



China Aircraft Leasing Group Holdings Limited

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

Stock code: 01848



Strategic Resolve Enduring Growth

2025 INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-executive Directors

Mr. AN Xuesong (*Chairman of the Board*)
Mr. PAN Jianyun

Executive Directors

Mr. POON Ho Man (*Chief Executive Officer*)
Mr. LI Guohui (*Chief Financial Officer and
Chief Strategy Officer*)

Independent Non-executive Directors

Mr. CHEOK Albert Saychuan
Mr. FAN Chun Wah, Andrew, J.P.
Dr. HONG Wen

COMPOSITION OF COMMITTEES

Audit Committee

Mr. FAN Chun Wah, Andrew, J.P. (*Chairman*)
Mr. CHEOK Albert Saychuan
Dr. HONG Wen

Remuneration Committee

Dr. HONG Wen (*Chairman*)
Mr. PAN Jianyun
Mr. POON Ho Man
Mr. CHEOK Albert Saychuan
Mr. FAN Chun Wah, Andrew, J.P.

Nomination Committee

Mr. CHEOK Albert Saychuan (*Chairman*)
Mr. FAN Chun Wah, Andrew, J.P.
Dr. HONG Wen

COMPANY SECRETARY

Ms. NGAN Chi Mui

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

REGISTERED OFFICE

Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

32/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY'S WEBSITE

www.calc.aero

INVESTOR RELATIONS CONTACT

ir@calc.aero

SHARE REGISTRAR AND TRANSFER OFFICE

Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

01848

CORPORATE INFORMATION

PRINCIPAL BANKERS AND FINANCIAL INSTITUTIONS *(In alphabetical order)*

Agricultural Bank of China Limited
Airbus Bank GmbH
Bank of Beijing Co., Ltd.
Bank of China Limited
Bank of Communications Co., Ltd.
Bank of Jiangsu Co., Ltd.
Bank of Ningbo Co., Ltd.
Bank of Shanghai Co., Ltd.
Bank of Tianjin Co., Ltd.
BNP Paribas
China Bohai Bank Co., Ltd
China CITIC Bank Corporation Limited
China CITIC Bank International Limited
China Construction Bank Corporation
China Development Bank
China Everbright Bank Co., Ltd.
China Minsheng Bank Corp., Ltd.
China Merchants Bank Co., Ltd.
China Zheshang Bank Co., Ltd.
Chong Hing Bank Limited
Credit Agricole Corporate and Investment Bank

Deutsche Bank AG
Fubon Bank (Hong Kong) Limited
The Bank of East Asia, Limited
The Export-Import Bank of China
Huaxia Bank
Industrial and Commercial Bank of China Limited
Industrial Bank Co., Ltd.
Korea Development Bank
MUFG Bank, Ltd.
Nanyang Commercial Bank, Limited
Natixis SA
Postal Savings Bank of China Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd.
Shengjing Bank Co., Ltd.
Société Générale
Standard Chartered Bank

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM BUSINESS REVIEW

The global air transport industry maintained its growth momentum during the first half of 2025. The latest data from the International Air Transport Association (“IATA”) suggested a 5.1% year-on-year growth in total global air traffic (measured in revenue passenger kilometers or RPKs) during the first half of 2025, with passenger load factor rising to 82.5% from the same period of last year. The China civil aviation market demonstrated a fast-growing trajectory, with international traffic increasing by approximately 30%, and the overall load factor reaching a new high of 84.2%. At the same time, unabated supply chain pressure, insufficient production capacity, and supply shortages continued to push up aircraft lease rates and asset values. On the other hand, exchange rate fluctuations caused by global trade disputes continued to pose short-term challenges to the aviation industry.

In line with the development trends of the aviation industry, the Group actively captured market opportunities while adhering to a prudent strategy, delivering solid operational and financial results in the first half of the year. For the six months ended 30 June 2025 (the “Review Period”), the Group’s total revenue was HK\$2,405.2 million (1H 2024: HK\$2,528.1 million). Profit attributable to shareholders of the Company for the Review Period amounted to HK\$140.5 million (1H 2024: HK\$131.7 million), representing a year-on-year increase of 6.7%. Earnings per share increased to HK\$0.189 (1H 2024: HK\$0.177).

The Board has resolved to declare an interim dividend of HK\$0.12 per ordinary share (1H2024: HK\$0.12), totalling HK\$89.8 million.

1) Stay Active in Trading to Optimize Asset Portfolio

During the Review Period, with its prudent fleet strategy, the Group continued to optimize its fleet portfolio through its quality order book as well as aircraft trading capability, maintaining a highly liquid and modern fleet.

During the Review Period, the Group delivered a total of 10 new aircraft and 1 used aircraft to airline customers, the majority of which were Airbus new-generation fuel-efficient models. Meanwhile, the Group proactively exploited market opportunities stemming from rising aircraft values and the interest rate-cut cycle. Drawing on its global trading network strengths, the Group signed sale and purchase agreements/ letters of intent for a total of 21 aircraft and successfully completed the sale of 19 aircraft and 2 engines, setting a new record for aircraft transactions compared with the same period in the past years. Engaging in aircraft trading allows the Group to secure sales proceeds and at the same time continue to optimize its fleet portfolio.

As at 30 June 2025, there were a total of 181 aircraft in the Group’s fleet, including 151 owned aircraft and 30 managed aircraft. By number of aircraft, 89% of the owned fleet were narrow-body models, a highly liquid and in-demand asset class in the market where its overall asset value continues to rise due to supply shortage. With its quality fleet assets, excluding one aircraft involving a Russian airline, the utilization rate for the Group’s owned fleet reached 100%. As at 30 June 2025, the average age of the Group’s owned fleet was 8.6 years, and the average remaining lease term was 5.7 years.

In terms of aircraft orders, as one of the few lessors worldwide capable of direct aircraft procurement from aircraft original equipment manufacturers (“OEMs”), the Group continues to support the development of China-made aircraft while investing in new-generation fuel-efficient aircraft models. As at 30 June 2025, the Group had a total of 114 aircraft on backlog, including 88 Airbus and 26 COMAC aircraft. As at 30 June 2025, the number of aircraft on backlog exceeded 70% of the Group’s owned fleet size, providing strong support for future growth.

MANAGEMENT DISCUSSION AND ANALYSIS

2) Accelerate Global Presence with a Focus on Creditworthy Clientele

During the first half of 2025, the Group continued to strengthen its leading position in the PRC market while actively expanding its global footprints with premium customers. During the Review Period, among all the new aircraft delivered by the Group, 7 were leased to overseas airlines and 3 were leased to domestic airlines, including the first batch of three new Airbus A321neo aircraft delivered to United Airlines. At the same time, the Group also signed its first new aircraft lease agreement with Thai Airways, the flag carrier of Thailand, and successfully delivered one aircraft to Korean Air, the flag carrier of South Korea, through remarketing upon the expiry of the first lease.

As at 30 June 2025, by number of aircraft, 67% of the Group's owned fleet were leased to Chinese airline customers (including Hong Kong, Macau and Taiwan), most of which are state-owned airlines with strong financial strength. At the same time, the Group continued to expand its global quality customer base, with overseas customers accounting for more than 30%. As at 30 June 2025, the Group's owned and managed aircraft were leased to 41 airline customers across 22 countries and regions globally. Benefiting from the continuous improvement in the overall client profiles, the overall rent collection ratio of the Group for the Review Period amounted to 102%.

In addition, all new aircraft scheduled for delivery in or before December 2026 have been mandated for lease, more than half of which will be leased to overseas airline companies. The proportion of the Group's overseas customers is expected to further increase in the future.

3) Strengthen Financing Capabilities and Enhance Credit Rating

The Group has established its onshore and offshore dual-market platforms with diversified financing channels and continuously expands and optimizes its sources of funds to ensure sufficient liquidity while persistently optimizing its debt structure.

While active aircraft trading business has generated abundant cash flows for the Group, during the Review Period, total new and renewed facilities obtained by the Group amounted to over HK\$10 billion, including aircraft loans, Pre-Delivery Payments ("PDP") financing, and RMB bonds, etc. As at 30 June 2025, the Group had cash and cash equivalents of HK\$4,884 million, and undrawn borrowing facilities of HK\$11,228 million. The total balance of cash and cash equivalents as well as undrawn borrowing facilities amounted to HK\$16,112 million.

In terms of USD financing, during the Review Period, the Group successfully upsized its first warehouse facility for aircraft financing issued in 2024, to US\$700 million, and received oversubscriptions from a total of 20 top global financial institutions. This marked one of the largest aviation finance syndications in the past decades, adding another innovative financing channel while ensuring continued access to USD funding for the Group. Meanwhile, as global markets enter an interest rate cut cycle, the Group has recently capitalized on the favorable issuance window to strategically re-enter the USD public bond market, enhancing its USD funding flexibility.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of RMB financing, in view of the lower interest rate environment in the PRC domestic market, the Group strove to reduce its overall financing costs by proactive debt management through increasing RMB debt financing. During the Review Period, the Group, through its wholly-owned subsidiary China Asset Leasing Company Limited (“CALC (Tianjin)”), successfully issued RMB1.5 billion 5-year corporate bonds with a coupon rate of 2.38%, which was oversubscribed by 1.73 times, reflecting the recognition of the Group’s operational strength and development prospects by the PRC bond investors. As at 30 June 2025, RMB debts accounted for approximately 32% of the Group’s interest-bearing debts. In terms of repayment, the Group has paid down RMB 1.2 billion bonds due during the Review Period.

During the Review Period, CALC (Tianjin) maintained the highest credit rating of AAA granted by two major PRC rating agencies, both with a stable outlook. Moving forward, the Group will closely monitor onshore and offshore market dynamics and implement disciplined operational planning and proactive financial management aligned with business objectives, advancing toward international investment-grade issuer, thereby reinforcing market confidence in our long-term growth.

4) Two Years of Safe Operation Unleashed A New Chapter for China-made Aircraft

During the Review Period, PT Transnusa Aviation Mandiri (“TransNusa”) in Indonesia, an associated company of the Group and a flagship airline to facilitate the overseas operation of China-made aircraft, took delivery of its fourth COMAC C909 aircraft and successfully launched the “Indonesia Manado – Shanghai Pudong” route. This is the second route operated by TransNusa’s C909 fleet to a tier-one Chinese city as well as China’s major integrated gateway hub, following the launch of services to Guangzhou. It signifies further recognition of the commercialization and internationalization of China-made aircraft in regional transportation networks. During the Review Period, TransNusa reached a milestone with the two-year safe operation of its C909 fleet, having flown to 4 countries and 20 regions, transporting over 360,000 passengers, achieving both technical excellence and market recognition. Looking ahead, the Group expects to continuously support TransNusa in operating the C909 fleet, actively serving national strategic goals, steadily advancing the internationalization process of China-made aircraft, and continue demonstrating China’s civil aviation innovation capabilities.

PROSPECTS

In 2025, the global aviation market is expected to maintain steady growth. According to IATA’s full-year 2025 profit forecast released in June, total industry revenue and full-year passenger traffic are expected to reach record highs of US\$979 billion and 4.99 billion passengers, respectively. However, the market widely expects supply chain challenges to persist, with a global aircraft shortage likely to continue for several years, thereby further driving up aircraft market values and lease rates. The Group will capitalize on various business opportunities emerging during this market upcycle, further expanding its global customer base while continuing to provide global airlines with flexible and comprehensive aircraft full life-cycle solutions.

In the second half of the year, the Federal Reserve is expected to initiate a new round of interest rate cuts, further reducing the Group’s funding costs while boosting the global trading market, bringing more prime trading opportunities. Riding on the market trend, the Group will proactively seize opportunities, build on the strong momentum of trading activities in the first half of the year, and continue optimizing its fleet assets while expanding its managed fleet. At the same time, we will also closely monitor foreign exchange market fluctuations, continue to flexibly utilize diversified financing channels, optimize our capital structure, enhance our operating strength and credit profile, thereby creating long-term value for all stakeholders of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM CONSOLIDATED STATEMENT OF INCOME

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Total revenue		
Lease income		
Finance lease income	333,282	300,224
Operating lease income	1,574,830	1,922,237
	1,908,112	2,222,461
Other operating income		
Net income from aircraft transactions and aircraft components trading	294,679	25,427
Other income	202,434	280,208
	497,113	305,635
	2,405,225	2,528,096
Expenses		
Interest expenses and payments to trust plans	(1,104,362)	(1,340,118)
Depreciation and impairment	(683,313)	(839,726)
Reversal of expected credit losses	7,805	28,331
Other operating expenses	(267,377)	(236,601)
	(2,047,247)	(2,388,114)
Share of results from associates and joint ventures	799	(564)
Other (losses)/gains, net	(170,381)	162,001
Profit before income tax	188,396	301,419
Income tax expenses	(30,529)	(115,770)
Profit for the period	157,867	185,649
Profit attributable to		
Shareholders of the Company	140,526	131,749
Holders of perpetual capital securities and other non-controlling interests	17,341	53,900
	157,867	185,649
Earnings per share for profit attributable to shareholders of the Company (expressed in HK\$ per share)		
– Basic earnings per share	0.189	0.177
– Diluted earnings per share	0.189	0.177

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM CONSOLIDATED BALANCE SHEET

	Unaudited As at 30 June 2025 HK\$'000	Audited As at 31 December 2024 HK\$'000
ASSETS		
Property, plant and equipment and right-of-use assets	29,072,332	28,860,008
Pre-Delivery Payments ("PDP") and other prepayments and receivables relating to aircraft acquisition	7,772,295	7,855,333
Investments in and loans to associates and joint ventures	655,753	491,697
Finance lease receivables – net	9,518,719	9,185,457
Deferred income tax assets	94,814	36,058
Financial assets at fair value through profit or loss	1,484,326	1,476,076
Prepayments and other assets	726,988	683,835
Assets classified as held for sale	4,330,242	5,555,238
Aircraft components trading assets	2,601	3,177
Derivative financial assets	7,556	13,381
Restricted cash	62,984	301,110
Cash and cash equivalents	4,884,186	3,778,318
Total assets	58,612,796	58,239,688
EQUITY		
Share capital	74,465	74,465
Reserves	1,927,299	1,986,750
Retained earnings	2,179,765	2,168,242
Equity attributable to shareholders of the Company	4,181,529	4,229,457
Perpetual capital securities and other non-controlling interests	1,644,159	1,098,740
Total equity	5,825,688	5,328,197
LIABILITIES		
Deferred income tax liabilities	1,220,915	1,303,752
Borrowings	42,815,976	43,046,205
Medium-term notes	1,643,222	1,599,726
Bonds and debentures	4,384,084	3,930,722
Derivative financial liabilities	6,945	233,712
Income tax payables	172,688	133,162
Interest payables	229,826	292,538
Other liabilities and accruals	2,313,452	2,371,674
Total liabilities	52,787,108	52,911,491
Total equity and liabilities	58,612,796	58,239,688

MANAGEMENT DISCUSSION AND ANALYSIS

1. RESULTS

Total revenue of the Group for the period ended 30 June 2025 was HK\$2,405.2 million, representing a decrease of HK\$122.9 million or 4.9% from HK\$2,528.1 million in the corresponding period last year. Profit for the period ended 30 June 2025 amounted to HK\$157.9 million (For the six months ended 30 June 2024: HK\$185.6 million). Profit attributable to shareholders of the Company for the period ended 30 June 2025 amounted to HK\$140.5 million (For the six months ended 30 June 2024: HK\$131.7 million). Earnings before interest, tax, depreciation and amortisation ("EBITDA") for the period ended 30 June 2025 amounted to HK\$1,976.1 million (For the six months ended 30 June 2024: HK\$2,481.3 million).

Total assets amounted to HK\$58,612.8 million as at 30 June 2025, compared with HK\$58,239.7 million as at 31 December 2024, representing an increase of HK\$373.1 million or 0.6%. The assets size remained stable.

Total liabilities amounted to HK\$52,787.1 million as at 30 June 2025, representing a decrease of HK\$124.4 million or 0.2% compared with HK\$52,911.5 million as at 31 December 2024. The liabilities size remained stable.

1.1 Total Revenue

For the six months ended 30 June 2025, the total revenue amounted to HK\$2,405.2 million, compared with HK\$2,528.1 million for the corresponding period last year, representing a decrease of HK\$122.9 million or 4.9%.

Total lease income from finance leases and operating leases for the six months ended 30 June 2025 amounted to HK\$1,908.1 million, compared with HK\$2,222.5 million for the six months ended 30 June 2024, representing a decrease of HK\$314.4 million or 14.1%. The decrease in total lease income was mainly due to the decrease in the fleet size of the Group from 172 aircraft as at 30 June 2024 to 151 aircraft as at 30 June 2025.

For the six months ended 30 June 2025, the Group's average lease rental yield of the finance leases and operating leases was 6.8% (For the six months ended 30 June 2024: 9.5%) and 9.3% (For the six months ended 30 June 2024: 10.2%), respectively. Average lease rental yield for finance leases and operating leases is calculated by expected annualised gross lease receipt divided by net book value of aircraft. Weighted average lease rental yield of the Group was 9.3% (For the six months ended 30 June 2024: 10.1%). The decrease in the average lease rental yield of the finance leases is mainly due to the reclassification of certain finance lease aircraft to operating lease during the six months ended 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

1.2 Other Operating Income

1.2.1 Net Income from Aircraft Transactions and Aircraft Components Trading

For the six months ended 30 June 2025, the Group recognised net gain from disposal of 19 aircraft and aircraft components trading amounted to HK\$294.7 million (For the six months ended 30 June 2024: net gain from disposal of five aircraft and aircraft components trading amounted to HK\$25.4 million). The aggregate net book value of aircraft disposed amounted to HK\$5,573.8 million (For the six months ended 30 June 2024: HK\$507.4 million).

1.2.2 Other Income

During the six months ended 30 June 2025, the Group had the following other income:

	Unaudited Six months ended 30 June		
	2025	2024	Change
	HK\$'Million	HK\$'Million	
Government grants	66.6	113.1	-41.1%
Interest income from loans to associates and joint ventures	46.0	55.0	-16.4%
Bank interest income	62.1	65.3	-4.9%
Asset management service fees income from CAG Bermuda 1 Limited ("CAG") and its subsidiaries (collectively, "CAG Group")	4.3	9.2	-53.3%
Others	23.4	37.6	-37.8%
Total	202.4	280.2	-27.8%

Government grants for the six months ended 30 June 2025 amounted to HK\$66.6 million, compared with HK\$113.1 million for the six months ended 30 June 2024, representing a decrease of HK\$46.5 million or 41.1%.

