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国银金租
CHINA DEVELOPMENT BANK LEASING

國銀金融租賃股份有限公司*

CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.*

(A joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 1606)

Announcement on Interim Results for the Six Months Ended June 30, 2024

The Board of China Development Bank Financial Leasing Co., Ltd. hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries for the six months ended June 30, 2024, together with comparative figures for the same period of 2023, which shall be read in conjunction with the management discussion and analysis below.

* *CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD. is (a) not an authorized institution within the meaning of the Banking Ordinance; (b) not authorized to carry on banking/deposit-taking business in Hong Kong; and (c) not subject to the supervision of the Hong Kong Monetary Authority.*

FINANCIAL HIGHLIGHTS

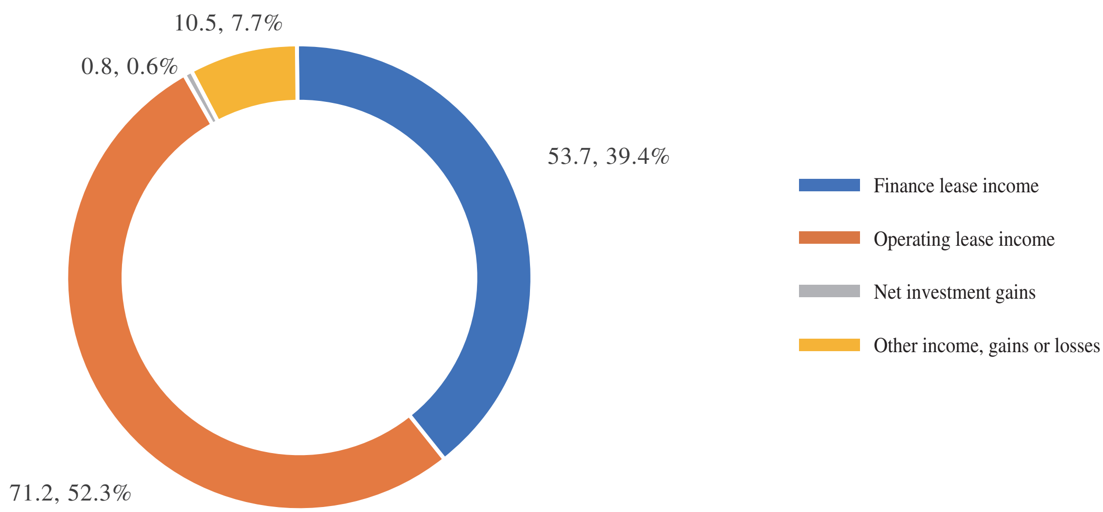
1 SUMMARY OF CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(RMB in thousands)	For the six months ended June 30, 2024	For the six months ended June 30, 2023	For the year ended December 31, 2023
Finance lease income	**5,373,097**	5,296,753	10,644,247
Operating lease income	**7,113,496**	5,510,197	12,361,652
Total revenue	**12,486,593**	10,806,950	23,005,899
Net investment gains	**84,619**	118,031	155,509
Other income, gains or losses	**1,045,821**	922,117	3,493,943
Total revenue and other income	**13,617,033**	11,847,098	26,655,351
Total expenses	**(11,055,965)**	(9,213,892)	(21,236,605)
Of which: Depreciation and amortisation	**(3,417,019)**	(2,896,375)	(6,097,374)
Interest expenses	**(6,727,660)**	(4,834,889)	(10,362,441)
Impairment losses	**261,047**	(465,034)	(2,272,359)
Profit before income tax	**2,561,068**	2,633,206	5,418,746
Profit for the Reporting Period	**1,881,265**	1,960,248	4,150,149
Basic and diluted earnings per Share *(RMB)*	**0.15**	0.16	0.33

In the first half of 2024, finance lease income accounted for 39.4% of the operating income of the Group, representing a year-on-year decrease of 5.3 percentage points; operating lease income accounted for 52.3%, representing a year-on-year increase of 5.8 percentage points; net investment gains accounted for 0.6%, representing a year-on-year decrease of 0.4 percentage point; and other income, gains or losses accounted for 7.7%, representing a year-on-year decrease of 0.1 percentage point.

Breakdown of Operating Income

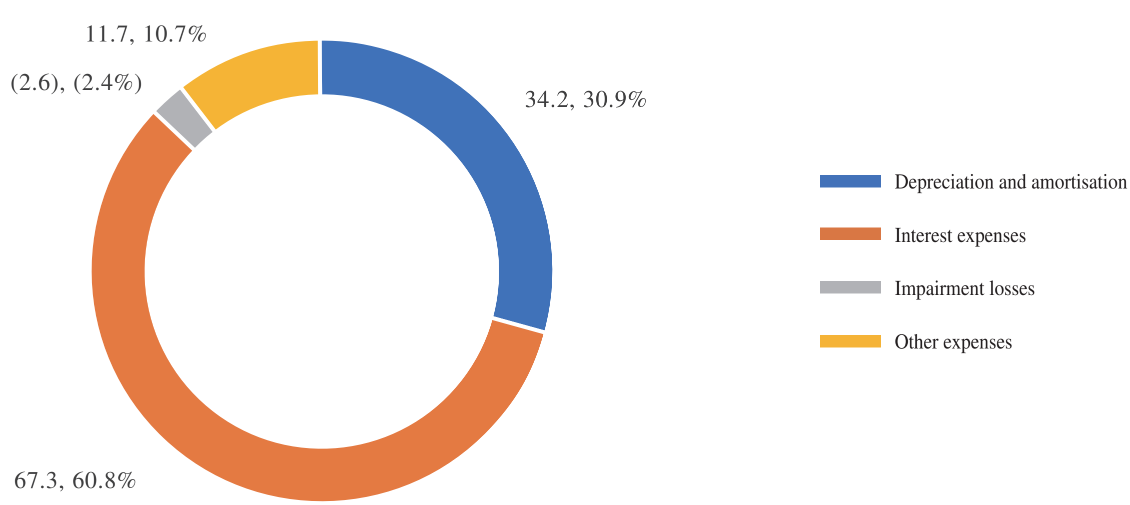
(Unit: RMB'00 million, Percentage)



In the first half of 2024, interest expenses accounted for 60.8% of the operating expenses of the Group, representing a year-on-year increase of 8.4 percentage points; depreciation and amortisation accounted for 30.9%, representing a year-on-year decrease of 0.6 percentage point; impairment losses accounted for (2.4%), representing a year-on-year decrease of 7.5 percentage points; and other expenses accounted for 10.7%, representing a year-on-year decrease of 0.3 percentage point.

Breakdown of Operating Expenses

(Unit: RMB'00 million, Percentage)

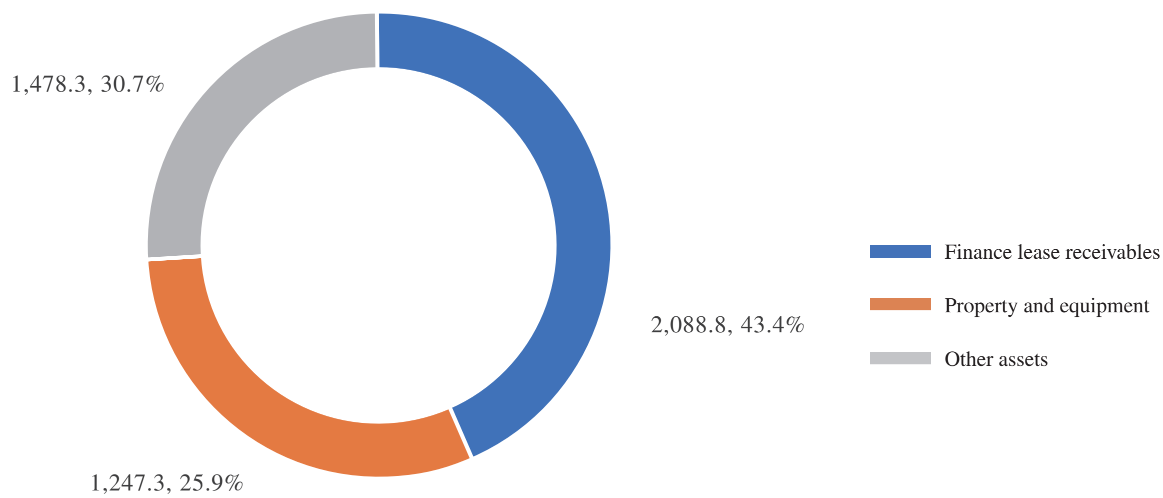


2 SUMMARY OF CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(RMB in thousands)	**June 30, 2024**	December 31, 2023
Total assets	**481,435,608**	409,694,903
Of which: Cash and bank balances	**107,227,748**	69,440,305
Accounts receivable	**679,178**	1,335,131
Finance lease receivables	**208,875,491**	195,101,137
Prepayments	**13,812,854**	12,708,141
Property and equipment	**124,728,777**	118,640,179
Total liabilities	**443,761,604**	372,413,063
Of which: Borrowings	**389,765,839**	295,875,445
Bonds payable	**28,366,491**	32,187,230
Net assets	**37,674,004**	37,281,840
Net assets per Share *(RMB)*	**2.98**	2.95

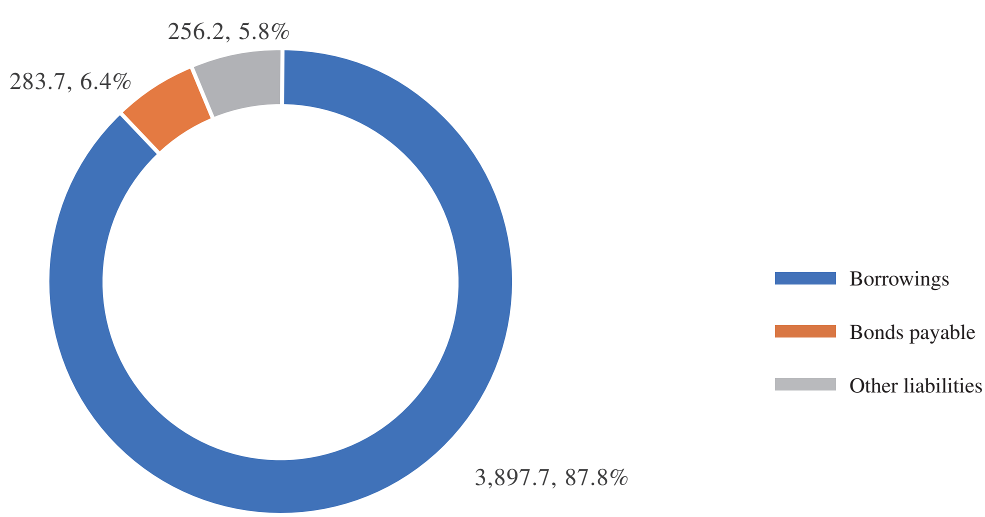
As of June 30, 2024, finance lease receivables accounted for 43.4% of the total assets of the Group, representing a decrease of 4.2 percentage points compared with that as of the end of 2023; property and equipment accounted for 25.9%, representing a decrease of 3.1 percentage points compared with that as of the end of 2023; and other assets accounted for 30.7%, representing an increase of 7.3 percentage points compared with that as of the end of 2023.

Breakdown of Net Book Value of the Total Assets
(Unit: RMB'00 million, Percentage)



As of June 30, 2024, borrowings accounted for 87.8% of the total liabilities of the Group, representing an increase of 8.4 percentage points compared with that as of the end of 2023; bonds payable accounted for 6.4%, representing a decrease of 2.2 percentage points compared with that as of the end of 2023; and other liabilities accounted for 5.8%, representing a decrease of 6.2 percentage points compared with that as of the end of 2023.

Breakdown of Net Book Value of the Total Liabilities
(Unit: RMB'00 million, Percentage)



3 SELECTED FINANCIAL RATIOS

	For the six months ended June 30,/As of June 30, 2024	2023	For the year ended December 31,/ As of December 31, 2023
Return on average total assets[(1)]	**0.84%**	1.09%	1.09%
Return on average equity[(2)]	**10.04%**	11.22%	11.60%
Cost-to-income ratio[(3)]	**8.77%**	8.63%	9.55%
Non-performing asset ratio[(4)]	**0.48%**	0.78%	0.60%
Non-performing asset ratio of finance lease business[(5)]	**0.72%**	0.86%	0.81%
Gearing ratio[(6)]	**9.06 times**	7.69 times	7.89 times
Credit ratings			
Standard & Poor’s	**A**	A	A
Moody’s	**A1**	A1	A1
Fitch	**A+**	A+	A+

(1) Calculated by dividing net profit for the period by average balance of total assets at the beginning and the end of the period on an annualized basis.

(2) Calculated by dividing net profit for the period by average balance of total Shareholders’ equity at the beginning and the end of the period on an annualized basis.

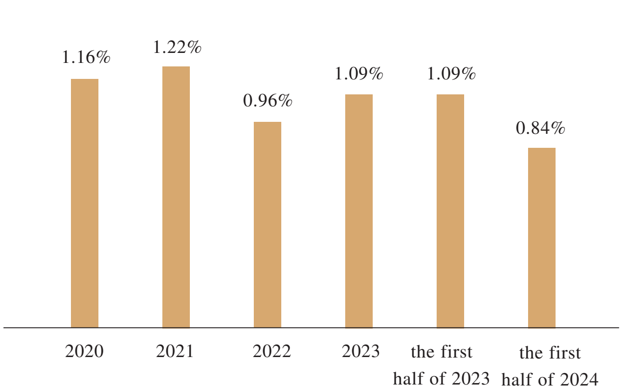
(3) Calculated by dividing the sum of the depreciation and amortisation expenses of property and equipment held for administrative purposes, staff costs and other operating expenses by total revenue and other income.

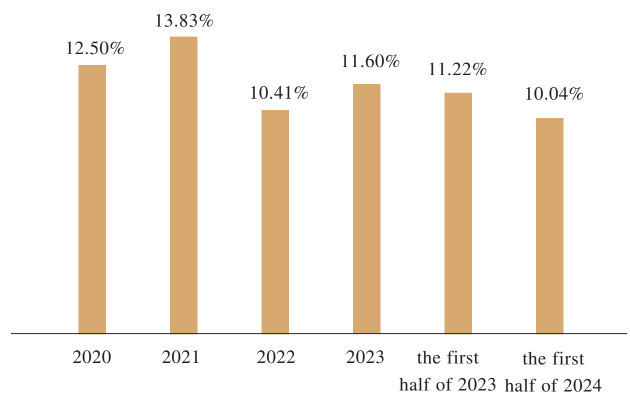
(4) Non-performing asset ratio refers to the percentage of non-performing assets over total assets before allowance for impairment losses as at the applicable date.

(5) Non-performing asset ratio of finance lease business refers to the percentage of non-performing assets of finance lease business over finance lease related assets before allowance for impairment losses as at the applicable date.

(6) Calculated by dividing net debt by total equity. Net debt is defined as total liabilities less cash and cash equivalents. Total liabilities comprise borrowings, due to banks and other financial institutions, financial assets sold under repurchase agreements and bonds payable.

In the first half of 2024, the annualized return on average total assets of the Group was 0.84%, representing a decrease of 0.25 percentage point compared with that of the same period of last year, primarily due to a slight decline in net profit year-on-year, but there was a higher increase in assets for operational arrangements. The annualized return on average equity of the Group was 10.04%, representing a decrease of 1.18 percentage points compared with that of the same period of last year, mainly due to a slight decline in net profit year-on-year but the increase in net assets was consistent with the increase in retained earnings.





The following table sets forth, as at the dates indicated, information relating to certain regulatory indicators, calculated in accordance with the requirements of the NFRA and applicable accounting standards.

	Regulatory requirement	**June 30, 2024**	December 31, 2023	December 31, 2022
Capital adequacy indicators[(1)]				
Core tier-one capital adequacy ratio[(2)]	≥7.5%	**9.41%**	9.96%	9.86%
Tier-one capital adequacy ratio[(3)]	≥8.5%	**9.41%**	9.96%	9.86%
Capital adequacy ratio[(4)]	≥10.5%	**11.82%**	12.47%	12.46%
Asset quality indicators				
Ratio of allowance to non-performing finance lease related assets[(5)]	≥150%	**557.48%**	547.72%	573.07%

(1) Calculated based on the Administrative Measures for the Capital of Commercial Banks (《商業銀行資本管理辦法》) (National Financial Regulatory Administration Order [2023] No.4) published by the NFRA on October 26, 2023, which became effective on January 1, 2024. The measures have replaced the Administrative Measures for Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》) (China Banking Regulatory Commission Order [2012] No.1) published by the CBIRC on June 7, 2012, which became effective on January 1, 2013.

(2) Calculated by dividing core tier-one capital, net of core tier-one capital deductions, by risk-weighted assets.

(3) Calculated by dividing tier-one capital, net of tier-one capital deductions, by risk-weighted assets.

(4) Calculated by dividing total capital, net of capital deductions, by risk-weighted assets.

(5) Calculated by dividing allowance for impairment losses on finance lease related assets by non-performing finance lease related assets.

MANAGEMENT DISCUSSION AND ANALYSIS

1 BUSINESS ENVIRONMENT

1.1 Macro-economy

After a slow recovery in 2023, in the first half of 2024, a number of international organizations raised their forecasts for world economic growth for 2024. Among them, the World Bank, the International Monetary Fund (IMF), and the United Nations Department of Economic and Social Affairs have revised upward their world economic growth forecasts for 2024 to 2.6%, 3.2% and 2.7% from the previous estimates of 2.4%, 3.1% and 2.4% respectively. On the whole, due to the slowdown in inflation and the strong performance of major economies such as China, the global economic growth outlook in 2024 is still promising, but concerns shall be raised on the challenges brought by persistently higher interest rates in major economies, geopolitical tensions, the rise of trade protectionism, and climate change to the global economic growth.

Domestically, China's economy in the first half of 2024 was generally stable with steady progress, featuring stable growth of production and sustained recovery of demands, generally stable employment and prices, continuously maintaining growth of resident income, accelerating expansion of new growth drivers and making new progress in high-quality development. In the first half of 2024, China's Gross Domestic Product ("**GDP**") amounted to RMB61.7 trillion, representing a year-on-year growth of 5.0%, of which GDP for the first quarter grew by 5.3% year-on-year and GDP for the second quarter grew by 4.7% year-on-year. Overall, China's economic growth in the first half of 2024 remained ahead of the curve, and remained an important engine and stabilizing force for world economic growth.

1.2 Industry Environment

In the face of the complicated and severe domestic and international economic situation, financial leasing companies identified the market positioning, accelerated the return to the origin of leasing and insisted on differentiated development, and the development trend of the industry was generally positive. With the diversification of business layout and the increasing efficiency in serving the real economy, the importance of the financial leasing industry in supporting the national strategy and the real economy has been continuously elevated. According to the China Financial Leasing Industry Development Report (2024) published by the China Banking Association, as of the end of 2023, the total assets of financial leasing companies in China amounted to RMB4.18 trillion, representing a year-on-year growth of 10.49%; the balance of leased assets amounted to RMB3.97 trillion, representing a year-on-year growth of 9.27%; in 2023, investment in direct leasing business amounted to RMB281.487 billion, representing a year-on-year growth of 63.39%, and accounted for 16.42% of the total investment in leasing business, representing a year-on-year increase of 4.31 percentage points.

2 THE COMPANY'S RESPONSES

In the first half of 2024, the Group continued to adhere to the overall tone of "seeking progress while maintaining stability and promoting stability through advancement", and focused on "five major areas" to develop new quality productive forces and serve the real economy. The Group made overall arrangements and adhered to the integrity of innovation to promote the steady development of business and provide stable and sustainable returns to Shareholders.

Overall Sound Financial Indicators

Total assets reached RMB481.436 billion, representing an increase of 17.5% as compared with that as at the end of last year;

Operating income amounted to RMB13.617 billion, representing a year-on-year increase of 14.9%;

Net profit was RMB1.881 billion, representing a year-on-year decrease of 4.0%; and

The non-performing asset ratio was 0.48%, representing a decrease of 0.12 percentage point compared with that as at the end of last year, which has been kept below 1% since its listing, showing continuous improvement in the asset quality.

Optimizing Business Structure

Aircraft leasing: The Group was deeply engaged in the domestic and overseas aviation leasing market, and seized the opportunity of the market recovery to enhance rental income levels and continue to improve and optimize the fleet structure. The Group accelerated the disposal or lease extension and remarketing of non-core aircraft and actively supported the construction of the Belt and Road. The Group accelerated the placement of orders, of which the placement by a number of high-quality customers, including China Southern Airlines and Turkish Airlines, was completed in the first half of 2024 and the placement of all the aircraft on the 2025 order book was completed.

Regional development leasing: Focusing on key regions and major regional strategies as well as the connotation of high-quality development, the Group supported the development of key areas and weak links. As of the end of June 2024, the Group had provided regional development leasing services in 26 provinces, autonomous regions and municipalities directly under the Central Government.

Ship leasing: Focusing on supporting the construction of a "powerful shipping country", the Group has been exploring the needs of its existing customers and actively expanding its new business, with the new investment reaching a record high for the same period in history, and completed the delivery of 15 new ships. The Group introduced for the first time the transaction mode by public listing on the exchange with specialization, and successfully completed the sale of ships, continuously improving the operation and management level of ship assets in the entire life cycle.

Inclusive finance: Focusing on inclusive finance and digital finance, we continued to enhance the quality and efficiency of our services to small and micro customers as well as individuals. On the basis of consolidating the market share of construction machinery, the Group focused on the new connotation of inclusive finance, innovated the business development mode and achieved the breakthrough and rapid development of vehicle leasing business. For the passenger vehicles servicing business sector, the Group has seized two key areas, namely short-term rentals and city distribution logistics, to realize our investment; for the passenger vehicles servicing customer sector, the Group made an additional investment of approximately RMB5.5 billion in the first half of 2024.

