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ABOUT CALC

China Aircraft Leasing Group Holdings Limited ("**CALC**") is a one-stop aircraft full life-cycle solutions provider for global airlines and aircraft asset owners. It is engaging in two major business segments, aircraft leasing and aviation aftermarket services. Its conventional businesses include provision of aircraft operating leasing, purchase and leaseback, portfolio trading and asset management. It also covers value-added services such as fleet upgrades, aircraft maintenance, repair and overhaul ("**MRO**"), aircraft disassembly and component sales.

CALC's unique full-value-chain strengths have injected a strong impetus to the Group for shouldering its corporate social responsibilities. As one of the few companies in the world providing one-stop fleet upgrade solutions, CALC proactively pursues and facilitates sustainable green aviation practices, and is proud of its ongoing efforts in building a green future, aiming to steadily achieve sustainable growth towards its goal of becoming a world-leading aircraft asset manager.

AT A GLANCE

As of 31 December 2025

176 Aircraft
(149 owned aircraft + 27 managed aircraft)

130 Aircraft on backlog

40 Airline clients spanning

20 Countries and regions

HK$58.1b Total assets

Aircraft leasing and sourcing

Aircraft trading and portfolio sales

Maintenance, repair & overhaul ("MRO")

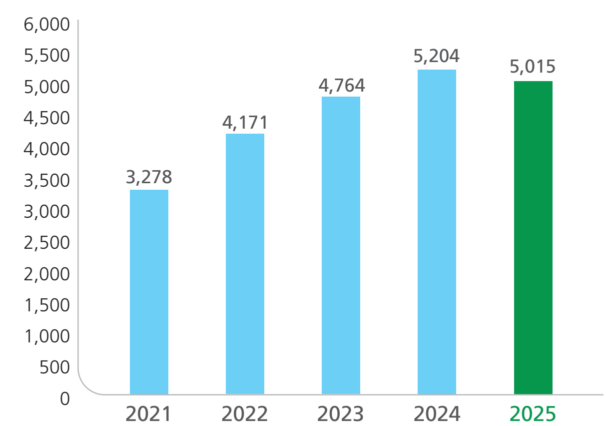
Aircraft investment vehicles and asset management

Aircraft disassembly and component sales

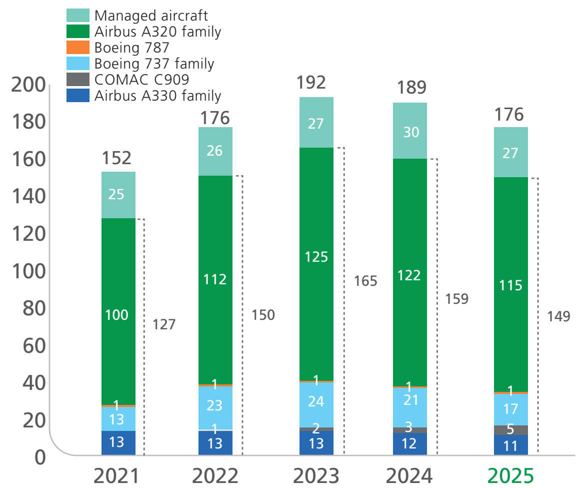
FINANCIAL HIGHLIGHTS AND FIVE-YEAR FINANCIAL SUMMARY

TOTAL REVENUE

(HK$ million)

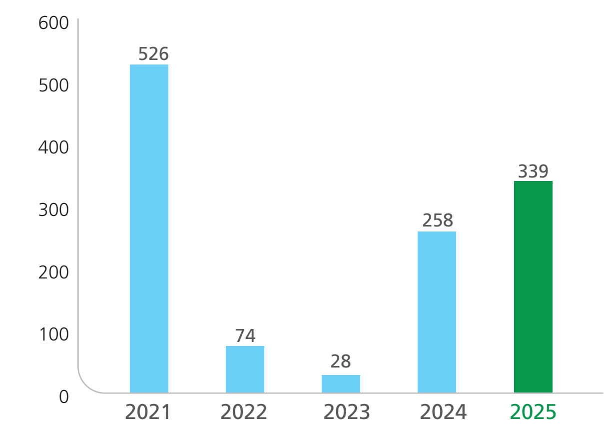


AIRCRAFT OWNED & MANAGED



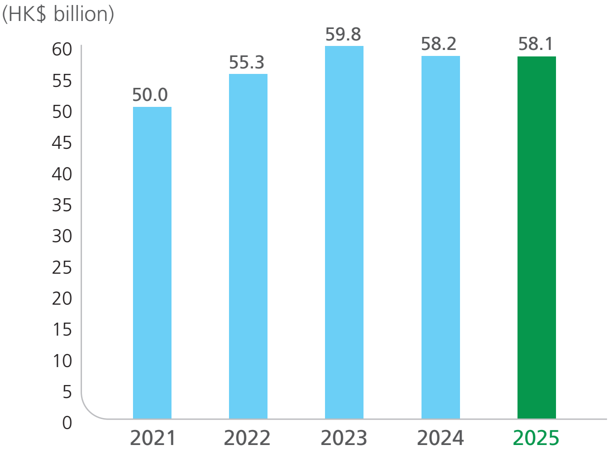
PROFIT ATTRIBUTABLE TO SHAREHOLDERS

(HK$ million)



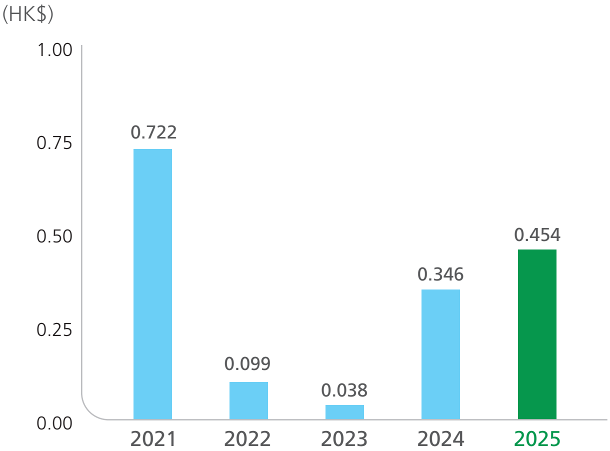
TOTAL ASSETS

(HK$ billion)

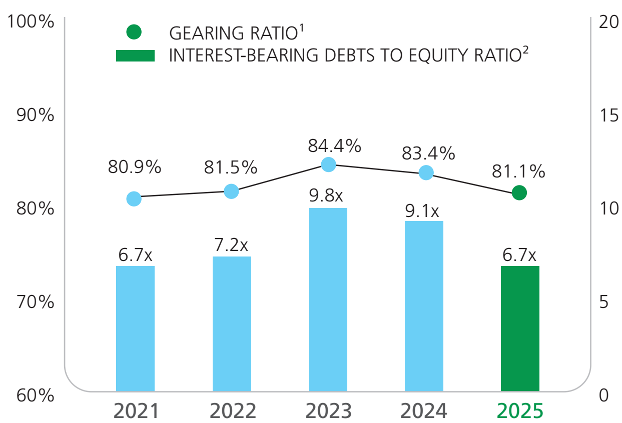


BASIC EARNINGS PER SHARE

(HK$)



GEARING RATIO & INTEREST-BEARING DEBTS TO EQUITY RATIO



1. Gearing ratio = Interest-bearing debts/Total assets
2. Interest-bearing debts to equity ratio = Interest-bearing debts/Total equity

FINANCIAL HIGHLIGHTS AND FIVE-YEAR FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	Year ended 31 December				
	2021 HK$'m	2022 HK$'m	2023 HK$'m	2024 HK$'m	**2025** **HK$'m**
Total revenue	3,278	4,171	4,764	5,204	**5,015**
Profit attributable to shareholders of the Company	526	74	28	258	**339**

CONSOLIDATED BALANCE SHEET

	As at 31 December				
	2021 HK$'m	2022 HK$'m	2023 HK$'m	2024 HK$'m	**2025** **HK$'m**
ASSETS					
Property, plant and equipment and right-of-use assets	23,244	27,354	33,494	28,860	**31,694**
Investments in and loans to associates and joint ventures	1,273	1,354	1,530	492	**597**
Finance lease receivables – net	7,714	8,172	8,577	9,185	**7,965**
Derivative financial assets	115	221	61	13	**–**
Financial assets at fair value through profit or loss	751	770	622	1,476	**1,479**
Prepayments and other assets and others	11,918	12,793	9,701	14,135	**12,747**
Cash and bank balances	5,014	4,668	5,840	4,079	**3,570**
Total assets	50,029	55,332	59,825	58,240	**58,052**
LIABILITIES					
Total interest-bearing debts	40,480	45,104	50,512	48,577	**47,054**
Other liabilities	3,532	3,972	4,173	4,335	**3,970**
Total liabilities	44,012	49,076	54,685	52,912	**51,024**
Net assets	6,017	6,256	5,140	5,328	**7,028**

Per-Share-Basis	2021	2022	2023	2024	**2025**
Basic earnings per share (HK cents)	72.2	9.9	3.8	34.6	**45.4**
Net asset value per share (HK$) (note 1)	8.0	8.4	6.9	7.2	**9.4**

Financial Ratios	2021	2022	2023	2024	**2025**
Gearing ratio (interest-bearing debts vs total assets)	80.9%	81.5%	84.4%	83.4%	**81.1%**
Return on average shareholders' equity	12.4%	1.6%	0.6%	6.0%	**7.9%**
Interest coverage (note 2)	236.5%	216.7%	195.0%	185.9%	**191.3%**
Interest-bearing debt to equity ratio	6.7	7.2	9.8	9.1	**6.7**

Notes:

(1) Per-share-basis calculation is based on the number of shares as at 31 December.

(2) Interest Coverage = EBITDA/Interest expenses.

CHAIRMAN'S STATEMENT

Mr. AN Xuesong

Chairman of the Board of Directors

On behalf of China Aircraft Leasing Group Holdings Limited ("**CALC**" or the "**Company**", together with its subsidiaries, the "**Group**"), I am pleased to present the consolidated results of the Group for the year ended 31 December 2025 (the "**Review Year**").

RESULTS AND DIVIDEND

In 2025, global passenger demand remained strong and continued to grow steadily despite capacity constraints, with passenger load factors reaching a record high. During the year, China's civil aviation market maintained solid growth, with passenger traffic hitting a new high and industry operating performance further improving. Amid these industry opportunities, the Group maintained a disciplined balance between of prudent operations and forward-looking planning during the Review Year, taking proactive initiatives to advance various business segments collaboratively, further enhancing its core competitiveness and profitability.

During the Review Year, the Group's total revenue amounted to HK$5,015.1 million, remaining broadly stable (2024: HK$5,204.1 million). Profit attributable to shareholders of the Company was HK$338.5 million, representing a year-on-year growth of 31.5% (2024: HK$257.5 million). Earnings per share were HK$0.454 (2024: HK$0.346), representing an increase by 31.2% year-on-year.

The Board has recommended payment of a final dividend of HK$0.18 per ordinary share. Together with the 2025 interim dividend of HK$0.12 per share already paid, total dividend payout for the year 2025 amounted to HK$0.30 (2024: HK$0.30) per share. The Group has continued to propose scrip dividend scheme in respect of the final dividend of 2025.

CHAIRMAN'S STATEMENT

DEVELOPMENT HIGHLIGHTS AND STRATEGIC GOAL

1) Strengthening Premium Orderbook Assets to Solidify Long-Term Development Foundation

The Group remains committed to investing in a next-generation fleet. Underpinned by a robust orderbook, the Group maintains a quality fleet portfolio, providing a solid foundation for its long-term sustainable development.

As the first Chinese lessor to have bulk orders directly with Airbus, and to further consolidate its orderbook advantage, the Group placed an additional order for 30 Airbus A320neo series aircraft in December 2025 with conversion rights to other variants, thereby securing favorable aircraft delivery slots and enhancing flexibility in asset allocation. As at 31 December 2025, CALC's cumulative Airbus orders reached 282 aircraft, with 105 Airbus aircraft on backlog, remaining as one of Airbus's largest lessor clients globally. As a key step in the Group's medium- to-long-term development plan, this order reinforces CALC's position as a leading global aircraft lessor, deepens its long-term strategic partnership with Airbus, and provides momentum for the Group's future growth.

2) Optimizing Global Partner Network and Enhancing Asset Management Capabilities

During the Review Year, the Group advanced high-quality development with a global vision, actively expanded its partner networks worldwide, enhanced asset management and full life-cycle service capabilities, and further entrenched its leadership across the global aviation value chain.

In terms of leasing operations, during the Review Year, the Group continued to focus on global top-tier airline customers and achieved its first-time cooperation with flag carriers or leading airlines in various regions worldwide, including United Airlines, Icelandair, Thai Airways International, and Korean Air, through new aircraft leasing and re-marketing upon first lease expiry, further enhancing the quality of its customer base and diversifying its geographic presence.

In terms of trading business, the Group actively seized the favorable market window brought by the US dollar interest rate cut cycle and ongoing constraints in the aviation supply chain, achieving another record-high transaction volumes in aircraft and engine trading. During the Review Year, through a diversified asset portfolio, flexible deal structures as well as value-added services, the Group addressed the differentiated needs of domestic and international investors in asset allocation and management services, successfully adding seven new trading partners, optimizing its fleet portfolio while further enhancing its trading and asset management capabilities.

3) Advancing China-made Aircraft Strategy alongside Expansion of Overseas Operations

During the Review Year, the Group's associated company, PT TransNusa Aviation Mandiri ("**TransNusa**") in Indonesia, the first overseas operator of the Chinese manufactured C909 aircraft, introduced two additional C909 aircraft, bringing its C909 fleet to five aircraft, further strengthening operational capacity.

During the Review Year, TransNusa's C909 fleet further added scheduled routes to tier-one Chinese city as well as China's major integrated gateway hubs, launching international passenger routes from Manado, Indonesia to Shanghai Pudong and Shenzhen, China in May and October 2025 respectively, marking the expanding presence of the China-made aircraft in international markets, while further validating its commercialization and internationalization in regional transportation networks. As at 31 December 2025, TransNusa's C909 fleet has flown to 4 countries and 12 regions, transporting over 490,000 passengers in total.

The Group expects to continue supporting TransNusa in the operation of the C909 fleet in the future, expanding and operating a wider network of domestic and international routes, while continuously flying the C909 aircraft as part of its ongoing efforts to showcase the achievements of China's indigenous innovation in civil aviation.

Awards

During the Review Year, the Group won the Best Innovative Financing Deal from the China Leasing Industry Capital Market Innovative Financing Award – the "Jinquan Awards" for the country's first cross-border RMB lease settlement project for a China-made aircraft and, by completing the cross-border leasing of a China-made aircraft settled in offshore Chinese Yuan through the delivery of the fourth C909 aircraft to TransNusa, the Group was also honored with the Industry Advancement Award from the China Air Finance "WanHoo" Awards at the 12th China Air Finance Development (DFTP) Summit.

4) Optimizing Asset-Liability Structure and Driving in International Credit Ratings Upgrade

Upgrading its international credit rating has become one of the Group's key development targets at this stage. During the Review Year, the Group continued to optimize its capital structure and accelerate deleveraging through operational planning as well as proactive financial management. The debt-to-equity ratio declined for two consecutive years, with the asset-liability structure further improved. Against this backdrop, CALC was once again affirmed with an Ag-international investment-grade rating with a stable outlook from an authoritative overseas Chinese rating agency, laying a solid foundation for further international credit rating enhancement. Meanwhile, its wholly-owned domestic subsidiary, China Asset Leasing Company Limited ("**CALC (Tianjin)**"), also received the highest AAA ratings from two major PRC rating agencies, where its operational strength and credit profile have been widely recognized.

Looking ahead, the Group will continue to actively expand and flexibly use diversified onshore and offshore financing channels, focusing on capital structure optimization and strengthening capital base, to improve its credit profile and further enhance the Company's overall market competitiveness and profitability in the long run.

PROSPECTS

In 2025, China's civil aviation industry has come to a successful conclusion of the 14th Five-Year Plan. The year 2026 marks the beginning of the national 15th Five-Year Plan and also coincides with the Group's 20th anniversary. Standing at a new starting point, the Group will uphold its founding vision of "facilitating the development of China's civil aviation through 'integrating the aviation industry with financing'", seize opportunities brought by the promotion of the China-made aircraft and the transformation of the aviation supply chain, leverage professional strengths, and continue to provide "China Solutions" to global aviation industry partners, with the aim of transitioning the Group from "scale-driven operations" to "quality-driven growth", embarking on a new phase of high-level development.

ACKNOWLEDGEMENTS

I would like to express my sincere gratitude to all members of the Board and the management team and extend my highest respect to all employees of the Group for their dedication and contributions over the past year. On behalf of the Board, I would also like to thank our partners and shareholders for their continued support and trust.

An Xuesong
Chairman of the Board of Directors

Hong Kong, 24 March 2026

CEO'S STATEMENT

Mr. POON Ho Man

Executive Director and
Chief Executive Officer

INDUSTRY OVERVIEW

In 2025, the global air transport industry sustained a sound growth momentum, with market demand remaining strong. According to the data from the International Air Transport Association ("**IATA**"), total global air traffic (measured in revenue passenger kilometers or RPKs), increased by 5.3% year-on-year, and the annual load factor reached 83.6%, representing a record high. China's civil aviation passenger market also reached a new peak, with annual passenger traffic of 770 million, representing a year-on-year increase of 5.5%; among which international passenger traffic grew significantly by 21.6% year-on-year, serving as the primary driver of growth.

The booming of the industry also comes with structural opportunities and challenges. Bottlenecks in the global aviation supply chain have yet to be resolved, and volatility in the delivery schedules of new aircraft and engines, coupled with constrained maintenance capacity, has continued to limit aircraft supply, thereby providing strong support for aircraft asset values and the aircraft leasing market. At the same time, a new round of U.S. dollar interest rate cuts has improved the aviation financing environment, further boosting the global aircraft trading market. Against this backdrop, the Group has timely consolidated its orderbook and, leveraging its high-quality fleet, global partnership network as well as full-value-chain operating advantages, has driven steady development across all business segments, further enhancing operating quality and financial performance.

BUSINESS REVIEW FOR 2025

1. Synergistic Growth across Core Businesses with Strengthened Asset Advantages

During the Review Year, the Group seized industry opportunities and achieved progress in aircraft procurement, delivery, and trading activities in parallel.

1) Expanding orderbook

The Group is among the few lessors capable of placing direct aircraft orders from aircraft original equipment manufacturers ("**OEMs**") such as Airbus, Boeing and COMAC. During the Review Year, the Group placed additional orders for 30 Airbus A320neo series aircraft, increasing its order backlog of next-generation fuel-efficient narrow-body models, which are scheduled to be delivered through 2033. As at 31 December 2025, the Group had a total of 130 aircraft on backlog, including 105 Airbus A320neo series and 25 COMAC C909 aircraft, and this strong and quality order book can effectively support the Group's future development.

2) Steady deliveries

During the Review Year, the Group completed the delivery of 26 aircraft, including 24 brand new aircraft from its order book and 2 used aircraft, the vast majority of which were new generation fuel-efficient models, supporting airline customers in fleet modernisation and capacity expansion.

3) Efficient trading

During the Review Year, the Group entered into sale and purchase agreements or letters of intent for 27 aircraft and 5 engines, and completed the sale of 36 aircraft and 5 engines to third parties, with annual transaction volume hitting a record high. Through aircraft trading, the Group not only generated proceeds from sales, but also continuously optimized its fleet portfolio and further enhanced its fleet customer mix.

4) Quality fleet assets

With a prudent fleet strategy, the Group continued to maintain a highly liquid modern fleet portfolio dominated by the fuel-efficient narrow-body aircraft models. As at 31 December 2025, the Group's fleet comprised 176 aircraft in total, including 149 owned aircraft and 27 managed aircraft. By number of aircraft, around 90% of the owned fleet were narrow-body models, a highly liquid asset class that was popular in the market. With its quality fleet assets, excluding two naked aircraft that have been mandated for sale, the utilization rate for the Group's owned fleet maintained 100%. As at 31 December 2025, the average age of the Group's owned fleet was 8.7 years and the average remaining lease term was 7.3 years.

CEO'S STATEMENT

2. Accelerating Global Expansion with Enhanced Customer Portfolio

During the Review Year, the Group adhered to the strategy of "Deepening Local Presence, Expanding Global Reach" (「本土深耕，全球拓展」). While continuously consolidating its leading position in the PRC market, the Group focused on expanding its leading airline customer base in the major regions worldwide, thereby further enhancing and diversifying the geographical mix of its customer base.

In the Group's home market, as at 31 December 2025, by number of aircraft, 67.1% of the Group's owned fleet was leased to Chinese airlines (including Hong Kong, Macau and Taiwan), most of which were state-owned airlines represented by the "Top Three" airlines (「三大航」) and their subsidiaries. Meanwhile, the Group accelerated its overseas expansion, focusing on flag carriers and leading airlines across different regions, increasing asset placements and deepening partnerships. During the Review Year, among the 24 new aircraft delivered by the Group, 15 were leased to overseas airlines, including the first batch of new aircraft delivered to United Airlines. At the same time, the Group signed its first new aircraft lease agreements with Thai Airways International, Thailand's flag carrier, as well as Icelandair, the Icelandic flag carrier, and achieved its first cooperation with Korean Air, the Korean flag carrier, through re-marketing upon first lease expiry. Benefiting from the overall improvement in client profiles, the Group's overall rental collection rate exceeded 100% for the fourth consecutive year during the Review Year.

As at 31 December 2025, the Group's entire customer base (including both owned and managed aircraft) comprised 40 airlines across 20 countries and regions. In terms of order book placement, all aircraft scheduled for delivery before June 2027 have been mandated for lease, 80% of which will be leased to flag carriers or tier one airlines across various regions worldwide and around 70% will be leased to overseas airlines. It is expected that the proportion of overseas customers will continue to increase in the future, with overall clientele profile expected to further improve.

3. Effective Financial Management with Improved Credit Profile

During the Review Year, the Group fully leveraged its onshore and offshore dual-market platforms financing capabilities while continuously expanding and optimizing funding sources, and, maintaining sufficient liquidity, it continued to optimize its asset-liability structure through proactive financial management.

During the Review Year, total new and renewed facilities obtained by the Group exceeded HK$19.5 billion, including aircraft loans, Pre-Delivery Payments (PDP) financing, working capital loans and RMB bonds, etc. Among these, the proportion of unsecured credit facilities increased to around 70%, reflecting financial institutions' strong confidence of the Group's credit profile and liquidity management capabilities, and providing solid support for the Group's sound operations. As at 31 December 2025, the Group had cash and bank balances amounting to HK$3,518.0 million (31 December 2024: HK$3,778.3 million), with undrawn borrowing facilities totaling HK$13,954.5 million (31 December 2024: HK$9,624.6 million).

In terms of RMB financing, given the stable interest rate environment and the abundant supply of liquidity in the PRC market, the Group continued to reduce its overall funding costs through RMB financing. During the Review Year, the Group successfully issued a RMB1.5 billion 5-year corporate bond in the PRC market, which was oversubscribed, reflecting the full recognition of the Group's operational strength and development prospects by the PRC bond investors. As at 31 December 2025, RMB debts accounted for approximately 33% of the Group's interest-bearing debts. (31 December 2024: 28%).

In terms of US dollar financing, during the Review Year, the Group successfully upsized its first warehouse facility for aircraft financing issued in 2024, to US$700 million, and received over-subscriptions from a total of 20 top global financial institutions. Meanwhile, in August 2025, the Group successfully issued unsecured bonds of US$160 million, marking its first return to the US dollar public bond market since 2021. This issuance further enhanced the flexibility of the Group's capital deployment and also demonstrated the capital market's recognition of the Group's solid operational and financial fundamentals, as well as its positive outlook.

During the Review Year, the Group once again received its investment-grade international rating of Ag- with a stable outlook from China Chengxin (Asia Pacific) Credit Ratings Company Limited. The Group's wholly owned subsidiary CALC (Tianjin), which mainly operates in China market, maintained the highest ratings of AAA granted by China Chengxin International Credit Rating Co., Ltd and Dagong Global Credit Rating Co., Ltd., both with a stable outlook.

Looking forward, the Group will closely monitor macroeconomic conditions onshore and offshore, and flexibly select the optimal markets and financing channels, in line with business development needs. Through operational planning and disciplined financial management, the Group will steadily advance towards achieving an international investment-grade credit rating.

PROSPECTS

In 2026, despite continued uncertainties in the external environment, the global aviation industry is expected to sustain positive growth momentum with normalized expansion, According to IATA, passenger traffic in 2026 is expected to reach 5.2 billion, representing an increase of 4.4% over 2025; with load factors hitting record highs, projected at 83.8%. Industry revenue is expected to exceed US$1 trillion, reaching to US$1.054 trillion, representing a year-on-year increase of 4.5%.

It is foreseeable that supply chain bottlenecks will continue to pose challenges to airlines' capacity deployment. Even if aircraft deliveries continue to grow in 2026, the pace of new orders may still outstrip production capacity, driving the backlog to reach a new record high. At the same time, constraints such as insufficient maintenance capacity in the aviation industry are unlikely to be resolved in the short term. The market generally expects that the supply of narrow body aircraft will remain tight, thereby further supporting aircraft asset values and lease rates. Aircraft leasing is expected to continue serving as a key solution for airlines to optimize their fleet structure and maintain operational efficiency.

