公司	
		2022年 6月30日	2021年 12月31日	2022年 6月30日	2021年 12月31日
银行存款	(1)	37,083,945	25,886,781	4,555,514	6,128,358
中央银行法定存款准备金	(2)	420,157	470,632	420,157	470,632
中央银行超额存款准备金		56,406	32,645	56,406	32,645
减：预期信用损失准备		(58,391)	(48,997)	(7,210)	(10,788)
合计		37,502,117	26,341,061	5,024,867	6,620,847

- (1) 于2022年6月30日，本集团人民币20亿元的定期存款(2021年12月31日：人民币20亿元)用于借款的质押担保，使用存在限制。
- (2) 存放中央银行法定准备金系指本集团按规定向中国人民银行缴存的存款准备金。向中国人民银行缴存的法定准备金包括人民币存款准备金和外汇存款准备金，该准备金不能用于日常业务，未经中国人民银行批准不得动用。

7 衍生金融工具

本集团通过将利率掉期合约的关键条款与应收租赁款、借款及应付债券合约的条款 (即名义金额、预期还款日期及利率) 相匹配来厘定套期工具与被套期项目之间的经济关系。套期比率 (衍生工具的名义金额与被套期的应收租赁款、借款及应付债券的账面价值之间的比率) 厘定为 1:1。

本集团

	2022 年 6 月 30 日					
	公允价值			套期工具信息		
	名义金额	资产	负债	套期利率	外币汇率	到期年份
现金流量套期-利率衍生工具	21,766,785	743,773	(72)	0.20%到 5.625%	不适用	2022 年到 2027 年
现金流量套期-外汇衍生工具	1,959,682	15,892	(1,281)	1.24%到 2.46%	1 美元兑 6.4600 人民币元 1 港元兑 0.1285 美元	2022 年到 2024 年
公允价值套期-利率衍生工具	475,040	5,514	-	2%	不适用	2024 年
合计	24,201,507	765,179	(1,363)			
	2021 年 12 月 31 日					
	公允价值			套期工具信息		
	名义金额	资产	负债	套期利率	外币汇率	到期年份
现金流量套期-利率衍生工具	29,893,523	69,355	(239,983)	0.20%到 5.68%	不适用	2022 年到 2027 年
现金流量套期-外汇衍生工具	3,863,940	-	(99,945)	1.24%到 2.55%	1 美元兑 6.4600 人民币元 1 港元兑 0.1285 美元	2022 年到 2024 年
公允价值套期-利率衍生工具	534,607	378	-	2%	不适用	2024 年
合计	34,292,070	69,733	(339,928)			

本公司

	2022 年 6 月 30 日				
	公允价值		套期率		
	名义金额	资产	负债	套期利率	外币汇率
现金流量套期利率衍生工具	2,375,957	43,523	(72)	0.20%到 4.55%	不适用
现金流量套期外汇衍生工具	1,292,200	15,892	-	2.46%	1 美元兑 6.4600 人民币元
合计	3,668,157	59,415	(72)		

	2021 年 12 月 31 日				
	公允价值		套期率		
	名义金额	资产	负债	套期利率	外币汇率
现金流量套期利率衍生工具	8,592,007	6,287	(12,490)	0.20%到 5.68%	不适用
现金流量套期外汇衍生工具	3,230,300		(97,576)	2.40%到 2.55%	1 美元兑 6.4600 人民币元
合计	11,822,307	6,287	(110,066)		

2022 年 1 月 1 日至 6 月 30 日止期间，本集团及本公司现金流量套期产生的净收益人民币 9.02 亿元及净收益人民币 0.7 亿元 (2021 年 1 月 1 日至 6 月 30 日止期间：净收益人民币 3.15 亿元及净收益人民币 0.85 亿元) 计入其他综合收益。现金流量套期中确认的套期无效部分产生的损益不重大，且不存在由于很可能发生的预期现金流不再预计会发生而导致的终止使用套期会计的情况。

8 买入返售金融资产

本公司

	2022 年 6月30日	2021 年 12月31日
应收子公司租金收益权	40,401	339,199
减：预期信用损失准备	(34)	(284)
合计	<u>40,367</u>	<u>338,915</u>

9 预付租赁资产款

本集团

	2022 年 6月30日	2021 年 12月31日
预付采购款项	<u>19,729,882</u>	<u>15,125,878</u>

10 应收租赁款

(1) 应收租赁款账面价值

	本集团		本公司	
	2022年 6月30日	2021年 12月31日	2022年 6月30日	2021年 12月31日
应收融资租赁款	47,454,204	54,680,255	22,371,186	29,075,247
应收售后租回款	109,338,533	99,218,944	95,320,076	84,480,106
小计	156,792,737	153,899,199	117,691,262	113,555,353
减：预期信用损失准备	(5,018,922)	(5,027,956)	(4,350,553)	(3,867,952)
小计	151,773,815	148,871,243	113,340,709	109,687,401
应收经营租赁款	471,345	312,702	-	-
减：预期信用损失准备	(36,267)	(22,143)	-	-
小计	435,078	290,559	-	-
应收租赁款账面价值	152,208,893	149,161,802	113,340,709	109,687,401

(2) 应收融资租赁款按到期日分析如下：

本集团

	2022年6月30日		2021年12月31日	
	账面余额	占比	账面余额	占比
1年以内	13,850,025	25%	16,073,770	25%
1至2年	8,960,820	16%	11,945,951	18%
2至3年	6,442,572	12%	7,508,778	12%
3至4年	4,923,058	9%	6,141,332	10%
4至5年	5,604,720	10%	5,626,025	9%
5年以上	15,500,669	28%	16,250,614	26%
小计	55,281,864	100%	63,546,470	100%
减：未实现融资收益	(7,827,660)		(8,866,215)	
合计	47,454,204		54,680,255	

本公司

	2022年6月30日		2021年12月31日	
	账面余额	占比	账面余额	占比
1年以内	9,721,017	39%	11,679,106	36%
1至2年	5,296,558	21%	8,278,530	25%
2至3年	3,569,514	15%	4,617,254	14%
3至4年	2,002,905	8%	2,805,236	9%
4至5年	2,301,038	9%	2,670,618	8%
5年以上	2,024,719	8%	2,537,061	8%
小计	24,935,751	100%	32,587,803	100%
减：未实现融资收益	(2,564,565)		(3,512,556)	
合计	22,371,186		29,075,247	

(3) 应收融资租赁款及应收售后租回款分阶段列示如下：

本集团

	2022年6月30日			
	第一阶段	第二阶段	第三阶段	合计
应收融资租赁款及应收售后租回款	148,918,071	5,062,607	2,812,059	156,792,737
减：预期信用损失准备	(2,075,820)	(990,964)	(1,952,338)	(5,018,922)
账面价值	146,842,451	4,071,643	859,721	151,773,815

	2021年12月31日			
	第一阶段	第二阶段	第三阶段	合计
应收融资租赁款及应收售后租回款	143,466,898	8,131,738	2,300,563	153,899,199
减：预期信用损失准备	(2,230,640)	(1,389,517)	(1,407,599)	(5,027,956)
账面价值	141,236,058	6,742,221	892,964	148,871,243

本公司

	2022年6月30日			
	第一阶段	第二阶段	第三阶段	合计
应收融资租赁款及应收售后租回款	110,294,675	4,894,405	2,502,182	117,691,262
减：预期信用损失准备	(1,546,823)	(972,244)	(1,831,486)	(4,350,553)
账面价值	108,747,852	3,922,161	670,696	113,340,709

	2021年12月31日			
	第一阶段	第二阶段	第三阶段	合计
应收融资租赁款及应收售后租回款	106,232,449	5,272,885	2,050,019	113,555,353
减：预期信用损失准备	(1,711,775)	(846,290)	(1,309,887)	(3,867,952)
账面价值	104,520,674	4,426,595	740,132	109,687,401

(4) 应收融资租赁款及应收售后租回款预期信用损失准备变动列示如下：

本集团

	2022年1月1日至6月30日止期间			合计
	第一阶段 12个月 预期信用损失	第二阶段 整个存续期预期信用损失	第三阶段	
2022年1月1日	2,230,840	1,389,517	1,407,599	5,027,956
转移：				
- 至第一阶段	103,832	(103,832)	-	-
- 至第二阶段	(89,811)	150,233	(60,422)	-
- 至第三阶段	-	(727,923)	727,923	-
(转回)/计提	(184,366)	281,916	464,612	562,162
核销及转出	-	-	(582,679)	(582,679)
核销后收回	-	-	3,000	3,000
汇率及其他变动	15,125	1,053	(7,695)	8,483
2022年6月30日	2,075,620	990,964	1,952,338	5,018,922

	2021 年			
	第一阶段	第二阶段	第三阶段	
	12 个月			
	预期信用损失	整个存续期预期信用损失		合计
2021 年 1 月 1 日	1,807,866	1,600,363	788,535	4,196,764
转移:				
- 至第一阶段	550,602	(550,602)	-	-
- 至第二阶段	(155,717)	155,717	-	-
- 至第三阶段	(1,133)	(456,365)	457,498	-
计提	41,813	656,255	237,200	935,268
核销及转出	-	-	(43,689)	(43,689)
核销后收回	-	-	4,000	4,000
汇率及其他变动	(12,591)	(15,851)	(35,945)	(64,387)
2021 年 12 月 31 日	2,230,840	1,369,517	1,407,599	5,027,956

本公司

	2022 年 1 月 1 日至 6 月 30 日止期间			
	第一阶段	第二阶段	第三阶段	
	12 个月			
	预期信用损失	整个存续期预期信用损失		合计
2022 年 1 月 1 日	1,711,775	845,290	1,309,887	3,867,952
转移:				
- 至第一阶段	33,767	(33,767)	-	-
- 至第二阶段	(89,811)	150,233	(60,422)	-
- 至第三阶段	-	(303,355)	303,356	-
(转回) / 计提	(108,908)	312,844	866,217	1,070,153
核销及转出	-	-	(582,679)	(582,679)
核销后收回	-	-	3,000	3,000
其他变动	-	-	(7,873)	(7,873)
2022 年 6 月 30 日	1,546,823	972,244	1,831,486	4,350,553

	2021 年			
	第一阶段	第二阶段	第三阶段	
	12 个月			
	预期信用损失	整个存续期预期信用损失		合计
2021 年 1 月 1 日	1,388,082	1,313,935	755,775	3,457,792
转移:				
- 至第一阶段	550,602	(550,602)	-	-
- 至第二阶段	(144,675)	144,675	-	-
- 至第三阶段	(1,133)	(387,315)	388,448	-
(转回) / 计提	(81,101)	325,597	241,298	485,794
核销及转出	-	-	(43,689)	(43,689)
核销后收回	-	-	4,000	4,000
其他变动	-	-	(35,945)	(35,945)
2021 年 12 月 31 日	1,711,775	846,290	1,309,887	3,867,952

(5) 应收融资租赁款及应收售后租回款按行业分布情况

本集团

	2022 年 6 月 30 日		2021 年 12 月 31 日	
	账面总额	占比	账面总额	占比
交通运输、仓储和邮政业	89,981,098	57%	83,949,729	54%
电力、热力、燃气及水生产和供应业	23,431,352	15%	23,778,791	15%
制造业	14,132,254	9%	13,625,607	9%
水利、环境和公共设施管理业	7,170,160	5%	7,062,343	5%
建筑业	7,141,393	4%	10,016,359	7%
采矿业	6,154,116	4%	6,484,009	4%
租赁和商务服务业	4,176,117	3%	3,659,506	2%
房地产业	1,413,776	1%	1,382,757	1%
金融业	-	0%	47,184	0%
其他	3,192,471	2%	3,912,914	3%
合计	156,792,737	100%	153,889,199	100%

本公司

	2022 年 6 月 30 日		2021 年 12 月 31 日	
	账面总额	占比	账面总额	占比
交通运输、仓储和邮政业	52,107,668	44%	44,684,096	39%
电力、热力、燃气及水生产和供应业	23,431,352	20%	23,778,791	21%
制造业	13,795,749	12%	13,412,282	13%
水利、环境和公共设施管理业	7,170,160	6%	7,062,343	6%
建筑业	7,141,393	6%	10,016,359	9%
采矿业	6,154,116	5%	6,464,009	6%
租赁和商务服务业	3,284,624	3%	2,794,616	2%
房地产业	1,413,776	1%	1,382,757	1%
金融业	-	0%	47,184	0%
其他	3,192,424	3%	3,912,914	3%
合计	117,691,262	100%	113,555,353	100%

(6) 应收融资租赁款及应收售后租回款按地区分布情况

本集团

	2022 年 6 月 30 日		2021 年 12 月 31 日	
	账面总额	占比	账面总额	占比
华北	40,986,284	26%	38,555,543	25%
境外	33,123,275	21%	35,095,847	23%
西部	27,332,912	17%	27,621,663	18%
华东	24,017,124	16%	23,113,701	15%
中南	24,012,678	15%	22,445,415	14%
东北	7,320,464	5%	7,067,030	5%
合计	156,792,737	100%	153,899,199	100%

本公司

	2022年6月30日		2021年12月31日	
	账面总额	占比	账面总额	占比
华北	40,398,410	34%	39,448,872	34%
西部	26,376,259	23%	26,587,060	24%
华东	23,362,381	20%	23,001,817	20%
中南	20,213,748	17%	18,450,574	16%
东北	7,320,464	6%	7,067,030	6%
合计	117,691,262	100%	113,555,353	100%

- (7) 于2022年6月30日，本集团人民币108.57亿元的应收融资租赁款及应收售后租回款用于借款的质押担保(2021年12月31日：人民币108.82亿元)。

11 其他应收款

	本集团		本公司	
	2022年 6月30日	2021年 12月31日	2022年 6月30日	2021年 12月31日
其他应收款项	1,880,038	703,628	1,145,301	386,831
子公司往来款	-	-	47,285,793	41,574,534
小计	1,880,038	703,628	48,431,094	41,961,365
减：预期信用损失准备	(368,236)	(113,602)	(422,682)	(146,289)
其他应收款净额	1,491,802	590,026	48,008,412	41,815,076

(1) 其他应收款按预期信用损失模型阶段划分列示如下:

本集团

	2022 年 6 月 30 日			
	第一阶段	第二阶段	第三阶段	合计
其他应收款信用风险敞口总额	1,300,649	-	579,389	1,880,038
减: 预期信用损失准备	(12,942)	-	(375,294)	(388,236)
其他应收款敞口账面价值	1,287,707	-	204,095	1,491,802

	2021 年 12 月 31 日			
	第一阶段	第二阶段	第三阶段	合计
其他应收款信用风险敞口总额	417,167	-	286,531	703,698
减: 预期信用损失准备	(6,258)	-	(107,344)	(113,602)
其他应收款敞口账面价值	410,909	-	179,187	590,096

本公司

	2022 年 6 月 30 日			
	第一阶段	第二阶段	第三阶段	合计
其他应收款信用风险敞口总额	47,851,705	-	579,389	48,431,094
减: 预期信用损失准备	(47,388)	-	(375,294)	(422,682)
其他应收款敞口账面价值	47,804,317	-	204,095	48,008,412

	2021 年 12 月 31 日			
	第一阶段	第二阶段	第三阶段	合计
其他应收款信用风险敞口总额	41,674,834	-	286,531	41,961,365
减: 预期信用损失准备	(38,945)	-	(107,344)	(146,289)
其他应收款敞口账面价值	41,635,889	-	179,187	41,815,076

(2) 其他应收款预期信用损失准备变动列示如下:

本集团

	2022 年 1 月 1 日至 6 月 30 日止期间			
	第一阶段	第二阶段	第三阶段	
	12 个月预期			
	信用损失	整个存续期预期信用损失	信用损失	合计
2022 年 1 月 1 日	6,258	-	107,344	113,602
计提	6,581	-	267,950	274,531
汇率及其他变动	103	-	-	103
2022 年 6 月 30 日	12,942	-	375,294	388,236

	2021 年			
	第一阶段	第二阶段	第三阶段	
	12 个月预期			
	信用损失	整个存续期预期信用损失	信用损失	合计
2021 年 1 月 1 日	3,521	-	100,195	103,716
计提	3,114	-	53,381	56,495
核销及转出	-	-	(46,232)	(46,232)
汇率及其他变动	(377)	-	-	(377)
2021 年 12 月 31 日	6,258	-	107,344	113,602

本公司

	2022年1月1日至6月30日止期间			
	第一阶段	第二阶段	第三阶段	
12个月预期				
信用损失	整个存续期预期信用损失			合计
2022年1月1日	38,945	-	107,344	146,289
计提	6,961	-	267,950	274,911
汇率及其他变动	1,482	-	-	1,482
2022年6月30日	47,388	-	375,294	422,682

	2021 年			
	第一阶段	第二阶段	第三阶段	
	12 个月预期			
	信用损失	整个存续期预期信用损失		合计
2021 年 1 月 1 日	30,362	-	100,195	130,557
计提	9,045	-	53,381	62,426
核销及转出	-	-	(46,232)	(46,232)
汇率及其他变动	(462)	-	-	(462)
2021 年 12 月 31 日	38,945	-	107,344	146,289

自 2022 年 1 月 1 日至 6 月 30 日止期间，本集团及本公司其他应收款未发生第一阶段、第二阶段和第三阶段间转移 (2021 年：未发生)。

12 其他债权投资

本集团及本公司

	2022 年 6 月 30 日	2021 年 12 月 31 日
债务工具投资——国债	3,274,688	3,274,806

于 2022 年 6 月 30 日，本集团认为该债务工具投资的信用风险自初始确认后未显著增加，按照未来 12 个月内预期信用损失计量损失准备，共计人民币 49.9 万元 (2021 年 12 月 31 日：人民币 49.9 万元)。

13 长期股权投资

本公司

	2022 年 6 月 30 日	2021 年 12 月 31 日
对子公司投资	14,032,372	14,030,862

2022 年 6 月 30 日，本公司管理层认为长期股权投资不存在减值迹象，因此未计提减值准备 (2021 年 12 月 31 日：未计提减值准备)。

有关各子公司的详细资料，参见附注 5。

14 投资性房地产

本集团

	房屋建筑物
2020 年 12 月 31 日	3,434,189
公允价值变动	2,120
转出至固定资产	(799,054)
2021 年 12 月 31 日	2,637,255
本期变动	-
2022 年 6 月 30 日	2,637,255

15 固定资产

本集团

	办公及 电子设备	运输工具	房屋及建筑物	经营租出 飞机	经营租出 船舶	合计
账面原值						
2022 年 1 月 1 日	27,764	1,202	4,657,971	76,555,554	67,310,592	148,553,083
本期增加	351	-	-	2,207,103	10,800,708	13,008,162
本期减少	(31)	-	-	(1,853,765)	(4,783,857)	(6,737,653)
外币报表折算差额	62	-	-	3,681,197	3,720,484	7,401,743
2022 年 6 月 30 日	28,146	1,202	4,657,971	80,490,089	77,047,927	162,225,335
累计折旧						
2022 年 1 月 1 日	(16,048)	(984)	(526,879)	(13,428,268)	(12,119,067)	(26,091,248)
本期增加	(2,210)	(26)	(65,640)	(1,528,998)	(1,992,228)	(3,589,102)
本期减少	29	-	-	826,559	873,068	1,699,656
外币报表折算差额	(57)	-	-	(706,591)	(670,127)	(1,376,775)
2022 年 6 月 30 日	(18,286)	(1,010)	(592,519)	(14,837,298)	(13,908,354)	(29,357,467)
减值准备						
2022 年 1 月 1 日	-	-	-	(2,091,296)	(396,638)	(2,487,934)
本期增加	-	-	-	(611,578)	(60,157)	(671,735)
本期减少	-	-	-	241,981	127,619	369,600
外币报表折算差额	-	-	-	(106,191)	(18,746)	(124,937)
2022 年 6 月 30 日	-	-	-	(2,567,084)	(347,922)	(2,915,006)
账面价值						
2022 年 1 月 1 日	11,716	218	4,131,092	61,035,990	54,794,887	119,973,903
2022 年 6 月 30 日	9,860	192	4,065,452	63,085,707	62,791,651	129,952,862

于 2022 年 6 月 30 日，本集团人民币 583.64 亿元的经营租出固定资产用于借款的抵押担保 (2021 年 12 月 31 日：人民币 579.88 亿元)。

	办公及 电子设备	运输工具	房屋及建筑物	经营租出 飞机	经营租出 船舶	合计
账面原值						
2021 年 1 月 1 日	23,894	1,202	3,841,866	75,883,509	60,820,704	140,570,975
本年增加	7,158	-	17,051	5,225,144	11,394,931	16,644,284
由投资性房地产转入	-	-	799,054	-	-	799,054
本年减少	(3,088)	-	-	(2,858,492)	(3,519,521)	(6,381,101)
外币报表折算差额	-	-	-	(1,694,607)	(1,385,522)	(3,080,129)
2021 年 12 月 31 日	27,764	1,202	4,657,971	76,555,554	67,310,592	148,553,083
累计折旧						
2021 年 1 月 1 日	(14,832)	(931)	(404,265)	(11,184,059)	(10,056,134)	(21,660,221)
本年增加	(4,149)	(53)	(122,614)	(3,132,946)	(3,607,034)	(6,866,796)
本年减少	2,933	-	-	603,657	1,265,964	1,872,554
外币报表折算差额	-	-	-	285,080	278,137	563,217
2021 年 12 月 31 日	(16,048)	(984)	(526,879)	(13,428,268)	(12,119,067)	(26,091,246)
减值准备						
2021 年 1 月 1 日	-	-	-	(527,532)	(247,611)	(775,143)
本年增加	-	-	-	(1,622,342)	(358,056)	(1,980,398)
本年减少	-	-	-	40,328	202,001	242,329
外币报表折算差额	-	-	-	18,250	7,028	25,278
2021 年 12 月 31 日	-	-	-	(2,091,296)	(396,638)	(2,487,934)
账面价值						
2021 年 1 月 1 日	8,862	271	3,437,601	64,171,918	50,516,959	118,135,611
2021 年 12 月 31 日	11,716	218	4,131,092	61,035,980	54,794,887	119,973,903

16 递延所得税资产和负债

本集团

	附注	2022 年 1 月 1 日至 6 月 30 日止期间	2021 年度
期初 / 年初净额		408,025	513,635
其中：递延所得税资产		1,403,943	1,310,283
递延所得税负债		(995,918)	(796,648)
计入所得税费用的递延所得税净变动数	37	35,289	38,366
计入其他综合收益的递延所得税净变动数	26	(145,549)	(138,375)
汇率变动的影响		(8,530)	(5,601)
期末 / 年末净额		289,235	408,025
其中：递延所得税资产		1,536,940	1,403,943
递延所得税负债		(1,247,705)	(995,918)

本公司

	附注	2022 年 1 月 1 日至 6 月 30 日止期间	2021 年度
期初 / 年初净额		1,057,135	1,032,624
其中：递延所得税资产		1,057,135	1,032,624
递延所得税负债		-	-
计入所得税费用的递延所得税净变动数	37	220,493	54,024
计入其他综合收益的递延所得税净变动数	26	(10,691)	(29,513)
期末 / 年末净额		1,266,937	1,057,135
其中：递延所得税资产		1,266,937	1,057,135
递延所得税负债		-	-

(1) 递延所得税资产

本集团

	2022年6月30日		2021年12月31日	
	递延所得税资产	可抵扣暂时性差异	递延所得税资产	可抵扣暂时性差异
资产减值准备	1,314,798	5,612,368	1,129,451	4,890,314
递延收益	187,712	750,848	187,712	750,848
应付职工薪酬	51,443	205,772	50,114	200,456
衍生金融工具公允价值变动	(316)	(825)	53,396	270,259
其他债权投资公允价值变动	(16,697)	(66,788)	(16,729)	(66,918)
合计	1,536,940	6,501,375	1,403,943	6,044,959

本公司

	2022年6月30日		2021年12月31日	
	递延所得税资产	可抵扣暂时性差异	递延所得税资产	可抵扣暂时性差异
资产减值准备	1,045,008	4,180,032	825,844	3,303,376
递延收益	187,712	750,848	187,712	750,848
应付职工薪酬	51,443	205,772	50,114	200,456
衍生金融工具公允价值变动	(529)	(2,116)	10,194	40,776
其他债权投资公允价值变动	(16,697)	(66,788)	(16,729)	(66,918)
合计	1,266,937	5,067,748	1,057,135	4,228,536

(2) 递延所得税负债

本集团

	2022年6月30日		2021年12月31日	
	递延所得税负债	应纳税暂时性差异	递延所得税负债	应纳税暂时性差异
预计所得税税费 (a)	691,090	4,188,424	595,920	3,611,636
固定资产折旧	424,658	3,397,284	376,645	3,013,160
衍生金融工具公允价值变动	119,010	721,273	10,406	63,067
投资性房地产公允价值变动	12,947	51,788	12,947	51,788
合计	1,247,705	8,358,749	995,918	6,739,651

- (a) 本集团根据对《税务条例》有关条文的研究，以香港船舶经营租赁的税务政策对产生所得税影响的可能性的评估来计量纳税义务，计提递延所得税负债。

17 其他资产

	本集团		本公司	
	2022年 6月30日	2021年 12月31日	2022年 6月30日	2021年 12月31日
待摊及暂付款项	264,065	274,255	40,034	44,178
使用权资产	13,981	16,389	100,682	119,702
无形资产	4,103	4,893	4,032	4,791
长期待摊费用	207	317	207	317
合计	282,356	295,844	144,955	168,988

18 拆入资金

本集团及本公司

	2022 年 6 月 30 日	2021 年 12 月 31 日
境内银行拆入款项	35,500,433	23,431,283
境内非银金融机构拆入款项	1,252,771	2,367,046
合计	36,753,204	25,798,329

19 借款

	本集团		本公司	
	2022 年 6 月 30 日	2021 年 12 月 31 日	2022 年 6 月 30 日	2021 年 12 月 31 日
短期借款	92,415,388	78,352,046	55,829,330	58,783,694
其中：一年内到期的长期借款	10,360,549	12,947,158	3,905,678	8,964,350
长期借款(不含一年以内到期的长期借款)	68,311,119	75,122,630	7,537,185	7,721,035
合计	160,726,507	153,474,676	63,366,515	66,504,729

20 应付票据

本集团及本公司

	2022 年 6 月 30 日	2021 年 12 月 31 日
银行承兑汇票	14,849,750	10,080,359

上述银行承兑汇票均将于一年内到期。

21 应付职工薪酬

	注	本集团		本公司	
		2022 年 6 月 30 日	2021 年 12 月 31 日	2022 年 6 月 30 日	2021 年 12 月 31 日
短期薪酬	(1)	163,842	230,471	163,842	230,471
离职后福利 - 设定提存计划	(2)	2,796	2,743	2,472	2,385
合计		166,638	233,214	166,314	232,856

(1) 短期薪酬

本集团

	2022 年 1 月 1 日至 6 月 30 日止期间			
	期初余额	本期增加	本期减少	期末余额
工资、奖金、津贴和补贴	200,456	115,860	(188,748)	129,568
职工福利费及其他	64	3,911	(3,886)	89
社会保险费				
- 医疗保险费	952	4,731	(4,726)	957
- 工伤生育保险费	50	81	(80)	51
住房公积金	68	4,929	(4,762)	235
工会经费和职工教育经费	28,881	7,550	(3,488)	32,942
合计	230,471	137,062	(203,691)	163,842

	2021 年			
	年初余额	本年增加	本年减少	年末余额
工资、奖金、津贴和补贴	192,416	267,870	(259,830)	200,456
职工福利费及其他	77	11,121	(11,134)	64
社会保险费				
- 医疗保险费	801	16,770	(16,619)	952
- 工伤生育保险费	48	143	(141)	50
住房公积金	79	9,150	(9,161)	68
工会经费和职工教育经费	23,947	9,483	(4,549)	28,881
合计	217,368	314,537	(301,434)	230,471

本公司

	2022年1月1日至6月30日止期间			
	期初余额	本期增加	本期减少	期末余额
工资、奖金、津贴和补贴	200,456	93,955	(164,843)	129,568
职工福利费及其他	64	2,484	(2,459)	89
社会保险费				
- 医疗保险费	952	4,241	(4,236)	957
- 工伤生育保险费	50	65	(64)	51
住房公积金	68	4,802	(4,635)	235
工会经费和职工教育经费	28,881	7,446	(3,385)	32,942
合计	230,471	112,993	(179,622)	163,842

	2021年			
	年初余额	本年增加	本年减少	年末余额
工资、奖金、津贴和补贴	192,416	215,954	(207,914)	200,456
职工福利费及其他	77	8,798	(8,811)	64
社会保险费				
- 医疗保险费	801	16,212	(16,061)	952
- 工伤生育保险费	48	119	(117)	50
住房公积金	79	8,908	(8,919)	68
工会经费和职工教育经费	23,947	9,400	(4,486)	28,881
合计	217,368	259,391	(246,288)	230,471

(2) 离职后福利 - 设定提存计划

本集团

	2022年1月1日至6月30日止期间			
	期初余额	本期增加	本期减少	期末余额
养老保险	2,646	17,719	(17,667)	2,698
失业保险费	97	207	(206)	98
合计	2,743	17,926	(17,873)	2,796

	2021年			
	年初余额	本年增加	本年减少	年末余额
养老保险	2,492	34,713	(34,559)	2,646
失业保险费	87	943	(933)	97
合计	2,579	35,656	(35,492)	2,743

本公司

	2022年1月1日至6月30日止期间			
	期初余额	本期增加	本期减少	期末余额
养老保险	2,288	14,827	(14,741)	2,374
失业保险费	97	202	(201)	98
合计	2,385	15,029	(14,942)	2,472

	2021 年			
	年初余额	本年增加	本年减少	年末余额
养老保险	2,047	28,499	(28,258)	2,288
失业保险费	87	933	(923)	97
合计	2,134	29,432	(29,181)	2,385

22 其他应付款

	注	本集团		本公司	
		2022年 6月30日	2021年 12月31日	2022年 6月30日	2021年 12月31日
暂收承租人款项	(1)	6,558,814	6,842,048	3,361,685	3,666,564
飞机维修储备金		1,414,453	1,220,020	-	-
应付租赁项目款		377,191	94,716	363,897	80,571
子公司往来款		-	-	15,865,078	16,848,529
其他		1,071,305	658,207	116,626	116,883
合计		9,421,763	8,814,991	20,707,286	20,712,547

(1) 暂收承租人款项为根据租赁合同确定的租赁保证金。

23 应付债券

	本集团		本公司	
	2022年 6月30日	2021年 12月31日	2022年 6月30日	2021年 12月31日
以摊余成本计量的债券	62,995,307	78,612,127	20,966,499	25,936,707

債券詳細信息列示如下：

注	面額(萬港幣)	利率(%)	還本付息	貨幣	2022年1月1日至6月30日止期間			
					期初餘額	本期計提	本期支付	期未餘額
(1)								
18 交銀租賃二級	人民幣	6.15	10年		2,025,000	51,786	-	2,077,112
19 交銀租賃 01	人民幣	3.50	3年		5,112,789	59,511	5,182,300	-
19 交銀租賃 02	人民幣	3.55	3年		5,086,199	91,675	-	5,180,110
19 交銀租賃 03	人民幣	3.49	3年		3,521,431	61,414	-	3,584,202
20 交銀租賃 01	人民幣	3.65	3年		3,000,000	55,054	-	3,058,154
21 交銀租賃 02	人民幣	3.62	3年		4,113,724	71,605	144,800	4,042,277
21 交銀租賃 03	人民幣	3.45	3年		3,065,396	51,585	103,550	3,014,643
交銀租賃香港有限公司	美元	4	3年		5,191,600	10,130	5,201,730	-
交銀租賃香港有限公司	美元	4.375	5年		4,533,731	100,937	98,201	4,789,461
交銀租賃香港有限公司	美元	3M Libor + 1.20	3年		767,631	3,788	771,419	-
交銀租賃香港有限公司	美元	1.175	5年		2,548,098	33,839	33,889	2,680,081
交銀租賃香港有限公司	美元	2.625	5年		1,280,627	17,597	17,132	1,347,385
交銀租賃香港有限公司	美元	3M Libor + 1.05	3年		1,150,744	9,701	9,875	1,209,774
交銀租賃香港有限公司	美元	3M Libor + 1.075	5年		3,824,032	52,581	52,658	4,021,508
交銀租賃香港有限公司	美元	3M Libor + 0.95	5年		3,169,351	36,573	37,385	3,352,879
交銀租賃香港有限公司	美元	3M Libor + 0.83	3年		1,913,700	20,806	21,311	2,012,289
交銀租賃香港有限公司	美元	1.75	3年		2,244,179	20,187	19,675	2,360,094
交銀租賃香港有限公司	美元	3M Libor + 1.70	5年		2,874,983	34,523	28,053	3,079,437
交銀租賃香港有限公司	美元	1.125	3年		3,173,812	18,749	18,782	3,340,115
交銀租賃香港有限公司	美元	1.07	3年		635,690	4,177	4,026	654,384
Azure Orb 1	美元	3.75	10年		3,225,437	63,306	61,360	3,391,801
Azure Orb 1 IV	美元	3.75	5年		6,147,608	119,587	110,487	6,466,521
Azure Orb 1 IV	美元	4	10年		1,607,956	33,595	32,558	1,691,284
Azure Nova	美元	3.5	5年		6,758,430	-	6,758,430	-
Azure Nova	美元	4.25	10年		1,607,812	35,728	34,742	1,690,914
合計					78,612,127	1,068,735	18,748,201	62,995,397

(1) 在行使贖回權後本集團的資本水平仍滿足銀保監會規定的監管資本要求情況下，經銀保監會事先批准，本集團可以選擇在該債券第5個計息年度結束後第一日，即2023年9月20日，按面值一次性部分或全部贖回該債券。

24 其他负债

	本集团		本公司	
	2022年 6月30日	2021年 12月31日	2022年 6月30日	2021年 12月31日
预收租赁款项	3,726,703	3,693,780	784,324	841,880
租赁负债	12,523	13,058	100,102	117,401
合计	3,739,226	3,706,838	884,426	959,281

25 实收资本

本公司注册资本及实收资本结构如下：

	2022年6月30日及2021年12月31日	
	金额	占比
	人民币	%
交通银行	14,000,000	100

本公司

	資產負債表中其他綜合收益		2022 年 1 月 1 日至 6 月 30 日止期間利潤表中其他綜合收益	
	2021 年 12 月 31 日	本期變動	2022 年 6 月 30 日	所得稅前發生額 減：所得稅費用 稅後淨額
將重分類至損益的其他綜合收益				
其他債權投資公允價值變動	50,188	(96)	50,092	(128) 32 (96)
其他債權投資信用減值準備	499	-	499	-
現金流量套期儲備	(57,678)	59,265	1,587	69,948 (10,723) 59,265
合計	(6,991)	59,169	52,178	69,860 (10,691) 59,169
	資產負債表中其他綜合收益		2021 年 1 月 1 日至 6 月 30 日止期間利潤表中其他綜合收益	
	2020 年 12 月 31 日	本期變動	2021 年 6 月 30 日	所得稅前發生額 減：所得稅費用 稅後淨額
將重分類至損益的其他綜合收益				
其他債權投資公允價值變動	(11,669)	17,362	5,693	23,140 (5,787) 17,362
其他債權投資信用減值準備	563	263	826	352 (89) 263
現金流量套期儲備	(57,328)	6,420	(50,908)	8,448 (2,028) 6,420
合計	(68,434)	24,045	(44,389)	31,949 (7,904) 24,045

27 盈余公积

本集团

	2022年1月1日至6月30日止期间		
	期初余额	本期变动	期末余额
法定盈余公积	1,475,221	(591)	1,474,630

	2021年		
	年初余额	本年变动	年末余额
法定盈余公积	1,341,839	133,382	1,475,221

本公司

	2022年1月1日至6月30日止期间		
	期初余额	本期变动	期末余额
法定盈余公积	1,219,469	-	1,219,469

	2021年		
	年初余额	本年变动	年末余额
法定盈余公积	1,127,377	92,092	1,219,469

根据《中华人民共和国公司法》及本公司章程，本公司及其子公司按年度净利润的10%提取法定盈余公积金，当法定盈余公积金累计额达到注册资本的50%以上时，可不再提取。法定盈余公积金经批准后可用于弥补亏损，或者增加实收资本。

28 一般风险准备

本集团

	2022 年 1 月 1 日至 6 月 30 日止期间		
	期初余额	本期变动	期末余额
一般风险准备	4,719,058	-	4,719,058

	2021 年		
	年初余额	本年变动	年末余额
一般风险准备	4,549,680	169,378	4,719,058

本公司

	2022 年 1 月 1 日至 6 月 30 日止期间		
	期初余额	本期变动	期末余额
一般风险准备	4,719,483	-	4,719,483

	2021 年		
	年初余额	本年变动	年末余额
一般风险准备	4,549,680	169,803	4,719,483

根据财政部于 2012 年 3 月 30 日颁布的《关于印发〈金融企业准备金计提管理办法〉的通知》(财金[2012]20 号), 本公司一般风险准备的余额原则上不应低于风险资产期末余额的 1.5%。

29 利息收入

	本集团		本公司	
	2022年1月1日至 6月30日止期间	2021年1月1日至 6月30日止期间	2022年1月1日至 6月30日止期间	2021年1月1日至 6月30日止期间
同业往来	178,655	116,506	19,629	33,405
债券	50,414	41,218	50,414	41,218
子公司往来	-	-	339,676	381,089
合计	229,069	157,724	409,719	455,712

30 融资租赁及售后租回收入

	本集团		本公司	
	2022年1月1日至 6月30日止期间	2021年1月1日至 6月30日止期间	2022年1月1日至 6月30日止期间	2021年1月1日至 6月30日止期间
售后租回	2,053,460	1,727,719	1,734,057	1,452,364
融资租赁	1,504,640	1,640,556	928,122	1,039,070
合计	3,558,100	3,368,275	2,662,179	2,491,434

31 经营租赁收入

本集团

	2022年1月1日至 6月30日止期间	2021年1月1日至 6月30日止期间
经营租赁船舶	3,829,458	3,302,281
经营租赁飞机	2,961,669	2,760,130
房屋建筑物出租	142,949	153,293
合计	6,934,076	6,215,704

32 利息支出

	本集团		本公司	
	2022年1月1日至 6月30日止期间	2021年1月1日至 6月30日止期间	2022年1月1日至 6月30日止期间	2021年1月1日至 6月30日止期间
借款支出总额	1,593,161	1,540,219	964,510	1,073,023
减：资本化	(109,109)	(98,865)	-	-
借款支出净额	1,484,052	1,441,354	964,510	1,073,023
债券	1,128,529	1,546,595	462,349	606,885
拆入资金	203,743	93,004	203,743	93,004
卖出回购金融资产款	15,711	6,025	15,711	6,025
租赁保证金	1,822	1,832	1,821	1,832
租赁负债	1,678	756	1,527	566
合计	2,835,535	3,089,566	1,649,661	1,781,335

33 经营租赁成本

本集团

	2022年1月1日至 6月30日止期间	2021年1月1日至 6月30日止期间
经营租出固定资产折旧	3,521,226	3,341,631
其他费用	143,092	108,684
合计	3,664,318	3,450,315

34 业务及管理费

	本集团		本公司	
	2022年1月1日至 6月30日止期间	2021年1月1日至 6月30日止期间	2022年1月1日至 6月30日止期间	2021年1月1日至 6月30日止期间
职工薪酬及福利	154,988	159,138	128,022	119,973
折旧与摊销	71,517	59,897	21,949	22,292
咨询费	8,154	18,345	3,885	9,005
差旅费	1,690	2,877	1,166	2,874
业务招待费	979	2,759	876	2,718
其他	45,854	15,936	25,761	12,109
合计	283,182	258,752	181,559	168,971

35 信用减值损失

	本集团		本公司	
	2022 年 1 月 1 日至 2021 年 1 月 1 日至	2022 年 1 月 1 日至 2021 年 1 月 1 日至	2022 年 1 月 1 日至 2021 年 1 月 1 日至	2022 年 1 月 1 日至 2021 年 1 月 1 日至
	6 月 30 日止期间	6 月 30 日止期间	6 月 30 日止期间	6 月 30 日止期间
应收租赁款				
- 应收融资租赁款及				
应收售后租回款	562,162	630,599	1,070,153	365,210
- 应收经营租赁款	12,592	85,239	-	-
其他应收款	274,531	24,500	274,911	27,740
货币资金	6,516	9,400	(3,763)	1,812
拆出款项	-	(1,506)	-	(1,506)
其他	(15)	(60)	(214)	(250)
合计	855,786	748,172	1,341,087	393,006

36 资产减值损失

本集团

	2022 年 1 月 1 日至	2021 年 1 月 1 日至
	6 月 30 日止期间	6 月 30 日止期间
经营租赁飞机	611,578	248,067
经营租赁船舶	60,157	-
合计	671,735	248,067

37 所得税费用计提 / (转回)

	本集团		本公司	
	2022 年 1 月 1 日至 2021 年 1 月 1 日至	2022 年 1 月 1 日至 2021 年 1 月 1 日至	2022 年 1 月 1 日至 2021 年 1 月 1 日至	2022 年 1 月 1 日至 2021 年 1 月 1 日至
	6 月 30 日止期间	6 月 30 日止期间	6 月 30 日止期间	6 月 30 日止期间
当期所得税	548,945	447,939	198,384	110,945
递延所得税	(35,289)	(7,885)	(220,493)	34,412
合计	513,656	440,054	(22,109)	145,357

38 现金流量表附注

(1) 将净利润/(亏损)调节为经营活动现金流量

	本集团		本公司	
	2022年1月1日至	2021年1月1日至	2022年1月1日至	2021年1月1日至
	6月30日止期间	6月30日止期间	6月30日止期间	6月30日止期间
净利润/(亏损)	1,887,112	1,745,995	(66,328)	403,837
加: 资产减值损失	671,735	248,067	-	-
信用减值损失	855,786	748,172	1,341,087	393,006
折旧与摊销	3,592,743	3,401,328	21,949	22,292
处置固定资产(收益)/损失	(198,745)	(153,470)	-	89
公允价值变动净收益	(6,039)	(182)	-	-
投资收益	-	-	(102,897)	-
债券利息收入	(50,414)	-	(50,414)	-
债券利息支出	1,128,529	1,546,595	462,349	608,885
租赁负债利息支出	1,078	756	1,527	566
汇兑净损失/(收益)	19,882	10,161	(17,714)	4,919
递延所得税资产(增加)/减少	(178,472)	(76,971)	(220,493)	34,412
递延所得税负债的增加	143,183	89,088	-	-
经营性应收项目的增加	(5,297,974)	(15,643,137)	(10,707,530)	(16,507,375)
经营性应付项目的增加	39,376,190	15,861,968	13,107,076	6,071,380
经营活动产生/(使用)的现金流量净额	41,946,224	7,764,368	3,768,612	(8,970,009)

(2) 现金及现金等价物净变动情况

	本集团		本公司	
	2022年1月1日至	2021年1月1日至	2022年1月1日至	2021年1月1日至
	6月30日止期间	6月30日止期间	6月30日止期间	6月30日止期间
现金及现金等价物的期末余额	35,140,351	35,040,469	4,611,920	5,034,571
减: 现金及现金等价物的期初余额	(22,650,662)	(29,846,067)	(6,161,003)	(7,884,479)
现金及现金等价物净增加/(减少)额	12,489,689	5,194,402	(1,549,083)	(2,879,508)

(3) 现金及现金等价物

	本集团		本公司	
	2022年 6月30日	2021年 6月30日	2022年 6月30日	2021年 6月30日
货币资金	37,502,117	37,406,955	5,024,867	5,430,975
减：中央银行法定存款准备金	(420,157)	(437,268)	(420,157)	(437,268)
质押存款	(2,000,000)	(2,000,000)	-	-
加：预期信用损失准备	58,391	70,782	7,210	10,864
现金及现金等价物余额	35,140,351	35,040,469	4,611,920	5,004,571

39 重大关联方关系及关联交易

(1) 母公司和子公司

子公司的基本情况及相关信息见附注 5。

(a) 母公司情况

	注册地	业务性质
交通银行	中国	商业银行业务

(b) 母公司注册资本及其变化

	2022年 1月1日	本期增加	本期减少	2022年 6月30日
交通银行	74,262,727	-	-	74,262,727

(c) 母公司对本公司的持股比例和表决权比例

	2022年6月30日及2021年12月31日	
	持股比例	表决权比例
交通银行	100%	100%

(2) 不存在控制关系的关联方的性质

与本集团的关系

交通银行(卢森堡)有限公司(统称交通银行子公司)	与本集团同受母公司控制
交银国际信托有限公司(统称交通银行子公司)	与本集团同受母公司控制
交银金融资产投资有限公司(统称交通银行子公司)	与本集团同受母公司控制
交银理财有限责任公司(统称交通银行子公司)	与本集团同受母公司控制
交银积金理财服务有限公司(统称交通银行子公司)	与本集团同受母公司控制

(3) 关联交易

定价政策

本集团关联方交易主要是与交通银行的存款业务及贷款业务。本集团与关联方的交易均按照一般商业条款和正常业务程序进行，其定价原则与独立第三方交易一致。

(a) 关联交易余额

	<u>本集团</u>		<u>本公司</u>	
	2022 年 6 月 30 日	2021 年 12 月 31 日	2022 年 6 月 30 日	2021 年 12 月 31 日
表内项目				
货币资金	3,392,147	8,093,006	70,493	4,278,934
衍生金融资产	42,163	-	-	-
买入返售金融资产	-	-	40,401	339,199
其他应收款	-	-	47,285,793	41,574,534
其他资产	1,213	1,623	-	-
拆入资金	14,613,348	11,798,876	14,613,348	11,798,876
借款	82,024,032	70,538,504	9,902,573	20,128,542
衍生金融负债	-	18,021	-	-
其他应付款	-	-	16,865,078	16,848,529
其他负债	1,171	1,586	-	-
表外项目				
衍生金融工具名义本金	2,661,400	2,550,280	-	-

(b) 关联交易金额

	本集团		本公司	
	2022年1月1日至2021年1月1日至		2022年1月1日至2021年1月1日至	
	6月30日止期间	6月30日止期间	6月30日止期间	6月30日止期间
利息收入	15,357	8,055	348,498	345,587
经营租赁收入	69,565	43,230	-	-
利息支出	(882,948)	(794,578)	(505,520)	(471,517)
手续费及佣金支出	(74,991)	(24,693)	(16,705)	(8,028)
业务及管理费	(537)	(487)	(17,464)	(18,039)
其他综合收益：				
现金流量套期储备	50,254	42,840	-	-

40 承诺事项

(1) 资本性支出承诺事项

以下为本集团于资产负债表日，已签约而尚不必在资产负债表上列示的资本性支出承诺：

本集团

	2022年 6月30日	2021年 12月31日
飞机及船舶	55,376,102	59,655,917

41 资产负债表日后经营租赁收款额

本集团作为出租人，资产负债表日后应收的租赁收款额的未折现金额汇总如下：

本集团

	2022 年 6月30日	2021 年 12月31日
1年以内	14,401,440	13,226,595
1至2年	13,922,165	12,895,473
2至3年	12,886,437	12,230,086
3至4年	11,727,132	11,087,606
4至5年	10,566,746	9,953,374
5年以上	40,319,240	38,477,394
合计	103,825,160	97,670,528

本集团经营租出自有的房屋建筑物、飞机及船舶时，经营租赁的租金收入在租赁期内按照直线法或其他系统合理的方法确认，本集团取得的未纳入租赁投资净额计量的可变租赁付款额，在实际发生时确认经营租赁租金收入。上述资产负债表日后经营租赁收款额的披露中，未包含未来可能收到的可变租金部分。

42 金融工具及其风险

(1) 金融风险管理概述

本集团的经营面临多种金融风险，本集团分析、评估、接受和管理某种程度的风险或风险组合。管理金融风险对于金融行业至关重要，同时商业运营也必然会带来金融风险。本集团的目标是达到风险与收益之间恰当的平衡，同时尽量减少对本集团财务报表的不利影响。

本集团制定风险管理政策的目的是为了识别并分析相关风险，以制定适当的风险限额和控制程序，并通过适当的控制流程对风险及其限额进行监控。

本集团董事会制定本集团的风险管理战略。本集团管理层根据已制定的风险管理战略，制定相应的风险管理政策及程序，包括信用风险和市场风险等专项风险管理政策。这些风险管理政策及程序经董事会批准后由业务部门、金融市场部、财务会计部、风险管理部、法律合规部和资产管理部以及评审会负责具体执行。

本集团面临的主要经营风险为信用风险、市场风险和流动性风险。其中市场风险主要为利率风险和汇率风险。

(2) 信用风险

在本集团的信用风险是指承租人无法履行合约责任的风险。信用风险主要存在于租赁及相关业务。

(a) 信用风险管理

本集团对包括租赁项目调查和申报、租赁审查审批、租赁款发放、租后监控和不良应收融资租赁款管理等环节的融资租赁业务全流程实行规范化管理。通过内部评级管理体系、信用风险管理相关政策制度和流程、租赁业务信息系统、租赁业务投向管理和租赁资产结构优化，及时有效识别、监控和管理本集团各环节潜在信用风险。

经济环境变化或本集团资产组合中某一特定行业分布的融资租赁资产发生变化都将导致本集团发生损失。表内信用风险暴露主要为应收融资租赁款。本集团已建立相关机制，制定个别承租人可承受的信用风险额度，本集团定期监控上述信用风险额度，并至少每年进行一次审核，并向本集团董事会汇报。

(b) 风险限额管理及缓释措施

本集团管理、限制以及控制所发现的信用风险集中度，特别是集中于单一承租人、集团、行业和区域。

本集团对同一承租人、集团、行业部门设定限额，以优化信用风险结构。根据《金融租赁公司管理办法》中的规定，客户单一集中度不能超过资本净额的30%，本集团严格按照此标准设定租赁项目的最高限额。本集团适时监控上述风险，每年甚至在必要之时更频繁地进行审阅。

本集团通过定期分析承租人偿还本金和利息的能力管理信贷风险暴露，主要通过定期报告和不定期报告来执行管理。

其他具体的管理和缓解措施包括：

(i) 担保及保证金

本集团制定了一系列政策，通过不同的手段来缓释信用风险。其中包括获取抵 / 质押物、保证金以及取得公司或个人的保证等。

本集团对融资租赁业务一般要求提供担保，根据承租人信用状况、融资租赁业务风险程度以及各担保方式的特点，要求采用不同的担保方式，并对保证人的保证能力、抵押物、质押物的权属和价值以及实现抵押权、质权的可行性进行评估。其中，抵押物公允价值一般需经过专业评估机构的评估；对于由第三方提供保证的应收融资租赁款，本集团会评估保证人的财务状况，信用状况及其代偿能力。本集团会对租赁项目要求提供保证金，根据具体投放项目的信用风险不同而设定保证金比例。

(ii) 对融资租赁标的物的监控和保险

对于融资租赁业务，融资租赁标的物在租赁期间结束之前所有权属于本集团，但经营使用、维护权的风险与收益已经转移至承租人。因此在租赁期间若融资租赁标的物发生保险责任事故，承租人应立即向相关保险公司报案并通知本集团，提供出险原因报告和有关资料，会同本集团及时向保险公司办理索赔事宜。

本集团对租赁物施行定期的监控和保险措施。根据集团的内部规章制度的规定，对租赁项目每年进行定期和不定期的回访，回访内容包括对租赁物的实地检查，了解租赁物实际的使用情况。另外，本集团一般会要求承租人对租赁物进行保险，并将本公司作为保险受益人，用以减少租赁物毁损的风险。

(c) 预期信用损失计量

本集团将需计量预期信用损失的金融工具及应收融资租赁款划分为三个阶段。第一阶段是“信用风险自初始确认后并未显著增加”阶段，需计算未来 12 个月预期信用损失 (ECL)。第二阶段是“信用风险显著增加”阶段，第三阶段是“已发生信用减值”阶段，第二阶段和第三阶段需计算整个生命周期的预期信用损失。

本集团通过违约风险敞口 (EAD) 和预期信用损失率计算预期信用损失, 并基于违约概率 (PD) 和违约损失率 (LGD) 确定预期信用损失率。在确定预期信用损失率时, 本集团主要考虑了内部历史信用损失经验等数据, 并结合当前状况和前瞻性信息对历史数据进行调整。根据会计准则的要求在预期信用风险的计量中使用了判断、假设和估计, 包括:

- 预期信用损失计量的参数
- 信用风险显著增加的判断标准
- 已发生信用减值资产的定义
- 前瞻性信息

预期信用损失计量的参数

根据信用风险是否发生显著增加以及是否已发生信用减值, 本集团对不同的资产分别以 12 个月或整个存续期的预期信用损失计量减值准备。预期信用损失计量的关键参数包括违约概率、违约损失率和违约风险敞口。本集团以当前风险管理所使用的内部评级体系为基础, 根据新金融工具准则的要求, 考虑历史统计数据(如交易对手评级、担保方式及抵质押物类别、还款方式等)的定量分析及前瞻性信息, 建立违约概率、违约损失率及违约风险敞口模型。

相关定义如下:

- 违约概率指债务人 (或债项) 在未来一段时间内发生违约的可能性。
- 违约损失率是指某一项债项违约导致的损失金额占该违约债项风险暴露的比例, 一般受交易对手类型、债务种类和清偿优先性, 及抵押情况或其他信用风险缓释等影响。
- 违约风险敞口是指发生违约时预期表内和表外项目风险暴露总额, 反映可能发生损失的总额度。一般包括已使用的授信余额、应收未收利息、未使用授信额度的预期提取数量以及可能发生的相关费用。

信用风险显著增加的判断标准

当触发以下一个或多个标准时, 本集团认为金融工具的信用风险已发生显著增加:

- 本金或利息逾期超过 30 天;
- 信用评级等级大幅变动。其中, 信用评级等级采用本集团内部评级结果, 以报告期内外部评级等级差于本集团授信准入标准, 或内部评级等级较初始确认时内部评级等级大幅下降为判断标准, 例如低风险资产下降 3-6 个级别将视为信用风险显著增加;
- 重大不利事件对债务主体偿还能力产生负面影响;
- 其他信用风险显著增加的情况。例如出现其他风险信号显示潜在风险有增加趋势, 可能给本集团造成损失的金融资产。

已发生信用减值资产的定义

当金融资产发生减值时，本集团将该金融资产界定为已发生违约，一般来讲，金融资产逾期超过90天则被认定为违约。

当金融工具符合以下一项或多项条件时，本集团将该金融资产界定为已发生信用减值：

- 本金(含垫款，下同)或利息逾期超过90天；
- 发行方或债务人发生严重财务困难，或已经资不抵债；
- 债务人很可能破产；
- 因发行方发生重大财务困难，导致金融资产无法在活跃市场继续交易；
- 其他表明金融资产发生减值的客观证据。

各阶段之间是可迁移的。如第一阶段的金融工具，出现信用风险显著恶化情况，则需下调为第二阶段。若第二阶段的金融工具，情况好转并不再满足信用风险显著恶化的判断标准，则可以调回第一阶段。

前瞻性信息

信用风险显著增加的评估及预期信用损失的计算均涉及前瞻性信息。本集团通过模型分组，建立了覆盖金融机构和承租人风险暴露的多个减值模型，并构建以国内生产总值(GDP)同比增长率驱动国民经济核算、价格指数、对外贸易、固定资产投资、货币与利率等多类指标的宏观情景传导模型，按年预测“基准”、“乐观”及“悲观”三种情景下的指标值，预测结果经经济专家、高级管理层评估确认后用于资产减值模型，并按季检视宏观情景设置结果及权重的合理性，根据内外部经济环境变化进行调整。这些经济指标对违约概率和违约损失率的影响，对不同的业务类型有所不同。本集团综合考虑内外部数据、专家预测以及统计分析确定这些经济指标与违约概率和违约损失率之间的关系。

于2022年6月30日，本集团预测2022年国内生产总值(GDP)同比增长率基准情景下为5%。本集团在评估减值模型中所使用的预测信息时充分考虑了对2022年宏观经济的预测信息并进行了审慎调整。

(d) 未考虑抵质押物的最大信用风险敞口

资产负债表项目的信用风险敞口包括:

本集团

	2022 年 6 月 30 日	2021 年 12 月 31 日
货币资金	37,502,117	26,341,061
衍生金融资产	765,179	69,733
应收票据	6,560	12,775
应收租赁款	152,208,893	149,161,802
其他应收款	1,491,802	590,096
交易性金融资产	97,398	-
其他债权投资	3,274,688	3,274,806
合计	<u>195,346,637</u>	<u>179,450,273</u>

上表为本集团未考虑抵质押物及其他信用增级措施的最大风险敞口。对于资产负债表项目，上列风险敞口金额为资产负债表日的账面净额。

本集团对融资租赁业务贷款会采取一定的信用增强措施来降低信用风险敞口至可接受水平。一般本集团对融资租赁业务要求提供担保及支付保证金。

(3) 市场风险

市场风险是指因市场价格(利率、汇率、股票价格和商品价格)的不利变动而使公司发生损失的风险。本集团面临的市场风险主要包括利率风险和汇率风险。

(a) 市场风险衡量技术

本集团目前通过敏感度分析来评估本集团所承受的汇率风险及利率风险。利率敏感性分析定期计算一定时期内到期或需要重新定价的生息资产与付息负债两者的差额(缺口),并利用缺口数据进行基准利率和市场利率变化情况下的敏感性分析。汇率敏感性分析基于资产和负债具有静态的汇率风险结构,其计算了当其他因素不变时,外币对人民币汇率的合理可能变动对净利润的影响。本集团对敏感性分析建立了上报制度,按时将敏感性分析结果上报高级管理层。

(b) 利率风险

利率风险主要源自于本集团资产负债利率重定价期限错配及市场利率变动，亦产生于因中国人民银行利率政策的调整。浮动利率的金融负债使本集团面临现金流量利率风险，固定利率的金融负债使本集团面临公允价值利率风险。本集团财务会计部、资金部对利率敏感资产负债的重定价期限缺口实施定期监控，并通过利率互换等工具对利率风险进行管理，从而降低利率波动对于利差的影响。

本集团高度重视基准利率改革事宜，成立专项工作小组，负责推进本集团基准利率改革工作的落地与实施。目前各项工作正在按进度要求推进。首批于2022年1月1日退出的LIBOR品种已如期顺利完成转换，剩余期限品种美元LIBOR转换工作正稳步推进，且挂钩该定价基准的业务规模总体可控，对经营实质性影响程度较低。

于2022年6月30日，本集团将合同名义金额为人民币217.67亿元的利率衍生合同（2021年：人民币298.94亿元）（参见附注7）指定为现金流量套期工具，将合同名义金额为人民币4.75亿元的利率衍生合同（2021年：人民币5.35亿元）（参见附注7）指定为公允价值套期工具。

下表反映了本集团的利率风险。表内的生息资产和付息负债项目，按合约重新定价日与到期日两者较早者分类，以账面价值列示。

本集团大部分的应收租赁款的利率随相应市场参考利率的变动进行调整。由于所适用的参考利率的变动日期不能确定，本集团假定所适用的参考利率的变动日期为紧接报告日的工作日，并按距报告日最近的可重定利率日将其列示在适当期间。

	2021 年 12 月 31 日					
	1 个月以内	1 个月至 3 个月	3 个月至 1 年	1 年至 5 年	5 年以上	合计
金融资产						
货币资金	22,997,448	1,266,333	2,077,280	-	-	26,341,061
衍生金融资产	-	-	-	-	-	69,733
应收票据	-	-	-	-	-	12,775
应收账款	28,194,124	61,187,308	36,466,232	6,544,631	16,478,948	149,161,802
其他应收款	-	-	-	-	-	590,096
其他债权投资	-	-	-	-	3,274,806	3,274,806
小计	51,191,572	62,453,641	38,543,512	6,544,631	19,753,754	179,450,273
金融负债						
拆入资金	(7,485,541)	(18,312,788)	-	-	-	(25,798,329)
借款	(20,039,137)	(77,957,274)	(39,009,956)	(13,717,067)	(2,751,242)	(153,474,676)
衍生金融负债	-	-	-	-	-	(339,928)
应付票据	-	-	-	-	-	(10,080,359)
其他应付款	-	-	-	-	-	(6,842,048)
应付债券	(9,984,958)	(19,495,015)	(16,268,817)	(27,822,569)	(5,240,768)	(78,812,127)
其他负债	(329)	(627)	(2,322)	(8,605)	(575)	(13,058)
小计	(37,509,965)	(115,765,704)	(55,281,695)	(41,348,241)	(7,992,585)	(275,160,525)
净头寸	13,681,607	(53,312,063)	(16,738,183)	(34,803,610)	11,761,169	(95,710,252)

假设收益率曲线平行移动 100 个基点，对本集团未来一年的净利润的潜在影响分析如下：

	本集团	
	2022 年 6 月 30 日	2021 年 12 月 31 日
收益率曲线向上平移 100 个基点	(478,974)	(170,915)
收益率曲线向下平移 100 个基点	478,974	170,915

在进行利率敏感性分析时，本集团在确定商业条件和财务参数时做出了下列一般假设：

- 未考虑资产负债表日后业务的变化，分析基于资产负债表日的静态缺口；
- 不同生息资产和付息负债的利率波动幅度相同；
- 所有重新定价的资产和负债均假设在有关期间中间重新定价；
- 未考虑利率变动对客户行为的影响；
- 未考虑利率变动对市场价格的影响；
- 未考虑利率变动对表外项目的影响；
- 未考虑本公司针对利率变化采取的必要措施。

基于上述限制条件，利率增减导致本公司净利息收入的实际变化可能与此敏感性分析的结果存在一定差异。

(c) 汇率风险

汇率风险主要源自于汇率变动产生损失的风险。本集团除部分项目子公司以美元开展业务以外，主要以人民币进行业务，记账本位币为人民币。境内人民币兑换美元或其他币种的汇率受中国人民银行的调控。

本集团财务会计部、金融市场部负责监控集团外币交易和外币资产及负债的规模，以最大程度降低面临的汇率风险。为此，本集团可能会以签署远期外汇合约或货币互换合约的方式来达到规避汇率风险的目的。于 2022 年 6 月 30 日，本集团将合同名义金额为人民币 12.92 亿元的交叉货币掉期合同 (2021 年：人民币 32.30 亿元) (参见附注 7) 指定为相关外币拆入资金的现金流量套期工具，将合同名义金额为人民币 6.67 亿元的货币掉期合同 (2021 年：人民币 6.34 亿元) (参见附注 7) 指定为相关外币应付债券的现金流量套期工具。

下表为本集团资产负债表日资产与负债项目分币种的结构分析。

本集团

	2022年6月30日				合计
	人民币	美元折人民币	欧元折人民币	其他币种折人民币	
资产					
货币资金	7,399,419	29,906,558	133,955	63,185	37,502,117
衍生金融资产	862	764,317	-	-	765,179
应收租赁款	118,893,967	29,291,316	3,992,950	30,660	152,208,893
其他应收款	809,923	679,424	2,026	429	1,491,802
交易性金融资产	97,398	-	-	-	97,398
其他债权投资	3,274,688	-	-	-	3,274,688
投资性房地产	2,637,255	-	-	-	2,637,255
其他资产	6,043,972	143,619,420	-	1,845,208	151,508,600
资产总额	139,157,484	204,260,035	4,128,931	1,939,482	349,485,932
负债					
拆入资金	(12,709,015)	(24,044,189)	-	-	(36,753,204)
借款	(50,663,397)	(126,395,689)	(3,634,112)	(32,309)	(180,726,507)
衍生金融负债	-	(1,363)	-	-	(1,363)
应付票据	(14,849,750)	-	-	-	(14,849,750)
其他应付款	(4,435,346)	(4,980,782)	(5,635)	-	(9,421,763)
应付债券	(20,966,493)	(41,364,424)	-	(664,384)	(62,995,307)
其他负债	(1,480,558)	(4,449,155)	(101,327)	(7,736)	(6,038,377)
负债总额	(105,104,556)	(201,236,602)	(3,741,674)	(704,429)	(310,787,271)
资产负债净头寸	34,052,918	3,023,433	387,257	1,235,053	38,699,661

2021年12月31日					
	人民币	美元折人民币	欧元折人民币	其他币种折人民币	合计
资产					
货币资金	7,704,538	18,398,059	177,657	60,807	26,341,061
衍生金融资产	512	69,221	-	-	69,733
其他应收款	358,283	222,991	8,412	410	590,096
其他债权投资	3,274,806	-	-	-	3,274,806
应收租赁款	114,534,411	30,157,724	4,391,294	78,373	149,161,802
投资性房地产	2,637,255	-	-	-	2,637,255
其他资产	6,397,232	128,621,867	773	1,792,471	136,812,343
资产总额	134,907,037	177,469,862	4,578,136	1,932,061	318,887,096
负债					
拆入资金	(13,421,301)	(12,377,028)	-	-	(25,798,329)
借款	(42,609,112)	(106,627,541)	(4,158,886)	(79,137)	(153,474,676)
衍生金融负债	(97,576)	(242,352)	-	-	(339,928)
应付票据	(10,080,359)	-	-	-	(10,080,359)
其他应付款	(4,503,527)	(4,302,914)	(3,122)	(5,428)	(8,814,991)
应付债券	(25,936,707)	(52,039,730)	-	(635,690)	(78,612,127)
其他负债	(1,540,280)	(4,279,704)	(101,248)	(1,137)	(5,922,349)
负债总额	(98,188,842)	(179,669,269)	(4,263,256)	(721,392)	(283,042,759)
资产负债净头寸	36,718,195	(2,399,407)	314,880	1,210,669	35,844,337

假设人民币对美元升值或贬值 10%，其他因素保持不变，对本集团未来一年的净利润的潜在影响分析如下：

	本集团	
	2022年 6月30日	2021年 12月31日
人民币对美元升值 10%	(82,587)	(98,822)
人民币对美元贬值 10%	82,587	98,822

(4) 流动性风险

流动性风险是指本集团在到期日无法履行金融负债带来的支付义务或者无法满足即期资金需求。根据本集团业务的特点，本集团的流动风险管理构架包括：

- 通过每月监控未来现金流并制作流动性分析缺口报告来实现日常资金管理；
- 监督资产流动性比率以符合内部和监管要求；
- 管理负债到期日的集中程度；
- 与银行签订协议以建立应急预案；
- 通过同业拆借及卖出回购等方式应对流动性缺口；
- 通过发行中长期金融债券，来优化中长期资产负债结构，并将在未来适当阶段继续发行金融债券。

本集团资产负债管理委员会负责制定流动性风险管理政策，资金部负责日常流动性风险管理，具体程序包括：

- (i) 本集团通过多渠道、多元化融资，保证本集团获得持续、充足的资金来源，包括支付保证金、购买租赁资产时需要支付的资金；
- (ii) 本集团通过银行中长期授信，并设计与租赁资产期限、租金现金流相匹配的还本付息方案，最大限度避免因期限错配而导致流动性风险。
- (iii) 本集团通过预测未来现金流、设立额度管理、获得足够的商业银行的授信额度等方法，积极管理流动性风险。

(a) 非衍生金融资产与金融负债流动风险分析

下表为本集团和本公司资产负债表日非衍生金融负债按合同规定到期日的结构分析。列入各时间段内的金融负债金额为未经折现的合同现金流量。

本集团

2022年6月30日						
已逾期	即时偿还	1个月以内	1个月至3个月	3个月至1年	1年至5年	5年以上
合计						
非衍生金融负债						
拆入资金	-	(23,228,595)	(1,357,723)	-	-	-
借款	-	(57,121,090)	(17,839,754)	(20,118,603)	(75,084,203)	(18,518,384)
应付票据	-	(583,000)	(2,255,000)	(12,011,750)	-	-
其他应付款	-	(629,203)	(124,680)	(426,125)	(3,229,012)	(2,150,794)
应付债券	-	(5,200,832)	(382,922)	(17,853,133)	(39,550,072)	(2,736,072)
其他负债	-	(340)	(648)	(3,020)	(8,891)	(595)
非衍生金融负债总额	-	(86,763,080)	(34,180,727)	(50,411,631)	(117,872,176)	(23,405,845)
						(312,633,441)

2021年12月31日						
已逾期	即时偿还	1个月以内	1个月至3个月	3个月至1年	1年至5年	5年以上
合计						
非衍生金融负债						
拆入资金	-	(7,488,627)	(18,356,113)	-	-	-
借款	-	(15,680,811)	(59,532,451)	(28,927,614)	(45,959,997)	(8,211,773)
应付票据	-	(250,000)	(1,832,530)	(7,997,829)	-	-
其他应付款	-	(656,374)	(130,064)	(443,483)	(3,368,453)	(2,243,674)
应付债券	-	(5,621,368)	(7,243,741)	(17,242,686)	(48,860,558)	(5,589,322)
其他负债	-	(355)	(676)	(3,149)	(9,271)	(820)
非衍生金融负债总额	-	(29,677,535)	(87,095,576)	(54,614,761)	(98,198,279)	(16,046,389)
						(285,631,539)

(b) 衍生金融工具现金流量

按照净额清算的衍生金融工具

本集团按净额清算的衍生金融工具为利率衍生工具。下表分析了资产负债表日至合同规定的到期日按照剩余期限分类的按照净额清算的衍生金融工具未折现现金流量：

本集团

2022年6月30日						
	1个月以内	1个月至3个月	3个月至1年	1年至5年	5年以上	合计
资产						
利率衍生工具	25,365	50,198	212,306	491,777	-	779,646
负债						
利率衍生工具	-	(129)	-	-	-	(129)
2021年12月31日						
	1个月以内	1个月至3个月	3个月至1年	1年至5年	5年以上	合计
资产						
利率衍生工具	4,254	347	13,686	54,172	629	73,088
负债						
利率衍生工具	(8,606)	(18,481)	(61,552)	(159,049)	(1,662)	(249,350)

按照总额清算的衍生金融工具

本集团按照总额清算的衍生金融工具为汇率衍生工具。下表分析了资产负债表日至合同规定的到期日按照剩余期限分类的按照总额清算的衍生金融工具未折现现金流：

本集团

2022年6月30日						
	1个月以内	1个月至3个月	3个月至1年	1年至5年	5年以上	合计
外汇衍生工具						
现金流入	1,358,177	-	-	-	662,772	2,020,949
现金流出	(1,342,280)	-	-	-	(664,125)	(2,006,405)
合计	15,897	-	-	-	(1,353)	14,544

	2021年12月31日					合计
	1个月以内	1个月至3个月	3个月至1年	1年至5年	5年以上	
外汇衍生工具						
现金流入	1,937,440	-	1,292,200	634,842	-	3,864,482
现金流出	(2,024,622)	-	(1,325,067)	(637,212)	-	(3,987,901)
合计	(87,182)	-	(33,867)	(2,370)	-	(123,419)

43 公允价值估计

(1) 以公允价值计量的资产和负债

下表列示了本集团在每个资产负债表日持续和非持续以公允价值计量的资产和负债于本报告期末的公允价值信息及其公允价值计量的层次。公允价值计量结果所属层次取决于对公允价值计量整体而言具有重要意义的最低层次的输入值。三个层次输入值的定义如下：

第一层次输入值：在计量日能够取得的相同资产或负债在活跃市场上未经调整的报价；

第二层次输入值：除第一层次输入值外相关资产或负债直接或间接可观察的输入值；

第三层次输入值：相关资产或负债的不可观察输入值。

本集团

	2022年6月30日			合计
	第一层次 公允价值计量	第二层次 公允价值计量	第三层次 公允价值计量	
持续的公允价值计量				
资产				
衍生金融资产	-	765,179	-	765,179
交易性金融资产	-	-	97,398	97,398
其他债权投资	-	3,274,688	-	3,274,688
投资性房地产	-	-	2,637,255	2,637,255
持续以公允价值计量的资产总额		4,039,867	2,734,653	6,774,520
负债				
衍生金融负债	-	1,363	-	1,363

	2021 年 12 月 31 日			合计
	第一层次 公允价值计量	第二层次 公允价值计量	第三层次 公允价值计量	
持续的公允价值计量				
资产				
衍生金融资产	-	69,733	-	69,733
其他债权投资	-	3,274,806	-	3,274,806
投资性房地产	-	-	2,637,255	2,637,255
持续以公允价值计量的资产总额	-	3,344,539	2,637,255	5,981,794
负债				
衍生金融负债	-	339,928	-	339,928

于 2021 年 12 月 31 日至 6 月 30 日止期间，本集团上述持续以公允价值计量的资产和负债的第一层次与第二层次之间没有发生转换。本集团是在发生转换当年的报告期末确认各层次之间的转换。

(2) 其他金融工具的公允价值 (年末非以公允价值计量的项目)

(a) 现金及银行存款、其他金融资产和其他金融负债

由于以上金融资产及金融负债的到期日均在一年以内或者均为浮动利率，其账面价值接近于其公允价值。

(b) 应收租赁款

应收融资租赁款及应收售后租回款余额按照实际利率法确定，由于大部分融资租赁业务的内含实际利率与贷款市场报价利率挂钩并即时调整，其公允价值和账面价值近似。

(c) 借款

有固定期限的定期借款的公允价值以现金流量贴现法确定，贴现率为与该定期借款的剩余期限近似的现行定期借款利率。由于大部分浮动利率的借款利率与 SOFR 挂钩并即时调整，其公允价值与账面价值近似。

(d) 应付债券

应付债券的公允价值按照中债及彭博估值确定，于 2022 年 6 月 30 日及 2021 年 12 月 31 日债券公允价值分别为人民币 621.49 亿元及人民币 785.69 亿元。本集团采用可观察参数来确定的应付债券公允价值并将其划分为第二层级。

44 资本管理

本集团进行资本管理时的资本概念比资产负债表中的权益项目更加广泛，其目标主要为：(1) 满足本集团经营所在地银行监管机构设定的资本要求；(2) 保证本集团的持续经营能力，从而为股东提供回报，并使其他利益相关者获益；(3) 保持经营发展所需的充足的资本支持。

本集团管理层采用银保监会根据巴塞尔委员会的指引发布的管理办法每季度监控资本充足率及对法定资本的使用进行监督，每季度将要求的信息呈报银保监会上海监管局。

根据《金融租赁公司管理办法》中的规定，金融租赁公司资本净额与风险加权资产的比例不得低于金融监管机构的最低监管要求。根据银保监会《商业银行资本管理办法(试行)》及银保监会发[2012] 57号关于实施《商业银行资本管理办法(试行)》过渡期安排有关事项的通知，本集团计算的监管资本情况如下：

本集团

	2022 年 6 月 30 日	2021 年 12 月 31 日
核心一级资本	38,196,972	36,097,968
一级资本净额	38,196,972	36,097,968
资本净额	42,425,115	40,801,815
风险加权资产	353,822,547	332,102,401
核心一级资本充足率	10.80%	10.87%
一级资本充足率	10.80%	10.87%
资本充足率	11.99%	12.29%

45 比较数字

若干比较数据已经过重分类，以符合本期列报要求。

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**FINANCIAL STATEMENTS AND
AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

[English translation for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.]

Bank of Communications Financial Leasing Co., Ltd.

Financial Statements and Auditor's Report
For the Year Ended 31 December 2021
[English translation for reference only]

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[English Translation for Reference Only]

Auditor's Report

PwC ZT Shen Zi (2022) No. 29012
(Page 1 of 3)

To the Board of Directors of Bank of Communications Financial Leasing Co., Ltd.,

Opinion

What we have audited

We have audited the accompanying financial statements of Bank of Communications Financial Leasing Co., Ltd. (hereinafter “BoCom Leasing”), which comprise:

- the consolidated and company balance sheets as at 31 December 2021;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in owners' equity for the year then ended; and
- notes to the financial statements.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of BoCom Leasing as at 31 December 2021, and their financial performance and cash flows for the year then ended in accordance with the requirements of the Accounting Standards for Business Enterprises (“CASs”).

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

We are independent of BoCom Leasing in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants (“CICPA Code”), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

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

Management of BoCom Leasing is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Management and Those Charged with Governance for the Financial Statements (Cont'd)

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

Those charged with governance are responsible for overseeing BoCom Leasing's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on BoCom Leasing's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause BoCom Leasing to cease to continue as a going concern.
- Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within BoCom Leasing to express an opinion on the consolidated 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.

PricewaterhouseCoopers Zhong Tian LLP

Signing CPA

Ma Yingni

Shanghai, the People's Republic of China
20 April 2022

Signing CPA

Tong Yongjing

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

CONSOLIDATED AND COMPANY BALANCE SHEETS

AS AT 31 DECEMBER 2021

(All amounts in RMB'000 Yuan unless otherwise stated)

[English translation for reference only]

ASSETS	Note	31 December 2021		31 December 2020	
		The Group	The Company	The Group	The Company
Cash at bank and on hand	7	26,341,061	6,620,847	31,756,524	7,847,266
Placements with and loans to banks and other financial institutions	8	-	-	698,494	698,494
Derivative financial assets	9	69,733	6,287	17	-
Notes receivable		12,775	12,775	1,196	1,196
Other receivables	10	590,096	41,815,076	370,939	34,074,576
Financial assets held under re-sale agreements	11	-	338,915	489,590	1,360,950
Other debt investments	12	3,274,806	3,274,806	2,484,148	2,484,148
Lease receivables	13	149,161,802	109,687,401	139,270,577	101,748,213
Long-term equity investments	14	-	14,030,862	-	14,030,762
Prepayments for lease assets	15	15,125,878	-	10,963,397	-
Investment properties	16	2,637,255	-	3,434,189	-
Fixed assets	17	119,973,903	11,051	118,135,611	8,906
Deferred tax assets	18	1,403,943	1,057,135	1,310,283	1,032,624
Other assets	19	295,844	168,988	357,121	96,366
TOTAL ASSETS		318,887,096	177,024,143	309,272,086	163,383,501

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

President:
Zhu Yequn

Head of accounting department:
Zhong Liaoliao

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**CONSOLIDATED AND COMPANY BALANCE SHEETS (CONT'D)
AS AT 31 DECEMBER 2021**

(All amounts in RMB'000 Yuan unless otherwise stated)

[English translation for reference only]

LIABILITIES	Note	31 December 2021		31 December 2020	
		The Group	The Company	The Group	The Company
Short-term borrowings	20	78,352,046	58,783,694	69,841,067	50,357,724
Placements from banks and other financial institutions	21	25,798,329	25,798,329	15,648,309	15,648,309
Derivative financial liabilities	9	339,928	110,066	935,827	141,329
Notes payable	22	10,080,359	10,080,359	6,652,738	6,652,738
Employee benefits payable	23	233,214	232,856	219,947	219,502
Taxes payable	24	986,379	282,309	666,652	244,550
Other payables	25	8,814,991	20,712,547	8,764,931	20,965,541
Long-term borrowings	26	75,122,630	7,721,035	80,566,580	15,462,967
Bonds payable	27	78,612,127	25,936,707	89,762,924	27,358,517
Deferred tax liabilities	18	995,918	-	796,648	-
Other liabilities	28	3,706,838	959,281	3,617,959	1,079,773
Total liabilities		283,042,759	150,617,183	277,473,582	138,130,950
OWNERS' EQUITY					
Paid-in capital		14,000,000	14,000,000	14,000,000	14,000,000
Other comprehensive income	29	(961,874)	(6,991)	(1,477,399)	(68,434)
Surplus reserve	30	1,475,221	1,219,469	1,341,839	1,127,377
General risk reserve	31	4,719,058	4,719,483	4,549,680	4,549,680
Undistributed profits	32	16,611,932	6,474,999	13,384,384	5,643,928
Total owners' equity		35,844,337	26,406,960	31,798,504	25,252,551
TOTAL LIABILITIES AND OWNERS' EQUITY		318,887,096	177,024,143	309,272,086	163,383,501

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

President:
Zhu Yequn

Head of accounting department:
Zhong Liaoliao

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**CONSOLIDATED AND COMPANY INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(All amounts in RMB'000 Yuan unless otherwise stated)

[English translation for reference only]

Item	Note	2021		2020	
		The Group	The Company	The Group	The Company
Interest income	33	383,423	852,718	167,441	1,103,659
Income on finance lease and sale and leaseback transactions	34	6,728,082	5,044,709	6,656,305	4,900,386
Operating lease income	35	13,600,399	-	13,072,617	-
Revenue from other operations		85	79	-	-
Gains/(Losses) on disposal of assets	36	293,450	(90)	(80,988)	12
Other income	37	325,747	71,498	373,553	94,708
Investment income		-	81,777	-	151,611
Gains or losses arising from changes in fair value		2,483	-	(7,641)	(5,121)
Exchange gains or losses		(8,582)	(12,218)	(24,419)	(31,464)
Revenue		<u>21,325,087</u>	<u>6,038,473</u>	<u>20,156,868</u>	<u>6,213,791</u>
Interest expenses	38	(5,976,144)	(3,517,139)	(6,700,487)	(3,523,346)
Operating lease expenses	39	(6,962,131)	-	(7,050,480)	-
Cost of sales from other operations		-	-	(38,175)	-
Fee and commission expenses	40	(182,293)	(120,744)	(140,830)	(49,497)
Taxes and surcharges		(110,567)	(29,254)	(99,548)	(29,459)
Operating and administrative expenses	41	(611,713)	(410,866)	(557,496)	(368,178)
Credit impairment losses	42	(984,751)	(547,698)	(729,071)	(370,368)
Asset impairment losses	43	(1,980,398)	-	(484,725)	-
Cost of sales		<u>(16,807,997)</u>	<u>(4,625,701)</u>	<u>(15,800,812)</u>	<u>(4,340,848)</u>
Operating profit		<u>4,517,090</u>	<u>1,412,772</u>	<u>4,356,056</u>	<u>1,872,943</u>
Non-operating income		2	2	-	-
Non-operating expenses		-	-	(5,319)	(5,300)
Total profit		<u>4,517,092</u>	<u>1,412,774</u>	<u>4,350,737</u>	<u>1,867,643</u>
Less: Income tax expenses	44	(986,784)	(319,808)	(1,149,174)	(417,688)
Net profit		<u>3,530,308</u>	<u>1,092,966</u>	<u>3,201,563</u>	<u>1,449,955</u>
Including: Net profit of the acquiree entity in a business combination under common control before the combination date		-	-	(18,423)	-

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**CONSOLIDATED AND COMPANY INCOME STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021**

(All amounts in RMB'000 Yuan unless otherwise stated)

[English translation for reference only]

Item	Note	2021		2020	
		The Group	The Company	The Group	The Company
Classified by continuity of operations					
Net profit from continuing operations		3,530,308	1,092,966	3,201,563	1,449,955
Net profit from discontinued operations		-	-	-	-
Other comprehensive income, net of tax	29	515,525	61,443	(805,164)	(57,306)
Other comprehensive income items which will be reclassified subsequently to profit or loss		515,525	61,443	(806,294)	(58,436)
Effective portion of gains or losses on hedging instruments in a cash flow hedge		510,336	(350)	(714,284)	(49,040)
Differences arising from translation of foreign currency financial statements		(56,604)	-	(82,614)	-
Fair value changes in other debt investments		61,857	61,857	(9,734)	(9,734)
Provision for credit impairment of other debt investments		(64)	(64)	338	338
Other comprehensive income items that may not be reclassified subsequently to profit or loss		-	-	1,130	1,130
Fair value changes in other equity investments		-	-	1,130	1,130
Total comprehensive income		4,045,833	1,154,409	2,396,399	1,392,649

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

President:
Zhu Yequn

Head of accounting department:
Zhong Liaoliao

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

Item	Note	2021		2020	
		The Group	The Company	The Group	The Company
Cash flows from operating activities					
Cash received from leasing interest and operating lease income		21,158,810	5,117,245	20,022,803	5,036,590
Other interest income received		291,771	882,653	113,457	729,550
Cash received from borrowings		391,042,385	207,691,805	279,976,617	201,632,431
Cash received from placements from banks and other financial institutions		206,135,567	206,135,567	110,788,783	110,788,783
Net decrease in mandatory reserve deposits with central bank		-	-	46,301	46,301
Net decrease in financial assets held under re-sale agreements		490,000	902,183	-	-
Cash received relating to other operating activities		1,060,753	1,325,802	2,713,600	8,739,176
Sub-total of cash inflows		620,179,286	422,055,255	413,661,561	326,972,831
Net cash payments of lease guarantee deposit refund		(65,345)	(760,498)	(929,759)	(734,808)
Net increase in lease receivables		(7,772,854)	(5,393,467)	(10,906,140)	(3,295,482)
Cash payments of fee and commission expenses		(182,293)	(120,744)	(140,830)	(49,497)
Payments of taxes and surcharges		(1,538,953)	(500,896)	(1,587,979)	(642,343)
Cash paid to and on behalf of employees		(350,146)	(288,687)	(344,615)	(291,696)
Cash repayments of borrowings		(387,037,665)	(206,940,304)	(251,378,917)	(196,868,187)
Cash repayments of placements from banks and other financial institutions		(196,013,235)	(196,013,235)	(106,140,362)	(106,140,362)
Payments of interest		(3,151,240)	(2,627,191)	(3,207,822)	(2,378,069)
Net increase in mandatory reserve deposits with central bank		(83,793)	(83,793)	-	-
Net increase in financial assets held under re-sale agreements		-	-	(490,000)	(329,068)
Cash paid relating to other operating activities	45(5)	(1,790,939)	(7,915,660)	(2,622,324)	(2,361,426)
Sub-total of cash outflows		(597,986,463)	(420,644,475)	(377,748,748)	(313,090,938)
Net cash flows from operating activities		22,192,823	1,410,780	35,912,813	13,881,893
Cash flows used in investing activities					
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		3,831,846	57	4,904,225	25
Cash received from disposal of investments		-	-	-	700
Cash received from returns on investments		97,213	178,989	71,995	223,605
Sub-total of cash inflows		3,929,059	179,046	4,976,220	224,330
Cash paid to acquire investments		(713,744)	(713,744)	(1,500,000)	(1,500,000)
Cash paid for investing in subsidiaries		-	-	-	(5,526,628)
Cash paid to acquire fixed assets, intangible assets and assets under operating leases		(19,966,184)	(8,309)	(16,338,391)	(4,386)
Sub-total of cash outflows		(20,679,928)	(722,053)	(17,838,391)	(7,031,014)
Net cash flows used in investing activities		(16,750,869)	(543,007)	(12,862,171)	(6,806,684)

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021**

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

Item	Note	2021		2020	
		The Group	The Company	The Group	The Company
Cash flows from financing activities					
Cash received from capital contributions		-	-	5,500,000	5,500,000
Cash received from issuance of bonds		10,787,801	6,983,949	13,439,840	3,000,000
Sub-total of cash inflows		<u>10,787,801</u>	<u>6,983,949</u>	<u>18,939,840</u>	<u>8,500,000</u>
Cash repayments of bonds		(20,613,830)	(8,500,000)	(15,079,517)	(8,000,000)
Cash repayments of bond interest		(2,792,348)	(1,020,298)	(3,361,297)	(1,331,493)
Cash repayments of principal and interest of lease liabilities		(10,400)	(42,682)	(7,653)	(41,471)
Sub-total of cash outflows		<u>(23,416,578)</u>	<u>(9,562,980)</u>	<u>(18,448,467)</u>	<u>(9,372,964)</u>
Net cash flows (used in)/from financing activities		<u>(12,628,777)</u>	<u>(2,579,031)</u>	<u>491,373</u>	<u>(872,964)</u>
Effect of foreign exchange rate changes		<u>(8,582)</u>	<u>(12,218)</u>	<u>(24,419)</u>	<u>(30,292)</u>
Net (decrease)/increase in cash and cash equivalents	45(3)	<u>(7,195,405)</u>	<u>(1,723,476)</u>	<u>23,517,596</u>	<u>6,171,953</u>
Add: Cash and cash equivalents at the beginning of the year		<u>29,846,067</u>	<u>7,884,479</u>	<u>6,328,471</u>	<u>1,712,526</u>
Cash and cash equivalents at the end of the year	45(4)	<u>22,650,662</u>	<u>6,161,003</u>	<u>29,846,067</u>	<u>7,884,479</u>

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

President:
Zhu Yequn

Head of accounting department:
Zhong Liaoliao

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

(All amounts in RMB '000 Yuan unless otherwise stated)
[English translation for reference only]

	Note	Paid-in capital	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	Total owners' equity
Balance at 1 January 2020		8,500,000	(672,235)	1,166,493	3,821,843	11,086,004	23,902,105
Capital contribution by owners		5,500,000	-	-	-	-	5,500,000
Net movements for the year							
Total comprehensive income							
Net profit		-	-	-	-	3,201,563	3,201,563
Other comprehensive income	29	-	(805,164)	-	-	-	(805,164)
Total comprehensive income for the year		-	(805,164)	-	-	3,201,563	2,396,399
Profit distribution							
Appropriation to surplus reserve	30	-	-	175,346	-	(175,346)	-
Appropriation to general risk reserve	31	-	-	-	727,837	(727,837)	-
Balance at 31 December 2020		14,000,000	(1,477,399)	1,341,839	4,549,680	13,384,384	31,798,504
Balance at 1 January 2021		14,000,000	(1,477,399)	1,341,839	4,549,680	13,384,384	31,798,504
Capital contribution by owners							
Share capital		-	-	-	-	-	-
Net movements for the year							
Total comprehensive income							
Net profit		-	-	-	-	3,530,308	3,530,308
Other comprehensive income		-	515,525	-	-	-	515,525
Total comprehensive income for the year		-	515,525	-	-	3,530,308	4,045,833
Profit distribution							
Appropriation to surplus reserve		-	-	133,382	-	(133,382)	-
Appropriation to general risk reserve		-	-	-	169,378	(169,378)	-
Balance at 31 December 2021		14,000,000	(961,874)	1,475,221	4,719,058	16,611,932	35,844,337

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

President:
Zhu Yejun

Head of accounting department:
Zhong Liadiao

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**COMPANY STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

	Note	Paid-in capital	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	Total owners' equity
Balance at 1 January 2020		8,500,000	(11,128)	982,382	3,821,843	5,066,805	18,359,902
Capital contribution by owners							
Share capital		5,500,000	-	-	-	-	5,500,000
Net movements for the year							
Total comprehensive income							
Net profit		-	-	-	-	1,449,955	1,449,955
Other comprehensive income	29	-	(57,306)	-	-	-	(57,306)
Total comprehensive income for the year		-	(57,306)	-	-	1,449,955	1,392,649
Profit distribution							
Appropriation to surplus reserve	30	-	-	144,995	-	(144,995)	-
Appropriation to general risk reserve	31	-	-	-	727,837	(727,837)	-
Balance at 31 December 2020		<u>14,000,000</u>	<u>(68,434)</u>	<u>1,127,377</u>	<u>4,549,680</u>	<u>5,643,928</u>	<u>25,252,551</u>
Balance at 1 January 2021		14,000,000	(68,434)	1,127,377	4,549,680	5,643,928	25,252,551
Capital contribution by owners							
Share capital		-	-	-	-	-	-
Net movements for the year							
Total comprehensive income							
Net profit		-	-	-	-	1,092,966	1,092,966
Other comprehensive income		-	61,443	-	-	-	61,443
Total comprehensive income for the year		-	61,443	-	-	1,092,966	1,154,409
Profit distribution							
Appropriation to surplus reserve		-	-	92,092	-	(92,092)	-
Appropriation to general risk reserve		-	-	-	169,803	(169,803)	-
Balance at 31 December 2021		<u>14,000,000</u>	<u>(6,991)</u>	<u>1,219,469</u>	<u>4,719,483</u>	<u>6,474,999</u>	<u>26,406,960</u>

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

President:
Zhu Yequn

Head of accounting department:
Zhong Liaoliao

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

1 Company background and principal activities

Bank of Communications Financial Leasing Co., Ltd. (the "Company") is a wholly-owned subsidiary of Bank of Communications Co., Ltd. (the "BoCom") with a registered capital of RMB 2 billion. Its registration was approved by China Banking and Insurance Regulatory Commission by Yin Jian Fu (2007) No. 416. The registered capital was RMB 2 billion. BoCom increased its capital contribution by RMB 2 billion in March 2010, RMB 2 billion in April 2013, RMB 1 billion in July 2015, RMB 0.5 billion in February 2017, RMB 1 billion in December 2017 and RMB 5.5 billion in February 2020, the registered capital and paid-in capital of the Company reached RMB 14 billion as at 31 December 2021. The registration place of the Company is Shanghai, and the address of the Head Office is Floors 27, 28 & 29, No. 333, Lujiazui Ring Road, Shanghai. The Company obtained the business license issued by Shanghai Administration of Industry and Commerce of the People's Republic of China on 20 December 2007. Its operating period starts from 20 December 2007 to unspecified expiration date.

The Company and its subsidiaries ("the Group") carry out business as approved by the China Banking and Insurance Regulatory Commission ("CBIRC") according to the *Measures for Administration of Financial leasing Companies* (China Banking Regulatory Commission Order No. 3, 2014). The Company's approved scope of business includes finance lease, acceptance of deposits from lessees, investment in fixed-income securities, transfer and acquisition of assets under finance leases, taking time deposits over 3 months (inclusive) from non-bank shareholders, interbank lending and borrowing, loans from financial institutions, overseas foreign currency loans, sales and disposal of leasehold, economic consulting, finance leases provided to project companies incorporated in bonded areas, and providing guarantees for external financing of controlling subsidiaries and project companies and other businesses approved by the CBIRC.

The Company's subsidiaries are mainly leasing project corporates, whose approved scope of business includes the aircraft, ship and other leasing, import and export business of goods and technology, finance lease business, import and export business related to finance leases, acceptance of deposits from lessees, accepting and transferring finance lease receivables, loans from financial institutions, foreign exchange loans, sales and disposal of residual value of leasehold, economic consulting and other businesses approved by the CBIRC (Part of the businesses should operate within the validity according to their industry license, others should operate according to the governmental special regulations).

On 26 August 2020, Xiangmao International Ship Lease Co., Limited, a subsidiary of the Group, acquired 100% equity of Chiao Tung Developments Ltd. ("Chiao Tung Developments") from Bank of Communications (Nominee) Company Limited and Qiaohui Company Limited, which are under common control of Bank of Communications Co., Ltd. The transaction was a business combination under common control.

These financial statements were authorised for issue by the Board of Directors of the Company on 20 April 2022.

2 Basis of preparation

The financial statements are prepared in accordance with the *Accounting Standard for Business Enterprises - Basic Standard*, the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as "the Accounting Standards for Business Enterprises" or "CASs").

The financial statements are prepared on a going concern basis.

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

3 Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2021 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the consolidated and company as at 31 December 2021 and their financial performance, cash flows and other information for the year then ended.

4 Summary of significant accounting policies and accounting estimates

(1) Accounting year

The Company's accounting year starts on 1 January and ends on 31 December.

(2) Recording currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company operates. Therefore, the recording currency of the Company is RMB. Subsidiaries of the Company determine their recording currencies according to the major economic environment in which they operate. The financial statements are presented in RMB.

(3) Foreign currency translation

(a) Foreign currency transactions

Foreign currency transactions are translated into recording currency using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(b) Translation of foreign currency financial statements

The asset and liability items in the balance sheets of the subsidiaries recorded in the currency other than RMB are translated at the spot exchange rates on the balance sheet date. Among the owners' equity items, the items other than "undistributed profits" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements of the subsidiaries recorded in the currency other than RMB are translated at the spot exchange rates of the transaction dates. The differences arising from the above translation are presented in other comprehensive income of the owners' equity. The cash flow items of the subsidiaries recorded in the currency other than RMB as the recording currency are translated at the spot exchange rates of the cash flow dates. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(4) Cash and cash equivalents

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

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(All amounts in RMB '000 Yuan unless otherwise stated)
[English translation for reference only]

4 Summary of significant accounting policies and accounting estimates (Cont'd)

(5) Assets transferred under repurchase agreements

Financial assets held under re-sale agreements

The financial assets which will be re-sold on a specific future date at fixed price under an agreement are not recognised on the balance sheets. The cost of acquisition is recognised as 'Financial assets held under re-sale agreements on the balance sheets. The difference between the prices of purchase and resale is recognised through the agreement period into interest income by using the effective interest method.

(6) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

(a) Financial assets

(i) Classification and measurement

Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified as: (1) financial assets at amortised cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

The financial assets are measured at fair value at initial recognition. Related transaction costs that are attributable to the acquisition of the financial assets are included in the initially recognised amounts, except for the financial assets at fair value through profit or loss, the related transaction costs of which are recognised directly in profit or loss for the current period. Accounts receivable or notes receivable arising from sales of products or rendering of services (excluding or without regard to significant financing components) are initially recognised at the consideration that is entitled to be charged by the Group as expected.

Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured in the following three ways:

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(All amounts in RMB '000 Yuan unless otherwise stated)
[English translation for reference only]

4 Summary of significant accounting policies and accounting estimates (Cont'd)

(6) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(i) Classification and measurement (Cont'd)

Measured at amortised cost:

The objective of the Group's business model is to hold the financial assets to collect the contractual cash flows, and the contractual cash flow characteristics are consistent with a basic lending arrangement, which gives rise on specified dates to the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The interest income of such financial assets is recognised using the effective interest method. Such financial assets mainly comprise cash at bank and on hand, placements with banks and other financial institutions, notes receivables, other receivables, financial assets held under re-sale agreements and finance lease receivables.

The amortised cost of a financial asset shall be measured at the initial recognition amount after making the following adjustments: (1) minus the principal repayments; (2) plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount; (3) minus the cumulative loss provision. Interest income is calculated using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset (the amortised cost before deduction of impairment losses). When calculating the effective interest rate, an entity shall not consider the expected credit losses ("ECLs"), but shall consider transaction costs, premiums or discounts, and fees paid or received that are an integral part of the effective interest rate. For purchased or originated credit-impaired financial assets, the Group shall calculate the credit-adjusted effective interest rate on the basis of the amortised cost (instead of gross carrying amount) of the financial asset, and take into consideration the ECL effect for estimated future cash flows.

Measured at fair value through other comprehensive income:

The objective of the Group's business model is to hold the financial assets to both collect the contractual cash flows and sell such financial assets, and the contractual cash flow characteristics are consistent with a basic lending arrangement. Such financial assets are measured at fair value through other comprehensive income, except for the impairment gains or losses, foreign exchange gains and losses, and interest income calculated using the effective interest method which are recognised in profit or loss for the current period. These financial assets mainly include other debt investments.

Measured at fair value through profit or loss:

Debt instruments held by the Group that are not divided into those at amortised cost, or those measured at fair value through other comprehensive income, are measured at fair value through profit or loss and included in financial assets held for trading. At initial recognition, the Group designates a portion of financial assets as at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(All amounts in RMB '000 Yuan unless otherwise stated)
[English translation for reference only]

4 Summary of significant accounting policies and accounting estimates (Cont'd)

(6) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(i) Classification and measurement (Cont'd)

Equity instruments

Investments in equity instruments, over which the Group has no control, joint control or significant influence, are measured at fair value through profit or loss under financial assets held for trading.

In addition, a portion of certain investments in equity instruments not held for trading are designated as financial assets at fair value through other comprehensive income under other investments in equity instruments.

(ii) Impairment

Loss provision for financial assets at amortised cost, investments in debt instruments at fair value through other comprehensive income, finance lease receivables as well as some finance lease commitments and financial guarantee contracts is recognised on the basis of ECL.

Giving consideration to reasonable and supportable information on past events, current conditions and forecasts of future economic conditions, as well as the default risk weight, the Group recognises the ECL as the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to collect.

As at each balance sheet date, the ECLs of financial instruments at different stages are measured respectively. 12-month ECL provision is recognised for financial instruments in Stage 1 that have not had a significant increase in credit risk since initial recognition; lifetime ECL provision is recognised for financial instruments in Stage 2 that have had a significant increase in credit risk yet without credit impairment since initial recognition; and lifetime ECL provision is recognised for financial instruments in Stage 3 that have had credit impairment since initial recognition.

For the financial instruments with lower credit risk on the balance sheet date, the Group assumes there is no significant increase in credit risk since initial recognition and recognises the 12-month ECL provision.

For the financial instruments in Stage 1, Stage 2 and with lower credit risk, the Group calculates the interest income by applying the effective interest rate to the gross carrying amount (before deduction of the impairment provision). For the financial instruments in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (after deduction of the impairment provision from the gross carrying amount).

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

4 Summary of significant accounting policies and accounting estimates (Cont'd)

(6) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(ii) Impairment (Cont'd)

The Group recognises the loss provision made or reversed into profit or loss for the current period. For debt instruments held at fair value through other comprehensive income, the Group adjusts other comprehensive income while the impairment losses or gains are recognised in profit or loss for the current period.

If the Group has measured the loss provision for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the financial instrument no longer meets the condition that the credit risk has increased significantly since initial recognition, the Group shall measure the loss provision at an amount equal to 12-month ECL at the current reporting date. Reversal of loss provision therefrom shall be recognised in profit or loss for the current period, as impairment gains. At the balance sheet date, the Group shall only recognise the cumulative changes in lifetime ECL since initial recognition as a loss provision for purchased or originated credit-impaired financial assets.

(iii) Write off

The book value of a financial asset is written off to the extent that there is no realistic prospect of recovery (either partially or in full). A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(iv) Revision on sale and leaseback contracts

For assets transferred in sale and leaseback transactions that don't belong to sales, the Group doesn't recognise the assets transferred as the lessor but recognises the financial assets at the same amount as the transfer income, and accounts for such financial assets per the *Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*. The Group will renegotiate or modify these contracts due to certain special circumstances at times, which will in turn lead to changes in contract cash flows. In such cases, the Group will assess if there is a substantial change in the revised contractual terms.

If there is a substantial change in the revised contractual terms, the Group will derecognise the original financial asset and recognise a new financial asset carried at fair value. Meanwhile, a new effective interest rate is recalculated for the new asset. In this case, when applying impairment requirements to the modified financial asset, including when determining whether there is a significant increase in credit risk, the aforesaid modification date of contract will be regarded as the initial recognition date. For the above newly recognised financial asset, the Group is required to assess whether the asset is credit impaired at initial recognition, especially when the modification of contract occurs when the borrower fails to fulfil the initially agreed payment arrangement. Any change in carrying amount is recognised as gains or losses arising from derecognition, and is included into profit or loss for the period.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(6) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(iv) Revision on sale and leaseback contracts (Cont'd)

If there is no substantial change in the revised contractual terms, the modification of contract will not lead to de-recognition of the financial asset. The Group will recalculate the gross carrying amount of the financial asset in accordance with the revised contractual cash flows, and include gains or losses arising from the modification into profit or loss for the period. When recalculating the gross carrying amount, the original effective interest rate (or the credit-adjusted effective interest rate for purchased or originated credit-impaired financial asset) is adopted to discount the revised cash flows.

(v) Derecognition

A financial asset is derecognised when: (i) the contractual rights to the cash flows from the financial asset expire, (ii) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, or (iii) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

When a financial asset is derecognised, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that are previously recognised directly in other comprehensive income is recognised in profit or loss for the current period, except for those as investments in other equity instruments, the difference aforementioned is recognised in retained earnings instead.

(b) Financial liabilities

Financial liabilities are classified as financial liabilities at amortised cost and financial liabilities at fair value through profit or loss at initial recognition.

The financial liabilities of the Group are mainly financial liabilities measured at amortised cost, including borrowings, placements from banks and other financial institutions, notes payables, other payables and bonds payables. Such financial liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Borrowings of which the period is within one year (inclusive) are classified as the short-term borrowings, and the others are classified as long-term borrowings.

A financial liability is derecognised or partly derecognised when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognised part of the financial liability and the consideration paid is recognised in profit or loss for the current period.

(c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. In valuation, the Group adopts valuation techniques applicable in the current situation and supported by adequate available data and other information, selects inputs with the same characteristics as those of assets or liabilities considered in relevant transactions of assets or liabilities by market participants, and gives priority to the use of relevant observable inputs. When relevant observable inputs are not available or feasible, unobservable inputs are adopted.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(6) Financial instruments (Cont'd)

(d) Derivative financial instruments and hedging accounting

Derivative financial instruments are initially recognised on the date when the contract is concluded and are initially and subsequently measured at fair value. The derivative financial instrument is carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The method for recognising changes in fair value of the derivative instrument depends on whether the derivative instrument is designated as a hedging instrument and the eligibility as hedging instruments, and the nature of the item being hedged. The Group designates certain derivatives as:

- (i) a fair value hedge against the recognised assets or liabilities or unrecognised firm commitments;
- (ii) a cash flow hedge of a highly probable forecast transaction;

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. The Group also makes a continuous record of the estimates on whether the hedging is effective both at inception and in subsequent periods, i.e., whether the hedging instrument can offset the changes in the fair value or cash flow of the hedged items to a large extent.

(i) Fair value hedges

As for the hedging instruments designated as fair value hedges and meeting relevant requirements, the fair value changes are recognised and included in profit or loss. Meanwhile, fair value changes in assets or liabilities of the hedged items related to the risk of hedged items are recognised and included in profit or loss.

In the case that a hedge does not meet the criteria of hedge accounting any more, for the hedged item using the effective interest rate method, the adjustment to its carrying amount is amortised in the remaining period from the point when hedged item ceased the adjustment of hedging gains and losses to maturity, and is recorded into the profit and loss as net interest income.

(ii) Cash flow hedges

As for hedging instruments designated for cash flows, the effective portion of fair value hedges is recognised in other comprehensive income while the gains or losses from ineffective portion are recognised in profit or loss.

The amount accumulatively included in equity is transferred to profit or loss during the period when the hedged item affects the profit or loss, and is recorded in related income or expenses generated from the hedged item.

When a hedging instrument expires, is sold or no longer meets the criteria of the hedge accounting, the accumulated gains or losses shall still be included in equity before being recognised as profit or loss when the hedged item affects the profit or loss. The cumulative gains or losses which have been recognised in other comprehensive income are reclassified into profit or loss immediately when the transaction is not expected to occur, for example, a recognised hedged asset is sold.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

- (6) Financial instruments (Cont'd)
- (d) Derivative financial instruments and hedging accounting (Cont'd)
- (iii) Effect of IBOR reform on financial reporting

The IASB has published amendments to IFRS 9, IAS 39 and IFRS 7 as a first reaction to the potential effects the Interest Rate Benchmark Reform ("IBOR") could have on financial reporting. The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform. Key changes include:

- Modifying specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform;
- Provided that the Group reasonably expects IBOR to be separately identifiable within 24 months since the first designation, even if it is not separately identifiable at the date when it is designated, the Group shall designate it as a non-contractually clear risk component of hedged items or of the hedged risk.
- In some hedges, the hedged item or hedged risk is a non-contractually specified IBOR risk component. Under the amendments, the risk component only needs to be separately identifiable at initial hedge designation and not on an ongoing basis;
- The amendment requires disclosure of the nominal amount of hedging instruments to which the reliefs are applied, any significant assumptions or judgements made in applying the reliefs, and qualitative disclosures about how the entity is impacted by IBOR reform and is managing the transition process.

(7) Long-term equity investments

The Company's long-term equity investments comprise the long-term equity investments in subsidiaries.

Subsidiaries are the investees over which the Company is able to exercise control. Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements.

Long-term equity investments accounted for using the cost method are measured at initial investment cost. Cash dividends or profit distributions declared by the investees are recognised as investment income in profit or loss.

(8) Investment properties

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that are being constructed or developed for future use for leasing, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(8) Investment properties (Cont'd)

Investment properties are subsequently measured using the fair value model and are not depreciated or amortised. The carrying amount of investment properties is adjusted based on their fair value at the balance sheet date, and the difference between the fair value and the original carrying amount is recognised in profit or loss for the current period.

When an investment property is transferred to owner-occupied properties, it is reclassified as fixed asset or intangible asset at the date of the transfer. The fair value of such investment property as at the transfer date is deemed as the cost of the fixed asset or intangible asset. The difference between fair value and carrying amount of the investment property is recognised in profit or loss. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is transferred to investment properties with the carrying amount determined at the fair value at the date of the transfer. If the fair value at the date of the transfer is less than the original carrying amount of the fixed asset or the intangible asset, the difference is recognised in profit or loss for the current period; otherwise, it is included in other comprehensive income and transferred to the profit or loss for the current period after the disposal of such investment properties.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(9) Fixed assets

Fixed assets comprise office equipment and electronic equipment, motor vehicles, buildings and aircraft and ships leased out under operating lease. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss for the period in which they are incurred.

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Office equipment and electronic equipment	3-5 years	5%	19%-32%
Motor vehicles	6 years	5%	16%
Buildings	41 years	3%	2%
Fixed assets leased out under operating lease (a)	4-25 years	5%	4%-24%

The estimated useful life and the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(a) Fixed assets leased out under operating lease

Fixed assets under operating lease of the Group are mainly aircraft and ships leased out in operating lease business. The Group assesses useful lives and depreciation methods of these assets based on their actual conditions. The Group also determines the estimated net residual values item by item through an external rating agency based on historical data.

(10) Intangible assets

Intangible assets are purchased computer software. They are measured at cost and amortised on the straight-line basis over useful lives of 5 years.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(11) Impairment of long-term assets

Fixed assets, intangible assets and long-term equity investments in subsidiaries are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an asset impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

(12) Borrowing costs

The borrowing costs that are directly attributable to acquisition and construction of an asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

(13) Employee benefits

Employee benefits include employee benefits, post-employment benefits and other long-term employee benefits provided in various forms of consideration in exchange for service rendered by employees or compensations for the termination of employment relationship.

(a) Employee benefits

Employee benefits include employee wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs. The employee benefits actually occurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.

(b) Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include the premiums or contributions on basic pensions and unemployment insurance, both of which belong to defined contribution plans.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(13) Employee benefits (Cont'd)

(c) Basic pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentages prescribed by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(14) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and deferred tax liabilities are offset when:

- the deferred tax assets and deferred tax liabilities are related to the same tax payer within the Group and the same taxation authority; and
- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(15) Revenue

The Group provides lease service to external parties. Rental income under an operating lease is recognised on a straight-line basis or using any other systemically reasonable method over the period of the lease in revenue. Variable lease payments not included in the net lease investment measurement are recognised as rental income in the period in which they are incurred. Interest income under a finance lease is recognised at the periodic fixed interest rate over the period of the lease.

Revenue from non-lease services provided by the Group is recognised when the contractual obligation is performed, i.e., the customer obtains the control right of the relevant products.

Interest income refers to those arising from financial assets at amortised cost using the effective interest method and debt instruments at fair value through other comprehensive income.

(16) Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax return, financial subsidy, etc.

Government grants are recognised when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to government grants which are obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

Government grants related to assets are either deducted against the carrying amount of the assets, or recorded as deferred income and recognised in profit or loss on a systemic basis over the useful lives of the assets. Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognised in profit or loss, or deducted against related costs, expenses or losses in reporting the related expenses; government grants related to income that compensate the incurred costs, expenses or losses are recognised in profit or loss, or deducted against related costs, expenses or losses directly in the current period. The Group applies the presentation method consistently to the similar government grants in the financial statements.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(17) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as the lessee

At the commencement date, the Group shall recognise the right-of-use asset and measure the lease liability at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease if the lessee exercises an option to terminate the lease. Variable lease payments are excluded from lease payments and recognised in profit or loss as incurred.

The Group's right-of-use assets comprise eased buildings and motor vehicles. Right-of-use assets are measured initially at cost which comprises the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date and any initial direct costs, less any lease incentives received. If there is reasonable certainty that the Group will obtain ownership of the underlying asset by the end of the lease term, the asset is depreciated over its remaining useful life; otherwise the asset is depreciated over the shorter of the lease term and its remaining useful life. The carrying amount of the right-of-use assets is reduced to the recoverable amount when the recoverable amount is below the carrying amount.

For short-term leases with a term of 12 months or less and leases of an individual asset (when new) of low value, the Group may, instead of recognising right-of-use assets and lease liabilities, include the lease payments in the cost of the underlying assets or in the profit or loss for the current period on a straight-line basis over the lease term.

The Group, as the lessee, did not receive the rental concessions directly caused by COVID-19 prior to 30 June 2022.

The Group as the lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. An operating lease is a lease other than a finance lease.

(a) Operating leases

Rental income arising from the Group's self-owned buildings, aircraft and ships under an operating lease is recognised on a straight-line basis or using any other systemically reasonable method over the period of the lease. Variable lease payments not included in the net lease investment measurement are recognised as rental income under an operating lease in the period in which they are incurred.

The Group, as the lessor, did not provide the rental concessions for the lessee directly caused by COVID-19 prior to 30 June 2022.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(17) Leases (Cont'd)

(b) Finance leases

The Group recognises the finance lease receivables for the finance lease on the commencement date of the lease period and derecognises the related assets. For the initial measurement of the finance lease receivables, finance lease receivables are recognised at the net lease investment. The net lease investment is the sum of the unsecured residual value and the lease payments that has not been received as at the commencement date of the lease period, and the latter is discounted to the present value at the interest rate during the lease period.

Finance lease receivables are derecognised when the contractual rights of receiving the cash from the finance lease receivables have expired or have been transferred, and all substantial risks and rewards regarding the leasehold have been transferred.

During the lease period, the Group applies the fixed periodic interest rate to calculate the interest income for each period of the lease period.

(c) Sale and leaseback

Sale and leaseback transactions are transactions that asset sellers (lessees) lease back assets sold by them from the buyers (lessors). For assets transferred in sale and leaseback transactions that qualify as sales, the lessor accounts for purchased assets in accordance with applicable corporate accounting standards and accounts for leased assets in accordance with the lease standards. For assets transferred in sale and leaseback transactions that do not qualify as sales, the lessor does not recognise the assets transferred but recognises the financial assets at the same amount as the transfer income.

(18) Business combinations

Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the Group in a business combination are measured at the carrying amount. If the acquiree is acquired from a third party by the ultimate controlling party in a prior year, the consideration paid and net assets obtained by the Group are measured based on the carrying amounts of the acquiree's assets and liabilities (including the goodwill arising from the acquisition of the acquiree by the ultimate controlling party) presented in the consolidated financial statements of the ultimate controlling party. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital reserve (share premium). If the capital reserve (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the business combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(19) Preparation of consolidated financial statements

The scope of consolidated financial statements is determined on the control right, including the Company, all of its subsidiaries and structured entities controlled by the Group.

Control is the power the investor has over an investee, so as to obtain variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor's returns. Subsidiaries and structured entities are consolidated from the date on which the Company obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realised before the combination date is presented separately in the consolidated income statement.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity (for instance, voting rights relate to the administrative tasks only) and the relevant activities are directed by means of contractual or relevant arrangements.

Where the Company acts as asset manager of structure entities, the Company makes judgement on whether it is an agent for the structure entities or the principal. In the case that the asset manager serves as the agent, it exercises decision-making power mainly on behalf of other parties (other investors in the structured entity) and thus has no control over the structured entity. In the case that the asset manager is considered to exercise decision-making power mainly on behalf of itself, it serves as the trustee and has control over the structured entity.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company, its subsidiaries and structured entities are inconsistent, the financial statements of the subsidiaries and the structured entities are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' owners' equity and the portion of subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to the Company are recognised as minority interests, net profit attributed to minority interests and total comprehensive incomes attributed to minority interests, and presented separately in the consolidated financial statements under owners' equity, net profits and total comprehensive income respectively. Unrealised profits and losses resulting from the sale of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the parent. Unrealised profits and losses resulting from the sale of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to owners of the parent and net profit attributed to minority interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the parent and net profit attributed to minority interests in accordance with the allocation proportion of the parent in the subsidiary.

During the reporting period, the Group shall adjust the opening balance in preparing the consolidated balance sheet to consolidate the subsidiaries and related businesses arising from the business combination involving enterprises under common control. In addition, the relevant items in the comparative statements shall be adjusted as if the reporting entity after combination has been existing since the ultimate controlling party starts to exert control.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(20) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenue and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. Two or more operating segments that have similar economic characteristics and satisfy certain conditions can be aggregated into one single operating segment.

The Group's business activities centred on lease business for the year and is managed as a whole. Therefore, separate disclosure of segment information is not required.

(21) Critical accounting estimates and judgements

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Classification of financial assets

Significant judgements made by the Group in the classification of financial assets include business model and analysis on contractual cash flow characteristics.

When assessing whether contractual cash flow characteristics of financial assets are consistent with basic lending arrangement, key judgements made by the Group include: the possibility of changes in time schedule or amount of the principal during the lifetime due to reasons such as repayment in advance; whether interest only include time value of money, credit risks, other basic lending risks and considerations for costs and profits. For example, whether the amount of prepayment only reflects the principal outstanding and the interest based on the principal outstanding, as well as the reasonable compensation due to the early termination of the contract.

(b) ECL Measurement

The ECL measurement for financial assets measured at amortised cost and finance lease receivables is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Note 49(2) specifies the parameters, assumptions and estimation techniques used in the ECL measurement.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(21) Critical accounting estimates and judgements (Cont'd)

(c) Impairment of fixed assets leased out under operating lease

The Group test periodically for impairment of fixed assets leased out under operating lease. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset, which requires accounting estimates in the calculation.

The fair value is usually based on market pricing information that management obtains from a professional appraisal institution. Costs to sell include related legal fees and taxes.

When calculating the present value of the future cash flows expected to be derived from the asset, management takes the rental amount agreed in the lease contract and the value of the assets at the end of the lease term as the basis for estimating future cash flows, and determines an appropriate discount rate for the calculation of the present value of future cash flows. Due to the outbreak of COVID-19, the liquidity of some lessees of the Group has been affected to a certain extent. The Group also takes into account various scenarios for such lessees during the COVID-19, and makes estimates of future cash flows under different scenarios. Management obtains the value of the assets at the end of the lease term from a professional appraisal institution. Due to the uncertainties of the development and preventions and controls of COVID-19, future rental cash flow and pre-tax discount rate adopted in the calculation of the present value of estimated future cash flows remain uncertain.

(d) Depreciation of fixed assets held under operating leases

The Group calculates the depreciation expense based on the management's estimation on the useful lives and residual values of the fixed assets leased out under operating lease. The useful lives and residual values of the fixed assets leased out under operating lease reflect the estimates of the Group's management on future economic benefits arising from the use and disposal of assets under operating lease. Such estimates may change due to changes in the actual physical losses of assets, technological innovations, and market competition.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(21) Critical accounting estimates and judgements (Cont'd)

(e) Income tax and deferred income tax

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

Deferred tax assets are recognised for the deductible tax losses that can be carried forward to subsequent years to the extent that it is probable that taxable profit will be available in the future against which the deductible tax losses can be utilised. Taxable income that will be available in the future includes the taxable income that will be realised through normal operations and the taxable income that will be increased upon the reversal of taxable temporary differences incurred in prior periods. Judgements and estimates are required to determine the time and amounts of taxable income in the future. Any difference between the reality and the estimate may result in adjustment to the carrying amount of deferred tax assets.

(22) Significant changes in accounting policies

In January 2021, the Ministry of Finance released the *Circular on Issuing Interpretation No. 14 of Accounting Standards for Business Enterprises* (Cai Kuai [2021] No. 1). The amendments provide a practical expedient for the accounting treatment of changes in the basis for determining the contractual cash flows of financial instruments, lease receivables and lease liabilities, if the change is a direct consequence of the interest rate benchmark reform. The amendments also clarify the requirements for disclosures related to the interest rate benchmark reform. The Circular is effective for annual periods beginning on or after 1 January 2021. The financial statements for the year ended 31 December 2021 have been prepared in accordance with the above circular.

In 2021, the Ministry of Finance released the *Notice on Adjusting the Application Scope of the Provisions on the Accounting Treatment Regarding COVID-19-Related Rent Concessions* (Cai Kuai [2021] No. 9). For the reduction of the payment of rent under the existing lease contracts caused by COVID-19 before 30 June 2022, if the lease consideration after the reduction is less than or substantially equal to that before the reduction, and the other terms and conditions of the lease contract have no major changes, it's allowed to use the simplified method in the above notification. The notice has no significant impact on the financial statements of the Group.

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5 Taxation

The main categories and rates of taxes applicable to the Group are set out below:

Category	Tax rate	Tax base
Enterprise income tax (a)	25%, 17%, 16.5% or 12.5%	Taxable income
Value-added tax ("VAT") (b)	5%, 6%, 9%, 11% or 13%	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible VAT input of the current period)
City maintenance and construction tax	7% or 1%	VAT payable
Educational surcharge	3%	VAT payable
Local educational surcharge	2%	VAT payable

(a) Pursuant to the *Law of the PRC on Enterprise Income Tax*, revenue of the Company and domestic subsidiaries is subject to the income tax at the rate of 25%. Revenue of the overseas subsidiaries are subject to the local income tax rates of 17%, 16.5% and 12.5% respectively in Singapore, Hong Kong and Ireland.

(b) Pursuant to the *Circular on the Overall Promotion of Pilot Program of Levying VAT in place of Business Tax* (Cai Shui [2016] No. 36) jointly issued by the Ministry of Finance and the State Taxation Administration, since 1 May 2016, revenue from finance leaseback services provided by the Group is subject to VAT and the applicable tax rate is 6%; revenue from finance lease services of tangible properties and operating lease services of tangible properties provided by the Company and domestic subsidiaries is subject to VAT and the applicable tax rate is 17%; revenue from leasing services of real estates provided by the Company and domestic subsidiaries is subject to VAT and the applicable tax rate is 11%.

Pursuant to the *Notice on Adjustment of VAT Rate* (Cai Shui [2018] No. 32) jointly issued by the Ministry of Finance and the State Taxation Administration, since 1 May 2018, for taxpayers who conducted VAT taxable sales activities, the original tax rates of 17% and 11% were adjusted to 16% and 10% respectively.

Pursuant to the *Announcement on Deepening the Reform of VAT related policies (the Ministry of Finance, the State Taxation Administration and the General Administration Announcement 2019 No. 39)* jointly issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs, since 1 April 2019, for taxpayers who conduct VAT taxable sales activities or goods import, the original tax rates of 16% and 10% have been adjusted to 13% and 9% respectively.

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6 Subsidiaries

(1) As at 31 December 2021, the Group had 815 subsidiaries included in the consolidation scope.

(2) First-tier subsidiaries included in the consolidation scope as at 31 December 2021

	Place of registration	Major business location	Nature of business	Shareholding (%)	Voting rights (%)
Bankcomm Golden Phoenix (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bank of Communications Hanyang(shanghai) ship chartering CO., LTD	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinxiang (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinpeng (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinhong (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinling (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinyun (Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinao (Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinyue (Shanghai) Aircraft Leasing Company	Tianjin	Shanghai	Financial leasing	100%	100%
Bankcomm Jintong (Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinlian (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinjuan (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinli (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinou (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinque (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinrui (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jincheng (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinyao (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinhe (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinchang (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinxuan (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinju (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jingui (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinlan (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
RUIFENG (SHANGHAI) SHIP CHARTERING CO., LTD	Shanghai	Shanghai	Financial leasing	100%	100%
RUISENG (TIANJIN) SHIP CHARTERING CO., LTD	Tianjin	Tianjin	Financial leasing	100%	100%
RUIQI (TIANJIN) SHIP CHARTERING CO., LTD	Tianjin	Tianjin	Financial leasing	100%	100%
RUITONG (TIANJIN) SHIP CHARTERING CO., LTD	Tianjin	Tianjin	Financial leasing	100%	100%
RUILI (TIANJIN) SHIP CHARTERING CO., LTD	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinsong (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinhuan (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bank of Communications Aviation and Shipping Financial Leasing Company Limited	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinduan (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinxiao (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinhuan (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinying (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinjun (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinge (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%

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6 Subsidiaries (Cont'd)

(2) First-tier subsidiaries included in the consolidation scope as at 31 December 2021 (Cont'd)

	Place of registration	Major business location	Nature of business	Shareholding (%)	Voting rights (%)
Bankcomm Jinqiong (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jincha (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jincong (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinmei (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinzhan (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinbi (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinsang (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinzhang (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinliu (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
XIANGFU (SHANGHAI) SHIP CHARTERING CO., LTD	Shanghai	Shanghai	Financial leasing	100%	100%
XIANGJU (SHANGHAI) SHIP CHARTERING CO., LTD	Shanghai	Shanghai	Financial leasing	100%	100%
XIANGCHI (SHANGHAI) SHIP CHARTERING CO., LTD	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinyi(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinwu(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinliu(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinqi(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinjiu(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinshi(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinshiyi(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinshier(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinshiqi(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinshiba(Tianjin) Aircraft Leasing Company	Guangzhou	Guangzhou	Financial leasing	100%	100%
Guangzhou Bankcomm suiyi Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinshiliu(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinshiwu(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinshijiu(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinershi(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinershiyi(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinershier(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinershisan(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinershiwu(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jiner(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinsan(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Huyi (Shanghai) Ship Chartering Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Huer (Shanghai) Ship Chartering Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
Guangzhou Bankcomm Suier Aircraft Leasing Company	Guangzhou	Guangzhou	Financial leasing	100%	100%
Guangzhou Bankcomm Suisan Aircraft Leasing Company	Guangzhou	Guangzhou	Financial leasing	100%	100%
Bankcomm Jinershiliu(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinershiqi(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinershiba(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%

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6 Subsidiaries (Cont'd)

(2) First-tier subsidiaries included in the consolidation scope as at 31 December 2021 (Cont'd)

	Place of registration	Major business location	Nature of business	Shareholding (%)	Voting rights (%)
Bankcomm Jinershijiu(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinsanshi(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Huwu (Shanghai) Ship Chartering Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
Guangzhou Bankcomm suiwu Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinsanshiyi(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinsanshier(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Huyi (Shanghai) Ship Chartering Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Huer (Shanghai) Ship Chartering Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Qingyi (Qingdao) Ship Chartering Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Husan (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Huli (Shanghai) Ship Chartering Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
Bankcomm Jinyi(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Huyi (Shanghai) Vehicle Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jiner(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinsan(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinsi (Tianjin) Ship Chartering Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
Bankcomm Jinwu(Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%

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7 Cash at bank and on hand

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Cash at bank (a)	25,886,781	6,128,358	31,113,320	7,151,732
Mandatory reserve deposits with central bank (b)	470,632	470,632	386,839	386,839
Excess reserve deposits with central bank	32,645	32,645	32,747	32,747
Other cash balances (c)	-	-	285,000	285,000
Less: ECL provision	(48,997)	(10,788)	(61,382)	(9,052)
	<u>26,341,061</u>	<u>6,620,847</u>	<u>31,756,524</u>	<u>7,847,266</u>

(a) As at 31 December 2021, a time deposit of RMB 2,000,000,000 (31 December 2020: 2,000,000,000) was pledged to the bank as collateral for medium and long-term borrowings of USD 267,500,000 (31 December 2020: USD 267,500,000).

(b) Mandatory reserve deposited in central bank refers to the reserve deposited in the central bank by the Group in accordance with relevant regulations. The mandatory reserve deposited in the People's Bank of China include deposit reserve denominated in RMB and deposit reserve denominated in foreign currencies, which are not available for use by the Group in daily operation and cannot be used without the approval from the People's Bank of China. The applicable required reserve ratio of 5% for deposits denominated in RMB is applicable to the Group on 31 December 2021 (31 December 2020: 6%) and a ratio of 9% for deposits denominated in foreign currencies (31 December 2020: 5%). Reserve deposit is required on rental deposits temporarily received from lessee (Note 25). The People's Bank of China bears interest for the deposited reserve denominated in RMB while no interest for the deposited reserve denominated in foreign currencies.

(c) As at 31 December 2021, there is no other cash balances (31 December 2021: other cash balances represented deposits in the bank of the Company for notes payable business).

8 Placements with banks and other financial institutions

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Placements with domestic commercial banks	-	-	700,000	700,000
Less: ECL provision	-	-	(1,506)	(1,506)
	<u>-</u>	<u>-</u>	<u>698,494</u>	<u>698,494</u>

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9

Derivative financial instruments

The Group determines the economic relationship between the hedging instrument and the hedged item by matching the key terms of the interest rate swap contract with the terms of the finance lease receivables, loan and bond payable contracts (i.e. notional amount, expected repayment date and interest rate). The hedge ratio (the ratio between the nominal amount of the derivative instruments and the book value of the hedged finance lease receivables, loans and bonds payable) is determined as 1:1.

The Group

31 December 2021

Cash flow hedge - Interest rate derivatives

- USD (a)
- RMB (b)

Cash flow hedge - Foreign exchange derivatives

- USD - RMB (c)
- HKD - USD (c)

Fair value hedge - Interest rate derivatives

- USD (d)

	Nominal amount	Fair value		Hedging instrument information		
		Assets	Liabilities	Hedge rate	Foreign exchange rate	Expiry year
	28,323,249	68,843	(239,983)	0.20%-5.25%	N/A	2022-2027
	1,570,274	512	-	4.44%-5.68%	N/A	2023
	3,230,300	-	(97,576)	2.40%-2.55%	USD 1 to RMB 6.4600	2022
	633,640	-	(2,369)	1.24%	HKD 1 to USD 0.1285	2024
	534,607	378	-	2%	N/A	2024
	<u>34,292,070</u>	<u>69,733</u>	<u>(339,928)</u>			

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9

Derivative financial instruments (Cont'd)

The Group determines the economic relationship between the hedging instrument and the hedged item by matching the key terms of the interest rate swap contract with the terms of the finance lease receivables, loan and bond payable contracts (i.e. notional amount, expected repayment date and interest rate). The hedge ratio (the ratio between the nominal amount of the derivative instruments and the book value of the hedged finance lease receivables, loans and bonds payable) is determined as 1:1.

The Group (Cont'd)

31 December 2020

Cash flow hedge - Interest rate derivatives

- USD (a)
- RMB (b)

Cash flow hedge - Foreign exchange derivatives

- USD - RMB (c)

Fair value hedge - Interest rate derivatives

- USD (d)

	Nominal amount	Fair value		Hedging instrument information		
		Assets	Liabilities	Hedge rate	Foreign exchange rate	Expiry year
	32,226,547	-	(850,498)	0.44%-5.25%	N/A	2021-2027
	1,148,500	-	(741)	4.44%-5.68%	N/A	2023
	3,262,450	-	(84,588)	2.90%	USD 1 to RMB 6.666	2021
	777,486	17	-	2%	N/A	2024
	<u>37,414,983</u>	<u>17</u>	<u>(935,827)</u>			

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Derivative financial instruments (Cont'd)

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9 Derivative financial instruments (Cont'd)

In 2021, the Group's and the Company's net profit from the cash flow hedges of RMB 628,113,000 and RMB 8,565,000 (2020: net loss of RMB 860,456,000 and RMB 65,387,000) were recognised in other comprehensive income. The Group and the Company reclassify a loss of RMB 258,208,000 and RMB 16,932,000 from other comprehensive income to profit or loss (31 December 2020: a loss of RMB 126,006,000 and a profit of 28,097,000). The gain or loss arising from ineffective portion of cash flow hedge was immaterial. Furthermore, there were no transactions for which cash flow hedge accounting had to be ceased as a result of the highly probable cash flows no longer being expected to occur.

- (a) The Group uses these interest rate derivatives to hedge related borrowings linked to the USD LIBOR and the risk of changes in cash flow of bonds payable. Among these interest rate derivatives, the Group collects floating interest rate linked to the USD LIBOR and pays fixed interest. The above hedges are classified as cash flow hedges and the gains or losses arising from these hedge instruments are recognised in other comprehensive income as the effective portion of the hedging.
- (b) The Group uses these interest rate derivatives to hedge the risk of changes in cash flow of finance lease receivables linked to RMB LPR. Among these interest rate derivatives, the Group pays rentals at floating interest rate linked to RMB LPR and collects fixed rentals. The above hedges are classified as cash flow hedges and the gains or losses arising from these hedge instruments are recognised in other comprehensive income as the effective portion of the hedging.
- (c) The Group uses these currency derivatives to hedge against the risk of changes in cash flow of the corresponding placements from banks and financial institutions and bonds payable. For these currency derivatives for placements from banks and financial institutions, the Group collects USD principal with fixed interest rate and pays CNY principal and fixed interest. For these currency derivatives for bonds payable, the Group collects HKD principal with fixed interest rate and pays USD principal and fixed interest. These are classified as cash flow hedges and changes in the fair value of these currency derivatives are recognised in other comprehensive income.
- (d) The Group uses such interest rate derivatives to hedge against the risk of changes in the fair value of bonds payable with fixed interest rate and the risk of changes in the interest rate of bank borrowings at floating interest rate, respectively. Among these interest rate derivatives, the Group collects fixed interest and pays floating interest rate linked to the SHIBOR and floating interest rate linked to the USD LIBOR above the fixed interest rate, respectively. The above hedges are classified as fair value hedges and the gains or losses arising from these hedge instruments are recognised in profit or loss for the current period.