Green energy and high-end equipment leasing: Focusing on green finance and technology finance, the Group gave full play to the characteristic advantages of finance lease in integration of industry and finance to respond to the requirements of national green finance and industrial transformation and upgrading. The Group grasped opportunities in wind power and photovoltaic power markets and continued to strengthen its development and investment in such areas, with better-than-expected scale and efficiency. The Group solidly enhanced the effectiveness of serving the new quality productive forces, and increased investment in fields such as integrated circuits, new energy vehicle ("**NEV**") manufacturing, power batteries, and clean energy power stations, with the scale of assets increasing continuously.

Improving the Quality and Efficiency of Internal Management Continuously

Capital management: With the orderly implementation of the Administrative Measures for the Capital of Commercial Banks, the Group completed policy interpretation, capital measurement and information disclosure under the New Capital Regulations on schedule, and the Group's capital adequacy ratio under the New Capital Regulations maintained stable with growth momentum compared with that under old regulations, thus realizing a smooth transition of regulatory policies. The Group promoted the continuous optimization of the long-term capital management mechanism. As of the end of June 2024, the Group's capital adequacy ratio was 11.82% and the core tier-one capital adequacy ratio was 9.41%, both meeting the regulatory requirements.

Asset and liability management (ALM): The Group proactively responded to changes in circumstances such as the Federal Reserve's delayed the interest rate cuts, rising liquidity management requirements and the official implementation of the New Capital Regulations, and strengthened its asset management and liability management to promote the continuous optimization of its asset and liability structure. The Group refined its strategies for managing local and foreign currency financing, liquidity risk, interest rate risk and exchange rate risk, and shortened the duration mismatch of its assets and liabilities to ensure the stable and orderly operation of the liabilities and reasonably abundant liquidity. The Group broadened its financing channels, explored new modes of low-cost financing and restarted domestic issuance of RMB financial bonds, and successfully issued 3-year financial bonds of RMB3 billion in the national inter-bank bond market.

Risk management: The Group strengthened risk research and judgment in key areas, stabilized the quality of assets, coordinated and promoted the resolution of key risk projects, and strengthened the management of cyclical industry risks and country risks. As of the end of June 2024, the Group's non-performing assets were RMB2.38 billion and non-performing asset ratio was 0.48%, achieving declines in both non-performing assets and non-performing asset ratio, and continuous optimization of asset quality. The ratio of allowance to non-performing finance lease related assets was 557.48%, with the provision remaining at a high level and a strong risk offsetting capacity.

Compliance and internal control: The Group promoted steadily post-lease refined and differentiated management, implemented personal credit enquiry, established a sound consumer complaint and protection mechanism, and set up the social responsibility and consumer rights protection committee of the Board. The Group reinforced specialized audits in areas such as business transformation and centralized procurement to manage and control risks in key links. The Group built smooth feedback channels and established a rapid response mechanism to promote continuous optimization of business processes. Furthermore, the Group strengthened the foundation of compliance, implemented regulatory requirements, and focused on direct leasing and operating leasing by innovative business transformation. The Group also established a digitalization center to facilitate digitally empowered business development and internal control management.

3 ANALYSIS OF CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

3.1 Overview of Condensed Consolidated Statement of Profit or Loss

In the first half of 2024, the Group recorded total revenue and other income of RMB13,617.0 million, representing an increase of RMB1,769.9 million or 14.9% compared with that for the same period of last year, mainly due to the increase in the scale of the leased assets and the corresponding increase in the scale of revenue; and achieved net profit of RMB1,881.3 million, representing a decrease of RMB78.9 million or 4.0% compared with that for the same period of last year, mainly due to the growth in the scale of financing and the increase in interest expenses as a result of the increase in US dollar interest rates.

The following table sets forth the condensed consolidated statement of profit or loss of the Group for the periods indicated:

	For the six months ended June 30,		
(RMB in millions, except percentages)	**2024**	2023	Change
Revenue			
Finance lease income	**5,373.1**	5,296.8	1.4%
Operating lease income	**7,113.5**	5,510.2	29.1%
Total revenue	**12,486.6**	10,807.0	15.5%
Net investment gains	**84.6**	118.0	(28.3%)
Other income, gains or losses	**1,045.8**	922.1	13.4%
Total revenue and other income	**13,617.0**	11,847.1	14.9%
Depreciation and amortisation	**(3,417.0)**	(2,896.4)	18.0%
Staff costs	**(263.5)**	(221.3)	19.1%
Fee and commission expenses	**(26.3)**	(41.1)	(36.0%)
Interest expenses	**(6,727.7)**	(4,834.9)	39.1%
Other operating expenses	**(882.4)**	(755.2)	16.8%
Impairment losses	**261.0**	(465.0)	(156.1%)
Total expenses	**(11,055.9)**	(9,213.9)	20.0%
Profit before income tax	**2,561.1**	2,633.2	(2.7%)
Income tax expense	**(679.8)**	(673.0)	1.0%
Net profit	**1,881.3**	1,960.2	(4.0%)

3.2 Total Revenue

Revenue of the Group was primarily derived from finance lease income and operating lease income. For the first half of 2024, total revenue of the Group amounted to RMB12,486.6 million, representing an increase of 15.5% compared with the total revenue of RMB10,807.0 million for the same period of last year, primarily due to the increase in the scale of leased assets in the first half of 2024 and the rise in the Baltic Dry Index (the "**BDI Index**"), which led to the significant increase in operating lease income as compared with that of the same period of last year.

3.2.1 Finance Lease Income

The following table sets forth the finance lease income of the Group's five business segments for the periods indicated:

(RMB in millions, except percentages)	**For the six months ended June 30, 2024**	2023	Change
Finance lease income			
Aircraft leasing	**2.8**	2.9	(3.4%)
Regional development leasing	**2,356.5**	3,019.1	(21.9%)
Ship leasing	**590.9**	420.8	40.4%
Inclusive finance	**922.5**	893.1	3.3%
Green energy and high-end equipment leasing	**1,500.4**	960.9	56.1%
Total	**5,373.1**	5,296.8	1.4%

For the first half of 2024, finance lease income of the Group amounted to RMB5,373.1 million, accounting for 43.0% of the total revenue, representing an increase of RMB76.3 million, or 1.4% as compared with that of the same period of last year, primarily due to a year-on-year increase in the scale of finance lease assets.

With respect to aircraft leasing, for the first half of 2024, finance lease income from this segment of the Group amounted to RMB2.8 million, representing a decrease of RMB0.1 million, or 3.4% as compared with that of the same period of last year, primarily due to the decrease in the scale of finance lease assets of the aircraft leasing business in the first half of 2024 as compared with that of the same period of last year.

With respect to regional development leasing, for the first half of 2024, finance lease income from this segment of the Group amounted to RMB2,356.5 million, representing a decrease of RMB662.6 million, or 21.9% as compared with that of the same period of last year, primarily due to a year-on-year decrease in the scale of finance lease assets of regional development leasing business in the first half of 2024.

With respect to ship leasing, for the first half of 2024, finance lease income from this segment of the Group amounted to RMB590.9 million, representing an increase of RMB170.1 million, or 40.4% as compared with that of the same period of last year, primarily due to the increase in the scale of ship finance lease assets in the first half of 2024 as compared with that of the same period of last year and the increase in US dollar interest rates.

With respect to inclusive finance, for the first half of 2024, finance lease income from this segment of the Group amounted to RMB922.5 million, representing an increase of RMB29.4 million, or 3.3% as compared with that of the same period of last year, primarily due to the Group's continued optimization of the business structure of the inclusive finance segment which led to the increase in finance lease income as compared with that of the same period of last year.

With respect to green energy and high-end equipment leasing, for the first half of 2024, finance lease income from this segment of the Group amounted to RMB1,500.4 million, representing an increase of RMB539.5 million, or 56.1% as compared with that of the same period of last year, primarily due to the increase in the scale of leased assets in the green energy and high-end equipment segment as a result of the increase in investment in new energy business and emerging industries in the first half of 2024.

3.2.2 Operating Lease Income

The following table sets forth the operating lease income of the Group's five business segments for the periods indicated:

(RMB in millions, except percentages)	**For the six months ended June 30, 2024**	2023	Change
Operating lease income			
Aircraft leasing	**4,179.8**	3,658.3	14.3%
Regional development leasing	**53.6**	61.4	(12.7%)
Ship leasing	**2,469.0**	1,776.8	39.0%
Inclusive finance	**386.0**	7.6	4,978.9%
Green energy and high-end equipment leasing	**25.1**	6.1	311.5%
Total	**7,113.5**	5,510.2	29.1%

For the first half of 2024, operating lease income of the Group amounted to RMB7,113.5 million, accounting for 57.0% of the total revenue, representing an increase of 29.1% as compared with RMB5,510.2 million for the same period of last year, primarily due to the significant increase in the scale of operating lease assets in the first half of 2024 as compared with that of the same period of last year, and the rise in the BDI Index.

With respect to aircraft leasing, for the first half of 2024, operating lease income from this segment of the Group amounted to RMB4,179.8 million, representing an increase of RMB521.5 million, or 14.3% as compared with that of the same period of last year, primarily due to the increase in the scale of aircraft operating lease assets in the first half of 2024.

With respect to regional development leasing, for the first half of 2024, operating lease income from this segment of the Group amounted to RMB53.6 million, representing a decrease of RMB7.8 million, or 12.7% as compared with that of the same period of last year, primarily due to the decrease in the rental level of regional development leasing in the first half of 2024 as compared with that of the same period of last year.

With respect to ship leasing, for the first half of 2024, operating lease income from this segment of the Group amounted to RMB2,469.0 million, representing an increase of RMB692.2 million, or 39.0% as compared with that of the same period of last year, primarily due to the fact that the majority of operating lease income from this segment was linked to the BDI Index, which increased compared to the same period of last year and the increase in the scale of ship operating lease assets in the first half of 2024.

With respect to inclusive finance, for the first half of 2024, operating lease income from this segment of the Group amounted to RMB386.0 million, representing an increase of RMB378.4 million, or 4,978.9% as compared with that of the same period of last year, primarily due to the significant increase in the scale of vehicle operating lease assets as compared with that of the same period of last year.

With respect to green energy and high-end equipment leasing, for the first half of 2024, operating lease income from this segment of the Group amounted to RMB25.1 million, representing an increase of RMB19.0 million, or 311.5% as compared with that of the same period of last year, primarily due to the increase in the scale of operating lease assets for high-end equipment.

3.2.3 Net Investment Gains

For the first half of 2024, net investment gains of the Group amounted to RMB84.6 million, representing a decrease of 28.3% as compared with the net investment gains of RMB118.0 million for the same period of last year, primarily due to the decrease in valuation of derivative financial instruments and the decrease in investment gains from the delivery of derivative financial instruments.

3.2.4 Other Income, Gains or Losses

For the first half of 2024, other income, gains or losses of the Group amounted to RMB1,045.8 million, representing an increase of 13.4% compared with the other income, gains or losses of RMB922.1 million for the same period of last year, primarily due to the year-on-year increase in interest income on financial institution deposits.

3.3 Cost and Expenses

For the first half of 2024, total cost and expenses of the Group amounted to RMB11,055.9 million, representing an increase of 20.0% compared with the total cost and expenses of RMB9,213.9 million for the same period of last year, primarily due to the year-on-year increase in interest expenses in the first half of 2024.

3.3.1 Depreciation and Amortisation

For the first half of 2024, depreciation and amortisation of the Group amounted to RMB3,417.0 million, representing an increase of 18.0% compared with the depreciation and amortisation of RMB2,896.4 million for the same period of last year, primarily due to the increase in depreciation expenses of operating lease assets resulting from the growth in the scale of operating lease assets.

3.3.2 Staff Costs

In the first half of 2024, salaries, bonuses and allowances of the Group amounted to RMB189.6 million, and other statutory and social security and training expenses of the Group amounted to RMB73.9 million, primarily attributed to a rise in personnel numbers and adjustments to the personnel structure driven by changes in market conditions and business development needs, resulting in an increase in staff costs.

3.3.3 Fee and Commission Expenses

For the first half of 2024, fee and commission expenses of the Group amounted to RMB26.3 million, representing a decrease of 36.0% compared with the fee and commission expenses of RMB41.1 million for the same period of last year, primarily due to the decrease in bank charges.

3.3.4 Interest Expenses

For the first half of 2024, interest expenses of the Group amounted to RMB6,727.7 million, representing an increase of 39.1% compared with the interest expenses of RMB4,834.9 million for the same period of last year, primarily due to the increase in the financing scale and the year-on-year increase in USD financing cost rate, resulting in the corresponding increase in interest expenses.

3.3.5 Other Operating Expenses

For the first half of 2024, other operating expenses of the Group amounted to RMB882.4 million, representing an increase of 16.8% compared with the other operating expenses of RMB755.2 million for the same period of last year, primarily due to the increases in vehicle management costs and aircraft retrieval costs.

3.3.6 Impairment Losses

For the first half of 2024, the impairment losses of the Group amounted to RMB(261.0) million, representing a decrease of 156.1% compared with the impairment losses of RMB465.0 million for the same period of last year, primarily due to the improvement in the risk situation of the lessees and the quality of the leased assets.

3.4 Profit before Income Tax

For the first half of 2024, profit before income tax of the Group amounted to RMB2,561.1 million, representing a decrease of 2.7% compared with the profit before income tax of RMB2,633.2 million for the same period of last year.

3.5 Income Tax Expense

For the first half of 2024, income tax expense of the Group amounted to RMB679.8 million, representing an increase of 1.0% compared with the income tax expense of RMB673.0 million for the same period of last year, primarily due to the increase in profit from the business segment with a higher tax rate.

4 ANALYSIS ON THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table sets forth the condensed consolidated statement of financial position of the Group as of the dates indicated:

(RMB in millions, except percentages)	**June 30, 2024**	December 31, 2023	Change
Assets			
Cash and bank balances	**107,227.7**	69,440.3	54.4%
Financial assets at fair value through profit or loss	**174.3**	156.5	11.4%
Derivative financial assets	**531.9**	675.9	(21.3%)
Financial assets at fair value through other comprehensive income	**9,073.8**	3,001.2	202.3%
Financial assets held under resale agreements	**5,993.3**	–	NA
Accounts receivable	**679.2**	1,335.1	(49.1%)
Finance lease receivables	**208,875.5**	195,101.1	7.1%
Prepayments	**13,812.9**	12,708.1	8.7%
Investment properties	**1,088.0**	1,089.5	(0.1%)
Property and equipment	**124,728.8**	118,640.2	5.1%
Right-of-use assets	**157.6**	174.3	(9.6%)
Deferred tax assets	**2,216.0**	2,131.7	4.0%
Other assets	**6,876.6**	5,241.0	31.2%
Total assets	**481,435.6**	409,694.9	17.5%
Liabilities			
Borrowings	**389,765.8**	295,875.4	31.7%
Due to banks and other financial institutions	**498.9**	12,509.0	(96.0%)
Financial assets sold under repurchase agreements	**–**	2,556.9	(100.0%)
Derivative financial liabilities	**811.4**	246.3	229.4%
Accrued staff costs	**224.9**	282.5	(20.4%)
Bonds payable	**28,366.5**	32,187.2	(11.9%)
Tax payable	**169.3**	446.6	(62.1%)
Lease liabilities	**178.0**	192.3	(7.4%)
Deferred tax liabilities	**848.1**	1,108.7	(23.5%)
Other liabilities	**22,898.7**	27,008.2	(15.2%)
Total liabilities	**443,761.6**	372,413.1	19.2%
Total equity	**37,674.0**	37,281.8	1.1%

4.1 Total Assets

The principal components of the Group's assets were cash and bank balances, finance lease receivables, prepayments and property and equipment. As of June 30, 2024, these assets accounted for 94.4% of the total assets. As of June 30, 2024, total assets of the Group amounted to RMB481,435.6 million, representing an increase of RMB71,740.7 million, or 17.5% as compared with that as of the end of last year, primarily due to the growth in the scale of leased assets of the Group and the increase in cash and bank balances.

4.1.1 Cash and Bank Balances

As of June 30, 2024, cash and bank balances of the Group amounted to RMB107,227.7 million, representing an increase of 54.4% as compared with the cash and bank balances of RMB69,440.3 million as of the end of last year, primarily due to the increase in liquidity provision.

4.1.2 Finance Lease Receivables

(RMB in millions, except percentages)	**June 30, 2024**	December 31, 2023	Change
Finance lease receivables – gross	**262,212.4**	242,256.6	8.2%
Less: unearned finance income	**(44,589.8)**	(38,130.9)	16.9%
Finance lease receivables – net	**217,622.6**	204,125.7	6.6%
Less: allowance for impairment losses	**(8,747.1)**	(9,024.6)	(3.1%)
Finance lease receivables – carrying amount	**208,875.5**	195,101.1	7.1%

As of June 30, 2024, finance lease receivables of the Group amounted to RMB208,875.5 million, representing an increase of 7.1% as compared with the finance lease receivables of RMB195,101.1 million as of the end of last year, primarily due to the continuous growth in the scale of the Group's finance lease business.

4.1.3 Prepayments

As of June 30, 2024, the prepayments of the Group amounted to RMB13,812.9 million, representing an increase of 8.7% as compared with the prepayments of RMB12,708.1 million as of the end of last year, primarily due to the new purchase orders of aircraft and payments related to vehicle projects, which resulted in an increase in the balance of prepayments.

4.1.4 Property and Equipment

Property and equipment were composed of equipment held for operating lease businesses and property and equipment held for administrative purposes. As of June 30, 2024, equipment held for operating lease businesses of the Group amounted to RMB124,166.8 million, representing an increase of 5.2% as compared with the equipment held for operating lease businesses of RMB118,044.2 million as of the end of last year, primarily due to the increase in the scale of operating lease assets for aircrafts, ships and vehicles.

As of June 30, 2024, property and equipment held for administrative purposes of the Group amounted to RMB562.0 million, representing a decrease of 5.7% as compared with the property and equipment held for administrative purposes of RMB596.0 million as of the end of last year, primarily due to the transfer of some property and equipment held for administrative purposes to investment properties and the decrease in net value of property and equipment held for administrative purposes with provision for depreciation.

The following table sets forth the breakdown of the property and equipment as of the dates indicated:

(RMB in millions, except percentages)	**June 30, 2024**	December 31, 2023	Change
Property and equipment			
Equipment held for operating lease businesses	**124,166.8**	118,044.2	5.2%
Property and equipment held for administrative purposes	**562.0**	596.0	(5.7%)
Property and equipment – carrying amount	**124,728.8**	118,640.2	5.1%

4.1.5 Financial Assets at Fair Value through Other Comprehensive Income

As of June 30, 2024, the Group's financial assets at fair value through other comprehensive income amounted to RMB9,073.8 million, representing an increase of 202.3% from financial assets at fair value through other comprehensive income of RMB3,001.2 million as of the end of last year, primarily due to the increase in the Group's investment in government bonds.

4.1.6 Other Assets

Other assets mainly included prepaid expenses, straightline amortised lease assets, deductible value-added tax, maintenance right assets, interest receivables, other receivables and intangible assets. As of June 30, 2024, other assets of the Group amounted to RMB6,876.6 million, representing an increase of 31.2% as compared with other assets of RMB5,241.0 million as of the end of last year.

4.2 Lease Assets

The following table sets forth the breakdown of the Group's finance lease related assets as of the dates indicated and the movements therein:

(RMB in millions, except percentages)	**June 30, 2024**	December 31, 2023	Change
Finance lease related assets			
Finance lease receivables	**208,875.5**	195,101.1	7.1%
Accounts receivable – advances for finance lease projects	**–**	537.0	(100.0%)
Total	**208,875.5**	195,638.1	6.8%

The following table sets forth the breakdown of the operating lease assets of the Group as of the dates indicated and the movements therein:

(RMB in millions, except percentages)	**June 30, 2024**	December 31, 2023	Change
Operating lease assets			
Investment properties	**1,088.0**	1,089.5	(0.1%)
Property and equipment – equipment held for operating lease businesses	**124,166.8**	118,044.2	5.2%
Total	**125,254.8**	119,133.7	5.1%

Finance lease related assets and operating lease assets of the Group represented an increase of 6.8% and 5.1% as compared with that as of the end of last year, respectively. In the first half of 2024, the balance of leased assets showed a steady growth trend as compared with that as of the end of last year due to the stable investment strategies in leasing maintained by the Group.

4.3 Liabilities

As of June 30, 2024, total liabilities of the Group amounted to RMB443,761.6 million, representing an increase of 19.2% as compared with the total liabilities of RMB372,413.1 million as of the end of last year, primarily due to the growth in the scale of liabilities commensurate with that of assets.

4.3.1 Borrowings

As of June 30, 2024, the balance of borrowings of the Group amounted to RMB389,765.8 million, representing an increase of 31.7% as compared with the balance of borrowings of RMB295,875.4 million as of the end of last year. This was primarily due to the increase in the financing for the purpose of supporting the growth in business scale and the increase in the liquidity provision.

4.3.2 Bonds Payable

As of June 30, 2024, the balance of bonds payable of the Group amounted to RMB28,366.5 million, representing a decrease of 11.9% as compared with the balance of bonds payable of RMB32,187.2 million as of the end of last year. This was primarily due to the larger scale of bonds falling due than the scale of bonds newly issued in the first half of 2024.