MANAGEMENT DISCUSSION AND ANALYSIS

1.3 Expenses

1.3.1 Interest Expenses and Payments to Trust Plans

For the six months ended 30 June 2025, interest expenses and payments to trust plans incurred by the Group amounted to HK\$1,104.4 million, compared with HK\$1,340.1 million for the corresponding period last year, a decrease of HK\$235.7 million or 17.6%. The decrease in interest expenses and payments to trust plans was mainly due to (i) the decrease in bank and other borrowings as a result of decrease in fleet size during the period and (ii) the decrease in average US\$ SOFR from 5.36% for the six months ended 30 June 2024 to 4.47% for the corresponding period in 2025. The average effective interest rate of bank and other borrowings during the period was 5.52% (For the six months ended 30 June 2024: 6.30%).

Certain interest expenses from the floating interest rate borrowings had either been hedged or capitalised. The following table summarises the sensitivity test on change in US\$ interest rate for the unhedged exposure as at 30 June 2025:

US\$ Interest rate	Cash outflow HK\$'Million	Impact on Profit attributable to shareholders of the Company HK\$'Million
Increased by 100 basis points	198	(134)
Decreased by 100 basis points	(198)	134

1.3.2 Depreciation and Impairment

The amount represented depreciation and impairment on aircraft under operating leases, leasehold improvements, office equipment, office building, right-of-use assets and other assets. Depreciation and impairment for the six months ended 30 June 2025 was HK\$683.3 million compared with HK\$839.7 million for the corresponding period last year, a decrease of HK\$156.4 million or 18.6%. This was mainly attributable to the decrease in the number of aircraft under operating leases subject to depreciation from 119 aircraft as at 30 June 2024 to 90 aircraft as at 30 June 2025. The Group will closely monitor the aircraft book value and reassess the carrying amounts of the aircraft whenever there are events or changes in circumstances that would indicate that the carrying amounts of aircraft would be adversely affected and would make appropriate provision when necessary.

1.3.3 Reversal of Expected Credit Losses

Expected credit losses are mainly provided on finance lease receivables, operating lease receivables and loans to associates and joint ventures when the counterparty is expected as not being able to pay the amounts due to the Group. For the six months ended 30 June 2025, the reversal of expected credit losses is mainly related to a reversal of expected credit losses made in view of repayment of certain outstanding loans and improved operating performance of one of the Group's joint ventures and reversal of expected credit losses made on operating lease receivables.

MANAGEMENT DISCUSSION AND ANALYSIS

1.3.4 Other Operating Expenses

Other operating expenses mainly represented salaries and commission, professional fees related to the aircraft leasing business, value-added tax surcharge and other taxes, rentals and office administration expenses. The increase in other operating expenses was mainly due to increase in engine rental expenses.

1.4 Other (Losses)/Gains, Net

	Unaudited Six months ended 30 June		Change
	2025 HK\$'Million	2024 HK\$'Million	
Currency exchange (losses)/gains	(176.3)	253.5	N/A
Fair value gains/(losses) on currency forward contracts	16.1	(78.2)	N/A
Fair value gains on financial assets at fair value through profit or loss	0.7	0.4	+75.0%
Changes in fair value of interest rate swaps	(6.3)	–	N/A
Hedge ineffectiveness	0.6	0.2	+200.0%
Realised losses on a currency swap	–	(13.9)	N/A
Loss on disposal of a subsidiary	(5.2)	–	N/A
Total	(170.4)	162.0	N/A

The net exchange losses arising from net financial liabilities denominated in RMB was mainly due to the depreciation of US\$ exchange rate against RMB from approximately 7.3 as at 31 December 2024 to approximately 7.2 as at 30 June 2025.

Sensitivity test

As at 30 June 2025, the net RMB financial liabilities of the Group exposed to currency exchange risk with profit or loss impact amounted to RMB4.2 billion. Hedging arrangement amounted to RMB0.6 billion was made to reduce the impact. The net RMB exchange rate risk exposure with profit or loss impact as at 30 June 2025 was RMB3.6 billion. A 5% appreciation/depreciation of RMB against US\$ would result in a decrease/increase in profit before tax for the six months ended 30 June 2025 by HK\$195.7 million.

1.5 Income Tax Expenses

Income tax for the six months ended 30 June 2025 was HK\$30.5 million compared to HK\$115.8 million in the corresponding period last year. The decrease is mainly due to the reversal of deferred tax liabilities provided in prior years and recognition of deferred tax assets on prior year tax losses due to foreseeable future profits and utilisation of such.

MANAGEMENT DISCUSSION AND ANALYSIS

2. INTERIM CONSOLIDATED BALANCE SHEET

2.1 Assets

As at 30 June 2025, the Group's total assets amounted to HK\$58,612.8 million compared with HK\$58,239.7 million as at 31 December 2024, an increase of HK\$373.1 million or 0.6%.

	Unaudited As at 30 June 2025 HK\$'Million	Audited As at 31 December 2024 HK\$'Million	Change
Property, plant and equipment and right-of-use assets (mainly "Aircraft under operating leases")	29,072.3	28,860.0	+0.7%
Finance lease receivables – net ("Aircraft under finance leases")	9,518.7	9,185.5	+3.6%
Assets classified as held for sale ("Aircraft under operating leases for trading")	4,330.2	5,555.2	-22.1%
Pre-Delivery Payments ("PDP") and other prepayments and receivables relating to aircraft acquisition	7,772.3	7,855.3	-1.1%
Deferred income tax assets	94.8	36.1	+162.6%
Prepayments and other assets	729.6	687.0	+6.2%
Investments in and loans to associates and joint ventures	655.8	491.7	+33.4%
Financial assets at fair value through profit or loss	1,484.3	1,476.1	+0.6%
Derivative financial assets	7.6	13.4	-43.3%
Restricted cash	63.0	301.1	-79.1%
Cash and cash equivalents	4,884.2	3,778.3	+29.3%
Total assets	58,612.8	58,239.7	+0.6%

MANAGEMENT DISCUSSION AND ANALYSIS

2.1.1 Property, Plant and Equipment and Right-of-use Assets, Finance Lease Receivables – Net and Assets Classified as Held for Sale

Property, plant and equipment and right-of-use assets mainly included the cost of aircraft classified as operating leases, net of their accumulated depreciation and impairment. The increase in property, plant and equipment and right-of-use assets despite of the reduction in the fleet size of the Group under operating lease from 91 aircraft as at 31 December 2024 to 90 aircraft as at 30 June 2025 was mainly due to the appreciation of US\$ exchange rate and RMB exchange rate against HK\$ during the current period.

Net finance lease receivables represented the present value of minimum lease payments receivable from aircraft classified as finance leases and their residual values. The fleet size of the Group under finance lease remained at 49 aircraft as at 30 June 2025.

Assets classified as held for sale represented cost of assets expected to be disposed in the next twelve months. The number of aircraft classified as held for sale decreased from 19 aircraft as at 31 December 2024 to 12 aircraft as at 30 June 2025 due to disposals of several aircraft classified as held for sale during the six months ended 30 June 2025.

The total fleet size of the Group under property, plant and equipment and right-of-use assets, finance lease receivables – net and assets classified as held for sale is summarised as follows:

	As at 30 June 2025 Owned Aircraft	As at 31 December 2024 Owned Aircraft
Property, plant and equipment and right-of-use assets (Operating leases)	90	91
Finance lease receivables – net (Finance leases)	49	49
Assets classified as held for sale (Operating leases)	12	19
Total ^(note)	151	159

Note: Including one aircraft remained in Russia as at 30 June 2025 (31 December 2024: one).

The total fleet size of the Group under property, plant and equipment and right of-use assets, finance lease receivables – net and assets classified as held for sale decreased from 159 aircraft as at 31 December 2024 to 151 aircraft as at 30 June 2025.

As at 30 June 2025, the aggregate net book value of the aircraft was HK\$42,242.1 million (31 December 2024: HK\$42,812.4 million).

MANAGEMENT DISCUSSION AND ANALYSIS

2.1.2 Aircraft Portfolio

Aircraft portfolio by number of aircraft is as follows:

	As at 30 June 2025 Owned Aircraft	As at 31 December 2024 Owned Aircraft	As at 30 June 2024 Owned Aircraft
Aircraft Type			
Airbus A320 CEO family	67	71	80
Airbus A320 NEO family	50	51	54
Airbus A330 CEO family	12	12	13
Boeing B737 NG family	15	19	19
Boeing B737 MAX family	2	2	2
Boeing B787	1	1	1
COMAC C909	4	3	3
Total <i>(note)</i>	151	159	172

Note: Including one aircraft remained in Russia as at 30 June 2025 (31 December 2024 and 30 June 2024: one).

2.1.3 PDP and other Prepayments and Receivables Relating to Aircraft Acquisition

PDP and other prepayments and receivables relating to aircraft acquisition mainly represented PDP made to aircraft manufacturers for aircraft acquisition from order book. The balance remains stable.

2.1.4 Prepayments and other Assets

Prepayments and other assets mainly include operating lease receivables.

The aging analysis of the gross operating lease receivables based on due date was as follows:

	Unaudited As at 30 June 2025		Audited As at 31 December 2024	
	HK\$'Million	%	HK\$'Million	%
Current/deferral	46.3	14%	70.8	19%
Less than 30 days past due	3.1	1%	1.0	1%
30 to 90 days past due	3.2	1%	2.9	1%
More than 90 days past due	279.5	84%	302.2	79%
	332.1	100%	376.9	100%
Less: Accumulated expected credit losses allowance	(149.6)		(153.0)	
Total	182.5		223.9	

MANAGEMENT DISCUSSION AND ANALYSIS

With the recovery of the aviation industry, there is improvement in the rent collection. The operating lease receivables as at 30 June 2025 amounted to HK\$332.1 million compared with HK\$376.9 million as at 31 December 2024, a decrease of HK\$44.8 million or 11.9%.

The rent collection ratio, represented by the cash received over the amount of invoice billing, for the six months ended 30 June 2025 was 102.2% (for the six months ended 30 June 2024: 101.3%). The decrease in operating lease receivables is mainly due to the repayment from lessees on the overdue rent. The Group would prudently and consistently assess the credit losses allowance on the operating lease receivables.

2.2 Liabilities

As at 30 June 2025, the Group's total liabilities amounted to HK\$52,787.1 million, compared with HK\$52,911.5 million as at 31 December 2024, a decrease of HK\$124.4 million or 0.2%.

An analysis is given as follows:

	Unaudited As at 30 June 2025 HK\$'Million	Audited As at 31 December 2024 HK\$'Million	Change
Borrowings	42,816.0	43,046.2	-0.5%
Bonds and debentures	4,384.1	3,930.7	+11.5%
Medium-term notes	1,643.2	1,599.7	+2.7%
Total interest-bearing debts	48,843.3	48,576.6	+0.5%
Deferred income tax liabilities	1,220.9	1,303.8	-6.4%
Interest payables	229.8	292.5	-21.4%
Income tax payables	172.7	133.2	+29.7%
Derivative financial liabilities	6.9	233.7	-97.0%
Other liabilities and accruals	2,313.5	2,371.7	-2.5%
Total liabilities	52,787.1	52,911.5	-0.2%

MANAGEMENT DISCUSSION AND ANALYSIS

2.2.1 Borrowings

The analysis of borrowings is as follows:

	Unaudited As at 30 June 2025 HK\$'Million	Audited As at 31 December 2024 HK\$'Million	Change
Bank and other borrowings			
Bank and other borrowings for aircraft acquisition financing	20,009.0	21,537.1	-7.1%
PDP financing	5,688.5	6,294.1	-9.6%
Other bank borrowings	13,227.5	11,021.8	+20.0%
	38,925.0	38,853.0	+0.2%
Other borrowings			
Borrowings from trust plans	3,681.4	3,989.9	-7.7%
Other borrowings	209.6	203.3	+3.1%
	3,891.0	4,193.2	-7.2%
Total borrowings	42,816.0	43,046.2	-0.5%

The decrease in total borrowings from HK\$43,046.2 million as at 31 December 2024 to HK\$42,816.0 million as at 30 June 2025, representing a decrease of HK\$230.2 million or 0.5%, was mainly due to the net impact of (i) the decrease in bank and other borrowings for aircraft acquisition financing by HK\$1,528.1 million as the fleet size decreased from 159 aircraft as at 31 December 2024 to 151 aircraft as at 30 June 2025, (ii) the decrease in PDP financing by HK\$605.6 million and (iii) the increase in other bank borrowings by HK\$2,205.7 million.

MANAGEMENT DISCUSSION AND ANALYSIS

2.2.2 Bonds and Debentures

The following table summarises the senior unsecured US\$ bonds and RMB bonds and debentures issued by the Group:

Issue date	Terms	Maturity date	Coupon interest per annum	Outstanding principal amount (Million)	Carrying amount (HK\$'Million)	Note
November 2020	Five years	November 2025	5.90%	US\$35.0	274.6	(a)
January 2021	Five years	January 2026	5.90%	US\$35.0	274.6	(a)
				US\$70.0	549.2	
June 2023	Three years	June 2026	3.85%	RMB1,500.0	1,643.0	(b)
November 2023	Three years	November 2026	3.58%	RMB 500.0	547.5	(b)
February 2025	Five years	February 2030	2.38%	RMB1,500.0	1,644.4	(b)
				RMB3,500.0	3,834.9	
Total bonds and debentures as at 30 June 2025					4,384.1	
Total bonds and debentures as at 31 December 2024					3,930.7	

The increase in bonds and debentures from HK\$3,930.7 million as at 31 December 2024 to HK\$4,384.1 million as at 30 June 2025 was mainly due to the net impact of the issuance of RMB1,500.0 million bonds and the repayment of RMB1,200.0 million bonds upon maturity.

Notes:

- (a) The bonds and debentures are unlisted and subscribed by an independent third party.
- (b) These bonds are listed on the Shanghai Stock Exchange.

2.2.3 Medium-term Notes

The following table summarises the senior unsecured medium-term notes issued by the Group:

Issue date	Terms	Maturity date	Coupon interest per annum	Outstanding principal amount (RMB'Million)	Carrying amount (HK\$'Million)
April 2024	Three years	April 2027	2.75%	300.0	328.6
April 2024	Five years	April 2029	3.30%	1,200.0	1,314.6
Total medium-term notes as at 30 June 2025				1,500.0	1,643.2
Total medium-term notes as at 31 December 2024					1,599.7

The balance of the medium-term notes remains stable.

MANAGEMENT DISCUSSION AND ANALYSIS

3. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to ensure that it maintains a strong credit standing, as well as healthy capital ratios in order to support its business and maximise shareholder value.

Operations and capital expenditure requirements are funded by a combination of cash generated from operating activities, bank and other borrowings, other borrowings, issuance of bonds, debentures and medium-term notes, and the asset-light strategy including disposal of aircraft. In order to meet the current rapid expansion, the Group will also consider both equity and debt financing opportunities, and establishing of various aircraft investment platform and other joint ventures.

For the six months ended 30 June 2025, the objectives, policies and processes for managing capital remained largely unchanged. The Group made full use of capital leverage to keep pace with aircraft delivery.

The Group monitors capital through gearing ratio and debt to equity ratio:

	Unaudited As at 30 June 2025 HK\$'Million	Audited As at 31 December 2024 HK\$'Million	Change
Interest-bearing debts included in total liabilities	48,843.3	48,576.6	+0.5%
Total liabilities	52,787.1	52,911.5	-0.2%
Total assets	58,612.8	58,239.7	+0.6%
Total equity	5,825.7	5,328.2	+9.3%
Gearing ratio	83.3%	83.4%	-0.1p.p.
Asset-liability ratio	90.1%	90.9%	-0.8p.p.
Interest-bearing debts to equity ratio	8.4:1	9.1:1	-7.7%

4. HUMAN RESOURCES

As at 30 June 2025, the number of the Group's staff is 175 (30 June 2024: 183). Total remuneration of employees for the six months ended 30 June 2025 amounted to HK\$94.2 million (For the six months ended 30 June 2024: HK\$122.1 million).

The Group has established effective employee incentive schemes to link the remuneration of its employees with their overall performance and contributions, and has established a merit-based remuneration awards system. It has also adopted share option schemes for the purpose of recognising the contribution of eligible employees to the growth of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

5. CONTRACTUAL OBLIGATIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

5.1 Contingent Liabilities

As at 30 June 2025, the Group was a guarantor of certain bank borrowings of associates and joint ventures amounting to HK\$497.1 million (31 December 2024: HK\$515.6 million), of which HK\$187.5 million (31 December 2024: HK\$196.0 million) was counter-guaranteed by an investor of the joint ventures. After excluding the portion of counter-guarantee as mentioned above, the Group guaranteed HK\$309.6 million (31 December 2024: HK\$319.6 million) of these bank borrowings.

5.2 Capital Commitments and Qualified Aircraft Leasing Activity

The Board confirms that the Company is a listed company actively engaged in aircraft leasing with aircraft operators as a principal business in its ordinary and usual course of business and the Company is therefore a Qualified Aircraft Lessor (as defined in the Rules Governing the Listing of Securities on Stock Exchange (the "Listing Rules")). Acquisition or disposal of aircraft is a Qualified Aircraft Leasing Activity pursuant to the Listing Rules.

The Group's capital commitments are aircraft purchase commitment, amounted to HK\$41.4 billion as at 30 June 2025 (31 December 2024: HK\$45.1 billion), representing the estimated total purchase costs of the aircraft contracted to be purchased and delivered, net of PDP paid.

As at 30 June 2025, the Group had 114 aircraft in its order book, comprising 88 Airbus A320 aircraft family and 26 COMAC C909 aircraft.

During the Review Period, the Group completed the delivery of 11 aircraft.

During the Review Period, the Group completed the disposal of 19 aircraft.

