

CALC

China Aircraft Leasing Group Holdings Limited

(Incorporated under the laws of the Cayman Islands with limited liability)

Stock code: 01848

Visionary and Sustainable Growth

Corporate Governance Report 2023



CORPORATE GOVERNANCE REPORT

The board of directors (the “**Directors**”) of the Company (the “**Board**”) is pleased to present this Corporate Governance Report in the annual report for the year ended 31 December 2023 of the Company and its subsidiaries (the “**Group**”).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to attaining and maintaining high standards of corporate governance and it applies corporate governance practices appropriate to the conduct and growth of business of the Group that emphasise a quality board, accountability to all stakeholders, open communication and fair disclosure. It is the firm belief of the Company that a good and solid corporate governance framework is essential to the successful growth of the Company and the enhancement of shareholder value. The Board believes that good corporate governance standards are essential in providing a framework for the Company to formulate its business strategies and policies, and to enhance its transparency, accountability and shareholder value.

The Company has adopted the principles as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as its corporate governance practices.

The Company has complied with all applicable Code Provisions as set out in the CG Code during the year ended 31 December 2023.

In respect of Environmental, Social and Governance (the “**ESG**”) aspect, the Company’s first ESG report for the year of 2014 was published in 2015. The 2023 ESG report is the 10th report the Company will produce focusing on its ESG efforts.

The 2023 ESG report, setting out the Group’s ESG performance, will be available at the Company’s website (www.calc.com.hk). The Group has applied the principles and complied with all applicable requirements and provisions of the Environmental, Social and Governance Reporting Guide set out in Appendix C2 of the Listing Rules in preparation of its 2023 ESG report.

The Group is committed to invest in time and resources in environmental, social and governance aspects for sustainable business growth and development. Our ESG Policy defines our long-term approach to specific issues in two main areas: Environmental and Social. Within each area, core principles and objectives were set out to provide guidance to the Company’s daily operations. Please refer to the 2023 ESG report of the Company for details.

The Company will continue to enhance its corporate governance practices as appropriate to the conduct and growth of its business and to review and evaluate such practices from time to time to ensure that it complies with the CG Code and aligns with the latest developments.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group complies with all applicable laws and regulations in the respective jurisdictions of the businesses and operations which has a significant impact on the Company.

CORPORATE GOVERNANCE REPORT

PURPOSE, VALUES, STRATEGY AND CULTURE

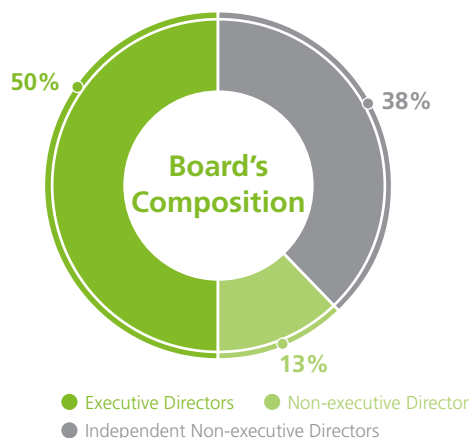
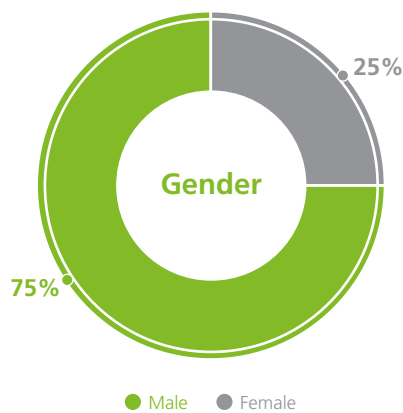
The Company is proud to strive for a better aviation industry and a greener future as we lay the foundations of our business strategy with long-term sustainability and value creation. The core principle and mission of the Company is to become a global leading full value-chain aircraft solutions provider, delivering innovation, value, and exceptional green fleet service to our partners worldwide. We are committed to fostering the professional growth and personal development of our employees, recognizing this as the cornerstone of our success. In partnership with our stakeholders, we strive to create mutual value and success, underpinned by a spirit of collaboration. To deliver our objectives, our focus remains steadfast on generating consistent and sustainable returns for our shareholders, while advocating for environmental stewardship and minimizing our ecological impact. Furthermore, we are dedicated to making a positive societal impact, contributing to the communities in which we operate.

THE BOARD

Composition of the Board

(as at the date of this annual report (i.e. 19 March 2024))

EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTOR	INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. ZHANG Mingao <i>(Chairman of the Board)</i> Mr. POON Ho Man <i>(Chief Executive Officer)</i> Ms. LIU Wanting <i>(President and Chief Commercial Officer)</i> Mr. LI Guohui <i>(Chief Financial Officer and Chief Strategy Officer)</i>	Ms. WANG Yun	Mr. CHEOK Albert Saychuan Dr. TSE Hiu Tung, Sheldon Mr. FAN Chun Wah, Andrew, J.P.



Throughout the year, the Board has complied with the Listing Rules to have at least three independent non-executive Directors (the "INEDs") and who represent one-third of the Board and with at least one of whom holds appropriate professional qualifications and accounting or related financial management expertise.

The Board received from each INED a written annual confirmation of their independence satisfied with guidelines set out in Rule 3.13 of the Listing Rules, and the Nomination Committee assessed the independence of each INED during the year. Each INED will inform the Company in writing as soon as practicable if there is any change of circumstances which may affect his independence.

CORPORATE GOVERNANCE REPORT

The Directors do not have financial, business, family or other material/relevant relationships with each other.

After annual assessment by the Nomination Committee during the year, the Board considers the current structure, size and composition of the Board is performing a balanced and independent monitoring function on management practices to complement the Company's corporate strategy. The profile of Directors is set out in the "Profile of the Directors and Senior Management" on pages 81 to 85 of this annual report.