4.3.3 Other Liabilities

As of June 30, 2024, the balance of other liabilities of the Group amounted to RMB22,898.7 million, representing a decrease of 15.2% as compared with the balance of other liabilities of RMB27,008.2 million as of the end of last year, primarily due to the decrease in balance of accounts payables.

5 ANALYSIS ON THE STATEMENT OF CASH FLOWS

The following table sets forth the Group's statement of cash flows for the periods indicated and the changes therein:

(RMB in millions, except percentages)	**For the six months ended June 30, 2024**	2023	Change
Net cash flows from operating activities	**64,403.0**	2,336.5	2,656.4%
Net cash flows used in investing activities	**(31,583.9)**	(7,889.6)	300.3%
Net cash flows used in financing activities	**(4,540.9)**	(2,856.5)	59.0%
Net increase/(decrease) in cash and cash equivalents	**28,278.2**	(8,409.6)	(436.3%)

In the first half of 2024, net cash inflow from the operating activities of the Group amounted to RMB64,403.0 million, representing a year-on-year increase of 2,656.4%, primarily due to an increase in cash inflows generated from operating borrowings as a result of the expansion of the scale of financing of the Group; the net cash outflow used in the investing activities of the Group amounted to RMB31,583.9 million, representing a year-on-year increase of 300.3%, primarily due to the increase in payments for the Group's investments; the net cash outflow used in the financing activities of the Group amounted to RMB4,540.9 million, representing a year-on-year increase of 59.0%, primarily due to the increase in the repayment of bonds by the Group.

6 BUSINESS OPERATION

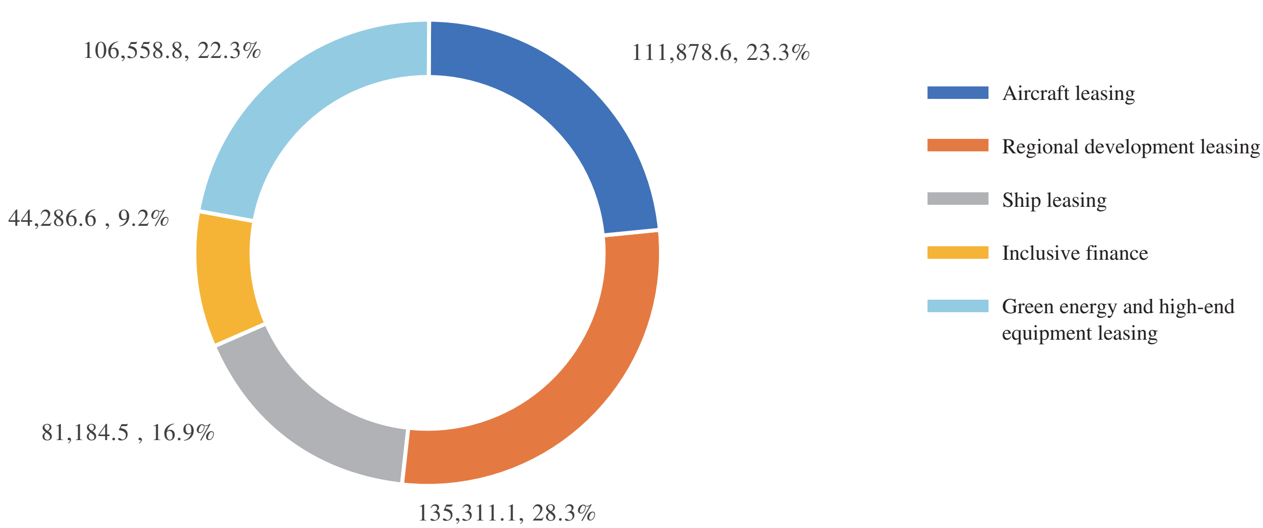
The business segments of the Group consist of aircraft leasing, regional development leasing, ship leasing, inclusive finance and green energy and high-end equipment leasing. In the first half of 2024, the Group steadily promoted the development of business transformation and continued to optimize its business structure to further strengthen the foundation for sustainable development.

In the first half of 2024, the total investment in leasing business of the Group amounted to RMB55,579.4 million, among which the investment in aircraft leasing, regional development leasing, ship leasing, inclusive finance and green energy and high-end equipment leasing were RMB3,745.2 million, RMB4,258.0 million, RMB9,065.1 million, RMB12,693.8 million and RMB25,817.3 million, respectively.

The following table sets forth the assets of each business segment of the Group as of the dates indicated:

(RMB in millions, except percentages)	**June 30, 2024**		December 31, 2023	
Segment assets	**Amount**	**Percentage**	Amount	Percentage
Aircraft leasing	**111,878.6**	**23.3%**	108,978.6	26.7%
Regional development leasing	**135,311.1**	**28.3%**	130,008.2	32.0%
Ship leasing	**81,184.5**	**16.9%**	62,783.9	15.4%
Inclusive finance	**44,286.6**	**9.2%**	36,041.9	8.8%
Green energy and high-end equipment leasing	**106,558.8**	**22.3%**	69,750.6	17.1%
Total	**479,219.6**	**100.0%**	407,563.2	100.0%

Breakdown of Assets of Each Business Segment of the Group
(Unit: RMB million, Percentages)

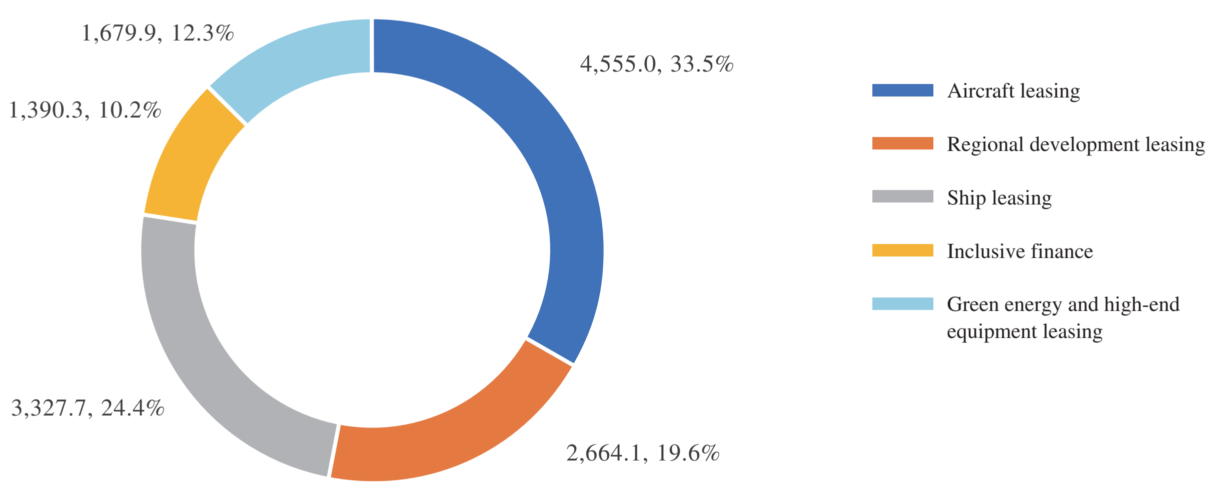


The following table sets forth the revenue and other income of each business segment for the periods indicated:

(RMB in millions, except percentages)	**For the six months ended June 30,**			
	2024		2023	
Segment revenue and other income	**Amount**	**Percentage**	Amount	Percentage
Aircraft leasing	**4,555.0**	**33.5%**	3,979.0	33.6%
Regional development leasing	**2,664.1**	**19.6%**	3,221.8	27.2%
Ship leasing	**3,327.7**	**24.4%**	2,689.5	22.7%
Inclusive finance	**1,390.3**	**10.2%**	944.0	8.0%
Green energy and high-end equipment leasing	**1,679.9**	**12.3%**	1,012.8	8.5%
Total	**13,617.0**	**100.0%**	11,847.1	100.0%

Breakdown of Revenue and Other Income of Each Business Segment of the Group

(Unit: RMB million, Percentages)



6.1 Aircraft Leasing

The International Air Transport Association ("**IATA**") indicated that the strong demand for air travel globally has continued during the first half of 2024, posting a 10.7% year-on-year increase in travel in May 2024. IATA updated its strengthened profitability projections for airlines in 2024 compared with its June and December 2023 forecasts, indicating that net profits are expected to reach US$30.5 billion in 2024 (net profit margin: 3.1%). Although the economic and geopolitical environment brings several challenges to the global airline industry's performance, both Boeing and Airbus still forecast that traffic will grow annually by 4.7% and 3.6% respectively for the next twenty years. Within that timeframe, the global in-service-fleet will have reached 50,170 aircraft according to Boeing and 42,430 aircraft as projected by Airbus, underscoring the fact that the aviation industry demonstrates resilience after unprecedented disruption.

In 2024, with an international leasing business platform, professional team, good relationships with manufacturers and a global and well-diversified customer network, the Group will continue to seize opportunities as the industry progresses its growth to build a fleet comprising next-generation, mainstream narrow-body aircraft and increase the Group's competitiveness in the industry.

During the first half of 2024, the Group's highlights are:

- Signed new lease transactions (including order placement, sale-lease-back, portfolio acquisition, remarketing and extension) for a total of 25 aircraft with 11 customers;

- Acquired 6 aircraft on operating lease, including 3 via direct OEM orders and 3 via portfolio acquisition;

- Signed financing transactions for US$3 billion; and

- Added 5 new lessees.

As of June 30, 2024, total assets of the aircraft leasing segment of the Group amounted to RMB111,878.6 million, representing an increase of RMB2,900.0 million, or 2.7% compared with that as of the end of last year, mainly due to the acquisition of aircraft leased assets by the Group in the first half of 2024. The total revenue and other income of the aircraft leasing segment amounted to RMB4,555.0 million, representing an increase of RMB576.0 million, or 14.5% compared with that of the same period of last year, primarily due to the increase of operating leased assets in the first half of 2024.

In the first half of 2024, the net lease yield of the operating leased aircraft was 4.8%[1], the lease yield of the finance leased aircraft was 1.3%[2].

As of June 30, 2024, the Group had a total portfolio of 380 aircraft, consisting of 296 owned aircraft and 84 committed aircraft. Our aircraft leasing business covers 71 lessees in 38 countries and regions. As of June 30, 2024, 293 owned aircraft of the Group were held for operating lease and 3 owned aircraft of the Group were under finance lease. As of June 30, 2024, the weighted average age by aircraft value[3] of the Group's owned aircraft held for operating lease was 5.4 years, and the weighted average remaining lease term by aircraft value of the Group's owned aircraft held for operating lease was 7.2 years.

The Group's owned and in-service fleet mainly includes narrow-body aircraft types comprising the Airbus A320ceo and A320neo family and Boeing 737NG and 737MAX family, and wide-body types such as Airbus A330ceo, A330neo and A350, and Boeing 777-300ER and 787-9. As of June 30, 2024, the Group's aircraft fleet consists of 77% narrow-body aircraft, 19% wide-body aircraft and 4% freighters and regional aircraft by aircraft value. As of June 30, 2024, the net book value of the Group's owned aircraft was US$11,793.7 million.

The Group's orderbook contains new-generation, liquid and narrow-body model of aircraft. As of June 30, 2024, the Group has committed to purchasing 76 narrow-body aircraft under its direct OEM orders, including 35 aircraft from Boeing and 41 aircraft from Airbus. These aircraft are scheduled to be delivered between the second half of 2024 and 2027. The Group also has contractual commitments to acquire a further 5 aircraft under sale-lease-back transactions and 3 aircraft from portfolio acquisition. The aggregate future capital expenditure commitments were RMB21,396.9 million.

1 The calculation is net lease income of aircraft operating lease business divided by average monthly balance of operating lease assets. Net lease income equals aircraft operating lease income plus maintenance income less interest expenses of the aircraft operating lease business.

2 The calculation is lease income divided by average monthly balance of aircraft finance lease assets. As of June 30, 2024, only three finance leased aircraft remained, therefore the impact of finance lease on revenue is immaterial.

3 For operating lease, aircraft value equals the sum of aircraft net book value and aircraft intangible value; for finance lease, aircraft value equals finance lease receivable.

The following table sets forth the composition of the Group's fleet and committed aircraft as of June 30, 2024:

Aircraft Type	Owned aircraft	Committed aircraft	Total
A320-200	40	–	40
A321-200	8	–	8
A330-200	6	–	6
A330-300	18	–	18
A330neo	6	–	6
A350-900	3	–	3
A320neo	71	14	85
A321neo	36	34	70
Airbus Total	**188**	**48**	**236**
737-800	47	–	47
777-300ER	1	–	1
737 Max 8	34	36	70
787-9	2	–	2
Boeing Total	**84**	**36**	**120**
E190-100LR	17	–	17
Embraer Total	**17**	**–**	**17**
Freighters	**7**	**–**	**7**
Total	**296**	**84**	**380**

Two of the above seven freighters are under conversion and scheduled for delivery in the second half of 2024 and 2025.

In addition to the above committed aircraft, the Group has 100 non-binding entitlements with other OEMs, consisting of 20 ARJ21 aircraft and 50 C919 aircraft from The Commercial Aircraft Corporation of China, Ltd., and 30 MA700 aircraft from AVIC Aircraft Co., Ltd.

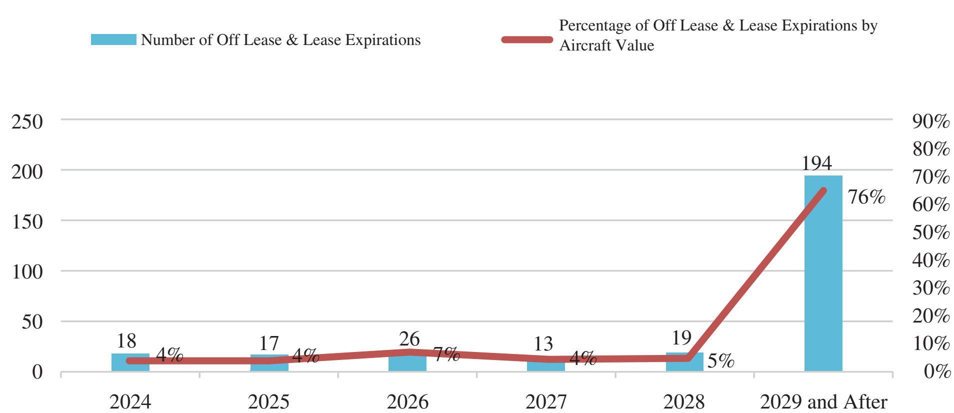
As of June 30, 2024, among 84 committed aircraft (including aircraft under direct OEM orders, sale-lease-back and portfolio acquisition), 15 were scheduled for delivery in the second half of 2024, 38 in 2025 and 31 from 2026 onwards.

As of June 30, 2024, among 76 aircraft committed to be purchased directly from OEMs, 43 were committed for lease, of which 11 were scheduled for delivery in the second half of 2024, 26 in 2025 and 6 in 2026.

As of June 30, 2024, the Group was committed to sale-lease-back transactions covering 5 aircraft and 3 aircraft via portfolio acquisition, of which 4 were scheduled for delivery in the second half of 2024 and 4 in 2025.

The following chart sets forth the breakdown of the number of aircraft and percentage of aircraft value balance as of June 30, 2024 of those off-lease aircraft and aircraft under operating lease with scheduled leases expiring in the future, excluding any aircraft for which the Group has a sale commitment, to be converted to finance lease, under teardown or freighter conversion, unable to remarket due to bankruptcy proceedings and the Russian-Ukraine conflict. 7 out of 18 aircraft with lease either expired or to be expired in 2024 have entered into letters of intent for remarketing or sale:

Off Lease and Lease Expirations



During the first half of 2024, the Group signed lease extensions for 1 aircraft and new leases for 5 remarketed aircraft.

During the first half of 2024, the Group sold 3 aircraft in total with a net book value on disposal of assets of US$28.2 million and realized a gain on disposal of US$7.1 million. The Group's owned aircraft under operating lease (excluding 4 aircraft detained in Russia) was 95.6% fleet utilization due to the impact of aircraft in transition.

The following table sets forth a breakdown of the Group's revenue and assets of aircraft leasing by region of lessee for the first half of 2024:

Region	**Percentage of lease revenue in the first half of 2024**	**Percentage of aircraft value as of June 30, 2024**
The PRC	31.0%	22.6%
Asia Pacific (excluding the PRC)	19.9%	19.8%
Europe	17.5%	20.0%
Americas	22.4%	25.6%
Middle East	8.9%	8.4%
Africa	0.3%	0.3%
Off-lease/Under teardown	–	3.3%
Total	**100.0%**	**100.0%**

The following table sets forth a breakdown of the Group's owned aircraft by manufacturer as of June 30, 2024:

	Percentage by aircraft value as of June 30, 2024
Manufacturer	
Airbus	73.2%
Boeing	25.5%
Others	1.3%
Total	**100.0%**

6.2 Regional Development Leasing

China insisted on implementing its major regional strategies to build a modernised economic system around the goal of high-quality economic development and key regions have become important growth poles for China's economy. In the first half of 2024, the Group's regional development leasing segment achieved additional investment in businesses of RMB4,258.0 million.

The Group focused on key regions such as Beijing-Tianjin-Hebei Area, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Economic Belt and Yellow River Basin, and its major regional strategies, to strongly support the development of key areas and weak links. As of the end of June 2024, the Group has provided regional development leasing services in 26 provinces, autonomous regions and municipalities directly under the Central Government. In the Group's regional development leasing segments, the balance of assets in the Beijing-Tianjin-Hebei Area amounted to RMB11,278.9 million; the balance of assets in the Yangtze River Economic Belt amounted to RMB66,102.3 million; and the balance of assets in the Guangdong-Hong Kong-Macao Greater Bay Area amounted to RMB8,132.7 million. The Group's balance of assets in the above three key regions accounted for approximately 63% of the assets of such segment.

As of June 30, 2024, the total assets of the Group's regional development leasing segment amounted to RMB135,311.1 million, representing an increase of RMB5,302.9 million or 4.1% as compared with that as of the end of last year, among which the balance related to leased assets was RMB98,014.8 million, representing a decrease of RMB10,469.4 million, or 9.7% as compared with that as of the end of last year, mainly due to the fact that the Group continuously promoted business transformation, resulting in a continuous decline in the balance of leased assets of such segment. In the first half of 2024, revenue and other income of the segment amounted to RMB2,664.1 million, representing a decrease of RMB557.7 million or 17.3% over the same period of last year, mainly due to the decrease in the scale of the leased assets of such segment.

6.3 Ship Leasing

The performance of each vessel type on the shipping market varied in the first half of 2024. For bulk carriers, the average BDI Index for the first half of 2024 was 1,835.96, representing an increase of 58.04% as compared with 1,161.72 for the same period of last year, driving a 47% year-on-year increase in the rental income for the bulk carrier shipping market. This was mainly attributable to the significant increase in the long distance transportation of iron ore and bauxite by capesize bulk carriers, which led to a 3.9% year-on-year increase in the volume of seaborne trade turnover (in tonnes per nautical miles) across the segment market, while the supply of shipping capacity of bulk carriers increased by only 1.7% over the same period. In terms of product tankers, the charter rate of the product tanker shipping market recorded a new historical high, indicating that changes in the shipping map caused by the Russia-Ukraine conflict continued to affect the supply and demand relationship in the segment market. In respect of LNG ships, the Group began to centralize the delivery period of LNG ships from 2024. Due to the insufficient downstream demand and the delayed delivery of liquefaction capacity at the export end, the LNG shipping market performed weakly, with a year-on-year decrease of 29% in the freight rate. In the first half of 2024, the Group's ship leasing segment achieved additional investment in businesses of RMB9,065.1 million.

In the first half of 2024, being deeply dedicated to the shipping market, the Group further strengthened its research and analysis of dynamics and medium-to-long-term development trends of the segment market, and at the same time, continuously upgraded its ship operation and management level and capital operation capabilities in accordance with the green concept, so as to maintain balanced development of the ship operating lease and finance lease businesses. In the first half of 2024, the Group completed the delivery and charter services of 15 new-built vessels, and auctioned off a bulk carrier under operating lease by public listing on the exchange for the first time, thus further optimizing the age structure of the vessels. During the first half of 2024, the Group's vessels on time charter were in good safety condition, with the average utilization rate of each vessel reaching 99.5%, which continued to maintain a first-class international standard.

The scale of the Group's fleet continued to optimize. As of June 30, 2024, the Group had a total of 248 ships in operation, of which 210 ships were under operating lease and 38 ships were under finance lease. In terms of ship type, among the ships in operation, there were 172 bulk carriers, 44 product tankers, 13 container ships, 17 LNG ships and 2 passenger cruise ships. In terms of vessel age, the average age of vessels of the Group under charter services is 6.4 years, including bulk carriers with an average age of 5.9 years, container ships with an average age of 7.8 years, product tankers with an average age of 6.5 years, LNG ships with an average age of 9.7 years and passenger cruise ships with an average age of 15 years. In addition, the Group has 14 vessels under construction, including 9 bulk carriers and 5 product tankers.

Asset structure of the Group's ships in operation as of June 30, 2024

Type	**Operating lease (ships)**	**Finance lease (ships)**	**Total (ships)**	**Note**
Bulk carrier	160	12	172	Another 9 new ships were under construction
Product tanker	44	–	44	Another 5 new ships were under construction
Container ship	–	13	13	
LNG ship	5	12	17	
Passenger cruise ship	1	1	2	The program of passenger cruise ship under operating lease is a joint leasing program
Total	**210**	**38**	**248**	

As of June 30, 2024, the total assets of the ship leasing segment of the Group amounted to RMB81,184.5 million, representing an increase of RMB18,400.6 million, or 29.3% as compared with that as of the end of last year. In the first half of 2024, revenue and other income of the segment amounted to RMB3,327.7 million, representing an increase of RMB638.2 million, or 23.7%, as compared with that of the same period of last year.

