

Company No. 01543912

Cronos Containers Limited

Report and Financial Statements
31 December 2021



Report and Financial Statements 2021

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Cronos Containers Limited

Corporate information

1. Directors

W. D. H. Buckwell
D. P. Misseldine
S. M. Pepper (resigned 16 April 2021)

2. Secretary

W. D. H. Buckwell

3. Registered office

4th Floor
Union House
182-194 Union Street
London
SE1 0LH

4. Auditor

Ernst & Young
Chartered Accountants
Harcourt Centre
Harcourt Street
Dublin 2
Ireland

Cronos Containers Limited

Strategic report

1. Principal activity

The principal activity of Cronos Containers Limited (the 'Company') is the rental collection from the container leasing business of the Cronos group of companies.

2. Business review and future prospects

The Company made a loss in the year of \$4,000 (2020 - \$12,000).

The Company is a subsidiary of Cronos Limited, a company registered in Bermuda. The Company has previously acted as the billing agent for various entities in the Cronos Limited group. All such billing activities that were undertaken by the Company were transferred to another group entity with the same ultimate parent company. The Company is no longer trading but remains legally entitled to collect amounts previously billed.

No significant changes to the activities of the Company are expected in the foreseeable future.

3. Financial risk management objectives and policies

The main financial risks faced by the Company are foreign exchange, liquidity and credit risk. The Company's exposure to cash flow risk is limited as the Company provides services to the Cronos Limited group with associated compensation. Further details of these risks are given below. The Company's policy is not to enter into any derivative financial instruments in respect of these or other risks.

Foreign Exchange Risk

Foreign currency risk is the risk that the fair value or future cash flows of monetary assets and liabilities will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

Historically, the Company entered into leasing contracts in a variety of currencies. From 1 April 2016, the Company did not enter into further leasing contracts. The Company has a policy of not hedging foreign exchange risk.

Liquidity Risk

Liquidity risk is the risk that the Company might not have sufficient financial resources to meet its obligations as they fall due. In order to maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the Company is financed by its immediate parent, Cronos Limited, a company based in Bermuda.

Approved by the Board and signed on its behalf by



D. P. Misseldine
Director

26 April 2022

4th Floor
Union House
182-194 Union Street
London
SE1 0LH

Cronos Containers Limited

Directors' report

The directors present their annual report and the audited financial statements for Cronos Containers Limited for the year ended 31 December 2021. The ultimate majority owner of the Company, Hainan Province Cihang Foundation Co. ('HNA'), did not change during the year.

1. Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

2. Directors

The directors who served during the year ended 31 December 2021 and to the date of the financial statements approval were as follows:

W. D. H. Buckwell
D. P. Misseldine
S. M. Pepper (resigned 16 April 2021)

None of the directors had any notifiable interests in the shares of the Company during the year (2020 - none).

3. Directors indemnities

The Company has made qualifying third-party indemnity provisions as defined in Section 232 (2) of the Companies Act 2006 for the benefit of its directors which were made during the year and remain in force at the date of this report.

4. Supplier payment policy

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

5. Dividends

The Company did not declare any dividends in 2021. During the year ended 31 December 2020, the Company declared a dividend of \$2,000,000 to its sole shareholder, Cronos Limited. The dividend was not paid in cash but instead partially settled the Company's receivables from Cronos Limited.

6. Political and Charitable Donations

The Company has not made charitable or political donations during the year ended 31 December 2021 (2020 - none).

7. Post Balance Sheet Events

Russia and Ukraine conflict

The Russian military operation in Ukraine may negatively impact international trade and our business. The conflict that commenced on 24 February 2022 has resulted in significant economic sanctions and trade controls on Russia, with certain countries restricting shipments to or from Russian ports and limitations on Russian banks and entities' ability to access international payment systems.

If the situation continues, worsens, or if countries impose additional economic sanctions or other business restrictions, including sanctions on countries that are supporting Russia or refusing to sanction Russian parties, international trade may be negatively impacted and container trade and demand for our containers may decrease, which could harm our business and operating results.

Cronos Containers Limited

HNA insolvency procedure

As disclosed in Note 10 to the financial statements, HNA Group entered an Insolvency Procedure on 29 January 2021. Subsequent to the year end, on 24 April 2022, Bohai received notice from HNA Group on the completion of the execution of the "Reorganization Plan for the Substantive Merger and Reorganization of 321 Companies including HNA Group Co., Ltd" by the court. Following the approval and confirmation of the reorganization plan, a special service trust has been established with CITIC Trust Co., Ltd. and Everbright Xinglong Trust Co., Ltd. being determined as trustees of the trust. This is not expected to change the day-to-day operations of the Company.