Changes in Composition of the Board and Board Committees

From 1 January 2023 to the date of this annual report (i.e. 19 March 2024), the changes in composition of the Board and Board Committees are listed below:

Director	Change
FAN Chun Wah, Andrew	– appointed as an Independent Non-executive Director of the Company with effect from 14 March 2023. He has been also appointed as the chairman of the Audit Committee, and a member of each of the Remuneration Committee and the Nomination Committee with effect from 16 May 2023. He has obtained legal advice referred to in Rule 3.09D of the Listing Rules and he has confirmed that he understood his obligation as a Director on 16 March 2023
FAN Yan Hok, Philip	– retired as an Independent Non-executive Director of the Company, and accordingly the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee with effect from the conclusion of the 2023 annual general meeting of the Company held on 16 May 2023
TSE Hiu Tung, Sheldon	– re-designated from a member of the Remuneration Committee to the chairman of the Remuneration Committee with effect from 16 May 2023
CHEOK Albert Saychuan	– re-designated from the chairman of the Audit Committee to a member of the Audit Committee with effect from 16 May 2023
WANG Hongyang	– resigned as a Non-executive Director, a member of each of the Remuneration Committee and the Sustainability Steering Committee on Environmental, Social and Governance Issues and the chairman of the Strategy Committee of the Company with effect from 11 July 2023

CORPORATE GOVERNANCE REPORT

Director	Change
WANG Yun	– appointed as a Non-executive Director and a member of each of the Remuneration Committee and the Sustainability Steering Committee on Environmental, Social and Governance Issues and the chairman of Strategy Committee and with effect from 11 July 2023. She has obtained legal advice referred to in Rule 3.09D of the Listing Rules and she has confirmed that she understood his obligation as a Director on 20 July 2023. Ms. Wang was appointed for an initial term from 11 July 2023 up to the date of the first annual general meeting of the Company after appointment and her directorship is subject to retirement by rotation and reelection at annual general meetings in accordance with the articles of association of the Company and the Listing Rules
LIU Wanting	– Ms. LIU will be subject to retirement by rotation at the 2024 AGM and will not offer herself for re-election. Upon conclusion of the 2024 AGM, Ms. LIU will cease to be a Director of the Company. She will continue to serve as the President, Chief Commercial Officer, and member of each of the Strategy Committee and the Sustainability Steering Committee on Environmental, Social and Governance Issues of the Company
LI Guohui	– appointed as an Executive Director with effect from 19 March 2024. He has obtained legal advice referred to in Rule 3.09D of the Listing Rules and he has confirmed that he understood his obligation as a Director on 27 March 2023. Mr. LI was appointed for an initial term from 19 March 2024 up to the date of the first annual general meeting of the Company after appointment, subject to the arrangements of retirement and reelection at the annual general meeting of the Company in accordance with the Articles and the Listing Rules

Save as disclosed above, there were no other changes to the composition of the Board and Board Committees during the year ended 31 December 2023 and up to the date of this annual report (i.e. 19 March 2024).

CORPORATE GOVERNANCE REPORT

Roles of the Board

The executive Board is responsible for setting up the Company's corporate strategy, monitoring its implementation and reviewing operational and financial performance of the Group by making decisions in major aspects of the Company's matters, including but not limited to approving and monitoring key policies, material transactions, business plans, annual budgets, internal control and risk management systems, annual and interim results, major capital expenditure, appointment of Directors and oversight of the Company's ESG strategy and reporting.

The non-executive Board (including majority members are INEDs) has diversified industry expertise and professional knowledge, and provides advisory, adequate check and balances for effective and constructive contribution to the executive Board to safeguard interests of the Shareholders and the Company as a whole.

Implementation of the corporate strategies of the Group is delegated to the Strategy Committee while day-to-day operational management and administration functions of the Group are delegated to the management team of the Group (the "**Management Team**").

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties set out in provision A.2.1 of the CG Code, and in this regard the duties of the Board shall include:

1. to develop and review the Company's corporate governance policies and practices on corporate governance and make recommendation to the Board;
2. to review, and monitor the training and continuous professional development of Directors and senior management;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the compliance of the Model Code by the Directors and the employees of the Company; and
5. to review the Company's compliance with Appendix C1 of the Listing Rules and disclosure in this Corporate Governance Report.

During the year under review, the Board reviewed the Company's compliance with the CG Code and the applicable statutory and regulatory requirements.

The Group has complied with all major aspects of laws and regulations that are significant to its business operations, and there were no threatened or concluded cases of material nature in connection with legal compliance during the year.

CORPORATE GOVERNANCE REPORT

Appointment, Re-election, Rotation and Removal of Directors

The Company has established formal, considered and transparent procedures for appointment, re-election, rotation and removal of Directors. The Nomination Committee is responsible for considering the suitability of individual to act as a Director and making recommendations to the Board on appointment or re-election of retiring Directors, succession planning of Directors and assessing the independence of the INEDs. The key matters addressed by the Nomination Committee during the year are set out below under sub-section headed "Nomination Committee".

All non-executive Directors (the "**NEDs**") (including INEDs) entered into service contracts with the Company with specific term of office. However, each of their term of office is the period up to his retirement by rotation or retirement, but eligible for re-election at annual general meetings of the Company in accordance with the Company's amended and restated articles of association (the "**Articles of Association**").

Pursuant to the article 16.3 of the Articles of Association, the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

Pursuant to the Article 16.2 of the Articles of Association, the Directors shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall be eligible for re-election.

Also, pursuant to the Article 16.18 of the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director whose office shall expire at any such annual general meeting because he has been appointed pursuant to Article 16.2 of the Articles of Association shall not be taken into account in determining the number of Directors, or which Directors, are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

Accordingly, four Directors shall retire by rotation and except for Ms. LIU Wanting who is subject to retire by rotation but will not offer herself for re-election, all of them, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company (i.e. the 2024 AGM). Details of the retirement by rotation were set out in the section headed "Directors" in the Report of the Directors on page 33 and page 34 of this annual report.

Board Meetings and General Meetings

The annual general meeting and an extraordinary general meeting were held during the year. The attendances of each Director at the Board and general meetings during the year are set out below under section headed "Board, Board Committees and General Meetings Attendance".