6.4 Inclusive finance

In the first half of 2024, the Group continued to optimize the layout of assets for inclusive finance, prolonged to expand the development potential of the vehicle leasing business, and endeavored to enhance the coverage and quality and efficiency of the inclusive finance services with innovation and upgrading as the driving force. Firstly, it fully grasped the important cycle of extra vehicles by our cooperative customers, promoted the investment in the vehicle operating leasing business, and strengthened the business development in the areas of mobility and city distribution logistics; secondly, in the vehicle retailing business sector, it continued to optimize its product structure and improve the management system of its vehicle retailing and leasing business and the supply of diversified products based on the customers' needs, so as to unleash the potential of automobile consumption; thirdly, it explored into segments sectors and developed and designed new products to promote the conversion of the investment structure to cover more business scenarios and retailing ecosystems, so as to enhance the influence of the Group's products in the market. In addition, the Group attached importance to customer service experience and set up additional digital service windows on top of improving its existing customer service hotlines to build a more convenient, efficient and diversified customer service system. Meanwhile, the Group has been adhering to the eternal theme of "risk prevention and control", continuously optimizing and iterating the big data risk control model to enhance the accuracy of risk control and has provided a strong guarantee for the stable development of its inclusive finance business. In the first half of 2024, the Group's inclusive finance segment achieved additional investment in businesses of RMB12,693.83 million.

As of June 30, 2024, the total assets of the Group's inclusive finance segment amounted to RMB44,286.6 million, representing an increase of RMB8,244.7 million, or 22.9% as compared with that as of the end of last year. Revenue and other income of the segment for the first half of 2024 amounted to RMB1,390.3 million, representing an increase of RMB446.3 million, or 47.3% as compared with that of the same period of last year.

6.4.1 Vehicle Leasing

According to the data from China Association of Automobile Manufacturers, in the first half of 2024, China's automobile production and sales amounted to 13.891 million and 14.047 million units, representing a year-on-year increase of 4.9% and 6.1%, respectively. In particular, the cumulative retail sales in the passenger vehicle market reached 9.841 million units, representing a year-on-year increase of 3.3%; the commercial vehicle sales amounted to 2.068 million units, representing a year-on-year increase of 4.9%; the NEV sales amounted to 4.944 million units, representing a year-on-year increase of 32% with the market share of 35.2%. In the second half of 2024, it is forecasted that the continued implementation of favourable policies such as trade-ins of old vehicles for new ones and NEV promotion campaigns in rural areas, as well as the gradual launch of new vehicle models by automobile enterprises, are expected to further unleash the consumption potential in the automobile market.

In the first half of 2024, the Group increased its investment in vehicle leasing business continuously, benefiting more medium, small and micro customers. In the first half of 2024, the Group placed more than 83,000 vehicles in service, directly or indirectly benefiting more than 41,000 end customers. The Group catered to the market demand by constantly innovating its business models, achieving sustained growth in the operating lease business of vehicles for mobility, logistics and transportation, while continuing to drive the growth of the passenger car-end business.

As of June 30, 2024, the Group's assets related to vehicle leasing business amounted to RMB29,138.9 million, representing an increase of RMB9,199.0 million, or 46.1% as compared with that as of the end of last year and accounting for 65.8% of the assets of the inclusive finance segment.

6.4.2 Construction Machinery Leasing

According to the statistics of the China Construction Machinery Industry Association, in the first half of 2024, the overall sales of the 12 major categories of products included in the statistics of the association decreased slightly, but domestic market trends varied among various products. The domestic sales of excavators and loaders have both increased year-on-year, while overseas markets experienced a year-on-year decline, reflecting the bottoming out and stabilization of the domestic demand and infrastructure investment with a steady recovery in demand and the strengthened trend toward electrification, bringing the marginal improvement for the construction machinery industry in the second half of 2024.

The Group has strengthened strategic cooperation with industry leaders, explored business opportunities in the segment market, and continuously monitored changes in industry demand while strengthening its risk management strategies. In the first half of 2024, the Group invested over RMB2.1 billion in its construction machinery business, investing more than 9,000 units of equipment, which has, directly or indirectly, benefited more than 80 end customers. The Group has continuously strengthened its industrial research and judgement, adjusted its product strategy and broadened its business channels, providing strong support for the stable operation of its construction machinery business.

As of June 30, 2024, the Group's assets related to construction machinery leasing business amounted to RMB15,147.7 million, representing a decrease of RMB954.3 million, or 5.9% as compared with that as of the end of last year and accounting for 34.2% of the assets of the inclusive finance segment.

The following table sets forth the net book value of assets related to leasing business under each sub-segment of the inclusive finance segment of the Group and its percentage as of the dates indicated:

(RMB in millions, except percentages)	**Net book value of assets related to leasing business as of June 30, 2024**	**Percentage of net book value of assets related to leasing business as of June 30, 2024**
Vehicle leasing	29,138.9	65.8%
Construction machinery leasing	15,147.7	34.2%
Total	**44,286.6**	**100.0%**

6.5 Green Energy and High-end Equipment Leasing

According to the data from the National Energy Administration, China's investment in non-fossil energy power generation in the first half of 2024 grew well, and investment in solar power generation and onshore wind power continued to maintain double-digit growth, with investment amounting to approximately RMB430 billion in the first half of the year. Distributed photovoltaic power maintained rapid development, with year-on-year investment growth of 76.2% in the first half of the year. At the same time, China's investment in new energy business models accelerated with investment in key projects in such sector recording a 13.9% year-on-year increase, and new energy storage investment maintained relatively faster growth in the first half of the year. In addition, the scale of China's manufacturing industry continued to expand in the first half of the year with its share steadily increasing, its structure continuously optimized, and security protection capabilities in key industrial and supply chains strengthened. The added value of the equipment manufacturing industry above the designated size increased by 7.8% year-on-year, which was 33.3% of the added value of all industries above the designated size. The Group actively implemented the national strategic deployment and continued to increase its business investment in the fields of "dual carbon" and "specialized and new" and other advanced manufacturing sectors, so as to continuously enhance the effectiveness of the Group in serving national key areas. In the first half of 2024, the Group's green energy and high-end equipment leasing segment achieved new business investment of RMB25,817.3 million.

The Group has continued to deepen the development of the green energy market, covering relevant upstream and downstream players in the industrial chain such as manufacturers, constructors, investors and operators, forming a comprehensive customer system and achieving full coverage of wind power, photovoltaic power (including household photovoltaic and industrial and commercial distributed photovoltaic), energy storage, hydropower and other business scenarios. The Group's total installed capacity of new energy power stations amounted to 10.31GW as of June 30, 2024, including 4.55GW of wind power, 5.66GW of photovoltaic power and 0.10GW of solar thermal power. The installed capacity of new energy storage amounted to 515MW.h.

The Group has actively served new quality productive forces, established long-term co-operation with leading domestic industrial chain enterprises and deepened its leasing penetration into upstream and downstream industrial chains to grasp more business opportunities in line with the connotation of high-quality development. The Group made new investments of nearly RMB6.0 billion in the key fields such as integrated circuit industry chain, power battery industry chain and NEV manufacturing in the first half of 2024.

As of June 30, 2024, the total assets of the green energy and high-end equipment leasing business amounted to RMB106,558.8 million, representing an increase of RMB36,808.2 million, or 52.8% as compared with that as of the end of last year. In the first half of 2024, the segment achieved revenue and other income of RMB1,679.9 million, representing an increase of RMB667.1 million or 65.9% over the same period of last year.

The following table sets forth the net book value of assets related to leasing business of the Group's green energy and high-end equipment segment and its percentage as of the dates indicated:

(RMB in millions, except percentages)	**Net book value of assets related to leasing business as of June 30, 2024**	**Percentage of net book value of assets related to leasing business as of June 30, 2024**
Green energy leasing	60,772.3	57.0%
High-end equipment leasing	45,786.5	43.0%
Total	**106,558.8**	**100.0%**

6.6 Financing

Benefiting from high credit ratings ("A1" by Moody's, "A" by Standard & Poor's, and "A+" by Fitch, remaining unchanged from the end of 2023), the Group continuously enhanced its funding capability to diversify its financing channels. The Group continued to deepen its cooperation with domestic and overseas banks and other financial institutions to ensure sufficient funds available for business development. As of June 30, 2024, the Group had business relationships with 165 banks and was granted credit facilities amounting to a total of approximately RMB792.78 billion, including unused credit facilities of approximately RMB398.56 billion, representing an adequate credit balance. In the first half of 2024, amidst the complex and changeable macroeconomic and financial environment both domestically and internationally, the Group closely monitored market changes, adjusted the financing strategy in time, continued to expand financing channels, and further optimized the debt structure to balance financing costs.

In terms of RMB financing, the Group continued to explore financing channels, proactively optimized the maturity structure, and effectively controlled financing costs. In terms of USD financing, the USD benchmark interest rate remained high. The Group closely followed macroeconomic changes, actively innovated financing methods and tools, and flexibly adjusted its financing strategies to enhance the stability and safety of its liabilities and effectively control its financing costs. As for interest rate structure, the Group continued to maintain its original strategy for the risk management on interest rate and actively managed the matching of assets and liabilities in terms of interest rate structure. As for the structure of exchange rates, the Group continued to maintain its original strategy for the risk management on exchange rates and maintained a basic match between the currencies of assets and liabilities, which greatly reduced the impact of market exchange rate fluctuations.

In the first half of 2024, the financing channels of the Group mainly included bank borrowings and issuance of bonds. As of June 30, 2024, the Group's bank borrowings and bonds payable were RMB389,765.8 million and RMB28,366.5 million, respectively.

7 RISK MANAGEMENT

The Group is exposed to various risks in its ordinary course of business, including credit risk, market risk, liquidity risk, operational risk, information technology risk and reputational risk, etc. With the strategic objectives of supporting the sustainable development of the business and enhancing the Group's value, the Group's risk management establishes and continuously improves a comprehensive risk management system with a feature of "all round and comprehensive process with participation of all employees". The Group actively promotes and nurtures the risk philosophy and culture centered on the principle that "everyone shall be equal in the face of risks, and everyone shall be responsible for risk control", so as to achieve an appropriate balance between risks and benefits.

The Group adopts the hierarchical management based on the "three layers of defence": Business lines, as the first layer of defence against comprehensive risks, assume direct responsibilities of risk management. Risk management lines, as the second layer of defence against comprehensive risks, assume responsibilities of formulating policies and process, daily monitoring and management of risks. The Internal Audit Department, as the third layer of defence against comprehensive risks, assumes responsibilities of auditing the performance of business lines and risk management lines. Each department of the above three layers of defence should undertake its own responsibilities, enhancing risk management and control capabilities through strengthened communication, information transmission and coordinated efforts.

At present, the Group adopts a moderate risk appetite strategy. With regard to the selection of industries, the Group prefers industries and fields with mature business models, generating economies of scale and equipped with excellent asset quality. In terms of customer selection, the Group prefers large enterprises, leading enterprises in the industry or listed companies with high quality. In terms of leased assets operation, the Group will conduct scientific classification, value analysis and professional management and accelerate the transfer of leased assets based on its operating strategies, market environment and the features of leased assets.

In the first half of 2024, the Group continued to optimize its comprehensive risk management system, proactively adapted to changes in internal and external situations, and promoted the formation and implementation of a comprehensive risk management optimization plan in order to strengthen the foundation for high-quality development. Based on the trend of business transformation and internal management requirements, the Group formulated its annual risk appetite and management strategy, optimized the risk appetite transmission mechanism to achieve full coverage, and strengthened the guidance on the implementation of the risk appetite and management strategy. The Group improved the risk indicators, limits and early warning management system, upgraded the functions of the risk warning system, and strengthened the monitoring capacity building to achieve early identification, early warning and early disposal of risks. We organized risk identification and assessment work, promoted the construction of an evaluation indicator system for risk compliance management, and fully measured and evaluated the overall risk situation of the Group. The Group continued to improve the mechanism of regular stress tests and incorporate country risk into the system, so as to further enhance the scientificity and effectiveness of the stress tests. We steadily promoted the implementation of the New Capital Regulations, with clear criteria for categorizing risk exposures and fine-tuning capital management to ensure an integrated balance between capital, efficiency and risk. We optimized the optimization of the expected credit loss (the "**ECL**") model, promoted the launch of the ECL system, and realized impairment measurement and early warning monitoring, so as to further enhance our digital risk control capability.

In the first half of 2024, the Group resolutely implemented the national major strategic plan on "dual carbon", taking the implementation of the green and low-carbon financial strategy as an important part of fulfilling the medium and long-term business development plan of the Group for the "14th Five-Year Plan". It prepared and released the Environmental, Social and Governance Report (ESG Report) and the Environmental Information Disclosure Report of CDB Leasing for 2023. No major environmental, social and governance ("**ESG**") risk events of the Group occurred in the first half of 2024.

7.1 Credit Risk

Credit risk, which is the risk that a lessee or counterparty may fail to fulfill its obligations and cause the Group to suffer losses, is the substantial risk currently faced by the Group and mainly arises from the finance lease business. In 2024, the Group has a "moderate" risk appetite for credit risk in principle.

The Group strictly adheres to the risk bottom line, strengthens risk analysis and control, coordinates the resolution of key non-performing and risky projects, conducts specialized risk checks on the existing businesses, improves the construction of risk warning mechanisms, and enhances the perspectiveness, timeliness and predictability of risk control.

The following table sets forth the Group's maximum credit risk exposure before collateral held and other credit enhancement as of the dates indicated:

(RMB in millions, except percentages)	**June 30, 2024**	December 31, 2023
Financial assets		
Cash and bank balances	**107,227.7**	69,440.3
Financial assets at fair value through profit or loss	**70.0**	49.2
Derivative financial assets	**531.9**	675.9
Financial assets at fair value through other comprehensive income	**9,073.8**	3,001.2
Financial assets held under resale agreements	**5,993.3**	–
Accounts receivable	**679.2**	1,335.1
Finance lease receivables	**208,875.5**	195,101.1
Other financial assets	**1,868.7**	1,253.0
Total	**334,320.1**	270,855.8

7.1.1 Asset Quality

The Group evaluates asset quality and adjusts asset categories quarterly based on the asset risk degree, and adopts measures to mitigate risks for the projects with overdue rent and material risks in a timely manner. The Group conducted asset classification in accordance with the newly issued Measures for the Risk Classification of Financial Assets of Commercial Banks by the NFRA. In addition, the Group formulated the financial assets impairment policies in accordance with the statutory requirements relating to the asset quality classification of the banking industry in China, international accounting standards and the accompanying guidance.

The following table sets forth the distribution of the Group's total assets by the five-category asset quality classification as of the dates indicated:

(RMB in millions, except percentages)	**June 30, 2024**	December 31, 2023
Five-category		
Normal	**329,661.2**	266,013.0
Special mention	**12,501.8**	12,233.9
Substandard	**649.7**	723.2
Doubtful	**165.9**	164.8
Loss	**1,561.2**	1,676.4
Uncategorized (1)	**153,533.6**	146,167.9
Total assets before allowance for impairment losses	**498,073.4**	426,979.2
Non-performing assets (2)	**2,376.8**	2,564.4
Non-performing asset ratio (3)	**0.48%**	0.60%

(1) The Group has only classified the risk of relevant assets exposed to credit risk on and off-balance sheet in accordance with the relevant provisions of the Measures for the Risk Classification of Financial Assets of Commercial Banks, including but not limited to finance lease receivables, bonds and other investments, interbank assets, and accounts receivable (including operating lease receivables, advances for finance lease projects and other accounts receivable); and no such classification is required for financial assets in the trading books and related assets derived from derivatives transactions, or for non-financial assets (e.g., property and equipment, and investment properties).

(2) Non-performing assets are defined as the last three categories of assets recognised under the five-category asset quality classification standards, including "substandard", "doubtful" and "loss".

(3) Non-performing asset ratio is the percentage of non-performing assets over total assets before allowance for impairment losses as of the dates indicated.

The following table sets forth the distribution of the Group's finance lease related assets portfolio by the five-category asset quality classification standards as of the dates indicated:

(RMB in millions, except percentages)	**June 30, 2024**	December 31, 2023
Five-category		
Normal	**203,811.5**	191,074.2
Special mention	**12,242.0**	11,948.4
Substandard	**491.8**	441.0
Doubtful	**–**	–
Loss	**1,077.3**	1,208.4
Finance lease related assets before allowance for impairment losses	**217,622.6**	204,672.0
Non-performing finance lease related assets [(1)]	**1,569.1**	1,649.4
Non-performing asset ratio of finance lease business [(2)]	**0.72%**	0.81%

(1) Non-performing finance lease related assets are defined as the last three categories of finance lease related assets recognised under the five-category asset quality classification standards, including "substandard", "doubtful" and "loss".

(2) Non-performing asset ratio of finance lease business is the percentage of non-performing finance lease related assets over finance lease related assets before allowance for impairment losses as of the dates indicated.

As of June 30, 2024, the non-performing assets of the Group amounted to RMB2,376.8 million, representing a decrease of RMB187.6 million compared with that as of the end of last year, while the non-performing asset ratio was 0.48%, representing a decrease of 0.12 percentage point compared with that as of the end of last year. As of June 30, 2024, the non-performing finance lease related assets amounted to RMB1,569.1 million, representing a decrease of RMB80.3 million compared with that as of the end of last year, while the non-performing asset ratio of finance lease business was 0.72%, representing a decrease of 0.09 percentage point compared with that as of the end of last year. In the context of increasing pressure for risk prevention and control, the Group continued to improve asset quality; in terms of new business, we focused on main responsibilities and main businesses and strictly followed the principles in the selection of industry and customer to control risks at source. In terms of existing business, we took measures to mitigate risk at various aspects including post-lease management, collateral management and the full process of business to enhance credit risk management.

The following table sets forth the distribution of the Group's finance lease related assets portfolio by business segments based on the five-category asset quality classification standards as of June 30, 2024:

(RMB in millions, except percentages)	**Aircraft leasing**	**Regional development leasing**	**Ship leasing**	**Inclusive finance**	**Green energy and high-end equipment leasing**	**Total**
Five-category						
Normal	428.8	88,884.2	20,637.7	19,202.8	74,658.0	203,811.5
Special mention	–	6,162.7	–	6,079.3	–	12,242.0
Substandard	–	491.8	–	–	–	491.8
Doubtful	–	–	–	–	–	–
Loss	–	964.4	20.9	12.7	79.3	1,077.3
Finance lease related assets before allowance for impairment losses	428.8	96,503.1	20,658.6	25,294.8	74,737.3	217,622.6
Non-performing finance lease related assets	–	1,456.2	20.9	12.7	79.3	1,569.1
Non-performing asset ratio of finance lease business	–	1.51%	0.10%	0.05%	0.11%	0.72%

On the basis of the ECL model, the Group divided the credit level changes of finance lease related assets into the following three stages:

Stage 1: Subsequent to initial recognition, the finance lease receivables without significant increase in credit risk were classified in this stage. For such finance lease receivables, the ECL in the next 12 months will be recognised;

Stage 2: Subsequent to initial recognition, the finance lease receivables with significant increase in credit risk but without objective evidence of impairment were classified in this stage. For such finance lease receivables, the ECL will be measured over the whole period;

Stage 3: The finance lease receivables with objective evidence of impairment were classified in this stage. For such finance lease receivables, the ECL will be measured over the whole period.

With the ECL model and the above division of credit levels, the Group's net finance lease related assets and the balance of allowance for impairment losses on the Group's finance lease related assets as at June 30, 2024 are set forth below:

(RMB in millions)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Net finance lease related assets	183,243.1	32,810.4	1,569.1	217,622.6
Allowance for impairment losses of finance lease related assets	2,717.2	4,733.1	1,296.8	8,747.1

With the ECL model and the above division of credit levels, the Group's net finance lease related assets and the balance of allowance for impairment losses on the Group's finance lease related assets as at December 31, 2023 are set forth below:

(RMB in millions)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Net finance lease related assets	167,935.1	35,087.5	1,649.4	204,672.0
Allowance for impairment losses of finance lease related assets	2,350.7	5,280.5	1,402.7	9,033.9

7.1.2 Concentration of Credit Risks

The Group proactively implemented the requirements of the regulatory authorities and timely monitored the financing concentration of a single client through project inspection, and established a client's ledger to carry out quarterly monitoring over the financing concentration of clients of the Group in order to prevent concentration risk. As of June 30, 2024, the balance of finance lease businesses for the largest single client of the Group accounted for 11.35% of the net capital while the balance of finance lease businesses for the largest single group client accounted for 18.99% of the net capital.

The following table sets forth the degree of concentration of single client and single group of the Group as of the dates indicated:

Concentration indicator	**June 30, 2024**	December 31, 2023
Degree of concentration of single client financing [(1)]	**11.35%**	11.85%
Degree of concentration of single group client financing [(2)]	**18.99%**	12.23%

(1) Calculated by dividing the balance of all finance lease business of a single lessee of the Group by the net capital of the Group.

(2) Calculated by dividing the balance of all finance lease business of a single group of the Group by the net capital of the Group.

As of June 30, 2024, in terms of finance lease related assets before allowance for impairment losses, the total balance of finance lease related assets of the top ten single clients amounted to RMB29,218.5 million, accounting for 13.42% of finance lease related assets.