In addition, there remains room for U.S. interest rate to decline. Further rate cuts will further improve the financing environment and enhance market liquidity, creating favorable conditions for aircraft lessors. The Group will seek to capture quality transaction opportunities during periods of favorable market conditions and continue to optimize its fleet portfolio. At the same time, the Group will closely monitor interest rate and foreign exchange trends, flexibly utilize diversified financing instruments and optimize its funding currency mix, further strengthening its operating resilience and credit profile, and creating long-term value for all stakeholders, including shareholders and bond investors.

POON Ho Man
Executive Director and Chief Executive Officer

Hong Kong, 24 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

CONSOLIDATED STATEMENT OF INCOME

	Year ended 31 December	
	2025	2024
	HK$'000	HK$'000
Total revenue		
Lease income	**3,787,264**	4,349,689
Aircraft and components trading income	**227,180**	1,900
Net income from aircraft transactions	**374,762**	211,125
Other income	**625,915**	641,360
	5,015,121	5,204,074
Expenses		
Costs of aircraft and components trading	**(122,162)**	(311)
Interest expenses and payments to trust plans	**(2,167,904)**	(2,710,584)
Depreciation and impairment	**(1,457,463)**	(1,686,569)
(Expected credit losses)/ reversal of expected credit losses	**(5,470)**	71,211
Other operating expenses	**(567,498)**	(550,044)
	(4,320,497)	(4,876,297)
Insurance compensation received from an aircraft	**179,377**	–
Share of results from associates and joint ventures	**(430)**	160
Other (losses)/gains, net	**(352,185)**	313,325
Profit before income tax	**521,386**	641,262
Income tax expenses	**(146,042)**	(315,653)
Profit for the year	**375,344**	325,609
Profit attributable to		
Shareholders of the Company	**338,533**	257,545
Holders of perpetual capital securities and other non-controlling interests	**36,811**	68,064
	375,344	325,609
Earnings per share for profit attributable to shareholders of the Company (expressed in HK$ per share)		
– Basic earnings per share	**0.454**	0.346
– Diluted earnings per share	**0.454**	0.346

CONSOLIDATED BALANCE SHEET

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
ASSETS		
Property, plant and equipment and right-of-use assets	**31,694,025**	28,860,008
Pre-Delivery Payments ("**PDP**") and other prepayments and receivables relating to aircraft acquisition	**8,206,488**	7,855,333
Investments in and loans to associates and joint ventures	**597,444**	491,697
Finance lease receivables – net	**7,964,898**	9,185,457
Deferred income tax assets	**87,736**	36,058
Financial assets at fair value through profit or loss	**1,479,158**	1,476,076
Prepayments and other assets	**1,098,373**	683,835
Assets classified as held for sale	**2,526,133**	5,555,238
Aircraft and components trading assets	**827,375**	3,177
Derivative financial assets	**–**	13,381
Restricted cash	**52,342**	301,110
Cash and cash equivalents	**3,518,008**	3,778,318
Total assets	**58,051,980**	58,239,688
EQUITY		
Share capital	**74,797**	74,465
Reserves	**1,930,382**	1,986,750
Retained earnings	**2,288,015**	2,168,242
Equity attributable to shareholders of the Company	**4,293,194**	4,229,457
Perpetual capital securities and other non-controlling interests	**2,734,993**	1,098,740
Total equity	**7,028,187**	5,328,197
LIABILITIES		
Deferred income tax liabilities	**1,211,476**	1,303,752
Borrowings	**39,764,962**	43,046,205
Medium-term notes	**1,672,057**	1,599,726
Bonds and debentures	**5,410,425**	3,930,722
Derivative financial liabilities	**4,698**	233,712
Income tax payables	**227,274**	133,162
Interest payables	**355,191**	292,538
Other liabilities and accruals	**2,130,504**	2,371,674
Liabilities directly associated with disposal group classified as held for sale	**247,206**	–
Total liabilities	**51,023,793**	52,911,491
Total equity and liabilities	**58,051,980**	58,239,688

MANAGEMENT DISCUSSION AND ANALYSIS

1. RESULTS

Total revenue of the Group was HK$5,015.1 million in 2025, a decrease of HK$189.0 million or 3.6% from HK$5,204.1 million in 2024. Profit for the year in 2025 amounted to HK$375.3 million, an increase of HK$49.7 million or 15.3% compared with HK$325.6 million in 2024. Profit attributable to shareholders of the Company in 2025 amounted to HK$338.5 million, an increase of HK$81.0 million or 31.5% compared with HK$257.5 million in 2024. EBITDA in 2025 amounted to HK$4,146.8 million, a decrease of HK$891.6 million or 17.7% from HK$5,038.4 million in 2024.

Total assets amounted to HK$58,052.0 million as at 31 December 2025, compared with HK$58,239.7 million as at 31 December 2024, a decrease of HK$187.7 million or 0.3%. The asset amount remains stable.

Total liabilities amounted to HK$51,023.8 million as at 31 December 2025, a decrement of HK$1,887.7 million or 3.6% compared with HK$52,911.5 million as at 31 December 2024. The decrease in liabilities was mainly due to the decrease in total interest-bearing debts by HK$1,522.5 million, as a result of decrease in total fleet size of the Group. As at 31 December 2025, the total interest-bearing debts of the Group amounted to HK$47,054.1 million (2024: HK$48,576.6 million).

1.1 Total Revenue

For the year ended 31 December 2025, the total revenue amounted to HK$5,015.1 million, compared with HK$5,204.1 million in 2024, a decrease of HK$189.0 million or 3.6%.

1.1.1 Lease Income

Total lease income from finance leases and operating leases for the year ended 31 December 2025 amounted to HK$3,787.3 million, compared with HK$4,349.7 million in 2024, a decrease of HK$562.4 million or 12.9%.

For the year ended 31 December 2025, the Group's average lease rental yield of the finance leases and operating leases was 6.5% (2024: 7.5%) and 9.4% (2024: 11.2%), 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% (2024: 11.1%).

1.1.2 Net Income from Aircraft Transactions

During the year ended 31 December 2025, the Group recognised net gain from disposal of 33 aircraft and 4 engines amounted to HK$374.8 million (2024: net gain from disposal of 25 aircraft amounted to HK$211.1 million). The aggregated net book value of the aircraft disposed amounted to HK$11,312.2 million (2024: HK$6,327.4 million).

1.1.3 Other Income

During the year ended 31 December 2025, the Group had the following other income:

	Year ended 31 December		
	2025 **HK$'Million**	2024 HK$'Million	Change
Government grants	**273.7**	316.2	-13.4%
Interest income from loans to associates and joint ventures	**100.6**	114.2	-11.9%
Bank interest income	**102.4**	128.7	-20.4%
Asset management service fees income from CAG Bermuda 1 Limited ("**CAG**") and its subsidiaries (together, "**CAG Group**")	**14.2**	16.7	-15.0%
Others	**135.0**	65.6	+105.8%
Total other income	**625.9**	641.4	-2.4%

Government grants for the year ended 31 December 2025 amounted to HK$273.7 million, compared with HK$316.2 million in 2024, a decrease of HK$42.5 million or 13.4%.

1.2 Expenses

1.2.1 Interest Expenses and Payments to Trust Plans

For the year ended 31 December 2025, interest expenses and payments to trust plans incurred by the Group amounted to HK$2,167.9 million, compared with HK$2,710.6 million in 2024, a decrease of HK$542.7 million or 20.0%. The decrease in interest expenses and payments to trust plans was mainly due to (i) the decrease in bank and other borrowings as a result of fleet size decrement during the year, (ii) the decrease in average US$ SOFR from 4.94% in 2024 to 4.18% in 2025 and (iii) the decrease in interest margin. The average effective interest rate of bank and other borrowings during the year was 5.14% (2024: 5.74%).

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 31 December 2025:

	Impact on	
US$ interest rate	**Cash outflow** HK$'Million	**Profit attributable to shareholders of the Company** HK$'Million
Increased by 100 basis points	197	(130)
Decreased by 100 basis points	(197)	130

MANAGEMENT DISCUSSION AND ANALYSIS

1.2.2 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 year ended 31 December 2025 was HK$1,457.5 million compared with HK$1,686.6 million in 2024, a decrease of HK$229.1 million or 13.6%. This was mainly attributable to the decrease in the number of aircraft under operating leases from 110 aircraft as at 31 December 2024 to 106 aircraft as at 31 December 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.

1.2.3 Other Operating Expenses

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

1.3 Insurance Compensation Received from an Aircraft

During the year ended 31 December 2025, the Group received HK$179.4 million (2024: nil) insurance claim compensation for an aircraft.

1.4 Other (Losses)/Gains, Net

	Year ended 31 December		
	2025	2024	Change
	HK$'Million	HK$'Million	
Currency exchange (losses)/gains	**(363.5)**	449.5	N/A
Fair value gains/(losses) on currency forward contracts	**17.7**	(127.9)	N/A
Fair value (losses)/gains on financial assets at fair value through profit or loss	**(7.7)**	8.3	N/A
Change in fair value of interest rate swaps	**(7.0)**	8.8	N/A
Hedge ineffectiveness	**0.3**	0.3	–
Realised losses on a currency swap	**–**	(13.9)	N/A
Loss on disposal of a subsidiary	**(5.3)**	–	N/A
Reversal of reduction/(reduction) in the estimated unguaranteed residual value of finance lease receivables	**13.3**	(11.8)	N/A
Total	**(352.2)**	313.3	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 7.0 as at 31 December 2025.

Sensitivity test

As at 31 December 2025, the net RMB financial liabilities of the Group exposed to currency exchange risk with profit or loss impact amounted to RMB5.0 billion. A 1% appreciation/depreciation of RMB against US$ would result in a decrease/increase in profit before tax for the year ended 31 December 2025 by HK$56.0 million.

1.5 Income Tax Expenses

Income tax for the year ended 31 December 2025 was HK$146.0 million compared to HK$315.7 million in 2024. 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 the foreseeable future profits and utilisation of such profits.

2. CONSOLIDATED BALANCE SHEET

2.1 Assets

As at 31 December 2025, the Group's total assets amounted to HK$58,052.0 million compared with HK$58,239.7 million as at 31 December 2024, a decrease of HK$187.7 million or 0.3%.

	As at 31 December		
	2025 HK$'Million	2024 HK$'Million	Change
Property, plant and equipment and right-of-use assets (mainly "**Aircraft under operating leases**")	**31,694.0**	28,860.0	+9.8%
Finance lease receivables – net ("**Aircraft under finance leases**")	**7,964.9**	9,185.5	-13.3%
Assets classified as held for sale ("**Aircraft under operating leases for trading**")	**2,526.1**	5,555.2	-54.5%
Aircraft and components trading assets	**827.4**	3.2	+25,756.3%
Pre-Delivery Payments ("**PDP**") and other prepayments and receivables relating to aircraft acquisition	**8,206.5**	7,855.3	+4.5%
Deferred income tax assets	**87.7**	36.1	+142.9%
Prepayments and other assets	**1,098.4**	683.8	+60.6%
Investments in and loans to associates and joint ventures	**597.5**	491.7	+21.5%
Financial assets at fair value through profit or loss	**1,479.2**	1,476.1	+0.2%
Derivative financial assets	**–**	13.4	-100.0%
Restricted cash	**52.3**	301.1	-82.6%
Cash and cash equivalents	**3,518.0**	3,778.3	-6.9%
Total assets	**58,052.0**	58,239.7	-0.3%

MANAGEMENT DISCUSSION AND ANALYSIS

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

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 was mainly due to increase in the fleet size of the Group under operating lease from 91 aircraft as at 31 December 2024 to 96 aircraft as at 31 December 2025, netted-off by the depreciation and impairment provided during the year.

Net finance lease receivables represented the present value of minimum lease payments receivable from aircraft classified as finance leases and their residual values. There were net reclassification of six aircraft under finance lease to operating lease during the year. The fleet size of the Group under finance lease decreased from 49 aircraft as at 31 December 2024 to 43 aircraft as at 31 December 2025.

Assets classified as held for sale represented the 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 8 aircraft as at 31 December 2025.

Aircraft and components trading assets mainly represented the cost of assets held for trading. The number of aircraft classified as aircraft and components trading assets as at 31 December 2025 was two.

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

	As at 31 December	
	2025 Owned Aircraft	2024 Owned Aircraft
Property, plant and equipment and right-of-use assets (Operating leases)	**96**	91
Finance lease receivables – net (Finance leases)	**43**	49
Assets classified as held for sale (Operating leases)	**8**	19
Aircraft and components trading assets	**2**	–
Total	**149**	159 *(note)*

Note: Including one aircraft remained in Russia as at 31 December 2024.

The total fleet size of the Group under property, plant and equipment and right-of-use assets, finance lease receivables – net, assets classified as held for sale and aircraft and components trading assets decreased from 159 aircraft as at 31 December 2024 to 149 aircraft as at 31 December 2025.

As at 31 December 2025, the aggregate net book value of the aircraft was HK$42,293.0 million (2024: HK$42,812.4 million).

2.1.2 Aircraft Portfolio

Aircraft portfolio by number of aircraft is as follows:

	As at 31 December	
	2025 Owned Aircraft	2024 Owned Aircraft
Aircraft Type		
Airbus A320 CEO family	**64**	71
Airbus A320 NEO family	**51**	51
Airbus A330 CEO family	**11**	12
Boeing B737 NG family	**15**	19
Boeing B737 MAX family	**2**	2
Boeing B787	**1**	1
COMAC C909	**5**	3
Total	**149**	159 *(note)*

Note: Including one aircraft remained in Russia as at 31 December 2024.

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.

2.2 Liabilities

As at 31 December 2025, the Group's total liabilities amounted to HK$51,023.8 million, compared with HK$52,911.5 million as at 31 December 2024, a decrease of HK$1,887.7 million or 3.6%.

An analysis is given as follows:

	As at 31 December		
	2025 HK$'Million	2024 HK$'Million	Change
Borrowings	**39,765.0**	43,046.2	-7.6%
Bonds and debentures	**5,410.4**	3,930.7	+37.6%
Medium-term notes	**1,672.1**	1,599.7	+4.5%
Borrowings included in liabilities directly associated with disposal group classified as held for sale	**206.6**	–	N/A
Total interest-bearing debts	**47,054.1**	48,576.6	-3.1%
Deferred income tax liabilities	**1,211.5**	1,303.8	-7.1%
Interest payables	**355.2**	292.5	+21.4%
Income tax payables	**227.2**	133.2	+70.6%
Derivative financial liabilities	**4.7**	233.7	-98.0%
Other liabilities and accruals	**2,171.1**	2,371.7	-8.5%
Total liabilities	**51,023.8**	52,911.5	-3.6%

2.2.1 Borrowings

The analysis of borrowings is as follows:

	As at 31 December		
	2025 HK$'Million	2024 HK$'Million	Change
Bank and other borrowings			
Bank and other borrowings for aircraft acquisition financing	**18,977.2**	21,537.1	-11.9%
PDP financing	**4,796.7**	6,294.1	-23.8%
Other bank borrowings	**12,884.2**	11,021.8	+16.9%
	36,658.1	38,853.0	-5.6%
Other borrowings			
Borrowings from trust plans	**3,106.9**	3,989.9	-22.1%
Other borrowings	**–**	203.3	-100.0%
	3,106.9	4,193.2	-25.9%
Total borrowings	**39,765.0**	43,046.2	-7.6%

The decrease in total borrowings from HK$43,046.2 million as at 31 December 2024 to HK$39,765.0 million as at 31 December 2025, representing a decrease of HK$3,281.2 million or 7.6%, was mainly due to the net impact of (i) the decrease in bank and other borrowings for aircraft acquisition financing by HK$2,559.9 million as the fleet size decreased from 159 aircraft as at 31 December 2024 to 149 aircraft as at 31 December 2025, (ii) the decrease in PDP financing by HK$1,497.4 million and (iii) the increase in other bank borrowings by HK$1,862.4 million.

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
January 2021	Five years	January 2026	5.90%	US$35.0	272.4	*(a)*
August 2025	Three years	August 2028	6.00%	US$160.0	1,236.8	*(b)*
				US$195.0	1,509.2	
June 2023	Three years	June 2026	3.85%	RMB1,500.0	1,672.2	*(c)*
November 2023	Three years	November 2026	3.58%	RMB 500.0	557.0	*(c)*
February 2025	Five years	February 2030	2.38%	RMB1,500.0	1,672.0	*(c)*
				RMB3,500.0	3,901.2	
Total bonds and debentures as at 31 December 2025					**5,410.4**	
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$5,410.4 million as at 31 December 2025 was mainly due to the net impact of the issue of US$160.0 million and RMB1,500.0 million bonds and the repayment of US$35.0 million and RMB1,200.0 million bonds upon maturity.

Notes:

(a) The bonds and debentures are unlisted and subscribed by an independent third party.

(b) The bonds are listed on The Stock Exchange of Hong Kong Limited.

(c) The 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	334.4
April 2024	Five years	April 2029	3.30%	1,200.0	1,337.7
Total medium-term notes as at 31 December 2025				**1,500.0**	**1,672.1**
Total medium-term notes as at 31 December 2024					1,599.7

The balance of the medium-term notes remains stable.

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, issue 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 year ended 31 December 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:

	As at 31 December		
	2025 HK$'Million	2024 HK$'Million	Change
Interest-bearing debts included in total liabilities	**47,054.1**	48,576.6	-3.1%
Total liabilities	**51,023.8**	52,911.5	-3.6%
Total assets	**58,052.0**	58,239.7	-0.3%
Total equity	**7,028.2**	5,328.2	+31.9%
Gearing ratio	**81.1%**	83.4%	-2.3p.p.
Asset-liability ratio	**87.9%**	90.9%	-3.0p.p.
Interest-bearing debts to equity ratio	**6.7:1**	9.1:1	-26.4%

4. HUMAN RESOURCES

As at 31 December 2025, the Group had 173 staff (2024: 184). Total remuneration of employees for 2025 amounted to HK$209.2 million (2024: HK$227.5 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.

5. CONTRACTUAL OBLIGATIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

5.1 Contingent Liabilities

As at 31 December 2025, the Group was a guarantor of certain bank borrowings of associates and joint ventures amounting to HK$300.0 million.

As at 31 December 2024, the Group was a guarantor of certain bank borrowings of associates and joint ventures amounting to HK$515.6 million, of which 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$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$51.0 billion as at 31 December 2025 (2024: HK$45.1 billion), representing estimated total purchase costs of the aircraft contracted to be purchased and delivered, net of PDP paid.

As at 31 December 2025, the Group had 130 aircraft in its order book, comprising 105 Airbus A320 aircraft family, and 25 COMAC C909 aircraft.

During the year ended 31 December 2025, the Group completed the delivery of 26 aircraft.

During the year ended 31 December 2025, the Group completed the disposal of 35 aircraft.

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:

	Year ended 31 December	
	2025	2024
	HK$'Million	HK$'Million
Interest expenses	**2,167.9**	2,710.6
Less: Payments to trust plans	**(223.5)**	(263.3)
Adjusted interest expenses	**1,944.4**	2,447.3

The Group uses non-GAAP presentations in the consolidated statement of income as presented on page 27 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 classifying certain other gains and other losses as other operating (losses)/gains and 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.

CONSOLIDATED STATEMENT OF INCOME

	Year ended 31 December	
	2025	2024
	HK$'000	HK$'000
Total revenue		
Lease income	**3,787,264**	4,349,689
Aircraft and components trading income	**227,180**	1,900
Net income from aircraft transactions	**374,762**	211,125
Other income	**625,915**	641,360
	5,015,121	5,204,074
Insurance compensation received from an aircraft	**179,377**	–
	5,194,498	5,204,074
Expenses		
Costs of aircraft and components trading	**(122,162)**	(311)
Interest expenses	**(1,944,420)**	(2,447,280)
Depreciation and impairment	**(1,457,463)**	(1,686,569)
(Expected credit losses)/reversal of expected credit losses	**(5,470)**	71,211
Other operating expenses	**(567,498)**	(550,044)
	(4,097,013)	(4,612,993)
Other operating (losses)/gains, net	**(345,754)**	307,666
Operating profit	**751,731**	898,747
Share of results from associates and joint ventures	**(430)**	160
Other losses, net	**(229,915)**	(257,645)
Profit before income tax	**521,386**	641,262

REPORT OF THE DIRECTORS

The board of directors (the "**Directors**") of the Company (the "**Board**") is pleased to present the Report of the Directors for the year 2025 together with the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2025.

PRINCIPAL BUSINESS ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in the aircraft leasing business. The Group has operations mainly in Mainland China and other countries or regions globally. The Group is a leading full value chain aircraft solutions provider. Its scope of business includes regular operations such as aircraft leasing, purchase and leaseback, portfolio trading and asset management, as well as value-added services such as fleet planning, fleet upgrade, aircraft maintenance, repair and overhaul, aircraft disassembling and recycling, and aircraft component trading.

BUSINESS REVIEW AND PRINCIPAL RISKS

A fair review of the Group's business and/or an indication of the likely future development of the Group's business are provided in the sections of this annual report headed the Chairman's Statement and the CEO's Statement. Description of the principal risks and uncertainties faced by the Group can be found in the Risk Management Report. No important event affecting the Group has occurred since the end of the financial year under review and up to the date of this annual report. Certain financial key performance indicators which complement and supplement our financial disclosures are set out in the sections of this annual report headed the Financial Highlights and Five-Year Financial Summary and the Management Discussion and Analysis. Discussions on the Group's environmental policies and performance, and compliance with relevant laws and regulations are included in the separate Environmental, Social and Governance Report and the section of this annual report headed the Corporate Governance Report. An account of the Group's relationships with its key stakeholders that have a significant impact on the Group and on which the Group's success depends are provided in the sections of this annual report headed the CEO's Statement and the Corporate Governance Report as well as the Environmental, Social and Governance Report published separately.

The above sections or reference form part of the Report of the Directors.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of income on page 93 of this annual report.

The Board has declared an interim dividend of HK$0.12 per share for the six months ended 30 June 2025, totaling approximately HK$89.8 million which was paid by cash.

The Board has recommended the payment of a final dividend of HK$0.18 per share in respect of the year ended 31 December 2025 (2024: HK$0.18 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 26 June 2026. The proposed 2025 final dividends will be payable in cash, with an option given to the Shareholders to receive the proposed 2025 final dividend in new shares in lieu of cash in whole or in part under the scrip dividend scheme (the "**Scrip Dividend Scheme**") where a 4 per cent discount on the subscription price will be offered to Shareholders who elect to subscribe for shares. The Scrip Dividend Scheme is subject to: (1) approval of the proposed 2025 final dividend at the annual general meeting of the Company to be held on 29 May 2026 (the "**2026 AGM**"); and (2) the Stock Exchange granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

A circular containing details of the Scrip Dividend Scheme will be despatched to the Shareholders together with the form of election for scrip dividend in July 2026. Cheques for cash dividend and/or definitive certificates for the scrip shares in respect of the proposed 2025 final dividend are expected to be despatched to the Shareholders on or about 21 August 2026.

DIVIDEND POLICY

The Company has a dividend policy matching its financial strategy, which aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the Shareholders. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements. The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the amended and restated memorandum and articles of association of the Company (the "**Articles of Association**") and all applicable laws and regulations. The Board shall also take into account various factors of the Group when considering the declaration and payment of dividends. The Board will review the Dividend Policy as appropriate from time to time.

There is no arrangement under which a shareholder has waived or agreed to waive any dividends.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend and vote at the 2026 AGM and entitlement to the proposed final dividend, the Register of Members will be closed in accordance with the following timetable:

(i) For determining the Shareholders' eligibility to attend and vote at the 2026 AGM:

(a)	Latest time to lodge transfer documents for registration	4:30 pm on 22 May 2026
(b)	Closure of Register of Members	26 May 2026 to 29 May 2026 (both dates inclusive)
(c)	Record date	29 May 2026

(ii) For determining entitlement to the 2025 final dividend:

(a)	Latest time to lodge transfer documents for registration	4:30 pm on 22 June 2026
(b)	Closure of Register of Members	23 June 2026 to 26 June 2026 (both dates inclusive)
(c)	Record date	26 June 2026

During the above closure periods, no transfer of shares will be registered. In order to be eligible to attend and vote at the 2026 AGM, and to qualify for the proposed final 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 respective time set out above.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the Group's results, assets, liabilities and non-controlling interests for the last five financial years is extracted from the audited financial information, which is set out on pages 4 and 5 of this annual report. This summary does not form a part of the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

The movements in the Group's property, plant and equipment for the year are set out in Note 6 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in Note 14 to the consolidated financial statements. Shares were issued during 2025 on election of scrip in lieu of cash dividends for the 2024 final dividend. The 2024 final dividend was paid in cash with an option given to the Shareholders to receive the 2024 final dividend in new shares in lieu of cash in whole or in part under the scrip dividend scheme. Details are set out in Note 14 to the consolidated financial statements.

BORROWINGS

Particulars of the Group's borrowings as at 31 December 2025 are set out in Note 18 to the consolidated financial statements.

BONDS AND DEBENTURES ISSUE, AND BONDS REPURCHASE

Particulars of the Group's issued bonds and debentures as at 31 December 2025 and bonds repurchase during the year are set out in Note 20 to the consolidated financial statements and the paragraph headed "2.2.2 Bonds and Debentures" in the Management Discussion and Analysis section of this annual report.

The proceeds from the issuance of the bonds were for refinancing and general working capital purposes.

EQUITY-LINKED AGREEMENTS

Share Options

Details of the movements in share options of the Company during the year are set out in the section headed the "Post-IPO Share Option Scheme" on pages 39 to 44 of this annual report.

Save as disclosed, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the year or subsisted at the end of the year.

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 in full. Please refer to the section headed "Management Discussion and Analysis – 2. Consolidated Balance Sheet – 2.2.2 Bonds and Debentures" in this annual report for details.