MANAGEMENT DISCUSSION AND ANALYSIS

RECONCILIATIONS OF NON-GAAP MEASURES

The Group considers that the payments to trust plans are not included as interest expenses when evaluating its operating results and for financial and operational decision-making purposes. The table below sets forth a reconciliation of adjusted interest expenses, which was calculated by excluding payments related to trust plans or asset-backed securities programme. These adjustments were made to assist investors on their understanding of the changes and trends related to the Group's operations, for the periods indicated:

	Six months ended 30 June	
	2025	2024
	HK\$'Million	HK\$'Million
Interest expenses	1,104.4	1,340.1
<i>Less: Payments to trust plans</i>	(123.1)	(133.5)
Adjusted interest expenses	981.3	1,206.6

The Group uses non-GAAP presentations in the interim consolidated statement of income as presented on page 22 in evaluating its operating results and for financial and operational decision-making purposes. The non-GAAP presentations do not have a standardised meaning and therefore may not be comparable to similar measures presented by other companies. The Group believes that the non-GAAP presentations provide more accurate presentations of its operating performance in its business by excluding the payments related to trust plans or asset-backed securities programme from interest expenses. The Group believes that the non-GAAP presentations would provide more accurate presentation of the Group's performance from the perspective of the management of the Group.

The Group disclosed unaudited non-GAAP financial measures for the six months ended 30 June 2024, which included adjusted borrowings and adjusted other liabilities and accruals. As the amounts due to trust plans or asset-backed securities programme has no material impact on the financial performance of the Group for the six months ended 30 June 2025, the Group no longer disclose the aforesaid non-GAAP measures.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM CONSOLIDATED STATEMENT OF INCOME

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Total revenue		
Lease income		
Finance lease income	333,282	300,224
Operating lease income	1,574,830	1,922,237
	1,908,112	2,222,461
Other operating income		
Net income from aircraft transactions and aircraft components trading	294,679	25,427
Other income	202,434	280,208
	497,113	305,635
	2,405,225	2,528,096
Expenses		
Interest expenses	(981,294)	(1,206,622)
Depreciation and impairment	(683,313)	(839,726)
Reversal of expected credit losses	7,805	28,331
Other operating expenses	(267,377)	(236,601)
	(1,924,179)	(2,254,618)
Operating profit	481,046	273,478
Share of results from associates and joint ventures	799	(564)
Other (losses)/gains, net	(293,449)	28,505
Profit before income tax	188,396	301,419

GENERAL INFORMATION

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or any of its Associated Corporations

As at 30 June 2025, the interests and short positions of the directors of the Company (the "Directors") and the chief executive of the Company in shares of the Company (the "Shares"), underlying Shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he/she was taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange were as follows:

Name of Directors	Capacity	Number of Shares held (L) ⁽¹⁾		Approximate percentage of Shares in issue ⁽²⁾
		Number of Shares/underlying Shares held	Total interests	
POON Ho Man	Interest of controlled corporation Beneficial owner	185,827,261 ⁽³⁾ 600,000	186,427,261	25.04%
CHEOK Albert Saychuan	Beneficial owner	5,000	5,000	0.001%

GENERAL INFORMATION

DISCLOSURE OF INTERESTS *(continued)*

Directors' and Chief Executive's Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or any of its Associated Corporations *(continued)*

Notes:

- (1) The letter "L" denotes the entity/person's long position in the securities.
- (2) Based on 744,648,542 Shares in issue as at 30 June 2025.
- (3) Mr. POON Ho Man was deemed to be interested in 185,827,261 Shares by virtue of the SFO in the following manner:
 - (a) 176,496,672 Shares held by Friedmann Pacific Asset Management Limited, a substantial shareholder of the Company wholly-owned by Capella Capital Limited which in turn was owned as to 50% by Ms. Christina NG and 50% by Mr. POON Ho Man; and
 - (b) 9,330,589 Shares held by Equal Honour Holdings Limited, a company wholly-owned by Mr. POON Ho Man.

Save as disclosed above, as at 30 June 2025, none of the Directors or the chief executive of the Company had any interests or short positions in any Shares, underlying Shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be: i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which he/she was taken or deemed to have under such provisions of the SFO); or ii) entered in the register of interests required to be kept by the Company pursuant to section 352 of the SFO; or iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

Arrangements for the Directors to purchase Shares or Debentures

Save as disclosed in this interim report, at no time during the six months ended 30 June 2025 were there any rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, nor were there any such rights exercised by them. Also, there was no arrangement to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party that would enable the Directors to acquire such rights in any other body corporate.

GENERAL INFORMATION

DISCLOSURE OF INTERESTS *(continued)***Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares**

Based on the information available to the Directors as at 30 June 2025 (including such information as was available on the website of the Stock Exchange) or so far as they are aware of, as at 30 June 2025, the entities and/or persons who had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified to the Company were as follows:

Name of shareholders	Capacity	Number of Shares held (L) ⁽¹⁾		Approximate percentage of Shares in issue ⁽²⁾
		Number of Shares/ underlying Shares held	Total interests	
CEL Aviation Investment Holdings Limited ("CEL Aviation")	Beneficial owner	244,065,373 ⁽³⁾	244,065,373	32.78%
China Everbright Limited ("CEL")	Interest of controlled corporation	283,417,693 ⁽³⁾	283,417,693	38.06%
China Everbright Holdings Company Limited ("CE Hong Kong")	Interest of controlled corporation	283,417,693 ⁽⁴⁾	283,417,693	38.06%
China Everbright Group Ltd ("CE Group")	Interest of controlled corporation	283,417,693 ⁽⁵⁾	283,417,693	38.06%
Central Huijin Investment Limited ("Central Huijin")	Interest of controlled corporation	283,417,693 ⁽⁵⁾	283,417,693	38.06%
Friedmann Pacific Asset Management Limited ("FPAM")	Beneficial owner	176,496,672 ⁽⁶⁾	176,496,672	23.70%
Capella Capital Limited ("Capella")	Interest of controlled corporation	176,496,672 ⁽⁶⁾	176,496,672	23.70%
POON Ho Man	Interest of controlled corporation	185,827,261 ^{(7) & (8)}	–	–
	Beneficial owner	600,000	186,427,261	25.04%
Christina NG	Interest of controlled corporation	176,496,672 ⁽⁷⁾	–	–
	Beneficial owner	7,500,000	183,996,672	24.71%

GENERAL INFORMATION

DISCLOSURE OF INTERESTS *(continued)*

Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares *(continued)*

Notes:

- (1) The letter "L" denotes the entity/person's long position in the securities.
- (2) Based on 744,648,542 Shares in issue as at 30 June 2025.
- (3) By virtue of the SFO, CEL was deemed to be interested in 244,065,373 and 39,352,320 Shares held by CEL Aviation and China Everbright Financial Investments Limited respectively, both of which were wholly-owned by CEL.
- (4) CEL was owned as to 49.39% by Honorich Holdings Limited and 0.35% by Everbright Investment & Management Limited, both of which were wholly-owned by CE Hong Kong. CE Hong Kong therefore indirectly held more than one-third of the voting power at general meetings of CEL. Accordingly, CE Hong Kong was deemed to be interested in all Shares mentioned in note (3) above by virtue of the SFO.
- (5) Central Huijin held 63.16% interest in CE Group which in turn held 100% interest in CE Hong Kong. Accordingly, CE Group and Central Huijin were deemed to be interested in all Shares mentioned in notes (3) and (4) above by virtue of the SFO.
- (6) FPAM was wholly-owned by Capella. Accordingly, Capella was deemed to be interested in all Shares held by FPAM.
- (7) Capella was owned as to 50% by Ms. Christina NG and 50% by Mr. POON Ho Man. Accordingly, Mr. POON Ho Man and Ms. Christina NG were deemed to be interested in all Shares mentioned in note (6) above.
- (8) Mr. POON Ho Man was deemed to be interested in 185,827,261 Shares by virtue of the SFO in the following manner:
 - (a) 176,496,672 Shares held by FPAM, a substantial Shareholder wholly-owned by Capella Capital Limited which in turn was owned as to 50% by Ms. Christina NG and 50% by Mr. POON Ho Man; and
 - (b) interested in 9,330,589 Shares held by Equal Honour Holdings Limited, a company wholly-owned by Mr. POON Ho Man.

Save as disclosed above, as at 30 June 2025, the Directors were not aware of any person (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, directly or indirectly, be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

GENERAL INFORMATION

CORPORATE GOVERNANCE

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 to the Listing Rules as its corporate governance practices.

The Company has complied with all code provisions as set out in Part 2 of the CG Code during the six months ended 30 June 2025.

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.

Directors’ Securities Transactions

The Company has adopted the Model Code 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 regarding their dealing in securities during the six months ended 30 June 2025.

GENERAL INFORMATION

BOARD COMMITTEES

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 the principle and code provisions under paragraph D.3 of Part 2 of the CG Code, and have been posted on the websites of both the Stock Exchange and the Company. The primary duties of the Audit Committee include but not limited to 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. As at the date of this interim report, the Audit Committee consisted of 3 members: Mr. FAN Chun Wah, Andrew, *J.P.* (chairman), Mr. CHEOK Albert Saychuan and Dr. HONG Wen, all of whom are independent non-executive Directors (the "INEDs"). The chairman of the Audit Committee holds appropriate professional qualifications or expertise in accounting or relevant financial management.

During the Review Period, the Audit Committee had reviewed the accounting principles and practices adopted by the Group and discussed matters regarding auditing, internal control, risk management and financial reporting with the management team and Deloitte Touche Tohmatsu ("Deloitte"), the external auditor of the Company, including the following:

- the review of the audited consolidated financial statements of the Group for the year ended 31 December 2024 and the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2025;
- the discussion with Deloitte 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 Deloitte and approval of the remuneration and terms of engagement of Deloitte; and
- the review of the Company's financial control, internal control and risk management systems, and the effectiveness of the internal audit function.

The Audit Committee was satisfied that the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2025 were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the Review Period.

GENERAL INFORMATION

BOARD COMMITTEES *(continued)*

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 the principle and code provisions under paragraph E.1 of Part 2 of the CG Code, and have been posted on the websites of both the Stock Exchange and the Company. The primary duties of the Remuneration Committee include but are not limited to regular monitoring of the remuneration policy for all Directors and senior management to ensure that levels of their remuneration and compensation are appropriate. As at the date of this interim report, the Remuneration Committee consisted of 5 members: Dr. HONG Wen (chairman), Mr. CHEOK Albert Saychuan and Mr. FAN Chun Wah, Andrew, J.P., all of whom are INEDs; Mr. PAN Jianyun, a non-executive Director and Mr. POON Ho Man, an executive Director and the chief executive officer of the Company.

During the Review Period, the Remuneration Committee had considered and recommended to the Board the remuneration and other benefits paid by the Company to the Directors and senior management.

Nomination Committee

The Nomination Committee was established by the Board in September 2013 with written terms of reference which aligned with the principle and code provisions under paragraph B.3 of Part 2 of the CG Code, and have been posted on the websites of both HKEX and the Company. The primary duties of the Nomination Committee include but are not limited to selecting and recommending candidates for directorship, reviewing the structure, size and composition of the Board and assessing the independence of INEDs. As at the date of this interim report, the Nomination Committee consisted of 3 members: Mr. CHEOK Albert Saychuan (chairman), Mr. FAN Chun Wah, Andrew, J.P. and Dr. HONG Wen, all of whom are INEDs.

During the Review Period, the Nomination Committee had reviewed the Board diversity policy covering the structure, size and composition of the Board, assessed the independence of INEDs and made recommendation to the Board on the appointment of new Directors and the re-election of Directors.

POST-IPO SHARE OPTION SCHEME

The post-IPO share option scheme of the Company (the "Post-IPO Share Option Scheme") was conditionally approved and adopted pursuant to a resolution in writing passed by the shareholders of the Company on 23 June 2014, which became effective on the listing date of 11 July 2014.

The Post-IPO Share Option Scheme has expired on 10 July 2024.

During the Review Period, there were no options available for grant and no options were granted pursuant to the Post-IPO Share Option Scheme. Therefore, the number of shares that may be issued in respect of options granted under the Post-IPO Share Option Scheme during the six months ended 30 June 2025 divided by the weighted average number of the shares in issue for the six months ended 30 June 2025 is nil.

GENERAL INFORMATION

POST-IPO SHARE OPTION SCHEME *(continued)*

During the Review Period, no share options were exercised and the movement of share options granted under the Post-IPO Share Option Scheme is as follows:

Name of grantees	Date of grant	Number of Shares under options					Balance as at 30 June 2025	Weighted average closing price of the Shares immediately before the dates on which the options were exercised ⁽¹⁾	Exercise price per Share HK\$	Closing price per Share Immediately before date of grant HK\$	Exercise period/ vesting period
		Balance as at 1 January 2025	Granted during the Period ⁽²⁾	Exercised during the period	Cancelled during the period ⁽⁴⁾	Lapsed during the period ⁽⁵⁾					
Director											
-	-	-	-	-	-	-	-	-	-	-	-
Sub-total		-	-	-	-	-	-	-			
Other employee participants											
Senior management and other employees	6 Apr 2022 ⁽²⁾	16,781,071	-	-	-	16,781,071	-	-	6.36	5.31	6 Apr 2023 to 5 Apr 2025 ⁽¹⁾
Sub-total		16,781,071	-	-	-	16,781,071	-	-			
Total		16,781,071	-	-	-	16,781,071	-				

Notes:

- (1) Subject to the achievement of certain individual performance targets as determined by the chief executive officer of the Company at his sole and absolute discretion within relevant periods, 50% and 50% of the share options granted on 6 April 2022 has been vested on 6 April 2023 and 6 April 2024 respectively and has become exercisable within the exercise period as stated in the table above.
- (2) The fair value of the share options granted on 6 April 2022 to senior management and employees on the grant date determined by using Binomial valuation model was approximately HK\$0.3 per option.

Significant judgement on parameters, such as spot price at the grant date, risk free interest rate, dividend yield, expected volatility and suboptimal exercise factor are required to be made by the Directors in applying the Binomial valuation model. The parameters used are as follows:

Spot share price at the grant date	HK\$5.31
Risk free rate (Note 1)	2.39%
Dividend yield (Note 2)	8.0%
Expected volatility (Note 3)	24.4%
Suboptimal exercise factor	2.5

GENERAL INFORMATION

POST-IPO SHARE OPTION SCHEME *(continued)*

Note: *(continued)*

Notes:

1. Risk free rates were based on Hong Kong Exchange Fund Notes with same duration.
 2. Dividend yield was based on historical dividend trend and expected future dividend policy determined by the Company.
 3. Expected volatility was determined by using the daily volatility of the Company's shares in similar duration as at the valuation date.
- (3) No options were granted pursuant to the Post-IPO Share Option Scheme during the six months ended 30 June 2025.
- (4) No options were cancelled pursuant to the Post-IPO Share Option Scheme during the six months ended 30 June 2025.
- (5) Options lapsed during the year in accordance with the rules of the Post-IPO Share Option Scheme. All outstanding options granted under the Post-IPO Share Option Scheme lapsed automatically upon the expiry of their exercise period on 5 April 2025.
- (6) No options were exercised pursuant to the Post-IPO Share Option Scheme during the six months ended 30 June 2025.

Save as disclosed above, there is no any other information required to be disclosed pursuant to Rule 17.07 of the Listing Rules.

Set below are the accounting standard and policy adopted in respect of all the options granted under the Post-IPO Share Option Scheme:

(a) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the Group receives services from employees or consultants as consideration for equity instruments (options) of the Group. The fair value of the services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of shares over which the options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of income, with a corresponding adjustment to equity.

In addition, in some circumstances employees or consultants may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

GENERAL INFORMATION

POST-IPO SHARE OPTION SCHEME *(continued)*

Note: *(continued)*

(b) Share-based payment transactions among Group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the financial statements of the Company.

The consideration of HK\$1 for acceptance of the options offered shall be paid upon acceptance, which shall be made within 21 business days from the date of the offer. For the share options granted to senior management and employees on 6 April 2022, the Company has specified certain performance targets which must be satisfied before vesting in the respective grant letter to each individual, which was based on the business plan for that year. Such performance targets varied among each grantee and may include operational, financial, and business targets, as well as individual key performance indicators, depending on the role and position of each individual.

As there were no outstanding options granted under the Post-IPO Share Option Scheme as at 30 June 2025, no further shares would be issued pursuant to the Post-IPO Share Option Scheme.

In respect of the options granted to certain Director, senior management and employee on 6 April 2022 under the Post-IPO Share Option Scheme, there was no clawback mechanism for all grantees. Under the Post-IPO Share Option Scheme, which was adopted before the effective date of the new Chapter 17 of the Listing Rules, there is no provision mandating a performance target or clawback mechanism, as the grant of options is determined based on the contributions of the selected Directors, senior management and employees during the preceding year rather than for the current year. Also, the primary reason for the grants were to recognise the commitment, support and satisfactory performance of the grantees and, in the case of the Director, the leadership, management and strategic business development provided by such Director. Therefore, there is no necessity for additional performance targets and clawback mechanism as the fulfilment of the purpose of the Post-IPO Share Option Scheme could be achieved without such requirements, although the Board may still impose such conditions (including performance targets) as it may think fit for each grant.

The Remuneration Committee 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.

GENERAL INFORMATION

OTHER INFORMATION

Change of Directors' Information under Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes and updated information regarding the Directors since the Company's last published annual report and up to the date of this interim report are set out below:

Ms. WANG Yun has resigned as a non-executive Director, a member of each of Remuneration Committee and Sustainability Steering Committee on Environmental, Social and Governance Issues and chairman of Strategy Committee of the Company with effect from 18 March 2025. Please refer to the announcement of the Company dated 18 March 2025 for details.

Mr. PAN Jianyun has been appointed as a non-executive Director, a member of each of Remuneration Committee and Sustainability Steering Committee on Environmental, Social and Governance Issues and chairman of Strategy Committee of the Company with effect from 18 March 2025. Mr. PAN Jianyun, as a non-executive Director, is not entitled to any Directors' fees or remuneration. Please refer to the announcement of the Company dated 18 March 2025 and the circular of the Company dated 17 April 2025 for details. Mr. PAN Jianyun has been appointed as an executive director and the vice president of China Everbright Limited (stock code: 0165.HK) on 27 March 2025 and a non-executive director of Everbright Securities Company Limited (stock code: 601788.SH, 6178.HK) on 29 April 2025. He has resigned as a non-executive director of China Everbright Environment Group Limited (stock code: 0257.HK) on 17 April 2025.

Mr. LI Guohui has resigned as an independent non-executive director of Space Group Holdings Limited (stock code: 2448.HK) on 10 June 2025.