10 Other receivables

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Receivables from third parties	697,892	381,025	234,724	58,890
Receivables from subsidiaries (Note 46(3)(b)(iii))	-	41,574,534	-	33,906,312
Claims receivable from the insurance company	5,806	5,806	239,931	239,931
Sub-total	703,698	41,961,365	474,655	34,205,133
Less: ECL provision	(113,602)	(146,289)	(103,716)	(130,557)
Other receivables - net	590,096	41,815,076	370,939	34,074,576

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10 Other receivables (Cont'd)

(a) Other receivables are presented according to the ECL model by stages as follows:

The Group

	Stage 1	Stage 2	Stage 3	Total
31 December 2021				
Total credit risk exposure from other receivables	417,167	-	286,531	703,698
Less: ECL provision	(6,258)	-	(107,344)	(113,602)
Carrying amount of credit risk exposure from other receivables	410,909	-	179,187	590,096
31 December 2020				
Total credit risk exposure from other receivables	234,724	-	239,931	474,655
Less: ECL provision	(3,521)	-	(100,195)	(103,716)
Carrying amount of credit risk exposure from other receivables	231,203	-	139,736	370,939

The Company

	Stage 1	Stage 2	Stage 3	Total
31 December 2021				
Total credit risk exposure from other receivables	41,674,834	-	286,531	41,961,365
Less: ECL provision	(38,945)	-	(107,344)	(146,289)
Carrying amount of credit risk exposure from other receivables	41,635,889	-	179,187	41,815,076
31 December 2020				
Total credit risk exposure from other receivables	33,965,202	-	239,931	34,205,133
Less: ECL provision	(30,362)	-	(100,195)	(130,557)
Carrying amount of credit risk exposure from other receivables	33,934,840	-	139,736	34,074,576

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10 Other receivables (Cont'd)

(b) Changes on ECL provision of other receivables are as follows:

The Group

	31 December 2021			
	Stage 1	Stage 2	Stage 3	
	12-month			
	ECL	Lifetime ECL		Total
1 January 2021	3,521	-	100,195	103,716
Updates on EAD, PD and LGD	3,114	-	53,381	56,495
Write-off	-	-	(46,232)	(46,232)
Changes in foreign currency and others	(377)	-	-	(377)
31 December 2021	6,258	-	107,344	113,602
	31 December 2020			
	Stage 1	Stage 2	Stage 3	
	12-month			
	ECL	Lifetime ECL		Total
1 January 2020	1,683	-	113,912	115,595
Updates on EAD, PD and LGD	2,676	-	(13,717)	(11,041)
Changes in foreign currency and others	(838)	-	-	(838)
31 December 2020	3,521	-	100,195	103,716

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10 Other receivables (Cont'd)

(b) Changes on ECL provision of other receivables are as follows (Cont'd):

The Company

	31 December 2021		
	Stage 1	Stage 2	Stage 3
	12-month ECL	Lifetime ECL	
			Total
1 January 2021	30,362	-	100,195
Updates on EAD, PD and LGD	9,045	-	53,381
Write-off	-	-	(46,232)
Changes in foreign currency and others	(462)	-	-
31 December 2021	38,945	-	107,344

	31 December 2020		
	Stage 1	Stage 2	Stage 3
	12-month ECL	Lifetime ECL	
			Total
1 January 2020	25,353	-	113,912
Updates on EAD, PD and LGD	6,846	-	(13,717)
Changes in foreign currency and others	(1,837)	-	-
31 December 2020	30,362	-	100,195

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11 Financial assets held under re-sale agreements

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Domestic commercial banks receivables	-	-	490,000	490,000
Receivables from subsidiaries (a)	-	339,199	-	872,090
Less: ECL provision	-	(284)	(410)	(1,140)
	<u>-</u>	<u>338,915</u>	<u>489,590</u>	<u>1,360,950</u>

- (a) Subsidiaries use their share of usufruct of rent receivable in the lease contract as subject matter under re-sale agreements.

12 Other debt investments

Financial assets at fair value through other comprehensive income:

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Debt instrument investments - government bonds				
- Par value	3,200,000	3,200,000	2,500,000	2,500,000
- Interest adjustment	(2,978)	(2,978)	(8,685)	(8,685)
- Accumulated changes in fair value	77,784	77,784	(7,167)	(7,167)
	<u>3,274,806</u>	<u>3,274,806</u>	<u>2,484,148</u>	<u>2,484,148</u>

As at 31 December 2021, the Group considers that the credit risk of the investment in debt instruments did not increase significantly since the initial recognition. The provision for loss measured based upon the ECL within the next 12 months with an amount of RMB 499,000 (31 December 2020: RMB 563,000) is then recognised in profit or loss. In 2021, RMB 85,000 was the credit impairment loss at Stage 1 (2020: RMB 451,000).

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13 Lease receivables

(1) Measured at amortised cost

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Finance lease receivables	54,680,255	29,075,247	68,643,475	43,806,774
Sale and leaseback receivables	99,218,944	84,480,106	74,617,005	61,399,231
Sub-total	153,899,199	113,555,353	143,260,480	105,206,005
Less: ECL provision	(5,027,956)	(3,867,952)	(4,196,764)	(3,457,792)
	<u>148,871,243</u>	<u>109,687,401</u>	<u>139,063,716</u>	<u>101,748,213</u>
Receivables from operating lease	312,702	-	221,821	-
Less: ECL provision	(22,143)	-	(14,960)	-
	<u>290,559</u>	<u>-</u>	<u>206,861</u>	<u>-</u>
Carrying amount of finance lease receivables	<u>149,161,802</u>	<u>109,687,401</u>	<u>139,270,577</u>	<u>101,748,213</u>

(2) The due dates of finance lease receivables are analysed below:

The Group	31 December 2021		31 December 2020	
	Carrying amount	Proportion	Carrying amount	Proportion
Within 1 year	16,073,770	25%	18,825,141	25%
1-2 years	11,945,951	18%	14,438,612	18%
2-3 years	7,508,778	12%	11,428,733	14%
3-4 years	6,141,332	10%	7,494,107	9%
4-5 years	5,626,025	9%	5,748,764	7%
More than 5 years	16,250,614	26%	20,973,179	27%
Sub-total	63,546,470	100%	78,908,536	100%
Less: Unrealised financing income	(8,866,215)		(10,265,061)	
	<u>54,680,255</u>		<u>68,643,475</u>	

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13 Lease receivables (Cont'd)

(2) The due dates of finance lease receivables are analysed below (Cont'd):

The Company	31 December 2021		31 December 2020	
	Carrying amount	Proportion	Carrying amount	Proportion
Within 1 year	11,679,106	36%	16,803,394	35%
1-2 years	8,278,530	25%	11,709,175	24%
2-3 years	4,617,254	14%	8,410,141	17%
3-4 years	2,805,236	9%	4,591,845	9%
4-5 years	2,670,616	8%	2,761,970	6%
More than 5 years	2,537,061	8%	4,372,507	9%
Sub-total	32,587,803	100%	48,649,032	100%
Less: Unrealised financing income	(3,512,556)		(4,842,258)	
	<u>29,075,247</u>		<u>43,806,774</u>	

(3) Finance lease receivables and sale and leaseback receivables by stage are presented as follows:

The Group	Stage 1	Stage 2	Stage 3	Total
31 December 2021				
Finance lease receivables and sale and leaseback receivables	143,466,898	8,131,738	2,300,563	153,899,199
Less: ECL provision	(2,230,840)	(1,389,517)	(1,407,599)	(5,027,956)
Carrying amount	<u>141,236,058</u>	<u>6,742,221</u>	<u>892,964</u>	<u>148,871,243</u>
31 December 2020				
Finance lease receivables and sale and leaseback receivables	133,210,392	8,403,897	1,646,191	143,260,480
Less: ECL provision	(1,807,866)	(1,600,363)	(788,535)	(4,196,764)
Carrying amount	<u>131,402,526</u>	<u>6,803,534</u>	<u>857,656</u>	<u>139,063,716</u>
The Company				
	Stage 1	Stage 2	Stage 3	Total
31 December 2021				
Finance lease receivables and sale and leaseback receivables	106,232,449	5,272,885	2,050,019	113,555,353
Less: ECL provision	(1,711,775)	(846,290)	(1,309,887)	(3,867,952)
Carrying amount	<u>104,520,674</u>	<u>4,426,595</u>	<u>740,132</u>	<u>109,687,401</u>
31 December 2020				
Finance lease receivables and sale and leaseback receivables	97,536,268	6,107,546	1,562,191	105,206,005
Less: ECL provision	(1,388,082)	(1,313,935)	(755,775)	(3,457,792)
Carrying amount	<u>96,148,186</u>	<u>4,793,611</u>	<u>806,416</u>	<u>101,748,213</u>

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13 Lease receivables (Cont'd)

- (4) Finance lease receivables and sale and leaseback receivables are presented according to the changes in ECL provision by stages as follows:

The Group	31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL		
1 January 2021	1,807,866	1,600,363	788,535	4,196,764
Transfer:				
From Stage 1 to Stage 2	(155,717)	155,717	-	-
From Stage 1 to Stage 3	(1,133)	-	1,133	-
From Stage 2 to Stage 1	550,602	(550,602)	-	-
From Stage 2 to Stage 3	-	(456,365)	456,365	-
Updates on EAD, PD and LGD	41,813	656,255	237,200	935,268
Write-off	-	-	(43,689)	(43,689)
Recovery after written-off	-	-	4,000	4,000
Unwinding of discount	-	-	(35,945)	(35,945)
Changes in foreign currency and others	(12,591)	(15,851)	-	(28,442)
31 December 2021	<u>2,230,840</u>	<u>1,389,517</u>	<u>1,407,599</u>	<u>5,027,956</u>
		31 December 2020		
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL		Total
1 January 2020	1,478,605	1,361,200	1,054,405	3,894,210
Transfer:				
From Stage 1 to Stage 2	(163,885)	163,885	-	-
From Stage 1 to Stage 3	(2,908)	-	2,908	-
From Stage 2 to Stage 1	5,514	(5,514)	-	-
From Stage 2 to Stage 3	-	(61,954)	61,954	-
Updates on EAD, PD and LGD	535,445	142,746	6,771	684,962
Write-off	-	-	(317,883)	(317,883)
Recovery after written-off	-	-	8,954	8,954
Unwinding of discount	-	-	(28,574)	(28,574)
Changes in foreign currency and others	(44,905)	-	-	(44,905)
31 December 2020	<u>1,807,866</u>	<u>1,600,363</u>	<u>788,535</u>	<u>4,196,764</u>

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13 Lease receivables (Cont'd)

- (4) Finance lease receivables and sale and leaseback receivables are presented according to the changes in ECL provision by stages as follows (Cont'd):

The Company	31 December 2021			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL		Total
1 January 2021	1,388,082	1,313,935	755,775	3,457,792
Transfer:				
From Stage 1 to Stage 2	(144,675)	144,675	-	-
From Stage 1 to Stage 3	(1,133)	-	1,133	-
From Stage 2 to Stage 1	550,602	(550,602)	-	-
From Stage 2 to Stage 3	-	(387,315)	387,315	-
Updates on EAD, PD and LGD	(81,101)	325,597	241,298	485,794
Write-off	-	-	(43,689)	(43,689)
Recovery after written-off	-	-	4,000	4,000
Unwinding of discount	-	-	(35,945)	(35,945)
31 December 2021	<u>1,711,775</u>	<u>846,290</u>	<u>1,309,887</u>	<u>3,867,952</u>
	31 December 2020			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL		Total
1 January 2020	1,138,732	1,233,427	1,054,405	3,426,564
Transfer:				
From Stage 1 to Stage 2	(79,785)	79,785	-	-
From Stage 1 to Stage 3	(2,908)	-	2,908	-
From Stage 2 to Stage 1	5,514	(5,514)	-	-
From Stage 2 to Stage 3	-	(26,751)	26,751	-
Updates on EAD, PD and LGD	326,529	32,988	9,215	368,732
Write-off	-	-	(317,883)	(317,883)
Recovery after written-off	-	-	8,954	8,954
Unwinding of discount	-	-	(28,575)	(28,575)
31 December 2020	<u>1,388,082</u>	<u>1,313,935</u>	<u>755,775</u>	<u>3,457,792</u>

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13 Lease receivables (Cont'd)

- (5) Changes in the ending balance of finance lease receivables and sale and leaseback receivables are presented as follows:

The Group	31 December 2021			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL		Total
1 January 2021	133,210,392	8,403,897	1,646,191	143,260,480
Transfer:				
From Stage 1 to Stage 2	(5,869,215)	5,869,215	-	-
From Stage 1 to Stage 3	(102,074)	-	102,074	-
From Stage 2 to Stage 1	2,660,383	(2,660,383)	-	-
From Stage 2 to Stage 3	-	(1,221,038)	1,221,038	-
Amount incurred for the current year, net	14,706,603	(2,165,831)	(625,051)	11,915,721
Write-off	-	-	(43,689)	(43,689)
Changes in foreign currency and others	(1,139,191)	(94,122)	-	(1,233,313)
31 December 2021	<u>143,466,898</u>	<u>8,131,738</u>	<u>2,300,563</u>	<u>153,899,199</u>
The Group	31 December 2020			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL		Total
1 January 2020(restated)	122,059,918	4,989,016	1,654,266	128,703,200
Transfer:				
From Stage 1 to Stage 2	(5,215,708)	5,215,708	-	-
From Stage 1 to Stage 3	(389,299)	-	389,299	-
From Stage 2 to Stage 1	44,855	(44,855)	-	-
From Stage 2 to Stage 3	-	(156,382)	156,382	-
Amount incurred for the current year, net	19,174,835	(1,599,590)	(235,873)	17,339,372
Write-off	-	-	(317,883)	(317,883)
Changes in foreign currency and others	(2,464,209)	-	-	(2,464,209)
31 December 2020	<u>133,210,392</u>	<u>8,403,897</u>	<u>1,646,191</u>	<u>143,260,480</u>

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13 Lease receivables (Cont'd)

- (5) Changes in the ending balance of finance lease receivables and sale and leaseback receivables are presented as follows (Cont'd):

The Company	31 December 2021			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL		Total
1 January 2021	97,536,268	6,107,546	1,562,191	105,206,005
Transfer:				
From Stage 1 to Stage 2	(4,923,121)	4,923,121	-	-
From Stage 1 to Stage 3	(102,074)	-	102,074	-
From Stage 2 to Stage 1	2,660,383	(2,660,383)	-	-
From Stage 2 to Stage 3	-	(1,037,050)	1,037,050	-
Amount incurred for the current year, net	11,060,993	(2,060,349)	(607,607)	8,393,037
Write-off	-	-	(43,689)	(43,689)
31 December 2021	<u>106,232,449</u>	<u>5,272,885</u>	<u>2,050,019</u>	<u>113,555,353</u>
	31 December 2020			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL		Total
1 January 2020	89,675,413	4,664,039	1,654,266	95,993,718
Transfer:				
From Stage 1 to Stage 2	(3,028,653)	3,028,653	-	-
From Stage 1 to Stage 3	(389,299)	-	389,299	-
From Stage 2 to Stage 1	(44,855)	44,855	-	-
From Stage 2 to Stage 3	-	(72,301)	72,301	-
Amount incurred for the current year, net	11,323,662	(1,557,700)	(235,792)	9,530,170
Write-off	-	-	(317,883)	(317,883)
31 December 2020	<u>97,536,268</u>	<u>6,107,546</u>	<u>1,562,191</u>	<u>105,206,005</u>

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13 Lease receivables (Cont'd)

(6) Finance lease receivables and sale and leaseback receivables by industry

The Group

	31 December 2021		31 December 2020	
	Carrying amount	Proportion	Carrying amount	Proportion
Transportation, storage and post services	83,949,729	54%	72,865,481	52%
Electricity, gas and water production and supply	23,778,791	15%	20,577,509	14%
Manufacturing industry	13,625,607	9%	15,006,697	10%
Construction industry	10,016,359	7%	7,777,985	5%
Water conservancy, environmental and other public facilities	7,062,343	5%	8,540,449	6%
Mining	6,464,009	4%	8,221,984	6%
Rental and business services	3,659,506	2%	2,387,564	2%
Real estate	1,382,757	1%	1,891,536	1%
Financial industry	47,184	0%	1,007,975	1%
Others	3,912,914	3%	4,983,300	3%
	<u>153,899,199</u>	<u>100%</u>	<u>143,260,480</u>	<u>100%</u>

The Company

	31 December 2021		31 December 2020	
	Carrying amount	Proportion	Carrying amount	Proportion
Transportation, storage and post services	44,684,096	39%	36,299,453	34%
Electricity, gas and water production and supply	23,778,791	21%	20,577,509	20%
Manufacturing industry	13,412,282	13%	14,664,538	14%
Construction industry	10,016,359	9%	7,777,985	7%
Water conservancy, environmental and other public facilities	7,062,343	6%	8,540,449	8%
Mining	6,464,009	6%	7,296,815	7%
Rental and business services	2,794,618	2%	2,387,564	2%
Real estate	1,382,757	1%	1,670,417	2%
Financial industry	47,184	0%	1,007,975	1%
Others	3,912,914	3%	4,983,300	5%
	<u>113,555,353</u>	<u>100%</u>	<u>105,206,005</u>	<u>100%</u>

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13 Lease receivables (Cont'd)

(7) Finance lease receivables and sale and leaseback receivables by geographical areas

The Group

	31 December 2021		31 December 2020	
	Carrying amount	Proportion	Carrying amount	Proportion
Northern China	38,555,543	25%	35,543,854	25%
Western China	27,621,663	18%	23,899,669	17%
Eastern China	23,113,701	15%	21,608,843	15%
Central and Southern China	22,445,415	14%	20,173,788	14%
North Eastern China	7,067,030	5%	7,566,420	5%
Overseas	35,095,847	23%	34,467,906	24%
	<u>153,899,199</u>	<u>100%</u>	<u>143,260,480</u>	<u>100%</u>

The Company

	31 December 2021		31 December 2020	
	Carrying amount	Proportion	Carrying amount	Proportion
Northern China	38,448,872	34%	35,403,451	34%
Western China	26,587,060	24%	23,777,214	23%
Eastern China	23,001,817	20%	21,210,452	20%
Central and Southern China	18,450,574	16%	17,248,468	16%
North Eastern China	7,067,030	6%	7,566,420	7%
	<u>113,555,353</u>	<u>100%</u>	<u>105,206,005</u>	<u>100%</u>

(8) As at 31 December 2021, the book balance of finance lease receivables and sale and leaseback receivables pledged by the Group was RMB 10,881,500,000 (31 December 2020: RMB 7,569,989,000).

(9) From 1 January 2019, for assets transferred in sale and leaseback transactions that don't belong to sales, the Group accounts for such long-term receivables per the *Accounting Standard for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments* and disclose it as Lease Receivables.

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14 Long-term equity investments

The Company

	31 December 2021	31 December 2020
Investments in subsidiaries (Note 6)	<u>14,030,862</u>	<u>14,030,762</u>

As at 31 December 2021, there was no indication that the Company's long-term equity investments may be impaired, therefore no provision for impairment was made. (31 December 2020: Nil).

15 Prepayments for lease assets

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Advance purchase payment	<u>15,125,878</u>	<u>-</u>	<u>10,963,397</u>	<u>-</u>

16 Investment properties

The Group

	Buildings
31 December 2020	3,434,189
Changes in fair value	2,120
Transfer to fixed assets	<u>(799,054)</u>
31 December 2021	<u>2,637,255</u>

In 2021, the impact on the Group's net profit for the current period resulting from the changes in fair value of investment properties was RMB 2,120,000 (31 December 2020: net loss of RMB 69,000).

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Fixed assets

The Group

	Office equipment and electronic equipment	Motor vehicles	Buildings	Fixed assets leased out under operating lease		Total
				Aircraft	Ship	
Original carrying amount						
1 January 2021	23,694	1,202	3,841,866	75,883,509	60,820,704	140,570,975
Increase in the current year	7,158	-	17,051	5,225,144	11,394,931	16,644,284
Transfer from investment properties	-	-	799,054	-	-	799,054
Decrease in the current year	(3,088)	-	-	(2,858,492)	(3,519,521)	(6,381,101)
Differences on translation of foreign currency financial statements	-	-	-	(1,694,607)	(1,385,522)	(3,080,129)
31 December 2021	27,764	1,202	4,657,971	76,555,554	67,310,592	148,553,083
Accumulated depreciation						
1 January 2021	(14,832)	(931)	(404,265)	(11,184,059)	(10,056,134)	(21,660,221)
Increase in the current year	(4,149)	(53)	(122,614)	(3,132,946)	(3,607,034)	(6,866,796)
Decrease in the current year	2,933	-	-	603,657	1,265,964	1,872,554
Differences on translation of foreign currency financial statements	-	-	-	285,080	278,137	563,217
31 December 2021	(16,048)	(984)	(526,879)	(13,428,268)	(12,119,067)	(26,091,246)
Provision for impairment losses						
1 January 2021	-	-	-	(527,532)	(247,611)	(775,143)
Increase in the current year	-	-	-	(1,622,342)	(358,056)	(1,980,398)
Decrease in the current year	-	-	-	40,328	202,001	242,329
Differences on translation of foreign currency financial statements	-	-	-	18,250	7,028	25,278
31 December 2021	-	-	-	(2,091,296)	(396,638)	(2,487,934)
Carrying amount						
1 January 2021	8,862	271	3,437,601	64,171,918	50,516,959	118,135,611
31 December 2021	11,716	218	4,131,092	61,035,990	54,794,887	119,973,903

For the year ended 31 December 2021, the amounts of depreciation expenses charged to cost of sales and operating, and general and administrative expenses were RMB 6,739,980,000 (Note 39) and RMB 126,816,000 (2020: RMB 6,887,927,000 (Note 39) and RMB 113,663,000) respectively.

As at 31 December 2021, the book value of the Group's fixed assets leased out under operating lease as collateral was RMB 57,988,412,000 (31 December 2020: RMB 58,495,736,000).

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18 Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities before offsetting of certain debit and credit balances are set out as follows:

The Group

	2021	2020
Net balance at the beginning of the year	513,635	389,609
Including: Deferred tax assets	1,310,283	1,072,577
Deferred tax liabilities	(796,648)	(682,968)
Net increase/(decrease) in deferred taxes recognised in income tax expenses in the current year (Note 44)	38,366	(16,851)
Net increase/(decrease) in deferred taxes recognised in other comprehensive income in the current year (Note 29)	(138,375)	148,927
Effect of foreign exchange rate changes	(5,601)	(8,050)
Net balance at the end of the year	408,025	513,635
Including: Deferred tax assets	1,403,943	1,310,283
Deferred tax liabilities	(995,918)	(796,648)

The Company

	2021	2020
Net balance at the beginning of the year	1,032,624	958,062
Including: Deferred tax assets	1,032,624	958,062
Deferred tax liabilities	-	-
Net increase/(decrease) in deferred taxes recognised in income tax expenses in the current year (Note 44)	54,024	55,460
Net increase/(decrease) in deferred taxes recognised in other comprehensive income in the current year (Note 29)	(29,513)	19,102
Net balance at the end of the year	1,057,135	1,032,624
Including: Deferred tax assets	1,057,135	1,032,624
Deferred tax liabilities	-	-

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18 Deferred tax assets and deferred tax liabilities (Cont'd)

Deferred tax assets and deferred tax liabilities before offsetting of certain debit and credit balances are set out as follows (Cont'd):

(1) Deferred tax assets

The Group

	31 December 2021		31 December 2020	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Provision for asset impairments	1,129,451	4,890,314	864,739	3,654,386
Deferred income	187,712	750,848	231,076	924,304
Salaries accrued but unpaid	50,114	200,456	48,104	192,416
Change in fair value of derivative financial instruments	53,395	270,259	162,474	794,404
Fair value changes in other debt investments	(16,729)	(66,918)	3,890	15,558
	<u>1,403,943</u>	<u>6,044,959</u>	<u>1,310,283</u>	<u>5,581,068</u>

The Company

	31 December 2021		31 December 2020	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Provision for asset impairments	825,844	3,303,376	730,444	2,921,776
Deferred income	187,712	750,848	231,076	924,304
Salaries accrued but unpaid	50,114	200,456	48,104	192,416
Change in fair value of derivative financial instruments	10,194	40,776	19,110	76,440
Fair value changes in other debt investments	(16,729)	(66,918)	3,890	15,558
	<u>1,057,135</u>	<u>4,228,538</u>	<u>1,032,624</u>	<u>4,130,494</u>

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18 Deferred tax assets and deferred tax liabilities (Cont'd)

(1) Deferred tax assets (Cont'd)

Deductible losses that are not recognised as deferred tax assets are analysed as follows:

	31 December 2021	31 December 2020
Deductible losses	<u>2,823,942</u>	<u>2,914,042</u>

(2) Deferred tax liabilities

The Group

	31 December 2021		31 December 2020	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Depreciation of fixed assets	(376,645)	(3,013,160)	(305,947)	(2,447,576)
Expected income tax (a)	(595,920)	(3,611,636)	(474,519)	(2,875,873)
Change in fair value of investment properties	(12,947)	(51,788)	(16,182)	(64,728)
Change in fair value of derivative financial instruments	(10,406)	(63,067)	-	-
	<u>(995,918)</u>	<u>(6,739,651)</u>	<u>(796,648)</u>	<u>(5,388,177)</u>

- (a) Based on study of the relevant provisions of the *Inland Revenue Ordinance* and the opinions of some professional bodies, the Group measures the tax liabilities by assessing the possibility of income tax effects arising from the taxation policies on ship operating leases in Hong Kong, and accrues deferred tax liabilities.

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18 Deferred tax assets and deferred tax liabilities (Cont'd)

(3) The net balances of deferred tax assets and liabilities after offsetting are as follows:

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Deferred tax assets, net	1,403,943	1,057,135	1,310,283	1,032,624
Deferred tax liabilities, net	(995,918)	-	(796,648)	-

19 Other assets

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Temporary payments	274,255	44,178	338,075	53,230
Right-of-use assets	16,389	119,702	13,768	38,912
Intangible assets	4,883	4,791	3,857	3,705
Long-term prepaid expenses	317	317	1,421	519
	<u>295,844</u>	<u>168,988</u>	<u>357,121</u>	<u>96,366</u>

20 Short-term borrowings

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Short-term borrowings	<u>78,352,046</u>	<u>58,783,694</u>	<u>69,841,067</u>	<u>50,357,724</u>
Including: Current portion of long-term borrowings	<u>12,947,158</u>	<u>8,964,350</u>	<u>6,234,402</u>	<u>2,597,648</u>

21 Placements from banks and other financial institutions

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
From banks in mainland China	23,431,283	23,431,283	13,643,664	13,643,664
From non-bank financial institutions	<u>2,367,046</u>	<u>2,367,046</u>	<u>2,004,645</u>	<u>2,004,645</u>
	<u>25,798,329</u>	<u>25,798,329</u>	<u>15,648,309</u>	<u>15,648,309</u>

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22 Notes payable

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Bank acceptance notes	10,080,359	10,080,359	6,652,738	6,652,738

Bank acceptance notes mentioned above will be due within one year.

23 Employee benefits payable

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Short-term employee benefits	230,471	230,471	217,368	217,368
Defined contribution plans	2,743	2,385	2,579	2,134
	233,214	232,856	219,947	219,502

(1) Short-term employee benefits

The Group

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Wages and salaries, bonus, allowances and subsidies	192,416	267,870	(259,830)	200,456
Employee welfare and others	77	11,121	(11,134)	64
Social security contributions	849	16,913	(16,760)	1,002
Including: Medical insurance	801	16,770	(16,619)	952
Work injury insurance and maternity insurance	48	143	(141)	50
Housing funds	79	9,150	(9,161)	68
Labour union funds and employee education funds	23,947	9,483	(4,549)	28,881
	217,368	314,537	(301,434)	230,471

The Company

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Wages and salaries, bonus, allowances and subsidies	192,416	215,954	(207,914)	200,456
Employee welfare and others	77	8,798	(8,811)	64
Social security contributions	849	16,331	(16,178)	1,002
Including: Medical insurance	801	16,212	(16,061)	952
Work injury insurance and maternity insurance	48	119	(117)	50
Housing funds	79	8,908	(8,919)	68
Labour union funds and employee education funds	23,947	9,400	(4,466)	28,881
	217,368	259,391	(246,288)	230,471

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23 Employee benefits payable (Cont'd)

(2) Defined contribution plans

The Group

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Pensions	2,492	34,713	(34,559)	2,646
Unemployment insurance	87	943	(933)	97
	<u>2,579</u>	<u>35,656</u>	<u>(35,492)</u>	<u>2,743</u>

The Company

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Pensions	2,047	28,499	(28,258)	2,288
Unemployment insurance	87	933	(923)	97
	<u>2,134</u>	<u>29,432</u>	<u>(29,181)</u>	<u>2,385</u>

24 Taxes payable

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Enterprise income tax payable	721,534	205,791	575,159	173,028
Unpaid VAT	229,561	72,232	70,036	68,294
Other taxes payable	35,284	4,286	21,457	3,228
	<u>986,379</u>	<u>282,309</u>	<u>666,652</u>	<u>244,550</u>

25 Other payables

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Temporary receipts from lessee (a)	6,842,048	3,666,564	6,903,811	4,423,458
Reserves for aircraft maintenance	1,220,020	-	900,598	-
Payables for leasing projects	94,716	80,571	204,983	187,295
Payables to subsidiaries (Note 46(3)(b)(vii))	-	16,848,529	-	16,334,842
Others	658,207	116,883	755,539	19,946
	<u>8,814,991</u>	<u>20,712,547</u>	<u>8,764,931</u>	<u>20,965,541</u>

- (a) The temporary receipts from lessee are the lease security deposits determined according to the lease contracts.

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26 Long-term borrowings

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Long-term borrowings	88,069,788	16,685,385	86,800,982	18,060,615
Less: Current portion of long-term borrowings	(12,947,158)	(8,964,350)	(6,234,402)	(2,597,648)
	<u>75,122,630</u>	<u>7,721,035</u>	<u>80,566,580</u>	<u>15,462,967</u>

27 Bonds payable

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
General bonds carried at amortised cost	<u>78,612,127</u>	<u>25,936,707</u>	<u>89,762,924</u>	<u>27,358,517</u>

Details of bonds are as follows:

	Currency	Issue date	Maturity	Par Value (original currency)	Interest accrued as at 31 December 2021				
					Opening balance	Increase in the current year	Payment in the current year	Ending balance	Balance at the end of the year
16 BoCom Leasing 03	RMB	7 September 2016	5 years	500,000	5,101	8,804	13,905	-	-
18 BoCom Leasing 01	RMB	5 July 2018	3 years	4,000,000	87,373	97,585	184,958	-	-
18 BoCom Leasing L2	RMB	18 September 2018	10 years	2,000,000	29,066	103,404	103,000	29,470	2,025,000
18 BoCom Leasing 02	RMB	22 October 2018	3 years	4,000,000	31,305	88,980	120,285	-	-
19 BoCom Leasing 01	RMB	20 May 2019	3 years	5,000,000	112,921	185,568	184,000	114,489	5,112,789
19 BoCom Leasing 02	RMB	8 July 2019	3 years	5,000,000	87,500	183,715	182,500	88,715	5,086,499
19 BoCom Leasing 03	RMB	21 October 2019	3 years	3,500,000	23,426	122,475	122,150	23,751	3,521,431
20 BoCom Leasing 01	RMB	5 November 2020	3 years	3,000,000	15,900	109,721	109,500	16,121	3,011,867
21 BoCom Leasing 01	RMB	1 March 2021	3 years	4,000,000	-	120,601	-	120,601	4,113,724
21 BoCom Leasing 01	RMB	22 April 2021	3 years	3,000,000	-	70,890	-	70,890	3,065,396
Azure Nova	USD	1 November 2016	5 years	1,000,000	28,391	211,422	239,813	-	-
Azure Nova	USD	21 March 2017	5 years	1,050,000	66,464	117,077	117,153	66,388	6,758,430
Azure Nova	USD	21 March 2017	10 years	250,000	19,216	67,720	67,742	19,194	1,607,812

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27 Bonds payable (Cont'd)

Details of bonds are as follows (Cont'd):

	Currency	Issue date	Maturity	Par Value (original currency)	Interest accrued as at 31 December 2021				Balance at the end of the year
					Opening balance	Increase in the current year	Payment in the current year	Ending balance	
BOCOM Leasing Management Hong Kong Co., Ltd.	USD	22 January 2019	3 years	800,000	92,135	206,031	206,137	92,029	5,191,600
BOCOM Leasing Management Hong Kong Co., Ltd.	USD	22 January 2019	5 years	700,000	89,628	195,744	197,313	88,059	4,533,731
BOCOM Leasing Management Hong Kong Co., Ltd.	USD	12 April 2019	3 years	120,000	2,753	12,973	13,179	2,547	767,631
BOCOM Leasing Management Hong Kong Co., Ltd.	USD	5 September 2019	5 years	400,000	4,344	64,721	64,790	4,275	2,548,098
BOCOM Leasing Management Hong Kong Co., Ltd.	USD	5 September 2019	5 years	200,000	10,636	33,711	33,724	10,623	1,280,627
BOCOM Leasing Management Hong Kong Co., Ltd.	USD	25 October 2019	3 years	180,000	3,095	18,546	18,523	3,118	1,150,744
BOCOM Leasing Management Hong Kong Co., Ltd.	USD	10 December 2019	5 years	600,000	6,018	100,642	100,929	5,731	3,824,032
BOCOM Leasing Management Hong Kong Co., Ltd.	USD	2 March 2020	5 years	500,000	5,830	69,778	70,193	5,415	3,189,351
BOCOM Leasing Management Hong Kong Co., Ltd.	USD	2 March 2020	3 years	300,000	3,176	39,697	39,943	2,930	1,913,700
BOCOM Leasing Management Hong Kong Co., Ltd.	USD	14 July 2020	3 years	350,000	18,223	39,454	39,476	18,201	2,244,179
BOCOM Leasing Management Hong Kong Co., Ltd.	USD	14 July 2020	5 years	450,000	12,333	54,196	55,548	10,981	2,874,983
BOCOM Leasing Management Hong Kong Co., Ltd.	USD	18 June 2021	3 years	500,000	-	19,325	17,932	1,393	3,173,812
BOCOM Leasing Management Hong Kong Co., Ltd.	HKD	27 September 2021	3 years	775,000	-	2,050	-	2,050	635,690
Azure Orbit	USD	6 March 2013	10 years	500,000	38,897	119,500	119,544	38,853	3,225,437
Azure Orbit III	USD	15 March 2016	5 years	600,000	28,956	16,366	45,322	-	-
Azure Orbit IV	USD	25 January 2018	3 years	300,000	29,788	4,110	33,898	-	-
Azure Orbit IV	USD	25 January 2018	5 years	950,000	102,740	225,343	227,134	100,949	6,147,608
Azure Orbit IV	USD	25 January 2018	10 years	250,000	28,839	63,254	63,757	28,336	1,607,956
				44,775,000	984,054	2,773,403	2,792,348	965,109	78,612,127

On 7 September 2016, the Group completed the third issue of five-year bonds for year 2016, with an aggregate par value of RMB 0.5 billion, at a fixed nominal interest rate of 3.25% annually, with maturity dated 8 September 2021. The interest is paid annually as agreed.

On 5 July 2018, the Group completed the first issue of three-year bonds for year 2018, with an aggregate par value of RMB 4 billion, at a fixed nominal interest rate of 4.53% annually, with maturity dated 9 July 2021. The interest is paid annually as agreed.

On 18 September 2018, the Group completed the issue of ten-year tier 2 capital bonds for year 2018, with an aggregate par value of RMB 2 billion, at a fixed nominal interest rate of 5.15% annually, with maturity dated 20 September 2028. The interest is paid annually as agreed.

On 22 October 2018, the Group completed the second issue of three-year bonds for year 2018, with an aggregate par value of RMB 4 billion, at a fixed nominal interest rate of 4.14% annually, with maturity dated 24 October 2021. The interest is paid annually as agreed.

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27 Bonds payable (Cont'd)

On 20 May 2019, the Group completed the first issue of three-year bonds for year 2019, with an aggregate par value of RMB 5 billion, at a fixed nominal interest rate of 3.68% annually, with maturity dated 22 May 2022. The interest is paid annually as agreed.

On 8 July 2019, the Group completed the second issue of three-year bonds for year 2019, with an aggregate par value of RMB 5 billion, at a fixed nominal interest rate of 3.65% annually, with maturity dated 10 July 2022. The interest is paid annually as agreed.

On 21 October 2019, the Group completed the third issue of three-year bonds for year 2019, with an aggregate par value of RMB 3.5 billion, at a fixed nominal interest rate of 3.49% annually, with maturity dated 23 October 2022. The interest is paid annually as agreed.

On 5 November 2020, the Group completed the first issue of three-year bonds for year 2020, with an aggregate par value of RMB 3 billion, at a fixed nominal interest rate of 3.65% annually, with maturity dated 9 November 2023. The interest is paid annually as agreed.

On 1 March 2021, the Group completed the first issue of three-year bonds for year 2021, with an aggregate par value of RMB 4 billion, at a fixed nominal interest rate of 3.62% annually, with maturity dated 3 March 2024. The interest is paid annually as agreed.

On 22 April 2021, the Group completed the second issue of three-year bonds for year 2021, with an aggregate par value of RMB 3 billion, at a fixed nominal interest rate of 3.45% annually, with maturity dated 26 April 2024. The interest is paid annually as agreed.

On 1 November 2016, Azure Nova, a subsidiary of the Group, completed the issue of five-year bonds for year 2016, with an aggregate par value of USD 1 billion, at a fixed nominal interest rate of 2.625% annually, with maturity dated 1 November 2021.

On 21 March 2017, Azure Nova, a subsidiary of the Group, completed the issue of five-year bonds for year 2017, with an aggregate par value of USD 1.05 billion, at a fixed nominal interest rate of 3.5% annually, with maturity dated 21 March 2022.

On 21 March 2017, Azure Nova, a subsidiary of the Group, completed the issue of ten-year bonds for year 2017, with an aggregate par value of USD 0.25 billion, at a fixed nominal interest rate of 4.25% annually, with maturity dated 21 March 2027.

On 22 January 2019, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of three-year bonds for year 2019, with an aggregate par value of USD 0.8 billion, at a fixed nominal interest rate of 4.00% annually, with maturity dated 22 January 2022.

On 22 January 2019, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of five-year bonds for year 2019, with an aggregate par value of USD 0.7 billion, at a fixed nominal interest rate of 4.375% annually, with maturity dated 22 January 2024.

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27 Bonds payable (Cont'd)

On 12 April 2019, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of three-year bonds for year 2019, with an aggregate par value of USD 0.12 billion, at a floating nominal interest rate of three-month USD LIBOR +1.20% annually, with maturity dated 12 April 2022.

On 5 September 2019, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of five-year bonds for year 2019, with an aggregate par value of USD 0.4 billion, at a floating nominal interest rate of three-month USD LIBOR +1.175% annually, with maturity dated 5 September 2024.

On 5 September 2019, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of five-year bonds for year 2019, with an aggregate par value of USD 0.2 billion, at a fixed nominal interest rate of 2.625% annually, with maturity dated 5 September 2024.

On 25 October 2019, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of three-year bonds for year 2019, with an aggregate par value of USD 0.18 billion, at a floating nominal interest rate of three-month USD LIBOR +1.05% annually, with maturity dated 25 October 2022.

On 10 December 2019, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of five-year bonds for year 2019, with an aggregate par value of USD 0.6 billion, at a floating nominal interest rate of three-month USD LIBOR +1.075% annually, with maturity dated 10 December 2024.

On 2 March 2020, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of five-year bonds for year 2020, with an aggregate par value of USD 0.5 billion, at a floating nominal interest rate of three-month USD LIBOR +0.95 % annually, with maturity dated 2 March 2025.

On 2 March 2020, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of three-year bonds for year 2020, with an aggregate par value of USD 0.3 billion, at a floating nominal interest rate of three-month USD LIBOR +0.83% annually, with maturity dated 2 March 2023.

On 14 July 2020, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of three-year bonds for year 2020, with an aggregate par value of USD 0.35 billion, at a fixed nominal interest rate of 1.75% annually, with maturity dated 14 July 2023.

On 14 July 2020, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of five-year bonds for year 2020, with an aggregate par value of USD 0.45 billion, at a floating nominal interest rate of three-month USD LIBOR +1.7% annually, with maturity dated 14 July 2025.

On 18 June 2021, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of three-year bonds for year 2021, with an aggregate par value of USD 0.5 billion, at a fixed nominal interest rate of 1.125% annually, with maturity dated 18 June 2024.

On 27 September 2021, BOCOM Leasing Management Hong Kong Co., Ltd., completed the issue of three-year bonds for year 2021, with an aggregate par value of HKD 0.775 billion, at a fixed nominal interest rate of 1.07% annually, with maturity dated 27 September 2024.

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27 Bonds payable (Cont'd)

On 6 March 2013, Azure Orbit, a subsidiary of the Group, completed the issue of ten-year bonds for year 2013, with an aggregate par value of USD 0.5 billion, at a fixed nominal interest rate of 3.75% annually, with maturity dated 6 March 2023.

On 15 March 2016, Azure Orbit III, a subsidiary of the Group, completed the issue of five-year bonds for year 2016, with an aggregate par value of USD 0.6 billion, at a fixed nominal interest rate of 2.748% annually, with maturity dated 15 March 2021.

On 25 January 2018, Azure Orbit IV, a subsidiary of the Group, completed the issue of three-year bonds for year 2018, with an aggregate par value of USD 0.3 billion, at a fixed nominal interest rate of 3.5% annually, with maturity dated 25 January 2021.

On 25 January 2018, Azure Orbit IV, a subsidiary of the Group, completed the issue of five-year bonds for year 2018, with an aggregate par value of USD 0.95 billion, at a fixed nominal interest rate of 3.75% annually, with maturity dated 25 January 2023.

On 25 January 2018, Azure Orbit IV, a subsidiary of the Group, completed the issue of ten-year bonds for year 2018, with an aggregate par value of USD 0.25 billion, at a fixed nominal interest rate of 4% annually, with maturity dated 25 January 2028.

28 Other liabilities

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Advances from customers	3,693,780	841,880	3,605,521	1,042,780
Lease liabilities	13,058	117,401	12,438	36,993
	<u>3,706,838</u>	<u>959,281</u>	<u>3,617,959</u>	<u>1,079,773</u>

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29 Other comprehensive income

The Group	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the year ended 31 December 2021		
	31 December 2020	Net amount after tax	31 December 2021	Amount before tax	Less: Income tax expenses	Net amount after tax
Other comprehensive income items which will not be reclassified to profit or loss						
Fair value changes in other equity investments	-	-	-	-	-	-
Other comprehensive income items which will be reclassified to profit or loss						
Effective portion of hedging instruments in a cash flow hedge	(768,851)	510,336	(258,515)	628,113	(117,777)	510,336
Fair value changes in other debt investments	(11,669)	61,857	50,188	82,476	(20,619)	61,857
Provision for credit impairment of other debt investments	563	(64)	499	(85)	21	(64)
Differences arising from translation of foreign currency financial statements	(697,442)	(56,604)	(754,046)	(56,604)	-	(56,604)
	(1,477,399)	515,525	(961,874)	653,900	(138,375)	515,525
The Company	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the year ended 31 December 2021		
	31 December 2020	Net amount after tax	31 December 2021	Amount before tax	Less: Income tax expenses	Net amount after tax
Other comprehensive income items which will not be reclassified to profit or loss						
Fair value changes in other equity investments	-	-	-	-	-	-
Other comprehensive income items which will be reclassified to profit or loss						
Effective portion of hedging instruments in a cash flow hedge	(57,328)	(350)	(57,678)	8,565	(8,915)	(350)
Fair value changes in other debt investments	(11,669)	61,857	50,188	82,476	(20,619)	61,857
Provision for credit impairment of other debt investments	563	(64)	499	(85)	21	(64)
	(68,434)	61,443	(6,991)	90,956	(29,513)	61,443

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29 Other comprehensive income (Cont'd)

	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the year ended		
	31 December 2019	Net amount after tax	31 December 2020	Amount before tax	Less: Income tax expenses	Net amount after tax
The Group						
Other comprehensive income items which will not be reclassified to profit or loss						
Fair value changes in other equity investments	(1,130)	1,130	-	1,507	(377)	1,130
Other comprehensive income items which will be reclassified to profit or loss						
Effective portion of hedging instruments in a cash flow hedge	(54,567)	(714,284)	(768,851)	(860,456)	146,172	(714,284)
Fair value changes in other debt investments	(1,935)	(9,734)	(11,669)	(12,979)	3,245	(9,734)
Provision for credit impairment of other debt investments	225	338	563	451	(113)	338
Differences arising from translation of foreign currency financial statements	(614,828)	(82,614)	(697,442)	(82,614)	-	(82,614)
	(672,235)	(805,164)	(1,477,399)	(954,091)	148,927	(805,164)
The Company						
Other comprehensive income in the balance sheet						
31 December 2019	(1,130)	1,130	-	1,507	(377)	1,130
Other comprehensive income items which will not be reclassified to profit or loss						
Fair value changes in other equity investments	(1,130)	1,130	-	1,507	(377)	1,130
Other comprehensive income items which will be reclassified to profit or loss						
Effective portion of hedging instruments in a cash flow hedge	(8,288)	(49,040)	(57,328)	(65,387)	16,347	(49,040)
Fair value changes in other debt investments	(1,935)	(9,734)	(11,669)	(12,979)	3,245	(9,734)
Provision for credit impairment of other debt investments	225	338	563	451	(113)	338
	(11,128)	(57,306)	(68,434)	(76,408)	19,102	(57,306)

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30 Surplus reserve

The Group

	1 January 2021	Increase in the current year	Decrease in the current year	31 December 2021
Statutory surplus reserve	<u>1,341,839</u>	<u>133,382</u>	<u>-</u>	<u>1,475,221</u>

	1 January 2020	Increase in the current year	Decrease in the current year	31 December 2020
Statutory surplus reserve	<u>1,166,493</u>	<u>175,346</u>	<u>-</u>	<u>1,341,839</u>

The Company

	1 January 2021	Increase in the current year	Decrease in the current year	31 December 2021
Statutory surplus reserve	<u>1,127,377</u>	<u>92,092</u>	<u>-</u>	<u>1,219,469</u>

	1 January 2020	Increase in the current year	Decrease in the current year	31 December 2020
Statutory surplus reserve	<u>982,382</u>	<u>144,995</u>	<u>-</u>	<u>1,127,377</u>

In accordance with the *Company Law of the PRC* and the Company's Articles of Association, the Group and the Company should appropriate 10% of net profit for the year to the statutory surplus reserve. The Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid-in capital after approval from the appropriate authorities.

31 General risk reserve

The Group

	1 January 2021	Increase in the current year	Decrease in the current year	31 December 2021
General risk reserve	<u>4,549,680</u>	<u>169,378</u>	<u>-</u>	<u>4,719,058</u>

The Company

	1 January 2021	Increase in the current year	Decrease in the current year	31 December 2021
General risk reserve	<u>4,549,680</u>	<u>169,803</u>	<u>-</u>	<u>4,719,483</u>

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31 General risk reserve (Cont'd)

The Group and the Company

	1 January 2020	Increase in the current year	Decrease in the current year	31 December 2020
General risk reserve	3,821,843	727,837	-	4,549,680

According to the regulations of *the Administrative Measures for the Provision of Reserves of Financial Enterprises* (Cai Jin [2012] No. 20) issued by the Ministry of Finance, the Company appropriate 1.5% of ending balance of risk assets of the current year to the general risk reserve.

32 Undistributed profits

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Undistributed profits at the beginning of the year	13,384,384	5,643,928	11,086,004	5,066,805
Sub-total	13,384,384	5,643,928	11,086,004	5,066,805
Add: Net profit in the current year	3,530,308	1,092,966	3,201,563	1,449,955
Less: Appropriation to statutory surplus reserve (Note 30)	(133,382)	(92,092)	(175,346)	(144,995)
Appropriation to general risk reserve (Note 31)	(169,378)	(169,803)	(727,837)	(727,837)
Undistributed profits at the end of the year	16,611,932	6,474,999	13,384,384	5,643,928

33 Interest income

	2021		2020	
	The Group	The Company	The Group	The Company
Interest income from financial enterprises	291,771	47,571	113,457	74,864
Interest income from government bonds	91,652	91,652	53,984	53,984
Interest income from transactions between subsidiaries	-	713,495	-	974,811
	383,423	852,718	167,441	1,103,659

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34 Income from finance lease and sale and leaseback

	2021		2020	
	The Group	The Company	The Group	The Company
Interest income from finance lease	3,053,807	1,860,895	4,308,679	3,027,410
Interest income from sale and leaseback	3,674,275	3,183,814	2,347,626	1,872,976
	<u>6,728,082</u>	<u>5,044,709</u>	<u>6,656,305</u>	<u>4,900,386</u>

35 Operating lease income

	2021		2020	
	The Group	The Company	The Group	The Company
Operating lease - Ship	6,809,721	-	7,290,381	-
Operating lease - Aircraft	6,472,214	-	5,474,822	-
Building leasing	318,464	-	307,414	-
	<u>13,600,399</u>	<u>-</u>	<u>13,072,617</u>	<u>-</u>

36 Gains/(Losses) on disposal of assets

	2021		2020	
	The Group	The Company	The Group	The Company
Gains/(Losses) on disposal of fixed assets	293,450	(90)	(80,988)	12

Gains on disposal of assets include the net gains from disposal of assets under operating leases, and the net gains are determined at the higher of selling price and net book value of fixed assets, deducting relevant transaction costs and other expenses.

37 Other income

	2021		2020	
	The Group	The Company	The Group	The Company
Financial subsidy income	325,747	71,498	373,553	94,708

Financial subsidy income represents government grants from the Shanghai Financial Bureau and Shanghai, Tianjin and so on Free Trade Zone.

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38 Interest expenses

	2021		2020	
	The Group	The Company	The Group	The Company
Interest expenses of borrowings	2,740,776	2,123,727	3,076,654	2,056,381
Total interest expenses of borrowings	2,999,497	2,123,727	3,339,011	2,056,381
Less: Capitalised interest expenses	(258,721)	-	(262,357)	-
Interest expenses of bonds	3,000,524	1,158,925	3,404,291	1,247,836
Interest expenses of placements from banks and other financial institutions	229,315	229,315	213,698	213,698
Interest expenses of lease liabilities	1,947	1,590	1,950	1,537
Interest expenses of deposits	3,582	3,582	3,894	3,894
	<u>5,976,144</u>	<u>3,517,139</u>	<u>6,700,487</u>	<u>3,523,346</u>

39 Cost of operating leases

The Group

	2021	2020
Depreciation of fixed assets leased out under operating lease (Note 17)	6,739,980	6,887,927
Others	222,151	162,553
	<u>6,962,131</u>	<u>7,050,480</u>

40 Fee and Commission expenses

	2021		2020	
	The Group	The Company	The Group	The Company
Fee and Commission expenses	182,293	120,744	140,830	49,497

The fee and commission expenses mainly represent the expenses for financing and notes payable.

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41 Operating and administrative expenses

	2021		2020	
	The Group	The Company	The Group	The Company
Employee benefits and welfare	350,193	288,823	317,009	263,645
Depreciation and amortisation	135,025	44,187	121,636	39,287
Consulting expenses	69,521	28,109	59,664	14,997
Travelling expenses	6,085	5,909	11,227	9,717
Entertainment expenses	5,259	5,107	4,579	4,579
Others	45,630	38,731	43,381	35,953
	<u>611,713</u>	<u>410,866</u>	<u>557,496</u>	<u>368,178</u>

42 Credit impairment losses

	2021		2020	
	The Group	The Company	The Group	The Company
Credit impairment losses on finance lease receivables	942,451	485,794	684,962	368,732
- Credit impairment losses on finance lease receivables and receivables for sale and leaseback	935,268	485,794	684,962	368,732
- Credit impairment losses on operating lease receivables	7,183	-	-	-
Credit impairment losses/(reversal) on other receivables	56,495	62,426	(11,041)	(6,871)
Credit impairment (reversal)/losses on cash at bank and on hand	(12,385)	1,736	52,817	6,398
Credit impairment (reversal)/losses on placements with banks and other financial institutions	(1,506)	(1,506)	1,506	1,506
Others	(304)	(752)	827	603
	<u>984,751</u>	<u>547,698</u>	<u>729,071</u>	<u>370,368</u>

43 Asset impairment losses

	2021		2020	
	The Group	The Company	The Group	The Company
Impairment losses on aircraft assets	1,622,342	-	269,464	-
Impairment losses on ship assets	358,056	-	215,261	-
	<u>1,980,398</u>	<u>-</u>	<u>484,725</u>	<u>-</u>

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44 Income tax expenses

Income tax expenses presented in the income statement include:

	2021		2020	
	The Group	The Company	The Group	The Company
Current income tax	1,025,150	373,832	1,132,323	473,148
Deferred income tax (Note 18)	(38,366)	(54,024)	16,851	(55,460)
	<u>986,784</u>	<u>319,808</u>	<u>1,149,174</u>	<u>417,688</u>

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the Group's and the Company's income statements to the income tax expenses is listed below:

	2021		2020	
	The Group	The Company	The Group	The Company
Total profit	<u>4,517,092</u>	<u>1,412,774</u>	<u>4,350,737</u>	<u>1,867,643</u>
Income tax calculated at applicable income tax rate of 25%	1,129,273	353,194	1,087,683	466,910
Less: Non-taxable income	(23,803)	(44,247)	(30,712)	(68,613)
Add: Expenses not deductible for tax purposes	2,630	2,630	2,586	2,586
Add: Deductible loss for which no deferred income tax was recognised	102,147	-	268,625	-
Less: Deductible loss used in 2021	(171,651)	-	-	-
Less: Effect of different tax rates in other countries (or regions)	(61,050)	-	(195,813)	-
Add: Filing difference	9,238	8,231	16,805	16,805
Income tax expenses	<u>986,784</u>	<u>319,808</u>	<u>1,149,174</u>	<u>417,688</u>

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45 Notes to the cash flow statement

(1) Reconciliation from net profit to cash flows from operating activities

	2021		2020	
	The Group	The Company	The Group	The Company
Net profit	3,530,308	1,092,966	3,201,563	1,449,955
Add: Asset impairment losses	1,980,398	-	484,725	-
Credit impairment losses	984,751	547,698	729,071	370,368
Depreciation and amortisation	6,875,005	44,187	7,009,563	39,287
(Gains)/Losses on disposal of fixed assets	(293,450)	90	80,988	(12)
(Gains)/Losses arising from fair value changes	(2,483)	-	7,641	5,121
Investment income	-	(81,777)	-	(151,611)
Interest income from government bonds	(91,652)	(91,652)	(53,984)	(53,984)
Interest expenses of bond issuance	3,000,524	1,158,925	3,404,291	1,247,836
Interest expenses of lease liabilities	1,947	1,590	1,950	1,537
Exchange gains	8,582	12,218	24,419	31,464
Increase in deferred tax assets	(247,222)	(54,024)	(109,839)	(55,460)
Increase in deferred tax liabilities	208,856	-	126,690	-
Increase in operating receivables	(11,813,779)	(15,170,126)	(17,766,888)	(10,574,674)
Increase/(Decrease) in operating payables	18,051,038	13,950,685	38,772,623	21,572,066
Net cash flows from/(used in) operating activities	22,192,823	1,410,780	35,912,813	13,881,893

(2) Significant investing and financing activities that do not involve cash receipts and payments

	2021		2020	
	The Group	The Company	The Group	The Company
Finance lease receivables in bank acceptance notes	3,427,621	3,427,621	6,318,700	6,318,700

(3) Net increase/(decrease) in cash and cash equivalents

	2021		2020	
	The Group	The Company	The Group	The Company
Cash and cash equivalents at the end of the year	22,650,662	6,161,003	29,846,067	7,884,479
Less: Cash and cash equivalents at the beginning of the year	(29,846,067)	(7,884,479)	(6,328,471)	(1,712,526)
Net increase/(decrease) in cash and cash equivalents	(7,195,405)	(1,723,476)	23,517,596	6,171,953

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45 Notes to the cash flow statement (Cont'd)

(4) Cash and cash equivalents

	2021		2020	
	The Group	The Company	The Group	The Company
Cash at bank and on hand (Note 7)	26,341,061	6,620,847	31,756,524	7,847,266
Less: Mandatory reserve deposits with central bank	(470,632)	(470,632)	(386,839)	(386,839)
Pledged deposits and other cash balances	(3,268,764)	-	(2,285,000)	(285,000)
Provision for impairment loss	48,997	10,788	61,382	9,052
Add: Placements with banks and other financial institutions with original maturity of less than 3 months	-	-	700,000	700,000
Cash and cash equivalents at the end of the year	<u>22,650,662</u>	<u>6,161,003</u>	<u>29,846,067</u>	<u>7,884,479</u>

(5) Cash paid relating to other operating activities

Cash paid relating to other operating activities in the cash flow statement mainly includes:

	2021		2020	
	The Group	The Company	The Group	The Company
Payments to subsidiaries	-	7,808,154	-	1,983,294
Temporary payments	173,528	29,650	50,602	22,585
Pledged deposits and other cash balances	1,268,764	-	2,285,000	285,000
Ship management fees	222,151	-	162,553	-
General and administrative expenses	23,124	19,267	43,515	37,987
Professional service fees	69,745	28,109	55,973	14,997
Others	33,627	30,480	24,681	17,563
	<u>1,790,939</u>	<u>7,915,660</u>	<u>2,622,324</u>	<u>2,361,426</u>

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46 Significant related parties and related party transactions

(1) The parent company and subsidiaries

The general information and other related information of the subsidiaries are set out in Note 6.

(a) Information of the parent company

	Place of registration	Nature of business
Bank of Communications Co., Ltd. (hereinafter referred to as "BoCom")	China	Commercial banking

(b) Registered capital and changes in registered capital of the parent company

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
BoCom	<u>74,262,727</u>	<u>-</u>	<u>-</u>	<u>74,262,727</u>

(c) The percentages of shareholding and voting rights in the Company held by the parent company

	31 December 2021		31 December 2020	
	Shareholding (%)	Voting rights (%)	Shareholding (%)	Voting rights (%)
BoCom	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

(2) Nature of related parties that do not control or are not controlled by the Company

	Relationship with the Group
Qiaohui Company Limited	Controlled by the parent company
Bank of Communications (Luxemburg) Limited (hereinafter referred to as "the subsidiary bank of BoCom")	Controlled by the parent company
BOCOM MPF & Financial Services Company Limited(hereinafter referred to as "the subsidiary of BoCom")	Controlled by the parent company

(3) Related party transactions

(a) Pricing policies

Related party transactions of the Group mainly comprise deposit business and loan transactions with BoCom. Transactions between the Group and the related parties are conducted in accordance with general commercial terms and normal business procedures, with pricing policies in line with those of transactions with independent third party.

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46 Significant related parties and related party transactions (Cont'd)

(3) Related party transactions (Cont'd)

(b) Balances of related party transactions

(i) Cash at bank and on hand

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Deposits with BoCom	8,093,006	4,278,934	7,392,192	559,442

(ii) Financial assets held under re-sale agreements

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Subsidiaries' financial assets held under re-sale agreements (Note 11)	-	339,199	-	872,090

(iii) Other receivables

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Receivables from subsidiaries (Note 10)	-	41,574,534	-	33,906,312

(iv) Short-term borrowings

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Short-term borrowings from BoCom	31,409,392	18,852,017	34,761,090	21,826,433

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46 Significant related parties and related party transactions (Cont'd)

(3) Related party transactions (Cont'd)

(b) Balances of related party transactions (Cont'd)

(v) Placements from banks and other financial institutions

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Placements from BoCom	11,798,876	11,798,876	6,717,336	6,717,336

(vi) Long-term borrowings

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Borrowings from BoCom	38,810,746	1,276,525	35,969,181	3,268,764
Borrowings from the subsidiary bank of BoCom	318,366	-	459,199	-
	39,129,112	1,276,525	36,428,380	3,268,764

(vii) Other payables

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Payables to subsidiaries (Note 25)	-	16,848,529	-	16,334,842

(viii) Bonds payable

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
BoCom	13,159,513	378,743	11,117,413	3,495,394

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46 Significant related parties and related party transactions(Cont'd)

- (3) Related party transactions (Cont'd)
- (b) Balances of related party transactions (Cont'd)
- (x) Derivative financial liabilities

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Interest rate swap with BoCom	18,021	-	109,144	-

- (c) Amounts of related party transactions

The Group		
	2021	2020
Interest income from deposits with BoCom	16,584	19,875
Interest expenses of borrowings from BoCom	1,164,388	1,052,876
Interest expenses of bonds of BoCom	246,360	241,847
Fee and commission expenses due to BoCom	93,976	82,582
Interest expenses of borrowings from the subsidiary bank of BoCom	5,100	11,982
Service fee due to the subsidiary of BoCom	2,019	1,700

- (d) On 26 August 2020, Xiangmao International Ship Lease Co., Limited ("Xiangmao"), a subsidiary of the Group, acquired 100% equity of Chiao Tung Developments from Bank of Communications (Nominee) Company Limited and Qiaohui Company Limited, at zero consideration.

47 Commitments

- (1) Capital commitments

Capital expenditures contracted for by the Group but are not yet necessary to be recognised on the balance sheet as at the balance sheet date are as follows:

	31 December 2021	31 December 2020
Ship and aircraft	59,655,917	51,425,369

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48 Operating lease receipts after the balance sheet date

The undiscounted amount of the lease receipts receivable of the Group, as the lessor, after the balance sheet date is summarised as follows:

	31 December 2021	31 December 2020
Within 1 year	13,226,595	13,205,385
1-2 years	12,895,473	12,630,770
2-3 years	12,230,086	12,051,634
3-4 years	11,087,606	11,224,899
4-5 years	9,953,374	10,084,914
Over 5 years	38,477,394	34,664,303
	<u>97,870,528</u>	<u>93,861,905</u>

When the Group lease its own buildings, aircraft and ships, its rental income from operating leasing is recognized during its lease term within the straight-line method or other reasonable and systematical method. The variable charterhire obtained by the Group, which is not included in net lease assets, will be recognized when it actually occurs. The disclosure of the amount of operating lease receipts after the balance sheet date mentioned above does not include the variable rent that may be received in the future.

49 Financial instrument and risk

(1) Overview of financial risk management

The Group's activities expose it to a variety of financial risks and those activities involve analysis, assessment, acceptance and management of a certain degree of risks or portfolio of risks. Risk management is core to the financial business, and business risks are inevitable. The Group's objectives are therefore to achieve an appropriate balance between risk and return, to minimise potential adverse effects on the Group's financial statements at the same time.

The Group's risk management policies are designed to identify and analyse related risks, setting appropriate risk limitation and controls in order to monitor risk and limitation through appropriate control processes.

The Board of Directors of the Group sets the risk management strategies. The Group's management has constituted appropriate risk management policies and procedures according to risk management strategies, including credit risk, market risk and specific risk management policies. These risk management policies and procedures are implemented by the business sector, Treasury Department, Financial Accounting Department, Risk Assessment Department, Legal Compliance Department, Asset Management Department and the Assessment Committee after the approval of the Board of Directors.

The Group is mainly exposed to credit risk, market risk and liquidity risk. Market risk mainly includes interest rate risk and foreign exchange risk.

(2) Credit risk

The Group's credit risk refers to the risk that lessee fails to perform contractual liabilities. The Group's credit risk mainly arises from lease and related business.

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49 Financial instrument and risk (Cont'd)

(2) Credit risk (Cont'd)

(a) Credit risk management

The Group established standard policies and operational procedures and controls over finance lease activities, which include project due diligence and application, project review and approval, disbursement, post-lending monitoring and management of non-performing finance lease receivables. Through implementation of internal rating management system, credit risk management policies and procedures, leasing business information system, investment management of leasing business and continuous optimisation of the portfolio of assets under lease contracts, the Group is able to identify, monitor and manage its credit risk at each link.

Changes in economic environment or assets under finance leases in a particular industry may result in losses to the Group. Credit risks in the statements are mainly from finance lease receivables. The Group has established mechanisms to constitute individual lessee limitation of credit risk. The Group monitors the credit risk above regularly, makes an assessment annually at least and reports to the Board of Directors.

(b) Risk limit management and mitigation measures

The Group manages, limits and monitors credit risk concentration, especially for those concentrated in single lessee, group, industry and region.

For the single lessee, group and industry, the Group sets up a quota to improve credit risk structure. Under the *Measures for the Administration of Financial Leasing Companies*, the concentration of an individual customer shall be no more than 30% of net capital, pursuant to which the Group sets the maximum limit for leasing projects. The Group monitors above risks timely, and even reviews them more frequently as necessary.

The Group manages credit risk exposure by periodically analysing the lessee's ability to repay the principal and interest, mainly by periodic and non-periodic reports.

Other specific management and mitigation measures are summarised as follows:

(i) Guarantee and deposit

The Company mitigates credit risk by obtaining collateral, security deposits and corporate or individual credit guarantee.

Generally, guarantee is required by the Group for leasing business. Guarantee varies based on the lessee's credit record, credit risk of the leasing and different characteristics of guarantee. The Group evaluates the capability of guarantor, ownership and value of collateral, feasibility of foreclosure mortgage and pledge. Therein, the fair value of collateral is appraised by a professional appraisal institution; the Group also evaluates the financial position, credit record and capability of compensation of third party guarantors who provide guarantee to finance lease receivables. The Group requests for deposits and the proportion of deposits will vary with different projects' credit risk.

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49 Financial instrument and risk (Cont'd)

(2) Credit risk (Cont'd)

(b) Risk limit management and mitigation measures (Cont'd)

(ii) Insurance and supervision on assets under finance leases

For finance lease, the ownership of the lease asset belongs to the Group before the term of lease expires, while the risks and rewards in operational use and maintenance belong to the lessee. Therefore, whenever incidents occur concerning subject matter of the lease asset, the lessee should report immediately to the insurance company and notify the Group with all relevant materials submitted and deal with settlement of claim together with the Group.

The Group conducts regular monitoring and insurance measures against the lease assets. According to internal policies, the Group visits every leasing project regularly and irregularly each year, including physical inspection of lease assets to understand its operating conditions. Moreover, the Group generally requires the lessee to have the lease asset insured with the Company as the beneficiary, to reduce risk.

(c) Measurement of ECLs

The Group divides the financial instruments and finance lease receivables, which measured by ECLs, into 3 stages. Stage 1 is "no significant increase in credit risk since initial recognition", at which the Group only needs to measure the ECLs in next 12 months. Stage 2 is "financial assets with significant increase in credit risk" and Stage 3 is "credit-impaired financial assets", at both of which the Group needs to measure lifetime ECLs.

The Group calculates ECLs through exposure at default ("EAD") and ECL rate, and determines the ECL rate based on probability of default ("PD") and loss given default ("LGD"). In determining the ECL rate, the Group mainly uses the ECL model of the BoCom, which considers the internal historical credit loss data and so on, and adjusts the historical data based on the current situation and forward-looking information. In accordance with the requirements of accounting standards, judgements, assumptions and estimates used in the measurement of ECL includes:

- Parameters for measuring ECLs
- Judgement criteria for significant increase in credit risk
- Definition of credit-impaired and default
- Forward-looking information

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49 Financial instrument and risk (Cont'd)

(2) Credit risk (Cont'd)

(c) Measurement of ECLs (Cont'd)

Parameters for measuring ECLs

Based on whether the credit risk has increased significantly and whether the credit impairment has occurred, the Group measures the provision for impairment of different assets by the 12-month or lifetime ECL. Key parameters for measuring the ECL include PD, LGD and EAD. Based on the internal rating system used in current risk management, the Group, in accordance with the New Financial Instrument Standards, establishes the PD, LGD and EAD model by taking into account the quantitative analysis of historical statistics (such as counterparty rating, guarantee method and collateral category, repayment method, etc.) and forward-looking information.

Relevant definitions are as follows:

- PD is the probability of occurrence of default event (debts) in a given period of time in future.
- LGD represents the percentage of amount of loss to be occurred in the event of default to the total risk exposure. It typically varies by nature of counter party, type and seniority of claim and the availability of collaterals or other credit risk mitigation.
- EAD represents the total amount of on-balance sheet and off-balance sheet exposure at the time of default by debtor, reflecting the total amount of possible losses to be incurred. In general, this includes the utilised credit limit, interest receivable, the anticipated usage of unutilised credit facilities as well as the related expenses to be incurred.

Judgement criteria for significant increase in credit risk

The Group assesses quarterly whether the credit risk on a financial instrument has increased significantly since initial recognition. In determining the stage classification of a financial asset, the Group considers all reasonable and supportable information which reflects whether there have been significant changes in credit risk, including that which is forward-looking. Based on an individual financial instrument or a portfolio of financial instruments with similar credit risk characteristics, the Group compares risk of default occurring at reporting date as with initial recognition, in order to determine possible changes in risk of default occurring during the expected life of the financial instrument. The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following criteria have been met:

- Principal or interest is more than 30 days past due;
- Credit rating of obligor changes significantly. Credit rating is based on both internal and external rating results, and a significant increase in credit risk is determined when external and internal rating during the reporting period is below the Group's credit acceptance standards or internal rating results are downgraded by 3 ranks or above upon initial recognition;
- Significant adverse issues have negative impacts on obligator's repayment ability;
- Other situations indicating significant increase in credit risk. For instance, other risk alarm indicators imply growing potential risk, and could cause losses of financial assets to the Group.

The financial assets are moveable between stages. For instance, financial instruments originally classified at stage 1 should be downgraded to stage 2 if events occur such as a significant increase in credit risk. Financial instruments at stage 2 could be upgraded to stage 1 if credit risk decreases and the criteria for the determination of "a significant increase in credit risk" are no longer met.

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49 Financial instrument and risk (Cont'd)

(2) Credit risk (Cont'd)

(c) Measurement of ECLs (Cont'd)

Judgement criteria for significant increase in credit risk (Cont'd)

After the outbreak of COVID-19, the Group strictly followed the regulatory policies and requirements and prudently evaluates the repayment ability of the customers who apply for a repayment extension of principal and interest. On the premise that the subsequent risks will not be enlarged and subsequent settlement will not be affected, the Group rescues those customers meeting specific criteria by extending the maturity and so on. The Group has assessed whether the rescues would cause a significant increase in credit risks and has adjusted the stage classification as appropriate.

Definition of credit-impaired and default

The criteria adopted by the Group to determine whether a credit impairment occurs under IFRS 9 is consistent with the internal credit risk management objectives for relevant financial instrument, in addition to consideration of quantitative and qualitative indicators.

In general, the Group considers a financial instrument to be credit-impaired or otherwise in default when one or more of the following criteria have been met:

- Principal (including advances, applies to below) or interest is more than 90 days past due;
- Issuer or obligor is in significant financial difficulty, or has already been insolvent;
- It is becoming probable that the borrower will enter bankruptcy;
- An active market for that financial asset has disappeared because of financial difficulties of issuers;
- Other objective evidence indicating impairment of the financial asset.

Forward-looking information

Both the assessment of significant increases in credit risk and the calculation of ECLs involve forward-looking information. The impairment model adopts a top-down development approach. By grouping models, the Group has set up multiple impairment models covering risk exposure of financial institutions and lessees. The Group has also established a macro scenario transmission model with year-on-year growth rate of gross domestic product (GDP) driving the national account, price index, foreign trade, fixed asset investment, currency, interest rate and other indicators, predicting the performance of indicators under three scenarios (i.e., basic scenario, optimistic scenario and pessimistic scenario) on a yearly basis. The forecasts, after evaluation and confirmation by economic experts and senior management, are used in the assets impairment model. The results of macro scenarios and the reasonability of weight are checked quarterly, and the corresponding adjustment is made according to changes in internal and external economic environment. The impact of these economic indicators on PD and LGD varies from different business types. The Group considers internal and external data, expert forecasts and statistical analysis to determine the relationship between these economic indicators and PD and LGD.

In 2021, the Group forecasted the year-on-year growth rate of Gross Domestic Product ("GDP") in 2022 as follows: 5.0% under the basic scenario, 7.0% under the optimistic scenario and 4.3% under the pessimistic scenario. The Group fully considered the macroeconomic forecast for 2022 when evaluating the forecast information used in the impairment models, and made prudential adjustments to the macro scenario settings.

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49 Financial instrument and risk (Cont'd)

(2) Credit risk (Cont'd)

(c) Measurement of ECLs (Cont'd)

Sensitivity analysis

Expected credit impairment provision is sensitive to the parameters used in the model, the macroeconomic variables of the forward-looking forecast, the weight probabilities in the three scenarios, and other factors considered in the application of expert judgement. Change in these input parameters, assumptions, models, and judgements will have an impact on the significant increase in credit risk and the measurement of ECLs.

If the weight for optimistic scenario rises by 10% and the weight for basic scenario falls by 10%, the expected credit impairment allowance will decrease by RMB 33.69 million (31 December 2020: RMB 28.67 million). If the weight for pessimistic scenario increases by 10% and the weight for basic scenario decreases by 10%, then the expected credit impairment allowance will increase by RMB 23.43 million (31 December 2020: RMB 80.59 million).

(d) Maximum credit risk exposure without considering collateral

Credit risk exposures related to balance sheet items:

	31 December 2021		31 December 2020	
	The Group	The Company	The Group	The Company
Cash at bank and on hand	26,341,061	6,620,847	31,756,524	7,847,266
Placements with banks and other financial institutions	-	-	698,494	698,494
Derivative financial assets	69,733	6,287	17	-
Notes receivable	12,775	12,775	1,196	1,196
Other receivables	590,096	41,815,076	370,939	34,074,576
Financial assets held under re-sale agreements	-	338,915	489,590	1,360,950
Other debt investments	3,274,806	3,274,806	2,484,148	2,484,148
Lease receivables	149,161,802	109,687,401	139,270,577	101,748,213
	<u>179,450,273</u>	<u>161,756,107</u>	<u>175,071,485</u>	<u>148,214,843</u>

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49 Financial instrument and risk (Cont'd)

(2) Credit risk (Cont'd)

(d) Maximum credit risk exposure without considering collateral (Cont'd)

The table above presents the Group's maximum credit risk exposures without considering collateral and other credit enhancements at the end of 2021 and 2020. For balance sheet items, the exposures set out above are their net book value on the balance sheet date.

Credit enhancements are applied by the Group for finance lease loans to reduce the credit risk exposure to the acceptable level. The Group generally requires guarantees and security deposits for finance lease business.

(3) Market risk

Market risk refers to the risk of losses to the Group arising from unfavourable changes in market prices (including interest rates, exchange rates, stock prices, commodity prices, etc.). The market risks exposed by the Group mainly comprise interest rate risk and foreign exchange risk.

(a) Market risk measurement techniques

The Group currently uses sensitivity analysis to assess the foreign exchange risk and interest rate risk of the Group. Sensitivity analysis of interest rate is to periodically calculate the gap between the amount of interest-earning assets and interest-bearing liabilities that mature or must be repriced within certain periods, and analyse the sensitivity in response to changes in base rates and market rates by using the gap data. Sensitivity analysis of exchange rate is to calculate the effect of reasonable possible changes in the exchange rate of foreign currency against RMB on net profit when the other factors remain constant, based on the static foreign exchange risk structure of assets and liabilities. Reporting system has been established by the Group for sensitivity analysis, and results of sensitivity analysis are reported to senior management on a quarterly basis.

(b) Interest rate risk

The Group's interest rate risk results mainly from mismatch of interest rate repricing period and change in market interest rate, as well as from the adjustment to interest rate policy of the People's Bank of China. Financial liabilities with floating interest rate expose the Group to interest risk of cash flow, while those with fixed interest rate expose the Group to interest risk of fair value. The Financial Accounting Department and Treasury Department of the Group exercise regular monitoring on the repricing period of interest rate-sensitive assets and liabilities and manage interest rate risk through instruments such as interest rate swap. As at 31 December 2021, the Group designated the interest rate derivative contract with a nominal amount of RMB 29,893,523,000 (2020: RMB 33,375,047,000) (Note 9) as the cash flow hedging instrument. The interest rate derivative contract with a contractual nominal amount of RMB 534,607,000 (2020: RMB 777,486,000) (Note 9) is designated as the fair value hedging instrument. With the fluctuation of market interest rate, the interest spread of the Group may increase, decrease or even result in loss due to unpredictable changes.

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49 Financial instrument and risk (Cont'd)

(3) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

The Group pays high attention to the transition of interest rate benchmark and has established a task force to speed up the launch and implementation of this LIBOR reform project. At the current stage, the progress of this reform is basically on schedule. According to the overall timetable of the LIBOR reform, libors in sterling, euro, Swiss franc and Japanese yen, as well as one week and 2-month libors in US dollars, have exited the market on 1 January 2022. The business scale of the Group's contracts in reference to LIBOR with the above currencies and maturities mainly include derivative financial instruments, bonds payable, lease receivables, long-term borrowings and short-term borrowings, ready for orderly transition according to repricing periods of each business, and the impact of the methods of benchmark transition on interest rate risk is generally under control, which has a relatively limited substantial impact on the operations.

The table below summarises the Group's interest rate risks. Interest-earning assets and interest-earning liabilities under the table are presented at carrying amounts, categorised by the earlier of contractual re-pricing date and maturity date.

Interest rates of most of the Group's finance lease receivables change with the adjustments of LPR. Since the date of change in the applicable reference interest rate cannot be determined, the Group has assumed that the date of change in applicable reference interest rate is the working day preceding the date of the report, listing it into the appropriate period according to the repricing date which is closest to the date of the report.

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49 Financial instrument and risk (Cont'd)

(3) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

As at each balance sheet date, the re-pricing date and maturity date (whichever is earlier) of assets and liabilities of the Group and the Company are as follows:

The Group

		31 December 2021					
		Within 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years	Non-interest bearing
							Total
Assets							
Cash at bank and on hand		22,997,448	1,266,333	2,077,280	-	-	26,341,061
Derivative financial assets		-	-	-	-	-	69,733
Notes receivable		-	-	-	-	-	12,775
Other receivables		-	-	-	-	-	590,096
Other debt investments		-	-	-	-	3,274,806	3,274,806
Lease receivables		28,194,124	61,187,308	36,466,232	6,544,631	16,478,948	149,161,802
Total assets		51,191,572	62,453,641	38,543,512	6,544,631	19,753,754	179,450,273
Liabilities							
Short-term borrowings		(13,683,555)	(53,654,416)	(11,014,075)	-	-	(78,352,046)
Placements from banks and other financial institutions		(7,485,541)	(18,312,788)	-	-	-	(25,798,329)
Derivative financial liabilities		-	-	-	-	-	(339,928)
Notes payable		-	-	-	-	-	(10,080,359)
Other payables		-	-	-	-	-	(6,842,048)
Long-term borrowings		(6,355,582)	(24,302,858)	(27,995,881)	(13,717,067)	(2,751,242)	(75,122,630)
Bonds payable		(9,984,958)	(19,495,015)	(16,268,817)	(27,622,569)	(5,240,768)	(78,612,127)
Other liabilities		(329)	(627)	(2,922)	(8,605)	(575)	-
Total liabilities		(37,509,965)	(115,765,704)	(55,281,695)	(41,348,241)	(7,992,585)	(275,160,525)
Net position of assets and liabilities		13,681,607	(53,312,063)	(16,738,183)	(34,803,610)	11,761,169	(95,710,252)

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49 Financial instrument and risk (Cont'd)

(3) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

As at each balance sheet date, the re-pricing date and maturity date (whichever is earlier) of assets and liabilities of the Group and the Company are as follows (Cont'd):

The Group

		31 December 2020					
		Within 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years	Non-interest bearing
							Total
Assets							
Cash at bank and on hand		29,744,371	-	-	2,012,153	-	-
Placements with banks and other financial institutions		698,494	-	-	-	-	-
Derivative financial assets		-	-	-	-	-	17
Notes receivable		-	-	-	-	-	1,196
Other assets		-	-	-	-	-	370,939
Financial assets held under re-sale agreements		489,590	-	-	-	-	-
Other debt investments		-	-	-	-	2,484,148	-
Lease receivables		23,194,405	48,533,871	39,138,256	11,568,413	16,628,771	206,861
Total assets		54,126,860	48,533,871	39,138,256	13,580,566	19,112,919	579,013
Liabilities							
Short-term borrowings		(9,326,579)	(35,312,931)	(25,201,557)	-	-	-
Placements from banks and other financial institutions		(9,547,021)	(4,302,773)	(1,798,515)	-	-	-
Derivative financial liabilities		-	-	-	-	-	(935,827)
Notes payable		-	-	-	-	-	(6,652,738)
Other payables		-	-	-	-	-	(6,903,811)
Long-term borrowings		(5,921,027)	(37,864,882)	(18,126,916)	(14,734,999)	(3,918,756)	(80,566,580)
Bonds payable		(6,885,081)	(15,671,711)	(15,160,750)	(46,733,044)	(5,312,338)	(89,762,924)
Other liabilities		-	-	-	(4,790)	(7,648)	-
Total liabilities		(31,679,708)	(93,152,297)	(60,287,738)	(61,472,833)	(9,238,742)	(14,492,376)
Net position of assets and liabilities		22,447,152	(44,618,426)	(21,149,482)	(47,892,267)	9,874,177	(13,913,363)

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49 Financial instrument and risk (Cont'd)

(3) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

As at each balance sheet date, the re-pricing date and maturity date (whichever is earlier) of assets and liabilities of the Group and the Company are as follows (Cont'd):

The Company

	31 December 2021						Total
	Within 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years	Non-interest bearing	
Assets							
Cash at bank and on hand	6,620,847	-	-	-	-	-	6,620,847
Derivative financial assets	-	-	-	-	-	6,287	6,287
Notes receivable	-	-	-	-	-	12,775	12,775
Other receivables	-	1,684,406	11,342,211	16,889,727	11,191,729	707,003	41,815,076
Financial assets held under re-sale agreements	-	-	338,915	-	-	-	338,915
Other debt investments	-	-	-	-	3,274,806	-	3,274,806
Lease receivables	18,189,737	50,841,255	36,011,128	2,867,143	1,778,138	-	109,687,401
Total assets	24,810,584	52,525,661	47,692,254	19,756,870	16,244,673	726,065	161,756,107
Liabilities							
Short-term borrowings	(12,885,774)	(38,037,742)	(7,860,178)	-	-	-	(58,783,694)
Placements from banks and other financial institutions	(7,485,541)	(18,312,788)	-	-	-	-	(25,798,329)
Derivative financial liabilities	-	-	-	-	-	(110,066)	(110,066)
Notes payable	-	-	-	-	-	(10,080,359)	(10,080,359)
Other payables	-	-	(16,676,264)	-	-	(3,838,829)	(20,515,093)
Long-term borrowings	(3,324,349)	(319,518)	(1,495,348)	(2,581,820)	-	-	(7,721,035)
Bonds payable	-	-	(13,720,719)	(10,190,987)	(2,025,001)	-	(25,936,707)
Other liabilities	(4,142)	(7,882)	(36,491)	(68,886)	-	-	(117,401)
Total liabilities	(23,699,806)	(56,677,930)	(39,789,000)	(12,841,693)	(2,025,001)	(14,029,254)	(149,062,684)
Net position of assets and liabilities	1,110,778	(4,152,269)	7,903,254	6,915,177	14,219,672	(13,303,189)	12,693,423

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49 Financial instrument and risk (Cont'd)

(3) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

As at each balance sheet date, the re-pricing date and maturity date (whichever is earlier) of assets and liabilities of the Group and the Company are as follows (Cont'd):

The Company

		31 December 2020					
		Within 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years	Non-interest bearing
							Total
Assets							
Cash at bank and on hand		7,847,266	-	-	-	-	7,847,266
Placements with and loans to banks and other financial institutions		698,494	-	-	-	-	698,494
Notes receivable		-	-	-	-	-	1,196
Other receivables		5,455	1,861,193	12,136,814	13,124,948	6,732,886	213,280
Financial assets held under re-sale agreements		489,590	-	871,360	-	-	-
Other debt investments		-	-	-	-	2,484,148	-
Lease receivables		14,852,733	38,090,247	38,405,811	8,213,292	2,186,130	-
Total assets		23,893,538	39,951,440	51,413,985	21,338,240	11,403,164	214,476
Liabilities							
Short-term borrowings		(8,025,849)	(19,859,701)	(22,472,174)	-	-	(50,357,724)
Placements from banks and other financial institutions		(9,547,021)	(4,302,773)	(1,798,515)	-	-	(15,648,309)
Derivative financial liabilities		-	-	-	-	-	(141,329)
Notes payable		-	-	-	-	-	(6,652,738)
Other payables		-	-	(16,225,842)	-	-	(20,758,300)
Long-term borrowings		(809,387)	(8,079,669)	(2,173,511)	(4,400,400)	-	(15,462,967)
Bonds payable		-	-	(8,618,238)	(16,716,333)	(2,023,946)	(27,358,517)
Other liabilities		-	-	(20,493)	(16,500)	-	(36,993)
Total liabilities		(18,382,257)	(32,242,143)	(51,308,773)	(21,133,233)	(2,023,946)	(136,416,877)
Net position of assets and liabilities		5,511,281	7,709,297	105,212	205,007	9,379,218	11,797,966

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49 Financial instrument and risk (Cont'd)

(3) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

The table below illustrates the potential impact of a 100 basis point parallel shift of yield curve on the net profit of the Group in the next year.

The Group

	2021	2020
+ 100 basis points parallel shift in all yield curves	(170,915)	10,527
- 100 basis points parallel shift in all yield curves	170,915	(10,527)

The Company

	2021	2020
+ 100 basis points parallel shift in all yield curves	23,549	126,412
- 100 basis points parallel shift in all yield curves	(23,549)	(126,412)

When conducting the sensitivity analysis, the Group adopts the following assumptions in determining business conditions and financial parameters:

- a. Not considering business changes after the balance sheet date, based on static gap at the balance sheet date;
- b. Amounts of fluctuation of interest rates for different interest-earning assets and interest-bearing liabilities are the same;
- c. All assets and liabilities are re-priced during the middle of relevant time buckets;
- d. Not considering the impact of interest rate changes on customer behaviour;
- e. Not considering the impact of interest rate changes on market price;
- f. Not considering the impact of interest rate changes on off-balance sheet items;
- g. Not considering necessary measures taken by the Company in response to interest rate changes.

Due to the constraints listed above, the actual changes in net interest income of the Company caused by interest rate changes might be different from the result of the sensitivity analysis.

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49 Financial instrument and risk (Cont'd)

(3) Market risk (Cont'd)

(c) Foreign exchange risk

Except for some subsidiaries which conduct business in USD, the Group's major operational activities are denominated in RMB, and the recording currency is RMB. Exchange rate of RMB to USD or other currencies in China is subject to regulation by PBOC. Foreign exchange risk results mainly from the risk of loss due to foreign exchange rate changes. The Group's Financial Accounting Department and the Treasury Department are responsible for monitoring the size of the Group's foreign currency transactions and foreign currency assets and liabilities to minimise the exposure to foreign exchange risks; for this reason, the Group may enter into forward foreign exchange contracts or currency swap contracts to mitigate foreign exchange risks. As at 31 December 2021, the Group designated the cross-currency swap contract with a nominal amount of RMB 3,230,300,000 (Note 9) as the cash flow hedging instruments for the relevant placements from banks and other financial institutions denominated in foreign currency. As at 31 December 2021, the Group designated the currency swap contract with a nominal amount of RMB 633,640,000 (Note 9) as the cash flow hedging instruments for the relevant bonds payable denominated in foreign currency.

The table below presents the structural analysis by currencies on assets and liabilities of the Group at the balance sheet date.

The Group

	31 December 2021				
	RMB	RMB equivalent of USD	RMB equivalent of EUR	RMB equivalent of other currencies	Total
Assets					
Cash at bank and on hand	7,704,538	18,398,059	177,657	60,807	26,341,061
Derivative financial assets	512	69,221	-	-	69,733
Other receivables	358,283	222,991	8,412	410	590,096
Other debt					
Investments	3,274,806	-	-	-	3,274,806
Lease receivables	114,534,411	30,157,724	4,391,294	78,373	149,161,802
Investment properties	2,637,255	-	-	-	2,637,255
Other assets	6,397,232	128,621,867	773	1,792,471	136,812,343
Total assets	134,907,037	177,469,862	4,578,136	1,932,061	318,887,096
Liabilities					
Short-term borrowings	(40,169,181)	(34,825,686)	(3,278,073)	(79,106)	(78,352,046)
Placements from banks and other financial institutions	(13,421,301)	(12,377,028)	-	-	(25,798,329)
Derivative financial liabilities	(97,576)	(242,352)	-	-	(339,928)
Notes payable	(10,080,359)	-	-	-	(10,080,359)
Other payables	(4,503,527)	(4,302,914)	(3,122)	(5,428)	(8,814,991)
Long-term borrowings	(2,439,931)	(71,801,855)	(880,813)	(31)	(75,122,630)
Bonds payable	(25,936,707)	(52,039,730)	-	(635,690)	(78,612,127)
Other liabilities	(1,540,260)	(4,279,704)	(101,248)	(1,137)	(5,922,349)
Total liabilities	(98,188,842)	(179,869,269)	(4,263,256)	(721,392)	(283,042,759)
Net position of assets and liabilities	36,718,195	(2,399,407)	314,880	1,210,669	35,844,337

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49 Financial instrument and risk (Cont'd)

(3) Market risk (Cont'd)

(c) Foreign exchange risk (Cont'd)

The Group

	31 December 2020				
	RMB	RMB equivalent of USD	RMB equivalent of EUR	RMB equivalent of other currencies	Total
Assets					
Cash at bank and on hand	9,879,245	21,642,734	116,379	118,166	31,756,524
Placements with banks and other financial institutions	698,494	-	-	-	698,494
Derivative financial assets	-	17	-	-	17
Other receivables	314,425	43,871	12,643	-	370,939
Financial assets held under re-sale agreements	489,590	-	-	-	489,590
Other debt					
Investments	2,484,148	-	-	-	2,484,148
Lease receivables	104,905,504	28,635,489	5,538,726	190,858	139,270,577
Investment properties	3,434,189	-	-	-	3,434,189
Other assets	6,005,575	120,771,092	2,716,365	1,274,576	130,767,608
Total assets	128,211,170	171,093,203	8,384,113	1,583,600	309,272,086
Liabilities					
Short-term					
borrowings	(42,130,452)	(22,903,193)	(4,174,807)	(632,615)	(69,841,067)
Placements from banks and other financial institutions	(4,206,173)	(11,442,136)	-	-	(15,648,309)
Derivative financial liabilities	(85,328)	(850,499)	-	-	(935,827)
Notes payable	(6,652,738)	-	-	-	(6,652,738)
Other payables	(5,458,261)	(3,291,499)	(13,458)	(1,713)	(8,764,931)
Long-term borrowings	(5,149,899)	(74,294,452)	(1,122,229)	-	(80,566,580)
Bonds payable	(27,358,517)	(62,404,407)	-	-	(89,762,924)
Other liabilities	(1,750,669)	(3,421,731)	(128,806)	-	(5,301,206)
Total liabilities	(92,792,037)	(178,607,917)	(5,439,300)	(634,328)	(277,473,582)
Net position of assets and liabilities	35,419,133	(7,514,714)	2,944,813	949,272	31,798,504

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49 Financial instrument and risk (Cont'd)

(3) Market risk (Cont'd)

(c) Foreign exchange risk (Cont'd)

The Company

	31 December 2021		
	RMB	RMB equivalent of USD	Total
Assets			
Cash at bank and on hand	5,378,270	1,242,577	6,620,847
Derivative financial assets	512	5,775	6,287
Other receivables	9,265,830	32,549,246	41,815,076
Financial assets held under re-sale agreements	9,486	329,429	338,915
Other debt investments	3,274,806	-	3,274,806
Lease receivables	109,687,401	-	109,687,401
Other assets	15,149,086	131,725	15,280,811
Total assets	142,765,391	34,258,752	177,024,143
Liabilities			
Short-term borrowings	(39,654,722)	(19,128,972)	(58,783,694)
Placements from banks and other financial institutions	(13,421,300)	(12,377,029)	(25,798,329)
Derivative financial liabilities	(97,575)	(12,491)	(110,066)
Notes payable	(10,080,359)	-	(10,080,359)
Other payables	(20,639,357)	(73,190)	(20,712,547)
Long-term borrowings	(2,439,929)	(5,281,106)	(7,721,035)
Bonds payable	(25,936,707)	-	(25,936,707)
Other liabilities	(1,474,446)	-	(1,474,446)
Total liabilities	(113,744,395)	(36,872,788)	(150,617,183)
Net position of assets and liabilities	29,020,996	(2,614,036)	26,406,960

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49 Financial instrument and risk (Cont'd)

(3) Market risk (Cont'd)

(c) Foreign exchange risk (Cont'd)

The Company

	31 December 2020		
	RMB	RMB equivalent of USD	Total
Assets			
Cash at bank and on hand	7,614,336	232,930	7,847,266
Placements with and loans to banks and other financial institutions	698,494	-	698,494
Derivative financial assets	-	-	-
Other receivables	7,106,321	26,968,255	34,074,576
Financial assets held under re-sale agreements	499,076	861,874	1,360,950
Other debt investments	2,484,148	-	2,484,148
Lease receivables	101,748,213	-	101,748,213
Other assets	15,146,738	23,116	15,169,854
Total assets	135,297,326	28,086,175	163,383,501
Liabilities			
Short-term borrowings	(42,130,453)	(8,227,271)	(50,357,724)
Placements from banks and other financial institutions	(4,206,173)	(11,442,136)	(15,648,309)
Derivative financial liabilities	(85,328)	(56,001)	(141,329)
Notes payable	(6,652,738)	-	(6,652,738)
Other payables	(20,965,541)	-	(20,965,541)
Long-term borrowings	(4,176,719)	(11,286,248)	(15,462,967)
Bonds payable	(27,358,517)	-	(27,358,517)
Other liabilities	(1,543,825)	-	(1,543,825)
Total liabilities	(107,119,294)	(31,011,656)	(138,130,950)
Net position of assets and liabilities	28,178,032	(2,925,481)	25,252,551

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49 Financial instrument and risk (Cont'd)

(3) Market risk (Cont'd)

(c) Foreign exchange risk (Cont'd)

If RMB had strengthened/weakened by 10% against USD while all other variables had been held constant, the potential impact of the net profit of the Group and the Company in the next year illustrates as follow:

The Group

	2021	2020
RMB appreciated by 10% against the USD	(98,822)	(80,915)
RMB depreciated by 10% against the USD	98,822	80,915

The Company

	2021	2020
RMB appreciated by 10% against the USD	(43,036)	(25,273)
RMB depreciated by 10% against the USD	43,036	25,273

The Group considers the impact of hedging instruments when calculating the above potential impact. For information on relevant hedging instruments, please refer to Note 9.

(4) Liquidity risk

Liquidity risk refers to the risk that the Group is unable to meet the obligation to settle its due liabilities or meet the immediate demand of capital. Based on the Group's business features, its liquidity risk management framework comprises:

- Daily fund management through monthly monitoring future cash flows and making liquidity gap analysis report;
- Monitoring of assets liquidity ratio to meet the internal and regulatory requirements;
- Management of the degree of concentration of maturities of liabilities;
- Establishment of liquidity contingent plan through agreements with banks;
- Dealing with liquidity gap through interbank lending, borrowings and sales under repurchase agreements;
- Issuance of medium and long-term financial bonds to optimise the medium and long-term asset and liability structure, and continuing to issue financial bonds at appropriate stages in the future.

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49 Financial instrument and risk (Cont'd)

(4) Liquidity risk (Cont'd)

The Asset and Liability Management Committee is responsible for the preparation of liquidity risk management policies, while the Treasury Department is responsible for daily liquidity risk management, and the specific procedures include:

- (i) Through multi-channel and diversified financing, the Group ensures to obtain a continuous and sufficient source of funds, including payment of deposits and funds to be paid when purchasing lease assets;
- (ii) The Group has medium and long term credit grants from banks and designed a principal and interest prepayment plan that matches the lease term and rental cash flow to minimise liquidity risk due to maturity mismatch.
- (iii) The Group actively manages liquidity risk by predicting future cash flows, establishing quota management and obtaining sufficient credit lines from commercial banks.
- (a) Liquidity risk analysis of non-derivative financial assets and liabilities

The table below presents the structural analysis by contracted maturities on non-derivative financial assets and liabilities of the Group at the balance sheet date. The amounts listed represent the undiscounted contractual cash flows.

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49 Financial instrument and risk (Cont'd)

(4) Liquidity risk (Cont'd)

(a) Liquidity risk analysis of non-derivative financial assets and liabilities (Cont'd)

The Group

		31 December 2021								
	Overdue	Undated	Payable on demand	Within 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years	Total	
Derivative financial assets										
Cash at bank and on hand	-	-	22,997,447	-	1,268,398	2,121,726	-	-	26,387,571	
Notes receivable	-	-	-	-	-	12,775	-	-	12,775	
Other receivables	5,806	-	697,892	-	-	-	-	-	703,698	
Other debt investments	-	-	-	-	-	100,810	403,240	3,620,645	4,124,695	
Lease receivables	2,507,263	-	-	3,556,750	8,500,493	29,958,190	86,429,457	47,076,564	178,028,717	
Total non-derivative financial assets	2,513,069	-	23,695,339	3,556,750	9,768,891	32,193,501	86,832,697	50,697,209	209,257,456	
Non-derivative financial liabilities										
Short-term borrowings	-	-	-	(14,100,525)	(54,560,853)	(9,784,108)	-	-	(78,445,486)	
Placements from banks and other financial institutions	-	-	-	(7,488,627)	(18,356,113)	-	-	-	(25,844,740)	
Notes payable	-	-	-	(250,000)	(1,832,530)	(7,997,829)	-	-	(10,080,359)	
Other payables	-	-	-	(656,374)	(130,064)	(443,483)	(3,368,453)	(2,243,674)	(6,842,048)	
Long-term borrowings	-	-	-	(1,560,286)	(4,971,598)	(19,143,506)	(45,959,997)	(8,211,773)	(79,847,160)	
Bonds payable	-	-	-	(5,621,368)	(7,243,741)	(17,242,686)	(48,860,558)	(5,589,322)	(84,557,675)	
Other liabilities	-	-	-	(355)	(676)	(3,149)	(9,271)	(620)	(14,071)	
Total non-derivative financial liabilities	-	-	-	(29,677,535)	(87,095,575)	(54,614,761)	(98,198,279)	(16,045,389)	(285,631,539)	
Net position	2,513,069		23,695,339	(26,120,785)	(77,326,684)	(22,421,260)	(11,365,582)	34,651,820	(76,374,083)	

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49 Financial instrument and risk (Cont'd)

(4) Liquidity risk (Cont'd)

(a) Liquidity risk analysis of non-derivative financial assets and liabilities (Cont'd)

The Group

		31 December 2020						Total
		Overdue	Undated	Payable on demand	Within 1 month	1-3 months	3 months-1 year	
Non-derivative financial assets								
Cash at bank and on hand	-	-	-	23,236,961	6,508,352	-	-	31,864,911
Placements with banks and other financial institutions	-	-	-	-	700,756	-	-	700,756
Notes receivable	-	-	-	-	-	-	1,196	1,196
Other receivables	239,931	-	-	234,724	-	-	-	474,655
Financial assets held under re-sale agreements	-	-	-	-	490,000	-	-	490,000
Other debt investments	-	-	-	-	-	-	77,920	311,680
Lease receivables	1,991,973	-	-	-	3,492,477	8,151,032	28,983,789	83,032,223
Total non-derivative financial assets	2,231,904	-	-	23,471,685	11,191,585	8,151,032	29,062,905	85,463,501
								43,074,780
								202,647,392
Non-derivative financial liabilities								
Short-term borrowings	-	-	-	-	(7,284,225)	(32,221,711)	(30,406,898)	-
Placements from banks and other financial institutions	-	-	-	-	(9,552,933)	(4,316,777)	(1,802,807)	-
Notes payable	-	-	-	-	-	(376,225)	(6,276,513)	-
Other payables	-	-	-	-	(287,118)	(182,918)	(564,779)	(2,416,266)
Long-term borrowings	-	-	-	-	(2,028,863)	(4,868,588)	(20,640,220)	(8,205,778)
Bonds payable	-	-	-	-	(2,590,627)	(4,639,894)	(17,663,299)	(6,076,063)
Other liabilities	-	-	-	-	(274)	(522)	(2,435)	(8,498)
Total non-derivative financial liabilities	-	-	-	-	(21,744,040)	(46,606,635)	(77,356,951)	(124,304,527)
								(16,700,134)
								(286,712,287)
Net position	2,231,904	-	-	23,471,685	(10,552,455)	(38,455,603)	(48,294,046)	(38,841,026)
								26,374,646
								(84,064,895)

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49 Financial instrument and risk (Cont'd)

(4) Liquidity risk (Cont'd)

(a) Liquidity risk analysis of non-derivative financial assets and liabilities (Cont'd)

The Company

		31 December 2021							
	Overdue	Undated	Payable on demand	Within 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years	Total
Non-derivative financial assets									
	-	-	6,620,847	-	-	-	-	-	6,620,847
Cash at bank and on hand	-	-	-	-	-	12,775	-	-	12,775
Notes receivable	-	-	-	-	-	11,365,367	-	-	11,365,367
Other receivables	5,806	-	58,890	-	1,690,199	-	17,262,787	12,652,814	43,035,863
Financial assets held under re-sale agreements	-	-	-	-	-	-	345,057	-	345,057
Other debt investments	-	-	-	-	-	100,810	403,240	3,620,645	4,124,695
Lease receivables	2,363,524	-	-	2,518,057	7,498,346	25,598,251	68,577,074	22,026,854	128,582,106
Total non-derivative financial assets	2,369,330	-	6,679,737	2,518,057	9,188,545	37,077,203	86,588,158	38,300,313	182,721,343
Non-derivative financial liabilities									
Short-term borrowings	-	-	-	(13,124,537)	(38,621,112)	(7,092,185)	-	-	(58,837,834)
Placements from banks and other financial institutions	-	-	-	(7,488,627)	(18,356,113)	-	-	-	(25,844,740)
Notes payable	-	-	-	(250,000)	(1,832,530)	(7,997,829)	-	-	(10,080,359)
Other payables	-	-	(172,265)	(152,959)	(130,050)	(420,991)	(2,587,995)	(17,050,833)	(20,515,093)
Long-term borrowings	-	-	-	(440,235)	(577,274)	(3,052,527)	(3,618,836)	(314,981)	(8,003,853)
Bonds payable	-	-	-	-	-	(13,720,719)	(10,190,987)	(2,025,001)	(25,936,707)
Other liabilities	-	-	-	(4,356)	(8,290)	(38,380)	(72,451)	-	(123,477)
Total non-derivative financial liabilities	-	-	(172,265)	(21,460,714)	(59,525,369)	(32,322,631)	(16,470,269)	(19,390,815)	(149,342,063)
Net position	2,369,330	-	6,507,472	(18,942,657)	(50,336,824)	4,754,572	70,117,889	18,909,498	33,379,280

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(All amounts in RMB '000 Yuan unless otherwise stated)
[English translation for reference only]

49 Financial instrument and risk (Cont'd)

(4) Liquidity risk (Cont'd)

(a) Liquidity risk analysis of non-derivative financial assets and liabilities (Cont'd)

The Company

		31 December 2020					
		Overdue	Undated	Payable on demand	Within 1 month	1-3 months	3 months-1 year
							1-5 years
							Over 5 years
							Total
Non-derivative financial assets							
Cash at bank and on hand	-	-	-	7,847,266	-	-	-
Notes receivable	-	-	-	-	700,756	-	-
Other receivables	-	-	-	-	-	1,196	-
Financial assets held under re-sale agreements	239,931	-	-	750	5,455	12,137,084	6,733,227
Other debt investments	-	-	-	-	-	-	-
Lease receivables	1,740,489	-	-	-	3,582,557	24,595,210	15,404,813
Total non-derivative financial assets	1,980,420	-	-	7,848,016	4,778,768	36,811,410	25,664,248
Non-derivative financial liabilities							
Short-term borrowings	-	-	-	-	(6,953,945)	(18,228,317)	-
Placements from banks and other financial institutions	-	-	-	-	(9,552,933)	(4,316,777)	-
Notes payable	-	-	-	-	-	(376,225)	-
Other payables	-	-	-	(109,000)	(173,585)	(144,512)	-
Long-term borrowings	-	-	-	-	(1,209,454)	(1,133,011)	-
Bonds payable	-	-	-	-	-	(7,027,394)	-
Other liabilities	-	-	-	-	(3,117)	(9,564,200)	-
Total non-derivative financial liabilities	-	-	-	(109,000)	(17,893,034)	(24,204,774)	(19,498,584)
Net position	1,980,420	-	-	7,739,016	(13,114,266)	(16,019,817)	6,165,664
							26,647,310

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

49 Financial instrument and risk (Cont'd)

(4) Liquidity risk (Cont'd)

(b) Liquidity risk analysis of derivative financial instruments

Derivative financial instruments settled on a net basis

The Group's derivative financial instruments that will be settled on a net basis include interest rate derivative financial instruments. The table below analyses the undiscounted cash flows of the derivative financial instruments settled on a net basis and classified based on the remaining contractual period from the balance sheet date to maturity date:

The Group

		31 December 2021				
		Within 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years
						Total
Assets						
Interest rate contracts		4,254	347	13,686	54,172	629
Total		4,254	347	13,686	54,172	629
Liabilities						
Interest rate contracts		(8,606)	(18,481)	(61,552)	(159,049)	(1,662)
Total		(8,606)	(18,481)	(61,552)	(159,049)	(1,662)
		31 December 2020				
		Within 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years
						Total
Assets						
Interest rate contracts		-	1	4	12	-
Total		-	1	4	12	-
Liabilities						
Interest rate contracts		(13,258)	(49,828)	(188,709)	(608,272)	(29,548)
Total		(13,258)	(49,828)	(188,709)	(608,272)	(29,548)

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(All amounts in RMB '000 Yuan unless otherwise stated)
[English translation for reference only]

49 Financial instrument and risk (Cont'd)

(4) Liquidity risk (Cont'd)

(b) Liquidity risk analysis of derivative financial instruments (Cont'd)

Derivative financial instruments settled on a total basis

The Group's derivative financial instruments that will be settled on a total basis include exchange rate derivative financial instruments. The table below analyses the undiscounted cash flows of the derivative financial instruments settled on a total basis and classified based on the remaining contractual period from the balance sheet date to maturity date:

The Group and the Company

	31 December 2021					Total
	Within 1 month	1-3 months	3 months-1 year	1-5 years	over 5 years	
Exchange contracts						
Cash inflows	1,937,440	-	1,292,200	634,842	-	3,864,482
Cash outflows	(2,024,622)	-	(1,326,067)	(637,212)	-	(3,987,901)
Total	(87,182)	-	(33,867)	(2,370)	-	(123,419)

	31 December 2020					Total
	Within 1 month	1-3 months	3 months-1 year	1-5 years	over 5 years	
Exchange contracts						
Cash inflows	3,312,450	-	-	-	-	3,312,450
Cash outflows	(3,432,920)	-	-	-	-	(3,432,920)
Total	(120,470)	-	-	-	-	(120,470)

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(All amounts in RMB '000 Yuan unless otherwise stated)
[English translation for reference only]

50 Fair value estimates

(1) Assets and liabilities measured at fair value on a recurring basis

Fair value estimate is made based on the relevant market information and information related to various financial instruments at a specific time. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Fair value estimates of various financial instruments are based on the following methods and assumptions:

(a) Assets measured at fair value on a recurring basis

The assets measured at fair value on a recurring basis by the above three levels are analysed below:

The Group	31 December 2021			Total
	Level 1	Level 2	Level 3	
Derivative financial assets	-	69,733	-	69,733
Other debt investments	3,274,806	-	-	3,274,806
Investment properties	-	-	2,637,255	2,637,255
Derivative financial liabilities	-	(339,928)	-	(339,928)
<hr/>				
The Group	31 December 2020			Total
	Level 1	Level 2	Level 3	
Derivative financial assets	-	17	-	17
Other debt investments	2,484,148	-	-	2,484,148
Investment properties	-	-	3,434,189	3,434,189
Derivative financial liabilities	-	(935,827)	-	(935,827)
<hr/>				

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

50 Fair value estimates (Cont'd)

(1) Assets and liabilities measured at fair value on a recurring basis (Cont'd)

(a) Assets measured at fair value on a recurring basis (Cont'd)

The Company	31 December 2021			Total
	Level 1	Level 2	Level 3	
Derivative financial assets	-	6,287	-	6,287
Other debt investments	3,274,806	-	-	3,274,806
Derivative financial liabilities	-	(110,066)	-	(110,066)
<hr/>				
The Company	31 December 2020			Total
	Level 1	Level 2	Level 3	
Other debt investments	2,484,148	-	-	2,484,148
Derivative financial liabilities	-	(141,329)	-	(141,329)
<hr/>				

(b) Cash and bank deposits, other financial assets and liabilities

Above-mentioned financial assets and liabilities are either due within one year or with floating rate, the carrying amount of which is close to the fair value.

(c) Finance lease receivables

The balance of finance lease receivables and receivables from sale and leaseback is determined using the effective interest method. As most of the effective interest rate is based on and will be adjusted in accordance with market interest rate set by PBOC, the carrying amount is close to the fair value.

(d) Borrowings

The fair value of borrowings with fixed-term is determined using the discounted cash flow method. The discounted rate is the current interest of fixed-term borrowing with similar remaining period till maturity. As most of the interest rate of floating rate borrowings is based on and will be adjusted in accordance with benchmark interest rate set by PBOC, the carrying amount is close to the fair value.

(e) Bonds payable

The fair value of bonds payable is determined based on estimates of China Securities Depository and Clearing Company Limited and Bloomberg. As at 31 December 2021 and 31 December 2020, the fair values of bonds were RMB 78,569,009,000 and RMB 90,569,927,000 respectively. The Group uses observable inputs to determine the fair value of bonds payable and includes them within Level 2.

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

51 Capital management

The concept of capital for capital management is broader than that of equities as presented in the balance sheet. The Group's objectives are: (1) to comply with the capital requirements set by the regulators of the banking markets where the entities within the Group operate; (2) to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders (3) to maintain sufficient capital to support the development of its business.

According to measures realised by the CBIRC and on the basis of guidelines developed by the Basel Committee, capital adequacy and the use of regulatory capital are monitored quarterly by the Group's management. The required information is filed with the Shanghai Office of CBIRC on a quarterly basis.

According to the Measures for the Administration of Financial Leasing Companies, the ratio of net capital to risk-weighted assets shall not be lower than the minimum requirements of registered financial regulatory agencies. In accordance with the Administrative Measures for the Capital of Commercial Banks (for Trial Implementation) and the Notice on Issues Concerning Transitional Arrangements for the Implementation of the Administrative Measures for the Capital of Commercial Banks (for Trial Implementation) (Yin Jian Fa [2012] No. 57) issued by the CBRC, the Group's capital ratios are calculated as follows:

Item	31 December 2021
Core tier 1 capital	36,097,968
Net tier 1 capital	36,097,968
Net capital	40,801,615
Risk weighted assets	332,102,401
Core tier 1 capital adequacy ratio	10.87%
Tier 1 capital adequacy ratio	10.87%
Capital adequacy ratio	12.29%

52 Events after the balance sheet date

In response to the conflict between Russian and Ukrainian since February 2022, the European Union, the United States, the United Kingdom, Singapore and several other countries have implemented a series of sanctions affecting commercial relations with Russian companies. By the reporting date of this financial statement, the Group had five aircraft leased to Russian airlines, which might be affected by some of these sanctions. The net book value of the five aircrafts represent less than 5% of the Group's total aircraft assets (at net book value). In addition, the international aviation insurance market has been phasing out a number of insurance policy elements related to aircraft in Russia or chartered by Russian airlines. The management is closely monitoring this complex and rapidly evolving situation.

交银金融租赁有限责任公司

2021 年度财务报表及审计报告

财务报表审计报告



防 伪 编 码: 31000007202246749J

被审计单位名称: 交银金融租赁有限责任公司

审 计 期 间: 2021

报 告 文 号: 普华永道中天审字(2022)第29012号

签字注册会计师: 马颖旋

注 师 编 号: 310000070343

签字注册会计师: 童咏静

注 师 编 号: 310000072179

事 务 所 名 称: 普华永道中天会计师事务所(特殊普通合伙)

事 务 所 电 话: 021-23238888

事 务 所 地 址: 中国上海市浦东新区东育路588号前滩中心42楼

业务报告使用防伪编码仅说明该业务报告是由依法批准设立的会计师事务所出具，业务报告的法律主体是出具报告的会计师事务所及签字注册会计师。
报告防伪信息查询网址: <https://zxfw.shcpa.org.cn/codeSearch>

交银金融租赁有限责任公司

2021 年度财务报表及审计报告

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审计报告

普华永道中天审字(2022)第 29012 号
(第一页, 共三页)

交银金融租赁有限责任公司董事会:

一、 审计意见

(一) 我们审计的内容

我们审计了交银金融租赁有限责任公司(以下简称“交银租赁”)的财务报表, 包括 2021 年 12 月 31 日的合并及公司资产负债表, 2021 年度的合并及公司利润表、合并及公司现金流量表、合并及公司所有者权益变动表以及财务报表附注。

(二) 我们的意见

我们认为, 后附的财务报表在所有重大方面按照企业会计准则的规定编制, 公允反映了交银租赁 2021 年 12 月 31 日的合并及公司财务状况以及 2021 年度的合并及公司经营成果和现金流量。

二、 形成审计意见的基础

我们按照中国注册会计师审计准则的规定执行了审计工作。审计报告的“注册会计师对财务报表审计的责任”部分进一步阐述了我们在这些准则下的责任。我们相信, 我们获取的审计证据是充分、适当的, 为发表审计意见提供了基础。

按照中国注册会计师职业道德守则, 我们独立于交银租赁, 并履行了职业道德方面的其他责任。

三、 管理层和治理层对财务报表的责任

交银租赁管理层负责按照企业会计准则的规定编制财务报表, 使其实现公允反映, 并设计、执行和维护必要的内部控制, 以使财务报表不存在由于舞弊或错误导致的重大错报。

普华永道中天审字(2022)第 29012 号
(第二页, 共三页)

三、 管理层和治理层对财务报表的责任(续)

在编制财务报表时, 管理层负责评估交银租赁的持续经营能力, 披露与持续经营相关的事项(如适用), 并运用持续经营假设, 除非管理层计划清算交银租赁、终止运营或别无其他现实的选择。

治理层负责监督交银租赁的财务报告过程。

四、 注册会计师对财务报表审计的责任

我们的目标是对财务报表整体是否不存在由于舞弊或错误导致的重大错报获取合理保证, 并出具包含审计意见的审计报告。合理保证是高水平的保证, 但并不能保证按照审计准则执行的审计在某一重大错报存在时总能发现。错报可能由于舞弊或错误导致, 如果合理预期错报单独或汇总起来可能影响财务报表使用者依据财务报表作出的经济决策, 则通常认为错报是重大的。

在按照审计准则执行审计工作的过程中, 我们运用职业判断, 并保持职业怀疑。同时, 我们也执行以下工作:

(一) 识别和评估由于舞弊或错误导致的财务报表重大错报风险; 设计和实施审计程序以应对这些风险, 并获取充分、适当的审计证据, 作为发表审计意见的基础。由于舞弊可能涉及串通、伪造、故意遗漏、虚假陈述或凌驾于内部控制之上, 未能发现由于舞弊导致的重大错报的风险高于未能发现由于错误导致的重大错报的风险。

(二) 了解与审计相关的内部控制, 以设计恰当的审计程序, 但目的并非对内部控制的有效性发表意见。

(三) 评价管理层选用会计政策的恰当性和作出会计估计及相关披露的合理性。

普华永道中天审字(2022)第 29012 号
(第三页, 共三页)

四、 注册会计师对财务报表审计的责任(续)

(四) 对管理层使用持续经营假设的恰当性得出结论。同时, 根据获取的审计证据, 就可能导致对交银租赁持续经营能力产生重大疑虑的事项或情况是否存在重大不确定性得出结论。如果我们得出结论认为存在重大不确定性, 审计准则要求我们在审计报告中提请报表使用者注意财务报表中的相关披露; 如果披露不充分, 我们应当发表非无保留意见。我们的结论基于截至审计报告日可获得的信息。然而, 未来的事项或情况可能导致交银租赁不能持续经营。

(五) 评价财务报表的总体列报(包括披露)、结构和内容, 并评价财务报表是否公允反映相关交易和事项。

(六) 就交银租赁中实体或业务活动的财务信息获取充分、适当的审计证据, 以对合并财务报表发表审计意见。我们负责指导、监督和执行集团审计, 并对审计意见承担全部责任。

我们与治理层就计划的审计范围、时间安排和重大审计发现等事项进行沟通, 包括沟通我们在审计中识别出的值得关注的内部控制缺陷。

普华永道中天
会计师事务所(特殊普通合伙)

中国上海市
2022 年 4 月 20 日

注册会计师

注册会计师

马颖旗

马颖旗

童咏静

童咏静



交银金融租赁有限责任公司

2021年12月31日合并及公司资产负债表
(除特别注明外, 金额单位为人民币千元)

资产	附注	2021年12月31日		2020年12月31日	
		本集团	本公司	本集团	本公司
货币资金	7	26,341,061	6,620,847	31,756,524	7,847,266
拆出资金	8	-	-	698,494	698,494
衍生金融资产	9	69,733	6,287	17	-
应收票据		12,775	12,775	1,196	1,196
其他应收款	10	590,096	41,815,076	370,939	34,074,576
买入返售金融资产	11	-	338,915	489,590	1,360,950
其他债权投资	12	3,274,806	3,274,806	2,484,148	2,484,148
应收租赁款	13	149,161,802	109,687,401	139,270,577	101,748,213
长期股权投资	14	-	14,030,862	-	14,030,702
预付租赁资产款	15	15,125,878	-	10,963,397	-
投资性房地产	16	2,637,255	-	3,434,189	-
固定资产	17	119,973,903	11,051	118,135,611	8,906
递延所得税资产	18	1,403,943	1,057,135	1,310,283	1,032,624
其他资产	19	295,844	168,988	357,121	96,366
资产合计		<u>318,887,096</u>	<u>177,024,143</u>	<u>309,272,086</u>	<u>163,383,501</u>

后附财务报表附注为本财务报表的组成部分。

总裁: 竺叶群

叶群

会计机构负责人: 钟廖廖

钟廖廖



交银金融租赁有限责任公司

2021年12月31日合并及公司资产负债表(续)

(除特别注明外,金额单位为人民币千元)

负债	附注	2021年12月31日		2020年12月31日	
		本集团	本公司	本集团	本公司
短期借款	20	78,352,046	58,783,694	69,841,067	50,357,724
拆入资金	21	25,798,329	25,798,329	15,648,309	15,648,309
衍生金融负债	9	339,928	110,066	935,827	141,329
应付票据	22	10,080,359	10,080,359	6,652,738	6,652,738
应付职工薪酬	23	233,214	232,856	219,947	219,502
应交税费	24	986,379	282,309	666,652	244,550
其他应付款	25	8,814,991	20,712,547	8,764,931	20,965,541
长期借款	26	75,122,630	7,721,035	80,566,580	15,462,967
应付债券	27	78,612,127	25,936,707	89,762,924	27,358,517
递延所得税负债	18	995,918	-	796,648	-
其他负债	28	3,706,838	959,281	3,617,959	1,079,773
负债合计		<u>283,042,759</u>	<u>150,617,183</u>	<u>277,473,582</u>	<u>138,130,950</u>
所有者权益					
实收资本		14,000,000	14,000,000	14,000,000	14,000,000
其他综合收益	29	(961,874)	(6,991)	(1,477,399)	(68,434)
盈余公积	30	1,475,221	1,219,469	1,341,839	1,127,377
一般风险准备	31	4,719,058	4,719,483	4,549,680	4,549,680
未分配利润	32	16,611,932	6,474,999	13,384,384	5,643,928
所有者权益合计		<u>35,844,337</u>	<u>26,406,960</u>	<u>31,798,504</u>	<u>25,252,551</u>
负债及所有者权益总计		<u>318,887,096</u>	<u>177,024,143</u>	<u>309,272,086</u>	<u>163,383,501</u>

后附财务报表附注为本财务报表的组成部分。

总裁: 竺群



会计机构负责人: 钟廖廖





交银金融租赁有限责任公司

2021 年度合并及公司利润表

(除特别注明外，金额单位为人民币千元)

项目	附注	2021 年度		2020 年度	
		本集团	本公司	本集团	本公司
利息收入	33	383,423	852,718	167,441	1,103,659
融资租赁及售后租回收入	34	6,728,082	5,044,709	6,656,305	4,900,386
经营租赁收入	35	13,600,399	-	13,072,617	-
其他业务收入		85	79	-	-
资产处置收益/(损失)	36	293,450	(90)	(80,988)	12
其他收益	37	325,747	71,498	373,553	94,708
投资收益		-	81,777	-	151,611
公允价值变动损益		2,483	-	(7,641)	(5,121)
汇兑损益		(8,582)	(12,218)	(24,419)	(31,464)
营业收入		<u>21,325,087</u>	<u>6,038,473</u>	<u>20,156,868</u>	<u>6,213,791</u>
利息支出	38	(5,976,144)	(3,517,139)	(6,700,487)	(3,523,346)
经营租赁成本	39	(6,962,131)	-	(7,050,480)	-
其他业务成本		-	-	(38,175)	-
手续费及佣金支出	40	(182,293)	(120,744)	(140,830)	(49,497)
税金及附加		(110,567)	(29,254)	(99,548)	(29,459)
业务及管理费	41	(611,713)	(410,866)	(557,496)	(368,178)
信用减值损失	42	(984,751)	(547,698)	(729,071)	(370,368)
资产减值损失	43	(1,980,398)	-	(484,725)	-
营业成本		<u>(16,807,997)</u>	<u>(4,625,701)</u>	<u>(15,800,812)</u>	<u>(4,340,848)</u>
营业利润		<u>4,517,090</u>	<u>1,412,772</u>	<u>4,356,056</u>	<u>1,872,943</u>
营业外收入		2	2	-	-
营业外支出		-	-	(5,319)	(5,300)
利润总额		<u>4,517,092</u>	<u>1,412,774</u>	<u>4,350,737</u>	<u>1,867,643</u>
减：所得税费用	44	(986,784)	(319,808)	(1,149,174)	(417,688)
净利润		<u>3,530,308</u>	<u>1,092,966</u>	<u>3,201,563</u>	<u>1,449,955</u>
其中：同一控制下企业合 并中被合并方在合 并前实现的净利润		-	-	(18,423)	-



交银金融租赁有限责任公司

2021 年度合并及公司利润表(续)
(除特别注明外, 金额单位为人民币千元)

项目	附注	2021 年度		2020 年度	
		本集团	本公司	本集团	本公司
按经营持续性分类					
持续经营净利润		3,530,308	1,092,966	3,201,563	1,449,955
终止经营净利润		-	-	-	-
其他综合收益的税后净额	29	515,525	61,443	(805,164)	(57,306)
以后会计期间将重分类进损益的项目		515,525	61,443	(806,294)	(58,436)
现金流量套期损益的有效部分		510,336	(350)	(714,284)	(49,040)
外币财务报表折算差额		(56,604)	-	(82,614)	-
其他债权投资公允价值变动		61,857	61,857	(9,734)	(9,734)
其他债权投资信用减值准备		(64)	(64)	338	338
以后会计期间不能重分类进损益的项目		-	-	1,130	1,130
其他权益工具投资公允价值变动		-	-	1,130	1,130
综合收益总额		4,045,833	1,154,409	2,396,399	1,392,649

后附财务报表附注为本财务报表的组成部分。

总裁: 竺



会计机构负责人: 钟廖



交银金融租赁有限责任公司

2021年度合并及公司现金流量表
(除特别注明外,金额单位:人民币千元)

项目	附注	2021 年度		2020 年度	
		本集团	本公司	本集团	本公司
一、经营活动产生的现金流量					
收到的租赁利息及经营租赁收入		21,158,810	5,117,245	20,022,803	5,036,590
收到的其他利息收入		291,771	882,653	113,457	729,550
取得借款收到的现金		391,042,385	207,691,805	279,976,617	201,632,431
取得拆入资金收到的现金		206,135,567	206,135,567	110,788,783	110,788,783
存款准备金的净减少额		-	-	46,301	46,301
买入返售金融资产的净减少额		490,000	902,183	-	-
收到其他与经营活动有关的现金		1,060,753	1,325,802	2,713,500	8,739,176
经营活动现金流入小计		620,179,286	422,055,255	413,661,561	326,972,831
退还租赁保证金所支付的现金净额		(65,345)	(760,498)	(929,759)	(734,808)
应收租赁款净增加额		(7,772,854)	(5,393,467)	(10,906,140)	(3,295,482)
支付的手续费及佣金支出		(182,293)	(120,744)	(140,830)	(49,497)
支付的各项税费		(1,538,953)	(500,896)	(1,587,979)	(642,343)
支付给职工以及为职工支付的现金		(350,146)	(288,687)	(344,615)	(291,696)
偿还债务所支付的现金		(387,037,665)	(206,940,304)	(251,378,917)	(196,868,187)
偿还拆入资金所支付的现金		(196,013,235)	(196,013,235)	(106,140,362)	(106,140,362)
支付的利息		(3,151,240)	(2,627,191)	(3,207,822)	(2,378,069)
存款准备金的净增加额		(83,793)	(83,793)	-	-
买入返售金融资产的净增加额		-	-	(490,000)	(329,068)
支付其他与经营活动有关的现金 45(5)		(1,790,939)	(7,915,660)	(2,622,324)	(2,361,426)
经营活动现金流出小计		(597,986,463)	(420,644,475)	(377,748,748)	(313,090,938)
经营活动产生的现金流量净额		22,192,823	1,410,780	35,912,813	13,881,893
二、投资活动使用的现金流量					
处置固定资产、无形资产和其他长期资产所收回的现金净额		3,831,846	57	4,904,225	25
收回投资收到的现金		-	-	-	700
取得投资收益收到的现金		97,213	178,989	71,995	223,605
投资活动现金流入小计		3,929,059	179,046	4,976,220	224,330
投资支付的现金		(713,744)	(713,744)	(1,500,000)	(1,500,000)
投资子公司支付的现金		-	-	-	(5,526,628)
购建固定资产、无形资产和经营租赁资产支付的现金		(19,966,184)	(8,309)	(16,338,391)	(4,386)
投资活动现金流出小计		(20,679,928)	(722,053)	(17,838,391)	(7,031,014)
投资活动使用的现金流量净额		(16,750,869)	(543,007)	(12,862,171)	(6,806,684)



交银金融租赁有限责任公司

2021年度合并及公司现金流量表(续)

(除特别注明外,金额单位为人民币千元)

项目	附注	2021 年度		2020 年度	
		本集团	本公司	本集团	本公司
三、筹资活动产生的现金流量:					
吸收投资收到的现金		-	-	5,500,000	5,500,000
发行债券收到的现金		10,787,801	6,983,949	13,439,840	3,000,000
筹资活动现金流入小计		10,787,801	6,983,949	18,939,840	8,500,000
偿还债券支付的现金		(20,613,830)	(8,500,000)	(15,079,517)	(8,000,000)
偿还债券利息支付的现金		(2,792,348)	(1,020,298)	(3,361,297)	(1,331,493)
偿还租赁负债本金和利息所支付的现金		(10,400)	(42,682)	(7,653)	(41,471)
筹资活动现金流出小计		(23,416,578)	(9,562,980)	(18,448,467)	(9,372,964)
筹资活动(使用)/产生的现金流量净额		(12,628,777)	(2,579,031)	491,373	(872,964)
四、汇率变动的影响		(8,582)	(12,218)	(24,419)	(30,292)
五、现金及现金等价物净(减少)/增加额	45(3)	(7,195,405)	(1,723,476)	23,517,596	6,171,953
加:年初现金及现金等价物余额		29,846,067	7,884,479	6,328,471	1,712,526
六、年末现金及现金等价物余额	45(4)	22,650,662	6,161,003	29,846,067	7,884,479

后附财务报表附注为本财务报表的组成部分。

总裁:竺



会计机构负责人:钟廖廖





交银金融租赁有限责任公司

2021 年度合并所有者权益变动表

(除特别注明外, 金额单位均为人民币千元)

	附注	实收资本	其他综合收益	盈余公积	一般风险准备	未分配利润	所有者权益合计
2020 年 1 月 1 日余额		8,500,000	(672,235)	1,166,463	3,821,843	11,286,004	23,902,135
所有者的投入		5,500,000	-	-	-	-	5,500,000
股本							
本年净增减变动额							
综合收益总额							
净利润							
其他综合收益	29	-	(805,164)	-	-	3,201,563	3,201,563
综合收益总额合计		-	(805,164)	-	-	-	(805,164)
利润分配							
提取盈余公积金	30	-	-	175,346	-	(175,346)	-
提取一般风险准备	31	-	-	-	727,837	(727,837)	-
2020 年 12 月 31 日余额		14,000,000	(1,477,399)	1,341,839	4,549,680	13,384,384	31,798,504
2021 年 1 月 1 日余额		14,000,000	(1,477,399)	1,341,839	4,549,680	13,384,384	31,798,504
所有者的投入		-	-	-	-	-	-
股本							
本年净增减变动额							
综合收益总额							
净利润		-	-	-	-	3,530,308	3,530,308
其他综合收益		-	515,525	-	-	-	515,525
综合收益总额合计		-	515,525	-	-	-	515,525
利润分配							
提取盈余公积金		-	-	133,382	-	(133,382)	-
提取一般风险准备		-	-	-	169,378	(169,378)	-
2021 年 12 月 31 日余额		14,000,000	(961,874)	1,475,221	4,719,058	16,511,932	35,844,337

后附财务报表附注为本财务报表的组成部分。



总裁: 叶群

会计机构负责人: 钟阿娜



交银金融租赁有限责任公司

2021年度公司所有者权益变动表

(除特别注明外，金额单位均为人民币千元)

	附注	实收资本	其他综合收益	盈余公积	一般风险准备	未分配利润	所有者权益合计
2020年1月1日余额		8,500,000	(11,128)	982,362	3,821,843	5,268,805	18,359,902
所有者的投入		5,500,000	-	-	-	-	5,500,000
本年净增减变动额		-	-	-	-	-	-
综合收益总额		-	-	-	-	-	-
净利润		-	-	-	-	-	-
其他综合收益	29	-	(57,306)	-	-	1,449,955	1,449,955
综合收益总额合计		-	(57,306)	-	-	-	(57,306)
利润分配		-	-	-	-	1,449,955	1,392,649
提取盈余公积金	30	-	-	144,995	-	(144,995)	-
提取一般风险准备	31	-	-	-	727,837	(727,837)	-
2020年12月31日余额		14,000,000	(68,434)	1,127,377	4,549,680	5,943,928	25,252,551
2021年1月1日余额		14,000,000	(68,434)	1,127,377	4,549,680	5,943,928	25,252,551
所有者的投入		-	-	-	-	-	-
本年净增减变动额		-	-	-	-	-	-
综合收益总额		-	-	-	-	-	-
净利润		-	-	-	-	1,282,966	1,092,936
其他综合收益		-	61,443	-	-	-	61,443
综合收益总额合计		-	61,443	-	-	-	61,443
利润分配		-	-	-	-	1,392,966	1,154,439
提取盈余公积金		-	-	92,052	-	(92,052)	-
提取一般风险准备		-	-	-	169,803	(169,803)	-
2021年12月31日余额		14,000,000	(6,991)	1,219,469	4,719,483	6,474,999	26,406,950

后附财务报表附注为本财务报表的组成部分。



会计机构负责人：钟彦琳

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

1 公司的一般情况及业务活动

交银金融租赁有限责任公司(以下简称“本公司”)系经中国银行保险监督管理委员会银监复(2007)416 号文批准，由交通银行股份有限公司(以下简称“母行”)全额出资建立的有限责任公司。本公司成立时，注册资本为人民币 20 亿元，于 2010 年 3 月、2013 年 4 月、2015 年 7 月、2017 年 2 月、2017 年 12 月及 2020 年 2 月，母行分别对本公司增资人民币 20 亿元、20 亿元、10 亿元、5 亿、10 亿元及 55 亿元。截至 2021 年 12 月 31 日，本公司注册资本及实收资本为人民币 140 亿元。本公司注册地上海，总部办公地址上海市陆家嘴环路 333 号 27、28、29 楼。本公司于 2007 年 12 月 20 日获得中华人民共和国上海市工商行政管理局颁发的营业执照。经营期限从 2007 年 12 月 20 日至不约定期限。