In August 2025, CALC Bonds Limited, a wholly-owned subsidiary of the Company, as the issuer (the "**Issuer**"), successfully issued U.S.$160,000,000, 6.0 per cent. guaranteed bonds due 2028 (Stock Code: 5865) (the "**Bonds**"). The Bonds are unconditionally and irrevocably guaranteed by the Company. For details, please refer to the announcements of the Company dated 14 August 2025 and 15 August 2025, and the offering circular of the Issuer dated 11 August 2025.

Save as disclosed above, during the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed equity securities.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on pages 95 and 96 of this annual report and Notes 15 and 38 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 December 2025, calculated in accordance with the Companies Law of the Cayman Islands, amounted to approximately HK$2,453,362,000 are set out in Note 38 to the consolidated financial statements.

CONTINGENT LIABILITIES

Other than corporate guarantees for certain bank borrowings extended to the Group's associates and joint ventures by the banks as set out in Note 37(a) to the consolidated financial statements, the Company had no material contingent liabilities as at 31 December 2025.

CHARITABLE DONATIONS

The Group's external charitable donations for the year amounted to approximately HK$103,710.

DIRECTORS

The Directors during the year and up to the date of this annual report (i.e. 24 March 2026) were as follows:

Non-executive Directors

Mr. AN Xuesong *(Chairman of the Board)*
Mr. PAN Jianyun
Ms. WANG Yun *(resigned on 18 March 2025)*

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
Mr. CHAN Ching Summit *(appointed on 24 March 2026)*
Dr. TSE Hiu Tung, Sheldon, *M.H.* *(retired on 27 May 2025)*

In accordance with Article 16.2 of the Articles, the Board shall have power from time to time to appoint any person as a Director either to fill a causal vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting. Accordingly, Mr. CHAN Ching Summit, being new Director appointed by the Board on 24 March 2026, shall retire from office and, being eligible, will offer himself for re-election at the 2026 AGM. Mr. CHAN Ching Summit confirmed that he (i) obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 20 March 2026 and (ii) understood his obligations as a director of the Company.

In addition, in accordance with Article 16.18 of the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. LI Guohui, Mr. CHEOK Albert Saychuan ("**Mr. CHEOK**") and Mr. FAN Chun Wah, Andrew, *J.P.* shall retire by rotation. Mr. LI Guohui and Mr. FAN Chun Wah, Andrew, *J.P.*, being eligible, will offer themselves for re-election at the 2026 AGM.

Mr. CHEOK Albert Saychuan, shall retire from office by rotation at the 2026 AGM, and Mr. CHEOK, who was first appointed in May 2015 and has served as an Independent Non-executive Director for more than nine-years, will not offer himself for re-election to conform with the corporate governance practice of the Company. Upon conclusion of the 2026 AGM, Mr. CHEOK will retire as an Independent Non-executive Director, and accordingly cease to be the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee. Please refer to the announcement of the Company dated 24 March 2026 for details.

Each of the Directors who have retired or resigned as a Director during the year ended 31 December 2025 and up to the date of this annual report has confirmed that he/she has no disagreement with the Board and there are no matters with respect to his/her resignation/retirement that needs to be brought to the attention of the shareholders of the Company and The Stock Exchange of Hong Kong Limited.

CHANGE OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Change in composition of the Board and Board Committees and change of information in respect of Directors from 1 January 2025 to the date of this annual report (i.e. 24 March 2026), the changes in composition of the Board and Board committees, and change of information are set out below:

Directors		Change
Mr. CHAN Ching Summit	–	appointed as an Independent Non-executive Director, and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 24 March 2026. He is entitled to a Director's fee of HK$370,000 per annum under his letter of appointment (including a Director's 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 and general meeting he attended. The Director's fee of Mr. CHAN was determined with reference to his duties and responsibilities with the Company and the prevailing market condition. Please refer to the announcement of the Company dated 24 March 2026 and the circular of the Company dated 24 April 2026 for details.

Directors		Change
Mr. FAN Chun Wah, Andrew, *J.P.*	–	appointed as an independent non-executive director of Chuang's Consortium International Limited (stock code: 367) with effect from 15 September 2025.
		resigned as an independent non-executive director of Chuang's China Investments Limited (stock code: 298) with effect from 15 September 2025.
		elected as a member of the eighth Legislative Council of the Hong Kong Special Administrative Region since 1 January 2026.
		resigned as an independent non-executive director of Nameson Holdings Limited (stock code: 1982) with effect from 31 March 2026.
Mr. LI Guohui	–	appointed as an independent director of Zhongshan Public Utilities Group Co., Ltd. (stock code: 00685.SZ) with effect from 10 February 2025.
		resigned as an independent non-executive director of Space Group Holdings Limited (stock code: 2448.HK) with effect from 10 June 2025.
Mr. CHEOK Albert Saychuan	–	re-designated from an independent director to a non-executive non-independent chairman of Amplefield Limited (stock code: AOF.SGX) with effect from 22 January 2025.
		resigned as a non-executive chairman of Forbidden Foods Limited (stock code: FFF.ASX) (currently known as OMG Group Limited (stock code: OMG.ASX)) with effect from 1 April 2025.
Dr. HONG Wen	–	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.
		re-designated from a member of the Remuneration Committee to the chairman of the Remuneration Committee with effect from 27 May 2025. Please refer to the announcement of the Company dated 27 May 2025 for details.
		stepped down as an incumbent member of the seventh Legislative Council of the Hong Kong Special Administrative Region on 31 December 2025.

Directors		Change
Mr. PAN Jianyun	–	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 is not entitled to any director's emolument and salary for his role as a Non-executive Director. Please refer to the announcement of the Company dated 18 March 2025 and the circular of the Company dated 17 April 2025 for details.
		appointed as an executive director and the vice president of China Everbright Limited (stock code: 0165.HK) and its subsidiaries with effect from 27 March 2025.
		appointed as a non-executive director of Everbright Securities Company Limited (stock code: 601788.SH, 6178.HK) with effect from 29 April 2025.
		resigned as a non-executive director of China Everbright Environment Group Limited (stock code: 257.HK) with effect from 17 April 2025.
		resigned as the chairman of China Asset Leasing Company Limited, a wholly-owned subsidiary of the Company, with effect from 13 January 2026.
		resigned as the chairman of Aircraft Recycling International Limited with effect from 5 January 2026.
Ms. WANG Yun	–	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.
Dr. TSE Hiu Tung, Sheldon, *M.H.*	–	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 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.

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.

DIRECTORS' SERVICE CONTRACTS

None of the Directors offering themselves for re-election at the 2026 AGM has entered into any service contract with the Company or any of its subsidiaries which is not terminable by the employing company within one year without payment or compensation other than the normal statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the paragraph of this Report of the Directors headed "Connected Transactions and Continuing Connected Transactions", no transaction, arrangement or contract of significance in relation to the Group's business, to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the paragraph of this Report of the Directors headed "Connected Transactions and Continuing Connected Transactions", there were no contract of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors is considered to be interested in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group at any time during the year ended 31 December 2025.

PERMITTED INDEMNITY

Pursuant to the Articles of Association, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto subject to the applicable laws and regulations. The Company has arranged appropriate directors' and officers' liability insurance for the Directors and officers of the Group during the year and up to the date of this annual report.

PROFILE OF THE DIRECTORS AND SENIOR MANAGEMENT

Profile of the Directors and Senior Management are set out on pages 78 to 83 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers all of them to be independent. Mr. CHAN Ching Summit (appointed on 24 March 2026) also provided his independence confirmation to the Company, confirming his compliance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

DIRECTORS' EMOLUMENTS

Details of the remuneration of the Directors for the year ended 31 December 2025 are set out in Note 35(a) to the consolidated financial statements.

MANAGEMENT CONTRACTS

No contracts relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

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 31 December 2025, the interests or short positions of the Directors and the chief executive of the Company in the 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 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 and such provision of the SFO), 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 the 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 Listing Rules, are as follows:

		Number of Shares/underlying Shares (L) held[1]		
Name of Directors	**Capacity**	**Number of Shares/ underlying Shares held**	**Total interests**	**Approximate percentage of Shares in issue[2]**
POON Ho Man	Interest of controlled corporation	185,827,261[3]		
	Beneficial owner	600,000	186,427,261	24.92%
CHEOK Albert Saychuan	Beneficial owner	5,000	5,000	0.001%

Notes:

(1) The letter "L" denotes the entity/person's long position in the securities.

(2) Based on 747,974,981 Shares in issue as at 31 December 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 ("**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) 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 31 December 2025, none of the Directors or the chief executive of the Company had any other interests or short positions in 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 SFO) which were 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 interest and short position in which he/she was deemed or taken to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be 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 annual report, at no time during the year 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 is a party that would enable the Directors to acquire such rights in any other body corporate.

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 31 December 2025 (including such information as was available on the website of the Stock Exchange) or so far as they are aware of, as at 31 December 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:

		Number of Shares/underlying Shares held (L)[1]		
Name of Shareholders	**Capacity**	**Number of Shares/ underlying Shares held**	**Total interests**	**Approximate percentage of Shares in issue[2]**
CEL Aviation Investment Holdings Limited ("**CEL Aviation**")	Beneficial owner	244,065,373[3]	244,065,373	32.63%
China Everbright Limited ("**CEL**")	Interest of controlled corporation	283,417,693[3]	283,417,693	37.89%
China Everbright Holdings Company Limited ("**CE Hong Kong**")	Interest of controlled corporation	283,417,693[4]	283,417,693	37.89%
China Everbright Group Ltd ("**CE Group**")	Interest of controlled corporation	283,417,693[5]	283,417,693	37.89%
Central Huijin Investment Limited ("**Central Huijin**")	Interest of controlled corporation	283,417,693[5]	283,417,693	37.89%
Friedmann Pacific Asset Management Limited ("**FPAM**")	Beneficial owner	176,496,672[6]	176,496,672	23.60%
Capella Capital Limited ("**Capella**")	Interest of controlled corporation	176,496,672[6]	176,496,672	23.60%

REPORT OF THE DIRECTORS

		Number of Shares/underlying Shares held (L)[1]		
Name of Shareholders	**Capacity**	**Number of Shares/ underlying Shares held**	**Total interests**	**Approximate percentage of Shares in issue[2]**
POON Ho Man	Interest of controlled corporation	185,827,261[(7)&(8)]	–	–
	Beneficial owner	600,000	186,427,261	24.92%
Christina NG	Interest of controlled corporation	176,496,672[(7)]	–	–
	Beneficial owner	7,500,000	183,996,672	24.60%

Notes:

(1) The letter, "L" denotes the entity/person's long position in the securities.

(2) Based on 747,974,981 Shares in issue as at 31 December 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 49.38% by Honorich Holdings Limited and 0.36% 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% equity interest in CE Group which in turn held 100% of the issued share capital of 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 31 December 2025, the Directors were not aware of any other 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.

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 on 23 June 2014, which became effective on 11 July 2014 (the "**Listing Date**").

The Post-IPO Share Option Scheme has expired on 10 July 2024 and therefore no options are available for grant as at each of 1 January 2025 and 31 December 2025.

During the year, 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 year ended 31 December 2025 divided by the weighted average number of the shares in issue for the year ended 31 December 2025 is nil.

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

		Number of share options									
Name of grantees	Date of grant	Balance as at 1 January 2025	Granted during the year[3]	Exercised during the year	Cancelled during the year[4]	Lapsed during the year[5]	Balance as at 31 December 2025	Weighted average closing price of the Shares immediately before the dates on which the exercised options were exercised[6]	Exercise price per Share HK$	Closing price per Share immediately before date of grant HK$	Exercise period/ vesting period
Director											
–	–	–	–	–	–	–	–	–	–	–	–
Sub-total		–	–	–	–	–	–	–	–		
–		–	–	–	–	–	–	–			
Other employee participants											
Senior management and other employees	6 April 2022[1&2]	16,781,071	–	–	–	16,781,071	–	–	6.36	5.31	6 April 2023 to 5 April 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 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.

REPORT OF THE DIRECTORS

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.

(3) No options were granted pursuant to the Post-IPO Share Option Scheme during the year ended 31 December 2025.

(4) No options were cancelled pursuant to the Post-IPO Share Option Scheme during the year ended 31 December 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 year ended 31 December 2025.

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

Set below are the accounting standards 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).

(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 31 December 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.

Principal Terms of Post-IPO Share Option Scheme

The principal terms of the Post-IPO Share Option Scheme are as follows:

(a) Purpose of the Post-IPO Share Option Scheme

The purpose of the Post-IPO Share Option Scheme is to provide incentives or rewards to the participants for their contribution to the growth of the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

(b) Who may join

The Board shall be entitled but shall not be bound at any time and from time to time within the period of ten years from the date on which the Post-IPO Share Option Scheme becomes effective to make offers to any participant, as the Board may in its absolute discretion select, and subject to such conditions as the Board may think fit, to take up options to subscribe for Shares, being a board lot for dealing in Shares on the Main Board or an integral multiple thereof at a price to be determined by the Board. For the purpose of the Post-IPO Share Option Scheme, options may be granted to any company wholly-owned by a participant. Participant shall mean (i) any employee (whether full time or part time employee, including any executive director but not any non-executive director) of the Group and any invested entity ("**Invested Entity**") i.e. any entity in which the Group holds any equity interest), (ii) any non-executive director (including independent non-executive directors) of the Group or any Invested Entity; (iii) any supplier of goods or services to the Group or any Invested Entity; (iv) any customer, business or joint venture partner, franchisee, contractor, agent or representative of the Group or any Invested Entity; (v) any consultant, adviser, manager, officer or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to the Group or any Invested Entity; and (vi) any direct or indirect shareholder or the Group ("**Participant**").

(c) Subscription price for Shares (the basis of determining the exercise price of options granted)

The subscription price for Shares in respect of any options granted under the Post-IPO Share Option Scheme shall be a price determined by the Board, in its absolute discretion, but in any case shall not be less than the higher of:

(i) the closing price per Share as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a trading day;

(ii) the average closing price per Share as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and

(iii) the nominal value of a Share on such date of grant,

provided that for the purpose of calculating the subscription price, where the Shares have been listed on the Stock Exchange for less than five trading days, the new issue price shall be used as the closing price for any trading day falling within the period before such listing.

(d) Consideration for the option

Upon acceptance of the options, the grantee shall pay HK$1 to the Company by way of consideration for the grant.

(e) *Maximum number of Shares*

The total number of Shares which may be issued upon exercise of all options to be granted under Post-IPO Share Option Scheme and any other Share option schemes of the Group shall not, in aggregate, exceed 10% of the total number of Shares in issue immediately following completion of the global offering (the "**Scheme Mandate Limit**") (i.e. 58,578,100 shares, representing approximately 7.83% of the total number of issued Shares as at the date of this annual report) unless the Company seeks the approval of the Shareholders in general meeting for refreshing the Scheme Mandate Limit. The total number of Shares which may be issued upon exercise of all share options granted under the Post- IPO Share Option Scheme as at 5 April 2025, being the deadline of the exercise period, is 16,781,071, representing approximately 2.24% of the total number of issued shares of the Company as at the date of this annual report. As there were no outstanding options granted under the Post-IPO Share Option Scheme as at 31 December 2025, no further shares would be issued pursuant to the Post-IPO Share Option Scheme as at 31 December 2025 and the date of this annual report. Options lapsed in accordance with the terms of the Post-IPO Share Option Scheme or any other share option schemes of the Group shall not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeded.

(f) *Maximum entitlement of each Participant*

No Participant shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including both exercised and outstanding options) in any 12-month period up to and including the date of the such further grant would exceed the maximum number of shares permissible under the Listing Rules (which is 1% of the Shares in issue) as at the date of such further grant unless such further grant has been approved by the Shareholders in general meeting with the participant and his associates abstaining from voting.

(g) *Exercise of option (the period within which the option may be exercised by the grantee under the Post-IPO Share Option Scheme)*

An option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during a period as the Board may in its absolute discretion determine which shall not be more than ten years from the date of grant of the option and the Board may at its discretion determine the minimum period for which the option has to be held or restrictions before the exercise of the subscription right attaching to an option.

(h) *The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid*

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.

(i) *Duration of the Post-IPO Share Option Scheme*

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of the Post-IPO Share Option Scheme and in such event no further options shall be offered but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of the options (to the extent not already exercised) granted prior to such termination or otherwise as may be required in accordance with the provision of Post-IPO Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Post-IPO Share Option Scheme.

Subject to the aforesaid, the Post-IPO Share Option Scheme shall be valid and effective for a period of ten years commencing from the Listing Date. The Post-IPO Share Option Scheme has expired on 10 July 2024.

(j) ***The vesting period of options granted under the Post-IPO Share Option Scheme***

The vesting period of options granted under the Post-IPO Share Option Scheme was two years (50% of the share options vested or to be vested on the first and second anniversary of the grant date, respectively, during the vesting period), 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.

Further details of the Post-IPO Share Option Scheme are set out in the prospectus of the Company dated 30 June 2014.

MANAGEMENT CONTRACTS

No contracts concerning the management or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

RETIREMENT SCHEMES

The Group provides a defined contribution retirement scheme under the Mandatory Provident Fund Scheme (the "**MPF Scheme**") to all employees of the Company's subsidiaries in Hong Kong. Under the MPF Scheme, the employer and employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a monthly relevant income cap of HK$30,000.

The employees of the subsidiaries of the Company established in the People's Republic of China (the "**PRC**") are members of the retirement schemes operated by the local authorities. The subsidiaries are required to contribute a percentage of their payroll to these schemes to fund the benefits. The only obligation of the Group with respect to these schemes is the required contributions under the schemes.

The Group's total contributions to these schemes charged to the consolidated statement of income during the year amounted to approximately HK$4,773,000.

PUBLIC FLOAT

Based on the information publicly available to the Company and as far as the Directors are aware as at the date of this annual report, at least 25% of the total Shares in issue is held by the public pursuant to the Listing Rules.

EVENTS AFTER THE REVIEW YEAR

There were no material events subsequent to 31 December 2025 which would materially affect the Group's operating and financial performance as of the date of this report.

DEED OF NON-COMPETITION UNDERTAKING

CEL, being a controlling Shareholder, has confirmed to the Company of its compliance with the non-competition undertakings provided to the Company under a deed of non-competition dated 23 June 2014 during the year ended 31 December 2025. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the deed of non-competition have been complied with by the controlling Shareholder and duly enforced during the year ended 31 December 2025.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the lease income of the Group accounted for 76% of the total revenue, and the information of the customers of the lease segment is as follows:

	For the year ended 31 December 2025 Percentage of the total lease income (before business taxes and surcharge) (%)
Top five customers	49%
The largest customer	25%

The Group has no major suppliers due to the nature of its business. During the year, the Group purchased aircraft primarily from the aircraft manufacturers, Airbus and COMAC.

Saved as disclosed above, as far as the Directors are aware, none of the Directors and their associates or the Shareholders holding more than 5% of the Shares in issue had any interest in the five largest customers and suppliers of the Group.

RELATIONSHIP WITH EMPLOYEES OF THE GROUP, CUSTOMERS AND SUPPLIERS

For the relationship between the Group and its employees, please refer to the paragraph headed "Human Resources" set out in the section headed "Management Discussion and Analysis" on page 25 of this annual report.

SIGNIFICANT INVESTMENT

The Group did not have any significant investment which accounted for more than 5% of the Group's total assets as at 31 December 2025. As at the date of this report, the Group has no other future plan for material investments or capital assets other than the capital commitments set out in the paragraph headed "Capital Commitments and Qualified Aircraft Leasing Activity" in the Management Discussion and Analysis section of this annual report.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year of 2025, the Group had no material acquisitions and disposal of subsidiaries, associates and joint ventures.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Company entered into the following connected transactions and continuing connected transactions, as defined in the Listing Rules, with connected persons of the Company:

Continuing Connected Transactions

1. Transactions contemplated under the Shareholders' Loan and Guarantee Agreement

On 6 April 2016, a Shareholders' Loan and Guarantee Agreement (the "**Shareholders' Loan and Guarantee Agreement**") was entered into amongst Aircraft Recycling International Holdings Limited ("**ARI Holdings**") (a wholly-owned subsidiary of the Company), Sky Cheer International Limited ("**Sky Cheer**"), China Aero Investments Limited ("**China Aero**") (a wholly-owned subsidiary of FPAM) and Neo Modern Limited ("**Neo Modern**") (a wholly-owned subsidiary of CEL) (ARI Holdings, Sky Cheer, China Aero and Neo Modern, collectively the "**ARI Shareholders**"), pursuant to which each ARI Shareholder shall have a right (but not the obligation) to advance a principal amount of the shareholders' loan to Aircraft Recycling International Limited ("**ARI**") pro rata to its shareholding in ARI and to provide guarantee to the lender of the loans granted to ARI from banks, financial or other institutions. The initial term of the Shareholders' Loan and Guarantee Agreement commenced on 6 April 2016, which was supplemental by the first supplemental agreement dated 14 November 2016.

On 15 October 2018, a second supplemental agreement to the Shareholders' Loan and Guarantee Agreement (the "**Second ARI Supplemental Agreement**") was entered into amongst the ARI Shareholders to (a) revise the interest rate of the shareholders' loan from 4% to 3% per annum above the Hong Kong dollar prime lending rate quoted by The Bank of China (Hong Kong) Limited from time to time; (b) revise the guarantee fee from 4% to 3% per annum of the principal amount of the bank loan guaranteed by the guarantor; and (c) renew the annual caps for each of the years ended 31 December 2019, 2020 and 2021 to be HK$1,300 million respectively.

On 26 January 2021, a third supplemental agreement to the Shareholders' Loan and Guarantee Agreement (the "**Third ARI Supplemental Agreement**") was entered into amongst the ARI Shareholders to extend the term of the Shareholders' Loan and Guarantee Agreement to 31 December 2023 and revise the annual caps for each of the years ended 31 December 2021, 2022 and 2023 to be HK$1,500 million respectively.

On 27 October 2023, a fourth supplemental agreement to the Shareholders' Loan and Guarantee Agreement (the "**Fourth ARI Supplemental Agreement**") was entered into amongst ARI and the ARI Shareholders (including ARI Holdings) to extend the term of the Shareholders' Loan and Guarantee Agreement to 31 December 2026 and revise the annual caps for each of the years ending 31 December 2024, 2025 and 2026 to be HK$650 million respectively (the "**New Annual Cap**") (the Shareholders' Loan and Guarantee Agreement together with all subsequent supplemental agreements, collectively the "**ARI Agreement**"). As part of the Shareholders' Loan as provided by ARI Holdings and assigned to the Subscriber will be applied to settle the HK$850 million being 100% of the aggregate principal amount of the Exchangeable Bonds (the "**EB Subscription Money**") pursuant to the EB Subscription Agreement dated 27 October 2023 (the "**EB Subscription Agreement**") entered into between ARI and ZF Oriental 38 Limited ("**ZF Oriental**"), the Board proposed that the New Annual Cap for the Shareholders' Loan and Guarantee Agreement (as supplemented and amended by the Fourth ARI Supplemental Agreement) for each of the years ending 31 December 2024, 2025 and 2026 be reduced to HK$650 million. The Fourth ARI Supplemental Agreement was conditional on (i) the approval by the independent shareholders of the Company at its general meeting of the Fourth ARI Supplemental Agreement and the Proposed Shareholders' Loan and Guarantee Transactions (including the New Annual Caps) as required under the Listing Rules having been obtained, and (ii) the EB Subscription Agreement having been entered into and become unconditional. Please refer to the announcement of the Company dated 27 October 2023 for details.

On 27 October 2023, ZF Oriental as subscriber (a wholly-owned subsidiary of the Company), and ARI as issuer, entered into the EB Subscription Agreement pursuant to which ZF Oriental conditionally agreed to subscribe for, and ARI conditionally agreed to issue, the Exchangeable Bonds which are exchangeable into CAAM Shares. The Exchangeable Bonds will confer the right upon the Bondholders, exercisable in whole or in part at any time during any time following the first anniversary of the date of issue of the Exchangeable Bonds and up to and including the Maturity Date (i.e. 31 December 2026), to exchange for in aggregate up to 680,000,000 CAAM Shares (representing the total number of issued CAAM Shares) at HK$1.25 per CAAM shares to be disposed of by ARI, subject to adjustment pursuant to the terms and conditions of the Exchangeable Bonds. The EB Subscription Agreement and the Fourth ARI Supplemental Agreement are inter-conditional. On 1 January 2024, all the conditions precedent of the EB Subscription Agreement have been fulfilled and the closing of the EB Subscription Agreement pursuant to its terms took place on 1 January 2024 as agreed by ARI and ZF Oriental in writing. Pursuant to the EB Subscription Agreement, ARI issued and delivered the Exchangeable Bonds to ZF Investment 1 (Cayman) Limited, a company incorporated in the Cayman Islands and a wholly-owned subsidiary of the Company as designated by ZF Oriental. Please refer to the circular of the Company dated 29 November 2023, and the announcements of the Company dated 27 October 2023, 15 December 2023 and 1 January 2024, respectively for details.

Details of the transactions contemplated under the Fourth ARI Supplemental Agreement are set out in the Company's announcement dated 27 October 2023 and the Company's circular dated 29 November 2023, which was proposed to and passed by the independent Shareholders by way of an ordinary resolution at the Company's extraordinary general meeting held on 15 December 2023.