8. Audit

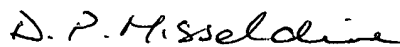
Each of the persons who is a director at the date of approval of this report confirms that:

- 1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- 2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

A resolution to re-appoint Ernst & Young, Chartered Accountants will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by



D. P. Misseldine
Director

26 April 2022

4th Floor
Union House
182-194 Union Street
London
SE1 0LH

Cronos Containers Limited

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.


Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standards, Reduced Disclosure Framework (FRS 101) and applicable law. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Financial Reporting Standards, Reduced Disclosure Framework (FRS 101) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board and signed on its behalf by



D. P. Misseldine
Director

26 April 2022

4th Floor
Union House
182-194 Union Street
London
SE1 0LH

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRONOS CONTAINERS LIMITED

Opinion

We have audited the financial statements of Cronos Containers Limited for the year ended 31 December 2021 which comprise Income Statement, Statement of Changes in Equity, Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the strategic report, directors' report and directors' responsibility statement. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRONOS CONTAINERS LIMITED (CONTINUED)

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

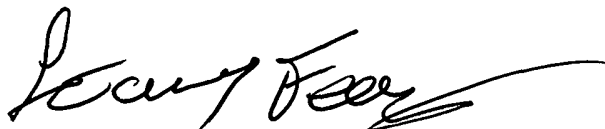
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company.
- We understood how Cronos Containers Limited is complying with those frameworks by reviewing policy framework, holding discussions with the Company's general counsel.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Séamus Feeney,
for and on behalf of Ernst & Young, Statutory Auditor
Dublin
26 April 2022

Cronos Containers Limited

Income statement

for the year ended 31 December 2021

	2021	2020
	\$000	\$000
Selling, general and administrative expenses	(5)	(4)
Foreign exchange gain/ (loss)	1	(8)
Operating loss	(4)	(12)
Loss before income taxes	(4)	(12)
Loss for the year attributable to the owner of the Company	(4)	(12)

Other than the items in the income statement above, there are no other items of comprehensive income and accordingly, a separate statement of comprehensive income has not been prepared. All activities derive from continuing operations.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Cronos Containers Limited

Statement of changes in equity for the year ended 31 December 2021

	Called up share capital (note 8) \$000	Retained earnings \$000	Total Equity \$000
At 1 January 2020	823	2,550	3,373
Loss for the year	-	(12)	(12)
Dividend (note 8)	-	(2,000)	(2,000)
At 30 December 2020	823	538	1,361
At 31 December 2020	823	538	1,361
Loss for the year	-	(4)	(4)
At 31 December 2021	823	534	1,357

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.


Cronos Containers Limited

Balance sheet at 31 December 2021

	Note	31 December 2021 \$000	30 December 2020 \$000
Current assets			
Amounts due from group undertakings	7	1,336	1,334
Cash and cash equivalents		25	30
		<u>1,361</u>	<u>1,364</u>
Creditors: amounts falling due within one year			
Trade and other payables		4	3
		<u>4</u>	<u>3</u>
Current assets less current liabilities		<u>1,357</u>	<u>1,361</u>
Net assets		<u>1,357</u>	<u>1,361</u>
Capital and reserves			
Called up share capital	8	823	823
Retained earnings		534	538
Total equity		<u>1,357</u>	<u>1,361</u>

The financial statements of Cronos Containers Limited (registered number 01543912) comprising the balance sheet as at 31 December 2021, the income statement and the statement of changes in equity for the year then ended and related notes were approved and authorised for issue by the Board of Directors on 26 April 2022.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.


D. P. Misseldine

Cronos Containers Limited

Notes to the financial statements

1. Authorisation of financial statements and compliance with FRS101

The financial statements of Cronos Containers Limited (the 'Company') for the year ended 31 December 2021 were authorised for issue by the board of directors on 26 April 2022 and the balance sheet was signed on the board's behalf by David Misseldine. Cronos Containers is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with United Kingdom law and applicable accounting standards.

The Company's financial statements are presented in US Dollars (\$) and all values are rounded to the nearest thousand (\$000), except when otherwise indicated.

2. Accounting policies

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis unless indicated in the significant accounting policies below.