本公司及子公司(以下合称“本集团”)经中国银行保险监督管理委员会批准，经营按《金融租赁公司管理办法》(中国银行业监督管理委员会令 2014 年第 3 号)规定业务范围开展业务。本公司可以从事的经营范围为融资租赁业务；接受承租人的租赁保证金；固定收益类证券投资业务；转让和受让融资租赁资产；吸收非银行股东 3 个月(含)以上定期存款；同业拆借；向金融机构借款；境外借款；租赁物变卖及处理业务；经济咨询；在境内保税地区设立项目公司开展融资租赁业务；为控股子公司、项目公司对外融资提供担保以及中国银行保险监督管理委员会批准的其他业务。

本公司的子公司主要为租赁项目子公司，经批准的经营范围为飞机、船舶等租赁；货物及技术的进出口业务；融资租赁业务；与融资租赁有关的进出口业务；接受承租人的租赁保证金；受让和转让应收融资租赁款；向金融机构借款；境外外汇借款；租赁物品残值变卖及处理业务；经济咨询以及中国银行保险监督管理委员会批准的其他业务(以上经营范围涉及行业许可的凭许可证件，在有效期限内经营，国家有专项专营规定的按照规定办理)。

于 2020 年 8 月 26 日，本集团之子公司祥茂国际船舶租赁有限公司向受交通银行股份有限公司同一控制下的交通银行(代理人)有限公司及侨辉有限公司收购了其拥有的侨通发展有限公司 100%的股权。该交易为同一控制下企业合并。

本财务报表由本公司董事会于 2022 年 4 月 20 日批准报出。

2 财务报表编制基础

本财务报表按照财政部于 2006 年 2 月 15 日及以后期间颁布的《企业会计准则——基本准则》、各项具体会计准则及相关规定(以下合称“企业会计准则”)编制。

本财务报表以持续经营为基础编制。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

3 遵循企业会计准则的声明

本公司 2021 年度财务报告符合企业会计准则的要求，真实、完整地反映了本公司 2021 年 12 月 31 日的合并及公司财务状况以及 2021 年度的合并及公司经营成果和现金流量等有关信息。

4 重要会计政策和会计估计

(1) 会计年度

会计年度为公历 1 月 1 日起至 12 月 31 日止。

(2) 记账本位币

人民币为本公司经营所处的主要经济环境中的货币，本公司以人民币为记账本位币。本公司下属子公司根据其经营所处的主要经济环境中的货币确定其记账本位币。本财务报表以人民币列示。

(3) 外币折算

(a) 外币交易

外币交易按交易发生日的即期汇率将外币金额折算为记账本位币入账。

于资产负债表日，外币货币性项目采用资产负债表日的即期汇率折算为人民币。为购建符合借款费用资本化条件的资产而借入的外币专门借款产生的汇兑差额在资本化期间内予以资本化；其他汇兑差额直接计入当期损益。以历史成本计量的外币非货币性项目，于资产负债表日采用交易发生日的即期汇率折算。汇率变动对现金的影响额在现金流量表中单独列示。

(b) 外币财务报表的折算

以非人民币为记账本位币的子公司的资产负债表中的资产和负债项目，采用资产负债表日的即期汇率折算，所有者权益中除未分配利润项目外，其他项目采用发生时的即期汇率折算。以非人民币为记账本位币的子公司的利润表中的收入与费用项目，采用交易发生日的即期汇率折算。上述折算产生的外币报表折算差额，计入所有者权益中的其他综合收益。以非人民币为记账本位币的子公司的现金流量项目，采用现金流量发生日的即期汇率折算。汇率变动对现金的影响额，在现金流量表中单独列示。

(4) 现金及现金等价物

现金及现金等价物是指库存现金、可随时用于支付的存款，以及持有的期限短、流动性强、易于转换为已知金额现金及价值变动风险很小的投资。

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4 重要会计政策和会计估计(续)

(5) 附回购条件的资产转让

买入返售金融资产

根据协议承诺将于未来某确定日期按确定价格返售的金融资产不在资产负债表内予以确认。买入该等资产所支付的成本，在资产负债表中作为买入返售金融资产列示。买入价与返售价之间的差额在协议期内按实际利率法确认，计入利息收入。

(6) 金融工具

金融工具，是指形成一方的金融资产并形成其他方的金融负债或权益工具的合同。当本集团成为金融工具合同的一方时，确认相关的金融资产或金融负债。

(a) 金融资产

(i) 分类和计量

本集团根据管理金融资产的业务模式和金融资产的合同现金流量特征，将金融资产划分为：(1)以摊余成本计量的金融资产；(2)以公允价值计量且其变动计入其他综合收益的金融资产；(3)以公允价值计量且其变动计入当期损益的金融资产。

金融资产在初始确认时以公允价值计量。对于以公允价值计量且其变动计入当期损益的金融资产，相关交易费用直接计入当期损益；对于其他类别的金融资产，相关交易费用计入初始确认金额。因销售产品或提供劳务而产生的、未包含或不考虑重大融资成分的应收账款或应收票据，本集团按照预期有权收取的对价金额作为初始确认金额。

债务工具

本集团持有的债务工具是指从发行方角度分析符合金融负债定义的工具，分别采用以下三种方式进行计量：

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4 重要会计政策和会计估计(续)

(6) 金融工具(续)

(a) 金融资产(续)

(i) 分类和计量(续)

以摊余成本计量：

本集团管理此类金融资产的业务模式为以收取合同现金流量为目标，且此类金融资产的合同现金流量特征与基本借贷安排相一致，即在特定日期产生的现金流量，仅为对本金和以未偿付本金金额为基础的利息的支付。本集团对于此类金融资产按照实际利率法确认利息收入。本集团此类金融资产主要包括货币资金、拆出资金、应收票据、其他应收款、买入返售金融资产及应收租赁款等。

对于金融资产的摊余成本，应当以该金融资产初始确认金额经下列调整后的结果确定：(i)扣除已偿还的本金；(ii)加上或减去采用实际利率法将该初始确认金额与到期日金额之间的差额进行摊销形成的累计摊销额；(iii)扣除累计计提的损失准备。本集团采用实际利率法计算该资产的利息收入。

实际利率，是指将金融资产在预计存续期的估计未来现金流量，折现为该金融资产账面余额(即，扣除损失准备之前的摊余成本)所使用的利率。计算时不考虑预期信用损失，但包括交易费用、溢价或折价、以及支付或收到的属于实际利率组成部分的费用。对于源生或购入已发生信用减值的金融资产，本集团根据该金融资产的摊余成本(而非账面余额)计算经信用调整的实际利率，并且在估计未来现金流量时将预期信用损失的影响纳入考虑。

以公允价值计量且其变动计入其他综合收益：

本集团管理此类金融资产的业务模式为既以收取合同现金流量为目标又以出售为目标，且此类金融资产的合同现金流量特征与基本借贷安排相一致。此类金融资产按照公允价值计量且其变动计入其他综合收益，但减值损失或利得、汇兑损益和按照实际利率法计算的利息收入计入当期损益。此类金融资产主要包括其他债权投资等。

以公允价值计量且其变动计入当期损益：

本集团将持有的未划分为以摊余成本计量和以公允价值计量且其变动计入其他综合收益的债务工具，以公允价值计量且其变动计入当期损益，列示为交易性金融资产。在初始确认时，本集团为了消除或显著减少会计错配，将部分金融资产指定为以公允价值计量且其变动计入当期损益的金融资产。

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4 重要会计政策和会计估计(续)

(6) 金融工具(续)

(a) 金融资产(续)

(i) 分类和计量(续)

权益工具

本集团将对其没有控制、共同控制和重大影响的权益工具投资按照公允价值计量且其变动计入当期损益，列示为交易性金融资产。

此外，本集团将部分非交易性权益工具投资指定为以公允价值计量且其变动计入其他综合收益的金融资产，列示为其他权益工具投资。

(ii) 减值

本集团对于以摊余成本计量的金融资产、以公允价值计量且其变动计入其他综合收益的债务工具投资、应收租赁款以及部分融资租赁承诺和财务担保合同等，以预期信用损失为基础确认损失准备。

本集团考虑有关过去事项、当前状况以及对未来经济状况的预测等合理且有依据的信息，以发生违约的风险为权重，计算合同应收的现金流量与预期能收到的现金流量之间差额的现值的概率加权金额，确认预期信用损失。

于每个资产负债表日，本集团对于处于不同阶段的金融工具的预期信用损失分别进行计量。金融工具自初始确认后信用风险未显著增加的，处于第一阶段，本集团按照未来 12 个月内的预期信用损失计量损失准备；金融工具自初始确认后信用风险已显著增加但尚未发生信用减值的，处于第二阶段，本集团按照该工具整个存续期的预期信用损失计量损失准备；金融工具自初始确认后已经发生信用减值的，处于第三阶段，本集团按照该工具整个存续期的预期信用损失计量损失准备。

对于在资产负债表日具有较低信用风险的金融工具，本集团假设其信用风险自初始确认后并未显著增加，按照未来 12 个月内的预期信用损失计量损失准备。

本集团对于处于第一阶段和第二阶段、以及较低信用风险的金融工具，按照其未扣除减值准备的账面余额和实际利率计算利息收入。对于处于第三阶段的金融工具，按照其账面余额减已计提减值准备后的摊余成本和实际利率计算利息收入。

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4 重要会计政策和会计估计(续)

(6) 金融工具(续)

(a) 金融资产(续)

(ii) 减值(续)

本集团将计提或转回的损失准备计入当期损益。对于持有的以公允价值计量且其变动计入其他综合收益的债务工具，本集团在将减值损失或利得计入当期损益的同时调整其他综合收益。

在前一会计期间已经按照相当于金融工具整个存续期内预期信用损失的金额计量了损失准备，但在当期资产负债表日，该金融工具已不再属于自初始确认后信用风险显著增加的情形的，本集团在当期资产负债表日按照相当于未来 12 个月内预期信用损失的金额计量该金融工具的损失准备，由此形成的损失准备的转回金额作为减值利得计入当期损益；但购买或源生的已发生信用减值的金融资产除外。对于购买或源生的已发生信用减值的金融资产，本集团在当期资产负债表日仅将自初始确认后整个存续期内预期信用损失的累计变动确认为损失准备。

(iii) 核销

如果本集团不再合理预期金融资产合同现金流量能够全部或部分收回，则直接减记该金融资产的账面余额。这种减记构成相关金融资产的终止确认。这种情况通常发生在本集团确定债务人没有资产或收入来源可产生足够的现金流量以偿还将被减记的金额。但是，被减记的金融资产仍可能受到本集团催收到期款项相关执行活动的影响。

已减记的金融资产以后又收回的，作为减值损失的转回计入收回当期的损益。

(iv) 售后租回租赁合同修改

售后租回交易中的资产转让不属于销售的，本集团作为出租人不确认被转让资产，确认一项与转让收入等额的金融资产，并按照《企业会计准则第 22 号——金融工具确认和计量》对该金融资产进行会计处理。本集团有时会重新商定或修改该类合同，导致合同现金流发生变化。出现这种情况时，本集团会评估修改后的合同条款是否发生了实质性的变化。

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4 重要会计政策和会计估计(续)

(6) 金融工具(续)

(a) 金融资产(续)

(iv) 售后租回租赁合同修改(续)

如果修改后合同条款发生了实质性的变化，本集团将终止确认原金融资产，并以公允价值确认一项新金融资产，且对新资产重新计算一个新的实际利率。在这种情况下，对修改后的金融资产应用减值要求时，包括确定信用风险是否出现显著增加时，本集团将上述合同修改日期作为初始确认日期。对于上述新确认的金融资产，本集团也要评估其在初始确认时是否已发生信用减值，特别是当合同修改发生在债务人不能履行初始商定的付款安排时。账面价值的改变作为终止确认产生的利得或损失计入损益。

如果修改后合同条款并未发生实质性的变化，则合同修改不会导致金融资产的终止确认。本集团根据修改后的合同现金流量重新计算金融资产的账面余额，并将修改利得或损失计入损益。在计算新的账面余额时，仍使用初始实际利率(或购入或源生的已发生信用减值的金融资产经信用调整的实际利率)对修改后的现金流量进行折现。

(v) 终止确认

金融资产满足下列条件之一的，予以终止确认：(1)收取该金融资产现金流量的合同权利终止；(2)该金融资产已转移，且本集团将金融资产所有权上几乎所有的风险和报酬转移给转入方；(3)该金融资产已转移，虽然本集团既没有转移也没有保留金融资产所有权上几乎所有的风险和报酬，但是放弃了对该金融资产控制。

其他权益工具投资终止确认时，其账面价值与收到的对价以及原直接计入其他综合收益的公允价值变动累计额之和的差额，计入留存收益；其余金融资产终止确认时，其账面价值与收到的对价以及原直接计入其他综合收益的公允价值变动累计额之和的差额，计入当期损益。

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(除特别注明外，金额单位均为人民币千元)

4 重要会计政策和会计估计(续)

(6) 金融工具(续)

(b) 金融负债

金融负债于初始确认时分类为以摊余成本计量的金融负债和以公允价值计量且其变动计入当期损益的金融负债。

本集团的金融负债主要为以摊余成本计量的金融负债，包括借款、拆入资金、应付票据、其他应付款和应付债券等。该类金融负债按其公允价值扣除交易费用后的金额进行初始计量，并采用实际利率法进行后续计量。借款期限在一年以下(含一年)的借款为短期借款，其余借款为长期借款。

当金融负债的现时义务全部或部分已经解除时，本集团终止确认该金融负债或义务已解除的部分。终止确认部分的账面价值与支付的对价之间的差额，计入当期损益。

(c) 金融工具的公允价值确定

存在活跃市场的金融工具，以活跃市场中的报价确定其公允价值。不存在活跃市场的金融工具，采用估值技术确定其公允价值。在估值时，本集团采用在当前情况下适用并且有足够可利用数据和其他信息支持的估值技术，选择与市场参与者在相关资产或负债的交易中所考虑的资产或负债特征相一致的输入值，并尽可能优先使用相关可观察输入值。在相关可观察输入值无法取得或取得不切实可行的情况下，使用不可观察输入值。

(d) 衍生金融工具和套期会计

衍生工具于合同签订之日进行初始确认并按公允价值进行初始和后续计量。衍生工具的公允价值为正反映为资产，为负反映为负债。

衍生工具的公允价值变动的确认方法取决于该衍生工具是否被指定为且符合套期工具的要求，以及被套期项目的性质。本集团将某些衍生工具指定用于：

- (i)对已确认资产或负债或尚未确认的确定承诺，进行公允价值套期；
- (ii)对极可能发生的预期交易进行现金流量套期；

在套期开始时，本集团完成了套期相关文档，内容包括被套期项目与套期工具的关系，以及各种套期交易对应的风险管理目标和策略。本集团也在套期开始时和开始后持续的记录了套期是否有效的评估，即套期工具是否能够很大程度上抵销被套期项目公允价值或现金流量的变动。

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4 重要会计政策和会计估计(续)

(6) 金融工具(续)

(d) 衍生金融工具和套期会计(续)

(i) 公允价值套期

对于被指定作为公允价值套期的套期工具且符合相关要求的衍生工具，其公允价值变动计入损益。同时作为被套期项目的资产或负债的公允价值变动中与被套期风险相关的部分也计入损益。

如果某项套期不再满足套期会计的标准，对于采用实际利率法的被套期项目，对其账面价值的调整将自被套期项目终止进行套期利得和损失调整的时点开始在到期前的剩余期间内摊销，并作为利息净收入计入损益。

(ii) 现金流量套期

对于被指定现金流量套期的套期工具并符合相关要求的衍生工具，其公允价值变动中的套期有效部分确认为其他综合收益。套期无效部分相关的利得或损失确认为损益。

累计计入权益的金额在被套期项目影响损益的期间转入损益，并列报在相关的被套期项目产生的收入或费用中。

当套期工具到期、被出售或不再满足套期会计的标准时，权益中的已累计的利得或损失仍保留在权益中直到被套期项目影响损益的期间再确认为损益。当预期交易不会发生时(例如，已确认的被套期资产被出售)，已确认在其他综合收益中的累计利得或损失立即重分类至损益。

(iii) 利率基准改革对套期会计的影响

针对银行同业拆借利率(**IBOR**)改革对财务报告产生的潜在影响，为符合运用套期会计的金融工具在 **IBOR** 改革完成前提供了有针对性的豁免，其主要变更为：

- 修改了套期会计的特定要求，从而使得本集团在采用此类套期会计要求时可以假设在计量被套期的现金流量和套期工具所产生的现金流量时所采用的利率基准不会因利率基准改革而发生变化；
- 本集团合理预期替代基准利率将自其被指定为非合同明确的风险成分之日起 **24** 个月内满足可单独识别的，视同其满足可单独识别的要求；
- 在某些套期中，被套期项目或被套期风险属于非合同明确指明的银行间同业拆借利率风险成分。根据该次修订，风险成分仅需在进行初始的套期指定时能够单独识别，而无需持续地单独识别；以及

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(除特别注明外，金额单位均为人民币千元)

4 重要会计政策和会计估计(续)

(6) 金融工具(续)

(d) 衍生金融工具和套期会计(续)

(iii) 利率基准改革对套期会计的影响(续)

- 披露适用上述规定的套期工具的名义金额，以及采用上述规定时作出的任何重大假设或判断，并针对本集团受到 IBOR 改革的影响以及其针对过渡时期的管理进行定性披露。

(7) 长期股权投资

本公司的长期股权投资为对子公司的长期股权投资。

子公司是指本公司能够对其实施控制的被投资单位。对子公司的投资，在公司财务报表中按照成本法确定的金额列示，在编制合并财务报表时按权益法调整后合并。

采用成本法核算的长期股权投资按照初始投资成本计量。被投资单位宣告分派的现金股利或利润，确认为投资收益计入当期损益。

(8) 投资性房地产

投资性房地产包括已出租的土地使用权和以出租为目的的建筑物以及正在建造或开发过程中将来用于出租的建筑物，以成本进行初始计量。与投资性房地产有关的后续支出，在相关的经济利益很可能流入本集团且其成本能够可靠计量时，计入投资性房地产成本；否则，于发生时计入当期损益。

本集团对所有投资性房地产采用公允价值模式进行后续计量，不计提折旧或进行摊销，在资产负债表日以投资性房地产的公允价值为基础调整其账面价值，公允价值与原账面价值之间的差额计入当期损益。

投资性房地产的用途改变为自用时，自改变之日起，将该投资性房地产转换为固定资产或无形资产，基于转换当日投资性房地产的公允价值确定固定资产和无形资产的账面价值，公允价值与投资性房地产原账面价值的差额计入当期损益。自用房地产的用途改变为赚取租金或资本增值时，自改变之日起，将固定资产或无形资产转换为投资性房地产，以转换当日的公允价值作为投资性房地产的账面价值，转换当日的公允价值小于固定资产和无形资产原账面价值的，差额计入当期损益；转换当日的公允价值大于固定资产和无形资产原账面价值的，差额计入其他综合收益，待该投资性房地产处置时转入当期损益。

当投资性房地产被处置、或者永久退出使用且预计不能从其处置中取得经济利益时，终止确认该项投资性房地产。投资性房地产出售、转让、报废或毁损的处置收入扣除其账面价值和相关税费后的金额计入当期损益。

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(除特别注明外，金额单位均为人民币千元)

4 重要会计政策和会计估计(续)

(9) 固定资产

固定资产包括办公及电子设备、运输工具、房屋及建筑物、经营性租出飞机及船舶等。购置或新建的固定资产按取得时的成本进行初始计量。

与固定资产有关的后续支出，在相关的经济利益很可能流入本集团且其成本能够可靠的计量时，计入固定资产成本；对于被替换的部分，终止确认其账面价值；所有其他后续支出于发生时计入当期损益。

固定资产折旧采用年限平均法并按其入账价值减去预计净残值后在预计使用寿命内计提。对计提了减值准备的固定资产，则在未来期间按扣除减值准备后的账面价值及依据尚可使用年限确定折旧额。

固定资产的预计使用寿命、净残值率及年折旧率列示如下：

	预计使用寿命	预计净残值率	年折旧率
办公及电子设备	3-5 年	5%	19%-32%
运输工具	6 年	5%	16%
房屋及建筑物	41 年	3%	2%
经营性租出固定资产(a)	4-25 年	5%	4%-24%

对固定资产的预计使用寿命、预计净残值和折旧方法于每年年度终了进行复核并作适当调整。

当固定资产被处置、或者预期通过使用或处置不能产生经济利益时，终止确认该固定资产。固定资产出售、转让、报废或毁损的处置收入扣除其账面价值和相关税费后的金额计入当期损益。

(a) 经营性租出固定资产

经营性租出固定资产为飞机及船舶，用于本集团开展经营租赁业务。本集团根据飞机及船舶的实际情况，确定折旧年限和折旧方法，并通过外部评估机构根据历史经验数据逐项确定预计净残值。

(10) 无形资产

无形资产为外购电脑软件，以成本计量，在预计使用年限 5 年内平均摊销。

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(除特别注明外，金额单位均为人民币千元)

4 重要会计政策和会计估计(续)

(11) 长期资产减值

固定资产、无形资产及对子公司的长期股权投资等，于资产负债表日存在减值迹象的，进行减值测试。减值测试结果表明资产的可收回金额低于其账面价值的，按其差额计提减值准备并计入资产减值损失。可收回金额为资产的公允价值减去处置费用后的净额与资产预计未来现金流量的现值两者之间的较高者。资产减值准备按单项资产为基础计算并确认，如果难以对单项资产的可收回金额进行估计的，以该资产所属的资产组确定资产组的可收回金额。资产组是能够独立产生现金流入的最小资产组合。

上述资产减值损失一经确认，以后期间不予转回价值得以恢复的部分。

(12) 借款费用

发生的可直接归属于需要经过相当长时间的购建活动才能达到预定可使用状态之资产的购建的借款费用，在资产支出及借款费用已经发生、为使资产达到预定可使用状态所必要的购建活动已经开始时，开始资本化并计入该资产的成本。当购建的资产达到预定可使用状态时停止资本化，其后发生的借款费用计入当期损益。如果资产的购建活动发生非正常中断，并且中断时间连续超过 3 个月，暂停借款费用的资本化，直至资产的购建活动重新开始。

(13) 职工薪酬

职工薪酬是本集团为获得职工提供的服务或解除劳动关系而给予的各种形式的报酬或补偿，包括薪酬、离职后福利和其他长期职工福利等。

(a) 薪酬

薪酬包括工资、奖金、津贴和补贴、职工福利费、医疗保险费、工伤保险费、生育保险费、住房公积金、工会和教育经费等。本集团在职工提供服务的会计期间，将实际发生的薪酬确认为负债，并计入当期损益或相关资产成本。其中，非货币性福利按照公允价值计量。

(b) 离职后福利

本集团将离职后福利计划分类为设定提存计划和设定受益计划。设定提存计划是本集团向独立的基金缴存固定费用后，不再承担进一步支付义务的离职后福利计划；设定受益计划是除设定提存计划以外的离职后福利计划。于报告期内，本集团的离职后福利主要是为员工缴纳的基本养老保险和失业保险，均属于设定提存计划。

4 重要会计政策和会计估计(续)

(13) 职工薪酬(续)

(c) 基本养老保险

本集团职工参加了由当地劳动和社会保障部门组织实施的社会基本养老保险。本集团以当地规定的社会基本养老保险缴纳基数和比例，按月向当地社会基本养老保险经办机构缴纳养老保险费。职工退休后，当地劳动及社会保障部门有责任向已退休员工支付社会基本养老金。本集团在职工提供服务的会计期间，将根据上述社保规定计算应缴纳的金额确认为负债，并计入当期损益或相关资产成本。

(14) 递延所得税资产和递延所得税负债

递延所得税资产和递延所得税负债根据资产和负债的计税基础与其账面价值的差额(暂时性差异)计算确认。对于按照税法规定能够于以后年度抵减应纳税所得额的可抵扣亏损，确认相应的递延所得税资产。对于既不影响会计利润也不影响应纳税所得额(或可抵扣亏损)的非企业合并的交易中产生的资产或负债的初始确认形成的暂时性差异，不确认相应的递延所得税资产和递延所得税负债。于资产负债表日，递延所得税资产和递延所得税负债，按照预期收回该资产或清偿该负债期间的适用税率计量。

递延所得税资产的确认以很可能取得用来抵扣可抵扣暂时性差异、可抵扣亏损和税款抵减的应纳税所得额为限。

对与子公司投资相关的应纳税暂时性差异，确认递延所得税负债，除非本集团能够控制该暂时性差异转回的时间且该暂时性差异在可预见的未来很可能不会转回。对与子公司投资相关的可抵扣暂时性差异，当该暂时性差异在可预见的未来很可能转回且未来很可能获得用来抵扣可抵扣暂时性差异的应纳税所得额时，确认递延所得税资产。

同时满足下列条件的递延所得税资产和递延所得税负债以抵销后的净额列示：

- 递延所得税资产和递延所得税负债与同一税收征管部门对本集团内同一纳税主体征收的所得税相关；
- 本集团内该纳税主体拥有以净额结算当期所得税资产及当期所得税负债的法定权利。

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(除特别注明外，金额单位均为人民币千元)

4 重要会计政策和会计估计(续)

(15) 收入

本集团对外提供租赁服务。经营租赁的租金收入在租赁期内的各个期间按直线法或其他系统合理的方法确认收入，本集团取得的未纳入租赁投资净额计量的可变租赁付款额，在实际发生时确认租金收入。融资租赁的利息收入按周期性固定利率在租赁期内各个期间融资租赁利息收入。

对于本集团提供租赁以外的服务，在履行了合同中的履约义务，即在客户取得相关商品控制权时确认收入。

利息收入为按实际利率法确认的以摊余成本计量的金融资产及以公允价值计量且其变动计入其他综合收益的债务工具等产生的利息收入。

(16) 政府补助

政府补助为本集团从政府无偿取得的货币性资产或非货币性资产，包括税费返还、财政扶持等。

政府补助在本集团能够满足其所附的条件并且能够收到时，予以确认。政府补助为货币性资产的，按照收到或应收的金额计量。政府补助为非货币性资产的，按照公允价值计量；公允价值不能可靠取得的，按照名义金额计量。

与资产相关的政府补助，是指本集团取得的、用于购建或以其他方式形成长期资产的政府补助。与收益相关的政府补助，是指除与资产相关的政府补助之外的政府补助。

与资产相关的政府补助，冲减相关资产的账面价值，或确认为递延收益并在相关资产使用寿命内按照合理、系统的方法分摊计入损益；与收益相关的政府补助，用于补偿以后期间的相关成本费用或损失的，确认为递延收益，并在确认相关成本费用或损失的期间，计入当期损益或冲减相关成本，用于补偿已发生的相关费用或损失的，直接计入当期损益或冲减相关成本。本集团对同类政府补助采用相同的列报方式。

与日常活动相关的政府补助纳入营业利润，与日常活动无关的政府补助计入营业外收支。

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(除特别注明外，金额单位均为人民币千元)

4 重要会计政策和会计估计(续)

(17) 租赁

租赁，是指在一定期间内，出租人将资产的使用权让与承租人以获取对价的合同。

本集团作为承租人

本集团于租赁期开始日确认使用权资产，并按尚未支付的租赁付款额的现值确认租赁负债。租赁付款额包括固定付款额，以及在合理确定将行使购买选择权或终止租赁选择权的情况下需支付的款项等。可变租金不纳入租赁付款额，在实际发生时计入当期损益。

本集团的使用权资产包括租入的房屋及建筑物及运输工具等。使用权资产按照成本进行初始计量，该成本包括租赁负债的初始计量金额、租赁期开始日或之前已支付的租赁付款额、初始直接费用等，并扣除已收到的租赁激励。本集团能够合理确定租赁期届满时取得租赁资产所有权的，在租赁资产剩余使用寿命内计提折旧；若无法合理确定租赁期届满时是否能够取得租赁资产所有权，则在租赁期与租赁资产剩余使用寿命两者孰短的期间内计提折旧。当可收回金额低于使用权资产的账面价值时，本集团将其账面价值减记至可收回金额。

对于租赁期不超过 12 个月的短期租赁和单项资产全新时价值较低的低价值资产租赁，本集团选择不确认使用权资产和租赁负债，将相关租金支出在租赁期内各个期间按照直线法计入当期损益或相关资产成本。

本集团作为承租人，未获得出租人对于由新冠肺炎疫情直接引发且针对 2022 年 6 月 30 日之前的租金减免优惠。

本集团作为出租人

实质上转移了与租赁资产所有权有关的几乎全部风险和报酬的租赁为融资租赁。其他的租赁为经营租赁。

(a) 经营租赁

本集团经营租出自有的房屋建筑物、飞机及船舶时，经营租赁的租金收入在租赁期内按照直线法或其他系统合理的方法确认，本集团取得的未纳入租赁投资净额计量的可变租赁付款额，在实际发生时确认经营租赁租金收入。

本集团作为出租人，未对承租人由于新冠肺炎疫情直接引发且针对 2022 年 6 月 30 日之前的租金进行减免。

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(除特别注明外，金额单位均为人民币千元)

4 重要会计政策和会计估计(续)

(17) 租赁(续)

(b) 融资租赁

本集团于租赁开始日对融资租赁确认应收融资租赁款，并终止确认相关资产。对应收融资租赁款进行初始计量时以租赁投资净额作为应收融资租赁款的入账价值。租赁投资净额为未担保余值和租赁期开始日尚未收到的租赁收款额按照租赁内含利率折现的现值之和。

当从应收融资租赁款获得现金流的权利已经到期或转移，并且本集团已将与租赁物相关的几乎所有风险和报酬转移时，终止确认该项应收融资租赁款。

租赁期内本集团采用固定的周期性利率计算确认租赁期内各个期间的利息收入。

(c) 售后租回

售后租回交易是指资产卖主(承租人)将资产出售后再从买主(出租人)租回的交易。售后租回交易中的资产转让属于销售的，出租人根据适用的企业会计准则对资产购买进行会计处理，并根据租赁准则对资产出租进行会计处理。售后租回交易中的资产转让不属于销售的，出租人不确认被转让资产，确认一项与转让收入等额的金融资产。2019 年 1 月 1 日之前订立的售后租回交易的计量不变。

(18) 企业合并

同一控制下的企业合并

本集团支付的合并对价及取得的净资产均按账面价值计量，如被合并方是最终控制方以前年度从第三方收购来的，则以被合并方的资产、负债(包括最终控制方收购被合并方而形成的商誉)在最终控制方合并财务报表中的账面价值为基础。本集团取得的净资产账面价值与支付的合并对价账面价值的差额，调整资本公积(股本溢价)；资本公积(股本溢价)不足以冲减的，调整留存收益。为进行企业合并发生的直接相关费用于发生时计入当期损益。为企业合并而发行权益性证券或债务性证券的交易费用，计入权益性证券或债务性证券的初始确认金额。

4 重要会计政策和会计估计(续)

(19) 合并财务报表的编制方法

合并财务报告的合并范围以控制为基础确定，包括本公司、全部子公司及结构化主体。

控制，是指投资方拥有对被投资方的权力，通过参与被投资方的相关活动而享有可变动报酬，并且有能力利用对被投资方的权力影响其报酬。本公司在获得子公司、结构化主体控制权当日将其纳入合并范围，并在丧失控制权当日将其终止合并。对于同一控制下企业合并取得的子公司，自其与本公司同受最终控制方控制之日起纳入本公司合并范围，并将其在合并日前实现的净利润在合并利润表中单列项目反映。

结构化主体，是指在判断主体的控制方时，表决权或类似权力没有被作为设计主体架构时的决定性因素(例如表决权仅与行政管理事务相关)，而主导该主体相关活动的依据是合同或相应安排。

当本公司在结构化主体中担任资产管理人时，本公司将评估就该结构化主体而言，本公司是代理人还是主要责任人。如果资产管理人仅仅是代理人，则其主要代表其他方(结构化主体的其他投资者)行事，因此并不控制该结构化主体。但若资产管理人被判断为主要代表其自身行事，则是主要责任人，因而控制该结构化主体。

在编制合并财务报表时，子公司、结构化主体与本公司采用的会计政策或会计期间不一致的，按照本公司的会计政策或会计期间对子公司、结构化主体财务报表进行必要的调整。对于非同一控制下企业合并取得的子公司，以购买日可辨认净资产公允价值为基础对其财务报表进行调整。

集团内所有重大往来余额、交易及未实现利润在合并财务报表编制时予以抵销。子公司的所有者权益、当期净损益及综合收益中不属于本公司所拥有的部分分别作为少数股东权益、少数股东损益及归属于少数股东的综合收益总额在合并财务报表中所有者权益、净利润及综合收益总额项下单独列示。本公司向子公司出售资产所发生的未实现内部交易损益，全额抵销归属于母公司股东的净利润；子公司向本公司出售资产所发生的未实现内部交易损益，按本公司对该子公司的分配比例在归属于母公司股东的净利润和少数股东损益之间分配抵销。子公司之间出售资产所发生的未实现内部交易损益，按照母公司对出售方子公司的分配比例在归属于母公司股东的净利润和少数股东损益之间分配抵销。

本集团在报告期内因同一控制下企业合并增加的子公司以及业务，编制合并资产负债表时，应当调整合并资产负债表的期初数，同时应当对比较报表的相关项目进行调整，视同合并后的报告主体自最终控制方开始控制时点起一直存在。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

4 重要会计政策和会计估计(续)

(20) 分部信息

本集团以内部组织结构、管理要求、内部报告制度为依据确定经营分部，以经营分部为基础确定报告分部并披露分部信息。

经营分部是指本集团内同时满足下列条件的组成部分：(1)该组成部分能够在日常活动中产生收入、发生费用；(2)本集团管理层能够定期评价该组成部分的经营成果，以决定向其配置资源、评价其业绩；(3)本集团能够取得该组成部分的财务状况、经营成果和现金流量等有关会计信息。如果两个或多个经营分部具有相似的经济特征，并且满足一定条件的，则合并为一个经营分部。

于本年度，本集团业务活动集中为租赁业务，按一个分部管理，因此未披露分部信息。

(21) 重要会计估计和判断

本集团根据历史经验和其他因素，包括对未来事项的合理预期，对所采用的重要会计估计和关键判断进行持续的评价。

(a) 金融资产的分类

本集团在确定金融资产的分类时涉及的重大判断包括业务模式及合同现金流量特征的分析等。

本集团在评估金融资产的合同现金流量是否与基本借贷安排相一致时，存在以下主要判断：本金是否可能因提前还款等原因导致在存续期内的时间分布或者金额发生变动；利息是否仅包括货币时间价值、信用风险、其他基本借贷风险以及与成本和利润的对价。例如，提前偿付的金额是否仅反映了尚未支付的本金及以未偿付本金为基础的利息，以及因提前终止合同而支付的合理补偿。

(b) 预期信用损失的计量

对于以摊余成本计量的金融资产和应收融资租赁款，其预期信用损失的计量中使用了复杂的模型和大量的假设。这些模型和假设涉及未来的宏观经济情况和借款人的信用行为(例如，客户违约的可能性及相应损失)。附注 49(2)信用风险具体说明了预期信用损失计量中使用的参数、假设和估计技术。

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2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

4 重要会计政策和会计估计(续)

(21) 重要会计估计和判断(续)

(c) 经营租出资产的减值

本集团定期对经营租出固定资产进行减值测试。减值测试结果表明资产的可收回金额低于其账面价值的，按其差额计提减值准备并计入减值损失。可收回金额为资产的公允价值减去处置费用后的净额与资产预计未来现金流量的现值两者之间的较高者，其计算需要采用会计估计。

公允价值通常基于市场定价信息，管理层从专业的评估机构处获取，处置费用包括资产处置有关的法律费用、相关税费等。

在计算资产预计未来现金流量现值时，管理层以租赁合同约定的租金金额及租赁期末资产的价值作为未来现金流量预计的基础，并选择适当的折现率确定未来现金流量的现值。由于新冠肺炎疫情的爆发，对本集团部分承租人的流动性产生一定的影响，本集团亦考虑这部分承租人疫情持续期的多种情景，并进行不同情景下未来现金流的预测。管理层从专业的评估机构处获取租赁期末资产价值。由于新冠肺炎疫情的发展和防控存在不确定性，预计未来现金流量的现值计算中所采用的未来租金现金流及税前折现率亦存在不确定性。

(d) 经营租出固定资产折旧

本集团根据管理层对经营租出固定资产的可使用年限和残值的估计计算折旧费用。经营租出固定资产的可使用年限和残值反映了本集团管理层从使用和处置经营租赁资产中获得未来经济利益期间的估计。该等估计可能会因资产的实际物理损耗、技术创新和市场竞争等变化而改变。

4 重要会计政策和会计估计(续)

(21) 重要会计估计和判断(续)

(e) 所得税和递延所得税

本集团在多个地区缴纳企业所得税。在正常的经营活动中，很多交易和事项的最终的税务处理都存在不确定性。在计提各个地区的所得税费用时，本集团需要作出重大判断。如果这些税务事项的最终认定结果与最初入账的金额存在差异，该差异将对作出上述最终认定期间的所得税费用和递延所得税的金额产生影响。

对于能够结转以后年度的可抵扣亏损，本集团以未来期间很可能获得用来抵扣可抵扣亏损的应纳税所得额为限，确认相应的递延所得税资产。未来期间取得的应纳税所得额包括本集团通过正常的生产经营活动能够实现的应纳税所得额，以及以前期间产生的应纳税暂时性差异在未来期间转回时将增加的应纳税所得额。本集团在确定未来期间应纳税所得额取得的时间和金额时，需要运用估计和判断。如果实际情况与估计存在差异，可能导致对递延所得税资产的账面价值进行调整。

(22) 重要会计政策变更

财政部于 2021 年 1 月颁布了《企业会计准则解释第 14 号》(财会[2021]1 号)，主要明确了基准利率改革导致金融资产或金融负债合同现金流量的确定基础发生变更的会计处理、基准利率改革导致的租赁变更的会计处理及相关披露要求。该解释自 2021 年 1 月 1 日起施行。本集团已采用该解释的相关规定。

财政部于 2021 年 5 月颁布了《关于调整<新冠肺炎疫情相关租金减让会计处理规定>的适用范围通知》(财会[2021]9 号)，对于与出租人就现有租赁合同达成的由新冠肺炎疫情直接引发的 2022 年 6 月 30 日之前的应付租赁付款额的减让、减让后的租赁对价较减让前减少或基本不变、且租赁合同的其他条款和条件无重大变化的，允许采用上述通知中的简化方法进行处理。该通知对本集团财务报表无重大影响。

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(除特别注明外，金额单位均为人民币千元)

5 税项

本集团适用的主要税种及其税率列示如下：

税种	税率	税基
企业所得税(a)	25%、17%、16.5% 或 12.5%	应纳税所得额
增值税(b)	5%、6%、9%、11%、 13%	应纳税增值额(应纳税额按应 纳税销售额乘以适用税率 扣除当期允许抵扣的进项 税后的余额计算)
城市维护建设税	7%或 1%	应交增值税
教育费附加	3%	应交增值税
地方教育费附加	2%	应交增值税

(a) 根据《中华人民共和国企业所得税法》，本公司及境内子公司缴纳企业所得税，税率为 25%。境外子公司分别按照新加坡、香港及爱尔兰当地税率在当地缴纳企业所得税，税率分别为 17%、16.5%及 12.5%。

(b) 根据财政部、国家税务总局颁布的《财政部、国家税务总局关于全面推开营业税改征增值税试点的通知》(财税[2016]36 号)，自 2016 年 5 月 1 日起，本集团提供的有形动产回租业务、不动产回租业务适用增值税，税率为 6%，提供的有形动产直租业务、有形动产经营租赁业务适用增值税，税率为 17%，提供的不动产租赁业务适用增值税，税率为 11%。

根据财政部、国家税务总局印发的《关于调整增值税税率的通知》(财税[2018]32 号)，自 2018 年 5 月 1 日起，纳税人发生增值税应税销售行为，原适用 17%和 11%税率的，税率分别调整为 16%、10%。

根据《财政部、税务总局、海关总署关于深化增值税改革有关政策的公告》(财政部税务总局海关总署公告 2019 年第 39 号)的规定，自 2019 年 4 月 1 日起，增值税一般纳税人发生增值税应税销售行为或者进口货物，原适用 16%税率的，税率调整为 13%；原适用 10%税率的，税率调整为 9%。

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(除特别注明外，金额单位均为人民币千元)

6 子公司

(1) 于 2021 年 12 月 31 日，本集团纳入合并范围子公司共 815 家。

(2) 于 2021 年 12 月 31 日纳入合并范围的一级子公司

	注册地	主要经营地	主要业务性质	持股比例	表决权比例
交银金凤凰(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银瀚洋(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
交银金翔(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鹏(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鸿(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金翎(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金云(天津)飞机租赁有限公司	天津	天津	金融租赁	100%	100%
交银金翎(天津)飞机租赁有限公司	天津	天津	金融租赁	100%	100%
交银金悦(天津)飞机租赁有限公司	天津	天津	金融租赁	100%	100%
交银金彤(天津)飞机租赁有限公司	天津	天津	金融租赁	100%	100%
交银金莲(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鹏(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鹏(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鹏(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金瑞(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金诚(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鹏(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鹤(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金菖(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金萱(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金菊(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金桂(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金兰(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
瑞丰(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
瑞胜(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
瑞奇(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
瑞通(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
瑞丽(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
交银金松(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金璜(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银航空航运金融租赁有限责任公司	上海	上海	金融租赁	100%	100%
交银金楸(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金霄(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%

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(除特别注明外，金额单位均为人民币千元)

6 子公司(续)

(2) 于 2021 年 12 月 31 日纳入合并范围的一级子公司(续)

	注册地	主要经营地	主要业务性质	持股比例	表决权比例
交银金环(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金樱(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金骏(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金葛(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金琼(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金茶(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金琮(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金梅(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鑫(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金璧(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金桑(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金璋(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金柳(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
祥富(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
祥菊(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
祥驰(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
交银津一(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津五(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津六(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津七(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津九(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十一(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十二(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十七(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十八(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
广州交银穗一飞机租赁有限责任公司	广州	广州	金融租赁	100%	100%
交银津十六(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十五(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十九(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十一(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十二(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

6 子公司(续)

(2) 于 2021 年 12 月 31 日纳入合并范围的一级子公司(续)

	注册地	主要经营地	主要业务性质	持股比例	表决权比例
交银津二十三(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十五(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津三(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银沪一(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
交银沪二(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
广州交银穗二飞机租赁有限责任公司	广州	广州	金融租赁	100%	100%
广州交银穗三飞机租赁有限责任公司	广州	广州	金融租赁	100%	100%
交银津二十六(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十七(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十八(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十九(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津三十(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银沪五(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
广州交银穗五飞机租赁有限责任公司	广州	广州	金融租赁	100%	100%
交银津三十一(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津三十二(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银沪一(上海)飞机租赁有限责任公司	上海	上海	金融租赁	100%	100%
交银沪二(上海)飞机租赁有限责任公司	上海	上海	金融租赁	100%	100%
交银青一(青岛)船舶租赁有限公司	青岛	青岛	金融租赁	100%	100%
交银沪三(上海)飞机租赁有限责任公司	上海	上海	金融租赁	100%	100%
交银沪六(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
交银津一(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
交银沪一(上海)车辆租赁有限公司	上海	上海	金融租赁	100%	100%
交银津二(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
交银津三(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
交银津四(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
交银津五(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

7 货币资金

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
银行存款(a)	25,886,781	6,128,358	31,113,320	7,151,732
中央银行法定存款准备金(b)	470,632	470,632	386,839	386,839
中央银行超额存款准备金	32,645	32,645	32,747	32,747
其他货币资金(c)	-	-	285,000	285,000
减：预期信用损失准备	(48,997)	(10,788)	(61,382)	(9,052)
	<u>26,341,061</u>	<u>6,620,847</u>	<u>31,756,524</u>	<u>7,847,266</u>

- (a) 于 2021 年 12 月 31 日，人民币 2,000,000 千元的定期存款(2020 年 12 月 31 日：2,000,000 千元)质押给银行作为美元 267,500 千元中长期借款(2020 年 12 月 31 日：267,500 千元)的担保。
- (b) 存放中央银行法定准备金系指本集团按规定向中国人民银行缴存的存款准备金。向中国人民银行缴存的法定准备金包括人民币存款准备金和外汇存款准备金，该准备金不能用于日常业务，未经中国人民银行批准不得动用。2021 年 12 月 31 日本集团适用的人民币存款准备金缴存比率为 5%(2020 年 12 月 31 日：6%)，外币存款准备金缴存比率为 9%(2020 年 12 月 31 日：5%)，缴存范围为暂收承租人的租赁保证金(附注 25)。中国人民银行对缴存的人民币准备金计付利息，对缴存的外汇存款准备金不计付利息。
- (c) 于 2021 年 12 月 31 日，本集团没有其他货币资金(2020 年 12 月 31 日：其他货币资金为本公司因应付票据业务存放在银行的保证金)。

8 拆出资金

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
拆放境内商业银行	-	-	700,000	700,000
减：预期信用损失准备	-	-	(1,506)	(1,506)
	<u>-</u>	<u>-</u>	<u>698,494</u>	<u>698,494</u>

交银金融租赁有限责任公司

2021 年度财务报表附注
(除特别注明外，金额单位均为人民币千元)

9 衍生金融工具

本集团通过将利率掉期合约的关键条款与应收租赁款、借款及应付债券合约的条款(即名义金额，预期还款日期及利率)相匹配来厘定套期工具与被套期项目之间的经济关系。套期比率(衍生工具的名义金额与被套期的应收融资租赁款、借款及应付债券的账面价值之间的比率)厘定为 1:1。

本集团

2021 年 12 月 31 日	名义金额	公允价值		套期工具信息		
		资产	负债	套期利率	外币汇率	到期年份
现金流量套期-利率衍生工具						
- 美元(a)	28,323,249	68,843	(239,983)	0.20%到 5.25%	不适用	2022 年到 2027 年
- 人民币(b)	1,570,274	512	-	4.44%到 5.68%	不适用	2023 年
现金流量套期-外汇衍生工具						
- 美元-人民币(c)	3,230,300	-	(97,576)	2.40%到 2.55%	1 美元兑 6.4600 人民币元	2022 年
- 港币-美元(c)	633,640	-	(2,369)	1.24%	1 港元兑 0.1285 美元	2024 年
公允价值套期-利率衍生工具						
- 美元(d)	534,607	378	-	2%	不适用	2024 年
	34,292,070	69,733	(339,928)			

交银金融租赁有限责任公司

2021 年度财务报表附注
(除特别注明外，金额单位均为人民币千元)

9 衍生金融工具(续)

本集团通过将利率掉期合约的关键条款与应收租赁款、借款及应付债券合约的条款(即名义金额，预期还款日期及利率)相匹配来厘定套期工具与被套期项目之间的经济关系。套期比率(衍生工具的名义金额与被套期的应收融资租赁款、借款及应付债券的账面价值之间的比率)厘定为 1:1。

本集团(续)

2020 年 12 月 31 日	名义金额	公允价值		套期工具信息		
		资产	负债	套期利率	外币汇率	到期年份
现金流量套期-利率衍生工具						
- 美元(a)	32,226,547	-	(850,498)	0.44%到 5.25%	不适用	2021 年到 2027 年
- 人民币(b)	1,148,500	-	(741)	4.44%到 5.68%	不适用	2023 年
现金流量套期-外汇衍生工具						
- 美元-人民币(c)	3,262,450	-	(84,588)	2.90%	1 美元兑 6.666 人民币元	2021 年
公允价值套期-利率衍生工具						
- 美元(d)	777,486	17	-	2%	不适用	2024 年
	37,414,983	17	(935,827)			

交银金融租赁有限责任公司

2021 年度财务报表附注
(除特别注明外，金额单位均为人民币千元)

9 衍生金融工具(续)

本公司

2021 年 12 月 31 日	名义金额	公允价值		套期工具信息		
		资产	负债	套期利率	外币汇率	到期年份
现金流量套期-利率衍生工具						
- 美元(a)	7,021,733	5,775	(12,490)	0.20%到 2.78%	不适用	2022 年到 2027 年
- 人民币(b)	1,570,274	512	-	4.44%到 5.68%	不适用	2023 年
现金流量套期-外汇衍生工具						
- 美元-人民币(c)	3,230,300	-	(97,576)	2.40%到 2.55%	1 美元兑 6.4600 人民币元	2022 年
	11,822,307	6,287	(110,066)			
2020 年 12 月 31 日						
现金流量套期-利率衍生工具						
- 美元(a)	10,621,943	-	(56,000)	0.44%到 5.25%	不适用	2021 年到 2027 年
- 人民币(b)	1,148,500	-	(741)	4.44%到 5.68%	不适用	2023 年
现金流量套期-外汇衍生工具						
- 美元-人民币(c)	3,262,450	-	(84,588)	2.90%	1 美元兑 6.666 人民币元	2021 年
	15,032,893	-	(141,329)			

2021 年度，本集团及本公司现金流量套期产生的净收益 628,113 千元及净收益 8,565 千元(2020 年：净损失 860,456 千元及净损失 65,387 千元)计入其他综合收益；其中本集团及本公司从其他综合收益转入损益金额分别为损失人民币 258,208 千元和损失人民币 16,932 千元(2020 年：损失人民币 126,006 千元和收益人民币 28,097 千元)。现金流量套期中确认的套期无效部分产生的损益不重大，且不存在由于很可能发生的预期现金流不再预计会发生而导致的终止使用套期会计的情况。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

9 衍生金融工具(续)

- (a) 本集团使用该等利率衍生工具对冲与美元伦敦银行同业拆息挂钩的相关借款及应付债券的现金流量变动风险。在这些利率衍生工具中，本集团收取与美元伦敦银行同业拆息挂钩的浮动利率利息并支付固定利息。上述套期被分类为现金流量套期，这类套期工具产生的利得或损失属于套期有效的部分计入其他综合收益。
- (b) 本集团使用该等利率衍生工具对冲与人民币贷款市场报价利率挂钩的应收融资租赁款的现金流量变动风险。在这些利率衍生工具中，本集团支付与人民币贷款市场报价利率挂钩的浮动利率租金并收取固定租金。上述套期被分类为现金流量套期，这类套期工具产生的利得或损失属于套期有效的部分计入其他综合收益。
- (c) 本集团使用该等货币衍生工具对冲相应拆入资金和应付债券的现金流量变动风险。对于该等拆入资金对应的货币衍生工具中，本集团收取固定利息的美元本金并支付人民币本金及固定利息。对于该等应付债券对应的货币衍生工具中，本集团收取固定利息的港币本金并支付美元本金及固定利息。该等分类为现金流量套期，而该等货币衍生工具的公允价值变动计入其他综合收益。
- (d) 本集团使用该等利率衍生工具分别对冲固定利率应付债券公允价值变动风险和浮动利率银行借款利率变动风险。在这些利率衍生工具中，本集团分别收取固定利息并支付与上海银行间同业拆放利率挂钩的浮动利率利息和收取超出固定利率之上的与美元伦敦银行同业拆息挂钩的浮动利率利息。上述套期被分类为公允价值套期，这类套期工具产生的利得或损失计入当期损益。

10 其他应收款

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
应收第三方款项	697,892	381,025	234,724	58,890
子公司往来款(附注 46(3)(b)(iii))	-	41,574,534	-	33,906,312
应收保险公司理赔款	5,806	5,806	239,931	239,931
小计	703,698	41,961,365	474,655	34,205,133
减：预期信用损失准备	(113,602)	(146,289)	(103,716)	(130,557)
其他应收款净额	590,096	41,815,076	370,939	34,074,576

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

10 其他应收款(续)

(a) 其他应收款按预期信用模型分阶段列示如下：

本集团

	阶段一	阶段二	阶段三	合计
2021 年 12 月 31 日				
其他应收款信用风险敞口总额	417,167	-	286,531	703,698
减：预期信用损失准备	(6,258)	-	(107,344)	(113,602)
其他应收款敞口账面价值	410,909	-	179,187	590,096

	阶段一	阶段二	阶段三	合计
2020 年 12 月 31 日				
其他应收款信用风险敞口总额	234,724	-	239,931	474,655
减：预期信用损失准备	(3,521)	-	(100,195)	(103,716)
其他应收款敞口账面价值	231,203	-	139,736	370,939

本公司

	阶段一	阶段二	阶段三	合计
2021 年 12 月 31 日				
其他应收款信用风险敞口总额	41,674,834	-	286,531	41,961,365
减：预期信用损失准备	(38,945)	-	(107,344)	(146,289)
其他应收款敞口账面价值	41,635,889	-	179,187	41,815,076

	阶段一	阶段二	阶段三	合计
2020 年 12 月 31 日				
其他应收款信用风险敞口总额	33,965,202	-	239,931	34,205,133
减：预期信用损失准备	(30,362)	-	(100,195)	(130,557)
其他应收款敞口账面价值	33,934,840	-	139,736	34,074,576

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

10 其他应收款(续)

(b) 其他应收款预期信用损失准备变动列示如下：

本集团

	2021 年 12 月 31 日			合计
	阶段一 12 个月预期 信用损失	阶段二	阶段三	
		整个存续期预期信用损失		
2021 年 1 月 1 日	3,521	-	100,195	103,716
违约概率、违约损失率及违约敞口的更新	3,114	-	53,381	56,495
核销	-	-	(46,232)	(46,232)
外汇及其他变动	(377)	-	-	(377)
2021 年 12 月 31 日	6,258	-	107,344	113,602

	2020 年 12 月 31 日			合计
	阶段一 12 个月预期 信用损失	阶段二	阶段三	
		整个存续期预期信用损失		
2020 年 1 月 1 日	1,683	-	113,912	115,595
违约概率、违约损失率及违约敞口的更新	2,676	-	(13,717)	(11,041)
外汇及其他变动	(838)	-	-	(838)
2020 年 12 月 31 日	3,521	-	100,195	103,716

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(除特别注明外，金额单位均为人民币千元)

10 其他应收款(续)

(b) 其他应收款预期信用损失准备变动列示如下(续):

本公司

	2021 年 12 月 31 日			合计
	阶段一 12 个月预期 信用损失	阶段二 整个存续期预期信用损失	阶段三	
2021 年 1 月 1 日	30,362	-	100,195	130,557
违约概率、违约损失率及违约敞口的更新	9,045	-	53,381	62,426
核销	-	-	(46,232)	(46,232)
外汇及其他变动	(462)	-	-	(462)
2021 年 12 月 31 日	38,945	-	107,344	146,289

	2020 年 12 月 31 日			合计
	阶段一 12 个月预期 信用损失	阶段二 整个存续期预期信用损失	阶段三	
2020 年 1 月 1 日	25,353	-	113,912	139,265
违约概率、违约损失率及违约敞口的更新	6,846	-	(13,717)	(6,871)
外汇及其他变动	(1,837)	-	-	(1,837)
2020 年 12 月 31 日	30,362	-	100,195	130,557

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(除特别注明外，金额单位均为人民币千元)

11 买入返售金融资产

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
应收境内商业银行	-	-	490,000	490,000
应收子公司(a)	-	339,199	-	872,090
减：预期信用损失准备	-	(284)	(410)	(1,140)
	-	338,915	489,590	1,360,950

(a) 子公司以其在租赁合同中享有的应收租金收益权作为买入返售标的。

12 其他债权投资

以公允价值计量变动计入其他综合收益的金融资产：

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
债务工具投资—国债				
—面值	3,200,000	3,200,000	2,500,000	2,500,000
—利息调整	(2,978)	(2,978)	(8,685)	(8,685)
—累计公允价值变动	77,784	77,784	(7,167)	(7,167)
	3,274,806	3,274,806	2,484,148	2,484,148

于 2021 年 12 月 31 日，本集团认为该债务工具投资的信用风险自初始确认后未显著增加，按照未来 12 个月内预期信用损失计量损失准备，相关金额 499 千元(2020 年 12 月 31 日：563 千元)。2021 年度，计入当期损益 85 千元(2020 年度：451 千元)。均为第一阶段的信用减值损失。

交银金融租赁有限责任公司

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(除特别注明外，金额单位均为人民币千元)

13 应收租赁款

(1) 应收租赁款账面价值

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
应收融资租赁款	54,680,255	29,075,247	68,643,475	43,806,774
应收售后租回款	99,218,944	84,480,106	74,617,005	61,399,231
小计	153,899,199	113,555,353	143,260,480	105,206,005
减：预期信用损失准备	(5,027,956)	(3,867,952)	(4,196,764)	(3,457,792)
	148,871,243	109,687,401	139,063,716	101,748,213
应收经营租赁款	312,702	-	221,821	-
减：预期信用损失准备	(22,143)	-	(14,960)	-
	290,559	-	206,861	-
应收租赁款账面价值	149,161,802	109,687,401	139,270,577	101,748,213

(2) 应收融资租赁款按到期日分析如下：

本集团	2021 年 12 月 31 日		2020 年 12 月 31 日	
	账面余额	占比	账面余额	占比
1 年以内	16,073,770	25%	18,825,141	25%
1 至 2 年	11,945,951	18%	14,438,612	18%
2 至 3 年	7,508,778	12%	11,428,733	14%
3 至 4 年	6,141,332	10%	7,494,107	9%
4 至 5 年	5,626,025	9%	5,748,764	7%
5 年以上	16,250,614	26%	20,973,179	27%
小计	63,546,470	100%	78,908,536	100%
减：未实现融资收益	(8,866,215)		(10,265,061)	
	54,680,255		68,643,475	

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

13 应收租赁款(续)

(2) 应收融资租赁款按到期日分析如下(续):

本公司	2021 年 12 月 31 日		2020 年 12 月 31 日	
	账面余额	占比	账面余额	占比
1 年以内	11,679,106	36%	16,803,394	35%
1 至 2 年	8,278,530	25%	11,709,175	24%
2 至 3 年	4,617,254	14%	8,410,141	17%
3 至 4 年	2,805,236	9%	4,591,845	9%
4 至 5 年	2,670,616	8%	2,761,970	6%
5 年以上	2,537,061	8%	4,372,507	9%
小计	32,587,803	100%	48,649,032	100%
减：未实现融资收益	(3,512,556)		(4,842,258)	
	<u>29,075,247</u>		<u>43,806,774</u>	

(3) 应收融资租赁款及应收售后租回款分阶段列示如下:

本集团	阶段一	阶段二	阶段三	合计
2021 年 12 月 31 日				
应收融资租赁款及应收售后租回款	143,466,898	8,131,738	2,300,563	153,899,199
减：预期信用损失准备	(2,230,840)	(1,389,517)	(1,407,599)	(5,027,956)
账面价值	<u>141,236,058</u>	<u>6,742,221</u>	<u>892,964</u>	<u>148,871,243</u>
2020 年 12 月 31 日				
应收融资租赁款及应收售后租回款	133,210,392	8,403,897	1,646,191	143,260,480
减：预期信用损失准备	(1,807,866)	(1,600,363)	(788,535)	(4,196,764)
账面价值	<u>131,402,526</u>	<u>6,803,534</u>	<u>857,656</u>	<u>139,063,716</u>
本公司	阶段一	阶段二	阶段三	合计
2021 年 12 月 31 日				
应收融资租赁款及应收售后租回款	106,232,449	5,272,885	2,050,019	113,555,353
减：预期信用损失准备	(1,711,775)	(846,290)	(1,309,887)	(3,867,952)
账面价值	<u>104,520,674</u>	<u>4,426,595</u>	<u>740,132</u>	<u>109,687,401</u>
2020 年 12 月 31 日				
应收融资租赁款及应收售后租回款	97,536,268	6,107,546	1,562,191	105,206,005
减：预期信用损失准备	(1,388,082)	(1,313,935)	(755,775)	(3,457,792)
账面价值	<u>96,148,186</u>	<u>4,793,611</u>	<u>806,416</u>	<u>101,748,213</u>

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(除特别注明外，金额单位均为人民币千元)

13 应收租赁款(续)

(4) 应收融资租赁款及应收售后租回款预期信用损失准备变动列示如下：

本集团	2021 年 12 月 31 日			
	阶段一	阶段二	阶段三	合计
	12 个月 预期信用损失	整个存续期 预期信用损失		
2021 年 1 月 1 日	1,807,866	1,600,363	788,535	4,196,764
转移：				
阶段一转移至阶段二	(155,717)	155,717	-	-
阶段一转移至阶段三	(1,133)	-	1,133	-
阶段二转移至阶段一	550,602	(550,602)	-	-
阶段二转移至阶段三	-	(456,365)	456,365	-
违约概率、违约损失率及违				
约敞口的更新	41,813	656,255	237,200	935,268
核销	-	-	(43,689)	(43,689)
核销后收回	-	-	4,000	4,000
折现因素的释放	-	-	(35,945)	(35,945)
外汇及其他变动	(12,591)	(15,851)	-	(28,442)
2021 年 12 月 31 日	2,230,840	1,389,517	1,407,599	5,027,956
本集团	2020 年 12 月 31 日			
	阶段一	阶段二	阶段三	合计
	12 个月 预期信用损失	整个存续期 预期信用损失		
2020 年 1 月 1 日	1,478,605	1,361,200	1,054,405	3,894,210
转移：				
阶段一转移至阶段二	(163,885)	163,885	-	-
阶段一转移至阶段三	(2,908)	-	2,908	-
阶段二转移至阶段一	5,514	(5,514)	-	-
阶段二转移至阶段三	-	(61,954)	61,954	-
违约概率、违约损失率及违				
约敞口的更新	535,445	142,746	6,771	684,962
核销	-	-	(317,883)	(317,883)
核销后收回	-	-	8,954	8,954
折现因素的释放	-	-	(28,574)	(28,574)
外汇及其他变动	(44,905)	-	-	(44,905)
2020 年 12 月 31 日	1,807,866	1,600,363	788,535	4,196,764

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(除特别注明外，金额单位均为人民币千元)

13 应收租赁款(续)

(4) 应收融资租赁款及应收售后租回款预期信用损失准备变动列示如下(续):

本公司	2021 年 12 月 31 日			
	阶段一 12 个月 预期信用损失	阶段二 整个存续期 预期信用损失	阶段三	合计
2021 年 1 月 1 日	1,388,082	1,313,935	755,775	3,457,792
转移:				
阶段一转移至阶段二	(144,675)	144,675	-	-
阶段一转移至阶段三	(1,133)	-	1,133	-
阶段二转移至阶段一	550,602	(550,602)	-	-
阶段二转移至阶段三	-	(387,315)	387,315	-
违约概率、违约损失率及 违约敞口的更新	(81,101)	325,597	241,298	485,794
核销	-	-	(43,689)	(43,689)
核销后收回	-	-	4,000	4,000
折现因素的释放	-	-	(35,945)	(35,945)
2021 年 12 月 31 日	1,711,775	846,290	1,309,887	3,867,952
本公司	2020 年 12 月 31 日			
	阶段一 12 个月 预期信用损失	阶段二 整个存续期 预期信用损失	阶段三	合计
2020 年 1 月 1 日	1,138,732	1,233,427	1,054,405	3,426,564
转移:				
阶段一转移至阶段二	(79,785)	79,785	-	-
阶段一转移至阶段三	(2,908)	-	2,908	-
阶段二转移至阶段一	5,514	(5,514)	-	-
阶段二转移至阶段三	-	(26,751)	26,751	-
违约概率、违约损失率及 违约敞口的更新	326,529	32,988	9,215	368,732
核销	-	-	(317,883)	(317,883)
核销后收回	-	-	8,954	8,954
折现因素的释放	-	-	(28,575)	(28,575)
2020 年 12 月 31 日	1,388,082	1,313,935	755,775	3,457,792

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(除特别注明外，金额单位均为人民币千元)

13 应收租赁款(续)

(5) 应收融资租赁款及应收售后租回款账面余额变动列示如下：

本集团	2021 年 12 月 31 日			
	阶段一	阶段二	阶段三	合计
	12 个月 预期信用损失	整个存续期 预期信用损失		
2021 年 1 月 1 日	133,210,392	8,403,897	1,646,191	143,260,480
转移：				
阶段一转移至阶段二	(5,869,215)	5,869,215	-	-
阶段一转移至阶段三	(102,074)	-	102,074	-
阶段二转移至阶段一	2,660,383	(2,660,383)	-	-
阶段二转移至阶段三	-	(1,221,038)	1,221,038	-
本年发生，净额	14,706,603	(2,165,831)	(625,051)	11,915,721
核销	-	-	(43,689)	(43,689)
外汇及其他变动	(1,139,191)	(94,122)	-	(1,233,313)
2021 年 12 月 31 日	<u>143,466,898</u>	<u>8,131,738</u>	<u>2,300,563</u>	<u>153,899,199</u>
本集团	2020 年 12 月 31 日			
	阶段一	阶段二	阶段三	合计
	12 个月 预期信用损失	整个存续期 预期信用损失		
2020 年 1 月 1 日(已重述)	122,059,918	4,989,016	1,654,266	128,703,200
转移：				
阶段一转移至阶段二	(5,215,708)	5,215,708	-	-
阶段一转移至阶段三	(389,299)	-	389,299	-
阶段二转移至阶段一	44,855	(44,855)	-	-
阶段二转移至阶段三	-	(156,382)	156,382	-
本年发生，净额	19,174,835	(1,599,590)	(235,873)	17,339,372
核销	-	-	(317,883)	(317,883)
外汇及其他变动	(2,464,209)	-	-	(2,464,209)
2020 年 12 月 31 日	<u>133,210,392</u>	<u>8,403,897</u>	<u>1,646,191</u>	<u>143,260,480</u>

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(除特别注明外，金额单位均为人民币千元)

13 应收租赁款(续)

(5) 应收融资租赁款及应收售后租回款账面余额变动列示如下(续):

本公司	2021 年 12 月 31 日			
	阶段一	阶段二	阶段三	合计
	12 个月			
预期信用损失	整个存续期预期信用损失			
2021 年 1 月 1 日	97,536,268	6,107,546	1,562,191	105,206,005
转移:				
阶段一转移至阶段二	(4,923,121)	4,923,121	-	-
阶段一转移至阶段三	(102,074)	-	102,074	-
阶段二转移至阶段一	2,660,383	(2,660,383)	-	-
阶段二转移至阶段三	-	(1,037,050)	1,037,050	-
本年发生, 净额	11,060,993	(2,060,349)	(607,607)	8,393,037
核销	-	-	(43,689)	(43,689)
2021 年 12 月 31 日	106,232,449	5,272,885	2,050,019	113,555,353
本公司	2020 年 12 月 31 日			
	阶段一	阶段二	阶段三	合计
	12 个月			
预期信用损失	整个存续期预期信用损失			
2020 年 1 月 1 日	89,675,413	4,664,039	1,654,266	95,993,718
转移:				
阶段一转移至阶段二	(3,028,653)	3,028,653	-	-
阶段一转移至阶段三	(389,299)	-	389,299	-
阶段二转移至阶段一	(44,855)	44,855	-	-
阶段二转移至阶段三	-	(72,301)	72,301	-
本年发生, 净额	11,323,662	(1,557,700)	(235,792)	9,530,170
核销	-	-	(317,883)	(317,883)
2020 年 12 月 31 日	97,536,268	6,107,546	1,562,191	105,206,005

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(除特别注明外，金额单位均为人民币千元)

13 应收租赁款(续)

(6) 应收融资租赁款及应收售后租回款按行业分布情况

本集团

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	账面余额	占比	账面余额	占比
交通运输、仓储和邮政业	83,949,729	54%	72,865,481	52%
电力、燃气及水的生产和供应业	23,778,791	15%	20,577,509	14%
制造业	13,625,607	9%	15,006,697	10%
建筑业	10,016,359	7%	7,777,985	5%
水利、环境和公共设施管理业	7,062,343	5%	8,540,449	6%
采矿业	6,464,009	4%	8,221,984	6%
租赁和商务服务业	3,659,506	2%	2,387,564	2%
房地产业	1,382,757	1%	1,891,536	1%
金融业	47,184	0%	1,007,975	1%
其他	3,912,914	3%	4,983,300	3%
	<u>153,899,199</u>	<u>100%</u>	<u>143,260,480</u>	<u>100%</u>

本公司

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	账面余额	占比	账面余额	占比
交通运输、仓储和邮政业	44,684,096	39%	36,299,453	34%
电力、燃气及水的生产和供应业	23,778,791	21%	20,577,509	20%
制造业	13,412,282	13%	14,664,538	14%
建筑业	10,016,359	9%	7,777,985	7%
水利、环境和公共设施管理业	7,062,343	6%	8,540,449	8%
采矿业	6,464,009	6%	7,296,815	7%
租赁和商务服务业	2,794,618	2%	2,387,564	2%
房地产业	1,382,757	1%	1,670,417	2%
金融业	47,184	0%	1,007,975	1%
其他	3,912,914	3%	4,983,300	5%
	<u>113,555,353</u>	<u>100%</u>	<u>105,206,005</u>	<u>100%</u>

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

13 应收租赁款(续)

(7) 应收融资租赁款及应收售后租回款按地区分布情况

本集团

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	账面余额	占比	账面余额	占比
华北	38,555,543	25%	35,543,854	25%
西部	27,621,663	18%	23,899,669	17%
华东	23,113,701	15%	21,608,843	15%
中南	22,445,415	14%	20,173,788	14%
东北	7,067,030	5%	7,566,420	5%
境外	35,095,847	23%	34,467,906	24%
	<u>153,899,199</u>	<u>100%</u>	<u>143,260,480</u>	<u>100%</u>

本公司

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	账面余额	占比	账面余额	占比
华北	38,448,872	34%	35,403,451	34%
西部	26,587,060	24%	23,777,214	23%
华东	23,001,817	20%	21,210,452	20%
中南	18,450,574	16%	17,248,468	16%
东北	7,067,030	6%	7,566,420	7%
	<u>113,555,353</u>	<u>100%</u>	<u>105,206,005</u>	<u>100%</u>

(8) 于 2021 年 12 月 31 日，本集团被抵质押的应收融资租赁款及应收售后租回款账面余额为 10,881,500 千元(2020 年 12 月 31 日：7,569,989 千元)。

(9) 本集团自 2019 年 1 月 1 日起新增售后租回交易中的资产转让不属于销售的长期应收款按照金融工具准则核算，在应收售后租回款中列报。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

14 长期股权投资

本公司

	2021 年 12 月 31 日	2020 年 12 月 31 日
对子公司投资(附注 6)	<u>14,030,862</u>	<u>14,030,762</u>

于 2021 年 12 月 31 日，本公司长期股权投资不存在减值迹象，因此未计提减值准备(2020 年 12 月 31 日：未计提减值准备)。

15 预付租赁资产款

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
预付采购款项	<u>15,125,878</u>	<u>-</u>	<u>10,963,397</u>	<u>-</u>

16 投资性房地产

本集团

	房屋建筑物
2020年12月31日	3,434,189
公允价值变动	2,120
转出至固定资产	<u>(799,054)</u>
2021年12月31日	<u>2,637,255</u>

2021 年度，投资性房地产公允价值变动对本集团当期净收益的影响为 2,120 千元(2020 年度：净损失 69 千元)。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

17

固定资产

本集团

	办公及电子设备	运输工具	房屋及建筑物	经营租出固定资产		合计
				飞机	船舶	
账面原值						
2021 年 1 月 1 日	23,694	1,202	3,841,866	75,883,509	60,820,704	140,570,975
本年增加	7,158	-	17,051	5,225,144	11,394,931	16,644,284
由投资性房地产转入	-	-	799,054	-	-	799,054
本年减少	(3,088)	-	-	(2,858,492)	(3,519,521)	(6,381,101)
外币报表折算差额	-	-	-	(1,694,607)	(1,385,522)	(3,080,129)
2021 年 12 月 31 日	27,764	1,202	4,657,971	76,555,554	67,310,592	148,553,083
累计折旧						
2021 年 1 月 1 日	(14,832)	(931)	(404,265)	(11,184,059)	(10,056,134)	(21,660,221)
本年增加	(4,149)	(53)	(122,614)	(3,132,946)	(3,607,034)	(6,866,796)
本年减少	2,933	-	-	603,657	1,265,964	1,872,554
外币报表折算差额	-	-	-	285,080	278,137	563,217
2021 年 12 月 31 日	(16,048)	(984)	(526,879)	(13,428,268)	(12,119,067)	(26,091,246)
减值准备						
2021 年 1 月 1 日	-	-	-	(527,532)	(247,611)	(775,143)
本年增加	-	-	-	(1,622,342)	(358,056)	(1,980,398)
本年减少	-	-	-	40,328	202,001	242,329
外币报表折算差额	-	-	-	18,250	7,028	25,278
2021 年 12 月 31 日	-	-	-	(2,091,296)	(396,638)	(2,487,934)
账面价值						
2021 年 1 月 1 日	8,862	271	3,437,601	64,171,918	50,516,959	118,135,611
2021 年 12 月 31 日	11,716	218	4,131,092	61,035,990	54,794,887	119,973,903

2021 年度，计入经营租赁成本、业务及管理费的折旧费用分别为：人民币 6,739,980 千元(附注 39)、人民币 126,816 千元(2020 年度：人民币 6,887,927 千元(附注 39)、人民币 113,663 千元)。

于2021年12月31日，本集团经营租出固定资产作为抵押物的账面金额为57,988,412千元(2020年12月31日：58,495,736千元)。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

18 递延所得税资产和负债

未经抵销的递延所得税资产和递延所得税负债列示如下：

本集团

	2021 年度	2020 年度
年初净额	513,635	389,609
其中：递延所得税资产	1,310,283	1,072,577
递延所得税负债	(796,648)	(682,968)
本年计入所得税费用的递延所得税 净变动数(附注 44)	38,366	(16,851)
本年计入其他综合收益的递延所得 税净变动数(附注 29)	(138,375)	148,927
汇率变动的影响	(5,601)	(8,050)
年末净额	408,025	513,635
其中：递延所得税资产	1,403,943	1,310,283
递延所得税负债	(995,918)	(796,648)

本公司

	2021 年度	2020 年度
年初净额	1,032,624	958,062
其中：递延所得税资产	1,032,624	958,062
递延所得税负债	-	-
本年计入所得税费用的递延所得税 净变动数(附注 44)	54,024	55,460
本年计入其他综合收益的递延所得 税净变动数(附注 29)	(29,513)	19,102
年末净额	1,057,135	1,032,624
其中：递延所得税资产	1,057,135	1,032,624
递延所得税负债	-	-

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

18 递延所得税资产和负债(续)

未经抵销的递延所得税资产和递延所得税负债列示如下(续):

(1) 递延所得税资产

本集团

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	递延所得税 资产	可抵扣 暂时性差异	递延所得税 资产	可抵扣 暂时性差异
资产减值准备	1,129,451	4,890,314	864,739	3,654,386
递延收益	187,712	750,848	231,076	924,304
已计提尚未发放的 工资	50,114	200,456	48,104	192,416
衍生金融工具公允价 值变动	53,395	270,259	162,474	794,404
其他债权投资公允价 值变动	(16,729)	(66,918)	3,890	15,558
	<u>1,403,943</u>	<u>6,044,959</u>	<u>1,310,283</u>	<u>5,581,068</u>

本公司

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	递延所得税 资产	可抵扣 暂时性差异	递延所得税 资产	可抵扣 暂时性差异
资产减值准备	825,844	3,303,376	730,444	2,921,776
递延收益	187,712	750,848	231,076	924,304
已计提尚未发放的 工资	50,114	200,456	48,104	192,416
衍生金融工具公允价 值变动	10,194	40,776	19,110	76,440
其他债权投资公允价 值变动	(16,729)	(66,918)	3,890	15,558
	<u>1,057,135</u>	<u>4,228,538</u>	<u>1,032,624</u>	<u>4,130,494</u>

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

18 递延所得税资产和负债(续)

(1) 递延所得税资产(续)

本集团未确认递延所得税资产的可抵扣亏损分析如下：

	2021 年 12 月 31 日	2020 年 12 月 31 日
可抵扣亏损	<u>2,823,942</u>	<u>2,914,042</u>

(2) 递延所得税负债

本集团

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	递延所得税 负债	应纳税 暂时性差异	递延所得税 负债	应纳税 暂时性差异
固定资产折旧	(376,645)	(3,013,160)	(305,947)	(2,447,576)
预计所得税税费(a)	(595,920)	(3,611,636)	(474,519)	(2,875,873)
投资性房地产公允价 值变动	(12,947)	(51,788)	(16,182)	(64,728)
衍生金融工具公允价 值变动	(10,406)	(63,067)	-	-
	<u>(995,918)</u>	<u>(6,739,651)</u>	<u>(796,648)</u>	<u>(5,388,177)</u>

- (a) 本集团根据对《税务条例》有关条文的研究，以及一些专业团体的意见，以香港船舶经营租赁的税务政策对产生所得税影响的可能性的评估来计量纳税义务，计提递延所得税负债。

(3) 抵销后的递延所得税资产和递延所得税负债净额列示如下：

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
递延所得税资产净额	1,403,943	1,057,135	1,310,283	1,032,624
递延所得税负债净额	<u>(995,918)</u>	<u>-</u>	<u>(796,648)</u>	<u>-</u>

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

19 其他资产

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
暂付款项	274,255	44,178	338,075	53,230
使用权资产	16,389	119,702	13,768	38,912
无形资产	4,883	4,791	3,857	3,705
长期待摊费用	317	317	1,421	519
	<u>295,844</u>	<u>168,988</u>	<u>357,121</u>	<u>96,366</u>

20 短期借款

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
短期借款	<u>78,352,046</u>	<u>58,783,694</u>	<u>69,841,067</u>	<u>50,357,724</u>
其中：一年内到期的 长期借款	<u>12,947,158</u>	<u>8,964,350</u>	<u>6,234,402</u>	<u>2,597,648</u>

21 拆入资金

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
境内银行拆入款项	23,431,283	23,431,283	13,643,664	13,643,664
非银金融机构拆入款 项	<u>2,367,046</u>	<u>2,367,046</u>	<u>2,004,645</u>	<u>2,004,645</u>
	<u>25,798,329</u>	<u>25,798,329</u>	<u>15,648,309</u>	<u>15,648,309</u>

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

22 应付票据

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
银行承兑汇票	10,080,359	10,080,359	6,652,738	6,652,738

上述银行承兑汇票均将于一年内到期。

23 应付职工薪酬

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
短期薪酬	230,471	230,471	217,368	217,368
设定提存计划	2,743	2,385	2,579	2,134
	<u>233,214</u>	<u>232,856</u>	<u>219,947</u>	<u>219,502</u>

(1) 短期薪酬

本集团

	2020 年 12 月 31 日	本年 增加	本年 减少	2021 年 12 月 31 日
工资、奖金、津贴和补贴	192,416	267,870	(259,830)	200,456
职工福利费及其他	77	11,121	(11,134)	64
社会保险费	849	16,913	(16,760)	1,002
其中：医疗保险费	801	16,770	(16,619)	952
工伤生育保险费	48	143	(141)	50
住房公积金	79	9,150	(9,161)	68
工会经费和职工教育经费	23,947	9,483	(4,549)	28,881
	<u>217,368</u>	<u>314,537</u>	<u>(301,434)</u>	<u>230,471</u>

本公司

	2020 年 12 月 31 日	本年 增加	本年 减少	2021 年 12 月 31 日
工资、奖金、津贴和补贴	192,416	215,954	(207,914)	200,456
职工福利费及其他	77	8,798	(8,811)	64
社会保险费	849	16,331	(16,178)	1,002
其中：医疗保险费	801	16,212	(16,061)	952
工伤生育保险费	48	119	(117)	50
住房公积金	79	8,908	(8,919)	68
工会经费和职工教育经费	23,947	9,400	(4,466)	28,881
	<u>217,368</u>	<u>259,391</u>	<u>(246,288)</u>	<u>230,471</u>

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交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

23 应付职工薪酬(续)

(2) 设定提存计划

本集团

	2020 年 12 月 31 日	本年增加	本年减少	2021 年 12 月 31 日
养老保险	2,492	34,713	(34,559)	2,646
失业保险费	87	943	(933)	97
	<u>2,579</u>	<u>35,656</u>	<u>(35,492)</u>	<u>2,743</u>

本公司

	2020 年 12 月 31 日	本年增加	本年减少	2021 年 12 月 31 日
养老保险	2,047	28,499	(28,258)	2,288
失业保险费	87	933	(923)	97
	<u>2,134</u>	<u>29,432</u>	<u>(29,181)</u>	<u>2,385</u>

24 应交税费

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
应交企业所得税	721,534	205,791	575,159	173,028
未交增值税	229,561	72,232	70,036	68,294
应交其他税费	35,284	4,286	21,457	3,228
	<u>986,379</u>	<u>282,309</u>	<u>666,652</u>	<u>244,550</u>

25 其他应付款

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
暂收承租人款项(a)	6,842,048	3,666,564	6,903,811	4,423,458
飞机维修储备金	1,220,020	-	900,598	-
应付租赁项目款	94,716	80,571	204,983	187,295
子公司往来款	-	-	-	-
(附注 46(3)(b)(vii))	-	16,848,529	-	16,334,842
其他	658,207	116,883	755,539	19,946
	<u>8,814,991</u>	<u>20,712,547</u>	<u>8,764,931</u>	<u>20,965,541</u>

(a) 暂收承租人款项为根据租赁合同确定的租赁保证金。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

26 长期借款

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
长期借款	88,069,788	16,685,385	86,800,982	18,060,615
减：一年内到期的长期借款	(12,947,158)	(8,964,350)	(6,234,402)	(2,597,648)
	<u>75,122,630</u>	<u>7,721,035</u>	<u>80,566,580</u>	<u>15,462,967</u>

27 应付债券

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
以摊余成本计量的普通债券	<u>78,612,127</u>	<u>25,936,707</u>	<u>89,762,924</u>	<u>27,358,517</u>

债券详细信息列示如下：

	币种	发行日期	债券期限	面值(原币)	2021 年 12 月 31 日应计利息				
					年初数	本年计提	本年支付	年末数	年末余额
16 交银租赁 03	人民币	2016 年 9 月 7 日	5 年	500,000	5,101	8,804	13,905	-	-
18 交银租赁 01	人民币	2018 年 7 月 5 日	3 年	4,000,000	87,373	97,585	184,958	-	-
18 交银租赁二级	人民币	2018 年 9 月 18 日	10 年	2,000,000	29,066	103,404	103,000	29,470	2,025,000
18 交银租赁债 02	人民币	2018 年 10 月 22 日	3 年	4,000,000	31,305	88,980	120,285	-	-
19 交银租赁 01	人民币	2019 年 5 月 20 日	3 年	5,000,000	112,921	185,568	184,000	114,489	5,112,789
19 交银租赁 02	人民币	2019 年 7 月 8 日	3 年	5,000,000	87,500	183,715	182,500	88,715	5,086,499
19 交银租赁 03	人民币	2019 年 10 月 21 日	3 年	3,500,000	23,426	122,475	122,150	23,751	3,521,431
20 交银租赁 01	人民币	2020 年 11 月 5 日	3 年	3,000,000	15,900	109,721	109,500	16,121	3,011,867
21 交银租赁 01	人民币	2021 年 3 月 1 日	3 年	4,000,000	-	120,601	-	120,601	4,113,724
21 交银租赁 01	人民币	2021 年 4 月 22 日	3 年	3,000,000	-	70,890	-	70,890	3,065,396
Azure Nova	美元	2016 年 11 月 1 日	5 年	1,000,000	28,391	211,422	239,813	-	-
Azure Nova	美元	2017 年 3 月 21 日	5 年	1,050,000	66,464	117,077	117,153	66,388	6,758,430
Azure Nova	美元	2017 年 3 月 21 日	10 年	250,000	19,216	67,720	67,742	19,194	1,607,812

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

27 应付债券(续)

债券详细信息列示如下(续):

	币种	发行日期	债券期限	面值(原币)	2021 年 12 月 31 日应计利息				
					年初数	本年计提	本年支付	年末数	年末余额
交银租赁管理香港有限公司	美元	2019 年 1 月 22 日	3 年	800,000	92,135	206,031	206,137	92,029	5,191,600
交银租赁管理香港有限公司	美元	2019 年 1 月 22 日	5 年	700,000	89,628	195,744	197,313	88,059	4,533,731
交银租赁管理香港有限公司	美元	2019 年 4 月 12 日	3 年	120,000	2,753	12,973	13,179	2,547	767,631
交银租赁管理香港有限公司	美元	2019 年 9 月 5 日	5 年	400,000	4,344	64,721	64,790	4,275	2,548,098
交银租赁管理香港有限公司	美元	2019 年 9 月 5 日	5 年	200,000	10,636	33,711	33,724	10,623	1,280,627
交银租赁管理香港有限公司	美元	2019 年 10 月 25 日	3 年	180,000	3,095	18,546	18,523	3,118	1,150,744
交银租赁管理香港有限公司	美元	2019 年 12 月 10 日	5 年	600,000	6,018	100,642	100,929	5,731	3,824,032
交银租赁管理香港有限公司	美元	2020 年 3 月 2 日	5 年	500,000	5,830	69,778	70,193	5,415	3,189,351
交银租赁管理香港有限公司	美元	2020 年 3 月 2 日	3 年	300,000	3,176	39,697	39,943	2,930	1,913,700
交银租赁管理香港有限公司	美元	2020 年 7 月 14 日	3 年	350,000	18,223	39,454	39,476	18,201	2,244,179
交银租赁管理香港有限公司	美元	2020 年 7 月 14 日	5 年	450,000	12,333	54,196	55,548	10,981	2,874,983
交银租赁管理香港有限公司	美元	2021 年 6 月 18 日	3 年	500,000	-	19,325	17,932	1,393	3,173,812
交银租赁管理香港有限公司	港币	2021 年 9 月 27 日	3 年	775,000	-	2,050	-	2,050	635,690
Azure Orbit	美元	2013 年 3 月 6 日	10 年	500,000	38,897	119,500	119,544	38,853	3,225,437
Azure Orbit III	美元	2016 年 3 月 15 日	5 年	600,000	28,956	16,366	45,322	-	-
Azure Orbit IV	美元	2018 年 1 月 25 日	3 年	300,000	29,788	4,110	33,898	-	-
Azure Orbit IV	美元	2018 年 1 月 25 日	5 年	950,000	102,740	225,343	227,134	100,949	6,147,608
Azure Orbit IV	美元	2018 年 1 月 25 日	10 年	250,000	28,839	63,254	63,757	28,336	1,607,956
				<u>44,775,000</u>	<u>984,054</u>	<u>2,773,403</u>	<u>2,792,348</u>	<u>965,109</u>	<u>78,612,127</u>

本集团于 2016 年 9 月 7 日完成发行 2016 年第三期总面值为人民币 5 亿元的 5 年期固定利率债券，票面年利率为 3.25%，于 2021 年 9 月 8 日到期。根据协议，每年付息一次。

本集团于 2018 年 7 月 5 日完成发行 2018 年第一期总面值为人民币 40 亿元的 3 年期固定利率债券，票面年利率为 4.53%，于 2021 年 7 月 9 日到期。根据协议，每年付息一次。

本集团于 2018 年 9 月 18 日完成发行 2018 年二级资本债总面值为人民币 20 亿元的 10 年期固定利率债券，票面年利率为 5.15%，于 2028 年 9 月 20 日到期。根据协议，每年付息一次。

本集团于 2018 年 10 月 22 日完成发行 2018 年第二期总面值为人民币 40 亿元的 3 年期固定利率债券，票面年利率为 4.14%，于 2021 年 10 月 24 日到期。根据协议，每年付息一次。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

27 应付债券(续)

本集团于 2019 年 5 月 20 日完成发行 2019 年第一期总面值为人民币 50 亿元的 3 年期固定利率债券，票面年利率为 3.68%，于 2022 年 5 月 22 日到期。根据协议，每年付息一次。

本集团于 2019 年 7 月 8 日完成发行 2019 年第二期总面值为人民币 50 亿元的 3 年期固定利率债券，票面年利率为 3.65%，于 2022 年 7 月 10 日到期。根据协议，每年付息一次。

本集团于 2019 年 10 月 21 日完成发行 2019 年第三期总面值为人民币 35 亿元的 3 年期固定利率债券，票面年利率为 3.49%，于 2022 年 10 月 23 日到期。根据协议，每年付息一次。

本集团于 2020 年 11 月 5 日完成发行 2020 年第一期总面值为人民币 30 亿元的 3 年期固定利率债券，票面年利率为 3.65%，于 2023 年 11 月 9 日到期。根据协议，每年付息一次。

本集团于 2021 年 3 月 1 日完成发行 2021 年第一期总面值为人民币 40 亿元的 3 年期固定利率债券，票面年利率为 3.62%，于 2024 年 3 月 3 日到期。根据协议，每年付息一次。

本集团于 2021 年 4 月 22 日完成发行 2021 年第二期总面值为人民币 30 亿元的 3 年期固定利率债券，票面年利率为 3.45%，于 2024 年 4 月 26 日到期。根据协议，每年付息一次。

本集团所属子公司 Azure Nova 于 2016 年 11 月 1 日完成发行 2016 年总面值为美元 10 亿元的 5 年期固定利率债券，票面年利率为 2.625%，于 2021 年 11 月 1 日到期。

本集团所属子公司 Azure Nova 于 2017 年 3 月 21 日完成发行 2017 年总面值为美元 10.5 亿元的 5 年期固定利率债券，票面年利率为 3.5%，于 2022 年 3 月 21 日到期。

本集团所属子公司 Azure Nova 于 2017 年 3 月 21 日完成发行 2017 年总面值为美元 2.5 亿元的 10 年期固定利率债券，票面年利率为 4.25%，于 2027 年 3 月 21 日到期。

本集团所属子公司管理香港有限公司于 2019 年 1 月 22 日完成发行 2019 年总面值为美元 8 亿元的 3 年期固定利率债券，票面年利率为 4.00%，于 2022 年 1 月 22 日到期。

本集团所属子公司管理香港有限公司于 2019 年 1 月 22 日完成发行 2019 年总面值为美元 7 亿元的 5 年期固定利率债券，票面年利率为 4.375%，于 2024 年 1 月 22 日到期。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

27 应付债券(续)

本集团所属子公司管理香港有限公司于 2019 年 4 月 12 日完成发行 2019 年总面值为美元 1.2 亿元的 3 年期浮动利率债券，票面年利率为 3 个月美元 LIBOR+1.20%，于 2022 年 4 月 12 日到期。

本集团所属子公司管理香港有限公司于 2019 年 9 月 5 日完成发行 2019 年总面值为美元 4 亿元的 5 年期浮动利率债券，票面年利率为 3 个月美元 LIBOR+1.175%，于 2024 年 9 月 5 日到期。

本集团所属子公司管理香港有限公司于 2019 年 9 月 5 日完成发行 2019 年总面值为美元 2 亿元的 5 年期固定利率债券，票面年利率为 2.625%，于 2024 年 9 月 5 日到期。

本集团所属子公司管理香港有限公司于 2019 年 10 月 25 日完成发行 2019 年总面值为美元 1.8 亿元的 3 年期浮动利率债券，票面年利率为 3 个月美元 LIBOR+1.05%，于 2022 年 10 月 25 日到期。

本集团所属子公司管理香港有限公司于 2019 年 12 月 10 日完成发行 2019 年总面值为美元 6 亿元的 5 年期浮动利率债券，票面年利率为 3 个月美元 LIBOR+1.075%，于 2024 年 12 月 10 日到期。

本集团所属子公司管理香港有限公司于 2020 年 3 月 2 日完成发行 2020 年总面值为美元 5 亿元的 5 年期浮动利率债券，票面年利率为 3 个月美元 LIBOR+0.95%，于 2025 年 3 月 2 日到期。

本集团所属子公司管理香港有限公司于 2020 年 3 月 2 日完成发行 2020 年总面值为美元 3 亿元的 3 年期浮动利率债券，票面年利率为 3 个月美元 LIBOR+0.83%，于 2023 年 3 月 2 日到期。

本集团所属子公司管理香港有限公司于 2020 年 7 月 14 日完成发行 2020 年总面值为美元 3.5 亿元的 3 年期固定利率债券，票面年利率为 1.75%，于 2023 年 7 月 14 日到期。

本集团所属子公司管理香港有限公司于 2020 年 7 月 14 日完成发行 2020 年总面值为美元 4.5 亿元的 5 年期浮动利率债券，票面年利率为 3 个月美元 LIBOR+1.7%，于 2025 年 7 月 14 日到期。

本集团所属子公司管理香港有限公司于 2021 年 6 月 18 日完成发行 2021 年总面值为美元 5 亿元的 3 年期固定利率债券，票面年利率为 1.125%，于 2024 年 6 月 18 日到期。

本集团所属子公司管理香港有限公司于 2021 年 9 月 27 日完成发行 2021 年总面值为港币 7.75 亿元的 3 年期固定利率债券，票面年利率为 1.07%，于 2024 年 9 月 27 日到期。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

27 应付债券(续)

本集团所属子公司 Azure Orbit 于 2013 年 3 月 6 日完成发行 2013 年总面值为美元 5 亿元的 10 年期固定利率债券，票面年利率为 3.75%，于 2023 年 3 月 6 日到期。

本集团所属子公司 Azure Orbit III 于 2016 年 3 月 15 日完成发行 2016 年总面值为美元 6 亿元的 5 年期固定利率债券，票面年利率为 2.748%，于 2021 年 3 月 15 日到期。

本集团所属子公司 Azure Orbit IV 于 2018 年 1 月 25 日完成发行 2018 年总面值为美元 3 亿元的 3 年期固定利率债券，票面年利率为 3.5%，于 2021 年 1 月 25 日到期。

本集团所属子公司 Azure Orbit IV 于 2018 年 1 月 25 日完成发行 2018 年总面值为美元 9.5 亿元的 5 年期固定利率债券，票面年利率为 3.75%，于 2023 年 1 月 25 日到期。

本集团所属子公司 Azure Orbit IV 于 2018 年 1 月 25 日完成发行 2018 年总面值为美元 2.5 亿元的 10 年期固定利率债券，票面年利率为 4%，于 2028 年 1 月 25 日到期。

28 其他负债

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
预收租赁款项	3,693,780	841,880	3,605,521	1,042,780
租赁负债	13,058	117,401	12,438	36,993
	<u>3,706,838</u>	<u>959,281</u>	<u>3,617,959</u>	<u>1,079,773</u>

交银金融租赁有限责任公司

2021 年度财务报表附注
(除特别注明外，金额单位均为人民币千元)

29 其他综合收益

	资产负債表中其他综合收益		2021年度利润表中其他综合收益	
	2020年 12月31日	税后净额	2021年 12月31日	所得税前发生额 减：所得税费用 税后净额
本集团				
不能重分类进损益的其他综合收益				
其他权益工具投资公允价值变动	-	-	-	-
将重分类进损益的其他综合收益				
现金流量套期有效部分	(768,851)	510,336	(258,515)	628,113
其他债权投资公允价值变动	(11,669)	61,857	50,188	82,476
其他债权投资信用减值准备	563	(64)	499	(85)
外币财务报表折算差额	(697,442)	(56,604)	(754,046)	(56,604)
	(1,477,399)	515,525	(961,874)	653,900
				(138,375)
				515,525
本公司				
不能重分类进损益的其他综合收益				
其他权益工具投资公允价值变动	-	-	-	-
将重分类进损益的其他综合收益				
现金流量套期有效部分	(57,328)	(350)	(57,678)	8,565
其他债权投资公允价值变动	(11,669)	61,857	50,188	82,476
其他债权投资信用减值准备	563	(64)	499	(85)
	(68,434)	61,443	(6,991)	90,956
				(29,513)
				61,443

交银金融租赁有限责任公司

2021 年度财务报表附注
(除特别注明外，金额单位均为人民币千元)

29 其他综合收益(续)

	资产负债表中其他综合收益		2020年度利润表中其他综合收益	
	2019年 12月31日	2020年 12月31日	所得税前发生额	减：所得税费用 税后净额
本集团				
不能重分类进损益的其他综合收益				
其他权益工具投资公允价值变动	(1,130)	-	1,507	(377) 1,130
将重分类进损益的其他综合收益				
现金流量套期有效部分	(54,567)	(714,284)	(860,456)	146,172 (714,284)
其他债权投资公允价值变动	(1,935)	(9,734)	(12,979)	3,245 (9,734)
其他债权投资信用减值准备	225	338	451	(113) 338
外币财务报表折算差额	(614,828)	(82,614)	(82,614)	- (82,614)
	(672,235)	(805,164)	(954,091)	148,927 (805,164)
本公司				
不能重分类进损益的其他综合收益				
其他权益工具投资公允价值变动	(1,130)	-	1,507	(377) 1,130
将重分类进损益的其他综合收益				
现金流量套期有效部分	(8,288)	(49,040)	(65,387)	16,347 (49,040)
其他债权投资公允价值变动	(1,935)	(9,734)	(12,979)	3,245 (9,734)
其他债权投资信用减值准备	225	338	451	(113) 338
	(11,128)	(57,306)	(76,408)	19,102 (57,306)

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

30 盈余公积

本集团

	2021 年 1 月 1 日	本年增加	本年减少	2021 年 12 月 31 日
法定盈余公积	<u>1,341,839</u>	<u>133,382</u>	<u>-</u>	<u>1,475,221</u>

	2020 年 1 月 1 日	本年增加	本年减少	2020 年 12 月 31 日
法定盈余公积	<u>1,166,493</u>	<u>175,346</u>	<u>-</u>	<u>1,341,839</u>

本公司

	2021 年 1 月 1 日	本年增加	本年减少	2021 年 12 月 31 日
法定盈余公积	<u>1,127,377</u>	<u>92,092</u>	<u>-</u>	<u>1,219,469</u>

	2020 年 1 月 1 日	本年增加	本年减少	2020 年 12 月 31 日
法定盈余公积	<u>982,382</u>	<u>144,995</u>	<u>-</u>	<u>1,127,377</u>

根据《中华人民共和国公司法》及本公司章程，本集团及本公司按年度净利润的 10% 提取法定盈余公积金，当法定盈余公积金累计额达到注册资本的 50% 以上时，可不再提取。法定盈余公积金经批准后可用于弥补亏损，或者增加实收资本。

31 一般风险准备

本集团

	2021 年 1 月 1 日	本年增加	本年减少	2021 年 12 月 31 日
一般风险准备	<u>4,549,680</u>	<u>169,378</u>	<u>-</u>	<u>4,719,058</u>

本公司

	2021 年 1 月 1 日	本年增加	本年减少	2021 年 12 月 31 日
一般风险准备	<u>4,549,680</u>	<u>169,803</u>	<u>-</u>	<u>4,719,483</u>

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

31 一般风险准备(续)

本集团及本公司

	2020 年 1 月 1 日	本年增加	本年减少	2020 年 12 月 31 日
一般风险准备	3,821,843	727,837	-	4,549,680

根据财政部《金融企业准备金计提管理办法》(财金[2012]20 号)的规定，本公司按照本年风险资产期末余额的 1.5%计提一般风险准备。

32 未分配利润

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
年初未分配利润	13,384,384	5,643,928	11,086,004	5,066,805
小计	13,384,384	5,643,928	11,086,004	5,066,805
加：本年净利润	3,530,308	1,092,966	3,201,563	1,449,955
减：提取法定盈余公积				
(附注 30)	(133,382)	(92,092)	(175,346)	(144,995)
提取一般风险准备				
(附注 31)	(169,378)	(169,803)	(727,837)	(727,837)
年末未分配利润	16,611,932	6,474,999	13,384,384	5,643,928

33 利息收入

	2021 年度		2020 年度	
	本集团	本公司	本集团	本公司
同业利息收入	291,771	47,571	113,457	74,864
国债利息收入	91,652	91,652	53,984	53,984
子公司往来利息收入	-	713,495	-	974,811
	383,423	852,718	167,441	1,103,659

34 融资租赁及售后租回收入

	2021 年度		2020 年度	
	本集团	本公司	本集团	本公司
融资租赁利息收入	3,053,807	1,860,895	4,308,679	3,027,410
售后租回利息收入	3,674,275	3,183,814	2,347,626	1,872,976
	6,728,082	5,044,709	6,656,305	4,900,386

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

35 经营租赁收入

	2021 年度		2020 年度	
	本集团	本公司	本集团	本公司
经营租赁船舶	6,809,721	-	7,290,381	-
经营租赁飞机	6,472,214	-	5,474,822	-
房屋建筑物出租	318,464	-	307,414	-
	<u>13,600,399</u>	<u>-</u>	<u>13,072,617</u>	<u>-</u>

36 资产处置收益/(损失)

	2021 年度		2020 年度	
	本集团	本公司	本集团	本公司
固定资产处置收益 /(损失)	<u>293,450</u>	<u>(90)</u>	<u>(80,988)</u>	<u>12</u>

本集团资产处置收益主要为处置经营租赁资产所产生的收益净额，收益净额为出售价款与固定资产账面净额进行比较，再扣除相关交易成本和其他支出后确定。

37 其他收益

	2021 年度		2020 年度	
	本集团	本公司	本集团	本公司
财政扶持收入	<u>325,747</u>	<u>71,498</u>	<u>373,553</u>	<u>94,708</u>

财政扶持收入为本集团从上海市财政及上海、天津等自贸区获得的政府补助。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

38 利息支出

	2021 年度		2020 年度	
	本集团	本公司	本集团	本公司
借款利息支出	2,740,776	2,123,727	3,076,654	2,056,381
借款利息支出总额	2,999,497	2,123,727	3,339,011	2,056,381
减：资本化利息支出	(258,721)	-	(262,357)	-
债券利息支出	3,000,524	1,158,925	3,404,291	1,247,836
拆入资金利息支出	229,315	229,315	213,698	213,698
租赁负债利息支出	1,947	1,590	1,950	1,537
保证金利息支出	3,582	3,582	3,894	3,894
	<u>5,976,144</u>	<u>3,517,139</u>	<u>6,700,487</u>	<u>3,523,346</u>

39 经营租赁成本

本集团

	2021 年度	2020 年度
经营租出固定资产折旧 (附注 17)	6,739,980	6,887,927
其他费用	<u>222,151</u>	<u>162,553</u>
	<u>6,962,131</u>	<u>7,050,480</u>

40 手续费及佣金支出

	2021 年度		2020 年度	
	本集团	本公司	本集团	本公司
手续费及佣金支出	<u>182,293</u>	<u>120,744</u>	<u>140,830</u>	<u>49,497</u>

本集团手续费及佣金支出主要为取得融资支付的手续费及应付票据开票费用。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

41 业务及管理费

	2021 年度		2020 年度	
	本集团	本公司	本集团	本公司
职工薪酬及福利	350,193	288,823	317,009	263,645
折旧与摊销	135,025	44,187	121,636	39,287
咨询费	69,521	28,109	59,664	14,997
差旅费	6,085	5,909	11,227	9,717
业务招待费	5,259	5,107	4,579	4,579
其他	45,630	38,731	43,381	35,953
	<u>611,713</u>	<u>410,866</u>	<u>557,496</u>	<u>368,178</u>

42 信用减值损失

	2021 年度		2020 年度	
	本集团	本公司	本集团	本公司
应收租赁款信用减值损失	942,451	485,794	684,962	368,732
-应收融资租赁款及应售后租回款信用减值损失	935,268	485,794	684,962	368,732
-应收经营租赁款信用减值损失	7,183	-	-	-
其他应收款信用减值损失/(转回)	56,495	62,426	(11,041)	(6,871)
货币资金信用减值(转回)/损失	(12,385)	1,736	52,817	6,398
拆出款项信用减值(转回)/损失	(1,506)	(1,506)	1,506	1,506
其他	(304)	(752)	827	603
	<u>984,751</u>	<u>547,698</u>	<u>729,071</u>	<u>370,368</u>

43 资产减值损失

	2021 年度		2020 年度	
	本集团	本公司	本集团	本公司
飞机资产减值损失	1,622,342	-	269,464	-
船舶资产减值损失	358,056	-	215,261	-
	<u>1,980,398</u>	<u>-</u>	<u>484,725</u>	<u>-</u>

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

44 所得税费用

利润表中的所得税费用包括：

	2021 年度		2020 年度	
	本集团	本公司	本集团	本公司
当期所得税	1,025,150	373,832	1,132,323	473,148
递延所得税(附注 18)	(38,366)	(54,024)	16,851	(55,460)
	<u>986,784</u>	<u>319,808</u>	<u>1,149,174</u>	<u>417,688</u>

将基于本集团及本公司利润表的利润总额采用适用税率计算的所得税调节为所得税费用：

	2021 年度		2020 年度	
	本集团	本公司	本集团	本公司
利润总额	<u>4,517,092</u>	<u>1,412,774</u>	<u>4,350,737</u>	<u>1,867,643</u>
按照适用所得税率 25% 计算所得税	1,129,273	353,194	1,087,683	466,910
减：非应税收入	(23,803)	(44,247)	(30,712)	(68,613)
加：不可抵税支出	2,630	2,630	2,586	2,586
加：未确认递延所得税的可抵扣亏损	102,147	-	268,625	-
减：当期使用的可抵扣亏损	(171,651)	-	-	-
减：其他国家(或地区)不同税率影响	(61,050)	-	(195,813)	-
加：汇算清缴差异	<u>9,238</u>	<u>8,231</u>	<u>16,805</u>	<u>16,805</u>
所得税费用	<u>986,784</u>	<u>319,808</u>	<u>1,149,174</u>	<u>417,688</u>

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

45 现金流量表附注

(1) 将净利润调节为经营活动现金流量

	2021 年度		2020 年度	
	本集团	本公司	本集团	本公司
净利润	3,530,308	1,092,966	3,201,563	1,449,955
加：资产减值损失	1,980,398	-	484,725	-
信用减值损失	984,751	547,698	729,071	370,368
折旧与摊销	6,875,005	44,187	7,009,563	39,287
处置固定资产的(收益)/损失	(293,450)	90	80,988	(12)
公允价值变动损益	(2,483)	-	7,641	5,121
投资收益	-	(81,777)	-	(151,611)
国债利息收入	(91,652)	(91,652)	(53,984)	(53,984)
发行债券利息支出	3,000,524	1,158,925	3,404,291	1,247,836
租赁负债利息支出	1,947	1,590	1,950	1,537
汇兑收益	8,582	12,218	24,419	31,464
递延所得税资产的增加	(247,222)	(54,024)	(109,839)	(55,460)
递延所得税负债的增加	208,856	-	126,690	-
经营性应收项目的增加	(11,813,779)	(15,170,126)	(17,766,888)	(10,574,674)
经营性应付项目的增加	18,051,038	13,950,685	38,772,623	21,572,066
经营活动产生的现金流量净额	<u>22,192,823</u>	<u>1,410,780</u>	<u>35,912,813</u>	<u>13,881,893</u>

(2) 不涉及现金收支的重大投资和筹资活动

	2021 年度		2020 年度	
	本集团	本公司	本集团	本公司
以银行承兑汇票支付的 的应收融资租赁款	<u>3,427,621</u>	<u>3,427,621</u>	<u>6,318,700</u>	<u>6,318,700</u>

(3) 现金及现金等价物净变动情况

	2021 年度		2020 年度	
	本集团	本公司	本集团	本公司
现金及现金等价物的年末余额	22,650,662	6,161,003	29,846,067	7,884,479
减：现金及现金等价物的年初余额	(29,846,067)	(7,884,479)	(6,328,471)	(1,712,526)
现金及现金等价物净变动额	<u>(7,195,405)</u>	<u>(1,723,476)</u>	<u>23,517,596</u>	<u>6,171,953</u>

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

45 现金流量表附注(续)

(4) 现金及现金等价物

	2021 年度		2020 年度	
	本集团	本公司	本集团	本公司
货币资金(附注 7)	26,341,061	6,620,847	31,756,524	7,847,266
减：中央银行法定存款准备金	(470,632)	(470,632)	(386,839)	(386,839)
质押存款及其他货币资金	(3,268,764)	-	(2,285,000)	(285,000)
减值准备	48,997	10,788	61,382	9,052
加：原始期限三个月内的拆出资金	-	-	700,000	700,000
年末现金及现金等价物余额	<u>22,650,662</u>	<u>6,161,003</u>	<u>29,846,067</u>	<u>7,884,479</u>

(5) 支付其他与经营活动有关的现金

现金流量表中支付其他与经营活动有关的现金主要包括：

	2021 年度		2020 年度	
	本集团	本公司	本集团	本公司
子公司往来	-	7,808,154	-	1,983,294
暂付款项	173,528	29,650	50,602	22,585
质押存款及其他货币资金	1,268,764	-	2,285,000	285,000
船舶管理费	222,151	-	162,553	-
行政费用	23,124	19,267	43,515	37,987
专业服务费	69,745	28,109	55,973	14,997
其他	33,627	30,480	24,681	17,563
	<u>1,790,939</u>	<u>7,915,660</u>	<u>2,622,324</u>	<u>2,361,426</u>

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

46 重大关联方关系及关联交易

(1) 母公司和子公司

子公司的基本情况及相关信息见附注 6。

(a) 母公司情况

	注册地	业务性质
交通银行股份有限公司(以下简称“交通银行”)	中国	商业银行业务

(b) 母公司注册资本及其变化

	2020 年 12 月 31 日	本年增加	本年减少	2021 年 12 月 31 日
交通银行	<u>74,262,727</u>	<u>-</u>	<u>-</u>	<u>74,262,727</u>

(c) 母公司对本公司的持股比例和表决权比例

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	持股比例	表决权比例	持股比例	表决权比例
交通银行	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

(2) 不存在控制关系的关联方的性质

	与本集团的关系
侨辉有限公司	与本集团同受母公司控制
交通银行卢森堡子行 (统称交通银行子行)	与本集团同受母公司控制
交银积金理财服务有限公司 (统称交通银行子公司)	与本集团同受母公司控制

(3) 关联交易

(a) 定价政策

本集团关联方交易主要是与交通银行的存款业务及贷款业务。本集团与关联方的交易均按照一般商业条款和正常业务程序进行，其定价原则与独立第三方交易一致。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

46 重大关联方关系及关联交易(续)

(3) 关联交易(续)

(b) 关联交易余额

(i) 货币资金

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
交通银行存款	<u>8,093,006</u>	<u>4,278,934</u>	<u>7,392,192</u>	<u>559,442</u>

(ii) 买入返售金融资产

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
买入返售子公司金融资产(附注 11)	<u>-</u>	<u>339,199</u>	<u>-</u>	<u>872,090</u>

(iii) 其他应收款

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
子公司往来款(附注 10)	<u>-</u>	<u>41,574,534</u>	<u>-</u>	<u>33,906,312</u>

(iv) 短期借款

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
交通银行短期借款	<u>31,409,392</u>	<u>18,852,017</u>	<u>34,761,090</u>	<u>21,826,433</u>

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

46 重大关联方关系及关联交易(续)

(3) 关联交易(续)

(b) 关联交易余额(续)

(v) 拆入资金

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
交通银行拆入资金	11,798,876	11,798,876	6,717,336	6,717,336

(vi) 长期借款

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
交通银行借款	38,810,746	1,276,525	35,969,181	3,268,764
交通银行子行借款	318,366	-	459,199	-
	39,129,112	1,276,525	36,428,380	3,268,764

(vii) 其他应付款

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
子公司往来款 (附注 25)	-	16,848,529	-	16,334,842

(viii) 应付债券

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
交通银行	13,159,513	378,743	11,117,413	3,495,394

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

46 重大关联方关系及关联交易(续)

(3) 关联交易(续)

(b) 关联交易余额(续)

(ix) 衍生金融负债

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
交通银行利率掉期	18,021	-	109,144	-

(c) 关联交易金额

本集团

	2021 年度	2020 年度
交通银行存款利息收入	16,584	19,875
交通银行借款利息支出	1,164,388	1,052,876
交通银行债券利息支出	246,360	241,847
交通银行手续费及佣金支出	93,976	82,582
交通银行子行借款利息支出	5,100	11,982
交通银行子公司服务费支出	2,019	1,700

- (d) 于 2020 年 8 月 26 日，本集团之子公司祥茂国际船舶租赁有限公司(简称“祥茂”)向交通银行(代理人)有限公司及侨辉有限公司零对价收购了侨通有限公司 100%的股权。

47 承诺事项

(1) 资本性支出承诺事项

以下为本集团于资产负债表日，已签约而尚不必在资产负债表上列示的资本性支出承诺：

	2021 年 12 月 31 日	2020 年 12 月 31 日
飞机及船舶	59,655,917	51,425,369

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

48 资产负债表日后经营租赁收款额

本集团作为出租人，资产负债表日后应收的租赁收款额的未折现金额汇总如下：

	2021 年 12 月 31 日	2020 年 12 月 31 日
1 年以内	13,226,595	13,205,385
1 至 2 年	12,895,473	12,630,770
2 至 3 年	12,230,086	12,051,634
3 至 4 年	11,087,606	11,224,899
4 至 5 年	9,953,374	10,084,914
5 年以上	38,477,394	34,664,303
	<u>97,870,528</u>	<u>93,861,905</u>

本集团经营租出自有的房屋建筑物、飞机及船舶时，经营租赁的租金收入在租赁期内按照直线法或其他系统合理的方法确认，本集团取得的未纳入租赁投资净额计量的可变租赁付款额，在实际发生时确认经营租赁租金收入。上述资产负债表日后经营租赁收款额的披露中，未包含未来可能收到的可变租金部分。

49 金融工具及其风险

(1) 金融风险管理概述

本集团的经营活动面临多种金融风险，本集团分析、评估、接受和管理某种程度的风险或风险组合。管理金融风险对于金融行业至关重要，同时商业运营也必然会带来金融风险。本集团的目标是达到风险与收益之间恰当的平衡，同时尽量减少对本集团财务报表的不利影响。

本集团制定风险管理政策的目的是为了识别并分析相关风险，以制定适当的风险限额和控制程序，并通过适当的控制流程对风险及其限额进行监控。

本集团董事会制定本集团的风险管理战略。本集团管理层根据已制定的风险管理战略，制定相应的风险管理政策及程序，包括信用风险和市场风险等专项风险管理政策。这些风险管理政策及程序经董事会批准后由业务部门、金融市场部、财务会计部、风险管理部、法律合规部和资产管理部以及评审会负责具体执行。

本集团面临的主要经营风险为信用风险、市场风险和流动性风险。其中市场风险主要为利率风险和汇率风险。

(2) 信用风险

在本集团的信用风险是指承租人无法履行合约责任的风险。信用风险主要存在于租赁及相关业务。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(2) 信用风险(续)

(a) 信用风险管理

本集团对包括租赁项目调查和申报、租赁审查审批、租赁款发放、租后监控和不良应收融资租赁款管理等环节的融资租赁业务全流程实行规范化管理。通过内部评级管理体系、信用风险管理相关政策制度和流程、租赁业务信息系统、租赁业务投向管理和租赁资产结构优化，及时有效识别、监控和管理本集团各环节潜在信用风险。

经济环境变化或本集团资产组合中某一特定行业分布的融资租赁资产发生变化都将导致本集团发生损失。表内信用风险暴露主要为应收融资租赁款。本集团已建立相关机制，制定个别承租人可承受的信用风险额度，本集团定期监控上述信用风险额度，并至少每年进行一次审核，并向本集团董事会汇报。

(b) 风险限额管理及缓释措施

本集团管理、限制以及控制所发现的信用风险集中度，特别是集中于单一承租人、集团、行业和区域。

本集团对同一承租人、集团、行业部门设定限额，以优化信用风险结构。根据《金融租赁公司管理办法》中的规定，客户单一集中度不能超过资本净额的30%，本集团严格按照此标准设定租赁项目的最高限额。本集团适时监控上述风险，每年甚至在必要之时更频繁地进行审阅。

本集团通过定期分析承租人偿还本金和利息的能力管理信贷风险暴露，主要通过定期报告和不定期报告来执行管理。

其他具体的管理和缓解措施包括：

(i) 担保及保证金

本集团制定了一系列政策，通过不同的手段来缓释信用风险。其中包括获取抵/质押物、保证金以及取得公司或个人的保证等。

本集团对融资租赁业务一般要求提供担保，根据承租人信用状况、融资租赁业务风险程度以及各担保方式的特点，要求采用不同的担保方式，并对保证人的保证能力、抵押物、质押物的权属和价值以及实现抵押权、质权的可行性进行评估。其中，抵押物公允价值一般需经过专业评估机构的评估；对于由第三方提供保证的应收融资租赁款，本集团会评估保证人的财务状况，信用状况及其代偿能力。本集团会对租赁项目要求提供保证金，根据具体投放项目的信用风险不同而设定保证金比例。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(2) 信用风险(续)

(b) 风险限额管理及缓释措施(续)

(ii) 对融资租赁标的物的监控和保险

对于融资租赁业务，融资租赁标的物在租赁期间结束之前所有权属于本集团，但经营使用、维护权的风险与收益已经转移至承租人。因此在租赁期间若融资租赁标的物发生保险责任事故，承租人应立即向相关保险公司报案并通知本集团，提供出险原因报告和有关资料。会同本集团及时向保险公司办理索赔事宜。

本集团对租赁物施行定期的监控和保险措施。根据集团的内部规章制度的规定，对租赁项目每年进行定期和不定期的回访，回访内容包括对租赁物的实地检查，了解租赁物实际的使用情况。另外，本集团一般会要求承租人对租赁物进行保险，并将本公司作为保险受益人，用以减少租赁物毁损的风险。

(c) 预期信用损失计量

本集团将需计量预期信用损失的金融工具及应收融资租赁款划分为三个阶段，第一阶段是“信用风险自初始确认后并未显著增加”阶段，仅需计算未来 12 个月预期信用损失(ECL)。第二阶段是“信用风险显著增加”阶段，第三阶段是“已发生信用减值”阶段，第二阶段和第三阶段需计算整个生命周期的预期信用损失。

本集团通过违约风险敞口(EAD)和预期信用损失率计算预期信用损失，并基于违约概率(PD)和违约损失率(LGD)确定预期信用损失率。在确定预期信用损失率时，本集团主要使用交通银行的预期信用损失模型，该模型考虑了内部历史信用损失经验等数据，并结合当前状况和前瞻性信息对历史数据进行调整。根据会计准则的要求在预期信用风险的计量中使用了判断、假设和估计，包括：

- 预期信用损失计量的参数
- 信用风险显著增加的判断标准
- 已发生信用减值及违约的定义
- 前瞻性信息

49 金融工具及其风险(续)

(2) 信用风险(续)

(c) 预期信用损失计量(续)

预期信用损失计量的参数

根据信用风险是否发生显著增加以及是否已发生信用减值，本集团对不同的资产分别以12个月或整个存续期的预期信用损失计量减值准备。预期信用损失计量的关键参数包括违约概率、违约损失率和违约风险敞口。本集团以当前风险管理所使用的内部评级体系为基础，根据金融工具准则的要求，考虑历史统计数据(如交易对手评级、担保方式及抵质押物类别、还款方式等)的定量分析及前瞻性信息，建立违约概率、违约损失率及违约风险敞口模型。

相关定义如下：

- 违约概率指债务人(或债项)在未来一段时间内发生违约的可能性。
- 违约损失率是指某一项债项违约导致的损失金额占该违约债项风险暴露的比例，一般受交易对手类型，债务种类和清偿优先性，及抵押情况或其他信用风险缓释等影响。
- 违约风险敞口是指发生违约时预期表内和表外项目风险暴露总额，反映可能发生损失的总额度。一般包括已使用的授信余额、应收未收利息、未使用授信额度的预期提取数量以及可能发生的相关费用。

信用风险显著增加的判断标准

本集团于每季度评估相关金融工具的信用风险自初始确认后是否发生显著增加。本集团进行金融资产的阶段划分时充分考虑反映其信用风险是否出现显著变化的各种合理且有依据的信息，包括前瞻性信息。当触发以下一个或多个标准时，本集团认为金融工具的信用风险已发生显著增加：

- 本金或利息逾期超过30天；
- 信用评级等级大幅变动。其中，信用评级等级采用内外部评级结果，以报告期内外部评级等级差于本集团授信准入标准，或内部评级等级较初始确认时内部评级等级下迁3个级别及以上；
- 重大不利事件对债务主体偿还能力产生负面影响；
- 其他信用风险显著增加的情况。例如出现其他风险信号显示潜在风险有增加趋势，可能给本集团造成损失的金融资产。

各阶段之间是可迁移的。如阶段一的金融工具，出现信用风险显著恶化情况，则需下调为阶段二。若第二阶段的金融工具，情况好转并不再满足信用风险显著恶化的判断标准，则可以调回第一阶段。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(2) 信用风险(续)

(c) 预期信用损失计量(续)

信用风险显著增加的判断标准(续)

新冠肺炎疫情发生后，本集团对于申请贷款延期还本付息的客户，严格依据监管规定，在不扩大后续风险，不影响后续清收的前提下，审慎评估客户还款能力，对于满足认定标准的客户采用展期等方式予以纾困。本集团已评估上述客户是否发生信用风险显著上升，并适时调整阶段划分。

已发生信用减值及违约的定义

在新金融工具准则下为确定是否发生信用减值时，本集团所采用的界定标准，与内部针对相关金融工具的信用风险管理目标保持一致，同时考虑定量、定性指标。

一般来讲，当金融工具符合以下一项或多项条件时，本集团将该金融资产界定为已发生信用减值，并将该金融资产界定为已发生违约：

- 本金(含垫款，下同)或利息逾期超过90天；
- 发行方或债务人发生严重财务困难，或已经资不抵债；
- 债务人很可能破产；
- 因发行方发生重大财务困难，导致金融资产无法在活跃市场继续交易；
- 其他表明金融资产发生减值的客观证据。

前瞻性信息

信用风险显著增加的评估及预期信用损失的计算均涉及前瞻性信息。本集团使用的交通银行减值模型采用了自上而下的开发方法，通过模型分组，建立了覆盖金融机构和承租人风险暴露的多个减值模型，并构建以国内生产总值(GDP)同比增长率驱动国民经济核算、价格指数、对外贸易、固定资产投资、货币与利率等多类指标的宏观情景传导模型，按年预测“基准”、“乐观”及“悲观”三种情景下的指标值，预测结果经经济专家、高级管理层评估确认后用于资产减值模型，并按季检视宏观情景设置结果及权重的合理性，根据内外部经济环境变化进行调整。这些经济指标对违约概率和违约损失率的影响，对不同的业务类型有所不同。本集团综合考虑内外部数据、专家预测以及统计分析确定这些经济指标与违约概率和违约损失率之间的关系。

于2021年度，减值模型对2022年国内生产总值(GDP)同比增长率的预测如下：基准情景下的预测值为5.0%；乐观情景下的预测值为7.0%，悲观情景下的预测值为4.3%。本集团在评估减值模型中所使用的预测信息时充分考虑了对2022年宏观经济的预测并进行了审慎调整。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(2) 信用风险(续)

(c) 预期信用损失计量(续)

敏感性分析

预期信用减值拨备对模型使用的参数、前瞻性预测的宏观经济变量，三种情景的权重及应用专家判断考虑的其他因素较为敏感。该等输入参数，假设，模型及判断的变动将对信用风险的大幅增加及预期信用损失的计量产生影响。

假设乐观情景的权重上升10%，基准情景权重下降10%，预期信用损失减值拨备将减少人民币3,369万元(2020年12月31日：2,867万元)。倘悲观情景的权重增加10%，基准情景的权重下降10%，则预期信用减值拨备将增加人民币2,343万元(2020年12月31日：8,059万元)。

(d) 未考虑抵质押物的最大信用风险敞口

资产负债表项目的信用风险敞口包括：

	2021 年 12 月 31 日		2020 年 12 月 31 日	
	本集团	本公司	本集团	本公司
货币资金	26,341,061	6,620,847	31,756,524	7,847,266
拆出资金	-	-	698,494	698,494
衍生金融资产	69,733	6,287	17	-
应收票据	12,775	12,775	1,196	1,196
其他应收款	590,096	41,815,076	370,939	34,074,576
买入返售金融资产	-	338,915	489,590	1,360,950
其他债权投资	3,274,806	3,274,806	2,484,148	2,484,148
应收租赁款	149,161,802	109,687,401	139,270,577	101,748,213
	<u>179,450,273</u>	<u>161,756,107</u>	<u>175,071,485</u>	<u>148,214,843</u>

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(2) 信用风险(续)

(d) 未考虑抵质押物的最大信用风险敞口(续)

上表为本集团2021年及2020年末未考虑抵质押物及其他信用增级措施的最大风险敞口。对于资产负债表项目，上列风险敞口金额为资产负债表日的账面净额。

本集团对融资租赁业务贷款会采取一定的信用增强措施来降低信用风险敞口至可接受水平。一般本集团对融资租赁业务要求提供担保及支付保证金。

(3) 市场风险

市场风险是指因市场价格(利率、汇率、股票价格和商品价格)的不利变动而使集团发生损失的风险。本集团面临的市场风险主要包括利率风险和汇率风险。

(a) 市场风险衡量技术

本集团目前通过敏感度分析来评估本集团所承受的汇率风险及利率风险。利率敏感性分析定期计算一定时期内到期或需要重新定价的生息资产与付息负债两者的差额(缺口)，并利用缺口数据进行基准利率和市场利率变化情况下的敏感性分析。汇率敏感性分析基于资产和负债具有静态的汇率风险结构，其计算了当其他因素不变时，外汇对人民币汇率的合理可能变动对净利润的影响。本集团对敏感性分析建立了上报制度，定期敏感性分析结果每季度上报高级管理层。

(b) 利率风险

利率风险主要源自于本集团资产负债利率重定价期限错配及市场利率变动，亦产生于因中国人民银行利率政策的调整。浮动利率的金融负债使本集团面临现金流量利率风险，固定利率的金融负债使本集团面临公允价值利率风险。本集团财务会计部、金融市场部对利率敏感资产负债的重定价期限缺口实施定期监控，并通过利率互换等工具对利率风险进行管理。于2021年12月31日，本集团将合同名义金额为人民币29,893,523千元的利率衍生合同(2020年：人民币33,375,047千元)(附注9)指定为现金流量套期工具，将合同名义金额为人民币534,607千元的利率衍生合同(2020年：人民币777,486千元)(附注9)指定为公允价值套期工具。由于市场利率的波动，本集团的利差可能增加，也可能因为无法预计的变动而减少或者产生亏损。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(3) 市场风险(续)

(b) 利率风险(续)

本集团高度重视基准利率改革事宜，成立专项工作小组，负责推进本集团基准利率改革工作的落地与实施。目前各项工作正在按进度要求推进。根据基准利率改革的总体时间安排，2022 年 1 月 1 日英镑、欧元、瑞士法郎和日元 LIBOR，以及一周和两个月期的美元 LIBOR 已率先退出市场。本集团挂钩以上期限币种 LIBOR 的业务主要包括在衍生工具、应付债券、应收租赁款及长短期借款中，本集团将根据各项业务的重定价周期有序转换，且基准转换方式对利率风险影响总体可控，对经营实质性影响程度较低。

下表反映了本集团的利率风险。表内的生息资产和付息负债项目，按合约重新定价日与到期日两者较早者分类，以账面价值列示。

本集团大部分的应收租赁款的利率随LPR的变动进行调整。由于所适用的参考利率的变动日期不能确定，本集团假定所适用的参考利率的变动日期为紧接报告日的工作日，并按距报告日最近的可重定利率日将其列示在适当期间。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(3) 市场风险(续)

(b) 利率风险(续)

于各资产负债表日，本集团和本公司资产和负债的重新定价日或到期日(较早者)的情况如下：

本集团

	2021 年 12 月 31 日					
	1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上	不计息
资产						合计
货币资金	22,997,448	1,266,333	2,077,280	-	-	-
衍生金融资产	-	-	-	-	-	69,733
应收票据	-	-	-	-	-	12,775
其他应收款	-	-	-	-	-	590,096
其他债权投资	-	-	-	-	3,274,806	-
应收租赁款	28,194,124	61,187,308	36,466,232	6,544,631	16,478,948	290,559
资产总额	51,191,572	62,453,641	38,543,512	6,544,631	19,753,754	963,163
负债						
短期借款	(13,683,555)	(53,654,416)	(11,014,075)	-	-	-
拆入资金	(7,485,541)	(18,312,788)	-	-	-	-
衍生金融负债	-	-	-	-	-	(339,928)
应付票据	-	-	-	-	-	(10,080,359)
其他应付款	-	-	-	-	-	(6,842,048)
长期借款	(6,355,582)	(24,302,858)	(27,995,881)	(13,717,067)	(2,751,242)	-
应付债券	(9,984,958)	(19,495,015)	(16,268,817)	(27,622,569)	(5,240,768)	-
其他负债	(329)	(627)	(2,922)	(8,605)	(575)	-
负债总额	(37,509,965)	(115,765,704)	(55,281,695)	(41,348,241)	(7,992,585)	(17,262,335)
资产负债净头寸	13,681,607	(53,312,063)	(16,738,183)	(34,803,610)	11,761,169	(16,299,172)
						(95,710,252)

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(3) 市场风险(续)

(b) 利率风险(续)

于各资产负债表日，本集团和本公司资产和负债的重新定价日或到期日(较早者)的情况如下(续)：

本集团

	2020 年 12 月 31 日					
	1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上	不计息
资产						合计
货币资金	29,744,371	-	-	2,012,153	-	-
拆出资金	698,494	-	-	-	-	-
衍生金融资产	-	-	-	-	-	17
应收票据	-	-	-	-	-	1,196
其他应收款	-	-	-	-	-	370,939
买入返售金融资产	489,590	-	-	-	-	-
其他债权投资	-	-	-	-	2,484,148	-
应收租赁款	23,194,405	48,533,871	39,138,256	11,568,413	16,628,771	206,861
资产总额	54,126,860	48,533,871	39,138,256	13,580,566	19,112,919	579,013
负债						
短期借款	(9,326,579)	(35,312,931)	(25,201,557)	-	-	-
拆入资金	(9,547,021)	(4,302,773)	(1,798,515)	-	-	-
衍生金融负债	-	-	-	-	-	(935,827)
应付票据	-	-	-	-	-	(6,652,738)
其他应付款	-	-	-	-	-	(6,903,811)
长期借款	(5,921,027)	(37,864,882)	(18,126,916)	(14,734,999)	(3,918,756)	-
应付债券	(6,885,081)	(15,671,711)	(15,160,750)	(46,733,044)	(5,312,338)	-
其他负债	-	-	-	(4,790)	(7,648)	-
负债总额	(31,679,708)	(93,152,297)	(60,287,738)	(61,472,833)	(9,238,742)	(14,492,376)
资产负债净头寸	22,447,152	(44,618,426)	(21,149,482)	(47,892,267)	9,874,177	(13,913,363)
						(95,252,209)

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(3) 市场风险(续)

(b) 利率风险(续)

于各资产负债表日，本集团和本公司资产和负债的重新定价日或到期日(较早者)的情况如下(续)：

本公司

	2021 年 12 月 31 日					
	1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上	不计息
资产						
货币资金	6,620,847	-	-	-	-	-
衍生金融资产	-	-	-	-	-	6,287
应收票据	-	-	-	-	-	12,775
其他应收款	-	1,684,406	11,342,211	16,889,727	11,191,729	707,003
买入返售金融资产	-	-	338,915	-	-	-
其他债权投资	-	-	-	-	3,274,806	-
应收租赁款	18,189,737	50,841,255	36,011,128	2,867,143	1,778,138	-
资产总额	24,810,584	52,525,661	47,692,254	19,756,870	16,244,673	726,065
						161,756,107
负债						
短期借款	(12,885,774)	(38,037,742)	(7,860,178)	-	-	-
拆入资金	(7,485,541)	(18,312,788)	-	-	-	-
衍生金融负债	-	-	-	-	-	(110,066)
应付票据	-	-	-	-	-	(10,080,359)
其他应付款	-	-	(16,676,264)	-	-	(3,838,829)
长期借款	(3,324,349)	(319,518)	(1,495,348)	(2,581,820)	-	-
应付债券	-	-	(13,720,719)	(10,190,987)	(2,025,001)	-
其他负债	(4,142)	(7,882)	(36,491)	(68,886)	-	-
负债总额	(23,699,806)	(56,677,930)	(39,789,000)	(12,841,693)	(2,025,001)	(14,029,254)
						(117,401)
						(149,062,684)
资产负债净头寸	1,110,778	(4,152,269)	7,903,254	6,915,177	14,219,672	(13,303,189)
						12,693,423

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(3) 市场风险(续)

(b) 利率风险(续)