CORPORATE GOVERNANCE REPORT

Annual schedule of Board meetings and draft agenda of each meeting are made available to the Directors sufficient time in advance to encourage the Directors' involvement. Notice of Board meetings at least 14 days has been given and Board papers are sent at least 3 days before the Board meetings. All Directors have full and timely access to the Management Team for any information to enable them to make informed decisions at the Board meetings, as well as the company secretary of the Company who ensures that the regulatory Board procedures are followed. Members of the Management Team are usually invited to attend the Board meetings to promote an effective communication within the Group. Each Director is authorised to hire external consultants or experts for independent professional advice at the Company's expenses to discharge the responsibilities of Directors and Board committee members, if applicable.

INEDs had attended a meeting independently held with Chairman of the Board, on direction of the Group's strategy and policies during the year.

Directors' Liability Insurance

The Company has arranged appropriate liabilities insurance to indemnify the Directors and officers from any liabilities arising from the business of the Group.

Induction and Continuing Development of Directors

Each newly-appointed Director was provided with a comprehensive, formal and tailored induction to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the Listing Rules and any other regulatory requirements. From time to time, the Company Secretary also provides the Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements.

The Company encourages all Directors to participate in continuous professional development to further enhance and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company received from the Directors the following records of the training attended during the year, which is relevant to the Company's business or Directors' duties and responsibilities:

Directors	Nature of Trainings	
	Type 1	Type 2
Executive Directors		
ZHANG Mingao	✓	
POON Ho Man	✓	✓
LIU Wanting	✓	✓
LI Guohui (appointed on 19 March 2024)	✓	✓
Non-executive Directors		
WANG Yun (appointed on 11 July 2023)	✓	✓
WANG Hongyang (resigned on 11 July 2023)	✓	
Independent Non-executive Directors		
CHEOK Albert Saychuan	✓	✓
TSE Hiu Tung, Sheldon	✓	✓
FAN Chun Wah, Andrew	✓	✓
FAN Yan Hok, Philip (retired on 16 May 2023)	✓	

Type of trainings:

1. Reading materials.
2. Attending or giving speech at seminars or training sessions/press conference, and accessing to web-based e-learning courses launched by the Stock Exchange for directors of listed companies.

CORPORATE GOVERNANCE REPORT

BOARD INDEPENDENCE MECHANISM

The Company acknowledges that Board independence is critical to good corporate governance. To ensure independent views and input are available to the Board, the Company has put in place the following mechanisms in the Company's corporate governance framework:

(1) RECRUITMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Nomination Committee shall be responsible for making recommendations to the Board in respect of the appointment of an Independent Non-executive Director in accordance with the Company's nomination policy and the terms of reference of the Nomination Committee.

(2) NUMBER OF INDEPENDENT NON-EXECUTIVE DIRECTORS AND THEIR TIME CONTRIBUTION

The Company shall include at least three Independent Non-executive Directors and maintain the proportion of the Independent Non-executive Directors to at least one-third of the Board in line with the requirements of Listing Rules. Further, if the proposed Independent Non-executive Director candidate will be holding his/her seventh (or more) listed company directorship, the Board would look into the reasons provided by the recruitment agencies or the referring party and be convinced that such candidate would be able to devote sufficient time to the Board before proposing him/her to be elected as an Independent Non-executive Director at the general meeting.

It is the Company's expectation that all Independent Non-executive Directors should attend the annual general meeting, all meetings of the Board and any Board committees on which he or she sits and should only miss meetings in exceptional circumstances with reasons being provided and documented.

(3) ASSESSMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS' CONTRIBUTION

The review of performance and contribution of each Independent Non-executive Director will be carried out by the Nomination Committee. In conducting the evaluation, the Nomination Committee may take into account the views of other Directors and engage independent adviser(s) to assist the evaluation process if the Nomination Committee considers necessary.

(4) AVAILABILITY OF RESOURCES AND INDEPENDENT ADVICE

To enable all Directors can discharge their duties effectively, each Director shall have the access to the information, personnel and independent advices. Further, all standing committees set up by the Company is authorized by the Board to obtain external professional advice including but not limited to legal advice and to invite the attendance of external parties with relevant expertise and experience, should such committee considers necessary.

The implementation and effectiveness of the relevant measures and mechanisms are reviewed by the Board on an annual basis. The Board considers that the above mechanisms are effective in ensuring that independent views and input are provided to the Board.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

During the year, the roles of the Chairman of the Board and the Chief Executive Officer (the “**CEO**”) were separately performed by different individuals. The respective responsibilities of the Chairman of the Board and CEO are set out in the Company’s delegation policy which has been approved by the Board.

Mr. ZHANG Mingao, the Chairman of the Board, is focusing on determination of strategy, direction and goal of the Group and he is also responsible for leading the Board to effective management of the Company by, among others, ensuring good corporate governance practices and procedures, encouraging the Directors to make full and active contribution to the affairs of the Board, developing a culture of openness and debate among the Directors and so the Board decisions fairly reflect consensus, drawing up and approving the Board meetings agenda, and chairing the Board meetings.

Mr. POON Ho Man, the CEO, within the powers delegated by the Board from time to time, is responsible for day-to-day management of the Company and to implement strategies and major policies decided by the Board with support of another Executive Directors and the Management Team.

CORPORATE GOVERNANCE POLICIES

Board Diversity Policy

The Company has adopted a policy on diversity of the Board members (the “**Diversity Policy**”) since August 2014, which sets out the approach by the Company to achieve diversity on the Board.

Under the Diversity Policy, the Company recognizes the importance and the benefits of having a diverse Board that fits its own business model and specific needs in order to achieve its corporate goals and strategies. These benefits include (i) ensuring that a range of different perspectives can be brought to the table when reviewing and considering issues within the Board; (ii) enabling the Company to connect effectively with its stakeholders as appropriate; and (iii) supporting the Company’s commitment to improve its corporate governance practices.

With a view to achieving sustainable and balanced development, the Company also sees diversity at the Board level as an essential element in maintaining a competitive advantage. In determining the optimum composition of the Board, the Company will consider a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skill, knowledge and length of service to allow for the Company’s business model and specific needs. The ultimate decision will be based on merit and the contribution the selected candidates may bring to the Board, having regard for the benefits of diversity on the Board.