Mr. CHEOK Albert Saychuan has been redesignated from an independent director to non-executive non-independent chairman of Amplefield Limited (stock code: AOF.SGX) on 22 January 2025. He resigned as a non-executive chairman of Forbidden Foods Limited (stock code: FFF.ASX) (currently known as OMG Group Limited (stock code: OMG.ASX)) on 1 April 2025.

Dr. TSE Hiu Tung, Sheldon, *M.H.* has retired as an independent non-executive Director, and accordingly the chairman of the Remuneration Committee and a member of each of the Nomination Committee and the Audit Committee of the Company with effect from the conclusion of the annual general meeting of the Company held on 27 May 2025. Please refer to the announcements of the Company dated 18 March 2025 and 27 May 2025 for details.

Dr. HONG Wen has been appointed as an independent non-executive Director, and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company with effect from 18 March 2025. She is entitled to a Directors' fee of HK\$370,000 per annum under her letter of appointment (including a Directors' fee of HK\$200,000, and fee of HK\$80,000 for being a member of the Audit Committee, HK\$50,000 for being a member of the Remuneration Committee and HK\$40,000 for being a member of the Nomination Committee) and a meeting allowance of HK\$5,000 for each Board meeting, committee meeting, and general meeting of the Company which were determined with reference to her duties and responsibilities in the Company and the prevailing market condition. Please refer to the announcement of the Company dated 18 March 2025 and the circular of the Company dated 17 April 2025 for details.

Dr. HONG Wen, an independent non-executive Director, has been re-designated from a member of the Remuneration Committee of the Company to the chairman of the Remuneration Committee with effect from 27 May 2025. She is also a member of each of the Audit Committee and the Nomination Committee of the Company. Please refer to the announcement of the Company dated 27 May 2025 for details.

GENERAL INFORMATION

OTHER INFORMATION *(continued)*

Change of Directors' Information under Rule 13.51B(1) of the Listing Rules *(continued)*

The updated biographies of Directors are available on the Company's website.

Save as disclosed above, the Company is not aware of any other information which is required to be disclosed under Rule 13.51B(1) of the Listing Rules.

Events after the Review Period

On 31 July 2025 (after trading hours), in order to enhance the Group's credit profile and pursue long-term sustainable growth, a wholly-owned special purpose vehicle of the Company (the Seller) entered into the Aircraft Portfolio and Asset Sale and Purchase Agreement with an independent third party (the Purchaser) in relation to the sale of eight leased-attached aircraft, which include, amongst others, six aircraft owned by the Group, and two aircraft managed by the Group. The sale transactions are expected to be completed by the end of October 2025. Please refer to the announcement of the Company dated 31 July 2025 for details.

Saved as disclosed above, there were no material subsequent events since 30 June 2025, being the end of the Review Period up to the date of this interim report.

Public Float

Based on the information publicly available to the Company and as far as the Directors were aware as at the date of this interim report, the Company has maintained the prescribed public float under the Listing Rules.

Interim Dividend

The Board has declared the payment of an interim dividend of HK\$0.12 per share for the six months ended 30 June 2025 (2024 interim dividend: HK\$0.12 per share) to shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company (the "Register of Members") on Monday, 15 September 2025. The 2025 interim dividend is not subject to approval by the Shareholders. The 2025 interim dividend will be paid in cash on or about Wednesday, 8 October 2025.

Closure of Register of Members

For the purpose of determining the Shareholders' entitlement to the interim dividend, the Register of Members will be closed in accordance with the following timetable:

- | | | |
|-----|--|--|
| (a) | Latest time to lodge transfer documents for registration | 4:30 pm on Wednesday, 10 September 2025 |
| (b) | Closure of Register of Members | Thursday, 11 September 2025 to Monday, 15 September 2025 <i>(both dates inclusive)</i> |
| (c) | Record date | Monday, 15 September 2025 |

During the above closure periods, no transfer of shares will be registered. In order to be eligible to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than the time set out above.

GENERAL INFORMATION

OTHER INFORMATION *(continued)*

Purchase, Sale or Redemption of the Company's Listed Securities

In February 2022, the Group issued RMB1.2 billion non-public bonds with a term of 3 years at the coupon rate of 4.4%. The Group has repaid the RMB1.2 billion non-public bonds due in February 2025. Please refer to the section headed Bonds and Debentures in this interim report for details.

Save as disclosed above, during the six months ended 30 June 2025, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

During the six months ended 30 June 2025, the Group had no material acquisitions and disposal of subsidiaries, associates and joint ventures.

Significant Investment

The Group did not have any significant investment which accounted for more than 5% of the Group's total assets as at 30 June 2025. Save as disclosed in this interim report, as at 30 June 2025, the Board did not authorize the processing or addition of material investments or capital assets.

By order of the Board
China Aircraft Leasing Group Holdings Limited

POON HO MAN
Executive Director and Chief Executive Officer

Hong Kong, 27 August 2025

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF
CHINA AIRCRAFT LEASING GROUP HOLDINGS LIMITED

INTRODUCTION

We have reviewed the interim condensed consolidated financial information of China Aircraft Leasing Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 90, which comprises the interim consolidated balance sheet as of 30 June 2025 and the related interim consolidated statement of income, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period then ended, and notes to the interim condensed consolidated financial information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") as issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the Hong Kong Institute of Certified Public Accountants. A review of this interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information is not prepared, in all material respects, in accordance with HKAS 34.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

OTHER MATTER

The comparative interim consolidated statement of income, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period ended 30 June 2024 and the relevant notes included in this interim condensed consolidated financial information have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

27 August 2025

INTERIM CONSOLIDATED BALANCE SHEET

	NOTES	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
ASSETS			
Property, plant and equipment and right-of-use assets	6	29,072,332	28,860,008
Pre-Delivery Payments ("PDP") and other prepayments and receivables relating to aircraft acquisition	10(a)	7,772,295	7,855,333
Investments in and loans to associates and joint ventures	7	655,753	491,697
Finance lease receivables – net	8	9,518,719	9,185,457
Deferred income tax assets	15	94,814	36,058
Financial assets at fair value through profit or loss	9	1,484,326	1,476,076
Prepayments and other assets	10(b)	726,988	683,835
Assets classified as held for sale	11	4,330,242	5,555,238
Aircraft components trading assets		2,601	3,177
Derivative financial assets	19	7,556	13,381
Restricted cash		62,984	301,110
Cash and cash equivalents		4,884,186	3,778,318
Total assets		58,612,796	58,239,688
EQUITY			
Share capital	12	74,465	74,465
Reserves	13	1,927,299	1,986,750
Retained earnings		2,179,765	2,168,242
Equity attributable to shareholders of the Company		4,181,529	4,229,457
Perpetual capital securities and other non-controlling interests	14	1,644,159	1,098,740
Total equity		5,825,688	5,328,197
LIABILITIES			
Deferred income tax liabilities	15	1,220,915	1,303,752
Borrowings	16	42,815,976	43,046,205
Medium-term notes	17	1,643,222	1,599,726
Bonds and debentures	18	4,384,084	3,930,722
Derivative financial liabilities	19	6,945	233,712
Income tax payables		172,688	133,162
Interest payables		229,826	292,538
Other liabilities and accruals	20	2,313,452	2,371,674
Total liabilities		52,787,108	52,911,491
Total equity and liabilities		58,612,796	58,239,688

The interim condensed consolidated financial information was approved by the Board of Directors on 27 August 2025 and was signed on its behalf.

POON Ho Man
Director

LI Guohui
Director

INTERIM CONSOLIDATED STATEMENT OF INCOME

	NOTES	Six months ended 30 June	
		2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
TOTAL REVENUE			
Lease income			
Finance lease income		333,282	300,224
Operating lease income		1,574,830	1,922,237
	21	1,908,112	2,222,461
Other operating income			
Net income from aircraft transactions and aircraft components trading	22	294,679	25,427
Other income	23	202,434	280,208
		497,113	305,635
		2,405,225	2,528,096
Expenses			
Interest expenses	24	(1,104,362)	(1,340,118)
Depreciation and impairment	6	(683,313)	(839,726)
Reversal of expected credit losses		7,805	28,331
Other operating expenses	25	(267,377)	(236,601)
		(2,047,247)	(2,388,114)
Share of results from associates and joint ventures		799	(564)
Other (losses)/gains, net	26	(170,381)	162,001
Profit before income tax		188,396	301,419
Income tax expenses	27	(30,529)	(115,770)
Profit for the period		157,867	185,649
Profit attributable to			
Shareholders of the Company		140,526	131,749
Holders of perpetual capital securities and other non-controlling interests		17,341	53,900
		157,867	185,649
Earnings per share for profit attributable to shareholders of the Company (expressed in HK\$ per share)			
– Basic earnings per share	28(a)	0.189	0.177
– Diluted earnings per share	28(b)	0.189	0.177

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	Six months ended 30 June	
		2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Profit for the period		157,867	185,649
Other comprehensive (loss)/income for the period:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Cash flow hedges	19	(6,347)	(35,156)
Currency translation differences		(48,070)	(43,131)
		(54,417)	(78,287)
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Currency translation differences attributed to non-controlling interests		(2,260)	447
Total other comprehensive loss for the period, net of tax		(56,677)	(77,840)
Total comprehensive income for the period		101,190	107,809
Total comprehensive income attributable to			
Shareholders of the Company		86,109	53,462
Holders of perpetual capital securities and other non-controlling interests		15,081	54,347
		101,190	107,809

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company				Attributable to holders of perpetual capital securities and other non-controlling interests			
	Share capital HK\$'000	Reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Holders of perpetual capital securities HK\$'000	Other non-controlling interests HK\$'000	Total HK\$'000	Total equity HK\$'000
Balance as at 1 January 2025 (audited)	74,465	1,986,750	2,168,242	4,229,457	1,111,899	(13,159)	1,098,740	5,328,197
Comprehensive income								
Profit for the period	-	-	140,526	140,526	16,849	492	17,341	157,867
Other comprehensive loss								
Cash flow hedges (Note 19)	-	(6,347)	-	(6,347)	-	-	-	(6,347)
Currency translation differences	-	(48,070)	-	(48,070)	-	(2,260)	(2,260)	(50,330)
Total comprehensive (loss)/income	-	(54,417)	140,526	86,109	16,849	(1,768)	15,081	101,190
Transactions with shareholders and non-controlling interests								
Dividends (Note 29)	-	-	(134,037)	(134,037)	-	-	-	(134,037)
Issuance of perpetual capital securities (Note 14(a))	-	-	-	-	530,628	-	530,628	530,628
Share option scheme:								
– Share options lapsed (Note 13(a))	-	(5,034)	5,034	-	-	-	-	-
Disposal of a subsidiary	-	-	-	-	-	(290)	(290)	(290)
Total transactions with shareholders and non-controlling interests	-	(5,034)	(129,003)	(134,037)	530,628	(290)	530,338	396,301
Balance as at 30 June 2025 (unaudited)	74,465	1,927,299	2,179,765	4,181,529	1,659,376	(15,217)	1,644,159	5,825,688
Balance as at 1 January 2024 (audited)	74,436	2,173,544	2,081,560	4,329,540	837,013	(26,591)	810,422	5,139,962
Comprehensive income								
Profit for the period	-	-	131,749	131,749	46,353	7,547	53,900	185,649
Other comprehensive (loss)/income								
Cash flow hedges (Note 19)	-	(35,156)	-	(35,156)	-	-	-	(35,156)
Currency translation differences	-	(43,131)	-	(43,131)	-	447	447	(42,684)
Total comprehensive (loss)/income	-	(78,287)	131,749	53,462	46,353	7,994	54,347	107,809
Transactions with shareholders and non-controlling interests								
Dividends	-	-	(111,653)	(111,653)	-	-	-	(111,653)
Dividends distributed to perpetual capital securities (Note 14(a))	-	-	-	-	(85,371)	-	(85,371)	(85,371)
Share option scheme:								
– Value of services (Note 13(a))	-	338	-	338	-	-	-	338
Total transactions with shareholders and non-controlling interests	-	338	(111,653)	(111,315)	(85,371)	-	(85,371)	(196,686)
Balance as at 30 June 2024 (unaudited)	74,436	2,095,595	2,101,656	4,271,687	797,995	(18,597)	779,398	5,051,085

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTES	Six months ended 30 June	
		2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Cash flows from operating activities			
Profit before income tax		188,396	301,419
Adjustments for:			
– Depreciation and impairment	6	683,313	839,726
– Net income from aircraft transactions	22	(295,217)	(25,256)
– Reversal of expected credit losses		(7,805)	(28,331)
– Interest expenses	24	1,104,362	1,340,118
– Share-based payments		–	338
– Unrealised currency exchange losses/(gains)		160,540	(250,331)
– Hedge ineffectiveness and fair value changes on currency swap, interest rate swaps and currency forward contracts	19	(10,373)	91,859
– Loss on disposal of a subsidiary		5,164	–
– Share of results from associates and joint ventures		(799)	564
– Interest income	23	(108,114)	(120,263)
– Fair value gains on financial assets at fair value through profit or loss	26	(661)	(375)
		1,718,806	2,149,468
Changes in working capital:			
– Finance lease receivables – net		(293,801)	(254,613)
– Prepayments and other assets		(24,547)	(167,751)
– Aircraft components trading assets		576	(1,497)
– Other liabilities and accruals		(242,962)	(82,435)
Cash generated from operations		1,158,072	1,643,172
Income taxes paid		(146,034)	(98,614)
Net cash flows generated from operating activities		1,012,038	1,544,558
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,465,435)	(4,567,983)
Proceeds from disposals of aircraft		5,875,744	327,758
PDP and prepayments paid for acquisition of aircraft		(1,480,418)	(1,118,120)
PDP refunded		1,564,791	1,272,683
Interest received		89,730	115,550
Investment in financial assets at fair value through profit or loss		(607)	–
Net payments from disposal of a subsidiary		(932)	–
Investment in a joint venture		(3,896)	–
Payments relating to loans to associates and joint ventures		(290,614)	(217,710)
Repayments of loans to associates and joint ventures		159,677	289,416
Net cash flows generated from/(used in) investing activities		1,448,040	(3,898,406)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Proceeds from borrowings	13,750,380	13,302,926
Issue of bonds and debentures, net of transaction costs	1,610,550	—
Issue of medium-term notes, net of transaction costs	—	1,628,176
Repayments of borrowings	(14,701,076)	(7,460,837)
Repayment of bonds and debentures, including transaction costs	(1,288,439)	(1,164,034)
Repayment and repurchase of medium-term notes, including transaction costs	(11,513)	(1,617,943)
Repayment of lease liabilities	(5,555)	(8,087)
Interest received in respect of derivative financial instruments	7,061	37,994
Interest paid in respect of borrowings, notes and bonds and debentures	(1,320,015)	(1,750,364)
Payments for settlement of derivative financial instruments	(218,555)	(40,787)
Pledge of deposits placed in respect of borrowings	(5,381)	(18,468)
Pledge of deposits released in respect of borrowings	40,592	334,257
Pledge of deposits placed in respect of derivative financial instruments	(23,573)	(61,318)
Pledge of deposits released in respect of derivative financial instruments	227,783	26,365
Issuance of perpetual capital securities, net of transaction costs	530,628	—
Net cash flows (used in)/generated from financing activities	(1,407,113)	3,207,880
Net increase in cash and cash equivalents	1,052,965	854,032
Cash and cash equivalents at beginning of the period	3,778,318	5,295,875
Currency exchange difference on cash and cash equivalents	52,903	(35,400)
Cash and cash equivalents at end of the period	4,884,186	6,114,507

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION ON THE GROUP

China Aircraft Leasing Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 21 December 2012 as an exempted company with limited liability under the Companies Law (2012 Revision) of the Cayman Islands. The address of the Company’s registered office is Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 11 July 2014 (the “Listing”).

The Company is an investment holding company and its subsidiaries are principally engaged in the aircraft leasing business. The Company and its subsidiaries (together, “the Group”) have operations mainly in the Mainland China and other countries or regions globally.

The interim condensed consolidated financial information for the six months ended 30 June 2025 (“Interim Financial Information”) is presented in Hong Kong Dollar (“HK\$”), unless otherwise stated.

2. BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with HKAS 34 “Interim financial reporting”. The Interim Financial Information should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards and included in the 2024 annual report of the Company.

Going concern

As at 30 June 2025, the Group’s current liabilities exceeded its current assets by HK\$7,697.2 million. The Group had total capital commitments of HK\$41,390.3 million as at 30 June 2025, which related to acquisition of aircraft that will be delivered in stages in the coming years until the end of 2028. Out of the total capital commitments, HK\$12,430.1 million is forecasted to be incurred and payable within one year based on the current delivery schedules and forecasted delivery schedules with the Original Equipment Manufacturers (“OEMs”). The Group will satisfy these capital commitments through the Group’s internal resources, available and additional banking facilities and aircraft project loans which usually can only be confirmed by the relevant banks shortly before the delivery of the aircraft. As at 30 June 2025, the Group had cash and cash equivalents of HK\$4,884.2 million.

The Group will need to secure a substantial amount of funds in the foreseeable future to finance the financial obligations and capital expenditures under contractual and other arrangements. The directors have given due and careful consideration to the liquidity of the Group and its available sources of financing in assessing whether the Group has sufficient working capital for its present requirements, covering a period of not less than twelve months from 30 June 2025. The directors have taken into account the following plans and measures for the purposes of their assessment:

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

2. BASIS OF PREPARATION *(continued)*

Going concern *(continued)*

- New aircraft project loans are primarily used for the payment of the balances of the aircraft acquisition costs and the repayments of the PDP financing due upon delivery of aircraft. Such aircraft project loans will usually be confirmed by the banks before the delivery of the relevant aircraft. In 2025, the Group has successfully obtained aircraft project loans or loan facilities from certain banks at one or two years preceding the lease-attached aircraft delivery. The Group has drawn down these loans before the aircraft delivery. Besides, the Group sometimes finances the new aircraft with internal resources or short-term bridging financing depending on the financial situation and the progress of bank approvals. Subsequently, the Group may seek refinancing for these aircraft through new aircraft project loans. During the six months ended 30 June 2025, the Group has obtained 11 aircraft project loan facilities of HK\$2,640.0 million from certain onshore and offshore banks and financial institutions. The Group will continue to arrange aircraft project loan facilities from time to time. Based on the previous experience and practices in the industry, the directors are of the view that the Group will be able to obtain the necessary aircraft project loans as and when required in the next twelve months from 30 June 2025.
- According to the relevant aircraft purchase agreements, the scheduled payment of PDP for the next twelve months from 30 June 2025 amounts to HK\$4,365.6 million.