REPORT OF THE DIRECTORS

The following annual caps are applicable to the above continuing connected transactions and the respective actual amounts of which have not exceeded the annual cap amounts as stated below:

ARI Agreement	Actual Maximum Daily Closing Balance of Loans (including guarantee fees and interests accrued thereon) (HK$'Million) for the year ended 31 December 2025	Annual Caps (HK$'Million) for the year ended/ending 31 December 2024	2025	2026
Fourth ARI Supplemental Agreement	643	650	650	650

As ARI is indirectly held by the Company, FPAM and CEL (both are substantial Shareholders) as to 48%, 18% and 14% respectively and therefore a commonly held entity (has the meaning ascribed to it in Rule 14A.27 of the Listing Rules) of the Company, the transactions contemplated under the ARI Agreement constitute continuing connected transactions of the Company under Rule 14A.26 of the Listing Rules.

2. *Deposit Services, Loan Services and Assignment of FLRs relating to CE Group*

On 14 May 2015, the Company and CE Group first entered into a deposit services (the "**Deposit Services**") framework agreement (pursuant to which CE Group may provide deposit services to the Group through its associate, China Everbright Bank Company Limited ("**CE Bank**")), a loan services framework agreement (pursuant to which CE Group may provide secured loan services (the "**Loan Services**") and guarantees to the Group through CE Bank and through the trustee (the "**Trustee**") of a trust plan of which CE Group is a beneficiary) and an assignment of finance lease receivables (the "**Assignment of FLRs**") framework agreement (pursuant to which the Group may assign the finance lease receivables to the Trustee) each for an initial terms of three years. On 14 December 2015, 8 April 2016, 15 October 2018, 11 November 2021, the Company and CE Group subsequently entered into supplemental and/or new framework agreements to renew the term of the above three framework agreements (collectively the "**CE Framework Agreements**") for the Deposit Services, the Loan Services and the Assignments of FLRs. Please refer to the announcements of the Company dated 14 May 2015, 30 June 2015, 14 December 2015, 8 April 2016, 17 May 2016, 15 October 2018, 28 November 2018, 11 November 2021 and 24 December 2021, and the circulars of the Company dated 15 June 2015, 29 April 2016, 6 November 2018 and 9 December 2021 for details.

CE Group is the sole shareholder of CE Hong Kong which is the indirect controlling shareholder of CEL. CEL is a substantial shareholder of the Company within the meaning of the Listing Rules. Accordingly, CE Group is also a substantial shareholder of the Company, and thus CE Group and its associates, including CE Bank and the Trustee, are connected persons of the Company under the Listing Rules. Therefore, each of the Deposit Services, the Loan Services and the Assignment of FLRs which may be entered into by the Group under the CE Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the announcement, circular, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. All the CE Framework Agreements had been approved by the independent shareholders as required by Chapter 14A of the Listing Rules on 30 June 2015, 17 May 2016, 28 November 2018, and 24 December 2021.

Prior to the expiry on 31 December 2024 in respect of the CE Framework Agreements as renewed on 11 November 2021, the Group entered into definitive agreements with CE Group for the Deposit Services, the Loan Services and the Assignment of FLRs, which were based on the terms as stipulated in the relevant CE Framework Agreements and within their respective annual caps. After the expiry of all the CE Framework Agreements on 31 December 2024, the Group has not entered into any definitive agreements with CE Group for the Deposit Services, the Loan Service and the Assignment of FLRs.

All the aforesaid Deposit Services, Loan Services and Assignment of FLRs entered into under the relevant CE Framework Agreements prior to the financial year 2025 were within their respective annual caps thereunder.

Confirmation of Independent Non-Executive Directors

Pursuant to Rule 14A.55 of the Listing Rules, the continuing connected transactions set out above have been reviewed by the independent non-executive Directors, who confirmed that the aforesaid continuing connected transactions were entered into:

(a) in the ordinary and usual course of business of the Group;

(b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and

(c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation of the Auditors

The Company's external auditor, Deloitte Touche Tohmatsu ("**Deloitte**"), was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

A summary of all material related party transactions, in accordance with the Hong Kong Financial Reporting Standards, entered into by the Group during the year ended 31 December 2025 is contained in Note 36 to the consolidated financial statements. Those transactions reported in Note 36 fell under the definition of "connected transactions" or "continuing connected transactions" have been disclosed above in the paragraph headed "Connected Transactions and Continuing Connected Transactions".

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

As at the date of this annual report, the Company's Audit Committee consisted of Mr. FAN Chun Wah, Andrew (chairman of the Audit Committee), Mr. CHEOK Albert Saychuan, Dr. HONG Wen and Mr. CHAN Ching Summit (appointed on 24 March 2026) and all of them are Independent Non-executive Directors. During the year, the Audit Committee has reviewed with the management team and Deloitte, the external auditor of the Company, the accounting principles and practices adopted by the Group and discussed matters regarding auditing, internal control, risk management and financial reporting, including the review of the audited consolidated financial statements of the Group for the year ended 31 December 2025.

The consolidated financial statements of the Group for the year ended 31 December 2025 have been audited by Deloitte in accordance with Hong Kong Financial Reporting Standards.

AUDITOR

Change of Auditor in 2024

In view of the then market information, and taking into account the Company's then business situation and the future needs of audit services, after the Company's communication with PricewaterhouseCoopers ("**PwC**") on the proposed change of auditor and due and careful consideration by PwC, PwC agreed to resign as auditor of the Company with effect from 21 October 2024. PwC tendered its resignation as auditor of the Company with effect from 21 October 2024 pursuant to the consensus of the Company and PwC.

The Board and the Audit Committee confirm that there were no disagreement or unresolved matters between the Company and PwC, and there were no other matters in connection with the resignation of PwC that need to be brought to the attention of the Shareholders. The Board, with the recommendation of the Audit Committee, had resolved to appoint Deloitte as the new auditor of the Company with effect from 22 October 2024 to fill the casual vacancy following the resignation of PwC.

Save as disclosed above, there has been no change in auditor of the Company in any of the preceding three years.

For the financial year ended 31 December 2025, the financial statements have been audited by Deloitte who will retire and, being eligible, offer themselves for re-appointment at the 2026 AGM. The proposal of re-appointing Deloitte as the auditor of the Company will be put forward at the 2026 AGM for consideration and approval.

By order of the Board
China Aircraft Leasing Group Holdings Limited

POON Ho Man
Executive Director and Chief Executive Officer

Hong Kong, 24 March 2026

CORPORATE GOVERNANCE REPORT

The board of directors (the "**Directors**") of the Company (the "**Board**") is pleased to present this Corporate Governance Report in the annual report for the year ended 31 December 2025 of the Company and its subsidiaries (the "**Group**").

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company has adopted the principles as set out in the Corporate Governance Code contained in Appendix C1 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as applicable for the year ended 31 December 2025 (the "**CG Code**") as its corporate governance practices.

The Company has complied with all applicable Code Provisions as set out in the CG Code during the year ended 31 December 2025.

In respect of Environmental, Social and Governance (the "**ESG**") aspect, the Company's first ESG report for the year of 2014 was published in 2015. The 2025 ESG report is the 12th report the Company will produce focusing on its ESG efforts.

The 2025 ESG report, setting out the Group's ESG performance, will be available at the Company's website (www.calc.aero) and the website of the Stock Exchange (www.hkexnews.hk). The Group has applied the principles and complied with all applicable requirements and provisions of the Environmental, Social and Governance Reporting Guide set out in Appendix C2 of the Listing Rules in preparation of its 2025 ESG report.

The Group is committed to invest in time and resources in environmental, social and governance aspects for sustainable business growth and development. Our ESG Policy defines our long-term approach to specific issues in two main areas: Environmental and Social. Within each area, core principles and objectives were set out to provide guidance to the Company's daily operations. Please refer to the 2025 ESG report of the Company for details.

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

CORPORATE GOVERNANCE REPORT

PURPOSE, VALUES, STRATEGY AND CULTURE

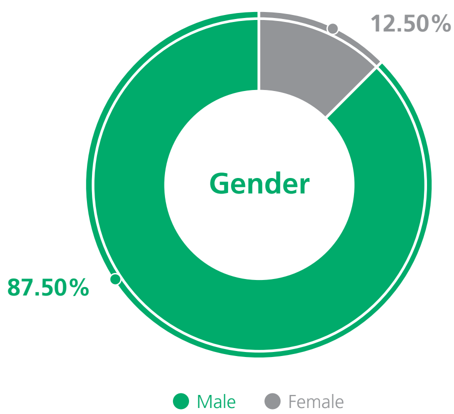
The Company is proud to strive for a better aviation industry and a greener future as we lay the foundations of our business strategy with long-term sustainability and value creation. The core principle and mission of the Company is to become a global leading full value-chain aircraft solutions provider,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

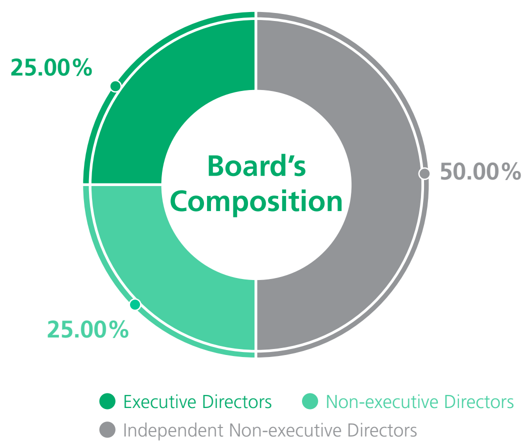
THE BOARD

Composition of the Board

(as at the date of this annual report (i.e. 24 March 2026))

NON-EXECUTIVE DIRECTORS	EXECUTIVE DIRECTORS	INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. AN Xuesong *(Chairman of the Board)* Mr. PAN Jianyun	Mr. POON Ho Man *(Chief Executive Officer)* Mr. LI Guohui *(Chief Financial Officer and Chief Strategy Officer)*	Mr. CHEOK Albert Saychuan Mr. FAN Chun Wah, Andrew, *J.P.* Dr. HONG Wen Mr. CHAN Ching Summit





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

The Board received from each INED (including Mr. CHAN Ching Summit, who was appointed on 24 March 2026) a written annual confirmation of their independence satisfied with guidelines set out in Rule 3.13 of the Listing Rules, and the Nomination Committee assessed the independence of each INED during the year. Each INED will inform the Company in writing as soon as practicable if there is any change of circumstances which may affect his/her independence.

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

After annual assessment by the Nomination Committee during the year, the Board considers the current structure, size and composition of the Board is performing a balanced and independent monitoring function on management practices to complement the Company's corporate strategy. The profile of Directors is set out in the "Profile of the Directors and Senior Management" on pages 78 to 83 of this annual report.

Changes in Composition of the Board and Board Committees

From 1 January 2025 to the date of this annual report (i.e. 24 March 2026), the changes in composition of the Board and Board Committees are listed below:

Director		Change
Dr. HONG Wen	–	appointed as an Independent Non-executive Director, and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 18 March 2025. She has been re-designated from a member of the Remuneration Committee to the chairman of the Remuneration Committee with effect from 27 May 2025. Please refer to the announcements of the Company dated 18 March 2025 and 27 May 2025 for detail.
Ms. WANG Yun	–	resigned as a Non-executive Director, a member of each of the Remuneration Committee and Sustainability Steering Committee on Environmental, Social and Governance Issues and chairman of Strategy Committee with effect from 18 March 2025. Please refer to the announcements of the Company dated 18 March 2025 for details.
Mr. PAN Jianyun	–	appointed as a Non-executive Director, a member of each of the Remuneration Committee and Sustainability Steering Committee on Environmental, Social and Governance Issues and chairman of Strategy Committee with effect from 18 March 2025. Please refer to the announcements of the Company dated 18 March 2025 for details.
Dr. TSE Hiu Tung, Sheldon, *M.H.*	–	was subject to retirement by rotation of director according to the Articles of Association at the annual general meeting of the Company held on 27 May 2025 (the "**2025 AGM**"), did not offer himself for re-election at the 2025 AGM as he would like to devote more time to his other business commitments. Dr. TSE retired as an Independent Non-executive Director, the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee at the 2025 AGM. Please refer to the announcements of the Company dated 18 March 2025 and 27 May 2025 for details.
Mr. CHEOK Albert Saychuan	–	was first appointed in May 2015 and has served as an Independent Non-executive Director for more than nine-years, will be subject to retirement by rotation according to the Articles of Association at the 2026 AGM and will not offer himself for re-election to conform with the corporate governance practice of the Company. Upon conclusion of the 2026 AGM, Mr. CHEOK will cease to be an Independent Non-executive Director, the chairman of the Nomination Committee and member of each of the Audit Committee and the Remuneration Committee. Please refer to the announcement of the Company dated 24 March 2026 for details.
Mr. CHAN Ching Summit	–	appointed as an Independent Non-executive Director, and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 24 March 2026. Please refer to the announcement of the Company dated 24 March 2026 for details.

Save as disclosed above, there were no other changes to the composition of the Board and Board Committees during the year ended 31 December 2025 and up to the date of this annual report (i.e. 24 March 2026).

Roles of the Board

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

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

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

Corporate Governance Functions

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

1. to develop and review the Company's corporate governance policies and practices on corporate governance and make recommendation to the Board;

2. to review, and monitor the training and continuous professional development of Directors and senior management;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the compliance of the Model Code by the Directors and the employees of the Company; and

5. to review the Company's compliance with Appendix C1 of the Listing Rules and disclosure in this Corporate Governance Report.

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

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

Appointment, Re-election, Rotation and Removal of Directors

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

All non-executive Directors (the "**NEDs**") (including INEDs) entered into service contracts/ letter of appointments with the Company with specific terms of office. However, each of their term of office is the period from initial appointment retirement and re-election by rotation at the annual general meeting(s) of the Company (as the case may be) up to his/ her retirement by rotation or retirement, but eligible for re-election at annual general meetings of the Company in accordance with the Company's Articles of Association.

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

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

Also, pursuant to the Article 16.18 of the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director whose office shall expire at any such annual general meeting because he/she has been appointed pursuant to Article16.2 of the Articles of Association shall not be taken into account in determining the number of Directors, or which Directors, are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he/she retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

Accordingly, four Directors shall retire by rotation. Except for Mr. CHEOK Albert Saychuan, an Independent Non-executive Director, who will retire by rotation at the 2026 AGM and will not offer himself for re-election, all of them, being eligible, will offer themselves for re-election at the forthcoming 2026 AGM. Details of the retirement by rotation were set out in the section headed "Directors" in the Report of the Directors on page 31 and page 32 of this annual report.

Board Meetings and General Meetings

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

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

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

Directors' Liability Insurance

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

Induction and Continuing Development of Directors

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

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

	Nature of Trainings	
Directors	**Type 1**	**Type 2**
Non-executive Directors		
AN Xuesong	✔	✔
WANG Yun (resigned on 18 March 2025)	**N/A**	**N/A**
PAN Jianyun (appointed on 18 March 2025)	✔	✔
Executive Directors		
POON Ho Man	✔	✔
LI Guohui	✔	✔
Independent Non-executive Directors		
CHEOK Albert Saychuan	✔	✔
TSE Hiu Tung, Sheldon# (retired on 27 May 2025)	**N/A**	**N/A**
FAN Chun Wah, Andrew	✔	✔
HONG Wen (appointed on 18 March 2025)	✔	✔
CHAN Ching Summit (appointed on 24 March 2026)	**N/A**	**N/A**

Dr. TSE, who was subject to retirement by rotation of director according to the Articles of Association at the 2025 AGM, did not offer himself for re-election at the 2025 AGM. Dr. TSE retired as an Independent Non-executive Director, the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee at the 2025 AGM. Please refer to the announcements of the Company dated 18 March 2025 and 27 May 2025 for details.

Type of trainings:

1. Reading materials.

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

BOARD INDEPENDENCE MECHANISM

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

(1) RECRUITMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

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

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

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

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

(4) AVAILABILITY OF RESOURCES AND INDEPENDENT ADVICE

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

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

Chairman and Chief Executive Officer

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

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

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

CORPORATE GOVERNANCE POLICIES

Board Diversity Policy

The Company has adopted a policy on diversity of the Board members (the "**Diversity Policy**") since August 2014 and amended in July 2025, which sets out the approach by the Company to achieve diversity on the Board.

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

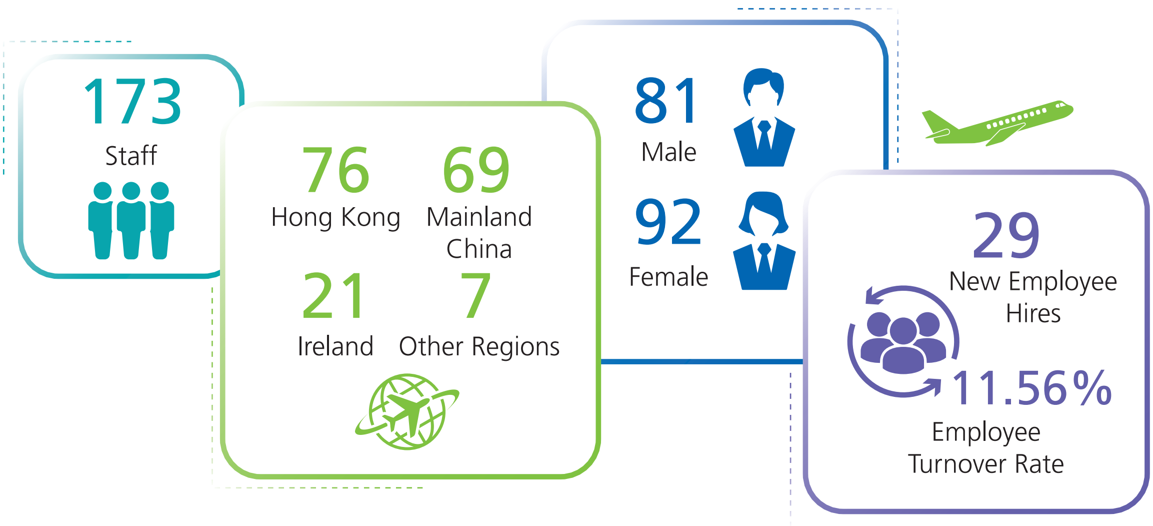
With a view to achieving sustainable and balanced development, the Company also sees diversity at the Board level as an essential element in maintaining a competitive advantage. In determining the optimum composition of the Board, the Company will consider a number of factors, including but not limited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

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

Board and Workforce Diversity

As at 24 March 2026, the Board comprises seven male members (representing 87.50% of the Board) and one female member (representing 12.50% of the Board).

As at 31 December 2025, there were 173 full-time staff (including senior management) in our Hong Kong headquarters and across our offices in Chinese Mainland, Ireland, France and Malaysia, with a male to female ratio of 0.88:1. The Group places a high emphasis on a diverse and inclusive culture, providing opportunities for female talents to achieve their potential in the workplace. The Group has a total of 11 women to hold executive or departmental leadership positions, such as President and Chief Commercial Officer of the Group. This representation constitutes 47.83% of our Chief Level Executives and Senior Management, underscoring our effort to strive for diversity in leadership. The Company will continue to strive to maintain a gender balanced workforce. With the purpose of promoting equality of opportunities and foster an inclusive work environment, we established an Equal Opportunities and Anti-Discrimination Policy. Employees who encounter any forms of discrimination, harassment or vilification can raise concerns directly and immediately to their department head or Human Resources Department.



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

- The structure, size and composition of the Board; and

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

Nomination Policy

The Company has adopted a policy on nomination of the potential candidates for the Board members and the CEO since December 2018 and amended in July 2025, which set out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the directors, and ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Company's business.

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

(a) Diversity in aspects including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;

(b) Commitment for responsibilities of the Board in respect of available time and relevant interest, for instance, if the proposed independent non-executive director will be holding his/her seventh (or more) listed company directorship, whether such individual would still be able to devote sufficient time to the Board;

(c) Qualifications, including accomplishment and experience in the relevant industries the Company's business is involved in;

(d) Independence;

(e) Reputation for integrity;

(f) Compliance with legal and regulatory requirements;

(g) Potential contributions that the individual(s) can bring to the Board; and

(h) Plan(s) in place for the orderly succession of the Board.

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

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

(b) whether the retiring Director(s) continue(s) to satisfy the Criteria.

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

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

(a) The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;

(b) The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from a third party agency firm and proposals from shareholders of the Company with due consideration given to the Criteria;

(c) The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third party reference checks;

(d) The Nomination Committee will consider a broad range of candidates who are in and outside of the Board's circle of contacts;

(e) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment to fill a casual vacancy or for proposing such candidate to stand for election at a general meeting;

(f) The Nomination Committee will provide the relevant information of the selected candidate to the remuneration committee of the Company (the "**Remuneration Committee**") for consideration of remuneration package of such selected candidate;

(g) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment, and where a non-executive director is considered, the Remuneration Committee will make the recommendation to the Board on the proposed remuneration package; and

(h) The Board may arrange for the selected candidate to be interviewed by the members of the Board who are not members of the Nomination Committee and the Board will thereafter deliberate and decide the appointment as the case may be.

Anti-Bribery and Corruption Policy

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

Whistleblowing Policy

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

REMUNERATION OF DIRECTORS

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

The remuneration paid to and/or entitled by each of the Directors for the year ended 31 December 2025 is set out in Note 35(a) to the consolidated financial statements.

REMUNERATION OF SENIOR MANAGEMENT

For the year ended 31 December 2025, the remuneration payable to the members of senior management whose profiles are included in Profile of the Directors and Senior Management sections of this annual report fell within the following bands:

Remuneration Bands	Number of Individuals
HK$4,500,001 – 5,000,000	–
HK$5,000,001 – 5,500,000	1
HK$5,500,001 – 6,000,000	1
HK$6,000,001 – 6,500,000	–
HK$6,500,001 – 7,000,000	–
HK$7,000,001 – 7,500,000	–
HK$7,500,001 – 8,000,000	1

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD COMMITTEES

The Company established three Board committees under the Listing Rules in September 2013, namely Audit Committee, Remuneration Committee and Nomination Committee, all chaired by an Independent Non-executive Director to oversee their respective functions and to report to the Board on their decisions or recommendations by circulating the minutes of the committee meetings to all Board members. Each committee or committee member is authorised to hire outside consultants or experts for independent professional advice at the Company's expenses to discharge their responsibilities. As at the date of this annual report (i.e. 24 March 2026), the composition of such Board Committees set up under the Listing Rules is set out below:

Audit Committee

Chairman:
- FAN Chun Wah, Andrew (Independent Non-executive Director)

Members:
- CHEOK Albert Saychuan (Independent Non-executive Director)
- HONG Wen (Independent Non-executive Director)
- CHAN Ching Summit (Independent Non-executive Director)(appointed on 24 March 2026)

Remuneration Committee

Chairman:
- HONG Wen (Independent Non-executive Director)

Members:
- PAN Jianyun (Non-executive Director)
- POON Ho Man (Executive Director)
- CHEOK Albert Saychuan (Independent Non-executive Director)
- FAN Chun Wah, Andrew (Independent Non-executive Director)
- CHAN Ching Summit (Independent Non-executive Director)(appointed on 24 March 2026)

Nomination Committee

Chairman:
- CHEOK Albert Saychuan (Independent Non-executive Director)

Members:
- FAN Chun Wah, Andrew (Independent Non-executive Director)
- HONG Wen (Independent Non-executive Director)
- CHAN Ching Summit (Independent Non-executive Director) (appointed on 24 March 2026)

Audit Committee

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

As at the date of this annual report, the Audit Committee consisted of 4 members: Mr. FAN Chun Wah, Andrew (chairman), Mr. CHEOK Albert Saychuan, Dr. HONG Wen and Mr. CHAN Ching Summit (appointed on 24 March 2026), all of them are Independent Non-executive Directors. The chairman of the Audit Committee holds appropriate professional qualifications or expertise in accounting or relevant financial management.

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

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

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

- the discussion with Deloitte on the nature and scope of the audit and reporting obligations before commencement of audit;

- the review of the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2025 and the audited consolidated financial statements of the Group for the year ended 31 December 2024;

- 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.

Remuneration Committee

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

As at the date of this annual report, the Remuneration Committee consisted of 6 members: (1) Dr. HONG Wen (chairman), Mr. CHEOK Albert Saychuan, Mr. FAN Chun Wah, Andrew and Mr. CHAN Ching Summit (appointed on 24 March 2026), all of them are Independent Non-executive Directors; (2) Mr. PAN Jianyun, a Non-executive Director; and (3) Mr. POON Ho Man, an Executive Director.

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

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

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

- determining the policy for the remuneration of Executive Directors, assessed performance of Executive Directors, approving the terms of Executive Director's service contract and noting, reviewing and/or approving (as applicable) matters related to the expiration of the Post-IPO Share Option Scheme on 10 July 2024;

- made recommendation to the Board regarding the remuneration and other benefits paid by the Company to the Directors and senior management. No Director nor any of his/her associates is involved in deciding his/ her own remuneration; and

- made recommendation to the Board regarding the remuneration of the newly appointed Directors.

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

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

Nomination Committee

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

As at the date of this annual report, the Nomination Committee consisted of 4 members: Mr. CHEOK Albert Saychuan (chairman), Mr. FAN Chun Wah, Andrew, Dr. HONG Wen and Mr. CHAN Ching Summit (appointed on 24 March 2026), all of them are Independent Non-executive Directors.

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

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

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

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

For details of the nomination policy adopted by the nomination committee in selecting and recommending candidates for directorship during the year, see "Nomination Policy" on page 60 and page 61 of this annual report.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

Deloitte, the external auditor of the Company, had given to the Company a written confirmation of its independence and objectivity as required by the Hong Kong Institute of Certified Public Accountants before the conduct of the annual audit for the year ended 31 December 2025.