于各资产负债表日，本集团和本公司资产和负债的重新定价日或到期日(较早者)的情况如下(续)：

本公司

	2020 年 12 月 31 日						合计
	1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上	不计息	
资产							
货币资金	7,847,266	-	-	-	-	-	7,847,266
拆出资金	698,494	-	-	-	-	-	698,494
应收票据	-	-	-	-	-	1,196	1,196
其他应收款	5,455	1,861,193	12,136,814	13,124,948	6,732,886	213,280	34,074,576
买入返售金融资产	489,590	-	871,360	-	-	-	1,360,950
其他债权投资	-	-	-	-	2,484,148	-	2,484,148
应收租赁款	14,852,733	38,090,247	38,405,811	8,213,292	2,186,130	-	101,748,213
资产总额	23,893,538	39,951,440	51,413,985	21,338,240	11,403,164	214,476	148,214,843
负债							
短期借款	(8,025,849)	(19,859,701)	(22,472,174)	-	-	-	(50,357,724)
拆入资金	(9,547,021)	(4,302,773)	(1,798,515)	-	-	-	(15,648,309)
衍生金融负债	-	-	-	-	-	(141,329)	(141,329)
应付票据	-	-	-	-	-	(6,652,738)	(6,652,738)
其他应付款	-	-	(16,225,842)	-	-	(4,532,458)	(20,758,300)
长期借款	(809,387)	(8,079,669)	(2,173,511)	(4,400,400)	-	-	(15,462,967)
应付债券	-	-	(8,618,238)	(16,716,333)	(2,023,946)	-	(27,358,517)
其他负债	-	-	(20,493)	(16,500)	-	-	(36,993)
负债总额	(18,382,257)	(32,242,143)	(51,308,773)	(21,133,233)	(2,023,946)	(11,326,525)	(136,416,877)
资产负债净头寸	5,511,281	7,709,297	105,212	205,007	9,379,218	(11,112,049)	11,797,966

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(3) 市场风险(续)

(b) 利率风险(续)

假设利率曲线平行移动 100 个基点，对本集团未来一年的净利润的潜在影响分析如下：

本集团

	2021 年度	2020 年度
收益率曲线向上平移 100 个基点	(170,915)	10,527
收益率曲线向下平移 100 个基点	170,915	(10,527)

本公司

	2021 年度	2020 年度
收益率曲线向上平移 100 个基点	23,549	126,412
收益率曲线向下平移 100 个基点	(23,549)	(126,412)

在进行利率敏感性分析时，本集团在确定商业条件和财务参数时做出了下列一般假设：

- a. 未考虑资产负债表日后业务的变化，分析基于资产负债表日的静态缺口；
- b. 不同生息资产和付息负债的利率波动幅度相同；
- c. 所有重新定价的资产和负债均假设在有关期间中间重新定价；
- d. 未考虑利率变动对客户行为的影响；
- e. 未考虑利率变动对市场价格的影响；
- f. 未考虑利率变动对表外产品的影响；
- g. 未考虑本公司针对利率变化采取的必要措施。

基于上述限制条件，利率增减导致本公司净利息收入的实际变化可能与此敏感性分析的结果存在一定差异。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(3) 市场风险(续)

(c) 外汇风险

本集团除部分项目子公司以美元开展业务以外，主要以人民币进行业务，记账本位币为人民币。境内人民币兑换美元或其他币种的汇率受中国人民银行的调控。汇率风险主要源自于汇率变动产生损失的风险。本集团财务会计部、金融市场部负责监控集团外币交易和外币资产及负债的规模，以最大程度降低面临的外汇风险；为此，本集团可能会以签署远期外汇合约或货币互换合约的方式来达到规避外汇风险的目的。于 2021 年 12 月 31 日，本集团将合同名义金额为人民币 3,230,300 千元的交叉货币掉期合同(附注 9)指定为相关外币拆入资金的现金流量套期工具，将合同名义金额为人民币 633,640 千元的货币掉期合同(附注 9)指定为相关外币应付债券的现金流量套期工具。

下表为本集团资产负债表日资产与负债项目分币种的结构分析。

本集团

	2021 年 12 月 31 日				
	人民币	美元折人民币	欧元折人民币	其他外币	合计
资产					
货币资金	7,704,538	18,398,059	177,657	60,807	26,341,061
衍生金融资产	512	69,221	-	-	69,733
其他应收款	358,283	222,991	8,412	410	590,096
其他债权投资	3,274,806	-	-	-	3,274,806
应收租赁款	114,534,411	30,157,724	4,391,294	78,373	149,161,802
投资性房地产	2,637,255	-	-	-	2,637,255
其他资产	6,397,232	128,621,867	773	1,792,471	136,812,343
资产总额	134,907,037	177,469,862	4,578,136	1,932,061	318,887,096
负债					
短期借款	(40,169,181)	(34,825,686)	(3,278,073)	(79,106)	(78,352,046)
拆入资金	(13,421,301)	(12,377,028)	-	-	(25,798,329)
衍生金融负债	(97,576)	(242,352)	-	-	(339,928)
应付票据	(10,080,359)	-	-	-	(10,080,359)
其他应付款	(4,503,527)	(4,302,914)	(3,122)	(5,428)	(8,814,991)
长期借款	(2,439,931)	(71,801,855)	(880,813)	(31)	(75,122,630)
应付债券	(25,936,707)	(52,039,730)	-	(635,690)	(78,612,127)
其他负债	(1,540,260)	(4,279,704)	(101,248)	(1,137)	(5,922,349)
负债总额	(98,188,842)	(179,869,269)	(4,263,256)	(721,392)	(283,042,759)
资产负债净头寸	36,718,195	(2,399,407)	314,880	1,210,669	35,844,337

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(3) 市场风险(续)

(c) 外汇风险(续)

本集团

	2020 年 12 月 31 日				合计
	人民币	美元折人民币	欧元折人民币	其他外币	
资产					
货币资金	9,879,245	21,642,734	116,379	118,166	31,756,524
拆出资金	698,494	-	-	-	698,494
衍生金融资产	-	17	-	-	17
其他应收款	314,425	43,871	12,643	-	370,939
买入返售金融资产	489,590	-	-	-	489,590
其他债权投资	2,484,148	-	-	-	2,484,148
应收租赁款	104,905,504	28,635,489	5,538,726	190,858	139,270,577
投资性房地产	3,434,189	-	-	-	3,434,189
其他资产	6,005,575	120,771,092	2,716,365	1,274,576	130,767,608
资产总额	128,211,170	171,093,203	8,384,113	1,583,600	309,272,086
负债					
短期借款	(42,130,452)	(22,903,193)	(4,174,807)	(632,615)	(69,841,067)
拆入资金	(4,206,173)	(11,442,136)	-	-	(15,648,309)
衍生金融负债	(85,328)	(850,499)	-	-	(935,827)
应付票据	(6,652,738)	-	-	-	(6,652,738)
其他应付款	(5,458,261)	(3,291,499)	(13,458)	(1,713)	(8,764,931)
长期借款	(5,149,899)	(74,294,452)	(1,122,229)	-	(80,566,580)
应付债券	(27,358,517)	(62,404,407)	-	-	(89,762,924)
其他负债	(1,750,669)	(3,421,731)	(128,806)	-	(5,301,206)
负债总额	(92,792,037)	(178,607,917)	(5,439,300)	(634,328)	(277,473,582)
资产负债净头寸	35,419,133	(7,514,714)	2,944,813	949,272	31,798,504

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(3) 市场风险(续)

(c) 外汇风险(续)

本公司

	2021 年 12 月 31 日		
	人民币	美元折人民币	合计
资产			
货币资金	5,378,270	1,242,577	6,620,847
衍生金融资产	512	5,775	6,287
其他应收款	9,265,830	32,549,246	41,815,076
买入返售金融资产	9,486	329,429	338,915
其他债权投资	3,274,806	-	3,274,806
应收租赁款	109,687,401	-	109,687,401
其他资产	15,149,086	131,725	15,280,811
资产总额	142,765,391	34,258,752	177,024,143
负债			
短期借款	(39,654,722)	(19,128,972)	(58,783,694)
拆入资金	(13,421,300)	(12,377,029)	(25,798,329)
衍生金融负债	(97,575)	(12,491)	(110,066)
应付票据	(10,080,359)	-	(10,080,359)
其他应付款	(20,639,357)	(73,190)	(20,712,547)
长期借款	(2,439,929)	(5,281,106)	(7,721,035)
应付债券	(25,936,707)	-	(25,936,707)
其他负债	(1,474,446)	-	(1,474,446)
负债总额	(113,744,395)	(36,872,788)	(150,617,183)
资产负债净头寸	29,020,996	(2,614,036)	26,406,960

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(3) 市场风险(续)

(c) 外汇风险(续)

本公司

	2020 年 12 月 31 日		
	人民币	美元折人民币	合计
资产			
货币资金	7,614,336	232,930	7,847,266
拆出资金	698,494	-	698,494
衍生金融资产	-	-	-
其他应收款	7,106,321	26,968,255	34,074,576
买入返售金融资产	499,076	861,874	1,360,950
其他债权投资	2,484,148	-	2,484,148
应收租赁款	101,748,213	-	101,748,213
其他资产	15,146,738	23,116	15,169,854
资产总额	135,297,326	28,086,175	163,383,501
负债			
短期借款	(42,130,453)	(8,227,271)	(50,357,724)
拆入资金	(4,206,173)	(11,442,136)	(15,648,309)
衍生金融负债	(85,328)	(56,001)	(141,329)
应付票据	(6,652,738)	-	(6,652,738)
其他应付款	(20,965,541)	-	(20,965,541)
长期借款	(4,176,719)	(11,286,248)	(15,462,967)
应付债券	(27,358,517)	-	(27,358,517)
其他负债	(1,543,825)	-	(1,543,825)
负债总额	(107,119,294)	(31,011,656)	(138,130,950)
资产负债净头寸	28,178,032	(2,925,481)	25,252,551

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(3) 市场风险(续)

(c) 外汇风险(续)

假设人民币对美元升值或贬值 10%，其他因素保持不变，对本集团及本公司未来一年的净利润的潜在影响分析如下：

本集团

	2021 年度	2020 年度
人民币对美元升值 10%	(98,822)	(80,915)
人民币对美元贬值 10%	98,822	80,915

本公司

	2021 年度	2020 年度
人民币对美元升值 10%	(43,036)	(25,273)
人民币对美元贬值 10%	43,036	25,273

本集团在计算上述潜在影响时考虑套期工具的影响。相关套期工具的信息详见附注 9。

(4) 流动性风险

流动性风险是指本集团在到期日无法履行金融负债带来的支付义务或者无法满足即期资金需求。根据本集团业务的特点，本集团的流动风险管理构架包括：

- 通过每月监控未来现金流并制作流动性分析缺口报告来实现日常资金管理；
- 监督资产流动性比率以符合内部和监管要求；
- 管理负债到期日的集中程度；
- 与银行签订协议以建立应急预案；
- 通过同业拆借及卖出回购等方式应对流动性缺口；
- 通过发行中长期金融债券，来优化中长期资产负债结构，并将在未来适当阶段继续发行金融债券。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(4) 流动性风险(续)

本集团资产负债管理委员会负责制定流动性风险管理政策，金融市场部负责日常流动性风险管理，具体程序包括：

- (i) 本集团通过多渠道、多元化融资，保证本集团获得持续、充足的资金来源，包括支付保证金、购买租赁资产时需要支付的资金；
 - (ii) 本集团通过银行中长期授信，并设计与租赁资产期限、租金现金流相匹配的还本付息方案，最大限度避免因期限错配而导致流动性风险。
 - (iii) 本集团通过预测未来现金流、设立额度管理、获得足够的商业银行的授信额度等方法，积极管理流动性风险。
- (a) 非衍生金融资产与金融负债流动风险分析

下表为本集团资产负债表日非衍生金融资产与金融负债按合同规定到期日的结构分析。列入各时间段内的金融资产和金融负债金额为未经折现的合同现金流量。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49

金融工具及其风险(续)

(4)

流动性风险(续)

(a)

非衍生金融资产与金融负债流动风险分析(续)

本集团

		2021 年 12 月 31 日								
		已逾期	无期限	即时偿还	1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上	合计
非衍生金融资产										
货币资金	-	-	-	22,997,447	-	1,268,398	2,121,726	-	-	26,387,571
应收票据	-	-	-	-	-	-	12,775	-	-	12,775
其他应收款	5,806	-	-	697,892	-	-	-	-	-	703,698
其他债权投资	-	-	-	-	-	-	100,810	403,240	3,620,645	4,124,695
应收租赁款	2,507,263	-	-	-	3,556,750	8,500,493	29,958,190	86,429,457	47,076,564	178,028,717
非衍生金融资产总额	2,513,069	-	-	23,695,339	3,556,750	9,768,891	32,193,501	86,832,697	50,697,209	209,257,456
非衍生金融负债										
短期借款	-	-	-	-	(14,100,525)	(54,560,853)	(9,784,108)	-	-	(78,445,486)
拆入资金	-	-	-	-	(7,488,627)	(18,356,113)	-	-	-	(25,844,740)
应付票据	-	-	-	-	(250,000)	(1,832,530)	(7,997,829)	-	-	(10,080,359)
其他应付款	-	-	-	-	(656,374)	(130,064)	(443,483)	(3,368,453)	(2,243,674)	(6,842,048)
长期借款	-	-	-	-	(1,560,286)	(4,971,598)	(19,143,506)	(45,959,997)	(8,211,773)	(79,847,160)
应付债券	-	-	-	-	(5,621,368)	(7,243,741)	(17,242,686)	(48,860,558)	(5,589,322)	(84,557,675)
其他负债	-	-	-	-	(355)	(676)	(3,149)	(9,271)	(620)	(14,071)
非衍生金融负债总额	-	-	-	-	(29,677,535)	(87,095,575)	(54,614,761)	(98,198,279)	(16,045,389)	(285,631,539)
净头寸	2,513,069	-	-	23,695,339	(26,120,785)	(77,326,684)	(22,421,260)	(11,365,582)	34,651,820	(76,374,083)

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(4) 流动性风险(续)

(a) 非衍生金融资产与金融负债流动风险分析(续)

本集团

2020 年 12 月 31 日									
	已逾期	无期限	即时偿还	1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上	合计
非衍生金融资产									
货币资金	-	-	23,236,961	6,508,352	-	-	2,119,598	-	31,864,911
拆出资金	-	-	-	700,756	-	-	-	-	700,756
应收票据	-	-	-	-	-	1,196	-	-	1,196
其他应收款	239,931	-	234,724	-	-	-	-	-	474,655
买入返售金融资产	-	-	-	490,000	-	-	-	-	490,000
其他债权投资	-	-	-	-	-	77,920	311,680	2,806,195	3,195,795
应收租赁款	1,991,973	-	-	3,492,477	8,151,032	28,983,789	83,032,223	40,268,585	165,920,079
非衍生金融资产总额	2,231,904	-	23,471,685	11,191,585	8,151,032	29,062,905	85,463,501	43,074,780	202,647,392
非衍生金融负债									
短期借款	-	-	-	(7,284,225)	(32,221,711)	(30,406,898)	-	-	(69,912,834)
拆入资金	-	-	-	(9,552,933)	(4,316,777)	(1,802,807)	-	-	(15,672,517)
应付票据	-	-	-	-	(376,225)	(6,276,513)	-	-	(6,652,738)
其他应付款	-	-	-	(287,118)	(182,918)	(564,779)	(3,452,730)	(2,416,266)	(6,903,811)
长期借款	-	-	-	(2,028,863)	(4,868,588)	(20,640,220)	(50,507,712)	(8,205,778)	(86,251,161)
应付债券	-	-	-	(2,590,627)	(4,639,894)	(17,663,299)	(70,335,587)	(6,076,063)	(101,305,470)
其他负债	-	-	-	(274)	(522)	(2,435)	(8,498)	(2,027)	(13,756)
非衍生金融负债总额	-	-	-	(21,744,040)	(46,606,635)	(77,356,951)	(124,304,527)	(16,700,134)	(286,712,287)
净头寸	2,231,904	-	23,471,685	(10,552,455)	(38,455,603)	(48,294,046)	(38,841,026)	26,374,646	(84,064,895)

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(4) 流动性风险(续)

(a) 非衍生金融资产与金融负债流动风险分析(续)

本公司

		2021 年 12 月 31 日								
	已逾期	无期限	即时偿还	1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上	合计	
非衍生金融资产										
货币资金	-	-	6,620,847	-	-	-	-	-	6,620,847	
应收票据	-	-	-	-	-	12,775	-	-	12,775	
其他应收款	5,806	-	58,890	-	1,690,199	11,365,367	17,262,787	12,652,814	43,035,863	
买入返售金融资产	-	-	-	-	-	-	345,057	-	345,057	
其他股权投资	-	-	-	-	-	100,810	403,240	3,620,645	4,124,695	
应收租赁款	2,363,524	-	-	2,518,057	7,498,346	25,598,251	68,577,074	22,026,854	128,582,106	
非衍生金融资产总额	2,369,330	-	6,679,737	2,518,057	9,188,545	37,077,203	86,588,158	38,300,313	182,721,343	
非衍生金融负债										
短期借款	-	-	-	(13,124,537)	(38,621,112)	(7,092,185)	-	-	(58,837,834)	
拆入资金	-	-	-	(7,488,627)	(18,356,113)	-	-	-	(25,844,740)	
应付票据	-	-	-	(250,000)	(1,832,530)	(7,997,829)	-	-	(10,080,359)	
其他应付款	-	-	(172,265)	(152,959)	(130,050)	(420,991)	(2,587,995)	(17,050,833)	(20,515,093)	
长期借款	-	-	-	(440,235)	(577,274)	(3,052,527)	(3,618,836)	(314,981)	(8,003,853)	
应付债券	-	-	-	-	-	(13,720,719)	(10,190,987)	(2,025,001)	(25,936,707)	
其他负债	-	-	-	(4,356)	(8,290)	(38,380)	(72,451)	-	(123,477)	
非衍生金融负债总额	-	-	(172,265)	(21,460,714)	(59,525,369)	(32,322,631)	(16,470,269)	(19,390,815)	(149,342,063)	
净头寸	2,369,330	-	6,507,472	(18,942,657)	(50,336,824)	4,754,572	70,117,889	18,909,498	33,379,280	

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

49 金融工具及其风险(续)

(4) 流动性风险(续)

(a) 非衍生金融资产与金融负债流动性风险分析(续)

本公司

		2020 年 12 月 31 日						
	已逾期	无期限	即时偿还	1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上
								合计
非衍生金融资产								
货币资金	-	-	7,847,266	-	-	-	-	7,847,266
拆出资金	-	-	-	700,756	-	-	-	700,756
应收票据	-	-	-	-	-	1,196	-	1,196
其他应收款	239,931	-	750	5,455	1,861,287	12,137,084	13,125,612	34,103,346
买入返售金融资产	-	-	-	490,000	-	-	337,570	1,547,583
其他债权投资	-	-	-	-	-	77,920	311,680	3,195,795
应收租赁款	1,740,489	-	-	3,582,557	6,323,670	24,595,210	66,553,037	118,199,776
其他资产	-	-	-	-	-	-	-	-
非衍生金融资产总额	1,980,420	-	7,848,016	4,778,768	8,184,957	36,811,410	80,327,899	165,595,718
非衍生金融负债								
短期借款	-	-	-	(6,953,945)	(18,228,317)	(25,222,109)	-	(50,404,371)
拆入资金	-	-	-	(9,552,933)	(4,316,777)	(1,802,807)	-	(15,672,517)
应付票据	-	-	-	-	(376,225)	(6,276,513)	-	(6,652,738)
其他应付款	-	-	(109,000)	(173,585)	(144,512)	(532,270)	(2,739,604)	(20,758,300)
长期借款	-	-	-	(1,209,454)	(1,133,011)	(7,027,394)	(6,422,749)	(15,922,863)
应付债券	-	-	-	-	-	(9,564,200)	(17,619,650)	(29,492,850)
其他负债	-	-	-	(3,117)	(5,932)	(27,649)	(8,071)	(44,769)
非衍生金融负债总额	-	-	(109,000)	(17,893,034)	(24,204,774)	(50,452,942)	(26,790,074)	(138,948,408)
净头寸	1,980,420	-	7,739,016	(13,114,266)	(16,019,817)	(13,641,532)	53,537,825	26,647,310

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(4) 流动性风险(续)

(b) 衍生金融工具流动性风险分析

按照净额清算的衍生金融工具

本集团按照净额清算的衍生金融工具为利率衍生工具。下表分析了资产负债表日至合同规定的到期日按照剩余期限分类的按照净额清算的衍生金融工具未折现现金流：

本集团

2021 年 12 月 31 日						
	1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上	合计
资产						
利率合约	4,254	347	13,686	54,172	629	73,088
合计	<u>4,254</u>	<u>347</u>	<u>13,686</u>	<u>54,172</u>	<u>629</u>	<u>73,088</u>
负债						
利率合约	(8,606)	(18,481)	(61,552)	(159,049)	(1,662)	(249,350)
合计	<u>(8,606)</u>	<u>(18,481)</u>	<u>(61,552)</u>	<u>(159,049)</u>	<u>(1,662)</u>	<u>(249,350)</u>
2020 年 12 月 31 日						
	1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上	合计
资产						
利率合约	-	1	4	12	-	17
合计	<u>-</u>	<u>1</u>	<u>4</u>	<u>12</u>	<u>-</u>	<u>17</u>
负债						
利率合约	(13,258)	(49,828)	(188,709)	(608,272)	(29,548)	(889,615)
合计	<u>(13,258)</u>	<u>(49,828)</u>	<u>(188,709)</u>	<u>(608,272)</u>	<u>(29,548)</u>	<u>(889,615)</u>

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 金融工具及其风险(续)

(4) 流动性风险(续)

(b) 衍生金融工具流动性风险分析(续)

按照总额清算的衍生金融工具

本集团按照总额清算的衍生金融工具为汇率衍生工具。下表分析了资产负债表日至合同规定的到期日按照剩余期限分类的按照总额清算的衍生金融工具未折现现金流：

本集团及本公司

	2021 年 12 月 31 日					合计
	1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上	
外汇合约						
现金流入	1,937,440	-	1,292,200	634,842	-	3,864,482
现金流出	(2,024,622)	-	(1,326,067)	(637,212)	-	(3,987,901)
合计	(87,182)	-	(33,867)	(2,370)	-	(123,419)
	2020 年 12 月 31 日					合计
	1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上	
外汇合约						
现金流入	3,312,450	-	-	-	-	3,312,450
现金流出	(3,432,920)	-	-	-	-	(3,432,920)
合计	(120,470)	-	-	-	-	(120,470)

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

50 公允价值估计

(1) 持续的以公允价值计量的资产和负债

公允价值估计是在某一具体时点根据相关市场信息和与各种金融工具有关的信息而作出的。公允价值计量结果所属的层次，由对公允价值计量整体而言具有重要意义的输入值所属的最低层次决定：

第一层次：相同资产或负债在活跃市场上未经调整的报价。

第二层次：除第一层次输入值外相关资产或负债直接或间接可观察的输入值。

第三层次：相关资产或负债的不可观察输入值。

各类金融工具的公允价值估计基于下列所列方法和假设：

(a) 持续的以公允价值计量的资产

持续的以公允价值计量的资产按上述三个层次列示如下：

本集团	2021 年 12 月 31 日			合计
	第一层次	第二层次	第三层次	
衍生金融资产	-	69,733	-	69,733
其他债权投资	3,274,806	-	-	3,274,806
投资性房地产	-	-	2,637,255	2,637,255
衍生金融负债	-	(339,928)	-	(339,928)
本集团	2020 年 12 月 31 日			合计
	第一层次	第二层次	第三层次	
衍生金融资产	-	17	-	17
其他债权投资	2,484,148	-	-	2,484,148
投资性房地产	-	-	3,434,189	3,434,189
衍生金融负债	-	(935,827)	-	(935,827)

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

50 公允价值估计(续)

(1) 持续的以公允价值计量的资产和负债(续)

(a) 持续的以公允价值计量的资产(续)

本公司	2021 年 12 月 31 日			合计
	第一层次	第二层次	第三层次	
衍生金融资产	-	6,287	-	6,287
其他债权投资	3,274,806	-	-	3,274,806
衍生金融负债	-	(110,066)	-	(110,066)
本公司	2020 年 12 月 31 日			合计
	第一层次	第二层次	第三层次	
其他债权投资	2,484,148	-	-	2,484,148
衍生金融负债	-	(141,329)	-	(141,329)

(b) 现金及银行存款、其他金融资产和其他金融负债

由于以上金融资产及金融负债的到期日均在一年以内或者均为浮动利率，其账面价值接近于其公允价值。

(c) 应收租赁款

应收融资租赁款及应收售后租回款余额按照实际利率法确定，由于大部分融资租赁业务的内含实际利率与贷款市场报价利率挂钩并即时调整，其公允价值和账面价值近似。

(d) 借款

有固定期限的定期借款的公允价值以现金流量贴现法确定，贴现率为与该定期借款的剩余期限近似的现行定期借款利率。由于大部分浮动利率的借款利率与 LIBOR 挂钩并即时调整，其公允价值与账面价值近似。

(e) 应付债券

应付债券的公允价值按照中债及彭博估值确定，于2021年12月31日、2020年12月31日该债券公允价值分别为人民币78,569,009千元，人民币90,569,927千元。本集团采用可观察参数来确定的应付债券公允价值并将其划分为第二层级。

交银金融租赁有限责任公司

2021 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

51 资本管理

本集团进行资本管理时的资本概念比资产负债表中的权益项目更加广泛，其目标主要为：(1)满足本集团经营所在地银行监管机构设定的资本要求；(2)保证本集团的持续经营能力，从而为股东提供回报，并使其他利益相关者获益；(3)保持经营发展所需的充足的资本支持。

本集团管理层采用银保监会根据巴塞尔委员会的指引发布的管理办法每季度监控资本充足率及对法定资本的使用进行监督，每季度将要求的信息呈报上海银保监局。

根据《金融租赁公司管理办法》中的规定，金融租赁公司资本净额与风险加权资产的比例不得低于金融监管机构的最低监管要求。根据中国银监会《商业银行资本管理办法(试行)》及银监发[2012]57号关于实施《商业银行资本管理办法(试行)》过渡期安排相关事项的通知，本集团计算的监管资本情况如下：

项目	2021 年 12 月 31 日
核心一级资本	36,097,968
一级资本净额	36,097,968
资本净额	40,801,615
风险加权资产	332,102,401
核心一级资本充足率	10.87%
一级资本充足率	10.87%
资本充足率	12.29%

52 资产负债表日后事项

针对2022年2月以来的俄乌冲突事件，欧盟、美国、英国、新加坡及若干其他国家实施了影响与俄罗斯企业商业关系的若干制裁。截至本财务报表报出日，本集团有5架自有飞机出租予俄罗斯的航空公司，可能会受到其中一些制裁的影响。这些飞机的总账面净值占本集团飞机资产的5%以内(按账面净值计算)。此外，国际航空保险市场正逐步取消与俄罗斯境内飞机或由俄罗斯的航空公司承租飞机有关的若干保单要素。管理层正密切监察这一复杂而快速演变的情况。

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**FINANCIAL STATEMENTS AND
AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

[English translation for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.]

Bank of Communications Financial Leasing Co., Ltd.

Financial Statements and Auditor's Report

For the Year Ended 31 December 2020

[English translation for reference only]

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[English Translation for Reference Only]

Auditor's Report

PwC ZT Shen Zi (2021) No. 27718
(Page 1 of 3)

To the Board of Directors of Bank of Communications Financial Leasing Co., Ltd.,

Opinion

What we have audited

We have audited the accompanying financial statements of Bank of Communications Financial Leasing Co., Ltd. (hereinafter "BoCom Leasing"), which comprise:

- the consolidated and company balance sheets as at 31 December 2020;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in owners' equity for the year then ended; and
- notes to the financial statements.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of BoCom Leasing as at 31 December 2020, and their financial performance and cash flows for the year then ended in accordance with the requirements of the Accounting Standards for Business Enterprises ("CASs").

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

We are independent of BoCom Leasing in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

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

Management of BoCom Leasing is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Management and Those Charged with Governance for the Financial Statements (Cont'd)

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

Those charged with governance are responsible for overseeing BoCom Leasing's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on BoCom Leasing's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause BoCom Leasing to cease to continue as a going concern.
- Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within BoCom Leasing to express an opinion on the consolidated 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.

PricewaterhouseCoopers Zhong Tian LLP

Shanghai, the People's Republic of China
29 April 2021

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

CONSOLIDATED AND COMPANY BALANCE SHEETS

AS AT 31 DECEMBER 2020

(All amounts in RMB'000 Yuan, unless otherwise stated)

(English translation for reference only)

ASSETS	Note	31 December 2020		31 December 2019	
		The Group	The Company	The Group (Restated)	The Company
Cash at bank and on hand	7	31,756,524	7,847,266	6,753,027	2,143,012
Placements with and loans to banks and other financial institutions	8	698,494	698,494	-	-
Derivative financial assets	9	17	-	87,826	6,133
Notes receivable		1,196	1,196	12,575	12,575
Other receivables	10	370,939	34,074,576	344,004	33,626,083
Financial assets held under re-sale agreements	11	489,590	1,360,950	-	1,047,002
Other debt investments	12	2,484,148	2,484,148	1,015,137	1,015,137
Lease receivables	13	139,270,577	101,748,213	124,893,450	92,567,164
Long-term equity investments	14	-	14,030,762	-	8,531,162
Prepayments for lease assets	15	10,963,397	-	9,538,011	-
Investment properties	16	3,434,189	-	3,962,704	-
Fixed assets	17	118,135,611	8,906	119,548,794	10,503
Deferred tax assets	18	1,310,283	1,032,624	1,072,577	958,062
Other assets	19	357,121	96,366	379,877	110,889
TOTAL ASSETS		309,272,086	163,383,501	287,607,982	140,027,712

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

Legal representative:
Zhao Jiong

President in charge of finance and accounting:
Zhu Yequn

Head of accounting department:
Zhong Liaoliao

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**CONSOLIDATED AND COMPANY BALANCE SHEETS (CONT'D)
AS AT 31 DECEMBER 2020**

(All amounts in RMB'000 Yuan unless otherwise stated)
[English translation for reference only]

LIABILITIES	Note	31 December 2020		31 December 2019	
		The Group	The Company	The Group (Restated)	The Company
Short-term borrowings	20	69,841,067	50,357,724	59,840,047	50,787,634
Placements from banks and other financial institutions	21	15,648,309	15,648,309	11,064,457	11,064,457
Derivative financial liabilities	9	935,827	141,329	149,180	12,348
Notes payable	22	6,652,738	6,652,738	334,038	334,038
Employee benefits payable	23	219,947	219,502	247,553	247,553
Taxes payable	24	666,652	244,550	641,081	244,915
Other payables	25	8,764,931	20,965,541	9,630,148	15,161,969
Long-term borrowings	26	80,566,580	15,462,967	61,636,557	10,169,603
Bonds payable	27	89,762,924	27,358,517	95,576,426	32,442,176
Deferred tax liabilities	18	796,648	-	682,968	-
Other liabilities	28	3,617,959	1,079,773	3,903,422	1,203,118
Total liabilities		277,473,582	138,130,950	243,705,877	121,667,810
OWNERS' EQUITY					
Paid-in capital		14,000,000	14,000,000	8,500,000	8,500,000
Other comprehensive income	29	(1,477,399)	(68,434)	(672,235)	(11,128)
Surplus reserve	30	1,341,839	1,127,377	1,166,493	962,382
General risk reserve	31	4,549,680	4,549,680	3,821,843	3,821,843
Undistributed profits	32	13,384,384	5,643,928	11,086,024	5,066,805
Total owners' equity		31,798,504	25,252,551	23,902,105	18,359,902
TOTAL LIABILITIES AND OWNERS' EQUITY		309,272,086	163,383,501	267,607,982	140,027,712

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

Legal representative:
Zhao Jiong

President in charge of finance and accounting:
Zhu Yequn

Head of accounting department:
Zhong Liaoliao

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**CONSOLIDATED AND COMPANY INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB'000 Yuan unless otherwise stated)
(English translation for reference only)

Item	Note	2020		2019	
		The Group	The Company	The Group (Restated)	The Company
Interest income	33	167,441	1,103,659	72,006	1,118,841
Income on finance lease and sale and leaseback transactions	34	6,656,305	4,900,386	6,504,679	5,096,970
Operating lease income	35	13,072,617	-	12,074,476	-
(Losses)/Gains on disposal of assets	36	(80,968)	12	87,038	(10)
Other income	37	373,553	94,708	398,891	86,609
Investment income		-	151,611	(5,993)	37,062
Gains or losses arising from changes in fair value		(7,641)	(5,121)	(25,783)	5,121
Exchange gains or losses		(24,419)	(31,464)	9,983	2,288
Revenue		20,156,868	6,213,791	19,115,297	6,346,861
Interest expenses	38	(6,700,487)	(3,523,346)	(7,720,487)	(4,098,440)
Operating lease expenses	39	(7,050,480)	-	(6,078,098)	-
Cost of sales from other operations		(38,175)	-	(26,565)	-
Fee and commission expenses		(140,830)	(49,497)	(98,124)	(17,063)
Taxes and surcharges	40	(99,548)	(29,459)	(85,264)	(24,160)
Operating and administrative expenses	41	(557,486)	(368,178)	(580,274)	(400,103)
Credit impairment losses	42	(729,071)	(370,368)	(386,295)	(275,833)
Asset impairment losses	43	(484,725)	-	(232,530)	-
Cost of sales		(15,800,812)	(4,340,848)	(15,187,637)	(4,815,599)
Operating profit		4,356,056	1,872,943	3,927,660	1,531,282
Non-operating income		-	-	236	13
Non-operating expenses		(5,319)	(5,300)	(500)	(500)
Total profit		4,350,737	1,867,643	3,927,396	1,530,795
Less: Income tax expenses	44	(1,149,174)	(417,688)	(945,226)	(357,093)
Net profit		3,201,563	1,449,955	2,982,170	1,173,702
Including: Net profit of the acquiree entity in a business combination under common control before the combination date		(18,423)	-	(37,764)	-

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

CONSOLIDATED AND COMPANY INCOME STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2020

(All amounts in RMB'000 Yuan unless otherwise stated)
 [English translation for reference only]

Item	Note	2020		2019	
		The Group	The Company	The Group (Restated)	The Company
Classified by continuity of operations					
Net profit from continuing operations		3,201,583	1,449,955	2,982,170	1,173,702
Net profit from discontinued operations		-	-	-	-
Other comprehensive income, net of tax	29	(805,184)	(57,306)	(63,526)	18,843
Other comprehensive income items which will be reclassified subsequently to profit or loss		(806,294)	(58,436)	(62,396)	19,973
Effective portion of gains or losses on hedging instruments in a cash flow hedge		(714,284)	(49,040)	(58,955)	21,683
Differences arising from translation of foreign currency financial statements		(82,614)	-	(1,731)	-
Fair value changes in other debt investments		(9,734)	(9,734)	(1,935)	(1,935)
Provision for credit impairment of other debt investments		338	338	225	225
Other comprehensive income items that may not be reclassified subsequently to profit or loss		1,130	1,130	(1,130)	(1,130)
Fair value changes in other equity investments		1,130	1,130	(1,130)	(1,130)
Total comprehensive income		2,396,399	1,392,649	2,918,644	1,182,545

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

Legal representative:
Zhao Jiong

President in charge of finance and accounting:
Zhu Yequn

Head of accounting department:
Zhong Liaoliao

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB '000 Yuan unless otherwise stated)

(English translation for reference only)

Item	Note	2020		2019	
		The Group	The Company	The Group (Restated)	The Company
Cash flows from/(used in) operating activities					
Net decrease in finance lease receivables and sale and leaseback		-	-	-	73,262
Cash received from leasing interest and operating lease income		20,022,803	5,038,590	19,064,049	5,579,012
Other interest income received		113,457	729,550	55,074	436,652
Cash received from borrowings		279,976,617	201,632,431	213,657,832	159,344,963
Cash received from placements from banks and other financial institutions		110,788,783	110,788,783	125,695,077	125,895,077
Net decrease in mandatory reserve deposits with central bank		46,301	46,301	-	-
Cash received relating to other operating activities		2,713,600	8,739,176	2,336,983	1,860,137
Sub-total of cash inflows		413,661,561	326,972,831	361,408,985	293,309,103
Net cash payments of lease guarantee deposit refund		(929,759)	(734,808)	(37,893)	(401,204)
Net increase in finance lease receivables and sale and leaseback		(10,906,140)	(3,295,482)	(10,327,674)	-
Cash payments of fee and commission expenses		(140,830)	(49,497)	(98,124)	(17,063)
Payments of taxes and surcharges		(1,587,979)	(642,343)	(1,201,215)	(570,248)
Cash paid to and on behalf of employees		(344,615)	(291,696)	(299,612)	(262,577)
Cash repayments of borrowings		(251,378,917)	(196,868,187)	(213,776,178)	(162,182,966)
Cash repayments of placements from banks and other financial institutions		(106,140,362)	(106,140,362)	(129,547,585)	(129,547,585)
Payments of interest		(3,207,822)	(2,378,069)	(5,457,640)	(3,561,821)
Net increase in mandatory reserve deposits with central bank		-	-	(433,140)	(433,140)
Net increase in financial assets held under re-sale agreements		(490,000)	(329,068)	-	(179,504)
Cash paid relating to other operating activities	45(5)	(2,622,324)	(2,361,426)	(399,215)	(5,011,238)
Sub-total of cash outflows		(377,748,748)	(313,090,938)	(361,578,276)	(302,167,346)
Net cash flows from/(used in) operating activities		35,912,813	13,881,893	(169,291)	(9,158,243)
Cash flows used in investing activities					
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		4,904,225	25	2,703,810	12
Cash received from disposal of investments		-	700	34,251	4,100
Cash received from returns on investments		71,995	223,605	16,450	53,512
Sub-total of cash inflows		4,976,220	224,330	2,754,511	57,624
Cash paid to acquire investments		(1,500,000)	(1,500,000)	(1,025,118)	(1,025,873)
Cash paid for investing in subsidiaries		-	(5,526,628)	-	-
Cash paid to acquire fixed assets, intangible assets and assets under operating leases	-	(16,338,391)	(4,386)	(24,558,337)	(4,301)
Sub-total of cash outflows		(17,838,391)	(7,031,014)	(25,583,455)	(1,030,174)
Net cash flows used in investing activities		(12,862,171)	(6,806,684)	(22,828,944)	(972,550)

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB '000 Yuan unless otherwise stated)

(English translation for reference only)

Item	Note	2020		2019	
		The Group	The Company	The Group (Restated)	The Company
Cash flows from financing activities					
Cash received from capital contributions		5,500,000	5,500,000	-	-
Cash received from issuance of bonds		13,439,840	3,000,000	34,428,600	13,500,000
Sub-total of cash inflows		<u>18,939,840</u>	<u>8,500,000</u>	<u>34,428,600</u>	<u>13,500,000</u>
Cash repayments of bonds		(15,079,517)	(8,000,000)	(15,288,680)	(5,500,000)
Cash repayments of bond interest		(3,361,297)	(1,331,493)	(2,175,080)	(1,039,790)
Cash repayments of principal and interest of lease liabilities		(7,653)	(41,471)	(4,859)	(40,012)
Sub-total of cash outflows		<u>(18,448,467)</u>	<u>(9,372,964)</u>	<u>(17,446,619)</u>	<u>(6,579,802)</u>
Net cash flows from/(used in) financing activities		<u>491,373</u>	<u>(872,964)</u>	<u>18,981,981</u>	<u>6,920,198</u>
Effect of foreign exchange rate changes		<u>(24,419)</u>	<u>(30,292)</u>	<u>9,983</u>	<u>2,573</u>
Net increase/(decrease) in cash and cash equivalents	45(3)	<u>23,517,596</u>	<u>6,171,953</u>	<u>(6,006,271)</u>	<u>(3,208,022)</u>
Add: Cash and cash equivalents at the beginning of the year		<u>6,328,471</u>	<u>1,712,526</u>	<u>12,334,742</u>	<u>4,920,548</u>
Cash and cash equivalents at the end of the year	45(4)	<u>29,846,067</u>	<u>7,884,479</u>	<u>6,328,471</u>	<u>1,712,526</u>

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

Legal representative:
Zhao Jiong

President in charge of finance and accounting:
Zhu Yequn

Head of accounting department:
Zhong Liaoliao

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB '000 Yuan unless otherwise stated)
(English translation for reference only)

	Note	Paid-in capital	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	Total owners' equity
Balance at 1 January 2019		8,500,000	180,852	925,035	3,518,035	8,628,942	21,752,864
Business combination between entities under common control		-	(789,561)	-	-	20,158	(769,403)
Balance at 1 January 2019 (Restated)		8,500,000	(608,709)	925,035	3,518,035	8,649,100	20,983,461
Net movements for the year							
Total comprehensive income							
Net profit		-	-	-	-	-	-
Other comprehensive income	29	-	(63,526)	-	-	2,982,170	2,982,170
Total comprehensive income for the year		-	(63,526)	-	-	2,982,170	2,918,644
Profit distribution							
Appropriation to surplus reserve	30	-	-	241,458	-	(241,458)	-
Appropriation to general risk reserve	31	-	-	-	303,808	(303,808)	-
Balance at 31 December 2019 (Restated)		8,500,000	(672,235)	1,166,493	3,821,843	11,086,004	23,902,105
Balance at 1 January 2020 (Restated)		8,500,000	(672,235)	1,166,493	3,821,843	11,086,004	23,902,105
Capital contribution by owners							
Share capital		5,500,000	-	-	-	-	5,500,000
Net movements for the year							
Total comprehensive income							
Net profit		-	-	-	-	3,201,563	3,201,563
Other comprehensive income	29	-	(805,164)	-	-	-	(805,164)
Total comprehensive income for the year		-	(805,164)	-	-	3,201,563	2,396,399
Profit distribution							
Appropriation to surplus reserve	30	-	-	175,346	-	(175,346)	-
Appropriation to general risk reserve	31	-	-	-	727,837	(727,837)	-
Balance at 31 December 2020		14,000,000	(1,477,399)	1,341,839	4,549,680	13,394,384	31,798,504

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

Legal representative: Zhao Jiong President in charge of finance and accounting: Zhu Yejun Head of accounting department: Zhong Liaoiao

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

**COMPANY STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB '000 Yuan unless otherwise stated)
(English translation for reference only)

	Note	Paid-in capital	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	Total owners' equity
Balance at 1 January 2019		8,500,000	(29,971)	865,012	3,518,035	4,314,281	17,167,357
Net movements for the year							
Total comprehensive income							
Net profit		-	-	-	-	1,173,702	1,173,702
Other comprehensive income	29	-	18,843	-	-	-	18,843
Total comprehensive income for the year		-	18,843	-	-	1,173,702	1,192,545
Profit distribution							
Appropriation to surplus reserve	30	-	-	117,370	-	(117,370)	-
Appropriation to general risk reserve	31	-	-	-	303,808	(303,808)	-
Balance at 31 December 2019		8,500,000	(11,128)	982,382	3,821,843	5,065,805	18,359,932
Balance at 1 January 2020		8,500,000	(11,128)	982,382	3,821,843	5,065,805	18,359,932
Capital contribution by owners							
Share capital		5,500,000	-	-	-	-	5,500,000
Net movements for the year							
Total comprehensive income							
Net profit		-	-	-	-	1,449,955	1,449,955
Other comprehensive income	29	-	(57,306)	-	-	-	(57,306)
Total comprehensive income for the year		-	(57,306)	-	-	1,449,955	1,392,649
Profit distribution							
Appropriation to surplus reserve	30	-	-	144,995	-	(144,995)	-
Appropriation to general risk reserve	31	-	-	-	727,837	(727,837)	-
Balance at 31 December 2020		14,000,000	(68,434)	1,127,377	4,549,680	5,643,928	25,252,551

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

Legal representative: Zhao Jiong President in charge of finance and accounting: Zhu Yequn

Head of accounting department: Zhong Lialiao

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB '000 Yuan unless otherwise stated)
[English translation for reference only]

1 Company background and principal activities

Bank of Communications Financial Leasing Co., Ltd. (the "Company") is a wholly-owned subsidiary of Bank of Communications Co., Ltd. (the "BoCom") with a registered capital of RMB 2 billion. Its registration was approved by China Banking and Insurance Regulatory Commission by Yin Jian Fu (2007) No. 416. The registered capital was RMB 2 billion. BoCom increased its capital contribution by RMB 2 billion in March 2010, RMB 2 billion in April 2013, RMB 1 billion in July 2015, RMB 0.5 billion in February 2017, RMB 1 billion in December 2017 and RMB 5.5 billion in February 2020, the registered capital and paid-in capital of the Company reached RMB 14 billion as at 31 December 2020. The registration place of the Company is Shanghai, and the address of the Head Office is Floors 27, 28 & 29, No. 333, Lujiazui Ring Road, Shanghai. The Company obtained the business license issued by Shanghai Administration of Industry and Commerce of the People's Republic of China on 20 December 2007. Its operating period starts from 20 December 2007 to unspecified expiration date.

The Company and its subsidiaries ("the Group") carry out business as approved by the China Banking and Insurance Regulatory Commission ("CBIRC") according to the *Measures for Administration of Financial leasing Companies* (China Banking Regulatory Commission Order No. 3, 2014). The Company's approved scope of business includes finance lease, acceptance of deposits from lessees, investment in fixed-income securities, transfer and acquisition of assets under finance leases, taking time deposits over 3 months (inclusive) from non-bank shareholders, interbank lending and borrowing, loans from financial institutions, overseas foreign currency loans, sales and disposal of leasehold, economic consulting, finance leases provided to project companies incorporated in bonded areas, and providing guarantees for external financing of controlling subsidiaries and project companies and other businesses approved by the CBIRC.

The Company's subsidiaries are mainly leasing project corporates, whose approved scope of business includes the aircraft, ship and other leasing, import and export business of goods and technology, finance lease business, import and export business related to finance leases, acceptance of deposits from lessees, accepting and transferring finance lease receivables, loans from financial institutions, foreign exchange loans, sales and disposal of residual value of leasehold, economic consulting and other businesses approved by the CBIRC (Part of the businesses should operate within the validity according to their industry license, others should operate according to the governmental special regulations).

On 26 August 2020, Xiangmao International Ship Lease Co., Limited, a subsidiary of the Group, acquired 100% equity of Chiao Tung Developments Limited ("Chiao Tung Developments") from Bank of Communications (Nominee) Company Limited and Kiu Fai Company, Limited, which are under common control of Bank of Communications Co., Ltd (Note 46). The transaction was a business combination under common control, so the comparative information should be restated. The Group has restated comparative information in the financial reports.

These financial statements were authorised for issue by the Board of Directors of the Company on 29 April 2021.

2 Basis of preparation

The financial statements are prepared in accordance with the *Accounting Standard for Business Enterprises - Basic Standard*, the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as "the Accounting Standards for Business Enterprises" or "CASs").

The financial statements are prepared on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB '000 Yuan unless otherwise stated)
(English translation for reference only)

3 Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2020 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the consolidated and company as at 31 December 2020 and their financial performance, cash flows and other information for the year then ended.

4 Summary of significant accounting policies and accounting estimates

(1) Accounting year

The Company's accounting year starts on 1 January and ends on 31 December.

(2) Recording currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company operates. Therefore, the recording currency of the Company is RMB. Subsidiaries of the Company determine their recording currencies according to the major economic environment in which they operate. The financial statements are presented in RMB.

(3) Foreign currency translation

(a) Foreign currency transactions

Foreign currency transactions are translated into recording currency using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(b) Translation of foreign currency financial statements

The asset and liability items in the balance sheets of the subsidiaries recorded in the currency other than RMB are translated at the spot exchange rates on the balance sheet date. Among the owners' equity items, the items other than "undistributed profits" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements of the subsidiaries recorded in the currency other than RMB are translated at the spot exchange rates of the transaction dates. The differences arising from the above translation are presented in other comprehensive income of the owners' equity. The cash flow items of the subsidiaries recorded in the currency other than RMB as the recording currency are translated at the spot exchange rates of the cash flow dates. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(4) Cash and cash equivalents

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB '000 Yuan unless otherwise stated)
(English translation for reference only)

4 Summary of significant accounting policies and accounting estimates (Cont'd)

(5) Assets transferred under repurchase agreements

Financial assets held under re-sale agreements

The financial assets which will be re-sold on a specific future date at fixed price under an agreement are not recognised on the balance sheets. The cost of acquisition is recognised as 'Financial assets held under re-sale agreements' on the balance sheets. The difference between the prices of purchase and resale is recognised through the agreement period into interest income by using the effective interest method.

(6) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

(a) Financial assets

(i) Classification and measurement

Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified as: (1) financial assets at amortised cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

The financial assets are measured at fair value at initial recognition. Related transaction costs that are attributable to the acquisition of the financial assets are included in the initially recognised amounts, except for the financial assets at fair value through profit or loss, the related transaction costs of which are recognised directly in profit or loss for the current period. Accounts receivable or notes receivable arising from sales of products or rendering of services (excluding or without regard to significant financing components) are initially recognised at the consideration that is entitled to be charged by the Group as expected.

Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured in the following three ways:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB '000 Yuan unless otherwise stated)
(English translation for reference only)

4 Summary of significant accounting policies and accounting estimates (Cont'd)

(6) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(i) Classification and measurement (Cont'd)

Measured at amortised cost:

The objective of the Group's business model is to hold the financial assets to collect the contractual cash flows, and the contractual cash flow characteristics are consistent with a basic lending arrangement, which gives rise on specified dates to the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The interest income of such financial assets is recognised using the effective interest method. Such financial assets mainly comprise cash at bank and on hand, placements with banks and other financial institutions, notes receivables, other receivables, financial assets held under re-sale agreements and finance lease receivables.

The amortised cost of a financial asset shall be measured at the initial recognition amount, after making the following adjustments: (1) minus the principal repayments; (2) plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount; (3) minus the cumulative loss provision. Interest income is calculated using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset (the amortised cost before deduction of impairment losses). When calculating the effective interest rate, an entity shall not consider the expected credit losses ("ECLs"), but shall consider transaction costs, premiums or discounts, and fees paid or received that are an integral part of the effective interest rate. For purchased or originated credit-impaired financial assets, the Group shall calculate the credit-adjusted effective interest rate on the basis of the amortised cost (instead of gross carrying amount) of the financial asset, and take into consideration the ECL effect for estimated future cash flows.

Measured at fair value through other comprehensive income:

The objective of the Group's business model is to hold the financial assets to both collect the contractual cash flows and sell such financial assets, and the contractual cash flow characteristics are consistent with a basic lending arrangement. Such financial assets are measured at fair value through other comprehensive income, except for the impairment gains or losses, foreign exchange gains and losses, and interest income calculated using the effective interest method which are recognised in profit or loss for the current period. These financial assets mainly include other debt investments.

Measured at fair value through profit or loss:

Debt instruments held by the Group that are not divided into those at amortised cost, or those measured at fair value through other comprehensive income, are measured at fair value through profit or loss and included in financial assets held for trading. At initial recognition, the Group designates a portion of financial assets as at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB '000 Yuan unless otherwise stated)
(English translation for reference only)

4 Summary of significant accounting policies and accounting estimates (Cont'd)

(6) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(i) Classification and measurement (Cont'd)

Equity instruments

Investments in equity instruments, over which the Group has no control, joint control or significant influence, are measured at fair value through profit or loss under financial assets held for trading.

In addition, a portion of certain investments in equity instruments not held for trading are designated as financial assets at fair value through other comprehensive income under other investments in equity instruments.

(ii) Impairment

Loss provision for financial assets at amortised cost, investments in debt instruments at fair value through other comprehensive income, finance lease receivables as well as some finance lease commitments and financial guarantee contracts is recognised on the basis of ECL.

Giving consideration to reasonable and supportable information on past events, current conditions and forecasts of future economic conditions, as well as the default risk weight, the Group recognises the ECL as the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to collect.

As at each balance sheet date, the ECLs of financial instruments at different stages are measured respectively. 12-month ECL provision is recognised for financial instruments in Stage 1 that have not had a significant increase in credit risk since initial recognition; lifetime ECL provision is recognised for financial instruments in Stage 2 that have had a significant increase in credit risk yet without credit impairment since initial recognition; and lifetime ECL provision is recognised for financial instruments in Stage 3 that have had credit impairment since initial recognition.

For the financial instruments with lower credit risk on the balance sheet date, the Group assumes there is no significant increase in credit risk since initial recognition and recognises the 12-month ECL provision.

For the financial instruments in Stage 1, Stage 2 and with lower credit risk, the Group calculates the interest income by applying the effective interest rate to the gross carrying amount (before deduction of the impairment provision). For the financial instruments in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (after deduction of the impairment provision from the gross carrying amount).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB '000 Yuan unless otherwise stated)
(English translation for reference only)

4 Summary of significant accounting policies and accounting estimates (Cont'd)

(6) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(ii) Impairment (Cont'd)

The Group recognises the loss provision made or reversed into profit or loss for the current period. For debt instruments held at fair value through other comprehensive income, the Group adjusts other comprehensive income while the impairment losses or gains are recognised in profit or loss for the current period.

If the Group has measured the loss provision for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the financial instrument no longer meets the condition that the credit risk has increased significantly since initial recognition, the Group shall measure the loss provision at an amount equal to 12-month ECL at the current reporting date. Reversal of loss provision therefrom shall be recognised in profit or loss for the current period, as impairment gains. At the balance sheet date, the Group shall only recognise the cumulative changes in lifetime ECL since initial recognition as a loss provision for purchased or originated credit-impaired financial assets.

(iii) Write-off

The book value of a financial asset is written off to the extent that there is no realistic prospect of recovery (either partially or in full). A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(iv) Revision on sale and leaseback contracts

For assets transferred in sale and leaseback transactions that don't belong to sales, the Group doesn't recognise the assets transferred as the lessor but recognises the financial assets at the same amount as the transfer income, and accounts for such financial assets per the *Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*. The Group will renegotiate or modify these contracts due to certain special circumstances at times, which will in turn lead to changes in contract cash flows. In such cases, the Group will assess if there is a substantial change in the revised contractual terms.

If there is a substantial change in the revised contractual terms, the Group will derecognise the original financial asset and recognise a new financial asset carried at fair value. Meanwhile, a new effective interest rate is recalculated for the new asset. In this case, when applying impairment requirements to the modified financial asset, including when determining whether there is a significant increase in credit risk, the aforesaid modification date of contract will be regarded as the initial recognition date. For the above newly recognised financial asset, the Group is required to assess whether the asset is credit impaired at initial recognition, especially when the modification of contract occurs when the borrower fails to fulfil the initially agreed payment arrangement. Any change in carrying amount is recognised as gains or losses arising from derecognition, and is included into profit or loss for the period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB '000 Yuan unless otherwise stated)
(English translation for reference only)

4 Summary of significant accounting policies and accounting estimates (Cont'd)

(6) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(iv) Revision on sale and leaseback contracts (Cont'd)

If there is no substantial change in the revised contractual terms, the modification of contract will not lead to de-recognition of the financial asset. The Group will recalculate the gross carrying amount of the financial asset in accordance with the revised contractual cash flows, and include gains or losses arising from the modification into profit or loss for the period. When recalculating the gross carrying amount, the original effective interest rate (or the credit-adjusted effective interest rate for purchased or originated credit-impaired financial asset) is adopted to discount the revised cash flows.

(v) Derecognition

A financial asset is derecognised when: (i) the contractual rights to the cash flows from the financial asset expire, (ii) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, or (iii) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

When a financial asset is derecognised, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that are previously recognised directly in other comprehensive income is recognised in profit or loss for the current period, except for those as investments in other equity instruments, the difference aforementioned is recognised in retained earnings instead.

(b) Financial liabilities

Financial liabilities are classified as financial liabilities at amortised cost and financial liabilities at fair value through profit or loss at initial recognition.

The financial liabilities of the Group are mainly financial liabilities measured at amortised cost, including borrowings, placements from banks and other financial institutions, notes payables, other payables and bonds payables. Such financial liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Borrowings of which the period is within one year (inclusive) are classified as the short-term borrowings, and the others are classified as long-term borrowings.

A financial liability is derecognised or partly derecognised when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognised part of the financial liability and the consideration paid is recognised in profit or loss for the current period.

(c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. In valuation, the Group adopts valuation techniques applicable in the current situation and supported by adequate available data and other information, selects inputs with the same characteristics as those of assets or liabilities considered in relevant transactions of assets or liabilities by market participants, and gives priority to the use of relevant observable inputs. When relevant observable inputs are not available or feasible, unobservable inputs are adopted.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB '000 Yuan unless otherwise stated)
[English translation for reference only]

4 Summary of significant accounting policies and accounting estimates (Cont'd)

(6) Financial instruments (Cont'd)

(d) Derivative financial instruments and hedging accounting

Derivative financial instruments are initially recognised on the date when the contract is concluded and are initially and subsequently measured at fair value. The derivative financial instrument is carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The method for recognising changes in fair value of the derivative instrument depends on whether the derivative instrument is designated as a hedging instrument and the eligibility as hedging instruments, and the nature of the item being hedged. The Group designates certain derivatives as:

- (i) a fair value hedge against the recognised assets or liabilities or unrecognised firm commitments;
- (ii) a cash flow hedge of a highly probable forecast transaction;

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. The Group also makes a continuous record of the estimates on whether the hedging is effective both at inception and in subsequent periods, i.e., whether the hedging instrument can offset the changes in the fair value or cash flow of the hedged items to a large extent.

(i) Fair value hedges

As for the hedging instruments designated as fair value hedges and meeting relevant requirements, the fair value changes are recognised and included in profit or loss. Meanwhile, fair value changes in assets or liabilities of the hedged items related to the risk of hedged items are recognised and included in profit or loss.

In the case that a hedge does not meet the criteria of hedge accounting any more, for the hedged item using the effective interest rate method, the adjustment to its carrying amount is amortised in the remaining period from the point when hedged item ceased the adjustment of hedging gains and losses to maturity, and is recorded into the profit and loss as net interest income.

(ii) Cash flow hedges

As for hedging instruments designated for cash flows, the effective portion of fair value hedges is recognised in other comprehensive income while the gains or losses from ineffective portion are recognised in profit or loss.

The amount accumulatively included in equity is transferred to profit or loss during the period when the hedged item affects the profit or loss, and is recorded in related income or expenses generated from the hedged item.

When a hedging instrument expires, is sold or no longer meets the criteria of the hedge accounting, the accumulated gains or losses shall still be included in equity before being recognised as profit or loss when the hedged item affects the profit or loss. The cumulative gains or losses which have been recognised in other comprehensive income are reclassified into profit or loss immediately when the transaction is not expected to occur, for example, a recognised hedged asset is sold.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB '000 Yuan unless otherwise stated)
(English translation for reference only)

4 Summary of significant accounting policies and accounting estimates (Cont'd)

(6) Financial instruments (Cont'd)

(d) Derivative financial instruments and hedging accounting (Cont'd)

(iii) Effect of IBOR reform on financial reporting

The IASB has published amendments to IFRS 9, IAS 39 and IFRS 7 as a first reaction to the potential effects the Interest Rate Benchmark Reform ("IBOR") could have on financial reporting. The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform. Key changes include:

- Modifying specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform;
- Under the amendments, an entity assumes that the interest rate benchmark on which the cash flows of the hedged item, hedging instrument or hedged risk are based is not altered by IBOR reform; and
- In some hedges, the hedged item or hedged risk is a non-contractually specified IBOR risk component. Under the amendments, the risk component only needs to be separately identifiable at initial hedge designation and not on an ongoing basis; and
- The amendment requires disclosure of the nominal amount of hedging instruments to which the reliefs are applied, any significant assumptions or judgements made in applying the reliefs, and qualitative disclosures about how the entity is impacted by IBOR reform and is managing the transition process.

(7) Long-term equity investments

The Company's long-term equity investments comprise the long-term equity investments in subsidiaries.

Subsidiaries are the investees over which the Company is able to exercise control. Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements.

Long-term equity investments accounted for using the cost method are measured at initial investment cost. Cash dividends or profit distributions declared by the investees are recognised as investment income in profit or loss.

(8) Investment properties

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that are being constructed or developed for future use for leasing, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB '000 Yuan unless otherwise stated)
(English translation for reference only)

4 Summary of significant accounting policies and accounting estimates (Cont'd)

(8) Investment properties (Cont'd)

Investment properties are subsequently measured using the fair value model and are not depreciated or amortised. The carrying amount of investment properties is adjusted based on their fair value at the balance sheet date, and the difference between the fair value and the original carrying amount is recognised in profit or loss for the current period.

When an investment property is transferred to owner-occupied properties, it is reclassified as fixed asset or intangible asset at the date of the transfer. The fair value of such investment property as at the transfer date is deemed as the cost of the fixed asset or intangible asset. The difference between fair value and carrying amount of the investment property is recognised in profit or loss. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is transferred to investment properties with the carrying amount determined at the fair value at the date of the transfer. If the fair value at the date of the transfer is less than the original carrying amount of the fixed asset or the intangible asset, the difference is recognised in profit or loss for the current period; otherwise, it is included in other comprehensive income and transferred to the profit or loss for the current period after the disposal of such investment properties.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)
(9) Fixed assets

Fixed assets comprise office equipment and electronic equipment, motor vehicles, buildings and aircraft and ships leased out under operating lease. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss for the period in which they are incurred.

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Office equipment and electronic equipment	3-5 years	5%	19%-32%
Motor vehicles	6 years	5%	16%
Buildings	41 years	3%	2%
Fixed assets leased out under operating lease (a)	4-25 years	5%	4%-24%

The estimated useful life and the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(a) Fixed assets leased out under operating lease

Fixed assets under operating lease of the Group are mainly aircraft and ships leased out in operating lease business. The Group assesses useful lives and depreciation methods of these assets based on their actual conditions. The Group also determines the estimated net residual values item by item through an external rating agency based on historical data.

(10) Intangible assets

Intangible assets are purchased computer software. They are measured at cost and amortised on the straight-line basis over useful lives of 5 years.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(11) Impairment of long-term assets

Fixed assets, intangible assets and long-term equity investments in subsidiaries are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an asset impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

(12) Borrowing costs

The borrowing costs that are directly attributable to acquisition and construction of an asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

(13) Employee benefits

Employee benefits include employee benefits, post-employment benefits and other long-term employee benefits provided in various forms of consideration in exchange for service rendered by employees or compensations for the termination of employment relationship.

(a) Employee benefits

Employee benefits include employee wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs. The employee benefits actually occurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.

(b) Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include the premiums or contributions on basic pensions and unemployment insurance, both of which belong to defined contribution plans.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(13) Employee benefits (Cont'd)

(c) Basic pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentages prescribed by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(14) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and deferred tax liabilities are offset when:

- the deferred tax assets and deferred tax liabilities are related to the same tax payer within the Group and the same taxation authority; and
- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(15) Revenue

The Group provides lease service to external parties. Rental income under an operating lease is recognised on a straight-line basis or using any other systemically reasonable method over the period of the lease in revenue. Variable lease payments not included in the net lease investment measurement are recognised as rental income in the period in which they are incurred. Interest income under a finance lease is recognised at the periodic fixed interest rate over the period of the lease.

Revenue from non-lease services provided by the Group is recognised when the contractual obligation is performed, i.e., the customer obtains the control right of the relevant products.

Interest income refers to those arising from financial assets at amortised cost using the effective interest method and debt instruments at fair value through other comprehensive income.

(16) Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax return, financial subsidy, etc.

Government grants are recognised when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to government grants which are obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

Government grants related to assets are either deducted against the carrying amount of the assets, or recorded as deferred income and recognised in profit or loss on a systemic basis over the useful lives of the assets. Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognised in profit or loss, or deducted against related costs, expenses or losses in reporting the related expenses; government grants related to income that compensate the incurred costs, expenses or losses are recognised in profit or loss, or deducted against related costs, expenses or losses directly in the current period. The Group applies the presentation method consistently to the similar government grants in the financial statements.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(17) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as the lessee

At the commencement date, the Group shall recognise the right-of-use asset and measure the lease liability at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease if the lessee exercises an option to terminate the lease. Variable lease payments in proportion to sales are excluded from lease payments and recognised in profit or loss as incurred.

The Group's right-of-use assets comprise leased buildings and motor vehicles. Right-of-use assets are measured initially at cost which comprises the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date and any initial direct costs, less any lease incentives received. If there is reasonable certainty that the Group will obtain ownership of the underlying asset by the end of the lease term, the asset is depreciated over its remaining useful life; otherwise the asset is depreciated over the shorter of the lease term and its remaining useful life. The carrying amount of the right-of-use assets is reduced to the recoverable amount when the recoverable amount is below the carrying amount.

For short-term leases with a term of 12 months or less and leases of an individual asset (when new) of low value, the Group may, instead of recognising right-of-use assets and lease liabilities, include the lease payments in the cost of the underlying assets or in the profit or loss for the current period on a straight-line basis over the lease term.

The Group, as the lessee, did not receive the rental concessions directly caused by COVID-19 prior to 30 June 2021.

The Group as the lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. An operating lease is a lease other than a finance lease.

(a) Operating leases

Rental income arising from the Group's self-owned buildings, aircraft and ships under an operating lease is recognised on a straight-line basis or using any other systematically reasonable method over the period of the lease. Variable lease payments not included in the net lease investment measurement are recognised as rental income under an operating lease in the period in which they are incurred.

The Group, as the lessor, did not provide the rental concessions for the lessee directly caused by COVID-19 prior to 30 June 2021.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(17) Leases (Cont'd)

(b) Finance leases

The Group recognises the finance lease receivables for the finance lease on the commencement date of the lease period and derecognises the related assets. For the initial measurement of the finance lease receivables, finance lease receivables are recognised at the net lease investment. The net lease investment is the sum of the unsecured residual value and the lease payments that has not been received as at the commencement date of the lease period, and the latter is discounted to the present value at the interest rate during the lease period.

Finance lease receivables are derecognised when the contractual rights of receiving the cash from the finance lease receivables have expired or have been transferred, and all substantial risks and rewards regarding the leasehold have been transferred.

During the lease period, the Group applies the fixed periodic interest rate to calculate the interest income for each period of the lease period.

(c) Sale and leaseback

Sale and leaseback transactions are transactions that asset sellers (lessees) lease back assets sold by them from the buyers (lessors). For assets transferred in sale and leaseback transactions that qualify as sales, the lessor accounts for purchased assets in accordance with applicable corporate accounting standards and accounts for leased assets in accordance with the lease standards. For assets transferred in sale and leaseback transactions that do not qualify as sales, the lessor does not recognise the assets transferred but recognises the financial assets at the same amount as the transfer income. The sale and leaseback transactions agreed before 2019 January 1 remain unchanged.

(18) Business combinations

Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the Group in a business combination are measured at the carrying amount. If the acquiree is acquired from a third party by the ultimate controlling party in a prior year, the consideration paid and net assets obtained by the Group are measured based on the carrying amounts of the acquiree's assets and liabilities (including the goodwill arising from the acquisition of the acquiree by the ultimate controlling party) presented in the consolidated financial statements of the ultimate controlling party. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital reserve (share premium). If the capital reserve (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the business combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(19) Preparation of consolidated financial statements

The scope of consolidated financial statements is determined on the control right, including the Company, all of its subsidiaries and structured entities controlled by the Group.

Control is the power the investor has over an investee, so as to obtain variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor's returns. Subsidiaries and structured entities are consolidated from the date on which the Company obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realised before the acquisition date is presented separately in the consolidated income statement.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity (for instance, voting rights relate to the administrative tasks only) and the relevant activities are directed by means of contractual or relevant arrangements.

Where the Company acts as asset manager of structure entities, the Company makes judgement on whether it is an agent for the structure entities or the principal. In the case that the asset manager serves as the agent, it exercises decision-making power mainly on behalf of other parties (other investors in the structured entity) and thus has no control over the structured entity. In the case that the asset manager is considered to exercise decision-making power mainly on behalf of itself, it serves as the trustee and has control over the structured entity.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company, its subsidiaries and structured entities are inconsistent, the financial statements of the subsidiaries and the structured entities are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' owners' equity and the portion of subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to the Company are recognised as minority interests, net profit attributable to minority interests and total comprehensive incomes attributed to minority interests, and presented separately in the consolidated financial statements under owners' equity, net profits and total comprehensive income respectively. Unrealised profits and losses resulting from the sale of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the parent. Unrealised profits and losses resulting from the sale of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to owners of the parent and net profit attributed to minority interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the parent and net profit attributed to minority interests in accordance with the allocation proportion of the parent in the subsidiary.

During the reporting period, the Group shall adjust the opening balance in preparing the consolidated balance sheet to consolidate the subsidiaries and related businesses arising from the business combination involving enterprises under common control. In addition, the relevant items in the comparative statements shall be adjusted as if the reporting entity after combination has been existing since the ultimate controlling party starts to exert control.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(20) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenue and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. Two or more operating segments that have similar economic characteristics and satisfy certain conditions can be aggregated into one single operating segment.

The Group's business activities centred on lease business for the year and is managed as a whole. Therefore, separate disclosure of segment information is not required.

(21) Critical accounting estimates and judgements

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Classification of financial assets

Significant judgements made by the Group in the classification of financial assets include business model and analysis on contractual cash flow characteristics.

When assessing whether contractual cash flow characteristics of financial assets are consistent with basic lending arrangement, key judgements made by the Group include: the possibility of changes in time schedule or amount of the principal during the lifetime due to reasons such as repayment in advance; whether interest only include time value of money, credit risks, other basic lending risks and considerations for costs and profits. For example, whether the amount of prepayment only reflects the principal outstanding and the interest based on the principal outstanding, as well as the reasonable compensation due to the early termination of the contract.

(b) ECL Measurement

The ECL measurement for financial assets measured at amortised cost and finance lease receivables is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Note 50(2) specifies the parameters, assumptions and estimation techniques used in the ECL measurement.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(21) Critical accounting estimates and judgements (Cont'd)

(c) Impairment of fixed assets leased out under operating lease

Fixed assets leased out under operating lease are periodically reviewed for impairment and where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the present value of the asset's expected future cash flow.

Fair value is usually based on market prices, and the management obtains it from professional appraisal agencies. Disposal costs include legal fees and taxes related to the asset disposal.

When estimating the present value of the expected future cash flow fixed assets leased out by the subsidiary, the management takes the rents agreed in the leasing contracts and the asset value at the end of the lease term as the basis of estimation and uses appropriate discount rates to determine the present value of future cash flows. Since the outbreak of the pandemic influenced the liquidity of some lessees, the Group considers various scenarios of these lessees under the circumstances of the pandemic and makes estimations of future cash flows under different scenarios. The asset value at the end of the lease term is obtained from professional appraisal agencies. Due to the uncertainty over the development and prevention of the pandemic, there remains uncertainty over the future cash flows and pre-tax discount rates of the rents in the calculation of the present value of future cash flow.

(d) Depreciation of fixed assets held under operating leases

The Group calculates the depreciation expense based on the management's estimation on the useful lives and residual values of the fixed assets leased out under operating lease. The useful lives and residual values of the fixed assets leased out under operating lease reflect the estimates of the Group's management on future economic benefits arising from the use and disposal of assets under operating lease. Such estimates may change due to changes in the actual physical losses of assets, technological innovations, and market competition.

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4 Summary of significant accounting policies and accounting estimates (Cont'd)

(21) Critical accounting estimates and judgements (Cont'd)

(e) Income tax and deferred income tax

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

Deferred tax assets are recognised for the deductible tax losses that can be carried forward to subsequent years to the extent that it is probable that taxable profit will be available in the future against which the deductible tax losses can be utilised. Taxable income that will be available in the future includes the taxable income that will be realised through normal operations and the taxable income that will be increased upon the reversal of taxable temporary differences incurred in prior periods. Judgements and estimates are required to determine the time and amounts of taxable income in the future. Any difference between the reality and the estimate may result in adjustment to the carrying amount of deferred tax assets.

(22) Significant changes in accounting policies

In 2020, the Ministry of Finance promulgated the *Notice on Printing and Distributing the Regulations on the Accounting Treatment of Rental Concessions Related to COVID-19* (Cai Kuai [2020] No. 10). For the reduction of the payment of rent under the existing lease contracts caused by COVID-19 before 30 June 2021, if the lease consideration after the reduction is less than or substantially equal to that before the reduction, and the other terms and conditions of the lease contract have no major changes, it's allowed to use the simplified method in the above notification. The notice has no significant impact on the financial statements of the Group.

BANK OF COMMUNICATIONS FINANCIAL LEASING CO., LTD.

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5 Taxation

The main categories and rates of taxes applicable to the Group are set out below:

Category	Tax rate	Tax base
Enterprise income tax (a)	25%, 17%, 16.5% or 12.5%	Taxable income
Value-added tax ("VAT") (b)	6%, 9%, 10%, 11%, 13% or 16%	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible VAT input of the current period)
City maintenance and construction tax	7% or 1%	VAT payable
Educational surcharge	3%	VAT payable
Local educational surcharge	2%	VAT payable

(a) Pursuant to the *Law of the PRC on Enterprise Income Tax*, revenue of the Company and domestic subsidiaries is subject to the income tax at the rate of 25%. Revenue of the overseas subsidiaries are subject to the local income tax rates of 17%, 16.5% and 12.5% respectively in Singapore, Hong Kong and Ireland.

(b) Pursuant to the *Circular on the Overall Promotion of Pilot Program of Levying VAT in place of Business Tax* (Cai Shui [2016] No. 36) jointly issued by the Ministry of Finance and the State Taxation Administration, since 1 May 2016, revenue from finance leaseback services provided by the Group is subject to VAT and the applicable tax rate is 6%; revenue from finance lease services of tangible properties and operating lease services of tangible properties provided by the Company and domestic subsidiaries is subject to VAT and the applicable tax rate is 17%; revenue from leasing services of real estates provided by the Company and domestic subsidiaries is subject to VAT and the applicable tax rate is 11%.

Pursuant to the *Notice on Adjustment of VAT Rate* (Cai Shui [2018] No. 32) jointly issued by the Ministry of Finance and the State Taxation Administration, since 1 May 2018, for taxpayers who conducted VAT taxable sales activities, the original tax rates of 17% and 11% were adjusted to 16% and 10% respectively.

Pursuant to the *Announcement on Deepening the Reform of VAT related policies (the Ministry of Finance, the State Taxation Administration and the General Administration Announcement 2019 No. 39)* jointly issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs, since 1 April 2019, for taxpayers who conduct VAT taxable sales activities or goods import, the original tax rates of 16% and 10% have been adjusted to 13% and 9% respectively.

Pursuant to the *Announcement on Relevant Policies for Deepening the Value-Added Tax Reform* issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs (Announcement [2019] No. 39 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs) and the *Announcement on Clarifying the Additional Value-Added Tax Credit Policy for the Life Service Industry* issued by the Ministry of Finance and the State Taxation Administration (Announcement [2019] No. 87 of the Ministry of Finance and the State Taxation Administration), the Company and its domestic subsidiaries engaged in lease business, as modern service enterprises, are allowed to credit the amount of input tax deductible in the current period plus 10% thereof against the VAT payable from 1 April 2019 to 31 December 2021.

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6 Subsidiaries

(1) As at 31 December 2020, the Group had 696 subsidiaries included in the consolidation scope.

(2) First-tier subsidiaries included in the consolidation scope as at 31 December 2020

	Place of registration	Major business location	Nature of business	Shareholding (%)	Voting rights (%)
BoCom Jinfenghuang (Shanghai) Aircraft Leasing Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Han Yang (Shanghai) Shipping Leasing Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinxiang (Shanghai) Aircraft Leasing Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinpeng (Shanghai) Aircraft Leasing Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinhong (Shanghai) Aircraft Leasing Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinling (Shanghai) Aircraft Leasing Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinyun (Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jiruo (Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinyue (Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jirong (Tianjin) Aircraft Leasing Company	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinlian (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinjun (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinli (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jincou (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinque (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinru (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jincheng (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinyao (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinhe (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinchang (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinxuan (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinju (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jingtui (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinlan (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Ruifeng (Shanghai) Ship Chartering Co., Ltd	Shanghai	Shanghai	Financial leasing	100%	100%
Ruisheng (Tianjin) Ship Chartering Co., Ltd	Tianjin	Tianjin	Financial leasing	100%	100%
Ruiqi (Tianjin) Ship Chartering Co., Ltd	Tianjin	Tianjin	Financial leasing	100%	100%
Ruitong (Tianjin) Ship Chartering Co., Ltd	Tianjin	Tianjin	Financial leasing	100%	100%
Ruli (Tianjin) Ship Chartering Co., Ltd	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinsong (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinruang (Shanghai) Aircraft Leasing Company Shanghai	Shanghai	Shanghai	Financial leasing	100%	100%
Bank of Communications Aviation and Shipping Financial Leasing Company Limited	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinduan (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinxiao (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinruan (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinying (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jintun (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinge (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinqing (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%

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6 Subsidiaries (Cont'd)

(2) First-tier subsidiaries included in the consolidation scope as at 31 December 2020 (Cont'd)

	Place of registration	Major business location	Nature of business	Shareholding (%)	Voting rights (%)
BoCom Jinchang (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jincang (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinmei (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinzhan (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinbi (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinsang (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinzhang (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinliu (Shanghai) Aircraft Leasing Company	Shanghai	Shanghai	Financial leasing	100%	100%
Xiangju (Shanghai) Ship Chartering Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
Xiangju (Shanghai) Ship Chartering Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
Xiangchi (Shanghai) Ship Chartering Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Jinyi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinwu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinliu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinqi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinjiu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinshi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinshiyi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinshier (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinshiqi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinshiba (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
Guangzhou Bankcomm Suiyi Aircraft Leasing Co., Ltd.	Guangzhou	Guangzhou	Financial leasing	100%	100%
BoCom Jinshiyi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinshiwu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinshijiu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinershi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinershiyi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinershier (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinershiwan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinershiwu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinershi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinsan (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Huyi (Shanghai) Ship Chartering Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
BoCom Huer (Shanghai) Ship Chartering Co., Ltd.	Shanghai	Shanghai	Financial leasing	100%	100%
Guangzhou Bankcomm Suiyi Aircraft Leasing Co., Ltd.	Guangzhou	Guangzhou	Financial leasing	100%	100%
Guangzhou Bankcomm Suiyi Aircraft Leasing Co., Ltd.	Guangzhou	Guangzhou	Financial leasing	100%	100%
BoCom Jinershiwu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinershiqi (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinershibai (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%
BoCom Jinershiyu (Tianjin) Aircraft Leasing Co., Ltd.	Tianjin	Tianjin	Financial leasing	100%	100%

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7 Cash at bank and on hand

	31 December 2020		31 December 2019	
	The Group	The Company	The Group (Restated)	The Company
Cash at bank (a)	31,113,320	7,151,732	6,303,539	1,687,594
Mandatory reserve deposits with central bank (b)	386,839	386,839	433,140	433,140
Excess reserve deposits with central bank	32,747	32,747	24,932	24,932
Other cash balances (c)	285,000	285,000	-	-
Less: ECL provision	(61,382)	(9,952)	(8,584)	(2,654)
	<u>31,756,524</u>	<u>7,847,266</u>	<u>6,753,027</u>	<u>2,143,012</u>

- (a) As at 31 December 2020, a time deposit of RMB 2,000,000,000 (31 December 2019: Nil) was pledged to the bank as collateral for medium and long-term borrowings of USD 267,500,000 (31 December 2019: Nil).
- (b) Mandatory reserve deposited in central bank refers to the reserve deposited in the central bank by the Group in accordance with relevant regulations. The mandatory reserve deposited in the People's Bank of China include deposit reserve denominated in RMB and deposit reserve denominated in foreign currencies, which are not available for use by the Group in daily operation and cannot be used without the approval from the People's Bank of China. The applicable required reserve ratio of 6% for deposits denominated in RMB is applicable to the Group on 31 December 2020 (31 December 2019: 6%) and a ratio of 5% for deposits denominated in foreign currencies (31 December 2019: 5%). Reserve deposit is required on rental deposits temporarily received from lessee (Note 25). The People's Bank of China bears interest for the deposited reserve denominated in RMB while no interest for the deposited reserve denominated in foreign currencies.
- (c) As at 31 December 2020, other cash balances represented deposits in the bank of the Company for notes payable business.

8 Placements with banks and other financial institutions

	31 December 2020		31 December 2019	
	The Group	The Company	The Group	The Company
Placements with domestic commercial banks	700,000	700,000	-	-
Less: ECL provision	(1,506)	(1,506)	-	-
	<u>698,494</u>	<u>698,494</u>	<u>-</u>	<u>-</u>

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9

Derivative financial instruments

The Group determines the economic relationship between the hedging instrument and the hedged item by matching the key terms of the interest rate swap contract with the terms of the finance lease receivables, loan and bond payable contracts (i.e. notional amount, expected repayment date and interest rate). The hedge ratio (the ratio between the nominal amount of the derivative instruments and the book value of the hedged finance lease receivables, loans and bonds payable) is determined as 1:1.

The Group

31 December 2020

Cash flow hedge - Interest rate derivatives

	Nominal amount	Fair value		Hedge rate	Hedge rate	Expiry year
		Assets	Liabilities		Foreign exchange rate	
- USD (a)	32,226,547	-	(850,498)	0.44%-5.25%	N/A	2021-2027
- RMB (b)	1,148,500	-	(741)	4.44%-5.68%	N/A	2023

Cash flow hedge - Foreign exchange derivatives

	Nominal amount	Fair value		Hedge rate	Hedge rate	Expiry year
		Assets	Liabilities		Foreign exchange rate	
- USD - RMB (c)	3,262,450	-	(84,588)	2.80%	USD 1 to RMB 6.666	2021
Fair value hedge - Interest rate derivatives	777,486	17	-	2%	N/A	2024
- USD (d)	37,414,983	17	(935,827)			

31 December 2019 (Restated)

Cash flow hedge - Interest rate derivatives

	Nominal amount	Fair value		Hedge rate	Hedge rate	Expiry year
		Assets	Liabilities		Foreign exchange rate	
- USD (a)	18,521,755	80,108	(149,180)	1.13%-5.25%	N/A	2020-2027

Fair value hedge - Interest rate derivatives

	Nominal amount	Fair value		Hedge rate	Hedge rate	Expiry year
		Assets	Liabilities		Foreign exchange rate	
- USD (d)	1,270,870	7,718	-	3M SHIBOR +0.95%-2%	N/A	2020-2024
	19,792,625	87,826	(149,180)			

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9 Derivative financial instruments (Cont'd)
The Company

	Nominal amount	Fair value		Hedge rate		Foreign exchange rate	Expiry year
		Assets	Liabilities	Assets	Liabilities		
31 December 2020							
Cash flow hedge - Interest rate derivatives							
- USD (a)	10,621,943	-	(56,000)	0.44%-5.25%	N/A	N/A	2021-2027
- RMB (b)	1,148,500	-	(741)	4.44%-5.68%	N/A	N/A	2023
Cash flow hedge - Foreign exchange derivatives							
- USD - RMB (c)	3,262,450	-	(84,588)	2.90%	USD 1 to RMB 6.666		2021
	15,032,893	-	(141,329)				
		Fair value		Hedge rate			
		Assets	Liabilities	Assets	Liabilities	Foreign exchange rate	Expiry year
31 December 2019							
Cash flow hedge - Interest rate derivatives							
- USD (a)	5,785,132	1,012	(12,348)	2.72%-3.45%	N/A	N/A	2020-2022
Fair value hedge - Interest rate derivatives							
- USD (d)	200,000	5,121	-	3M SHIBOR +0.95%	N/A	N/A	2020
	5,985,132	6,133	(12,348)				

In 2020, the Group's net loss from the cash flow hedges of RMB 860,456,000 (2019: net loss of RMB 77,384,000) were recognised in other comprehensive income; the Company's net loss from the cash flow hedges of RMB 65,387,000 (2019: net gain of RMB 28,911,000) were recognised in other comprehensive income. The gain or loss arising from ineffective portion of cash flow hedge was immaterial. Furthermore, there were no transactions for which cash flow hedge accounting had to be ceased as a result of the highly probable cash flows no longer being expected to occur.

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9 Derivative financial instruments (Cont'd)

- (a) The Group uses these interest rate derivatives to hedge related borrowings linked to the USD LIBOR and the risk of changes in cash flow of bonds payable. Among these interest rate derivatives, the Group collects floating interest rate linked to the USD LIBOR and pays fixed interest. The above hedges are classified as cash flow hedges and the gains or losses arising from these hedge instruments are recognised in other comprehensive income as the effective portion of the hedging.
- (b) The Group uses these interest rate derivatives to hedge the risk of changes in cash flow of finance lease receivables linked to RMB LPR. Among these interest rate derivatives, the Group pays rentals at floating interest rate linked to RMB LPR and collects fixed rentals. The above hedges are classified as cash flow hedges and the gains or losses arising from these hedge instruments are recognised in other comprehensive income as the effective portion of the hedging.
- (c) The Group uses these currency derivatives to hedge against the risk of changes in cash flow of the corresponding placements from banks and financial institutions. For these currency derivatives, the Group collects RMB principal with fixed interest rate and pays USD principal and fixed interest. These are classified as cash flow hedges and changes in the fair value of these currency derivatives are recognised in other comprehensive income.
- (d) The Group uses such interest rate derivatives to hedge against the risk of changes in the fair value of bonds payable with fixed interest rate and the risk of changes in the interest rate of bank borrowings at floating interest rate, respectively. Among these interest rate derivatives, the Group collects fixed interest and pays floating interest rate linked to the SHIBOR and floating interest rate linked to the USD LIBOR above the fixed interest rate, respectively. The above hedges are classified as fair value hedges and the gains or losses arising from these hedge instruments are recognised in profit or loss for the current period.

Effect of IBOR reform on Hedge accounting

During the transition period of interest rate benchmark reform, interest rate benchmarks are assumed to continue unaltered for the purposes of hedge accounting until such time as the uncertainty is resolved. Significant judgement will be required in determining when uncertainty is expected to be resolved and therefore when the temporary exceptions will cease to apply. However, the Group has determined that the uncertainty continued to exist at 31 December 2020 and so the temporary exceptions apply to all of the group's hedge accounting relationships that are subject to reform.

10 Other receivables

	31 December 2020		31 December 2019	
	The Group	The Company	The Group (Restated)	The Company
Receivables from third parties	234,724	58,890	180,599	71,141
Receivables from subsidiaries (Note 47(3)(b)(iii))	-	33,906,312	-	33,415,207
Claims receivable from the insurance company	239,931	239,931	279,000	279,000
Sub-total	474,655	34,205,133	459,599	33,765,348
Less: ECL provision	(103,716)	(130,557)	(115,595)	(139,265)
Other receivables - net	370,939	34,074,576	344,004	33,626,083

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10 Other receivables (Cont'd)

(a) Other receivables are presented according to the ECL model by stages as follows:

The Group

	Stage 1	Stage 2	Stage 3	Total
31 December 2020				
Total credit risk exposure from other receivables	234,724	-	239,931	474,655
Less: ECL provision	(3,521)	-	(100,195)	(103,716)
Carrying amount of credit risk exposure from other receivables	231,203	-	139,736	370,939
	Stage 1	Stage 2	Stage 3	Total
31 December 2019 (Restated)				
Total credit risk exposure from other receivables	180,588	-	279,000	459,588
Less: ECL provision	(1,683)	-	(113,912)	(115,595)
Carrying amount of credit risk exposure from other receivables	178,915	-	165,088	344,004

The Company

	Stage 1	Stage 2	Stage 3	Total
31 December 2020				
Total credit risk exposure from other receivables	33,965,202	-	239,931	34,205,133
Less: ECL provision	(30,362)	-	(100,195)	(130,557)
Carrying amount of credit risk exposure from other receivables	33,934,840	-	139,736	34,074,576
	Stage 1	Stage 2	Stage 3	Total
31 December 2019				
Total credit risk exposure from other receivables	33,486,348	-	279,000	33,765,348
Less: ECL provision	(25,353)	-	(113,912)	(139,265)
Carrying amount of credit risk exposure from other receivables	33,460,995	-	165,088	33,626,083

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10 Other receivables (Cont'd)

(b) Changes on ECL provision of other receivables are as follows:

The Group

	31 December 2020			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3	
1 January 2020 (Restated)	1,683	-	113,912	115,595
Updates on EAD, PD and LGD	2,676	-	(13,717)	(11,041)
Changes in foreign currency and others	(838)	-	-	(838)
31 December 2020	3,521	-	100,195	103,716

	31 December 2019 (Restated)			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3	
1 January 2019	6,341	-	-	6,341
From Stage 1 to Stage 3	(5,058)	-	5,058	-
Updates on EAD, PD and LGD	1,160	-	108,854	110,014
Changes in foreign currency and others	(760)	-	-	(760)
31 December 2019	1,683	-	113,912	115,595

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10 Other receivables (Cont'd)

(b) Changes on ECL provision of other receivables are as follows (Cont'd):

The Company

	31 December 2020			Total
	Stage 1 12-month ECL	Stage 2	Stage 3	
		Lifetime ECL		
1 January 2020	25,353	-	113,912	139,265
Updates on EAD, PD and LGD	6,848	-	(13,717)	(6,871)
Changes in foreign currency and others	(1,837)	-	-	(1,837)
31 December 2020	<u>30,362</u>	<u>-</u>	<u>100,195</u>	<u>130,557</u>

	31 December 2019			Total
	Stage 1 12-month ECL	Stage 2	Stage 3	
		Lifetime ECL		
1 January 2019	78,901	-	-	78,901
From Stage 1 to Stage 3	(5,058)	-	5,058	-
Updates on EAD, PD and LGD	(49,949)	-	108,864	58,905
Changes in foreign currency and others	1,459	-	-	1,459
31 December 2019	<u>25,353</u>	<u>-</u>	<u>113,912</u>	<u>139,265</u>

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11 Financial assets held under re-sale agreements

	31 December 2020		31 December 2019	
	The Group	The Company	The Group	The Company
Domestic commercial banks receivables (a)	490,000	490,000	-	-
Receivables from subsidiaries (b)	-	872,090	-	1,047,956
Less: ECL provision	(410)	(1,140)	-	(954)
	<u>489,590</u>	<u>1,360,950</u>	<u>-</u>	<u>1,047,002</u>

- (a) Government bonds were pledged as collateral by the Company for financial assets held under re-sale agreements with other domestic commercial banks.
- (b) Subsidiaries use their share of usufruct of rent receivable in the lease contract as subject matter under re-sale agreements.

12 Other debt investments

Financial assets at fair value through other comprehensive income:

	31 December 2020		31 December 2019	
	The Group	The Company	The Group	The Company
Debt instrument investments - government bonds				
- Par value	2,500,000	2,500,000	1,000,000	1,000,000
- Interest adjustment	(8,685)	(8,685)	14,282	14,282
- Accumulated changes in fair value	(7,167)	(7,167)	855	855
	<u>2,484,148</u>	<u>2,484,148</u>	<u>1,015,137</u>	<u>1,015,137</u>

As at 31 December 2020, the Group considers that the credit risk of the investment in debt instruments did not increase significantly since the initial recognition. The provision for loss measured based upon the ECL within the next 12 months with an amount of RMB 751,000 (31 December 2019: RMB 300,000) is then recognised in profit or loss. In 2020, RMB 451,000 was the credit impairment loss at Stage 1 (2019: RMB 300,000).

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13 Lease receivables

(1) Carrying amount of lease receivables

	31 December 2020		31 December 2019	
	The Group	The Company	The Group (Restated)	The Company
Finance lease receivables	68,643,475	43,806,774	90,823,254	65,503,209
Sale and leaseback receivables	74,617,005	61,399,231	37,879,946	30,490,509
Sub-total	143,260,480	105,206,005	128,703,200	95,993,718
Less: ECL provision	(4,186,764)	(3,457,792)	(3,894,210)	(3,426,564)
	<u>139,083,716</u>	<u>101,748,213</u>	<u>124,808,990</u>	<u>92,567,154</u>
Receivables from operating lease	221,821	-	85,746	-
Less: ECL provision	(14,960)	-	(1,286)	-
	<u>206,861</u>	<u>-</u>	<u>84,460</u>	<u>-</u>
Carrying amount of lease receivables	<u>139,270,577</u>	<u>101,748,213</u>	<u>124,893,450</u>	<u>92,567,154</u>

(2) The due dates of finance lease receivables are analysed below:

The Group	31 December 2020		31 December 2019	
	Carrying amount	Proportion	Carrying amount (Restated)	Proportion
Within 1 year	18,825,141	25%	26,877,142	26%
1-2 years	14,438,612	18%	19,605,290	19%
2-3 years	11,428,733	14%	14,828,951	14%
3-4 years	7,494,107	9%	11,268,290	11%
4-5 years	5,748,764	7%	6,923,114	7%
More than 5 years	20,973,179	27%	24,270,340	23%
Sub-total	78,908,536	100%	103,974,127	100%
Less: Unearned finance income	(10,265,061)		(13,150,873)	
	<u>68,643,475</u>		<u>90,823,254</u>	

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13 Lease receivables (Cont'd)

(2) The due dates of finance lease receivables are analysed below (Cont'd):

The Company	31 December 2020		31 December 2019	
	Carrying amount	Proportion	Carrying amount (Restated)	Proportion
Within 1 year	16,803,394	35%	24,070,537	33%
1-2 years	11,709,175	24%	17,443,131	24%
2-3 years	8,410,141	17%	12,277,182	17%
3-4 years	4,591,845	9%	8,283,370	11%
4-5 years	2,761,970	6%	4,125,712	6%
More than 5 years	4,372,507	9%	6,773,196	9%
Sub-total	48,649,032	100%	72,973,128	100%
Less: Unearned finance income	(4,842,258)		(7,469,919)	
	<u>43,806,774</u>		<u>65,503,209</u>	

(3) Finance lease receivables and sale and leaseback receivables by stage are presented as follows:

The Group	Stage 1	Stage 2	Stage 3	Total
31 December 2020				
Finance lease receivables and sale and leaseback receivables	133,210,392	8,403,897	1,646,191	143,260,480
Less: ECL provision	(1,807,866)	(1,600,363)	(788,535)	(4,196,764)
Carrying amount	<u>131,402,526</u>	<u>6,803,534</u>	<u>857,656</u>	<u>139,063,716</u>
31 December 2019 (Restated)				
Finance lease receivables and sale and leaseback receivables	122,059,918	4,989,016	1,654,266	128,703,200
Less: ECL provision	(1,478,605)	(1,361,200)	(1,054,405)	(3,894,210)
Carrying amount	<u>120,581,313</u>	<u>3,627,816</u>	<u>599,861</u>	<u>124,808,990</u>
The Company	Stage 1	Stage 2	Stage 3	Total
31 December 2020				
Finance lease receivables and sale and leaseback receivables	97,536,268	6,107,546	1,562,191	105,206,005
Less: ECL provision	(1,388,082)	(1,313,935)	(755,775)	(3,457,792)
Carrying amount	<u>96,148,186</u>	<u>4,793,611</u>	<u>806,416</u>	<u>101,748,213</u>
31 December 2019				
Finance lease receivables and sale and leaseback receivables	89,675,413	4,664,039	1,654,266	95,993,718
Less: ECL provision	(1,138,732)	(1,233,427)	(1,054,405)	(3,426,564)
Carrying amount	<u>88,536,681</u>	<u>3,430,612</u>	<u>599,861</u>	<u>92,567,154</u>

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13 Lease receivables (Cont'd)

- (4) Finance lease receivables and sale and leaseback receivables are presented according to the changes in ECL provision by stages as follows:

The Group	31 December 2020			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL		
1 January 2020 (Restated)	1,478,605	1,361,200	1,054,405	3,894,210
Transfer:				
From Stage 1 to Stage 2	(163,885)	163,885	-	-
From Stage 1 to Stage 3	(2,908)	-	2,908	-
From Stage 2 to Stage 1	5,514	(5,514)	-	-
From Stage 2 to Stage 3	-	(61,954)	61,954	-
Updates on EAD, PD and LGD	535,445	142,748	6,771	684,962
Write-off	-	-	(317,883)	(317,883)
Recovery after written-off	-	-	8,954	8,954
Unwinding of discount	-	-	(28,574)	(28,574)
Changes in foreign currency and others	(44,905)	-	-	(44,905)
31 December 2020	<u>1,807,886</u>	<u>1,600,363</u>	<u>788,535</u>	<u>4,196,764</u>
	31 December 2019 (Restated)			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL		
1 January 2019	1,843,494	795,134	1,052,459	3,691,087
Transfer:				
From Stage 1 to Stage 2	(90,025)	90,025	-	-
From Stage 1 to Stage 3	(6,755)	-	6,755	-
From Stage 2 to Stage 1	73,334	(73,334)	-	-
From Stage 2 to Stage 3	-	(5,447)	5,447	-
Updates on EAD, PD and LGD	(349,388)	554,822	60,280	265,714
Write-off	-	-	(57,404)	(57,404)
Unwinding of discount	-	-	(13,132)	(13,132)
Changes in foreign currency and others	7,945	-	-	7,945
31 December 2019	<u>1,478,605</u>	<u>1,361,200</u>	<u>1,054,405</u>	<u>3,894,210</u>

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13 Lease receivables (Cont'd)

- (4) Finance lease receivables and sale and leaseback receivables are presented according to the changes in ECL provision by stages as follows (Cont'd):

The Company	31 December 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL		
1 January 2020	1,138,732	1,233,427	1,054,405	3,426,564
Transfer:				
From Stage 1 to Stage 2	(79,785)	79,785	-	-
From Stage 1 to Stage 3	(2,908)	-	2,908	-
From Stage 2 to Stage 1	5,514	(5,514)	-	-
From Stage 2 to Stage 3	-	(26,751)	26,751	-
Updates on EAD, PD and LGD	326,529	32,988	9,215	368,732
Write-off	-	-	(317,883)	(317,883)
Recovery after written-off	-	-	8,954	8,954
Unwinding of discount	-	-	(28,575)	(28,575)
31 December 2020	1,388,082	1,313,935	755,775	3,457,792
	31 December 2019			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL		
1 January 2019	1,463,578	757,764	1,052,459	3,273,801
Transfer:				
From Stage 1 to Stage 2	(87,598)	87,598	-	-
From Stage 1 to Stage 3	(6,755)	-	6,755	-
From Stage 2 to Stage 1	73,334	(73,334)	-	-
From Stage 2 to Stage 3	-	(5,447)	5,447	-
Updates on EAD, PD and LGD	(303,829)	466,848	60,280	223,299
Write-off	-	-	(57,404)	(57,404)
Unwinding of discount	-	-	(13,132)	(13,132)
31 December 2019	1,138,732	1,233,427	1,054,405	3,426,564

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13 Lease receivables (Cont'd)

- (5) Changes in the ending balance of finance lease receivables and sale and leaseback receivables are presented as follows:

The Group	31 December 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL		
1 January 2020 (Restated)	122,059,918	4,989,016	1,654,266	128,703,200
Transfer:				
From Stage 1 to Stage 2	(5,215,708)	5,215,708	-	-
From Stage 1 to Stage 3	(389,299)	-	389,299	-
From Stage 2 to Stage 1	44,855	(44,855)	-	-
From Stage 2 to Stage 3	-	(156,382)	156,382	-
Amount incurred for the current year, net	19,174,835	(1,599,590)	(235,873)	17,339,372
Write-off	-	-	(317,883)	(317,883)
Changes in foreign currency and others	(2,464,209)	-	-	(2,464,209)
31 December 2020	<u>133,210,392</u>	<u>8,403,897</u>	<u>1,646,191</u>	<u>143,260,480</u>
31 December 2019 (Restated)				
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL		Total
1 January 2019	114,248,231	3,735,892	1,912,275	119,896,398
Transfer:				
From Stage 1 to Stage 2	(2,906,182)	2,906,182	-	-
From Stage 1 to Stage 3	(296,637)	-	296,637	-
From Stage 2 to Stage 1	376,646	(376,646)	-	-
From Stage 2 to Stage 3	-	(8,851)	8,851	-
Amount incurred for the current year, net	10,271,126	(1,267,561)	(508,093)	8,497,472
Write-off	-	-	(57,404)	(57,404)
Changes in foreign currency and others	366,734	-	-	366,734
31 December 2019	<u>122,059,918</u>	<u>4,989,016</u>	<u>1,654,266</u>	<u>128,703,200</u>

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13 Lease receivables (Cont'd)

- (5) Changes in the ending balance of finance lease receivables and sale and leaseback receivables are presented as follows (Cont'd):

The Company	31 December 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL		
1 January 2020	89,675,413	4,664,039	1,654,266	95,993,718
Transfer:				
From Stage 1 to Stage 2	(3,028,653)	3,028,653	-	-
From Stage 1 to Stage 3	(389,299)	-	389,299	-
From Stage 2 to Stage 1	(44,855)	44,855	-	-
From Stage 2 to Stage 3	-	(72,301)	72,301	-
Amount incurred for the current year, net	11,323,662	(1,557,700)	(235,792)	9,530,170
Write-off	-	-	(317,883)	(317,883)
31 December 2020	97,536,268	6,107,546	1,562,191	105,206,005
	31 December 2019			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL		
1 January 2019	91,106,290	3,491,042	1,912,275	96,509,607
Transfer:				
From Stage 1 to Stage 2	(2,806,329)	2,806,329	-	-
From Stage 1 to Stage 3	(296,637)	-	296,637	-
From Stage 2 to Stage 1	376,646	(376,646)	-	-
From Stage 2 to Stage 3	-	(8,851)	8,851	-
Amount incurred for the current year, net	1,295,443	(1,247,835)	(506,093)	(458,485)
Write-off	-	-	(57,404)	(57,404)
31 December 2019	89,675,413	4,664,039	1,654,266	95,993,718

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13 Lease receivables (Cont'd)

(6) Finance lease receivables and sale and leaseback receivables by industry

The Group

	31 December 2020		31 December 2019	
	Carrying amount	Proportion	Carrying amount (Restated)	Proportion
Transportation, storage and post services	72,865,481	52%	57,286,755	46%
Electricity, gas and water production and supply	20,577,509	14%	18,640,719	14%
Manufacturing industry	15,006,697	10%	11,983,062	9%
Water conservancy, environmental and other public facilities	8,540,449	6%	11,735,155	9%
Mining	8,221,984	6%	6,932,089	5%
Construction industry	7,777,985	5%	7,382,096	6%
Rental and business services	2,387,564	2%	2,540,576	2%
Real estate	1,891,536	1%	2,103,723	2%
Financial industry	1,007,975	1%	4,227,701	3%
Others	4,983,300	3%	5,871,324	4%
	<u>143,260,480</u>	<u>100%</u>	<u>128,703,200</u>	<u>100%</u>

The Company

	31 December 2020		31 December 2019	
	Carrying amount	Proportion	Carrying amount	Proportion
Transportation, storage and post services	36,299,453	34%	25,712,407	27%
Electricity, gas and water production and supply	20,577,509	20%	18,640,719	19%
Manufacturing industry	14,664,538	14%	11,598,891	12%
Water conservancy, environmental and other public facilities	8,540,449	8%	11,735,155	12%
Construction industry	7,777,985	7%	7,382,096	8%
Mining	7,296,815	7%	6,490,692	7%
Rental and business services	2,387,564	2%	2,540,576	3%
Real estate	1,870,417	2%	1,794,157	2%
Financial industry	1,007,975	1%	4,227,701	4%
Others	4,983,300	5%	5,871,324	6%
	<u>105,206,005</u>	<u>100%</u>	<u>95,993,718</u>	<u>100%</u>

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13 Lease receivables (Cont'd)

(7) Finance lease receivables and sale and leaseback receivables by geographical areas

The Group

	31 December 2020		31 December 2019	
	Carrying amount	Proportion	Carrying amount (Restated)	Proportion
Northern China	35,543,854	25%	33,334,736	24%
Western China	23,899,669	17%	21,617,434	17%
Eastern China	21,608,843	15%	21,507,270	17%
Central and Southern China	20,173,788	14%	21,276,263	17%
North Eastern China	7,566,420	5%	3,206,397	3%
Overseas	34,467,906	24%	27,761,100	22%
	<u>143,260,480</u>	<u>100%</u>	<u>128,703,200</u>	<u>100%</u>

The Company

	31 December 2020		31 December 2019	
	Carrying amount	Proportion	Carrying amount	Proportion
Northern China	35,403,451	34%	33,151,086	35%
Western China	23,777,214	23%	21,437,271	22%
Eastern China	21,210,452	20%	20,940,715	22%
Central and Southern China	17,248,468	16%	17,258,249	18%
North Eastern China	7,566,420	7%	3,206,397	3%
	<u>105,206,005</u>	<u>100%</u>	<u>95,993,718</u>	<u>100%</u>

(8) As at 31 December 2020, the book balance of finance lease receivables and sale and leaseback receivables pledged by the Group was RMB 7,569,989,000 (31 December 2019: RMB 9,266,140,000).

(9) From 1 January 2019, for assets transferred in sale and leaseback transactions that don't belong to sales, the Group account for such long-term receivables per the *Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments* and disclose it as Lease Receivables.

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14 Long-term equity investments

The Company

	31 December 2020	31 December 2019
Investments in subsidiaries (Note 6)	14,030,762	8,531,162

As at 31 December 2020, there was no indication that the Company's long-term equity investments may be impaired, therefore no provision for impairment was made. (31 December 2019: Nil).

15 Prepayments for lease assets

	31 December 2020		31 December 2019	
	The Group	The Company	The Group	The Company
Advance purchase payment	10,963,397	-	9,538,011	-

16 Investment properties

The Group

	Buildings
31 December 2019 (Restated)	3,962,704
Additions in the current year	652
Changes in fair value	69
Transfer out to fixed assets	(529,236)
31 December 2020	3,434,189

In 2020, the impact on the Group's net profit for the current period resulting from the changes in fair value of investment properties was RMB 69,000 (31 December 2019: net loss of RMB 3,572,000).

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Fixed assets

The Group

	Office equipment and electronic equipment	Motor vehicles	Buildings	Fixed assets leased out under operating lease		Total
				Aircraft	Ship	
Original carrying amount						
1 January 2020 (Restated)	21,864	1,202	3,292,020	74,903,743	58,851,115	137,058,944
Increase in the current year	2,083	-	20,610	5,751,599	11,822,777	17,597,069
Transfer in from investment properties	-	-	528,236	-	-	528,236
Decrease in the current year	(253)	-	-	-	(6,060,796)	(6,061,049)
Differences on translation of foreign currency financial statements	-	-	-	(4,771,833)	(3,792,392)	(8,564,225)
31 December 2020	23,694	1,202	3,841,866	75,883,509	60,820,704	140,570,975
Accumulated depreciation						
1 January 2020 (Restated)	(11,211)	(878)	(294,517)	(8,839,691)	(8,034,904)	(17,181,201)
Increase in the current year	(3,862)	(53)	(109,748)	(3,066,213)	(3,821,714)	(7,001,590)
Decrease in the current year	241	-	-	-	1,062,112	1,062,353
Differences on translation of foreign currency financial statements	-	-	-	721,845	738,372	1,460,217
31 December 2020	(14,832)	(931)	(404,265)	(11,184,059)	(10,058,134)	(21,660,221)
Provision for impairment losses						
1 January 2020 (Restated)	-	-	-	(284,271)	(55,678)	(339,949)
Increase in the current year	-	-	-	(269,464)	(215,261)	(484,725)
Decrease in the current year	-	-	-	-	13,485	13,485
Differences on translation of foreign currency financial statements	-	-	-	26,203	9,843	36,046
31 December 2020	-	-	-	(527,532)	(247,811)	(775,343)
Carrying amount						
1 January 2020 (Restated)	10,653	324	2,997,503	65,779,781	50,760,533	119,546,794
31 December 2020	8,862	271	3,437,601	64,171,918	50,516,959	118,135,611

For the year ended 31 December 2020, the amounts of depreciation expenses charged to cost of sales and operating, and general and administrative expenses were RMB 6,887,927,000 (Note 39) and RMB 113,663,000 (Note 39) and RMB 88,340,000 (Note 39) respectively.

As at 31 December 2020, the book value of the Group's fixed assets leased out under operating lease as collateral was RMB 58,495,736,000 (31 December 2019: RMB 62,253,096,000).

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18 Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities before offsetting of certain debit and credit balances are set out as follows:

The Group

	2020	2019 (Restated)
Net balance at the beginning of the year	389,609	456,178
Including: Deferred tax assets	1,072,577	995,178
Deferred tax liabilities	(682,968)	(538,998)
Net increase/(decrease) in deferred taxes recognised in income tax expenses in the current year (Note 44)	(16,851)	(80,762)
Net increase/(decrease) in deferred taxes recognised in other comprehensive income in the current year (Note 29)	148,927	19,376
Effect of foreign exchange rate changes	(8,050)	(5,183)
Net balance at the end of the year	513,635	389,609
Including: Deferred tax assets	1,310,283	1,072,577
Deferred tax liabilities	(796,648)	(682,968)

The Company

	2020	2019
Net balance at the beginning of the year	958,062	923,598
Including: Deferred tax assets	958,062	923,598
Deferred tax liabilities	-	-
Net increase/(decrease) in deferred taxes recognised in income tax expenses in the current year (Note 44)	55,460	40,745
Net increase/(decrease) in deferred taxes recognised in other comprehensive income in the current year (Note 29)	19,102	(6,281)
Net balance at the end of the year	1,032,624	958,062
Including: Deferred tax assets	1,032,624	958,062
Deferred tax liabilities	-	-

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18 Deferred tax assets and deferred tax liabilities (Cont'd)

Deferred tax assets and deferred tax liabilities before offsetting of certain debit and credit balances are set out as follows:

(1) Deferred tax assets

The Group

	31 December 2020		31 December 2019	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets (Restated)	Deductible temporary differences (Restated)
Provision for asset impairments	864,739	3,854,386	755,212	3,122,792
Deferred income	231,076	924,304	233,437	933,748
Salaries accrued but unpaid	48,104	192,416	53,939	215,756
Change in fair value of derivative financial instruments	162,474	794,404	28,867	142,762
Fair value changes in other debt investments	3,890	15,558	645	2,580
Fair value changes in other equity investments	-	-	377	1,508
	<u>1,310,283</u>	<u>5,581,068</u>	<u>1,072,577</u>	<u>4,419,146</u>

The Company

	31 December 2020		31 December 2019	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Provision for asset impairments	730,444	2,921,776	665,182	2,672,728
Deferred income	231,076	924,304	233,437	933,748
Salaries accrued but unpaid	48,104	192,416	53,939	215,756
Change in fair value of derivative financial instruments	19,110	76,440	1,482	5,928
Fair value changes in other debt investments	3,890	15,558	645	2,580
Fair value changes in other equity investments	-	-	377	1,508
	<u>1,032,624</u>	<u>4,130,494</u>	<u>958,062</u>	<u>3,832,248</u>

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18 Deferred tax assets and deferred tax liabilities (Cont'd)

(1) Deferred tax assets (Cont'd)

Deductible losses that are not recognised as deferred tax assets are analysed as follows:

	31 December 2020	31 December 2019 (Restated)
Deductible losses	<u>2,914,042</u>	<u>1,462,004</u>

(2) Deferred tax liabilities

The Group

	31 December 2020		31 December 2019	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities (Restated)	Taxable temporary differences (Restated)
Depreciation of fixed assets	(305,947)	(2,447,576)	(254,179)	(2,033,432)
Expected income tax (a)	(474,519)	(2,875,873)	(397,123)	(2,406,806)
Change in fair value of investment properties	(16,182)	(64,728)	(18,656)	(74,624)
Change in fair value of derivative financial instruments	-	-	(13,010)	(78,848)
	<u>(796,648)</u>	<u>(5,388,177)</u>	<u>(682,968)</u>	<u>(4,593,710)</u>

- (a) Based on study of the relevant provisions of the *Inland Revenue Ordinance* and the opinions of some professional bodies, the Group measures the tax liabilities by assessing the possibility of income tax effects arising from the taxation policies on ship operating leases in Hong Kong, and accrues deferred tax liabilities.

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18 Deferred tax assets and deferred tax liabilities (Cont'd)

(3) The net balances of deferred tax assets and liabilities after offsetting are as follows:

	31 December 2020		31 December 2019	
	The Group	The Company	The Group (Restated)	The Company
Deferred tax assets, net	1,310,283	1,032,624	1,072,577	958,062
Deferred tax liabilities, net	(796,648)	-	(682,968)	-

19 Other assets

	31 December 2020		31 December 2019	
	The Group	The Company	The Group (Restated)	The Company
Temporary payments	338,075	53,230	341,598	47,405
Right-of-use assets	13,768	38,912	17,360	44,714
Intangible assets	3,857	3,705	2,838	2,618
Long-term prepaid expenses	1,421	519	2,150	221
Investments in other equity instruments	-	-	15,931	15,931
	357,121	96,366	379,877	110,889

20 Short-term borrowings

	31 December 2020		31 December 2019	
	The Group	The Company	The Group	The Company
Short-term borrowings	69,841,067	50,357,724	59,840,047	50,787,634
Including: Current portion of long-term borrowings	6,234,402	2,597,648	5,162,360	4,076,363

21 Placements from banks and other financial institutions

	31 December 2020		31 December 2019	
	The Group	The Company	The Group	The Company
From banks in mainland China	13,643,634	13,643,664	11,064,457	11,064,457
From non-bank financial institutions	2,004,645	2,004,645	-	-
	15,648,309	15,648,309	11,064,457	11,064,457

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22 Notes payable

	31 December 2020		31 December 2019	
	The Group	The Company	The Group	The Company
Bank acceptance notes	<u>6,652,738</u>	<u>6,652,738</u>	<u>334,038</u>	<u>334,038</u>

Bank acceptance notes mentioned above will be due within one year.

23 Employee benefits payable

	31 December 2020		31 December 2019	
	The Group	The Company	The Group	The Company
Short-term employee benefits	217,368	217,368	235,091	235,091
Defined contribution plans	<u>2,579</u>	<u>2,134</u>	<u>12,462</u>	<u>12,462</u>
	<u>219,947</u>	<u>219,502</u>	<u>247,553</u>	<u>247,553</u>

(1) Short-term employee benefits

The Group

	31 December 2019	Increase in the current year	Decrease in the current year	31 December 2020
Wages and salaries, bonus, allowances and subsidies	215,756	244,000	(267,340)	192,416
Employee welfare and others	-	9,245	(9,168)	77
Social security contributions	499	14,422	(14,072)	849
Including: Medical insurance	414	14,321	(13,934)	801
Work injury insurance and maternity insurance	85	101	(138)	48
Housing funds	82	7,773	(7,776)	79
Labour union funds and employee education funds	18,754	10,096	(4,903)	23,947
	<u>235,091</u>	<u>285,536</u>	<u>(303,259)</u>	<u>217,368</u>

The Company

	31 December 2019	Increase in the current year	Decrease in the current year	31 December 2020
Wages and salaries, bonus, allowances and subsidies	215,756	198,203	(221,543)	192,416
Employee welfare and others	-	8,004	(7,927)	77
Social security contributions	499	13,984	(13,634)	849
Including: Medical insurance	414	13,898	(13,511)	801
Work injury insurance and maternity insurance	85	86	(123)	48
Housing funds	82	7,561	(7,564)	79
Labour union funds and employee education funds	18,754	9,997	(4,804)	23,947
	<u>235,091</u>	<u>237,749</u>	<u>(255,472)</u>	<u>217,368</u>

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23 Employee benefits payable (Cont'd)
(2) Defined contribution plans

The Group

	31 December 2019	Increase in the current year	Decrease in the current year	31 December 2020
Pensions	12,409	30,738	(40,655)	2,492
Unemployment insurance	53	735	(701)	87
	<u>12,462</u>	<u>31,473</u>	<u>(41,356)</u>	<u>2,579</u>

The Company

	31 December 2019	Increase in the current year	Decrease in the current year	31 December 2020
Pensions	12,409	25,161	(35,523)	2,047
Unemployment insurance	53	735	(701)	87
	<u>12,462</u>	<u>25,896</u>	<u>(36,224)</u>	<u>2,134</u>

24 Taxes payable

	31 December 2020		31 December 2019	
	The Group	The Company	The Group (Restated)	The Company
Enterprise income tax payable	575,159	173,028	543,118	182,368
Unpaid VAT	70,036	88,294	75,444	60,208
Other taxes payable	21,457	3,228	22,519	2,339
	<u>666,652</u>	<u>244,550</u>	<u>641,081</u>	<u>244,915</u>

25 Other payables

	31 December 2020		31 December 2019	
	The Group	The Company	The Group (Restated)	The Company
Temporary receipts from lessee (a)	6,903,811	4,423,458	7,761,914	5,201,119
Reserves for aircraft maintenance	900,598	-	697,289	-
Payables for leasing projects	204,983	187,295	424,031	309,587
Payables to subsidiaries (Note 47(3)(b)(vii))	-	16,334,842	-	9,607,760
Others	755,539	19,946	746,914	43,503
	<u>8,764,931</u>	<u>20,965,541</u>	<u>9,630,148</u>	<u>15,161,969</u>

- (a) The temporary receipts from lessee are the lease security deposits determined according to the lease contracts.

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26 Long-term borrowings

	31 December 2020		31 December 2019	
	The Group	The Company	The Group (Restated)	The Company
Long-term borrowings	86,800,982	18,060,615	66,798,917	14,245,956
Less: Current portion of long-term borrowings	(6,234,402)	(2,587,648)	(5,162,380)	(4,076,363)
	<u>80,566,580</u>	<u>15,462,967</u>	<u>61,636,557</u>	<u>10,169,603</u>

27 Bonds payable

	31 December 2020		31 December 2019	
	The Group	The Company	The Group (Restated)	The Company
General bonds carried at amortised cost	<u>89,762,924</u>	<u>27,358,517</u>	<u>95,576,426</u>	<u>32,442,175</u>

Details of bonds are as follows:

					Interest accrued as at 31 December 2020					
	Par value	Issue date	Maturity	Issuance amount	Opening balance	Increase in the current year	Payment in the current year	Ending balance	Balance at the end of the year	
17 BoCom Leasing 01	2,000,000	18 July 2017	3 years	2,000,000	40,770	49,396	90,166	-	-	
17 BoCom Leasing 02	3,000,000	22 August 2017	3 years	3,000,000	49,067	88,471	137,538	-	-	
17 BoCom Leasing 03	3,000,000	18 October 2017	3 years	3,000,000	28,200	112,800	141,000	-	-	
18 BoCom Leasing 03	500,000	7 September 2018	5 years	500,000	5,101	16,250	16,250	5,101	504,880	
18 BoCom Leasing 01	4,000,000	5 July 2018	3 years	4,000,000	87,134	181,439	181,200	87,373	4,085,255	
18 BoCom Leasing L2	2,000,000	18 September 2018	10 years	2,000,000	26,986	103,080	103,000	29,066	2,023,945	
18 BoCom Leasing 02	4,000,000	22 October 2018	3 years	4,000,000	31,220	165,685	165,600	31,305	4,028,103	
19 BoCom Leasing 01	5,000,000	20 May 2019	3 years	5,000,000	112,519	184,402	184,000	112,521	5,107,348	
19 BoCom Leasing 02	5,000,000	8 July 2019	3 years	5,000,000	87,261	187,739	182,500	87,500	5,081,410	
19 BoCom Leasing 03	3,500,000	21 October 2019	3 years	3,500,000	23,962	122,214	122,150	23,426	3,518,395	
20 BoCom Leasing 01	3,000,000	5 November 2020	3 years	3,000,000	-	15,900	-	15,900	3,009,161	
Azure Nova	4,834,970	21 March 2017	3 years	4,587,430	41,052	19,931	60,883	-	-	
Azure Nova	6,937,000	1 November 2018	5 years	6,524,900	30,689	184,214	186,512	28,291	6,542,511	
Azure Nova	7,252,455	21 March 2017	5 years	6,851,145	71,841	239,061	244,438	66,464	6,909,814	
Azure Nova	1,726,775	21 March 2017	10 years	1,631,225	20,545	69,327	70,656	19,218	1,645,334	

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27 Bonds payable (Cont'd)

Details of bonds are as follows (Cont'd):

	Par value	Issue date	Maturity	Face amount	Interest accrued as at 31 December 2020				Balance at the end of the year
					Opening balance	Increase in the current year	Payment in the current year	Ending balance	
BOCOM Leasing Management Hong Kong Co., Ltd.	5,502,240	22 January 2019	3 years	5,319,930	58,890	308,797	215,542	92,135	5,394,485
BOCOM Leasing Management Hong Kong Co., Ltd.	4,814,460	22 January 2019	5 years	4,567,430	95,671	200,319	205,362	80,628	4,630,800
BOCOM Leasing Management Hong Kong Co., Ltd.	825,336	12 April 2019	3 years	782,958	5,806	16,571	19,624	2,753	785,741
BOCOM Leasing Management Hong Kong Co., Ltd.	2,816,000	5 September 2018	5 years	2,609,960	5,745	67,251	68,652	4,344	2,605,277
BOCOM Leasing Management Hong Kong Co., Ltd.	1,403,000	5 September 2019	5 years	1,334,980	11,073	34,135	35,372	10,836	1,308,406
BOCOM Leasing Management Hong Kong Co., Ltd.	1,273,882	25 October 2019	3 years	1,174,482	7,089	23,658	27,652	3,055	1,177,577
BOCOM Leasing Management Hong Kong Co., Ltd.	4,351,120	10 December 2019	5 years	3,814,940	6,652	104,260	104,903	6,018	3,915,251
BOCOM Leasing Management Hong Kong Co., Ltd.	3,490,550	2 March 2020	5 years	3,262,450	-	61,106	56,276	5,830	3,255,337
BOCOM Leasing Management Hong Kong Co., Ltd.	2,054,330	2 March 2020	3 years	1,957,470	-	34,792	31,616	3,176	1,956,928
BOCOM Leasing Management Hong Kong Co., Ltd.	2,449,860	14 July 2020	3 years	2,253,716	-	18,223	-	18,223	2,292,701
BOCOM Leasing Management Hong Kong Co., Ltd.	3,145,820	14 July 2020	5 years	2,935,266	-	27,450	15,117	12,333	2,934,620
Azure Orbit II	2,462,691	18 August 2015	5 years	2,512,387	31,043	66,072	97,115	-	-
Azure Orbit	3,139,900	5 March 2018	10 years	3,262,450	42,044	116,952	118,939	39,897	3,299,017
Azure Orbit III	3,904,740	15 March 2016	5 years	3,914,940	30,789	111,837	113,640	28,956	3,942,837
Azure Orbit IV	1,911,720	25 January 2018	3 years	1,957,470	32,198	74,539	76,949	29,788	1,987,144
Azure Orbit IV	5,053,760	25 January 2018	5 years	5,188,655	189,243	209,188	215,671	102,740	5,261,480
Azure Orbit IV	1,593,100	25 January 2018	10 years	1,631,225	30,665	70,908	72,814	28,839	1,643,059
	<u>105,882,329</u>			<u>104,056,087</u>	<u>1,165,445</u>	<u>3,179,906</u>	<u>3,361,297</u>	<u>984,054</u>	<u>80,762,824</u>

On 18 July 2017, the Group completed the first issue of three-year bonds for year 2017, with an aggregate par value of RMB 2 billion, at a fixed nominal interest rate of 4.53% annually, with maturity dated 19 July 2020. The interest is paid annually as agreed.

On 22 August 2017, the Group completed the second issue of three-year bonds for year 2017, with an aggregate par value of RMB 3 billion, at a fixed nominal interest rate of 4.6% annually, with maturity dated 23 August 2020. The interest is paid annually as agreed.

On 18 October 2017, the Group completed the third issue of three-year bonds for year 2017, with an aggregate par value of RMB 3 billion, at a fixed nominal interest rate of 4.70% annually, with maturity dated 19 October 2020. The interest is paid annually as agreed.

On 7 September 2016, the Group completed the third issue of five-year bonds for year 2016, with an aggregate par value of RMB 0.5 billion, at a fixed nominal interest rate of 3.25% annually, with maturity dated 8 September 2021. The interest is paid annually as agreed.

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27 Bonds payable (Cont'd)

On 5 July 2018, the Group completed the first issue of three-year bonds for year 2018, with an aggregate par value of RMB 4 billion, at a fixed nominal interest rate of 4.53% annually, with maturity dated 9 July 2021. The interest is paid annually as agreed.

On 18 September 2018, the Group completed the issue of ten-year tier 2 capital bonds for year 2018, with an aggregate par value of RMB 2 billion, at a fixed nominal interest rate of 5.15% annually, with maturity dated 20 September 2028. The interest is paid annually as agreed.

On 22 October 2018, the Group completed the second issue of three-year bonds for year 2018, with an aggregate par value of RMB 4 billion, at a fixed nominal interest rate of 4.14% annually, with maturity dated 24 October 2021. The interest is paid annually as agreed.

On 20 May 2019, the Group completed the first issue of three-year bonds for year 2019, with an aggregate par value of RMB 5 billion, at a fixed nominal interest rate of 3.68% annually, with maturity dated 22 May 2022. The interest is paid annually as agreed.

On 8 July 2019, the Group completed the second issue of three-year bonds for year 2019, with an aggregate par value of RMB 5 billion, at a fixed nominal interest rate of 3.65% annually, with maturity dated 10 July 2022. The interest is paid annually as agreed.

On 21 October 2019, the Group completed the third issue of three-year bonds for year 2019, with an aggregate par value of RMB 3.5 billion, at a fixed nominal interest rate of 3.49% annually, with maturity dated 23 October 2022. The interest is paid annually as agreed.

On 5 November 2020, the Group completed the first issue of three-year bonds for year 2020, with an aggregate par value of RMB 3 billion, at a fixed nominal interest rate of 3.65% annually, with maturity dated 9 November 2023. The interest is paid annually as agreed.

On 21 March 2017, Azure Nova, a subsidiary of the Group, completed the issue of three-year bonds for year 2017, with an aggregate par value of USD 0.7 billion, at a fixed nominal interest rate of 3% annually, with maturity dated 21 March 2020.

On 1 November 2016, Azure Nova, a subsidiary of the Group, completed the issue of five-year bonds for year 2016, with an aggregate par value of USD 1 billion, at a fixed nominal interest rate of 2.625% annually, with maturity dated 1 November 2021.

On 21 March 2017, Azure Nova, a subsidiary of the Group, completed the issue of five-year bonds for year 2017, with an aggregate par value of USD 1.05 billion, at a fixed nominal interest rate of 3.5% annually, with maturity dated 21 March 2022.

On 21 March 2017, Azure Nova, a subsidiary of the Group, completed the issue of ten-year bonds for year 2017, with an aggregate par value of USD 0.25 billion, at a fixed nominal interest rate of 4.25% annually, with maturity dated 21 March 2027.

On 22 January 2019, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of three-year bonds for year 2019, with an aggregate par value of USD 0.8 billion, at a fixed nominal interest rate of 4.00% annually, with maturity dated 22 January 2022.

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27 Bonds payable (Cont'd)

On 22 January 2019, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of five-year bonds for year 2019, with an aggregate par value of USD 0.7 billion, at a fixed nominal interest rate of 4.375% annually, with maturity dated 22 January 2024.

On 12 April 2019, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of three-year bonds for year 2019, with an aggregate par value of USD 0.12 billion, at a floating nominal interest rate of three-month USD LIBOR +1.20% annually, with maturity dated 12 April 2022.

On 5 September 2019, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of five-year bonds for year 2019, with an aggregate par value of USD 0.4 billion, at a floating nominal interest rate of three-month USD LIBOR +1.175% annually, with maturity dated 5 September 2024.

On 5 September 2019, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of five-year bonds for year 2019, with an aggregate par value of USD 0.2 billion, at a fixed nominal interest rate of 2.625% annually, with maturity dated 5 September 2024.

On 25 October 2019, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of three-year bonds for year 2019, with an aggregate par value of USD 0.18 billion, at a floating nominal interest rate of three-month USD LIBOR +1.05% annually, with maturity dated 25 October 2022.

On 10 December 2019, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of five-year bonds for year 2019, with an aggregate par value of USD 0.6 billion, at a floating nominal interest rate of three-month USD LIBOR +1.075% annually, with maturity dated 10 December 2024.

On 2 March 2020, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of five-year bonds for year 2020, with an aggregate par value of USD 0.5 billion, at a floating nominal interest rate of three-month USD LIBOR +0.95 % annually, with maturity dated 2 March 2025.

On 2 March 2020, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of three-year bonds for year 2020, with an aggregate par value of USD 0.3 billion, at a floating nominal interest rate of three-month USD LIBOR +0.83% annually, with maturity dated 2 March 2023.

On 14 July 2020, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of three-year bonds for year 2020, with an aggregate par value of USD 0.35 billion, at a fixed nominal interest rate of 1.75% annually, with maturity dated 14 July 2023.

On 14 July 2020, BOCOM Leasing Management Hong Kong Co., Ltd., a subsidiary of the Group, completed the issue of five-year bonds for year 2020, with an aggregate par value of USD 0.46 billion, at a floating nominal interest rate of three-month USD LIBOR +1.7% annually, with maturity dated 14 July 2025.

On 18 August 2015, Azure Orbit II, a subsidiary of the Group, completed the issue of five-year bonds for year 2015, with an aggregate par value of USD 0.385 billion, at a fixed nominal interest rate of 3.125% annually, with maturity dated 18 August 2020.

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27 Bonds payable (Cont'd)

On 6 March 2013, Azure Orbit, a subsidiary of the Group, completed the issue of ten-year bonds for year 2013, with an aggregate par value of USD 0.5 billion, at a fixed nominal interest rate of 3.75% annually, with maturity dated 6 March 2023.

On 15 March 2016, Azure Orbit III, a subsidiary of the Group, completed the issue of five-year bonds for year 2016, with an aggregate par value of USD 0.6 billion, at a fixed nominal interest rate of 2.748% annually, with maturity dated 15 March 2021.

On 25 January 2018, Azure Orbit IV, a subsidiary of the Group, completed the issue of three-year bonds for year 2018, with an aggregate par value of USD 0.3 billion, at a fixed nominal interest rate of 3.5% annually, with maturity dated 25 January 2021.

On 25 January 2018, Azure Orbit IV, a subsidiary of the Group, completed the issue of five-year bonds for year 2018, with an aggregate par value of USD 0.95 billion, at a fixed nominal interest rate of 3.75% annually, with maturity dated 25 January 2023.

On 25 January 2018, Azure Orbit IV, a subsidiary of the Group, completed the issue of ten-year bonds for year 2018, with an aggregate par value of USD 0.25 billion, at a fixed nominal interest rate of 4% annually, with maturity dated 25 January 2028.

28 Other liabilities

	31 December 2020		31 December 2019	
	The Group	The Company	The Group (Restated)	The Company
Advances from customers	3,605,521	1,042,780	3,688,888	1,156,242
Lease liabilities	12,438	36,993	14,534	46,876
	<u>3,617,959</u>	<u>1,079,773</u>	<u>3,903,422</u>	<u>1,203,118</u>

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29 Other comprehensive income

The Group	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the year ended 31 December 2020		
	31 December 2019	Net amount after tax	31 December 2020	Amount before tax	Less: Income tax expenses	Net amount after tax
Other comprehensive income items which will not be reclassified to profit or loss						
Fair value changes in other equity investments	(1,130)	1,130	-	1,507	(377)	1,130
Other comprehensive income items which will be reclassified to profit or loss						
Effective portion of hedging instruments in a cash flow hedge	(54,567)	(714,284)	(768,851)	(860,435)	146,172	(714,284)
Fair value changes in other debt investments	(1,935)	(9,734)	(11,669)	(12,979)	3,245	(9,734)
Provision for credit impairment of other debt investments	225	338	563	451	(113)	338
Differences arising from translation of foreign currency financial statements	(514,828)	(82,614)	(697,442)	(82,614)	-	(82,614)
	(572,235)	(805,164)	(1,477,399)	(954,091)	148,927	(805,164)
The Company						
	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the year ended 31 December 2020		
	31 December 2019	Net amount after tax	31 December 2020	Amount before tax	Less: Income tax expenses	Net amount after tax
Other comprehensive income items which will not be reclassified to profit or loss						
Fair value changes in other equity investments	(1,130)	1,130	-	1,507	(377)	1,130
Other comprehensive income items which will be reclassified to profit or loss						
Effective portion of hedging instruments in a cash flow hedge	(8,286)	(49,040)	(57,328)	(65,387)	16,347	(49,040)
Fair value changes in other debt investments	(1,935)	(9,734)	(11,669)	(12,979)	3,245	(9,734)
Provision for credit impairment of other debt investments	225	338	563	451	(113)	338
	(11,128)	(57,306)	(68,434)	(75,408)	19,102	(57,306)

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29 Other comprehensive income (Cont'd)

The Group	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the year ended 31 December 2019		
	31 December 2018	Net amount after tax	31 December 2019	Amount before tax	Less: Income tax expenses	Net amount after tax
Other comprehensive income items which will not be reclassified to profit or loss						
Fair value changes in other equity investments	-	(1,130)	(1,130)	(1,507)	377	(1,130)
Other comprehensive income items which will be reclassified to profit or loss						
Effective portion of hedging instruments in a cash flow hedge	4,388	(58,955)	(54,567)	(77,364)	18,429	(58,955)
Fair value changes in other debt investments	-	(1,935)	(1,935)	(2,580)	645	(1,935)
Provision for credit impairment of other debt investments	-	225	225	300	(75)	225
Differences arising from translation of foreign currency financial statements	(613,097)	(1,731)	(614,828)	(1,731)	-	(1,731)
	(608,709)	(63,526)	(672,235)	(82,802)	19,376	(63,526)
The Company						
Other comprehensive income in the balance sheet						
	31 December 2018	Net amount after tax	31 December 2019	Amount before tax	Less: Income tax expenses	Net amount after tax
Other comprehensive income items which will not be reclassified to profit or loss						
Fair value changes in other equity investments	-	(1,130)	(1,130)	(1,507)	377	(1,130)
Other comprehensive income items which will be reclassified to profit or loss						
Effective portion of hedging instruments in a cash flow hedge	(29,971)	21,683	(6,288)	28,911	(7,228)	21,683
Fair value changes in other debt investments	-	(1,935)	(1,935)	(2,580)	645	(1,935)
Provision for credit impairment of other debt investments	-	225	225	300	(75)	225
	(29,971)	18,843	(11,128)	25,124	(6,261)	18,843

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30 Surplus reserve

The Group

	1 January 2020	Increase in the current year	Decrease in the current year	31 December 2020
Statutory surplus reserve	1,166,493	175,346	-	1,341,839

	1 January 2019	Increase in the current year	Decrease in the current year	31 December 2019
Statutory surplus reserve	925,035	241,458	-	1,166,493

The Company

	1 January 2020	Increase in the current year	Decrease in the current year	31 December 2020
Statutory surplus reserve	982,382	144,995	-	1,127,377

	1 January 2019	Increase in the current year	Decrease in the current year	31 December 2019
Statutory surplus reserve	865,012	117,370	-	982,382

In accordance with the *Company Law of the PRC* and the Company's Articles of Association, the Group and the Company should appropriate 10% of net profit for the year to the statutory surplus reserve. The Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid-in capital after approval from the appropriate authorities.