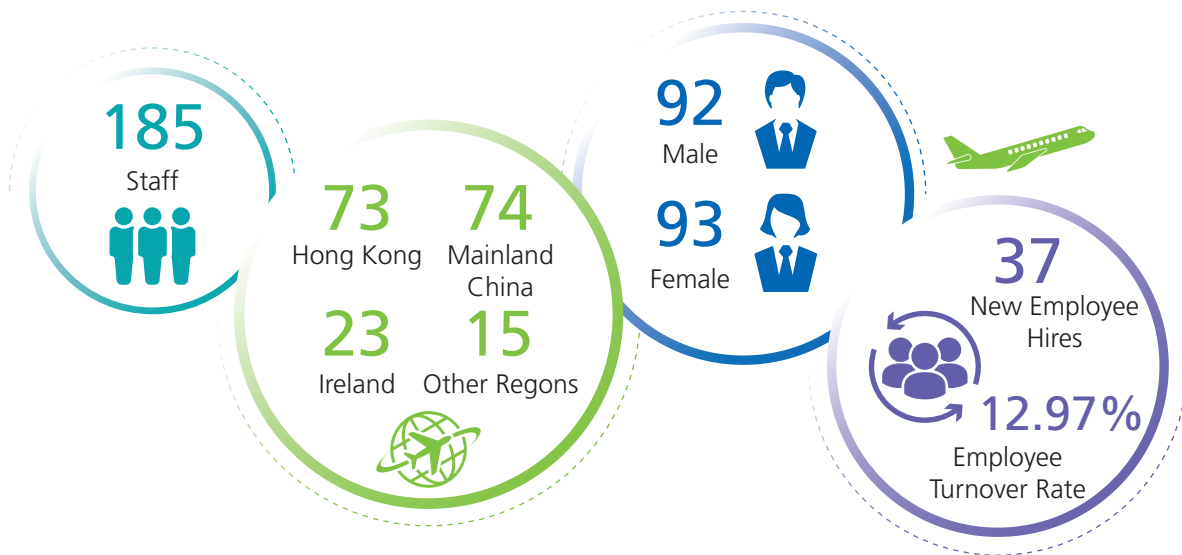
The nomination committee of the Company (the “**Nomination Committee**”) will review the implementation and effectiveness of the Group’s diversity policy annually, as appropriate, to ensure the effectiveness of the diversity policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Board and Workforce Diversity

The Board comprises six male members (representing 75% of the Board) and two female members (representing 25% of the Board). Other than Ms. LIU Wanting, the Board has appointed one additional female director Ms. WANG Yun on 11 July 2023 and the total number of female directors increased to two.

CORPORATE GOVERNANCE REPORT

As at 31 December 2023, there were 185 staff (including senior management) in our Hong Kong headquarters, offices in Mainland China, Ireland, France, Singapore and Malaysia, and among the 185 staff of the Group, the male to female ratio was 0.99:1. The Group places a high emphasis on a diverse and inclusive culture, providing opportunities for female talents to achieve their potential in the workplace. The Group has a total of 8 women to executive or departmental leadership positions (including Executive Director, President and Chief Commercial Officer of the Group), accounting for 34.78% of all executive or departmental leaders, promoting diversity in leadership. The Company will continue to strive to maintain a gender balanced workforce. With the purpose of promoting equality of opportunities and foster an inclusive work environment, we established an Equal Opportunities and Anti-Discrimination Policy. Employees who encounter any discrimination, harassment or vilification can raise concerns directly and immediately to their department head or Human Resources Department.



To further enhance Board diversity while maintaining an appropriate balance between continuity of experience and Board refreshment, the Company has set out the principles and a non-exhaustive list of criteria for the Nomination Committee to assess suitability of candidates for directorship in the Board Diversity Policy and the Nomination Policy. The Nomination Committee annually reviews and reports to the Board on the following:

- The structure, size and composition of the Board; and
- The diversity of background (including, but not limited to, gender, age, cultural and educational background, or professional experience), experience, skills and length of service with the Board and the opportunity to make further improvement or make progress. Please see below "Nomination Policy" for details of the measures the Company has adopted to develop a pipeline of potential successors to the Board to achieve diversity.

Ms. LIU Wanting, an executive Director, will be subject to retirement by rotation at the 2024 AGM and will not offer herself for re-election. Upon conclusion of the 2024 AGM, Ms. LIU will cease to be a Director and the total number of female directors of the Company will be reduced to one. The Company aims to maintaining a diverse Board with female representation either having two female directors or at 25% or above at all times. The Company expects the above is achievable with suitable effort in promoting gender diversity via different channels such as by engaging human resources agencies to identify potential successors for the Board. The Board will continue to seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

CORPORATE GOVERNANCE REPORT

Nomination Policy

The Company has adopted a policy on nomination of the potential candidates for the Board members and the CEO since December 2018, which set out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the directors, and ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Company's business.

Under the policy, the Nomination Committee will evaluate, select and recommend candidate(s) for directorships to the Board by giving due consideration to criteria including but not limited to:

- (a) Diversity in aspects including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;
- (b) Commitment for responsibilities of the Board in respect of available time and relevant interest, for instance, if the proposed independent non-executive director will be holding his/her seventh (or more) listed company directorship, whether such individual would still be able to devote sufficient time to the Board;
- (c) Qualifications, including accomplishment and experience in the relevant industries the Company's business is involved in;
- (d) Independence;
- (e) Reputation for integrity;
- (f) Compliance with legal and regulatory requirements;
- (g) Potential contributions that the individual(s) can bring to the Board; and
- (h) Plan(s) in place for the orderly succession of the Board.

The Nomination Committee will evaluate and recommend retiring Director(s) to the Board for re-appointment by giving due consideration to the criteria including but not limited to:

- (a) The overall contribution and service of the retiring Director(s) to the Company, including but not limited to the attendance of the meetings of the Board and/or its committees and general meetings where applicable, in addition to the level of participation and performance on the Board and/or its committees; and
- (b) whether the retiring Director(s) continue(s) to satisfy the Criteria.

The Nomination Committee will evaluate and recommend candidate(s) for the position(s) of the independent non-executive directors of the Company by giving due consideration to the factors including but not limited to those set out in Rules 3.10(2), 3.13, paragraphs B.2.3, B.2.4 and B.3.4 of Part 2 of the Corporate Governance Code in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, subject to any amendments as may be made from time to time, in addition to the Criteria.