During the year, Deloitte provided both audit and non-audit services to the Company for a total remuneration of approximately HK$5.8 million. The relevant fee paid or payable for audit services amounted to approximately HK$4.0 million and the balancing of the remuneration related to the non-audit services of approximately HK$1.8 million. The Audit Committee has considered the performance and independence of the independent auditor of the Company. The Audit Committee concludes that the independence of the independent auditor of the Company has not been compromised by the non-audit services performed for the Group.

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

DIRECTORS' AND AUDITOR'S RESPONSIBILITY OF FINANCIAL REPORTING

The Directors acknowledged their responsibilities for preparing the consolidated financial statements of the Company for the year ended 31 December 2025 to give true and fair presentation of the financial position of the Company in accordance with all applicable Hong Kong Financial Reporting Standards and for timely financial disclosures under the Listing Rules and any other regulatory requirements.

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

The statements as to the auditor's responsibility of financial reporting is set out in the Independent Auditor's Report on pages 84 to 91 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

The First Line — Operation and Management (Execution Level)

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

The Second Line — Risk Management Function (Management Level)

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

The Third Line — Supervision Level

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

The Board, through efforts of the Audit Committee, oversees the Group's risk management and internal control systems on an ongoing basis and has conducted an annual review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2025 covering aspects of the Group's financial, operational, compliance controls and risk management functions. The Board has considered that the Group's risk management and internal control systems are effective and adequate.

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

CORPORATE GOVERNANCE REPORT

With respect to internal controls for the handling and dissemination of inside information, the Company shall assess the circumstances under which inside information may arise from time to time and disclose inside information as soon as reasonably practicable in accordance with the Securities and Futures Ordinance and the Listing Rules. The Company conducts its business affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission and imposes a strict prohibition on the unauthorised use of confidential or inside information by the Directors, employees and other relevant persons (such as external service providers and project working team members). All officers and employees of the Company, as well as any person who may have known the inside information and/or information in relation to notifiable transactions and/or matters of the Company which are subject to the specific disclosure requirements under the Listing Rules must take reasonable measures to preserve the confidentiality of the information before such information is formally released to the public. Detailed control guidelines have been set and made available to all employees of the Group about the handling and dissemination of inside information under the Inside Information Provisions (as defined under the Listing Rules).

A comprehensive analysis of the risks affecting the businesses of the Company and the associated mitigation measures is set out in the Risk Management Report on pages 72 to 77 of this annual report.

Climate Risks Management

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

The Group has continuously invited an external consultant to hold a workshop to gain an in-depth understanding of stakeholders' concerns on climate change in an interactive manner. This has enabled the Group to identify significant climate change-related risks and opportunities that are material to it, as well as the potential impacts. In addition, the Group also made reference to various sources, including sustainability reporting guidelines, the recommendations from the Task Force on Climate-Related Financial Disclosure ("**TCFD**"), International Financial Reporting Standards S2 Climate-related Disclosures and industry benchmarking practices.

Details of TCFD are set out in the separate Environmental, Social and Governance Report of the Company for the year of 2025.

COMPANY SECRETARY

Ms. NGAN Chi Mui is the company secretary of the Company. She is responsible for company secretarial functions, corporate governance matters, and compliance with the Listing Rules of the Group, and has over 10 years of practical experience in these areas. She is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Additionally, she holds a Master of Science in Corporate Governance and Compliance from The Hong Kong Baptist University.

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

SHAREHOLDERS' RIGHTS

CONVENING EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

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

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

32/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
email: ir@calc.aero

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

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

PROCEDURE FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS DIRECTOR

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

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

SHAREHOLDERS' COMMUNICATION POLICY

The Company has adopted a shareholders' communication policy. Under the policy, the Company communicates with its Shareholders and investors through various means. Timely publication of interim and annual results, announcements on the latest development of the Company and press release on the websites of the Company and HKEX, if appropriate, enables Shareholders to appraise the Company's financial position. Shareholders are highly encouraged to pay attention to these public information. Holding of an annual general meeting could provide an effective forum for the Shareholders to share their views with the Board. Shareholders are welcome to attend the forthcoming annual general meeting of the Company. The Directors and the external auditor of the Company would be available at the 2026 AGM to answer Shareholders' questions about the annual results for the financial year ended 31 December 2025.

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

INVESTOR ENGAGEMENT AND COMMUNICATIONS

The Company's investor relations team focuses on effective communication with and provision of relevant public information to investors and analysts. The investor relations team of the Company is committed to facilitating interactions between institutional investors and analysts to provide updates regarding the Group's strategic initiatives, operational developments, and corporate governance policies.

In 2025, the Company conducted meetings with institutional investors and analysts across Hong Kong, Chinese Mainland, Singapore, Japan, Dubai and USA, utilizing various communication approaches. The Group intends to improve its corporate governance structure, investor relationship management and risk management system.

Investor Relations Activities in 2025

- Results calls/Investor conference
- Group/one-on-one meetings
- Non-deal roadshows
- Analyst briefings
- Brokers' corporate days
- Investment summits/forums

Investor Relations Contact Details

Email: ir@calc.aero

CONSTITUTIONAL DOCUMENTS

Since the adoption of amended and restated Articles of Association of the Company took effect from 16 May 2023, there are no changes in the Articles of Association of the Company during the year.

BOARD, BOARD COMMITTEES AND GENERAL MEETINGS ATTENDANCE

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

Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
Non-executive Directors					
AN Xuesong	4/4	n/a	n/a	n/a	1/1
WANG Yun (note 1)	0/1	n/a	1/1	n/a	n/a
PAN Jianyun (note 2)	4/4	n/a	n/a	n/a	1/1
Executive Directors					
POON Ho Man	4/4	n/a	1/1	n/a	1/1
LI Guohui	4/4	n/a	n/a	n/a	1/1
Independent Non-executive Directors					
CHEOK Albert Saychuan	4/4	3/3	1/1	1/1	1/1
FAN Chun Wah, Andrew	4/4	3/3	1/1	1/1	1/1
TSE Hiu Tung, Sheldon (note 3)	1/1	1/1	1/1	1/1	1/1
HONG Wen (note 4)	4/4	2/2	n/a	n/a	1/1
Total number of meetings	4	3	1	1	1
Dates of Meetings (day/month/year)	18/3/2025 8/7/2025 27/8/2025 23/12/2025	14/3/2025 21/8/2025 17/12/2025	6/3/2025	6/3/2025	27/5/2025

Notes:

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

(2) Mr. PAN Jianyun has been appointed as a Non-executive Director, a member of each of the Remuneration Committee and Sustainability Steering Committee on Environmental, Social and Governance Issues and chairman of Strategy Committee with effect from 18 March 2025. Please refer to the announcements of the Company dated 18 March 2025 for details.

(3) Dr. TSE Hiu Tung, Sheldon, who was subject to the retirement by rotation of director according to the Articles of Association at the 2025 AGM, did not offer himself for re-election at the 2025 AGM. Upon conclusion of the 2025 AGM, Dr. TSE ceased to be the Company's Director and accordingly the chairman of the Remuneration Committee and a member of each of the Nomination Committee and the Audit Committee 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.

(4) 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 with effect from 18 March 2025. She has been re-designated from a member of the Remuneration Committee to the chairman of the Remuneration Committee with effect from 27 May 2025. Please refer to the announcements of the Company dated 18 March 2025 and 27 May 2025 for detail.

RISK MANAGEMENT REPORT

1 MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives and ensuring that the company establishes and maintains appropriate and effective risk management and internal control systems and review their effectiveness. Such risks include material risks relating to ESG. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. Such internal control systems are designed to manage instead of eliminating the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. In this connection, the Board ensures the adequacy of resources, staff qualifications and experiences, training programs and budget for the accounting, internal audit and financial reporting functions, as well as those relating to the Group's ESG performance and reporting.

The internal control system is designed to achieve a robust management of material and overall risks in pursuit of the Group's business objectives.

The Board operates within the clearly defined terms of reference, and has appropriate committees established, namely, Strategy Committee, Audit Committee, Nomination Committee and Remuneration Committee to oversee risk and internal control activities. Each of these Committees also have clearly defined terms of reference.

The Board aims at achieving an appropriate balance between taking risks and generating returns for shareholders while executing its responsibility for ongoing monitoring of risk and internal controls.

Our Audit Committee is designated to oversee the risk management and internal control processes, particularly, standards of financial reporting, risk management and internal controls.

On the operational level, the Aviation Risk Management team oversees the operational and business risks of the aircraft leasing business. On the Group level, the internal audit function directly reports to the Audit Committee for independent monitoring and reporting of risks and controls.

The Group has established the following objectives of risk management and internal control:

(i) Continue to optimize its business model, integrating it with the Group's enhanced corporate governance structure to reduce the inherent risks in its business activities, such as liquidity risk and credit risk;

(ii) Continue to leverage its business network to effectively enhance its industry knowledge so as to reduce the probability of and the impact from defaulted and discontinued lease transactions; and

(iii) Continue to cultivate a strong risk management corporate culture throughout the organization. The Group has implemented its risk management system and policies aligned with the business model and strategic dimension.

Business model dimension

The Group's business is organized and operated on transaction basis to ensure each transaction is reviewed from different perspectives, facilitating stringent selection of suitable aircraft assets and rigorous review of credit assessment and approval.

Strategic dimension

Risk management initiatives are led by the Board (through its Audit Committee) and executed by the CEO and the senior management team, through an independent internal audit function.

The Group's risk management and internal control framework is designed to minimize the risks in achieving the Group's strategic objectives. The key principles of the framework are as follows:

- The Board and the Management shall promote a culture to identify, assess and report risks in an open, transparent and objective manner.

- The priority of the Group is to protect its long-term and sustainable interests.

Risk management is embedded within all businesses and operations of the Group. The Group expects all individual behavior to demonstrate and share the culture and core values of the Group. All employees have the responsibility of upholding the Group's risk and control culture and supporting effective risk management to deliver its strategy.

The Group operates a "three lines of defense" framework for managing and identifying risks.

The first line of defense against undesirable outcomes is undertaken by the business function and the respective line managers. Department heads of all business areas are responsible for implementing and maintaining appropriate controls.

Line management is supported and monitored by middle and back office functions like, Transaction Support, Finance and Accounting, Legal, Company Secretary, Human Resources, Information Technology and Aviation Risk Management, which constitute the second line of defense. This line of defense monitors and facilitates the implementation of effective risk management practices by risk owners and reports risk related information throughout the organization.

The third line of defense is carried out by the internal audit function. It provides an independent review on the operation of controls.

On top of the three lines of defense, the Board reviews the effectiveness of the Group's risk management and internal control system, with the assistance of Audit Committee, which covers all material controls including financial, operational and compliance controls, and the risk management system.

2 ANNUAL REVIEW OF THE RISK MANAGEMENT AND INTERNAL CONTROL

On behalf of the Board and the Audit Committee, the internal audit function carried out the annual review of the effectiveness of the Group's risk management and internal control system for the year ended 31 December 2025. The results were reported to the Audit Committee and the Board. The Board acknowledged that the risk management and internal control system of the Group during the review period were effective and adequate.

The annual review conducted by the internal audit function is set out as follows:

2.1 Ongoing Monitoring of Risk and Internal Control

2.1.1 Scope and quality

During the year, the Board reviewed the business of the Group through its regular meetings in order to ensure that business risks had been considered, assessed and managed as an integral part of the business. There was an ongoing process for identifying, evaluating and managing the Group's significant risks. The Group's risk assessment process included the monitoring of key strategic, financial, compliance, reporting and ESG risks. In addition, the Group reviewed the impact of any changes and developments on its risk profile, strategic risk and reputation and the work of its internal audit function.

The impact and likelihood of each significant risk was evaluated with reference to associated measures and key performance indicators. The adequacy of the risk mitigation plans was assessed and, if necessary, improvements were made.

2.1.2 Extent and frequency of communication

The Audit Committee held regular meetings on a regular basis and reviewed the risk and internal control situations to assess the effectiveness of the relevant management of the Group.

Risks and risk events are captured by the business and reported to the second line of defense. Specific reports and periodic updates are submitted to the Board after the review by the Audit Committee, if necessary. Issues would be raised when there were control failures, weaknesses and inefficient processes identified or through continuous monitoring reviews by the second and third line of defense teams.

2.2 Significant Control Failings or Weaknesses

The Group has underlying procedures to handle significant control failures or weaknesses, which include material adverse event assessment, mitigation plan and follow-up action. Significant control failure is required to be reported by senior management to the Audit Committee and the Board. No significant control failures or weaknesses were identified during the year upon the internal audit function's annual review.

2.3 Effectiveness of Financial Reporting and Listing Rule Compliance

With the support and input from the External Auditor, our Audit Committee carried out its review and assessment of the Group's financial reporting, covering key areas such as whether suitable accounting policies were adopted, whether management made appropriate estimates and judgments and whether disclosures in published financial statements were fair, balanced and understandable.

The Audit Committee carries out its compliance review to assess whether the Group has been complying with the relevant regulatory requirements on a quarterly basis. The compliance review summarized the compliance status, corrective actions and the enhancement recommendations.

In light of the above, the Audit Committee considered the Group's processes in financial reporting and Listing Rules' Compliance were effective.

2.4 Risk Mitigating Measures and Key Changes

The Group is exposed to various risks including but not limited to financial market risk, credit risk, compliance risk, business risk and ESG risk. Risk management and internal controls are the day-to-day responsibility of every employee. In order to cope with these risks, the Group monitors and implements mitigating measures both as part of our governance and in our day-to-day decision making process. In the sphere of aircraft leasing, these risks are coordinated and overseen by the Aviation Risk Management team.

In 2025, air travel continued its strong post-pandemic trajectory and continues to play a pivotal role in global connectivity. According to IATA, airlines served nearly 5 billion passengers in 2025, surpassing pre-pandemic levels with continued strong demand growth on thousands of unique city pairs – over 30% more than a decade earlier – while inflation-adjusted fares remained significantly lower than historical averages. Despite persistent fare pressures and supply chain challenges affecting aircraft manufacturing and delivery schedules, the industry achieved revenues approaching US$1 trillion and a net profit margin of approximately 3.6% (2024: 3.4%).

Against this resilient backdrop, most airline customers leasing aircraft from the Group's fleet showed continued improvement in liquidity and profitability in 2025, though some remain weighed down by pandemic-era debt burdens. Only one debt deferral COVID mitigation agreement remains during the year, accounting for just 0.36% of cumulative invoicing since 1 January 2020. There were no uncured payment defaults in 2025. Although operating conditions remain largely benign overall – characterised by stable oil prices, continued strong demand and a constrained supply of high-performance aircraft (particularly widebodies)–2025 has also been marked by considerable uncertainty, with macro political factors and an overtly politicised environment simultaneously impacting both demand and supply chains. The Group continues to closely monitor high-risk lessees, a measure that demonstrated the importance of such vigilance following the unexpectedly sudden collapse and closure of PLAY Airlines in October 2025. Through advance preparation, two aircraft were repossessed swiftly and efficiently.

Demand for leased new and used aircraft remained strong throughout the period, benefiting from a shortage of new deliveries, although to a lesser extent than in 2024. The Group was generally able to either extend leases at favourable terms or improve the average credit profile of customers through aircraft asset portfolio sales. This trend is expected to continue at least through 2026. Nevertheless, as always, uncertainties do threaten this positive outlook – particularly geopolitical/trade barrier considerations and regional conflicts. The Group believes its diversified customer base and fleet of predominantly highly liquid and fuel-efficient narrowbody aircraft serve as an effective hedge against any uncertainty in demand.

RISK MANAGEMENT REPORT

In respect of China market in 2025, the civil aviation industry delivered an impressive performance after fully recovering from the pandemic's impact, achieving a high-quality and profitable rebound. In the domestic market, passenger traffic reached 770 million for the year, marking a 5.5% year-on-year increase and setting a new historical record. The international route market also demonstrated robust recovery, with total international flights steadily returning to more than 90% of the level in 2019. In particular, flights to Belt and Road partner countries rebounded even faster, reaching 94.5% of pre-pandemic levels and driving international passenger traffic growth exceeding 20%. Notably, the competitiveness of Chinese airlines was significantly enhanced in the international market, with their passenger volumes not only recovering but surpassing pre-pandemic levels. Besides passenger services, civil aviation cargo performance was equally impressive, with annual freight and mail volume exceeding 10 million tons, a 13.3% year-on-year increase. Driven by recovering market demand and enhanced operational efficiency, the industry achieved a profit of RMB6.5 billion. This milestone not only signifies China's civil aviation sector entering a new phase of healthy and sustainable development but also lays a solid foundation for high-quality growth in 2026 and the 15th Five-Year Plan period. Benefiting from the further improvement in the domestic civil aviation market environment and the enhanced cash flow of airlines, the Group's overall overdue receivables decreased further in 2025. In the Chinese Mainland market, the Group maintained a stable overall credit risk structure, with higher-rated airlines lessees constituting the majority of its fleet leasing portfolio. To sustain the overall credit rating within a stable range, the Company moderately reduced the fleet leasing proportion of certain lower-rated airlines through portfolio trading and other measures.

The ‘upward slope’ of each airline industry cycle represents an opportunity to prepare for the next ‘downward slope’ by shaping the portfolio and improving the quality of our leases, particularly in respect of credit and security. The Aviation Risk Management team continues to advise on and improve the Group’s risk oversight/mitigation capability through such measures as the introduction of Risk Adjusted Pricing, the development of a robust concentration model, modernization/improvement of our qualitative rating methodology, maintenance and review of the Group’s ‘Watch List’ (together with recommendations for mitigating actions), monitoring of aircraft-on-ground situations and oversight of components installed on non-title aircraft or in maintenance. The Aviation Risk Management team also leads in receivables monitoring and credit/market analysis. Team members are focal to each ‘Deal Team’ in reviewing lease documentation, performing due diligence and proposing enhanced security measures. The team also acts as the primary contact for all outbound ‘Know Your Customer’ (KYC) requests.

Regarding daily operational risk management, this primarily involved continuous assessment of key operational indicators and cash reserves of the airlines. Airlines showing elevated default risks were placed on a watch list for close monitoring, with mitigation plans formulated to reduce impacts and prevent further risk deterioration. Primary measures included, but are not limited to, issuing payment demand letters to overdue airlines, conducting site visits, and initiating legal proceedings to safeguard the Group’s interests. Concurrently, the Group proactively adopted measures such as aircraft repossession and litigation to minimize impacts from high-default-risk airlines.

During the year, the Group undertook the following measures in order to further mitigate finance/portfolio related risks:

(i) Took new delivery of 26 aircraft and disposed of 36 aircraft to third party to reduce geographical and portfolio concentration risks.

(ii) Successfully issued US$160 million senior unsecured notes due in 2028, carrying a fixed coupon rate of 6%.

(iii) Continues to maintain abundant liquidity from financial institutions through upsizing the warehouse facility to US$700 millions from the world's leading banks.

(iv) In order to mitigate exchange rate risks, the Group hedges currency exchange risks naturally through matching the currency from income and financial liability. The Company also financially hedges the exposure using currency forward contracts where necessary and appropriate.

(v) With the interest rate swap arrangements, the Group's floating interest rate borrowings were hedged as per its prudent interest rate hedging policy. The interest rate risk would be monitored on an ongoing basis.

In addition to these operational and credit risk considerations, the Group also closely monitors external geopolitical developments that may impact its precious aircraft assets. Following the escalation of geopolitical tensions in the Middle East in early March 2026, the conditions have resulted in airspace disruptions and operational adjustments, it has also elevated the risk in the operational environment for civilian aircraft subject to accidental or intentional damage.

In this context, war risk insurance serves as a crucial safeguard for the Group's aircraft asset, in addition to the standard hull all risks insurance requirement from lessees. Given that standard risks policies exclude war and related perils, it is an additional requirement in our lease agreements for the lessee to maintain war risk and allied perils insurance as additional coverage alongside all risks insurance, ensuring protection against events including war during the whole lease period. This structure allows us to transfer the financial impact of war-related events to insurers, so that even if an aircraft is destroyed, damaged, or rendered unrecoverable, the insured value can be recovered. As geopolitical tensions intensify, this layered insurance approach provides essential financial protection and helps mitigate potential losses despite ongoing regional uncertainty.

Regarding environmental risk, the Group has identified pertinent climate change risks, with a particular focus on both the physical and transitional risks across various time horizons. To mitigate these climate-related risks, the Group has developed a climate change policy. This policy delineates detailed mechanisms for identifying and addressing each potential financial and operational impact stemming from climate change. The Group completed a double materiality assessment (DMA) in 2025 as part of its preparations for the implementation of Corporate Sustainability Reporting Directive (CSRD) regulations in Europe. Ultimately, the scope of these regulations were changed such that the Group was excluded from their applicability; nonetheless, the effort supports disclosure requirements in other jurisdictions.

In terms of governance risk, the Group recognizes its exposure to internal governance risks, including legal compliance and anti-bribery measures. These risks are overseen by the internal audit function. The internal audit function independently implements the Company's internal control system and conducts assessments of control effectiveness for each identifiable risk. Additionally, our internal audit function conducts annual assessments of the overall internal control system and performs operational audits to evaluate the effectiveness and adequacy of internal controls, providing recommendations for improvement.

PROFILE OF THE DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Mr. AN Xuesong

Chairman and Non-executive Director

Mr. AN Xuesong, aged 55, is the Chairman of the Board and a Non-executive Director of the Company. He has been appointed as a Director since October 2024.

Mr. AN is currently an executive director of China Everbright Limited ("**CEL**") (stock code: 165.HK), the controlling Shareholder of the Company, the vice president of CEL group in charge of finance, and a non-executive and non-independent director of Ying Li International Real Estate Limited (stock code: 5DM.SGX).

Mr. AN was the executive director, vice president and chief financial officer of China Everbright Environment Group Limited (stock code: 257.HK) from October 2021 to March 2024. He was the executive director and chief executive officer of China Everbright Water Limited (stock code: U9E.SG, 1857.HK) from December 2014 to October 2021. Prior to that, Mr. AN worked at the Municipal General Office of Jingzhou, Hubei Province and Guangdong Technology Venture Capital Group Ltd. Mr. AN has comprehensive experience in mergers and acquisitions, project investment and management, financial management and risk management.

Mr. AN holds a Master's degree in Business Administration from Jinan University. He is a Certified Public Accountant in the People's Republic of China and a Certified International Internal Auditor.

Mr. PAN Jianyun

Non-executive Director

Mr. PAN Jianyun, aged 55, 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. He has been appointed as a Director since March 2025.

Mr. PAN is currently an executive director of China Everbright Limited ("**CEL**") (stock code: 165.HK), the controlling Shareholder of the Company, and the vice president of CEL group, the non-executive and non-independent chairman of Ying Li International Real Estate Limited (stock code: 5DM.SGX), a non-executive director of Everbright Securities Company Limited (stock code: 601788.SH, 6178.HK). He was a non-executive director of China Everbright Environment Group Limited (stock code: 257.HK) from March 2024 to April 2025, and the chairman of each of Aircraft Recycling International Limited and China Asset Leasing Company Limited, a wholly-owned subsidiary of the Company, from March 2025 to January 2026. Prior to joining the Group, Mr. PAN had served as a director and vice president of China Everbright Holdings Company Limited and a deputy general manager of each of the listing office and integrated development department of China Everbright Group Ltd., the controlling shareholders of the Company. He had also served as a business line director and general manager of the investment banking management headquarters of Everbright Securities Company Limited (stock code: 601788.SH, 6178.HK). He previously worked as a lawyer at Ningbo Beilun Law Firm, a project manager, an assistant to general manager, a director of legal affairs office and a general manager of investment banking headquarters of Skyone Securities' investment banking division.

Mr. PAN holds a bachelor degree in law from China University of Political Science and Law, a master degree in economics from Zhejiang University, and an executive master degree in business administration from Fudan University.

PROFILE OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. POON Ho Man

Executive Director and Chief Executive Officer

Mr. POON Ho Man, aged 53, is an Executive Director and the Chief Executive Officer of the Company. Mr. POON is the chairman of Sustainability Steering Committee on Environmental, Social and Governance Issues and a member of each of Strategy Committee and Remuneration Committee of the Company. He acts as director of certain subsidiaries of the Company. He has been appointed as a Director since January 2017. He is responsible for formulating the Group's overall strategic planning and managing overall business operations. Mr. POON has over 25 years of experience in direct investment, structured financing and aviation financing, of which over 15 years has been spent focusing on aircraft leasing.

Mr. POON obtained the degree of bachelor of engineering from the University of Hong Kong in 1995, and obtained the degree of executive master of business administration from Tsinghua University in 2005. Mr. POON has been a CFA® charterholder of the Association for Investment Management and Research (now known as the Chartered Financial Analysts Institute).

Mr. POON was a member of the Eleventh and Twelfth Heilongjiang Province Committee of the Chinese People's Political Consultative Conference ("**CPPCC**") and the Vice Chairman of HKCPPCC (Provincial) Members Association Foundation Limited. Mr. POON also obtained the World Outstanding Chinese Award from World Chinese Business Investment Foundation in 2006.

As at the date of this report, Mr. POON had corporate interest in 186,427,261 Shares (representing approximately 24.92% of the Shares in issue).

Mr. LI Guohui

Executive Director, Chief Financial Officer and Chief Strategy Officer

Mr. LI Guohui, aged 54, is an Executive Director, the Chief Financial Officer and Chief Strategy Officer of the Company. He joined the Group in January 2023. He also acts as a director of a number of subsidiaries of the Company. He has been appointed as a Director since March 2024. He is responsible for managing the strategic planning, financing, investor relations, company secretarial matters, listing rules compliance and accounting matters of the Group.