The following table sets forth the financing amount raised by the top ten clients of the Group as of June 30, 2024:

(RMB in millions, except percentages)	**Business segment**	**Balance of finance lease related assets**	**Percentage of finance lease related assets before allowance for impairment losses**
Client A	Ship leasing	5,342.6	2.45%
Client B	Green energy and high-end equipment leasing	4,275.8	1.96%
Client C	Regional development leasing	3,913.5	1.80%
Client D	Green energy and high-end equipment leasing	2,823.2	1.30%
Client E	Green energy and high-end equipment leasing	2,816.2	1.29%
Client F	Ship leasing	2,079.8	0.96%
Client G	Regional development leasing	2,067.3	0.95%
Client H	Green energy and high-end equipment leasing	2,038.5	0.94%
Client I	Regional development leasing	1,961.7	0.90%
Client J	Regional development leasing	1,899.9	0.87%
Total		**29,218.5**	**13.42%**

If lessees are overly concentrated in a single industry or the same region, or have similarities in economic features, the credit risks of the lessor would be relatively higher. As the industrial distribution of finance lease receivables of the Group is rather diversified, there is no significant risk on industrial concentration.

The following table sets forth the industrial distribution of net amount of finance lease receivables of the Group as of the dates indicated:

(RMB in millions, except percentages)	**June 30, 2024**		December 31, 2023	
	Amount	**Percentage**	Amount	Percentage
Aircraft leasing	**428.8**	**0.2%**	444.4	0.2%
Regional development leasing	**96,503.1**	**44.4%**	106,970.9	52.4%
Ship leasing	**20,658.6**	**9.5%**	13,663.9	6.7%
Inclusive finance	**25,294.8**	**11.6%**	26,901.9	13.2%
Green energy and high-end equipment leasing	**74,737.3**	**34.3%**	56,144.6	27.5%
Total	**217,622.6**	**100.0%**	204,125.7	100.0%

7.2 Market Risks

Market risk represents the risk of loss to the Group as a result of unfavorable changes in market prices. The main types of market risks to which the Group is exposed include interest rate risk and exchange rate risk. In 2024, the Group maintained a "moderate" risk appetite for market risks in principle.

7.2.1 Interest Rate Risk

Interest rate risk refers to the risk of losses in the Group's overall income and economic value resulting from adverse movements in interest rates, maturity structure and other factors. The Group is exposed to interest rate risk mainly from the repricing risk of assets and liabilities.

The Group maintains a moderate interest rate risk management strategy, closely tracks market changes and continuously improves its market risk management analysis framework and management approach. The Group measures the impact of interest rate changes on the Group's operations mainly through instruments such as exposure analysis and sensitivity analysis, and controls interest rate risk through active management of the repricing maturities of assets and liabilities and hedging of derivative financial products.

The majority of rental income from RMB-denominated leasing business of the Group floats with the Loan Prime Rate published by the PBOC, while liabilities mainly bear a fixed interest rate. For this particular situation, the Group proactively matches the duration of RMB-denominated assets with that of RMB-denominated liabilities to reduce interest rate risk.

The Group mainly receives fixed rental income under operating leases in foreign currencies while its bank borrowings mainly bear floating interest rates. The Group reduces its liability exposure of floating interest rates denominated in US dollars mainly through issuance of fixed-rate bonds, converts floating-rate borrowings into fixed-rate borrowings through interest rate swap contracts and hedges the cash flow volatility risk resulting from fluctuations in the interest rates of liabilities by using hedging strategies, so as to effectively match future fixed rental income and stabilize interest rate margins while mitigating the impact of fluctuations in interest rates of US dollars on the operating results of the Group.

7.2.2 Foreign Exchange Risk

Foreign exchange risk refers to the risk of losses in the Group's overall income and economic value resulting from adverse movements in foreign exchange rates. The foreign exchange risk of the Group primarily arises from the US dollar exposures related to foreign currency-denominated profits realized by subsidiaries.

The strategy for foreign exchange risk management of the Group is to proactively match the assets and liabilities in terms of currency in daily operations, to identify and measure the impact of exchange rate changes on the operations of the Group through foreign currency exposure analysis, exchange rate sensitivity analysis and other instruments, and to hedge foreign exchange risk from exposure which affects profit or loss through derivatives instruments. Most of the aircraft and ships under the operating lease and finance lease business of the Group are purchased and denominated in US dollars and the corresponding operating lease assets and finance lease receivables are denominated in US dollars, the major funding sources of which are onshore and offshore US dollar-denominated bank borrowings and US dollar-denominated bonds. Apart from aircraft leasing and ship leasing businesses, other leasing businesses of the Group are mostly denominated in Renminbi. Hence, there is no significant foreign exchange risk exposure.

As of June 30, 2024, the Group had no foreign exchange risk exposure in US dollars against Renminbi that would significantly affect future profit or loss. The Group effectively managed its foreign exchange risk through exposure monitoring and analysis, spot exchange settlement and purchase, risk hedging using financial derivatives and other means.

7.3 Liquidity Risk

Liquidity risk refers to the risk that the Group is unable to obtain funds at a reasonable cost to repay its liabilities or seize other investment opportunities. The Group's liquidity risk management objective is to maintain moderate liquidity reserves and sufficient funding resources to adequately cover the funds required for liability repayments as and when they fall due and for business development, aiming to achieve a higher interest rate margins level and control liquidity management costs on conditions that liquidity risks have been well managed. In 2024, the Group maintained a "moderate" risk appetite for liquidity risk.

The Group managed liquidity risk and struck a balance between interest rate spread and liquidity risk through the following measures: on the premise of meeting the regulatory liquidity indicator requirements, the Group actively managed asset-liability term portfolio and controlled cash flow mismatch gap to reduce structural liquidity risk. The Group established a diversified source of funds through sufficient credit reserves, continuously enhanced the level of money market transactions, and enhanced the Group's financing and day-to-day liquidity management capabilities to obtain sufficient funds for debt repayment and business development needs. The Group relied on highly liquid assets including bank deposits as its main liquidity reserves, and held a certain proportion of government bonds to ensure that such liquidity reserves can fully mitigate liquidity risks.

As of June 30, 2024, the Group had an interbank borrowing and lending limit of RMB12,642.0 million. In addition, the Group strived to improve its trading capacity in the money market, especially its online financing capacity, and accumulated interbank borrowings (including bond collateral repos) of RMB26,594.5 million in the first half of 2024. Based on its market liquidity, the Group arranged financing plans in a reasonable and orderly manner, further optimized its liquidity management mechanism, and constantly optimized its liquidity reserve system, achieving sound liquidity and further enhancing its liquidity risk management capability.

7.4 Other Risks

7.4.1 Operational Risk

Operational risk refers to the risk of losses resulting from imperfect or problematic internal process, personnel and system or external events. In 2024, the Group maintained a "prudent" risk appetite for operational risk.

In the first half of 2024, the Group attached great importance to operational risk management and continued to exert the effectiveness of institutional regulations. First, the Group continuously improved the construction of its operational risk management system. The Group continually improved its internal control management system, established a system pre-audit mechanism, and through the detailed implementation of prior reporting, formulation of hierarchical positioning, system specifications, review process confirmation, system authorization setting and any other aspects. Second, the Group optimized operational risk management methods and tools. The Group carried out operational risk identification and assessment at regular intervals, improved the key indicator system of operational risk, continuously collected operational risk events to implement a reporting mechanism, and conducted quarterly monitoring of operational risk key indicators to reveal the Group's operational risk in a timely manner. Third, the Group created an operational risk loss database. To implement the requirements of the New Capital Regulations, the Group further clarified the definition of total loss, dates of loss events and the classification of losses, etc., sorted out historical loss data, and figured out historical loss amounts and the distribution of loss events to identify and collect such historical loss data, and to incorporate the loss data into the calculation of operational risk capital requirements. Fourth, operational risk was reduced through digital empowerment. The Group continued to accelerate the construction of its information system and improve the underlying data warehouse, and upgraded and reconstructed functional modules of the existing system based on the core leasing business system that had been launched in the previous period. The Group optimized its business approval process, and comprehensively increased its system support for business, thereby minimizing operational risks to a large extent through technological and digital empowerments. The Group's operational risk loss rate in the first half of 2024 was nil, and no major operational risk events were found.

7.4.2 Information Technology Risks

Information technology ("**IT**") risks refer to the risks of operation, law and reputation arising from natural and human factors, technical loopholes and management flaws in the operation of IT. The Group's IT risks mainly arise from information system development and construction, IT operations, information security management, IT outsourcing, etc. In 2024, the Group maintained a "moderate" risk appetite for IT risks.

During the first half of 2024, the overall operation of the Group's information system was stable, each of the IT risk monitoring indicators was normal. The Group has taken the "14th Five-Year Plan" of IT as a guide to accelerate the building of its technology-enabled capabilities. First, the Group strengthened the operational security of its application systems by steadily promoting the construction of application systems and enhancing its development and operation and maintenance capability of application systems, to ensure the safe, continuous and stable operation of application systems. Second, the Group facilitated the reconstruction of its infrastructure system. By leveraging professional consulting strengths, it carried out its infrastructure system construction planning, and promoted the construction of its IT intelligent operation and maintenance platform to achieve performance monitoring on major application systems. Third, the Group optimized its information security management system. The Group has successfully completed the specialized project and daily security protection, and gradually established its data security technology protection system. In the first half of 2024, the Group had no significant IT risk events.

7.4.3 Reputational Risk

Reputational risk refers to the risk of negative evaluation of the Company by stakeholders, the public and the media as a result of the actions of the organisation, the behaviour of its employees or external events, which may damage the Group's brand value, adversely affect the normal operation of the Group, or even affect market stability and social stability. Reputational risk is an important component of corporate governance and comprehensive risk management system. In 2024, the Group maintained a "prudent" risk appetite for reputational risk.

In the first half of 2024, the Group continued to strengthen reputational risk management, closely monitored, proactively analyzed and provided positive guidance, and actively carried out reputational risk prevention and control and brand image building. First, in accordance with relevant regulatory and reputational risk management requirements of the Group, regular reputational risk self-examinations, troubleshooting and hazard assessments were carried out. Second, the Group conducted around-the-clock public opinion monitoring of major media through professional institutions, dynamically adjusted the scope of public opinion monitoring as needed, strengthened early warning, prevented in advance, and corrected errors in a timely manner. Third, the Group carried out special public opinion response arrangements for important time points and important matters, conducted special monitoring on sensitive public opinions that the Group was concerned about, and formulated response plans in advance. Fourth, faced with the market coverages that may affect the normal operation of the Company, the Group responded to market concerns in time by reinforcing the communication with the Hong Kong Stock Exchange, trading halt and publishing announcements in due course, and there were no negative public opinions. Fifth, the Group intensified its efforts to protect consumer rights and interests, increased its promotional efforts in consumer rights protection, closely followed and timely resolved user demands related to passenger vehicles business, and reduced the risk of consumer complaints and public opinions. Sixth, the Group continuously promoted the construction of its market brand image, strengthened communication with domestic and foreign mainstream media, actively updated operating performance to the market, demonstrating that the Group focused on its main responsibilities and main businesses, taking beneficial measures such as providing financial assistance to enterprises, conducting green leasing, implementing ESG practices, and enhancing operational quality and efficiency through data governance, to establish a good brand image of providing high-quality financial leasing services for economic and social development. In the first half of 2024, the Group had no significant reputational risk events.

8 CAPITAL MANAGEMENT

The Group's major objectives of capital management activities are to maintain a reasonable level of capital adequacy ratio to meet the requirements of capital regulations and policies, safeguarding the Group's ability of sustainable operation to continuously provide returns for Shareholders, and maintaining a strong capital base to support its business development. In accordance with relevant regulations promulgated by the NFRA, capital adequacy ratio, gearing ratio and the utilization of regulatory capital are closely monitored by the Group.

In the first half of 2024, in accordance with the relevant requirments of the Administrative Measures for the Capital of Commercial Banks, the Group continued to consolidate the foundation of capital management and improve the quality and efficiency of capital management. First, we issued capital measurement statements and disclosed information in accordance with the latest regulatory requirements. Second, we further improved the capital management mechanism by systematically implementing the internal assessment procedures of capital adequacy ratio that comply with the core requirements of regulatory and are tailored to the Group's characteristics, and completed the reports of annual internal capital adequacy assessment and the capital adequacy management plan. Third, we deepened the philosophy of forward-looking and management. Based on capital planning, the capital adequacy ratio management plan, capital utilization and appraisal and capital rolling monitoring, we carried out in-depth overall management of capital replenishment and utilization to improve the capital utilization efficiency and capital return. Fourth, we strengthened the internal and external capital replenishment capabilities and built a long-term mechanism for capital replenishment. The Group has formed a solid foundation for internal capital replenishment by maintaining steady profit growth and effective management of non-performing assets and provisions. At the same time, it has actively studied the promotion of external capital replenishment to continuously enhance its capital strength and strengthen its ability to serve the real economy.

In the first half of 2024, all capital indicators of the Group were in line with regulatory requirements, with the capital adequacy ratio maintained at a sound and reasonable level, and various management measures were further implemented. As of June 30, 2024, the Group's core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio were 9.41%, 9.41% and 11.82%, respectively, all of which were higher than the regulatory requirements.

The following table sets forth the net capital and capital adequacy ratio of the Group as of the dates indicated:

(RMB in millions, except percentages)	**Regulatory requirement**	**June 30, 2024**	December 31, 2023
Net capital:			
Net core tier-one capital		**37,512.7**	36,843.1
Net tier-one capital		**37,512.7**	36,843.1
Net capital		**47,103.7**	46,115.5
Capital adequacy ratio:			
Core tier-one capital adequacy ratio	≥7.5%	**9.41%**	9.96%
Tier-one capital adequacy ratio	≥8.5%	**9.41%**	9.96%
Capital adequacy ratio	≥10.5%	**11.82%**	12.47%

9 CAPITAL EXPENDITURES

The capital expenditures of the Group principally comprise capital expenditures for the purchase of ship and aircraft leased assets, and property and equipment, etc. In the first half of 2024, the capital expenditures of the Group amounted to RMB9,308.2 million, which were mainly used for the purchase of ships, aircraft and specialized equipment. The Group financed the capital expenditures through cash from operating activities and global offering of bonds.

The following table sets forth the capital expenditures of the Group for the period indicated:

(RMB in millions)	**For the six months ended June 30, 2024**	2023
Capital expenditures	**9,308.2**	8,820.7

10 PLEDGE OF ASSETS

As of June 30, 2024, the Group's equipment held for operating lease businesses (net), finance lease receivables (net) and deposits amounting to RMB42,620.5 million, RMB4,114.4 million and RMB35,089.9 million respectively, were pledged to banks to obtain bank borrowings and long-term payables. The total pledged assets accounted for 17.0% of total assets.

11 HUMAN RESOURCES

The Group has always been committed to providing a wide range of development opportunities for employees and creating "a platform for entrepreneurship and a stage for self-realization". The Group adheres to a people-oriented approach, establishing talents as the first resource for the Group's development and human resource management as the Group's core competitiveness. We adhere to the market orientation, and establishing a perfect and efficient organizational structure and effective incentive and restraint mechanism. Adhering to the principles of integrity and innovation, we explore modern, scientific and professional paths for human resources management in state-owned enterprises, and promote the further implementation of the Group's human resource management reform measures.

As of June 30, 2024, there was a total of 579 full-time employees providing related services to the Group, of which 331 were male and 248 were female, with a gender ratio of 57.2% and 42.8% respectively (including senior management comprising 87.5% male and 12.5% female). The Group has a team of high-quality talents, with approximately 92.4% of the employees holding bachelor's degrees or above.

The Group has implemented the concepts of prudent operation and sustainable development, established a complete and stable remuneration management system, and set up a mechanism for deferred payment of remuneration to avoid excessive and short-term incentives. Performance bonuses are determined on the basis of the staff's strategic execution, performance, appraisal level and integrity assessment for the year, and are fully linked to the value of their positions, compliance management and risk control capabilities. The Group has established a comprehensive welfare and security system, with statutory benefits being implemented in line with national regulations and standards, and it also provided supplemental medical insurance, enterprise annuity, paid leave, health check-ups and other benefits.

The Group has formulated its employee training program year by year, covering corporate governance, business development, risk control and internal control and compliance with the aim of continuously improving the professional competence and comprehensive quality of employees. In the first half of 2024, the Group organized the learning and implementation of the spirit of the Central Financial Work Conference, and organized six seminars and three expert counselings in a well-coordinated way. The Group organized leaders and middle-level cadres of the Company to participate in the 2024 Shenzhen Financial Talent Cultivation Program with an aim to enhancing strategic perspectives of middle and senior management. The Group constantly enhanced the professionalism building of its team consisting of cadres, supported and advanced the capacity enhancement objectives and learning and practice paths actually proposed by units of front, middle and back offices combined with their respective business segments, and organized 56 training sessions in the first half of 2024, of which 35 were training sessions involving professionalism enhancement. Focusing on the training of young staff, the Group organized young staff who joined the Group in the past two years to participate in the action learning of the competency model for young staff of China Development Bank, the network training of basic professional knowledge for young staff, and the basic training of financial analysis for appraisal of credit and loan staff, etc., and completed the learning and assessment of basic economic knowledge and basic financial and accounting knowledge, so as to keep enhancing the basic knowledge of finance and economics of young staff.

12 CORPORATE CULTURE

The corporate culture of the Group consists of seven main parts: mission, vision, core values, strategic positioning, operation philosophy, risk philosophy and talent philosophy. The mission of the Group is to lead China's leasing industry and serve the real economy; the vision is to build an international first-class financial leasing company; the core values are soundness, professionalism, honesty and win-win; the strategic positioning is specialization, marketization, internationalization and digitization; the business philosophy is to balance the scale, quality and efficiency and harmonize the Shareholders' value, the Company's value and the employees' value. The Group's risk philosophy is that everyone is equal in the face of risk, and everyone is responsible for risk control; the talent philosophy is to provide a platform for entrepreneurship and a stage for self-realization.

The construction of corporate culture is not only an inherent need to promote the steady development of the Group in the new era, but also an important way to enhance the core competitiveness of the Group. The management of the Group has been practicing the concept of corporate culture in depth by taking practical actions and integrating knowledge action, and encouraging all employees to devote themselves to learning and experiencing, effectively implementing the concept of corporate culture in action. The Group emphasizes that corporate culture is internalized in the heart and externalized in action, and constantly improves the leading and promoting role of corporate culture on organizational development. The Group integrates corporate culture into new employee training, publicity materials, rules and regulations, helping employees better understand and accept the Group's values, and transforming cultural support into strong corporate cohesion, market competitiveness and self-restraint.

13 PROTECTION OF CONSUMER RIGHTS AND INTERESTS

During the Reporting Period, the Group took various measures to enhance the quality and effectiveness of its consumer rights and interests protection work, launched the One-month Promotion Campaign for Protecting Customers' Rights and Interests, for which the Group carried out publicity and education by its official website and WeChat public account to popularise financial knowledge and remind customers of financial risks. The Group also organized relevant learning seminars at its office to enhance the awareness of consumer rights and interests protection among its employees and thus improve the level of consumer rights protection within the Group. The Group continued to improve its working mechanism for the protection of consumer rights and interests in accordance with the requirements of the Administrative Measures for the Protection of Consumer Rights and Interests of Banking and Insurance Institutions, and incorporated the protection of consumer rights and interests into the Group's corporate governance, corporate culture construction and business development strategies. In the process of effectively protecting the rights and interests of financial consumers, the Group focused on diversified customer needs and different service scenarios, and continued to strengthen the level of intelligence and digitalization of the operation and service platform, empowering the whole process of the leasing business with science and technology to help the transformation and quality improvement of the leasing business, and thereby bringing a better experience to customers.

The Group established the social responsibility and consumer rights protection committee (the "**Committee**") under the Board on July 29, 2024 by a resolution of the Board. The establishment of the Committee aims to improve the decision-making mechanism of the Board, facilitate the Company to actively fulfil its ESG responsibilities, strengthen the consumer rights and interests protection and achieve sustainable and coordinated development of the Group.

The Group continued to optimize the business service process and improve the handling mechanism in light of customer feedback and demands, responded to customer complaints in a timely manner, and cultivated customer service capabilities to continuously improve service levels. Internally, the Group strengthened internal training to improve the quality and efficiency of consumer protection; externally, it standardized external cooperation to reduce conflicts and disputes. The Group has set up diversified public consultation and complaint channels for consumers, including a service and complaint hotline (0755-2398-0999) and a complaint hotline for passenger car leasing business (400-670-1606) on the Group's official website (http://www.cdb-leasing.com/lxwm/), as well as a message board for users. The Group also set up a user message function in the official WeChat account (account name: China Development Bank Financial Leasing), official Weibo account (account name: China Development Bank Financial Leasing) and other network channels to receive feedback from customers.

14 INDUSTRIAL REGULATIONS

2024 is the first full year for the NFRA to fully discharge its duties. At the beginning of the year, the NFRA pointed out at the working conference that in 2024, it will put in its best efforts to promote the reform of small and medium-sized financial institutions to defuse risks, actively and steadily prevent and control risks in key areas, and intensify credit risk management; it will remain firm in the implementation of requirements on vigorous and tight regulation, and comprehensively strengthen the "five major regulations", and a further step will be made to strengthen the supervisory collaboration between the central and local governments, so as to crack down on illegal financial activities; it will firmly deepen the financial reform and opening up, precisely and efficiently serve the development of the economy and society, make an overall plan to promote the development of "five major areas", and complete the task of institutional reform in a smooth and orderly manner.