For the scheduled payment of PDP and repayment of utilised facility drawdowns under the facilities expiring in the next twelve months from 30 June 2025, certain portion will be repaid by the PDP facilities to be released when aircraft is delivered and related PDP financing is repaid. As at 30 June 2025, the Group had already obtained PDP financing facilities from banks to provide financing up to HK\$7,126.3 million to satisfy the forecasted committed PDP payments in the next twelve months from 30 June 2025. With such facilities, internal resources and/or facilities obtained from other financing channels of the Group, the Group will be able to satisfy payments of the committed PDP and repayment of PDP facilities at maturity in the next twelve months from 30 June 2025.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****2. BASIS OF PREPARATION** *(continued)***Going concern** *(continued)*

- As at 30 June 2025, the Group had working capital loan and revolving loan facilities of HK\$20,218.2 million out of which HK\$13,534.3 million has been utilised. The directors are confident that the Group can drawdown the remaining unutilised loan facilities of HK\$6,683.9 million as and when required and will be able to renew substantially all the existing revolving facilities and further secure new working capital loan facilities. The Group has also initiated the process to obtain new working capital loan and renew working capital loan facilities with certain banks.
- The Group is also pursuing other sources of financing, including issuance of bonds and medium-term notes as well as other debt and capital financing. In February 2025, the Group issued five-year corporate bonds of RMB1.5 billion in the People's Republic of China (the "PRC"). In August 2025, the Group issued three-year corporate bonds of US\$160.0 million offshore. The Group will continue to review the market conditions and may issue additional RMB medium-term notes, RMB bonds and US\$ bonds when needed. Based on the credit profile of the Group, the successful history of issuance of similar debt instruments, the directors are confident that the Group will be able to issue the relevant debt instruments and obtain the required financing as and when required.
- The Group has been preserving the multi-faceted development of its asset-light business model through establishment and management of aviation-related funds and joint venture companies, while at the same time, building up network buyers that will acquire aircraft from its aircraft portfolio. The Group continues to expand its portfolio trading business. As at 30 June 2025, the Group has signed sale and purchase agreements or letters of intent for the disposals of 16 aircraft, scheduled to be disposed in the next twelve months from 30 June 2025. Based on the Group's experience in aircraft portfolio trading in previous years, the directors are confident that the scheduled disposals of aircraft will be completed, and the proceeds will be collected according to the expected schedule in the next twelve months from 30 June 2025.

The directors are of the opinion that, in the absence of unforeseeable circumstances and after taking into account the Group's internal resources, the cash flows generated from its business operations, continued availability of existing and new banking facilities, the successful execution of its plans in obtaining the aircraft project loans from the banks and financial institutions, the successful issuance of debt instruments, the successful disposals of aircraft as planned, the Group has sufficient working capital for its present requirements in the next twelve months from 30 June 2025. Accordingly, the directors consider that the Group will be in a position to continue as a going concern and hence prepared the Interim Financial Information on a going concern basis.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3. ACCOUNTING POLICIES

The accounting policies and methods of computation used in the Interim Financial Information for the six months ended 30 June 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to a HKFRS Accounting Standard

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's Interim Financial Information:

Amendments to HKAS 21 Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the Interim Financial Information.

4. ESTIMATES

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Group's consolidated financial statements for the year ended 31 December 2024.

5. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise the potential adverse effects on the Group's financial performance.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2024.

There have been no significant changes in the risk management department or in any risk management policies since 31 December 2024.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****5. FINANCIAL RISK MANAGEMENT** *(continued)***Financial risk factors** *(continued)***Market risk***Currency exchange risk*

In the normal course of business, the Group is exposed to currency exchange risks as certain portion of cash and cash equivalents, restricted cash, financial assets including finance lease receivables and other assets, financial liabilities including bank borrowings, medium-term notes, bonds and debentures, and other liabilities and accruals held by the Group are denominated in currencies other than functional currency of the group entities. The aircraft leasing income and certain borrowings used to finance the leases are denominated in US\$, while some borrowings are denominated in RMB. Currency exchange risk may arise when the finance lease receivables, operating lease receivables and certain borrowings are denominated in different currencies. The management of the Group closely monitors currency exchange risks and hedges the exposure where necessary and appropriate. In order to mitigate RMB exchange rate risks, the Group uses the currency forward contracts to hedge its exposure to currency exchange risk. The hedge accounting was not applied for these currency forward contracts. The fair value changes of which were recognised in other (losses)/gains, net, please refer to Note 19 and Note 26.

The following table is the breakdown of financial assets and liabilities denominated in RMB held by companies whose functional currency is US\$ or HK\$:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Cash and cash equivalents	119,551	409,725
Other financial assets	93,832	398,565
Total financial assets	213,383	808,290
Borrowings	(4,233,939)	(7,672,482)
Medium-term notes	–	(1,599,726)
Bonds and debentures	–	(3,387,844)
Other financial liabilities	(551,823)	(541,049)
Total financial liabilities	(4,785,762)	(13,201,101)
Notional amount of currency forward contracts	657,780	2,649,250
Net exposure	(3,914,599)	(9,743,561)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION5. FINANCIAL RISK MANAGEMENT *(continued)*Financial risk factors *(continued)***Market risk** *(continued)**Currency exchange risk (continued)*

The following table indicates the potential effect on profit before income tax of a 5% appreciation or depreciation of RMB against US\$ or HK\$ as at 30 June in 2025 and 2024:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
(Decrease)/increase in profit before income tax		
– 5% appreciation of RMB against US\$ or HK\$	(195,730)	(422,343)
– 5% depreciation of RMB against US\$ or HK\$	195,730	422,343

Cash flow and fair value interest rate risk

Borrowings at floating rates expose the Group to cash flow interest rate risk. Finance lease receivables, borrowings, bonds and debentures and medium-term notes at fixed rates expose the Group to fair value interest rate risk.

The Group's primary objective is to manage cash flow interest rate risk.

The Group manages the cash flow interest rate risk by matching the rental rates of aircraft leases with interest rates of borrowings. Interest rate exposure arises when rental rates of the leases and the interest rates of corresponding borrowings do not match. The following table indicates the amount of borrowings exposed to interest rate risk as at 30 June 2025 and 31 December 2024.

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Borrowings exposed to US\$ Secured Overnight Financing Rate ("SOFR")	21,185,088	21,831,240
Borrowings exposed to RMB Loan Prime Rate ("LPR")	4,504,496	3,835,202
	25,689,584	25,666,442

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****5. FINANCIAL RISK MANAGEMENT** *(continued)***Financial risk factors** *(continued)***Market risk** *(continued)**Cash flow and fair value interest rate risk (continued)*

Interest rate swaps are used to manage the variability in future interest cash flows of bank and other borrowings, arising due to changes in market interest rates. The amounts and timing of future cash flows, representing both principal and interest flows, are projected for bank and other borrowings on the basis of their contractual terms and other relevant factors, including estimates of prepayments. The cash flows are used to determine the effectiveness and ineffectiveness.

As at 30 June 2025, the Group had 11 outstanding floating-to-fixed interest rate swaps (31 December 2024: 16 swaps) to manage its unmatched interest rate risk exposure. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference in the amount of interest between the fixed rate and the floating rate calculated by reference to the agreed notional amounts. For the remaining unhedged exposure, the Group closely monitors the interest rate risk exposure trend and will consider hedging the exposure where necessary and appropriate.

	As at 30 June 2025		As at 31 December 2024	
	Notional amount HK\$'000	Carrying value HK\$'000	Notional amount HK\$'000	Carrying value HK\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Interest rate swaps				
Exposed to US\$ SOFR	1,441,381	(2,772)	2,252,996	13,381

The Group performs sensitivity analysis by measuring the impact of a change in interest rates as at 30 June 2025. It is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit before income tax for the six months ended 30 June 2025 by approximately HK\$79,247,000 (six months ended 30 June 2024: approximately HK\$106,414,000); and would also have increased/decreased the Group's reserves by approximately HK\$37,000 (31 December 2024: approximately HK\$15,432,000) because of the impact of cash flow hedge interest derivatives.

The sensitivity analysis above indicates the impact on the Group's lease income and interest expenses that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 50 basis point change represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5. FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk factors *(continued)*

Credit risk

The Group takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Group by failing to discharge an obligation. Significant changes in economy, or in the health of the industry segment that represents a concentration in the Group's portfolio (see (d) below), could result in losses that are different from those provided for at the balance sheet date. The Group therefore carefully manages its exposure to credit risk. Credit risk exposures of the Group arise principally in aircraft leasing service, loans to associates and joint ventures, and other financial assets.

Credit risk on aircraft leasing service

The Group implements its industry risk management system according to its plan based on actual situation with focus on industry research, counterparty credit rating, and understanding of the lessee's operations, financial condition as well as their shareholders' support. The Group also obtained deposits from the lessees (Note 20). All these strengthen the control and management of credit risk.

(a) Probability of default

Default risk – in the event of default, the Group may demand return of aircraft, repossession of aircraft or disposal of aircraft, whenever appropriate. In addition, the Group may request for a security deposit or security deposit letter of credit which it may apply towards the payment or discharge of any obligation owed by the lessee.

Late payment risk – in the event of late payment, the Group is entitled to charge interest at the default rate on any part of lease rental not paid when due until the same shall be paid. Such interest will accrue on a day to day basis. In addition, the Group may request for a security deposit which it may apply towards the payment or discharge of any obligation owed by the lessee.

(b) Risk limit control and mitigation policies

The Group manages limits and controls concentrations of credit risk wherever they are identified, in particular, to assess the lessees' repayment ability periodically.

(c) Impairment allowance policies

The Group applies the simplified approach on measuring expected credit losses prescribed by HKFRS 9, which uses the lifetime expected loss provision for lease receivables. Except for debtors with significant outstanding balances or credit-impaired, to measure the expected credit losses, the relevant receivables are grouped based on shared credit risk characteristics such as financial performance and stability, future growth, default history and other relevant factors.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****5. FINANCIAL RISK MANAGEMENT** *(continued)***Financial risk factors** *(continued)***Credit risk** *(continued)**Credit risk on aircraft leasing service (continued)*(c) Impairment allowance policies *(continued)*

The loss allowances of credit risk are estimated according to net exposure analysis and assumptions about risk of default and expected loss rates. The net exposure is determined based on the finance lease receivable or operating lease receivable balance, net of the unguaranteed residual value in the case of a finance lease, and other cash collaterals such as security deposits over the contractual term. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group assesses the business performance and credit risks of the airline companies on a regular basis. In view of the economic conditions, the operation of airlines and the collection history of the receivable due from them, management provided accumulated expected credit losses of HK\$22,757,000 (31 December 2024: HK\$18,508,000) for finance lease receivables (Note 8) and HK\$149,598,000 (31 December 2024: HK\$152,951,000) for operating lease receivables (Note 10(b)) as at 30 June 2025.

Credit risk exposure on finance lease receivables (excluding the unguaranteed residual values):

	As at 30 June 2025		As at 31 December 2024	
	Gross carrying amount	Accumulated expected credit losses allowance	Gross carrying amount	Accumulated expected credit losses allowance
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Asia	4,893,099	22,757	4,722,511	18,508

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION5. FINANCIAL RISK MANAGEMENT *(continued)*Financial risk factors *(continued)*Credit risk *(continued)*Credit risk on aircraft leasing service *(continued)*(c) Impairment allowance policies *(continued)*

Credit risk exposure on operating leases receivables:

	As at 30 June 2025		As at 31 December 2024	
	Gross carrying amount	Accumulated expected credit losses allowance	Gross carrying amount	Accumulated expected credit losses allowance
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Asia	215,696	69,458	245,917	73,614
Europe	11,349	11,349	11,227	11,227
America	105,069	68,791	119,716	68,110
	332,114	149,598	376,860	152,951

(d) Concentration of credit risk

During the six months ended 30 June 2025, the lessees of the Group are airline companies located in the Mainland China and other countries or regions globally. Please see Note 8 for an analysis of concentration of finance lease receivables. If any of them experiences financial difficulties, the recovery of the Group's finance lease receivables through regular lease payments might be adversely affected and the Group may have to resort to recovery through repossession of the leased assets. In addition, the Group's cash and cash equivalents, is dispersed across several different banks.

Credit risk on loans to associates and joint ventures and other financial assets

The Group is also exposed to credit risk associated with loans and loan commitments, and financial guarantees to associates and joint ventures. Please refer to Note 7 and Note 30 for details.

The Group assesses whether there are any indicators of impairment for investments in associates and joint ventures at the end of each reporting period. Investments in associates and joint ventures are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of investment in associates or joint ventures exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. When value in use calculations are undertaken, the Group must estimate the present values of cash flows expected to arise from continuing to hold the investments and choose a discount rate commensurate with the associated risk in order to calculate the present values of those cash flows.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****5. FINANCIAL RISK MANAGEMENT** *(continued)***Financial risk factors** *(continued)***Credit risk** *(continued)**Credit risk on loans to associates and joint ventures and other financial assets (continued)*

The Group evaluates expected credit losses of loans to associates and joint ventures at the end of each reporting period. Management considers a number of factors in expected credit loss assessment including but not limited to associates and joint ventures' current and expected financial positions, business environment and industry performance, current and forward-looking economic factors, collection history and past experience. For loans that are repayable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the expected credit loss is likely to be immaterial. If the borrower could not repay the loan if demanded at the reporting date, the Group considers the expected manner of recovery, including a 'repay over time' strategy or a fire sale of less liquid assets, to measure expected credit losses. Please refer to Note 7 and Note 30 for details.

In addition, the Group is exposed to credit risk associated with cash in banks and derivative financial assets. Management considers that these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

5. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

Liquidity risk

The following table sets forth the assets and liabilities of the Group which are expected to be recovered or due to be settled within twelve months after the balance sheet date:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Current assets		
Loans to associates and joint ventures	38,101	37,544
Finance lease receivables – net	3,351,902	1,946,844
Derivative financial assets	8,656	11,171
Prepayments and other assets	710,217	669,177
Assets classified as held for sale	4,330,242	5,555,238
Aircraft components trading assets	2,601	3,177
Restricted cash	8,023	211,453
Cash and cash equivalents	4,884,186	3,778,318
	13,333,928	12,212,922
Current liabilities		
Deferred income tax liabilities	189,610	187,576
Borrowings	16,348,462	12,732,730
Medium-term notes	–	10,543
Bonds and debentures	2,192,173	1,542,866
Derivative financial liabilities	4,149	233,712
Income tax payables	172,688	133,162
Interest payables	229,826	292,538
Other liabilities and accruals	1,894,240	2,063,447
	21,031,148	17,196,574
Net current liabilities	(7,697,220)	(4,983,652)

The assets and liabilities of the Group not included in the above table are expected to be recovered or due to be settled in more than twelve months after the balance sheet date.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****5. FINANCIAL RISK MANAGEMENT** *(continued)***Financial risk factors** *(continued)***Liquidity risk** *(continued)*

As at 30 June 2025, borrowings of HK\$16.3 billion (31 December 2024: HK\$12.7 billion) under current liabilities mainly comprised of borrowings of HK\$5.1 billion (31 December 2024: HK\$4.8 billion) from aircraft acquisition financing, including the borrowings related to the assets classified as held for sale that were disclosed as current liabilities (Note 11) ("aircraft loans"), HK\$3.8 billion (31 December 2024: HK\$2.7 billion) from PDP financings and HK\$7.4 billion (31 December 2024: HK\$5.2 billion) from other borrowings. The repayment of above aircraft loans will be partially funded by the collection of operating lease receivables of HK\$2.9 billion (31 December 2024: HK\$3.1 billion) (Note 31(d)) (which has not been included under current assets above) that is expected to be received from airlines in the next twelve months from 30 June 2025. Repayment of PDP financings and other financings is expected to be funded by existing loan facilities and/or new aircraft loans when aircraft is delivered based on industry practice and prior experience.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long term.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares, raise new debts, or adjust the amount of dividend paid to shareholders. No changes were made to the objectives, policies or processes for managing capital during the six months ended 30 June 2025 compared with the year ended 31 December 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION5. FINANCIAL RISK MANAGEMENT *(continued)*Capital risk management *(continued)*

The Group monitors capital risk using gearing ratio, which is calculated as interest-bearing debts included in total liabilities divided by total assets, asset-liability ratio, which is calculated as total liabilities divided by total assets, and interest-bearing debts to equity ratio, which is calculated as interest-bearing debts included in total liabilities divided by total equity. The ratios are as follows:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Interest-bearing debts included in total liabilities	48,843,282	48,576,653
Total liabilities	52,787,108	52,911,491
Total assets	58,612,796	58,239,688
Total equity	5,825,688	5,328,197
Gearing ratio	83.3%	83.4%
Asset-liability ratio	90.1%	90.9%
Interest-bearing debts to equity ratio	8.4:1	9.1:1

Categories of financial instruments

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Financial assets		
Financial assets at fair value through profit or loss ("FVPL")	1,491,882	1,489,457
Financial assets at amortised cost	6,043,119	4,908,019
Operating lease receivables	182,516	223,909
Finance lease receivables	9,518,719	9,185,457
	17,236,236	15,806,842
Financial liabilities		
Financial liabilities at FVPL	6,945	233,712
Financial liabilities at amortised cost	50,844,713	50,624,342
Lease liabilities	21,376	18,687
	50,873,034	50,876,741

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****5. FINANCIAL RISK MANAGEMENT** *(continued)***Fair value estimation of financial instruments**

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Regarding financial instruments, for which there is an active market, the Group employs the quotations in the active market to determine the fair value thereof. If there is no active market for an instrument, the Group estimates fair value using valuation techniques, which include discounted cash flow analysis.