31 General risk reserve

The Group and the Company

	1 January 2020	Increase in the current year	Decrease in the current year	31 December 2020
General risk reserve	3,821,843	727,837	-	4,549,680

	1 January 2019	Increase in the current year	Decrease in the current year	31 December 2019
General risk reserve	3,518,035	303,808	-	3,821,843

According to the regulations of the *Administrative Measures for the Provision of Reserves of Financial Enterprises* (Cai Jin [2012] No. 20) issued by the Ministry of Finance, the Company appropriate 1.5% of ending balance of risk assets of the current year to the general risk reserve.

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32 Undistributed profits

	31 December 2020		31 December 2019	
	The Group	The Company	The Group (Restated)	The Company
Undistributed profits at the beginning of the year	11,086,004	5,066,805	8,628,942	4,314,281
Business combination between entities under common control	-	-	20,158	-
Sub-total	11,086,004	5,066,805	8,649,100	4,314,281
Add: Net profit in the current year	3,201,563	1,449,955	2,982,170	1,173,702
Less: Appropriation to statutory surplus reserve (Note 30)	(175,346)	(144,995)	(241,458)	(117,370)
Appropriation to general risk reserve (Note 31)	(727,837)	(727,837)	(303,808)	(303,808)
Undistributed profits at the end of the year	13,384,384	5,643,928	11,086,004	5,066,805

33 Interest income

	2020		2019	
	The Group	The Company	The Group (Restated)	The Company
Interest income from financial enterprises	113,457	74,864	63,712	48,952
Interest income from government bonds	53,984	53,984	8,294	8,294
Interest income from transactions between subsidiaries	-	974,811	-	1,061,595
	167,441	1,103,659	72,006	1,118,841

34 Income from finance lease and sale and leaseback

	2020		2019	
	The Group	The Company	The Group (Restated)	The Company
Interest income from finance lease	4,308,679	3,027,410	5,550,740	4,346,640
Interest income from sale and leaseback	2,347,626	1,872,976	953,939	750,330
	6,656,305	4,900,386	6,504,679	5,096,970

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35 Operating lease income

	2020		2019	
	The Group	The Company	The Group (Restated)	The Company
Operating lease - Ship	7,290,381	-	6,340,028	-
Operating lease - Aircraft	5,474,822	-	5,420,925	-
Building leasing	307,414	-	313,523	-
	<u>13,072,617</u>	<u>-</u>	<u>12,074,476</u>	<u>-</u>

36 (Losses)/Gains on disposal of assets

	2020		2019	
	The Group	The Company	The Group (Restated)	The Company
(Losses)/Gains on disposal of fixed assets	<u>(80,988)</u>	<u>12</u>	<u>87,038</u>	<u>(10)</u>

Gains on disposal of assets include the net gains from disposal of assets under operating leases, and the net gains are determined at the higher of selling price and net book value of fixed assets, deducting relevant transaction costs and other expenses.

37 Other income

	2020		2019	
	The Group	The Company	The Group	The Company
Financial subsidy income	373,553	94,708	384,522	72,241
Super deduction of VAT input	-	-	14,369	14,368
	<u>373,553</u>	<u>94,708</u>	<u>398,891</u>	<u>86,609</u>

Financial subsidy income represents government grants from the Shanghai Financial Bureau and Shanghai Free Trade Zone, Tianjin Free Trade Zone and so on.

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38 Interest expenses

	2020		2019	
	The Group	The Company	The Group (Restated)	The Company
Interest expenses of borrowings	3,076,654	2,053,381	4,051,918	2,498,213
Total interest expenses of borrowings	3,339,011	2,056,381	4,405,210	2,498,213
Less: Capitalised interest expenses	(262,357)	-	(353,292)	-
Interest expenses of bonds	3,404,291	1,247,836	3,244,883	1,184,401
Interest expenses of placements from banks and other financial institutions	213,698	213,698	405,185	408,185
Interest expenses of lease liabilities	1,950	1,537	10,706	2,846
Interest expenses of deposits	3,894	3,894	4,795	4,795
	<u>6,700,487</u>	<u>3,523,346</u>	<u>7,720,487</u>	<u>4,098,440</u>

39 Cost of operating leases

The Group

	2020	2019 (Restated)
Depreciation of fixed assets leased out under operating lease (Note 17)	6,887,927	5,889,363
Others	162,553	188,735
	<u>7,050,480</u>	<u>6,078,098</u>

40 Taxes and surcharges

	2020		2019	
	The Group	The Company	The Group (Restated)	The Company
City maintenance and construction tax	28,231	8,609	25,942	8,480
Stamp tax	26,460	14,700	18,743	10,491
Property tax	19,984	-	19,984	-
Educational surcharge	14,896	3,689	13,329	3,634
Others	9,977	2,461	7,266	1,555
	<u>99,548</u>	<u>29,459</u>	<u>85,264</u>	<u>24,160</u>

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41 Operating and administrative expenses

	2020		2019	
	The Group	The Company	The Group (Restated)	The Company
Employee benefits and welfare	317,009	263,645	317,454	277,679
Depreciation and amortisation	121,636	39,287	117,932	40,098
Consulting expenses	59,664	14,997	61,030	17,332
Travelling expenses	11,227	9,717	23,179	19,344
Entertainment expenses	4,579	4,579	7,470	6,648
Others	43,381	35,963	53,209	39,002
	<u>557,496</u>	<u>368,178</u>	<u>580,274</u>	<u>400,103</u>

42 Credit impairment losses

	2020		2019	
	The Group	The Company	The Group (Restated)	The Company
Credit impairment losses on lease receivables	684,982	368,732	285,714	223,299
Losses on/(Reversal of) credit impairment of other receivables	(11,041)	(6,871)	110,014	58,906
Credit impairment losses on cash at bank and on hand	52,817	6,398	(5,450)	(2,039)
Credit impairment losses on placements with banks and other financial institutions	1,506	1,506	(4,320)	(4,320)
Others	827	603	337	(12)
	<u>729,071</u>	<u>370,368</u>	<u>366,295</u>	<u>275,833</u>

43 Asset impairment losses

	2020		2019	
	The Group	The Company	The Group (Restated)	The Company
Impairment losses on aircraft assets	269,464	-	210,971	-
Impairment losses on ship assets	215,261	-	21,559	-
	<u>484,725</u>	<u>-</u>	<u>232,530</u>	<u>-</u>

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44 Income tax expenses

Income tax expenses presented in the income statement include:

	2020		2019	
	The Group	The Company	The Group (Restated)	The Company
Current income tax	1,132,323	473,148	864,464	397,838
Deferred income tax (Note 18)	16,851	(55,460)	80,762	(40,745)
	<u>1,149,174</u>	<u>417,688</u>	<u>945,226</u>	<u>357,093</u>

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the Group's and the Company's income statements to the income tax expenses is listed below:

	2020		2019	
	The Group	The Company	The Group (Restated)	The Company
Total profit	4,350,737	1,867,643	3,918,296	1,530,795
Income tax calculated at applicable income tax rate of 25%	1,087,683	466,910	981,849	382,699
Less: Non-taxable income	(30,712)	(68,613)	(19,025)	(28,412)
Add: Expenses not deductible for tax purposes	2,586	2,586	2,806	2,806
Add: Deductible loss for which no deferred income tax was recognised	268,625	-	280,068	-
Less: Effect of different tax rates in other countries (or regions)	(195,813)	-	(300,472)	-
Add: Tax filing difference	16,805	16,805	-	-
Income tax expenses	<u>1,149,174</u>	<u>417,688</u>	<u>945,226</u>	<u>357,093</u>

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45 Notes to the cash flow statement**(1) Reconciliation from net profit to cash flows from operating activities**

	2020		2019	
	The Group	The Company	The Group (Restated)	The Company
Net profit	3,201,553	1,449,855	2,882,170	1,173,702
Add: Asset impairment losses	484,725	-	232,530	-
Credit impairment losses	729,071	370,368	366,295	275,833
Depreciation and amortisation	7,009,583	39,287	6,007,295	40,098
Losses/(Gains) on disposal of fixed assets	80,988	(12)	(87,038)	10
Gains/(Losses) arising from fair value changes	7,641	5,121	25,783	(5,121)
Investment income	-	(151,611)	5,993	(37,062)
Interest income from government bonds	(53,984)	(53,984)	(8,294)	(8,294)
Interest expenses of bond issuance	3,404,291	1,247,836	3,244,883	1,184,401
Interest expenses of lease liabilities	1,950	1,537	10,706	2,845
Exchange gains	24,419	31,464	(9,983)	(2,288)
Increase in deferred tax assets	(109,839)	(55,460)	(75,524)	(40,745)
Increase in deferred tax liabilities	126,690	-	156,286	-
Increase in operating receivables	(17,766,888)	(10,574,674)	583,865	(5,738,892)
Increase/(Decrease) in operating payables	38,772,623	21,572,066	(13,604,258)	(6,002,732)
Net cash flows from/(used in) operating activities	35,912,813	13,681,893	(169,291)	(9,158,243)

(2) Significant investing and financing activities that do not involve cash receipts and payments

	2020		2019	
	The Group	The Company	The Group	The Company
Finance lease receivables in bank acceptance notes	6,318,700	6,318,700	112,788	112,788

(3) Net increase/(decrease) in cash and cash equivalents

	2020		2019	
	The Group	The Company	The Group (Restated)	The Company
Cash and cash equivalents at the end of the year	29,846,067	7,884,478	6,328,471	1,712,526
Less: Cash and cash equivalents at the beginning of the year	(6,328,471)	(1,712,526)	(12,334,742)	(4,920,546)
Net increase/(decrease) in cash and cash equivalents	23,517,596	6,171,953	(6,006,271)	(3,208,022)

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45 Notes to the cash flow statement (Cont'd)

(4) Cash and cash equivalents

	2020		2019	
	The Group	The Company	The Group (Restated)	The Company
Cash at bank and on hand (Note 7)	31,758,524	7,847,266	6,753,027	2,143,012
Less: Mandatory reserve deposits with central bank	(386,839)	(386,839)	(433,140)	(433,140)
Pledged deposits and other cash balances	(2,285,000)	(285,000)	-	-
Provision for impairment loss	61,382	9,052	8,584	2,654
Add: Placements with banks and other financial institutions with original maturity of less than 3 months	700,000	700,000	-	-
Cash and cash equivalents at the end of the year	<u>29,846,067</u>	<u>7,884,479</u>	<u>6,328,471</u>	<u>1,712,526</u>

(5) Cash paid relating to other operating activities

Cash paid relating to other operating activities in the cash flow statement mainly includes:

	2020		2019	
	The Group	The Company	The Group (Restated)	The Company
Payments to subsidiaries	-	1,983,294	-	4,881,098
Temporary payments	50,602	22,585	61,293	47,075
Pledged deposits and other cash balances	2,285,000	285,000	-	-
Ship management fees	162,553	-	188,735	-
General and administrative expenses	43,515	37,987	70,938	53,516
Professional service fees	55,973	14,997	59,185	17,332
Others	24,681	17,563	19,064	12,217
	<u>2,622,324</u>	<u>2,361,426</u>	<u>399,215</u>	<u>5,011,236</u>

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46 Business combinations involving enterprises under common control

On 26 August 2020, Xiangmao International Ship Lease Co., Limited ("Xiangmao"), a subsidiary of the Group, acquired 99.6% and 0.4% equity of Chiao Tung Developments Limited ("Chiao Tung Developments") from Bank of Communications (Nominee) Company Limited and Kiu Fai Company, Limited, which are related parties of the Group. The acquisition date in this transaction is 26 August 2020, on which Xiangmao effectively obtained the power to control Chiao Tung Developments. Xiangmao and Chiao Tung Developments were ultimately controlled by Bank of Communications Co., Ltd. before and after the combination and the control was not temporary; therefore, the transaction was a business combination under common control at zero consideration, and the carrying amount of net assets obtained was RMB (885,218,000).

The carrying amounts of assets and liabilities of Chiao Tung Developments at the acquisition date are as follows:

	Carrying amount	
	26 August 2020	31 December 2019
Cash at bank and on hand	467,381	699,029
Other receivables	6,165,705	9,306,871
Lease receivables	2,150,850	2,254,877
Investment properties	3,962,704	3,962,704
Fixed assets	7,112,215	7,606,360
Derivative financial assets	66	2,597
Other assets	8,834	9,828
Less: Short-term borrowings	(200,000)	-
Taxes payable	(108,887)	(44,448)
Other payables	(587,668)	(139,760)
Long-term borrowings	(1,688,732)	(3,366,222)
Bonds payable	(18,003,720)	(21,033,902)
Other liabilities	(55,809)	(54,423)
Deferred tax liabilities	(108,357)	(111,044)
Net assets obtained	(885,218)	(907,533)

Revenue, net profit and cash flows of Chiao Tung Developments for the year ended 31 December 2019 and for the period from 1 January 2020 to the acquisition date are as follows:

	For the period from 1 January 2020 to the combination date	2019
Revenue	959,925	1,627,976
Net loss	(18,423)	(37,764)
Cash flows from operating activities	2,916,292	5,712,934
Net cash flows	(231,654)	(71,372)

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47 Significant related parties and related party transactions
(1) The parent company and subsidiaries

The general information and other related information of the subsidiaries are set out in Note 6.

(a) Information of the parent company

	Place of registration	Nature of business
Bank of Communications Co., Ltd. (hereinafter referred to as "BoCom")	China	Commercial banking

(b) Registered capital and changes in registered capital of the parent company

	31 December 2019	Increase in the current year	Decrease in the current year	31 December 2020
BoCom	<u>74,262,727</u>	<u>-</u>	<u>-</u>	<u>74,262,727</u>

(c) The percentages of shareholding and voting rights in the Company held by the parent company

	31 December 2020		31 December 2019	
	Shareholding (%)	Voting rights (%)	Shareholding (%)	Voting rights (%)
BoCom	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

(2) Nature of related parties that do not control or are not controlled by the Company

	Relationship with the Group
Kiu Fai Company, Limited	Controlled by the parent company

(3) Related party transactions
(a) Pricing policies

Related party transactions of the Group mainly comprise deposit business and loan transactions with BoCom. Transactions between the Group and the related parties are conducted in accordance with general commercial terms and normal business procedures, with pricing policies in line with those of transactions with independent third party.

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47 Significant related parties and related party transactions (Cont'd)

(3) Related party transactions (Cont'd)

(b) Balances of related party transactions

(i) Cash at bank and on hand

	31 December 2020		31 December 2019	
	The Group	The Company	The Group (Restated)	The Company
Deposits with BoCom	<u>7,392,192</u>	<u>559,442</u>	<u>2,946,059</u>	<u>792,881</u>

(ii) Financial assets held under re-sale agreements

	31 December 2020		31 December 2019	
	The Group	The Company	The Group	The Company
Subsidiaries' financial assets held under re-sale agreements (Note 11)	<u>-</u>	<u>872,090</u>	<u>-</u>	<u>1,047,956</u>

(iii) Other receivables

	31 December 2020		31 December 2019	
	The Group	The Company	The Group (Restated)	The Company
Receivables from subsidiaries (Note 10)	<u>-</u>	<u>33,906,312</u>	<u>-</u>	<u>33,415,207</u>

(iv) Short-term borrowings

	31 December 2020		31 December 2019	
	The Group	The Company	The Group	The Company
Short-term borrowings from BoCom	<u>34,761,090</u>	<u>21,826,433</u>	<u>13,418,521</u>	<u>6,584,138</u>

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47 Significant related parties and related party transactions (Cont'd)

(3) Related party transactions (Cont'd)

(b) Balances of related party transactions (Cont'd)

(v) Placements from banks and other financial institutions

	31 December 2020		31 December 2019	
	The Group	The Company	The Group	The Company
Placements from BoCom	6,717,336	6,717,336	8,917,052	8,917,052

(vi) Long-term borrowings

	31 December 2020		31 December 2019	
	The Group	The Company	The Group (Restated)	The Company
Borrowings from BoCom	35,969,181	3,268,764	24,121,220	6,311,314

(vii) Other payables

	31 December 2020		31 December 2019	
	The Group	The Company	The Group (Restated)	The Company
Payables to subsidiaries (Note 25)	-	16,334,842	-	9,607,760

(viii) Bonds payable

	31 December 2020		31 December 2019	
	The Group	The Company	The Group (Restated)	The Company
BoCom	11,117,413	3,495,394	7,634,292	2,554,129

(ix) Derivative financial assets

	31 December 2020		31 December 2019	
	The Group	The Company	The Group	The Company
Interest rate swap with BoCom	-	-	17,446	-

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47 Significant related parties and related party transactions(Cont'd)

(3) Related party transactions (Cont'd)

(b) Balances of related party transactions (Cont'd)

(x) Derivative financial liabilities

	31 December 2020		31 December 2019	
	The Group	The Company	The Group	The Company
Interest rate swap with BoCom	109,144	-	-	-

(c) Amounts of related party transactions

The Group

	2020	2019 (Restated)
Interest income from deposits with BoCom	19,875	26,831
Interest expenses of borrowings from BoCom	1,052,876	1,601,600
Interest expenses of bonds of BoCom	241,847	166,014
Fee and commission expenses due to BoCom	82,582	83,712

- (d) On 26 August 2020, Xiangmao International Ship Lease Co., Limited ("Xiangmao"), a subsidiary of the Group, acquired 100% equity of Chiao Tung Developments from Bank of Communications (Nominee) Company Limited and Kiu Fai Company, Limited, at zero consideration (Note 46).

48 Commitments

(1) Capital commitments

Capital expenditures contracted for by the Group but are not yet necessary to be recognised on the balance sheet as at the balance sheet date are as follows:

	31 December 2020	31 December 2019
Ship and aircraft	51,425,389	50,545,459

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49 Operating lease receipts after the balance sheet date

The undiscounted amount of the lease receipts receivable of the Group, as the lessor, after the balance sheet date is summarised as follows:

	31 December 2020	31 December 2019 (Restated)
Within 1 year	13,205,385	13,925,726
1-2 years	12,630,770	13,063,136
2-3 years	12,051,634	12,293,182
3-4 years	11,224,899	11,786,636
4-5 years	10,084,914	11,042,512
Over 5 years	34,684,303	40,457,842
	<u>93,861,905</u>	<u>102,569,034</u>

50 Financial instrument and risk

(1) Overview of financial risk management

The Group's activities expose it to a variety of financial risks and those activities involve analysis, assessment, acceptance and management of a certain degree of risks or portfolio of risks. Risk management is core to the financial business, and business risks are inevitable. The Group's objectives are therefore to achieve an appropriate balance between risk and return, to minimise potential adverse effects on the Group's financial statements at the same time.

The Group's risk management policies are designed to identify and analyse related risks, setting appropriate risk limitation and controls in order to monitor risk and limitation through appropriate control processes.

The Board of Directors of the Group sets the risk management strategies. The Group's management has constituted appropriate risk management policies and procedures according to risk management strategies, including credit risk, market risk and specific risk management policies. These risk management policies and procedures are implemented by the business sector, Treasury Department, Financial Accounting Department, Risk Assessment Department, Legal Compliance Department, Asset Management Department and the Assessment Committee after the approval of the Board of Directors.

The Group is mainly exposed to credit risk, market risk and liquidity risk. Market risk mainly includes interest rate risk and foreign exchange risk.

(2) Credit risk

The Group's credit risk refers to the risk that lessee fails to perform contractual liabilities. The Group's credit risk mainly arises from lease and related business.

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50 Financial instrument and risk (Cont'd)

(2) Credit risk (Cont'd)

(a) Credit risk management

The Group established standard policies and operational procedures and controls over lease activities, which include project due diligence and application, project review and approval, disbursement, post-lending monitoring and management of non-performing finance lease receivables. Through implementation of internal rating management system, credit risk management policies and procedures, leasing business information system, investment management of leasing business and continuous optimisation of the portfolio of assets under lease contracts, the Group is able to identify, monitor and manage its credit risk in all aspects.

Changes in economic environment or assets under finance leases and sale and leaseback in a particular industry may result in losses to the Group. Credit risks in the statements are mainly from lease receivables. The Group has established mechanisms to constitute individual lessee limitation of credit risk. The Group monitors the credit risk above regularly, makes an assessment annually at least and reports to the Board of Directors.

(b) Risk limit management and mitigation measures

The Group manages, limits and monitors credit risk concentration, especially for those concentrated in single lessee, group, industry and region.

For the single lessee, group and industry, the Group sets up a quota to improve credit risk structure. Under the *Measures for the Administration of Financial Leasing Companies*, the concentration of an individual customer shall be no more than 30% of net capital, pursuant to which the Group sets the maximum limit for leasing projects. The Group monitors above risks timely, and even reviews them more frequently as necessary.

The Group manages credit risk exposure by periodically analysing the lessee's ability to repay the principal and interest, mainly by periodic and non-periodic reports.

Other specific management and mitigation measures are summarised as follows:

(i) Guarantee and deposit

The Company mitigates credit risk by obtaining collateral, security deposits and corporate or individual credit guarantee.

Generally, guarantee is required by the Group for leasing business. Guarantee varies based on the lessee's credit record, credit risk of the leasing and different characteristics of guarantee. The Group evaluates the capability of guarantor, ownership and value of collateral, feasibility of foreclosure mortgage and pledge. Therein, the fair value of collateral is appraised by a professional appraisal institution; the Group also evaluates the financial position, credit record and capability of compensation of third party guarantors who provide guarantee to finance lease receivables. The Group requests for deposits and the proportion of deposits will vary with different projects' credit risk.

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50 Financial instrument and risk (Cont'd)

(2) Credit risk (Cont'd)

(b) Risk limit management and mitigation measures (Cont'd)

(ii) Insurance and supervision on assets under finance leases

For finance lease, the ownership of the lease asset belongs to the Group before the term of lease expires, while the risks and rewards in operational use and maintenance belong to the lessee. Therefore, whenever incidents occur concerning subject matter of the lease asset, the lessee should report immediately to the insurance company and notify the Group with all relevant materials submitted and deal with settlement of claim together with the Group.

The Group conducts periodic monitoring and insurance measures against the lease assets. According to internal policies, the Group visits every leasing project regularly and irregularly each year, including physical inspection of lease assets to understand its operating conditions. Moreover, the Group generally requires the lessee to have the lease asset insured with the Company as the beneficiary, to reduce risk.

(c) Measurement of ECLs

The Group measures the ECL of financial instruments at amortised cost or debt investments at fair value through other comprehensive income. The Group divides them into 3 stages by assessing whether there has been a significant increase in credit risk since initial recognition. Stage 1 is "financial assets without significant increase in credit risk since initial recognition", at which the Group only needs to measure ECL in the next 12 months. Stage 2 is "financial assets with significant increase in credit risk" and stage 3 is "credit-impaired financial assets", at both of which the Group needs to measure lifetime ECL.

ECL is the result of discounted product of the weighted average of "probability of default (PD)", "loss given default (LGD)", "exposure at default (EAD)". In determining the ECL, the Group mainly uses the ECL model of the BoCom, which considers the internal historical credit loss data and so on, and adjusts the historical data based on the current situation and forward-looking information. In accordance with the requirements of accounting standards, judgements, assumptions and estimates used in the measurement of ECL includes:

- Parameters for measuring ECLs
- Judgement criteria for significant increase in credit risk
- Definition of credit-impaired assets
- Forward-looking information

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50 Financial instrument and risk (Cont'd)

(2) Credit risk (Cont'd)

(c) Measurement of ECLs (Cont'd)

Parameters for measuring ECLs

Based on whether the credit risk has increased significantly and whether the credit impairment has occurred, the Group measures the provision for impairment of different assets by the 12-month or lifetime ECL. Key parameters for measuring the ECL include PD, LGD and EAD. Based on the internal rating system used in current risk management, the Group, in accordance with the Financial Instrument Standards, establishes the PD, LGD and EAD model by taking into account the quantitative analysis of historical statistics (such as counterparty rating, guarantee method and collateral category, terms of repayment, etc.) and forward-looking information.

Relevant definitions are as follows:

- PD is the probability of occurrence of default event (debts) in a given period of time in future.
- LGD represents the percentage of amount of loss to be occurred in the event of default to the total risk exposure. It is expressed as the loss percentage per unit of exposure which typically varies by nature of counter party, type and seniority of claim and the availability of collaterals or other credit risk mitigation.
- EAD represents the total amount of on-balance sheet and off-balance sheet exposure at the time of default by debtor, reflecting the total amount of possible losses to be incurred. In general, this includes the utilised credit limit, interest receivable, the anticipated usage of unutilised credit facilities as well as the related expenses to be incurred.

Judgement criteria for significant increase in credit risk

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following criteria have been met:

- Principal or interest is more than 30 days past due;
- Credit rating of obligor changes significantly. Credit rating is based on both internal and external rating results, and a significant increase in credit risk is determined when external and internal rating during the reporting period is below the Group's credit acceptance standards or significant downgrading occurs as compared with initially recognised internal rating, such as low risk financial instruments are downgraded by 3 to 6 grades;
- Significant adverse issues have negative impacts on obligator's repayment ability;
- Other situations indicating significant increase in credit risk. For instance, other risk alarm indicators imply growing potential risk, and could cause losses of financial assets to the Group.
- The financial assets are moveable between stages. For instance, financial instruments originally classified at stage 1 should be downgraded to stage 2 if events occur such as a significant increase in credit risk. Financial instruments at stage 2 could be upgraded to stage 1 if credit risk decreases and the criteria for the determination of "a significant increase in credit risk" are no longer met.

After the outbreak of COVID-19, the Group strictly followed the regulatory policies and requirements and prudently evaluates the repayment ability of the customers who apply for a repayment extension of principal and interest. On the premise that the subsequent risks will not be enlarged and subsequent settlement will not be affected, the Group rescues those customers meeting specific criteria by extending the maturity and so on. The Group has assessed whether the rescues would cause a significant increase in credit risks and has adjusted the stage classification as appropriate.

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50 Financial instrument and risk (Cont'd)

(2) Credit risk (Cont'd)

(c) Measurement of ECLs (Cont'd)

Definition of credit-impaired assets

When financial instruments are credit-impaired, the Group defines them as in default. In general, financial assets that are more than 90 days past due are identified as in default.

The Group considers a financial instrument to be credit-impaired when one or more of the following criteria have been met:

- Principal (including advances, applies to below) or interest is more than 90 days past due;
- Issuer or obligor is in significant financial difficulty, or has already been insolvent;
- It is becoming probable that the borrower will enter bankruptcy;
- An active market for that financial asset has disappeared because of financial difficulties of issuers;
- Other objective evidence indicating impairment of the financial asset.

Forward-looking information

Both the assessment of significant increases in credit risk and the calculation of ECLs involve forward-looking information. The impairment model from Bank of Communications adopts a top-down development approach. By grouping models, the Group has set up multiple impairment models covering risk exposure of financial institutions and lessees. The Group has also established a macro scenario transmission model with year-on-year growth rate of gross domestic product (GDP) driving the national account, price index, foreign trade, fixed asset investment, currency, interest rate and other indicators, predicting the performance of indicators under three scenarios (i.e., basic scenario, optimistic scenario and pessimistic scenario) on a yearly basis. The forecasts, after evaluation and confirmation by economic experts and senior management, are used in the assets impairment model. The results of macro scenarios and the reasonability of weight are checked quarterly, and the corresponding adjustment is made according to changes in internal and external economic environment. The impact of these economic indicators on PD and LGD varies from different business types. The Group considers internal and external data, expert forecasts and statistical analysis to determine the relationship between these economic indicators and PD and LGD.

In 2020, The Group forecasts the 2021 year-on-year growth rate of GDP to be 8.2% in the Basic Scenario, 9.0% in the Optimistic Scenario and 6.0% in the Pessimistic Scenario. The Group fully considered the uncertainty caused by COVID-19 in 2020 when evaluating the forecast information used in the impairment model, and made prudential adjustments to the macro scenario settings.

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50 Financial instrument and risk (Cont'd)
(2) Credit risk (Cont'd)
(c) Measurement of ECLs (Cont'd)
Sensitivity analysis

Expected credit impairment provision is sensitive to the parameters used in the model, the macroeconomic variables of the forward-looking forecast, the weight probabilities in the three scenarios, and other factors considered in the application of expert judgement. Change in these input parameters, assumptions, models, and judgements will have an impact on the significant increase in credit risk and the measurement of ECLs.

If the weight for optimistic scenario rises by 10% and the weight for basic scenario falls by 10%, the expected credit impairment allowance will decrease by RMB 28.67 million (31 December 2019: RMB 37.49 million). If the weight for pessimistic scenario increases by 10% and the weight for basic scenario decreases by 10%, then the expected credit impairment allowance will increase by RMB 80.59 million (31 December 2019: RMB 68.87 million).

(d) Maximum credit risk exposure without considering collateral

Credit risk exposures related to balance sheet items:

	31 December 2020		31 December 2019	
	The Group	The Company	The Group (Restated)	The Company
Cash at bank and on hand	31,756,624	7,847,266	6,753,027	2,143,012
Placements with banks and other financial institutions	698,494	698,494	-	-
Derivative financial assets	17	-	87,826	6,133
Notes receivable	1,196	1,196	12,575	12,575
Other receivables	370,939	34,074,576	344,004	33,626,083
Financial assets held under re-sale agreements	489,590	1,360,950	-	1,047,002
Other debt investments	2,484,148	2,484,148	1,015,137	1,015,137
Lease receivables	139,270,577	101,748,213	124,893,450	92,567,154
	<u>175,071,485</u>	<u>148,214,843</u>	<u>133,106,019</u>	<u>130,417,096</u>

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50 Financial instrument and risk (Cont'd)

(2) Credit risk (Cont'd)

(d) Maximum credit risk exposure without considering collateral (Cont'd)

The table above presents the Group's maximum credit risk exposures without considering collateral and other credit enhancements at the end of 2020 and 2019. For balance sheet items, the exposures set out above are their net book value on the balance sheet date.

Credit enhancements are applied by the Group for finance lease loans to reduce the credit risk exposure to the acceptable level. The Group generally requires guarantees and security deposits for finance lease business.

(3) Market risk

Market risk refers to the risk of losses to the Group arising from unfavourable changes in market prices (including interest rates, exchange rates, stock prices, commodity prices, etc.). The market risks exposed by the Group mainly comprise interest rate risk and foreign exchange risk.

(a) Market risk measurement techniques

The Group currently uses sensitivity analysis to assess the foreign exchange risk and interest rate risk of the Group. Sensitivity analysis of interest rate is to periodically calculate the gap between the amount of interest-earning assets and interest-bearing liabilities that mature or must be repriced within certain periods, and analyse the sensitivity in response to changes in base rates and market rates by using the gap data. Sensitivity analysis of exchange rate is to calculate the effect of reasonable possible changes in the exchange rate of foreign currency against RMB on net profit when the other factors remain constant, based on the static foreign exchange risk structure of assets and liabilities. Reporting system has been established by the Group for sensitivity analysis, and results of sensitivity analysis are reported to senior management on a quarterly basis.

(b) Interest rate risk

The Group's interest rate risk results mainly from mismatch of interest rate repricing period and change in market interest rate, as well as from the adjustment to interest rate policy of the People's Bank of China. Financial liabilities with floating interest rate expose the Group to interest risk of cash flow, while those with fixed interest rate expose the Group to interest risk of fair value. The Financial Accounting Department and Treasury Department of the Group exercise regular monitoring on the repricing period of interest rate-sensitive assets and liabilities and manage interest rate risk through instruments such as interest rate swap. As at 31 December 2020, the Group designated the interest rate derivative contract with a nominal amount of RMB 33,375,047,000 (2019: RMB 18,521,755,000) (Note 9) as the cash flow hedging instrument. The interest rate derivative contract with a contractual nominal amount of RMB 777,486,000 (2019: RMB 1,270,870,000) (Note 9) is designated as the fair value hedging instrument. With the fluctuation of market interest rate, the interest spread of the Group may increase, decrease or even result in loss due to unpredictable changes.

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50 Financial Instrument and risk (Cont'd)

(3) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

On 20 August 2019, the first quoted price established according to the new mechanism of the Loan Prime Rate (LPR) was formally launched. The newly launched finance lease receivables were mainly priced with reference to the LPR. On 28 December 2019, PBOC announced that financial institutions should complete the conversion of the pricing benchmark of existing floating rate loans to LPR between March and August in 2020. Therefore, the Group organised a team to promote the processes, developing the implementation plan and offering guidances to the conversion, and managing the interest rate risks effectively at the same time. As from 1 January 2020, interest rate of finance lease receivables of the Group rather than that agreed by both parties through negotiation is based on LPR, and no floating interest rate contracts with reference to the benchmark interest rate are signed.

Following the financial crisis, the reform of London Interbank-Offered Rate (LIBOR) has become a priority for global regulators. In March 2021, the Financial Conduct Authority (FCA) announced that after 2021, libors in sterling, euro, Swiss franc and Japanese yen, as well as one week and two month libors in US dollars will be stopped, and the release time of the remaining term libors in US dollars will cease in the middle of 2023. Regulatory authorities and working groups on benchmark interest rate reform of all nations are actively promoting LIBOR reform. On 31 August 2020, the People's Bank of China has published the White Paper of 'Participating in International Benchmark Interest Rate Reform and Improving China's Benchmark Interest Rate System'. Based on the general idea of drawing on international consensus and best practices, China is, in line with the progress of the reform of international benchmark interest rates, simultaneously promoting the design and application of new benchmark contracts and the transition of benchmark interest rates of legacy LIBOR contracts, so as to promote the transition of international benchmark interest rates in a steady and orderly manner. The alternative benchmark for USD will be replaced by SOFR. The major difference between USD LIBOR and the alternative rate SOFR is that the former, as a term rate, which means that it is published for a borrowing period, and it is "forward-looking" as LIBOR is published at the beginning of the borrowing period. Alternative interest rate SOFR is "backward-looking" rate, it's based on overnight rates from actual transactions, and are published on the next trade day. In addition, the alternative benchmark SOFR is risk-free, while LIBOR includes a credit spread over the risk-free rate. Therefore, the USD LIBOR reform will bring about great changes to the interest rate rules of various financial products. The balance of the LIBOR-referenced contracts of the Group is mainly on the USD LIBOR, whose risk exposure is generally controllable. The Group's financing department has put in place a reform implementing scheme, covering multiple aspects such as amending contract clauses, which are related to USD LIBOR and related swaps, and updating specified hedging etc., so as to ensure an orderly transition to the new benchmark interest rate and to minimise the risks arising from transition. Overall, the reform progress of the Group is basically consistent with the market.

The table below summarises the Group's interest rate risks. Interest-earning assets and interest-earning liabilities under the table are presented at carrying amounts, categorised by the earlier of contractual re-pricing date and maturity date.

Interest rates of most of the Group's finance lease receivables change with the adjustments of LPR. Since the date of change in the applicable reference interest rate cannot be determined, the Group has assumed that the date of change in applicable reference interest rate is the working day preceding the date of the report, listing it into the appropriate period according to the repricing date which is closest to the date of the report.

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50 Financial instrument and risk (Cont'd)

(3) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

As at each balance sheet date, the re-pricing date and maturity date (whichever is earlier) of assets and liabilities of the Group and the Company are as follows:

The Group

	31 December 2020						Non-interest bearing	Total
	With in 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years			
Assets								
Cash at bank and on hand	29,744,371	-	-	2,012,153	-	-	-	31,756,524
Placements with banks and other financial institutions	598,494	-	-	-	-	-	-	598,494
Derivative financial assets	-	-	-	-	-	17	17	17
Notes receivable	-	-	-	-	-	1,196	1,196	1,196
Other receivables	-	-	-	-	-	370,939	370,939	370,939
Financial assets held under re-sale agreements	489,590	-	-	-	-	-	-	489,590
Other debt investments	-	-	-	-	2,484,148	-	-	2,484,148
Lease receivables	23,194,405	48,533,871	39,138,256	11,568,413	16,628,771	206,861	206,861	139,270,577
Total assets	54,126,860	48,533,871	39,138,256	13,580,566	19,112,919	578,013	578,013	175,071,485
Liabilities								
Short-term borrowings	(9,326,579)	(35,312,931)	(35,201,557)	-	-	-	-	(69,841,067)
Placements from banks and other financial institutions	(9,547,021)	(4,302,773)	(1,798,515)	-	-	-	-	(15,648,309)
Derivative financial liabilities	-	-	-	-	-	(935,827)	(935,827)	(935,827)
Notes payable	-	(276,040)	(6,376,698)	-	-	-	-	(6,652,738)
Other payables	-	-	-	-	-	(6,903,811)	(6,903,811)	(6,903,811)
Long-term borrowings	(5,921,021)	(37,864,882)	(18,126,816)	(14,734,999)	(3,918,756)	-	-	(80,566,580)
Bonds payable	(6,885,081)	(15,671,711)	(15,160,750)	(46,733,044)	(5,512,338)	-	-	(89,762,924)
Other liabilities	-	-	-	(4,790)	(7,648)	-	-	(12,438)
Total liabilities	(31,679,708)	(93,428,337)	(95,664,436)	(61,472,833)	(9,238,742)	(7,839,638)	(7,839,638)	(270,323,694)
Net position of assets and liabilities	22,447,152	(44,894,466)	(27,526,180)	(47,892,267)	9,874,177	(7,260,625)	(7,260,625)	(95,252,209)

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50 Financial instrument and risk (Cont'd)

(3) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

As at each balance sheet date, the re-pricing date and maturity date (whichever is earlier) of assets and liabilities of the Group and the Company are as follows (Cont'd):

The Group

		31 December 2019 (Restated)					Non-interest-bearing	Total
		Within 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years		
Assets								
Cash at bank and on hand		6,753,027	-	-	-	-	-	6,753,027
Derivative financial assets		-	-	-	-	-	87,826	87,826
Notes receivable		-	-	-	-	-	12,575	12,575
Other debt investments		-	-	-	-	1,015,137	-	1,015,137
Lease receivables		27,265,549	56,966,987	21,213,956	4,240,059	15,206,890	-	124,893,450
Other receivables		-	-	-	-	-	344,034	344,034
Other assets		-	-	-	-	-	15,931	15,931
Total assets		34,018,576	56,966,987	21,213,956	4,240,059	16,222,027	460,336	133,121,950
Liabilities								
Short-term borrowings		(10,825,590)	(28,505,776)	(20,508,681)	-	-	-	(59,840,047)
Placements from banks and other financial institutions		(3,619,014)	(7,445,443)	-	-	-	-	(11,064,457)
Derivative financial liabilities		-	-	-	-	-	(149,180)	(149,180)
Notes payable		-	-	(334,038)	-	-	-	(334,038)
Other payables		-	-	-	-	-	(7,761,914)	(7,761,914)
Long-term borrowings		(226,945)	(40,309,395)	(2,430,009)	(7,158,110)	(11,512,098)	-	(61,636,557)
Bonds payable		(2,105,483)	(4,923,157)	(10,829,272)	(72,180,155)	(5,538,359)	-	(95,576,426)
Other liabilities		-	-	-	(14,534)	-	-	(14,534)
Total liabilities		(16,777,032)	(81,183,771)	(34,102,000)	(79,352,799)	(17,050,457)	(7,911,094)	(236,377,153)
Net position of assets and liabilities		17,241,544	(24,216,784)	(12,888,036)	(75,112,740)	(828,430)	(7,450,758)	(103,255,203)

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50

Financial instrument and risk (Cont'd)

(3)

Market risk (Cont'd)

(b)

Interest rate risk (Cont'd)

As at each balance sheet date, the re-pricing date and maturity date (whichever is earlier) of assets and liabilities of the Group and the Company are as follows (Cont'd):

The Company

	31 December 2020					Non-interest bearing	Total
	Within 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years		
Assets							
Cash at bank and on hand	7,847,286	-	-	-	-	-	7,847,286
Placements with banks and other financial institutions	698,494	-	-	-	-	-	698,494
Notes receivable	-	-	-	-	-	1,196	1,196
Other receivables	5,455	1,861,193	12,136,814	13,124,948	6,732,886	213,280	34,074,576
Financial assets held under re-sale agreements	489,590	-	871,360	-	-	-	1,360,950
Other debt investments	-	-	-	-	2,484,148	-	2,484,148
Lease receivables	14,852,733	38,405,871	38,405,871	8,213,292	2,186,130	-	101,748,213
Total assets	23,993,538	39,851,440	51,413,985	21,338,240	11,403,164	214,475	146,214,843
Liabilities							
Short-term borrowings	(8,025,849)	(19,859,701)	(22,472,174)	-	-	-	(50,357,724)
Placements from banks and other financial institutions	(9,547,021)	(4,302,773)	(1,798,515)	-	-	-	(15,648,309)
Derivative financial liabilities	-	-	-	-	-	(141,328)	(141,328)
Notes payable	-	(276,040)	(6,376,690)	-	-	-	(6,652,730)
Other payables	-	-	(16,225,842)	-	-	-	(16,225,842)
Long term borrowings	(809,387)	(8,079,669)	(2,173,511)	(4,400,460)	-	(4,532,458)	(20,758,300)
Bonds payable	-	-	(8,618,238)	(16,716,333)	(2,023,946)	-	(27,358,517)
Other liabilities	-	-	(20,493)	(16,503)	-	-	(36,996)
Total liabilities	(18,382,257)	(32,518,183)	(57,685,471)	(21,133,233)	(2,023,946)	(4,673,787)	(136,416,877)
Net position of assets and liabilities	5,511,281	7,433,257	(6,271,486)	205,007	9,379,218	(4,459,311)	1,797,966

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50 Financial instrument and risk (Cont'd)

(3) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

As at each balance sheet date, the re-pricing date and maturity date (whichever is earlier) of assets and liabilities of the Group and the Company are as follows (Cont'd):

The Company

		31 December 2019					Non-interest bearing	Total
		Within 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years		
Assets								
Cash at bank and on hand		2,143,012	-	-	-	-	-	2,143,012
Derivative financial assets		-	-	-	-	-	8,133	8,133
Notes receivable		-	-	-	12,575	-	-	12,575
Other receivables		-	1,537,579	8,868,310	16,039,827	6,908,545	271,822	33,626,083
Financial assets held under re-sale agreements		-	-	1,047,002	-	-	-	1,047,002
Other debt investments		-	-	-	-	1,015,137	-	1,015,137
Lease receivables		22,883,459	44,041,262	20,862,929	2,024,860	2,754,644	-	92,567,154
Other assets		-	-	-	-	-	15,931	15,931
Total assets		25,026,471	45,578,841	30,778,241	18,077,262	10,678,326	203,886	130,433,027
Liabilities								
Short-term borrowings		(8,379,849)	(25,357,727)	(17,050,058)	-	-	-	(50,787,634)
Placements from banks and other financial institutions		(3,619,014)	(7,445,443)	-	-	-	-	(11,064,457)
Derivative financial liabilities		-	-	(334,038)	-	-	(12,348)	(12,348)
Notes payable		-	-	(9,471,402)	-	-	-	(334,038)
Other payables		-	-	-	-	-	(5,337,477)	(5,337,477)
Long-term borrowings		-	(5,322,367)	-	(4,847,236)	-	-	(14,808,879)
Bonds payable		-	-	(8,112,792)	(22,306,166)	(2,023,215)	-	(10,169,603)
Other liabilities		-	-	(19,687)	(27,209)	-	-	(32,442,176)
Total liabilities		(11,998,863)	(38,125,537)	(34,987,957)	(27,180,613)	(2,023,215)	(5,349,825)	(119,586,010)
Net position of assets and liabilities		13,027,608	7,453,304	(4,209,716)	(9,103,351)	8,655,111	(5,055,939)	10,767,017

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50 Financial instrument and risk (Cont'd)

(3) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

The table below illustrates the potential impact of a 100 basis point parallel shift of yield curve on the net profit of the Group in the next year.

The Group

	2020	2019 (Restated)
+ 100 basis points parallel shift in all yield curves	(196,298)	(63,341)
- 100 basis points parallel shift in all yield curves	196,298	63,341

The Company

	2020	2019
+ 100 basis points parallel shift in all yield curves	68,080	128,198
- 100 basis points parallel shift in all yield curves	(68,080)	(128,198)

When conducting the sensitivity analysis, the Group adopts the following assumptions in determining business conditions and financial parameters:

- a. Not considering business changes after the balance sheet date, based on static gap at the balance sheet date;
- b. Amounts of fluctuation of interest rates for different interest-earning assets and interest-bearing liabilities are the same;
- c. All assets and liabilities are re-priced during the middle of relevant time buckets;
- d. Not considering the impact of interest rate changes on customer behaviour;
- e. Not considering the impact of interest rate changes on market price;
- f. Not considering the impact of interest rate changes on off-balance sheet items;
- g. Not considering necessary measures taken by the Company in response to interest rate changes.

Due to the constraints listed above, the actual changes in net interest income of the Company caused by interest rate changes might be different from the result of the sensitivity analysis.

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50 Financial instrument and risk (Cont'd)

(3) Market risk (Cont'd)

(c) Foreign exchange risk

Except for some subsidiaries which conduct business in USD, the Group's major operational activities are denominated in RMB, and the recording currency is RMB. Exchange rate of RMB to USD or other currencies in China is subject to regulation by PBOC. Foreign exchange risk results mainly from the risk of loss due to foreign exchange rate changes. The Group's Financial Accounting Department and the Treasury Department are responsible for monitoring the size of the Group's foreign currency transactions and foreign currency assets and liabilities to minimise the exposure to foreign exchange risks; for this reason, the Group may enter into forward foreign exchange contracts or currency swap contracts to mitigate foreign exchange risks. As at 31 December 2020, the Group designated the cross-currency swap contract with a nominal amount of RMB 3,262,450,000 (Note 9) as the cash flow hedging instruments for the relevant placements from banks and other financial institutions denominated in foreign currency.

The table below presents the structural analysis by currencies on assets and liabilities of the Group at the balance sheet date.

The Group

	31 December 2020				
	RMB	RMB equivalent of USD	RMB equivalent of EUR	RMB equivalent of other currencies	Total
Assets					
Cash at bank and on hand	9,879,245	21,642,734	116,379	118,166	31,756,524
Placements with banks and other financial institutions	698,494	-	-	-	698,494
Derivative financial assets	-	17	-	-	17
Other receivables	314,425	43,871	12,643	-	370,939
Financial assets held under re-sale agreements	489,590	-	-	-	489,590
Other debt investments	2,484,148	-	-	-	2,484,148
Lease receivables	104,905,504	26,635,489	5,538,726	190,858	139,270,577
Investment properties	3,434,189	-	-	-	3,434,189
Other assets	6,005,575	120,771,092	2,716,355	1,274,576	130,767,508
Total assets	128,211,170	171,993,203	8,384,113	1,583,600	309,272,986
Liabilities					
Short-term borrowings	(42,130,452)	(22,903,193)	(4,174,807)	(632,615)	(69,841,057)
Placements from banks and other financial institutions	(4,206,173)	(11,442,135)	-	-	(15,648,309)
Derivative financial liabilities	(85,328)	(850,499)	-	-	(935,827)
Notes payable	(6,652,736)	-	-	-	(6,652,736)
Other payables	(5,458,261)	(3,291,499)	(13,458)	(1,713)	(8,764,931)
Long-term borrowings	(5,149,899)	(74,294,452)	(1,122,229)	-	(80,566,580)
Bonds payable	(27,358,517)	(62,404,407)	-	-	(89,762,924)
Other liabilities	(1,750,669)	(3,421,731)	(128,806)	-	(5,301,206)
Total liabilities	(92,792,037)	(178,607,917)	(5,438,300)	(634,328)	(277,473,582)
Net position of assets and liabilities	35,419,133	(7,514,714)	2,944,813	949,272	31,798,504

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50 Financial instrument and risk (Cont'd)

(3) Market risk (Cont'd)

(c) Foreign exchange risk (Cont'd)

The Group

	31 December 2019 (Restated)				
	RMB	RMB equivalent of USD	RMB equivalent of EUR	RMB equivalent of other currencies	Total
Assets					
Cash at bank and on hand	2,596,553	3,893,712	165,749	97,013	6,753,027
Derivative financial assets	5,121	82,705	-	-	87,826
Other receivables	172,957	155,249	15,062	736	344,004
Other debt investments	1,015,137	-	-	-	1,015,137
Lease receivables	96,903,890	23,136,397	3,907,128	946,035	124,893,450
Other assets	9,029,635	125,483,884	-	1,119	134,514,538
Total assets	109,723,193	152,751,947	4,087,939	1,044,903	267,607,982
Liabilities					
Short-term borrowings	(40,119,026)	(16,469,919)	(2,605,752)	(645,348)	(59,840,047)
Placements from banks and other financial institutions	(2,008,035)	(9,056,422)	-	-	(11,064,457)
Derivative financial liabilities	-	(149,180)	-	-	(149,180)
Notes payable	(334,038)	-	-	-	(334,038)
Other payables	(6,402,922)	(3,211,275)	(15,505)	(446)	(9,630,148)
Long-term borrowings	(1,657,702)	(58,450,928)	(1,231,440)	(296,487)	(61,636,557)
Bonds payable	(32,442,175)	(63,134,251)	-	-	(95,576,426)
Other liabilities	(1,476,736)	(3,901,807)	(86,445)	(10,036)	(5,475,024)
Total liabilities	(84,440,636)	(154,373,782)	(3,939,142)	(952,317)	(243,705,877)
Net position of assets and liabilities	25,282,557	(1,621,835)	148,797	92,586	23,902,105

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50 Financial instrument and risk (Cont'd)

(3) Market risk (Cont'd)

(c) Foreign exchange risk (Cont'd)

The Company

	31 December 2020		
	RMB	RMB equivalent of USD	Total
Assets			
Cash at bank and on hand	7,614,336	232,930	7,847,266
Placements with banks and other financial institutions	698,494	-	698,494
Derivative financial assets	-	-	-
Other receivables	7,106,321	26,968,255	34,074,576
Financial assets held under re-sale agreements	499,076	861,874	1,360,950
Other debt investments	2,484,148	-	2,484,148
Lease receivables	101,748,213	-	101,748,213
Other assets	15,146,738	23,116	15,169,854
Total assets	135,297,326	28,086,175	163,383,501
Liabilities			
Short-term borrowings	(42,130,453)	(8,227,271)	(50,357,724)
Placements from banks and other financial institutions	(4,208,173)	(11,442,136)	(15,648,309)
Derivative financial liabilities	(85,328)	(58,001)	(141,329)
Notes payable	(6,652,738)	-	(8,652,738)
Other payables	(20,965,541)	-	(20,965,541)
Long-term borrowings	(4,176,719)	(11,286,248)	(15,462,967)
Bonds payable	(27,358,517)	-	(27,358,517)
Other liabilities	(1,543,826)	-	(1,543,826)
Total liabilities	(107,119,294)	(31,011,656)	(138,130,950)
Net position of assets and liabilities	28,178,032	(2,925,481)	25,252,551

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50 Financial instrument and risk (Cont'd)**(3) Market risk (Cont'd)****(c) Foreign exchange risk (Cont'd)**

The Company

	31 December 2019		Total
	RMB	RMB equivalent of USD	
Assets			
Cash at bank and on hand	2,016,064	126,948	2,143,012
Derivative financial assets	5,121	1,012	6,133
Other receivables	5,160,916	28,465,167	33,626,083
Financial assets held under re-sale agreements	-	1,047,002	1,047,002
Other debt investments	1,015,137	-	1,015,137
Lease receivables	92,567,154	-	92,567,154
Other assets	9,622,834	357	9,623,191
Total assets	110,387,226	29,640,486	140,027,712
Liabilities			
Short-term borrowings	(40,100,547)	(10,687,087)	(50,787,634)
Placements from banks and other financial institutions	(2,008,035)	(9,056,422)	(11,064,457)
Derivative financial liabilities	-	(12,348)	(12,348)
Notes payable	(334,038)	-	(334,038)
Other payables	(15,150,751)	(11,218)	(15,161,969)
Long-term borrowings	(621,680)	(9,547,923)	(10,169,603)
Bonds payable	(32,442,175)	-	(32,442,175)
Other liabilities	(1,695,586)	-	(1,695,586)
Total liabilities	(92,352,812)	(29,314,998)	(121,667,810)
Net position of assets and liabilities	18,034,414	325,488	18,359,902

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50 Financial instrument and risk (Cont'd)

(3) Market risk (Cont'd)

(c) Foreign exchange risk (Cont'd)

If RMB had strengthened/weakened by 10% against USD while all other variables had been held constant, the potential impact of the net profit of the Group and the Company in the next year illustrates as follow:

The Group

	2020	2019
RMB appreciated by 10% against the USD	(80,915)	(98,562)
RMB depreciated by 10% against the USD	80,915	98,562

The Company

	2020	2019
RMB appreciated by 10% against the USD	(25,273)	(24,412)
RMB depreciated by 10% against the USD	25,273	24,412

(4) Liquidity risk

Liquidity risk refers to the risk that the Group is unable to meet the obligation to settle its due liabilities or meet the immediate demand of capital. Based on the Group's business features, its liquidity risk management framework comprises:

- Daily fund management through monthly monitoring future cash flows and making liquidity gap analysis report;
- Monitoring of assets liquidity ratio to meet the internal and regulatory requirements;
- Management of the degree of concentration of maturities of liabilities;
- Establishment of liquidity contingent plan through agreements with banks;
- Dealing with liquidity gap through interbank lending, borrowings and sales under repurchase agreements;
- Issuance of medium and long-term financial bonds to optimise the medium and long-term asset and liability structure, and continuing to issue financial bonds at appropriate stages in the future.

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50 Financial instrument and risk (Cont'd)

(4) Liquidity risk (Cont'd)

The Asset and Liability Management Committee is responsible for the preparation of liquidity risk management policies, while the Treasury Department is responsible for daily liquidity risk management, and the specific procedures include:

- (i) Through multi-channel and diversified financing, the Group ensures to obtain a continuous and sufficient source of funds, including payment of deposits and funds to be paid when purchasing lease assets;
 - (ii) The Group has medium and long term credit grants from banks and designed a principal and interest prepayment plan that matches the lease term and rental cash flow to minimise liquidity risk due to maturity mismatch.
 - (iii) The Group actively manages liquidity risk by predicting future cash flows, establishing quota management and obtaining sufficient credit lines from commercial banks.
- (a) Liquidity risk analysis of non-derivative financial assets and liabilities

The table below presents the structural analysis by contracted maturities on non-derivative financial assets and liabilities of the Group at the balance sheet date. The amounts listed represent the undiscounted contractual cash flows.

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50 Financial instrument and risk (Cont'd)

(4) Liquidity risk (Cont'd)

(a) Liquidity risk analysis of non-derivative financial assets and liabilities (Cont'd)

The Group

	Overdue	Undated	Payable on demand	31 December 2020				Total
				Within 1 month	1-3 months	3 months-1 year	Over 5 years	
Non-derivative financial assets								
Cash at bank and on hand	-	-	23,236,961	6,508,352	-	-	-	31,864,911
Placements with banks and other financial institutions	-	-	-	700,756	-	-	-	700,756
Notes receivable	-	-	-	-	-	1,196	-	1,196
Other receivables	239,931	-	234,724	-	-	-	-	474,655
Financial assets held under re-sale agreements	-	-	-	490,000	-	-	-	490,000
Other debt investments	-	-	-	-	-	77,920	2,306,195	3,185,795
Lease receivables	1,991,973	-	-	3,492,477	8,151,032	28,983,789	40,268,585	165,923,079
Total non-derivative financial assets	2,231,904	-	23,471,685	11,191,535	8,151,032	29,062,805	43,074,780	202,647,392
Non-derivative financial liabilities								
Short-term borrowings	-	-	-	(7,284,226)	(32,221,711)	(30,406,898)	-	(89,912,834)
Placements from banks and other financial institutions	-	-	-	(9,552,933)	(4,316,777)	(1,802,807)	-	(15,672,517)
Notes payable	-	-	-	-	(376,225)	(6,276,513)	-	(6,652,738)
Other payables	-	-	-	(287,118)	(182,916)	(664,779)	-	(1,134,813)
Long-term borrowings	-	-	-	(2,038,833)	(4,888,588)	(20,640,226)	(2,416,266)	(28,563,913)
Sund's payable	-	-	-	(2,590,627)	(4,839,894)	(17,653,299)	(8,205,779)	(25,289,599)
Other liabilities	-	-	-	(274)	(622)	(8,498)	(2,027)	(11,398)
Total non-derivative financial liabilities	-	-	-	(21,744,040)	(45,606,635)	(77,386,951)	(16,700,134)	(286,712,287)
Net position	2,231,904	-	23,471,685	(10,552,455)	(38,455,603)	(48,284,346)	26,374,646	(84,064,895)

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50 Financial instrument and risk (Cont'd)

(4) Liquidity risk (Cont'd)

(a) Liquidity risk analysis of non-derivative financial assets and liabilities (Cont'd)

The Group

	31 December 2019 (Restated)						
	Overdue	Undated	Payable on demand	Within 1 month	1-3 months	3 months 1 year	Total
Non-derivative financial assets							
Cash at bank and on hand	-	-	6,753,047	-	-	-	6,753,047
Placements with banks and other financial institutions	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	12,575	12,575
Other receivables	279,005	-	210,346	-	-	-	489,346
Financial assets held under re-sale agreements	-	-	-	-	-	-	-
Other debt investments	-	-	-	-	-	131,600	1,149,060
Lease receivables	1,065,770	-	-	3,219,126	9,602,929	28,905,391	147,667,718
Other assets	-	15,931	-	-	-	-	15,931
Total non-derivative financial assets	1,344,770	15,931	6,963,393	3,219,126	9,602,929	76,051,377	155,749,667
Non-derivative financial liabilities							
Short-term borrowings	-	-	-	(5,902,046)	(28,700,232)	(21,709,327)	(60,311,605)
Placements from banks and other financial institutions	-	-	-	(3,622,963)	(7,477,661)	(334,036)	(11,100,624)
Notes payable	-	-	-	(1,301,913)	(978,384)	(777,086)	(334,038)
Other payables	-	-	-	(1,059,359)	(2,690,837)	(2,961,559)	(1,744,972)
Long-term borrowings	-	-	-	(1,059,359)	(2,690,837)	(11,250,588)	(16,721,555)
Bonds payable	-	-	-	(410,674)	(5,299,762)	(13,263,769)	(18,974,219)
Other liabilities	-	-	-	-	-	(14,534)	(14,534)
Total non-derivative financial liabilities	-	-	-	(16,296,955)	(45,144,876)	(47,334,828)	(108,776,659)
Net position	1,344,770	15,931	6,963,393	(13,077,829)	(35,541,947)	(18,380,962)	(44,977,202)
							4,860,493
							(98,793,353)

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50 Financial instrument and risk (Cont'd)

(4) Liquidity risk (Cont'd)

(a) Liquidity risk analysis of non-derivative financial assets and liabilities (Cont'd)

The Company

31 December 2020									
Overdue	Undated	Payable on demand	Within 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years	Total	
Non-derivative financial assets									
-	-	7,847,266	-	-	-	-	-	7,847,266	
-	-	-	700,756	-	-	-	-	700,756	
-	-	-	-	-	1,196	-	-	1,196	
239,931	-	750	5,455	1,861,287	12,137,084	13,125,612	6,733,227	34,103,346	
-	-	-	490,000	-	-	337,570	720,013	1,547,583	
-	-	-	-	-	77,920	311,680	2,806,195	3,195,795	
1,740,469	-	-	3,582,557	6,323,670	24,595,210	66,553,037	15,404,813	118,199,776	
-	-	-	-	-	-	-	-	-	
1,980,420	-	7,848,016	4,778,768	8,184,957	36,811,410	80,327,899	25,864,248	165,595,718	
Non-derivative financial liabilities									
-	-	-	(6,953,945)	(18,226,317)	(25,222,109)	-	-	(50,404,371)	
-	-	-	(9,552,933)	(4,316,777)	(1,802,807)	-	-	(15,672,517)	
-	-	-	-	(376,225)	(6,276,513)	-	-	(6,652,738)	
-	-	(109,000)	(173,585)	(144,512)	(532,270)	(2,739,604)	(17,059,329)	(20,758,309)	
-	-	-	(1,209,454)	(1,133,011)	(7,027,394)	(6,422,749)	(130,255)	(15,922,863)	
-	-	-	-	-	(9,564,200)	(17,619,650)	(2,309,000)	(29,492,850)	
-	-	-	(3,117)	(5,932)	(27,649)	(9,071)	-	(44,769)	
-	-	(109,000)	(17,893,034)	(24,204,774)	(50,452,942)	(26,790,074)	(19,486,534)	(138,948,408)	
1,980,420	-	7,738,016	(13,114,266)	(16,019,817)	(13,641,532)	53,537,825	6,185,864	26,647,310	

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50 Financial instrument and risk (Cont'd)

(4) Liquidity risk (Cont'd)

(a) Liquidity risk analysis of non-derivative financial assets and liabilities (Cont'd)

The Company

		31 December 2019					
		Overdue	Undated	Payable on demand	Within 1 month	1-3 months	3 months-1 year
							1-5 years
							Over 5 years
							Total
Non-derivative financial assets							
Cash at bank and on hand	-	-	-	2,143,012	-	-	-
Placements with banks and other financial institutions	-	-	-	-	-	-	-
Notes receivable	279,000	-	-	32,437	-	1,435,986	-
Other receivables	-	-	-	-	-	12,575	-
Financial assets held under re-sale agreements	-	-	-	-	-	3,759,387	-
Other debt investments	-	-	-	-	-	-	-
Lease receivables	971,712	-	-	-	-	-	-
Other assets	-	15,931	-	-	3,067,631	6,770,625	295,104
Total non-derivative financial assets	1,250,712	15,931	15,931	2,175,449	3,067,631	8,206,624	27,230,935
							83,089,430
							25,438,963
							147,485,875
Non-derivative financial liabilities							
Short-term borrowings	-	-	-	-	(8,719,028)	(28,651,771)	(15,818,810)
Placements from banks and other financial institutions	-	-	-	-	-	-	-
Notes payable	-	-	-	-	(3,622,963)	(7,477,661)	-
Other payables	-	-	-	(135,328)	(1,203,664)	(285,741)	(334,038)
Long-term borrowings	-	-	-	-	(526,269)	(497,369)	(2,511,093)
Bonds payable	-	-	-	-	-	-	(9,920,749)
Other liabilities	-	-	-	-	-	-	(6,826,446)
Total non-derivative financial liabilities	-	-	-	-	-	-	(23,711,920)
							(2,406,230)
							(2,406,230)
							(36,437,205)
							(45,877)
							(12,328,979)
							(23,837,201)
Net position	1,250,712	15,931	15,931	2,040,121	(11,004,293)	(28,705,918)	47,022,762
							13,111,984
							23,649,474

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50 Financial instrument and risk (Cont'd)

(4) Liquidity risk (Cont'd)

(b) Liquidity risk analysis of derivative financial instruments

Derivative financial instruments settled on a net basis

The Group's derivative financial instruments that will be settled on a net basis include interest rate derivative financial instruments. The table below analyses the undiscounted cash flows of the derivative financial instruments settled on a net basis and classified based on the remaining contractual period from the balance sheet date to maturity date.

The Group

		31 December 2020				
		Within 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years
						Total
Assets						
Interest rate contracts		-	1	4	12	-
Total		-	1	4	12	-
Liabilities						
Interest rate contracts		(13,258)	(49,828)	(188,709)	(608,272)	(29,548)
Total		(13,258)	(49,828)	(188,709)	(608,272)	(889,615)
		31 December 2019 (Restated)				
		Within 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years
						Total
Assets						
Interest rate contracts		42	7,164	16,447	70,356	362
Total		42	7,164	16,447	70,356	94,371
Liabilities						
Interest rate contracts		(1,165)	(7,805)	(26,780)	(91,442)	(36,779)
Total		(1,165)	(7,805)	(26,780)	(91,442)	(163,971)

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50 Financial instrument and risk (Cont'd)
(4) Liquidity risk (Cont'd)
(b) Liquidity risk analysis of derivative financial instruments (Cont'd)
Derivative financial instruments settled on a total basis

The Group's derivative financial instruments that will be settled on a total basis include exchange rate derivative financial instruments. The table below analyses the undiscounted cash flows of the derivative financial instruments settled on a total basis and classified based on the remaining contractual period from the balance sheet date to maturity date:

The Group and the Company

	31 December 2020					Total
	Within 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years	
Exchange contracts						
Cash inflows	3,312,450	-	-	-	-	3,312,450
Cash outflows	(3,432,920)	-	-	-	-	(3,432,920)
Total	(120,470)	-	-	-	-	(120,470)

As at 31 December 2019, the Group held no exchange rate derivative financial instruments.

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50 Financial instrument and risk (Cont'd)

(5) Fair value of financial assets and liabilities

Fair value estimate is made based on the relevant market information and information related to various financial instruments at a specific time. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Fair value estimates of various financial instruments are based on the following methods and assumptions:

(a) Assets measured at fair value on a recurring basis

The assets measured at fair value on a recurring basis by the above three levels are analysed below:

The Group	31 December 2020			Total
	Level 1	Level 2	Level 3	
Derivative financial assets	-	17	-	17
Other debt investments	2,484,148	-	-	2,484,148
Derivative financial liabilities	-	935,827	-	935,827
<hr/>				
The Group (Restated)	31 December 2019			Total
	Level 1	Level 2	Level 3	
Derivative financial assets	-	87,826	-	87,826
Other debt investments	1,015,137	-	-	1,015,137
Derivative financial liabilities	-	(149,180)	-	(149,180)

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50 Financial instrument and risk (Cont'd)

(5) Fair value of financial assets and liabilities (Cont'd)

(a) Assets measured at fair value on a recurring basis (Cont'd)

The Company	31 December 2020			Total
	Level 1	Level 2	Level 3	
Other debt investments	2,484,148	-	-	2,484,148
Derivative financial liabilities	-	(141,329)	-	(141,329)
<hr/>				
The Company	31 December 2019			Total
	Level 1	Level 2	Level 3	
Derivative financial assets	-	6,133	-	6,133
Other debt investments	1,015,137	-	-	1,015,137
Derivative financial liabilities	-	(12,348)	-	(12,348)
<hr/>				

(b) Cash and bank deposits, other financial assets and liabilities

Above-mentioned financial assets and liabilities are either due within one year or with floating rate, the carrying amount of which is close to the fair value.

(c) Lease receivables

The balance of finance lease receivables and receivables from sale and leaseback is determined using the effective interest method. As most of the effective interest rate is based on and will be adjusted in accordance with RMB Loan Prime Rate, the carrying amount is close to the fair value.

(d) Borrowings

The fair value of borrowings with fixed-term is determined using the discounted cash flow method. The discounted rate is the current interest of fixed-term borrowing with similar remaining period till maturity. As most of the interest rate of floating rate borrowings is based on and will be adjusted in accordance with LIBOR, the carrying amount is close to the fair value.

(e) Bonds payable

The fair value of bonds payable is determined based on estimates of China Securities Depository and Clearing Company Limited and Bloomberg. As at 31 December 2020 and 31 December 2019, the fair values of bonds were RMB 90,569,927,000 and RMB 74,877,469,000 respectively. The Group uses observable inputs to determine the fair value of bonds payable and includes them within Level 2.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB '000 Yuan unless otherwise stated)
(English translation for reference only)

51 Capital management

The concept of capital for capital management is broader than that of equities as presented in the balance sheet. The Group's objectives are: (1) to comply with the capital requirements set by the regulators of the banking markets where the entities within the Group operate; (2) to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; (3) to maintain sufficient capital to support the development of its business.

According to measures realised by the CBIRC and on the basis of guidelines developed by the Basel Committee, capital adequacy and the use of regulatory capital are monitored quarterly by the Group's management. The required information is filed with the Shanghai Office of CBIRC on a quarterly basis.

According to the Measures for the Administration of Financial Leasing Companies, the capital adequacy should meet the requirements of registered financial regulatory agencies and not less than 8%. In accordance with the Administrative Measures for the Capital of Commercial Banks (for Trial Implementation) and the Notice on Issues Concerning Transitional Arrangements for the Implementation of the Administrative Measures for the Capital of Commercial Banks (for Trial Implementation) (Yin Jian Fa [2012] No. 57) issued by the CBRC, the Group's capital ratios are calculated as follows:

Item	31 December 2020
Core capital:	
Core tier 1 capital	32,563,498
Net tier 1 capital	32,563,498
Net capital	37,086,489
Risk weighted assets	324,635,901
Core tier 1 capital adequacy ratio	10.03%
Tier 1 capital adequacy ratio	10.03%
Capital adequacy ratio	11.42%

52 Comparative information

The comparative information was restated in accordance with the current categorisation since the categorisation of some financial line items has been changed.

53 Events after the balance sheet date

- (1) On 1 March 2021, the Group completed the issue of three-year fixed-rate financial bonds at par value of RMB 4 billion and at a nominal interest rate of 3.62% in national interbank bond market.
- (2) On 22 April 2021, the Group completed the issue of three-year fixed-rate financial bonds at par value of RMB 3 billion and at a nominal interest rate of 3.45% in national interbank bond market.

交银金融租赁有限责任公司

2020 年度财务报表及审计报告

财务报表审计报告



防 伪 编 码：31000007202111982L

被审计单位名称：交银金融租赁有限责任公司

审 计 期 间：2020

报 告 文 号：普华永道中天审字(2021)第27718号

签字注册会计师：胡亮

注 师 编 号：310000070299

签字注册会计师：张嫒婷

注 师 编 号：310000073844

事 务 所 名 称：普华永道中天会计师事务所（特殊普通合伙）

事 务 所 电 话：021-23238888

事 务 所 地 址：上海市黄浦区湖滨路202号普华永道中心11楼

业务报告使用防伪编码仅说明该业务报告是由依法批准设立的会计师事务所出具，业务报告的法律主体是出具报告的会计师事务所及签字注册会计师。
报告防伪信息查询网址：<https://zxfw.shcpa.org.cn/codeSearch>

交银金融租赁有限责任公司

2020 年度财务报表及审计报告

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审计报告

普华永道中天审字(2021)第 27718 号
(第一页, 共三页)

交银金融租赁有限责任公司董事会:

一、 审计意见**(一) 我们审计的内容**

我们审计了交银金融租赁有限责任公司(以下简称“交银租赁”)的财务报表, 包括 2020 年 12 月 31 日的合并及公司资产负债表, 2020 年度的合并及公司利润表、合并及公司现金流量表、合并及公司所有者权益变动表以及财务报表附注。

(二) 我们的意见

我们认为, 后附的财务报表在所有重大方面按照企业会计准则的规定编制, 公允反映了交银租赁 2020 年 12 月 31 日的合并及公司财务状况以及 2020 年度的合并及公司经营成果和现金流量。

二、 形成审计意见的基础

我们按照中国注册会计师审计准则的规定执行了审计工作。审计报告的“注册会计师对财务报表审计的责任”部分进一步阐述了我们在这些准则下的责任。我们相信, 我们获取的审计证据是充分、适当的, 为发表审计意见提供了基础。

按照中国注册会计师职业道德守则, 我们独立于交银租赁, 并履行了职业道德方面的其他责任。

三、 管理层和治理层对财务报表的责任

交银租赁管理层负责按照企业会计准则的规定编制财务报表, 使其实现公允反映, 并设计、执行和维护必要的内部控制, 以使财务报表不存在由于舞弊或错误导致的重大错报。

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(第二页, 共三页)

三、 管理层和治理层对财务报表的责任(续)

在编制财务报表时, 管理层负责评估交银租赁的持续经营能力, 披露与持续经营相关的事项(如适用), 并运用持续经营假设, 除非管理层计划清算交银租赁、终止运营或别无其他现实的选择。

治理层负责监督交银租赁的财务报告过程。

四、 注册会计师对财务报表审计的责任

我们的目标是对财务报表整体是否不存在由于舞弊或错误导致的重大错报获取合理保证, 并出具包含审计意见的审计报告。合理保证是高水平的保证, 但并不能保证按照审计准则执行的审计在某一重大错报存在时总能发现。错报可能由于舞弊或错误导致, 如果合理预期错报单独或汇总起来可能影响财务报表使用者依据财务报表作出的经济决策, 则通常认为错报是重大的。

在按照审计准则执行审计工作的过程中, 我们运用职业判断, 并保持职业怀疑。同时, 我们也执行以下工作:

(一) 识别和评估由于舞弊或错误导致的财务报表重大错报风险; 设计和实施审计程序以应对这些风险, 并获取充分、适当的审计证据, 作为发表审计意见的基础。由于舞弊可能涉及串通、伪造、故意遗漏、虚假陈述或凌驾于内部控制之上, 未能发现由于舞弊导致的重大错报的风险高于未能发现由于错误导致的重大错报的风险。

(二) 了解与审计相关的内部控制, 以设计恰当的审计程序, 但目的并非对内部控制的有效性发表意见。

(三) 评价管理层选用会计政策的恰当性和作出会计估计及相关披露的合理性。

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(第三页, 共三页)

四、 注册会计师对财务报表审计的责任(续)

(四) 对管理层使用持续经营假设的恰当性得出结论。同时, 根据获取的审计证据, 就可能导致对交银租赁持续经营能力产生重大疑虑的事项或情况是否存在重大不确定性得出结论。如果我们得出结论认为存在重大不确定性, 审计准则要求我们在审计报告中提请报表使用者注意财务报表中的相关披露; 如果披露不充分, 我们应当发表非无保留意见。我们的结论基于截至审计报告日可获得的信息。然而, 未来的事项或情况可能导致交银租赁不能持续经营。

(五) 评价财务报表的总体列报(包括披露)、结构和内容, 并评价财务报表是否公允反映相关交易和事项。

(六) 就交银租赁中实体或业务活动的财务信息获取充分、适当的审计证据, 以对合并财务报表发表审计意见。我们负责指导、监督和执行集团审计, 并对审计意见承担全部责任。

我们与治理层就计划的审计范围、时间安排和重大审计发现等事项进行沟通, 包括沟通我们在审计中识别出的值得关注的内部控制缺陷。

普华永道中天
会计师事务所(特殊普通合伙)

中国上海市

2021 年 4 月 29 日



注册会计师

胡亮

胡亮

注册会计师

张婷婷

张婷婷

交银金融租赁有限责任公司

2020 年 12 月 31 日合并及公司资产负债表
(除特别注明外, 金额单位为人民币千元)

资产	附注	2020 年 12 月 31 日		2019 年 12 月 31 日	
		本集团	本公司	本集团 (已重述)	本公司
货币资金	7	31,756,524	7,847,266	6,753,027	2,143,012
拆出资金	8	698,494	698,494	-	-
衍生金融资产	9	17	-	87,826	6,133
应收票据		1,196	1,196	12,575	12,575
其他应收款	10	370,939	34,074,576	344,004	33,626,083
买入返售金融资产	11	489,590	1,360,950	-	1,047,002
其他债权投资	12	2,484,148	2,484,148	1,015,137	1,015,137
应收租赁款	13	139,270,577	101,748,213	124,893,450	92,567,154
长期股权投资	14	-	14,030,762	-	8,531,162
预付租赁资产款	15	10,963,397	-	9,538,011	-
投资性房地产	16	3,434,189	-	3,962,704	-
固定资产	17	118,135,611	8,906	119,548,794	10,503
递延所得税资产	18	1,310,283	1,032,624	1,072,577	958,062
其他资产	19	357,121	96,366	379,877	110,889
资产合计		<u>309,272,086</u>	<u>163,383,501</u>	<u>267,607,982</u>	<u>140,027,712</u>

后附财务报表附注为本财务报表的组成部分。

法定代表人: 赵炯

主管财会工作总裁: 竺叶群

会计机构负责人: 钟廖廖

交银金融租赁有限责任公司

2020年12月31日合并及公司资产负债表(续)
(除特别注明外,金额单位为人民币千元)

负债	附注	2020年12月31日		2019年12月31日	
		本集团	本公司	本集团 (已重述)	本公司
短期借款	20	69,841,067	50,357,724	59,840,047	50,787,634
拆入资金	21	15,648,309	15,648,309	11,064,457	11,064,457
衍生金融负债	9	935,827	141,329	149,180	12,348
应付票据	22	6,652,738	6,652,738	334,038	334,038
应付职工薪酬	23	219,947	219,502	247,553	247,553
应交税费	24	666,652	244,550	641,081	244,915
其他应付款	25	8,764,931	20,965,541	9,630,148	15,161,969
长期借款	26	80,566,580	15,462,967	61,636,557	10,169,603
应付债券	27	89,762,924	27,358,517	95,576,426	32,442,175
递延所得税负债	18	796,648	-	682,968	-
其他负债	28	3,617,959	1,079,773	3,903,422	1,203,118
负债合计		<u>277,473,582</u>	<u>138,130,950</u>	<u>243,705,877</u>	<u>121,667,810</u>
所有者权益					
实收资本		14,000,000	14,000,000	8,500,000	8,500,000
其他综合收益	29	(1,477,399)	(68,434)	(672,235)	(11,128)
盈余公积	30	1,341,839	1,127,377	1,166,493	982,382
一般风险准备	31	4,549,680	4,549,680	3,821,843	3,821,843
未分配利润	32	13,384,384	5,643,928	11,086,004	5,066,805
所有者权益合计		<u>31,798,504</u>	<u>25,252,551</u>	<u>23,902,105</u>	<u>18,359,902</u>
负债及所有者权益总计		<u>309,272,086</u>	<u>163,383,501</u>	<u>267,607,982</u>	<u>140,027,712</u>

后附财务报表附注为本财务报表的组成部分。

法定代表人：赵炯

主管财会工作总裁：竺叶群

会计机构负责人：钟廖廖

交银金融租赁有限责任公司

2020 年度合并及公司利润表

(除特别注明外, 金额单位为人民币千元)

项目	附注	2020 年度		2019 年度	
		本集团	本公司	本集团 (已重述)	本公司
利息收入	33	167,441	1,103,659	72,006	1,118,841
融资租赁及售后租回收入	34	6,656,305	4,900,386	6,504,679	5,096,970
经营租赁收入	35	13,072,617	-	12,074,476	-
资产处置(损失)/收益	36	(80,988)	12	87,038	(10)
其他收益	37	373,553	94,708	398,891	86,609
投资收益		-	151,611	(5,993)	37,062
公允价值变动损益		(7,641)	(5,121)	(25,783)	5,121
汇兑损益		(24,419)	(31,464)	9,983	2,288
营业收入		<u>20,156,868</u>	<u>6,213,791</u>	<u>19,115,297</u>	<u>6,346,881</u>
利息支出	38	(6,700,487)	(3,523,346)	(7,720,487)	(4,098,440)
经营租赁成本	39	(7,050,480)	-	(6,078,098)	-
其他业务成本		(38,175)	-	(26,565)	-
手续费及佣金支出		(140,830)	(49,497)	(98,124)	(17,063)
税金及附加	40	(99,548)	(29,459)	(85,264)	(24,160)
业务及管理费	41	(557,496)	(368,178)	(580,274)	(400,103)
信用减值损失	42	(729,071)	(370,368)	(366,295)	(275,833)
资产减值损失	43	(484,725)	-	(232,530)	-
营业成本		<u>(15,800,812)</u>	<u>(4,340,848)</u>	<u>(15,187,637)</u>	<u>(4,815,599)</u>
营业利润		<u>4,356,056</u>	<u>1,872,943</u>	<u>3,927,660</u>	<u>1,531,282</u>
营业外收入		-	-	236	13
营业外支出		<u>(5,319)</u>	<u>(5,300)</u>	<u>(500)</u>	<u>(500)</u>
利润总额		<u>4,350,737</u>	<u>1,867,643</u>	<u>3,927,396</u>	<u>1,530,795</u>
减: 所得税费用	44	<u>(1,149,174)</u>	<u>(417,688)</u>	<u>(945,226)</u>	<u>(357,093)</u>
净利润		<u>3,201,563</u>	<u>1,449,955</u>	<u>2,982,170</u>	<u>1,173,702</u>
其中: 同一控制下企业合 并中被合并方在合 并前实现的净利润		<u>(18,423)</u>	<u>-</u>	<u>(37,764)</u>	<u>-</u>

交银金融租赁有限责任公司

2020 年度合并及公司利润表(续)

(除特别注明外, 金额单位为人民币千元)

项目	附注	2020 年度		2019 年度	
		本集团	本公司	本集团 (已重述)	本公司
按经营持续性分类					
持续经营净利润		3,201,563	1,449,955	2,982,170	1,173,702
终止经营净利润		-	-	-	-
其他综合收益的税后净额	29	(805,164)	(57,306)	(63,526)	18,843
以后会计期间将重分类进损益 的项目		(806,294)	(58,436)	(62,396)	19,973
现金流量套期损益的 有效部分		(714,284)	(49,040)	(58,955)	21,683
外币财务报表折算差额		(82,614)	-	(1,731)	-
其他债权投资公允价值变动		(9,734)	(9,734)	(1,935)	(1,935)
其他债权投资信用减值准备		338	338	225	225
以后会计期间不能重分类进损 益的项目		1,130	1,130	(1,130)	(1,130)
其他权益工具投资公允价值 变动		1,130	1,130	(1,130)	(1,130)
综合收益总额		2,396,399	1,392,649	2,918,644	1,192,545

后附财务报表附注为本财务报表的组成部分。

法定代表人：赵炯



主管财会工作总裁：叶群



会计机构负责人：钟廖廖

交银金融租赁有限责任公司

2020 年度合并及公司现金流量表
(除特别注明外, 金额单位为人民币千元)

项目	附注	2020 年度		2019 年度	
		本集团	本公司	本集团 (已重述)	本公司
一、经营活动产生/(使用)的现金流量					
应收租赁款净减少额		-	-	-	73,262
收到的租赁利息及经营租赁收入		20,022,803	5,036,590	19,664,049	5,579,012
收到的其他利息收入		113,457	729,550	55,074	436,652
取得借款收到的现金		279,976,617	201,632,431	213,657,802	159,344,963
取得拆入资金收到的现金		110,788,783	110,788,783	125,695,077	125,695,077
存款准备金的净减少额		46,301	46,301	-	-
收到其他与经营活动有关的现金		2,713,600	8,739,176	2,336,983	1,880,137
经营活动现金流入小计		413,661,561	326,972,831	361,408,985	293,009,103
退还租赁保证金所支付的现金					
净额		(929,759)	(734,808)	(37,893)	(401,204)
应收租赁款净增加额		(10,906,140)	(3,295,482)	(10,327,674)	-
支付的手续费及佣金支出		(140,830)	(49,497)	(98,124)	(17,063)
支付的各项税费		(1,587,979)	(642,343)	(1,201,215)	(570,248)
支付给职工以及为职工支付的					
现金		(344,615)	(291,696)	(299,612)	(262,577)
偿还债务所支付的现金		(251,378,917)	(196,868,187)	(213,776,178)	(162,182,966)
偿还拆入资金所支付的现金		(106,140,362)	(106,140,362)	(129,547,585)	(129,547,585)
支付的利息		(3,207,822)	(2,378,069)	(5,457,640)	(3,561,821)
存款准备金的净增加额		-	-	(433,140)	(433,140)
买入返售金融资产的净增加额		(490,000)	(329,068)	-	(179,504)
支付其他与经营活动有关的现金 45(5)		(2,622,324)	(2,361,426)	(399,215)	(5,011,238)
经营活动现金流出小计		(377,748,748)	(313,090,938)	(361,578,276)	(302,167,346)
经营活动产生/(使用)的现金流量净额		35,912,813	13,881,893	(169,291)	(9,158,243)
二、投资活动使用的现金流量					
处置固定资产、无形资产和其他					
长期资产所收回的现金净额		4,904,225	25	2,703,810	12
收回投资收到的现金		-	700	34,251	4,100
取得投资收益收到的现金		71,995	223,605	16,450	53,512
投资活动现金流入小计		4,976,220	224,330	2,754,511	57,624
投资支付的现金		(1,500,000)	(1,500,000)	(1,025,118)	(1,025,873)
投资子公司支付的现金		-	(5,526,628)	-	-
购建固定资产、无形资产和经营					
租赁资产支付的现金		(16,338,391)	(4,386)	(24,558,337)	(4,301)
投资活动现金流出小计		(17,838,391)	(7,031,014)	(25,583,455)	(1,030,174)
投资活动使用的现金流量净额		(12,862,171)	(6,806,684)	(22,828,944)	(972,550)

交银金融租赁有限责任公司

2020 年度合并及公司现金流量表(续)
(除特别注明外,金额单位为人民币千元)

项目	附注	2020 年度		2019 年度	
		本集团	本公司	本集团 (已重述)	本公司
三、筹资活动产生的现金流量:					
吸收投资收到的现金		5,500,000	5,500,000	-	-
发行债券收到的现金		13,439,840	3,000,000	34,428,600	13,500,000
筹资活动现金流入小计		18,939,840	8,500,000	34,428,600	13,500,000
偿还债券支付的现金		(15,079,517)	(8,000,000)	(15,266,680)	(5,500,000)
偿还债券利息支付的现金		(3,361,297)	(1,331,493)	(2,175,080)	(1,039,790)
偿还租赁负债本金和利息所支付 的现金		(7,653)	(41,471)	(4,859)	(40,012)
筹资活动现金流出小计		(18,448,467)	(9,372,964)	(17,446,619)	(6,579,802)
筹资活动产生/(使用)的现金 流量净额		491,373	(872,964)	16,981,981	6,920,198
四、汇率变动的影响		(24,419)	(30,292)	9,983	2,573
五、现金及现金等价物净增加 /(减少)额	45(3)	23,517,596	6,171,953	(6,006,271)	(3,208,022)
加: 年初现金及现金等价物余额		6,328,471	1,712,526	12,334,742	4,920,548
六、年末现金及现金等价物余额	45(4)	29,846,067	7,884,479	6,328,471	1,712,526

后附财务报表附注为本财务报表的组成部分。

法定代表人: 赵炯

主管财会工作总裁: 叶群

会计机构负责人: 钟廖廖



交银金融租赁有限责任公司

2020 年度合并所有者权益变动表
(除特别注明外, 金额单位为人民币千元)

附注	实收资本	其他综合收益	盈余公积	一般风险准备	未分配利润	所有者权益合计
2019 年 1 月 1 日余额 同一控制下企业合并	8,500,000	180,852	925,035	3,518,035	8,628,942	21,752,864
2019 年 1 月 1 日余额(已重述)	-	(789,561)	-	-	20,158	(769,403)
本年净增减变动额	8,500,000	(608,709)	925,035	3,518,035	8,649,100	20,983,461
综合收益总额						
净利润	-	-	-	-	2,982,170	2,982,170
其他综合收益	-	(63,526)	-	-	-	(63,526)
综合收益总额合计	-	(63,526)	-	-	2,982,170	2,918,644
利润分配						
提取盈余公积金	-	-	241,458	-	(241,458)	-
提取一般风险准备	-	-	-	303,808	(303,808)	-
2019 年 12 月 31 日余额(已重述)	8,500,000	(672,235)	1,166,493	3,821,843	11,086,004	23,902,105
2020 年 1 月 1 日余额(已重述)	8,500,000	(672,235)	1,166,493	3,821,843	11,086,004	23,902,105
所有者的投入						
股本	5,500,000	-	-	-	-	5,500,000
本年净增减变动额						
综合收益总额						
净利润	-	-	-	-	3,201,563	3,201,563
其他综合收益	-	(805,164)	-	-	-	(805,164)
综合收益总额合计	-	(805,164)	-	-	3,201,563	2,396,399
利润分配						
提取盈余公积金	-	-	175,346	-	(175,346)	-
提取一般风险准备	-	-	-	727,837	(727,837)	-
2020 年 12 月 31 日余额	14,000,000	(1,477,399)	1,341,839	4,549,680	13,384,384	31,798,504

后附财务报表附注为本财务报表的组成部分。

法定代表人: 赵炯

主管财会工作负责人: 叶欣

会计机构负责人: 钟彦琳



交银金融租赁有限责任公司

2020 年度公司所有者权益变动表
(除特别注明外, 金额单位为人民币千元)

	附注	实收资本	其他综合收益	盈余公积	一般风险准备	未分配利润	所有者权益合计
2019 年 1 月 1 日余额		8,500,000	(29,971)	865,012	3,518,035	4,314,281	17,167,357
本年净增减变动额							
综合收益总额							
净利润		-	-	-	-	1,173,702	1,173,702
其他综合收益	29	-	18,843	-	-	-	18,843
综合收益总额合计		-	18,843	-	-	1,173,702	1,192,545
利润分配							
提取盈余公积金	30	-	-	117,370	-	(117,370)	-
提取一般风险准备	31	-	-	-	303,808	(303,808)	-
2019 年 12 月 31 日余额		8,500,000	(11,128)	982,382	3,821,843	5,066,805	18,359,902
2020 年 1 月 1 日余额		8,500,000	(11,128)	982,382	3,821,843	5,066,805	18,359,902
所有者的投入							
股本		5,500,000	-	-	-	-	5,500,000
本年净增减变动额							
综合收益总额							
净利润		-	-	-	-	1,449,955	1,449,955
其他综合收益	29	-	(57,306)	-	-	-	(57,306)
综合收益总额合计		-	(57,306)	-	-	1,449,955	1,392,649
利润分配							
提取盈余公积金	30	-	-	144,995	-	(144,995)	-
提取一般风险准备	31	-	-	-	727,837	(727,837)	-
2020 年 12 月 31 日余额		14,000,000	(68,434)	1,127,377	4,549,680	5,643,928	25,252,551

后附财务报表附注为本财务报表的组成部分。

法定代表人: 赵钢

主管财会工作总账师: 叶群

会计机构负责人: 钟廖廖

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

1 公司的一般情况及业务活动

交银金融租赁有限责任公司(以下简称“本公司”)系经中国银行保险监督管理委员会银监复(2007)416 号文批准, 由交通银行股份有限公司(以下简称“母行”)全额出资建立的有限责任公司。本公司成立时, 注册资本为人民币 20 亿元, 于 2010 年 3 月、2013 年 4 月、2015 年 7 月、2017 年 2 月、2017 年 12 月及 2020 年 2 月, 母行分别对本公司增资人民币 20 亿元、20 亿元、10 亿元、5 亿、10 亿元及 55 亿元。截至 2020 年 12 月 31 日, 本公司注册资本及实收资本为人民币 140 亿元。本公司注册地上海, 总部办公地址上海市陆家嘴环路 333 号 27、28、29 楼。本公司于 2007 年 12 月 20 日获得中华人民共和国上海市工商行政管理局颁发的营业执照。经营期限从 2007 年 12 月 20 日至不约定期限。

本公司及子公司(以下合称“本集团”)经中国银行保险监督管理委员会批准, 经营按《金融租赁公司管理办法》(中国银行业监督管理委员会令 2014 年第 3 号)规定业务范围开展业务。本公司可以从事的经营范围为融资租赁业务; 接受承租人的租赁保证金; 固定收益类证券投资业务; 转让和受让融资租赁资产; 吸收非银行股东 3 个月(含)以上定期存款; 同业拆借; 向金融机构借款; 境外借款; 租赁物变卖及处理业务; 经济咨询; 在境内保税地区设立项目公司开展融资租赁业务; 为控股子公司、项目公司对外融资提供担保以及中国银行保险监督管理委员会批准的其他业务。

本公司的子公司主要为租赁项目子公司, 经批准的经营范围为飞机、船舶等租赁; 货物及技术的进出口业务; 融资租赁业务; 与融资租赁有关的进出口业务; 接受承租人的租赁保证金; 受让和转让应收融资租赁款; 向金融机构借款; 境外外汇借款; 租赁物品残值变卖及处理业务; 经济咨询以及中国银行保险监督管理委员会批准的其他业务(以上经营范围涉及行业许可的凭许可证件, 在有效期限内经营, 国家有专项专营规定的按照规定办理)。

于 2020 年 8 月 26 日, 本集团之子公司祥茂国际船舶租赁有限公司向受交通银行股份有限公司同一控制下的交通银行(代理人)有限公司及侨辉有限公司收购了其拥有的侨通发展有限公司 100% 的股权(附注 46)。该交易为同一控制下企业合并, 应当对合并财务报表的比较期数进行调整。本集团已对财务报表的比较期数进行了重述。

本财务报表由本公司董事会于 2021 年 4 月 29 日批准报出。

2 财务报表编制基础

本财务报表按照财政部于 2006 年 2 月 15 日及以后期间颁布的《企业会计准则——基本准则》、各项具体会计准则及相关规定(以下合称“企业会计准则”)编制。

本财务报表以持续经营为基础编制。

3 遵循企业会计准则的声明

本公司 2020 年度财务报告符合企业会计准则的要求，真实、完整地反映了本公司 2020 年 12 月 31 日的合并及公司财务状况以及 2020 年度的合并及公司经营成果和现金流量等有关信息。

4 重要会计政策和会计估计

(1) 会计年度

会计年度为公历 1 月 1 日起至 12 月 31 日止。

(2) 记账本位币

人民币为本公司经营所处的主要经济环境中的货币，本公司以人民币为记账本位币。本公司下属子公司根据其经营所处的主要经济环境中的货币确定其记账本位币。本财务报表以人民币列示。

(3) 外币折算

(a) 外币交易

外币交易按交易发生日的即期汇率将外币金额折算为记账本位币入账。

于资产负债表日，外币货币性项目采用资产负债表日的即期汇率折算为人民币。为购建符合借款费用资本化条件的资产而借入的外币专门借款产生的汇兑差额在资本化期间内予以资本化；其他汇兑差额直接计入当期损益。以历史成本计量的外币非货币性项目，于资产负债表日采用交易发生日的即期汇率折算。汇率变动对现金的影响额在现金流量表中单独列示。

(b) 外币财务报表的折算

以非人民币为记账本位币的子公司的资产负债表中的资产和负债项目，采用资产负债表日的即期汇率折算，所有者权益中除未分配利润项目外，其他项目采用发生时的即期汇率折算。以非人民币为记账本位币的子公司的利润表中的收入与费用项目，采用交易发生日的即期汇率折算。上述折算产生的外币报表折算差额，计入所有者权益中的其他综合收益。以非人民币为记账本位币的子公司的现金流量项目，采用现金流量发生日的即期汇率折算。汇率变动对现金的影响额，在现金流量表中单独列示。

(4) 现金及现金等价物

现金及现金等价物是指库存现金、可随时用于支付的存款，以及持有的期限短、流动性强、易于转换为已知金额现金及价值变动风险很小的投资。

4 重要会计政策和会计估计(续)

(5) 附回购条件的资产转让

买入返售金融资产

根据协议承诺将于未来某确定日期按确定价格返售的金融资产不在资产负债表内予以确认。买入该等资产所支付的成本，在资产负债表中作为买入返售金融资产列示。买入价与返售价之间的差额在协议期内按实际利率法确认，计入利息收入。

(6) 金融工具

金融工具，是指形成一方的金融资产并形成其他方的金融负债或权益工具的合同。当本集团成为金融工具合同的一方时，确认相关的金融资产或金融负债。

(a) 金融资产

(i) 分类和计量

本集团根据管理金融资产的业务模式和金融资产的合同现金流量特征，将金融资产划分为：(1)以摊余成本计量的金融资产；(2)以公允价值计量且其变动计入其他综合收益的金融资产；(3)以公允价值计量且其变动计入当期损益的金融资产。

金融资产在初始确认时以公允价值计量。对于以公允价值计量且其变动计入当期损益的金融资产，相关交易费用直接计入当期损益；对于其他类别的金融资产，相关交易费用计入初始确认金额。因销售产品或提供劳务而产生的、未包含或不考虑重大融资成分的应收账款或应收票据，本集团按照预期有权收取的对价金额作为初始确认金额。

债务工具

本集团持有的债务工具是指从发行方角度分析符合金融负债定义的工具，分别采用以下三种方式进行计量：

4 重要会计政策和会计估计(续)

(6) 金融工具(续)

(a) 金融资产(续)

(i) 分类和计量(续)

以摊余成本计量：

本集团管理此类金融资产的业务模式为以收取合同现金流量为目标，且此类金融资产的合同现金流量特征与基本借贷安排相一致，即在特定日期产生的现金流量，仅为对本金和以未偿付本金金额为基础的利息的支付。本集团对于此类金融资产按照实际利率法确认利息收入。本集团此类金融资产主要包括货币资金、拆出资金、应收票据、其他应收款、买入返售金融资产及应收租赁款等。

对于金融资产的摊余成本，应当以该金融资产初始确认金额经下列调整后的结果确定：(i)扣除已偿还的本金；(ii)加上或减去采用实际利率法将该初始确认金额与到期日金额之间的差额进行摊销形成的累计摊销额；(iii)扣除累计计提的损失准备。本集团采用实际利率法计算该资产的利息收入。

实际利率，是指将金融资产在预计存续期的估计未来现金流量，折现为该金融资产账面余额(即，扣除损失准备之前的摊余成本)所使用的利率。计算时不考虑预期信用损失，但包括交易费用、溢价或折价、以及支付或收到的属于实际利率组成部分的费用。对于源生或购入已发生信用减值的金融资产，本集团根据该金融资产的摊余成本(而非账面余额)计算经信用调整的实际利率，并且在估计未来现金流量时将预期信用损失的影响纳入考虑。

以公允价值计量且其变动计入其他综合收益：

本集团管理此类金融资产的业务模式为既以收取合同现金流量为目标又以出售为目标，且此类金融资产的合同现金流量特征与基本借贷安排相一致。此类金融资产按照公允价值计量且其变动计入其他综合收益，但减值损失或利得、汇兑损益和按照实际利率法计算的利息收入计入当期损益。此类金融资产主要包括其他债权投资等。

以公允价值计量且其变动计入当期损益：

本集团将持有的未划分为以摊余成本计量和以公允价值计量且其变动计入其他综合收益的债务工具，以公允价值计量且其变动计入当期损益，列示为交易性金融资产。在初始确认时，本集团为了消除或显著减少会计错配，将部分金融资产指定为以公允价值计量且其变动计入当期损益的金融资产。

4 重要会计政策和会计估计(续)

(6) 金融工具(续)

(a) 金融资产(续)

(i) 分类和计量(续)

权益工具

本集团将对其没有控制、共同控制和重大影响的权益工具投资按照公允价值计量且其变动计入当期损益, 列示为交易性金融资产。

此外, 本集团将部分非交易性权益工具投资指定为以公允价值计量且其变动计入其他综合收益的金融资产, 列示为其他权益工具投资。

(ii) 减值

本集团对于以摊余成本计量的金融资产、以公允价值计量且其变动计入其他综合收益的债务工具投资、应收租赁款以及部分融资租赁承诺和财务担保合同等, 以预期信用损失为基础确认损失准备。

本集团考虑有关过去事项、当前状况以及对未来经济状况的预测等合理且有依据的信息, 以发生违约的风险为权重, 计算合同应收的现金流量与预期能收到的现金流量之间差额的现值的概率加权金额, 确认预期信用损失。

于每个资产负债表日, 本集团对于处于不同阶段的金融工具的预期信用损失分别进行计量。金融工具自初始确认后信用风险未显著增加的, 处于第一阶段, 本集团按照未来 12 个月内的预期信用损失计量损失准备; 金融工具自初始确认后信用风险已显著增加但尚未发生信用减值的, 处于第二阶段, 本集团按照该工具整个存续期的预期信用损失计量损失准备; 金融工具自初始确认后已经发生信用减值的, 处于第三阶段, 本集团按照该工具整个存续期的预期信用损失计量损失准备。

对于在资产负债表日具有较低信用风险的金融工具, 本集团假设其信用风险自初始确认后并未显著增加, 按照未来 12 个月内的预期信用损失计量损失准备。

本集团对于处于第一阶段和第二阶段、以及较低信用风险的金融工具, 按照其未扣除减值准备的账面余额和实际利率计算利息收入。对于处于第三阶段的金融工具, 按照其账面余额减已计提减值准备后的摊余成本和实际利率计算利息收入。

4 重要会计政策和会计估计(续)

(6) 金融工具(续)

(a) 金融资产(续)

(ii) 减值(续)

本集团将计提或转回的损失准备计入当期损益。对于持有的以公允价值计量且其变动计入其他综合收益的债务工具，本集团在将减值损失或利得计入当期损益的同时调整其他综合收益。

在前一会计期间已经按照相当于金融工具整个存续期内预期信用损失的金额计量了损失准备，但在当期资产负债表日，该金融工具已不再属于自初始确认后信用风险显著增加的情形的，本集团在当期资产负债表日按照相当于未来 12 个月内预期信用损失的金额计量该金融工具的损失准备，由此形成的损失准备的转回金额作为减值利得计入当期损益；但购买或源生的已发生信用减值的金融资产除外。对于购买或源生的已发生信用减值的金融资产，本集团在当期资产负债表日仅将自初始确认后整个存续期内预期信用损失的累计变动确认为损失准备。

(iii) 核销

如果本集团不再合理预期金融资产合同现金流量能够全部或部分收回，则直接减记该金融资产的账面余额。这种减记构成相关金融资产的终止确认。这种情况通常发生在本集团确定债务人没有资产或收入来源可产生足够的现金流量以偿还将被减记的金额。但是，被减记的金融资产仍可能受到本集团催收到期款项相关执行活动的影响。

已减记的金融资产以后又收回的，作为减值损失的转回计入收回当期的损益。

(iv) 售后租回租赁合同修改

售后租回交易中的资产转让不属于销售的，本集团作为出租人不确认被转让资产，确认一项与转让收入等额的金融资产，并按照《企业会计准则第 22 号——金融工具确认和计量》对该金融资产进行会计处理。本集团有时会重新商定或修改该类合同，导致合同现金流发生变化。出现这种情况时，本集团会评估修改后的合同条款是否发生了实质性的变化。

4 重要会计政策和会计估计(续)

(6) 金融工具(续)

(a) 金融资产(续)

(iv) 售后租回租赁合同修改(续)

如果修改后合同条款发生了实质性的变化，本集团将终止确认原金融资产，并以公允价值确认一项新金融资产，且对新资产重新计算一个新的实际利率。在这种情况下，对修改后的金融资产应用减值要求时，包括确定信用风险是否出现显著增加时，本集团将上述合同修改日期作为初始确认日期。对于上述新确认的金融资产，本集团也要评估其在初始确认时是否已发生信用减值，特别是当合同修改发生在债务人不能履行初始商定的付款安排时。账面价值的改变作为终止确认产生的利得或损失计入损益。

如果修改后合同条款并未发生实质性的变化，则合同修改不会导致金融资产的终止确认。本集团根据修改后的合同现金流量重新计算金融资产的账面余额，并将修改利得或损失计入损益。在计算新的账面余额时，仍使用初始实际利率(或购入或源生的已发生信用减值的金融资产经信用调整的实际利率)对修改后的现金流量进行折现。

(v) 终止确认

金融资产满足下列条件之一的，予以终止确认：(1)收取该金融资产现金流量的合同权利终止；(2)该金融资产已转移，且本集团将金融资产所有权上几乎所有的风险和报酬转移给转入方；(3)该金融资产已转移，虽然本集团既没有转移也没有保留金融资产所有权上几乎所有的风险和报酬，但是放弃了对该金融资产控制。

其他权益工具投资终止确认时，其账面价值与收到的对价以及原直接计入其他综合收益的公允价值变动累计额之和的差额，计入留存收益；其余金融资产终止确认时，其账面价值与收到的对价以及原直接计入其他综合收益的公允价值变动累计额之和的差额，计入当期损益。

4 重要会计政策和会计估计(续)

(6) 金融工具(续)

(b) 金融负债

金融负债于初始确认时分类为以摊余成本计量的金融负债和以公允价值计量且其变动计入当期损益的金融负债。

本集团的金融负债主要为以摊余成本计量的金融负债，包括借款、拆入资金、应付票据、其他应付款和应付债券等。该类金融负债按其公允价值扣除交易费用后的金额进行初始计量，并采用实际利率法进行后续计量。借款期限在一年以下(含一年)的借款为短期借款，其余借款为长期借款。

当金融负债的现时义务全部或部分已经解除时，本集团终止确认该金融负债或义务已解除的部分。终止确认部分的账面价值与支付的对价之间的差额，计入当期损益。

(c) 金融工具的公允价值确定

存在活跃市场的金融工具，以活跃市场中的报价确定其公允价值。不存在活跃市场的金融工具，采用估值技术确定其公允价值。在估值时，本集团采用在当前情况下适用并且有足够可利用数据和其他信息支持的估值技术，选择与市场参与者在相关资产或负债的交易中所考虑的资产或负债特征相一致的输入值，并尽可能优先使用相关可观察输入值。在相关可观察输入值无法取得或取得不切实可行的情况下，使用不可观察输入值。

(d) 衍生金融工具和套期会计

衍生工具于合同签订之日进行初始确认并按公允价值进行初始和后续计量。衍生工具的公允价值为正反映为资产，为负反映为负债。

衍生工具的公允价值变动的确认方法取决于该衍生工具是否被指定为且符合套期工具的要求，以及被套期项目的性质。本集团将某些衍生工具指定用于：

- (i)对已确认资产或负债或尚未确认的确定承诺，进行公允价值套期；
- (ii)对极可能发生的预期交易进行现金流量套期；

在套期开始时，本集团完成了套期相关文档，内容包括被套期项目与套期工具的关系，以及各种套期交易对应的风险管理目标和策略。本集团也在套期开始时和开始后持续的记录了套期是否有效的评估，即套期工具是否能够很大程度上抵销被套期项目公允价值或现金流量的变动。

4 重要会计政策和会计估计(续)

(6) 金融工具(续)

(d) 衍生金融工具和套期会计(续)

(i) 公允价值套期

对于被指定作为公允价值套期的套期工具且符合相关要求的衍生工具，其公允价值变动计入损益。同时作为被套期项目的资产或负债的公允价值变动中与被套期风险相关的部分也计入损益。

如果某项套期不再满足套期会计的标准，对于采用实际利率法的被套期项目，对其账面价值的调整将自被套期项目终止进行套期利得和损失调整的时点开始在到期前的剩余期间内摊销，并作为利息净收入计入损益。

(ii) 现金流量套期

对于被指定现金流量套期的套期工具并符合相关要求的衍生工具，其公允价值变动中的套期有效部分确认为其他综合收益。套期无效部分相关的利得或损失确认为损益。

累计计入权益的金额在被套期项目影响损益的期间转入损益，并列报在相关的被套期项目产生的收入或费用中。

当套期工具到期、被出售或不再满足套期会计的标准时，权益中的已累计的利得或损失仍保留在权益中直到被套期项目影响损益的期间再确认为损益。当预期交易不会发生时(例如，已确认的被套期资产被出售)，已确认在其他综合收益中的累计利得或损失立即重分类至损益。

(iii) 利率基准改革对套期会计的影响

针对银行同业拆借利率(IBOR)改革对财务报告产生的潜在影响，为符合运用套期会计的金融工具在 IBOR 改革完成前提供了有针对性的豁免，其主要变更为：

- 修改了套期会计的特定要求，从而使得本集团在采用此类套期会计要求时可以假设在计量被套期的现金流量和套期工具所产生的现金流量时所采用的利率基准不会因利率基准改革而发生变化；
- 本集团执行前瞻性测试时假设被套期项目、套期工具或被套期风险的现金流量所适用的利率基准不会因 IBOR 改革而改变；
- 在某些套期中，被套期项目或被套期风险属于非合同明确指明的银行间同业拆借利率风险成分。根据该次修订，风险成分仅需在进行初始的套期指定时能够单独识别，而无需持续地单独识别；以及

4 重要会计政策和会计估计(续)

(6) 金融工具(续)

(d) 衍生金融工具和套期会计(续)

(iii) 利率基准改革对套期会计的影响(续)

- 披露适用上述规定的套期工具的名义金额, 以及采用上述规定时作出的任何重大假设或判断, 并针对本集团受到 IBOR 改革的影响以及其针对过渡时期的管理进行定性披露。

(7) 长期股权投资

本公司的长期股权投资为对子公司的长期股权投资。

子公司是指本公司能够对其实施控制的被投资单位。对子公司的投资, 在公司财务报表中按照成本法确定的金额列示, 在编制合并财务报表时按权益法调整后合并。

采用成本法核算的长期股权投资按照初始投资成本计量。被投资单位宣告分派的现金股利或利润, 确认为投资收益计入当期损益。

(8) 投资性房地产

投资性房地产包括已出租的土地使用权和以出租为目的的建筑物以及正在建造或开发过程中将来用于出租的建筑物, 以成本进行初始计量。与投资性房地产有关的后续支出, 在相关的经济利益很可能流入本集团且其成本能够可靠计量时, 计入投资性房地产成本; 否则, 于发生时计入当期损益。

本集团对所有投资性房地产采用公允价值模式进行后续计量, 不计提折旧或进行摊销, 在资产负债表日以投资性房地产的公允价值为基础调整其账面价值, 公允价值与原账面价值之间的差额计入当期损益。

投资性房地产的用途改变为自用时, 自改变之日起, 将该投资性房地产转换为固定资产或无形资产, 基于转换当日投资性房地产的公允价值确定固定资产和无形资产的账面价值, 公允价值与投资性房地产原账面价值的差额计入当期损益。自用房地产的用途改变为赚取租金或资本增值时, 自改变之日起, 将固定资产或无形资产转换为投资性房地产, 以转换当日的公允价值作为投资性房地产的账面价值, 转换当日的公允价值小于固定资产和无形资产原账面价值的, 差额计入当期损益; 转换当日的公允价值大于固定资产和无形资产原账面价值的, 差额计入其他综合收益, 待该投资性房地产处置时转入当期损益。

当投资性房地产被处置、或者永久退出使用且预计不能从其处置中取得经济利益时, 终止确认该项投资性房地产。投资性房地产出售、转让、报废或毁损的处置收入扣除其账面价值和相关税费后的金额计入当期损益。

4 重要会计政策和会计估计(续)

(9) 固定资产

固定资产包括办公及电子设备、运输工具、房屋及建筑物、经营性租出飞机及船舶等。购置或新建的固定资产按取得时的成本进行初始计量。

与固定资产有关的后续支出, 在相关的经济利益很可能流入本集团且其成本能够可靠的计量时, 计入固定资产成本; 对于被替换的部分, 终止确认其账面价值; 所有其他后续支出于发生时计入当期损益。

固定资产折旧采用年限平均法并按其入账价值减去预计净残值后在预计使用寿命内计提。对计提了减值准备的固定资产, 则在未来期间按扣除减值准备后的账面价值及依据尚可使用年限确定折旧额。

固定资产的预计使用寿命、净残值率及年折旧率列示如下:

	预计使用寿命	预计净残值率	年折旧率
办公及电子设备	3-5 年	5%	19%-32%
运输工具	6 年	5%	16%
房屋及建筑物	41 年	3%	2%
经营性租出固定资产(a)	4-25 年	5%	4%-24%

对固定资产的预计使用寿命、预计净残值和折旧方法于每年年度终了进行复核并作适当调整。

当固定资产被处置、或者预期通过使用或处置不能产生经济利益时, 终止确认该固定资产。固定资产出售、转让、报废或毁损的处置收入扣除其账面价值和相关税费后的金额计入当期损益。

(a) 经营性租出固定资产

经营性租出固定资产为飞机及船舶, 用于本集团开展经营租赁业务。本集团根据飞机及船舶的实际情况, 确定折旧年限和折旧方法, 并通过外部评估机构根据历史经验数据逐项确定预计净残值。

(10) 无形资产

无形资产为外购电脑软件, 以成本计量, 在预计使用年限 5 年内平均摊销。

4 重要会计政策和会计估计(续)

(11) 长期资产减值

固定资产、无形资产及对子公司的长期股权投资等，于资产负债表日存在减值迹象的，进行减值测试。减值测试结果表明资产的可收回金额低于其账面价值的，按其差额计提减值准备并计入资产减值损失。可收回金额为资产的公允价值减去处置费用后的净额与资产预计未来现金流量的现值两者之间的较高者。资产减值准备按单项资产为基础计算并确认，如果难以对单项资产的可收回金额进行估计的，以该资产所属的资产组确定资产组的可收回金额。资产组是能够独立产生现金流入的最小资产组合。

上述资产减值损失一经确认，以后期间不予转回价值得以恢复的部分。

(12) 借款费用

发生的可直接归属于需要经过相当长时间的购建活动才能达到预定可使用状态之资产的购建的借款费用，在资产支出及借款费用已经发生、为使资产达到预定可使用状态所必要的购建活动已经开始时，开始资本化并计入该资产的成本。当购建的资产达到预定可使用状态时停止资本化，其后发生的借款费用计入当期损益。如果资产的购建活动发生非正常中断，并且中断时间连续超过 3 个月，暂停借款费用的资本化，直至资产的购建活动重新开始。

(13) 职工薪酬

职工薪酬是本集团为获得职工提供的服务或解除劳动关系而给予的各种形式的报酬或补偿，包括薪酬、离职后福利和其他长期职工福利等。

(a) 薪酬

薪酬包括工资、奖金、津贴和补贴、职工福利费、医疗保险费、工伤保险费、生育保险费、住房公积金、工会和教育经费等。本集团在职工提供服务的会计期间，将实际发生的薪酬确认为负债，并计入当期损益或相关资产成本。其中，非货币性福利按照公允价值计量。

(b) 离职后福利

本集团将离职后福利计划分类为设定提存计划和设定受益计划。设定提存计划是本集团向独立的基金缴存固定费用后，不再承担进一步支付义务的离职后福利计划；设定受益计划是除设定提存计划以外的离职后福利计划。于报告期内，本集团的离职后福利主要是为员工缴纳的基本养老保险和失业保险，均属于设定提存计划。

4 重要会计政策和会计估计(续)

(13) 职工薪酬(续)

(c) 基本养老保险

本集团职工参加了由当地劳动和社会保障部门组织实施的社会基本养老保险。本集团以当地规定的社会基本养老保险缴纳基数和比例, 按月向当地社会基本养老保险经办机构缴纳养老保险费。职工退休后, 当地劳动及社会保障部门有责任向已退休员工支付社会基本养老金。本集团在职工提供服务的会计期间, 将根据上述社保规定计算应缴纳的金额确认为负债, 并计入当期损益或相关资产成本。

(14) 递延所得税资产和递延所得税负债

递延所得税资产和递延所得税负债根据资产和负债的计税基础与其账面价值的差额(暂时性差异)计算确认。对于按照税法规定能够于以后年度抵减应纳税所得额的可抵扣亏损, 确认相应的递延所得税资产。对于既不影响会计利润也不影响应纳税所得额(或可抵扣亏损)的非企业合并的交易中产生的资产或负债的初始确认形成的暂时性差异, 不确认相应的递延所得税资产和递延所得税负债。于资产负债表日, 递延所得税资产和递延所得税负债, 按照预期收回该资产或清偿该负债期间的适用税率计量。

递延所得税资产的确认以很可能取得用来抵扣可抵扣暂时性差异、可抵扣亏损和税款抵减的应纳税所得额为限。

对与子公司投资相关的应纳税暂时性差异, 确认递延所得税负债, 除非本集团能够控制该暂时性差异转回的时间且该暂时性差异在可预见的未来很可能不会转回。对与子公司投资相关的可抵扣暂时性差异, 当该暂时性差异在可预见的未来很可能转回且未来很可能获得用来抵扣可抵扣暂时性差异的应纳税所得额时, 确认递延所得税资产。

同时满足下列条件的递延所得税资产和递延所得税负债以抵销后的净额列示:

- 递延所得税资产和递延所得税负债与同一税收征管部门对本集团内同一纳税主体征收的所得税相关;
- 本集团内该纳税主体拥有以净额结算当期所得税资产及当期所得税负债的法定权利。

4 重要会计政策和会计估计(续)

(15) 收入

本集团对外提供租赁服务。经营租赁的租金收入在租赁期内的各个期间按直线法或其他系统合理的方法确认收入，本集团取得的未纳入租赁投资净额计量的可变租赁付款额，在实际发生时确认租金收入。融资租赁的利息收入按周期性固定利率在租赁期内各个期间融资租赁利息收入。

对于本集团提供租赁以外的服务，在履行了合同中的履约义务，即在客户取得相关商品控制权时确认收入。

利息收入为按实际利率法确认的以摊余成本计量的金融资产及以公允价值计量且其变动计入其他综合收益的债务工具等产生的利息收入。

(16) 政府补助

政府补助为本集团从政府无偿取得的货币性资产或非货币性资产，包括税费返还、财政扶持等。

政府补助在本集团能够满足其所附的条件并且能够收到时，予以确认。政府补助为货币性资产的，按照收到或应收的金额计量。政府补助为非货币性资产的，按照公允价值计量；公允价值不能可靠取得的，按照名义金额计量。

与资产相关的政府补助，是指本集团取得的、用于购建或以其他方式形成长期资产的政府补助。与收益相关的政府补助，是指除与资产相关的政府补助之外的政府补助。

与资产相关的政府补助，冲减相关资产的账面价值，或确认为递延收益并在相关资产使用寿命内按照合理、系统的方法分摊计入损益；与收益相关的政府补助，用于补偿以后期间的相关成本费用或损失的，确认为递延收益，并在确认相关成本费用或损失的期间，计入当期损益或冲减相关成本，用于补偿已发生的相关费用或损失的，直接计入当期损益或冲减相关成本。本集团对同类政府补助采用相同的列报方式。

与日常活动相关的政府补助纳入营业利润，与日常活动无关的政府补助计入营业外收支。

4 重要会计政策和会计估计(续)

(17) 租赁

租赁，是指在一定期间内，出租人将资产的使用权让与承租人以获取对价的合同。

本集团作为承租人

本集团于租赁期开始日确认使用权资产，并按尚未支付的租赁付款额的现值确认租赁负债。租赁付款额包括固定付款额，以及在合理确定将行使购买选择权或终止租赁选择权的情况下需支付的款项等。按销售额的一定比例确定的可变租金不纳入租赁付款额，在实际发生时计入当期损益。

本集团的使用权资产包括租入的房屋及建筑物及运输工具等。使用权资产按照成本进行初始计量，该成本包括租赁负债的初始计量金额、租赁期开始日或之前已支付的租赁付款额、初始直接费用等，并扣除已收到的租赁激励。本集团能够合理确定租赁期届满时取得租赁资产所有权的，在租赁资产剩余使用寿命内计提折旧；若无法合理确定租赁期届满时是否能够取得租赁资产所有权，则在租赁期与租赁资产剩余使用寿命两者孰短的期间内计提折旧。当可收回金额低于使用权资产的账面价值时，本集团将其账面价值减记至可收回金额。

对于租赁期不超过 12 个月的短期租赁和单项资产全新时价值较低的低价值资产租赁，本集团选择不确认使用权资产和租赁负债，将相关租金支出在租赁期内各个期间按照直线法计入当期损益或相关资产成本。

本集团作为承租人，未获得出租人对于由新冠肺炎疫情直接引发且针对 2021 年 6 月 30 日之前的租金减免优惠。

本集团作为出租人

实质上转移了与租赁资产所有权有关的几乎全部风险和报酬的租赁为融资租赁。其他的租赁为经营租赁。

(a) 经营租赁

本集团经营租出自有的房屋建筑物、飞机及船舶时，经营租赁的租金收入在租赁期内按照直线法或其他系统合理的方法确认，本集团取得的未纳入租赁投资净额计量的可变租赁付款额，在实际发生时确认经营租赁租金收入。

本集团作为出租人，未对承租人由于新冠肺炎疫情直接引发且针对 2021 年 6 月 30 日之前的租金进行减免。

4 重要会计政策和会计估计(续)

(17) 租赁(续)

(b) 融资租赁

本集团于租赁开始日对融资租赁确认应收融资租赁款，并终止确认相关资产。对应收融资租赁款进行初始计量时以租赁投资净额作为应收融资租赁款的入账价值。租赁投资净额为未担保余值和租赁期开始日尚未收到的租赁收款额按照租赁内含利率折现的现值之和。

当从应收融资租赁款获得现金流的权利已经到期或转移，并且本集团已将与租赁物相关的几乎所有风险和报酬转移时，终止确认该项应收融资租赁款。

租赁期内本集团采用固定的周期性利率计算确认租赁期内各个期间的利息收入。

(c) 售后租回

售后租回交易是指资产卖主(承租人)将资产出售后再从买主(出租人)租回的交易。售后租回交易中的资产转让属于销售的，出租人根据适用的企业会计准则对资产购买进行会计处理，并根据租赁准则对资产出租进行会计处理。售后租回交易中的资产转让不属于销售的，出租人不确认被转让资产，确认一项与转让收入等额的金融资产。2019 年 1 月 1 日之前订立的售后租回交易的计量不变。

(18) 企业合并

同一控制下的企业合并

本集团支付的合并对价及取得的净资产均按账面价值计量，如被合并方是最终控制方以前年度从第三方收购来的，则以被合并方的资产、负债(包括最终控制方收购被合并方而形成的商誉)在最终控制方合并财务报表中的账面价值为基础。本集团取得的净资产账面价值与支付的合并对价账面价值的差额，调整资本公积(股本溢价)；资本公积(股本溢价)不足以冲减的，调整留存收益。为进行企业合并发生的直接相关费用于发生时计入当期损益。为企业合并而发行权益性证券或债务性证券的交易费用，计入权益性证券或债务性证券的初始确认金额。

4 重要会计政策和会计估计(续)

(19) 合并财务报表的编制方法

合并财务报告的合并范围以控制为基础确定, 包括本公司、全部子公司及结构化主体。

控制, 是指投资方拥有对被投资方的权力, 通过参与被投资方的相关活动而享有可变动报酬, 并且有能力利用对被投资方的权力影响其报酬。本公司在获得子公司、结构化主体控制权当日将其纳入合并范围, 并在丧失控制权当日将其终止合并。对于同一控制下企业合并取得的子公司, 自其与本公司同受最终控制方控制之日起纳入本公司合并范围, 并将其在合并日前实现的净利润在合并利润表中单列项目反映。

结构化主体, 是指在判断主体的控制方时, 表决权或类似权力没有被作为设计主体架构时的决定性因素(例如表决权仅与行政管理事务相关), 而主导该主体相关活动的依据是合同或相应安排。

当本公司在结构化主体中担任资产管理人时, 本公司将评估就该结构化主体而言, 本公司是代理人还是主要责任人。如果资产管理人仅仅是代理人, 则其主要代表其他方(结构化主体的其他投资者)行事, 因此并不控制该结构化主体。但若资产管理人被判断为主要代表其自身行事, 则是主要责任人, 因而控制该结构化主体。

在编制合并财务报表时, 子公司、结构化主体与本公司采用的会计政策或会计期间不一致的, 按照本公司的会计政策或会计期间对子公司、结构化主体财务报表进行必要的调整。对于非同一控制下企业合并取得的子公司, 以购买日可辨认净资产公允价值为基础对其财务报表进行调整。

集团内所有重大往来余额、交易及未实现利润在合并财务报表编制时予以抵销。子公司的所有者权益、当期净损益及综合收益中不属于本公司所拥有的部分分别作为少数股东权益、少数股东损益及归属于少数股东的综合收益总额在合并财务报表中所有者权益、净利润及综合收益总额项下单独列示。本公司向子公司出售资产所发生的未实现内部交易损益, 全额抵销归属于母公司股东的净利润; 子公司向本公司出售资产所发生的未实现内部交易损益, 按本公司对该子公司的分配比例在归属于母公司股东的净利润和少数股东损益之间分配抵销。子公司之间出售资产所发生的未实现内部交易损益, 按照母公司对出售方子公司的分配比例在归属于母公司股东的净利润和少数股东损益之间分配抵销。

本集团在报告期内因同一控制下企业合并增加的子公司以及业务, 编制合并资产负债表时, 应当调整合并资产负债表的期初数, 同时应当对比较报表的相关项目进行调整, 视同合并后的报告主体自最终控制方开始控制时点起一直存在。

4 重要会计政策和会计估计(续)

(20) 分部信息

本集团以内部组织结构、管理要求、内部报告制度为依据确定经营分部，以经营分部为基础确定报告分部并披露分部信息。

经营分部是指本集团内同时满足下列条件的组成部分：(1)该组成部分能够在日常活动中产生收入、发生费用；(2)本集团管理层能够定期评价该组成部分的经营成果，以决定向其配置资源、评价其业绩；(3)本集团能够取得该组成部分的财务状况、经营成果和现金流量等有关会计信息。如果两个或多个经营分部具有相似的经济特征，并且满足一定条件的，则合并为一个经营分部。

于本年度，本集团业务活动集中为租赁业务，按一个分部管理，因此未披露分部信息。

(21) 重要会计估计和判断

本集团根据历史经验和其他因素，包括对未来事项的合理预期，对所采用的重要会计估计和关键判断进行持续的评价。

(a) 金融资产的分类

本集团在确定金融资产的分类时涉及的重大判断包括业务模式及合同现金流量特征的分析等。

本集团在评估金融资产的合同现金流量是否与基本借贷安排相一致时，存在以下主要判断：本金是否可能因提前还款等原因导致在存续期内的时间分布或者金额发生变动；利息是否仅包括货币时间价值、信用风险、其他基本借贷风险以及与成本和利润的对价。例如，提前偿付的金额是否仅反映了尚未支付的本金及以未偿付本金为基础的利息，以及因提前终止合同而支付的合理补偿。

(b) 预期信用损失的计量

对于以摊余成本计量的金融资产和应收融资租赁款，其预期信用损失的计量中使用了复杂的模型和大量的假设。这些模型和假设涉及未来的宏观经济情况和借款人的信用行为(例如，客户违约的可能性及相应损失)。附注 50(2)信用风险具体说明了预期信用损失计量中使用的参数、假设和估计技术。

4 重要会计政策和会计估计(续)

(21) 重要会计估计和判断(续)

(c) 经营租出资产的减值

本集团定期对经营租出固定资产进行减值测试。减值测试结果表明资产的可收回金额低于其账面价值的，按其差额计提减值准备并计入减值损失。可收回金额为资产的公允价值减去处置费用后的净额与资产预计未来现金流量的现值两者之间的较高者，其计算需要采用会计估计。

公允价值通常基于市场定价信息，管理层从专业的评估机构处获取，处置费用包括资产处置有关的法律费用、相关税费等。

在计算资产预计未来现金流量现值时，管理层以租赁合同约定的租金金额及租赁期末资产的价值作为未来现金流量预计的基础，并选择适当的折现率确定未来现金流量的现值。由于新冠肺炎疫情的爆发，对本集团部分承租人的流动性产生一定的影响，本集团亦考虑这部分承租人疫情持续期的多种情景，并进行不同情景下未来现金流的预测。管理层从专业的评估机构处获取租赁期末资产价值。由于新冠肺炎疫情的发展和防控存在不确定性，预计未来现金流量的现值计算中所采用的未来租金现金流及税前折现率亦存在不确定性。

(d) 经营租出固定资产折旧

本集团根据管理层对经营租出固定资产的可使用年限和残值的估计计算折旧费用。经营租出固定资产的可使用年限和残值反映了本集团管理层从使用和处置经营租赁资产中获得未来经济利益期间的估计。该等估计可能会因资产的实际物理损耗、技术创新和市场竞争等变化而改变。

4 重要会计政策和会计估计(续)

(21) 重要会计估计和判断(续)

(e) 所得税和递延所得税

本集团在多个地区缴纳企业所得税。在正常的经营活动中，很多交易和事项的最终税务处理都存在不确定性。在计提各个地区的所得税费用时，本集团需要作出重大判断。如果这些税务事项的最终认定结果与最初入账的金额存在差异，该差异将对作出上述最终认定期间的所得税费用和递延所得税的金额产生影响。

对于能够结转以后年度的可抵扣亏损，本集团以未来期间很可能获得用来抵扣可抵扣亏损的应纳税所得额为限，确认相应的递延所得税资产。未来期间取得的应纳税所得额包括本集团通过正常的生产经营活动能够实现的应纳税所得额，以及以前期间产生的应纳税暂时性差异在未来期间转回时将增加的应纳税所得额。本集团在确定未来期间应纳税所得额取得的时间和金额时，需要运用估计和判断。如果实际情况与估计存在差异，可能导致对递延所得税资产的账面价值进行调整。

(22) 重要会计政策变更

财政部于 2020 年颁布了《关于印发<新冠肺炎疫情相关租金减让会计处理规定>的通知》(财会[2020]10 号)，对于与出租人就现有租赁合同达成的由新冠肺炎疫情直接引发的 2021 年 6 月 30 日之前的应付租赁付款额的减让、减让后的租赁对价较减让前减少或与之基本相等、且租赁合同的其他条款和条件无重大变化的，允许采用上述通知中的简化方法进行处理。该通知对本集团财务报表无重大影响。

5 税项

本集团适用的主要税种及其税率列示如下：

税种	税率	税基
企业所得税(a)	25%、17%、16.5% 或 12.5%	应纳税所得额
增值税(b)	6%、9%、10%、11%、 13%、16%	应纳税增值额(应纳税额按应 纳税销售额乘以适用税率 扣除当期允许抵扣的进项 税后的余额计算)
城市维护建设税	7%或 1%	应交增值税
教育费附加	3%	应交增值税
地方教育费附加	2%	应交增值税

(a) 根据《中华人民共和国企业所得税法》，本公司及境内子公司缴纳企业所得税，税率为 25%。境外子公司分别按照新加坡、香港及爱尔兰当地税率在当地缴纳企业所得税，税率分别为 17%、16.5%及 12.5%。

(b) 根据财政部、国家税务总局颁布的《财政部、国家税务总局关于全面推开营业税改征增值税试点的通知》(财税[2016]36 号)，自 2016 年 5 月 1 日起，本集团提供的有形动产回租业务、不动产回租业务适用增值税，税率为 6%，提供的有形动产直租业务、有形动产经营租赁业务适用增值税，税率为 17%，提供的不动产租赁业务适用增值税，税率为 11%。

根据财政部、国家税务总局印发的《关于调整增值税税率的通知》(财税[2018]32 号)，自 2018 年 5 月 1 日起，纳税人发生增值税应税销售行为，原适用 17%和 11%税率的，税率分别调整为 16%、10%。

根据《财政部、税务总局、海关总署关于深化增值税改革有关政策的公告》(财政部税务总局海关总署公告 2019 年第 39 号)的规定，自 2019 年 4 月 1 日起，增值税一般纳税人发生增值税应税销售行为或者进口货物，原适用 16%税率的，税率调整为 13%；原适用 10%税率的，税率调整为 9%。

根据财政部、税务总局及海关总署颁布的《关于深化增值税改革有关政策的公告》(财政部税务总局海关总署公告[2019]39 号)以及财政部和税务总局颁布的《关于明确生活性服务业增值税加计抵减政策的公告》(财政部税务总局公告[2019]87 号)的相关规定，本公司及从事租赁业务的境内子公司作为现代服务企业，自 2019 年 4 月 1 日至 2021 年 12 月 31 日，按照当期可抵扣进项税额加计 10%，抵减增值税应纳税额。