The NFRA is increasingly tightening its supervision in the financial leasing industry, and has put forward fine management and indicator requirements for financial leasing companies to improve their corporate governance and internal control and management mechanism and standardize their financing and leasing behaviors, with the aim to further facilitate financial leasing companies, accelerate the transformation and return to the origin of leasing. In January 2024, the NFRA sought public opinions on the Measures for the Administration of Financial Leasing Companies (Draft for Comments) to promote returning to the origin of leasing, strict access standards and regulatory requirements in the financial leasing industry, providing an institutional guarantee for the high-quality development of the financial leasing industry.

During the Reporting Period, the Group actively implemented regulatory policies and requirements, improved corporate governance, accelerated the transformation and development, strictly adhered to the compliance line, emphasized on risk management and control, and helped to enhance the quality and efficiency of services to the real economy.

The following table sets forth the main regulatory indicators of the Group under the supervision of the NFRA as of the date indicated:

	Regulatory requirement	As of June 30, 2024
Capital adequacy ratio	Above 10.5%	**11.82%**
Tier-one capital adequacy ratio	Above 8.5%	**9.41%**
Core tier-one capital adequacy ratio	Above 7.5%	**9.41%**
Degree of concentration of single client financing	Not more than 30%	**11.35%**
Degree of concentration of single group client financing	Not more than 50%	**18.99%**
Ratio of a single related client (1)	Not more than 30%	**0.77%**
Ratio of all related parties (2)	Not more than 50%	**1.07%**
Ratio of a single related Shareholder (3)	Not more than 100%	**6.21%**
Ratio of interbank lending (4)	Not more than 100%	**1.06%**
Ratio of allowance to non-performing finance lease related assets	Above 150%	**557.48%**
Ratio of allowance to total finance lease related assets (5)	Above 2.5%	**4.02%**
Investment in fixed-income securities (6)	Not more than 20%	**19.06%**

(1) Calculated by dividing the balance of all finance lease transactions of the Group to a single related party by the net capital of the Group.

(2) Calculated by dividing the balance of all finance lease transactions of the Group to all related parties by the net capital of the Company.

(3) Calculated by dividing the balance of financing of the Group to a single Shareholder and all its related parties by the amount of contribution made by the Shareholder to the Group.

(4) Calculated by dividing the balance of interbank funds from borrowing by the net capital of the Group.

(5) Calculated by dividing allowance for impairment losses on finance lease related assets by finance lease related assets before allowance for impairment losses.

(6) Calculated by dividing the amount of fixed-income securities invested by the Group by the net capital of the Group.

15 PROSPECTS

Looking forward to the second half of 2024, the global economy will continue to recover moderately and see more positive changes. According to the World Economic Outlook released by the World Bank in June 2024, the global economy will grow steadily in 2024 for the first time in the past three years, but the growth rate will be lower than the average growth rate in the ten years before the epidemic. The global economic growth is expected to reach 2.6%, with the average growth rate of developing economies being 4% and the growth rate of developed economies remaining at 1.5%. In China, the economic performance was generally stable in the first half of 2024, with both quantitative growth and qualitative improvements. Looking forward to the second half of the year, although there are still many difficulties and challenges, the positive factors supporting high-quality economic development are also accumulating. China will continue to increase financial support for the real economy, keep the RMB exchange rate basically stable at a reasonable and balanced level, strengthen counter-cyclical adjustment, and cultivate and expand emerging industries and future industries, with a view to promoting the transformation and upgrading of traditional industries. Overall, China's economy will consolidate and enhance its economic recovery, with opportunities outweighing challenges. Due to China's stronger-than-expected economic performance, the World Bank predicts that China's economy will grow by 4.8% in 2024, 0.3 percentage point higher than its forecast in January 2024.

In terms of the financial leasing industry, facing a complex external environment unprecedented in a century, financial leasing companies will seize the historical opportunity of large-scale equipment renewal and development of new quality productive forces, give full play to the advantages of integrating industry and finance, and promote the industry to achieve medium- and long-term sustainable development while effectively serving the steady and long-term development of the real economy.

In the second half of 2024, the Group will continue to uphold the concept of "seeking progress while maintaining stability", solidly carry out various tasks, and steadily promote business development, optimize risk prevention and control measures and continuously strengthen internal control and compliance management on the basis of complying with national policy guidance and focusing on the origin of leasing, so as to maintain stable operating efficiency and achieve high-quality development of the Group.

OTHER INFORMATION

Corporate Governance Practice

The Company is committed to maintaining high standards of corporate governance in order to safeguard the interests of Shareholders and enhance corporate value and accountability of the Company. The Company has adopted the Corporate Governance Code as its own code of corporate governance.

During the Reporting Period, the Company has continuously complied with all the applicable code provisions of the Corporate Governance Code.

SHAREHOLDERS' GENERAL MEETINGS

Details of Shareholders' General Meetings

During the Reporting Period, the Company convened one Shareholders' general meeting (including class general meeting). The 2023 annual general meeting of the Company was held on June 28, 2024 at CDB Financial Center to consider and approve the resolutions for the report of the Board of Directors for the year 2023, the report of the Board of Supervisors for the year 2023, the final financial report for the year 2023, the profit distribution plan for the year 2023, the annual report for the year 2023, the report of financial budget for the year 2024, the re-appointment of accounting firm for the year 2024, amendments to the Rules of Procedures for the General Meeting of Shareholders of China Development Bank Financial Leasing Co., Ltd., amendments to the Rules of Procedures for the Board of Directors of China Development Bank Financial Leasing Co., Ltd., the general mandate to issue debt financing instruments and the general mandate to issue tier-2 capital bonds. The announcement of the poll results of the above Shareholders' general meeting has been disclosed on the HKEXnews website of the Hong Kong Stock Exchange and the Company's website.

The attendance of Directors at Shareholders' general meeting is set out in the table below:

Directors	**No. of meeting attended/ No. of meeting eligible to attend**
Ms. MA Hong	1/1
Mr. JIN Tao	1/1
Mr. ZHANG Kesheng	0/1
Mr. LIU Xipu	0/1
Mr. LI Haijian	0/1
Mr. LIU Ming	0/1
Mr. WANG Guiguo	1/1

Note: Some Directors were unable to attend the Shareholders' general meeting due to other work schedules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Group has formulated the Code of Dealing in Securities of the Company by Directors, Supervisors and Senior Management Members (《董事、監事和高級管理人員買賣本公司證券守則》) as the code of conduct of the securities transactions carried out by the Directors, Supervisors, senior management and its relevant employees (as defined in the Hong Kong Listing Rules), the terms of which are not less favourable than those of the Model Code and the Articles of Association. After being specifically inquired of, all Directors and Supervisors confirmed that they have been complying with the standard requirements set out in the Model Code during the Reporting Period.

INTERIM DIVIDEND

The Board does not recommend to declare any interim dividends for the six months ended June 30, 2024.

AUDIT COMMITTEE, AUDITORS AND REVIEW OF THE INTERIM RESULTS

The audit committee of the Company (the "**Audit Committee**") comprises four Directors, including three independent non-executive Directors, namely Mr. LIU Ming, Mr. WANG Guiguo and Mr. LI Haijian, and one non-executive Director, namely Mr. ZHANG Kesheng. Mr. LIU Ming serves as the chairman of the Audit Committee.

As a measure of sound corporate governance, the Company has approved the re-appointment of BDO China Shu Lun Pan Certified Public Accountants LLP (issuance of audit report in accordance with the PRC standards) and BDO Limited (issuance of audit report in accordance with the international standards) (collectively referred to as "**BDO**") as the Company's auditors for 2024 with the approval of Shareholders at the 2023 annual general meeting of the Company. The term of appointment of BDO will last till the date of the resolution in relation to the appointment of auditors being approved at the 2024 annual general meeting of the Company. For further details, please refer to the announcements of the Company dated May 29, 2024 and June 28, 2024, and the circular of the Company dated June 7, 2024.

The Audit Committee has adopted the terms of reference which are in line with the Corporate Governance Code. The primary duties of the Audit Committee include reviewing and monitoring the financial control, risk management and internal control systems and procedures of the Group and reviewing the financial information of the Group and the relationship with the external auditor of the Company. The unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2024 have been reviewed by the Audit Committee and BDO Limited, the auditor of the Group. The interim report of the Group for the six months ended June 30, 2024 has been reviewed by the Audit Committee.

CHANGES OF INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

On April 10, 2024, the NFRA Shenzhen Office approved the qualifications of Mr. ZHANG Kesheng and Mr. LIU Xipu to serve as non-executive Directors, with effect from April 10, 2024.

Mr. MA Yongyi resigned as an external Supervisor as he has served as an external Supervisor for six consecutive years and his term of office has expired. His resignation shall take effect from the date of the appointment of the new external Supervisor. In order to ensure the normal operation of the Board of Supervisors, Mr. MA Yongyi will continue to perform his duties as an external Supervisor in accordance with the Company Law of the People's Republic of China and other relevant laws and regulations as well as the provisions of the Articles of Association. The Company will elect an external Supervisor as soon as possible in accordance with statutory procedures.

On July 29, 2024, the social responsibility and consumer rights protection committee of the Company has been established by resolution of the Board. The committee is composed of four members, including executive Director, Mr. JIN Tao, non-executive Director, Mr. LIU Xipu, and independent non-executive Directors, Mr. LI Haijian and Mr. WANG Guiguo, with Mr. JIN Tao serving as the chairman.

Save as disclosed above, the Company is not aware of other changes in the Directors', the Supervisors' or the senior management members' biographical details which are required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules since the publication of the 2023 annual report of the Company and up to the date of this announcement.

SUBSEQUENT EVENT

Subsequent to the Reporting Period, the Group had no significant subsequent events.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of listed securities (including sale of treasury shares, if any) of the Company.

SIGNIFICANT INVESTMENT

During the six months ended June 30, 2024, the Group had no significant investment.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

As at June 30, 2024, the Group did not have any plans for material investments or capital assets.

SHAREHOLDING OF THE TOP TEN SHAREHOLDERS AT THE END OF THE REPORTING PERIOD

As at the end of the Reporting Period, the Company had 12,642,380,000 ordinary Shares in total; comprising 9,872,786,000 Domestic Shares, representing 78.09% of the total number of ordinary Shares; and 2,769,594,000 H Shares, representing 21.91% of the total number of ordinary Shares. The total number of Shareholders of the Company was 52, comprising 9 Shareholders of Domestic Shares and 43 Shareholders of H Shares[Note].

Note: The number of Shares held by H Shares holders is based on the number of Shares and Shareholders recorded in the register of members of the Company kept by the H Share registrar. The total number of Shares held by Hong Kong Securities Clearing Company Nominees Limited ("**HKSCC**") represents the total number of H Shares held by HKSCC as the nominee for all institutional and individual investors that maintain accounts with it as of June 30, 2024, which is regarded as one account.

No.	Name of Shareholders	Class of Shares	Number of Shares	Percentage of shareholding
1	China Development Bank	Domestic Shares	8,141,332,869	64.40%
2	Tianjin Airlines Co., Ltd.(Note)	Domestic Shares	795,625,000	6.29%
3	China Three Gorges Corporation	Domestic Shares	687,024,000	5.43%
4	Three Gorges Capital Holdings (HK) Co., Ltd.	H Shares	619,476,000	4.90%
5	Hengjian International Investment Holding (Hong Kong) Limited	H Shares	493,210,000	3.90%
6	China Reinsurance (Group) Corporation	H Shares	382,620,000	3.03%
7	CSSC International Holding Company Limited	H Shares	184,596,000	1.46%
8	CCCC International Holding Ltd.	H Shares	154,000,000	1.22%
9	Xi'an Aircraft Industry (Group) Co., Ltd.	Domestic Shares	148,737,069	1.18%
10	Jiangsu Jia Yuan Investment Company Limited	Domestic Shares	88,203,937	0.70%

Note: According to the relevant requirements of the NFRA, the qualification of Tianjin Airlines Co., Ltd. for the substantial Shareholder shall be subject to approval by the NFRA and its local offices, and the Company will actively promote the relevant work.

LOAN AGREEMENTS

During the Reporting Period, the Company entered into loan agreements with specific banks, the loans with a total amount of approximately RMB15,380.1 million included a condition requiring that China Development Bank, the Controlling Shareholder of the Company, shall hold directly or indirectly, no less than 51% of the Shares of the Company. The loan agreements are valid for a period of 1 month to 3 years. Loans in a total amount of approximately RMB9,749.2 million included the conditions requiring that China Development Bank, the Controlling Shareholder of the Company, shall hold directly or indirectly, no less than 51% of the Shares of the Company, and remain as the single largest Shareholder of the Company. The loan agreements are valid for a period of 0.4 months to 3 years.

MATERIAL LEGAL, LITIGATION AND ARBITRATION MATTERS

As of June 30, 2024, the underlying amount in relation to the pending litigation against the Company as the defendant was RMB283.48 million in aggregate. The Company expected such pending litigation would not have material adverse effects on the business, financial condition or operating performance of the Company.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended June 30, 2024 will be published on the websites of the Company (www.cdb-leasing.com) and HKEXnews of the Hong Kong Stock Exchange (www.hkexnews.hk) in due course.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Unaudited For the six months ended 30 June 2024 RMB'000	2023 RMB'000
Revenue			
Finance lease income	4	**5,373,097**	5,296,753
Operating lease income	4	**7,113,496**	5,510,197
Total revenue		**12,486,593**	10,806,950
Net investment gains		**84,619**	118,031
Other income, gains or losses	5	**1,045,821**	922,117
Total revenue and other income		**13,617,033**	11,847,098
Depreciation and amortisation		**(3,417,019)**	(2,896,375)
Staff costs		**(263,453)**	(221,336)
Fee and commission expenses		**(26,290)**	(41,149)
Interest expenses	6	**(6,727,660)**	(4,834,889)
Other operating expenses		**(882,590)**	(755,109)
Impairment losses under expected credit loss model, net of reversal		**412,290**	(287,833)
Net impairment losses on other assets		**(151,243)**	(177,201)
Total expenses		**(11,055,965)**	(9,213,892)
Profit before tax		**2,561,068**	2,633,206
Income tax expense	7	**(679,803)**	(672,958)
Profit for the period attributable to owners of the Company		**1,881,265**	1,960,248
Earnings per share attributable to owners of the Company (expressed in RMB Yuan per share)			
– Basic	8	**0.15**	0.16
– Diluted	8	**0.15**	0.16

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Profit for the period	**1,881,265**	1,960,248
Other comprehensive (expense)/income		
Items that may be reclassified subsequently to profit or loss:		
Gains on financial assets at fair value through other comprehensive income, net of tax	**46,869**	10,097
Losses on cash flow hedges, net of tax	**(387,762)**	(68,722)
Currency translation differences	**96,813**	423,963
Total other comprehensive (expense)/income for the period, net of tax	**(244,080)**	365,338
Total comprehensive income for the period attributable to owners of the Company	**1,637,185**	2,325,586

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited 30 June 2024** *RMB'000*	Audited 31 December 2023 *RMB'000*
Assets			
Cash and bank balances	*9*	**107,227,748**	69,440,305
Financial assets at fair value through profit or loss (FVTPL)		**174,321**	156,472
Derivative financial assets		**531,929**	675,904
Financial assets at fair value through other comprehensive income (FVTOCI)	*10*	**9,073,798**	3,001,187
Financial assets held under resale agreements		**5,993,289**	–
Accounts receivable	*11*	**679,178**	1,335,131
Finance lease receivables	*12*	**208,875,491**	195,101,137
Prepayments		**13,812,854**	12,708,141
Investment properties		**1,087,960**	1,089,534
Property and equipment	*13*	**124,728,777**	118,640,179
Right-of-use assets		**157,567**	174,329
Deferred tax assets		**2,215,954**	2,131,711
Other assets		**6,876,742**	5,240,873
Total assets		**481,435,608**	409,694,903
Liabilities			
Borrowings	*14*	**389,765,839**	295,875,445
Due to banks and other financial institutions		**498,876**	12,509,021
Financial assets sold under repurchase agreements		**–**	2,556,855
Derivative financial liabilities		**811,424**	246,329
Accrued staff costs		**224,896**	282,495
Bonds payable	*15*	**28,366,491**	32,187,230
Tax payable		**169,268**	446,635
Lease liabilities		**178,047**	192,262
Deferred tax liabilities		**848,064**	1,108,668
Other liabilities		**22,898,699**	27,008,123
Total liabilities		**443,761,604**	372,413,063
Equity			
Share capital		**12,642,380**	12,642,380
Capital reserve		**2,418,689**	2,418,689
Hedging and fair value reserve		**48,344**	389,237
Translation reserve		**764,705**	667,892
General reserve		**7,869,271**	7,869,271
Retained earnings		**13,930,615**	13,294,371
Total equity		**37,674,004**	37,281,840
Total liabilities and equity		**481,435,608**	409,694,903

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Unaudited						
		Attributable to the equity holders of the Company						
	Notes	**Share capital** *RMB'000*	**Capital reserve** *RMB'000*	**Hedging and fair value reserve** *RMB'000*	**Translation reserve** *RMB'000*	**General reserve** *RMB'000*	**Retained earnings** *RMB'000*	**Total equity** *RMB'000*
As at 1 January 2024		**12,642,380**	**2,418,689**	**389,237**	**667,892**	**7,869,271**	**13,294,371**	**37,281,840**
Profit for the period		**–**	**–**	**–**	**–**	**–**	**1,881,265**	**1,881,265**
Other comprehensive (expense) for the period		**–**	**–**	**(340,893)**	**96,813**	**–**	**–**	**(244,080)**
Total comprehensive income for the period		**–**	**–**	**(340,893)**	**96,813**	**–**	**1,881,265**	**1,637,185**
Dividends	*16*	**–**	**–**	**–**	**–**	**–**	**(1,245,021)**	**(1,245,021)**
As at 30 June 2024		**12,642,380**	**2,418,689**	**48,344**	**764,705**	**7,869,271**	**13,930,615**	**37,674,004**
As at 1 January 2023		12,642,380	2,418,689	696,592	506,969	6,792,264	11,226,551	34,283,445
Profit for the period		–	–	–	–	–	1,960,248	1,960,248
Other comprehensive income for the period		–	–	(58,625)	423,963	–	–	365,338
Total comprehensive income for the period		–	–	(58,625)	423,963	–	1,960,248	2,325,586
Dividends	*16*	–	–	–	–	–	(1,005,322)	(1,005,322)
As at 30 June 2023		12,642,380	2,418,689	637,967	930,932	6,792,264	12,181,477	35,603,709

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	**Unaudited For the six months ended 30 June 2024 *RMB'000***	2023 *RMB'000*
OPERATING ACTIVITIES			
Profit before tax		**2,561,068**	2,633,206
Adjustments for:			
Bonds payable interest expenses	*6*	**473,312**	577,814
Lease liabilities interest expenses		**4,427**	3,466
Depreciation and amortisation		**3,417,019**	2,896,375
Impairment losses under expected credit loss model, net of reversal		**(412,290)**	287,833
Net impairment losses on other assets		**151,243**	177,201
Gains on disposal of equipment held for operating lease businesses, net	*5*	**(226,373)**	(89,583)
Realised losses/(gains) on disposal of finance lease receivables and others		**497**	(1,920)
Realised gains from derivatives		**(19,439)**	(57,422)
Realised gains from FVTOCI		**(50,629)**	(6,767)
Realised gains from FVTPL		**(3,706)**	(4,437)
Unrealised fair value changes in derivatives		**2,007**	(64,652)
Unrealised fair value changes in FVTPL		**(13,349)**	17,167
Foreign exchange losses from derivatives		**918,623**	437,862
Operating cash flows before movements in working capital		**6,802,410**	6,806,143
Decrease/(increase) in mandatory reserve deposits with central bank		**2,913**	(28,564)
Decrease in accounts receivable		**753,329**	1,358,023
Increase in finance lease receivables		**(20,155,375)**	(1,184,848)
Increase in other assets		**(1,915,887)**	(738,425)
Increase/(decrease) in borrowings		**93,310,191**	(2,935,165)
Decrease in due to banks and other financial institutions		**(12,016,760)**	(774,956)
(Decrease)/increase in financial assets sold under repurchase agreements		**(2,564,815)**	860,970
Decrease in accrued staff costs		**(57,599)**	(54,830)
Increase in other liabilities		**1,460,204**	836,781
Cash flows from operating activities		**65,618,611**	4,145,129
Income taxes paid		**(1,215,634)**	(1,808,640)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**64,402,977**	2,336,489

	Notes	Unaudited For the six months ended 30 June 2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES			
Placement of pledged and restricted bank deposits and fixed deposits		**(26,397,085)**	(1,813,160)
Withdrawal of pledged and restricted bank deposits and fixed deposits		**11,005,555**	2,223,073
Disposal of FVTPL		**77,692**	2,850
Net cash (outflow)/inflow from derivatives		**(405,513)**	57,422
Proceeds from disposal/maturity of FVTOCI and others		**14,904**	1,001,465
Proceeds from disposal of property and equipment		**656,283**	649,195
Purchase of FVTOCI		**(6,011,458)**	(889,418)
Purchase of property and equipment		**(10,524,238)**	(9,120,926)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(31,583,860)**	(7,889,499)
FINANCING ACTIVITIES			
Proceeds from issue of bonds		**4,546,324**	3,524,980
Repayments of bonds		**(8,548,716)**	(5,801,355)
Bonds issuance cost		**(3,438)**	12,702
Bonds interest paid		**(514,878)**	(585,616)
Decrease in lease liabilities		**(20,227)**	(7,255)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(4,540,935)**	(2,856,544)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**28,278,182**	(8,409,554)
Effects of foreign exchange changes		**175,928**	278,292
Cash and cash equivalents at beginning of the period		**48,856,794**	24,660,800
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	*17*	**77,310,904**	16,529,538
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		**6,304,977**	5,696,969
Interest paid, exclusive bonds payable interest expenses		**(5,458,695)**	(3,899,155)
Net interest received		**846,282**	1,797,814

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION AND PRINCIPAL ACTIVITIES

China Development Bank Financial Leasing Co., Ltd. (the "Company") was established as Shenzhen Leasing Co., Ltd. (深圳租賃有限公司) on 25 December 1984, with the approval of the former Shenzhen Special Economic Zone Branch of People's Bank of China ("PBOC"), and subsequently renamed as Shenzhen Finance Leasing Co., Ltd. (深圳金融租賃有限公司) after reorganisation in December 1999. In 2008, China Development Bank Co., Ltd, which was renamed as the China Development Bank in 2017, became the controlling shareholder of the Company, and the Company's total paid-in capital was increased to RMB8,000,000,000 and subsequently, the Company changed its name to CDB Leasing Co., Ltd. (國銀金融租賃有限公司). On 8 September 2015, pursuant to the resolution of shareholders' meeting, the Company's total paid-in capital was increased to RMB9,500,000,000. Pursuant to the approval of former China Banking and Insurance Regulatory Commission (the "CBIRC"), which was renamed as the National Financial Regulatory Administration (the "NFRA) in 2023, the Company became a joint stock company by issuing a total of 9,500,000,000 shares to the existing shareholders at par value of RMB1 each, representing 100% of share capital of the Company on 28 September 2015 (the "Financial Restructuring"). On the same day, the Company also changed its name to China Development Bank Financial Leasing Co., Ltd. (國銀金融租賃股份有限公司). The registered address of the Company's office is CDB Financial Centre, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the People's Republic of China ("PRC").