CORPORATE GOVERNANCE REPORT

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

- (a) The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;
- (b) The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from a third party agency firm and proposals from shareholders of the Company with due consideration given to the Criteria;
- (c) The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third party reference checks;
- (d) The Nomination Committee will consider a broad range of candidates who are in and outside of the Board's circle of contacts;
- (e) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment to fill a casual vacancy or for proposing such candidate to stand for election at a general meeting;
- (f) The Nomination Committee will provide the relevant information of the selected candidate to the remuneration committee of the Company (the "**Remuneration Committee**") for consideration of remuneration package of such selected candidate;
- (g) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment, and where a non-executive director is considered, the Remuneration Committee will make the recommendation to the Board on the proposed remuneration package; and
- (h) The Board may arrange for the selected candidate to be interviewed by the members of the Board who are not members of the Nomination Committee and the Board will thereafter deliberate and decide the appointment as the case may be.

Anti-Bribery and Corruption Policy

The Company has its code of conduct with the updated anti-bribery and corruption policy according to the CG Code Provision D.2.7, that is provided to all employees, and all employees are required to review the code of conduct, and affirm their compliance with it. Regular training in compliance and ethical standards is provided to all employees.

CORPORATE GOVERNANCE REPORT

Whistleblowing Policy

The Company has adopted a whistleblowing policy and amended from time to time according to the CG Code Provision D.2.6 (the “**Policy**”). It aims to be enacted to encourage the employees or the related stakeholders to provide feedback or report serious concerns related to any suspected misconduct, malpractice or irregularity within the Group; including those that have been occurred or were under suspicion of having been committed or being about to be committed, in order to maintain good corporate governance, accountability and transparency of the Group. The Policy is designed to provide the employees or the related stakeholders with the confidential whistleblowing channel to report to the Group and the Audit Committee the actual or suspected illegal activities and misconducts in corporate financial reporting, internal control or other areas in which the Group’s attention should be drawn and investigation should be initiated.

REMUNERATION OF DIRECTORS

The remuneration of the Directors and senior management is determined with reference to the performance and responsibilities of the individual, the performance of the Group, prevailing market conditions and remuneration benchmarks from comparable companies. Directors and employees also participate in bonus arrangements based on the performance of the Group and the individual. Pursuant to the terms of reference of the Remuneration Committee of the Company, as for the remuneration of Independent Non-executive Directors, such recommendation shall not include any equity-based remuneration (e.g. share options or grants) with performance related elements which may lead to bias in their decision-making and compromise their objectivity and independence.

The remuneration paid to and/or entitled by each of the Directors for the year ended 31 December 2023 is set out in Note 35(a) to the consolidated financial statements.

REMUNERATION OF SENIOR MANAGEMENT

For the year ended 31 December 2023, the remuneration payable to the members of senior management whose profiles are included in Profile of the Directors and Senior Management sections of this annual report fell within the following bands:

Remuneration Bands	Number of Individuals
HK\$5,000,001 – 5,500,000	2
HK\$5,500,001 – 6,000,000	1
HK\$6,000,001 – 6,500,000	–
HK\$6,500,001 – 7,000,000	1

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by its Directors. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the year.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Company established three Board committees under the Listing Rules in September 2013, namely Audit Committee, Remuneration Committee and Nomination Committee, all chaired by an Independent Non-executive Director to oversee their respective functions and to report to the Board on their decisions or recommendations by circulating the minutes of the committee meetings to all Board members. Each committee or committee member is authorised to hire outside consultants or experts for independent professional advice at the Company's expenses to discharge their responsibilities. As at the date of this annual report (i.e. 19 March 2024), the composition of such Board Committees set up under the Listing Rules is set out below:

Audit Committee	Remuneration Committee	Nomination Committee
Chairman: FAN Chun Wah, Andrew (Independent Non-executive Director)	Chairman: TSE Hiu Tung, Sheldon (Independent Non-executive Director)	Chairman: CHEOK Albert Saychuan (Independent Non-executive Director)
Members: CHEOK Albert Saychuan (Independent Non-executive Director) TSE Hiu Tung, Sheldon (Independent Non-executive Director)	WANG Yun (Non-executive Director) POON Ho Man (Executive Director) CHEOK Albert Saychuan (Independent Non-executive Director) FAN Chun Wah, Andrew (Independent Non-executive Director)	TSE Hiu Tung, Sheldon (Independent Non-executive Director) FAN Chun Wah, Andrew (Independent Non-executive Director)

Audit Committee

The Audit Committee was established by the Board in September 2013 with written terms of reference which aligned with Rule 3.21 of the Listing Rules and Code Provision D.3 of part 2 the CG Code, and have been posted on the websites of both Hong Kong Exchanges and Clearing Limited ("**HKEX**") and the Company.

As at the date of this annual report, the Audit Committee consisted of Mr. FAN Chun Wah, Andrew (chairman), Mr. CHEOK Albert Saychuan and Dr. TSE Hiu Tung, Sheldon, all of them are Independent Non-executive Directors. The chairman of the Audit Committee holds appropriate professional qualifications or expertise in accounting or relevant financial management.

The primary roles and function of the Audit Committee include considering and making recommendation to the Board on the appointment, re-appointment and removal of external auditors, reviewing and supervising the Group's financial reporting process, internal audit function, internal control and risk management systems, and providing advices and comments to the Board.

During the year under review, Audit Committee held three meetings. The attendances of each Audit Committee member during the year are set out below under section headed "Board, Board Committees and General Meetings Attendance".

CORPORATE GOVERNANCE REPORT

During the year, the Audit Committee had reviewed with the Management Team and the external auditor of the Company, PricewaterhouseCoopers (“PwC”), the accounting principles and practices adopted by the Group and discussed matters regarding auditing, internal control, risk management and financial reporting including the following:

- the review of the unaudited consolidated financial statements of the Group for the six months ended 30 June 2023, which have been reviewed by PwC in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants; and the audited consolidated financial statements of the Group for the year ended 31 December 2022;
- the discussion with PwC on the nature and scope of the audit and reporting obligations before commencement of audit;
- the recommendation to the Board for the proposal for re-appointment of PwC and approval of the remuneration and terms of engagement of PwC; and
- the review of the Company’s financial control, internal control and risk management systems, and the effectiveness of the internal audit function.