The Company's financial statements are prepared under FRS 101. The accounting policies which follow set out those policies which apply in preparing the financial statements. The Company is a subsidiary of Bohai Leasing Co. Limited (formally Bohai Capital Holding Co. Limited) ('Bohai'). Bohai is listed on the Shenzhen stock exchange (SZSE) under stock code 000415 and its consolidated financial statements are publicly available. The Company has therefore taken advantage of the following disclosure exemptions under FRS 101:

(a) The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations.

(b) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:

- (i) paragraph 79(a)(iv) of IAS 1;
- (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;

(c) the requirements of paragraphs 10(d), 10(f), 39(c), 40A-40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;

(d) the requirements of IAS 7 Statement of Cash Flows;

(e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

(f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

(g) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

(h) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets; and

(i) the requirements of IFRS 7 Financial Instruments: Disclosures.

Cronos Containers Limited

Notes to the financial statements

2.2 Judgements and key sources of estimation uncertainty

There are no accounting estimates or judgements that have a significant effect on amounts recognised in the Company's financial statements.

2.3 Significant accounting policies

a) Foreign currency translation

The company's financial statements are presented in US dollars, which is also the company's functional currency.

Transactions and balances

The Company carries on its business in US\$ and accordingly the books and records are maintained in US\$ and the accounts are presented in US\$.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

b) Going concern

The Company's business activities, together with the factors likely to affect future development are set out in the Strategic Report. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors have also made enquiries with the management of the group owning Cronos Ltd and are satisfied that funding will continue. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

c) Financial Instruments

(i) Financial assets

Initial recognition and measurement

All financial assets within the scope of IFRS 9 – Financial Instruments are classified as financial assets at amortised cost, financial assets at fair value through other comprehensive income, or as financial assets at fair value through profit or loss, as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs.

The Company's financial assets include cash and cash equivalents and amounts owed by group undertakings.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, or as financial liabilities at amortised cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

The Company's financial liabilities consist of trade and other payables.

Cronos Containers Limited

Notes to the financial statements

De-recognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ('ECL') on financial assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The ECL on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for general economic conditions and an assessment of the current and future direction of these conditions at the reporting date. This assessment considers forward looking macroeconomic factors that affect global trade and the time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company does not recognise any loss allowance for ECL on cash and cash equivalents because neither the Company's historical credit loss experience nor general economic conditions indicate any likely default events over the expected life of these financial assets.

d) Cash and cash equivalents

Cash and cash equivalents on the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

e) Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.
- Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised, or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.
- Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Cronos Containers Limited

Notes to the financial statements

f) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

Containers are regularly moving between countries in international commerce over hundreds of trade routes. The Company has no knowledge of, or control over, the movement of containers under lease which may touch ports in any area of the World. Therefore, a geographical analysis of turnover, operating profits and net assets is not possible.

3. Adoption of new accounting standards

The following new or amended standards and interpretations are effective for annual periods beginning on or after 1 January 2021 and the Company has applied them from their effective dates. None has had any impact on the Company's financial statements for the year ended 31 December 2021.

- Amendments to IFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021 – Effective date 1 April 2021
- Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 Interest Rate Benchmark Reform – Phase 2

The effective date for all amendments and interpretations is 1 January 2021 unless otherwise stated.

4. Auditor's remuneration

No expense has been recognised for auditor remuneration which was settled on behalf of the Company by its related party, Seaco SRL, and has not been recharged.

5. Information regarding directors

The directors were employed by, and emoluments paid by, the Company's related party Seaco Global Limited. It is not practical to apportion their emoluments with regards to their services to the Company in either the current or preceding year.

6. Taxation

No tax expense has been recognised in the income statement for the years ended 31 December 2021 and 2020.

Reconciliation of tax credit to income statement

	2021 \$000	2020 \$000
Loss before tax	(4)	(12)
Tax calculated at UK standard rate of corporation tax of 19.00% (2020 - 19.00%)	(1)	(2)
Expenses not deductible for tax purposes	1	2
Prior year items	-	-
Tax credit to income statement	-	-

Cronos Containers Limited

Notes to the financial statements

As at 31 December 2021 and 2020 there were no deferred tax assets or liabilities recognised on the balance sheet.

Factors which may affect future tax charges

The UK corporation tax rate during the year ended 31 December 2021 was 19% (2020 - 19%). The UK Government announced on 3 March 2021 its intention to increase the UK rate of corporation tax to 25% from 19% from 1 April 2023. This change was substantively enacted on 24 May 2021.