Financial instruments carried at fair value are measured using different valuation techniques. The inputs to valuation techniques used are categorised into three levels within a fair value hierarchy as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

5. FINANCIAL RISK MANAGEMENT (continued)

Fair value estimation of financial instruments (continued)

Financial assets and financial liabilities measured at fair values

The following table presents the Group's financial assets and financial liabilities that were measured at fair values.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 June 2025 (unaudited)				
Assets				
Interest rate swaps (note i)	–	304	–	304
Currency forward contracts (note i)	–	7,252	–	7,252
Financial assets at fair value through profit or loss (note ii)	1,191	–	1,483,135	1,484,326
	1,191	7,556	1,483,135	1,491,882
Liabilities				
Interest rate swaps (note i)	–	3,076	–	3,076
Currency forward contracts (note i)	–	3,869	–	3,869
	–	6,945	–	6,945
As at 31 December 2024 (audited)				
Assets				
Interest rate swaps (note i)	–	13,381	–	13,381
Financial assets at fair value through profit or loss (note ii)	883	–	1,475,193	1,476,076
	883	13,381	1,475,193	1,489,457
Liability				
Currency forward contracts (note i)	–	233,712	–	233,712

Notes:

- (i) The fair values of the interest rate swaps and currency forward contracts are determined by using valuation techniques, mainly discounted cash flow analysis. The Group uses its judgements to select the appropriate methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. The inputs to the valuation models, including yield curves, US\$/RMB forward rates, are observable either directly or indirectly and thus their fair values are considered to be of level 2 within the fair value hierarchy.
- (ii) As at 30 June 2025, the financial assets at fair value through profit or loss, measured at level 3 within the fair value hierarchy, mainly consisted of the performance-linked shareholder's loan to CAG Bermuda 1 Limited ("CAG") and its subsidiaries (collectively "CAG Group"), shareholder's loan to Feitian No.2 Leasing (Tianjin) Company Limited ("Feitian No.2 (Tianjin)") and exchangeable bonds issued by Aircraft Recycling International Limited ("ARI") and its subsidiaries (collectively "ARI Group"). The fair value of these financial assets is determined by making reference to discounted cash flow analysis.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION5. FINANCIAL RISK MANAGEMENT *(continued)*Fair value estimation of financial instruments *(continued)*Financial assets and financial liabilities measured at fair values *(continued)*Notes: *(continued)*(ii) *(continued)*

The significant unobservable inputs to the valuation model of the shareholder's loan to CAG Group mainly include discount rate, expected rental collection and expected aircraft disposal prices. The Group assessed the sensitivity to changes in market interest rate and those unobservable inputs on considering the effect of a change in a particular assumption independently of changes in any other assumptions.

	As at 30 June 2025		As at 31 December 2024	
	Changes in fair value			
	Increase HK\$'000 (Unaudited)	Decrease HK\$'000 (Unaudited)	Increase HK\$'000 (Audited)	Decrease HK\$'000 (Audited)
An increase or decrease in the market interest rate of 100 basis points	(108,687)	110,273	(176,747)	121,215
An increase or decrease in the discount rate of 100 basis points	(19,133)	20,016	(21,282)	21,118
An increase or decrease in the expected rental collection of 10%	25,081	(25,081)	23,756	(23,756)
An increase or decrease in the expected aircraft disposal prices of 5%	29,394	(302,591)	144,512	(224,738)

The significant unobservable inputs to the valuation model of the shareholder's loan to Feitian No.2 (Tianjin) mainly include expected aircraft disposal prices at the end of lease term and discount rate.

The significant unobservable inputs to the valuation model of the exchangeable bonds issued by ARI Group mainly include discount rate. The Group assessed the sensitivity to change in discount rate by 100 basis points. Such changes would not change the fair value significantly.

The following table presents the reconciliation of level 3 fair value measurement.

	Shareholder's loan to CAG Group HK\$'000	Exchangeable bonds HK\$'000	Other financial assets at fair value through profit or loss HK\$'000	Total HK\$'000
As at 1 January 2025 (audited)	576,136	850,000	49,057	1,475,193
Increase in financial assets at fair value through profit or loss	—	—	613	613
Fair value change on the financial assets at fair value through profit or loss	—	—	365	365
Currency translation difference	6,247	—	717	6,964
As at 30 June 2025 (unaudited)	582,383	850,000	50,752	1,483,135

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

5. FINANCIAL RISK MANAGEMENT (continued)

Fair value estimation of financial instruments (continued)

Financial assets and financial liabilities measured at fair values (continued)

Notes: (continued)

(ii) (continued)

	Shareholder's loan to CAG Group HK\$'000	Exchangeable bonds HK\$'000	Other financial assets at fair value through profit or loss HK\$'000	Total HK\$'000
As at 1 January 2024 (audited)	579,296	–	41,289	620,585
Increase in financial assets at fair value through profit or loss	–	850,000	–	850,000
Fair value change on the financial assets at fair value through profit or loss	–	–	375	375
Currency translation difference	(37)	–	(218)	(255)
As at 30 June 2024 (unaudited)	579,259	850,000	41,446	1,470,705

Financial assets and financial liabilities carried at amortised cost

The fair values of cash and cash equivalents, amounts due from related parties, other receivables, loans to associates and joint ventures, interest payables and other payables approximate their carrying amounts because these financial assets and liabilities, which are short term in nature, mature within one year.

The carrying amounts and fair values of finance lease receivables (excluding the unguaranteed residual value), borrowings, medium-term notes and bonds and debentures are as follows:

	As at 30 June 2025		As at 31 December 2024	
	Carrying amount HK\$'000 (Unaudited)	Fair value HK\$'000 (Unaudited)	Carrying amount HK\$'000 (Audited)	Fair value HK\$'000 (Audited)
Finance lease receivables (excluding the unguaranteed residual values)	4,870,342	4,851,561	4,704,003	4,292,549
Borrowings	42,815,976	42,530,014	43,046,205	43,211,304
Medium-term notes	1,643,222	1,710,963	1,599,726	1,688,948
Bonds and debentures	4,384,084	4,469,151	3,930,722	4,090,514

The fair values of the above finance lease receivables (excluding the unguaranteed residual value), borrowings, medium-term notes and bonds and debentures (which are not traded in the active market) are estimated by discounting the future cash flows at the current market rates available to the Group for similar financial instruments. Their fair values are considered to be of level 2 within the fair value hierarchy.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****5. FINANCIAL RISK MANAGEMENT** *(continued)***Fair value estimation of financial instruments** *(continued)***Financial assets and financial liabilities carried at amortised cost** *(continued)*

The fair values of other bonds and debentures (which are traded in the active market) are determined based on the quoted prices in the respective markets. Their fair values are considered to be of level 1 within the fair value hierarchy.

6. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Aircraft and engine HK\$'000	Leasehold improvements HK\$'000	Office equipment HK\$'000	Office building HK\$'000	Right-of-use assets HK\$'000	Others HK\$'000	Total HK\$'000
Net book value as at							
1 January 2025 (audited)	28,791,894	689	5,567	38,991	18,853	4,014	28,860,008
Additions	4,743,696	-	482	-	8,877	-	4,753,055
Transfer from finance lease receivables	219,056	-	-	-	-	-	219,056
Transfer to finance lease receivables	(162,203)	-	-	-	-	-	(162,203)
Assets classified as held for sale	(2,833,281)	-	-	-	-	-	(2,833,281)
Write-off	-	-	-	-	(1,373)	-	(1,373)
Disposals	(1,451,180)	(684)	(521)	-	-	(463)	(1,452,848)
Depreciation and impairment	(675,525)	(24)	(1,141)	(454)	(5,467)	(702)	(683,313)
Currency translation difference	373,048	19	(457)	419	188	14	373,231
Net book value as at							
30 June 2025 (unaudited)	29,005,505	-	3,930	38,956	21,078	2,863	29,072,332
Net book value as at							
1 January 2024 (audited)	33,426,505	-	9,544	40,115	11,867	5,795	33,493,826
Additions	5,421,910	-	143	-	3,589	-	5,425,642
Transfer from finance lease receivables	187,646	-	-	-	-	-	187,646
Assets classified as held for sale	(897,539)	-	-	-	-	-	(897,539)
Disposals	(507,381)	-	-	-	-	-	(507,381)
Depreciation and impairment	(829,168)	-	(2,164)	(456)	(6,999)	(939)	(839,726)
Currency translation difference	(117,697)	-	(6)	(2)	(137)	(18)	(117,860)
Net book value as at							
30 June 2024 (unaudited)	36,684,276	-	7,517	39,657	8,320	4,838	36,744,608

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**6. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS** *(continued)*

Lease rental income amounting to HK\$1,574,830,000 relating to the lease of aircraft and engine for the six months ended 30 June 2025 are included in operating lease income in the interim consolidated statement of income (six months ended 30 June 2024: HK\$1,922,237,000).

As at 30 June 2025, the net book value of aircraft amounted to HK\$28,393,125,000 (31 December 2024: HK\$28,071,670,000).

As at 30 June 2025, the net book value of aircraft under operating leases amounting to HK\$21,357,594,000 (31 December 2024: HK\$23,867,672,000) were pledged as collateral for bank and other borrowings for aircraft acquisition financing and borrowings from trust plans (Note 16).

During the six months ended 30 June 2025, net impairment on aircraft of HK\$9,960,000 was made (six months ended 30 June 2024: net reversal of impairment of HK\$24,348,000).

7. INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINT VENTURES

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Investments in and loans to associates and joint ventures – carrying amount after share of results	865,328	707,352
Accumulated expected credit losses allowance on loans to associates and joint ventures	(209,575)	(215,655)
	655,753	491,697

The accumulated expected credit losses allowance on loans to associates and joint ventures amounted to HK\$209,575,000 (31 December 2024: HK\$215,655,000). A net reversal of expected credit losses of HK\$6,849,000 (six months ended 30 June 2024: HK\$31,274,000) was recognised for the six months ended 30 June 2025.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****7. INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINT VENTURES** *(continued)*

As at 30 June 2025, the Group had interests in the following principal associates and joint ventures:

Name of entity	Place of incorporation	Principal activities	% of equity interest	Nature of relationship	Measurement method
ARI (a)	Cayman Islands	Investment holding	48%	Associate	Equity
CAG (Note 9)	Bermuda	Aircraft leasing	20%	Associate	Equity
FLARI Aircraft Maintenance & Engineering Company Co., Ltd ("FLARI") (b)	PRC	Line maintenance, base maintenance, technical training	48.79%	Associate	Equity
HNCA&CALC One (Tianjin) Leasing Company Limited ("HNCA One (Tianjin)") (c)	PRC	Aircraft leasing	49%	Joint venture	Equity
HNCA&CALC Two (Tianjin) Leasing Company Limited ("HNCA Two (Tianjin)") (c)	PRC	Aircraft leasing	49%	Joint venture	Equity
Feitian No.2 (Tianjin) (c)	PRC	Aircraft leasing	20%	Joint venture	Equity
PT Transnusa Aviation Mandiri ("TAM") (d)	Indonesia	Commercial air transportation services	35.68%	Joint venture	Equity
PT Linkaviasi Asia Indonesia ("LAI") (e)	Indonesia	Commercial air transportation services	35.68%	Joint venture	Equity

- (a) ARI is an investment holding company and ARI Group have operations mainly in the Mainland China, United States and other countries and are principally engaged in providing asset management services and comprehensive solutions for dealing with second lease and mid-life to mature aircraft. As at 30 June 2025, the net liabilities of ARI were HK\$787,498,000 (31 December 2024: net liabilities of HK\$702,347,000), and as a result, the Group's equity interests in ARI was reduced to zero (31 December 2024: zero). No further losses were recorded unless the investor had incurred legal or constructive obligations or made payments on behalf of the associate. As at 30 June 2025, the Group's carrying amount of outstanding loans to ARI amounted to HK\$405,376,000 (31 December 2024: HK\$243,211,000). For details, please refer to Note 30(b).
- (b) FLARI has operations mainly in the Mainland China and is principally engaged in line maintenance, base maintenance, technical training, cargo conversion, engineering service and component maintenance.

As at 30 June 2025, the Group's outstanding shareholders' loans balance receivable from FLARI amounted to HK\$144,965,000 (31 December 2024: HK\$139,979,000). For details, please refer to Note 30(b).

As the result of FLARI is not material to the Group, no summarised financial information of FLARI is disclosed.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

7. INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINT VENTURES *(continued)*

- (c) HNCA One (Tianjin), HNCA Two (Tianjin) and Feitian No.2 (Tianjin) have operations in the Mainland China and are principally engaged in aircraft leasing businesses. As at 30 June 2025, the Group's outstanding loans balance receivable from HNCA One (Tianjin) and HNCA Two (Tianjin) amounted to HK\$39,651,000 (31 December 2024: HK\$38,403,000) and HK\$37,602,000 (31 December 2024: HK\$36,423,000), respectively. For details, please refer to Note 30(d).

As the result of HNCA One (Tianjin), HNCA Two (Tianjin) and Feitian No.2 (Tianjin) are not material to the Group, no summarised financial information of HNCA One (Tianjin), HNCA Two (Tianjin) and Feitian No.2 (Tianjin) are disclosed.

- (d) CALC IDN Limited ("CALC IDN"), a wholly-owned subsidiary of the Company, holds approximately 72.82% of the share capital in Linkasia Airlines Group Limited ("Linkasia Airlines"). The remaining shares of Linkasia Airlines are owned as to 14.13% by Equal Honour Equity Limited (wholly-owned by Mr. POON Ho Man, a substantial shareholder, an executive director and the chief executive officer of the Company) and 13.05% by Smart Aviation Investment Limited (wholly-owned by Ms. LIU Wanting, key management of the Company).

Linkasia Airlines indirectly (i) holds 49% equity interest in TAM and (ii) is beneficially interested in 50% of the voting rights and 85% (31 December 2024: 75%) of the economic interest in TAM. The principal activity of TAM is the operation of an airline based in Indonesia. It also engages in the provision of commercial air transportation services.

Under the Indonesia Law No.1 of 2009 on Aviation and the Indonesian Negative List, air transportation activities are limited to up to 49% foreign shareholding. In addition, a single majority rule applies where it is required that one of the Indonesian shareholders' shareholding must be larger than the shareholding of the foreign investors combined. According to the contractual rights and obligations of each investor, TAM is jointly controlled by the Group and other investor.

As at 30 June 2025, the Group's outstanding shareholder's loan balance receivable from TAM amounted to HK\$15,663,000 (31 December 2024: HK\$26,037,000).

As at 30 June 2025, the Group held rental deposit of US\$1,966,000 (equivalent to approximately HK\$15,433,000) from TAM (31 December 2024: US\$1,230,000 (equivalent to approximately HK\$9,552,000)) in relation to aircraft under finance leases and operating leases, please refer to Note 30(h).

As the result of TAM is not material to the Group, no summarised financial information of TAM is disclosed.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****7. INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINT VENTURES** *(continued)*

- (e) Linkasia Airlines indirectly (i) holds 49% equity interest in LAI and (ii) is beneficially interested in 50% of the voting rights and 75% of the economic interest in LAI. The principal activity of LAI is the operation of an airline based in Indonesia. It also engages in the provision of commercial air transportation services.

Under the Indonesia Law No.1 of 2009 on Aviation and the Indonesian Negative List, air transportation activities are limited to up to 49% foreign shareholding. In addition, a single majority rule applies where it is required that one of the Indonesian shareholders' shareholding must be larger than the shareholding of the foreign investors combined. According to the contractual rights and obligations of each investor, LAI is jointly controlled by the Group and other investor.

As the result of LAI is not material to the Group, no summarised financial information of LAI is disclosed.

Save as those disclosed elsewhere in other Notes, the above transactions were carried out with related parties at terms negotiated between the Group and the respective parties.

Besides the contingent liabilities disclosed in Note 31(a), there are no other contingent liabilities relating to the Group's interests in associates and joint ventures.

8. FINANCE LEASE RECEIVABLES – NET

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Lease payments receivables		
– Not later than one year	1,683,076	1,050,241
– Later than one year but not later than two years	1,723,699	1,817,925
– Later than two years but not later than three years	1,174,232	1,520,548
– Later than three years but not later than four years	84,753	275,103
– Later than four years but not later than five years	457,614	431,086
– Later than five years	496,055	437,173
Total	5,619,429	5,532,076
Less: Unearned finance lease income relating to lease payment receivables	(726,330)	(809,565)
Present value of lease payment receivables	4,893,099	4,722,511
Add: Present value of unguaranteed residual value	4,648,377	4,481,454
Net investment in leases	9,541,476	9,203,965
Less: Accumulated expected credit losses allowance	(22,757)	(18,508)
Finance lease receivables – net	9,518,719	9,185,457

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**8. FINANCE LEASE RECEIVABLES – NET** *(continued)*

The accumulated expected credit losses allowance on financial lease receivables amounted to HK\$22,757,000 (31 December 2024: HK\$18,508,000). A net expected credit losses of HK\$4,019,000 (six months ended 30 June 2024: HK\$5,273,000) was recognised for the six months ended 30 June 2025.

The following table sets forth the finance lease receivables attributable to airlines companies:

	As at 30 June 2025		As at 31 December 2024	
	HK\$'000	%	HK\$'000	%
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Categorised by customer in terms of lease receivables:				
Five largest airline companies	6,382,119	67%	6,197,396	67%
Others	3,136,600	33%	2,988,061	33%
Finance lease receivables – net	9,518,719	100%	9,185,457	100%

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Shareholder's loan to CAG Group (Note (a))	582,383	576,136
Shareholder's loan to Feitian No.2 (Tianjin) (Note (b))	46,990	45,945
Exchangeable bonds (Note (c))	850,000	850,000
Others	4,953	3,995
	1,484,326	1,476,076

Notes:

- (a) CAG uses the fund injected through a performance-linked shareholder's loan from the Group and the mezzanine financing from other investors at a ratio of 20% to 80%, together with a shareholding between the Group and other investors at the same ratio. Pursuant to shareholders' agreement and shareholders' loan agreement, all investors of CAG committed to invest in CAG through shareholders' loan according to the mezzanine financing proportion.
- (b) The Group entered into a shareholder's loan agreement and a subordinated fee agreement with Feitian No.2 (Tianjin).
- (c) The Group entered into an exchangeable bond subscription agreement with ARI in respect of the subscription of HK\$850.0 million exchangeable bonds issued by ARI.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

10. PREPAYMENTS AND OTHER ASSETS

(a) PDP and other prepayments and receivables relating to aircraft acquisition

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
PDP and other prepayments and receivables relating to aircraft acquisition	7,772,295	7,855,333

In December 2014, the Group entered into aircraft purchase agreements with Airbus S.A.S. ("Airbus") for the purchase of 100 aircraft. In December 2017 and January 2018, the Group entered into supplementary agreement with Airbus for the purchase of additional 65 aircraft. In January 2020, the Group entered into supplemental agreement to the aircraft purchase agreements in December 2014 to purchase additional 40 aircraft from Airbus.