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

6 子公司

(1) 于 2020 年 12 月 31 日，本集团纳入合并范围子公司共 695 家。

(2) 于 2020 年 12 月 31 日纳入合并范围的一级子公司

	注册地	主要经营地	主要业务性质	持股比例	表决权比例
交银金凤凰(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银瀚洋(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
交银金翔(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鹏(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鸿(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金翎(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金云(天津)飞机租赁有限公司	天津	天津	金融租赁	100%	100%
交银金翺(天津)飞机租赁有限公司	天津	天津	金融租赁	100%	100%
交银金悦(天津)飞机租赁有限公司	天津	天津	金融租赁	100%	100%
交银金彤(天津)飞机租赁有限公司	天津	天津	金融租赁	100%	100%
交银金莲(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鹃(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金羽(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鸢(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鸢(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金瑞(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金诚(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鸢(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鸢(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鸢(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鸢(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鸢(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鸢(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鸢(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鸢(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
瑞丰(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
瑞胜(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
瑞奇(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
瑞通(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
瑞丽(天津)船舶租赁有限公司	天津	天津	金融租赁	100%	100%
交银金松(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金璜(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银航空航运金融租赁有限责任公司	上海	上海	金融租赁	100%	100%
交银金徽(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鸢(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金环(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金楼(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金骏(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金鸢(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金琼(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

6 子公司(续)

(2) 于 2020 年 12 月 31 日纳入合并范围的一级子公司(续)

	注册地	主要经营地	业务性质	持股比例	表决权比例
交银金茶(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金棕(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金梅(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金盛(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金壁(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金桑(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金璋(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
交银金柳(上海)飞机租赁有限公司	上海	上海	金融租赁	100%	100%
祥富(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
祥菊(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
祥驰(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
交银津一(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津五(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津六(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津七(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津九(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十一(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十二(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十七(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十八(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
广州交银穗一飞机租赁有限责任公司	广州	广州	金融租赁	100%	100%
交银津十六(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十五(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津十九(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十一(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十二(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十三(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十五(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津三(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银沪一(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
交银沪二(上海)船舶租赁有限公司	上海	上海	金融租赁	100%	100%
广州交银穗二飞机租赁有限责任公司	广州	广州	金融租赁	100%	100%
广州交银穗三飞机租赁有限责任公司	广州	广州	金融租赁	100%	100%
交银津二十六(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十七(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十八(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%
交银津二十九(天津)飞机租赁有限责任公司	天津	天津	金融租赁	100%	100%

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

7 货币资金

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团 (已重述)	本公司
银行存款(a)	31,113,320	7,151,732	6,303,539	1,687,594
中央银行法定存款准备金(b)	386,839	386,839	433,140	433,140
中央银行超额存款准备金	32,747	32,747	24,932	24,932
其他货币资金(c)	285,000	285,000	-	-
减：预期信用损失准备	(61,382)	(9,052)	(8,584)	(2,654)
	<u>31,756,524</u>	<u>7,847,266</u>	<u>6,753,027</u>	<u>2,143,012</u>

(a) 于 2020 年 12 月 31 日，人民币 2,000,000 千元的定期存款(2019 年 12 月 31 日：无)质押给银行作为美元 267,500 千元中长期借款(2019 年 12 月 31 日：无)的担保。

(b) 存放中央银行法定准备金系指本集团按规定向中国人民银行缴存的存款准备金。向中国人民银行缴存的法定准备金包括人民币存款准备金和外汇存款准备金，该准备金不能用于日常业务，未经中国人民银行批准不得动用。2020 年 12 月 31 日本集团适用的人民币存款准备金缴存比率为 6%(2019 年 12 月 31 日：6%)，外币存款准备金缴存比率为 5%(2019 年 12 月 31 日：5%)，缴存范围为暂收承租人的租赁保证金(附注 25)。中国人民银行对缴存的人民币准备金计付利息，对缴存的外汇存款准备金不计付利息。

(c) 于 2020 年 12 月 31 日，其他货币资金为本公司因应付票据业务存放在银行的保证金。

8 拆出资金

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团	本公司
拆放境内商业银行	700,000	700,000	-	-
减：预期信用损失准备	(1,506)	(1,506)	-	-
	<u>698,494</u>	<u>698,494</u>	<u>-</u>	<u>-</u>

交银金融租赁有限责任公司

2020 年度财务报表附注
(除特别注明外,金额单位均为人民币千元)

9 衍生金融工具

本集团通过利率掉期合约的关键条款与应收租赁款、借款及应付债券合约的条款(即名义金额,预期还款日期及利率)相匹配来厘定套期工具与被套期项目之间的经济关系。套期比率(衍生工具的名义金额与被套期的应收融资租赁款、借款及应付债券的账面价值之间的比率)厘定为 1:1。

本集团

2020 年 12 月 31 日	名义金额	公允价值		套期率		到期年份
		资产	负债	套期利率	外币汇率	
现金流量套期-利率衍生工具						
- 美元(a)	32,228,547	-	(850,488)	0.44%到 5.25%	不适用	2021 年到 2027 年
- 人民币(b)	1,148,500	-	(741)	4.44%到 5.68%	不适用	2023 年
现金流量套期-外汇衍生工具						
- 美元-人民币(c)	3,262,450	-	(84,588)	2.80%	1 美元兑 6.666 人民币元	2021 年
公允价值套期-利率衍生工具						
- 美元(d)	777,486	17	-	2%	不适用	2024 年
	37,414,983	17	(935,827)			
2019 年 12 月 31 日(已重述)						
现金流量套期-利率衍生工具						
- 美元(a)	18,521,755	80,108	(149,180)	1.13%至 5.25%	不适用	2020 年至 2027 年
公允价值套期-利率衍生工具						
- 美元(d)	1,270,870	7,718	-	3 个月 SHIBOR +0.85%到 2%	不适用	2020 年到 2024 年
	19,792,625	87,826	(149,180)			

交银金融租赁有限责任公司

2020 年度财务报表附注
(除特别注明外,金额单位均为人民币千元)

9 衍生金融工具(续)

本公司

2020 年 12 月 31 日	名义金额	公允价值		套期利率	套期率	到期年份
		资产	负债			
现金流量套期-利率衍生工具						
- 美元(a)	10,621,943	-	(56,000)	0.44%到 5.25%	不适用	2021 年到 2027 年
- 人民币(b)	1,148,500	-	(741)	4.44%到 5.68%	不适用	2023 年
现金流量套期-外汇衍生工具						
- 美元-人民币(c)	3,262,450	-	(84,588)	2.90%	1 美元兑 6.666 人民币元	2021 年
	15,032,893	-	(141,329)			
2019 年 12 月 31 日						
现金流量套期-利率衍生工具						
- 美元(a)	5,765,132	1,012	(12,348)	2.72%至 3.45%	不适用	2020 年至 2022 年
公允价值套期-利率衍生工具						
- 美元(d)	200,000	5,121	-	3 个月 SHIBOR+0.95%	不适用	2020 年
	5,965,132	6,133	(12,348)			

2020 年度, 本集团现金流量套期产生的净损失 860,456 千元(2019 年度: 净损失 77,384 千元)计入其他综合收益; 本公司现金流量套期产生的净损失 65,387 千元(2019 年度: 净收益 28,911 千元)计入其他综合收益, 现金流量套期中确认的套期无效部分产生的损益不重大, 且不存在由于很可能发生的预期现金流不再预计会导致的终止使用套期会计的情况。

9 衍生金融工具(续)

- (a) 本集团使用该等利率衍生工具对冲与美元伦敦银行同业拆息挂钩的相关借款及应付债券的现金流量变动风险。在这些利率衍生工具中, 本集团收取与美元伦敦银行同业拆息挂钩的浮动利率利息并支付固定利息。上述套期被分类为现金流量套期, 这类套期工具产生的利得或损失属于套期有效的部分计入其他综合收益。
- (b) 本集团使用该等利率衍生工具对冲与人民币贷款市场报价利率挂钩的应收融资租赁款的现金流量变动风险。在这些利率衍生工具中, 本集团支付与人民币贷款市场报价利率挂钩的浮动利率租金并收取固定租金。上述套期被分类为现金流量套期, 这类套期工具产生的利得或损失属于套期有效的部分计入其他综合收益。
- (c) 本集团使用该等货币衍生工具对冲相应拆入资金的现金流量变动风险。对于该等货币衍生工具中, 本集团收取固定利息的人民币本金并支付美元本金及固定利息。该等分类为现金流量套期, 而该等货币衍生工具的公允价值变动计入其他综合收益。
- (d) 本集团使用该等利率衍生工具分别对冲固定利率应付债券公允价值变动风险和浮动利率银行借款利率变动风险。在这些利率衍生工具中, 本集团分别收取固定利息并支付与上海银行间同业拆放利率挂钩的浮动利率利息和收取超出固定利率之上的与美元伦敦银行同业拆息挂钩的浮动利率利息。上述套期被分类为公允价值套期, 这类套期工具产生的利得或损失计入当期损益。

利率基准改革对套期会计的影响

在利率基准改革过渡期内, 假设利率基准就套期会计而言会维持不变, 直至不确定因素得到解决为止。关于因利率基准改革产生的不确定因素预期将于何时得到解决, 并因此决定何时停止应用过渡期豁免规定, 本集团需要作出重大判断。本集团认为因利率基准改革产生的不确定因素于 2020 年 12 月 31 日仍然存在, 因此, 套期会计豁免规定适用于本集团所有与利率基准改革相关的套期会计关系。

10 其他应收款

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团 (已重述)	本公司
应收第三方款项	234,724	58,890	180,599	71,141
子公司往来款(附注 47(3)(b)(iii))	-	33,906,312	-	33,415,207
应收保险公司理赔款	239,931	239,931	279,000	279,000
小计	474,655	34,205,133	459,599	33,765,348
减: 预期信用损失准备	(103,716)	(130,557)	(115,595)	(139,265)
其他应收款净额	370,939	34,074,576	344,004	33,626,083

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

10 其他应收款(续)

(a) 其他应收款按预期信用模型分阶段列示如下：

本集团

	阶段一	阶段二	阶段三	合计
2020 年 12 月 31 日				
其他应收款信用风险敞口总额	234,724	-	239,931	474,655
减：预期信用损失准备	(3,521)	-	(100,195)	(103,716)
其他应收款敞口账面价值	231,203	-	139,736	370,939

	阶段一	阶段二	阶段三	合计
2019 年 12 月 31 日 (已重述)				
其他应收款信用风险敞口总额	180,599	-	279,000	459,599
减：预期信用损失准备	(1,683)	-	(113,912)	(115,595)
其他应收款敞口账面价值	178,916	-	165,088	344,004

本公司

	阶段一	阶段二	阶段三	合计
2020 年 12 月 31 日				
其他应收款信用风险敞口总额	33,965,202	-	239,931	34,205,133
减：预期信用损失准备	(30,362)	-	(100,195)	(130,557)
其他应收款敞口账面价值	33,934,840	-	139,736	34,074,576

	阶段一	阶段二	阶段三	合计
2019 年 12 月 31 日				
其他应收款信用风险敞口总额	33,486,348	-	279,000	33,765,348
减：预期信用损失准备	(25,353)	-	(113,912)	(139,265)
其他应收款敞口账面价值	33,460,995	-	165,088	33,626,083

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

10 其他应收款(续)

(b) 其他应收款预期信用损失准备变动列示如下：

本集团

	2020 年 12 月 31 日			
	阶段一	阶段二	阶段三	
12 个月预期信用损失	整个存续期预期信用损失			合计
2020 年 1 月 1 日 (已重述)	1,683	-	113,912	115,595
违约概率、违约损失率及违约敞口的更新	2,676	-	(13,717)	(11,041)
外汇及其他变动	(838)	-	-	(838)
2020 年 12 月 31 日	3,521	-	100,195	103,716
	2019 年 12 月 31 日(已重述)			
	阶段一	阶段二	阶段三	
12 个月预期信用损失	整个存续期预期信用损失			合计
2019 年 1 月 1 日	6,341	-	-	6,341
阶段一转入阶段三	(5,058)	-	5,058	-
违约概率、违约损失率及违约敞口的更新	1,160	-	108,854	110,014
外汇及其他变动	(760)	-	-	(760)
2019 年 12 月 31 日	1,683	-	113,912	115,595

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别说明外，金额单位均为人民币千元)

10 其他应收款(续)

(b) 其他应收款预期信用损失准备变动列示如下(续):

本公司

	2020 年 12 月 31 日			合计
	阶段一	阶段二	阶段三	
	12 个月预期信用损失	整个存续期预期信用损失		
2020 年 1 月 1 日	25,353	-	113,912	139,265
违约概率、违约损失率及违约敞口的更新	6,846	-	(13,717)	(6,871)
外汇及其他变动	(1,837)	-	-	(1,837)
2020 年 12 月 31 日	30,362	-	100,195	130,557
	2019 年 12 月 31 日			合计
	阶段一	阶段二	阶段三	
	12 个月预期信用损失	整个存续期预期信用损失		
2019 年 1 月 1 日	78,901	-	-	78,901
阶段一转入阶段三	(5,058)	-	5,058	-
违约概率、违约损失率及违约敞口的更新	(49,949)	-	108,854	58,905
外汇及其他变动	1,459	-	-	1,459
2019 年 12 月 31 日	25,353	-	113,912	139,265

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

11 买入返售金融资产

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团	本公司
应收境内商业银行(a)	490,000	490,000	-	-
应收子公司(b)	-	872,090	-	1,047,956
减: 预期信用损失准备	(410)	(1,140)	-	(954)
	<u>489,590</u>	<u>1,360,950</u>	<u>-</u>	<u>1,047,002</u>

(a) 本公司与境内其他商业银行的买入返售金融资产以国债作为质押品。

(b) 子公司以其在租赁合同中享有的应收租金收益权作为买入返售标的。

12 其他债权投资

以公允价值计量变动计入其他综合收益的金融资产:

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团	本公司
债务工具投资—国债				
—面值	2,500,000	2,500,000	1,000,000	1,000,000
—利息调整	(8,685)	(8,685)	14,282	14,282
—累计公允价值变动	(7,167)	(7,167)	855	855
	<u>2,484,148</u>	<u>2,484,148</u>	<u>1,015,137</u>	<u>1,015,137</u>

于 2020 年 12 月 31 日, 本集团认为该债务工具投资的信用风险自初始确认后未显著增加, 按照未来 12 个月内预期信用损失计量损失准备, 相关金额 751 千元(2019 年 12 月 31 日: 300 千元)。2020 年度, 计入当期损益 451 千元(2019 年度: 300 千元)。均为第一阶段的信用减值损失。

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

13 应收租赁款

(1) 应收租赁款账面价值

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团 (已重述)	本公司
应收融资租赁款	68,643,475	43,806,774	90,823,254	65,503,209
应收售后租回款	74,617,005	61,399,231	37,879,946	30,490,509
小计	143,260,480	105,206,005	128,703,200	95,993,718
减: 预期信用损失准备	(4,196,764)	(3,457,792)	(3,894,210)	(3,426,564)
	139,063,716	101,748,213	124,808,990	92,567,154
应收经营租赁款	221,821	-	85,746	-
减: 预期信用损失准备	(14,960)	-	(1,286)	-
	206,861	-	84,460	-
应收租赁款账面价值	139,270,577	101,748,213	124,893,450	92,567,154

(2) 应收融资租赁款按到期日分析如下:

本集团	2020 年 12 月 31 日		2019 年 12 月 31 日	
	账面余额	占比	账面余额 (已重述)	占比
1 年以内	18,825,141	25%	26,877,142	26%
1 至 2 年	14,438,612	18%	19,805,290	19%
2 至 3 年	11,428,733	14%	14,829,951	14%
3 至 4 年	7,494,107	9%	11,268,290	11%
4 至 5 年	5,748,764	7%	6,923,114	7%
5 年以上	20,973,179	27%	24,270,340	23%
小计	78,908,536	100%	103,974,127	100%
减: 未实现融资收益	(10,265,061)		(13,150,873)	
	68,643,475		90,823,254	

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

13 应收租赁款(续)

(2) 应收融资租赁款按到期日分析如下(续):

本公司	2020 年 12 月 31 日		2019 年 12 月 31 日	
	账面余额	占比	账面余额 (已重述)	占比
1 年以内	16,803,394	35%	24,070,537	33%
1 至 2 年	11,709,175	24%	17,443,131	24%
2 至 3 年	8,410,141	17%	12,277,182	17%
3 至 4 年	4,591,845	9%	8,283,370	11%
4 至 5 年	2,761,970	6%	4,125,712	6%
5 年以上	4,372,507	9%	6,773,196	9%
小计	48,649,032	100%	72,973,128	100%
减: 未实现融资收益	(4,842,258)		(7,469,919)	
	43,806,774		65,503,209	

(3) 应收融资租赁款及应收售后租回款分阶段列示如下:

本集团	阶段一	阶段二	阶段三	合计
2020 年 12 月 31 日				
应收融资租赁款及应收 售后租回款	133,210,392	8,403,897	1,646,191	143,260,480
减: 预期信用损失准备	(1,807,866)	(1,600,363)	(788,535)	(4,196,764)
账面价值	131,402,526	6,803,534	857,656	139,063,716
2019 年 12 月 31 日(已重述)				
应收融资租赁款及应收 售后租回款	122,059,918	4,989,016	1,654,266	128,703,200
减: 预期信用损失准备	(1,478,605)	(1,361,200)	(1,054,405)	(3,894,210)
账面价值	120,581,313	3,627,816	599,861	124,808,990
本公司	阶段一	阶段二	阶段三	合计
2020 年 12 月 31 日				
应收融资租赁款及应收 售后租回款	97,536,268	6,107,546	1,562,191	105,206,005
减: 预期信用损失准备	(1,388,082)	(1,313,935)	(755,775)	(3,457,792)
账面价值	96,148,186	4,793,611	806,416	101,748,213
2019 年 12 月 31 日				
应收融资租赁款及应收 售后租回款	89,675,413	4,664,039	1,654,266	95,993,718
减: 预期信用损失准备	(1,138,732)	(1,233,427)	(1,054,405)	(3,426,564)
账面价值	88,536,681	3,430,612	599,861	92,567,154

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

13 应收租赁款(续)

(4) 应收融资租赁款及应收售后租回款预期信用损失准备变动列示如下：

本集团	2020 年 12 月 31 日			合计
	阶段一	阶段二	阶段三	
	12 个月 预期信用损失	整个存续期 预期信用损失	整个存续期 预期信用损失	
2020 年 1 月 1 日(已重述)	1,478,605	1,361,200	1,054,405	3,894,210
转移：				
阶段一转移至阶段二	(163,885)	163,885	-	-
阶段一转移至阶段三	(2,908)	-	2,908	-
阶段二转移至阶段一	5,514	(5,514)	-	-
阶段二转移至阶段三	-	(61,954)	61,954	-
违约概率、违约损失率及违				
约敞口的更新	535,445	142,746	6,771	684,962
核销	-	-	(317,883)	(317,883)
核销后收回	-	-	8,954	8,954
折现因素的释放	-	-	(28,574)	(28,574)
外汇及其他变动	(44,905)	-	-	(44,905)
2020 年 12 月 31 日	1,807,866	1,600,363	788,535	4,196,764
2019 年 12 月 31 日(已重述)				
	阶段一	阶段二	阶段三	
	12 个月	整个存续期	整个存续期	
	预期信用损失	预期信用损失	预期信用损失	合计
2019 年 1 月 1 日	1,843,494	795,134	1,052,459	3,691,087
转移：				
阶段一转移至阶段二	(90,025)	90,025	-	-
阶段一转移至阶段三	(6,755)	-	6,755	-
阶段二转移至阶段一	73,334	(73,334)	-	-
阶段二转移至阶段三	-	(5,447)	5,447	-
违约概率、违约损失率及违				
约敞口的更新	(349,388)	554,822	60,280	265,714
核销	-	-	(57,404)	(57,404)
折现因素的释放	-	-	(13,132)	(13,132)
外汇及其他变动	7,945	-	-	7,945
2019 年 12 月 31 日	1,478,605	1,361,200	1,054,405	3,894,210

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

13 应收租赁款(续)

(4) 应收融资租赁款及应收售后租回款预期信用损失准备变动列示如下(续):

本公司	2020 年 12 月 31 日			
	阶段一	阶段二	阶段三	合计
	12 个月 预期信用损失	整个存续期 预期信用损失		
2020 年 1 月 1 日	1,138,732	1,233,427	1,054,405	3,426,564
转移:				
阶段一转移至阶段二	(79,785)	79,785	-	-
阶段一转移至阶段三	(2,908)	-	2,908	-
阶段二转移至阶段一	5,514	(5,514)	-	-
阶段二转移至阶段三	-	(26,751)	26,751	-
违约概率、违约损失率及 违约敞口的更新	326,529	32,988	9,215	368,732
核销	-	-	(317,883)	(317,883)
核销后收回	-	-	8,954	8,954
折现因素的释放	-	-	(28,575)	(28,575)
2020 年 12 月 31 日	1,388,082	1,313,935	755,775	3,457,792
	2019 年 12 月 31 日			
	阶段一	阶段二	阶段三	合计
	12 个月 预期信用损失	整个存续期 预期信用损失		
2019 年 1 月 1 日	1,463,578	757,764	1,052,459	3,273,801
转移:				
阶段一转移至阶段二	(87,596)	87,596	-	-
阶段一转移至阶段三	(6,755)	-	6,755	-
阶段二转移至阶段一	73,334	(73,334)	-	-
阶段二转移至阶段三	-	(5,447)	5,447	-
违约概率、违约损失率及 违约敞口的更新	(303,829)	466,848	60,280	223,299
核销	-	-	(57,404)	(57,404)
折现因素的释放	-	-	(13,132)	(13,132)
2019 年 12 月 31 日	1,138,732	1,233,427	1,054,405	3,426,564

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

13 应收租赁款(续)

(5) 应收融资租赁款及应收售后租回款账面余额变动列示如下：

本集团	2020 年 12 月 31 日			合计
	阶段一	阶段二	阶段三	
	12 个月 预期信用损失	整个存续期 预期信用损失		
2020 年 1 月 1 日(已重述)	122,059,918	4,989,016	1,654,266	128,703,200
转移：				
阶段一转移至阶段二	(5,215,708)	5,215,708	-	-
阶段一转移至阶段三	(389,299)	-	389,299	-
阶段二转移至阶段一	44,855	(44,855)	-	-
阶段二转移至阶段三	-	(156,382)	156,382	-
本年发生，净额	19,174,835	(1,599,590)	(235,873)	17,339,372
核销	-	-	(317,883)	(317,883)
外汇及其他变动	(2,464,209)	-	-	(2,464,209)
2020 年 12 月 31 日	133,210,392	8,403,897	1,646,191	143,260,480
	2019 年 12 月 31 日(已重述)			
	阶段一	阶段二	阶段三	
	12 个月	整个存续期		
	预期信用损失	预期信用损失		合计
2019 年 1 月 1 日	114,248,231	3,735,892	1,912,275	119,896,398
转移：				
阶段一转移至阶段二	(2,906,182)	2,906,182	-	-
阶段一转移至阶段三	(296,637)	-	296,637	-
阶段二转移至阶段一	376,646	(376,646)	-	-
阶段二转移至阶段三	-	(8,851)	8,851	-
本年发生，净额	10,271,126	(1,267,561)	(506,093)	8,497,472
核销	-	-	(57,404)	(57,404)
外汇及其他变动	366,734	-	-	366,734
2019 年 12 月 31 日	122,059,918	4,989,016	1,654,266	128,703,200

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

13 应收租赁款(续)

(5) 应收融资租赁款及应收售后租回款账面余额变动列示如下(续):

本公司	2020 年 12 月 31 日			
	阶段一	阶段二	阶段三	合计
	12 个月 预期信用损失	整个存续期预期信用损失	预期信用损失	
2020 年 1 月 1 日	89,675,413	4,664,039	1,654,266	95,993,718
转移:				
阶段一转移至阶段二	(3,028,653)	3,028,653	-	-
阶段一转移至阶段三	(389,299)	-	389,299	-
阶段二转移至阶段一	(44,855)	44,855	-	-
阶段二转移至阶段三	-	(72,301)	72,301	-
本年发生, 净额	11,323,662	(1,557,700)	(235,792)	9,530,170
核销	-	-	(317,883)	(317,883)
2020 年 12 月 31 日	97,536,268	6,107,546	1,562,191	105,206,005
	2019 年 12 月 31 日			
	阶段一	阶段二	阶段三	合计
	12 个月 预期信用损失	整个存续期预期信用损失	预期信用损失	
2019 年 1 月 1 日	91,106,290	3,491,042	1,912,275	96,509,607
转移:				
阶段一转移至阶段二	(2,806,329)	2,806,329	-	-
阶段一转移至阶段三	(296,637)	-	296,637	-
阶段二转移至阶段一	376,646	(376,646)	-	-
阶段二转移至阶段三	-	(8,851)	8,851	-
本年发生, 净额	1,295,443	(1,247,835)	(506,093)	(458,485)
核销	-	-	(57,404)	(57,404)
2019 年 12 月 31 日	89,675,413	4,664,039	1,654,266	95,993,718

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

13 应收租赁款(续)

(6) 应收融资租赁款及应收售后租回款按行业分布情况

本集团

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	账面余额	占比	账面余额 (已重述)	占比
交通运输、仓储和邮政业	72,865,481	52%	57,286,755	46%
电力、燃气及水的生产和 供应业	20,577,509	14%	18,640,719	14%
制造业	15,006,697	10%	11,983,062	9%
水利、环境和公共设施 管理业	8,540,449	6%	11,735,155	9%
采矿业	8,221,984	6%	6,932,089	5%
建筑业	7,777,985	5%	7,382,096	6%
租赁和商务服务业	2,387,564	2%	2,540,576	2%
房地产业	1,891,536	1%	2,103,723	2%
金融业	1,007,975	1%	4,227,701	3%
其他	4,983,300	3%	5,871,324	4%
	<u>143,260,480</u>	<u>100%</u>	<u>128,703,200</u>	<u>100%</u>

本公司

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	账面余额	占比	账面余额	占比
交通运输、仓储和邮政业	36,299,453	34%	25,712,407	27%
电力、燃气及水的生产和 供应业	20,577,509	20%	18,640,719	19%
制造业	14,664,538	14%	11,598,891	12%
水利、环境和公共设施 管理业	8,540,449	8%	11,735,155	12%
建筑业	7,777,985	7%	7,382,096	8%
采矿业	7,296,815	7%	6,490,692	7%
租赁和商务服务业	2,387,564	2%	2,540,576	3%
房地产业	1,670,417	2%	1,794,157	2%
金融业	1,007,975	1%	4,227,701	4%
其他	4,983,300	5%	5,871,324	6%
	<u>105,206,005</u>	<u>100%</u>	<u>95,993,718</u>	<u>100%</u>

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

13 应收租赁款(续)

(7) 应收融资租赁款及应收售后租回款按地区分布情况

本集团

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	账面余额	占比	账面余额 (已重述)	占比
华北	35,543,854	25%	33,334,736	24%
西部	23,899,669	17%	21,617,434	17%
华东	21,608,843	15%	21,507,270	17%
中南	20,173,788	14%	21,276,263	17%
东北	7,566,420	5%	3,206,397	3%
境外	34,467,906	24%	27,761,100	22%
	<u>143,260,480</u>	<u>100%</u>	<u>128,703,200</u>	<u>100%</u>

本公司

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	账面余额	占比	账面余额	占比
华北	35,403,451	34%	33,151,086	35%
西部	23,777,214	23%	21,437,271	22%
华东	21,210,452	20%	20,940,715	22%
中南	17,248,468	16%	17,258,249	18%
东北	7,566,420	7%	3,206,397	3%
	<u>105,206,005</u>	<u>100%</u>	<u>95,993,718</u>	<u>100%</u>

(8) 于 2020 年 12 月 31 日，本集团被抵质押的应收融资租赁款及应收售后租回款账面余额为 7,569,989 千元(2019 年 12 月 31 日：9,266,140 千元)。

(9) 本集团自 2019 年 1 月 1 日起新增售后租回交易中的资产转让不属于销售的长期应收款按照金融工具准则核算，在应收售后租回款中列报。

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

14 长期股权投资

本公司

	2020 年 12 月 31 日	2019 年 12 月 31 日
对子公司投资(附注 6)	<u>14,030,762</u>	<u>8,531,162</u>

于 2020 年 12 月 31 日，本公司长期股权投资不存在减值迹象，因此未计提减值准备(2019 年 12 月 31 日：未计提减值准备)。

15 预付租赁资产款

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团	本公司
预付采购款项	<u>10,963,397</u>	<u>-</u>	<u>9,538,011</u>	<u>-</u>

16 投资性房地产

本集团

	房屋建筑物
2019年12月31日(已重述)	3,962,704
本年购建	652
公允价值变动	69
转出至固定资产	<u>(529,236)</u>
2020年12月31日	<u>3,434,189</u>

2020 年度，投资性房地产公允价值变动对本集团当期净收益的影响为 69 千元(2019 年度：净损失 3,572 千元)。

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

17 固定资产

本集团

	账面原值	办公及电子设备	运输工具	房屋及建筑物	经营租出固定资产	合计
					飞机	船舶
2020 年 1 月 1 日(已重述)	21,864	1,202	3,292,020	74,903,743	58,851,115	137,069,944
本年增加	2,083	-	20,810	5,751,599	11,822,777	17,597,069
由投资性房地产转入	-	-	529,236	-	-	529,236
本年减少	(253)	-	-	-	(6,060,796)	(6,061,049)
外币报表折算差额	-	-	-	(4,771,833)	(3,792,392)	(8,564,225)
2020 年 12 月 31 日	23,694	1,202	3,841,866	75,883,509	60,820,704	140,570,875
累计折旧						
2020 年 1 月 1 日(已重述)	(11,211)	(878)	(284,517)	(8,839,691)	(8,034,904)	(17,181,201)
本年增加	(3,862)	(53)	(109,748)	(3,066,213)	(3,821,714)	(7,001,590)
本年减少	241	-	-	-	1,062,112	1,062,353
外币报表折算差额	-	-	-	721,845	738,372	1,460,217
2020 年 12 月 31 日	(14,832)	(931)	(404,265)	(11,184,059)	(10,056,134)	(21,660,221)
减值准备						
2020 年 1 月 1 日(已重述)	-	-	-	(284,271)	(55,678)	(339,949)
本年增加	-	-	-	(269,464)	(215,261)	(484,725)
本年减少	-	-	-	-	13,485	13,485
外币报表折算差额	-	-	-	26,203	9,843	36,046
2020 年 12 月 31 日	-	-	-	(527,532)	(247,611)	(775,143)
账面价值						
2020 年 1 月 1 日(已重述)	10,653	324	2,997,503	65,779,781	50,760,533	119,548,794
2020 年 12 月 31 日	8,862	271	3,437,601	64,171,918	50,516,959	118,135,611

2020 年度，计入经营租赁成本、业务及管理费的折旧费用分别为：人民币 6,887,927 千元(附注 39)、人民币 113,863 千元(2019 年度：人民币 5,889,363 千元(附注 39)、人民币 88,340 千元)。

于 2020 年 12 月 31 日，本集团经营租出固定资产作为抵押物的账面金额为 58,495,736 千元(2019 年 12 月 31 日：62,253,096 千元)。

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

18 递延所得税资产和负债

未经抵销的递延所得税资产和递延所得税负债列示如下：

本集团

	2020 年度	2019 年度 (已重述)
年初净额	389,609	456,178
其中：递延所得税资产	1,072,577	995,176
递延所得税负债	(682,968)	(538,998)
本年计入所得税费用的递延所得税 净变动数(附注 44)	(16,851)	(80,762)
本年计入其他综合收益的递延所得 税净变动数(附注 29)	148,927	19,376
汇率变动的影响	(8,050)	(5,183)
年末净额	513,635	389,609
其中：递延所得税资产	1,310,283	1,072,577
递延所得税负债	(796,648)	(682,968)

本公司

	2020 年度	2019 年度
年初净额	958,062	923,598
其中：递延所得税资产	958,062	923,598
递延所得税负债	-	-
本年计入所得税费用的递延所得税 净变动数(附注 44)	55,460	40,745
本年计入其他综合收益的递延所得 税净变动数(附注 29)	19,102	(6,281)
年末净额	1,032,624	958,062
其中：递延所得税资产	1,032,624	958,062
递延所得税负债	-	-

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

18 递延所得税资产和负债(续)

未经抵销的递延所得税资产和递延所得税负债列示如下：

(1) 递延所得税资产

本集团

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	递延所得税 资产	可抵扣 暂时性差异	递延所得税 资产 (已重述)	可抵扣 暂时性差异 (已重述)
资产减值准备	864,739	3,654,386	755,212	3,122,792
递延收益	231,076	924,304	233,437	933,748
已计提尚未发放的 工资	48,104	192,416	53,939	215,756
衍生金融工具公允价 值变动	162,474	794,404	28,967	142,762
其他债权投资公允价 值变动	3,890	15,558	645	2,580
其他权益工具投资公 允价值变动	-	-	377	1,508
	<u>1,310,283</u>	<u>5,581,068</u>	<u>1,072,577</u>	<u>4,419,146</u>

本公司

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	递延所得税 资产	可抵扣 暂时性差异	递延所得税 资产	可抵扣 暂时性差异
资产减值准备	730,444	2,921,776	668,182	2,672,728
递延收益	231,076	924,304	233,437	933,748
已计提尚未发放的 工资	48,104	192,416	53,939	215,756
衍生金融工具公允价 值变动	19,110	76,440	1,482	5,928
其他债权投资公允价 值变动	3,890	15,558	645	2,580
其他权益工具投资公 允价值变动	-	-	377	1,508
	<u>1,032,624</u>	<u>4,130,494</u>	<u>958,062</u>	<u>3,832,248</u>

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

18 递延所得税资产和负债(续)

(1) 递延所得税资产(续)

本集团未确认递延所得税资产的可抵扣亏损分析如下：

	2020 年 12 月 31 日	2019 年 12 月 31 日 (已重述)
可抵扣亏损	<u>2,914,042</u>	<u>1,462,004</u>

(2) 递延所得税负债

本集团

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	递延所得税 负债	应纳税 暂时性差异	递延所得税 负债 (已重述)	应纳税 暂时性差异 (已重述)
固定资产折旧	(305,947)	(2,447,576)	(254,179)	(2,033,432)
预计所得税税费(a)	(474,519)	(2,875,873)	(397,123)	(2,406,806)
投资性房地产公允价 值变动	(16,182)	(64,728)	(18,656)	(74,624)
衍生金融工具公允价 值变动	-	-	(13,010)	(78,848)
	<u>(796,648)</u>	<u>(5,388,177)</u>	<u>(682,968)</u>	<u>(4,593,710)</u>

- (a) 本集团根据对《税务条例》有关条文的研究，以及一些专业团体的意见，以香港船舶经营租赁的税务政策对产生所得税影响的可能性的评估来计量纳税义务，计提递延所得税负债。

(3) 抵销后的递延所得税资产和递延所得税负债净额列示如下：

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团 (已重述)	本公司
递延所得税资产净额	1,310,283	1,032,624	1,072,577	958,062
递延所得税负债净额	<u>(796,648)</u>	<u>-</u>	<u>(682,968)</u>	<u>-</u>

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

19 其他资产

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团 (已重述)	本公司
预付款项	338,075	53,230	341,598	47,405
使用权资产	13,768	38,912	17,360	44,714
无形资产	3,857	3,705	2,838	2,618
长期待摊费用	1,421	519	2,150	221
其他权益工具投资	-	-	15,931	15,931
	<u>357,121</u>	<u>96,366</u>	<u>379,877</u>	<u>110,889</u>

20 短期借款

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团	本公司
短期借款	<u>69,841,067</u>	<u>50,357,724</u>	<u>59,840,047</u>	<u>50,787,634</u>
其中：一年内到期的 长期借款	<u>6,234,402</u>	<u>2,597,648</u>	<u>5,162,360</u>	<u>4,076,363</u>

21 拆入资金

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团	本公司
境内银行拆入款项	13,643,664	13,643,664	11,064,457	11,064,457
非银金融机构拆入款 项	<u>2,004,645</u>	<u>2,004,645</u>	<u>-</u>	<u>-</u>
	<u>15,648,309</u>	<u>15,648,309</u>	<u>11,064,457</u>	<u>11,064,457</u>

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(除特别注明外，金额单位均为人民币千元)

22 应付票据

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团	本公司
银行承兑汇票	6,652,738	6,652,738	334,038	334,038

上述银行承兑汇票均将于一年内到期。

23 应付职工薪酬

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团	本公司
短期薪酬	217,368	217,368	235,091	235,091
设定提存计划	2,579	2,134	12,462	12,462
	219,947	219,502	247,553	247,553

(1) 短期薪酬

本集团

	2019 年 12 月 31 日	本年 增加	本年 减少	2020 年 12 月 31 日
工资、奖金、津贴和补贴	215,756	244,000	(267,340)	192,416
职工福利费及其他	-	9,245	(9,168)	77
社会保险费	499	14,422	(14,072)	849
其中：医疗保险费	414	14,321	(13,934)	801
工伤生育保险费	85	101	(138)	48
住房公积金	82	7,773	(7,776)	79
工会经费和职工教育经费	18,754	10,096	(4,903)	23,947
	235,091	285,536	(303,259)	217,368

本公司

	2019 年 12 月 31 日	本年 增加	本年 减少	2020 年 12 月 31 日
工资、奖金、津贴和补贴	215,756	198,203	(221,543)	192,416
职工福利费及其他	-	8,004	(7,927)	77
社会保险费	499	13,984	(13,634)	849
其中：医疗保险费	414	13,898	(13,511)	801
工伤生育保险费	85	86	(123)	48
住房公积金	82	7,561	(7,564)	79
工会经费和职工教育经费	18,754	9,997	(4,804)	23,947
	235,091	237,749	(255,472)	217,368

交银金融租赁有限责任公司

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(除特别注明外, 金额单位均为人民币千元)

23 应付职工薪酬(续)

(2) 设定提存计划

本集团

	2019 年 12 月 31 日	本年增加	本年减少	2020 年 12 月 31 日
养老保险	12,409	30,738	(40,655)	2,492
失业保险费	53	735	(701)	87
	<u>12,462</u>	<u>31,473</u>	<u>(41,356)</u>	<u>2,579</u>

本公司

	2019 年 12 月 31 日	本年增加	本年减少	2020 年 12 月 31 日
养老保险	12,409	25,161	(35,523)	2,047
失业保险费	53	735	(701)	87
	<u>12,462</u>	<u>25,896</u>	<u>(36,224)</u>	<u>2,134</u>

24 应交税费

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团 (已重述)	本公司
应交企业所得税	575,159	173,028	543,118	182,368
未交增值税	70,036	68,294	75,444	60,208
应交其他税费	21,457	3,228	22,519	2,339
	<u>666,652</u>	<u>244,550</u>	<u>641,081</u>	<u>244,915</u>

25 其他应付款

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团 (已重述)	本公司
暂收承租人款项(a)	6,903,811	4,423,458	7,761,914	5,201,119
飞机维修储备金	900,598	-	697,289	-
应付租赁项目款	204,983	187,295	424,031	309,587
子公司往来款	-	-	-	-
(附注 47(3)(b)(vii))	-	16,334,842	-	9,607,760
其他	755,539	19,946	746,914	43,503
	<u>8,764,931</u>	<u>20,965,541</u>	<u>9,630,148</u>	<u>15,161,969</u>

(a) 暂收承租人款项为根据租赁合同确定的租赁保证金。

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

26 长期借款

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团 (已重述)	本公司
长期借款	86,800,982	18,060,615	66,798,917	14,245,966
减: 一年内到期的长期借款	(6,234,402)	(2,597,648)	(5,162,360)	(4,076,363)
	<u>80,566,580</u>	<u>15,462,967</u>	<u>61,636,557</u>	<u>10,169,603</u>

27 应付债券

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团 (已重述)	本公司
以摊余成本计量的普通债券	89,762,924	27,358,517	95,576,426	32,442,175

债券详细信息列示如下:

	面值	发行日期	债券期限	发行金额	2020 年 12 月 31 日应计利息				
					年初数	本年计提	本年支付	年末数	年末余额
17 交银租赁 01	2,000,000	2017 年 7 月 18 日	3 年	2,000,000	40,770	49,396	90,166	-	-
17 交银租赁 02	3,000,000	2017 年 8 月 22 日	3 年	3,000,000	49,667	86,471	137,538	-	-
17 交银租赁 03	3,000,000	2017 年 10 月 18 日	3 年	3,000,000	28,200	112,800	141,000	-	-
18 交银租赁 03	500,000	2018 年 9 月 7 日	5 年	500,000	5,101	16,250	16,250	5,101	504,880
18 交银租赁 01	4,000,000	2018 年 7 月 5 日	3 年	4,000,000	87,134	181,439	181,200	87,373	4,085,255
18 交银租赁二绿	2,000,000	2018 年 9 月 18 日	10 年	2,000,000	28,886	103,080	103,000	29,086	2,023,945
18 交银租赁 02	4,000,000	2018 年 10 月 22 日	3 年	4,000,000	31,220	185,685	165,800	31,305	4,028,103
19 交银租赁 01	5,000,000	2019 年 5 月 20 日	3 年	5,000,000	112,519	184,402	184,000	112,921	5,107,348
19 交银租赁 02	5,000,000	2019 年 7 月 8 日	3 年	5,000,000	87,261	182,739	182,500	87,500	5,081,410
19 交银租赁 03	3,500,000	2019 年 10 月 21 日	3 年	3,500,000	23,362	122,214	122,150	23,428	3,518,395
20 交银租赁 01	3,000,000	2020 年 11 月 5 日	3 年	3,000,000	-	15,900	-	15,900	3,009,181
Azure Nova	4,834,970	2017 年 3 月 21 日	3 年	4,967,430	41,052	19,981	60,983	-	-
Azure Nova	6,837,000	2016 年 11 月 1 日	5 年	6,524,900	30,689	184,214	186,512	28,391	6,542,511
Azure Nova	7,252,455	2017 年 3 月 21 日	5 年	6,851,145	71,841	238,061	244,438	68,464	6,909,814
Azure Nova	1,725,775	2017 年 3 月 21 日	10 年	1,631,225	20,545	68,327	70,656	19,216	1,645,334

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(除特别注明外, 金额单位均为人民币千元)

27 应付债券(续)

债券详细信息列示如下(续):

面值	发行日期	债券期限	发行金额	2020 年 12 月 31 日应计利息					年末余额
				年初数	本年计提	本年支付	年末数	年末余额	
交银租赁管理香港有限公司	2019 年 1 月 22 日	3 年	5,218,820	98,880	208,797	215,542	92,135	5,294,485	
交银租赁管理香港有限公司	2019 年 1 月 22 日	5 年	4,567,430	95,871	202,318	206,362	89,628	4,630,800	
交银租赁管理香港有限公司	2019 年 4 月 12 日	3 年	782,988	5,806	16,571	19,624	2,753	785,741	
交银租赁管理香港有限公司	2019 年 9 月 5 日	5 年	2,609,860	5,745	67,251	68,652	4,344	2,605,277	
交银租赁管理香港有限公司	2019 年 9 月 5 日	5 年	1,304,980	11,873	34,135	35,372	10,636	1,308,406	
交银租赁管理香港有限公司	2019 年 10 月 25 日	3 年	1,174,482	7,089	23,658	27,852	3,095	1,177,577	
交银租赁管理香港有限公司	2019 年 12 月 10 日	5 年	3,914,940	8,652	104,289	104,903	6,018	3,911,261	
交银租赁管理香港有限公司	2020 年 3 月 2 日	5 年	3,282,450	-	61,108	55,276	5,830	3,255,337	
交银租赁管理香港有限公司	2020 年 3 月 2 日	3 年	1,957,470	-	34,782	31,616	3,176	1,956,998	
交银租赁管理香港有限公司	2020 年 7 月 14 日	3 年	2,285,715	-	18,223	-	18,223	2,292,701	
交银租赁管理香港有限公司	2020 年 7 月 14 日	5 年	2,936,205	-	27,450	15,117	12,333	2,934,820	
Azure Orbit II	2015 年 8 月 18 日	5 年	2,512,087	31,043	66,072	97,115	-	-	
Azure Orbit	2013 年 3 月 6 日	10 年	3,282,450	42,044	115,852	118,999	38,897	3,299,017	
Azure Orbit III	2016 年 3 月 15 日	5 年	3,914,940	39,769	111,807	113,640	28,956	3,942,837	
Azure Orbit IV	2016 年 1 月 25 日	3 年	1,957,470	32,198	74,539	76,949	29,786	1,987,444	
Azure Orbit IV	2016 年 1 月 25 日	5 年	5,198,655	109,243	208,188	215,871	102,740	6,281,488	
Azure Orbit IV	2016 年 1 月 25 日	10 年	1,631,225	39,655	70,988	72,614	28,039	1,643,059	
			<u>106,892,329</u>	<u>104,066,067</u>	<u>1,165,445</u>	<u>3,179,906</u>	<u>3,351,297</u>	<u>984,054</u>	<u>69,762,924</u>

本集团于 2017 年 7 月 18 日完成发行 2017 年第一期总面值为人民币 20 亿元的 3 年期固定利率债券, 票面年利率为 4.53%, 于 2020 年 7 月 19 日到期。根据协议, 每年付息一次。

本集团于 2017 年 8 月 22 日完成发行 2017 年第二期总面值为人民币 30 亿元的 3 年期固定利率债券, 票面年利率为 4.6%, 于 2020 年 8 月 23 日到期。根据协议, 每年付息一次。

本集团于 2017 年 10 月 18 日完成发行 2017 年第三期总面值为人民币 30 亿元的 3 年期固定利率债券, 票面年利率为 4.70%, 于 2020 年 10 月 19 日到期。根据协议, 每年付息一次。

本集团于 2016 年 9 月 7 日完成发行 2016 年第三期总面值为人民币 5 亿元的 5 年期固定利率债券, 票面年利率为 3.25%, 于 2021 年 9 月 8 日到期。根据协议, 每年付息一次。

27 应付债券(续)

本集团于 2018 年 7 月 5 日完成发行 2018 年第一期总面值为人民币 40 亿元的 3 年期固定利率债券，票面年利率为 4.53%，于 2021 年 7 月 9 日到期。根据协议，每年付息一次。

本集团于 2018 年 9 月 18 日完成发行 2018 年二级资本债总面值为人民币 20 亿元的 10 年期固定利率债券，票面年利率为 5.15%，于 2028 年 9 月 20 日到期。根据协议，每年付息一次。

本集团于 2018 年 10 月 22 日完成发行 2018 年第二期总面值为人民币 40 亿元的 3 年期固定利率债券，票面年利率为 4.14%，于 2021 年 10 月 24 日到期。根据协议，每年付息一次。

本集团于 2019 年 5 月 20 日完成发行 2019 年第一期总面值为人民币 50 亿元的 3 年期固定利率债券，票面年利率为 3.68%，于 2022 年 5 月 22 日到期。根据协议，每年付息一次。

本集团于 2019 年 7 月 8 日完成发行 2019 年第二期总面值为人民币 50 亿元的 3 年期固定利率债券，票面年利率为 3.65%，于 2022 年 7 月 10 日到期。根据协议，每年付息一次。

本集团于 2019 年 10 月 21 日完成发行 2019 年第三期总面值为人民币 35 亿元的 3 年期固定利率债券，票面年利率为 3.49%，于 2022 年 10 月 23 日到期。根据协议，每年付息一次。

本集团于 2020 年 11 月 5 日完成发行 2020 年第一期总面值为人民币 30 亿元的 3 年期固定利率债券，票面年利率为 3.65%，于 2023 年 11 月 9 日到期。根据协议，每年付息一次。

本集团所属子公司 Azure Nova 于 2017 年 3 月 21 日完成发行 2017 年总面值为美元 7 亿元的 3 年期固定利率债券，票面年利率为 3%，于 2020 年 3 月 21 日到期。

本集团所属子公司 Azure Nova 于 2016 年 11 月 1 日完成发行 2016 年总面值为美元 10 亿元的 5 年期固定利率债券，票面年利率为 2.625%，于 2021 年 11 月 1 日到期。

本集团所属子公司 Azure Nova 于 2017 年 3 月 21 日完成发行 2017 年总面值为美元 10.5 亿元的 5 年期固定利率债券，票面年利率为 3.5%，于 2022 年 3 月 21 日到期。

本集团所属子公司 Azure Nova 于 2017 年 3 月 21 日完成发行 2017 年总面值为美元 2.5 亿元的 10 年期固定利率债券，票面年利率为 4.25%，于 2027 年 3 月 21 日到期。

本集团所属子公司管理香港有限公司于 2019 年 1 月 22 日完成发行 2019 年总面值为美元 8 亿元的 3 年期固定利率债券，票面年利率为 4.00%，于 2022 年 1 月 22 日到期。

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27 应付债券(续)

本集团所属子公司管理香港有限公司于 2019 年 1 月 22 日完成发行 2019 年总面值为美元 7 亿元的 5 年期固定利率债券, 票面年利率为 4.375%, 于 2024 年 1 月 22 日到期。

本集团所属子公司管理香港有限公司于 2019 年 4 月 12 日完成发行 2019 年总面值为美元 1.2 亿元的 3 年期浮动利率债券, 票面年利率为 3 个月美元 LIBOR+1.20%, 于 2022 年 4 月 12 日到期。

本集团所属子公司管理香港有限公司于 2019 年 9 月 5 日完成发行 2019 年总面值为美元 4 亿元的 5 年期浮动利率债券, 票面年利率为 3 个月美元 LIBOR+1.175%, 于 2024 年 9 月 5 日到期。

本集团所属子公司管理香港有限公司于 2019 年 9 月 5 日完成发行 2019 年总面值为美元 2 亿元的 5 年期固定利率债券, 票面年利率为 2.625%, 于 2024 年 9 月 5 日到期。

本集团所属子公司管理香港有限公司于 2019 年 10 月 25 日完成发行 2019 年总面值为美元 1.8 亿元的 3 年期浮动利率债券, 票面年利率为 3 个月美元 LIBOR+1.05%, 于 2022 年 10 月 25 日到期。

本集团所属子公司管理香港有限公司于 2019 年 12 月 10 日完成发行 2019 年总面值为美元 6 亿元的 5 年期浮动利率债券, 票面年利率为 3 个月美元 LIBOR+1.075%, 于 2024 年 12 月 10 日到期。

本集团所属子公司管理香港有限公司于 2020 年 3 月 2 日完成发行 2020 年总面值为美元 5 亿元的 5 年期浮动利率债券, 票面年利率为 3 个月美元 LIBOR+0.95%, 于 2025 年 3 月 2 日到期。

本集团所属子公司管理香港有限公司于 2020 年 3 月 2 日完成发行 2020 年总面值为美元 3 亿元的 3 年期浮动利率债券, 票面年利率为 3 个月美元 LIBOR+0.83%, 于 2023 年 3 月 2 日到期。

本集团所属子公司管理香港有限公司于 2020 年 7 月 14 日完成发行 2020 年总面值为美元 3.5 亿元的 3 年期固定利率债券, 票面年利率为 1.75%, 于 2023 年 7 月 14 日到期。

本集团所属子公司管理香港有限公司于 2020 年 7 月 14 日完成发行 2020 年总面值为美元 4.5 亿元的 5 年期浮动利率债券, 票面年利率为 3 个月美元 LIBOR+1.7%, 于 2025 年 7 月 14 日到期。

本集团所属子公司 AzureOrbitII 于 2015 年 8 月 18 日完成发行 2015 年总面值为美元 3.85 亿元的 5 年期固定利率债券, 票面年利率为 3.125%, 于 2020 年 8 月 18 日到期。

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

27 应付债券(续)

本集团所属子公司 Azure Orbit 于 2013 年 3 月 6 日完成发行 2013 年总面值为美元 5 亿元的 10 年期固定利率债券，票面年利率为 3.75%，于 2023 年 3 月 6 日到期。

本集团所属子公司 Azure Orbit III 于 2016 年 3 月 15 日完成发行 2016 年总面值为美元 6 亿元的 5 年期固定利率债券，票面年利率为 2.748%，于 2021 年 3 月 15 日到期。

本集团所属子公司 Azure Orbit IV 于 2018 年 1 月 25 日完成发行 2018 年总面值为美元 3 亿元的 3 年期固定利率债券，票面年利率为 3.5%，于 2021 年 1 月 25 日到期。

本集团所属子公司 Azure Orbit IV 于 2018 年 1 月 25 日完成发行 2018 年总面值为美元 9.5 亿元的 5 年期固定利率债券，票面年利率为 3.75%，于 2023 年 1 月 25 日到期。

本集团所属子公司 Azure Orbit IV 于 2018 年 1 月 25 日完成发行 2018 年总面值为美元 2.5 亿元的 10 年期固定利率债券，票面年利率为 4%，于 2028 年 1 月 25 日到期。

28 其他负债

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团 (已重述)	本公司
预收租赁款项	3,605,521	1,042,780	3,888,888	1,156,242
租赁负债	12,438	36,993	14,534	46,876
	<u>3,617,959</u>	<u>1,079,773</u>	<u>3,903,422</u>	<u>1,203,118</u>

交银金融租赁有限责任公司

2020 年度财务报表附注
(除特别注明外, 金额单位均为人民币千元)

29 其他综合收益

本集团	资产负债表其他综合收益		2020年度利润表中其他综合收益	
	2019年 12月31日	2020年 12月31日	所得税前发生额	减: 所得税费用 税后净额
不能重分类进损益的其他综合收益				
其他权益工具投资公允价值变动	(1,130)	1,130	1,507	(377) 1,130
将重分类进损益的其他综合收益				
现金流量套期有效部分	(54,567)	(714,284)	(360,456)	146,172 (714,284)
其他债权投资公允价值变动	(1,935)	(9,734)	(12,979)	3,245 (9,734)
其他债权投资信用减值准备	225	338	451	(113) 338
外币财务报表折算差额	(614,828)	(82,614)	(82,614)	- (82,614)
	(672,235)	(805,164)	(954,091)	148,927 (805,164)
本公司	资产负债表其他综合收益		2020年度利润表中其他综合收益	
	2019年 12月31日	2020年 12月31日	所得税前发生额	减: 所得税费用 税后净额
不能重分类进损益的其他综合收益				
其他权益工具投资公允价值变动	(1,130)	1,130	1,507	(377) 1,130
将重分类进损益的其他综合收益				
现金流量套期有效部分	(8,288)	(49,040)	(65,387)	16,347 (49,040)
其他债权投资公允价值变动	(1,935)	(9,734)	(12,979)	3,245 (9,734)
其他债权投资信用减值准备	225	338	451	(113) 338
	(11,128)	(57,306)	(76,408)	19,102 (57,306)

交银金融租赁有限责任公司

2020 年度财务报表附注
(除特别注明外, 金额单位均为人民币千元)

29 其他综合收益(续)

	资产负债表其他综合收益(重述后)		2019年度利润表中其他综合收益(重述后)	
	2018年 12月31日	2019年 12月31日	所得税前发生额	减: 所得税费用 税后净额
本集团				
不能重分类进损益的其他综合收益				
其他权益工具投资公允价值变动	-	(1,130)	(1,507)	377 (1,130)
将重分类进损益的其他综合收益				
现金流量套期有效部分	4,388	(58,955)	(77,384)	18,429 (58,955)
其他债权投资公允价值变动	-	(1,935)	(2,580)	645 (1,935)
其他债权投资信用减值准备	-	225	300	(75) 225
外币财务报表折算差额	(613,097)	(1,731)	(1,731)	- (1,731)
	(608,709)	(63,526)	(82,902)	18,376 (63,526)
本公司				
不能重分类进损益的其他综合收益				
其他权益工具投资公允价值变动	-	(1,130)	(1,507)	377 (1,130)
将重分类进损益的其他综合收益				
现金流量套期有效部分	(29,971)	(8,288)	28,911	(7,228) 21,683
其他债权投资公允价值变动	-	(1,935)	(2,580)	645 (1,935)
其他债权投资信用减值准备	-	225	300	(75) 225
	(29,971)	(11,128)	25,124	(6,281) 18,843

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

30 盈余公积

本集团

	2020 年 1 月 1 日	本年增加	本年减少	2020 年 12 月 31 日
法定盈余公积	<u>1,166,493</u>	<u>175,346</u>	<u>-</u>	<u>1,341,839</u>
	2019 年 1 月 1 日	本年增加	本年减少	2019 年 12 月 31 日
法定盈余公积	<u>925,035</u>	<u>241,458</u>	<u>-</u>	<u>1,166,493</u>

本公司

	2020 年 1 月 1 日	本年增加	本年减少	2020 年 12 月 31 日
法定盈余公积	<u>982,382</u>	<u>144,995</u>	<u>-</u>	<u>1,127,377</u>
	2019 年 1 月 1 日	本年增加	本年减少	2019 年 12 月 31 日
法定盈余公积	<u>865,012</u>	<u>117,370</u>	<u>-</u>	<u>982,382</u>

根据《中华人民共和国公司法》及本公司章程, 本集团及本公司按年度净利润的 10%提取法定盈余公积金, 当法定盈余公积金累计额达到注册资本的 50% 以上时, 可不再提取。法定盈余公积金经批准后可用于弥补亏损, 或者增加实收资本。

31 一般风险准备

本集团及本公司

	2020 年 1 月 1 日	本年增加	本年减少	2020 年 12 月 31 日
一般风险准备	<u>3,821,843</u>	<u>727,837</u>	<u>-</u>	<u>4,549,680</u>
	2019 年 1 月 1 日	本年增加	本年减少	2019 年 12 月 31 日
一般风险准备	<u>3,518,035</u>	<u>303,808</u>	<u>-</u>	<u>3,821,843</u>

根据财政部《金融企业准备金计提管理办法》(财金[2012]20 号)的规定, 本公司按照本年风险资产期末余额的 1.5%计提一般风险准备。

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

32 未分配利润

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团 (已重述)	本公司
年初未分配利润	11,086,004	5,066,805	8,628,942	4,314,281
同一控制下企业合并	-	-	20,158	-
小计	11,086,004	5,066,805	8,649,100	4,314,281
加：本年净利润	3,201,563	1,449,955	2,982,170	1,173,702
减：提取法定盈余公积 (附注 30)	(175,346)	(144,995)	(241,458)	(117,370)
提取一般风险准备 (附注 31)	(727,837)	(727,837)	(303,808)	(303,808)
年末未分配利润	13,384,384	5,643,928	11,086,004	5,066,805

33 利息收入

	2020 年度		2019 年度	
	本集团	本公司	本集团 (已重述)	本公司
同业利息收入	113,457	74,864	63,712	48,952
国债利息收入	53,984	53,984	8,294	8,294
子公司往来利息收入	-	974,811	-	1,061,595
	167,441	1,103,659	72,006	1,118,841

34 融资租赁及售后租回收入

	2020 年度		2019 年度	
	本集团	本公司	本集团 (已重述)	本公司
融资租赁利息收入	4,308,679	3,027,410	5,550,740	4,346,640
售后租回利息收入	2,347,626	1,872,976	953,939	750,330
	6,656,305	4,900,386	6,504,679	5,096,970

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

35 经营租赁收入

	2020 年度		2019 年度	
	本集团	本公司	本集团 (已重述)	本公司
经营租赁船舶	7,290,381	-	6,340,028	-
经营租赁飞机	5,474,822	-	5,420,925	-
房屋建筑物出租	307,414	-	313,523	-
	<u>13,072,617</u>	<u>-</u>	<u>12,074,476</u>	<u>-</u>

36 资产处置(损失)/收益

	2020 年度		2019 年度	
	本集团	本公司	本集团 (已重述)	本公司
固定资产处置(损失)/ 收益	<u>(80,988)</u>	<u>12</u>	<u>87,038</u>	<u>(10)</u>

本集团资产处置收益主要为处置经营租赁资产所产生的收益净额，收益净额为出售价款与固定资产账面净额进行比较，再扣除相关交易成本和其他支出后确定。

37 其他收益

	2020 年度		2019 年度	
	本集团	本公司	本集团	本公司
财政扶持收入	373,553	94,708	384,522	72,241
增值税进项加计抵减	-	-	14,369	14,368
	<u>373,553</u>	<u>94,708</u>	<u>398,891</u>	<u>86,609</u>

财政扶持收入为本集团从上海市财政及上海、天津等自贸区获得的政府补助。

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

38 利息支出

	2020 年度		2019 年度	
	本集团	本公司	本集团 (已重述)	本公司
借款利息支出	3,076,654	2,056,381	4,051,918	2,498,213
借款利息支出总额	3,339,011	2,056,381	4,405,210	2,498,213
减: 资本化利息支出	(262,357)	-	(353,292)	-
债券利息支出	3,404,291	1,247,836	3,244,883	1,184,401
拆入资金利息支出	213,698	213,698	408,185	408,185
租赁负债利息支出	1,950	1,537	10,706	2,846
保证金利息支出	3,894	3,894	4,795	4,795
	<u>6,700,487</u>	<u>3,523,346</u>	<u>7,720,487</u>	<u>4,098,440</u>

39 经营租赁成本

本集团

	2020 年度	2019 年度 (已重述)
经营租出固定资产折旧 (附注 17)	6,887,927	5,889,363
其他费用	<u>162,553</u>	<u>188,735</u>
	<u>7,050,480</u>	<u>6,078,098</u>

40 税金及附加

	2020 年度		2019 年度	
	本集团	本公司	本集团 (已重述)	本公司
城市维护建设税	28,231	8,609	25,942	8,480
印花税	26,460	14,700	18,743	10,491
房产税	19,984	-	19,984	-
教育费附加	14,896	3,689	13,329	3,634
其他	9,977	2,461	7,266	1,555
	<u>99,548</u>	<u>29,459</u>	<u>85,264</u>	<u>24,160</u>

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

41 业务及管理费

	2020 年度		2019 年度	
	本集团	本公司	本集团 (已重述)	本公司
职工薪酬及福利	317,009	263,645	317,454	277,679
折旧与摊销	121,636	39,287	117,932	40,098
咨询费	59,864	14,997	61,030	17,332
差旅费	11,227	9,717	23,179	19,344
业务招待费	4,579	4,579	7,470	6,648
其他	43,381	35,853	53,209	39,002
	<u>557,496</u>	<u>368,178</u>	<u>580,274</u>	<u>400,103</u>

42 信用减值损失

	2020 年度		2019 年度	
	本集团	本公司	本集团 (已重述)	本公司
应收租赁款信用减值损失	684,962	368,732	265,714	223,299
其他应收款信用减值损失 (转回)	(11,041)	(6,871)	110,014	68,905
货币资金信用减值损失	52,817	6,398	(5,450)	(2,039)
拆出款项信用减值损失	1,506	1,506	(4,320)	(4,320)
其他	827	603	337	(12)
	<u>729,071</u>	<u>370,368</u>	<u>366,295</u>	<u>275,833</u>

43 资产减值损失

	2020 年度		2019 年度	
	本集团	本公司	本集团 (已重述)	本公司
飞机资产减值损失	269,464	-	210,971	-
船舶资产减值损失	215,261	-	21,559	-
	<u>484,725</u>	<u>-</u>	<u>232,530</u>	<u>-</u>

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

44 所得税费用

利润表中的所得税费用包括：

	2020 年度		2019 年度	
	本集团	本公司	本集团 (已重述)	本公司
当期所得税	1,132,323	473,148	864,464	397,838
递延所得税(附注 18)	16,851	(55,460)	80,762	(40,745)
	<u>1,149,174</u>	<u>417,688</u>	<u>945,226</u>	<u>357,093</u>

将基于本集团及本公司利润表的利润总额采用适用税率计算的所得税调节为所得税费用：

	2020 年度		2019 年度	
	本集团	本公司	本集团 (已重述)	本公司
利润总额	<u>4,350,737</u>	<u>1,867,643</u>	<u>3,918,296</u>	<u>1,530,795</u>
按照适用所得税率 25% 计 算所得税	1,087,683	466,910	981,849	382,699
减：非应税收入	(30,712)	(68,613)	(19,025)	(28,412)
加：不可抵税支出	2,586	2,586	2,806	2,806
加：未确认递延所得税的可 抵扣亏损	268,625	-	280,068	-
减：其他国家(或地区)不 同税率影响	(195,813)	-	(300,472)	-
加：汇算清缴差异	16,805	16,805	-	-
所得税费用	<u>1,149,174</u>	<u>417,688</u>	<u>945,226</u>	<u>357,093</u>

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

45 现金流量表附注

(1) 将净利润调节为经营活动现金流量

	2020 年度		2019 年度	
	本集团	本公司	本集团 (已重述)	本公司
净利润	3,201,563	1,449,955	2,982,170	1,173,702
加: 资产减值损失	484,725	-	232,530	-
信用减值损失	729,071	370,368	366,295	275,833
折旧与摊销	7,009,563	39,287	6,007,295	40,099
处置固定资产的损失/(收益)	80,988	(12)	(87,038)	10
公允价值变动损益	7,641	5,121	25,783	(5,121)
投资收益	-	(151,611)	5,993	(37,062)
国债利息收入	(53,984)	(53,984)	(8,294)	(8,294)
发行债券利息支出	3,404,291	1,247,836	3,244,883	1,184,401
租赁负债利息支出	1,950	1,537	10,706	2,848
汇兑收益	24,419	31,464	(9,983)	(2,288)
递延所得税资产的增加	(109,839)	(55,460)	(75,524)	(40,745)
递延所得税负债的增加	126,890	-	156,286	-
经营性应收项目的增加	(17,766,888)	(10,574,674)	583,865	(5,738,892)
经营性应付项目的增加/(减少)	38,772,623	21,572,066	(13,604,258)	(6,002,732)
经营活动产生/(使用)的现金流量净额	35,912,813	13,881,893	(169,291)	(9,158,243)

(2) 不涉及现金收支的重大投资和筹资活动

	2020 年度		2019 年度	
	本集团	本公司	本集团 (已重述)	本公司
以银行承兑汇票支付的 应收融资租赁款	6,318,700	6,318,700	112,788	112,788

(3) 现金及现金等价物净变动情况

	2020 年度		2019 年度	
	本集团	本公司	本集团 (已重述)	本公司
现金及现金等价物的年末余额	29,846,067	7,884,479	6,328,471	1,712,526
减: 现金及现金等价物的年初余额	(6,328,471)	(1,712,526)	(12,334,742)	(4,920,548)
现金及现金等价物净变动额	23,517,596	6,171,953	(6,006,271)	(3,208,022)

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

45 现金流量表附注(续)

(4) 现金及现金等价物

	2020 年度		2019 年度	
	本集团	本公司	本集团 (已重述)	本公司
货币资金(附注 7)	31,756,524	7,847,266	6,753,027	2,143,012
减：中央银行法定存款准 备金	(386,839)	(386,839)	(433,140)	(433,140)
质押存款及其他 货币资金	(2,285,000)	(285,000)	-	-
减值准备	61,382	9,052	8,584	2,654
加：原始期限三个月内的 拆出资金	700,000	700,000	-	-
年末现金及现金等价物余 额	<u>29,846,067</u>	<u>7,884,479</u>	<u>6,328,471</u>	<u>1,712,526</u>

(5) 支付其他与经营活动有关的现金

现金流量表中支付其他与经营活动有关的现金主要包括：

	2020 年度		2019 年度	
	本集团	本公司	本集团 (已重述)	本公司
子公司往来	-	1,983,294	-	4,881,098
暂付款项	50,602	22,585	61,293	47,075
质押存款及其他货币资金	2,285,000	285,000	-	-
船舶管理费	162,553	-	188,735	-
行政费用	43,515	37,987	70,938	53,516
专业服务费	55,973	14,997	59,185	17,332
其他	24,681	17,563	19,064	12,217
	<u>2,622,324</u>	<u>2,361,426</u>	<u>399,215</u>	<u>5,011,238</u>

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

46 同一控制下的企业合并

于 2020 年 8 月 26 日, 本集团之子公司祥茂国际船舶租赁有限公司(简称“祥茂”)向本集团的关联方交通银行(代理人)有限公司及侨辉有限公司收购了其分别拥有的侨通发展有限公司(简称“侨通发展”)99.6%及 0.4%的股权。本次交易的合并日为 2020 年 8 月 26 日, 系祥茂实际取得侨通发展控制权的日期。由于祥茂和侨通发展在合并前后均受交通银行股份有限公司最终控制且该控制并非暂时性的, 故该交易属于同一控制下企业合并, 本次转让对价为零, 取得净资产的账面价值为人民币(885,218)千元。

侨通发展合并日的资产、负债账面价值列示如下:

	账面价值	
	2020 年 8 月 26 日	2019 年 12 月 31 日
货币资金	467,381	699,029
其他应收款	6,165,705	9,306,871
应收租赁款	2,150,850	2,254,877
投资性房地产	3,962,704	3,962,704
固定资产	7,112,215	7,606,360
衍生金融资产	66	2,597
其他资产	8,834	9,828
减: 短期借款	(200,000)	-
应交税金	(108,687)	(44,448)
其他应付款	(587,668)	(139,760)
长期借款	(1,688,732)	(3,366,222)
应付债券	(18,003,720)	(21,033,902)
其他负债	(55,809)	(54,423)
递延所得税负债	(108,357)	(111,044)
取得的净资产	(885,218)	(907,533)

侨通发展 2019 年度和自 2020 年 1 月 1 日至合并日止期间的收入、净利润和现金流量列示如下:

	自 2020 年 1 月 1 日至合并日止	2019 年度
营业收入	959,925	1,627,976
净亏损	(18,423)	(37,764)
经营活动现金流量	2,916,292	5,712,934
现金流量净额	(231,654)	(71,372)

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

47 重大关联方关系及关联交易

(1) 母公司和子公司

子公司的基本情况及相关信息见附注 6。

(a) 母公司情况

	注册地	业务性质
交通银行股份有限公司(以下简称“交通银行”)	中国	商业银行业务

(b) 母公司注册资本及其变化

	2019 年 12 月 31 日	本年增加	本年减少	2020 年 12 月 31 日
交通银行	<u>74,262,727</u>	<u>-</u>	<u>-</u>	<u>74,262,727</u>

(c) 母公司对本公司的持股比例和表决权比例

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	持股比例	表决权比例	持股比例	表决权比例
交通银行	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

(2) 不存在控制关系的关联方的性质

	与本集团的关系
侨辉有限公司	与本集团同受母公司控制

(3) 关联交易

(a) 定价政策

本集团关联方交易主要是与交通银行的存款业务及贷款业务。本集团与关联方的交易均按照一般商业条款和正常业务程序进行，其定价原则与独立第三方交易一致。

交银金融租赁有限责任公司

2020 年度财务报表附注
(除特别注明外，金额单位均为人民币千元)

47 重大关联方关系及关联交易(续)

(3) 关联交易(续)

(b) 关联交易余额(续)

(i) 货币资金

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团 (已重述)	本公司
交通银行存款	<u>7,392,192</u>	<u>559,442</u>	<u>2,946,059</u>	<u>792,881</u>

(ii) 买入返售金融资产

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团	本公司
买入返售子公司金融 资产(附注 11)	<u>-</u>	<u>872,090</u>	<u>-</u>	<u>1,047,956</u>

(iii) 其他应收款

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团 (已重述)	本公司
子公司往来款 (附注 10)	<u>-</u>	<u>33,906,312</u>	<u>-</u>	<u>33,415,207</u>

(iv) 短期借款

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团	本公司
交通银行短期借款	<u>34,761,090</u>	<u>21,826,433</u>	<u>13,418,521</u>	<u>6,584,138</u>

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

47 重大关联方关系及关联交易(续)

(3) 关联交易(续)

(b) 关联交易余额(续)

(v) 拆入资金

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团	本公司
交通银行拆入资金	<u>6,717,336</u>	<u>6,717,336</u>	<u>8,917,052</u>	<u>8,917,052</u>

(vi) 长期借款

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团 (已重述)	本公司
交通银行借款	<u>35,969,181</u>	<u>3,268,764</u>	<u>24,121,220</u>	<u>6,311,314</u>

(vii) 其他应付款

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团 (已重述)	本公司
子公司往来款 (附注 25)	<u>-</u>	<u>16,334,842</u>	<u>-</u>	<u>9,607,760</u>

(viii) 应付债券

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团 (已重述)	本公司
交通银行	<u>11,117,413</u>	<u>3,495,394</u>	<u>7,634,292</u>	<u>2,554,129</u>

(ix) 衍生金融资产

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团	本公司
交通银行利率掉期	<u>-</u>	<u>-</u>	<u>17,446</u>	<u>-</u>

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

47 重大关联方关系及关联交易(续)

(3) 关联交易(续)

(b) 关联交易余额(续)

(x) 衍生金融负债

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团	本公司
交通银行利率掉期	109,144	-	-	-

(c) 关联交易金额

本集团

	2020 年度	2019 年度 (已重述)
交通银行存款利息收入	19,875	26,831
交通银行借款利息支出	1,052,876	1,601,600
交通银行债券利息支出	241,847	166,014
交通银行手续费及佣金支出	82,582	83,712

- (d) 于 2020 年 8 月 26 日，本集团之子公司祥茂国际船舶租赁有限公司(简称“祥茂”)向交通银行(代理人)有限公司及侨辉有限公司零对价收购了侨通有限公司 100%的股权(附注 46)。

48 承诺事项

(1) 资本性支出承诺事项

以下为本集团于资产负债表日，已签约而尚不必在资产负债表上列示的资本性支出承诺：

	2020 年 12 月 31 日	2019 年 12 月 31 日
飞机及船舶	51,425,369	50,545,459

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

49 资产负债表日后经营租赁收款额

本集团作为出租人，资产负债表日后应收的租赁收款额的未折现金额汇总如下：

	2020 年 12 月 31 日	2019 年 12 月 31 日 (已重述)
1 年以内	13,205,385	13,925,726
1 至 2 年	12,630,770	13,063,136
2 至 3 年	12,051,634	12,293,182
3 至 4 年	11,224,899	11,786,636
4 至 5 年	10,084,914	11,042,512
5 年以上	34,664,303	40,457,842
	<u>93,861,905</u>	<u>102,569,034</u>

50 金融工具及其风险

(1) 金融风险管理概述

本集团的经营活动面临多种金融风险，本集团分析、评估、接受和管理某种程度的风险或风险组合。管理金融风险对于金融行业至关重要，同时商业运营也必然会带来金融风险。本集团的目标是达到风险与收益之间恰当的平衡，同时尽量减少对本集团财务报表的不利影响。

本集团制定风险管理政策的目的是为了识别并分析相关风险，以制定适当的风险限额和控制程序，并通过适当的控制流程对风险及其限额进行监控。

本集团董事会制定本集团的风险管理战略。本集团管理层根据已制定的风险管理战略，制定相应的风险管理政策及程序，包括信用风险和市场风险等专项风险管理政策。这些风险管理政策及程序经董事会批准后由业务部门、金融市场部、财务会计部、风险管理部、法律合规部和资产管理部以及评审会负责具体执行。

本集团面临的主要经营风险为信用风险、市场风险和流动性风险。其中市场风险主要为利率风险和汇率风险。

(2) 信用风险

在本集团的信用风险是指承租人无法履行合约责任的风险。信用风险主要存在于租赁及相关业务。

50 金融工具及其风险(续)

(2) 信用风险(续)

(a) 信用风险管理

本集团对包括租赁项目调查和申报、租赁审查审批、租赁款发放、租后监控和不良应收融资租赁款管理等环节的融资租赁业务全流程实行规范化管理。通过内部评级管理体系、信用风险管理相关政策制度和流程、租赁业务信息系统、租赁业务投向管理和租赁资产结构优化，及时有效识别、监控和管理本集团各环节潜在信用风险。

经济环境变化或本集团资产组合中某一特定行业分布的融资租赁资产发生变化都将导致本集团发生损失。表内信用风险暴露主要为应收融资租赁款。本集团已建立相关机制，制定个别承租人可承受的信用风险额度，本集团定期监控上述信用风险额度，并至少每年进行一次审核，并向本集团董事会汇报。

(b) 风险限额管理及缓释措施

本集团管理、限制以及控制所发现的信用风险集中度，特别是集中于单一承租人、集团、行业和区域。

本集团对同一承租人、集团、行业部门设定限额，以优化信用风险结构。根据《金融租赁公司管理办法》中的规定，客户单一集中度不能超过资本净额的30%，本集团严格按照此标准设定租赁项目的最高限额。本集团适时监控上述风险，每年甚至在必要之时更频繁地进行审阅。

本集团通过定期分析承租人偿还本金和利息的能力管理信贷风险暴露，主要通过定期报告和不定期报告来执行管理。

其他具体的管理和缓解措施包括：

(i) 担保及保证金

本集团制定了一系列政策，通过不同的手段来缓释信用风险。其中包括获取抵押/质押物、保证金以及取得公司或个人的保证等。

本集团对融资租赁业务一般要求提供担保，根据承租人信用状况、融资租赁业务风险程度以及各担保方式的特点，要求采用不同的担保方式，并对保证人的保证能力、抵押物、质押物的权属和价值以及实现抵押权、质权的可行性进行评估。其中，抵押物公允价值一般需经过专业评估机构的评估；对于由第三方提供保证的应收融资租赁款，本集团会评估保证人的财务状况，信用状况及其代偿能力。本集团会对租赁项目要求提供保证金，根据具体投放项目的信用风险不同而设定保证金比例。

50 金融工具及其风险(续)

(2) 信用风险(续)

(b) 风险限额管理及缓释措施(续)

(ii) 对融资租赁标的物的监控和保险

对于融资租赁业务, 融资租赁标的物在租赁期间结束之前所有权属于本集团, 但经营使用、维护权的风险与收益已经转移至承租人。因此在租赁期间若融资租赁标的物发生保险责任事故, 承租人应立即向相关保险公司报案并通知本集团, 提供出险原因报告和有关资料。会同本集团及时向保险公司办理索赔事宜。

本集团对租赁物施行定期的监控和保险措施。根据集团的内部规章制度的规定, 对租赁项目每年进行定期和不定期的回访, 回访内容包括对租赁物的实地检查, 了解租赁物实际的使用情况。另外, 本集团一般会要求承租人对租赁物进行保险, 并将本公司作为保险受益人, 用以减少租赁物毁损的风险。

(c) 预期信用损失计量

本集团将需计量预期信用损失的金融工具及应收融资租赁款划分为三个阶段, 第一阶段是“信用风险自初始确认后并未显著增加”阶段, 仅需计算未来 12 个月预期信用损失(ECL)。第二阶段是“信用风险显著增加”阶段, 第三阶段是“已发生信用减值”阶段, 第二阶段和第三阶段需计算整个生命周期的预期信用损失。

本集团通过违约风险敞口(EAD)和预期信用损失率计算预期信用损失, 并基于违约概率(PD)和违约损失率(LGD)确定预期信用损失率。在确定预期信用损失率时, 本集团主要使用交通银行的预期信用损失模型, 该模型考虑了内部历史信用损失经验等数据, 并结合当前状况和前瞻性信息对历史数据进行调整。根据会计准则的要求在预期信用风险的计量中使用了判断、假设和估计, 包括:

- 预期信用损失计量的参数
- 信用风险显著增加的判断标准
- 已发生信用减值资产的定义
- 前瞻性信息

50 金融工具及其风险(续)

(2) 信用风险(续)

(c) 预期信用损失计量(续)

预期信用损失计量的参数

根据信用风险是否发生显著增加以及是否已发生信用减值, 本集团对不同的资产分别以 12 个月或整个存续期的预期信用损失计量减值准备。预期信用损失计量的关键参数包括违约概率、违约损失率和违约风险敞口。本集团以当前风险管理所使用的内部评级体系为基础, 根据金融工具准则的要求, 考虑历史统计数据(如交易对手评级、担保方式及抵质押物类别、还款方式等)的定量分析及前瞻性信息, 建立违约概率、违约损失率及违约风险敞口模型。

相关定义如下:

- 违约概率指债务人(或债项)在未来一段时间内发生违约的可能性。
- 违约损失率是指某一项债项违约导致的损失金额占该违约债项风险暴露的比例。违约损失率以每一单位风险暴露的损失比率反映, 一般受交易对手类型、债务种类和清偿优先性, 及抵押情况或其他信用风险缓释等影响。
- 违约风险敞口是指发生违约时预期表内和表外项目风险暴露总额, 反映可能发生损失的总额度。一般包括已使用的授信余额、应收未收利息、未使用授信额度的预期提取数量以及可能发生的相关费用。

信用风险显著增加的判断标准

当触发以下一个或多个标准时, 本集团认为金融工具的信用风险已发生显著增加:

- 本金或利息逾期超过30天;
- 信用评级等级大幅变动。其中, 信用评级等级采用内外部评级结果, 以报告期内外部评级等级差于本集团授信准入标准, 或内部评级等级较初始确认时内部评级等级大幅下降为判断标准, 例如低风险资产下降3-6个级别将视为信用风险显著增加;
- 重大不利事件对债务主体偿还能力产生负面影响;
- 其他信用风险显著增加的情况。例如出现其他风险信号显示潜在风险有增加趋势, 可能给本集团造成损失的金融资产。
- 各阶段之间是可迁移的。如阶段一的金融工具, 出现信用风险显著恶化情况, 则需下调为阶段二。若第二阶段的金融工具, 情况好转并不再满足信用风险显著恶化的判断标准, 则可以调回第一阶段。

新冠肺炎疫情发生后, 本集团对于申请贷款延期还本付息的客户, 严格依据监管规定, 在不扩大后续风险, 不影响后续清收的前提下, 审慎评估客户还款能力, 对于满足认定标准的客户采用展期等方式予以纾困。本集团已评估上述客户是否发生信用风险显著上升, 并适时调整阶段划分。

50 金融工具及其风险(续)

(2) 信用风险(续)

(c) 预期信用损失计量(续)

已发生信用减值资产的定义

当金融资产发生减值时, 本集团将该金融资产界定为已发生违约, 一般来讲, 金融资产逾期超过90天则被认定为违约。

当金融工具符合以下一项或多项条件时, 本集团将该金融资产界定为已发生信用减值:

- 本金(含垫款, 下同)或利息逾期超过90天;
- 发行方或债务人发生严重财务困难, 或已经资不抵债;
- 债务人很可能破产;
- 因发行方发生重大财务困难, 导致金融资产无法在活跃市场继续交易;
- 其他表明金融资产发生减值的客观证据。

前瞻性信息

信用风险显著增加的评估及预期信用损失的计算均涉及前瞻性信息。本集团使用的交通银行减值模型采用了自上而下的开发方法, 通过模型分组, 建立了覆盖金融机构和承租人风险暴露的多个减值模型, 并构建以国内生产总值(GDP)同比增长率驱动国民经济核算、价格指数、对外贸易、固定资产投资、货币与利率等多类指标的宏观情景传导模型, 按年预测“基准”、“乐观”及“悲观”三种情景下的指标值, 预测结果经经济专家、高级管理层评估确认后用于资产减值模型, 并按季检视宏观情景设置结果及权重的合理性, 根据内外部经济环境变化进行调整。这些经济指标对违约概率和违约损失率的影响, 对不同的业务类型有所不同。本集团综合考虑内外部数据、专家预测以及统计分析确定这些经济指标与违约概率和违约损失率之间的关系。

于2020年度, 减值模型对2021年国内生产总值(GDP)同比增长率的预测如下: 基准情景下的预测值为8.2%; 乐观情景下的预测值为9.0%, 悲观情景下的预测值为6.0%。本集团在评估减值模型中所使用的前瞻性信息时充分考虑了2020年新冠肺炎疫情引发的不确定性, 对宏观经济预测值进行了审慎调整。

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

50 金融工具及其风险(续)

(2) 信用风险(续)

(c) 预期信用损失计量(续)

敏感性分析

预期信用减值拨备对模型使用的参数、前瞻性预测的宏观经济变量，三种情景的权重及应用专家判断考虑的其他因素较为敏感。该等输入参数，假设，模型及判断的变动将对信用风险的大幅增加及预期信用损失的计量产生影响。

假设乐观情景的权重上升10%，基准情景权重下降10%，预期信用损失减值拨备将减少人民币2,867万元(2019年12月31日：3,749万元)。倘悲观情景的权重增加10%，基准情景的权重下降10%，则预期信用减值拨备将增加人民币8,059万元(2019年12月31日：6,887万元)。

(d) 未考虑抵质押物的最大信用风险敞口

资产负债表项目的信用风险敞口包括：

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	本集团	本公司	本集团 (已重述)	本公司
货币资金	31,756,524	7,847,266	6,753,027	2,143,012
拆出资金	698,494	698,494	-	-
衍生金融资产	17	-	87,826	6,133
应收票据	1,196	1,196	12,575	12,575
其他应收款	370,939	34,074,576	344,004	33,626,083
买入返售金融资产	489,590	1,360,950	-	1,047,002
其他债权投资	2,484,148	2,484,148	1,015,137	1,015,137
应收租赁款	139,270,577	101,748,213	124,893,450	92,567,154
	<u>175,071,485</u>	<u>148,214,843</u>	<u>133,106,019</u>	<u>130,417,096</u>

50 金融工具及其风险(续)

(2) 信用风险(续)

(d) 未考虑抵质押物的最大信用风险敞口

上表为本集团2020年及2019年末未考虑抵质押物及其他信用增级措施的最大风险敞口。对于资产负债表项目, 上列风险敞口金额为资产负债表日的账面净额。

本集团对融资租赁业务贷款会采取一定的信用增强措施来降低信用风险敞口至可接受水平。一般本集团对融资租赁业务要求提供担保及支付保证金。

(3) 市场风险

市场风险是指因市场价格(利率、汇率、股票价格和商品价格)的不利变动而使集团发生损失的风险。本集团面临的的市场风险主要包括利率风险和汇率风险。

(a) 市场风险衡量技术

本集团目前通过敏感度分析来评估本集团所承受的汇率风险及利率风险。利率敏感性分析定期计算一定时期内到期或需要重新定价的生息资产与付息负债两者的差额(缺口), 并利用缺口数据进行基准利率和市场利率变化情况下的敏感性分析。汇率敏感性分析基于资产和负债具有静态的汇率风险结构, 其计算了当其他因素不变时, 外汇对人民币汇率的合理可能变动对净利润的影响。本集团对敏感性分析建立了上报制度, 定期敏感性分析结果每季度上报高级管理层。

(b) 利率风险

利率风险主要源自于本集团资产负债利率重定价期限错配及市场利率变动, 亦产生于因中国人民银行利率政策的调整。浮动利率的金融负债使本集团面临现金流量利率风险, 固定利率的金融负债使本集团面临公允价值利率风险。本集团财务会计部、金融市场部对利率敏感资产负债的重定价期限缺口实施定期监控, 并通过利率互换等工具对利率风险进行管理。于2020年12月31日, 本集团将合同名义金额为人民币33,375,047千元的利率衍生合同(2019年: 人民币18,521,755千元)(附注9)指定为现金流量套期工具, 将合同名义金额为人民币777,486千元的利率衍生合同(2019年: 人民币1,270,870千元)(附注9)指定为公允价值套期工具。由于市场利率的波动, 本集团的利差可能增加, 也可能因为无法预计的变动而减少或者产生亏损。

50 金融工具及其风险(续)

(3) 市场风险(续)

(b) 利率风险(续)

2019年8月20日, 按照贷款市场报价利率(LPR)新机制形成的首个报价正式推出, 新投放应收融资租赁款主要参考贷款市场报价利率进行定价。2019年12月28日, 中国人民银行发布公告要求金融机构原则上应于2020年3月至8月期间完成存量浮动利率贷款的定价基准到LPR的转换。为此, 本集团成立了LPR推进工作组, 并制定了存量浮动利率贷款基准转换的实施方案和定价策略指引, 以确保在稳步推进存量浮动利率贷款基准转换工作的同时, 有效地管控利率风险。自2020年1月1日起, 本集团的应收融资租赁款在指定利率时除以双方协商指定的利率以外, 主要以贷款市场报价利率为新定价基础, 不再签订参考贷款基准利率定价的浮动利率合同。

金融危机之后, 国际基准利率(LIBOR)改革已成为全球监管机构的首要事项。2021年3月, 英国金融行为监管局(FCA)确认, 2021年后将停止公布英镑、欧元、瑞士法郎和日元 LIBOR, 以及一周和两个月期的美元 LIBOR, 剩余期限美元 LIBOR 发布时间于 2023 年中期终止。各国监管机构和基准利率改革工作组正在积极推进 LIBOR 改革。2020 年 8 月 31 日, 中国人民银行发布了《参与国际基准利率改革和健全中国基准利率体系》的白皮书, 中国正在根据国际基准利率改革进展, 同步推动新基准合约设计与运用、存量 LIBOR 合约基准利率转换, 稳妥有序推动国际基准利率转换有关工作。美元 LIBOR 的替代基准将变更为 SOFR。美元 LIBOR 与替代利率 SOFR 的主要区别在于, 前者作为期限利率, 是针对整个交易期间内发布的利率, 并且由于美元 LIBOR 是在每日交易前期发布的, 因此具有“前瞻性”。替代利率 SOFR 则是基于实际交易的隔夜利率并通常在下一个交易日发布, 具有回溯性。此外, 替代基准 SOFR 为无风险利率, 而美元 LIBOR 则是在无风险利率的基础上考虑了信用风险点差。因此, LIBOR 改革将对各类金融产品的利率计息规则带来较大变化。本集团挂钩 LIBOR 业务的风险敞口总体可控, 主要集中在美元 LIBOR。本集团主要由金融市场部牵头 LIBOR 改革的过渡计划, 包括修订参考美元 LIBOR 债务和相关掉期的合约条款及更新相应对冲指定, 以确保有序过渡到新的基准利率, 并最大程度地降低过渡期带来的风险。总体看, 本集团 LIBOR 改革进程基本与市场保持一致。

下表反映了本集团的利率风险。表内的生息资产和付息负债项目, 按合约重新定价日与到期日两者较早者分类, 以账面价值列示。

本集团大部分的应收租赁款的利率随LPR的变动进行调整。由于所适用的参考利率的变动日期不能确定, 本集团假定所适用的参考利率的变动日期为紧接报告日的工作日, 并按距报告日最近的可重定利率日将其列示在适当期间。

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别说明外, 金额单位均为人民币千元)

50 金融工具及其风险(续)

(3) 市场风险(续)

(b) 利率风险(续)

于各资产负债表日, 本集团和本公司资产和负债的重新定价日(或到期日(或早者))的情况如下:

本集团

	2020 年 12 月 31 日					
	1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上	合计
资产						
货币资金	29,744,371	-	-	2,012,153	-	31,756,524
拆出资金	698,494	-	-	-	-	698,494
衍生金融资产	-	-	-	-	-	-
应收票据	-	-	-	-	-	17
应收账款	-	-	-	-	-	1,196
其他应收款	-	-	-	-	-	370,939
买入返售金融资产	489,590	-	-	-	-	489,590
其他债权投资	-	-	-	-	2,484,148	2,484,148
应收租赁款	23,194,405	48,533,871	39,138,256	11,588,413	16,628,771	139,270,577
资产总额	54,126,860	48,533,871	39,138,256	13,580,566	19,112,919	175,071,485
负债						
短期借款	(9,328,579)	(35,312,931)	(25,201,557)	-	-	(69,841,067)
拆入资金	(9,547,021)	(4,302,773)	(1,798,515)	-	-	(15,648,309)
衍生金融负债	-	-	-	-	-	-
应付票据	-	(276,040)	(6,376,698)	-	-	(935,827)
其他应付款	-	-	-	-	-	(6,852,739)
长期借款	(5,921,027)	(37,864,882)	(18,126,916)	(14,734,999)	(3,918,756)	(80,566,580)
应付债券	(6,885,081)	(15,671,711)	(15,160,750)	(46,733,044)	(5,312,338)	(89,762,924)
其他负债	-	-	-	(4,780)	(7,648)	(12,428)
负债总额	(31,679,708)	(93,428,337)	(66,664,436)	(61,472,833)	(9,238,742)	(270,323,694)
资产负债净头寸	22,447,152	(44,894,466)	(27,526,180)	(47,892,267)	9,874,177	(95,252,209)

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

50 金融工具及其风险(续)

(3) 市场风险(续)

(b) 利率风险(续)

于各资产负债表日, 本集团和本公司资产和负债的重新定价日或到期日(较早者)的情况如下(续):

本集团

	2019 年 12 月 31 日(已重述)					
	1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上	合计
资产						
货币资金	6,753,027	-	-	-	-	6,753,027
衍生金融资产	-	-	-	-	-	87,826
应收票据	-	-	-	-	-	12,575
其他债权投资	-	-	-	-	1,015,137	1,015,137
应收租赁款	27,265,549	56,966,987	21,213,965	4,240,059	15,206,890	124,893,450
其他应收款	-	-	-	-	-	344,004
其他资产	-	-	-	-	-	15,931
资产总额	34,018,576	56,966,987	21,213,965	4,240,059	16,222,027	133,121,950
负债						
短期借款	(10,825,590)	(28,505,776)	(20,508,681)	-	-	(59,840,047)
拆入资金	(3,619,014)	(7,445,443)	-	-	-	(11,064,457)
衍生金融负债	-	-	-	-	-	(149,180)
应付票据	-	-	(334,038)	-	-	(334,038)
其他应付款	-	-	-	-	-	(7,761,914)
长期借款	(226,945)	(40,309,395)	(2,430,309)	(7,158,110)	(11,512,098)	(61,636,557)
应付债券	(2,105,483)	(4,923,157)	(10,829,272)	(72,180,155)	(5,538,359)	(95,576,426)
其他负债	-	-	-	(14,534)	-	(14,534)
负债总额	(16,777,032)	(81,183,771)	(34,102,000)	(79,352,799)	(17,050,457)	(236,377,153)
资产负债净头寸	17,241,544	(24,216,784)	(12,888,035)	(75,112,740)	(828,430)	(103,255,203)

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

50 金融工具及其风险(续)

(3) 市场风险(续)

(b) 利率风险(续)

于各资产负债表日, 本集团和本公司资产和负债的重新定价日或到期日(较早者)的情况如下(续):

本公司

		2020 年 12 月 31 日					合计
		1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上	
资产							
货币资金		7,847,268	-	-	-	-	7,847,268
拆出资金		698,494	-	-	-	-	698,494
应收账款		-	-	-	-	-	-
其他应收款		5,455	1,861,193	12,136,814	13,124,948	6,732,886	1,196
买入返售金融资产		489,590	-	871,360	-	-	213,280
其他债权投资		-	-	-	-	2,484,148	-
应收租赁款		14,862,733	38,090,247	38,405,811	8,213,292	2,186,130	-
资产总额		23,893,538	39,951,440	51,413,985	21,338,240	11,403,164	214,476
							148,214,843
负债							
短期借款		(8,025,849)	(19,859,701)	(22,472,174)	-	-	(50,357,724)
拆入资金		(9,547,021)	(4,302,773)	(1,798,515)	-	-	(15,648,309)
衍生金融负债		-	-	-	-	-	-
应付票据		-	(276,040)	(6,376,698)	-	-	(141,329)
其他应付款		-	-	(16,225,842)	-	-	(6,652,738)
长期借款		(809,367)	(8,079,669)	(2,173,511)	(4,400,400)	-	(4,532,458)
应付债券		-	-	(8,618,236)	(16,716,333)	(2,023,946)	(20,756,300)
其他负债		-	-	(20,493)	(16,500)	-	(15,462,967)
负债总额		(18,382,267)	(32,518,183)	(57,685,471)	(21,133,233)	(2,023,946)	(27,358,517)
							(36,993)
							(4,673,787)
							(136,416,877)
资产负债净头寸		5,511,281	7,433,257	(6,271,486)	205,007	9,379,218	11,797,966

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

50 金融工具及其风险(续)

(3) 市场风险(续)

(b) 利率风险(续)

于各资产负债表日, 本集团和本公司资产和负债的重新定价日(较早者)的情况如下(续):

本公司

	2019 年 12 月 31 日					
	1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上	合计
资产						
货币资金	2,143,012	-	-	-	-	2,143,012
衍生金融资产	-	-	-	-	-	-
应收账款	-	-	-	-	-	-
其他应收款	-	-	-	12,575	-	12,575
买入返售金融资产	-	1,537,579	8,868,310	16,039,827	6,908,545	33,636,083
其他债权投资	-	-	1,047,002	-	-	1,047,002
应收融资租赁款	-	-	-	-	1,015,137	1,015,137
其他资产	22,883,459	44,041,262	20,862,929	2,024,860	2,754,644	92,567,154
资产总额	25,026,471	45,578,841	30,778,241	18,077,262	10,678,326	130,433,027
负债						
短期借款	(8,379,849)	(25,357,727)	(17,050,058)	-	-	(50,787,634)
拆入资金	(3,619,014)	(7,445,443)	-	-	-	(11,064,457)
衍生金融负债	-	-	-	-	(12,348)	(12,348)
应付票据	-	-	(334,038)	-	-	(334,038)
其他应付款	-	-	(9,471,402)	-	-	(9,471,402)
长期借款	-	(5,322,367)	-	(4,847,236)	-	(14,808,879)
应付债券	-	-	(8,112,792)	(22,306,168)	(2,023,215)	(32,442,175)
其他负债	-	-	(19,667)	(27,209)	-	(46,876)
负债总额	(11,998,863)	(38,125,537)	(34,987,957)	(27,180,613)	(5,349,825)	(119,666,010)
资产负债净头寸	13,027,608	7,453,304	(4,209,716)	(9,103,351)	8,655,111	10,767,017

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

50 金融工具及其风险(续)

(3) 市场风险(续)

(b) 利率风险(续)

假设利率曲线平行移动 100 个基点, 对本集团未来一年的净利润的潜在影响分析如下:

本集团

	2020 年度	2019 年度 (已重述)
收益率曲线向上平移 100 个基点	(196,298)	(63,341)
收益率曲线向下平移 100 个基点	196,298	63,341

本公司

	2020 年度	2019 年度
收益率曲线向上平移 100 个基点	68,080	128,198
收益率曲线向下平移 100 个基点	(68,080)	(128,198)

在进行利率敏感性分析时, 本集团在确定商业条件和财务参数时做出了下列一般假设:

- a. 未考虑资产负债表日后业务的变化, 分析基于资产负债表日的静态缺口;
- b. 不同生息资产和付息负债的利率波动幅度相同;
- c. 所有重新定价的资产和负债均假设在有关期间中间重新定价;
- d. 未考虑利率变动对客户行为的影响;
- e. 未考虑利率变动对市场价格的影响;
- f. 未考虑利率变动对表外产品的影响;
- g. 未考虑本公司针对利率变化采取的必要措施。

基于上述限制条件, 利率增减导致本公司净利息收入的实际变化可能与此敏感性分析的结果存在一定差异。

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

50 金融工具及其风险(续)

(3) 市场风险(续)

(c) 外汇风险

本集团除部分项目子公司以美元开展业务以外, 主要以人民币进行业务, 记账本位币为人民币。境内人民币兑换美元或其他币种的汇率受中国人民银行的调控。汇率风险主要源自于汇率变动产生损失的风险。本集团财务会计部、金融市场部负责监控集团外币交易和外币资产及负债的规模, 以最大程度降低面临的外汇风险; 为此, 本集团可能会以签署远期外汇合约或货币互换合约的方式来达到规避外汇风险的目的。于 2020 年 12 月 31 日, 本集团将合同名义金额为人民币 3,262,450 千元的交叉货币掉期合同(附注 9)指定为相关外币拆入资金的现金流量套期工具。

下表为本集团资产负债表日资产与负债项目分币种的结构分析。

本集团

	2020 年 12 月 31 日				合计
	人民币	美元折人民币	欧元折人民币	其他外币	
资产					
货币资金	9,879,245	21,642,734	116,379	118,166	31,756,524
拆出资金	698,494	-	-	-	698,494
衍生金融资产	-	17	-	-	17
其他应收款	314,425	43,871	12,643	-	370,939
买入返售金融资产	489,590	-	-	-	489,590
其他债权投资	2,484,148	-	-	-	2,484,148
应收租赁款	104,905,504	28,635,489	5,538,726	190,858	139,270,577
投资性房地产	3,434,189	-	-	-	3,434,189
其他资产	8,005,575	120,771,092	2,716,365	1,274,576	130,767,608
资产总额	128,211,170	171,093,203	8,384,113	1,583,600	309,272,086
负债					
短期借款	(42,130,452)	(22,903,193)	(4,174,807)	(632,615)	(69,841,067)
拆入资金	(4,206,173)	(11,442,136)	-	-	(15,648,309)
衍生金融负债	(85,328)	(350,499)	-	-	(935,827)
应付票据	(6,652,738)	-	-	-	(6,652,738)
其他应付款	(5,458,261)	(3,291,499)	(13,458)	(1,713)	(8,764,931)
长期借款	(5,149,899)	(74,294,452)	(1,122,229)	-	(80,566,580)
应付债券	(27,358,517)	(62,404,407)	-	-	(89,762,924)
其他负债	(1,750,669)	(3,421,731)	(128,806)	-	(5,301,206)
负债总额	(92,792,037)	(178,607,917)	(5,439,300)	(634,328)	(277,473,582)
资产负债净头寸	35,419,133	(7,514,714)	2,944,813	949,272	31,798,504

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

50 金融工具及其风险(续)

(3) 市场风险(续)

(c) 外汇风险(续)

本集团

	2019 年 12 月 31 日(已重述)				
	人民币	美元折人民币	欧元折人民币	其他外币	合计
资产					
货币资金	2,596,553	3,893,712	165,749	97,013	6,753,027
衍生金融资产	5,121	82,705	-	-	87,826
其他应收款	172,957	155,249	15,062	736	344,004
其他债权投资	1,015,137	-	-	-	1,015,137
应收租赁款	96,903,890	23,136,397	3,907,128	946,035	124,893,450
其他资产	9,029,535	125,463,884	-	1,119	134,514,538
资产总额	109,723,193	152,751,947	4,087,939	1,044,903	267,607,982
负债					
短期借款	(40,119,028)	(16,469,919)	(2,605,752)	(645,348)	(59,840,047)
拆入资金	(2,008,035)	(9,056,422)	-	-	(11,064,457)
衍生金融负债	-	(149,180)	-	-	(149,180)
应付票据	(334,038)	-	-	-	(334,038)
其他应付款	(6,402,922)	(3,211,275)	(15,505)	(446)	(9,630,148)
长期借款	(1,657,702)	(58,450,928)	(1,231,440)	(296,487)	(61,536,557)
应付债券	(32,442,175)	(63,134,251)	-	-	(95,576,426)
其他负债	(1,476,736)	(3,901,807)	(86,445)	(10,036)	(5,475,024)
负债总额	(84,440,636)	(154,373,782)	(3,939,142)	(952,317)	(243,705,877)
资产负债净头寸	25,282,557	(1,621,835)	148,797	92,586	23,902,105

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

50 金融工具及其风险(续)

(3) 市场风险(续)

(c) 外汇风险(续)

本公司

	2020 年 12 月 31 日		合计
	人民币	美元折人民币	
资产			
货币资金	7,614,336	232,930	7,847,266
拆出资金	698,494	-	698,494
衍生金融资产	-	-	-
其他应收款	7,106,321	26,968,255	34,074,576
买入返售金融资产	499,076	861,874	1,360,950
其他债权投资	2,484,148	-	2,484,148
应收租赁款	101,748,213	-	101,748,213
其他资产	15,146,738	23,116	15,169,854
资产总额	135,297,326	28,086,175	163,383,501
负债			
短期借款	(42,130,453)	(8,227,271)	(50,357,724)
拆入资金	(4,206,173)	(11,442,136)	(15,648,309)
衍生金融负债	(85,328)	(56,001)	(141,329)
应付票据	(6,652,738)	-	(6,652,738)
其他应付款	(20,965,541)	-	(20,965,541)
长期借款	(4,176,719)	(11,286,248)	(15,462,967)
应付债券	(27,358,517)	-	(27,358,517)
其他负债	(1,543,825)	-	(1,543,825)
负债总额	(107,119,294)	(31,011,656)	(138,130,950)
资产负债净头寸	28,178,032	(2,925,481)	25,252,551

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

50 金融工具及其风险(续)

(3) 市场风险(续)

(c) 外汇风险(续)

本公司

	2019 年 12 月 31 日		合计
	人民币	美元折人民币	
资产			
货币资金	2,016,064	128,948	2,143,012
衍生金融资产	5,121	1,012	6,133
其他应收款	5,160,916	28,465,167	33,626,083
买入返售金融资产	-	1,047,002	1,047,002
其他债权投资	1,015,137	-	1,015,137
应收租赁款	92,567,154	-	92,567,154
其他资产	9,622,834	357	9,623,191
资产总额	110,387,226	29,640,486	140,027,712
负债			
短期借款	(40,100,547)	(10,687,087)	(50,787,634)
拆入资金	(2,008,035)	(9,056,422)	(11,064,457)
衍生金融负债	-	(12,348)	(12,348)
应付票据	(334,038)	-	(334,038)
其他应付款	(15,150,751)	(11,218)	(15,161,969)
长期借款	(621,680)	(9,547,923)	(10,169,603)
应付债券	(32,442,175)	-	(32,442,175)
其他负债	(1,695,586)	-	(1,695,586)
负债总额	(92,352,812)	(29,314,998)	(121,667,810)
资产负债净头寸	18,034,414	325,488	18,359,902

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

50 金融工具及其风险(续)

(3) 市场风险(续)

(c) 外汇风险(续)

假设人民币对美元升值或贬值 10%，其他因素保持不变，对本集团及本公司未来一年的净利润的潜在影响分析如下：

本集团

	2020 年度	2019 年度
人民币对美元升值 10%	(80,915)	(98,562)
人民币对美元贬值 10%	80,915	98,562

本公司

	2020 年度	2019 年度
人民币对美元升值 10%	(25,273)	(24,412)
人民币对美元贬值 10%	25,273	24,412

(4) 流动性风险

流动性风险是指本集团在到期日无法履行金融负债带来的支付义务或者无法满足即期资金需求。根据本集团业务的特点，本集团的流动风险管理框架包括：

- 通过每月监控未来现金流并制作流动性分析缺口报告来实现日常资金管理；
- 监督资产流动性比率以符合内部和监管要求；
- 管理负债到期日的集中程度；
- 与银行签订协议以建立应急预案；
- 通过同业拆借及卖出回购等方式应对流动性缺口；
- 通过发行中长期金融债券，来优化中长期资产负债结构，并将在未来适当阶段继续发行金融债券。

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

50 金融工具及其风险(续)

(4) 流动性风险(续)

本集团资产负债管理委员会负责制定流动性风险管理政策，金融市场部负责日常流动性风险管理，具体程序包括：

- (i) 本集团通过多渠道、多元化融资，保证本集团获得持续、充足的资金来源，包括支付保证金、购买租赁资产时需要支付的资金；
- (ii) 本集团通过银行中长期授信，并设计与租赁资产期限、租金现金流相匹配的还本付息方案，最大限度避免因期限错配而导致流动性风险。
- (iii) 本集团通过预测未来现金流、设立额度管理、获得足够的商业银行的授信额度等方法，积极管理流动性风险。

(a) 非衍生金融资产与金融负债流动风险分析

下表为本集团资产负债表日非衍生金融资产与金融负债按合同规定到期日的结构分析。列入各时间段内的金融资产和金融负债金额为未经折现的合同现金流量。

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

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金融工具及其风险(续)

(4) 流动性风险(续)

(a) 非衍生金融资产与金融负债流动性风险分析(续)

本集团

2019 年 12 月 31 日(已重述)									
	已逾期	无期限	即时偿还	1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上	合计
非衍生金融资产									
货币资金	-	-	6,753,047	-	-	-	-	-	6,753,047
拆出资金	-	-	-	-	-	-	-	-	-
应收票据	-	-	-	-	-	12,575	-	-	12,575
其他应收款	279,000	-	210,346	-	-	-	-	-	489,346
买入返售金融资产	-	-	-	-	-	-	-	-	-
其他股权投资	-	-	-	-	-	32,900	131,600	1,148,050	1,312,550
应收租赁款	1,065,770	-	-	3,219,126	9,602,929	28,908,391	75,929,777	28,440,225	147,166,218
其他资产	-	15,931	-	-	-	-	-	-	15,931
非衍生金融资产总额	1,344,770	15,931	6,963,393	3,219,126	9,602,929	28,953,866	76,061,377	29,568,275	155,749,667
非衍生金融负债									
短期借款	-	-	-	(9,902,046)	(28,700,232)	(21,709,327)	-	-	(60,311,605)
拆入资金	-	-	-	(3,622,963)	(7,477,661)	-	-	-	(11,100,624)
应付票据	-	-	-	-	-	(334,038)	-	-	(334,038)
其他应付款	-	-	-	(1,301,913)	(976,384)	(777,086)	(2,961,559)	(1,744,972)	(7,761,914)
长期借款	-	-	-	(1,059,359)	(2,680,837)	(11,250,588)	(38,804,989)	(16,721,555)	(70,527,228)
应付债券	-	-	-	(410,674)	(5,299,762)	(13,263,789)	(79,257,597)	(6,261,255)	(104,493,077)
其他负债	-	-	-	-	-	-	(14,534)	-	(14,534)
非衍生金融负债总额	-	-	-	(16,296,955)	(45,144,876)	(47,334,828)	(121,038,679)	(24,727,782)	(254,543,020)
净头寸	1,344,770	15,931	6,963,393	(13,077,829)	(35,541,947)	(18,380,962)	(44,977,202)	4,860,493	(98,793,353)

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

50

金融工具及其风险(续)

(4)

流动性风险(续)

(a)

非衍生金融资产与金融负债流动性风险分析(续)

本公司

		2020 年 12 月 31 日					
		已逾期	无期限	随时偿还	1 个月内	1-3 个月	3 个月-1 年
						1-5 年	5 年以上
							合计
非衍生金融资产							
货币资金	-	-	-	7,847,266	-	-	7,847,266
拆出资金	-	-	-	-	-	-	700,756
应收款项	-	-	-	-	-	-	1,196
其他应收款	239,931	-	-	750	1,881,287	13,125,612	6,733,227
买入返售金融资产	-	-	-	-	-	337,570	720,013
其他债权投资	-	-	-	-	-	311,880	2,806,195
应收租赁款	1,740,489	-	-	-	6,323,670	66,553,037	15,404,813
其他资产	-	-	-	-	-	-	-
非衍生金融资产总额	1,980,420	-	-	7,848,016	8,184,957	80,327,899	25,864,248
非衍生金融负债							
短期借款	-	-	-	-	(6,953,945)	(18,228,317)	(25,222,109)
拆入资金	-	-	-	-	(9,552,933)	(4,316,777)	(1,802,807)
应付票据	-	-	-	-	-	(376,225)	(6,276,513)
其他应付款	-	-	-	(109,000)	(173,585)	(144,512)	(532,270)
长期借款	-	-	-	-	(1,209,454)	(1,133,011)	(7,027,394)
应付债券	-	-	-	-	-	(9,564,200)	(2,309,000)
其他负债	-	-	-	-	(3,117)	(5,932)	(27,849)
非衍生金融负债总额	-	-	-	(109,000)	(17,893,034)	(24,204,774)	(50,452,942)
净头寸	1,980,420	-	-	7,739,016	(13,114,266)	(16,019,917)	(13,641,532)

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交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

50

金融工具及其风险(续)

(4)

流动性风险(续)

(a)

非衍生金融资产与金融负债流动性风险分析(续)

本公司

		2019 年 12 月 31 日							
		已逾期	无期限	即时偿还	1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上
									合计
非衍生金融资产									
货币资金	-	-	-	2,143,012	-	-	-	-	2,143,012
拆出资金	-	-	-	-	-	-	-	-	-
应收票据	-	-	-	-	-	-	12,575	-	12,575
其他应收款	279,000	-	-	32,437	-	1,435,999	3,759,387	16,789,676	13,220,463
买入返售金融资产	-	-	-	-	-	-	-	295,104	1,095,747
其他股权投资	-	-	-	-	-	-	32,900	131,600	1,148,050
应收租赁款	971,712	-	-	-	3,067,631	6,770,625	23,426,073	62,883,050	9,874,703
其他资产	-	15,931	-	-	-	-	-	-	15,931
非衍生金融资产总额	1,250,712	15,931	2,175,449	3,067,631	8,206,624	27,230,935	80,099,430	25,438,963	147,485,675
非衍生金融负债									
短期借款	-	-	-	-	(8,719,028)	(26,851,771)	(15,818,810)	-	(51,189,609)
拆入资金	-	-	-	-	(3,622,963)	(7,477,661)	-	-	(11,100,624)
应付票据	-	-	-	-	-	-	(334,038)	-	(334,038)
其他应付款	-	-	(135,328)	-	(1,203,664)	(285,741)	(751,274)	(2,511,093)	(9,920,749)
长期借款	-	-	-	-	(528,269,000)	(497,369,000)	(3,070,915,000)	(8,826,446,000)	(10,920,999)
应付债券	-	-	-	-	-	-	(9,319,055)	(23,711,920)	(2,406,230)
其他负债	-	-	-	-	-	-	(19,668)	(27,209)	(46,877)
非衍生金融负债总额	-	-	(135,328)	(14,071,924)	(34,912,542)	(29,313,760)	(33,076,668)	(12,326,979)	(123,837,201)
净头寸	1,250,712	15,931	2,040,121	(11,004,293)	(26,705,918)	(2,082,825)	47,022,762	13,111,984	23,648,474

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交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外, 金额单位均为人民币千元)

50 金融工具及其风险(续)

(4) 流动性风险(续)

(b) 衍生金融工具流动性风险分析

按照净额清算的衍生金融工具

本集团按照净额清算的衍生金融工具为利率衍生工具。下表分析了资产负债表日至合同规定的到期日按照剩余期限分类的按照净额清算的衍生金融工具未折现现金流:

本集团

2020 年 12 月 31 日						
	1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上	合计
资产						
利率合约	-	1	4	12	-	17
合计	-	1	4	12	-	17
负债						
利率合约	(13,258)	(49,828)	(188,709)	(608,272)	(29,548)	(889,615)
合计	(13,258)	(49,828)	(188,709)	(608,272)	(29,548)	(889,615)
2019 年 12 月 31 日(已重述)						
	1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上	合计
资产						
利率合约	42	7,184	18,447	70,356	362	94,371
合计	42	7,184	18,447	70,356	362	94,371
负债						
利率合约	(1,165)	(7,805)	(26,780)	(91,442)	(36,779)	(163,971)
合计	(1,165)	(7,805)	(26,780)	(91,442)	(36,779)	(163,971)

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

50 金融工具及其风险(续)

(4) 流动性风险(续)

(b) 衍生金融工具流动性风险分析(续)

按照总额清算的衍生金融工具

本集团按照总额清算的衍生金融工具为汇率衍生工具。下表分析了资产负债表日至合同规定的到期日按照剩余期限分类的按照总额清算的衍生金融工具未折现现金流：

本集团及本公司

	2020 年 12 月 31 日					合计
	1 个月内	1-3 个月	3 个月-1 年	1-5 年	5 年以上	
外汇合约						
现金流入	3,312,450	-	-	-	-	3,312,450
现金流出	(3,432,920)	-	-	-	-	(3,432,920)
合计	(120,470)	-	-	-	-	(120,470)

于 2019 年 12 月 31 日，本集团无汇率衍生工具。

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

50 金融工具及其风险(续)

(5) 金融资产和金融负债的公允价值

公允价值估计是在某一具体时点根据相关市场信息和与各种金融工具有关的信息而作出的。公允价值计量结果所属的层次，由对公允价值计量整体而言具有重要意义的输入值所属的最低层次决定：

第一层次：相同资产或负债在活跃市场上未经调整的报价。

第二层次：除第一层次输入值外相关资产或负债直接或间接可观察的输入值。

第三层次：相关资产或负债的不可观察输入值。

各类金融工具的公允价值估计基于下列所列方法和假设：

(a) 持续的以公允价值计量的资产

持续的以公允价值计量的资产按上述三个层次列示如下：

本集团	2020 年 12 月 31 日			合计
	第一层次	第二层次	第三层次	
衍生金融资产	-	17	-	17
其他债权投资	2,484,148	-	-	2,484,148
衍生金融负债	-	935,827	-	935,827
<hr/>				
本集团 (已重述)	2019 年 12 月 31 日			合计
	第一层次	第二层次	第三层次	
衍生金融资产	-	87,826	-	87,826
其他债权投资	1,015,137	-	-	1,015,137
衍生金融负债	-	(149,180)	-	(149,180)

交银金融租赁有限责任公司

2020 年度财务报表附注

(除特别注明外，金额单位均为人民币千元)

50 金融工具及其风险(续)

(5) 金融资产和金融负债的公允价值(续)

(a) 持续的以公允价值计量的资产(续)

本公司	2020 年 12 月 31 日			合计
	第一层次	第二层次	第三层次	
其他债权投资	2,484,148	-	-	2,484,148
衍生金融负债	-	(141,329)	-	(141,329)

本公司	2019 年 12 月 31 日			合计
	第一层次	第二层次	第三层次	
衍生金融资产	-	6,133	-	6,133
其他债权投资	1,015,137	-	-	1,015,137
衍生金融负债	-	(12,348)	-	(12,348)

(b) 现金及银行存款、其他金融资产和其他金融负债

由于以上金融资产及金融负债的到期日均在一年以内或者均为浮动利率，其账面价值接近于其公允价值。

(c) 应收租赁款

应收融资租赁款及应收售后租回款余额按照实际利率法确定，由于大部分融资租赁业务的内含实际利率与贷款市场报价利率挂钩并即时调整，其公允价值和账面价值近似。

(d) 借款

有固定期限的定期借款的公允价值以现金流量贴现法确定，贴现率为与该定期借款的剩余期限近似的现行定期借款利率。由于大部分浮动利率的借款利率与 LIBOR 挂钩并即时调整，其公允价值与账面价值近似。

(e) 应付债券

应付债券的公允价值按照中债及彭博估值确定，于2020年12月31日、2019年12月31日该债券公允价值分别为90,569,927人民币千元，人民币74,877,469千元。本集团采用可观察参数来确定的应付债券公允价值并将其划分为第二层级。

51 资本管理

本集团进行资本管理时的资本概念比资产负债表中的权益项目更加广泛，其目标主要为：(1)满足本集团经营所在地银行监管机构设定的资本要求；(2)保证本集团的持续经营能力，从而为股东提供回报，并使其他利益相关者获益；(3)保持经营发展所需的充足的资本支持。

本集团管理层采用银保监会根据巴塞尔委员会的指引发布的管理办法每季度监控资本充足率及对法定资本的使用进行监督，每季度将要求的信息呈报上海银保监局。

根据《金融租赁公司管理办法》中的规定，资本充足率应满足注册金融监管机构的要求且不低于 8%。根据中国银监会《商业银行资本管理办法(试行)》及银监发[2012]57 号关于实施《商业银行资本管理办法(试行)》过渡期安排相关事项的通知，本集团核心资本情况如下：

项目	2020 年 12 月 31 日
核心资本：	
核心一级资本	32,563,498
一级资本净额	32,563,498
资本净额	37,086,489
风险加权资产	324,635,901
核心一级资本充足率	10.03%
一级资本充足率	10.03%
资本充足率	11.42%

52 比较数字

因财务报表项目列报方式的变化，本财务报表比较数据已按照当期列报方式进行了重述。

53 资产负债表日后事项

- (1) 本集团于2021年3月1日在全国银行间债券市场成功发行人民币40亿元3年期固定利率金融债，票面利率3.62%。
- (2) 本集团于2021年4月22日在全国银行间债券市场成功发行人民币30亿元3年期固定利率金融债，票面利率3.45%。

**Bocom Leasing Management
Hong Kong Company Limited**

**Interim Financial Report
for the six months ended 30 June 2022**



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Review report to the Directors of Bocom Leasing Management Hong Kong Company Limited

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 1 to 40, which comprises the consolidated statement of financial position of Bocom Leasing Management Hong Kong Company Limited (the "Company") as of 30 June 2022 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flow for the six month period then ended and explanatory notes. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

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

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.



**Review report to the Directors of
Bocom Leasing Management
Hong Kong Company Limited (continued)**

(Incorporated in Hong Kong with limited liability)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2022 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

29 September 2022

**Consolidated statement of profit or loss and other
comprehensive income
for the six months ended 30 June 2022 (unaudited)**
(Expressed in USD)

	Note	Six months ended 30 June 2022	2021
Revenue			
Operating lease income	4	517,917,729	452,851,241
Finance lease income	4	56,070,867	59,938,699
Income from sale and leaseback arrangement	4	52,540,747	43,029,783
Interest income	4	153,280,550	146,649,603
Total revenue		779,809,893	702,469,326
Costs			
Interest expense	5	(291,267,524)	(283,357,475)
Depreciation	5	(268,956,658)	(241,414,168)
Other operating expense	5	(16,486,525)	(7,114,235)
Total costs		(576,710,707)	(531,885,878)
Gross profit		203,099,186	170,583,448
Other income, gains or losses	6	14,100,654	18,971,033
Administrative expenses	7	(666,586)	(2,050,126)
Reversal / (charge) of credit impairment losses	8	95,909,812	(37,964,610)
Charge of impairment losses on operating leased assets	9	(9,397,023)	-
Profit before taxation		303,046,043	149,539,745
Income tax expense	10(a)	(28,687,878)	(1,685,978)
Profit for the period		274,358,165	147,853,767
Other comprehensive income for the period:	23		
Items that are or may be reclassified subsequently to profit or loss:			
Cash flow hedge: net movement in the hedging reserve		83,327,505	31,761,739
Total comprehensive income		357,685,670	179,615,506

The notes on pages 6 to 40 are an integral part of these financial statements.

Consolidated statement of financial position
at 30 June 2022 (unaudited)
(Expressed in USD)

	Note	At 30 June 2022	At 31 December 2021
Non-current assets			
Property, plant and equipment	11	8,303,552,059	7,616,041,481
Prepayments for operating lease assets	12	892,365,064	579,155,527
Finance lease and sale and leaseback receivables	13	3,674,148,621	3,951,824,576
Accounts receivables	14	96,260,388	148,956,447
Other receivables	15	10,421,527,240	10,153,532,958
Other assets	16	13,428,602	14,776,216
Deferred tax assets	10(b)	10,273,389	31,054,717
Derivative financial assets	17	96,066,245	9,951,154
		<u>23,507,621,608</u>	<u>22,605,093,076</u>
Current assets			
Finance lease and sale and leaseback receivables	13	345,352,864	371,240,320
Accounts receivables	14	23,570,941	18,996,694
Other receivables	15	143,113,162	6,682,633
Other assets	16	4,280,037	4,292,498
Cash and cash equivalents	18	3,553,143,835	1,870,253,548
		<u>4,069,460,839</u>	<u>2,271,465,693</u>
Total assets		<u>27,577,082,447</u>	<u>24,776,558,769</u>

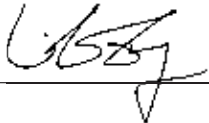
The notes on pages 6 to 40 are an integral part of these financial statements.

Consolidated statement of financial position (continued)
at 30 June 2022 (unaudited)
(Expressed in USD)

	Note	At 30 June 2022	At 31 December 2021
Current liabilities			
Borrowings	19	3,409,794,736	2,398,515,569
Bonds payable	20	1,445,302,250	1,115,167,644
Current income tax liabilities	10(c)	15,351,675	13,551,850
Other liabilities	21	383,563,769	363,828,964
		<u>5,254,012,430</u>	<u>3,891,064,027</u>
Net current liabilities		<u>(1,184,551,591)</u>	<u>(1,619,598,334)</u>
Total assets less current liabilities		<u>22,323,070,017</u>	<u>20,885,494,742</u>
Non-current liabilities			
Borrowings	19	16,648,939,536	14,303,312,094
Bonds payable	20	4,066,160,900	5,328,633,516
Other liabilities	21	526,920,113	529,711,486
Derivative financial liabilities	17	192,727	14,749,642
Deferred tax liabilities	10(b)	15,725,007	1,641,940
		<u>21,257,938,283</u>	<u>20,178,048,678</u>
Net assets		<u>1,065,131,734</u>	<u>707,446,064</u>
Equity			
Share capital	22	0	0
Other reserve	23	79,459,706	(3,867,799)
Retained earnings		985,672,028	711,313,863
Total equity		<u>1,065,131,734</u>	<u>707,446,064</u>

The financial statements were approved by the board of directors on 29 September 2022.


Zichu Cai
Director


Libi Mao
Director

The notes on pages 6 to 40 are an integral part of these financial statements.

Consolidated statement of changes in equity for the six months ended 30 June 2022 (unaudited) (Expressed in USD)

	Note	Share capital	Other reserve	Retained earnings	Total
Balance at 1 January 2021		-	(68,761,481)	515,966,347	447,204,866
Changes in equity for the six months ended 30 June 2021:					
Profit for the period		-	-	147,853,767	147,853,767
Other comprehensive income		-	31,761,739	-	31,761,739
Total comprehensive income		-	31,761,739	147,853,767	179,615,506
Consideration for business combination between entities under common control		-	-	(60,465,287)	(60,465,287)
Balance at 30 June 2021		-	(36,999,742)	603,354,827	566,355,085
Balance at 1 January 2022		-	(3,867,799)	711,313,863	707,446,064
Changes in equity for the six months ended 30 June 2022:					
Profit for the period		-	-	274,358,165	274,358,165
Other comprehensive income	23	-	83,327,505	-	83,327,505
Total comprehensive income		-	83,327,505	274,358,165	357,685,670
Balance at 30 June 2022		-	79,459,706	985,672,028	1,065,131,734

The notes on pages 6 to 40 are an integral part of these financial statements.

Consolidated statement of cash flows
for the six months ended 30 June 2022 (unaudited)
(Expressed in USD)

	Note	Six months ended 30 June 2022	2021
Operating activities			
Cash generated from / (used in) operations	18(b)	811,211,428	(652,874,801)
Income taxes paid		(8,508,615)	(1,276,116)
Net cash generated / (used) from operating activities		<u>802,702,813</u>	<u>(654,150,917)</u>
Investing activities			
Net cash received from disposal of ships		501,241,459	234,183,520
Interest received from loans to related parties		217,595,986	182,493,940
Payment for property, plant and equipment and prepayments		(1,508,797,039)	(632,587,829)
Payment for acquisition of subsidiaries, net of cash acquired		-	(1,243)
Loans to related parties		(7,389,542,323)	(5,223,916,469)
Repayment of loans by related parties		<u>6,929,367,193</u>	<u>7,268,143,503</u>
Net cash (used) / generated from investing activities		<u>(1,250,134,724)</u>	<u>1,828,315,422</u>
Financing activities			
Proceeds from borrowings		15,003,285,608	7,107,244,307
Repayment of borrowings		(11,630,091,125)	(6,619,889,170)
Issuance of bonds		-	500,000,000
Repayment of bonds		(920,000,000)	(900,000,000)
Interest paid		(319,989,778)	(292,342,244)
Principal elements of lease payments		-	(52,790)
Net cash generated / (used) in financing activities		<u>2,133,204,705</u>	<u>(205,039,897)</u>
Net increase in cash and cash equivalents		<u>1,685,772,794</u>	<u>969,124,608</u>
Cash and cash equivalents at 1 January		1,873,840,855	1,955,543,419
Effects of foreign exchange rate changes		<u>(834,373)</u>	<u>(836,503)</u>
Cash and cash equivalents at the end of the period	18	<u>3,558,779,276</u>	<u>2,923,831,524</u>

The notes on pages 6 to 40 are an integral part of these financial statements.

Notes to the unaudited interim financial report
(Expressed in USD unless otherwise indicated)

1 Significant accounting policies

(a) Basis of preparation

This interim financial report has been prepared in accordance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 29 September, 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 1(b).

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information* performed by the independent auditor of the entity, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2021 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 562(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

(b) Changes in accounting policies

The Company and its subsidiaries (together, the "Group") has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- Amendments to HKAS 16, Property, plant and equipment: Proceeds before intended use;
- Amendments to HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKAS 16, Property, plant and equipment: Proceeds before intended use

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements.

Amendments to HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendments do not have a material impact on these financial statements.

2 Financial risk management and fair values of financial instruments

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, market risk (including foreign exchange risk and interest rate risk) and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the management under policies approved by the board of directors. The management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk, foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(i) Credit risk

The Group's credit risk refers to the risk that lessee fails to or is unwilling to perform contractual obligations. The Group's credit risk mainly arises from finance lease, sale and leaseback receivables, account receivables, other receivables and other financial assets.

Credit risk management

The Group established standard policies and operational procedures and controls over lease activities, which include project due diligence and application, project review and approval, disbursement, post-lending monitoring and management of non-performing lease receivables and other receivables.

The Group implements its industry risk management system according to its plan based on actual situation with focus on industry research, counterparty credit rating, and understanding of the lessee's operations, financial condition as well as their shareholders' support. Limits are placed on different counterparties. The Group also obtained deposits from the lessees. All these strengthen the control and management of credit risk.

Changes in economic environment or leasing assets in a particular industry may result in losses to the Group. The Group monitors the credit risk periodically, makes an assessment annually at least and reports to the Board of Directors.

Through credit risk management policies and procedures, leasing business information system, investment of leasing business and continuous optimising the portfolio of lease business, the Group is able to identify, monitor and manage its credit risk.

In addition, the Group is exposed to credit risk associated with cash at bank. Management consider that these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term.

Expected credit loss ("ECL")

The Group measures the ECL of financial instruments at amortised cost. The Group divides them into 3 stages by assessing whether there has been a significant increase in credit risk since initial recognition.

The Group measures the ECL of a financial instrument in a way that reflects:

- (1) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (2) the time value of money;
- (3) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Stage classification

The Group divides them into 3 stages. Stage 1 is "financial assets without significant increase in credit risk since initial recognition", at which the Group only needs to measure ECL in the next 12 months. Stage 2 is "financial assets with significant increase in credit risk" and stage 3 is "credit-impaired financial assets", at both of which the Group needs to measure lifetime ECL.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- Principal or interest is more than 30 days past due;
- Credit rating of obligor changes significantly. Credit rating is based on both internal and external rating results, and a significant increase in credit risk is determined when external and internal rating during the reporting period is below the Group's credit acceptance standards or internal rating results are downgraded by 3 ranks or above upon initial recognition;
- Significant adverse issues have negative impacts on obligor's repayment ability;
- Other situations indicating significant increase in credit risk. For instance, other risk alarm indicators imply growing potential risk, and could cause losses of financial assets to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are compared based on shared credit risk characteristics, such as past due status and credit risk ratings.

Definition of credit-impaired and default

The criteria adopted by the Group to determine whether a credit impairment occurs under IFRS 9 is consistent with the internal credit risk management objectives for relevant financial instrument, in addition to consideration of quantitative and qualitative indicators. In general, the Group considers a financial instrument to be credit-impaired or otherwise in default when one or more of the following criteria have been met:

- Principal or interest of the asset is more than 90 days past due;
- The issuer or obligor is in significant financial difficulty, or has already become insolvent;
- It is becoming probable that the obligor will enter bankruptcy;
- An active market for that financial asset has disappeared because of financial difficulties of issuers;
- Other objective evidence indicating impairment of the financial asset.

The financial assets are moveable between stages. For instance, financial instruments originally classified at stage 1 should be downgraded to stage 2 if events occur such as a significant increase in credit risk. Financial instruments at stage 2 could be upgraded to stage 1 if credit risk decreases and the criteria for the determination of "a significant increase in credit risk" are no longer met.

Description of parameters, assumptions and estimation techniques

The Group recognises a loss allowance to different financial instruments at an amount equal to 12-month or lifetime expected credit loss based on whether there has been a significant increase in credit risk and whether the financial instrument is credit-impaired. ECL is the result of discounted product of the weighted average of "probability of default (PD)", "loss given default (LGD)", "exposure at default (EAD)" under the three scenarios, which are defined as follows:

Probability of default (PD) is the probability of default occurring of a client and its assets in a given period of time in the future.

Exposure at default (EAD) represents the total amount of on-balance sheet and off-balance sheet exposure at the time of default by debtor, reflecting the total amount of possible losses likely to be incurred. In general, this includes the utilised credit limit, interest receivable, the anticipated usage of unused credit facilities as well as the related expenses to be incurred.

Loss given default (LGD) represents the percentage of amount of loss to be incurred in the event of default to the total risk exposure. It is expressed as the loss percentage per unit of exposure which typically varies by nature of debtor, type and seniority of claim and the availability of collaterals or other credit enhancements.

Definition of default has been consistently applied to model establishment of probability of default (PD), exposure at default (EAD), loss given default (LGD) in ECL calculation throughout the Group.

Estimation of ECL: the impairment models

The Group uses a macro-economic forecast model driven by Gross Domestic Product (GDP) growth rate to forecast values of macro-economic indicators in multiple categories including national accounts, price index, foreign trade, fixed asset investment, total exports, purchasing managers' index, currency and interest rates, under three economic scenarios (i.e., Optimistic scenario, Basic scenario, and Pessimistic scenario). The forecasts, after evaluation and confirmation by economic experts, are used in the impairment model. The macro scenario settings and the rationality of the weightings are reviewed and adjusted periodically, based on changes in the internal and external economic environment.