On 11 July 2016, the Company issued 3,100,000,000 new ordinary shares at the issue price of HK$2 each by way of initial public offering. The gross proceeds amounted to HK$6.2 billion. On the same day, the Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "Listing"). On 29 July 2016, the Company announced that the over-allotment option was partially exercised in respect of an aggregate of 42,380,000 new ordinary shares with an additional gross proceeds of HK$84.76 million.

On 27 December 2019, the Company repurchased and then cancelled 687,024,000 H share at the price of US$0.2863 per share from Three Gorges Capital Holdings (HK) Co., Ltd (三峽資本控股(香港)有限公司). Meanwhile, the Company issued 687,024,000 non-tradable domestic stocks to China Three Gorges Corporation Co., Ltd (中國長江三峽集團有限公司) at the same price as the repurchased price. These changes have no effect on the total share capital of the Company.

The Company's parent is China Development Bank, incorporated in the People's Republic of China (PRC). Its ultimate controlling party is the Ministry of Finance ("MOF") and Central Huijin Investment Ltd. ("Huijin"). The MOF is one of the ministries under the State Council, primarily responsible for state fiscal revenue and expenditures, and taxation policies. Huijin was established to hold certain equity investments as authorised by the State Council and does not engage in other commercial activities. Huijin exercises legal rights and obligations on behalf of the PRC government.

The Company and its subsidiaries (the "Group") are principally engaged in aircraft leasing, ship leasing, regional development leasing, inclusive finance leasing, green energy and high-end equipment leasing, transfers of finance lease assets and lease-related financial business.

This interim condensed consolidated financial information for the six months ended 30 June 2024 ("Interim Financial Information") is presented in Renminbi ("RMB"), which is also the functional currency of the Company, unless otherwise stated.

The Interim Financial Information has been reviewed, not audited.

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting. The Interim Financial Information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards").

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at fair value.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the following revised IFRS Accounting Standards for the first time for the current period's financial information.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1	*Non-current Liabilities with Covenants*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The application of the amendments to IFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4 TOTAL REVENUE

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance lease income	**5,373,097**	5,296,753
Operating lease income	**7,113,496**	5,510,197
	12,486,593	10,806,950

5 OTHER INCOME, GAINS OR LOSSES

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income from deposits with financial institutions	**1,492,305**	409,336
Gains on disposal of assets held for operating lease businesses, net	**226,373**	89,583
Government grants and incentives	**26,998**	55,748
Management and commission fee income	**274,272**	354,847
Foreign exchange losses, net	**(1,093,596)**	(67,335)
Others	**119,469**	79,938
	1,045,821	922,117

6 INTEREST EXPENSE

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Borrowings	**6,276,712**	4,226,358
Bonds payable	**473,312**	577,814
Due to banks and other financial institutions	**118,193**	146,964
Financial assets sold under repurchase agreements	**35,460**	12,652
Others	**90,824**	132,061
Less: Interest capitalised on qualifying assets [(1)]	**(266,841)**	(260,960)
	6,727,660	4,834,889

(1) Interest capitalised on qualifying assets in the six months ended 30 June 2024 included RMB266,841 thousand (2023: RMB260,960 thousand) on prepayments.

7 INCOME TAX EXPENSE

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
– PRC enterprise income tax	**909,314**	1,466,027
– Income tax in other countries	**25,875**	3,225
Deferred income tax	**(254,623)**	(796,397)
(Over)/under provision in prior period	**(763)**	103
	679,803	672,958

The applicable enterprise income tax rate is 25% (2023: 25%) for the Company and its subsidiaries established in mainland China, except for certain subsidiaries which are subject to the preferential tax treatments, 16.5% (2023: 16.5%) for subsidiaries in Hong Kong, and 12.5% (2023: 12.5%) for subsidiaries in Ireland. Tax arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The reconciliation between the income tax expense at the statutory tax rate of 25% and the effective tax rate is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit before tax	**2,561,068**	2,633,206
Tax at the statutory tax rate of 25%	**640,267**	658,302
Effect of different tax rates of group entities operating in jurisdictions other than the PRC	**12,800**	9,157
Tax effect of expenses not deductible for tax purpose	**1,798**	2,401
Tax losses and deductible temporary difference not recognised	**25,701**	2,995
(Over)/under provision in prior period	**(763)**	103
Income tax expense for the period	**679,803**	672,958

8 EARNINGS PER SHARE

The calculation of basic earnings per share is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings:		
Profit attributable to owners of the Company *(RMB'000)*	**1,881,265**	1,960,248
Number of shares:		
Weighted average number of shares in issue *('000)*	**12,642,380**	12,642,380
Basic earnings per share *(RMB Yuan)*[(1)]	**0.15**	0.16

(1) Basic earnings per share amounts are calculated by dividing the profit attributable to owners of the Company by the weighted average numbers of ordinary shares in issue during the six months ended 30 June 2024 and the six months ended 30 June 2023, respectively.

Diluted earnings per share amounts are the same as basic earnings per share amounts due to the absence of dilutive potential ordinary share during the six months ended 30 June 2024 and the six months ended 30 June 2023, respectively.

9 CASH AND BANK BALANCES

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Pledged and restricted bank deposits [(1)]	**35,188,256**	16,036,606
Mandatory reserve deposits with central bank [(2)]	**340,636**	343,549
Surplus reserve deposits with central bank [(3)]	**206,020**	199,401
Cash and bank balances	**71,605,284**	52,917,513
Less: Allowance for impairment loss	**(112,448)**	(56,764)
	107,227,748	69,440,305

(1) The bank deposits amounting to approximately RMB35,089,936 thousand were pledged as collateral for the Group's bank borrowings as at 30 June 2024 (31 December 2023: RMB15,990,342 thousand) (Note 14).

The bank deposits amounting to approximately RMB98,320 thousand (31 December 2023: RMB46,264 thousand) were restricted for use, among which approximately RMB98,008 thousand was in relation to the notes payable as at 30 June 2024 (31 December 2023: RMB45,900 thousand), and RMB312 thousand was in relation to others as at 30 June 2024 (31 December 2023: RMB364 thousand).

(2) The Group places mandatory reserve deposits in the PBOC, which include RMB reserve deposits and foreign currency reserve deposits. These mandatory reserve deposits are not available for the Group's daily operations.

(3) Surplus reserve deposits primarily represent deposits maintained with the PBOC in addition to the mandatory reserve deposits.

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Measured at fair value:		
Government bonds	**9,073,798**	3,001,187
	9,073,798	3,001,187

11 ACCOUNTS RECEIVABLE

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Operating lease receivables[1]	**1,476,329**	1,670,365
Advances for finance lease projects[2]	**–**	546,331
Other accounts receivable	**91,467**	92,001
	1,567,796	2,308,697
Less: Allowance for impairment losses		
– Allowance for operating lease receivables	**(885,559)**	(961,223)
– Allowance for advances for finance lease projects	**–**	(9,329)
– Allowance for other accounts receivable	**(3,059)**	(3,014)
	(888,618)	(973,566)
	679,178	1,335,131

(1) Overdue analysis of the operating lease receivables as at the end of the reporting period, based on the receivables due date and net of loss allowance, is as follows:

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Not overdue	**524,042**	552,059
Overdue within 1 month	**43,455**	51,656
Overdue 1 to 2 months	**–**	3
Overdue 2 to 3 months	**–**	–
Overdue over 3 months	**23,273**	105,424
	590,770	709,142

(2) 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 and the Group does not obtain the ownership of such leased assets. Relevant contracts will take effect once the construction of such leased assets is completed and the terms of corresponding lease contract commences upon signing off between the lessees and the Group. The advances for finance lease projects will then be transferred to finance lease receivables. Thus, ageing analysis of such advances was considered not meaningful.

The advances for finance lease projects with a carrying amount of nil were pledged as collateral for the Group's bank borrowings as at 30 June 2024 (31 December 2023: RMB537,002 thousand) (Note 14).

Movements of accounts receivable between stages for the six months ended 30 June 2024 and the year ended 31 December 2023 are as follows:

Unaudited	**Stage 1** *RMB'000*	**Stage 2** *RMB'000*	**Stage 3** *RMB'000*	**Simplified approach** *RMB'000*	**Total** *RMB'000*
Gross amount					
Amount as at 1 January 2024	**638,332**	**–**	**–**	**1,670,365**	**2,308,697**
Net decrease	**(548,418)**	**–**	**–**	**(203,576)**	**(751,994)**
Effect of foreign currency exchange differences	**1,553**	**–**	**–**	**9,540**	**11,093**
Amount as at 30 June 2024	**91,467**	**–**	**–**	**1,476,329**	**1,567,796**

Audited	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Gross amount					
Amount as at 1 January 2023	2,557,215	–	–	1,719,859	4,277,074
Net decrease	(1,934,659)	–	–	(77,478)	(2,012,137)
Written-off	–	–	–	(21)	(21)
Effect of foreign currency exchange differences	15,776	–	–	28,005	43,781
Amount as at 31 December 2023	638,332	–	–	1,670,365	2,308,697

Movements of allowances for impairment losses during the six months ended 30 June 2024 and the year ended 31 December 2023 are as follows:

Unaudited	**Stage 1** ***RMB'000***	**Stage 2** ***RMB'000***	**Stage 3** ***RMB'000***	**Simplified approach** ***RMB'000***	**Total** ***RMB'000***
Allowance for impairment losses					
Amount as at 1 January 2024	**12,343**	**–**	**–**	**961,223**	**973,566**
Recovered for the period	**(9,311)**	**–**	**–**	**(81,368)**	**(90,679)**
Effect of foreign currency exchange differences	**27**	**–**	**–**	**5,704**	**5,731**
Amount as at 30 June 2024	**3,059**	**–**	**–**	**885,559**	**888,618**

Audited	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Allowance for impairment losses					
Amount as at 1 January 2023	32,839	–	–	756,502	789,341
(Recovered)/charged for the year	(20,692)	–	–	191,086	170,394
Written-off	–	–	–	(21)	(21)
Effect of foreign currency exchange differences	196	–	–	13,656	13,852
Amount as at 31 December 2023	12,343	–	–	961,223	973,566

12 FINANCE LEASE RECEIVABLES

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Finance lease receivables		
Not later than one year	**61,257,546**	59,083,131
Later than one year and not later than two years	**50,042,579**	47,425,290
Later than two year and not later than three years	**37,996,136**	37,179,613
Later than three year and not later than four years	**28,305,369**	26,694,788
Later than four year and not later than five years	**19,720,519**	17,384,409
Later than five years	**64,890,227**	54,489,407
Gross amount of finance lease receivables	**262,212,376**	242,256,638
Less: Unearned finance income	**(44,589,762)**	(38,130,967)
Present value of minimum finance lease receivables	**217,622,614**	204,125,671
Less: Allowance for impairment losses	**(8,747,123)**	(9,024,534)
Carrying amount of finance lease receivables	**208,875,491**	195,101,137
Present value of minimum finance lease receivables		
Not later than one year	**50,633,713**	49,432,679
Later than one year and not later than two years	**42,045,802**	39,980,314
Later than two year and not later than three years	**32,033,238**	31,856,046
Later than three year and not later than four years	**23,856,820**	22,861,764
Later than four year and not later than five years	**16,368,310**	14,587,801
Later than five years	**52,684,731**	45,407,067
	217,622,614	204,125,671

The Group entered into finance lease arrangements for certain of its aircraft, ships, equipment for infrastructure, transport and construction vehicle. The term range of finance leases is from 1 to 20 years.

The finance lease receivables with a carrying amount of approximately RMB4,114,366 thousand were pledged as collateral for the Group's bank borrowings as at 30 June 2024 (31 December 2023: RMB1,429,463 thousand) (Note 14).

The Group entered into finance lease receivables factoring arrangements and continued to recognise these transferred finance lease receivables in their full carrying amount, which was approximately RMB6,942,358 thousand as at 30 June 2024 (31 December 2023: RMB7,417,365 thousand).

The finance lease receivables were mainly with floating interest rates base on the benchmark interest rate of Loan Prime Rate ("LPR"), LIBOR (Ceased prior to 30 June 2023) or SOFR. The interest rates of finance lease receivables were adjusted periodically with reference to the benchmark interest rates.

Movements between stages during the six months ended 30 June 2024 and the year ended 31 December 2023 within finance lease receivables are as follows:

Unaudited	**Stage 1** ***RMB'000***	**Stage 2** ***RMB'000***	**Stage 3** ***RMB'000***	**Total** ***RMB'000***
Present value of minimum finance lease receivables				
Amount as at 1 January 2024	**167,388,757**	**35,087,543**	**1,649,371**	**204,125,671**
Movement within stages:				
Move to stage 1	**–**	**–**	**–**	**–**
Move to stage 2	**(1,929,156)**	**1,929,156**	**–**	**–**
Move to stage 3	**–**	**(95,669)**	**95,669**	**–**
Net assets originated/(repayment)	**17,690,001**	**(4,125,567)**	**(176,121)**	**13,388,313**
Recovery of written-off finance lease receivables	**–**	**–**	**8**	**8**
Effect of foreign currency exchange differences	**93,552**	**14,940**	**130**	**108,622**
Amount as at 30 June 2024	**183,243,154**	**32,810,403**	**1,569,057**	**217,622,614**

Audited	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Total *RMB'000*
Present value of minimum finance lease receivables				
Amount as at 1 January 2023	173,644,606	26,893,268	1,495,012	202,032,886
Movement within stages:				
Move to stage 1	4,096,940	(4,096,940)	–	–
Move to stage 2	(28,033,300)	28,698,722	(665,422)	–
Move to stage 3	–	(1,010,719)	1,010,719	–
Net assets originated/(repayment)	17,518,240	(15,440,642)	(93,683)	1,983,915
Written-off	–	–	(98,131)	(98,131)
Recovery of written-off finance lease receivables	–	–	597	597
Effect of foreign currency exchange differences	162,271	43,854	279	206,404
Amount as at 31 December 2023	167,388,757	35,087,543	1,649,371	204,125,671

Movements of allowance for impairment losses on finance lease receivables during the six months ended 30 June 2024 and the year ended 31 December 2023 are as follows:

Unaudited	**Stage 1** *RMB'000*	**Stage 2** *RMB'000*	**Stage 3** *RMB'000*	**Total** *RMB'000*
Allowance for impairment losses				
Amount as at 1 January 2024	**2,341,362**	**5,280,490**	**1,402,682**	**9,024,534**
Movement within stages:				
Move to stage 1	**–**	**–**	**–**	**–**
Move to stage 2	**(19,482)**	**19,482**	**–**	**–**
Move to stage 3	**–**	**(41,832)**	**41,832**	**–**
Charge/(recovered) for the period	**393,776**	**(527,920)**	**(147,868)**	**(282,012)**
Recovery of written-off finance lease receivables	**–**	**–**	**8**	**8**
Effect of foreign currency exchange differences	**1,616**	**2,848**	**129**	**4,593**
Amount as at 30 June 2024	**2,717,272**	**4,733,068**	**1,296,783**	**8,747,123**

Audited	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Total *RMB'000*
Allowance for impairment losses				
Amount as at 1 January 2023	3,627,708	3,429,895	1,481,000	8,538,603
Movement within stages:				
Move to stage 1	642,406	(642,406)	–	–
Move to stage 2	(994,401)	1,316,051	(321,650)	–
Move to stage 3	–	(454,840)	454,840	–
(Recovered)/charged for the year	(943,574)	1,626,238	(114,247)	568,417
Written-off	–	–	(98,131)	(98,131)
Recovery of written-off finance lease receivables	–	–	597	597
Effect of foreign currency exchange differences	9,223	5,552	273	15,048
Amount as at 31 December 2023	2,341,362	5,280,490	1,402,682	9,024,534

13 PROPERTY AND EQUIPMENT

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Equipment held for operating lease businesses	**124,166,740**	118,044,191
Property and equipment held for administrative purposes	**562,037**	595,988
	124,728,777	118,640,179

Equipment held for operating lease businesses

Unaudited	**Aircraft**	**Ships**	**Special equipment**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Cost				
As at 1 January 2024	**111,604,294**	**39,795,171**	**1,748,735**	**153,148,200**
Additions	**2,977,353**	**3,062,638**	**3,265,481**	**9,305,472**
Disposals	**(1,075,722)**	**(268,494)**	**(16,361)**	**(1,360,577)**
Foreign currency translation	**701,315**	**253,423**	**–**	**954,738**
As at 30 June 2024	**114,207,240**	**42,842,738**	**4,997,855**	**162,047,833**
Accumulated depreciation				
As at 1 January 2024	**(23,743,554)**	**(5,078,886)**	**(104,063)**	**(28,926,503)**
Charge for the period	**(2,054,413)**	**(967,423)**	**(311,544)**	**(3,333,380)**
Disposals	**440,990**	**50,157**	**2,454**	**493,601**
Foreign currency translation	**(154,698)**	**(34,327)**	**–**	**(189,025)**
As at 30 June 2024	**(25,511,675)**	**(6,030,479)**	**(413,153)**	**(31,955,307)**
Accumulated impairment				
As at 1 January 2024	**(5,333,877)**	**(843,629)**	**–**	**(6,177,506)**
Charge for the period	**(143,710)**	**(4,162)**	**–**	**(147,872)**
Disposals	**437,084**	**–**	**–**	**437,084**
Foreign currency translation	**(32,224)**	**(5,268)**	**–**	**(37,492)**
As at 30 June 2024	**(5,072,727)**	**(853,059)**	**–**	**(5,925,786)**
Net carrying amount				
As at 1 January 2024	**82,526,863**	**33,872,656**	**1,644,672**	**118,044,191**
As at 30 June 2024	**83,622,838**	**35,959,200**	**4,584,702**	**124,166,740**

Audited	Aircraft *RMB'000*	Ships *RMB'000*	Special equipment *RMB'000*	Total *RMB'000*
Cost				
As at 1 January 2023	101,421,149	34,765,299	65,133	136,251,581
Additions	11,910,240	5,516,574	1,683,764	19,110,578
Transferred from assets held-for-sale	387,945	–	–	387,945
Disposals/written-off	(3,829,244)	(1,085,359)	(162)	(4,914,765)
Foreign currency translation	1,714,204	598,657	–	2,312,861
As at 31 December 2023	111,604,294	39,795,171	1,748,735	153,148,200
Accumulated depreciation				
As at 1 January 2023	(20,496,108)	(3,506,877)	(1,035)	(24,004,020)
Charged for the year	(3,905,884)	(1,887,857)	(103,034)	(5,896,775)
Transferred from assets held-for-sale	(21,684)	–	–	(21,684)
Disposals/written-off	1,033,273	384,036	6	1,417,315
Foreign currency translation	(353,151)	(68,188)	–	(421,339)
As at 31 December 2023	(23,743,554)	(5,078,886)	(104,063)	(28,926,503)
Accumulated impairment				
As at 1 January 2023	(5,873,447)	(575,065)	–	(6,448,512)
Charged for the year	(1,062,082)	(359,954)	–	(1,422,036)
Disposals/written-off	1,660,639	102,369	–	1,763,008
Foreign currency translation	(58,987)	(10,979)	–	(69,966)
As at 31 December 2023	(5,333,877)	(843,629)	–	(6,177,506)
Net carrying amount				
As at 1 January 2023	75,051,594	30,683,357	64,098	105,799,049
As at 31 December 2023	82,526,863	33,872,656	1,644,672	118,044,191

As at 30 June 2024, the equipment held for operating lease businesses of the Group with net book values of approximately RMB41,606,800 thousand (31 December 2023: RMB43,088,677 thousand) and RMB1,013,674 thousand (31 December 2023: RMB1,041,301 thousand) were pledged as collateral for the Group's bank borrowings (Note 14) and long-term payables, respectively.