PDP were made according to the payment schedules set out in the aircraft purchase agreements. The aircraft will be delivered in stages by end of 2028.

(b) Prepayments and other assets

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Operating lease receivables (i)	332,114	376,860
Deposits paid	36,933	27,858
Prepayments and amounts due from related parties (Note 30(e))	196,530	190,741
Deductible input taxes	49,472	57,753
Others (ii)	261,537	183,574
	876,586	836,786
Less: Accumulated expected credit losses allowance (i)	(149,598)	(152,951)
	726,988	683,835

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION10. PREPAYMENTS AND OTHER ASSETS *(continued)*(b) Prepayments and other assets *(continued)*

- (i) The Group recognised an allowance for impairment losses by providing for expected credit losses when the lessee is expected as not being able to pay the amounts due under its lease agreements.

The aging of the gross operating lease receivables based on due date was as follows:

	As at 30 June 2025		As at 31 December 2024	
	HK\$'000 (Unaudited)	% (Unaudited)	HK\$'000 (Audited)	% (Audited)
Current/deferral	46,273	14%	70,762	19%
Less than 30 days past due	3,059	1%	980	1%
30 to 90 days past due	3,224	1%	2,894	1%
More than 90 days past due	279,558	84%	302,224	79%
Total	332,114	100%	376,860	100%

As at 30 June 2025, the accumulated expected credit losses allowance against operating lease receivables amounted to HK\$149,598,000 (31 December 2024: HK\$152,951,000) and the net carrying amount of operating lease receivables was HK\$182,516,000 (31 December 2024: HK\$223,909,000). A net reversal of expected credit losses of HK\$4,974,000 (six months ended 30 June 2024: HK\$2,330,000) was recognised during the six months ended 30 June 2025.

- (ii) The "Others" above were mainly prepayments to third parties and miscellaneous receivables.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****11. ASSETS CLASSIFIED AS HELD FOR SALE**

The Group had signed letters of intent for the disposals of several lease-attached aircraft. These aircraft intended to be disposed of were consequently classified as held for sale. As at 30 June 2025, the carrying amount of assets classified as held for sale was HK\$4,330,242,000 (31 December 2024: HK\$5,555,238,000), which were measured at the lower of carrying amount and fair value less costs to sell. The fair value of the assets classified as held for sale was determined based on market price of the aircraft. This is a level 2 measurement as per the fair value hierarchy.

The carrying amount of borrowings related to the assets held for sale was HK\$2,054,960,000 (31 December 2024: HK\$2,707,840,000). The borrowings related to the assets held for sale will be repaid when the aircraft are disposed, although the borrowings are not due to be settled within twelve months after the reporting period pursuant to the contractual terms.

12. SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Par value of each share	Number of issued shares	Share capital in HK\$'000
Issued:			
As at 1 January 2025 and 30 June 2025	HK\$0.1	744,648,542	74,465
As at 1 January 2024 and 30 June 2024	HK\$0.1	744,355,352	74,436

13. RESERVES

	Share premium HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000	Share- based payments reserve HK\$'000	Hedging reserve HK\$'000	Currency translation differences HK\$'000	Total HK\$'000
Balance as at 1 January 2025 (audited)	1,523,250	623,720	(166)	(3,888)	5,034	3,723	(164,923)	1,986,750
Cash flow hedges (Note 19)	-	-	-	-	-	(6,347)	-	(6,347)
Currency translation differences	-	-	-	-	-	-	(48,070)	(48,070)
Share option scheme:								
– Share options lapsed (a)	-	-	-	-	(5,034)	-	-	(5,034)
Balance as at 30 June 2025 (unaudited)	1,523,250	623,720	(166)	(3,888)	-	(2,624)	(212,993)	1,927,299
Balance as at 1 January 2024 (audited)	1,522,393	623,720	(166)	-	4,848	48,216	(25,467)	2,173,544
Cash flow hedges (Note 19)	-	-	-	-	-	(35,156)	-	(35,156)
Currency translation differences	-	-	-	-	-	-	(43,131)	(43,131)
Share option scheme:								
– Value of services (a)	-	-	-	-	338	-	-	338
Balance as at 30 June 2024 (unaudited)	1,522,393	623,720	(166)	-	5,186	13,060	(68,598)	2,095,595

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

13. RESERVES (continued)

- (a) On 6 April 2022, the Company granted 20,900,000 share options under the share option scheme adopted by the Company for the purpose of recognising the contribution participants, including certain directors of the Company and selected employees of the Group, in relation to the growth of the Group. Subject to the achievement of certain individual performance targets as determined by the chief executive officer of the Company at his sole and absolute discretion within relevant periods, 50% and 50% of the share options granted on 6 April 2022 has vested on 6 April 2023 and 6 April 2024 respectively and become exercisable within the exercise period. None of the options have been exercised during the six months ended 30 June 2025 and 2024.

Movement of outstanding share options during the six months ended 30 June 2025 and 2024 is as follows:

	Number of share options
As at 1 January 2025	16,781,071
Lapsed	(16,781,071)
As at 30 June 2025	–
As at 1 January 2024	20,025,000
Lapsed	(2,743,929)
As at 30 June 2024	17,281,071

- (i) The fair value of the share options on the grant date determined by using Binomial valuation model was approximately HK\$0.3 per option.

Significant judgement on parameters, such as spot price at the grant date, risk free interest rate, dividend yield, expected volatility and suboptimal exercise factor are required to be made by the directors in applying the Binomial valuation model. The parameters used are as follows:

Spot share price at the grant date	HK\$5.31
Risk free rate (Note 1)	2.39%
Dividend yield (Note 2)	8.0%
Expected volatility (Note 3)	24.4%
Suboptimal exercise factor	2.5

Notes:

1. Risk free rates were based on Hong Kong Exchange Fund Notes with same duration.
2. Dividend yield was based on historical dividend trend and expected future dividend policy determined by the Company.
3. Expected volatility was determined by using the daily volatility of the Company's shares in similar duration as at the valuation date.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****13. RESERVES** *(continued)*(a) *(continued)*

The amounts of share-based compensation recognised as expenses with a corresponding credit to reserves of the Group during the six months ended 30 June 2025 and 2024 are as follows:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Directors and employees	–	338

14. PERPETUAL CAPITAL SECURITIES AND OTHER NON-CONTROLLING INTERESTS

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Perpetual capital securities (a)	1,659,376	1,111,899
Other non-controlling interests of ordinary shares	(15,217)	(13,159)
	1,644,159	1,098,740

(a) Perpetual capital securities

On 25 September 2024, a subsidiary of the Group (the “Issuer 1”) issued RMB1.0 billion fixed rate of 2.70% perpetual capital securities with the aggregate net proceeds of HK\$1,104.1 million. On 28 April 2025, Issuer 1 further issued RMB0.5 billion fixed rate of 2.48% perpetual capital securities with the aggregate net proceeds of HK\$537.2 million. The coupon rate is subject to adjustment pursuant to Issuer 1’s fulfilment of sustainability performance targets. The perpetual capital securities do not have maturity dates and the distribution payments can be deferred at the discretion of Issuer 1. Therefore, the perpetual capital securities are classified as equity instruments and recorded in equity in the interim consolidated balance sheet. When Issuer 1 elects to declare dividends to ordinary shareholders, Issuer 1 shall make distribution to the holders of perpetual capital securities at the distribution rate as defined in the subscription agreements.

On 16 December 2020, a subsidiary of the Group (the “Issuer 2”) issued US\$200.0 million floating rate guaranteed perpetual capital securities with the aggregate net proceeds (after transaction cost of HK\$5.0 million) of HK\$1,545.5 million. The perpetual capital securities do not have maturity dates and the distribution payments can be deferred at the discretion of Issuer 2. Therefore, the perpetual capital securities are classified as equity instruments and recorded in equity in the interim consolidated balance sheet. When the Company elects to declare dividends to ordinary shareholders, Issuer 2 shall make distribution to the holders of perpetual capital securities at the distribution rate as defined in the subscription agreements. During the year ended 31 December 2023 and 2024, the Group had early redeemed US\$100.0 million (equivalent to approximately HK\$780.8 million) and US\$100.0 million (equivalent to approximately HK\$780.3 million) perpetual capital securities, respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

14. PERPETUAL CAPITAL SECURITIES AND OTHER NON-CONTROLLING INTERESTS

(continued)

(a) Perpetual capital securities (continued)

The movement of the perpetual capital securities during the period is as follows:

	HK\$'000
As at 1 January 2025 (audited)	1,111,899
Issuance of perpetual capital securities	530,628
Profit for the period attributable to perpetual capital securities	16,849
As at 30 June 2025 (unaudited)	1,659,376
As at 1 January 2024 (audited)	837,013
Profit for the period attributable to perpetual capital securities	46,353
Dividends distributed to perpetual capital securities	(85,371)
As at 30 June 2024 (unaudited)	797,995

15. DEFERRED INCOME TAX (ASSETS)/LIABILITIES

The movement of the deferred income tax (assets)/liabilities during the six months ended 30 June 2025 is as follows:

	Tax losses HK\$'000	Accelerated depreciation of leased assets HK\$'000	Total HK\$'000
As at 1 January 2025 (audited)	(36,058)	1,303,752	1,267,694
Credited to profit or loss (Note 27)	(57,301)	(98,148)	(155,449)
Currency translation difference	(1,455)	15,311	13,856
As at 30 June 2025 (unaudited)	(94,814)	1,220,915	1,126,101
As at 1 January 2024 (audited)	—	1,191,479	1,191,479
Credited to profit or loss (Note 27)	—	(664)	(664)
Currency translation difference	—	(2,703)	(2,703)
As at 30 June 2024 (unaudited)	—	1,188,112	1,188,112

The deferred income tax liabilities that are expected to be settled within twelve months are HK\$189,610,000 as at 30 June 2025 (31 December 2024: HK\$187,576,000). The remaining deferred income tax assets and liabilities are expected to be settled after twelve months from the end of the reporting period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

16. BORROWINGS

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Bank and other borrowings		
Bank and other borrowings for aircraft acquisition financing (a)	20,008,945	21,537,088
PDP financing (b)	5,688,534	6,294,118
Other bank borrowings (c)	13,227,541	11,021,832
	38,925,020	38,853,038
Other borrowings		
Borrowings from trust plans (d)	3,681,372	3,989,918
Other borrowings (e)	209,584	203,249
	3,890,956	4,193,167
	42,815,976	43,046,205

Bank and other borrowings

- (a) Bank and other borrowings for aircraft acquisition financing are principally based on fixed or floating rates (including US\$ SOFR and RMB LPR). As at 30 June 2025, certain bank and other borrowings were secured by, in addition to other legal charges, the related aircraft leased to airline companies under either finance leases or operating leases, pledge of the shares in the subsidiaries owning the related aircraft, guarantees from certain companies of the Group, and pledged deposits amounting to HK\$18,543,000 (31 December 2024: HK\$53,640,000). As at 30 June 2025, bank and other borrowings for aircraft acquisition financing of HK\$1,931,271,000 (31 December 2024: HK\$1,598,033,000) were unsecured.
- (b) As at 30 June 2025, PDP financings of HK\$5,688,534,000 (31 December 2024: HK\$6,294,118,000) were unsecured and guaranteed by the Company or certain companies of the Group.
- (c) As at 30 June 2025, unsecured other bank borrowings amounted to HK\$13,227,541,000 (31 December 2024: HK\$11,021,832,000), of which HK\$7,521,584,000 (31 December 2024: HK\$5,690,561,000) were guaranteed by the Company or certain companies of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

16. BORROWINGS (continued)

Bank and other borrowings (continued)

The Group has the following undrawn borrowing facilities:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
– Expiring within one year	3,569,739	2,142,453
– Expiring beyond one year	7,658,621	7,482,137
	11,228,360	9,624,590

Other borrowings

- (d) As at 30 June 2025, 40 borrowings (31 December 2024: 43 borrowings) were provided to the Group by investors under trust plans or an asset-backed securities programme. The average effective interest rates of the borrowings range from 5.8% to 7.8% (31 December 2024: 5.8% to 7.8%) per annum for remaining terms of one to five years (31 December 2024: one to five years). These borrowings were secured by the shares of, and the aircraft held by the relevant subsidiaries, guaranteed by certain companies of the Group, and pledged deposits amounting to HK\$44,441,000 (31 December 2024: HK\$43,954,000).
- (e) As at 30 June 2025, two borrowings (31 December 2024: two borrowings) were obtained through a structured financing arrangement for two aircraft (31 December 2024: two aircraft) delivered to airlines. These borrowings bear an effective interest rate ranging from 3.9% to 4.3% (31 December 2024: 3.9% to 4.3%) per annum for their remaining terms of one year (31 December 2024: one year) and were guaranteed by the Company.

17. MEDIUM-TERM NOTES

In April 2022, the Group issued three-year medium-term notes, with coupon rate adjustment option for the Group and sell-back option for investors exercisable at the end of the second year, in a principal amount of RMB1.5 billion due in 2025, bearing coupon interest at 4.5% per annum. In April 2024, the Group repurchased a principal amount of RMB1.49 billion (equivalent to approximately HK\$1,615,241,000) from the investors. The remaining principal amount had been fully repaid on maturity.

In April 2024, the Group issued three-year RMB0.3 billion medium-term notes due in 2027, bearing coupon rate of 2.75% per annum and five-year RMB1.2 billion medium-term notes due in 2029, bearing coupon rate of 3.3% per annum (issued equivalent to approximately HK\$1,626,377,000 in total in 2024, net of transaction costs).

As at 30 June 2025, the total carrying amount of these notes was HK\$1,643,222,000 (31 December 2024: HK\$1,599,726,000).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****18. BONDS AND DEBENTURES**

In November 2020, the Group entered into a subscription agreement with an independent third party in relation to the issuance of five-year US\$70.0 million senior unsecured bonds, of which US\$35.0 million were issued in November 2020 and due in 2025 and US\$35.0 million were issued in January 2021 and due in 2026. The bonds bear coupon interest at 5.9% per annum, payable semi-annually.

In February 2022, the Group issued three-year RMB1.2 billion private bonds due in 2025, bearing coupon rate of 4.4% per annum. These bonds had been fully repaid on maturity.

In June 2023, the Group issued three-year RMB1.5 billion corporate bonds due in 2026, bearing coupon rate of 3.85% per annum. These bonds were listed on the Shanghai Stock Exchange.

In November 2023, the Group issued three-year RMB0.5 billion corporate bonds due in 2026, bearing coupon rate of 3.58% per annum. These bonds were listed on the Shanghai Stock Exchange.

In February 2025, the Group issued five-year RMB1.5 billion corporate bonds due in 2030, bearing coupon rate of 2.38% per annum. These bonds were listed on the Shanghai Stock Exchange.

As at 30 June 2025, the total carrying amount of bonds and debentures was HK\$4,384,084,000 (31 December 2024: HK\$3,930,722,000).

19. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Derivative financial assets		
– Currency forward contracts (a)	7,252	–
– Interest rate swaps (b)	304	13,381
	7,556	13,381
Derivative financial liabilities		
– Currency forward contracts (a)	3,869	233,712
– Interest rate swaps (b)	3,076	–
	6,945	233,712

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION19. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

- (a) As at 30 June 2025, the Group had two outstanding currency forward contracts with notional amount of RMB600,000,000 (equivalent to approximately HK\$657,780,000) (31 December 2024: 12 outstanding currency forward contracts with notional amount of RMB2,500,000,000 (equivalent to approximately HK\$2,649,250,000)) which will expire at various dates from 11 August 2025 to 23 December 2025 (31 December 2024: 8 January 2025 to 23 December 2025), to mitigate RMB exchange rate risks. These forward contracts did not satisfy the requirements for hedge accounting, the fair value changes of which were recognised in "Other (losses)/gains, net (Note 26)". As at 30 June 2025, no deposit was required for this arrangement (31 December 2024: secured by margin deposits of HK\$198,098,000).
- (b) As at 30 June 2025, the Group had 11 outstanding interest rate swap contracts (31 December 2024: 16 contracts) which will expire at various dates from 29 July 2025 to 15 December 2026 (31 December 2024: 3 April 2025 to 25 March 2031), to exchange floating interest rates from SOFR into fixed interest rates in a range of 0.5% to 4.1% (31 December 2024: 0.4% to 4.1%). As at 30 June 2025, no deposit was required for this arrangement (31 December 2024: secured by initial deposits of HK\$5,418,000).

The fair value changes of derivative financial instruments recognised in other comprehensive income and profit or loss are as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Recognised in other comprehensive income		
Change in fair value of interest rate swaps	(922)	3,009
Reclassified from other comprehensive income to profit or loss in respect of:		
– Hedged items that affected profit or loss (i)	(5,425)	(38,165)
	(6,347)	(35,156)
Recognised in other (losses)/gains, net of profit or loss		
Fair value gains/(losses) on currency forward contracts	16,113	(78,167)
Change in fair value of interest rate swaps	(6,316)	–
Hedge ineffectiveness	576	240
Realised losses on a currency swap	–	(13,932)
	10,373	(91,859)

- (i) Hedged items that have affected profit or loss are primarily recorded within interest expenses and other (losses)/gains, net.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****20. OTHER LIABILITIES AND ACCRUALS**

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Deposits and fund received for lease and aircraft projects	1,623,753	1,715,060
Consultant and professional fee payable	81,923	80,852
Value-added tax and other taxes	154,559	186,091
Operating lease rentals received in advance	180,628	212,290
Amounts due to related parties (Note 30(f))	10,783	37,358
Amount due to non-controlling interest of a subsidiary (Note 30(g))	7,736	7,653
Dividend payables to ordinary shareholders	135,458	–
Lease liabilities	21,376	18,687
Others (including salary and bonus payable)	97,236	113,683
	2,313,452	2,371,674

21. LEASE INCOME AND SEGMENT INFORMATION

During the six months ended 30 June 2025, the Group was engaged in the provision of aircraft leasing services to global airline companies. The Group leases its aircraft to airline companies under finance leases or operating leases under which it receives rentals.