Prior to joining the Group, he has a track record in serving senior positions in the blue-chip and large-scale companies. Mr. LI is currently an independent non-executive director of Shandong Weigao Group Medical Polymer Company Limited (stock code: 1066) and an independent director of Zhongshan Public Utilities Group Co., Ltd. (stock code: 00685.SZ). He has served as senior manager in investment, merger and acquisition/ financial analysis of International Maritime Carriers Group in Singapore and Hong Kong from 2005 to 2009 and accounting director of finance department of China Resources (Group) Co., Ltd from 2009 to 2013. Mr. LI has served as an executive director, the chief financial officer, the vice president and the authorised representative under Rule 3.05 of the Listing Rules of China Resources Pharmaceutical Group Limited (stock code: 3320) from 2013 to 2019, a non-executive director of Dong-E E-Jiao Co., Ltd. (stock code: 000423.SZ) and China Resources Double Crane Pharmaceutical Co., Ltd. (stock code: 600062. SH) and a supervisor of Sanjiu Medical & Pharmaceutical Co., Ltd. (stock code: 000999. SZ). He was an executive director and joint chief financial officer of Zhongsheng Group Holdings Limited (stock code: 881) from 2019 to 2022 and an independent non-executive director of Space Group Holdings Limited (stock code: 2448) from August 2022 to June 2025.

Mr. LI received a Master's degree in Financial Management from Nanyang Technological University in Singapore in 2005 and a Master's degree in Business Administration from Wuhan University in 2003 and obtained professional qualifications as a Chartered Financial Analyst qualified by the CFA Institute and a Certified Public Accountant (Singapore) qualified by the Singapore Institute of Chartered Accountants.

PROFILE OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. CHEOK Albert Saychuan

Independent Non-executive Director

Mr. CHEOK Albert Saychuan, aged 75, is an Independent Non-executive Director. Mr. CHEOK is also the chairman of Nomination Committee, and a member of each of Audit Committee and Remuneration Committee of the Company. He has been appointed as a Director since May 2015.

Mr. CHEOK graduated from the University of Adelaide, Australia with First Class Honours in economics. Mr. CHEOK is a fellow of CPA Australia. He is a banker with over 40 years of experience in banking and business consultancy in the Asia-Pacific region.

Between May 1979 and February 1982, Mr. CHEOK was an advisor to the Australian Government Inquiry into the Australian Financial System which introduced comprehensive reforms to the Australian banking system. He was the chief manager at the Reserve Bank of Australia from October 1988 to September 1989 before becoming the deputy commissioner of Banking of Hong Kong for about three and a half years. He was subsequently appointed as an executive director in charge of banking supervision at the Hong Kong Monetary Authority from April 1993 to May 1995. Mr. CHEOK was the chairman of Bangkok Bank Berhad in Malaysia, a wholly-owned subsidiary of Bangkok Bank of Thailand, from September 1995 to November 2005. Mr. CHEOK was formerly the vice chairman of Export and Industry Bank, Inc., which is listed on The Philippine Stock Exchange, from February 2006 to April 2012. Mr. CHEOK was the vice president of the board of governors of the Malaysian Institute of Corporate Governance until end 2020.

Mr. CHEOK is the non-executive non-independent chairman of Amplefield Limited (listed in Singapore), and an independent and non-executive director of Supermax Corporation Berhad (listed in Malaysia). He was the non-executive chairman of Forbidden Food Limited (listed in Australia).

Outside his various board capacities, Mr. CHEOK is a well accomplished personal investment banker and financial adviser to select clients in Hong Kong, the PRC and South East Asia. In this capacity he has been involved in several high profile mergers and acquisitions, asset acquisitions, corporate re-structuring, corporate strategies, brand image and building and private fund management. He has also been an adviser to governments in various capacities.

As at the date of this report, Mr. CHEOK had personal interest in 5,000 Shares (representing approximately 0.001% of the Shares in issue).

Mr. FAN Chun Wah, Andrew, *J.P.*

Independent Non-executive Director

Mr. FAN Chun Wah, Andrew, *J.P.*, aged 47, is an Independent Non-executive Director. Mr. FAN is also the chairman of Audit Committee, and a member of each Nomination Committee and Remuneration Committee of the Company. He has been appointed as a Director since March 2023.

Mr. FAN is a practicing certified public accountant in Hong Kong with over 19 years of experience. He holds a Bachelor Degree of Business Administration (Accounting and Finance) from The University of Hong Kong and a Bachelor Degree in Laws from the University of London.

Mr. FAN is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and a fellow member of the Hong Kong Institute of Certified Public Accountants. He is currently a member of the eighth Legislative Council of the Hong Kong Special Administrative Region, with effective from 1 January 2026. He is also the Vice Chairman of the Tenth to the Twelfth Committees of the Zhejiang Province United Young Association, and a member and a Standing Committee member of the Eleventh to the Thirteenth Committees of the All – China Youth Federation and a member of the fourteenth National Committee of the Chinese People's Political Consultative Conference.

Mr. FAN is currently an independent non-executive director of Sing Tao News Corporation Limited (stock code: 1105), China Overseas Grand Oceans Group Ltd. (stock code: 81), China Unicom (Hong Kong) Limited (stock code: 762) and Chuang's Consortium International Limited (stock code: 367.HK), all shares of which are listed on the Main Board of the Stock Exchange.

Mr. FAN was an independent non-executive director of certain companies which shares are listed on the Main Board of the Stock Exchange, namely, Nameson Holdings Limited (stock code: 1982) from January 2016 to March 2026, Chuang's China Investments Limited (stock code: 298.HK) from January 2013 to September 2025, Space Group Holdings Limited (stock code: 2448) from January 2018 to August 2022 and Culturecom Holdings Limited (stock code: 343) from April 2015 to May 2024.

Dr. HONG Wen

Independent Non-executive Director

Dr. HONG Wen, aged 51, is an Independent Non-executive Director. Dr. HONG is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee of the Company. Dr. HONG was appointed as an Independent Non-executive Director of the Company since March 2025.

Dr. HONG is the general manager of the public affairs and research department at New World Development Company Limited (stock code: 0017.HK). She was a member of the 7th Legislative Council of the Hong Kong Special Administrative Region ("**Hong Kong SAR**"). Prior to this, she served as vice president of Fung Business Intelligence, a senior researcher at the Central Policy Unit of the Hong Kong SAR Government, a visiting scholar at Brookings Institution in Washington, D.C., and a research officer at One Country Two Systems Research Institute.

PROFILE OF THE DIRECTORS AND SENIOR MANAGEMENT

Dr. HONG brings extensive expertise in economic and public policy, supported by significant experience in public service. She currently serves as a member of the Guizhou Provincial Committee of the Chinese People's Political Consultative Conference and deputy director of its Hong Kong, Macao, Taiwan, Overseas Chinese and Foreign Affairs Committee. Dr. HONG is also vice-chairman of the Hong Kong Huajing Society, a non residential fellow at the Centre on Contemporary China and the World at the University of Hong Kong, and vice-president of the Hong Kong Association of Overseas-Returned Scholars. Additionally, she contributes as a member of the Hong Kong General Chamber of Commerce's Belt & Road working group and GBA Connect Working Group, a member of the Chinese Association of Hong Kong and Macao Studies, and a part-time professor at the Belt and Road Research Institute of Hainan University. Previously, Dr. HONG served as a member of the Constitutional and Basic Law Promotion Steering Committee, further underscoring her commitment to public policy and governance.

Dr. HONG graduated with a bachelor's degree in urban planning and a master's degree in urban planning and design from Tongji University, respectively, and obtained her Doctor of Philosophy degree from the University of Hong Kong.

Mr. CHAN Ching Summit

Independent Non-executive Director

Mr. CHAN Ching Summit, aged 60, is an Independent Non-executive Director. Mr. CHAN is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. Mr. CHAN was appointed as an Independent Non-executive Director of the Company since March 2026.

Mr. CHAN has relevant experience in strategy, mergers and acquisitions, joint venture and management board oversight, digital and technological transformation, sustainable development, and brand development. Mr. CHAN joined John Swire & Sons (H.K.) Limited ("**Swire group**") in 1988 and has since held various senior management positions across its shipping, marine services, and aviation divisions in Hong Kong, Singapore, and the Chinese Mainland. He served as the group director of corporate development of Hong Kong Aircraft Engineering Company Limited ("**HAECO group**") from December 2019 to December 2025, the interim chief executive officer of HAECO group from August 2019 to December 2019 and the chief executive officer of Taikoo (Xiamen) Aircraft Engineering Company Limited ("**HAECO Xiamen**") from September 2015 to August 2019. Mr. CHAN also served as a director of HAECO group and a member of its strategy advisory board. In addition, he served as the chairman of the joint ventures managed by HAECO group in the Chinese Mainland. He also served as a member of each of the sustainability committee and digital steering committee of Swire group.

Mr. CHAN holds a bachelor of commerce degree from The University of British Columbia. He has also completed Stanford executive program at the Graduate School of Business of Stanford University.

SENIOR MANAGEMENT

Ms. LIU Wanting

President and Chief Commercial Officer

Ms. LIU Wanting, aged 44, is the President and Chief Commercial Officer of the Company. Ms. LIU is also a member of each of Strategy Committee and Sustainability Steering Committee on Environmental, Social and Governance Issues of the Company. She also acts as director of a subsidiary of the Company. She was an Executive Director of the Company from August 2013 to May 2024.

Ms. LIU is responsible for the Group's overall strategic planning and implementation, as well as managing overall commercial operations. Ms. LIU joined the Group in June 2006 and is the founding member of the Group.

Ms. LIU is a founding member of Chinese Financial Association of Hong Kong (香港中國金融協會). Ms. LIU holds an EMBA at the PBC School of Finance at Tsinghua University in China and a master's degree in communication management from Hong Kong Baptist University.

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

TO THE SHAREHOLDERS OF
CHINA AIRCRAFT LEASING GROUP HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Aircraft Leasing Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 92 to 193, which comprise the consolidated balance sheet as at 31 December 2025, and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Assessment on working capital sufficiency	
We have identified the assessment of working capital sufficiency performed by management of the Group as a key audit matter as it requires the management to make significant judgements and estimations. As at 31 December 2025, the Group's current liabilities exceeded its current assets by HK$9,698.4 million, and in addition, the Group had total capital commitments amounting to HK$50,988.0 million mainly relating to acquisition of aircraft, of which HK$15,413.5 million was forecasted to be incurred and payable within one year. As at 31 December 2025, the Group had cash and cash equivalents of HK$3,518.0 million. 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 to fulfil its financial obligations and its capital commitments as they fall due within the next twelve months from 31 December 2025. The management has prepared cash flow forecasts which takes into account the plans and measures undertaken by the Group as set out in Note 3.1 to the consolidated financial statements. The management's forecasts are based on a number of significant judgements and estimations including the forecasted aircraft delivery and leasing schedules, availability of existing and new source of financing resources, forecasted aircraft portfolio trading schedules and projected capital expenditure. The directors are of the opinion that the Group has sufficient working capital for the Group's present requirements within the next twelve months from 31 December 2025 and therefore the directors considers that the Group will be in a position to continue as a going concern and hence prepared the consolidated financial statements on a going concern basis. Please refer to Note 3.1 to the consolidated financial statements for details.	Our procedures in relation to the director's assessment of working capital sufficiency included: • Obtaining an understanding of the management's working capital sufficiency assessment, including the preparation of cashflow forecast within the next twelve months from 31 December 2025 and the plans and measures undertaken by the Group; • Evaluating the key assumptions made in the cash flow forecasts, in particular the forecasted aircraft delivery and leasing schedules, and forecasted aircraft portfolio trading schedules; • Examining the aircraft purchase agreements entered into between the Group and aircraft manufacturers; a selection of the forecasted aircraft delivery schedules provided by the aircraft manufacturers; and a selection of the signed lease agreements and/or letters of intent entered into between the Group and airline companies; • Evaluating the availability of existing and new source of financing resources with facility letters, loan agreements or letters of intent issued by banks or financial institutions; • Evaluating a selection of the projected capital expenditure with the aircraft purchase agreements entered into between the Group and aircraft manufacturers; • Evaluating the cash flow forecasts prepared by management in prior year with the actual results in current year; • Performing sensitivity analysis on key assumptions in the cash flow forecasts to ascertain the extent and likelihood of adverse changes; and • Assessing the appropriateness and adequacy of the disclosures relating to the use of the going concern basis of accounting in the preparation of the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessments of aircraft and engines	

We have identified the impairment of aircraft and engines as a key audit matter as aircraft and engines is quantitatively significant to the consolidated balance sheet of the Group and significant judgements and estimations were made in the impairment assessment by the management of the Group.
 	
The Group conducted impairment assessments of aircraft and engines with impairment indicators and engaged an independent external valuer to assist the management in performing aircraft and engine valuation as at 31 December 2025.
 	
The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. The Group determined the fair value of aircraft and engines by referencing market value published by a third party appraiser, and the Group considered expected future cash flows based on the key assumptions mainly including the follow-on lease assumptions, residual values of aircraft and engines published by the third party appraiser, and discount rates.
 	
Based on the impairment assessments performed, the carrying amount of the Group's owned aircraft and engines under property, plant and equipment and right-of-use assets was HK$31,633.5 million as at 31 December 2025, in which the Group recognised a net impairment of HK$39.6 million for the year ended 31 December 2025.
 	
Please refer to Notes 5.1 and 6 to the consolidated financial statements for details.
	Our procedures in relation to impairment of aircraft and engines included:
	
	• Obtaining an understanding and evaluating the relevant controls of the assessment process of impairment of aircraft and engines;
	
	• Assessing the degree of complexity, subjectivity and uncertainty related to the significant management judgements and estimations involved in impairment assessment;
	
	• Obtaining an understanding and evaluating management assessment of impairment indicators;
	
	• Assessing the competence, capabilities and objectivity of the independent external valuer engaged by the Group and the third party appraiser; and
	
	• Evaluating the management's impairment assessments of a selection of aircraft and engines by performing the following procedures:
	
	  • comparing the fair value of a selection of aircraft and engines with the corresponding market values published by the third party appraiser;
	
	  • evaluating the reasonableness of the follow-on lease assumptions with actual lease rates recently contracted by the Group based on the signed lease agreements and/or letters of intent entered into between the Group and airline companies;
	
	  • comparing the residual values of a selection of aircraft and engines with the corresponding residual values published by the third party appraiser;
	
	  • involving our internal valuation specialist to evaluate the appropriateness of the discount rates used in the impairment assessment; and
	
	  • checking the arithmetic accuracy of the calculation in the impairment assessment.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Fair value measurement of shareholder's loan to CAG Bermuda 1 Limited ("CAG") and its subsidiaries (collectively as "CAG Group")	
We have identified the fair value measurement of shareholder's loan to CAG Group as a key audit matter as significant judgements and estimations were made in the fair value measurement by the management of the Group. The fair value assessment of shareholder's loan to CAG Group was measured at level 3 fair value hierarchy as at 31 December 2025, the management worked together with an independent external valuer engaged by the Group in performing the valuation, by using discounted cash flow model with unobservable inputs including discount rate, expected rental collection and expected aircraft disposal prices. The carrying amount of shareholder's loan to CAG Group was HK$577.4 million as at 31 December 2025. Please refer to Note 5.1 to the consolidated financial statements for details.	Our procedures in relation to the fair value measurement of shareholder's loan to CAG Group included: • Obtaining an understanding and evaluating the relevant controls of the measurement process of the fair value of shareholder's loan to CAG Group; • Assessing the degree of complexity, subjectivity and uncertainty related to the significant management judgements and estimations involved in fair value measurement; • Examining the relevant legal documents, investment agreements and lending agreements of CAG Group and assessing the implications of the key terms as set out in these documents/agreements to the fair value measurement of shareholder's loan to CAG Group; • Assessing the competence, capabilities and objectivity of the independent external valuer engaged by the Group; • Involving our internal valuation specialist to evaluate the appropriateness of the valuation method used and the reasonableness of discount rate used; • Evaluating the reasonableness of expected rental collection with the lease agreements, legal documents and other supporting evidence; • Evaluating the reasonableness of expected aircraft disposal prices with market available information; and • Checking the arithmetic accuracy of the valuation model.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Fair value measurement of exchangeable bonds issued by Aircraft Recycling International Limited ("ARI") and its subsidiaries (collectively as "ARI Group") We have identified the fair value measurement of exchangeable bonds issued by ARI Group as a key audit matter as significant judgements and estimations were made in the fair value measurement by management of the Group. On 1 January 2024, the exchangeable bonds with principal amount of HK$850.0 million was issued by ARI, an associate of the Group. The Group is entitled to exchange the bonds into ordinary shares of China Aviation Aftermarket Holdings Limited ("CAAM"), which is a subsidiary of ARI. The Group's exchangeable bonds issued by ARI Group was recognised as financial assets at fair value through profit or loss. The management worked together with an independent external valuer engaged by the Group in performing the valuation, by using binomial options pricing model and discounted cash flow approach with unobservable inputs, including a five-year performance projection, discount rate, terminal growth rate and financial information of CAAM. The carrying amount of exchangeable bonds issued by ARI Group was HK$850.0 million as at 31 December 2025. Please refer to Note 5.1 to the consolidated financial statements for details.	Our procedures in relation to the fair value measurement of exchangeable bonds issued by ARI Group included: • Obtaining an understanding and evaluating the relevant controls of measurement process of the fair value of exchangeable bonds issued by ARI Group; • Assessing the degree of complexity, subjectivity and uncertainty related to the significant management judgements; • Examining the relevant legal documents and subscription agreements of exchangeable bonds and assessing the implications of the key terms as set out in these documents/agreements to the fair value measurement of exchangeable bonds issued by ARI Group; • Assessing the competence, capabilities and objectivity of the independent external valuer engaged by the Group; • Involving our internal valuation specialist to evaluate the appropriateness of the valuation methods used, and the reasonableness of discount rate and terminal growth rate used; • Evaluating the reasonableness of the five-year performance projection by comparing the historical performance and future business plan of CAAM with the management's projection and assessing the growth assumptions in the five-year period; • Examining the financial information of CAAM provided by CAAM's management, assessing the reliability of the financial information of CAAM and evaluating the appropriateness of the adjustments made by management of the Group; and • Checking the arithmetic accuracy of the valuation model.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is CHU, Wai Chung (practising certificate number: P07024).

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
24 March 2026

CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Notes	**2025 HK$'000**	2024 HK$'000
ASSETS			
Property, plant and equipment and right-of-use assets	6	**31,694,025**	28,860,008
Pre-Delivery Payments ("PDP") and other prepayments and receivables relating to aircraft acquisition	10(a)	**8,206,488**	7,855,333
Investments in and loans to associates and joint ventures	7	**597,444**	491,697
Finance lease receivables – net	8	**7,964,898**	9,185,457
Deferred income tax assets	17	**87,736**	36,058
Financial assets at fair value through profit or loss	9	**1,479,158**	1,476,076
Prepayments and other assets	10(b)	**1,098,373**	683,835
Assets classified as held for sale	11	**2,526,133**	5,555,238
Aircraft and components trading assets		**827,375**	3,177
Derivative financial assets	21	**–**	13,381
Restricted cash	12	**52,342**	301,110
Cash and cash equivalents	13	**3,518,008**	3,778,318
Total assets		**58,051,980**	58,239,688
EQUITY			
Share capital	14	**74,797**	74,465
Reserves	15	**1,930,382**	1,986,750
Retained earnings		**2,288,015**	2,168,242
Equity attributable to shareholders of the Company		**4,293,194**	4,229,457
Perpetual capital securities and other non-controlling interests	16	**2,734,993**	1,098,740
Total equity		**7,028,187**	5,328,197
LIABILITIES			
Deferred income tax liabilities	17	**1,211,476**	1,303,752
Borrowings	18	**39,764,962**	43,046,205
Medium-term notes	19	**1,672,057**	1,599,726
Bonds and debentures	20	**5,410,425**	3,930,722
Derivative financial liabilities	21	**4,698**	233,712
Income tax payables		**227,274**	133,162
Interest payables		**355,191**	292,538
Other liabilities and accruals	22	**2,130,504**	2,371,674
Liabilities directly associated with disposal group classified as held for sale	11	**247,206**	–
Total liabilities		**51,023,793**	52,911,491
Total equity and liabilities		**58,051,980**	58,239,688

The consolidated financial statements on pages 92 to 193 were approved and authorised for issue by the Board of Directors on 24 March 2026 and are signed on its behalf by:

POON Ho Man
DIRECTOR

LI Guohui
DIRECTOR

CONSOLIDATED STATEMENT OF INCOME

	Notes	Year ended 31 December 2025 HK$'000	2024 HK$'000
TOTAL REVENUE			
Lease income	23	**3,787,264**	4,349,689
Aircraft and components trading income	23	**227,180**	1,900
Other operating income			
Net income from aircraft transactions	24	**374,762**	211,125
Other income	25	**625,915**	641,360
		1,000,677	852,485
		5,015,121	5,204,074
Expenses			
Costs of aircraft and components trading		**(122,162)**	(311)
Interest expenses	26	**(2,167,904)**	(2,710,584)
Depreciation and impairment		**(1,457,463)**	(1,686,569)
(Expected credit losses)/reversal of expected credit losses		**(5,470)**	71,211
Other operating expenses	27	**(567,498)**	(550,044)
		(4,320,497)	(4,876,297)
Insurance compensation received from an aircraft	28	**179,377**	–
Share of results from associates and joint ventures		**(430)**	160
Other (losses)/gains, net	30	**(352,185)**	313,325
Profit before income tax		**521,386**	641,262
Income tax expenses	31	**(146,042)**	(315,653)
Profit for the year		**375,344**	325,609
Profit attributable to			
Shareholders of the Company		**338,533**	257,545
Holders of perpetual capital securities and other non-controlling interests		**36,811**	68,064
		375,344	325,609
Earnings per share for profit attributable to shareholders of the Company (expressed in HK$ per share)			
– Basic earnings per share	32(a)	**0.454**	0.346
– Diluted earnings per share	32(b)	**0.454**	0.346

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
	Note	**2025** **HK$'000**	2024 HK$'000
Profit for the year		**375,344**	325,609
Other comprehensive (loss)/income for the year:			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges	21	**(3,723)**	(44,493)
Currency translation differences		**(59,815)**	(139,456)
		(63,538)	(183,949)
Item that will not be reclassified subsequently to profit or loss			
Currency translation differences attributed to non-controlling interests		**(891)**	576
Total other comprehensive loss for the year, net of tax		**(64,429)**	(183,373)
Total comprehensive income for the year		**310,915**	142,236
Total comprehensive income for the year attributable to			
Shareholders of the Company		**274,995**	73,596
Holders of perpetual capital securities and other non-controlling interests		**35,920**	68,640
		310,915	142,236

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	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/(loss) for the year	–	–	338,533	338,533	40,246	(3,435)	36,811	375,344
Other comprehensive loss								
Cash flow hedges (Note 21)	–	(3,723)	–	(3,723)	–	–	–	(3,723)
Currency translation differences	–	(59,815)	–	(59,815)	–	(891)	(891)	(60,706)
Total comprehensive (loss)/income	–	(63,538)	338,533	274,995	40,246	(4,326)	35,920	310,915
Transactions with shareholders and non-controlling interests								
Issue of shares upon scrip dividend scheme (Note 14)	332	12,204	–	12,536	–	–	–	12,536
Dividends	–	–	(223,794)	(223,794)	–	–	–	(223,794)
Dividends distributed to perpetual capital securities (Note 16)	–	–	–	–	(29,502)	–	(29,502)	(29,502)
Issue of perpetual capital securities (Note 16)	–	–	–	–	1,634,013	–	1,634,013	1,634,013
Share option scheme:								
– Share options lapsed (Note 15)	–	(5,034)	5,034	–	–	–	–	–
Disposal of a subsidiary	–	–	–	–	–	(4,178)	(4,178)	(4,178)
Total transactions with shareholders and non-controlling interests	332	7,170	(218,760)	(211,258)	1,604,511	(4,178)	1,600,333	1,389,075
Balance as at 31 December 2025	74,797	1,930,382	2,288,015	4,293,194	2,756,656	(21,663)	2,734,993	7,028,187

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 2024	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 year	–	–	257,545	257,545	59,386	8,678	68,064	325,609
Other comprehensive (loss)/income								
Cash flow hedges (Note 21)	–	(44,493)	–	(44,493)	–	–	–	(44,493)
Currency translation differences	–	(139,456)	–	(139,456)	–	576	576	(138,880)
Total comprehensive (loss)/income	–	(183,949)	257,545	73,596	59,386	9,254	68,640	142,236
Transactions with shareholders and non-controlling interests								
Redemption of perpetual capital securities (Note 16)	–	–	–	–	(808,157)	–	(808,157)	(808,157)
Other (Note 16)	–	–	29,998	29,998	(29,998)	–	(29,998)	–
Issue of shares upon scrip dividend scheme (Note 14)	29	857	–	886	–	–	–	886
Dividends	–	–	(201,011)	(201,011)	–	–	–	(201,011)
Dividends distributed to perpetual capital securities (Note 16)	–	–	–	–	(50,413)	–	(50,413)	(50,413)
Issue of perpetual capital securities (Note 16)	–	–	–	–	1,104,068	–	1,104,068	1,104,068
Share option scheme:								
– Value of services (Note 15)	–	336	–	336	–	–	–	336
– Share options lapsed (Note 15)	–	(150)	150	–	–	–	–	–
Partial disposal of a subsidiary	–	(3,888)	–	(3,888)	–	4,178	4,178	290
Total transactions with shareholders and non-controlling interests	29	(2,845)	(170,863)	(173,679)	215,500	4,178	219,678	45,999
Balance as at 31 December 2024	74,465	1,986,750	2,168,242	4,229,457	1,111,899	(13,159)	1,098,740	5,328,197