The impairment models adopt a top down approach. Through grouping, the models cover the risk exposures of financial institutions and companies and reveal the regressive relationship between different macro-economic indicators and risk parameters. The result of macro-economic indicator forecasts will form the basis for impairment calculation and represent "forward looking" elements of credit risk allowance in different scenarios.

As at 30 June 2022, the Group fully considers the macroeconomic forecasts for 2022 when evaluating the predictive information used in the impairment model.

Maximum exposure to credit risk

Maximum exposure to credit risk – financial instruments included in impairment assessment

	<i>At 30 June 2022</i>		
	<i>Total</i>	<i>ECL</i>	<i>Carrying amount</i>
Cash at bank	3,558,779,276	(5,635,441)	3,553,143,835
Finance lease and sale and leaseback receivables	4,072,681,343	(53,179,858)	4,019,501,485
Accounts receivable	121,555,915	(1,724,586)	119,831,329
Other receivables	10,573,012,033	(8,371,631)	10,564,640,402
Maximum exposure to credit risk	<u>18,326,028,567</u>	<u>(68,911,516)</u>	<u>18,257,117,051</u>

	<i>At 31 December 2021</i>		
	<i>Total</i>	<i>ECL</i>	<i>Carrying amount</i>
Cash at bank	1,873,840,855	(3,587,307)	1,870,253,548
Finance lease and sale and leaseback receivables	4,474,660,313	(151,795,417)	4,322,864,896
Accounts receivable	170,270,150	(2,317,009)	167,953,141
Other receivables	10,167,900,014	(7,684,423)	10,160,215,591
Maximum exposure to credit risk	<u>16,686,671,332</u>	<u>(165,384,156)</u>	<u>16,521,287,176</u>

The table above presents the Group's maximum credit risk exposure without considering collateral and other credit enhancements as at the end of 30 June 2022 and 31 December 2021. The exposures set out above are their carrying amounts on statement of financial position.

(ii) Market risk

Foreign exchange risk

In respect of assets and liabilities denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level.

As at 30 June 2022 and 31 December 2021, the Group's exposure to foreign exchange risk arising from recognised assets or liabilities denominated in CNY, EUR and AUD are presented in the following tables. For presentation purposes, the amounts of the exposure are shown in USD, translated using the spot rate at the reporting date.

	At 30 June 2022			At 31 December 2021		
	CNY	EUR	AUD	CNY	EUR	AUD
Cash and bank balances	30	6,167,013	844,556	31	1,051,955	887,523
Finance lease and sale and leaseback receivables	-	433,697,157	-	-	475,032,587	-
Other receivables	14,800,627	447,695,720	-	15,561,585	470,262,477	-
Borrowings	-	(841,242,200)	-	-	(1,147,431,783)	-
Net exposure	14,800,657	46,317,690	844,556	15,561,616	(201,084,754)	887,523

The table below illustrates the impact on the Group's net profit if the functional currency had appreciated/depreciated by 10% against the foreign currency while all other variables had been held constant:

	Changes in net profit At 30 June 2022			Changes in net profit At 31 December 2021		
	CNY	EUR	AUD	CNY	EUR	AUD
10% appreciation of USD	(1,235,855)	(3,867,527)	(70,520)	(1,289,395)	16,790,578	(74,108)
10% depreciation of USD	1,235,855	3,867,527	70,520	1,289,395	(16,790,578)	74,108

Interest rate risk

The Group's interest rate risk arises from interest rate re-pricing and maturity mismatching of financial instruments, and the fluctuation of market interest rate. Financial instruments issued at floating rates expose the Group to cash flow interest rate risk. Financial instruments issued at fixed rates expose the Group to fair value interest rate risk.

Interest margins may increase as a result of fluctuation in market interest rates, but may reduce or create losses in the event that unexpected movements arise. Therefore, the Group primarily manages the interest rate risk through controlling the re-pricing of the lease assets and its corresponding liabilities.

Most of our operating lease business receive fixed rate rents, while the borrowings from related parties re-price interest at market rates periodically. The Group enters into the interest rate swap contract to manage the interest rate risk if necessary.

The Group analyses its interest rate exposure on a regular basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging.

The Group pays high attention to the transition of interest rate benchmark and has established a task force to speed up the launch and implementation of this LIBOR reform project. At the current stage, the progress of this reform is basically on schedule. According to the overall timetable of the LIBOR reform, reform on libors that have exited the market on 1 January 2022 has finished, the rest libors on USD is in progress. The business scale of the Group's contracts in reference to LIBOR with USD and maturities is relatively small, and the impact of the methods of benchmark transition on interest rate risk is generally under control, which has a relatively limited substantial impact on the operations.

The tables below summarize the Group's exposures to interest rate risks. The tables below show the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or remaining maturity dates:

	At 30 June 2022				
	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non interest bearing
Financial assets					
Cash and cash equivalents	3,553,143,835	-	-	-	-
Finance lease and sale and leaseback receivables	1,969,204,393	117,553,951	639,424,203	1,293,318,938	-
Accounts receivable	3,441,567	92,818,821	-	-	23,570,941
Other receivables	-	143,007,414	7,913,852,811	1,939,047,766	568,732,411
Derivative financial assets	-	-	-	-	96,066,245
Sub-total	5,525,789,795	353,380,186	8,553,277,014	3,232,366,704	688,369,597
Financial liabilities					
Borrowings	(2,790,859,564)	(6,715,939,007)	(8,572,175,096)	(1,979,760,605)	-
Bonds payable	-	(1,445,302,250)	(3,813,862,253)	(262,298,647)	-
Other liabilities	(6,621)	(20,232)	(59,592)	(3,979)	(521,373,208)
Derivative financial liabilities	-	-	-	-	(192,727)
Sub-total	(2,790,866,185)	(8,161,261,489)	(12,386,096,941)	(2,232,063,231)	(521,565,935)
Total interest repricing gap	2,734,923,610	(7,807,881,303)	(3,832,819,927)	1,000,303,473	166,803,662

As at 30 June 2022, it is estimated that a general increase or decrease of 100 basis points in interest rates, with all other variables held constant, would decrease or increase the Group's net profit for the following twelve months by USD4,466,393.

	At 31 December 2021				
	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non interest bearing
					Total
Financial assets					
Cash and cash equivalents	1,671,634,832	198,618,716	-	-	-
Finance lease and sale and leaseback receivables	2,246,946,138	-	258,156,876	1,817,761,882	-
Accounts receivable	81,825,893	-	67,130,554	-	18,996,694
Other receivables	5,610,000	539,763,254	6,938,845,435	2,657,125,333	18,871,569
Derivative financial assets	-	-	-	-	9,951,154
Sub-total	4,006,016,863	738,381,970	7,264,132,865	4,474,887,215	47,819,417
Financial liabilities					
Borrowings	(4,593,708,177)	(8,641,761,731)	(2,639,122,539)	(827,235,216)	-
Bonds payable	(3,563,772,343)	(399,657,775)	(2,228,170,226)	(252,200,816)	-
Other liabilities	-	-	-	-	(535,491,465)
Derivative financial liabilities	-	-	-	-	(14,749,642)
Sub-total	(8,157,480,520)	(9,041,419,506)	(4,867,292,765)	(1,079,436,032)	(550,241,107)
Total interest repricing gap	(4,151,463,657)	(8,303,037,536)	2,396,840,100	3,395,451,183	(502,421,690)

As at 31 December 2021, it is estimated that a general increase or decrease of 100 basis points in interest rates, with all other variables held constant, would decrease or increase the Group's profit for the following twelve months by USD56,330,518.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group is unable to meet the obligation to settle its due liabilities or meet the immediate demand of capital. Based on the Group's business features, its liquidity risk management framework comprises:

- Daily fund management through monthly monitoring future cash flows and making liquidity gap analysis report;
- Monitoring of assets liquidity ratio to meet the internal and regulatory requirements;
- Management of the degree of concentration of maturities of liabilities
- Establishment of liquidity contingent plan through agreements with banks;
- Issuance of medium and long-term financial bonds to optimise the medium and long-term asset and liability structure, and continuing to issue financial bonds at appropriate stages in the future.

The Asset and Liability Management Committee is responsible for the preparation of liquidity risk management policies, while the Treasury Department is responsible for daily liquidity risk management, and the specific procedures include:

- Through multi-channel and diversified financing, the Group ensures to obtain a continuous and sufficient source of funds, including payment of deposits and funds to be paid when purchasing lease assets;
- The Group has medium and long term credit facilities from banks and designed a principal and interest prepayment plan that matches the lease term and rental cash flow to minimise liquidity risk due to maturity mismatch;
- The Group actively manages liquidity risk by predicting future cash flows, establishing quota management and obtaining sufficient credit lines from commercial banks.

(1) Cash flow for non-derivative financial liabilities

The table below presents the cash flows payable by the Group under non-derivative financial liabilities by remaining contractual maturities as at 30 June 2022 and 31 December 2021. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows:

	At 30 June 2022					
	Repayable on demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Borrowings	-	(2,124,117,599)	(733,287,353)	(6,889,713,737)	(8,982,931,696)	(2,032,641,678)
Bonds payable	-	(29,213,359)	(8,336,625)	(1,563,131,945)	(4,002,230,345)	(312,429,086)
Other liabilities	(165,114,097)	(2,309)	(4,391)	(1,320,469)	(114,297,990)	(240,726,036)
Total	(165,114,097)	(2,153,333,266)	(741,608,369)	(8,454,166,151)	(13,099,459,431)	(2,585,796,780)
						(27,193,478,094)
	At 31 December 2021					
	Repayable on demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Borrowings	-	(90,658,462)	(1,746,514,296)	(1,996,203,127)	(5,468,827,925)	(8,003,882,295)
Bonds payable	-	(925,870,244)	(17,569,846)	(438,921,081)	(5,741,633,567)	(294,252,788)
Other liabilities	(146,257,348)	(67,484,000)	-	(800,000)	(96,484,100)	(222,466,017)
Total	(146,257,348)	(1,084,012,706)	(1,764,084,142)	(2,435,924,208)	(11,308,945,592)	(8,520,601,100)
						(25,259,325,096)

(2) Cash flow analysis for derivative financial instruments

The following table illustrates the details of the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves as at 30 June 2022 and 31 December 2021 for exchange rate as well.

Derivative settled on a gross basis

At 30 June 2022						
	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Cross currency swap						
Inflows	-	-	-	98,869,583	-	98,869,583
Outflows	-	-	-	(99,071,327)	-	(99,071,327)
	-	-	-	(201,744)	-	(201,744)
At 31 December 2021						
	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Cross currency swap						
Inflows	-	-	-	99,572,161	-	99,572,161
Outflows	-	-	-	(99,943,772)	-	(99,943,772)
	-	-	-	(371,611)	-	(371,611)

Derivative settled on a net basis

		At 30 June 2022					
		Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Interest rate swap							
Inflows		2,898,418	6,895,700	27,571,909	-	62,680,616	100,027,643

		At 31 December 2021					
		Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Interest rate swap							
Inflows		464,010	-	-	-	-	464,010
Outflows		-	(1,558,324)	(2,937,906)	(436,308)	-	(4,932,538)
		464,010	(1,558,324)	(2,937,906)	(436,308)	-	(4,468,528)

(b) Fair value estimation

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

(i) Financial instruments at fair value through profit or loss at each balance sheet date

	At 30 June 2022			Total
	Level 1	Level 2	Level 3	
Derivative financial assets	-	96,066,245	-	96,066,245
Derivative financial liabilities	-	(192,727)	-	(192,727)
	-	95,873,518	-	95,873,518

	At 31 December 2021			Total
	Level 1	Level 2	Level 3	
Derivative financial assets	-	9,951,154	-	9,951,154
Derivative financial liabilities	-	(14,749,642)	-	(14,749,642)
	-	(4,798,488)	-	(4,798,488)

(ii) Financial instruments not at fair value through profit or loss

(i) Finance lease and sale and leaseback receivables

The book value of lease receivable is determined using the effective interest rate method. As the effective interest rate of most finance lease business is determined based on the interest rate of the SOFR or LIBOR, the carrying value of finance lease and sale and leaseback receivables is close to its fair value.

(ii) Accounts receivable and other receivables

Accounts receivable and other receivables mainly consist of the advances for finance lease projects and loan receivables from related parties. The fair value of advances for finance lease projects and loan receivables from related parties with fixed period is measured using discounted cash flow method. The carrying value of loan receivables from related parties is close to their fair value.

(iii) Borrowings

The fair value of borrowings with fixed period is measured using discounted cash flow method. The borrowing rate is determined by the market rate. The management reviews and re-prices the borrowing rate periodically. As the discount rate is determined by the current borrowing rate with similar remaining period, the carrying value of borrowings is close to its fair value.

(iv) Bonds payable

The fair value of bonds payable is determined using data from Bloomberg. At 30 June 2022, the fair value is USD5,429,854,646 (At 31 December 2021, the fair value is USD6,454,362,547).

3 Critical accounting estimates and judgments

The preparation of Interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim financial information, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were consistent with those that applied to the Group's consolidated financial statements for the year ended 31 December 2021.

4 Revenue

	<i>Six months ended 30 June</i>	
	<i>2022</i>	<i>2021</i>
Operating lease income	517,917,729	452,851,241
Finance lease income	56,070,867	59,938,699
Income from sale and leaseback arrangement	52,540,747	43,029,783
Interest income (Note 28(a)(ii))	<u>153,280,550</u>	<u>146,649,603</u>
	<u>779,809,893</u>	<u>702,469,326</u>

5 Costs

	<i>Six months ended 30 June</i>	
	<i>2022</i>	<i>2021</i>
Interest expense		
Interest expense from related parties' borrowings	178,923,739	165,808,861
Interest expense of bonds	80,207,594	96,260,056
Interest expense from bank borrowings	39,172,060	24,930,713
Less: Borrowing costs capitalised in prepayments for lease assets	<u>(7,035,869)</u>	<u>(3,642,155)</u>
Interest expense recognised in profit or loss	291,267,524	283,357,475
Depreciation		
Depreciation of the ships	268,956,558	241,414,168
Other operating expenses	<u>16,486,525</u>	<u>7,114,235</u>
	<u>576,710,707</u>	<u>531,885,878</u>

6 Other income, gains or losses

	Six months ended 30 June	
	2022	2021
Bank interest income	17,537,118	6,400,630
Fair value changes of fair value hedge-interest rate caps	763,174	28,123
Net gains on disposal of operating lease assets	637,020	13,981,083
Fee and commission expenses	(1,821,344)	(836,270)
Net foreign exchange losses	(3,015,314)	(602,533)
	<u>14,100,654</u>	<u>18,971,033</u>

7 Administrative expenses

	Six months ended 30 June	
	2022	2021
Legal advisory fee	388,227	923,897
Sundry expenses	196,917	243,334
Employee benefits and welfare	45,163	837,606
Depreciation charge of right-of-use assets	36,279	45,289
	<u>666,586</u>	<u>2,050,126</u>

8 Reversal / (charge) of credit impairment losses

	Six months ended 30 June	
	2022	2021
Reversal / (charge) of credit impairment for finance lease and sale and leaseback receivables	98,083,256	(38,529,500)
Reversal / (charge) of credit impairment for accounts receivable	592,423	(612,642)
Charge of credit impairment for other receivables	(716,312)	(634,525)
(Charge) / reversal of credit impairment for cash at bank	(2,049,555)	1,812,057
	<u>95,909,812</u>	<u>(37,964,610)</u>

9 Charge of impairment losses on operating leased assets

	Six months ended 30 June	
	2022	2021
Charge of impairment losses on ships leased out under operating leases	<u>9,397,023</u>	<u>-</u>

10 Taxation

(a) Taxation charged to profit or loss :

	<i>Six months ended 30 June</i>	
	<i>2022</i>	<i>2021</i>
Current income tax		
– Income tax in Hong Kong	10,176,309	7,631,101
– Income tax in Singapore	132,131	83,159
Deferred tax	<u>18,379,438</u>	<u>(6,028,282)</u>
	<u>28,687,878</u>	<u>1,685,978</u>

The applicable enterprise income tax rates are 16.5% for the Company and all its subsidiaries established in Hong Kong and 17% for subsidiaries in Singapore.

(b) Deferred tax assets recognised:

(i) The movement in the deferred income tax account are as follows:

	<i>For the six months ended 30 June 2022</i>	<i>For the year ended 31 December 2021</i>
Balance at the beginning of the period / year		
Deferred tax assets	31,054,717	26,000,684
Deferred tax liabilities	<u>(1,641,940)</u>	<u>(4,331,092)</u>
	29,412,777	21,669,592
Recognised in profit or loss	(18,379,438)	15,163,501
Recognised in other comprehensive income	<u>(16,484,957)</u>	<u>(7,420,316)</u>
Balance at the end of the period / year		
Deferred tax assets	10,273,389	31,054,717
Deferred tax liabilities	<u>(15,725,007)</u>	<u>(1,641,940)</u>
	<u>(5,451,618)</u>	<u>29,412,777</u>

- (ii) Deferred tax assets and liabilities not considering the offsetting of balances are set out as follows:

	<u>At 30 June 2022</u>		<u>At 31 December 2021</u>	
	<i>Deferred tax assets</i>	<i>Deductible temporary differences</i>	<i>Deferred tax assets</i>	<i>Deductible temporary differences</i>
ECL allowance	10,241,589	53,974,706	28,621,027	132,752,985
Change in fair value of derivative financial instruments	31,800	192,727	2,433,690	14,749,642
	<u>10,273,389</u>	<u>54,167,433</u>	<u>31,054,717</u>	<u>147,502,627</u>

	<u>At 30 June 2022</u>		<u>At 31 December 2021</u>	
	<i>Deferred tax liabilities</i>	<i>Taxable temporary differences</i>	<i>Deferred tax liabilities</i>	<i>Taxable temporary differences</i>
Change in fair value of derivative financial instruments	<u>(15,725,007)</u>	<u>(95,303,073)</u>	<u>(1,641,940)</u>	<u>(9,951,154)</u>

- (c) Current income tax liabilities

	<u>At 30 June 2022</u>	<u>At 31 December 2021</u>
Corporate income tax payables	<u>15,351,675</u>	<u>13,551,850</u>

11 Property, plant and equipment

	<i>Ships leased out under operating leases</i>
Cost	
At 1 January 2021	8,252,855,953
Increase in current year	1,867,715,328
Decrease in current year	(536,046,037)
At 31 December 2021	9,384,525,244
Increase in current period	1,482,024,128
Decrease in current period	(655,875,562)
At 30 June 2022	10,210,673,810
Accumulated depreciation	
At 1 January 2021	(1,401,373,973)
Increase in current year	(492,746,302)
Decrease in current year	187,847,507
At 31 December 2021	(1,706,272,768)
Increase in current period (Note 5)	(268,956,658)
Decrease in current period	120,009,227
At 30 June 2022	(1,855,220,199)
Provision for impairment losses	
At 1 January 2021	(36,408,411)
Increase in current year	(55,945,293)
Decrease in current year	30,142,709
At 31 December 2021	(62,210,995)
Increase in current period	(9,397,023)
Decrease in current period	19,706,466
At 30 June 2022	(51,901,552)
At 31 December 2021	7,616,041,481
At 30 June 2022	8,303,552,069

For ships, the recoverable amount was determined based on the higher of fair value less costs of disposal and value in use. Value in use is calculated by discounting the estimate future cash flows of ships to their present value using the pre-tax discount rate.

12 Prepayments for operating lease assets

	At 30 June 2022	At 31 December 2021
Prepayments for operating lease assets purchases	<u>892,365,064</u>	<u>579,155,527</u>

13 Finance lease and sale and leaseback receivables

(a) Aging Analysis

	At 30 June 2022	At 31 December 2021
Net investment in finance lease (i)	2,205,298,033	2,480,730,653
Receivables arising from sale and leaseback arrangement (ii)	<u>1,867,383,310</u>	<u>1,993,929,660</u>
Net finance lease and sale and leaseback receivables	4,072,681,343	4,474,660,313
Less: Provision for impairment losses	<u>(53,179,858)</u>	<u>(151,795,417)</u>
Carrying amount of finance lease and sale and leaseback receivables	<u>4,019,501,485</u>	<u>4,322,864,896</u>
Including: Non-current portion	3,674,148,621	3,951,624,576
Current portion	345,352,864	371,240,320

(i) Net investment in finance lease

	At 30 June 2022	At 31 December 2021
Gross amount of finance lease analysed by maturity		
Within one year	267,952,263	290,777,717
After 1 year and within 2 years	258,498,872	285,846,764
After 2 year and within 3 years	238,945,620	279,131,751
After 3 year and within 4 years	264,883,286	354,092,885
After 4 year and within 5 years	284,887,758	275,603,518
After 5 years	<u>1,482,719,212</u>	<u>1,617,934,114</u>
	2,797,887,011	3,103,386,749
Less: Unearned finance income	<u>(592,588,978)</u>	<u>(622,656,096)</u>
	<u>2,205,298,033</u>	<u>2,480,730,653</u>
Net investment in finance lease analysed by maturity		
Within one year	172,999,751	193,900,908
After 1 year and within 2 years	164,033,665	190,243,470
After 2 year and within 3 years	152,632,940	191,353,014
After 3 year and within 4 years	186,776,445	276,152,658
After 4 year and within 5 years	217,175,754	208,896,887
After 5 years	<u>1,311,679,478</u>	<u>1,420,183,716</u>
	<u>2,205,298,033</u>	<u>2,480,730,653</u>

(ii) Receivables arising from sale and leaseback arrangement

	At 30 June 2022	At 31 December 2021
Net receivables arising from sale and leaseback arrangement analysed by maturity		
Within one year	183,316,691	190,375,345
After 1 year and within 5 years	659,025,241	700,563,481
After 5 years	1,026,041,378	1,102,990,834
	<u>1,867,383,310</u>	<u>1,993,929,660</u>

The term of finance leases entered into by the Group is from 2.5 to 15 years.

The term of sale and leaseback arrangement entered into by the Group is from 3 to 15 years.

(b) Credit losses of receivables arising from finance lease and sale and leaseback receivables

The movement in the ECL during the year, is as follows:

	At 30 June 2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3	Subtotal
At the beginning of the year	49,846,723	101,948,694	-	151,795,417
Transfers:				
Transfer to Stage 1	8,515,012	(8,515,012)	-	-
Transfer to Stage 3	-	(93,433,682)	93,433,682	-
Reversal	(9,128,541)	-	(88,954,715)	(98,083,256)
Others	(532,303)	-	-	(532,303)
At the end of the period	<u>48,700,891</u>	<u>-</u>	<u>4,478,967</u>	<u>53,179,858</u>

	At 31 December 2021			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3	Subtotal
At the beginning of the year	41,898,622	28,342,760	-	70,241,382
Transfers:				
Transfer to Stage 2	(1,461,401)	1,461,401	-	-
Provision	9,812,354	72,434,943	-	82,247,297
Others	(402,852)	(290,410)	-	(693,262)
At the end of the year	<u>49,846,723</u>	<u>101,948,694</u>	<u>-</u>	<u>151,795,417</u>

14 Accounts receivable

	At 30 June 2022	At 31 December 2021
Advances for finance lease projects (a)	97,626,026	150,984,166
Operating lease receivable	23,929,889	19,285,984
Net accounts receivable	121,555,915	170,270,150
Less: ECL allowance for advances for finance lease projects (a)	(1,365,638)	(2,027,719)
Less: ECL allowance for operating lease receivables	(358,948)	(289,290)
ECL allowance for accounts receivable	(1,724,586)	(2,317,009)
	119,831,329	167,953,141
Including: Non-current portion	96,280,388	148,956,447
Current portion	23,570,941	18,996,694

- (a) The advances for finance lease projects arise from situations where the Group has already made payments to lessees but the leased assets are under construction. The Group has not obtained the ownership of such leased assets. Lease term will commence once the construction of such leased assets are completed. The advances for finance lease projects will then be transferred to finance lease and sale and leaseback receivables.

Movements of impairment provision on advances for finance lease projects during the six months ended 30 June 2022 and the year ended 31 December 2021 are as follows:

	Six months ended at 30 June 2022	Year ended at 31 December 2021
Stage 1 12-month ECL		
At the beginning of the period / year	2,027,719	3,817,702
Reversal	(662,081)	(1,789,983)
At the end of the period / year	1,365,638	2,027,719

15 Other receivables

	At 30 June 2022	At 31 December 2021
Loans to related parties (a) (Note 26(a)(i))	10,536,284,559	10,143,217,439
Other receivables from third parties	20,821,020	3,447,884
Other receivables from related parties (Note 26(a)(i))	15,906,454	15,624,691
Guarantee deposit for derivatives	-	5,610,000
Subtotal	10,573,012,033	10,167,900,014
Less: ECL allowance	(8,371,631)	(7,684,423)
	<u>10,564,640,402</u>	<u>10,160,215,591</u>
Including: Non-current portion	10,421,527,240	10,153,532,958
Current portion	143,113,162	6,682,633

- (a) Loans to related parties ranges from 1 years to 9 years, and the interest rates range from 0.12% to 4.70%. The interest rate to the related parties is determined by the market rate. The management reviews and renews the interest rate to the related parties periodically.

Movements of impairment provision on other receivables during the six months ended 30 June 2022 and the year ended 31 December 2021 are as follows:

	Six months ended at 30 June 2022	Year ended at 31 December 2021
Stage 1 12-month ECL		
At the beginning of the period / year	7,684,423	10,160,234
Provision / (reversal)	785,971	(2,437,670)
Net exchange differences	(98,763)	(38,141)
At the end of the period / year	<u>8,371,631</u>	<u>7,684,423</u>

16 Other assets

	At 30 June 2022	At 31 December 2021
Prepaid fee	17,623,691	18,947,488
Right-of-use assets	84,948	121,226
	<u>17,708,639</u>	<u>19,068,714</u>
Including: Non-current portion	13,428,602	14,776,216
Current portion	4,280,037	4,292,498

17 Derivative financial assets and liabilities

At 30 June 2022	Contractual / nominal amount	Fair value	
		Assets	Liabilities
Derivatives under hedge accounting:			
Cash flow hedge – interest rate swaps (a)	2,405,000,000	95,243,733	-
Cash flow hedge – cross currency swaps (b)	298,789,426	-	(192,727)
Fair value hedge – interest rate caps (c)	70,864,500	822,512	-
	<u>2,774,633,926</u>	<u>96,066,245</u>	<u>(192,727)</u>

At 31 December 2021	Contractual / nominal amount	Fair value	
		Assets	Liabilities
Derivatives under hedge accounting:			
Cash flow hedge – interest rate swaps (a)	2,300,000,000	9,891,816	(14,378,031)
Cash flow hedge – cross currency swaps (b)	99,383,597	-	(371,611)
Fair value hedge – interest rate caps (c)	83,226	69,338	-
	<u>2,399,466,822</u>	<u>9,951,154</u>	<u>(14,749,642)</u>

The fair values of interest rate swaps and cross currency swaps as shown above are determined with reference to mark-to-market values provided by counterparties.

Hedge accounting has been applied for interest rate swaps and cross currency swaps that are assessed by the Group to be highly effective.

The Group determines the economic relationship between the hedging instruments and the hedged items by matching the critical terms of interest rate swap and cross currency swap contracts with the terms of borrowing and bond payable contracts (i.e., notional amount, expected payment date and interest rate). The hedge ratio (the ratio between the notional amount of the derivatives to the par value of the borrowings and bonds payable being hedged) is determined to be 1:1. The Group mainly uses regression analysis to evaluate the effectiveness of hedging. With the supporting of testing results, the Group's management considers the hedging relationship to be highly effective.

- (a) The Group uses these interest rate swaps to hedge against the exposure to variability in cash flows from related bonds payable which are pegged to USD Libor. Under these interest rate swaps, the Group receives floating interest pegged to USD Libor and pays fixed interest. These hedges are classified as cash flow hedges and the fair value changes of these interest rate swaps are recognised in hedging reserve.
- (b) The Group uses these cross currency swaps to hedge against the exposure to variability in cash flows for the related borrowings. Under these cross currency swaps, the Group receives HKD and CNY principal with fixed interest, and pays USD principal with fixed interest. These hedges are classified as cash flow hedges and the fair value changes of these cross currency swaps are recognised in hedging reserve.

- (c) The Group uses these interest rate caps to hedge against the exposure to variability in cash flows from related bank borrowings which are pegged to USD Libor. Under these interest rate caps, the Group receives floating interest exceed the fixed interest pegged to USD Libor. These hedges are classified as fair value hedges and the fair value changes of these interest rate caps are recognised in profit or loss.

- (d) Effect of IBOR reform on Hedge accounting

During the transition period of interest rate benchmark reform, interest rate benchmarks are assumed to continue unaltered for the purposes of hedge accounting until such time as the uncertainty is resolved.

Significant judgement will be required in determining when uncertainty is expected to be resolved and therefore when the temporary exceptions will cease to apply. However, the Group has determined that the uncertainty continued to exist at 30 June 2022 and so the temporary exceptions apply to all of the Group's hedge accounting relationships that reference benchmarks are subject to reform.

18 Cash and cash equivalents and other cash flow information

- (a) Cash and cash equivalents comprise:

	At 30 June 2022	At 31 December 2021
Cash at bank	3,558,779,276	1,873,840,855
Less: ECL allowance	(5,635,441)	(3,587,307)
	<u>3,553,143,835</u>	<u>1,870,253,548</u>

(b) Reconciliation of profit before taxation to cash generated from operations:

	Six months ended 30 June	
	2022	2021
Profit before taxation	303,046,043	149,539,745
Adjustments for:		
Interest expense	291,267,524	283,357,475
Depreciation for property, plant and equipment and right-of-use assets	268,992,937	241,459,457
Interest income from loans to related parties	(153,280,550)	(146,649,603)
Fair value changes of fair value hedge-interest rate caps	(763,174)	(28,123)
Gains on disposal of property, plant and equipment	(637,020)	(13,981,083)
Net exchange differences	3,015,314	602,533
(Reversal) / charge of credit impairment losses	(95,909,812)	37,964,610
Charge of impairment losses on operating lease assets	9,397,023	-
Operating cash flows before movements in working capital	625,128,285	552,265,011
Decrease / (increase) in accounts receivable	48,714,235	(89,087,566)
Decrease / (increase) in finance lease and sale and leaseback receivables	115,542,344	(389,485,949)
Increase in other receivables	(11,994,889)	(8,276,177)
Decrease in other assets	1,323,797	3,360,382
Increase / (decrease) in other liabilities	32,497,666	(721,650,502)
Cash generated from / (used in) operations	811,211,428	(652,874,801)

19 Borrowings

	At 30 June 2022	At 31 December 2021
Unsecured borrowings	17,525,811,709	13,773,029,754
Collateralised borrowings from banks (a)	2,532,922,563	2,928,797,909
	<u>20,058,734,272</u>	<u>16,701,827,663</u>
Including: Non-current portion	16,648,939,536	14,303,312,094
Current portion	3,409,794,736	2,398,515,569

The terms of borrowings range from 1 month to 10 years, and the interest rates range from 0.25% to 4.25%. The borrowing rate from the related parties is determined by the market rate. The management reviews and renews the borrowing rates from the related parties periodically.

- (a) Collateralised bank borrowings were pledged by property, plant and equipment leased out under operating lease or finance lease and sale and leaseback receivables with carrying amounts as follows:

	<i>At 30 June 2022</i>	<i>At 31 December 2021</i>
Property, plant and equipment	2,769,419,000	3,295,281,836
Finance lease and sale and leaseback receivables	932,655,271	1,071,626,732
	<u>3,702,074,271</u>	<u>4,366,908,568</u>

20 Bonds payable

	<i>At 30 June 2022</i>	<i>At 31 December 2021</i>
Carried at amortised cost:	<u>5,511,463,150</u>	<u>6,443,801,160</u>
Including: Non-current portion	4,066,160,900	5,328,633,516
Current portion	1,445,302,250	1,115,167,644

Detailed information of bonds held at amortised cost is as follows:

	Currency	Issue place	Par value	Issue amount	Value date	Maturity date	Coupon rate	Balance at the end of the period	Balance at the beginning of the year
Medium Term Note Programme	USD	Hong Kong	950,000,000	955,641,392	25/01/2018	25/01/2023	3.7500%	964,848,430	964,224,750
Long Term Note Programme	USD	Hong Kong	250,000,000	254,116,158	25/01/2018	25/01/2028	4.0000%	252,298,647	252,200,616
Medium Term Note Programme	USD	Hong Kong	700,000,000	787,041,656	22/01/2019	22/01/2022	4.0000%	-	814,278,157
Medium Term Note Programme	USD	Hong Kong	700,000,000	638,681,449	22/01/2019	22/01/2024	4.3750%	711,488,248	711,095,412
Medium Term Note Programme	USD	Hong Kong		118,307,388	12/04/2019	12/04/2022	3-month USD LIBOR+1.2%	-	120,399,453
Medium Term Note Programme	USD	Hong Kong	400,000,000	405,556,033	05/09/2019	05/09/2024	3-month USD LIBOR+1.175%	399,803,229	399,857,775
Medium Term Note Programme	USD	Hong Kong	200,000,000	202,776,017	05/09/2019	05/09/2024	2.6250%	200,997,258	200,960,863
Medium Term Note Programme	USD	Hong Kong	180,000,000	180,000,000	25/10/2019	25/10/2022	3-month USD LIBOR+1.05%	180,488,942	180,489,034
Medium Term Note Programme	USD	Hong Kong	600,000,000	600,000,000	10/12/2019	10/12/2024	3-month USD LIBOR+1.075%	599,911,667	599,782,359
Medium Term Note Programme	USD	Hong Kong	500,000,000	500,000,000	02/03/2020	02/03/2025	3-month USD LIBOR+0.95%	500,167,107	500,235,415
Medium Term Note Programme	USD	Hong Kong	300,000,000	300,000,000	02/03/2020	02/03/2023	1.1800%	300,184,876	300,155,287
Medium Term Note Programme	USD	Hong Kong	350,000,000	350,000,000	14/07/2020	14/07/2023	1.7500%	352,201,440	351,989,402
Medium Term Note Programme	USD	Hong Kong	450,000,000	450,000,000	14/07/2020	14/07/2025	3-month USD LIBOR+1.7%	451,918,721	450,928,240
Medium Term Note Programme	USD	Hong Kong	500,000,000	500,000,000	18/06/2021	18/06/2024	3-month USD LIBOR+1%	498,264,501	497,798,147
Medium Term Note Programme	HKD	Hong Kong	775,000,000	776,000,000	27/09/2021	18/09/2024	1.0700%	99,110,081	99,705,250
Total								5,511,463,150	6,443,801,160

21 Other liabilities

	At 30 June 2022	At 31 December 2021
Advances from lessees	389,020,250	358,048,983
Deposits from lessees	356,259,111	389,144,981
Other payables to related parties (Note 26(a)(i))	143,088,844	143,557,279
Other payables to third parties	22,025,253	2,700,071
Lease liabilities	90,424	89,136
	<u>910,483,882</u>	<u>893,540,450</u>
Including: Non-current portion	526,920,113	529,711,486
Current portion	383,563,769	363,828,964

22 Capital

(a) Issued share capital

	Number of Share	Share capital HK\$
Ordinary share, issued and fully paid:		
At 30 June 2022 and 31 December 2021	<u>1</u>	<u>1</u>

Ordinary share has no par value.

(b) Capital management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the Group's capital management objectives.

The Company defines "capital" as including all components of equity plus loans from group companies repayable on demand, less unaccrued proposed dividends. Trading balances that arise as a result of trading transactions with other group companies are not regarded by the Company as capital.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the Group, to the extent that these do not conflict with the directors' fiduciary duties towards the Company or the requirements of the Hong Kong Companies Ordinance. The results of the directors' review of the Company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

The Company was not subject to externally imposed capital requirements in either the current or prior year.

(c) Dividends

For the six months ended 30 June 2022 and for the year ended 31 December 2021, the Group did not appropriated any dividend to its shareholder.

23 Other reserve

	<i>At 30 June 2022</i>	<i>At 31 December 2021</i>
Hedging reserve	<u>79,459,706</u>	<u>(3,867,799)</u>

The movements of hedging reserve of the Group are set out below:

	<i>For the six months ended 30 June 2022</i>	<i>For the year ended 31 December 2021</i>
At the beginning of the period / year	(3,867,799)	(68,761,481)
The net change of hedging reserve during the period / year		
Change in fair value of hedging instrument recognised in other comprehensive income	99,812,462	72,313,998
Deferred income tax recognised in other comprehensive income	<u>(16,484,957)</u>	<u>(7,420,316)</u>
At the end of the period / year	<u>79,459,706</u>	<u>(3,867,799)</u>

24 Capital expenditure commitments

Capital expenditures contracted by the Group at 30 June 2022 and 31 December 2021 but are not yet to be recognised on the statements of financial position are as follows:

	<i>At 30 June 2022</i>	<i>At 31 December 2021</i>
Acquisition of ships leased out under operating lease	<u>2,975,944,966</u>	<u>2,923,334,605</u>

25 Analysis of future operating lease receivable

At 30 June 2022 and 31 December 2021, the Group is entitled to receive the minimum cash lease rentals under non-cancellable operating lease which fall due as follows:

	At 30 June 2022	At 31 December 2021
Within 1 year	1,042,601,423	941,324,709
After 1 year and within 2 years	1,003,402,365	916,536,487
After 2 year and within 3 years	909,690,608	889,662,243
After 3 year and within 4 years	819,753,341	783,300,965
After 4 year and within 5 years	724,507,686	698,257,451
After 5 years	3,145,341,575	2,893,428,561
Total	<u>7,645,296,998</u>	<u>7,102,510,416</u>

26 Material Related party transactions

(a) Transactions with related parties

(i) The balances of transactions with related parties

	At 30 June 2022	At 31 December 2021
Cash and cash equivalents		
- Deposits with BoCom	39,856,544	82,743,780
Other receivables		
- Loans to subsidiaries of BoCom	10,536,284,559	10,143,217,439
- Other receivables from subsidiaries of BoCom	15,906,454	15,624,691
Borrowings		
- Borrowings from subsidiaries of BoCom	(8,972,408,593)	(8,669,181,666)
- Borrowings from BoCom	(8,019,485,902)	(4,483,629,846)
Other liabilities		
- Other payables to subsidiaries of BoCom	(143,088,844)	(143,557,279)

(ii) Transactions with related parties

	Six months ended 30 June	
	2022	2021
Revenue		
- Interest income from subsidiaries of BoCom	153,280,550	146,649,603
Other income, gains or losses		
- Interest income from BoCom	2,449	48,119
Cost		
- Interest expense to subsidiaries of BoCom	(130,957,064)	(137,631,368)
- Interest expense to BoCom	(47,966,675)	(28,177,493)

- (b) Relationships with the related parties under the transactions stated in Note 26(a) are as follows:

Name of the entities	Relationship with the Group
BoCom	Ultimate holding company
Bocom Leasing Development Hong Kong Co., Limited	Fellow subsidiary of the Group
Bank of Communications Aviation and Shipping Financial Leasing Company Limited	Fellow subsidiary of the Group
Bocomm Aviation Leasing Ireland Company Limited	Fellow subsidiary of the Group
Bocomm International Ship Lease Co Limited	Fellow subsidiary of the Group
Jiarui International Ship Lease Pte Ltd	Fellow subsidiary of the Group
Jiachi International Ship Lease Pte Ltd	Fellow subsidiary of the Group
Xiangmao International Ship Lease Co Limited	Fellow subsidiary of the Group
Xiangli International Ship Lease Co Ltd	Fellow subsidiary of the Group
Xiangrong International Ship Lease Co Limited	Fellow subsidiary of the Group
Rong Kong United Finance Co Limited	Fellow subsidiary of the Group
Xingxing International Ship Lease Pte Limited	Fellow subsidiary of the Group
Xingtong International Ship Lease Pte Limited	Fellow subsidiary of the Group
HYZL Investment Co Limited	Fellow subsidiary of the Group
HYZL Development Co Limited	Fellow subsidiary of the Group

27 Company-level financial statements

(a) Statement of financial position of the Company

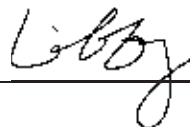
	At 30 June 2022	At 31 December 2021
Non-current assets		
Other receivables	9,091,786,333	8,728,823,137
Other assets	2,208,106	3,133,923
Investment in subsidiaries	230,478,534	230,327,736
Deferred tax assets	2,106,028	4,152,456
Derivative financial assets	63,727,445	-
	<u>9,390,306,446</u>	<u>8,966,437,252</u>
Current assets		
Other receivables	-	5,525,850
Other assets	1,019,708	2,951,013
Cash and bank balances	3,314,422,160	1,573,270,746
	<u>3,315,441,868</u>	<u>1,581,747,609</u>
Total assets	<u>12,705,748,314</u>	<u>10,548,184,861</u>
Current liabilities		
Borrowings	3,191,233,647	1,769,329,685
Bonds Payable	480,653,820	1,115,167,644
Other liabilities	128,642,251	129,160,681
	<u>3,800,529,718</u>	<u>3,013,658,010</u>
Net current liabilities	<u>(485,087,850)</u>	<u>(1,431,910,401)</u>
Total assets less current liabilities	<u>8,905,218,596</u>	<u>7,534,526,851</u>

	At 30 June 2022	At 31 December 2021
Non-current liabilities		
Borrowings	4,967,035,126	3,383,560,141
Bonds payable	3,813,862,253	4,112,207,950
Other liabilities	17,490,422	89,139
Derivative financial liabilities	192,727	14,749,642
Deferred tax liabilities	10,515,029	-
	<u>8,809,095,557</u>	<u>7,510,606,872</u>
Net assets	<u>96,123,039</u>	<u>23,919,979</u>
Equity		
Share capital	-	-
Other reserve	53,143,606	(12,127,465)
Retained earnings	42,979,433	36,047,444
Total equity	<u>96,123,039</u>	<u>23,919,979</u>

The financial statements of the Company were approved by the board of directors on 29 September 2022.



Zichu Cai
Director



Libi Mao
Director

(b) Reserve movement of the Company

	Other reserve	Retained earnings	Total
Balance at 1 January 2021	(68,761,481)	26,738,841	(42,022,640)
Changes in equity for the six months ended 30 June 2021			
Loss for the period	-	(1,616,569)	(1,616,569)
Other comprehensive income for the period	27,955,107	-	27,955,107
Total comprehensive income	27,955,107	(1,616,569)	26,338,538
Balance at 30 June 2021	<u>(40,806,374)</u>	<u>25,122,272</u>	<u>(15,684,102)</u>
Balance at 1 January 2022	(12,127,465)	36,047,444	23,919,979
Changes in equity for the six months ended 30 June 2022			
Profit for the period	-	6,931,989	6,931,989
Other comprehensive income for the period	65,271,071	-	65,271,071
Total comprehensive income	65,271,071	6,931,989	72,203,060
Balance at 30 June 2022	<u>53,143,606</u>	<u>42,979,433</u>	<u>96,123,039</u>

28 Comparative figures

Certain comparative amounts have been reclassified to conform with the current period's presentation.

29 Immediate and ultimate controlling party

At 30 June 2022, the directors consider the immediate parent of the Company to be Bank of Communications Aviation and Shipping Financial Leasing Co. Ltd., a company incorporated in Shanghai, China and registered in Shanghai, China. At 30 June 2022, the director considers the ultimate controlling party of the Company to be BoCom, a company established in Shanghai, China. The immediate parent of the Company does not produce financial statements available for public use while the ultimate controlling party produces financial statements available for public use.

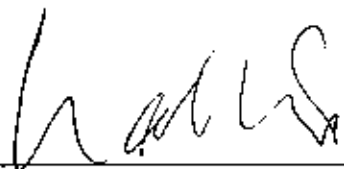
BOCOM LEASING MANAGEMENT HONG KONG COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

REPORT OF THE DIRECTORS AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Certified true copy

Acknowledgement
Companies Registry
H.K.

13/07/2022 11:05:17
Submission No/Seq No: 231572825/2
CR No: 2294539
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Name: Chan Wing Sze representing
Apex Corporate Solutions (HK) Limited
Capacity: Secretary
Date: 11 July 2022

BOCOM LEASING MANAGEMENT HONG KONG COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the consolidated financial statements of Bocom Leasing Management Hong Kong Company Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2021.

Principal activity

The principal activity of the Group is ship leasing.

Share capital

Details of share capital of the Company are set out in Note 20 to the consolidated financial statements.

Results and appropriations

The results of the Group for the year are set out in the statement of comprehensive income on page 1.

The directors do not recommend the payment of a dividend for the year ended 31 December 2021.

Directors

(a) Directors of the Company

The directors of the Company during the year and up to the date of this report were:

Zichu Cai
Jing Wang (resigned on 9 September 2021)
Kwai Yee Cheung (resigned on 12 April 2021)
Ruijia Wang (appointed on 21 April 2021)
Li Bi Mao (appointed on 9 September 2021)

In accordance with the article 24 of the Articles of Association of the Company, Ms Ruijia Wang shall retire from office, and being eligible for reappointment to the office at the forthcoming annual general meeting.

(b) Directors of the subsidiaries of the Company

The list of directors of the Company who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report is available at the registered office of the Company.

Directors' material interests in transactions, arrangements and contracts that are significant in relation to the Group's business

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Group, its fellow subsidiaries or its parent company was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

BOCOM LEASING MANAGEMENT HONG KONG COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

REPORT OF THE DIRECTORS (CONTINUED)

Directors' interests in the shares and debentures of the Group or any other body corporate

At no time during the year was the Group, its fellow subsidiaries or its parent company a party to any arrangement to enable the directors of the Group (or whose nominees) to acquire benefits by means of acquisition of shares in, or debentures of, the Group or any other body corporate.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

Permitted indemnity provisions

Pursuant to the Group's Articles of Association, a director or former director of the Group may be indemnified out of the Group's assets against any liability incurred by the director to a person other than the Group or an associated company of the Group in connection with any negligence, default, breach of duty or breach of trust in relation to the Group or associated company. The Group has arranged appropriate directors' and officers' liability insurance for the directors and officers of the Group during the year and up to the date of this report.

Business review

No business review is presented for the year ended 31 December 2021 as the Group has been able to claim an exemption under section 368(3) of the Companies Ordinance since it is a wholly owned subsidiary of Bank of Communications Aviation and Shipping Financial Leasing Company Limited.

Auditor

The financial statements for the year ended 31 December 2021 have been audited by PricewaterhouseCoopers, who shall retire as auditor upon expiration of their current term of office. Due to the requirement on rotation of auditor applicable to Bank of Communications Co., Ltd., a resolution for the appointment of incoming auditor of the Group for the financial year ending 31 December 2022 is to be proposed by circulating written resolutions of the sole member of the Group.

On behalf of the Board



Zichu Cai
Director

Hong Kong, 20 May 2022

Independent Auditor's Report

To the Shareholder of Bocom Leasing Management Hong Kong Company Limited
(Incorporated in Hong Kong with limited liability)

Opinion*What we have audited*

The consolidated financial statements of Bocom Leasing Management Hong Kong Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 10 to 77, comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Expected credit losses for finance lease and sale and leaseback receivables
- Impairment of ships leased out under operating lease

Key Audit Matter

How our audit addressed the Key Audit Matter

Expected credit losses for finance lease and sale and leaseback receivables

Refer to Notes 2.7.1, 3.1(a), 4(a), 9 and 13 to the consolidated financial statements.

As at 31 December 2021, the net carrying amount of the Group's finance lease and sale and leaseback receivables amounted to USD 4,322.86 million, after deducting an allowance for impairment losses of USD 151.80 million. Impairment loss on these receivables recognised in the Group's consolidated statement of comprehensive income during the year then ended amounted to USD 82.25 million.

The Group assesses whether the credit risks of finance lease and sale and leaseback receivables have increased significantly since their initial recognition, or a default was incurred, and applies a three-stage impairment model and discounted cash flow model ("DCF") to calculate their expected credit losses ("ECL"). For finance lease and sale and leaseback receivables classified into stages 1 and 2, the management assesses impairment losses using the risk parameter modelling approach that incorporates key parameters, including probability of default, loss given default, exposure at default. For finance lease and sale and leaseback receivables in stage 3, the management assesses impairment losses by

We assessed the inherent risk of material misstatement on expected credit losses for finance lease and sale and leaseback receivables by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity and susceptibility to management bias or fraud.

The major procedures we performed primarily include:

- We understood and evaluated the key controls over the measurement of expected credit losses for finance lease and sale and leaseback receivables from data input through to ECL recording.
- We assessed the appropriateness of the modelling methodologies adopted for ECL measurement by comparing with the industry practice. We also performed back-testing of the actual defaults against expected defaults generated from the model as at the end of the previous year on sample basis.
- For loss given default, we tested the estimated realisation value of the underlying leased assets on a sample basis by comparing with external available market value, recalculated the loss given default, and compared this with that adopted in the model.

Key Audit Matter

estimating the future cash flows from finance lease and sale and leaseback receivables.

The measurement models of ECL involves significant management judgments and assumptions, primarily including:

- (1) Methodology of models and determination of relevant key measurement parameters;
- (2) Criteria for determining whether or not there was a significant increase in credit risk, or a default or credit-impaired was incurred;
- (3) Economic indicators for forward-looking measurement, and the application of economic scenarios and weightings; and
- (4) The estimated future cash flows for finance lease and sale and leaseback receivables in stage 3 (none for 2021).

For measuring expected credit losses, the Group adopts complex models with numerous parameters and data inputs, and applies significant management judgments and assumptions. In addition, the finance lease and sale and leaseback receivables together with the related potential ECL exposure are significant. In view of these reasons, we identified this as a key audit matter.

How our audit addressed the Key Audit Matter

- We examined data inputs to the ECL models such as credit exposures, lease payment maturity dates and internal credit ratings for selected samples, including the historical data and the data at the measurement date, by checking against supporting documents such as lease contracts and lessees' basic information. We also performed a reconciliation of the transmission of major data inputs between the models and the information systems.
- We assessed the appropriateness of management's criteria of the three stage classification of finance lease and sale and leaseback receivables taking into consideration the Group's credit risk profile and risk management practices, and selected samples to test the management's classification into the three stages by examining the financial and non-financial information of the lessees, assessing the overdue status of lease payments by comparing to maturity dates specified in lease contracts, and considering other relevant external evidences.
- For forward-looking measurements, we assessed management's selection of economic indicators and their analysis of correlation with the performance of the credit asset portfolios by using statistical techniques. We further tested the reasonableness of the prediction of economic indicators by comparing with available external expert estimates. In addition, we assessed the appropriateness of economic scenarios by performing sensitivity analysis and their weightings employed by performing historical back-testing.
- We tested, on a scope basis, the mathematical accuracy of the ECL models.

Key Audit Matter

How our audit addressed the Key Audit Matter

Impairment of ships leased out under operating leases

Refer to Notes 2.6, 4(b) and 11 to the consolidated financial statements.

As at 31 December 2021, the net carrying amount of the Group's ships leased out under operating leases amounted to USD 7,616.04 million, after deducting a provision for impairment losses of USD 62.21 million. Impairment loss on these assets recognised in the Group's consolidated statement of comprehensive income during the year then ended amounted to USD 55.95 million.

The Group enters into ship operating lease contracts with its lessees. The Group performs impairment test for all ships leased out under operating leases annually. Management measures the recoverable amount of such assets at higher of:

- Fair value based on the market pricing data, less costs of disposal. Fair value is obtained from independent professional pricing agencies, and costs of disposal is estimated by actual costs in similar disposals;
- The estimated value-in-use ("VIU") based on the present value of the expected future cash flows from lease, which is calculated by discounting the estimated future rentals and cash flows from residual value using an appropriate pre-tax discount rate.

We focused on this area because the amount of the Group's ships leased out under operating leases was significant and the measurement

Based on our procedures performed, we considered that the model methodology, key parameters, and significant judgement and assumptions adopted in the ECL models together with the measurement results were supported by the audit evidences we gathered.

We assessed the inherent risk of material misstatement on impairment of ships leased out under operating leases by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity and susceptibility to management bias or fraud.

The major procedures we performed primarily include:

- We understood and evaluated the key controls relating to the impairment of ships leased out under operating leases.
- We performed back testing of the impairment provisions made by management in the previous year by comparing their recoverable amounts at the beginning and end of the reporting period to assess the reasonableness of management's estimates.
- Fair value less cost of disposal - we selected samples to assess management's estimate of fair values by comparing with the fair values obtained from independent external professional pricing agencies. We also compared the estimated cost of disposal with the actual cost incurred for similar disposals in the past.
- Value-in-use calculations - we selected samples to compare the future rentals used in calculations against the rentals specified in the lease contracts. We tested, on sample basis, the ship's estimated residual value at the end of contractual lease period used in the calculations by comparing with information

Key Audit Matter

involves significant management judgments and assumptions.

How our audit addressed the Key Audit Matter

on residual values provided by independent professional pricing agencies.

We compared the adjusted weighted average cost of capital ("WACC") of similar listed entities with the WACC calculated by the management. We assessed the reasonableness of risk factors incorporated in the calculation of the adjusted WACC by examining available external evidence.

We tested the mathematical accuracy of the VIU calculations for all the ships leased out under operating leases.

- Calculation of impairment - we compared the carrying amounts of the leased assets with the recoverable amounts and recalculated the amount of impairment provision.

Based on the procedures performed, we considered the methods and key assumptions adopted in the impairment assessment of ships leased out under operating leases were supported by the evidence we gathered.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Directors for the Consolidated Financial Statements

The directors of the Group are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated 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 the directors 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lo Kai Leung, Thomas.



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 May 2022

BOCOM LEASING MANAGEMENT HONG KONG COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts in United States Dollars unless otherwise stated)

	Note	2021	2020
			(Restated, Note 27)
Revenue			
Operating lease income	5	941,006,501	950,869,378
Finance lease income	5	113,346,693	113,274,938
Income from sale and leaseback arrangement	5	78,628,667	69,443,974
Interest income	5	299,818,900	325,956,353
Total revenue		1,432,800,761	1,459,544,613
Cost			
Interest expense	6	(561,053,834)	(615,601,106)
Depreciation	6	(482,746,302)	(496,807,842)
Other operating expense	6	(14,103,094)	(22,164,331)
Total cost		(1,067,903,230)	(1,134,573,279)
Gross profit		364,897,531	324,971,334
Other income, gains or losses	7	30,280,987	(14,618,961)
Administrative expenses	8	(4,744,460)	(4,981,034)
Impairment losses on operating lease assets	11	(55,945,293)	(31,913,885)
Credit impairment losses	9	(77,251,281)	(57,681,178)
Profit before income tax		257,237,484	215,776,276
Income tax expense	10	(3,706,262)	(8,250,473)
Profit for the year		253,531,222	207,525,803
Other comprehensive income	21	64,893,682	(75,752,639)
Total comprehensive income		318,424,904	131,773,164

The notes on pages 1 to 68 are an integral part of these financial statements.

BDCOM LEASING MANAGEMENT HONG KONG COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

(All amounts in United States Dollars unless otherwise stated)

	Note	As at 31 December 2021	As at 31 December 2020 (Restated, Note 27)
Assets			
Non-current assets			
Property, plant and equipment	11	7,616,041,481	8,815,073,589
Prepayments for lease assets	12	579,155,527	215,042,285
Finance lease and sale and leaseback receivables	13	3,951,824,578	3,873,700,283
Accounts receivable	14	148,858,447	281,057,900
Other receivables	15	10,153,532,958	11,080,423,648
Other assets	16	14,779,218	19,200,123
Deferred tax assets	17	28,773,139	28,000,884
Derivative financial assets	18	9,851,154	26,249,038
Total non-current assets		22,502,811,495	22,136,747,731
Current assets			
Finance lease and sale and leaseback receivables	13	371,240,320	381,144,024
Accounts receivable	14	18,998,894	14,132,139
Other receivables	15	8,882,833	628,488,285
Other assets	16	4,282,488	589,887
Cash and cash equivalents	19	1,870,253,548	1,951,113,670
Total current assets		2,271,465,893	2,955,465,895
Total assets		24,774,277,188	25,092,213,536
Equity and liabilities			
Equity attributable to owners of the Group			
Share capital	20		
Other reserve	21	(3,867,789)	(88,781,481)
Retained earnings		705,032,282	515,868,347
Total equity		705,164,493	447,204,856
Liabilities			
Non-current liabilities			
Borrowings	22	14,303,312,094	13,587,389,881
Bonds payable	23	5,328,833,516	5,835,780,078
Other liabilities	24	528,711,486	409,589,054
Derivative financial liabilities	18	14,749,842	76,075,798
Deferred tax liabilities	17	1,841,840	4,331,082
Total non-current liabilities		20,178,048,678	19,913,155,884
Current liabilities			
Borrowings	22	2,398,515,569	2,851,310,683
Bonds payable	23	1,115,187,844	808,823,144
Current income tax liabilities	25	13,551,650	18,318,871
Other liabilities	24	383,828,894	1,152,400,268
Total current liabilities		3,891,084,027	4,731,852,966
Total liabilities		24,069,112,705	24,645,008,870
Total equity and liabilities		24,774,277,188	25,092,213,536

The financial statements were approved by the Board of Directors on 20 May 2022.

Zichu Cai
Director

Li Bi Mao
Director

The notes on pages 1 to 89 are an integral part of these financial statements.

BOCOM LEASING MANAGEMENT HONG KONG COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**FOR THE YEAR ENDED 31 DECEMBER 2021**

(All amounts in United States Dollars unless otherwise stated)

	Note	Share capital	Other reserve	Retained earnings	Total
At 1 January 2020		-	6,991,158	266,274,959	273,266,117
Business combination between entities under common control	27	-	-	50,899,522	50,899,522
At 1 January 2020 (Restated)		-	6,991,158	317,174,481	324,165,639
Profit for the year (Restated)		-	-	207,525,803	207,525,803
Consideration for business combination between entities under common control	27	-	-	(8,733,937)	(8,733,937)
Other comprehensive income		-	(75,752,639)	-	(75,752,639)
At 31 December 2020 (Restated)		-	(68,761,481)	515,966,347	447,204,866
At 1 January 2021 (Restated)		-	(68,761,481)	515,966,347	447,204,866
Profit for the year		-	-	253,531,222	253,531,222
Consideration for business combination between entities under common control	27	-	-	(60,465,287)	(60,465,287)
Other comprehensive income	21	-	64,893,682	-	64,893,682
At 31 December 2021		-	(3,867,799)	709,032,282	705,164,483

The notes on pages 1 to 68 are an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in United States Dollars unless otherwise stated)

	Note	2021	2020 (Restated, Note 27)
Cash flows from operating activities			
Profit before income tax		257,237,484	215,776,276
Adjustments for:			
Depreciation for property, plant and equipment and right-of-use assets		492,828,056	496,967,413
Impairment losses on operating lease assets		55,945,293	31,913,885
Credit impairment losses		77,251,281	57,681,178
Interest expense		561,053,834	615,601,106
(Gain)/losses on disposal of ships leased out under operating lease		(14,922,837)	11,129,415
Interest income from loans to related parties		(299,818,900)	(325,956,353)
Fair value changes of interest rate caps		(56,661)	369,646
Net exchange differences		1,855,622	(2,804,846)
Operating cash flows before movements in working capital		1,131,373,172	1,100,677,720
Decrease/(increase) in accounts receivable		128,952,802	(10,604,424)
Increase in finance lease and sale and leaseback receivables		(369,574,624)	(1,578,986,129)
(Increase)/decrease in other receivables		(25,847,251)	12,631,383
(Decrease)/increase in other liabilities		(921,689,970)	854,150,258
Cash from operations		(56,785,871)	377,868,808
Income taxes paid		(22,355,203)	(11,894,963)
Net cash (outflow)/inflow from operating activities		(79,141,074)	365,973,845
Cash flows from investing activities			
Net cash received from disposal of ships leased out under operating lease		327,491,207	719,444,421
Interest received from loans to related parties		346,682,270	233,763,764
Payments for property, plant and equipment and prepayments		(2,031,828,570)	(1,293,530,287)
Loans to related parties		(10,098,691,938)	(7,666,376,737)
Repayment of loans by related parties		11,624,800,809	2,914,764,060
Net cash inflow/(outflow) from investing activities		169,453,778	(5,091,934,779)
Cash flows from financing activities			
Proceeds from borrowings		17,806,970,789	18,009,576,571
Repayment of borrowings		(17,321,972,918)	(12,488,649,074)
Issuance of bonds		599,572,161	1,600,000,000
Interest paid		(551,870,899)	(635,113,911)
Principal elements of lease payments		(127,375)	(134,668)
Repayment of bonds		(900,000,000)	-
Net cash (outflow)/inflow from financing activities		(367,428,242)	6,485,678,918
Net (decrease)/increase in cash and cash equivalents		(278,115,538)	1,759,717,984
Add: Cash and cash equivalents at beginning of the year		1,955,543,419	193,020,590
Effects of exchange rate changes on cash and cash equivalents		(2,587,026)	2,804,845
Cash and cash equivalents at end of the year	19	1,674,840,855	1,955,543,419

The notes on pages 1 to 68 are an integral part of these financial statements.

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1 General information

Bocom Leasing Management Hong Kong Company Limited (the "Company") was established by Bank of Communications Aviation and Shipping Financial Leasing Company Limited, a company incorporated in China (Shanghai) Pilot Free Trade Zone. The Company is a limited liability company incorporated in Hong Kong on 9 October 2015. The address of its registered office is 18/F, 20 Pedder Street, Central, Hong Kong. The Company and its subsidiaries (the "Group") carry out business in Hong Kong, Singapore, Germany and the Cayman Islands. The Group is ultimately controlled by Bank of Communications Co., Ltd. (hereinafter referred to "BoCom"). The Group serves as an operating platform for the BoCom's overseas operations in ship leasing.

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in United States dollars ("USD"), which is the Company's functional and the Group's presentation currency.

In 2021, the Company and its subsidiaries ("Acquirers") gradually acquired 100% of the issued share capital of Xiangrui International Ship Lease Co., Limited and other 9 entities (collectively "Acquirees") from Chiao Tung Developments Limited. Since all of Acquirers and Acquirees are ultimately controlled by Bank of Communications Co., Ltd. before and after the above mentioned acquisition, these "Acquisitions" are regarded as "common control combination". The comparative consolidated financial statements were restated as a result of the Acquisition. Details of business combination are set out in Note 27 to the consolidated financial statements.

These financial statements are presented in United States dollars ("USD"), which is also the functional currency of the Company.

These financial statements have been approved for issue by the Board of Directors on 20 May 2022.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) and requirements of the Hong Kong Companies Ordinance Cap. 622.

The financial statements have been prepared under the historical cost basis, except for derivative financial assets.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

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2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

As at 31 December 2021, the Group's current liabilities exceeded its current assets by USD1,619,598,334. The Group's ability to repay maturing debt and fulfil the capital commitments depends on its future operation performance, available banking facilities and continuous financial support provided by shareholder. The Group's indirect parent company Bank of Communications Financial Leasing Co., Ltd. has committed to provide adequate financial support (mainly in the form of related party financing) to enable the Group to continue to operate for at least the next 12 months from 31 December 2021. Therefore, the directors believe that the Group is able to obtain the necessary financial support and continue to operate for at least the next 12 months from 31 December 2021.

The accounting policies adopted are consistent with those that applied to the Group's consolidated financial statements for the year ended 31 December 2020, except for the adoption of new and amended standards as set out below:

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to consider whether any of these could affect their existing accounting policies for their 2021 reports:

- Interest Rate Benchmark Reform – Phase 2 – HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, and
- Covid-19-Related Rent Concessions – amendments to HKFRS 16

Interest Rate Benchmark Reform – Phase 2

The amendments made to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one.

The Phase 2 amendments provide the following reliefs:

- When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement.
- The hedge accounting reliefs will allow most HKAS 39 or HKFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

Affected entities need to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition. The amendments have no significant impact on the consolidated financial statements of the Group.

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2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(a) New and amended standards adopted by the Group (continued)

Covid-19-Related Rent Concessions

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In 2020, the HKICPA made an amendment to HKFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

The relief was originally limited to reduction in lease payments that were due on or before 30 June 2021. However, the HKICPA subsequently extended this date to 30 June 2022.

If a lessee already applied the original practical expedient, it is required to continue to apply it consistently to all lease contracts with similar characteristics and in similar circumstances, using the subsequent amendment. If a lessee did not apply the original practical expedient to eligible lease concessions, it is prohibited from applying the expedient in the 2021 amendment.

However, if a lessee has not yet established an accounting policy on applying (or not) the practical expedient to eligible lease concessions, it can still decide to do so.

The Group did not enter into any contract as a lessee. The amendments have no impact on the consolidated financial statements of the Group.

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2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) New standard and amendments of HKFRSs not yet adopted

Certain new standard and amendments have been published but are not mandatory for 31 December 2021 year end reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

	Effective for annual period commencing on or after
<p>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to HKFRS 10 and HKAS 28</p> <p>HKFRS 17 Insurance Contracts</p> <p>Property, Plant and Equipment: Proceeds before intended use – Amendments to HKAS 16</p> <p>Reference to the Conceptual Framework – Amendments to HKFRS 3</p> <p>Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37</p> <p>Annual Improvements to HKFRS Standards 2018 – 2020</p> <p>Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations</p> <p>Accounting Estimates – Amendments to HKAS 8</p> <p>Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2</p> <p>Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to HKAS 12</p>	<p>The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed.</p> <p>1 January 2023</p> <p>1 January 2022</p> <p>1 January 2022</p> <p>1 January 2022</p> <p>1 January 2022</p> <p>1 January 2022</p> <p>1 January 2023</p> <p>1 January 2023</p> <p>1 January 2023</p>

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2 Summary of significant accounting policies (continued)

2.2 Principles of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Except the business combination under common control, the acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies accepted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and financial position respectively.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

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2 Summary of significant accounting policies (continued)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in USD, which is the Group's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income, gains or losses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

2.5 Property, plant and equipment

Property, plant and equipment are ships leased out under operating lease. Property, plant and equipment are stated in the statements of financial position at historical cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

The Group assesses useful lives and depreciation methods of those assets based on their actual conditions. The Group also determines the estimated net residual values item by item through independent professional pricing agencies. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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2 Summary of significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

The estimated residual value rates and useful lives of each class of property, plant and equipment held for operating lease business of the Group are as follows:

Classes	Estimated residual value rates	Useful lives
Ships	5%	5-25 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

2.6 Impairment of non-financial assets

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The Group performs impairment test for all ships leased out under operating leases semi-annually.

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset or (CGU) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

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2 Summary of significant accounting policies (continued)

2.7 Financial assets and financial liabilities

2.7.1 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Finance lease and sale and leaseback receivables are regarded as financial assets for the purpose of derecognition.

(c) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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2 Summary of significant accounting policies (continued)

2.7 Financial assets and financial liabilities (continued)

2.7.1 Investments and other financial assets (continued)

(c) Measurement (continued)

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There is one measurement category into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2.7.2 Financial liabilities

Other financial liabilities

Other financial liabilities including borrowings, bonds payable, other payables and deposits from lessees are subsequently measured at amortised cost using the effective interest method. Other financial liabilities are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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2 Summary of significant accounting policies (continued)

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.9 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges), or
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges)

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of the hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 18. Movements in the hedging reserve in shareholders' equity are shown in Note 21. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Fair value hedge that quantity for hedge accounting

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within other gains/(losses).

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

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2 Summary of significant accounting policies (continued)

2.9 Derivatives and hedging activities (continued)

Cash flow hedge that quantity for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss.

Where option contracts are used to hedge forecast transactions, the group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within OCI in the costs of hedging reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

2.10 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.11 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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2 Summary of significant accounting policies (continued)

2.11 Borrowings (continued)

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.12 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.13 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

For the subsidiaries established in Hong Kong, the operating lease income to be treated as non-taxable profit under Section 23B of the Inland Revenue Ordinance.

For the subsidiaries established in Singapore, no provision has been recognised for taxation on qualifying shipping income derived from the operation of the subsidiaries' ships which are exempt from taxation under Section 13A of the Singapore Income Tax Act in reporting period.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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2 Summary of significant accounting policies (continued)

2.13 Current and deferred income tax (continued)

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.14 Revenue recognition

(a) Operating lease

Operating lease income is recognised on a straight-line basis over the term of the relevant lease or another systematic basis. The contingent rents are recorded in the profit or loss of the period in which they actually arise;

(b) Finance lease

Finance lease income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease;

(c) Sale and leaseback arrangement

Income from sale and leaseback arrangement is accrued on a timely basis using the effective interest method, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the lease term of the leaseback arrangements to that asset's net carrying amount on initial recognition.

(d) Interest income

Interest income from a financial asset at amortised cost is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition;

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2 Summary of significant accounting policies (continued)

2.15 Leases

(a) The Group's leasing activities as lessee and how these are accounted for

The group has adopted HKFRS 16 for leases where the group is the lessee.

The group leases one office. Rental contracts are 40 months with no extension options. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2021 financial year, lease of the office was classified as operating lease. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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2 Summary of significant accounting policies (continued)

2.15 Leases (continued)

(a) The Group's leasing activities as lessee and how these are accounted for (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The Group has no short-term leases and leases of low-value assets as at 31 December 2021.

(b) The Group as lessor under operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred.

(c) The Group as lessor under finance leases

At the commencement of the lease term, the aggregate of the minimum lease receivable at the inception of the lease and the initial direct costs is recognised as a finance lease receivable, and the unguaranteed residual value is recorded at the same time. The difference between the aggregate of the minimum finance lease receivables, the initial direct costs and the unguaranteed residual value, and the aggregate of their present values is recognised as unearned finance income.

Unearned finance income is recognised as finance income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. Contingent rentals under finance lease are recognised revenue in the periods in which they are incurred.

(d) The Group as a buyer-lessor under sale and leaseback transactions

The Group as a buyer-lessor does not recognise the transferred asset if such transfer does not satisfy the requirements of HKFRS 15 as a sale. Sale and leaseback transactions in which the relevant seller-lessees have an obligation or a right to repurchase the relevant assets were accounted as financing arrangements under HKFRS 9.

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3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, market risk (including foreign exchange risk and interest rate risk) and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the management under policies approved by the board of directors. The management identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk, foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Credit risk

The Group's credit risk refers to the risk that lessee fails to or is unwilling to perform contractual obligations. The Group's credit risk mainly arises from finance lease, sale and leaseback receivables, other receivables and other financial assets.

(i) Credit risk management

The Group established standard policies and operational procedures and controls over lease activities, which include project due diligence and application, project review and approval, disbursement, post-lending monitoring and management of non-performing lease receivables and other receivables.

The Group implements its industry risk management system according to its plan based on actual situation with focus on industry research, counterparty credit rating, and understanding of the lessee's operations, financial condition as well as their shareholders' support. Limits are placed on different counterparties. The Group also obtained deposits from the lessees. All these strengthen the control and management of credit risk.

Changes in economic environment or leasing assets in a particular industry may result in losses to the Group. The Group monitors the credit risk periodically, makes an assessment annually at least and reports to the Board of Directors.

Through credit risk management policies and procedures, leasing business information system, investment of leasing business and continuous optimising the portfolio of lease business, the Group is able to identify, monitor and manage its credit risk.

The Group is also exposed to credit risk associated with other receivables. Please refer to Note 15 for details.

In addition, the Group is exposed to credit risk associated with cash at bank. Management consider that these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term.

(ii) Expected credit loss ("ECL")

The Group measures the ECL of financial instruments at amortised cost. The Group divides them into 3 stages by assessing whether there has been a significant increase in credit risk since initial recognition.

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) *Credit risk (continued)*

(ii) Expected credit loss ("ECL") (continued)

The Group measures the ECL of a financial instrument in a way that reflects:

- (1) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (2) the time value of money;
- (3) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Stage classification

The Group divides them into 3 stages. Stage 1 is "financial assets without significant increase in credit risk since initial recognition", at which the Group only needs to measure ECL in the next 12 months. Stage 2 is "financial assets with significant increase in credit risk" and stage 3 is "credit-impaired financial assets", at both of which the Group needs to measure lifetime ECL.

Definition of credit-impaired

The criteria adopted by the Group to determine whether a credit impairment occurs under HKFRS 9 is consistent with the internal credit risk management objectives for relevant financial instrument, in addition to consideration of quantitative and qualitative indicators.

The Group considers a financial instrument to be credit-impaired when one or more of the following criteria have been met:

- (1) Principal (including advances, applies to below) or interest of the asset is more than 90 days past due;
- (2) The issuer or obligor is in significant financial difficulty, or has already become insolvent;
- (3) It is becoming probable that the obligor will enter bankruptcy;
- (4) An active market for that financial asset has disappeared because of financial difficulties of issuers;
- (5) Other objective evidence indicating impairment of the financial asset.

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Credit risk (continued)

(ii) Expected credit loss ("ECL") (continued)

A significant increase in credit risk

The Group assesses quarterly whether the credit risk on a financial instrument has increased significantly since initial recognition. In determining the stage classification of a financial asset, the Group considers all reasonable and supportable information which reflects whether there have been significant changes in credit risk, including that which is forward-looking. Based on an individual financial instrument or a portfolio of financial instruments with similar credit risk characteristics, the Group compares risk of default occurring at reporting date as with initial recognition, in order to determine possible changes in risk of default occurring during the expected life of the financial instrument. The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following criteria have been met:

- (1) Principal or interest of the instrument is more than 30 days past due;
- (2) Credit rating of obligor changes significantly. Credit rating is based on both internal and external rating results, and the criteria are as follow: (a) a significant increase in credit risk is determined when internal or external rating during the reporting period is below the Group's credit acceptance standards; (b) When the borrower's internal rating is downgraded to a certain level, there has been a significant increase in credit risk. Criteria to determine significant increase in credit risk varies based on the original internal rating upon initial recognition;
- (3) Significant adverse issues have negative impacts on obligator's repayment ability;
- (4) Other circumstances of significant increase in credit risk. For example, appearance of other risk alarm indicators which imply growing potential risk, and could cause losses of financial assets to the Group.

The financial assets are moveable between stages. For instance, financial instruments originally classified at stage 1 should be downgraded to stage 2 if events occur such as a significant increase in credit risk. Financial instruments at stage 2 could be upgraded to stage 1 if credit risk decreases and the criteria for the determination of "a significant increase in credit risk" are no longer met.

After the outbreak of the epidemic of COVID-19, the Group strictly followed the regulatory policies and requirements and prudently evaluates the repayment ability of the clients who apply for payment holiday or adjustment on repayment schedule. On the premise that the subsequent risks will not be enlarged and subsequent settlement will not be affected, the Group rescues those clients meeting specific criteria by extending the maturity and so on. The Group has assessed whether the rescues would cause a significant increase in credit risks and has adjusted the stage classification as appropriate.

Description of parameters, assumptions and estimation techniques

The Group recognises a loss allowance to different financial instruments at an amount equal to 12-month or lifetime expected credit loss based on whether there has been a significant increase in credit risk and whether the financial instrument is credit-impaired. ECL is the result of discounted product of the weighted average of "probability of default (PD)", "loss given default (LGD)", "exposure at default (EAD)" under the three scenarios, which are defined as follows:

Probability of default (PD) is the probability of default occurring of a client and its assets in a given period of time in the future.

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) *Credit risk (continued)*

(ii) **Expected credit loss ("ECL") (continued)**

Description of parameters, assumptions and estimation techniques (continued)

Exposure at default (EAD) represents the total amount of on-balance sheet and off-balance sheet exposure at the time of default by debtor, reflecting the total amount of possible losses likely to be incurred. In general, this includes the utilised credit limit, interest receivable, the anticipated usage of unused credit facilities as well as the related expenses to be incurred.

Loss given default (LGD) represents the percentage of amount of loss to be incurred in the event of default to the total risk exposure. It is expressed as the loss percentage per unit of exposure which typically varies by nature of debtor, type and seniority of claim and the availability of collateral or other credit enhancements.

Definition of default has been consistently applied to model establishment of probability of default (PD), exposure at default (EAD), loss given default (LGD) in ECL calculation throughout the Group.

Estimation of ECL: the impairment models

The Group adopted the same impairment models to calculate ECL with its ultimate holding company Bank of Communications Co., Ltd. (hereinafter referred to "BoCom"). BoCom has established a macro-economic forecast model driven by Gross Domestic Product (GDP) growth rate to forecast values of macro-economic indicators in multiple categories including national accounts, price index, foreign trade, fixed asset investment, total exports, purchasing managers' index, currency and interest rates, under three economic scenarios (i.e., Optimistic scenario, Basic scenario, and Pessimistic scenario). The forecasts, after evaluation and confirmation by economic experts of the BoCom, are used in the impairment model. The macro scenario settings and the rationality of the weightings are reviewed and adjusted periodically, based on changes in the internal and external economic environment.

The impairment models adopt a top down approach. Through grouping, the models cover the risk exposures of financial institutions and companies and reveal the regressive relationship between different macro-economic indicators and risk parameters. The result of macro-economic indicator forecasts will form the basis for impairment calculation and represent "forward looking" elements of credit risk allowance in different scenarios.

In 2021, the Group fully considers the macroeconomic forecasts for 2022 when evaluating the predictive information used in the impairment model.

Sensitivity analysis

If the Optimistic scenario weighting increases by 10% and Basic scenario weighting decreases by 10%, with all other variables being held constant, the impairment allowance of finance lease and sale and leaseback receivables will decrease USD 1,663,627 (31 December 2020: 1,434,766); If the Pessimistic scenario weighting increases by 10% and Basic scenario weighting decreases by 10%, with all other variables being held constant, the impairment allowance of finance lease receivable will increase USD 1,241,629 (31 December 2020: 3,995,459).

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) *Credit risk (continued)*

(iii) *Maximum exposure to credit risk*

Maximum exposure to credit risk – financial instruments included in impairment assessment

	As at 31 December 2021		
	Group Total	ECL	Group carrying amount
Cash at bank	1,873,840,856	(3,587,307)	1,870,253,548
Finance lease and sale and leaseback receivables	4,474,660,313	(151,795,417)	4,322,864,896
Accounts receivable	170,270,150	(2,317,009)	167,953,141
Other receivables	10,167,900,014	(7,884,423)	10,160,015,591
Derivative financial assets	9,951,154	-	9,951,154
Maximum exposure to credit risk	16,696,622,486	(165,384,156)	16,531,238,330

	As at 31 December 2020 (Restated)		
	Group Total	ECL	Group carrying amount
Cash at bank	1,955,543,419	(4,429,749)	1,951,113,670
Finance lease and sale and leaseback receivables	4,105,085,689	(70,241,382)	4,034,844,307
Accounts receivable	299,222,952	(4,032,913)	295,190,039
Other receivables	11,719,070,367	(10,160,234)	11,708,910,133
Derivative financial assets	26,249,038	-	26,249,038
Maximum exposure to credit risk	18,105,171,465	(88,864,278)	18,016,307,187

The table above presents the Group's maximum credit risk exposure without considering collateral and other credit enhancements as at the end of 31 December 2021. For balance sheet items, the exposures set out above are their carrying amounts on statement of financial position.

(b) *Market risk*

The Group takes on exposure to market risk, which is initiated by the fluctuation of the fair value of or future cash flow of financial instruments as a result of the changes of the market prices. Market risks arise from open positions in interest rates, currencies, commodities and equity products, all of which are exposed to market fluctuations and changes in interest rates, foreign exchange rates, commodities and equity products.

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Market risk (continued)

(i) Foreign exchange risk

In respect of assets and liabilities denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level. The group uses cross currency swaps to hedge against the exposure to variability in cash flows for the bonds payable denominated in HKD. Therefore, the variability in exchange rate of HKD to the functional currency has no impact on the Group's total profit.

As at 31 December 2021, the Group's exposure to foreign exchange risk arising from recognized assets or liabilities denominated in CNY, EUR and AUD are presented in the following tables. For presentation purposes, the amounts of the exposure are shown in USD, translated using the spot rate at the reporting date.

	As at 31 December 2021			As at 31 December 2020 (Restated)		
	CNY	EUR	AUD	CNY	EUR	AUD
Cash and bank balances	31	1,051,955	887,523	-	951,569	18,795
Other receivables	15,561,585	470,262,477	-	15,205,750	509,134,828	99,482,815
Borrowings	-	(448,958,432)	-	-	(508,887,082)	(97,016,405)
Net exposure	15,561,616	22,356,000	887,523	15,205,750	1,199,315	2,485,205

The table below illustrates the impact on the Group's net profit if the functional currency had appreciated/depreciated by 10% against the foreign currency while all other variables had been held constant:

	Changes in net profit as at 31 December 2021			Changes in net profit as at 31 December 2020 (Restated)		
	CNY	EUR	AUD	CNY	EUR	AUD
10% appreciation of USD	(1,299,395)	(1,866,726)	(74,108)	(1,269,680)	(100,143)	(207,515)
10% depreciation of USD	1,299,395	1,866,726	74,108	1,269,680	100,143	207,515

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Market risk (continued)

(ii) Interest rate risk

The Group's interest rate risk arises from interest rate re-pricing and maturity mismatching of financial instruments, and the fluctuation of market interest rate. Financial instruments issued at floating rates expose the Group to cash flow interest rate risk. Financial instruments issued at fixed rates expose the Group to fair value interest rate risk.

Interest margins may increase as a result of fluctuation in market interest rates, but may reduce or create losses in the event that unexpected movements arise. Therefore, the Group primarily manages the interest rate risk through controlling the re-pricing of the lease assets and its corresponding liabilities.

Most of our operating lease business receive fixed rate rents, while the borrowings from related parties re-price interest at market rates periodically. The Group enters into the interest rate swap contract to manage the interest rate risk if necessary.

The Group analyses its interest rate exposure on a regular basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging.

The Group pays high attention to the transition of interest rate benchmark and has established a task force to speed up the launch and implementation of this LIBOR reform project. At the current stage, the progress of this reform is basically on schedule. According to the overall timetable of the LIBOR reform, libors in Sterling, Euro, Swiss franc and Japanese yen, as well as one week and 2-month libors in US dollars, have exited the market on 1 January 2022. The business scale of the Group's contracts in reference to LIBOR with the above currencies and maturities is relatively small, ready for orderly transition according to repricing periods of each business, and the impact of the methods of benchmark transition on interest rate risk is generally under control, which has a relatively limited substantial impact on the operations.

The tables below summarize the Group's exposures to interest rate risks. The tables below show the Group's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or remaining maturity dates:

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3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Market risk (continued)

(ii) Interest rate risk (continued)

	31 December 2021					
	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non interest bearing	Total
Financial assets-						
Cash and cash equivalents	1,671,634,832	198,618,716	-	-	-	1,870,253,548
Finance lease and sale and leaseback receivables	2,246,946,138	-	258,156,876	1,817,761,882	-	4,322,864,896
Accounts receivable	81,825,893	-	67,130,554	-	18,996,694	167,953,141
Other receivables	5,610,000	539,763,254	6,938,845,435	2,667,125,333	18,871,569	10,160,215,591
Derivative financial assets	-	-	-	-	9,951,154	9,951,154
Sub-total	4,006,016,863	738,381,970	7,264,132,865	4,474,887,215	47,819,417	16,531,238,330
Financial liabilities-						
Borrowings	(4,593,708,177)	(8,641,761,731)	(2,639,122,539)	(827,236,216)	-	(16,701,827,663)
Other liabilities	-	-	-	-	(535,491,465)	(535,491,465)
Bonds payable	(3,563,772,343)	(399,657,775)	(2,228,170,226)	(252,200,816)	-	(6,443,801,160)
Derivative financial liabilities	-	-	-	-	(14,749,642)	(14,749,642)
Sub-total	(8,157,480,520)	(9,041,419,506)	(4,867,292,765)	(1,079,436,032)	(550,241,107)	(23,695,869,930)
Total interest repricing gap	(4,151,463,657)	(8,303,037,536)	2,396,840,100	3,395,451,183	(502,421,690)	(7,164,631,600)

As at 31 December 2021, it is estimated that a general increase or decrease of 100 basis points in interest rates, with all other variables held constant, would decrease or increase the Group's profit for the following twelve months by USD 56,330,518.

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3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Market risk (continued)

(ii) Interest rate risk (continued)

	31 December 2020 (Restated)				
	Within 3 months	3 month to 1 year	1 to 5 years	Over 5 years	Non interest bearing
Financial assets-					
Cash and cash equivalents	1,951,113,670	-	-	-	-
Finance lease and sale and leaseback receivables	2,225,357,143	152,007,658	244,949,694	1,412,528,812	-
Accounts receivable	3,709,189	-	277,348,711	-	14,132,139
Other receivables	272,516,956	933,720,847	7,111,231,133	3,374,643,955	16,797,242
Derivative financial assets	-	-	-	-	26,249,038
Sub-total	4,452,696,958	1,085,728,505	7,633,529,538	4,787,173,767	57,178,419
Financial liabilities-					
Borrowings	(5,063,436,533)	(8,147,481,390)	(2,141,847,544)	(885,944,877)	-
Other liabilities	-	-	-	-	(1,252,629,230)
Bonds payable	(2,458,314,067)	-	(4,034,455,473)	(251,813,682)	-
Derivative financial liabilities	-	-	-	-	(76,075,799)
Sub-total	(7,521,750,600)	(8,147,481,390)	(6,176,303,017)	(1,137,758,559)	(1,328,705,029)
Total interest repricing gap	(3,069,053,642)	(7,061,752,885)	1,457,226,521	3,649,415,208	(1,271,526,610)

As at 31 December 2020, it is estimated that a general increase or decrease of 100 basis points in interest rates, with all other variables held constant, would decrease or increase the Group's profit for the following twelve months by USD 44,535,387.

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Liquidity risk refers to the risk that the Group is unable to meet the obligation to settle its due liabilities or meet the immediate demand of capital. Based on the Group's business features, its liquidity risk management framework comprises:

- Daily fund management through monthly monitoring future cash flows and making liquidity gap analysis report;
- Monitoring of assets liquidity ratio to meet the internal and regulatory requirements;
- Management of the degree of concentration of maturities of liabilities;
- Establishment of liquidity contingent plan through agreements with banks;
- Issuance of medium and long-term financial bonds to optimise the medium and long-term asset and liability structure, and continuing to issue financial bonds at appropriate stages in the future.

The Asset and Liability Management Committee is responsible for the preparation of liquidity risk management policies, while the Treasury Department is responsible for daily liquidity risk management, and the specific procedures include:

- Through multi-channel and diversified financing, the Group ensures to obtain a continuous and sufficient source of funds, including payment of deposits and funds to be paid when purchasing lease assets;
- The Group has medium and long term credit facilities from banks and designed a principal and interest prepayment plan that matches the lease term and rental cash flow to minimise liquidity risk due to maturity mismatch;
- The Group actively manages liquidity risk by predicting future cash flows, establishing quota management and obtaining sufficient credit lines from commercial banks.

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

(1) Cash flow for non-derivative financial assets and liabilities

The table below presents the cash flows receivable and payable by the Group under non-derivative financial assets and liabilities by remaining contractual maturities as at 31 December 2021 and 31 December 2020. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows:

	Repayable on demand	31 December 2021					Total
		Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	
Cash and cash equivalent	1,674,840,855	-	198,942,568	-	-	-	1,873,783,423
Finance lease and sale and leaseback receivables	-	43,519,826	91,232,270	410,507,893	2,141,988,266	2,887,231,575	5,574,479,830
Accounts receivable	-	94,234,573	7,073,926	1,313,989	71,673,002	-	174,295,490
Other receivables	19,072,575	-	5,610,000	1,077,979	7,533,597,827	3,481,178,768	11,040,337,149
	1,693,913,430	137,754,399	302,858,764	412,899,881	9,747,259,095	6,368,410,343	18,663,095,892
Borrowings	-	(90,658,462)	(1,746,514,296)	(1,996,203,127)	(5,468,827,925)	(8,003,882,295)	(17,306,086,105)
Other liabilities	(146,257,348)	(67,484,000)	-	(800,000)	(98,484,100)	(222,468,017)	(535,491,485)
Bonds payable	-	(981,590,491)	(20,318,080)	(413,187,877)	(5,335,724,490)	(268,858,635)	(6,919,677,573)
	(146,257,348)	(1,039,732,953)	(1,766,832,376)	(2,410,191,004)	(10,903,036,515)	(8,495,204,947)	(24,761,255,143)
Net amount	1,547,656,082	(901,978,554)	(1,463,973,612)	(1,997,291,143)	(1,155,777,420)	(2,126,794,604)	(6,098,159,251)

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

(1) Cash flow for non-derivative financial assets and liabilities (continued)

	Repayable on demand	31 December 2020 (Restated)					Total
		Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	
Cash and cash equivalent	1,155,543,419	800,044,444	-	-	-	-	1,955,587,863
Finance lease and sale and leaseback receivables	-	32,136,053	94,994,151	385,619,441	1,879,314,387	2,836,003,402	5,228,067,434
Accounts receivable	-	14,347,350	-	-	293,849,364	-	314,196,714
Other receivables	17,196,378	257,901,930	15,401,780	365,705,804	7,644,498,611	4,841,968,515	13,142,672,988
	1,172,739,797	1,104,429,747	110,395,931	751,325,245	9,823,662,362	7,677,971,917	20,640,524,989
Borrowings	-	(58,620,638)	(1,677,208,696)	(1,234,866,653)	(3,271,237,293)	(10,599,656,079)	(16,841,589,359)
Other liabilities	(990,101,707)	-	-	-	(39,671,760)	(222,855,763)	(1,252,629,230)
Bonds payable	-	(367,120,347)	(623,055,903)	(112,068,509)	(5,921,806,211)	(272,393,793)	(7,296,444,763)
	(990,101,707)	(425,740,985)	(2,300,264,599)	(1,346,935,162)	(9,232,715,264)	(11,094,906,636)	(25,390,663,352)
Net amount	182,638,090	678,688,762	(2,189,868,668)	(595,609,917)	590,947,098	(3,416,933,718)	(4,750,138,353)

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

(2) Cash flow analysis for derivative financial instruments

The following table illustrates the details of the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves as at 31 December 2021 and 2020 for exchange rate as well.

(2.1) Derivative settled on a gross basis

	31 December 2021					
	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Gross currency swap						
Inflows	-	-	-	99,572,161	-	99,572,161
Outflows	-	-	-	(99,943,772)	-	(99,943,772)
	-	-	-	(371,611)	-	(371,611)
	31 December 2020 (Restated)					
	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Gross currency swap						
Inflows	-	-	-	327,720,200	-	327,720,200
Outflows	-	-	-	(299,946,931)	-	(299,946,931)
	-	-	-	27,773,269	-	27,773,269

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

(2) Cash flow analysis for derivative financial instruments(continued)

(2.2) Derivative settled on a net basis

		31 December 2021					Total
		Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	
Interest rate swap							
Inflows		464,010	-	-	-	-	464,010
Outflows		-	(1,558,324)	(2,937,906)	(436,308)	-	(4,932,538)
		464,010	(1,558,324)	(2,937,906)	(436,308)	-	(4,468,528)
		31 December 2020 (Restated)					Total
		Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	
Interest rate swap							
Inflows		-	-	-	-	-	-
Outflows		(199,896)	(5,051,927)	(15,755,471)	(65,393,160)	-	(86,400,454)
		(199,896)	(5,051,927)	(15,755,471)	(65,393,160)	-	(86,400,454)

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3 Financial risk management (continued)

3.2 Fair value estimation

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

(a) Financial instruments at fair value through profit or loss at each balance sheet date

	31 December 2021			
	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	9,951,154	-	9,951,154
Derivative financial liabilities	-	(14,749,642)	-	(14,749,642)
	-	(4,798,488)	-	(4,798,488)

	31 December 2020			
	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	26,249,038	-	26,249,038
Derivative financial liabilities	-	(76,075,799)	-	(76,075,799)
	-	(49,826,761)	-	(49,826,761)

(b) Financial instruments not at fair value through profit or loss

(i) Finance lease and sale and leaseback receivables

The book value of lease receivable is determined using the effective interest rate method. As the effective interest rate of most finance lease business is determined based on the interest rate of the Libor, the carrying value of finance lease and sale and leaseback receivables is close to its fair value.

(ii) Accounts receivable and other receivables

Accounts receivable and other receivables mainly consist of the advances for finance lease projects and loan receivables from related parties. The fair value of advances for finance lease projects and loan receivables from related parties with fixed period is measured using discounted cash flow method. As the discount rate is determined by the current loan rate with similar remaining period, the carrying value of loan receivables from related parties is close to their fair value.

(iii) Borrowings

The fair value of borrowings with fixed period is measured using discounted cash flow method. The borrowing rate from the related parties is determined by the market rate. The management reviews and re-prices the borrowing rate from the related parties periodically. As the discount rate is determined by the current borrowing rate with similar remaining period, the carrying value of borrowings is close to its fair value.

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3 Financial risk management (continued)

3.2 Fair value estimation (continued)

(b) Financial instruments not at fair value through profit or loss (continued)

(iv) Bonds payable

The fair value of bonds payable is determined using data from Bloomberg. As at 31 December 2021, the fair value is USD 6,454,362,547 compared with the par value of the bonds of USD 6,399,572,161 (As at 31 December 2020, the fair value is USD 6,821,595,400 compared with the par value of the bonds of USD 6,700,000,000).

4 Critical accounting estimates and judgments

In the application of accounting policies as set out in Note 2, the Group is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately. These judgments, estimates and assumptions are based on historical experience of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical estimate and judgments that the Group has made in the process of applying the accounting policies and that have significant effect on the amounts recognised in the consolidated financial statements:

(a) Impairment loss for finance lease and sale and leaseback receivables, accounts receivable and other receivables

The balances of impairment allowance for finance lease and sale and leaseback receivables, accounts receivable and other receivables represent the management's best estimates at the balance sheet date of expected credit risk. The Group assesses whether the credit risk of finance lease and sale and leaseback receivables, accounts receivable and other receivables have increased significantly since their initial recognition, and apply a three-stage impairment model to calculate their ECL. For finance lease and sale and leaseback receivables, accounts receivable and other receivables classified into stages 1 and 2, the management assesses impairment losses using the risk parameter modelling approach that incorporates key parameters, including probability of default, loss given default, exposure at default and discount rates. For finance lease and sale and leaseback receivables, accounts receivable and other receivables in stage 3, the management assesses impairment loss by estimating the cash flows from finance lease and sale and leaseback receivables, accounts receivable and other receivables.

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4 Critical accounting estimates and judgments (continued)

(a) Impairment loss for finance lease and sale and leaseback receivables, accounts receivable and other receivables (continued)

The measurement models of expected credit losses involves significant management judgments and assumptions, primarily including the following:

- (1) Methodology of models and determination of relevant key measurement parameters;
- (2) Criteria for determining whether or not there was a significant increase in credit risk, or a default or credit-impaired was incurred;
- (3) Economic indicators for forward-looking measurement, and the application of economic scenarios and weightings; and
- (4) The estimated future cash flows for finance lease and sale and leaseback receivables and accounts receivable in stage 3 (none for 2020).

(b) Impairment loss for equipment leased out under operating lease

The Group's assets leased out under operating lease are ships. According to the accounting policy stated in Note 2, The recoverable amount is the higher of the net amount of assets' fair value minus the cost of disposal, and the estimated value-in-use ("VIU"). The measurements involve estimation.

- Fair value based on the market pricing data, less costs of disposal. Fair value is obtained from independent professional pricing agencies, and costs of disposal is estimated by actual costs in similar disposals;
- The estimated value-in-use ("VIU") based on the present value of the expected future cash flows from leasee, which is calculated by discounting the estimated future rentals and cash flows from residual value using an appropriate pre-tax discount rate. The Group estimates the expected future cash flow based on rental specified in the lease contracts, and the residual value at the end of lease period is obtained from independent professional pricing agencies. There will be uncertainty in the future rental cash flow and pre-tax discount rate used in the calculation of the present value of the expected future cash flow due to COVID-19 development and prevention.

(c) Depreciation of operating lease assets

The Group calculates depreciation expense of operating lease assets based on management's assumption on their useful life and residual value. The useful lives and the residual value of operating lease assets reflect the future economic benefit obtained from the use of the operating lease assets and the benefit from disposal estimated by the Group's management. The estimation may differ due to actual physical wear and tear of the assets, changes of the technology innovation and market competition.

(d) Income taxes

The Group is subject to income taxes in Hong Kong and Singapore. Significant judgement is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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4 Critical accounting estimates and judgments (continued)

(e) *Classification of leases*

The Group has entered into certain lease businesses whereby the Group has determined that it has transferred substantially all the risks and rewards incidental to ownership of the assets held for lease businesses to the lessees, as the present values of the minimum lease payments of the lease amount to at least substantially all of the fair value of the assets held for lease businesses at the inception of the leases. Accordingly, the Group has excluded the assets held for lease businesses under finance lease from its consolidated statements of financial position and has instead, recognised finance lease and sale and leaseback receivables (Note 13). On the other hand, the Group includes the assets held for lease businesses under operating lease in property, plant and equipment. The determination of whether the Group has transferred substantially all the risks and rewards incidental to ownership depends on an assessment of the relevant arrangements relating to the lease, which involved critical judgements by management.

5 Revenue

	2021	2020 (Restated)
Operating lease income	941,006,501	950,869,378
Finance lease income	113,346,693	113,274,908
Income from sale and leaseback arrangement	78,628,667	69,443,974
Interest income (Note 30(c))	299,818,900	325,956,353
	<u>1,432,800,761</u>	<u>1,459,544,613</u>

6 Cost

	2021	2020 (Restated)
Interest expense		
Interest expense from related parties' borrowings	343,072,318	376,233,969
Interest expense from bank borrowings	41,795,657	45,367,072
Interest expense of bonds	192,804,636	201,714,709
Less: Borrowing costs capitalized in prepayments for lease assets	<u>(16,618,777)</u>	<u>(7,714,644)</u>
Interest expense recognized in profit or loss	<u>561,053,834</u>	<u>615,601,106</u>
Depreciation		
Depreciation of the ships	<u>492,746,302</u>	<u>496,807,842</u>
Other operating expense	<u>14,103,094</u>	<u>22,164,331</u>
Total cost	<u>1,067,903,230</u>	<u>1,134,573,279</u>

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7 Other income, gains or losses

	2021	2020 (Restated)
Net gains/(losses) on disposal of operating lease assets	14,922,837	(11,129,415)
Bank interest income	18,217,884	427,896
Fair value changes of fair value hedge-interest rate caps	58,661	(369,646)
Foreign exchange losses/(gains), net	(1,855,622)	2,804,846
Fee and commission expenses	(1,060,773)	(6,352,642)
	<u>30,280,987</u>	<u>(14,618,961)</u>

8 Administrative expenses

	2021	2020 (Restated)
Legal advisory fee	1,715,450	2,375,359
Auditor's remuneration	1,083,909	938,365
Sundry expenses	974,355	412,318
Employee benefits and welfare	888,992	1,095,421
Depreciation charge of right-of-use assets	81,754	159,571
	<u>4,744,460</u>	<u>4,981,034</u>

9 Credit impairment losses

	2021	2020 (Restated)
Credit impairment losses for finance lease and sale and leaseback receivables	82,247,297	49,055,693
Credit impairment (reversals)/losses for accounts receivable	(1,715,904)	897,240
Credit impairment (reversals)/losses for other receivables	(2,437,670)	3,533,781
Credit impairment (reversals)/losses for cash at bank	(842,442)	4,194,464
	<u>77,251,281</u>	<u>57,681,178</u>

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10 Income tax expense

The amount of income tax expense charged to profit or loss represents:

	2021	2020 (Restated)
Current income tax		
– Income tax in Hong Kong	16,439,276	16,503,393
– Income tax in Singapore	148,906	164,292
Deferred tax (Note 17)	(12,881,920)	(8,417,212)
Income tax expense	3,706,262	8,250,473

The applicable enterprise income tax rates are 16.5% for the Company and all its subsidiaries established in Hong Kong and 17% for subsidiaries in Singapore.

The difference between the actual income tax charge in profit or loss and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	2021	2020 (Restated)
Profit before income tax	257,237,484	215,776,276
Tax calculated at tax rate applicable to assessable profits in Hong Kong	42,444,185	35,603,086
Tax exemption in Hong Kong (a) and Singapore(b)	(38,737,923)	(27,352,613)
Other	-	-
Income tax expense	3,706,262	8,250,473

(a) For the subsidiaries established in Hong Kong, the operating lease income is treated as non-taxable profit under Section 23B of the Inland Revenue Ordinance.

(b) For the subsidiaries established in Singapore, no provision has been recognised for taxation on qualifying shipping income derived from the operation of the subsidiaries' ships which are exempt from taxation under Section 13A of the Singapore Income Tax Act.

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11 Property, plant and equipment

	Ships leased out under operating leases
Cost	
At 31 December 2020	7,819,301,538
Business Combination	433,554,415
At 31 December 2020 (Restated)	<u>8,252,855,953</u>
Increase in current year	1,667,715,328
Decrease in current year	<u>(536,046,037)</u>
At 31 December 2021	9,384,525,244
Accumulated depreciation	
At 31 December 2020	(1,284,593,624)
Business Combination	(116,780,349)
At 31 December 2020 (Restated)	<u>(1,401,373,973)</u>
Increase in current year (Note 6)	(492,746,302)
Decrease in current year	<u>187,847,507</u>
At 31 December 2021	(1,706,272,768)
Provision for impairment losses	
At 31 December 2020	(36,408,411)
Business Combination	-
At 31 December 2020 (Restated)	<u>(36,408,411)</u>
Increase in current year	(55,945,293)
Decrease in current year	<u>30,142,709</u>
At 31 December 2021	(62,210,995)
At 31 December 2020 (Restated)	<u>6,815,073,569</u>
At 31 December 2021	<u>7,616,041,481</u>

For ships, the recoverable amount was determined based on the higher of fair value less costs of disposal and value in use. Value in use is calculated by discounting the estimate future cash flows of ships to their present value using the pre-tax discount rate. For the calculation of value in use, the weighted average discount rate for 31 December 2021 was 4.00% (31 December 2020: 4.30%). Costs of disposal is the lower of the contractual disposal price and the market fair value. The management obtains fair value from professional appraisal agencies.

12 Prepayments for lease assets

	As at 31 December 2021	As at 31 December 2020 (Restated)
Prepayments for operating lease assets purchases	<u>579,155,527</u>	<u>215,042,286</u>

There was no prepayment for operating lease assets pledged as collateral for the Group's bank borrowings as at 31 December 2021 (31 December 2020: nil).

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13 Finance lease and sale and leaseback receivables

	As at 31 December 2021	As at 31 December 2020 (Restated)
Non-current finance lease and sale and leaseback receivables		
Net investment in finance lease (a)	2,286,829,745	2,123,753,470
Receivables arising from sale and leaseback arrangement (b)	1,803,554,315	1,613,901,448
	<u>4,090,384,060</u>	<u>3,737,654,918</u>
Current finance lease and sale and leaseback receivables		
Net investment in finance lease (a)	193,900,908	245,280,124
Receivables arising from sale and leaseback arrangement (b)	190,375,345	122,150,947
	<u>384,276,253</u>	<u>367,431,071</u>
(a) Net investment in finance lease		
Gross amount of finance lease and sale and leaseback receivables analysed by maturity		
Not later than one year	290,777,717	340,055,246
Later than one year and not later than two years	285,846,764	249,949,594
Later than two year and not later than three years	279,131,751	260,880,433
Later than three year and not later than four years	354,092,885	235,713,944
Later than four year and not later than five years	275,603,518	319,188,171
Later than five years	1,617,934,114	1,600,986,726
	<u>3,103,386,749</u>	<u>3,006,774,114</u>
Less: Unearned finance income	(622,656,096)	(637,740,520)
	<u>2,480,730,653</u>	<u>2,369,033,594</u>
Net investment in finance lease analysed by maturity		
Not later than one year	193,900,908	245,280,124
Later than one year and not later than two years	190,243,470	159,120,214
Later than two year and not later than three years	191,353,014	178,311,883
Later than three year and not later than four years	276,152,658	159,629,361
Later than four year and not later than five years	208,896,887	251,864,680
Later than five years	1,420,183,716	1,374,827,332
	<u>2,480,730,653</u>	<u>2,369,033,594</u>
(b) Receivables arising from sale and leaseback arrangement		
Net receivables arising from sale and leaseback arrangement analysed by maturity		
Not later than one year	190,375,345	122,150,947
Later than one year and not later than five years	700,563,481	566,458,132
Later than five years	1,102,990,834	1,047,443,016
	<u>1,993,929,660</u>	<u>1,736,052,095</u>

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13 Finance lease and sale and leaseback receivables (continued)

	As at 31 December 2021	As at 31 December 2020 (Restated)
Net finance lease and sale and leaseback receivables	4,474,660,313	4,105,085,689
Less: Provision for impairment losses	(151,785,417)	(70,241,382)
Carrying amount of finance lease and sale and leaseback receivables	4,322,864,896	4,034,844,307
Including: Non-current portion	3,951,624,576	3,673,700,283
Current portion	371,240,320	361,144,024

The term of finance leases entered into by the Group is from 2.5 to 15 years.

The term of sale and leaseback arrangement entered into by the Group is from 3 to 15 years.

The carrying amounts of the finance lease and sale and leaseback receivables are denominated in USD and EUR.

Movements of the net finance lease and sale and leaseback receivables during the year ended 31 December 2021 and the year ended 31 December 2020 are as follows:

	For the year ended 31 December 2021			Subtotal
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3	
At the beginning of the year	3,815,975,895	289,109,794	-	4,105,085,689
From stage 1 to stage 2	(115,762,944)	115,762,944	-	-
Increase in the current year	799,788,989	-	-	799,788,989
Decrease in the current year	(382,125,725)	(4,565,637)	-	(386,691,362)
Net exchange differences	(35,044,333)	(8,478,670)	-	(43,523,003)
At the end of the year	4,082,831,882	391,828,431	-	4,474,660,313

	For the year ended 31 December 2020 (Restated)			Subtotal
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3	
At the beginning of the year	2,526,863,131	-	-	2,526,863,131
From stage 1 to stage 2	(295,312,500)	295,312,500	-	-
Increase in the current year	2,002,426,836	-	-	2,002,426,836
Decrease in the current year	(462,322,697)	(6,202,706)	-	(468,525,403)
Net exchange differences	44,321,125	-	-	44,321,125
At the end of the year	3,815,975,895	289,109,794	-	4,105,085,689

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13 Finance lease and sale and leaseback receivables (continued)

Movements of impairment provision on finance lease and sale and leaseback receivables during the year ended 31 December 2021 and the year ended 31 December 2020 are as follows:

	For the year ended 31 December 2021			Subtotal
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3	
At the beginning of the year	41,898,622	28,342,760	-	70,241,382
From stage 1 to stage 2	(1,461,401)	1,461,401	-	-
New financial assets				
originated or purchased	10,052,214	-	-	10,052,214
Changes in PDs/LGDs/EADs	(239,860)	72,434,943	-	72,195,083
Net exchange differences	(402,852)	(290,410)	-	(693,262)
At the end of the year	49,846,723	101,948,694	-	151,795,417

	For the year ended 31 December 2020 (Restated)			Subtotal
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3	
At the beginning of the year	20,601,881	-	-	20,601,881
From stage 1 to stage 2	(1,506,094)	1,506,094	-	-
New financial assets				
originated or purchased	21,574,236	-	-	21,574,236
Changes in PDs/LGDs/EADs	644,791	28,836,666	-	27,481,457
Net exchange differences	583,808	-	-	583,808
At the end of the year	41,898,622	28,342,760	-	70,241,382

14 Accounts receivable

	As at 31 December 2021	As at 31 December 2020 (Restated)
Advances for finance lease projects (a)	150,984,166	284,875,603
Operating lease receivable	19,285,984	14,347,349
Net accounts receivable	170,270,150	299,222,952
Less: Allowances for advances for finance lease projects (a)	(2,027,719)	(3,817,702)
Less: Allowances for operating finance lease	(289,290)	(215,211)
Allowances for accounts receivable	(2,317,009)	(4,032,913)
	167,953,141	295,190,039
Including: Non-current portion	148,956,447	281,057,900
Current portion	18,996,694	14,132,139

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14 Accounts receivable (continued)

- (a) The advances for finance lease projects arise from situations where the Group has already made payments to lessees but the leased assets are under construction. The Group has not obtained the ownership of such leased assets. Lease term will commence once the construction of such leased assets are completed. The advances for finance lease projects will then be transferred to finance lease and sale and leaseback receivables.

Movements of advances for finance lease projects during the year ended 31 December 2021 and the year ended 31 December 2020 are as follows:

Stage 1	For the year ended 31 December 2021	For the year ended 31 December 2020
Advances for finance lease projects		(Restated)
At the beginning of the year	284,875,603	274,932,474
Increase in the current year	67,847,900	94,924,546
Decrease in the current year	(201,739,337)	(84,981,417)
Net exchange differences	-	-
At the end of the year	150,984,166	284,875,603

Movements of impairment provision on advances for finance lease projects during the year ended 31 December 2021 and the year ended 31 December 2020 are as follows:

Stage 1	For the year ended 31 December 2021	For the year ended 31 December 2020
12-month ECL		(Restated)
At the beginning of the year	3,817,702	2,915,805
New financial assets originated or purchased	974,197	795,699
Changes in PDs/LGDs/EADs	(2,764,180)	106,198
Net exchange differences	-	-
At the end of the year	2,027,719	3,817,702

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15 Other receivables

	As at 31 December 2021	As at 31 December 2020 (Restated)
Loans to related parties (a) (Note 30(b)(ii))	10,143,217,439	11,689,993,988
Other receivables from related parties (Note 30(b)(ii))	15,624,691	15,689,561
Guarantee deposit for derivatives	5,610,000	11,880,000
Other receivables from third parties	3,447,884	1,506,818
Subtotal	<u>10,167,900,014</u>	<u>11,719,070,367</u>
Less: ECL allowance	<u>(7,684,423)</u>	<u>(10,160,234)</u>
	<u>10,160,215,591</u>	<u>11,708,910,133</u>
Including: Non-current portion	10,153,532,958	11,080,423,848
Current portion	6,682,633	628,486,285

- (a) Loans to related parties ranges from 1 years to 10 years, and the interest rates range from 0.29% to 4.90%. The interest rate to the related parties is determined by the market rate. The management reviews and renews the interest rate to the related parties periodically.

The carrying amounts of the other assets are denominated in USD and EUR.

Movements of other receivables during the year ended 31 December 2021 and the year ended 31 December 2020 are as follows:

	For the year ended 31 December 2021	For the year ended 31 December 2020 (Restated)
Stage 1 Other receivables		
At the beginning of the year	11,719,070,367	6,887,891,647
Increase in the current year	13,919,237,385	13,189,640,266
Decrease in the current year	(15,419,940,099)	(8,303,876,850)
Net exchange differences	(50,467,639)	(54,584,696)
At the end of the year	<u>10,167,900,014</u>	<u>11,719,070,367</u>

Movements of impairment provision on other receivables during the year ended 31 December 2021 and the year ended 31 December 2020 are as follows:

	For the year ended 31 December 2021	For the year ended 31 December 2020 (Restated)
Stage 1 12-month ECL		
At the beginning of the year	10,160,234	6,690,263
Changes in PDs/LGDs/EADs	(2,437,670)	3,533,781
Net exchange differences	(38,141)	(63,810)
At the end of the year	<u>7,684,423</u>	<u>10,160,234</u>

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16 Other assets

	As at 31 December 2021	As at 31 December 2020 (Restated)
Prepaid fee	18,947,488	19,416,788
Right-of-use assets	121,226	373,022
	<u>19,068,714</u>	<u>19,789,810</u>
Including: Non-current portion	14,776,216	19,200,123
Current portion	4,292,498	589,687

17 Deferred income tax

The movement in the deferred income tax account are as follows:

	For the year ended 31 December 2021	For the year ended 31 December 2020 (Restated)
Balance at the beginning of the year		
Deferred income tax assets	26,000,684	5,543,226
Deferred income tax liabilities	(4,331,092)	(1,894,188)
	<u>21,669,592</u>	<u>3,649,038</u>
Recognized in other comprehensive income (Note 21)	(7,420,316)	9,603,342
Recognized in profit or loss (Note 10)	<u>12,881,920</u>	<u>8,417,212</u>
Balance at the end of the year		
Deferred income tax assets	28,773,136	26,000,684
Deferred income tax liabilities	(1,641,940)	(4,331,092)
	<u>27,131,196</u>	<u>21,669,592</u>

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17 Deferred income tax (continued)

Deferred assets and liabilities not taking into consideration the offsetting of balances are set out as follows:

(1) Deferred tax assets

	<u>As at 31 December 2021</u>		<u>As at 31 December 2020</u> (Restated)	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Allowances for impairment losses	26,339,446	159,595,111	13,448,177	81,470,031
Change in fair value of derivative financial instruments	<u>2,433,690</u>	<u>14,749,642</u>	<u>12,552,507</u>	<u>76,075,799</u>
	<u>28,773,136</u>	<u>174,344,753</u>	<u>26,000,684</u>	<u>157,545,830</u>

Deferred tax liabilities

	<u>As at 31 December 2021</u>		<u>As at 31 December 2020</u> (Restated)	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Change in fair value of derivative financial instruments	<u>(1,641,940)</u>	<u>(9,951,154)</u>	<u>(4,331,092)</u>	<u>(26,249,038)</u>
	<u>(1,641,940)</u>	<u>(9,951,154)</u>	<u>(4,331,092)</u>	<u>(26,249,038)</u>

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Derivative financial assets and liabilities

As at 31 December 2021	Contractual /Nominal amount	Fair value		Interest rate of hedging instrument	Hedge rate		Expiry year
		Assets	Liabilities		FX rate		
Derivatives under hedge accounting:							
Cash flow hedge – interest rate swaps (a)	2,300,000,000	9,891,816	(14,378,031)	0.42%-1.53%			2022-2025
Cash flow hedge – cross currency swaps (b)	99,393,597	-	(371,611)	HKD 1.07%- USD 1.24%	1 HKD exchange 0.1285 USD		2024
Fair value hedge – interest rate caps(c)	83,225	59,338	-	2%			2024
	<u>2,399,466,822</u>	<u>9,951,154</u>	<u>(14,749,642)</u>				

As at 31 December 2020 (Restated)	Contractual /Nominal amount	Fair value		Interest rate of hedging instrument	Hedge rate		Expiry year
		Assets	Liabilities		FX rate		
Derivatives under hedge accounting:							
Cash flow hedge – interest rate swaps (a)	2,599,946,931	-	(76,075,799)	0.44%-1.53%			2021-2024
Cash flow hedge – cross currency swaps (b)	299,946,931	26,246,361	-	JPY 3M Libor+0.4%- USD 3 M Libor+1%	1 USD exchange 113 JPY		2021
Fair value hedge – interest rate caps(c)	119,157	2,677	-	2%			2024
	<u>2,900,013,019</u>	<u>26,249,038</u>	<u>(76,075,799)</u>				

The fair values of interest rate swaps and cross currency swaps as shown above are determined with reference to mark-to-market values provided by counterparties.

Hedge accounting has been applied for interest rate swaps and cross currency swaps that are assessed by the Group to be highly effective.

The Group determines the economic relationship between the hedging instruments and the hedged items by matching the critical terms of interest rate swap and cross currency swap contracts with the terms of borrowing and bond payable contracts (i.e., notional amount, expected payment date and interest rate). The hedge ratio (the ratio between the notional amount of the derivatives to the par value of the borrowings and bonds payable being hedged) is determined to be 1:1. The Group mainly uses regression analysis to evaluate the effectiveness of hedging. With the supporting of testing results, the Group's management considers the hedging relationship to be highly effective.

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18 Derivative financial assets and liabilities (continued)

- (a) The Group uses these interest rate swaps to hedge against the exposure to variability in cash flows from related bonds payable which are pegged to USD Libor. Under these interest rate swaps, the Group receives floating interest pegged to USD Libor and pays fixed interest. These hedges are classified as cash flow hedges and the fair value changes of these interest rate swaps are recognized in hedging reserve.
- (b) The Group uses these cross currency swaps to hedge against the exposure to variability in cash flows for the related borrowings. Under these cross currency swaps, the Group receives HKD principal with fixed interest, and pays USD principal with fixed interest. These hedges are classified as cash flow hedges and the fair value changes of these cross currency swaps are recognized in hedging reserve.
- (c) The Group uses these interest rate caps to hedge against the exposure to variability in cash flows from related bank borrowings which are pegged to USD Libor. Under these interest rate caps, the Group receives floating interest exceed the fixed interest pegged to USD Libor. These hedges are classified as fair value hedges and the fair value changes of these interest rate caps are recognized in profit or loss.
- (d) Effect of IBOR reform on Hedge accounting

During the transition period of interest rate benchmark reform, interest rate benchmarks are assumed to continue unaltered for the purposes of hedge accounting until such time as the uncertainty is resolved.

Significant judgement will be required in determining when uncertainty is expected to be resolved and therefore when the temporary exceptions will cease to apply. However, the Group has determined that the uncertainty continued to exist at 31 December 2021 and so the temporary exceptions apply to all of the group's hedge accounting relationships that reference benchmarks subject to reform.

19 Cash and cash equivalents

	As at 31 December 2021	As at 31 December 2020 (Restated)
Cash at bank	1,873,840,855	1,955,543,419
Cash at bank-balances with maturities of less than or equal to 90 days from date of purchase	1,674,840,855	1,955,543,419
Cash at bank-balances with maturities of more than 90 days from date of purchase	199,000,000	-
Less: ECL allowance	(3,587,307)	(4,429,749)
	<u>1,870,253,548</u>	<u>1,951,113,670</u>

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20 Share capital

	Number of Share	Share capital HK\$
Ordinary share, issued and fully paid:		
At 31 December 2021 and 31 December 2020	1	1
Ordinary share has no par value.		

21 Other reserve

	As at 31 December 2021	As at 31 December 2020 (Restated)
Hedging reserve	(3,867,799)	(68,761,481)

The movements of hedging reserve of the Group are set out below:

	As at 31 December 2021	As at 31 December 2020 (Restated)
At the beginning of the year	(68,761,481)	6,991,158
The net change of hedging reserve during the year	64,893,682	(75,752,639)
Change in fair value of hedging instrument recognised in other comprehensive income	72,313,998	(85,355,981)
Deferred income tax recognized in other comprehensive income	(7,420,316)	9,603,342
At the end of the year	(3,867,799)	(68,761,481)

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22 Borrowings

	As at 31 December 2021	As at 31 December 2020 (Restated)
Unsecured borrowings	13,773,029,754	13,957,494,868
Collateralized borrowings from banks (a)	2,928,797,909	2,281,215,476
	<u>16,701,827,663</u>	<u>16,238,710,344</u>
Including: Non-current portion	14,303,312,094	13,587,399,661
Current portion	2,398,515,569	2,651,310,683

The terms of borrowings range from 1 month to 10 years, and the interest rates range from 0.02% to 4.15%. The borrowing rate from the related parties is determined by the market rate. The management reviews and renews the borrowing rates from the related parties periodically.

- (a) Collateralized bank borrowings were pledged by property and equipment leased out under operating lease or finance lease and sale and leaseback receivables with carrying amounts as follows:

	As at 31 December 2021	As at 31 December 2020 (Restated)
Property and equipment	3,295,281,836	3,115,315,101
Finance lease and sale and leaseback receivables	1,071,626,732	499,710,583
	<u>4,366,908,568</u>	<u>3,615,025,684</u>

The carrying amounts of the borrowings are denominated in USD.

23 Bonds payable

	As at 31 December 2021	As at 31 December 2020 (Restated)
Carried at amortised cost:	6,443,801,160	6,744,583,222
Including: Non-current portion	5,328,633,516	5,835,760,078
Current portion	1,115,167,644	908,823,144

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23 Bonds payable (continued)

Detailed information of bonds held at amortised cost is as follows:

	Currency	Issue place	Par value	Issue amount	Value date	Maturity date	Coupon rate	Balance at the end of the year	Balance at the beginning of the year
Medium Term Note Programme	USD	Hong Kong	600,000,000	609,878,774	15/03/2016	15/03/2021	2.7480%	-	604,275,609
Medium Term Note Programme	USD	Hong Kong	300,000,000	304,939,387	25/01/2018	25/01/2021	3.5000%	-	304,547,535
Medium Term Note Programme	USD	Hong Kong	950,000,000	965,641,392	25/01/2018	25/01/2023	3.7500%	964,224,750	962,694,893
Long Term Note Programme	USD	Hong Kong	250,000,000	254,116,156	25/01/2018	25/01/2028	4.0000%	252,200,816	251,813,682
Medium Term Note Programme	USD	Hong Kong	800,000,000	787,041,656	22/01/2019	22/01/2022	4.0000%	814,279,157	811,427,835
Medium Term Note Programme	USD	Hong Kong	700,000,000	688,661,449	22/01/2019	22/01/2024	4.3750%	711,095,412	709,712,129
Medium Term Note Programme	USD	Hong Kong	120,000,000	118,307,388	12/04/2019	12/04/2022	3-month USD LIBOR+1.2%	120,399,453	120,421,957
Medium Term Note Programme	USD	Hong Kong	400,000,000	405,556,033	05/09/2019	05/09/2024	3-month USD LIBOR+1.175%	399,667,775	399,262,220
Medium Term Note Programme	USD	Hong Kong	200,000,000	202,778,017	05/09/2019	05/09/2024	2.6250%	200,860,663	200,525,101
Medium Term Note Programme	USD	Hong Kong	180,000,000	180,000,000	25/10/2019	25/10/2022	3-month USD LIBOR+1.2%	180,489,034	180,474,317
Medium Term Note Programme	USD	Hong Kong	600,000,000	600,000,000	10/12/2019	10/12/2024	3-month USD LIBOR+1.075%	599,782,359	599,436,223
Medium Term Note Programme	USD	Hong Kong	500,000,000	500,000,000	02/03/2020	02/03/2025	3-month USD LIBOR+0.95%	500,235,415	499,910,015
Medium Term Note Programme	USD	Hong Kong	300,000,000	300,000,000	02/03/2020	02/03/2023	3-month USD LIBOR+0.83%	300,155,287	299,327,544
Medium Term Note Programme	USD	Hong Kong	350,000,000	350,000,000	14/07/2020	14/07/2023	1.7500%	351,989,402	351,377,071
Medium Term Note Programme	USD	Hong Kong	450,000,000	450,000,000	14/07/2020	14/07/2025	3-month USD LIBOR+1.7%	450,928,240	449,757,091
Medium Term Note Programme	USD	Hong Kong	500,000,000	500,000,000	18/06/2021	18/06/2024	3-month USD LIBOR+1%	497,798,147	-
Medium Term Note Programme	HKD	Hong Kong	775,000,000	775,000,000	27/09/2021	18/06/2024	1.0700%	99,705,250	-
Total			7,975,000,000					6,443,601,160	6,744,563,222

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24 Other liabilities

	As at 31 December 2021	As at 31 December 2020 (Restated)
Other payables to related parties (Note 30(b) (iv))	143,557,279	989,030,044
Advances from lessees	358,048,983	309,360,112
Deposits from lessees	389,144,981	262,140,970
Other payables to third parties	2,700,071	1,071,663
Lease liabilities	89,136	386,553
	<u>893,540,450</u>	<u>1,561,989,342</u>
Including: Non-current portion	529,711,486	409,589,054
Current portion	363,828,964	1,152,400,288

25 Current income tax liabilities

	As at 31 December 2021	As at 31 December 2020 (Restated)
Corporate income tax payables	13,551,850	19,318,871

26 Dividends

For the year ended 31 December 2021 and for the year ended 31 December 2020, the Group did not appropriate any dividend to its shareholder.

27 Business combination

Business combination involving enterprises under common control.

In 2020, the Company and its subsidiaries acquired 100% of the issued share capital of Tongrui International Ship Lease Co., Limited and other 5 entities from Chiao Tung Developments Limited, for consideration of USD 8,733,937 ("2020 Acquisition"). The consideration is based on the acquirees' net assets book value of the base day.

In 2021, the Company and its subsidiaries gradually acquired 100% of the issued share capital of Xiangrui International Ship Lease Co., Limited and other 8 entities from Chiao Tung Developments Limited, for consideration of USD 60,465,287 ("2021 Acquisition"). The consideration is based on the acquirees' net assets book value of the base day.

Since all of acquirers and acquirees included in the 2021 Acquisition and 2020 Acquisition are ultimately controlled by Bank of Communications Co., Ltd. before and after the above mentioned acquisition, these acquisitions are regarded as "common control combination". Accordingly, the Group has applied merger accounting to account for the acquisition in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA. The comparative consolidated financial statements were restated as a result of 2020 and 2021 Acquisition Business. It increased retained earnings as at 1 January 2021 by USD 67,554,827.

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27 Business combination (continued)

Reconciliation of the results of operations for the year ended 2020 and the financial position as at 31 December 2020 previously reported by the Group and the restated amounts presented in the consolidated financial statements are set out below:

	As at 31 December 2020			As at 31 December 2021
	The Group (As previously reported)*	Acquirees	Elimination	The Group (Restated)
Financial Position				
Property, plant and equipment	6,496,299,503	316,774,066	-	6,815,073,569
Finance lease and sale and leaseback receivables	3,892,180,643	142,663,664	-	4,034,844,307
Other receivables	11,700,832,247	8,077,886	-	11,708,910,133
Others	2,513,636,301	19,749,226	-	2,533,385,527
Total Assets	24,604,948,694	487,264,842	-	25,092,213,536
Total Liabilities	24,225,298,655	419,710,015	-	24,645,008,670
Owners' equity	379,650,039	67,554,827	-	447,204,866
Total equity and liabilities	24,604,948,694	487,264,842	-	25,092,213,536

	2020			2021
	The Group (As previously reported)*	Acquirees	Elimination	The Group (Restated)
Results of operations				
Revenue	1,407,078,136	52,466,477	-	1,459,544,613
Gross Profit	307,486,714	17,504,620	-	324,971,334
Net profit for the period	190,870,496	16,663,870	(8,563)	207,525,803
Profit attributable to equity holders of the Company	190,870,496	16,663,870	(8,563)	207,525,803

*The amount of the results of operations for the year ended and the financial position as at 31 December 2021 and 31 December 2020 previously reported by the Group had incorporated the impact from 2021 and 2020 Acquisition.

28 Capital Commitments

Capital expenditures contracted by the Group at 31 December 2021 and 31 December 2020 but are not yet to be recognized on the statements of financial position are as follows:

	As at 31 December 2021	As at 31 December 2020 (Restated)
Acquisition of ships leased out under operating lease	4,509,775,406	2,183,001,180

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29 Operating Leases rental receivables – group as lessor

Maturity analysis of operating lease receivables as a lessor

At 31 December 2021 and 31 December 2020, the Group is entitled to receive the minimum cash lease rentals under non-cancellable operating lease which fall due as follows:

	As at 31 December 2021	As at 31 December 2020 (Restated)
No later than one year	941,324,709	838,262,265
Later than one year and no later than two years inclusive	916,536,487	802,659,702
Later than two year and no later than three years inclusive	869,662,243	760,253,541
Later than three year and no later than four years inclusive	783,300,965	714,649,097
Later than four year and no later than five years inclusive	698,257,451	633,865,252
Over five years	2,893,428,561	2,320,712,617
Total	7,102,510,416	6,070,402,474

30 Related party transactions

The Group is controlled by Bank of Communications Aviation and Shipping Financial Leasing Company Limited, a company incorporated in China (Shanghai) Pilot Free Trade Zone, which owns 100% of the Company's share. The Group is further controlled by Bank of Communications Financial Leasing Co., Ltd., and ultimately controlled by Bank of Communications Co., Ltd. (hereinafter referred to "BoCom").

(a) Relationships with the related parties under the transactions stated in Note 30 (b) are as follows:

Name of the entities	Relationship with the Group
Bocomm Aviation Leasing Ireland Company Limited	Fellow subsidiary of the Group
Bocomm International Ship Lease Co., Limited	Fellow subsidiary of the Group
Bocom Leasing Development Hong Kong Company Limited	Fellow subsidiary of the Group
Bocom Leasing International Finance Limited	Fellow subsidiary of the Group
Bocomm Aviation Leasing Ireland Company Limited	Fellow subsidiary of the Group
Jiarul International Ship Lease Pte. Limited	Fellow subsidiary of the Group
Jiachi International Ship Lease Pte. Limited	Fellow subsidiary of the Group
Jin An Ireland Company LTD	Fellow subsidiary of the Group
JY Aviation Leasing Ireland Company Limited	Fellow subsidiary of the Group
Chiao Tung Developments Limited	Fellow subsidiary of the Group
HYZL Investment Co. Limited	Fellow subsidiary of the Group
HYZL Development Co. Limited	Fellow subsidiary of the Group
Rong Kong United Finance Co., Limited	Fellow subsidiary of the Group
Xiangnian International Ship Lease Co., Limited	Fellow subsidiary of the Group
Xingtong International Ship Lease Pte. Limited	Fellow subsidiary of the Group
Xingxing International Ship Lease Pte. Limited	Fellow subsidiary of the Group

All related parties above hereinafter referred to "subsidiaries of BoCom".

In addition to those disclosed elsewhere in the financial statements, the following transactions were carried out with related parties:

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30 Related party transactions (continued)

(b) Balances of related party transactions

(i) Cash and cash equivalents

	As at 31 December 2021	As at 31 December 2020 (Restated)
Deposits with BoCom	82,743,780	826,734,169

(ii) Other receivables

	As at 31 December 2021	As at 31 December 2020 (Restated)
Loans to subsidiaries of BoCom (Note 15)	10,143,217,439	11,669,993,988
Other receivables from subsidiaries of BoCom (Note 15)	15,624,691	15,689,561
	10,158,842,130	11,705,683,549

(iii) Borrowings

	As at 31 December 2021	As at 31 December 2020 (Restated)
Borrowings from subsidiaries of BoCom	8,669,181,666	8,521,660,530
Borrowings from BoCom	4,483,629,846	5,047,794,275
	13,152,811,512	13,569,454,805

(iv) Other liabilities

	As at 31 December 2021	As at 31 December 2020 (Restated)
Other payables to subsidiaries of BoCom (Note 24)	143,557,279	989,030,044

(c) Amounts of related party transactions

	2021	2020 (Restated)
Interest income from subsidiaries of BoCom (Note 5)	299,818,900	325,956,353
Interest income from BoCom	45,298	43,558
Interest expense to subsidiaries of BoCom	(280,272,045)	(323,376,023)
Interest expense to BoCom	(62,800,273)	(52,857,946)

(d) In 2021 and 2020, the Company and its subsidiaries ("acquirers") gradually acquired 100% of the issued share capital of Tongrui International Ship Lease Co., Limited and other 15 entities ("acquirees"), for consideration of USD 60,465,287 and USD 8,733,937 respectively.

(e) Bank of Communications Financial Leasing Co., Ltd., provided the Company with the benefit of a Keepwell and Asset Purchase Deed for its bonds.