The following table sets forth the amounts of total finance and operating lease income attributable to individual airline companies:

	Six months ended 30 June			
	2025		2024	
	HK\$'000	%	HK\$'000	%
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Categorised by customer in terms of lease income:				
Airline Company – A	455,439	24%	596,768	27%
Airline Company – B	209,716	11%	296,774	13%
Airline Company – C	118,094	6%	145,591	7%
Airline Company – D	90,411	5%	90,720	4%
Airline Company – E	84,871	4%	22,751	1%
Others	949,581	50%	1,069,857	48%
Total finance and operating lease income	1,908,112	100%	2,222,461	100%

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**22. NET INCOME FROM AIRCRAFT TRANSACTIONS AND AIRCRAFT COMPONENTS TRADING**

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Aircraft transactions (a)	295,217	25,256
Aircraft components trading (b)	(538)	171
	294,679	25,427

(a) Aircraft transactions

The net gain from aircraft transactions for the six months ended 30 June 2025 included the net gain from disposals of 19 aircraft and two engines to third parties (six months ended 30 June 2024: five aircraft).

(b) Aircraft components trading

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales from aircraft components trading assets	69	246
Less: Cost of aircraft components trading assets	(607)	(75)
(Loss)/profit from aircraft components trading assets	(538)	171

23. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Government grants (a)	66,624	113,125
Interest income from loans to associates and joint ventures	46,012	54,986
Bank interest income	62,102	65,277
Asset management service fees income from CAG Group (Note 30(c))	4,282	9,244
Others	23,414	37,576
	202,434	280,208

- (a) Government grants represent the grants and subsidies from the Mainland China government to support the development of aircraft leasing industry.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

24. INTEREST EXPENSES

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expense on borrowings	1,201,989	1,462,725
Settlements on interest rate swaps designated as cash flow hedges – transfer from other comprehensive income	(3,758)	(37,925)
Interest expense on medium-term notes	27,481	35,968
Interest expense on bonds and debentures	78,869	119,080
	1,304,581	1,579,848
Less: interest capitalised on qualifying assets (a)	(200,219)	(239,730)
	1,104,362	1,340,118

- (a) Interest expenses capitalised on qualifying assets represent the amount of interest on interest-bearing debts which is directly attributable to the acquisition of aircraft and was capitalised as the cost of aircraft upon delivery of aircraft.

25. OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Employee benefit expenses	94,249	122,144
Value-added tax surcharges and other taxes	14,957	16,731
Professional service expenses	66,928	54,198
Rental and utilities expenses	40,547	14,022
Office and meeting expenses	10,429	6,408
Travelling and training expenses	8,740	4,924
Auditor's remuneration		
– Audit service	2,000	–
Others	29,527	18,174
	267,377	236,601

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

26. OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Realised losses on a currency swap (Note 19)	–	(13,932)
Currency exchange (losses)/gains	(176,251)	253,485
Fair value gains/(losses) on currency forward contracts	16,113	(78,167)
Change in fair value of interest rate swaps	(6,316)	–
Hedge ineffectiveness	576	240
Fair value gains on financial assets at fair value through profit or loss	661	375
Loss on disposal of a subsidiary	(5,164)	–
	(170,381)	162,001

27. INCOME TAX EXPENSES

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Current income tax:		
Mainland China, Hong Kong and others	185,978	116,434
Deferred income tax (Note 15)	(155,449)	(664)
	30,529	115,770

Mainland China

The subsidiaries incorporated in the Mainland China are subject to the PRC corporate income tax at a rate of 25% (six months ended 30 June 2024: 25%), except for certain subsidiaries which are subject to the preferential tax treatments. The leasing income of the subsidiaries in the Mainland China is subject to VAT at 13%.

Hong Kong

Certain subsidiaries incorporated in Hong Kong are subject to the standard Hong Kong profits tax rate of 16.5% on their assessable profits.

Profit tax concessions have been announced to the corporations carrying on business as aircraft lessors and aircraft lease managers which satisfy relevant conditions. The taxable amount of rentals derived from leasing of an aircraft to an aircraft operator by a qualifying aircraft lessor is equal to 20% of the tax base. The qualifying profits of qualifying aircraft lessors and qualifying aircraft leasing managers are subject to the half of the normal rate at 8.25%.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****27. INCOME TAX EXPENSES** *(continued)***Others**

The Company and its subsidiaries incorporated in the Cayman Islands are exempted from income tax in the Cayman Islands.

The subsidiaries incorporated in the British Virgin Islands are exempted from income tax in the British Virgin Islands.

The subsidiaries incorporated in Ireland which are taxed in accordance with Section 110 Taxes Consolidation Act 1997 under the Irish tax regime are subject to corporate tax at 25%. Other Irish companies are generally subject to corporate tax at 12.5%.

The subsidiaries incorporated in the Netherlands are subject to income tax at 19% over the first EUR200,000 of its taxable income and a rate of 25.8% over its taxable income in excess of EUR200,000.

The subsidiaries incorporated in France are subject to income tax at rates of up to 25% plus social contribution tax.

The subsidiaries incorporated in Singapore are subject to income tax at rates of up to 17%.

The subsidiaries incorporated in Malta are subject to income tax at rates of up to 35%.

The subsidiaries incorporated in Labuan are subject to income tax at 3%.

The subsidiaries incorporated in Bermuda are exempted from income tax in Bermuda.

The subsidiaries incorporated in the Abu Dhabi Global Market ("ADGM") are exempted from income tax in ADGM.

28. EARNINGS PER SHARE**(a) Basic**

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2025 and 2024.

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Profit attributable to shareholders of the Company (HK\$'000)	140,526	131,749
Weighted average number of ordinary shares in issue (number of shares in thousands)	744,649	744,355
Basic earnings per share (HK\$ per share)	0.189	0.177

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**28. EARNINGS PER SHARE** *(continued)***(b) Diluted**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. Share options are dilutive where they would result in the issue of ordinary shares for less than the average market price of ordinary shares during the financial period. As at 30 June 2025 and as at 30 June 2024, as the exercise price per share is higher than average market price of ordinary shares, it is not assumed that the outstanding share options have been exercised in the calculation of the diluted earnings per share for the six months ended 30 June 2025 and 2024.

29. DIVIDENDS

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interim dividend declared of HK\$0.12 (2024: HK\$0.12) per ordinary share	89,757	89,358

On 23 August 2024, the Board declared an interim dividend of HK\$0.12 per ordinary share totalling HK\$89.4 million which was paid by cash in October 2024.

A final dividend of HK\$0.18 per ordinary share totalling HK\$134.0 million (including cash dividend and scrip dividend) for the year ended 31 December 2024 was declared and was reflected as dividend payable as at 30 June 2025.

On 27 August 2025, the Board declared an interim dividend of HK\$0.12 per ordinary share totalling HK\$89.8 million, which is calculated based on 747,974,981 issued shares as at 27 August 2025. The declared dividend is not reflected as a dividend payable in the Interim Financial Information as at 30 June 2025, and will be reflected as an appropriation of retained earnings for the year ending 31 December 2025.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****30. RELATED PARTY TRANSACTIONS**

Apart from the share option arrangement with key management and related parties as disclosed in Note 13(a), the following transactions were carried out with related parties at terms negotiated between the Group and the respective parties:

(a) Transactions with China Everbright Group Ltd. ("CE Group") and its subsidiaries

CE Group is the sole shareholder of China Everbright Holdings Company Limited ("CE Hong Kong"). CE Hong Kong is the indirect controlling shareholder of China Everbright Limited ("CEL") and CEL indirectly holds approximately 38.06% equity interest in the Company as at 30 June 2025.

Deposit, loan and facilities services provided by CE Group

On 14 May 2015, the Company entered into a deposit services framework agreement, a loan services framework agreement and an assignment of finance lease receivables framework agreement with CE Group. Pursuant to the deposit services framework agreement, CE Group may provide deposit services to the Group through its associate, China Everbright Bank Company Limited ("CE Bank"). Pursuant to the loan services framework agreement, CE Group may provide secured loan services and guarantees to the Group through CE Bank and through the trustee of a trust plan of which CE Group is a beneficiary. Pursuant to the assignment of finance lease receivables framework agreement, the Group may assign the finance lease receivables to the trustee.

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income from CE Group	288	2,840
Interest expenses to CE Group	97,999	149,982
Loans upfront and arrangement fee to CE Group	406	297
Transactions handling charges to CE Group	764	1,905
	As at	As at
	30 June	31 December
	2025	2024
	HK\$'Million	HK\$'Million
	(Unaudited)	(Audited)
Bank deposits placed in CE Group	231.5	748.9
Borrowings due to CE Group	3,176.1	5,201.4

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION30. RELATED PARTY TRANSACTIONS *(continued)*

(b) Transactions with ARI Group and FLARI

Service provided by ARI Group

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Service fee charged by: ARI Group	–	65

Transactions with ARI Group

Pursuant to the shareholders' loan agreement dated 6 April 2016, the Group granted loans to ARI which are secured by pledge of shares is a subsidiary of ARI, bearing interest at 4% per annum above the prime lending rate quoted by the Bank of China (Hong Kong) Limited which is accrued daily and payable in arrears of six monthly intervals from the date of issue of the loan note. On 15 October 2018, a supplemental agreement was entered into to revise the interest rate to 3% per annum above the prime lending rate quoted by the Bank of China (Hong Kong) Limited with effect from 28 November 2018. In October 2023, a supplemental agreement was entered into to reduce the shareholders' loan annual cap from HK\$1.5 billion to HK\$650.0 million. In addition, the Group has entered into an exchangeable bond subscription agreement with ARI in respect of the subscription of HK\$850.0 million exchangeable bonds to be issued by ARI. On 1 January 2024, the Group has completed the subscription of the exchangeable bonds and the consideration were settled against the shareholders' loan to ARI. The exchangeable bonds are bearing interest at 0.5% per annum above the prime lending rate quoted by the Bank of China (Hong Kong) Limited which is accrued daily and payable in arrears of six monthly intervals from the date of issue of the exchangeable bonds. As at 30 June 2025, the outstanding shareholders' loan balances receivable from ARI and the exchangeable bonds balance amounted to HK\$405,376,000 (31 December 2024: HK\$243,211,000) (Note 7) and HK\$850,000,000 (31 December 2024: HK\$850,000,000) (Note 9) respectively and the interest income from shareholders' loan and exchangeable bonds for the six months ended 30 June 2025 was HK\$16,173,000 (six months ended 30 June 2024: HK\$22,004,000) and HK\$24,547,000 (six months ended 30 June 2024: HK\$27,390,000) respectively.

During the year ended 31 December 2020, the Group entered into a letter of intent with ARI Group relating to the purchase of five engines, which would be delivered in 2021, with total consideration of US\$55,000,000 (equivalent to approximately HK\$426,388,000). During the year ended 31 December 2021, the Group entered into supplemental agreements with ARI Group to reschedule the delivery of the above engines to be no later than 2022. During the year ended 31 December 2022, ARI Group delivered one engine to the Group and the Group entered into supplemental agreements with ARI Group to reschedule the delivery of the remaining four engines to be no later than 2023. During the year ended 31 December 2023, ARI Group delivered two engines to the Group and supplemental agreement was entered with ARI Group to reschedule the delivery of the remaining two engines to be no later than 2024. During the year ended 31 December 2024, ARI Group delivered the remaining two engines.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****30. RELATED PARTY TRANSACTIONS** *(continued)***(b) Transactions with ARI Group and FLARI** *(continued)****Transactions with ARI Group*** *(continued)*

During the year ended 31 December 2024, the Group entered into sale and purchase agreements with ARI Group relating to the purchase of two aircraft, with total consideration of US\$43,500,000 (equivalent to approximately HK\$339,413,000). As at 30 June 2025, the Group had placed interest-free deposit amounting to HK\$190,826,000 (31 December 2024: HK\$188,779,000), the deposit is repayable on demand.

Transactions with FLARI

Pursuant to the shareholders' credit line agreement, the Group granted several loans to FLARI, which are interest bearing from 6.6% to 8.5% per annum (six months ended 30 June 2024: 6.6% to 8.5% per annum) and are calculated on quarterly basis on the actual amount of the shareholders' loan drawn down. As at 30 June 2025, the outstanding shareholders' loan balances receivable from FLARI was amounted to HK\$144,965,000 (31 December 2024: HK\$139,979,000) (Note 7) and the interest income for the six months ended 30 June 2025 was HK\$3,315,000 (six months ended 30 June 2024: HK\$3,995,000).

(c) Transactions with CAG Group

	Six months ended 30 June	
	2025	2024
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Asset management service fees income from CAG Group	4,282	9,244

Operating lease arrangements

As at 31 December 2023, the Group entered into two operating lease arrangements with CAG Group. The operating lease income during the six months ended 30 June 2024 was HK\$2,952,000.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**30. RELATED PARTY TRANSACTIONS** *(continued)***(d) Transactions with HNCA One (Tianjin), HNCA Two (Tianjin) and Feitian No.2 (Tianjin)**

Pursuant to the shareholder's loan agreement signed in December 2020, the Group granted loans to HNCA One (Tianjin) and HNCA Two (Tianjin), which were unsecured and interest bearing at 4% per annum.

As at 30 June 2025, the outstanding balance from HNCA One (Tianjin) and HNCA Two (Tianjin) were amounted to HK\$39,651,000 (31 December 2024: HK\$38,403,000) and HK\$37,602,000 (31 December 2024: HK\$36,423,000) (Note 7) respectively, and the interest income for the six months ended 30 June 2025 was HK\$627,000 (six months ended 30 June 2024: HK\$627,000) and HK\$591,000 (six months ended 30 June 2024: HK\$609,000) respectively.

Pursuant to the shareholder's loan agreements signed in December 2022 and June 2023, the Group granted loans to Feitian No.2 (Tianjin), which were unsecured and interest bearing at 2.1% per annum.

Pursuant to the subordinated fee agreement entered with Feitian No.2 (Tianjin) as mentioned in Note 9, a subordinated fee would be charged by the Group on an annual basis.

As at 30 June 2025, the outstanding balance receivables from Feitian No.2 (Tianjin) were amounted to HK\$46,990,000 (31 December 2024: HK\$45,945,000) (Note 9).

(e) Prepayments and amounts due from related parties

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Prepayments to ARI Group	190,826	188,779
Amount due from ARI Group and others	5,704	1,962
	196,530	190,741

The above amounts due from related parties were unsecured, interest-free and repayable on demand.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****30. RELATED PARTY TRANSACTIONS** *(continued)***(f) Amounts due to related parties**

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
ARI Group (i)	4,663	31,416
LAI (ii)	6,120	5,942
	10,783	37,358

(i) The amounts due to related parties were unsecured, interest-free and repayable on demand.

(ii) The amounts due to related parties were unsecured, interest bearing at 4% per annum and repayable in three months.

(g) Amount due to non-controlling interest of a subsidiary

As at 30 June 2025, Linkasia Airlines, a non-wholly owned subsidiary of the Group had an outstanding balance due to its shareholder, Equal Honour Equity Limited (wholly-owned by Mr. POON Ho Man, a substantial shareholder, an executive director and the chief executive officer of the Company) amounting to HK\$7,736,000 (31 December 2024: HK\$7,653,000). The amount was unsecured, interest-free and repayable on demand.

(h) Transaction with TAM

During the six months ended 30 June 2025, the Group entered into one finance lease arrangement and one operating lease arrangement for two aircraft with TAM (six months ended 30 June 2024: one operating lease arrangement for one aircraft).

As at 30 June 2025, the Group entered into five finance lease and five operating lease arrangements for ten aircraft with TAM (31 December 2024: four finance lease and four operating lease arrangements for eight aircraft).

The total finance lease and operating lease income during the six months ended 30 June 2025 was HK\$84,871,000 (six months ended 30 June 2024: HK\$22,751,000). As at 30 June 2025, the Group held rental deposits of US\$1,966,000 (equivalent to approximately HK\$15,433,000) from TAM (31 December 2024: US\$1,230,000 (equivalent to approximately HK\$9,552,000)) in relation to aircraft under finance leases and operating leases.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

31. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingencies

As at 30 June 2025, the Group was a guarantor of certain bank borrowings of associates and joint ventures amounting to HK\$497,093,000 (31 December 2024: HK\$515,645,000), of which HK\$187,455,000 (31 December 2024: HK\$195,961,000) was counter-guaranteed by an investor of the joint ventures. After excluding the portion of counter guarantee as above, the Group guaranteed HK\$309,638,000 (31 December 2024: HK\$319,684,000) of these bank borrowings.

(b) Capital commitments

Capital expenditures contracted but not provided for at the end of the reporting period are as follows:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Contracted but not provided for: Purchase of aircraft	41,390,317	45,137,861

The capital commitments were related to acquisition of Airbus aircraft and Commercial Aircraft Corporation of China, Ltd. aircraft in its order book, which will be delivered in stages by the end of 2028.

(c) Short-term lease arrangement – where the Group is the lessee

The future aggregate minimum lease payments under non-cancellable operating leases in respect of office premises and engine are as follows:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Not later than one year	2,433	7,025

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****31. CONTINGENT LIABILITIES AND COMMITMENTS** *(continued)***(d) Operating lease arrangement – where the Group is the lessor**

The Group had future minimum lease receipts under non-cancellable operating leases in respect of aircraft as follows:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Not later than one year	2,929,163	3,079,522
Later than one year but not later than two years	2,654,560	2,740,248
Later than two years but not later than three years	2,456,657	2,535,594
Later than three years but not later than four years	2,300,032	2,378,704
Later than four years but not later than five years	2,147,392	2,217,882
Later than five years	9,299,741	9,711,757
	21,787,545	22,663,707

The above commitment included amount of HK\$3,032,512,000 (31 December 2024: HK\$3,670,433,000) related to assets classified as held for sale (Note 11).

The Group had future minimum lease receipts under non-cancellable operating leases or sub-leases in respect of office premises as follows:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Not later than one year	168	196
Later than one year but not later than two years	–	49
	168	245

32. SUBSEQUENT EVENTS

On 15 August 2025, 3,326,439 shares of HK\$0.10 each were allotted and issued at HK\$3.769 each to shareholders who had elected to receive new shares credited as fully paid in lieu of cash dividend in respect of the 2024 final dividend under the scrip dividend scheme.

In August 2025, the Group issued three-year US\$160.0 million unsecured bonds due in 2028, bearing coupon interest at 6.0% per annum. These bonds were guaranteed by the Company and were listed on the Stock Exchange.