Remuneration Committee

The Remuneration Committee was established by the Board in September 2013 with written terms of reference which aligned with Rule 3.25 of the Listing Rules and Code Provision E.1 of part 2 of the CG Code, and have been posted on the websites of both HKEX and the Company.

As at the date of this annual report, the Remuneration Committee consisted of 5 members: (1) Dr. TSE Hiu Tung, Sheldon (chairman), Mr. CHEOK Albert Saychuan and Mr. FAN Chun Wah, Andrew, all of them are Independent Non-executive Directors; (2) Mr. WANG Yun, a Non-executive Director; and (3) Mr. POON Ho Man, an Executive Director.

The primary roles and function of the Remuneration Committee include regular monitoring of the remuneration policy for all Directors and senior management to ensure that levels of their remuneration and compensation are appropriate.

During the year, the Remuneration Committee held a meeting and passed two written resolutions. The attendances of each Remuneration Committee member during the year are set out below under section headed “Board, Board Committees and General Meetings Attendance”.

A summary of work done by the Remuneration Committee during the year include, among other things:

- reviewed the proposed updates to its terms of reference by adding the new code provision of the CG Code in relation to the responsibility for reviewing and/or approving matters relating to the share schemes under Chapter 17 of the Listing Rules and recommended the same to the Board for approval;
- determining the policy for the remuneration of executive directors, assessed performance of executive directors, approving the terms of executive directors’ service contracts and reviewing and/or approving matters related to the Post-IPO Share Option Scheme;
- made recommendation to the Board the remuneration and other benefits paid by the Company to the Directors and senior management. No Director nor any of his/her associates is involved in deciding his/her own remuneration; and
- made recommendation to the Board the remuneration of the newly appointed Directors.

CORPORATE GOVERNANCE REPORT

For the remuneration of the Executive Directors, the Remuneration Committee adopted the model described in Code Provision E.1.2(c)(ii) of the CG Code.

The Remuneration Committee has reviewed the options granted to certain Director, senior management and employee on 6 April 2022 under the Post-IPO Share Option Scheme and believed that the options granted aligned the interests of the selected Directors, senior management and employees with those of the Group through the ownership of Shares, dividends and other distributions paid on the Shares and/or the increase in value of the Shares, and to encourage and retain the selected Directors, senior management and employees to make contributions to the long-term growth and profits of the Group. To promote retention, the unvested options shall lapse if the selected respective Directors, senior management and employees cease to be employed by the Group prior to the vesting date in accordance with terms of the Post-IPO Share Option Scheme. The Remuneration Committee was of the view that such an arrangement aligns with the purpose of the scheme.

Nomination Committee

The Nomination Committee was established by the Board in September 2013 with written terms of reference which aligned with Code Provision B.3 of part 2 of the CG Code and have been posted on the websites of both HKEX and the Company.

As at the date of this annual report, the Nomination Committee consisted of Mr. CHEOK Albert Saychuan (chairman), Dr. TSE Hiu Tung, Sheldon and Mr. FAN Chun Wah, Andrew, all of them are Independent Non-executive Directors.

The primary roles and function of the Nomination Committee include selecting and recommending candidates for directorship, reviewing the performance, structure, size and composition of the Board and assessment of the independence of Independent Non-executive Directors. The recommendations of the Nomination Committee are then put forward for consideration and adoption, where appropriate, by the Board.

During the year, the Nomination Committee held two meetings. The attendances of each Nomination Committee member during the year are set out below under section headed "Board, Board Committees and General Meetings Attendance".

A summary of work done by the Nomination Committee during the year include, among other things:

- reviewed the structure, size and composition of the Board in accordance with the Listing Rules,
- reviewed the Board diversity policy covering the performance, structure, size and composition of the Board, assessed the independence of Independent Non-executive Director; and
- identified individuals suitably qualified to become Board members and select and made recommendation to the Board on the appointment of new Directors and the re-election of retiring Directors.

For details of the nomination policy adopted by the nomination committee in selecting and recommending candidates for directorship during the year, see "Nomination Policy" on page 64 and page 65 of this annual report.

CORPORATE GOVERNANCE REPORT

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

PwC, the external auditor of the Company, had given to the Company a written confirmation of its independence and objectivity as required by the Hong Kong Institute of Certified Public Accountants before the conduct of the annual audit for the year ended 31 December 2023.

During the year, PwC provided both audit and non-audit services to the Company for a total remuneration of approximately HK\$6.897 million. The relevant fee paid or payable for audit services amounted to approximately HK\$4.741 million and the balancing of the remuneration related to the non-audit services (which involves capital market transactions) of approximately HK\$2.156 million. The Audit Committee has considered the performance and independence of the independent auditor of the Company. The Audit Committee concludes that the independence of the independent auditor of the Company has not been compromised by the non-audit services performed for the Group.

The Board and the Audit Committee satisfied PwC of their findings, independence, objectivity and effectiveness in the annual audit and their audit fees. PwC is proposed for re-appointment as the Company's external auditor at the forthcoming annual general meeting of the Company.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY OF FINANCIAL REPORTING

The Directors acknowledged their responsibilities for preparing the consolidated financial statements of the Company for the year ended 31 December 2023 to give true and fair presentation of the financial position of the Company in accordance with all applicable Hong Kong Financial Reporting Standards and for timely financial disclosures under the Listing Rules and any other regulatory requirements.

The Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

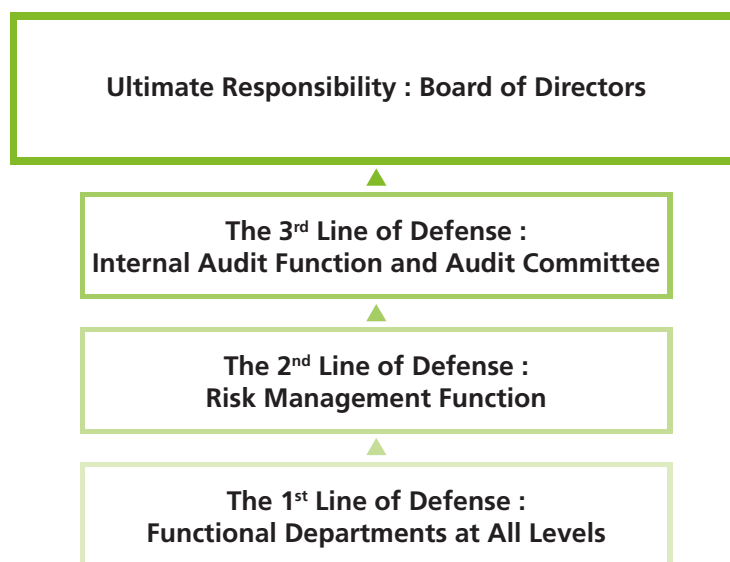
The statements as to the auditor's responsibility of financial reporting is set out in the Independent Auditor's Report on pages 86 to 93 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for overseeing risks that the Company faces, determining the risk appetite of the Company, and proactively considering, analysing and formulating strategies to manage the Company's significant risks to acceptable levels. The risks mentioned above also include, but are not limited to, significant risks relating to the environment, social and governance aspects of the Company.

CORPORATE GOVERNANCE REPORT

Under the supervision and guidance of the Board, the Company has adopted a risk management and internal control structure, referred to as the “Three Lines Model”, to ensure the effectiveness of its risk management and internal control systems.



The First Line – Operation and Management (Execution Level)

Our First Line is mainly comprised of business and functional departments at all levels, who are responsible for the day-to-day operation and management. They are responsible for designing and implementing controls to address the risks.

The Second Line – Risk Management Function (Management Level)

The second line of defense consists of risk management function, responsible for organizing, promoting and coordinating the risk management, and monitoring the Group’s major and potential risks.

The Third Line – Supervision Level

Third line of defense consists of the Group’s internal audit function, responsible for risk management supervision and inspection, internal assurance activities, assessment of internal risk management and monitoring.

The Board, through efforts of the Audit Committee, oversees the Group’s risk management and internal control systems on an ongoing basis and has conducted an annual review of the effectiveness of the Group’s risk management and internal control systems for the year ended 31 December 2023 covering aspects of the Group’s financial, operational, compliance controls and risk management functions. The Board has considered that the Group’s risk management and internal control systems are effective and adequate.

CORPORATE GOVERNANCE REPORT

Through the Audit Committee, the Board has annually reviewed the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting, internal audit and financial reporting functions, and considered that the above are adequate.

Detailed control guidelines have been set and made available to all employees of the Group about the handling and dissemination of inside information under the Inside Information Provisions (as defined under the Listing Rules).

A comprehensive analysis of the risks affecting the businesses of the Company and the associated mitigation measures is set out in the Risk Management Report on pages 76 to 80 of this annual report.

Climate Risks Management

The Group's Sustainability Steering Committee ("**SSC**") oversees the Company's ESG and climate-related matters, including the identification of climate-related strategies and objectives, and the formulation of the Climate Change Policy. In 2019, the Group began to conduct climate risk assessment, which allows it to understand the potential impacts of climate change on its daily business as early as possible. The Group has regularly assessed and identified long-term and short-term physical and transition risks related to climate change. After an in-depth analysis and understanding of climate-related risks and potential mitigation measures in 2020, the Group's Climate Risk Policy has come into effect on 1 January 2022 after reviewed and approved by the SSC in 2021. The Group believed that relevant policies can greatly enable it to implement comprehensive measures to deal with climate-related risks, and serve as a basis for the implementation by relevant departments.

The Group has continuously invited an external consultant to hold a workshop to gain an in-depth understanding of stakeholders' concerns on climate change in an interactive manner. This has enabled the Group to identify significant climate change-related risks and opportunities that are material to it, as well as the potential impacts. In addition, the Group also made reference to various sources, including sustainability reporting guidelines, Task Force on Climate-Related Financial Disclosure ("**TCFD**") recommendations and industry benchmarking.

Details of TCFD are set out in the separate Environmental, Social and Governance Report of the Company for the year of 2023.

COMPANY SECRETARY

Ms. TAI Bik Yin has tendered her resignation as the Company Secretary, the Authorised Representative and the authorised representative of the Company for accepting service of process and notices on behalf of the Company in Hong Kong as required under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), with effect from 1 May 2023.

Mr. LI Guohui was appointed as the company secretary of the Company with effect from 1 May 2023. He obtained professional qualifications as a Chartered Financial Analyst qualified by the CFA Institute and a Certified Public Accountant (Singapore) qualified by the Singapore Institute of Chartered Accountants.

Having considered Mr. LI Guohui's background and experience, the Board was of the view that, although Mr. LI Guohui does not possess the "academic or professional qualifications" which the Stock Exchange considers acceptable under Note 1 to Rule 3.28 of the Listing Rules, he has obtained the "relevant experience" required under Note 2 to Rule 3.28 of the Listing Rules which enables him to discharge his duties and functions as the Company Secretary of the Company. The Company has sought a confirmation from the Stock Exchange and the Stock Exchange has confirmed that Mr. LI, by virtue of his relevant experience, is capable of discharging his duties and functions as the Company Secretary of the Company under Rule 3.28 of the Listing Rules. Please refer to the announcement of the Company dated 27 April 2023 for details.

CORPORATE GOVERNANCE REPORT

Mr. LI is an employee of the Company and directly reports to the Chairman of the Board. He has day- to-day knowledge of the Company's affairs and advises the Board on compliance and corporate governance matters. The Board has access to the advice and services of Mr. LI to ensure that Board procedures and all applicable laws, rules and regulations are followed. Mr. LI has complied with the requirement to take no less than 15 hours of professional training during the year under review.