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31 Balance Sheet and Reserve Movements of the Company

(a) Balance sheet of the Company

	As at 31 December 2021	As at 31 December 2020
Assets		
Non-current assets		
Other receivables	8,728,823,137	9,070,091,095
Other assets	3,133,923	4,247,902
Investment in subsidiaries	230,327,738	144,305,797
Derivative financial assets	-	28,248,361
Deferred tax assets	4,152,458	14,085,794
Total non-current assets	8,966,437,252	8,258,988,949
Current assets		
Other receivables	5,525,850	11,701,800
Other assets	140,428	214,381
Cash and bank balances	1,573,270,748	958,849,980
Total current assets	1,578,937,024	971,766,181
Total assets	10,545,374,276	10,230,755,110
Equity and liabilities		
Equity attributable to owners of the Company		
Share capital	-	-
Other reserve	(12,127,465)	(68,761,481)
Retained earnings	38,047,444	26,738,841
Total equity	23,918,879	(42,022,640)
Liabilities		
Non-current liabilities		
Borrowings	3,383,580,141	3,200,692,807
Bonds payable	4,112,207,950	4,621,251,502
Other liabilities	88,139	200,155
Derivative financial liabilities	14,749,642	78,075,789
Deferred tax liabilities	-	4,330,650
Total non-current liabilities	7,510,606,872	7,902,550,813
Current liabilities		
Borrowings	1,789,329,885	2,228,940,997
Bonds Payable	1,115,167,644	-
Current income tax liabilities	(2,810,585)	6,817,161
Other liabilities	129,180,681	138,466,659
Total current liabilities	3,010,847,425	2,370,224,837
Total liabilities	10,521,454,297	10,272,775,650
Total equity and liabilities	10,545,374,276	10,230,755,110

The balance sheet of the Company was approved by the Board of Directors on 20 May 2022 and was signed on its behalf:


Zichu Cai
Director


Li Bi Mao
Director

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31 Balance Sheet and Reserve Movements of the Company (continued)

(b) Reserve movement of the Company

	Other reserve	Retained earnings	Total
Balance as at 1 January 2020	6,991,158	5,694,192	12,685,350
Profit for the year	-	21,044,649	21,044,649
Other comprehensive income for the year	(75,752,639)	-	(75,752,639)
Balance as at 31 December 2020	(68,761,481)	26,738,841	(42,022,640)
Profit for the year	-	9,308,603	9,308,603
Other comprehensive income for the year	56,634,016	-	56,634,016
Balance as at 31 December 2021	(12,127,465)	36,047,444	23,919,979

32 Investments in Subsidiaries

The following is a list of principal subsidiaries, which are all limited liability companies, at 31 December 2021:

Name of subsidiary	Place and date of incorporation	Proportion of ordinary shares directly held by the Company %	Paid-up issued/ registered capital	Principal activities
Xinrui International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xinchi International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xintong International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xintian International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xinbai International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xinxing International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xinlong International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xinda International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xiang H51 International Ship Lease Co., Limited	Hong Kong 20 May 2015	100	HKD 1	Ship leasing
Xinwang International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xinnian International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing

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32 Investments in Subsidiaries (continued)

Name of subsidiary	Place and date of incorporation	Proportion of ordinary shares directly held by the Company %	Paid-up issued/ registered capital	Principal activities
Xinde International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xinshi International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xinli International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xintai International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Jiarui International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jiahai International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jiaxing International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jialong International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jiada International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jiajiang International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jiawang International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jianian International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jiade International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jiashi International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jiali International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jiatai International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jiayang International Ship Lease Co., Limited	Hong Kong 2 March 2016	100	HKD 1	Ship leasing
Jiayuan International Ship Lease Co., Limited	Hong Kong 2 March 2016	100	HKD 1	Ship leasing
Longrui International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longchi International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longtong International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longtian International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longhai International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longxing International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longkang International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longda International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing

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32 Investments in Subsidiaries (continued)

Name of subsidiary	Place and date of incorporation	Proportion of ordinary shares directly held by the Company %	Paid-up issued/ registered capital	Principal activities
Longjiang International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longyang International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longwang International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longnian International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longde International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longshi International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longli International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Haochi International Ship Lease Co., Limited	Hong Kong 4 January 2016	100	HKD 1	Ship leasing
Haojiang International Ship Lease Co., Limited	Hong Kong 28 April 2016	100	HKD 1	Ship leasing
Haocong International Ship Lease Co., Limited	Hong Kong 4 January 2016	100	HKD 1	Ship leasing
Haoxian International Ship Lease Co., Limited	Hong Kong 4 January 2016	100	HKD 1	Ship leasing
Haohai International Ship Lease Co., Limited	Hong Kong 4 January 2016	100	HKD 1	Ship leasing
Jiarong International Ship Lease Co., Limited	Hong Kong 10 March 2016	100	HKD 1	Ship leasing
Jiasheng International Ship Lease Co., Limited	Hong Kong 9 March 2016	100	HKD 1	Ship leasing
Jiamao International Ship Lease Co., Limited	Hong Kong 9 March 2016	100	HKD 1	Ship leasing
Jiaye International Ship Lease Co., Limited	Hong Kong 9 March 2016	100	HKD 1	Ship leasing
Jiafu International Ship Lease Co., Limited	Hong Kong 9 March 2016	100	HKD 1	Ship leasing
Jiagui International Ship Lease Co., Limited	Hong Kong 9 March 2016	100	HKD 1	Ship leasing
Jiahe International Ship Lease Co., Limited	Hong Kong 9 March 2016	100	HKD 1	Ship leasing
Jialai International Ship Lease Co., Limited	Hong Kong 9 March 2016	100	HKD 1	Ship leasing
Tongchi International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongda International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongde International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongfu International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tonghai International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongjiang International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongli International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing

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32 Investments in Subsidiaries (continued)

Name of subsidiary	Place and date of incorporation	Proportion of ordinary shares directly held by the Company %	Paid-up issued/ registered capital	Principal activities
Tonglong International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongmao International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongnian International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongrong International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongsheng International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongshi International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongtian International Ship Lease Co., Limited	Hong Kong 25 August 2016	100	HKD 1	Ship leasing
Tongtong International Ship Lease Co., Limited	Hong Kong 25 August 2016	100	HKD 1	Ship leasing
Tongwang International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongxing International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongyang International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongye International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongyuan International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Taitan International Ship Lease Co., Limited	Hong Kong 7 October 2016	100	HKD 1	Ship leasing
Taitong International Ship Lease Co., Limited	Hong Kong 7 October 2016	100	HKD 1	Ship leasing
Tairui International Ship Lease Co., Limited	Hong Kong 7 October 2016	100	HKD 1	Ship leasing
Taichi International Ship Lease Co., Limited	Hong Kong 7 October 2016	100	HKD 1	Ship leasing
Tailong International Ship Lease Co., Limited	Hong Kong 9 November 2016	100	HKD 1	Ship leasing
Taida International Ship Lease Co., Limited	Hong Kong 9 November 2016	100	HKD 1	Ship leasing
Taijiang International Ship Lease Co., Limited	Hong Kong 9 November 2016	100	HKD 1	Ship leasing
Taiyang International Ship Lease Co., Limited	Hong Kong 9 November 2016	100	HKD 1	Ship leasing
Taiwang International Ship Lease Co., Limited	Hong Kong 9 November 2016	100	HKD 1	Ship leasing
Tainian International Ship Lease Co., Limited	Hong Kong 9 November 2016	100	HKD 1	Ship leasing
Taide International Ship Lease Co., Limited	Hong Kong 9 November 2016	100	HKD 1	Ship leasing
Xiang L1 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L2 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L3 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing

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32 Investments in Subsidiaries (continued)

Name of subsidiary	Place and date of incorporation	Proportion of ordinary shares directly held by the Company %	Paid-up issued/ registered capital	Principal activities
Xiang B40 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L5 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L6 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L7 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L8 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L9 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L10 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L11 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L12 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L13 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L14 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L15 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang B1 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang B2 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang B3 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L30 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L24 SG International Ship Lease Pte. Limited	Singapore 6 June 2017	100	SGD 50,000	Ship leasing
Xiang CR11 SG International Ship Lease Pte. Limited	Singapore 6 June 2017	100	SGD 50,000	Ship leasing
Xiang CR12 SG International Ship Lease Pte. Limited	Singapore 6 June 2017	100	SGD 50,000	Ship leasing
Xiang L27 SG International Ship Lease Pte. Limited	Singapore 6 June 2017	100	SGD 50,000	Ship leasing
Bocom Leasing Innovation Pte. Limited	Singapore 10 August 2017	100	SGD 1	Financing and ship leasing
Xiang CR1 HK International Ship Lease Co., Limited	Hong Kong 6 April 2018	100	HKD 1	Ship leasing
Xiang L28 HK International Ship Lease Co., Limited	Hong Kong 6 April 2018	100	HKD 1	Ship leasing
Xiang CR3 HK International Ship Lease Co., Limited	Hong Kong 6 April 2018	100	HKD 1	Ship leasing
Xiang CR4 HK International Ship Lease Co., Limited	Hong Kong 6 April 2018	100	HKD 1	Ship leasing
Xiang CR5 HK International Ship Lease Co., Limited	Hong Kong 6 April 2018	100	HKD 1	Ship leasing
Xiang B5 HK International Ship Lease Co., Limited	Hong Kong 28 June 2018	100	HKD 1	Ship leasing

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32 Investments in Subsidiaries (continued)

Name of subsidiary	Place and date of incorporation	Proportion of ordinary shares directly held by the Company %	Paid-up issued/ registered capital	Principal activities
Xiang B6 HK International Ship Lease Co., Limited	Hong Kong 28 June 2018	100	HKD 1	Ship leasing
Xiang B7 HK International Ship Lease Co., Limited	Hong Kong 4 July 2018	100	HKD 1	Ship leasing
Xiang B8 HK International Ship Lease Co., Limited	Hong Kong 4 July 2018	100	HKD 1	Ship leasing
Xiang L31 HK International Ship Lease Co., Limited	Hong Kong 9 August 2018	100	HKD 1	Ship leasing
Xiang L32 HK International Ship Lease Co., Limited	Hong Kong 9 August 2018	100	HKD 1	Ship leasing
Xiang B11 HK International Ship Lease Co., Limited	Hong Kong 9 August 2018	100	HKD 1	Ship leasing
Xiang B12 HK International Ship Lease Co., Limited	Hong Kong 9 August 2018	100	HKD 1	Ship leasing
Xiang B13 HK International Ship Lease Co., Limited	Hong Kong 9 August 2018	100	HKD 1	Ship leasing
Xiang B14 HK International Ship Lease Co., Limited	Hong Kong 9 August 2018	100	HKD 1	Ship leasing
Xiang B15 HK International Ship Lease Co., Limited	Hong Kong 9 August 2018	100	HKD 1	Ship leasing
Xiang B16 HK International Ship Lease Co., Limited	Hong Kong 9 August 2018	100	HKD 1	Ship leasing
Xiang B17 HK International Ship Lease Co., Limited	Hong Kong 8 October 2018	100	HKD 1	Ship leasing
Xiang B18 HK International Ship Lease Co., Limited	Hong Kong 8 October 2018	100	HKD 1	Ship leasing
Xiang B19 HK International Ship Lease Co., Limited	Hong Kong 8 October 2018	100	HKD 1	Ship leasing
Xiang B20 HK International Ship Lease Co., Limited	Hong Kong 8 October 2018	100	HKD 1	Ship leasing
Xiang B21 HK International Ship Lease Co., Limited	Hong Kong 8 October 2018	100	HKD 1	Ship leasing
Xiang B22 HK International Ship Lease Co., Limited	Hong Kong 8 October 2018	100	HKD 1	Ship leasing
Xiang B23 HK International Ship Lease Co., Limited	Hong Kong 8 October 2018	100	HKD 1	Ship leasing
Xiang B24 HK International Ship Lease Co., Limited	Hong Kong 8 October 2018	100	HKD 1	Ship leasing
Xiang B25 HK International Ship Lease Co., Limited	Hong Kong 8 October 2018	100	HKD 1	Ship leasing
Xiang B26 HK International Ship Lease Co., Limited	Hong Kong 8 October 2018	100	HKD 1	Ship leasing
Xiang CR8 SG International Ship Lease Pte. Limited	Singapore 26 December 2018	100	SGD 50,000	Ship leasing
Xiang B41 SG International Ship Lease Pte. Limited	Singapore 26 December 2018	100	SGD 50,000	Ship leasing
Xiang B42 SG International Ship Lease Pte. Limited	Singapore 26 December 2018	100	SGD 50,000	Ship leasing
Xiang L33 HK International Ship Lease Co., Limited	Hong Kong 18 February 2019	100	HKD 1	Ship leasing
Xiang CR15 HK International Ship Lease Co., Limited	Hong Kong 12 March 2019	100	HKD 1	Ship leasing
Xiang B27 HK International Ship Lease Co., Limited	Hong Kong 26 June 2019	100	HKD 1	Ship leasing

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32 Investments in Subsidiaries (continued)

Name of subsidiary	Place and date of incorporation	Proportion of ordinary shares directly held by the Company %	Paid-up issued/ registered capital	Principal activities
Xiang B28 HK International Ship Lease Co., Limited	Hong Kong 26 June 2019	100	HKD 1	Ship leasing
Xiang B29 HK International Ship Lease Co., Limited	Hong Kong 26 June 2019	100	HKD 1	Ship leasing
Xiang B30 HK International Ship Lease Co., Limited	Hong Kong 26 June 2019	100	HKD 1	Ship leasing
Xiang B31 HK International Ship Lease Co., Limited	Hong Kong 26 June 2019	100	HKD 1	Ship leasing
Xiang B32 HK International Ship Lease Co., Limited	Hong Kong 26 June 2019	100	HKD 1	Ship leasing
Xiang B33 HK International Ship Lease Co., Limited	Hong Kong 26 June 2019	100	HKD 1	Ship leasing
Xiang L39 HK International Ship Lease Co., Limited	Hong Kong 26 June 2019	100	HKD 1	Ship leasing
Xiang CR18 HK International Ship Lease Co., Limited	Hong Kong 8 August 2019	100	HKD 1	Ship leasing
Xiang L40 HK International Ship Lease Co., Limited	Hong Kong 27 August 2019	100	HKD 1	Ship leasing
Xiang L41 HK International Ship Lease Co., Limited	Hong Kong 27 August 2019	100	HKD 1	Ship leasing
Xiang L42 HK International Ship Lease Co., Limited	Hong Kong 11 September 2019	100	HKD 1	Ship leasing
Xiang L43 HK International Ship Lease Co., Limited	Hong Kong 11 September 2019	100	HKD 1	Ship leasing
Xiang L29 HK International Ship Lease Co., Limited	Hong Kong 15 January 2019	100	HKD 1	Ship leasing
Xiang L34 HK International Ship Lease Co., Limited	Hong Kong 22 January 2019	100	HKD 1	Ship leasing
Xiang CR13 HK International Ship Lease Co., Limited	Hong Kong 28 February 2019	100	HKD 1	Ship leasing
Xiang CR14 HK International Ship Lease Co., Limited	Hong Kong 28 February 2019	100	HKD 1	Ship leasing
Xiang L35 HK International Ship Lease Co., Limited	Hong Kong 17 May 2019	100	HKD 1	Ship leasing
Xiang L36 HK International Ship Lease Co., Limited	Hong Kong 17 May 2019	100	HKD 1	Ship leasing
Xiang L37 HK International Ship Lease Co., Limited	Hong Kong 17 May 2019	100	HKD 1	Ship leasing
Xiang L38 HK International Ship Lease Co., Limited	Hong Kong 17 May 2019	100	HKD 1	Ship leasing
Xiang L48 HK International Ship Lease Co., Limited	Hong Kong 11 September 2019	100	HKD 1	Ship leasing
Xiang L49 HK International Ship Lease Co., Limited	Hong Kong 11 September 2019	100	HKD 1	Ship leasing
Xiang L44 HK International Ship Lease Co., Limited	Hong Kong 17 January 2020	100	HKD 1	Ship leasing
Xiang L45 HK International Ship Lease Co., Limited	Hong Kong 17 January 2020	100	HKD 1	Ship leasing
Xiang L46 HK International Ship Lease Co., Limited	Hong Kong 17 January 2020	100	HKD 1	Ship leasing
Xiang L47 HK International Ship Lease Co., Limited	Hong Kong 17 January 2020	100	HKD 1	Ship leasing
Xiang L50 HK International Ship Lease Co., Limited	Hong Kong 26 March 2020	100	HKD 1	Ship leasing

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32 Investments in Subsidiaries (continued)

Name of subsidiary	Place and date of incorporation	Proportion of ordinary shares directly held by the Company %	Paid-up issued/ registered capital	Principal activities
Xiang L51 HK International Ship Lease Co., Limited	Hong Kong 26 March 2020	100	HKD 1	Ship leasing
Xiang L52 HK International Ship Lease Co., Limited	Hong Kong 26 March 2020	100	HKD 1	Ship leasing
Xiang L53 HK International Ship Lease Co., Limited	Hong Kong 26 March 2020	100	HKD 1	Ship leasing
Xiang L54 HK International Ship Lease Co., Limited	Hong Kong 26 March 2020	100	HKD 1	Ship leasing
Xiang B36 HK International Ship Lease Co., Limited	Hong Kong 28 April 2020	100	HKD 1	Ship leasing
Xiang B37 HK International Ship Lease Co., Limited	Hong Kong 28 April 2020	100	HKD 1	Ship leasing
Xiang B38 HK International Ship Lease Co., Limited	Hong Kong 28 April 2020	100	HKD 1	Ship leasing
Xiang B39 HK International Ship Lease Co., Limited	Hong Kong 28 April 2020	100	HKD 1	Ship leasing
Xiang L62 HK International Ship Lease Co., Limited	Hong Kong 11 May 2020	100	HKD 1	Ship leasing
Tongrui International Ship Lease Co., Limited	Hong Kong 25 August 2016	100	HKD 1	Ship leasing
Tonggui International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongtai International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Azure Orbit III International Finance limited	Cayman Islands 24 February 2016	100	USD 1	Financing
Azure Orbit IV International Finance Limited	Cayman Islands 20 December 2017	100	USD 1	Financing
Xiangchi International Ship Lease Co., Limited	Hong Kong 29 September 2014	100	HKD 1	Ship leasing
Xiangrui International Ship Lease Co., Limited	Hong Kong 29 September 2014	100	HKD 1	Ship leasing
Xiangtong International Ship Lease Co., Limited	Hong Kong 29 September 2014	100	HKD 1	Ship leasing
Xiangda International Ship Lease Co., Limited	Hong Kong 13 October 2014	100	HKD 1	Ship leasing
Xiangjiang International Ship Lease Co., Limited	Hong Kong 13 October 2014	100	HKD 1	Ship leasing
Xianglong International Ship Lease Co., Limited	Hong Kong 13 October 2014	100	HKD 1	Ship leasing
Xiangtan International Ship Lease Co., Limited	Hong Kong 13 October 2014	100	HKD 1	Ship leasing
Xianghai International Ship Lease Co., Limited	Hong Kong 13 October 2014	100	HKD 1	Ship leasing
Xiangxing International Ship Lease Co., Limited	Hong Kong 13 October 2014	100	HKD 1	Ship leasing
Xiang H9 International Ship Lease Co., Limited	Hong Kong 21 May 2021	100	HKD 1	Ship leasing
Xiang H10 International Ship Lease Co., Limited	Hong Kong 21 May 2021	100	HKD 1	Ship leasing
Xiang H11 International Ship Lease Co., Limited	Hong Kong 21 May 2021	100	HKD 1	Ship leasing
Xiang H12 International Ship Lease Co., Limited	Hong Kong 21 May 2021	100	HKD 1	Ship leasing
Xiang H13 International Ship Lease Co., Limited	Hong Kong 21 May 2021	100	HKD 1	Ship leasing

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32 Investments in Subsidiaries (continued)

Name of subsidiary	Place and date of incorporation	Proportion of ordinary shares directly held by the Company %	Paid-up issued/ registered capital	Principal activities
Xiang H23 International Ship Lease Co., Limited	Hong Kong 24 June 2021	100	HKD 1	Ship leasing
Xiang H24 International Ship Lease Co., Limited	Hong Kong 24 June 2021	100	HKD 1	Ship leasing
Xiang H25 International Ship Lease Co., Limited	Hong Kong 24 June 2021	100	HKD 1	Ship leasing
Xiang H26 International Ship Lease Co., Limited	Hong Kong 24 June 2021	100	HKD 1	Ship leasing
Xiang H27 International Ship Lease Co., Limited	Hong Kong 24 June 2021	100	HKD 1	Ship leasing
Xiang H28 International Ship Lease Co., Limited	Hong Kong 24 June 2021	100	HKD 1	Ship leasing
Xiang H29 International Ship Lease Co., Limited	Hong Kong 24 June 2021	100	HKD 1	Ship leasing
Xiang H30 International Ship Lease Co., Limited	Hong Kong 24 June 2021	100	HKD 1	Ship leasing
Xiang H31 International Ship Lease Co., Limited	Hong Kong 24 June 2021	100	HKD 1	Ship leasing
Xiang H32 International Ship Lease Co., Limited	Hong Kong 24 June 2021	100	HKD 1	Ship leasing
Xiang H33 International Ship Lease Co., Limited	Hong Kong 24 June 2021	100	HKD 1	Ship leasing
Xiang H34 International Ship Lease Co., Limited	Hong Kong 24 June 2021	100	HKD 1	Ship leasing
Xiang H35 International Ship Lease Co., Limited	Hong Kong 24 June 2021	100	HKD 1	Ship leasing
Xiang H36 International Ship Lease Co., Limited	Hong Kong 24 June 2021	100	HKD 1	Ship leasing
Xiang H37 International Ship Lease Co., Limited	Hong Kong 24 June 2021	100	HKD 1	Ship leasing
Xiang H38 International Ship Lease Co., Limited	Hong Kong 24 June 2021	100	HKD 1	Ship leasing
Xiang H39 International Ship Lease Co., Limited	Hong Kong 24 June 2021	100	HKD 1	Ship leasing
Xiang H40 International Ship Lease Co., Limited	Hong Kong 24 June 2021	100	HKD 1	Ship leasing
Xiang H41 International Ship Lease Co., Limited	Hong Kong 24 June 2021	100	HKD 1	Ship leasing
COMSEA S1 International Ship Pte. Limited	Singapore 21 July 2021	100	SGD 50,000	Ship leasing
COMSEA S2 International Ship Pte. Limited	Singapore 21 July 2021	100	SGD 50,000	Ship leasing
COMSEA S3 International Ship Pte. Limited	Singapore 21 July 2021	100	SGD 50,000	Ship leasing
COMSEA S4 International Ship Pte. Limited	Singapore 21 July 2021	100	SGD 50,000	Ship leasing
COMSEA S5 International Ship Pte. Limited	Singapore 21 July 2021	100	SGD 50,000	Ship leasing
COMSEA S6 International Ship Pte. Limited	Singapore 21 July 2021	100	SGD 50,000	Ship leasing
Xiang H42 International Ship Lease Co., Limited	Hong Kong 12 August 2021	100	HKD 1	Ship leasing
Xiang H43 International Ship Lease Co., Limited	Hong Kong 12 August 2021	100	HKD 1	Ship leasing
Xiang H44 International Ship Lease Co., Limited	Hong Kong 12 August 2021	100	HKD 1	Ship leasing
Xiang H45 International Ship Lease Co., Limited	Hong Kong 12 August 2021	100	HKD 1	Ship leasing

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32 Investments in Subsidiaries (continued)

Name of subsidiary	Place and date of incorporation	Proportion of ordinary shares directly held by the Company %	Paid-up issued/ registered capital	Principal activities
Xiang H46 International Ship Lease Co., Limited	Hong Kong 31 August 2021	100	HKD 1	Ship leasing
Xiang H47 International Ship Lease Co., Limited	Hong Kong 31 August 2021	100	HKD 1	Ship leasing
Xiang H48 International Ship Lease Co., Limited	Hong Kong 31 August 2021	100	HKD 1	Ship leasing
Xiang H49 International Ship Lease Co., Limited	Hong Kong 31 August 2021	100	HKD 1	Ship leasing
Xiang H50 International Ship Lease Co., Limited	Hong Kong 31 August 2021	100	HKD 1	Ship leasing
Xiang H52 International Ship Lease Co., Limited	Hong Kong 21 October 2021	100	HKD 1	Ship leasing
Xiang H53 International Ship Lease Co., Limited	Hong Kong 21 October 2021	100	HKD 1	Ship leasing
Xiang H54 International Ship Lease Co., Limited	Hong Kong 21 October 2021	100	HKD 1	Ship leasing
Xiang H55 International Ship Lease Co., Limited	Hong Kong 21 October 2021	100	HKD 1	Ship leasing
Xiang H56 International Ship Lease Co., Limited	Hong Kong 21 October 2021	100	HKD 1	Ship leasing
Xiang H57 International Ship Lease Co., Limited	Hong Kong 21 October 2021	100	HKD 1	Ship leasing
Xiang H58 International Ship Lease Co., Limited	Hong Kong 21 October 2021	100	HKD 1	Ship leasing
Xiang H59 International Ship Lease Co., Limited	Hong Kong 28 October 2021	100	HKD 1	Ship leasing
Xiang H60 International Ship Lease Co., Limited	Hong Kong 28 October 2021	100	HKD 1	Ship leasing
Xiang H61 International Ship Lease Co., Limited	Hong Kong 28 October 2021	100	HKD 1	Ship leasing
Xiang H62 International Ship Lease Co., Limited	Hong Kong 28 October 2021	100	HKD 1	Ship leasing
Xiang H63 International Ship Lease Co., Limited	Hong Kong 28 October 2021	100	HKD 1	Ship leasing
Xiang H64 International Ship Lease Co., Limited	Hong Kong 28 October 2021	100	HKD 1	Ship leasing
Xiang H66 International Ship Lease Co., Limited	Hong Kong 28 October 2021	100	HKD 1	Ship leasing
Xiang H67 International Ship Lease Co., Limited	Hong Kong 28 October 2021	100	HKD 1	Ship leasing
Xiang H68 International Ship Lease Co., Limited	Hong Kong 28 October 2021	100	HKD 1	Ship leasing
Xiang S3 International Ship Lease Pte. Limited	Singapore 21 November 2021	100	SGD 50,000	Ship leasing
Xiang S4 International Ship Lease Pte. Limited	Singapore 21 November 2021	100	SGD 50,000	Ship leasing
Xiang S5 International Ship Lease Pte. Limited	Singapore 21 November 2021	100	SGD 50,000	Ship leasing
Xiang S6 International Ship Lease Pte. Limited	Singapore 21 November 2021	100	SGD 50,000	Ship leasing
Xiang S7 International Ship Lease Pte. Limited	Singapore 21 November 2021	100	SGD 50,000	Ship leasing
Xiang S8 International Ship Lease Pte. Limited	Singapore 21 November 2021	100	SGD 50,000	Ship leasing
Xiang S9 International Ship Lease Pte. Limited	Singapore 21 November 2021	100	SGD 50,000	Ship leasing

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33 Benefits and interests of directors

(a) Directors' emoluments

The directors of the Group did not receive any fees or other emoluments in respect of their services rendered to the Group for the year ended 31 December 2021 and 2020.

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during or in respect of their services for the year ended 31 December 2021 and 2020.

(c) Consideration provided to third parties for making available directors' services

For the year ended 31 December 2021 and 2020, the Group did not pay consideration to any third parties for making available directors' services.

(d) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by and entities connected with such directors

For the year ended 31 December 2021 and 2020, there was no loans, quasi-loans and other dealing arrangements in favour of directors, bodies corporate controlled by and entities connected with such directors.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of or at any time during 2021 and 2020.

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DETAILED INCOME STATEMENT OF THE COMPANY
FOR THE YEAR ENDED 31 DECEMBER 2021
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For Management Information Only

	2021	2020
Revenue		
Interest income	201,045,776	202,385,665
Total revenue	201,045,776	202,385,665
Cost		
Interest expense	(204,130,465)	(170,214,192)
Total cost	(204,130,465)	(170,214,192)
Gross profit	(3,084,689)	32,171,473
Other income, gains or losses	17,719,860	462,417
Administrative expenses	(2,379,710)	(2,922,355)
Credit impairment losses	(1,100,185)	(5,290,519)
Profit before income tax	11,155,276	24,421,016
Income tax expense	(1,846,673)	(3,376,367)
Profit for the year	9,308,603	21,044,649
Other comprehensive income	56,634,016	(75,752,639)
Total comprehensive income for the year	65,942,619	(54,707,990)

BOCOM LEASING MANAGEMENT HONG KONG COMPANY LIMITED

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REPORT OF THE DIRECTORS AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

BOCOM LEASING MANAGEMENT HONG KONG COMPANY LIMITED
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REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the consolidated financial statements of Bocom Leasing Management Hong Kong Company Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the year ended 31 December 2020.

Principal activity

The principal activity of the Group is ship leasing.

Share capital

Details of share capital of the Company are set out in Note 20 to the consolidated financial statements.

Results and appropriations

The results of the Group for the year are set out in the statement of comprehensive income on page 10.

The directors do not recommend the payment of a dividend for the year ended 31 December 2020.

Directors

(a) Directors of the Company

The directors of the Company during the year and up to the date of this report were:

Zichu Cai
Jing Wang
Kwai Yee Cheung (resigned on 12 April 2021)
Ruijia Wang (appointed on 21 April 2021)

In accordance with the article 24 of the Articles of Association of the Company, Mr. Zichu Cai shall retire from office, and being eligible for reappointment to the office at the forthcoming annual general meeting.

(b) Directors of the subsidiaries of the Company

The list of directors who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report is available at the registered office of the Company.

Directors’ material interests in transactions, arrangements and contracts that are significant in relation to the Group’s business

No transactions, arrangements and contracts of significance in relation to the Company’s business to which the Company, its fellow subsidiaries or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

BOCOM LEASING MANAGEMENT HONG KONG COMPANY LIMITED
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REPORT OF THE DIRECTORS (CONTINUED)

Directors' interests in the shares and debentures of the Company or any other body corporate

At no time during the year was the Company, its fellow subsidiaries or its parent company a party to any arrangement to enable the directors of the Company (or whose nominees) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Subsequent events

On 15 January 2021, the Company acquired 100% of the issued share capital of Bocomm Shipping Leasing (Europe) GmbH from Chiao Tung Developments Limited for consideration of EUR 1000. The consideration of EUR 1000 was settled in cash on 22 January 2021.

On 3 March 2021, the Company acquired 100% of the issued share capital of Xiangrui International Ship Lease Co., Limited and other 8 entities from Chiao Tung Developments Limited, for consideration of USD 60,464,044. The consideration had not been paid up to the date of issue of this report.

Permitted indemnity provisions

Pursuant to the Company's Articles of Association, a director or former director of the Company may be indemnified out of the Company's assets against any liability incurred by the director to a person other than the Company or an associated company of the Company in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or associated company. The Company has arranged appropriate directors' and officers' liability insurance for the directors and officers of the Company during the year and up to the date of this report.

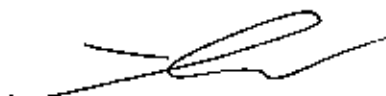
Business review

No business review is presented for the year ended 31 December 2020 as the Company has been able to claim an exemption under section 388(3) of the Companies Ordinance since it is a wholly owned subsidiary of Bank of Communications Aviation and Shipping Financial Leasing Company Limited.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who shall retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Zichu Cai
Director

Hong Kong, 30 April 2021

Independent Auditor's Report

To the Shareholder of Bocom Leasing Management Hong Kong Company Limited

(Incorporated in Hong Kong with limited liability)

Opinion***What we have audited***

The consolidated financial statements of Bocom Leasing Management Hong Kong Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 10 to 72, which comprise:

- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Expected credit losses for finance lease and sale and leaseback receivables
- Impairment of ships leased out under operating lease

Key Audit Matter

How our audit addressed the Key Audit Matter

Expected credit losses for finance lease and sale and leaseback receivables

Refer to Notes 2.7.1, 3.1(a), 4(a), 9 and 13 to the consolidated financial statements.

As at 31 December 2020, the net carrying amount of the Group's finance lease and sale and leaseback receivables amounted to USD 3,892.18 million, after deducting an allowance for impairment losses of USD 68.42 million. Impairment loss on these receivables recognised in the Group's consolidated statement of comprehensive income during the year then ended amounted to USD 50.68 million.

The Group assesses whether the credit risks of finance lease and sale and leaseback receivables have increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their expected credit losses ("ECL"). For finance lease and sale and leaseback receivables classified into stages 1 and 2, the management assesses impairment losses using the risk parameter modelling approach that incorporates key parameters, including probability of default, loss given default, exposure at default. For finance lease and sale and leaseback receivables in stage 3, the management assesses impairment losses by estimating the future cash flows from finance lease and sale and leaseback receivables.

We assessed the inherent risk of material misstatement on expected credit losses for finance lease and sale and leaseback receivables by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity and susceptibility to management bias or fraud.

The major procedures we performed primarily include:

- We understood and evaluated the key controls over the measurement of expected credit losses for finance lease and sale and leaseback receivables from data input through to ECL recording.
- We assessed the appropriateness of the modelling methodologies adopted for ECL measurement by comparing with the industry practice. We also performed back-testing of the actual defaults against expected defaults generated from the model as at the end of the previous year on sample basis.
- For loss given default, we tested the estimated realisation value of the underlying leased assets on a sample basis by comparing with external available market value, recalculated the loss given default, and compared this with that adopted in the model.

Key Audit Matter

The measurement models of ECL involves significant management judgments and assumptions, primarily including:

- (1) Methodology of models and determination of relevant key measurement parameters;
- (2) Criteria for determining whether or not there was a significant increase in credit risk, or a default or credit-impaired was incurred;
- (3) Economic indicators for forward looking measurement, and the application of economic scenarios and weightings; and
- (4) The estimated future cash flows for finance lease and sale and leaseback receivables in stage 3 (none for 2020).

For measuring expected credit losses, the Group adopts complex models with numerous parameters and data inputs, and applies significant management judgments and assumptions. In addition, the finance lease and sale and leaseback receivables together with the related potential ECL exposure are significant. In view of these reasons, we identified this as a key audit matter.

How our audit addressed the Key Audit Matter

- We examined data inputs to the ECL models such as credit exposures, lease payment maturity dates and internal credit ratings for selected samples, including the historical data and the data at the measurement date, by checking against supporting documents such as lease contracts and lessees' basic information. We also performed a reconciliation of the transmission of major data inputs between the models and the information systems.
- We assessed the appropriateness of management's criteria of the three stage classification of finance lease and sale and leaseback receivables taking into consideration the Group's credit risk profile and risk management practices, and selected samples to test the management's classification into the three stages by examining the financial and non-financial information of the lessees, assessing the overdue status of lease payments by comparing to maturity dates specified in lease contracts, and considering other relevant external evidences.
- For forward-looking measurements, we assessed management's selection of economic indicators and their analysis of correlation with the performance of the credit asset portfolios by using statistical techniques. We further tested the reasonableness of the prediction of economic indicators by comparing with available external expert estimates. In addition, we assessed the appropriateness of economic scenarios by performing sensitivity analysis and their weightings employed by performing historical back-testing.
- We tested, on a scope basis, the mathematical accuracy of the ECL models.

Key Audit Matter

How our audit addressed the Key Audit Matter

Impairment of ships leased out under operating leases

Refer to Notes 2.6, 4(b) and 11 to the consolidated financial statements.

As at 31 December 2020, the net carrying amount of the Group's ships leased out under operating leases amounted to USD 6,498.30 million, after deducting a provision for impairment losses of USD 36.41 million. Impairment loss on these assets recognised in the Group's consolidated statement of comprehensive income during the year then ended amounted to USD 31.91 million.

The Group enters into ship operating lease contracts with its lessees. The Group performs impairment test for all ships leased out under operating leases semi-annually. Management measures the recoverable amount of such assets at higher of:

- Fair value based on the market pricing data, less costs of disposal. Fair value is obtained from independent professional pricing agencies, and costs of disposal is estimated by actual costs in similar disposals;
- The estimated value-in-use ("VIU") based on the present value of the expected future cash flows from lease, which is calculated by discounting the estimated future rentals and cash flows from residual value using an appropriate pre-tax discount rate.

We focused on this area because the amount of the Group's ships leased out under operating leases was significant and the measurement

Based on our procedures performed, we considered that the model methodology, key parameters, and significant judgement and assumptions adopted in the FCI models together with the measurement results were supported by the audit evidences we gathered.

We assessed the inherent risk of material misstatement on impairment of ships leased out under operating leases by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity and susceptibility to management bias or fraud.

The major procedures we performed primarily include:

- We understood and evaluated the key controls relating to the impairment of ships leased out under operating leases.
- We performed back testing of the impairment provisions made by management in the previous year by comparing their recoverable amounts at the beginning and end of the reporting period to assess the reasonableness of management's estimates.
- Fair value less cost of disposal - we selected samples to assess management's estimate of fair values by comparing with the fair values obtained from independent external professional pricing agencies. We also compared the estimated cost of disposal with the actual cost incurred for similar disposals in the past.
- Value-in-use calculations - we selected samples to compare the future rentals used in calculations against the rentals specified in the lease contracts. We tested, on sample basis, the ship's estimated residual value at the end of contractual lease period used in the calculations by comparing with information

Key Audit Matter

involves significant management judgments and assumptions.

How our audit addressed the Key Audit Matter

on residual values provided by independent professional pricing agencies.

We compared the adjusted weighted average cost of capital ("WACC") of similar listed entities with the WACC calculated by the management. We assessed the reasonableness of risk factors incorporated in the calculation of the adjusted WACC by examining available external evidence.

We tested the mathematical accuracy of the VIU calculations for all the ships leased out under operating leases.

- Calculation of impairment - we compared the carrying amounts of the leased assets with the recoverable amounts and recalculated the amount of impairment provision.

Based on the procedures performed, we considered the methods and key assumptions adopted in the impairment assessment of ships leased out under operating leases were supported by the evidence we gathered.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Directors for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated 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 the directors 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lo Kai Leung, Thomas.

A stylized signature in blue ink, followed by the text "PricewaterhouseCoopers" and "Certified Public Accountants" in a smaller font.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 April 2021

BOCOM LEASING MANAGEMENT HONG KONG COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in United States Dollars unless otherwise stated)

	Note	2020	2019 (Restated)
Revenue			
Operating lease income	5	906,536,761	810,673,602
Finance lease income	5	105,397,028	91,623,157
Income from sale and leaseback arrangement	5	69,443,974	22,622,931
Interest income	5	325,700,373	214,485,558
Total revenue		1,407,078,136	1,139,405,248
Cost			
Interest expense	6	(601,500,375)	(494,299,683)
Depreciation	6	(475,964,690)	(403,189,674)
Other operating expense	6	(22,146,357)	(27,627,664)
Total cost		(1,099,611,422)	(925,117,021)
Gross profit		307,466,714	214,288,227
Other income, gains or losses	7	(14,248,445)	(715,809)
Administrative expenses	8	(3,701,164)	(3,726,028)
Impairment losses on operating lease assets		(31,913,885)	(2,019,197)
Credit impairment losses	9	(59,262,308)	(484,270)
Profit before income tax		198,340,912	207,342,923
Income tax expense	10	(7,470,414)	(8,739,088)
Profit for the year		190,870,498	198,603,835
Other comprehensive income	21	(75,752,639)	6,991,158
Total comprehensive income		115,117,859	205,594,993

The notes on pages 14 to 72 are an integral part of these financial statements.


BOCOM LEASING MANAGEMENT HONG KONG COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020
(All amounts in United States Dollars unless otherwise stated)

	Note	As at 31 December 2020	As at 31 December 2019 (Restated)
Assets			
Non-current assets			
Property, plant and equipment	11	6,498,299,503	6,383,497,932
Prepayments for lease assets	12	215,042,286	277,270,960
Finance lease and sale and leaseback receivables	13	3,541,760,255	2,148,277,071
Accounts receivable	14	281,057,900	272,016,669
Other receivables	15	11,072,375,888	6,798,840,967
Other assets	16	15,894,606	19,683,032
Deferred tax assets	17	25,693,487	4,973,752
Derivative financial assets	18	26,246,361	18,455,132
Total non-current assets		21,676,370,286	15,923,015,515
Current assets			
Finance lease and sale and leaseback receivables	13	350,420,388	206,019,069
Accounts receivable		13,160,374	13,466,186
Other receivables	15	628,458,359	73,712,682
Other assets	16	532,238	1,279,238
Cash and cash equivalents	19	1,936,009,049	184,385,542
Total current assets		2,928,578,408	478,862,717
Total assets		24,604,948,694	16,401,878,232
Equity and liabilities			
Equity attributable to owners of the Group			
Share capital	20	-	-
Other reserve	21	(68,761,481)	6,991,158
Retained earnings		448,411,520	266,274,959
Total equity		379,650,039	273,266,117
Liabilities			
Non-current liabilities			
Borrowings	22	13,223,320,175	9,204,416,220
Bonds payable	23	5,835,760,078	5,138,136,747
Other liabilities	24	403,987,412	306,873,345
Derivative financial liabilities	18	76,075,799	-
Deferred tax liabilities	17	4,330,650	1,832,754
Total non-current liabilities		19,543,474,114	14,651,261,066
Current liabilities			
Borrowings	22	2,614,624,435	1,087,550,289
Bonds payable	23	908,823,144	-
Current income tax liabilities	25	18,778,399	12,930,486
Other liabilities	24	1,139,598,563	376,870,294
Total current liabilities		4,681,824,541	1,477,351,069
Total liabilities		24,225,298,655	16,128,612,115
Total equity and liabilities		24,604,948,694	16,401,878,232

The financial statements were approved by the Board of Directors on 30 April 2021.


Zichu Cai
Director


Jing Wang
Director

The notes on pages 14 to 72 are an integral part of these financial statements.

BOCOM LEASING MANAGEMENT HONG KONG COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020
(All amounts in United States Dollars unless otherwise stated)

	Note	Share capital	Other reserve	Retained earnings	Total
At 1 January 2019		-	70,348	228,928,103	228,998,451
Business combination between entities under common control	27	-	-	(7,229,072)	(7,229,072)
At 1 January 2019 (Restated)		-	70,348	221,699,031	221,769,379
Profit for the year (Restated)		-	-	198,603,835	198,603,835
Consideration for business combination between entities under common control	27	-	(70,348)	(154,027,907)	(154,098,255)
Other comprehensive income		-	6,991,158	-	6,991,158
At 31 December 2019 (Restated)		-	6,991,158	266,274,959	273,266,117
At 1 January 2020 (Restated)		-	6,991,158	266,274,959	273,266,117
Profit for the year		-	-	190,870,498	190,870,498
Consideration for business combination between entities under common control	27	-	-	(8,733,937)	(8,733,937)
Other comprehensive income for the year	21	-	(75,752,639)	-	(75,752,639)
At 31 December 2020		-	(68,761,481)	448,411,520	379,650,039

The notes on pages 14 to 72 are an integral part of these financial statements.

BOCOM LEASING MANAGEMENT HONG KONG COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in United States Dollars unless otherwise stated)

	Note	2020	2019 (Restated)
Cash flows from operating activities			
Profit before income tax		198,340,912	207,342,923
Adjustments for:			
Depreciation for property, plant and equipment and right-of-use assets		476,058,212	403,616,115
Impairment losses on operating lease assets		31,913,885	2,019,197
Credit impairment losses		59,262,308	484,270
Interest expense		601,500,375	494,299,683
Losses/(gain) on disposal of ships leased out under operating lease		11,129,415	(354,628)
Interest income from loans to related parties		(325,700,373)	(214,485,558)
Net exchange differences		(2,801,201)	(692,329)
Operating cash flows before movements in working capital		1,049,703,533	892,229,673
Increase in accounts receivable		(9,632,659)	(182,250,347)
Increase in finance lease and sale and leaseback receivables		(1,589,144,766)	(995,370,762)
(Increase)/decrease in other receivables		(23,468,485)	12,157,231
Increase in other liabilities		851,158,435	164,495,306
Cash from operations		278,616,058	(108,738,899)
Income taxes paid		(10,466,442)	(485,025)
Net cash inflow/(outflow) from operating activities		268,149,616	(109,223,924)
Cash flows from investing activities			
Net cash received from disposal of ships leased out under operating lease		721,982,802	58,493,595
Interest received from loans to related parties		198,564,211	214,485,558
Payments for property, plant and equipment and prepayments		(1,293,563,690)	(1,741,568,921)
Payment for acquisition of subsidiaries, net of cash acquired		-	(3,506,219)
Loans to related parties		(4,681,073,712)	(3,842,445,485)
Net cash (outflow) from investing activities		(5,054,090,389)	(5,314,541,472)
Cash flows from financing activities			
Proceeds from borrowings		16,240,240,993	9,322,417,376
Repayment of borrowings		(10,738,733,166)	(6,013,602,853)
Issuance of bonds		1,595,785,788	2,995,875,000
Interest paid		(559,549,387)	(443,569,540)
Principal elements of lease payments		(69,201)	(465,066)
Repayment of bonds		-	(400,000,000)
Net cash inflow from financing activities		6,537,675,027	5,460,654,917
Net increase in cash and cash equivalents		1,751,734,254	36,889,521
Add: Cash and cash equivalents at beginning of the year		184,651,108	147,152,794
Effects of exchange rate changes on cash and cash equivalents		4,028,624	608,793
Cash and cash equivalents at end of the year	19	1,940,413,986	184,651,108

The notes on pages 14 to 72 are an integral part of these financial statements.

BOCOM LEASING MANAGEMENT HONG KONG COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

FOR THE YEAR ENDED 31 DECEMBER 2020
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in United States Dollars unless otherwise stated)

1 General information

Bocom Leasing Management Hong Kong Company Limited (the "Company") was established by Bank of Communications Aviation and Shipping Financial Leasing Company Limited, a company incorporated in China (Shanghai) Pilot Free Trade Zone. The Company is a limited liability company incorporated in Hong Kong on 9 October 2015. The address of its registered office is 18/F., 20 Pedder Street, Central, Hong Kong. The Company and its subsidiaries (the "Group") carry out business in Hong Kong, Singapore and the Cayman Islands. The Group is ultimately controlled by Bank of Communications Co., Ltd. (hereinafter referred to "BoCom").

These financial statements are presented in United States dollars ("USD"), which is also the functional currency of the Company.

These financial statements have been approved for issue by the Board of Directors on 30 April 2021.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) and requirements of the Hong Kong Companies Ordinance Cap. 622.

The financial statements have been prepared under the historical cost basis, except for derivative financial assets.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

As at 31 December 2020, the Group's current liabilities exceeded its current assets by USD1,753,246,133. The Group's ability to repay maturing debt and fulfil the capital commitments depends on its future operation performance, available banking facilities and continuous financial support provided by shareholder. The Group's indirect parent company Bank of Communications Financial Leasing Co., Ltd. has committed to provide adequate financial support (mainly in the form of related party financing) to enable the Group to continue to operate for at least the next 12 months from 31 December 2020. Therefore, the directors believe that the Group is able to obtain the necessary financial support and continue to operate for at least the next 12 months from 31 December 2020.

BOCOM LEASING MANAGEMENT HONG KONG COMPANY LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2020
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in United States Dollars unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(a) New and amended standards adopted by the Group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material – amendments to HKAS 1 and HKAS 8,
- Definition of a Business – amendments to HKFRS 3,
- Interest Rate Benchmark Reform Phase 1 – amendments to HKFRS 9, HKAS 39 and HKFRS 7,
- Revised Conceptual Framework for Financial Reporting, and
- Covid-19-Related Rent Concessions – amendments to HKFRS 16 (early adopted)

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standard and amendments of HKFRSs not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group.

	Effective for annual period commencing on or after
Interest Rate Benchmark Reform – Phase 2	1 January 2021
HKFRS 17 Insurance Contracts	1 January 2023
Property, Plant and Equipment: Proceeds before intended use – Amendments to HKAS 16	1 January 2022
Reference to the Conceptual Framework – Amendments to HKFRS 3	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37	1 January 2022
Annual Improvements to HKFRS Standards 2018 – 2020	1 January 2022

The Group is in the process of making an assessment of the impact of Interest Rate Benchmark Reform – Phase 2 upon initial application. Other new and revised HKFRSs are not expected to have a material impact on the Group's financial performance and position.

Interest Rate Benchmark Reform–Phase 2 provides additional temporary reliefs from applying specific HKFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform, including:

- For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of HKFRS 9. As a result, no immediate gain or loss is recognised.
- Require an entity to prospectively cease to apply the Phase 1 reliefs to a non-contractually specified risk component at the earlier of when changes are made to the non-contractually specified risk component, or when the hedging relationship is discontinued.
- Additional temporary exceptions from applying specific hedge accounting requirement.
- Additional HKFRS 7 disclosure requirements related to IBOR reform.

2 Summary of significant accounting policies (continued)

2.2 Principles of consolidation

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and financial position respectively.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

FOR THE YEAR ENDED 31 DECEMBER 2020
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in United States Dollars unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in USD, which is the Group's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income, gains or losses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

2.5 Property, plant and equipment

Property, plant and equipment are ships leased out under operating lease. Property, plant and equipment are stated in the statements of financial position at historical cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

The Group assesses useful lives and depreciation methods of these assets based on their actual conditions. The Group also determines the estimated net residual values item by item through independent professional pricing agencies. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

BOCOM LEASING MANAGEMENT HONG KONG COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

FOR THE YEAR ENDED 31 DECEMBER 2020
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in United States Dollars unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

The estimated residual value rates and useful lives of each class of property, plant and equipment held for operating lease business of the Group are as follows:

Classes	Estimated residual value rates	Useful lives
Ships	5%	5-25 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

2.6 Impairment of non-financial assets

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The Group performs impairment test for all ships leased out under operating leases semi-annually.

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset or (CGU) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2 Summary of significant accounting policies (continued)

2.7 Financial assets and financial liabilities

2.7.1 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. finance lease and sale and leaseback receivables are regarded as financial assets for the purpose of derecognition.

(c) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There is one measurement category into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

2 Summary of significant accounting policies (continued)

2.7 Financial assets and financial liabilities (continued)

2.7.1 Investments and other financial assets (continued)

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its cash and cash equivalents, finance lease receivable, sale and leaseback receivables, other receivable and accounts receivable. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2.7.2 Financial liabilities

Other financial liabilities

Other financial liabilities including borrowings, bonds payable, other payables and deposits from lessees are subsequently measured at amortised cost using the effective interest method. Other financial liabilities are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.9 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges), or
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges)

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

2 Summary of significant accounting policies (continued)

2.9 Derivatives and hedging activities (continued)

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 18. Movements in the hedging reserve in shareholders' equity are shown in Note 21. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedge that quantity for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss.

Amounts accumulated in equity are recycled to the statement of profit or loss in the periods when the hedged item affects profit or loss. They are recorded in the income or expense lines in which the revenue or expense associated with the related hedged item is reported.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

2.10 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.11 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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2 Summary of significant accounting policies (continued)

2.12 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.13 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

For the subsidiaries established in Hong Kong, the operating lease income to be treated as non-taxable profit under Section 23B of the Inland Revenue Ordinance.

For the subsidiaries established in Singapore, no provision has been recognised for taxation on qualifying shipping income derived from the operation of the subsidiaries' ships which are exempt from taxation under Section 13A of the Singapore Income Tax Act in reporting period.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 Summary of significant accounting policies (continued)

2.13 Current and deferred income tax (continued)

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.14 Revenue recognition

(a) Operating lease

Operating lease income is recognised on a straight-line basis over the term of the relevant lease or another systematic basis;

(b) Finance lease

Finance lease income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease;

(c) Sale and leaseback arrangement

Income from sale and leaseback arrangement is accrued on a timely basis using the effective interest method, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the lease term of the leaseback arrangements to that asset's net carrying amount on initial recognition.

(d) Interest income

Interest income from a financial asset at amortised cost is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition;

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2 Summary of significant accounting policies (continued)

2.15 Leases

(a) The Group's leasing activities as lessee and how these are accounted for

The group has adopted HKFRS 16 for leases where the group is the lessee.

The group leases one office. Rental contracts are 40 months with no extension options. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2020 financial year, lease of the office was classified as operating lease. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

2 Summary of significant accounting policies (continued)

2.15 Leases (continued)

(a) The Group's leasing activities as lessee and how these are accounted for (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The Group has no short-term leases and leases of low-value assets as at 31 December 2020.

(b) The Group as lessor under operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred.

(c) The Group as lessor under finance leases

At the commencement of the lease term, the aggregate of the minimum lease receivable at the inception of the lease and the initial direct costs is recognised as a finance lease receivable, and the unguaranteed residual value is recorded at the same time. The difference between the aggregate of the minimum finance lease receivables, the initial direct costs and the unguaranteed residual value, and the aggregate of their present values is recognised as unearned finance income.

Unearned finance income is recognised as finance income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. Contingent rentals under finance lease are recognised revenue in the periods in which they are incurred.

(d) The Group as a buyer-lessor under sale and leaseback transactions

The Group as a buyer-lessor does not recognise the transferred asset if such transfer does not satisfy the requirements of HKFRS 15 as a sale. Sale and leaseback transactions in which the relevant seller-lessees have an obligation or a right to repurchase the relevant assets were accounted as financing arrangements under HKFRS 9.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, market risk (including foreign exchange risk and interest rate risk) and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by the management under policies approved by the board of directors. The management identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk, foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Credit risk

The Group's credit risk refers to the risk that lessee fails to or is unwilling to perform contractual obligations. The Group's credit risk mainly arises from finance lease, sale and leaseback receivables, other receivables and other financial assets.

(i) Credit risk management

The Group established standard policies and operational procedures and controls over lease activities, which include project due diligence and application, project review and approval, disbursement, post-lending monitoring and management of non-performing lease receivables and other receivables.

The Group implements its industry risk management system according to its plan based on actual situation with focus on industry research, counterparty credit rating, and understanding of the lessee's operations, financial condition as well as their shareholders' support. Limits are placed on different counterparties. The Group also obtained deposits from the lessees. All these strengthen the control and management of credit risk.

Changes in economic environment or leasing assets in a particular industry may result in losses to the Group. The Group monitors the credit risk periodically, makes an assessment annually at least and reports to the Board of Directors.

Through credit risk management policies and procedures, leasing business information system, investment of leasing business and continuous optimising the portfolio of lease business, the Group is able to identify, monitor and manage its credit risk.

The Group is also exposed to credit risk associated with other receivables. Please refer to Note 15 for details.

In addition, the Group is exposed to credit risk associated with cash at bank. Management consider that these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term.

(ii) Expected credit loss ("ECL")

The Group measures the ECL of financial instruments at amortised cost. The Group divides them into 3 stages by assessing whether there has been a significant increase in credit risk since initial recognition.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) *Credit risk (continued)*

(ii) Expected credit loss ("ECL") (continued)

The Group measures the ECL of a financial instrument in a way that reflects:

- (1) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (2) the time value of money;
- (3) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Stage classification

The Group divides them into 3 stages. Stage 1 is "financial assets without significant increase in credit risk since initial recognition", at which the Group only needs to measure ECL in the next 12 months. Stage 2 is "financial assets with significant increase in credit risk" and stage 3 is "credit-impaired financial assets", at both of which the Group needs to measure lifetime ECL.

Definition of credit-impaired

The criteria adopted by the Group to determine whether a credit impairment occurs under HKFRS 9 is consistent with the internal credit risk management objectives for relevant financial instrument, in addition to consideration of quantitative and qualitative indicators.

The Group considers a financial instrument to be credit-impaired when one or more of the following criteria have been met:

- (1) Principal (including advances, applies to below) or interest of the asset is more than 90 days past due;
- (2) The issuer or obligor is in significant financial difficulty, or has already become insolvent;
- (3) It is becoming probable that the obligor will enter bankruptcy;
- (4) An active market for that financial asset has disappeared because of financial difficulties of issuers;
- (5) Other objective evidence indicating impairment of the financial asset.

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

- (a) *Credit risk (continued)*
- (ii) Expected credit loss ("ECL") (continued)

A significant increase in credit risk

The Group assesses quarterly whether the credit risk on a financial instrument has increased significantly since initial recognition. In determining the stage classification of a financial asset, the Group considers all reasonable and supportable information which reflects whether there have been significant changes in credit risk, including that which is forward-looking. Based on an individual financial instrument or a portfolio of financial instruments with similar credit risk characteristics, the Group compares risk of default occurring at reporting date as with initial recognition, in order to determine possible changes in risk of default occurring during the expected life of the financial instrument. The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following criteria have been met:

- (1) Principal or interest of the instrument is more than 30 days past due;
- (2) Credit rating of obligor changes significantly. Credit rating is based on both internal and external rating results, and the criteria are as follow: (a) a significant increase in credit risk is determined when internal or external rating during the reporting period is below the Group's credit acceptance standards; (b) When the borrower's internal rating is downgraded to a certain level, there has been a significant increase in credit risk. Criteria to determine significant increase in credit risk varies based on the original internal rating upon initial recognition;
- (3) Significant adverse issues have negative impacts on obligator's repayment ability;
- (4) Other circumstances of significant increase in credit risk. For example, appearance of other risk alarm indicators which imply growing potential risk, and could cause losses of financial assets to the Group.

The financial assets are moveable between stages. For instance, financial instruments originally classified at stage 1 should be downgraded to stage 2 if events occur such as a significant increase in credit risk. Financial instruments at stage 2 could be upgraded to stage 1 if credit risk decreases and the criteria for the determination of "a significant increase in credit risk" are no longer met.

After the outbreak of the epidemic of COVID-19, the Group strictly followed the regulatory policies and requirements and prudently evaluates the repayment ability of the clients who apply for payment holiday or adjustment on repayment schedule. On the premise that the subsequent risks will not be enlarged and subsequent settlement will not be affected, the Group rescues those clients meeting specific criteria by extending the maturity and so on. The Group has assessed whether the rescues would cause a significant increase in credit risks and has adjusted the stage classification as appropriate.

Description of parameters, assumptions and estimation techniques

The Group recognises a loss allowance to different financial instruments at an amount equal to 12-month or lifetime expected credit loss based on whether there has been a significant increase in credit risk and whether the financial instrument is credit-impaired. ECL is the result of discounted product of the weighted average of "probability of default (PD)", "loss given default (LGD)", "exposure at default (EAD)" under the three scenarios, which are defined as follows:

Probability of default (PD) is the probability of default occurring of a client and its assets in a given period of time in the future.

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

- (a) *Credit risk (continued)*
- (ii) Expected credit loss ("ECL") (continued)

Description of parameters, assumptions and estimation techniques (continued)

Exposure at default (EAD) represents the total amount of on-balance sheet and off-balance sheet exposure at the time of default by debtor, reflecting the total amount of possible losses likely to be incurred. In general, this includes the utilised credit limit, interest receivable, the anticipated usage of unused credit facilities as well as the related expenses to be incurred.

Loss given default (LGD) represents the percentage of amount of loss to be incurred in the event of default to the total risk exposure. It is expressed as the loss percentage per unit of exposure which typically varies by nature of debtor, type and seniority of claim and the availability of collaterals or other credit enhancements.

Definition of default has been consistently applied to model establishment of probability of default (PD), exposure at default (EAD), loss given default (LGD) in ECL calculation throughout the Group.

Estimation of ECL: the impairment models

The Group adopted the same impairment models to calculate ECL with its ultimate holding company Bank of Communications Co., Ltd. (hereinafter referred to "BoCom"). BoCom has established a macro-economic forecast model driven by Gross Domestic Product (GDP) growth rate to forecast values of macro-economic indicators in multiple categories including national accounts, price index, foreign trade, fixed asset investment, total exports, purchasing managers' index, currency and interest rates, under three economic scenarios (i.e., Optimistic scenario, Basic scenario, and Pessimistic scenario). The forecasts, after evaluation and confirmation by economic experts of the BoCom, are used in the impairment model. The macro scenario settings and the rationality of the weightings are reviewed and adjusted periodically, based on changes in the internal and external economic environment.

The impairment models adopt a top down approach. Through grouping, the models cover the risk exposures of financial institutions and companies and reveal the regressive relationship between different macro-economic indicators and risk parameters. The result of macro-economic indicator forecasts will form the basis for impairment calculation and represent "forward looking" elements of credit risk allowance in different scenarios.

In 2020, the Group fully considers the uncertainty resulting from COVID-19 towards macro scenario settings with prudence when evaluating the predictive information used in the impairment model.

Sensitivity analysis

If the Optimistic scenario weighting increases by 10% and Basic scenario weighting decreases by 10%, with all other variables being held constant, the impairment allowance of finance lease and sale and leaseback receivables will decrease USD 520,976 (31 December 2019: USD 360,060); If the Pessimistic scenario weighting increases by 10% and Basic scenario weighting decreases by 10%, with all other variables being held constant, the impairment allowance of finance lease receivable will increase USD 1,243,405 (31 December 2019: USD 429,903).

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) *Credit risk (continued)*

(iii) Maximum exposure to credit risk

Maximum exposure to credit risk – financial instruments included in impairment assessment

	As at 31 December 2020		
	Group Total	ECL	Group carrying amount
Cash at bank	1,940,413,986	(4,404,937)	1,936,009,049
Finance lease and sale and leaseback receivables	3,960,602,396	(68,421,753)	3,892,180,643
Accounts receivable	298,236,388	(4,018,114)	294,218,274
Other receivables	11,710,989,918	(10,157,671)	11,700,832,247
Derivative financial assets	26,246,361	-	26,246,361
Maximum exposure to credit risk	17,936,489,049	(87,002,475)	17,849,486,574

	As at 31 December 2019		
	Group Total	ECL	Group carrying amount
Cash at bank	184,651,108	(265,566)	184,385,542
Finance lease and sale and leaseback receivables	2,371,457,630	(17,161,490)	2,354,296,140
Accounts receivable	288,603,729	(3,120,874)	285,482,855
Other receivables	6,879,213,939	(6,660,290)	6,872,553,649
Derivative financial assets	18,455,132	-	18,455,132
Maximum exposure to credit risk	9,742,381,538	(27,208,220)	9,715,173,318

The table above presents the Group's maximum credit risk exposure without considering collateral and other credit enhancements as at the end of 31 December 2020 and as at the end of 31 December 2019. For balance sheet items, the exposures set out above are their carrying amounts on statement of financial position.

(b) *Market risk*

The Group takes on exposure to market risk, which is initiated by the fluctuation of the fair value of or future cash flow of financial instruments as a result of the changes of the market prices. Market risks arise from open positions in interest rates, currencies, commodities and equity products, all of which are exposed to market fluctuations and changes in interest rates, foreign exchange rates, commodities and equity products.

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) *Market risk (continued)*

(i) Foreign exchange risk

In respect of assets and liabilities denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level. The group uses cross currency swaps to hedge against the exposure to variability in cash flows for the borrowings denominated in JPY. Therefore, the variability in exchange rate of JPY to the functional currency has no impact on the Group's total profit.

As at 31 December 2020, the Group's exposure to foreign exchange risk arising from recognized assets or liabilities denominated in CNY, EUR and AUD are presented in the following tables. For presentation purposes, the amounts of the exposure are shown in USD, translated using the spot rate at the reporting date.

	As at 31 December 2020			As at 31 December 2019 (Restated)		
	CNY	EUR	AUD	CNY	EUR	AUD
Cash and bank balances	-	327,977	18,795	-	225,467	4,765
Other receivables	15,205,750	509,134,828	99,478,113	14,222,069	264,364,787	796,526
Borrowings	-	(508,012,605)	(96,954,004)	-	(209,733,383)	-
Net exposure	15,205,750	1,450,200	2,542,904	14,222,069	54,856,871	801,291

As at 31 December 2020, if the CNY had strengthened/weakened by 10 % against the functional currency while all other variables had been held constant, the Group's total profit for the year would have been approximately USD 1,269,680 (2019: USD 1,187,543) higher/lower respectively.

As at 31 December 2020, if the EUR had strengthened/weakened by 10 % against the functional currency while all other variables had been held constant, the Group's total profits for the year would have been approximately USD 121,093 (2019: USD 4,580,549) higher/ lower respectively.

As at 31 December 2020, if the AUD had strengthened/weakened by 10 % against the functional currency while all other variables had been held constant, the Group's total profit for the year would have been approximately USD 212,332 (2019: USD 66,907) higher/lower respectively.

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) *Market risk (continued)*

(ii) Interest rate risk

The Group's interest rate risk arises from interest rate re-pricing and maturity mismatching of financial instruments, and the fluctuation of market interest rate. Financial instruments issued at floating rates expose the Group to cash flow interest rate risk. Financial instruments issued at fixed rates expose the Group to fair value interest rate risk.

Interest margins may increase as a result of fluctuation in market interest rates, but may reduce or create losses in the event that unexpected movements arise. Therefore, the Group primarily manages the interest rate risk through controlling the re-pricing of the lease assets and its corresponding liabilities.

Most of our operating lease business receive fixed rate rents, while the borrowings from related parties re-price interest at market rates periodically. The Group enters into the interest rate swap contract to manage the interest rate risk if necessary.

The Group analyses its interest rate exposure on a regular basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging.

Following the financial crisis, the reform of London Interbank-Offered Rate (LIBOR) has become a priority for global regulators. In March 2021, the Financial Conduct Authority (FCA) announced that after 2021, libors in Sterling, EURO, Swiss franc and JPY, as well as one week and two month libors in USD will be stopped, and the release time of the remaining term libors in USD will cease in the middle of 2023. The alternative benchmark for USD will be replaced by SOFR. The major difference between USD LIBOR and the alternative rate SOFR is that the former, as a term rate, which means that it is published for a borrowing period, and it is "forward-looking" as LIBOR is published at the beginning of the borrowing period. Alternative interest rate SOFR is "backward-looking" rate, it's based on overnight rates from actual transactions, and are published on the next trade day. In addition, the alternative benchmark SOFR is risk-free, while LIBOR includes a credit spread over the risk-free rate. Therefore, the USD LIBOR reform will bring about great changes to the interest rate rules of various financial products.

The Group had certain bank borrowings and bonds payable denominated in USD and JPY based on the LIBOR as at 31 December 2020. The borrowings denominated in JPY will mature in 2021 before libor in JPY stopped. To transition existing contracts and agreements that reference USD LIBOR to SOFR, adjustments for term differences and credit differences might need to be applied to SOFR, to enable the two benchmark rates to be economically equivalent on transition due to IBOR reforms. Group treasury is managing the Group's USD LIBOR transition plan, which includes amendments to the contractual terms of the USD LIBOR-referenced floating-rate debt and the associated swap and the corresponding update of the hedge designation. However, the changed reference rate may also affect other systems, processes, risk and valuation models, as well as having tax and accounting implications.

The tables below summarize the Company's exposures to interest rate risks. The tables below show the Group's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or remaining maturity dates:

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3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) *Market risk (continued)*

(ii) Interest rate risk (continued)

	31 December 2020					Non interest bearing	Total
	Within 3 months	3 month to 1 year	1 to 5 years	Over 5 years			
Financial assets-							
Cash and cash equivalents	1,936,009,049	-	-	-	-	-	1,936,009,049
Finance lease and sale and leaseback receivables	2,082,693,479	152,007,658	244,949,694	1,412,529,812	-	-	3,892,180,643
Accounts receivable	3,709,189	-	277,348,711	-	13,160,374	-	294,218,274
Other receivables	272,504,253	933,703,502	7,103,518,181	3,374,479,503	16,626,808	-	11,700,832,247
Derivative financial assets	-	-	-	-	26,246,361	-	26,246,361
Sub-total	4,294,915,970	1,085,711,160	7,625,816,586	4,787,009,315	56,033,543	-	17,849,486,574
Financial liabilities-							
Borrowings	(5,041,699,545)	(8,007,325,674)	(2,013,144,490)	(775,774,901)	-	-	(15,837,944,610)
Other liabilities	-	-	-	-	(1,239,686,054)	-	(1,239,686,054)
Bonds payable	(2,458,314,067)	-	(4,034,455,473)	(251,813,682)	-	-	(6,744,583,222)
Derivative financial liabilities	-	-	-	-	(76,075,799)	-	(76,075,799)
Sub-total	(7,500,013,612)	(8,007,325,674)	(6,047,599,963)	(1,027,588,583)	(1,315,761,853)	-	(23,898,289,685)
Total interest repricing gap	(3,205,097,642)	(6,921,614,514)	1,578,216,623	3,759,420,732	(1,259,728,310)	-	(6,048,803,111)

As at 31 December 2020, it is estimated that a general increase or decrease of 100 basis points in interest rates, with all other variables held constant, would decrease or increase the Group's profit for the following twelve months by USD 45,090,550.

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3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) *Market risk (continued)*

(ii) Interest rate risk (continued)

	31 December 2019 (Restated)					Non interest bearing	Total
	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years			
Financial assets-							
Cash and cash equivalents	184,385,542	-	-	-	-	-	184,385,542
Finance lease and sale and leaseback receivables	1,108,170,687	-	122,890,618	1,123,234,835	-	-	2,354,296,140
Accounts receivable	-	-	272,016,669	-	13,466,186	-	285,482,855
Other receivables	3,180,857	129,353,759	3,300,004,151	3,422,700,655	17,314,227	-	6,872,553,649
Derivative financial assets	-	-	-	-	18,455,132	-	18,455,132
Sub-total	1,295,737,086	129,353,759	3,694,911,438	4,545,935,490	49,235,545	-	9,715,173,318
Financial liabilities-							
Borrowings	(2,600,268,899)	(5,728,779,818)	(1,618,904,302)	(344,015,470)	-	-	(10,291,968,489)
Other liabilities	-	-	-	-	(407,850,481)	-	(407,850,481)
Bonds payable	(301,809,420)	-	(4,584,441,310)	(251,886,017)	-	-	(5,138,136,747)
Sub-total	(2,902,078,319)	(5,728,779,818)	(6,203,345,612)	(595,901,487)	(407,850,481)	-	(15,837,955,717)
Total interest repricing gap	(1,606,341,233)	(5,599,426,059)	(2,508,434,174)	3,950,034,003	(358,614,936)	-	(6,122,782,399)

As at 31 December 2019, it is estimated that a general increase or decrease of 100 basis points in interest rates, with all other variable held constant, would decrease or increase the Group's profit for the following twelve months by USD 29,269,533.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) *Liquidity risk*

Liquidity risk refers to the risk that the Group is unable to meet the obligation to settle its due liabilities or meet the immediate demand of capital. Based on the Group's business features, its liquidity risk management framework comprises:

- Daily fund management through monthly monitoring future cash flows and making liquidity gap analysis report;
- Monitoring of assets liquidity ratio to meet the internal and regulatory requirements;
- Management of the degree of concentration of maturities of liabilities;
- Establishment of liquidity contingent plan through agreements with banks;
- Issuance of medium and long-term financial bonds to optimise the medium and long-term asset and liability structure, and continuing to issue financial bonds at appropriate stages in the future.

The Asset and Liability Management Committee is responsible for the preparation of liquidity risk management policies, while the Treasury Department is responsible for daily liquidity risk management, and the specific procedures include:

- Through multi-channel and diversified financing, the Group ensures to obtain a continuous and sufficient source of funds, including payment of deposits and funds to be paid when purchasing lease assets;
- The Group has medium and long term credit facilities from banks and designed a principal and interest prepayment plan that matches the lease term and rental cash flow to minimise liquidity risk due to maturity mismatch;
- The Group actively manages liquidity risk by predicting future cash flows, establishing quota management and obtaining sufficient credit lines from commercial banks.

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) *Liquidity risk (continued)*

(1) Cash flow for non-derivative financial assets and liabilities

The table below presents the cash flows receivable and payable by the Group under non-derivative financial assets and liabilities by remaining contractual maturities as at 31 December 2020 and 31 December 2019. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows:

	Repayable on demand	31 December 2020						Total
		Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years		
Cash and cash equivalent	1,140,413,986	800,044,444	-	-	-	-		1,940,458,430
Finance lease and sale and leaseback receivables	-	32,136,053	90,773,797	373,144,301	1,783,100,036	2,775,134,943		5,054,289,130
Accounts receivable	-	13,360,785	-	-	299,849,364	-		313,210,149
Other receivables	17,023,382	257,889,738	15,401,614	365,688,965	7,636,270,848	4,782,991,463		13,075,266,010
	1,157,437,368	1,103,431,020	106,175,411	738,833,266	9,719,220,248	7,558,126,406		20,383,223,719
Borrowings	-	(50,202,521)	(1,647,885,576)	(1,131,085,066)	(3,030,217,101)	(10,557,043,382)		(16,416,433,646)
Other liabilities	(977,344,929)	-	-	-	(39,671,760)	(222,669,365)		(1,239,686,054)
Bonds payable	-	(367,120,347)	(623,055,903)	(112,068,509)	(5,921,806,211)	(272,393,793)		(7,296,444,763)
	(977,344,929)	(417,322,868)	(2,270,941,479)	(1,243,153,575)	(8,991,695,072)	(11,052,106,540)		(24,952,564,463)
Net amount	180,092,439	686,108,152	(2,164,766,068)	(504,320,309)	727,525,176	(3,493,980,134)		(4,569,340,744)

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) *Liquidity risk (continued)*

(1) Cash flow for non-derivative financial assets and liabilities (continued)

	31 December 2019 (Restated)					
	Repayable on demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Cash and cash equivalent	184,651,108	-	-	-	-	-
Finance lease and sale and leaseback receivables	-	24,384,972	56,199,308	238,971,254	1,186,682,030	1,626,876,089
Accounts receivable	-	13,671,255	-	-	289,604,299	-
Other receivables	17,734,063	-	3,188,619	71,147,953	3,835,393,593	4,767,927,390
	202,385,171	38,056,227	59,387,927	310,119,207	5,311,679,922	6,394,803,479
						12,316,431,933
Borrowings	-	(60,180,209)	(363,694,962)	(988,548,445)	(3,158,359,062)	(6,389,556,216)
Other liabilities	(242,570,807)	-	-	-	(35,406,560)	(129,873,114)
Bonds payable	-	(59,375,000)	(2,625,000)	(111,179,054)	(5,259,633,888)	(277,490,413)
	(242,570,807)	(119,555,209)	(366,319,962)	(1,099,727,499)	(8,453,399,510)	(6,796,919,743)
						(17,078,492,730)
Net amount	(40,185,636)	(81,498,982)	(306,932,035)	(789,608,292)	(3,141,719,588)	(402,116,264)
						(4,762,060,797)

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) *Liquidity risk (continued)*

(2) Cash flow analysis for derivative financial instruments

The following table illustrates the details of the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves as at 31 December 2020 and 2019 for exchange rate as well.

(2.1) Derivative settled on a gross basis

	31 December 2020				
	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Cross currency swap					
Inflows	-	-	-	327,720,200	-
Outflows	-	-	-	(299,946,931)	-
	-	-	-	27,773,269	-
					27,773,269
	31 December 2019 (Restated)				
	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Cross currency swap					
Inflows	-	-	-	307,545,702	-
Outflows	-	-	-	(300,000,000)	-
	-	-	-	7,545,702	-
					7,545,702

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) *Liquidity risk (continued)*

(2) Cash flow analysis for derivative financial instruments(continued)

(2.2) Derivative settled on a net basis

	31 December 2020				
	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Interest rate swap					
Inflows	-	-	-	-	-
Outflows	(463,389)	(5,228,611)	(17,075,999)	(56,403,910)	-
	(463,389)	(5,228,611)	(17,075,999)	(56,403,910)	(79,171,909)
					(79,171,909)
31 December 2019 (Restated)					
Interest rate swap					
Inflows	-	615,850	1,847,551	9,516,203	-
Outflows	-	-	-	-	-
	-	615,850	1,847,551	9,516,203	-
					11,979,604
					11,979,604

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3 Financial risk management (continued)

3.2 Fair value estimation

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

(a) Asset at fair value through profit or loss at each balance sheet date

	31 December 2020			
	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	26,246,361	-	26,246,361

	31 December 2019			
	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	18,455,132	-	18,455,132

(b) Financial instruments not at fair value through profit or loss

(i) Finance lease and sale and leaseback receivables

The book value of lease receivable is determined using the effective interest rate method. As the effective interest rate of most finance lease business is determined based on the interest rate of the Libor, the carrying value of finance lease and sale and leaseback receivables is close to its fair value.

(ii) Accounts receivable and other receivables

Accounts receivable and other receivables mainly consist of the advances for finance lease projects and loan receivables from related parties. The fair value of advances for finance lease projects and loan receivables from related parties with fixed period is measured using discounted cash flow method. As the discount rate is determined by the current loan rate with similar remaining period, the carrying value of loan receivables from related parties is close to their fair value.

(iii) Borrowings

The fair value of borrowings with fixed period is measured using discounted cash flow method. The borrowing rate from the related parties is determined by the market rate. The management reviews and re-prices the borrowing rate from the related parties periodically. As the discount rate is determined by the current borrowing rate with similar remaining period, the carrying value of borrowings is close to its fair value.

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3 Financial risk management (continued)

3.2 Fair value estimation (continued)

(b) Financial instruments not at fair value through profit or loss (continued)

(iv) Bonds payable

The fair value of bonds payable is determined using data from Bloomberg. As at 31 December 2020, the fair value is USD 6,821,595,400 compared with the par value of the bonds of USD 6,700,000,000.

The fair value of bonds payable is determined using data from Bloomberg. As at 31 December 2019, the fair value is USD 5,207,809,000 compared with the par value of the bonds of USD 5,100,000,000.

4 Critical accounting estimates and judgments

In the application of accounting policies as set out in Note 2, the Group is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately. These judgments, estimates and assumptions are based on historical experience of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical estimate and judgments that the Group has made in the process of applying the accounting policies and that have significant effect on the amounts recognised in the consolidated financial statements:

(a) *Impairment loss for finance lease and sale and leaseback receivables, accounts receivable and other receivables*

The balances of impairment allowance for finance lease and sale and leaseback receivables, accounts receivable and other receivables represent the management's best estimates at the balance sheet date of expected credit risk. The Group assesses whether the credit risk of finance lease and sale and leaseback receivables, accounts receivable and other receivables have increased significantly since their initial recognition, and apply a three-stage impairment model to calculate their ECL. For finance lease and sale and leaseback receivables, accounts receivable and other receivables classified into stages 1 and 2, the management assesses impairment losses using the risk parameter modelling approach that incorporates key parameters, including probability of default, loss given default, exposure at default and discount rates. For finance lease and sale and leaseback receivables, accounts receivable and other receivables in stage 3, the management assesses impairment loss by estimating the cash flows from finance lease and sale and leaseback receivables, accounts receivable and other receivables.

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4 Critical accounting estimates and judgments (continued)

(a) Impairment loss for finance lease and sale and leaseback receivables, accounts receivable and other receivables (continued)

The measurement models of expected credit losses involves significant management judgments and assumptions, primarily including the following:

- (1) Methodology of models and determination of relevant key measurement parameters;
- (2) Criteria for determining whether or not there was a significant increase in credit risk, or a default or credit-impaired was incurred;
- (3) Economic indicators for forward-looking measurement, and the application of economic scenarios and weightings; and
- (4) The estimated future cash flows for finance lease and sale and leaseback receivables and accounts receivable in stage 3 (none for 2020).

(b) Impairment loss for equipment leased out under operating lease

The Group's assets leased out under operating lease are ships. According to the accounting policy stated in Note 2. The recoverable amount is the higher of the net amount of assets' fair value minus the cost of disposal, and the estimated value-in-use ("VIU"). The measurements involve estimation.

- Fair value based on the market pricing data, less costs of disposal. Fair value is obtained from independent professional pricing agencies, and costs of disposal is estimated by actual costs in similar disposals;
- The estimated value-in-use ("VIU") based on the present value of the expected future cash flows from leasee, which is calculated by discounting the estimated future rentals and cash flows from residual value using an appropriate pre-tax discount rate. The Group estimates the expected future cash flow based on rental specified in the lease contracts, and the residual value at the end of lease period is obtained from independent professional pricing agencies. There will be uncertainty in the future rental cash flow and pre-tax discount rate used in the calculation of the present value of the expected future cash flow due to COVID-19 development and prevention.

(c) Depreciation of operating lease assets

The Group calculates depreciation expense of operating lease assets based on management's assumption on their useful life and residual value. The useful lives and the residual value of operating lease assets reflect the future economic benefit obtained from the use of the operating lease assets and the benefit from disposal estimated by the Group's management. The estimation may differ due to actual physical wear and tear of the assets, changes of the technology innovation and market competition.

(d) Income taxes

The Group is subject to income taxes in Hong Kong and Singapore. Significant judgement is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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4 Critical accounting estimates and judgments (continued)

(e) Classification of leases

The Group has entered into certain lease businesses whereby the Group has determined that it has transferred substantially all the risks and rewards incidental to ownership of the assets held for lease businesses to the lessees, as the present values of the minimum lease payments of the lease amount to at least substantially all of the fair value of the assets held for lease businesses at the inception of the leases. Accordingly, the Group has excluded the assets held for lease businesses under finance lease from its consolidated statements of financial position and has instead, recognised finance lease and sale and leaseback receivables (Note 13). On the other hand, the Group includes the assets held for lease businesses under operating lease in property, plant and equipment. The determination of whether the Group has transferred substantially all the risks and rewards incident to ownership depends on an assessment of the relevant arrangements relating to the lease, which involved critical judgements by management.

5 Revenue

	2020	2019 (Restated)
Operating lease income	906,536,761	810,673,602
Finance lease income	105,397,028	91,623,157
Income from sale and leaseback arrangement	69,443,974	22,622,931
Interest income (Note 30(c))	325,700,373	214,485,558
	<u>1,407,078,136</u>	<u>1,139,405,248</u>

6 Cost

	2020	2019 (Restated)
Interest expense		
Interest expense from related parties' borrowings	362,133,238	295,406,396
Interest expense from bank borrowings	45,367,072	61,080,384
Interest expense of bonds	201,714,709	150,825,656
Less: Borrowing costs capitalized in prepayments for lease assets	<u>(7,714,644)</u>	<u>(13,012,753)</u>
Interest expense recognized in profit or loss	<u>601,500,375</u>	<u>494,299,683</u>
Depreciation		
Depreciation of the ships	<u>475,964,690</u>	<u>403,189,674</u>
Other operating expense	<u>22,146,357</u>	<u>27,627,664</u>
Total cost	<u>1,099,611,422</u>	<u>925,117,021</u>

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7 Other income, gains or losses

	2020	2019
		(Restated)
Net (losses)/income on disposal of operating lease assets	(11,129,415)	354,628
Bank interest income	427,721	1,007,764
Foreign exchange gains, net	2,801,201	692,329
Fee and commission expenses	(6,347,952)	(4,105,221)
Income from exemption of debts (Note 30(c))	-	1,334,691
	(14,248,445)	(715,809)

8 Administrative expenses

	2020	2019
		(Restated)
Auditor's remuneration	938,250	710,537
Legal advisory fee	2,319,764	2,134,278
Depreciation charge of right-of-use assets	93,522	426,441
Sundry expenses	349,628	454,772
	3,701,164	3,726,028

9 Credit impairment losses

	2020	2019
		(Restated)
Credit impairment losses for finance lease and sale and leaseback receivables	50,676,455	116,709
Credit impairment losses for accounts receivable	901,897	2,065,331
Credit impairment losses/(reversals) for other receivables	3,544,585	(1,708,312)
Credit impairment losses for cash at bank	4,139,371	10,542
	59,262,308	484,270

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10 Income tax expense

The amount of income tax expense charged to profit or loss represents:

	2020	2019 (Restated)
Current income tax		
– Income tax in Hong Kong	15,924,619	8,624,839
– Income tax in Singapore	164,292	67,592
Deferred tax (Note 17)	(8,618,497)	46,657
Income tax expense	7,470,414	8,739,088

The applicable enterprise income tax rates are 16.5% for the Company and all its subsidiaries established in Hong Kong and 17% for subsidiaries in Singapore.

The difference between the actual income tax charge in profit or loss and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	2020	2019 (Restated)
Profit before income tax	198,340,912	207,342,923
Tax calculated at tax rate applicable to assessable profits in Hong Kong	32,726,250	34,211,582
Tax exemption in Hong Kong (a) and Singapore(b)	(25,255,836)	(25,472,494)
Other	-	-
Income tax expense	7,470,414	8,739,088

(a) For the subsidiaries established in Hong Kong, the operating lease income is treated as non-taxable profit under Section 23B of the Inland Revenue Ordinance.

(b) For the subsidiaries established in Singapore, no provision has been recognised for taxation on qualifying shipping income derived from the operation of the subsidiaries' ships which are exempt from taxation under Section 13A of the Singapore Income Tax Act.

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11 Property, plant and equipment

	Ships leased out under operating leases
Cost	
At 31 December 2019 (Restated)	7,340,380,959
Increase in current year	1,355,792,363
Decrease in current year	(876,871,784)
At 31 December 2020	<u>7,819,301,538</u>
Accumulated depreciation	
At 31 December 2019 (Restated)	(950,437,701)
Increase in current year (Note 6)	(475,964,690)
Decrease in current year	141,808,767
At 31 December 2020	<u>(1,284,593,624)</u>
Provision for impairment losses	
At 31 December 2019 (Restated)	(6,445,326)
Increase in current year	(31,913,885)
Decrease in current year	1,950,800
At 31 December 2020	<u>(36,408,411)</u>
At 31 December 2019 (Restated)	<u>6,383,497,932</u>
At 31 December 2020	<u>6,498,299,503</u>

For ships, the recoverable amount was determined based on fair value less costs of disposal or value in use. The estimate future cash flows of ships were discounted to their present value using the pre-tax discount rate to calculate value in use. For the calculation of value in use, the weighted average discount rate for 31 December 2020 was 4.30% (31 December 2019: 4.75%).

12 Prepayments for lease assets

	As at 31 December 2020	As at 31 December 2019 (Restated)
Prepayments for operating lease assets purchases	<u>215,042,286</u>	<u>277,270,960</u>

There was no prepayment for operating lease assets pledged as collateral for the Group's bank borrowings as at 31 December 2020 (31 December 2019: nil).

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13 Finance lease and sale and leaseback receivables

	As at 31 December 2020	As at 31 December 2019 (Restated)
Non-current finance lease and sale and leaseback receivables		
Net investment in finance lease (a)	1,990,120,720	1,388,078,751
Receivables arising from sale and leaseback arrangement (b)	1,613,901,148	775,858,047
	<u>3,604,021,868</u>	<u>2,163,936,798</u>
Current finance lease and sale and leaseback receivables		
Net investment in finance lease (a)	234,429,581	144,297,514
Receivables arising from sale and leaseback arrangement (b)	122,150,947	63,223,318
	<u>356,580,528</u>	<u>207,520,832</u>
(a) Net investment in finance lease		
Gross amount of finance lease and sale and leaseback receivables analysed by maturity		
Not later than one year	323,359,751	217,470,982
Later than one year and not later than five years	969,517,791	714,683,332
Later than five years	1,540,118,267	1,097,665,103
	<u>2,832,995,809</u>	<u>2,029,819,417</u>
Less: Unearned finance income	<u>(608,445,508)</u>	<u>(497,443,152)</u>
	<u>2,224,550,301</u>	<u>1,532,376,265</u>
Net investment in finance lease analysed by maturity		
Not later than one year	234,429,581	144,297,514
Later than one year and not later than five years	673,321,888	468,422,012
Later than five years	1,316,798,832	919,656,739
	<u>2,224,550,301</u>	<u>1,532,376,265</u>
(b) Receivables arising from sale and leaseback arrangement		
Net receivables arising from sale and leaseback arrangement analysed by maturity		
Not later than one year	122,150,947	63,223,318
Later than one year and not later than five years	566,458,132	263,156,042
Later than five years	1,047,443,016	512,702,005
	<u>1,736,052,095</u>	<u>839,081,365</u>
Net finance lease and sale and leaseback receivables	3,960,602,396	2,371,457,630
Less: Provision for impairment losses	<u>(68,421,753)</u>	<u>(17,161,490)</u>
Carrying amount of finance lease and sale and leaseback receivables	<u>3,892,180,643</u>	<u>2,354,296,140</u>
Including: Non-current portion	3,541,760,255	2,148,277,071
Current portion	350,420,388	206,019,069

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13 Finance lease and sale and leaseback receivables (continued)

The term of finance leases entered into by the Group is from 1.5 to 15 years.

The term of sale and leaseback arrangement entered into by the Group is from 3 to 15 years.

The carrying amounts of the finance lease and sale and leaseback receivables are denominated in USD and EUR.

Movements of the net finance lease and sale and leaseback receivables during the year ended 31 December 2020 and the year ended 31 December 2019 are as follows:

	For the year ended 31 December 2020			Subtotal
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3	
At the beginning of the year	2,371,457,630	-	-	2,371,457,630
From stage 1 to stage 2 (a)	(295,312,500)	295,312,500	-	-
Increase in the current year	2,002,426,836	-	-	2,002,426,836
Decrease in the current year	(451,400,489)	(6,202,706)	-	(457,603,195)
Net exchange differences	44,321,125	-	-	44,321,125
At the end of the year	3,671,492,602	289,109,794	-	3,960,602,396

	For the year ended 31 December 2019 (Restated)			Subtotal
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3	
At the beginning of the year	1,376,086,868	-	-	1,376,086,868
Increase in the current year	1,228,598,695	-	-	1,228,598,695
Decrease in the current year	(224,583,681)	-	-	(224,583,681)
Net exchange differences	(8,644,252)	-	-	(8,644,252)
At the end of the year	2,371,457,630	-	-	2,371,457,630

- (a) The leased asset is a cruise ship. In the impact of Covid-19, the operating business does not work well. The lessee and the Group have re-agreed on the repayment schedule. Therefore the Group believes that the credit risk of the lessee has significantly increased. There is no overdue receivables under the new repayment schedule up to the date of issue of the financial statements.

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13 Finance lease and sale and leaseback receivables (continued)

Movements of impairment provision on finance lease and sale and leaseback receivables during the year ended 31 December 2020 and the year ended 31 December 2019 are as follows:

	For the year ended 31 December 2020			Subtotal
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3	
At the beginning of the year	17,161,490	-	-	17,161,490
From stage 1 to stage 2	(1,506,094)	1,506,094	-	-
New financial assets originated or purchased	21,574,236	-	-	21,574,236
Changes in PDs/LGDs/EADs	2,265,553	26,836,666	-	29,102,219
Net exchange differences	583,808	-	-	583,808
At the end of the year	40,078,993	28,342,760	-	68,421,753

	For the year ended 31 December 2019(Restated)			Subtotal
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3	
At the beginning of the year	17,112,554	-	-	17,112,554
New financial assets originated or purchased	8,858,534	-	-	8,858,534
Changes in PDs/LGDs/EADs	(8,741,825)	-	-	(8,741,825)
Net exchange differences	(67,773)	-	-	(67,773)
At the end of the year	17,161,490	-	-	17,161,490

14 Accounts receivable

	As at 31 December 2020	As at 31 December 2019 (Restated)
Advances for finance lease projects (a)	284,875,603	274,932,474
Operating lease receivable	13,360,785	13,671,255
Net accounts receivable	298,236,388	288,603,729
Less: Allowances for advances for finance lease projects (a)	(3,817,702)	(2,915,805)
Less: Allowances for operating finance lease	(200,412)	(205,069)
Allowances for accounts receivable	(4,018,114)	(3,120,874)
	294,218,274	285,482,855

Including: Non-current portion	281,057,900	272,016,669
Current portion	13,160,374	13,466,186

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14 Accounts receivable (continued)

- (a) The advances for finance lease projects arise from situations where the Group has already made payments to lessees but the leased assets are under construction. The Group has not obtained the ownership of such leased assets. Lease term will commence once the construction of such leased assets are completed. The advances for finance lease projects will then be transferred to finance lease and sale and leaseback receivables.

Movements of advances for finance lease projects during the year ended 31 December 2020 and the year ended 31 December 2019 are as follows:

	For the year ended 31 December 2020	For the year ended 31 December 2019
Stage 1		
Advances for finance lease projects		(Restated)
At the beginning of the year	274,932,474	92,682,127
Increase in the current year	94,924,546	215,222,755
Decrease in the current year	(84,981,417)	(31,488,413)
Net exchange differences	-	(1,483,995)
At the end of the year	284,875,603	274,932,474

Movements of impairment provision on advances for finance lease projects during the year ended 31 December 2020 and the year ended 31 December 2019 are as follows:

	For the year ended 31 December 2020	For the year ended 31 December 2019
Stage 1		
12-month ECL		(Restated)
At the beginning of the year	2,915,805	863,130
New financial assets originated or purchased	795,699	1,507,786
Changes in PDs/LGDs/EADs	106,198	557,545
Net exchange differences	-	(12,656)
At the end of the year	3,817,702	2,915,805

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15 Other receivables

	As at 31 December 2020	As at 31 December 2019 (Restated)
Loans to related parties (a) (Note 30(b)(ii))	11,682,086,535	6,861,479,876
Other receivables from related parties (Note 30(b)(ii))	15,629,967	14,778,249
Guarantee deposit for derivatives	11,880,000	-
Other receivables from third parties	1,393,416	2,955,814
Subtotal	11,710,989,918	6,879,213,939
Less: ECL allowance	(10,157,671)	(6,660,290)
	11,700,832,247	6,872,553,649
Including: Non-current portion	11,072,375,888	6,798,840,967
Current portion	628,456,359	73,712,682

- (a) Loans to related parties ranges from 1 years to 10 years, and the interest rates range from 0.72% to 4.65%. The interest rate to the related parties is determined by the market rate. The management reviews and renews the interest rate to the related parties periodically.

The carrying amounts of the other assets are denominated in USD, EUR, CNY and AUD.

Movements of other receivables during the year ended 31 December 2020 and the year ended 31 December 2019 are as follows:

	For the year ended 31 December 2020	For the year ended 31 December 2019 (Restated)
Stage 1 Other receivables		
At the beginning of the year	6,879,213,939	6,244,261,515
Increase in the current year	13,118,989,659	11,905,482,456
Decrease in the current year	(8,233,605,170)	(11,268,475,654)
Net exchange differences	(53,608,510)	(2,054,378)
At the end of the year	11,710,989,918	6,879,213,939

Movements of impairment provision on other receivables during the year ended 31 December 2020 and the year ended 31 December 2019 are as follows:

	For the year ended 31 December 2020	For the year ended 31 December 2019 (Restated)
Stage 1 12-month ECL		
At the beginning of the year	6,660,290	8,370,591
Changes in PDs/LGDs/EADs	3,544,585	(1,708,312)
Net exchange differences	(47,204)	(1,989)
At the end of the year	10,157,671	6,660,290

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16 Other assets

	As at 31 December 2020	As at 31 December 2019 (Restated)
Prepaid fee	16,231,729	20,917,536
Right-of-use assets	195,115	44,734
	<u>16,426,844</u>	<u>20,962,270</u>
Including: Non-current portion	15,894,606	19,683,032
Current portion	532,238	1,279,238

17 Deferred income tax

The movement in the deferred income tax account are as follows:

	For the year ended 31 December 2020	For the year ended 31 December 2019 (Restated)
Balance at the end of the previous year		
Deferred income tax assets	4,973,752	4,569,141
Deferred income tax liabilities	(1,832,754)	(33,860,271)
	<u>3,140,998</u>	<u>(29,291,130)</u>
Impact of adoption of HKFRS 9	-	-
Impact of adoption of (HK) Interpretation 23	-	33,860,271
Balance at the beginning of the year		
Deferred income tax assets	4,973,752	4,569,141
Deferred income tax liabilities	(1,832,754)	-
	<u>3,140,998</u>	<u>4,569,141</u>
Recognized in other comprehensive income (Note 21)	9,603,342	(1,381,486)
Recognized in profit or loss (Note 10)	<u>8,618,497</u>	<u>(46,657)</u>
Balance at the end of the year		
Deferred income tax assets	25,693,487	4,973,752
Deferred income tax liabilities	(4,330,650)	(1,832,754)
	<u>21,362,837</u>	<u>3,140,998</u>

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17 Deferred income tax (continued)

Deferred assets and liabilities not taking into consideration the offsetting of balances are set out as follows:

(1) Deferred tax assets

	As at 31 December 2020		As at 31 December 2019 (Restated)	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Tax losses	-	-	33,126	194,858
Allowances for impairment losses	13,140,980	79,608,229	4,489,358	27,208,232
Change in fair value of derivative financial instruments	12,552,507	76,075,799	451,268	2,734,958
	<u>25,693,487</u>	<u>155,684,028</u>	<u>4,973,752</u>	<u>30,138,048</u>

Deferred tax liabilities

	As at 31 December 2020		As at 31 December 2019 (Restated)	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Change in fair value of derivative financial instruments	(4,330,650)	(26,246,361)	(1,832,754)	(11,107,602)
	<u>(4,330,650)</u>	<u>(26,246,361)</u>	<u>(1,832,754)</u>	<u>(11,107,602)</u>

(2) The balance of deferred tax assets and liabilities after offsetting are as follows:

	As at 31 December 2020	As at 31 December 2019 (Restated)
Deferred tax assets, net	25,693,487	4,973,752
Deferred tax liabilities, net	<u>(4,330,650)</u>	<u>(1,832,754)</u>

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Derivative financial assets and liabilities

As at 31 December 2020	Contractual /Nominal amount	Fair value		Interest rate of hedging instrument	Hedge rate	
		Assets	Liabilities		FX rate	Expiry year
Derivatives under hedge accounting:						
Cash flow hedge – interest rate swaps (a)	2,599,946,931	-	(76,075,799)	0.44%-1.53% JPY 3M Libor+0.4%- USD 3 M Libor+1%	1 USD exchange 113 JPY	2021-2025
Cash flow hedge – cross currency swaps (b)	299,946,931	26,246,361	-			
	2,899,893,862	26,246,361	(76,075,799)			2021
As at 31 December 2019						
As at 31 December 2019	Contractual /Nominal amount	Fair value		Interest rate of hedging instrument	Hedge rate	
		Assets	Liabilities		FX rate	Expiry year
Derivatives under hedge accounting:						
Cash flow hedge – interest rate swaps (a)	1,000,000,000	11,107,602	-	1.13%-1.52% JPY 3M Libor+0.4%- USD 3 M Libor+1%	1 USD exchange 113 JPY	2021-2024
Cash flow hedge – cross currency swaps (b)	299,946,931	7,347,530	-			
	1,299,946,931	18,455,132	-			2021

The fair values of interest rate swaps and cross currency swaps as shown above are determined with reference to mark-to-market values provided by counterparties.

Hedge accounting has been applied for interest rate swaps and cross currency swaps that are assessed by the Group to be highly effective.

The Group determines the economic relationship between the hedging instruments and the hedged items by matching the critical terms of interest rate swap and cross currency swap contracts with the terms of borrowing and bond payable contracts (i.e., notional amount, expected payment date and interest rate). The hedge ratio (the ratio between the notional amount of the derivatives to the par value of the borrowings and bonds payable being hedged) is determined to be 1:1. There were no expected sources of ineffectiveness on the Group's hedges as the critical terms of the derivatives match exactly with the terms of the hedged items.

- (a) The Group uses these interest rate swaps to hedge against the exposure to variability in cash flows from related bonds payable which are pegged to USD Libor. Under these interest rate swaps, the Group receives floating interest pegged to USD Libor and pays fixed interest. These hedges are classified as cash flow hedges and the fair value changes of these interest rate swaps are recognized in hedging reserve.

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18 Derivative financial assets and liabilities (continued)

- (b) The Group uses these cross currency swaps to hedge against the exposure to variability in cash flows for the related borrowings. Under these cross currency swaps, the Group receives USD principal with floating interest, and pays JPY principal and floating interest. These hedges are classified as cash flow hedges and the fair value changes of these cross currency swaps are recognized in hedging reserve.

- (c) Effect of IBOR reform on Hedge accounting

During the transition period of interest rate benchmark reform, interest rate benchmarks are assumed to continue unaltered for the purposes of hedge accounting until such time as the uncertainty is resolved.

Significant judgement will be required in determining when uncertainty is expected to be resolved and therefore when the temporary exceptions will cease to apply. However, the Group has determined that the uncertainty continued to exist at 31 December 2020 and so the temporary exceptions apply to all of the group's hedge accounting relationships that reference benchmarks subject to reform.

19 Cash and cash equivalents

	As at 31 December 2020	As at 31 December 2019 (Restated)
Cash at bank	1,940,413,986	184,651,108
Less: ECL allowance	(4,404,937)	(265,566)
	<u>1,936,009,049</u>	<u>184,385,542</u>

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20 Share capital

	Number of Share	Share capital HK\$
Ordinary share, issued and fully paid:		
At 31 December 2020 and 31 December 2019	1	1

Ordinary share has no par value.

21 Other reserve

	As at 31 December 2020	As at 31 December 2019 (Restated)
Hedging reserve	(68,761,481)	6,991,158

The movements of hedging reserve of the Group are set out below:

	As at 31 December 2020	As at 31 December 2019 (Restated)
At the beginning of the year	6,991,158	-
The net change of hedging reserve during the year	(75,752,639)	6,991,158
Change in fair value of hedging instrument recognised in other comprehensive income	(85,355,981)	8,372,644
Deferred income tax recognized in other comprehensive income	9,603,342	(1,381,486)
At the end of the year	(68,761,481)	6,991,158

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22 Borrowings

	As at 31 December 2020	As at 31 December 2019 (Restated)
Unsecured borrowings	13,674,495,640	8,263,592,322
Collateralized borrowings from banks (a)	2,163,448,970	2,028,376,167
	<u>15,837,944,610</u>	<u>10,291,968,489</u>
Including: Non-current portion	13,223,320,175	9,204,418,220
Current portion	2,614,624,435	1,087,550,269

The terms of borrowings range from 1 month to 10 years, and the interest rates range from 0.4% to 3.8%. The borrowing rate from the related parties is determined by the market rate. The management reviews and renews the borrowing rates from the related parties periodically.

- (a) Collateralized bank borrowings were pledged by property and equipment leased out under operating lease or finance lease and sale and leaseback receivables with carrying amounts as follows:

	As at 31 December 2020	As at 31 December 2019 (Restated)
Property and equipment	2,806,354,566	2,576,860,494
Finance lease and sale and leaseback receivables	499,710,583	644,772,151
	<u>3,306,065,149</u>	<u>3,221,632,645</u>

The carrying amounts of the borrowings are denominated in USD.

23 Bonds payable

	As at 31 December 2020	As at 31 December 2019 (Restated)
Carried at amortised cost:	6,744,583,222	5,138,136,747
Including: Non-current portion	5,835,760,078	5,138,136,747
Current portion	908,823,144	-

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Bonds payable (continued)

Detailed information of bonds held at amortised cost is as follows:

	Curr-ency	Issue place	Par value	Issue amount	Value date	Maturity date	Coupon rate	Balance at the end of the year	Balance at the beginning of the year
Medium Term Note Programme	USD	Hong Kong	600,000,000	609,878,774	15/03/2016	15/03/2021	2.7480%	604,275,609	603,470,929
Medium Term Note Programme	USD	Hong Kong	300,000,000	304,939,387	25/01/2018	25/01/2021	3.5000%	304,547,535	304,207,876
Medium Term Note Programme	USD	Hong Kong	950,000,000	965,641,392	25/01/2018	25/01/2023	3.7500%	962,694,893	960,642,610
Long Term Note Programme	USD	Hong Kong	250,000,000	254,116,156	25/01/2018	25/01/2028	4.0000%	251,813,682	251,886,017
Medium Term Note Programme	USD	Hong Kong	800,000,000	787,041,656	22/01/2019	22/01/2022	4.0000%	811,427,835	808,915,917
Medium Term Note Programme	USD	Hong Kong	700,000,000	688,661,449	22/01/2019	22/01/2024	4.3750% 3-month USD	709,712,129	708,370,240
Medium Term Note Programme	USD	Hong Kong	120,000,000	118,307,388	12/04/2019	12/04/2022	LIBOR+1.2% 3-month USD	120,421,957	120,793,241
Medium Term Note Programme	USD	Hong Kong	400,000,000	405,556,033	05/09/2019	05/09/2024	LIBOR+1.175%	399,282,220	400,693,580
Medium Term Note Programme	USD	Hong Kong	200,000,000	202,778,017	05/09/2019	05/09/2024	2.6250% 3-month USD	200,525,101	200,230,973
Medium Term Note Programme	USD	Hong Kong	180,000,000	180,000,000	25/10/2019	25/10/2022	LIBOR+1.2% 3-month USD	180,474,317	181,016,179
Medium Term Note Programme	USD	Hong Kong	600,000,000	600,000,000	10/12/2019	10/12/2024	LIBOR+1.075% 3-month USD	599,436,223	597,909,185
Medium Term Note Programme	USD	Hong Kong	500,000,000	500,000,000	02/03/2020	02/03/2025	LIBOR+0.95% 3-month USD	498,910,015	-
Medium Term Note Programme	USD	Hong Kong	300,000,000	300,000,000	02/03/2020	02/03/2023	LIBOR+0.83% 3-month USD	299,927,544	-
Medium Term Note Programme	USD	Hong Kong	350,000,000	350,000,000	14/07/2020	14/07/2023	1.7500% 3-month USD	351,377,071	-
Medium Term Note Programme	USD	Hong Kong	450,000,000	450,000,000	14/07/2020	14/07/2025	LIBOR+1.7% 3-month USD	449,757,091	-
Total			<u>6,700,000,000</u>	<u>6,744,583,222</u>				<u>6,744,583,222</u>	<u>5,138,136,747</u>

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24 Other liabilities

	As at 31 December 2020	As at 31 December 2019 (Restated)
Other payables to related parties (Note 30(b) (iv))	976,273,266	221,021,353
Advances from lessees	303,899,921	275,893,158
Deposits from lessees	262,140,970	165,254,220
Other payables to third parties	1,071,663	21,549,454
Lease liabilities	200,155	25,454
	<u>1,543,585,975</u>	<u>683,743,639</u>
Including: Non-current portion	403,987,412	306,873,345
Current portion	1,139,598,563	376,870,294

25 Current income tax liabilities

	As at 31 December 2020	As at 31 December 2019 (Restated)
Corporate income tax payables	<u>18,778,399</u>	<u>12,930,486</u>

26 Dividends

For the year ended 31 December 2020 and for the year ended 31 December 2019, the Group did not appropriate any dividend to its shareholder.

27 Business combination

Business combination involving enterprises under common control.

In 2019, the Company and its subsidiaries ("acquirers") gradually acquired 100% of the issued share capital of Xingtian International Ship Lease Pte. Limited and other 77 entities ("acquirees"), for consideration of USD 154,098,255 ("2019 Acquisition Business"). The consideration is based on the acquirees' net assets book value of the base day.

In 2020, the Company and its subsidiaries ("acquirers") gradually acquired 100% of the issued share capital of Tongrui International Ship Lease Co., Limited and other 5 entities ("acquirees") from Chiao Tung Developments Limited, for consideration of USD 8,733,937 ("2020 Acquisition Business"). The consideration is based on the acquirees' net assets book value of the base day.

Since both of acquirers and acquirees are ultimately controlled by Bank of Communications Co., Ltd. before and after the above mentioned acquisition, these acquisitions are regarded as "common control combination". Accordingly, the Group has applied merger accounting to account for the acquisition in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA. The comparative consolidated financial statements were restated as a result of 2020 Acquisition Business. It reduced retained earnings as at 1 January 2019 by USD 7,229,072.

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27 Business combination (continued)

Reconciliation of the results of operations for the year ended 2019 and the financial position as at 31 December 2019 previously reported by the Group and the restated amounts presented in the consolidated financial statements are set out below:

	As at 31 December 2019			As at 31 December 2020	
	The Group (As previously reported)*	Acquirees	Elimination	The Group (Restated)	The Group
Financial Position					
Total Assets	13,941,784,636	2,469,503,198	(9,409,602)	16,401,878,232	24,604,948,694
Total Liabilities	13,667,964,097	2,470,057,620	(9,409,602)	16,128,612,115	24,225,298,655
Owners' equity	273,820,539	(554,422)	-	273,266,117	379,650,039
Total equity and liabilities	13,941,784,636	2,469,503,198	(9,409,602)	16,401,878,232	24,604,948,694
	2019			2020	
	The Group (As previously reported)*	Acquirees	Elimination	The Group (Restated)	The Group
Results of operations					
Revenue	1,056,744,890	91,898,218	(9,237,860)	1,139,405,248	1,407,078,136
Gross Profit	209,297,053	5,318,626	(327,452)	214,288,227	307,466,714
Net profit for the period	191,929,185	6,674,650	-	198,603,835	190,870,498
Profit attributable to equity holders of the Company	191,929,185	6,674,650	-	198,603,835	190,870,498

*The amount of the results of operations for the year ended and the financial position as at 31 December 2019 previously reported by the Group had incorporated the impact from 2019 Acquisition Business.

28 Capital Commitments

Capital expenditures contracted by the Group at 31 December 2020 and 31 December 2019 but are not yet to be recognized on the statements of financial position are as follows:

	As at 31 December 2020	As at 31 December 2019 (Restated)
Acquisition of ships leased out under operating lease	2,183,001,180	1,246,567,900

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29 Operating Leases rental receivables – group as lessor

Maturity analysis of operating lease receivables as a lessor

At 31 December 2020 and 31 December 2019, the Group is entitled to receive the minimum cash lease rentals under non-cancellable operating lease which fall due as follows:

	As at 31 December 2020	As at 31 December 2019
No later than one year	795,602,265	834,122,925
Later than one year and no later than two years inclusive	759,407,202	770,284,025
Later than two year and no later than three years inclusive	716,408,541	716,991,862
Later than three year and no later than four years inclusive	671,989,097	674,663,177
Later than four year and no later than five years inclusive	590,020,252	638,069,954
Over five years	2,051,757,117	2,316,343,697
Total	5,585,184,474	5,950,475,640

30 Related party transactions

The Group is controlled by Bank of Communications Aviation and Shipping Financial Leasing Company Limited, a company incorporated in China (Shanghai) Pilot Free Trade Zone, which owns 100% of the Company's share. The Group is further controlled by Bank of Communications Financial Leasing Co., Ltd., and ultimately controlled by Bank of Communications Co., Ltd. (hereinafter referred to "BoCom").

- (a) Relationships with the related parties under the transactions stated in Note 30 (b) are as follows:

Name of the entities	Relationship with the Group
Bocomm Aviation Leasing Ireland Company Limited	Fellow subsidiary of the Group
Bocomm International Ship Lease Co., Limited	Fellow subsidiary of the Group
Bocom Leasing Development Hong Kong Company Limited	Fellow subsidiary of the Group
Jiarui International Ship Lease Pte. Limited	Fellow subsidiary of the Group
Jiachi International Ship Lease Pte. Limited	Fellow subsidiary of the Group
Chiao Tung Developments Limited	Fellow subsidiary of the Group
HYZL Investment Co. Limited	Fellow subsidiary of the Group
HYZL Development Co. Limited	Fellow subsidiary of the Group
Rong Kong United Finance Co., Limited	Fellow subsidiary of the Group
JY Aviation Leasing Ireland Company Limited	Fellow subsidiary of the Group
Xingtong International Ship Lease Pte. Limited	Fellow subsidiary of the Group
Xingxing International Ship Lease Pte. Limited	Fellow subsidiary of the Group
Bocom Leasing International Finance Limited	Fellow subsidiary of the Group

All related parties above hereinafter referred to "subsidiaries of BoCom".

In addition to those disclosed elsewhere in the financial statements, the following transactions were carried out with related parties:

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30 Related party transactions (continued)

(b) Balances of related party transactions

(i) Cash and cash equivalents

	As at 31 December 2020	As at 31 December 2019 (Restated)
Deposits with BoCom	825,012,049	73,031,024

(ii) Other receivables

	As at 31 December 2020	As at 31 December 2019 (Restated)
Loans to subsidiaries of BoCom (Note 15)	11,682,086,535	6,861,479,876
Other receivables from subsidiaries of BoCom (Note 15)	15,629,967	14,778,249
	11,697,716,502	6,876,258,125

(iii) Borrowings

	As at 31 December 2020	As at 31 December 2019 (Restated)
Borrowings from subsidiaries of BoCom	8,240,195,776	6,944,568,049
Borrowings from BoCom	5,047,930,614	1,497,233,474
	13,288,126,390	8,441,801,523

(iv) Other liabilities

	As at 31 December 2020	As at 31 December 2019 (Restated)
Other payables to subsidiaries of BoCom (Note 24)	976,273,266	221,021,353

(c) Amounts of related party transactions

	2020	2019 (Restated)
Interest income from subsidiaries of BoCom (Note 5)	325,700,373	214,485,558
Interest income from BoCom	43,558	907,332
Interest expense to subsidiaries of BoCom	(313,662,864)	(255,095,150)
Interest expense to BoCom	(48,470,374)	(40,311,246)
Income from exemption of debts (Note 7)	-	1,334,691

(d) In 2020 and 2019, the Company and its subsidiaries ("acquirers") gradually acquired 100% of the issued share capital of Tongrui International Ship Lease Co., Limited and other 84 entities ("acquirees"), for consideration of USD 154,098,255 and USD 8,733,937 respectively.

(e) Bank of Communications Financial Leasing Co., Ltd., provided the Company with the benefit of a Keepwell and Asset Purchase Deed for its bonds.

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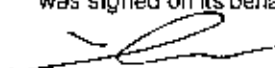
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31 Balance Sheet and Reserve Movements of the Company

(a) Balance sheet of the Company

	As at 31 December 2020	As at 31 December 2019
Assets		
Non-current assets		
Other receivables	9,070,091,095	4,210,772,549
Other assets	4,247,902	6,902,717
Investment in subsidiaries	144,305,797	135,571,857
Derivative financial assets	26,246,361	18,455,132
Deferred tax assets	14,095,794	468,519
Total non-current assets	9,258,986,949	4,372,170,774
Current assets		
Other receivables	11,701,800	68,932,859
Other assets	214,381	63,936
Cash and bank balances	959,849,980	337,506
Total current assets	971,766,161	69,334,301
Total assets	10,230,753,110	4,441,505,075
Equity and liabilities		
Equity attributable to owners of the Company		
Share capital	-	-
Other reserve	(68,761,481)	6,991,158
Retained earnings	26,738,841	5,694,192
Total equity	(42,022,640)	12,685,350
Liabilities		
Non-current liabilities		
Borrowings	3,200,692,807	512,225,536
Bonds payable	4,621,251,502	3,017,929,315
Other liabilities	200,155	25,454
Derivative financial liabilities	76,075,799	-
Deferred tax liabilities	4,330,650	1,832,754
Total non-current liabilities	7,902,550,913	3,532,013,059
Current liabilities		
Borrowings	2,226,940,997	760,359,169
Current income tax liabilities	6,817,181	1,914,778
Other liabilities	136,466,659	134,532,719
Total current liabilities	2,370,224,837	896,806,666
Total liabilities	10,272,775,750	4,428,819,725
Total equity and liabilities	10,230,753,110	4,441,505,075

The balance sheet of the Company was approved by the Board of Directors on 30 April 2021 and was signed on its behalf:



Zichu Cai
Director



Jing Wang
Director

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31 Balance Sheet and Reserve Movements of the Company (continued)

(b) Reserve movement of the Company

	Other reserve	Retained earnings	Total
Balance as at 1 January 2019	-	(167,013)	(167,013)
Profit for the year	-	5,861,205	5,861,205
Other comprehensive income for the year	6,991,158	-	6,991,158
Balance as at 31 December 2019	6,991,158	5,694,192	12,685,350
Profit for the year	-	21,044,649	21,044,649
Other comprehensive income for the year	(75,752,639)	-	(75,752,639)
Balance as at 31 December 2020	(68,761,481)	26,738,841	(42,022,640)

32 Investments in Subsidiaries

The following is a list of principal subsidiaries, which are all limited liability companies, at 31 December 2020:

Name of subsidiary	Place and date of incorporation	Proportion of ordinary shares directly held by the Company %	Paid-up issued/ registered capital	Principal activities
Xinrui International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xinchi International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xintong International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xintian International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xinhai International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xinxing International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xinlong International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xinda International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xinjiang International Ship Lease Co., Limited	Hong Kong 20 May 2015	100	HKD 1	Ship leasing
Xinwang International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xinnian International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing

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32 Investments in Subsidiaries (continued)

Name of subsidiary	Place and date of incorporation	Proportion of ordinary shares directly held by the Company %	Paid-up issued/ registered capital	Principal activities
Xinde International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xinshi International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xinli International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Xintai International Ship Lease Co., Limited	Hong Kong 14 May 2015	100	HKD 1	Ship leasing
Jiarui International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jiahai International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jiaxing International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jialong International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jiada International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jiajiang International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jiawang International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jianian International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jiade International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jiashi International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jiali International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jiatai International Ship Lease Co., Limited	Hong Kong 26 November 2015	100	HKD 1	Ship leasing
Jiayang International Ship Lease Co., Limited	Hong Kong 2 March 2016	100	HKD 1	Ship leasing
Jiayuan International Ship Lease Co., Limited	Hong Kong 2 March 2016	100	HKD 1	Ship leasing
Longrui International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longchi International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longtong International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longtian International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longhai International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longxing International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longlong International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longda International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing

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32 Investments in Subsidiaries (continued)

Name of subsidiary	Place and date of incorporation	Proportion of ordinary shares directly held by the Company %	Paid-up issued/ registered capital	Principal activities
Longjiang International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longyang International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longwang International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longnian International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longde International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longshi International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Longli International Ship Lease Co., Limited	Hong Kong 10 June 2016	100	HKD 1	Ship leasing
Haochi International Ship Lease Co., Limited	Hong Kong 4 January 2016	100	HKD 1	Ship leasing
Haojiang International Ship Lease Co., Limited	Hong Kong 28 April 2016	100	HKD 1	Ship leasing
Haotong International Ship Lease Co., Limited	Hong Kong 4 January 2016	100	HKD 1	Ship leasing
Haotian International Ship Lease Co., Limited	Hong Kong 4 January 2016	100	HKD 1	Ship leasing
Haohai International Ship Lease Co., Limited	Hong Kong 4 January 2016	100	HKD 1	Ship leasing
Jiarong International Ship Lease Co., Limited	Hong Kong 10 March 2016	100	HKD 1	Ship leasing
Jiasheng International Ship Lease Co., Limited	Hong Kong 9 March 2016	100	HKD 1	Ship leasing
Jiamao International Ship Lease Co., Limited	Hong Kong 9 March 2016	100	HKD 1	Ship leasing
Jiaye International Ship Lease Co., Limited	Hong Kong 9 March 2016	100	HKD 1	Ship leasing
Jiafu International Ship Lease Co., Limited	Hong Kong 9 March 2016	100	HKD 1	Ship leasing
Jiagui International Ship Lease Co., Limited	Hong Kong 9 March 2016	100	HKD 1	Ship leasing
Jiahe International Ship Lease Co., Limited	Hong Kong 9 March 2016	100	HKD 1	Ship leasing
Jialai International Ship Lease Co., Limited	Hong Kong 9 March 2016	100	HKD 1	Ship leasing
Tongchi International Ship Lease Co., Limited	Hong Kong 25 August 2016	100	HKD 1	Ship leasing
Tongda International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongde International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongfu International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tonghai International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongjiang International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongli International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing

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32 Investments in Subsidiaries (continued)

Name of subsidiary	Place and date of incorporation	Proportion of ordinary shares directly held by the Company %	Paid-up issued/ registered capital	Principal activities
Tonglong International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongmao International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongnian International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongrong International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongsheng International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongshi International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongtian International Ship Lease Co., Limited	Hong Kong 25 August 2016	100	HKD 1	Ship leasing
Tongtong International Ship Lease Co., Limited	Hong Kong 25 August 2016	100	HKD 1	Ship leasing
Tongwang International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongxing International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongyang International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongye International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongyuan International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Taitian International Ship Lease Co., Limited	Hong Kong 7 October 2016	100	HKD 1	Ship leasing
Taitong International Ship Lease Co., Limited	Hong Kong 7 October 2016	100	HKD 1	Ship leasing
Tairui International Ship Lease Co., Limited	Hong Kong 7 October 2016	100	HKD 1	Ship leasing
Taichi International Ship Lease Co., Limited	Hong Kong 7 October 2016	100	HKD 1	Ship leasing
Tailong International Ship Lease Co., Limited	Hong Kong 9 November 2016	100	HKD 1	Ship leasing
Taida International Ship Lease Co., Limited	Hong Kong 9 November 2016	100	HKD 1	Ship leasing
Taijiang International Ship Lease Co., Limited	Hong Kong 9 November 2016	100	HKD 1	Ship leasing
Taiyang International Ship Lease Co., Limited	Hong Kong 9 November 2016	100	HKD 1	Ship leasing
Taiwang International Ship Lease Co., Limited	Hong Kong 9 November 2016	100	HKD 1	Ship leasing
Tainian International Ship Lease Co., Limited	Hong Kong 9 November 2016	100	HKD 1	Ship leasing
Taide International Ship Lease Co., Limited	Hong Kong 9 November 2016	100	HKD 1	Ship leasing
Xiang L1 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L2 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L3 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing

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32 Investments in Subsidiaries (continued)

Name of subsidiary	Place and date of incorporation	Proportion of ordinary shares directly held by the Company %	Paid-up issued/ registered capital	Principal activities
Xiang B40 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L5 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L6 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L7 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L8 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L9 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L10 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L11 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L12 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L13 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L14 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L15 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang B1 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang B2 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang B3 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L30 HK International Ship Lease Co., Limited	Hong Kong 28 March 2017	100	HKD 1	Ship leasing
Xiang L24 SG International Ship Lease Pte. Limited	Singapore 6 June 2017	100	SGD 50,000	Ship leasing
Xiang CR11 SG International Ship Lease Pte. Limited	Singapore 6 June 2017	100	SGD 50,000	Ship leasing
Xiang CR12 SG International Ship Lease Pte. Limited	Singapore 6 June 2017	100	SGD 50,000	Ship leasing
Xiang L27 SG International Ship Lease Pte. Limited	Singapore 6 June 2017	100	SGD 50,000	Ship leasing
Bocom Leasing Innovation Pte. Limited	Singapore 10 August 2017	100	SGD 1	Financing and ship leasing
Xiang CR1 HK International Ship Lease Co., Limited	Hong Kong 6 April 2018	100	HKD 1	Ship leasing
Xiang L28 HK International Ship Lease Co., Limited	Hong Kong 6 April 2018	100	HKD 1	Ship leasing
Xiang CR3 HK International Ship Lease Co., Limited	Hong Kong 6 April 2018	100	HKD 1	Ship leasing
Xiang CR4 HK International Ship Lease Co., Limited	Hong Kong 6 April 2018	100	HKD 1	Ship leasing
Xiang CR5 HK International Ship Lease Co., Limited	Hong Kong 6 April 2018	100	HKD 1	Ship leasing
Xiang B5 HK International Ship Lease Co., Limited	Hong Kong 28 June 2018	100	HKD 1	Ship leasing

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32 Investments in Subsidiaries (continued)

Name of subsidiary	Place and date of incorporation	Proportion of ordinary shares directly held by the Company %	Paid-up issued/ registered capital	Principal activities
Xiang B6 HK International Ship Lease Co., Limited	Hong Kong 28 June 2018	100	HKD 1	Ship leasing
Xiang B7 HK International Ship Lease Co., Limited	Hong Kong 4 July 2018	100	HKD 1	Ship leasing
Xiang B8 HK International Ship Lease Co., Limited	Hong Kong 4 July 2018	100	HKD 1	Ship leasing
Xiang L31 HK International Ship Lease Co., Limited	Hong Kong 9 August 2018	100	HKD 1	Ship leasing
Xiang L32 HK International Ship Lease Co., Limited	Hong Kong 9 August 2018	100	HKD 1	Ship leasing
Xiang B11 HK International Ship Lease Co., Limited	Hong Kong 9 August 2018	100	HKD 1	Ship leasing
Xiang B12 HK International Ship Lease Co., Limited	Hong Kong 9 August 2018	100	HKD 1	Ship leasing
Xiang B13 HK International Ship Lease Co., Limited	Hong Kong 9 August 2018	100	HKD 1	Ship leasing
Xiang B14 HK International Ship Lease Co., Limited	Hong Kong 9 August 2018	100	HKD 1	Ship leasing
Xiang B15 HK International Ship Lease Co., Limited	Hong Kong 9 August 2018	100	HKD 1	Ship leasing
Xiang B16 HK International Ship Lease Co., Limited	Hong Kong 9 August 2018	100	HKD 1	Ship leasing
Xiang B17 HK International Ship Lease Co., Limited	Hong Kong 8 October 2018	100	HKD 1	Ship leasing
Xiang B18 HK International Ship Lease Co., Limited	Hong Kong 8 October 2018	100	HKD 1	Ship leasing
Xiang B19 HK International Ship Lease Co., Limited	Hong Kong 8 October 2018	100	HKD 1	Ship leasing
Xiang B20 HK International Ship Lease Co., Limited	Hong Kong 8 October 2018	100	HKD 1	Ship leasing
Xiang B21 HK International Ship Lease Co., Limited	Hong Kong 8 October 2018	100	HKD 1	Ship leasing
Xiang B22 HK International Ship Lease Co., Limited	Hong Kong 8 October 2018	100	HKD 1	Ship leasing
Xiang B23 HK International Ship Lease Co., Limited	Hong Kong 8 October 2018	100	HKD 1	Ship leasing
Xiang B24 HK International Ship Lease Co., Limited	Hong Kong 8 October 2018	100	HKD 1	Ship leasing
Xiang B25 HK International Ship Lease Co., Limited	Hong Kong 8 October 2018	100	HKD 1	Ship leasing
Xiang B26 HK International Ship Lease Co., Limited	Hong Kong 8 October 2018	100	HKD 1	Ship leasing
Xiang CR8 SG International Ship Lease Pte. Limited	Singapore 26 December 2018	100	SGD 50,000	Ship leasing
Xiang B41 SG International Ship Lease Pte. Limited	Singapore 26 December 2018	100	SGD 50,000	Ship leasing
Xiang B42 SG International Ship Lease Pte. Limited	Singapore 26 December 2018	100	SGD 50,000	Ship leasing
Xiang L33 HK International Ship Lease Co., Limited	Hong Kong 18 February 2019	100	HKD 1	Ship leasing
Xiang CR15 HK International Ship Lease Co., Limited	Hong Kong 12 March 2019	100	HKD 1	Ship leasing
Xiang B27 HK International Ship Lease Co., Limited	Hong Kong 26 June 2019	100	HKD 1	Ship leasing

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32 Investments in Subsidiaries (continued)

Name of subsidiary	Place and date of incorporation	Proportion of ordinary shares directly held by the Company %	Paid-up issued/ registered capital	Principal activities
Xiang B28 HK International Ship Lease Co., Limited	Hong Kong 26 June 2019	100	HKD 1	Ship leasing
Xiang B29 HK International Ship Lease Co., Limited	Hong Kong 26 June 2019	100	HKD 1	Ship leasing
Xiang B30 HK International Ship Lease Co., Limited	Hong Kong 26 June 2019	100	HKD 1	Ship leasing
Xiang B31 HK International Ship Lease Co., Limited	Hong Kong 26 June 2019	100	HKD 1	Ship leasing
Xiang B32 HK International Ship Lease Co., Limited	Hong Kong 26 June 2019	100	HKD 1	Ship leasing
Xiang B33 HK International Ship Lease Co., Limited	Hong Kong 26 June 2019	100	HKD 1	Ship leasing
Xiang L39 HK International Ship Lease Co., Limited	Hong Kong 26 June 2019	100	HKD 1	Ship leasing
Xiang CR18 HK International Ship Lease Co., Limited	Hong Kong 8 August 2019	100	HKD 1	Ship leasing
Xiang L40 HK International Ship Lease Co., Limited	Hong Kong 27 August 2019	100	HKD 1	Ship leasing
Xiang L41 HK International Ship Lease Co., Limited	Hong Kong 27 August 2019	100	HKD 1	Ship leasing
Xiang L42 HK International Ship Lease Co., Limited	Hong Kong 11 September 2019	100	HKD 1	Ship leasing
Xiang L43 HK International Ship Lease Co., Limited	Hong Kong 11 September 2019	100	HKD 1	Ship leasing
Xiang L29 HK International Ship Lease Co., Limited	Hong Kong 15 January 2019	100	HKD 1	Ship leasing
Xiang L34 HK International Ship Lease Co., Limited	Hong Kong 22 January 2019	100	HKD 1	Ship leasing
Xiang CR13 HK International Ship Lease Co., Limited	Hong Kong 28 February 2019	100	HKD 1	Ship leasing
Xiang CR14 HK International Ship Lease Co., Limited	Hong Kong 28 February 2019	100	HKD 1	Ship leasing
Xiang L35 HK International Ship Lease Co., Limited	Hong Kong 17 May 2019	100	HKD 1	Ship leasing
Xiang L36 HK International Ship Lease Co., Limited	Hong Kong 17 May 2019	100	HKD 1	Ship leasing
Xiang L37 HK International Ship Lease Co., Limited	Hong Kong 17 May 2019	100	HKD 1	Ship leasing
Xiang L38 HK International Ship Lease Co., Limited	Hong Kong 17 May 2019	100	HKD 1	Ship leasing
Xiang L48 HK International Ship Lease Co., Limited	Hong Kong 11 September 2019	100	HKD 1	Ship leasing
Xiang L49 HK International Ship Lease Co., Limited	Hong Kong 11 September 2019	100	HKD 1	Ship leasing
Xiang L44 HK International Ship Lease Co., Limited	Hong Kong 17 January 2020	100	HKD 1	Ship leasing
Xiang L45 HK International Ship Lease Co., Limited	Hong Kong 17 January 2020	100	HKD 1	Ship leasing
Xiang L46 HK International Ship Lease Co., Limited	Hong Kong 17 January 2020	100	HKD 1	Ship leasing
Xiang L47 HK International Ship Lease Co., Limited	Hong Kong 17 January 2020	100	HKD 1	Ship leasing
Xiang L50 HK International Ship Lease Co., Limited	Hong Kong 26 March 2020	100	HKD 1	Ship leasing

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32 Investments in Subsidiaries (continued)

Name of subsidiary	Place and date of incorporation	Proportion of ordinary shares directly held by the Company %	Paid-up issued/ registered capital	Principal activities
Xiang L51 HK International Ship Lease Co., Limited	Hong Kong 26 March 2020	100	HKD 1	Ship leasing
Xiang L52 HK International Ship Lease Co., Limited	Hong Kong 26 March 2020	100	HKD 1	Ship leasing
Xiang L53 HK International Ship Lease Co., Limited	Hong Kong 26 March 2020	100	HKD 1	Ship leasing
Xiang L54 HK International Ship Lease Co., Limited	Hong Kong 26 March 2020	100	HKD 1	Ship leasing
Xiang B36 HK International Ship Lease Co., Limited	Hong Kong 28 April 2020	100	HKD 1	Ship leasing
Xiang B37 HK International Ship Lease Co., Limited	Hong Kong 28 April 2020	100	HKD 1	Ship leasing
Xiang B38 HK International Ship Lease Co., Limited	Hong Kong 28 April 2020	100	HKD 1	Ship leasing
Xiang B39 HK International Ship Lease Co., Limited	Hong Kong 28 April 2020	100	HKD 1	Ship leasing
Xiang L62 HK International Ship Lease Co., Limited	Hong Kong 11 May 2020	100	HKD 1	Ship leasing
Tongrui International Ship Lease Co., Limited	Hong Kong 25 August 2016	100	HKD 1	Ship leasing
Tonggui International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Tongtai International Ship Lease Co., Limited	Hong Kong 26 August 2016	100	HKD 1	Ship leasing
Azure Orbit III International Finance Limited	Cayman Islands 24 February 2016	100	USD 1	Financing
Azure Orbit IV International Finance Limited	Cayman Islands 20 December 2017	100	USD 1	Financing

33 Subsequent events

- (a) On 15 January 2021, the Company acquired 100% of the issued share capital of Bocomm Shipping Leasing (Europe) GmbH from Chiao Tung Developments Limited for consideration of EUR 1000. The consideration of EUR 1000 was settled in cash on 22 January 2021;
- (b) On 3 March 2021, the Company acquired 100% of the issued share capital of Xiangrui International Ship Lease Co., Limited and other 8 entities from Chiao Tung Developments Limited, for consideration of USD 60,464,044. The consideration had not been paid up to the date of issue of the financial statements.

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34 Benefits and interests of directors

(a) Directors' emoluments

The directors of the Group did not receive any fees or other emoluments in respect of their services rendered to the Group for the year ended 31 December 2020 and 2019.

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during or in respect of their services for the year ended 31 December 2020 and 2019.

(c) Consideration provided to third parties for making available directors' services

For the year ended 31 December 2020 and 2019, the Group did not pay consideration to any third parties for making available directors' services.

(d) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by and entities connected with such directors

For the year ended 31 December 2020 and 2019, there was no loans, quasi-loans and other dealing arrangements in favour of directors, bodies corporate controlled by and entities connected with such directors.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of or at any time during 2020 and 2019.

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**DETAILED INCOME STATEMENT OF THE COMPANY
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For Management Information Only

	2020	2019
Revenue		
Interest income	202,385,665	118,668,247
Total revenue	202,385,665	118,668,247
Cost		
Interest expense	(170,214,192)	(105,212,947)
Total cost	(170,214,192)	(105,212,947)
Gross profit	32,171,473	13,455,300
Other income, gains or losses	462,417	(19,930)
Administrative expenses	(2,922,355)	(1,664,335)
Credit impairment losses	(5,290,519)	(4,012,304)
Profit before income tax	24,421,016	7,758,731
Income tax expense	(3,376,367)	(1,897,526)
Profit for the year	21,044,649	5,861,205
Other comprehensive income	(75,752,639)	6,991,158
Total comprehensive income for the year	(54,707,990)	12,852,363

ISSUER

Bocom Leasing Management Hong Kong Company Limited

(交銀租賃管理香港有限公司)

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Central, Hong Kong

COMPANY

Bank of Communications Financial Leasing Co., Ltd.

27/F-29/F, No. 333

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PRINCIPAL AGENT

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Beijing, PRC

REGISTRAR

China Central Depository & Clearing Co., Ltd.

No. 10, Finance Street

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AUDITORS

Auditors to the Issuer

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Certified Public Accountants

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Auditors to the Company

PricewaterhouseCoopers Zhong Tian LLP

(for the years ended 31 December 2020 and 2021)

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(for the year ending 31 December 2022)

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