Property and equipment held for administrative purposes

Unaudited	Buildings	Computers and electronic equipment	Motor vehicles	Office equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
As at 1 January 2024	605,113	64,841	5,472	81,984	63,080	820,490
Additions	–	478	–	1,121	1,139	2,738
Transfer to investment properties	(21,267)	–	–	–	–	(21,267)
Disposals	–	(21)	–	–	–	(21)
Foreign currency translation	–	186	–	125	348	659
As at 30 June 2024	583,846	65,484	5,472	83,230	64,567	802,599
Accumulated depreciation						
As at 1 January 2024	(95,413)	(47,233)	(5,013)	(52,396)	(24,447)	(224,502)
Charge for the period	(6,926)	(4,305)	(104)	(4,262)	(1,756)	(17,353)
Transfer to investment properties	1,528	–	–	–	–	1,528
Disposals	–	4	–	–	–	4
Foreign currency translation	–	(84)	–	(34)	(121)	(239)
As at 30 June 2024	(100,811)	(51,618)	(5,117)	(56,692)	(26,324)	(240,562)
Net carrying amount						
As at 1 January 2024	509,700	17,608	459	29,588	38,633	595,988
As at 30 June 2024	483,035	13,866	355	26,538	38,243	562,037

Audited	Buildings *RMB'000*	Computers and electronic equipment *RMB'000*	Motor vehicles *RMB'000*	Office equipment *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
Cost						
As at 1 January 2023	715,599	61,816	5,472	61,783	61,522	906,192
Additions	–	7,046	–	20,072	659	27,777
Transfer to investment properties	(107,690)	–	–	–	–	(107,690)
Other decrease	(2,796)	(4,272)	–	–	–	(7,068)
Foreign currency translation	–	251	–	129	899	1,279
As at 31 December 2023	605,113	64,841	5,472	81,984	63,080	820,490
Accumulated depreciation						
As at 1 January 2023	(99,667)	(36,197)	(4,466)	(19,399)	(21,051)	(180,780)
Charged for the year	(14,738)	(10,853)	(547)	(32,889)	(3,118)	(62,145)
Transfer to investment properties	18,992	–	–	–	–	18,992
Foreign currency translation	–	(183)	–	(108)	(278)	(569)
As at 31 December 2023	(95,413)	(47,233)	(5,013)	(52,396)	(24,447)	(224,502)
Net carrying amount						
As at 1 January 2023	615,932	25,619	1,006	42,384	40,471	725,412
As at 31 December 2023	509,700	17,608	459	29,588	38,633	595,988

As at 30 June 2024, the carrying value of property and equipment of the Group for which registration was not completed amounted to approximately RMB6,632 thousand (31 December 2023: RMB6,903 thousand). However, this registration process does not affect the rights of the Group to these assets.

As at 30 June 2024, in accordance with IAS 36 Impairment of Assets, aircraft were assessed for indicators of impairment. To aid in this assessment, the Group sought valuations from independent aircraft appraisal firms. These appraisers make assumptions and estimates with respect to the future valuations of aircraft. For the purpose of recognition and measurement of an impairment loss, if it is determined that a test for impairment is required, each aircraft is tested individually by comparing its carrying amount to the higher of its value in use and fair value less costs to sell.

Value in use is determined as the total discounted cash flows expected to be generated by an aircraft in the future. The estimated cash flows are discounted to their present value by using a pre-tax discount rate that reflects current market assumptions of the time value of money and the risks specific to the asset in question. For the calculation of value in use, the weighted average discount rates for 30 June 2024 were 6.22% (31 December 2023: 6.80%). Fair value less costs to sell is determined by the Group based on the most relevant of observable market information from independent appraisal firms. In cases where the carrying value of the aircraft exceeded the higher of value in use and fair value less costs to sell, an impairment charge is recognised.

14 BORROWINGS

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Secured bank borrowings [(1)]	**57,436,883**	47,762,763
Factoring financing [(2)]	**6,710,794**	7,873,794
Unsecured bank borrowings	**325,618,162**	240,238,888
	389,765,839	295,875,445

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Carrying amount repayable:		
Within one year	**280,006,577**	221,306,593
More than one year, but not exceeding two years	**44,054,240**	53,876,508
More than two years, but not exceeding five years	**56,244,937**	15,955,583
More than five years	**9,460,085**	4,736,761
	389,765,839	295,875,445

(1) Secured bank borrowings

Secured bank borrowings were pledged by equipment held for operating lease businesses, finance lease receivables, accounts receivable and bank deposits with carrying amounts as follows:

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Equipment held for operating lease businesses	**41,606,800**	43,088,677
Finance lease receivables	**4,114,366**	1,429,463
Accounts receivable	**–**	537,002
Bank deposits	**35,089,936**	15,990,342
	80,811,102	61,045,484

(2) The Group entered into finance lease receivables factoring arrangements and has recognised the cash received for the transfer as factoring financing. The balance of secured bank borrowings through factoring financing was approximately RMB6,710,794 thousand as at 30 June 2024 (31 December 2023: RMB7,873,794 thousand).

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

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Fixed-rate borrowings:		
Within one year	**245,382,880**	194,666,391
More than one year, but not exceeding five years	**63,060,435**	30,585,547
More than five years	**307,864**	485,334
	308,751,179	225,737,272

In addition, the Group has floating-rate borrowings which carry interest based on LPR, SOFR or Term SOFR.

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

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
Effective interest rates:		
Fixed-rate borrowings (RMB)	**2.10%-3.20%**	2.40%-3.20%
Fixed-rate borrowings (USD)	**2.05%-6.37%**	2.05%-6.37%
Floating-rate borrowings (RMB)	**1YLPR -1.3%~-0.65%**	1Y LPR/5Y LPR – 1.30%~-0.28%
Floating-rate borrowings (USD)	**SOFR/1M TSOFR/3M TSOFR +0.05%-1.45%**	SOFR/1M TSOFR/ 3M TSOFR +0.20%-1.45%

15 BONDS PAYABLE

	30 June 2024 *RMB'000* (Unaudited)	31 December 2023 *RMB'000* (Audited)
Guaranteed unsecured bonds[1]	**20,426,434**	27,271,681
Unguaranteed unsecured bonds	**7,940,057**	4,915,549
	28,366,491	32,187,230

The following table summarised the basic information of the Group's bonds:

Unaudited			Maturity (Year)	Face value	As at 30 June 2024 Guaranteed unsecured bonds [1]	Unguaranteed unsecured bonds
Issuer	**Currency**	**Fixed coupon rate**				
China Development Bank Financial Leasing Co., Ltd.	RMB	2.20%	2027	**3,000,000**	**–**	**3,000,000**
	USD	2.875%	2030	**4,988,760**	**–**	**4,988,760**
CDBL Funding 2 [2]	RMB	3.40% to 3.50%	2024 to 2026	**1,400,000**	**1,400,000**	**–**
	USD	2% to 3.125%	2025 to 2027	**10,333,860**	**10,333,860**	**–**
CDBL Funding 1 [2]	USD	2.87% to 4.25%	2024 to 2027	**6,627,924**	**6,627,924**	**–**
Issuer	**Currency**	**Floating rate**				
CDBL Funding 2 [2]	USD	SOFR + Margin ranging from 0.9% to 1.00%	2025 to 2027	**2,102,406**	**2,102,406**	**–**
				28,452,950	**20,464,190**	**7,988,760**

Audited			Maturity (Year)	Face value	As at 31 December 2023 Guaranteed unsecured bonds [1]	Unguaranteed unsecured bonds
Issuer	Currency	Fixed coupon rate				
China Development Bank Financial Leasing Co., Ltd.	USD	2.875%	2030	4,957,890	–	4,957,890
CDBL Funding 2 [2]	RMB	3.35% to 3.50%	2024 to 2026	1,600,000	1,600,000	–
	HKD	1.40% to 4.85%	2024	2,809,282	2,809,282	–
	USD	1.375% to 5.77%	2024 to 2027	14,696,603	14,696,603	–
CDBL Funding 1 [2]	USD	2.87% to 4.25%	2024 to 2027	6,586,911	6,586,911	–
Issuer	Currency	Floating rate				
CDBL Funding 2 [2]	USD	SOFR + Margin ranging from 0.85% to 1.00%	2024 to 2025	1,629,021	1,629,021	–
				32,279,707	27,321,817	4,957,890

(1) As at 30 June 2024 and 31 December 2023, the bonds were unconditionally and irrevocably guaranteed by CDB Leasing (International) Company Limited or CDB Aviation Lease Finance Designated Activity Company, with the benefit of a Keepwell and Asset Purchase Deed provided by the Company. CDB Leasing (International) Company Limited and CDB Aviation Lease Finance Designated Activity Company are subsidiaries of the Group.

(2) CDBL Funding 1 and CDBL Funding 2 are subsidiaries of the Group.

16 DIVIDENDS

On 28 March 2024, the board of directors has decided to distribute a final dividend of RMB0.9848 per 10 shares for the year ended 31 December 2023. The total share capital of the Group amounted to 12,642,380 thousand, and the total amount of profit distribution amounted to RMB1,245,021 thousand. The proposed final dividend for the year has been approved by the shareholders at the annual general meeting on 28 June 2024.

17 CASH AND CASH EQUIVALENTS

For the purpose of the condensed consolidated statement of cash flows, cash and cash equivalents represent the following:

	30 June 2024 ***RMB'000*** **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Cash and bank balances before impairment loss	**107,340,196**	69,497,069
Financial assets held under resale agreements before impairment loss	**5,999,600**	–
Less:		
– Pledged and restricted bank deposits	**35,188,256**	16,036,606
– Mandatory reserve deposits with central bank	**340,636**	343,549
– Other [1]	**500,000**	4,260,120
	77,310,904	48,856,794

(1) Other is mainly unpledged and unrestricted fixed deposits.

18 SEGMENT REPORTING

Information reported to the chief operating decision maker (hereinafter refer to as the "CODM"), being the board of directors of the Company, for the purposes of resource allocation and assessment of segment performance focuses on the nature of services provided by the Group, which is also consistent with the Group's basis of organisation, whereby the businesses are organised and managed separately as individual strategic business unit that serves different markets. Segment information is measured in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to the board of directors of the Company, which are consistent with the accounting and measurement criteria in the preparation of the interim condensed consolidated financial statements.

Specifically, the Group's operating segments are as follows:

(a) Aircraft leasing: mainly engaged in the acquisition, leasing, management and disposal of commercial aircraft;

(b) Regional development leasing: mainly engaged in the leasing of urban and transportation facilities and key industrial equipment developed in service region supported by national policies;

(c) Ship leasing: mainly engaged in the leasing of ships;

(d) Inclusive finance: mainly engaged in the leasing of vehicles other than aircraft and ships, and construction machinery; and

(e) Green energy and high-end equipment leasing: mainly engaged in the leasing of energy infrastructure and high-end equipment.

Segment assets and liabilities are allocated to each segment, excluding deferred tax assets and liabilities, and the segment result excludes income tax expense. Segment revenue, results, assets and liabilities mainly include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Expenses of the headquarters are allocated according to the proportion of each segment's net revenue (segment's revenue deducting depreciation expenses of equipment held for operating lease businesses). Assets and liabilities of the headquarters are allocated according to the proportion of each segment's assets related to leasing business.

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties and there was no change in the basis during the six months ended 30 June 2024 and 2023.

The operating and reportable segment information provided to the CODM during the six months ended 30 June 2024 and 2023 is as follows:

	Aircraft leasing *RMB'000*	Regional development leasing *RMB'000*	Ship leasing *RMB'000*	Inclusive finance *RMB'000*	Green energy and high-end equipment leasing *RMB'000*	Total *RMB'000*
Unaudited						
For the six months ended 30 June 2024						
Segment revenue and results						
Finance lease income	**2,811**	**2,356,454**	**590,899**	**922,509**	**1,500,424**	**5,373,097**
Operating lease income	**4,179,750**	**53,596**	**2,469,045**	**385,981**	**25,124**	**7,113,496**
Segment revenue	**4,182,561**	**2,410,050**	**3,059,944**	**1,308,490**	**1,525,548**	**12,486,593**
Segment other income, gains and losses	**372,404**	**254,086**	**267,730**	**81,886**	**154,334**	**1,130,440**
Segment revenue and other income	**4,554,965**	**2,664,136**	**3,327,674**	**1,390,376**	**1,679,882**	**13,617,033**
Interest expense	**(2,186,695)**	**(1,627,524)**	**(1,536,975)**	**(404,184)**	**(972,282)**	**(6,727,660)**
Other expense	**(2,430,240)**	**169,416**	**(1,352,797)**	**(542,359)**	**(172,325)**	**(4,328,305)**
Segment expenses	**(4,616,935)**	**(1,458,108)**	**(2,889,772)**	**(946,543)**	**(1,144,607)**	**(11,055,965)**
(Loss)/profit before impairment losses and income tax	**(109,597)**	**909,594**	**457,878**	**430,269**	**611,877**	**2,300,021**
(Loss)/profit before income tax	**(61,970)**	**1,206,028**	**437,902**	**443,833**	**535,275**	**2,561,068**
Unaudited						
As at 30 June 2024						
Segment assets and liabilities						
Segment assets	**111,878,604**	**135,311,160**	**81,184,493**	**44,286,643**	**106,558,754**	**479,219,654**
Deferred tax assets						**2,215,954**
Group's total assets						**481,435,608**
Segment liabilities	**107,109,338**	**125,247,486**	**74,899,798**	**39,856,268**	**95,800,650**	**442,913,540**
Deferred tax liabilities						**848,064**
Group's total liabilities						**443,761,604**
For the six months ended 30 June 2024						
Other segment information						
Depreciation of investment properties	**–**	**(21,313)**	**–**	**–**	**–**	**(21,313)**
Depreciation of property and equipment	**(2,056,227)**	**(5,365)**	**(972,497)**	**(286,429)**	**(30,215)**	**(3,350,733)**
Depreciation of right-of-use assets	**(9,210)**	**(3,109)**	**(2,941)**	**(1,017)**	**(1,939)**	**(18,216)**
Amortisation	**(14,402)**	**(7,260)**	**(2,540)**	**(879)**	**(1,676)**	**(26,757)**
Net impairment losses	**47,627**	**296,434**	**(19,976)**	**13,564**	**(76,602)**	**261,047**

	Aircraft leasing *RMB'000*	Regional development leasing *RMB'000*	Ship leasing *RMB'000*	Inclusive finance *RMB'000*	Green energy and high-end equipment leasing *RMB'000*	Total *RMB'000*
Unaudited						
For the six months ended 30 June 2023						
Segment revenue and results						
Finance lease income	2,929	3,019,067	420,781	893,052	960,924	5,296,753
Operating lease income	3,658,302	61,435	1,776,769	7,591	6,100	5,510,197
Segment revenue	3,661,231	3,080,502	2,197,550	900,643	967,024	10,806,950
Segment other income, gains and losses	317,736	141,287	491,961	43,346	45,818	1,040,148
Segment revenue and other income	3,978,967	3,221,789	2,689,511	943,989	1,012,842	11,847,098
Interest expense	(1,658,976)	(1,472,593)	(924,952)	(328,986)	(449,382)	(4,834,889)
Other expense	(2,286,128)	(397,779)	(1,412,704)	(254,625)	(27,767)	(4,379,003)
Segment expenses	(3,945,104)	(1,870,372)	(2,337,656)	(583,611)	(477,149)	(9,213,892)
Profit before impairment losses and income tax	99,654	1,578,546	443,316	455,764	520,960	3,098,240
Profit before income tax	33,863	1,351,417	351,855	360,378	535,693	2,633,206
Audited						
As at 31 December 2023						
Segment assets and liabilities						
Segment assets	108,978,585	130,008,248	62,783,875	36,041,877	69,750,607	407,563,192
Deferred tax assets						2,131,711
Group's total assets						409,694,903
Segment liabilities	103,629,005	118,936,991	55,452,496	31,756,943	61,528,960	371,304,395
Deferred tax liabilities						1,108,668
Group's total liabilities						372,413,063
Unaudited						
For the six months ended 30 June 2023						
Other segment information						
Depreciation of investment properties	–	(20,185)	–	–	–	(20,185)
Depreciation of property and equipment	(1,899,905)	(8,925)	(917,141)	(3,110)	(5,926)	(2,835,007)
Depreciation of right-of-use assets	(8,683)	(2,680)	(1,138)	(685)	(848)	(14,034)
Amortisation	(15,132)	(8,363)	(1,557)	(937)	(1,160)	(27,149)
Net impairment losses	(65,791)	(227,129)	(91,461)	(95,386)	14,733	(465,034)

The largest customer of the Group contributed 2.92% of the Group's revenue for the six months ended 30 June 2024 (2023: 2.62%).

The Group's non-current assets are mainly located in the PRC (country of domicile). The Group's revenue is substantially derived from its operation in the PRC for the six months ended 30 June 2024 and 2023.

19 EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting date that require disclosure in these financial statements.

DEFINITIONS

"Administrative Measures for the Capital of Commercial Banks"	the Administrative Measures for the Capital of Commercial Banks (《商業銀行資本管理辦法》) (National Financial Regulatory Administration Order [2023] No.4), which was published by the NFRA on October 26, 2023 and came into effect on January 1, 2024, which is referred to as the "New Capital Regulations"
"Airbus"	Airbus S.A.S. (Airbus), a "Société par Actions Simplifiée (SAS) (which means "simplified joint-stock company")" incorporated under French law
"Articles of Association"	the articles of association of China Development Bank Financial Leasing Co., Ltd.
"Board" or "Board of Directors"	the board of directors of the Company
"Board of Supervisors"	the board of supervisors of the Company
"Boeing"	The Boeing Company, a company incorporated in Delaware, the United States
"CBIRC"	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) and its predecessor, China Banking Regulatory Commission (中國銀行業監督管理委員會), which is renamed as The National Financial Regulatory Administration (國家金融監督管理總局)
"CDB" or "China Development Bank"	China Development Bank, established in the PRC in 1994 and restructured as a limited liability company in 2017, and the Controlling Shareholder of the Company which holds 64.40% equity interest of the Company
"China" or the "PRC"	the People's Republic of China
"Company" or "CDB Leasing"	China Development Bank Financial Leasing Co., Ltd. (國銀金融租賃股份有限公司), a company established in the PRC in 1984 and converted into a joint stock limited company on September 28, 2015, the H Shares of which are listed on the Hong Kong Stock Exchange with stock code of 1606

"Controlling Shareholder(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules
"Director(s)"	director(s) of the Company
"Domestic Share(s)"	ordinary shares in the Company's share capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"Group"	the Company and its subsidiaries or SPVs, or the Company and any one or more of its subsidiaries or SPVs, as the context may require
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"H Share(s)"	overseas listed foreign share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange and traded in Hong Kong dollars
"Measures for the Risk Classification of Financial Assets of Commercial Banks"	the Measures for the Risk Classification of Financial Assets of Commercial Bank (《商業銀行金融資產風險分類辦法》) (China Banking and Insurance Regulatory Commission PBOC Order [2023] No.1), in order to facilitate commercial banks to accurately assess credit risk and truly reflect the quality of financial assets, the CBIRC and the PBOC jointly formulated the measures. The measures were issued on February 10, 2023 and came into effect on July 1, 2023
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
"NFRA"	The National Financial Regulatory Administration (國家金融監督管理總局) and its local offices, including its predecessor, CBIRC. The NFRA is an organization directly under the State Council established on the basis of CBIRC. In March 2023, the Central Committee of the Communist Party of China and the State Council issued the Party and State Organizational Reform Plan, deciding to establish the NFRA on the basis of the CBIRC and no longer retain the CBIRC. On May 18, 2023, the NFRA was inaugurated
"OEM(s)"	collectively or individually, Boeing, Airbus and other airline manufacturers

"PBOC"	the Central Bank of the People's Republic of China
"Reporting Period"	from January 1, 2024 to June 30, 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Share(s)"	share(s) in the share capital of the Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of the Share(s)
"State Council"	State Council of the People's Republic of China
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"Supervisor(s)"	supervisor(s) of the Company
"US$", "USD" or "US dollar(s)"	United States dollar(s), the lawful currency of the United States

GLOSSARY OF TECHNICAL TERMS

"dual carbon"	abbreviation for "carbon peak" and "carbon neutral"; in September 2020, China clearly set out its goals of "carbon peak" by 2030 and "carbon neutral" by 2060
"finance lease"	a lease arrangement classified under the International Financial Reporting Standards, pursuant to which substantially all of the risks and returns of ownership of the leased assets are transferred from the lessors to the lessees
"finance lease related assets"	leased assets under finance leases, consisting of finance lease receivable and accounts receivable (prepayments for finance lease projects)
"Fitch"	Fitch Ratings Ltd.
"GW"	the unit of power, i.e., one billion watts, or 1,000 megawatts. "GW" is the abbreviation of Gigawatt
"Moody's"	Moody's Investors Service, Inc.
"MW"	the unit of power, i.e. one million watts. "MW" is the abbreviation of Megawatt
"MW.h"	the unit of energy storage capacity. "MW.h" is the abbreviation of Megawatt-hour
"narrow-body aircraft"	single-aisle aircraft, such as Airbus A320 family and Boeing 737 family

"operating lease"	a lease arrangement classified under the International Financial Reporting Standards, pursuant to which substantially all of the risks and returns of the leased assets remain with the lessors
"SPV(s)"	special purpose vehicle(s)
"Standard & Poor's"	S&P Global Ratings
"wide-body aircraft"	twin-aisle aircraft, such as Airbus A330 family and Boeing 777 family

By order of the Board
CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.
LIU Yi
Joint Company Secretary

Shenzhen, the PRC
August 30, 2024

As at the date of this announcement, the executive directors of the Company are Ms. MA Hong and Mr. JIN Tao; the non-executive directors are Mr. ZHANG Kesheng and Mr. LIU Xipu; the independent non-executive directors are Mr. LI Haijian, Mr. LIU Ming and Mr. WANG Guiguo.