7. Amounts due from/due to group undertakings

The amounts due from/due to group undertakings are interest free, unsecured and repayable on demand. The Company does not recognise any loss allowance for expected credit losses on amounts due from group undertakings because neither the Company's historical credit loss experience nor general economic conditions indicate any likely default events over their expected life.

8. Authorised, issued and called up share capital

	2021	2020
	\$000	\$000
Allotted, called up and fully paid:		
500,000 ordinary shares of £1.00 each	823	823

The Company did not declare any dividends in 2021. During the year ended 31 December 2020, the Company declared a dividend of \$2,000,000 to its sole shareholder, Cronos Limited. The dividend was not paid in cash but instead partially settled the Company's receivables from Cronos Limited.

9. Related party transactions disclosure

During the year the Company entered into transactions in the ordinary course of business, with related parties. Those transactions with directors are disclosed in note 5. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

10. Immediate and ultimate parent company

At 31 December 2021, the immediate parent of the Company is Cronos Limited, a company based in Bermuda whose ultimate parent company is Hainan Province Cihang Foundation ('HNA'), an entity incorporated in the PRC. The smallest group for which the Company is consolidated is Cronos Ltd. The largest group for which consolidated financial statements are prepared is HNA, copies of which are not publicly available.

The largest group for which publicly available consolidated financial statements are available is Bohai Leasing Co. Limited (previously named Bohai Capital Holding Co. Limited) ('Bohai'). Bohai is listed on the Shenzhen stock exchange (SZSE) under stock code 000415 and is incorporated in the PRC with a registered address of 93 Huanghe Road, Urumchi, Xinjiang Province.

HNA insolvency procedure

On 29 January 2021, HNA Group Company Limited ('HNA Group') publicly advised that it had received a formal notice from the High People's Court in Hainan, PRC, that certain creditors of HNA Group had filed an application to initiate a protective insolvency reorganisation procedure against HNA Group (the 'Insolvency Procedure'). Subsequently, certain other affiliates of HNA Group, including HNA Capital Group Company Limited ('HNA Capital'), have also received such notices and have been included in the Insolvency Procedure.

Cronos Containers Limited

Notes to the financial statements

On 10 February 2021, the court accepted the application and appointed a working group as administrator. This working group consists of various governmental authorities plus King & Wood Mallesons and Ernst & Young. On 29 September 2021, the High Court of Hainan Province held the second meeting of creditors to vote on a merger and reorganisation plan for 321 companies including HNA Group and on 23 October 2021, the proposed merger and reorganisation plan was approved.

On 31 October 2021, the High Court of Hainan Province ruled to approve the merger and reorganisation plan, so the Company's indirect controlling shareholders HNA Group and HNA Capital entered the execution process of the reorganisation. As at 31 December 2021, the reorganisation procedure is in the final stage, but the outcome and completion date are not yet confirmed.

As at 31 December 2021 and 2020, the Company has no receivable or payable balances with HNA entities that are part of the insolvency procedure. HNA entities do not provide guarantee on any of the Company's liabilities.

11. Subsequent events

Russia and Ukraine conflict

The Russian military operation in Ukraine may negatively impact international trade and our business. The conflict that commenced on 24 February 2022 has resulted in significant economic sanctions and trade controls on Russia, with certain countries restricting shipments to or from Russian ports and limitations on Russian banks and entities' ability to access international payment systems.

If the situation continues, worsens, or if countries impose additional economic sanctions or other business restrictions, including sanctions on countries that are supporting Russia or refusing to sanction Russian parties, international trade may be negatively impacted and container trade and demand for our containers may decrease, which could harm our business and operating results.

HNA insolvency procedure

As disclosed in Note 10 to the financial statements, HNA Group entered an Insolvency Procedure on 29 January 2021. Subsequent to the year end, on 24 April 2022, Bohai received notice from HNA Group on the completion of the execution of the "Reorganization Plan for the Substantive Merger and Reorganization of 321 Companies including HNA Group Co., Ltd" by the court. Following the approval and confirmation of the reorganization plan, a special service trust has been established with CITIC Trust Co., Ltd. and Everbright Xinglong Trust Co., Ltd. being determined as trustees of the trust. This is not expected to change the day-to-day operations of the Company.

12. Accounting standards issued but not yet effective

There are no standards or interpretations issued but not yet effective that are expected to have a material impact on the Company's financial statements in the current or future reporting periods or on the Company's foreseeable future transactions.

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