SHAREHOLDERS' RIGHTS

CONVENING EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

Pursuant to the Articles of Association, shareholders holding not less than 10% of the paid up capital of the Company may deposit at the Company's principal place of business in Hong Kong a requisition which specifies the objects of the meeting and is signed by the requisitionists to require an extraordinary general meeting to be convened by the Board. Shareholders could use the same way of calling an extraordinary general meeting as above to put forward proposals in detail at the Shareholders' meetings. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) himself (themselves) or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Shareholders' specific enquiries to the Board could be sent in writing to the company secretary of the Company whose contact details are as follows:

China Aircraft Leasing Group Holdings Limited
32/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
email: ir@calc.com.hk

The Company's Hong Kong branch share registrar and transfer office serves the Shareholders with respect to all share registration matters.

In order to ensure that shareholders' interests and rights are adequately protected, shareholders' rights are further preserved when separate resolutions are proposed at the Shareholders' meetings on each substantially separate issue, including but not limited to election or re-election of individual Director at annual general meeting. All resolutions proposed at the Shareholders' meetings are put to vote by poll pursuant to the Articles of Association and the Listing Rules. To ensure that the shareholders are familiar with the detailed procedures for conducting a poll, detailed procedures for conducting a poll are explained at the commencement of the general meetings, and all questions from shareholders on the voting procedures will be answered before the poll voting starts. An external scrutineer will be appointed to monitor and count the votes cast by poll. Poll results will be posted on the Company Website and the Stock Exchange's website after each general meeting.

CORPORATE GOVERNANCE REPORT

PROCEDURE FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS DIRECTOR

Pursuant to Article 16.4 of the Articles, no person shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, save that a shareholder of the Company (not being the person to be proposed as a Director) who is qualified to attend and vote at the general meeting for which notice of such general meeting is given may propose a person for election as a Director at the general meeting following the procedures described below. Such procedures are subject to the Articles and applicable legislation and regulations, in particular the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The procedures for shareholders to propose a person for election as director are available on the website of the Company.

SHAREHOLDERS' COMMUNICATION POLICY

The Company has adopted a shareholders' communication policy. Under the policy, the Company communicates with its Shareholders and investors through various means. Timely publication of interim and annual results, announcements on the latest development of the Company and press release on the websites of the Company and HKEX, if appropriate, could make Shareholders appraise the Company's financial position. Shareholders are highly required to pay attention to these public information. Holding of an annual general meeting could provide an effective forum for the Shareholders to share their views with the Board. Shareholders are welcome to attend the forthcoming annual general meeting of the Company. The Directors and the external auditor of the Company would be available at the 2024 AGM to answer Shareholders' questions about the annual results for the financial year ended 31 December 2023.

The Company has reviewed its prevailing Shareholders' Communication Policy during the year under review. With the above measures in place, the Company believes the Shareholders' Communication Policy is still appropriate and effective.

CONSTITUTIONAL DOCUMENTS

The Company adopted a new Memorandum and Articles of Association of the Company (the "New M&A") during the year, for the purpose to, inter alia, (i) conform to the core standards for shareholders protections set out in Appendix A1 of the Listing Rules; (ii) allow general meetings to be held as virtual meetings or hybrid meetings; and (iii) incorporate certain housekeeping changes in line with the applicable laws of the Cayman Islands and the Listing Rules. The adoption of the New M&A was passed by the shareholders of the Company at the annual general meeting held on 16 May 2023.

The New M&A is available on both the Company's website and the Stock Exchange's website. Details of the major and other changes brought about by the adoption of the New M&A are set out in the circular of the Company dated 18 April 2023.

CORPORATE GOVERNANCE REPORT

BOARD, BOARD COMMITTEES AND GENERAL MEETINGS ATTENDANCE

The attendances of each Director at all Board and Board committees meetings and general meetings during the year, demonstrating satisfactory attendance, are set out below:

Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting	Extraordinary General Meeting
Executive Directors						
ZHANG Mingao	7/7	n/a	n/a	n/a	1/1	1/1
POON Ho Man	7/7	n/a	1/1	n/a	1/1	1/1
LIU Wanting	7/7	n/a	n/a	n/a	1/1	1/1
LI Guohui (<i>appointed on 19 March 2024</i>)	n/a	n/a	n/a	n/a	n/a	n/a
Non-executive Directors						
WANG Yun (<i>note 1</i>)	3/4	n/a	n/a	n/a	n/a	1/1
WANG Hongyang (<i>note 2</i>)	3/4	n/a	1/1	n/a	1/1	n/a
Independent Non-executive Directors						
CHEOK Albert Saychuan (<i>note 5</i>)	7/7	3/3	1/1	2/2	1/1	1/1
TSE Hiu Tung, Sheldon (<i>note 6</i>)	7/7	3/3	1/1	2/2	1/1	1/1
FAN Chun Wah, Andrew (<i>note 3</i>)	7/7	1/1	n/a	1/1	1/1	1/1
FAN Yan Hok, Philip (<i>note 4</i>)	2/2	2/2	1/1	1/1	1/1	n/a
Total number of meetings	7	3	1	2	1	1
Dates of Meetings (day/month/year)	14/3/2023 27/4/2023 27/6/2023 11/7/2023 9/8/2023 22/8/2023 27/10/2023	10/3/2023 26/4/2023 18/8/2023	3/3/2023	3/3/2023 11/7/2023	16/5/2023	15/12/2023

Notes:

- (1) Ms. WANG Yun has been appointed as a Non-executive Director and a member of Remuneration Committee with effect from 11 July 2023.
- (2) Mr. WANG Hongyang resigned as a Non-executive Director and a member of Remuneration Committee with effect from 11 July 2023.
- (3) Mr. FAN Chun Wah, Andrew has been appointed as an Independent Non-executive Director on 14 March 2023, and the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee with effect from 16 May 2023.
- (4) Mr. FAN Yan Hok, Philip retired as an Independent Non-executive Director, and accordingly the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee, with effect from the conclusion of the 2023 annual general meeting held on 16 May 2023.
- (5) Mr. CHEOK Albert Saychuan has been re-designated from the chairman of the Audit Committee to a member of the Audit Committee with effect from 16 May 2023.
- (6) Dr. TSE Hiu Tung, Sheldon has been re-designated from a member of the Remuneration Committee to the chairman of the Remuneration Committee with effect from 16 May 2023.