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2025 HK$'000	2024 HK$'000
Cash flows from operating activities			
Profit before income tax		**521,386**	641,262
Adjustments for:			
– Depreciation and impairment		**1,457,463**	1,686,569
– Net income from aircraft transactions	24	**(374,762)**	(211,125)
– Expected credit losses/ (reversal of expected credit losses)		**5,470**	(71,211)
– Interest expenses	26	**2,167,904**	2,710,584
– Share-based payments	15	**–**	336
– Unrealised currency exchange losses/(gains)		**356,424**	(452,243)
– Hedge ineffectiveness and fair value changes on currency swap, interest rate swaps and currency forward contracts		**(10,946)**	132,646
– Share of results from associates and joint ventures		**430**	(160)
– Interest income		**(203,013)**	(242,915)
– Fair value losses/(gains) on financial assets at fair value through profit or loss	30	**7,696**	(8,279)
– (Reversal of reduction)/reduction in the estimated unguaranteed residual value of finance lease receivables	30	**(13,276)**	11,779
– Loss on disposal of a subsidiary	30	**5,250**	–
		3,920,026	4,197,243
Changes in working capital:			
– Finance lease receivables – net		**(567,180)**	(868,760)
– Prepayments and other assets		**(722,851)**	(188,042)
– Aircraft and components trading assets		**(32,444)**	(1,243)
– Other liabilities and accruals		**(165,618)**	50,890
Cash generated from operations		**2,431,933**	3,190,088
Income taxes paid		**(199,660)**	(160,209)
Net cash flows generated from operating activities		**2,232,273**	3,029,879
Cash flows from investing activities			
Purchase of property, plant and equipment		**(10,598,148)**	(6,763,777)
Proceeds from disposal of aircraft		**11,686,951**	6,383,838
PDP and prepayments paid for acquisition of aircraft		**(3,824,995)**	(2,525,439)
PDP refunded		**3,675,543**	2,049,016
Interest received		**187,669**	226,691
Investment in a joint venture		**(3,897)**	–
Payments relating to financial assets at fair value through profit or loss		**(9,537)**	–
Proceeds from disposal of financial assets at fair value through profit or loss		**1,102**	–
Payments relating to loans to associates and joint ventures		**(514,176)**	(430,740)
Repayments of loans to associates and joint ventures		**312,213**	665,834
Net payment relating to disposal of a subsidiary		**(932)**	–
Net cash flows generated from/(used in) investing activities		**911,793**	(394,577)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2025 HK$'000	2024 HK$'000
Cash flows from financing activities			
Proceeds from borrowings		**20,211,129**	26,378,680
Issue of bonds and debentures, net of transaction costs		**2,860,644**	–
Issue of medium-term notes, net of transaction costs		**–**	1,626,377
Repayment of amount due to non-controlling interest of a subsidiary		**(7,682)**	–
Repayments of borrowings		**(23,932,000)**	(25,715,657)
Repayments of bonds and debentures, including transaction costs		**(1,573,879)**	(1,874,809)
Repurchase and repayment of medium-term notes		**(10,842)**	(1,615,241)
Repayment of lease liabilities		**(11,390)**	(16,116)
Interest received in respect of derivative financial instruments		**8,608**	53,021
Interest paid in respect of borrowings, notes, bonds and debentures		**(2,414,693)**	(3,188,428)
Net payments for settlement and disposal of derivative financial instruments		**(213,609)**	(40,704)
Restricted cash placed in respect of borrowings		**(43,113)**	(20,001)
Restricted cash released in respect of borrowings		**88,736**	334,675
Restricted cash placed in respect of derivative financial instruments		**(23,588)**	(159,605)
Restricted cash released in respect of derivative financial instruments		**227,887**	85,412
Redemption of perpetual capital securities	16	**–**	(808,157)
Issue of perpetual capital securities	16	**1,634,013**	1,104,068
Dividends paid to holders of perpetual capital securities	16	**(29,502)**	(50,413)
Dividends paid to shareholders		**(211,258)**	(200,125)
Net cash flows used in financing activities		**(3,440,539)**	(4,107,023)
Net decrease in cash and cash equivalents		**(296,473)**	(1,471,721)
Cash and cash equivalents at beginning of the year		**3,778,318**	5,295,875
Currency exchange difference on cash and cash equivalents		**36,163**	(45,836)
Cash and cash equivalents at end of the year		**3,518,008**	3,778,318

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION ON THE GROUP

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 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 Group is a leading full-value-chain aircraft solutions provider. Its scope of business includes regular operations such as aircraft leasing, purchase and leaseback, portfolio trading and asset management, as well as value-added services such as fleet planning, fleet upgrade, aircraft maintenance, repair and overhaul, aircraft disassembling and recycling, and aircraft component trading.

The consolidated financial statements are presented in Hong Kong dollar ("HK$"), unless otherwise stated.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants ("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 consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(continued)*

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency[3]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]

1 Effective for annual periods beginning on or after a date to be determined
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all the amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 "Presentation and Disclosure in Financial Statements", which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 "Presentation of Financial Statements". This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of income; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (the title of which will be changed to "Basis of Preparation of Financial Statements" upon effective of HKFRS 18) and HKFRS 7 "Financial Instruments: Disclosures". Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of income. Additional disclosures required for the Group's MPMs may be disclosed in a separate note to the consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- derivative financial instruments and financial assets at fair value through profit or loss – measured at fair value; and
- assets classified as held for sale – measured at the lower of carrying amount and fair value less costs to sell.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or the areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

Going concern

As at 31 December 2025, the Group's current liabilities exceeded its current assets by HK$9,698.4 million. The Group had total capital commitments of HK$50,988.0 million as at 31 December 2025, which related to acquisition of aircraft that will be delivered in stages in the coming years until the end of 2033. Out of the total capital commitments, HK$15,413.5 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 31 December 2025, the Group had cash and cash equivalents of HK$3,518.0 million.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.1 Basis of preparation of consolidated financial statements *(continued)*

Going concern *(continued)*

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 31 December 2025. The directors have taken into account the following plans and measures for the purposes of their assessment:

- 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. 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 year ended 31 December 2025, the Group has drawn down 20 aircraft project loan facilities of HK$5,337.4 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 31 December 2025.

- According to the relevant aircraft purchase agreements, the scheduled payment of PDP for the next twelve months from 31 December 2025 amounts to HK$3,793.8 million.

  For the scheduled payment of PDP and repayment of utilised facility drawdowns under the facilities expiring in the next twelve months from 31 December 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 31 December 2025, the Group had already obtained PDP financing facilities from banks to provide financing up to HK$7,099.4 million to satisfy the forecasted committed PDP payments in the next twelve months from 31 December 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 31 December 2025.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.1 Basis of preparation of consolidated financial statements *(continued)*

Going concern *(continued)*

- As at 31 December 2025, the Group had working capital loan and revolving loan facilities of HK$22,160.0 million out of which HK$14,031.6 million has been utilised. The directors are confident that the Group can draw down the remaining unutilised loan facilities of HK$8,128.4 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 issue 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 Renminbi ("RMB") 1.5 billion. In August 2025, the Group issued three-year corporate bonds of US dollar ("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 issue 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 31 December 2025, the Group has signed letters of intent or sale and purchase agreements for the disposals of 11 aircraft, scheduled to be disposed in the next twelve months from 31 December 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 31 December 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 issue 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 31 December 2025. Accordingly, the directors consider that the Group will be in a position to continue as a going concern and hence prepared the consolidated financial statements on a going concern basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information

Subsidiaries

(a) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(ii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Subsidiaries *(continued)*

(c) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. A structured entity often has restricted activities and a narrow and well defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity. Consequently, the Group has determined that the trust plans set up to acquire certain finance lease receivables from the Group are structured entities over which the Group has no control and are therefore not consolidated.

Associates and joint ventures

Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Joint arrangements

Under HKFRS 11 "Joint Arrangements", investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Investments in associates and joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The equity-accounted investment includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an equity-accounted investment, any difference between the cost of the equity-accounted investment and the share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the equity-accounted investment, including any other unsecured long-term receivables that, in substance, form part of the investor's net investment in the associate or joint ventures, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the equity-accounted investment.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Associates and joint ventures *(continued)*

The Group determines at each reporting date whether there is any objective evidence that the equity-accounted investment is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount in profit or loss.

Profits and losses resulting from upstream and downstream transactions involving assets that do not constitute a business between the Group and its equity-accounted investments are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's equity-accounted investments. Unrealised gains in excess of the carrying amount of the investment in associates and joint ventures are recognised as deferred gains in "other liabilities and accruals" on the consolidated balance sheet. The deferred gain will not impact profit and loss, until the associate and joint ventures sell the assets that the deferred gain relates to, at which time the deferred gain related to the asset would be released to profit or loss. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. The profit or loss resulting from a downstream transaction involving assets that constitute a business, as defined in HKFRS 3 "Business Combinations", between the Group and its associate or joint venture is recognised in full in the consolidated financial statements.

Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional and the Group's presentation currency. Functional currencies of the subsidiaries of the Company mainly include RMB, US$ and HK$.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in the foreign operation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Foreign currency translation *(continued)*

(c) Group companies

The results and financial position of all the entities of the Group (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);

(iii) all resulting foreign exchange differences are recognised in other comprehensive income.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment charge. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to allocate their cost to their residual values over their estimated useful lives.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Property, plant and equipment *(continued)*

The estimated useful lives and estimated residual value rate are as follows:

Type of assets	Estimated useful lives	Estimated residual value rate
Aircraft and engine	25 years from the date of manufacture	5 – 15%
Leasehold improvements	Shorter of lease term or 3 years	0%
Office equipment	2 to 5 years	5%
Office building	50 years	0%
Others	4 to 10 years	0%

The assets' residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (detailed in "Impairment of non-financial assets" below).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. Gains and losses on disposal of aircraft and engine are recognised within "net income from aircraft transactions" in the consolidated statement of income. Gains and losses on disposal of other property, plant and equipment are recognised within other operating income in the consolidated statement of income.

Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition. Non-current assets are not depreciated or amortised while they are classified as held for sale.

Investments and other financial assets

(a) *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The debt instruments shall be classified as financial asset at fair value through profit or loss ("FVPL") if the cash flow characteristics cannot pass the test on solely payments of principal and interest on the principal amount. Otherwise, the classification of debt instruments will depend on the business model provided the fair value option is not elected.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. The equity instruments are classified as FVPL in general. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Investments and other financial assets *(continued)*

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Finance lease receivables are regarded as financial assets for the purpose of derecognition.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the classification of the asset. There are two measurements categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (losses)/gains, net, together with foreign exchange gains and losses.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other (losses)/gains, net in the period in which it arises. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the other (losses)/gains, net.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Investments and other financial assets *(continued)*

(c) Measurement (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other (losses)/gains, net in the consolidated statement of income as applicable.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and other receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For operating lease receivables and finance lease receivables except for unguaranteed residual values, the Group applies the simplified approach permitted by HKFRS 9 "Financial Instruments", which requires expected lifetime losses to be recognised from initial recognition of the lease receivables.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Certain financial assets and financial liabilities of the Group are subject to enforceable master netting arrangements or similar agreements. The agreement between the Group and the counterparty generally allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting arrangements or similar agreements will have the option to settle all such amounts on a net basis in the event of default of the other party. The financial assets and financial liabilities of the Group that are subject to such enforceable master netting arrangements or similar agreements are not offset in accordance with HKFRS Accounting Standards.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of exposures to variability in cash flows (cash flow hedges) that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in notes to the consolidated financial statements. Movements on the hedging reserve in shareholders' equity are shown in the consolidated statement of changes in equity.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in other (losses)/gains, net in the consolidated statement of income.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the forecast transaction being hedged affects profit or loss (for example, when the interest payment that is hedged occurs). They are recorded in the expense line items in the consolidated statement of income in which the related hedged item is reported.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any gain or loss on the hedging instrument that has been accumulated in equity from the period when the hedge was effective remains in equity. When the forecast transaction is ultimately recognised in profit or loss, the related accumulated hedge gain or loss in equity is reclassified to profit or loss. When a forecast transaction is no longer expected to occur, any accumulated hedge gain or loss in equity is immediately reclassified and included in other (losses)/gains, net in the consolidated statement of income.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Derivative financial instruments and hedging activities *(continued)*

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other (losses)/gains, net.

Equity instruments

Financial instruments issued by the Group are classified as equity instruments when both of the following conditions are satisfied:

(a) The financial instruments have no contractual obligation to pay in cash or other financial assets to other parties nor to exchange financial assets or liabilities under potential adverse condition with other parties;

(b) The financial instruments should and can be settled via equity instruments of the Group. For non-derivative instruments, the instruments have no contractual obligation to be settled by delivering fixed number of equity instruments of the Group. For derivative instruments, they can only be settled through the exchange of fixed number of the Group's equity instruments with fixed amount of cash or other financial assets.

Perpetual capital securities issued by the subsidiaries of the Company with no contractual obligation to repay the principal or to pay any distribution are classified as perpetual capital securities in equity of the Group.

Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value, and less any repaid principal is recognised in the consolidated statement of income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs and is included in the computation of the loan's effective interest rate. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Borrowings and borrowing costs *(continued)*

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interests related to progress payments made in respect of aircraft in the process of construction on forward order are capitalised and such amounts are added to prepayments on aircraft. The amount of interest capitalised is the actual interest costs incurred on funding specific to the progress payments or the amount of interest costs which could have been avoided in the absence of such progress payments.

Other borrowing costs are expensed as incurred.

Current and deferred income tax

The income tax expenses for the year comprises current and deferred income tax expense. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the income tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the jurisdictions where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted before the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Current and deferred income tax *(continued)*

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Leases

(a) Where the Group is lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include that the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects such penalties upon the Group exercising a purchase option.

Lease payments to be made under reasonably certain extension options are also in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Leases *(continued)*

(a) Where the Group is lessee (continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of office premises are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of twelve months or less.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Leases *(continued)*

(b) Where the Group is lessor

Finance lease

A finance lease is a lease that the Group as the lessor uses to transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. The Group recognises assets held under a finance lease as finance lease receivable at an amount equal to net investment in the lease, which is the gross investment in the lease discounted at the interest rate implicit in the lease. The gross investment in the leases is the sum of the lease payments receivable and any unguaranteed residual value accruing to the lessor. At the commencement of the lease term, the lease payments included in the measurement of the net investment in the lease mainly comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date: (a) fixed payments less any lease incentives payable; (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (c) any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Initial direct costs, such as commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging a lease, are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Estimated unguaranteed residual values are reviewed regularly. When there is a reduction in the estimated unguaranteed residual value, the income allocation over the lease term is revised and any reduction in respect of amounts already accrued is recognised in profit or loss.

See Note 3.2 (under the heading of "Investments and other financial assets") for material accounting policy information for derecognition and impairment of finance lease receivables.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Leases *(continued)*

(b) *Where the Group is lessor (continued)*

Operating lease

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income.

A lessor shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

See Note 3.2 (under the heading of "Investments and other financial assets") for material accounting policy information for impairment of operating lease receivables.

Revenue and income recognition

(a) *Finance lease income*

The finance income under a finance lease is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the period in which the event or condition that triggers those payments occurs.

(b) *Operating lease income*

The lease payments under operating lease are recognised as income on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income in the period in which the event or condition that triggers those payments occurs.

(c) *Interest income*

Interest income on financial assets at amortised cost is recognised within other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Revenue and income recognition *(continued)*

(d) Aircraft and components trading income

Aircraft and components trading income originates primarily from the sale of aircraft, engines and airframe parts held for trading purpose. The sale is recognised at a point in time when the relevant asset is delivered and the control of the relevant asset has been transferred to the buyer.

(e) Net income from aircraft transactions

Net income from aircraft transactions represents the net gain or loss arising on disposal of aircraft and engines classified in property, plant and equipment held for leasing to customers. The disposal is recognised when the relevant asset is delivered and control of the relevant asset has been transferred to the buyer. Any gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(f) Service income

Service income is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Segment reporting and segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

The Group is mainly engaged in the provision of aircraft leasing services to global airline companies and trading of aircraft and components. Accordingly, the Group considers that it only has a single reportable segment from both business and geographic perspectives and therefore only provides relevant entity-wide information.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in liabilities, if any.

Aircraft and components trading assets

Aircraft and components trading assets consist aircraft, engines and airframe parts. Aircraft and components trading assets are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchases, costs of conversion and other costs incurred in bringing the aircraft and components trading assets to their present location and condition.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are recognised in equity as a deduction from the proceeds.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Employee benefits

(a) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick and maternity leave are not recognised until the time of leave.

(b) *Pension obligations*

The Group contributes on a monthly basis to various defined contribution plans organised by the relevant governmental authorities or trustees. The Group's liability in respect of these plans is limited to the contributions payable in each period. Contributions to these plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions. Assets of the plans are held and managed by government authorities or trustees and are separate from those of the Group.

(c) *Profit-sharing and bonus plan*

The Group recognises a liability and an expense for bonuses and profit sharing, based on formulae that take into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based payments

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 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).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Share-based payments *(continued)*

Equity-settled share-based payment transactions (continued)

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 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).

At the time when the share options expire or lapse after the vesting period, the related share-based payments reserve is transferred directly to retained earnings.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are recognised in the consolidated statement of income over the period necessary to match them with the costs that they are intended to compensate.

Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the shareholders or directors, where appropriate.

Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

4. 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.

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 aircraft leasing income and 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 21 and Note 30.

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 31 December	
	2025	2024
	HK$'000	HK$'000
Cash and cash equivalents	**279,922**	409,725
Other financial assets	**114,515**	398,565
Total financial assets	**394,437**	808,290
Borrowings (Note a)	**(5,381,772)**	(7,672,482)
Medium-term notes (Note b)	**–**	(1,599,726)
Bonds and debentures (Note b)	**–**	(3,387,844)
Other financial liabilities	**(612,470)**	(541,049)
Total financial liabilities	**(5,994,242)**	(13,201,101)
Notional amount of currency forward contracts	**–**	2,649,250
Net exposure	**(5,599,805)**	(9,743,561)

Notes:

(a) Included in borrowings as at 31 December 2025, intragroup borrowings of HK$2.9 billion are denominated in RMB held by subsidiaries whose functional currency is US$.

(b) The decrease in the medium-term notes and bonds and debentures is due to the change of functional currency of the issuer entity, located in the Mainland China, as the currencies that majority of revenue stream of the issuer entity denominated in have been changed to RMB in 2025.

4. 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$ as at 31 December 2025 and 2024.

	Year ended 31 December	
	2025	2024
	HK$'000	HK$'000
Profit before income tax		
– 5% appreciation of RMB against US$	**(279,990)**	(487,178)
– 5% depreciation of RMB against US$	**279,990**	487,178

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 bank and other borrowings. Interest rate exposure arises when rental rates of the leases and the interest rates of corresponding bank and other borrowings do not match. The following table indicates the amount of bank and other borrowings exposed to interest rate risk as at 31 December 2025 and 2024.

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
Borrowings exposed to US$ Secured Overnight Financing Rate ("SOFR")	**20,542,124**	21,831,240
Borrowings exposed to RMB Loan Prime Rate ("LPR")	**5,266,871**	3,835,202
	25,808,995	25,666,442

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 hedge effectiveness and ineffectiveness.

4. FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk factors *(continued)*

Market risk *(continued)*

Cash flow and fair value interest rate risk (continued)

As at 31 December 2025, the Group had 8 outstanding floating-to-fixed interest rate swaps (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 31 December			
	2025		2024	
	Notional amount HK$'000	**Carrying value HK$'000**	Notional amount HK$'000	Carrying value HK$'000
Interest rate swaps				
Exposed to US$ SOFR	**1,400,940**	**(4,698)**	2,252,996	13,381

The effects of the interest rate swaps (under effective hedging) on the Group's financial position and performance are as follows:

	As at 31 December	
	2025	2024
Interest rate swaps		
Carrying amount, net (HK$'000)	**–**	6,001
Notional amount (HK$'000)	**–**	855,206
Maturity date	**–**	2025 – 2031
Hedge ratio	**–**	1:1
Change in fair value of outstanding hedging instruments since 1 January (HK$'000)	**(6,024)**	(41,180)
Change in value of hedged item used to determine hedge effectiveness (HK$'000)	**5,807**	40,843
Weighted average hedged rate	**–**	3.1%

The Group performs sensitivity analysis by measuring the impact of a change in interest rates as at 31 December 2025 and 2024. 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 by approximately HK$82,575,000 (2024: HK$72,502,000); and would also have increased/decreased the Group's reserves by nil (2024: HK$15,432,000), because of the impact of cash flow hedge interest derivatives.

4. FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk factors *(continued)*

Market risk *(continued)*

Cash flow and fair value interest rate risk (continued)

The sensitivity analysis above indicates the impact on the Group's 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.

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 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 22). All these strengthen the control and management of credit risk.

(a) Mitigation policies

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 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

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

4. FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk factors *(continued)*

Credit risk *(continued)*

Credit risk on aircraft leasing service (continued)

(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.

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$21,825,000 (2024: HK$18,508,000) for finance lease receivables (Note 8) and HK$151,081,000 (2024: HK$152,951,000) for operating lease receivables (Note 10(b)) as at 31 December 2025.

Credit risk exposure on operating leases receivables:

	As at 31 December			
	2025		2024	
	Gross carrying amount HK$'000	Accumulated expected credit losses allowance HK$'000	Gross carrying amount HK$'000	Accumulated expected credit losses allowance HK$'000
Asia	197,668	82,907	245,917	73,614
Europe	–	–	11,227	11,227
Americas	98,171	68,174	119,716	68,110
	295,839	151,081	376,860	152,951

4. 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 finance lease receivables (excluding the unguaranteed residual values):

	As at 31 December			
	2025		2024	
	Gross carrying amount HK$'000	Accumulated expected credit losses allowance HK$'000	Gross carrying amount HK$'000	Accumulated expected credit losses allowance HK$'000
Asia	**4,106,212**	**21,825**	4,722,511	18,508

(d) Concentration of credit risk

During the year ended 31 December 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 5.1, Note 7 and Note 36 for details.

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 36 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 CONSOLIDATED FINANCIAL STATEMENTS

4. 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 31 December	
	2025	2024
	HK$'000	HK$'000
Current assets		
Loans to associates and joint ventures	**343,683**	37,544
Finance lease receivables – net	**3,739,701**	1,946,844
Derivative financial assets	**–**	11,171
Prepayments and other assets	**1,088,637**	669,177
Assets classified as held for sale	**2,526,133**	5,555,238
Aircraft and components trading assets	**827,375**	3,177
Restricted cash	**8,269**	211,453
Cash and cash equivalents	**3,518,008**	3,778,318
	12,051,806	12,212,922
Current liabilities		
Borrowings	**16,620,311**	12,732,730
Medium-term notes	**–**	10,543
Bonds and debentures	**2,501,684**	1,542,866
Derivative financial liabilities	**4,698**	233,712
Income tax payables	**227,274**	133,162
Interest payables	**355,191**	292,538
Other liabilities and accruals	**1,793,807**	2,063,447
Liabilities directly associated with disposal group classified as held for sale	**247,206**	–
	21,750,171	17,008,998
Net current liabilities	**(9,698,365)**	(4,796,076)

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.

As at 31 December 2025, borrowings of HK$16.6 billion (2024: HK$12.7 billion) under current liabilities mainly comprised of borrowings of HK$5.3 billion (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$4.4 billion (2024: HK$2.7 billion) from PDP financing and HK$6.9 billion (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 (2024: HK$3.1 billion) (Note 37(d)) (which has not been included under current assets above) that is expected to be received from airlines in the next twelve months from 31 December 2025. Repayment of PDP financing and other financing 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.

4. FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk factors *(continued)*

Liquidity risk *(continued)*

Besides, the Group will consider to raise funds through working capital and PDP financing, aircraft loans, debt financing, and the asset-light strategy for disposal of aircraft. In light of the above and other relevant factors as stated in Note 3.1, the Group expects to have sufficient working capital to finance its operations, to meet its financial obligations, including the net current liabilities as of 31 December 2025 and those capital commitments in the next twelve months from 31 December 2025.

The following table shows the remaining contractual maturities (or the earliest date a financial liability may become payable in the absence of a fixed maturity date) at the balance sheet date of the Group's financial liabilities, based on contractual undiscounted cash flows:

	Less than one year HK$'000	Between one and two years HK$'000	Between two and five years HK$'000	Over five years HK$'000	Total HK$'000
As at 31 December 2025					
Financial liabilities					
Borrowings	18,413,348	6,981,594	11,385,497	8,630,190	45,410,629
Medium-term notes	53,353	387,853	1,426,308	–	1,867,514
Bonds and debentures	2,709,313	114,522	3,111,914	–	5,935,749
Other liabilities and accruals (a)	1,285,166	21,132	24,713	192,804	1,523,815
Derivative financial instruments	4,800	–	–	–	4,800

	Less than one year HK$'000	Between one and two years HK$'000	Between two and five years HK$'000	Over five years HK$'000	Total HK$'000
As at 31 December 2024					
Financial liabilities					
Borrowings	15,168,648	12,644,955	15,079,543	7,797,163	50,690,309
Medium-term notes	61,781	50,707	1,724,185	–	1,836,673
Bonds and debentures	1,711,622	2,479,377	–	–	4,190,999
Other liabilities and accruals (a)	1,543,675	60,466	49,144	119,133	1,772,418
Derivative financial instruments	233,712	–	–	–	233,712

(a) For the purpose of liquidity risk analysis, tax payables, operating lease rentals received in advance, bonuses, directors' fee payables and other non-financial liabilities included in other liabilities and accruals are not included.

4. FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk factors *(continued)*

Disposal of finance lease receivables

Certain wholly-owned subsidiaries of the Group (collectively "the CALC SPCs") signed contracts with trust plans or banks, pursuant to which, the CALC SPCs transferred to the trust plans or asset-backed securities programme their future lease payments arising from finance leases under their separate aircraft leasing agreements with airline companies.

The trust plans or asset-backed securities programme also appointed the CALC SPCs as the service agent to collect the lease rentals from the airline companies. The services to be provided mainly include maintaining relationship with the airline companies, collecting of rental on behalf of the trust plan. CALC SPCs recognised service fee income over the lease servicing period. During the year ended 31 December 2025, service fee income of HK$1,003,000 (2024: HK$1,127,000) was included in Group's other operating income.

No member of the Group has any option or obligation to reacquire the transferred lease receivables.

The trust plans or asset-backed securities programme are unconsolidated structured entities and the Group has no control over the trust plans or asset-backed securities programme.

The Group did not provide financial or other support to the trust plans or asset-backed securities programme as at 31 December 2025. The Group has no current intentions to provide, or assist in the provision of, financial or other support in any future period.

4. FINANCIAL RISK MANAGEMENT *(continued)*

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 year ended 31 December 2025 compared with the year ended 31 December 2024.

The Group monitors capital risk using gearing ratio, which is calculated as interest-bearing debts included in total liabilities (including borrowings, medium-term notes, bonds and debentures and borrowings included in liabilities directly associated with disposal group classified as held for sale) 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 31 December	
	2025	2024
	HK$'000	HK$'000
Interest-bearing debts included in total liabilities	**47,054,079**	48,576,653
Total liabilities	**51,023,793**	52,911,491
Total assets	**58,051,980**	58,239,688
Total equity	**7,028,187**	5,328,197
Gearing ratio	**81.1%**	83.4%
Asset-liability ratio	**87.9%**	90.9%
Interest-bearing debts to equity ratio	**6.7:1**	9.1:1

Categories of financial instruments

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
Financial assets		
Financial assets at FVPL	**1,479,158**	1,489,457
Financial assets at amortised cost	**5,014,544**	4,908,019
Operating lease receivables – net	**144,758**	223,909
Finance lease receivables – net	**7,964,898**	9,185,457
	14,603,358	15,806,842
Financial liabilities		
Financial liabilities at FVPL	**4,698**	233,712
Financial liabilities at amortised cost	**48,709,443**	50,624,342
Lease liabilities	**17,009**	18,687
	48,731,150	50,876,741

4. 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.

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 31 December 2025				
Asset				
Financial assets at fair value through profit or loss (note ii)	**–**	**–**	**1,479,158**	**1,479,158**
Liability				
Interest rate swaps (note i)	**–**	**4,698**	**–**	**4,698**
As at 31 December 2024				
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

4. FINANCIAL RISK MANAGEMENT *(continued)*

Fair value estimation of financial instruments *(continued)*

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

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 31 December 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 as "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 as "ARI Group"). The fair value of these financial assets is determined by making reference to discounted cash flow analysis.

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 31 December			
	2025		2024	
	Changes in fair value			
	Increase HK$'000	**Decrease HK$'000**	Increase HK$'000	Decrease HK$'000
An increase or decrease in the market interest rate of 1%	**(138,453)**	**148,428**	(176,747)	121,215
An increase or decrease in the discount rate of 1%	**(17,272)**	**17,985**	(21,282)	21,118
An increase or decrease in the expected aircraft disposal prices of 5%	**189,756**	**(189,743)**	144,512	(224,738)
An increase or decrease in the expected rental collection of 10%	**13,301**	**(13,301)**	23,756	(23,756)

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. No sensitivity analysis was performed as the change would not change the fair value significantly.

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 changes in discount rate by 1%. Such change would not change the fair value significantly.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. 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 2025	**576,136**	**850,000**	**49,057**	**1,475,193**
Increase in financial assets at fair value through profit or loss	**–**	**–**	**9,537**	**9,537**
Fair value change on the financial assets at fair value through profit or loss	**–**	**–**	**(7,912)**	**(7,912)**
Currency translation difference	**1,298**	**–**	**1,042**	**2,340**
As at 31 December 2025	**577,434**	**850,000**	**51,724**	**1,479,158**
As at 1 January 2024	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	–	–	8,279	8,279
Currency translation difference	(3,160)	–	(511)	(3,671)
As at 31 December 2024	576,136	850,000	49,057	1,475,193

4. FINANCIAL RISK MANAGEMENT *(continued)*

Fair value estimation of financial instruments *(continued)*

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 31 December			
	2025		2024	
	Carrying amount HK$'000	Fair value HK$'000	Carrying amount HK$'000	Fair value HK$'000
Finance lease receivables (excluding the unguaranteed residual values)	4,084,387	3,864,213	4,704,003	4,292,549
Borrowings	39,764,962	38,630,336	43,046,205	43,211,304
Medium-term notes	1,672,057	1,764,620	1,599,726	1,688,948
Bonds and debentures	5,410,425	5,523,088	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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT *(continued)*

Offsetting of financial instruments

The following financial assets and financial liabilities set out in the table below are subject to enforceable master netting arrangements and similar agreements, irrespective of whether they are offset in the Group's consolidated balance sheet.

	Gross amounts of recognised financial assets/liabilities HK$'000	Gross amounts of recognised financial assets/liabilities set off in the consolidated balance sheet HK$'000	Net amounts of financial assets/liabilities presented in the consolidated balance sheet HK$'000	Related amount not offset in the consolidated balance sheet: Financial instruments HK$'000	Related amount not offset in the consolidated balance sheet: Collateral received/paid HK$'000	Net amount HK$'000
As at 31 December 2025						
Derivative financial assets	–	–	–	–	–	–
Derivative financial liabilities	**(4,698)**	**–**	**(4,698)**	**–**	**–**	**(4,698)**
As at 31 December 2024						
Derivative financial assets	13,381	–	13,381	(1,680)	–	11,701
Restricted cash pledged for interest rate swap contracts	5,418	–	5,418	–	–	5,418
Restricted cash pledged for currency forward contracts	198,098	–	198,098	(198,098)	–	–
	216,897	–	216,897	(199,778)	–	17,119
Derivative financial liabilities	(233,712)	–	(233,712)	199,778	–	(33,934)

5. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Impairment of aircraft and engines

The Group conducts impairment assessments of aircraft and engines whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. These assessments are primarily triggered by observable indications that the asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use, significant adverse changes in the expected usage of aircraft and engines, or the technological or market environment have taken place or will take place in the near future; evidence of obsolescence of or physical damage to aircraft and engines; and worse than expected economic performance of the aircraft and engines.

The Group engaged an independent external valuer to assist the management in performing aircraft and engine valuation. When estimating the fair value of aircraft and engines, the Group determined the fair value of aircraft and engines by referencing market value published by a third party appraiser. When estimating the value in use of aircraft and engines, the Group considered expected future cash flows based on the key assumptions mainly including the follow-on lease assumptions, residual values of aircraft and engines published by the third party appraiser, and discount rates.

The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. If the carrying amount of aircraft or engines exceeds their estimated recoverable amount, it is written down immediately to its recoverable amount.

As at 31 December 2025, the carrying amount of the Group's owned aircraft and engines under property, plant and equipment and right-of-use assets was HK$31,633.5 million (2024: HK$28,791.9 million).

5. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS *(continued)*

5.1 Critical accounting estimates and assumptions *(continued)*

Fair value measurement of shareholder's loan to CAG Group

As disclosed in Note 4, the fair value assessment of shareholder's loan to CAG Group, measured at level 3 fair value hierarchy, requires the management to make judgements and estimates, including the appropriateness of the adoption of applicable valuation methods and using various unobservable inputs. The management worked together with an independent external valuer engaged by the Group in performing the valuation by using discounted cash flow model. Significant assumptions adopted by management in the valuation include discount rate, expected rental collection and expected aircraft disposal prices. Changes in these assumptions and estimates could materially affect the respective fair value of the investments.

As at 31 December 2025, the carrying amount of shareholder's loan to CAG Group was HK$577.4 million (2024: HK$576.1 million).

Fair value measurement of exchangeable bonds issued by ARI Group

As disclosed in Note 4, the fair value assessment of exchangeable bonds issued by ARI Group, measured at level 3 fair value hierarchy, requires management to make judgements and estimates, including the appropriateness of the adoption of applicable valuation methods and using various unobservable inputs. The management worked together with an independent external valuer engaged by the Group in performing the valuation. Valuation methods used include binomial options pricing model and discounted cash flow approach. Unobservable inputs adopted by management in the valuation include a five-year performance projection, discount rate, terminal growth rate and financial information of China Aviation Aftermarket Holdings Limited. The significant unobservable inputs to the valuation model of the exchangeable bonds issued by ARI Group mainly include discount rate. Changes in these assumptions and estimates could materially affect the respective fair value of the investments.

As at 31 December 2025, the carrying amount of exchangeable bonds issued by ARI Group was HK$850.0 million (2024: HK$850.0 million).

Estimation of unguaranteed residual value on leased assets

Unguaranteed residual value is a portion of the residual value of a leased asset, the realisation of which by the lessor is not assured or is guaranteed solely by a party related to the lessor. The unguaranteed residual value of the aircraft at the inception of the lease is based on management's estimates with reference to valuation reports issued by independent valuers. Please refer to Note 8 for the unguaranteed residual values recognised at the end of each reporting period.

The estimation of unguaranteed residual value at the inception of the leases impacts the determination of unearned finance income. Subsequent to initial recognition, estimated unguaranteed residual values are reviewed regularly. If there is a reduction in the estimated unguaranteed residual value, the income allocation over the remaining lease term will be revised and the reduction in respect of net present value of unguaranteed residual value will be adjusted immediately in profit or loss. Other than reversal of reduction in the estimated unguaranteed residual value of HK$13,276,000 (2024: reduction in the estimated unguaranteed residual value of HK$11,779,000) made in the current year, the directors of the Company are of the opinion that there had been no further impairment in the carrying amount of the unguaranteed residual value as at the end of the reporting period.

5. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS *(continued)*

5.1 Critical accounting estimates and assumptions *(continued)*

Estimation of unguaranteed residual value on leased assets *(continued)*

The residual value of each aircraft is estimated by management and reasonably supported by the residual value published by a third party appraiser. The unguaranteed residual values of the aircraft under the 43 (2024: 49) finance leases as at 31 December 2025 were approximately HK$4,497,229,000 (2024: HK$5,332,422,000). A 5% decrease in the expected unguaranteed residual value from the management's current estimates would result in a decrease in profit before income tax for the year ended 31 December 2025 by approximately HK$14,491,000 (2024: HK$13,044,000).

Impairment of finance lease receivables and operating lease receivables

The Group calculates expected credit losses through estimating the risk exposure of default and expected credit loss rate. The expected credit loss rate is determined based on estimation of probability of default and loss given default. In determining the expected credit loss rate, the Group considers the Group's past history, existing market conditions as well as forward looking estimates. The Group regularly monitors and reviews assumptions related to the calculation of expected credit losses. Please refer to Note 8 and Note 10(b) for detailed information.

As at 31 December 2025, the net carrying amount of finance lease receivables (excluding unguaranteed residual value) is HK$4,084.4 million (2024: HK$4,704.0 million) and the net carrying amount of operating lease receivables is HK$144.8 million (2024: HK$223.9 million).

Impairment of loans to associates and joint ventures

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.

As at 31 December 2025, the carrying amount of loans to associates and joint ventures is HK$586.0 million (2024: HK$484.1 million) (net of accumulated expected credit losses allowance of HK$209.0 million (2024: HK$215.7 million)).

5. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS *(continued)*

5.1 Critical accounting estimates and assumptions *(continued)*

Income taxes and deferred tax

The Group is subject to taxation in multiple jurisdictions and, in many cases, the ultimate tax treatment is not determined until concluded with the relevant tax authority. Consequently, the directors are required to exercise significant judgement in determining the appropriate amount of tax provisions based on the key underlying assumptions, including the profit forecast and the estimated realisable values of the aircraft at the end of lease terms. Where the ultimate tax outcome differs from the amount recognised, the difference will impact the income taxes and deferred tax in the future period. Please refer to Note 17 and Note 31 for the detailed information of deferred income tax and income tax expenses.

5.2 Critical judgements in applying the Group's accounting policies

Classification of leases

The Group has entered into certain aircraft leases whereby the Group has determined that it has transferred substantially all the risks and rewards incidental to ownership of the leased aircraft to the lessees, as the present values of the minimum lease payments (which include lease payments and residual values guaranteed by third parties) of the lease amount to at least substantially all of the fair values of the leased assets at the inception of the leases. Accordingly, the Group has derecognised the aircraft from its consolidated balance sheet and has instead, recognised finance lease receivables (Note 8). Otherwise the Group includes the aircraft under operating lease in property, plant and equipment and right-of-use assets (Note 6). The determination of whether the Group has transferred substantially all the risks and rewards incidental to ownership depends on an assessment of the relevant arrangements relating to the lease and this has involved critical judgements by management.

Disposal of finance lease receivables

The Group considers that the trust plans or asset-backed securities programme as described in Note 4 are structured entities which are run according to predetermined criteria that are part of its initial design.

The Group has assessed that it does not control the trust plans or asset-backed securities programme as the Group does not have the current ability to direct the relevant activities of the trust plans or asset-backed securities programme. Accordingly, the trust plans or asset-backed securities programme are not consolidated by the Group. The determination of whether there are controls over the trust plans or asset-backed securities programme depends on an assessment of the relevant arrangements relating to the trust plans or asset-backed securities programme and this has involved critical judgements by management. For further details about these unconsolidated structured entities, see Note 4.

The directors assessed the Group has transferred substantially all the risks and rewards related to the lease receivables to the trust plans or asset-backed securities programme, and thus the corresponding finance lease receivables were derecognised.

5. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS *(continued)*

5.2 Critical judgements in applying the Group's accounting policies *(continued)*

Consolidation assessment of CAG Group

In June 2018, the Group and some mezzanine financiers jointly established CAG Group at a shareholding ratio of 20% and 80%, respectively, which is principally engaged in lease-attached aircraft portfolio investment. The Group provides aircraft and lease management service to CAG Group.

The directors have assessed and concluded that the Group does not control CAG Group but has a significant influence over CAG Group. The determination of the Group's level of involvement with another entity will require exercise of judgement under certain circumstances. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group also considers, in particular, whether it obtains benefits from its power to control the entity. As such, the classification of the entity as a subsidiary, a joint venture, a joint operation, an associate or an equity investment requires the application of judgement through the analysis of various factors, such as whether CAG Group is a structured entity, the percentage of ownership interest held in the entity, CAG Group's purpose and design, CAG Group's relevant activities, the decision-making authority about its relevant activities, whether the rights of the Group give it current ability to direct CAG Group's relevant activities, the Group's exposure or rights to variable returns from its involvement with CAG Group and the ability to use its power over CAG Group to affect the amount of the Group's returns. This assessment involves critical judgement by management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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
Year ended 31 December 2025							
Opening net book amount	28,791,894	689	5,567	38,991	18,853	4,014	28,860,008
Additions	11,154,844	396	1,231	–	9,908	–	11,166,379
Reclassification from finance lease receivables	1,960,325	–	–	–	–	–	1,960,325
Reclassification to finance lease receivables	(163,790)	–	–	–	–	–	(163,790)
Depreciation and impairment	(1,441,516)	–	(2,631)	(908)	(11,004)	(1,404)	(1,457,463)
Assets classified as held for sale	(1,429,466)	–	–	–	–	–	(1,429,466)
Assets classified as aircraft and components trading assets	(791,754)	–	–	–	–	–	(791,754)
Write-off	–	–	–	–	(1,349)	–	(1,349)
Disposals	(6,800,653)	(705)	(457)	–	–	(463)	(6,802,278)
Currency translation difference	353,637	27	(490)	89	136	14	353,413
Closing net book amount	31,633,521	407	3,220	38,172	16,544	2,161	31,694,025
As at 31 December 2025							
Cost	37,070,771	6,747	24,734	45,336	31,467	15,317	37,194,372
Accumulated depreciation and impairment	(5,437,250)	(6,340)	(21,514)	(7,164)	(14,923)	(13,156)	(5,500,347)
Net book amount	31,633,521	407	3,220	38,172	16,544	2,161	31,694,025

	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
Year ended 31 December 2024							
Opening net book amount	33,426,505	–	9,544	40,115	11,867	5,795	33,493,826
Additions	7,668,781	800	1,177	–	21,343	–	7,692,101
Reclassification from finance lease receivables	187,262	–	–	–	–	–	187,262
Depreciation and impairment	(1,666,614)	(100)	(2,885)	(1,029)	(14,181)	(1,760)	(1,686,569)
Assets classified as held for sale	(4,515,716)	–	–	–	–	–	(4,515,716)
Disposals	(6,031,557)	–	(2,267)	–	–	–	(6,033,824)
Currency translation differences	(276,767)	(11)	(2)	(95)	(176)	(21)	(277,072)
Closing net book amount	28,791,894	689	5,567	38,991	18,853	4,014	28,860,008
As at 31 December 2024							
Cost	33,948,303	9,263	26,875	45,234	49,059	16,232	34,094,966
Accumulated depreciation and impairment	(5,156,409)	(8,574)	(21,308)	(6,243)	(30,206)	(12,218)	(5,234,958)
Net book amount	28,791,894	689	5,567	38,991	18,853	4,014	28,860,008

6. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS *(continued)*

The entire aircraft and engines are under operating lease. Lease rental income amounting to HK$3,151,498,000 relating to the lease of aircraft and engine for the year ended 31 December 2025 are included in operating lease income in the consolidated statement of income (2024: HK$3,740,861,000).

As at 31 December 2025, the net book value of aircraft amounted to HK$31,038,013,000 (2024: HK$28,071,670,000).

As at 31 December 2025, the net book value of aircraft under operating leases amounting to HK$22,717,864,000 (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 18).

During the year ended 31 December 2025, net impairment of HK$39,647,000 was made (2024: net reversal of impairment of HK$54,949,000).

For both years, the Group leases various properties for its operations. Right-of-use assets represent the leased properties.

For the cash outflow for leases, refer to Note 34.

For the expenses relating to short-term leases, refer to Note 27. Amounts approximate to the cash outflow relating to short-term leases.

7. INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINT VENTURES

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
Investments in and loans to associates and joint ventures – carrying amount after share of results	**806,428**	707,352
Accumulated expected credit losses allowance on loans to associates and joint ventures	**(208,984)**	(215,655)
	597,444	491,697

The accumulated expected credit losses allowance on loans to associates and joint ventures amounted to HK$208,984,000 (2024: HK$215,655,000). A net reversal of expected credit losses of HK$6,852,000 (2024: HK$33,161,000) was recognised for the year ended 31 December 2025.

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

As at 31 December 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 (Notes 5.2 and 9)	Bermuda	Aircraft leasing	20%	Associate	Equity
FLARI Aircraft Maintenances & 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 31 December 2025, the net liabilities of ARI Group was HK$693,103,000 (2024: net liabilities of HK$702,347,000), and as a result, the Group's equity interests in ARI was reduced to zero (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 31 December 2025, the Group's carrying amount of outstanding loans to ARI amounted to HK$343,683,000 (2024: HK$243,211,000). For details, please refer to Note 36(b).

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

(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 31 December 2025, the Group's outstanding shareholders' loans balance receivable from FLARI amounted to HK$148,052,000 (2024: HK$139,979,000). For details, please refer to Note 36(b).

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

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 31 December 2025, the Group's outstanding loans balance receivable from HNCA One (Tianjin) and HNCA Two (Tianjin) amounted to HK$42,573,000 (2024: HK$38,403,000) and HK$39,480,000 (2024: HK$36,423,000), respectively. For details, please refer to Note 36(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") is 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 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% (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 31 December 2025, the Group's outstanding shareholder's loan balance receivable from TAM amounted to HK$12,262,000 (2024: HK$26,037,000).

As at 31 December 2025, the Group held rental deposits of US$2,050,000 (equivalent to approximately HK$15,955,000) from TAM (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 36(h).

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

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 37(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 31 December	
	2025	2024
	HK$'000	HK$'000
Lease payments receivables		
– Not later than one year	**1,843,688**	1,050,241
– Later than one year but not later than two years	**1,545,641**	1,817,925
– Later than two years but not later than three years	**297,391**	1,520,548
– Later than three years but not later than four years	**453,726**	275,103
– Later than four years but not later than five years	**84,033**	431,086
– Later than five years	**449,823**	437,173
Total	**4,674,302**	5,532,076
Less: Unearned finance lease income relating to lease payment receivables	**(568,090)**	(809,565)
Present value of lease payment receivables	**4,106,212**	4,722,511
Add: Present value of unguaranteed residual value	**3,880,511**	4,481,454
Net investment in leases	**7,986,723**	9,203,965
Less: Accumulated expected credit losses allowance	**(21,825)**	(18,508)
Finance lease receivables – net	**7,964,898**	9,185,457

8. FINANCE LEASE RECEIVABLES – NET *(continued)*

The accumulated expected credit losses allowance on financial lease receivables amounted to HK$21,825,000 (2024: HK$18,508,000). A net expected credit losses of HK$3,281,000 (2024: HK$11,681,000) was recognised for the year ended 31 December 2025.

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

	As at 31 December			
	2025		2024	
	HK$'000	**%**	HK$'000	%
Categorised by customer in terms of lease receivables:				
Five largest airline companies	**6,115,234**	**77%**	6,197,396	67%
Others	**1,849,664**	**23%**	2,988,061	33%
Finance lease receivables – net	**7,964,898**	**100%**	9,185,457	100%

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
Shareholder's loan to CAG Group (Note (a))	**577,434**	576,136
Shareholder's loan to Feitian No.2 (Tianjin) (Note (b))	**47,999**	45,945
Exchangeable bonds (Note (c))	**850,000**	850,000
Others	**3,725**	3,995
	1,479,158	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). For details, please refer to Note 36(d).

(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. For details, please refer to Note 36(b).

10. PREPAYMENTS AND OTHER ASSETS

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

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
PDP and other prepayments and receivables relating to aircraft acquisition	**8,206,488**	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. In December 2025, the Group entered into supplemental agreement to the aircraft purchase agreements in December 2014 to purchase additional 30 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 2033.

(b) Prepayments and other assets

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
Operating lease receivables (i)	**295,839**	376,860
Deposits paid	**38,739**	27,858
Prepayments and amounts due from related parties (Note 36(e))	**555,244**	190,741
Deductible input taxes	**53,386**	57,753
Government grants receivables	**117,162**	21,724
Others (ii)	**189,084**	161,850
	1,249,454	836,786
Less: Accumulated expected credit losses allowance (i)	**(151,081)**	(152,951)
	1,098,373	683,835

10. PREPAYMENTS AND OTHER ASSETS *(continued)*

(b) Prepayments and other assets *(continued)*

(i) The Group recognised 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 31 December			
	2025		2024	
	HK$'000	%	HK$'000	%
Current/deferral	29,987	10%	70,762	19%
Less than 30 days past due	1,552	1%	980	1%
30 to 90 days past due	18	1%	2,894	1%
More than 90 days past due	264,282	88%	302,224	79%
Total	295,839	100%	376,860	100%

As at 31 December 2025, the accumulated expected credit losses allowance against operating lease receivables amounted to HK$151,081,000 (2024: HK$152,951,000) and the net carrying amount of operating lease receivables was HK$144,758,000 (2024: HK$223,909,000). A net expected credit losses of HK$9,052,000 (2024: net reversal of expected credit losses of HK$49,731,000) was recognised during the year ended 31 December 2025. A write-off of operating lease receivables with a gross carrying amount of HK$11,270,000 (2024: nil) resulted in a decrease in expected credit losses allowance of HK$11,270,000 (2024: nil).

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

11. ASSETS CLASSIFIED AS HELD FOR SALE

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
Assets classified as held for sale (a)	**1,441,925**	5,555,238
Assets directly associated with disposal group classified as held for sale (b)	**1,084,208**	–
	2,526,133	5,555,238

(a) The Group had signed letters of intent for the disposal of several lease-attached aircraft. These aircraft intended to be disposed of were consequently classified as held for sale. As at 31 December 2025, the carrying amount of assets classified as held for sale was HK$1,441,925,000 (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 fair values of certain assets classified as held for sale, when fair value less cost to sell is lower than carrying amount, approximate their carrying amount.

The carrying amount of borrowings related to the assets held for sale was HK$1,055,174,000 (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.

(b) The Group had signed letters of intent for the disposal of several subsidiaries with lease-attached aircraft.

	As at 31 December 2025 HK$'000
Aircraft	**1,057,749**
Others	**26,459**
Assets directly associated with disposal group classified as held for sale	**1,084,208**

	As at 31 December 2025 HK$'000
Borrowings	**206,635**
Others	**40,571**
Liabilities directly associated with disposal group classified as held for sale	**247,206**

12. RESTRICTED CASH

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
Pledged for bank and other borrowings for aircraft acquisition financing (Note 18(a))	**8,269**	53,640
Pledged for borrowings from trust plan (Note 18(d))	**44,073**	43,954
Pledged for interest rate swap contracts (Note 21(a))	**–**	5,418
Pledged for currency forward contracts (Note 21(b))	**–**	198,098
	52,342	301,110

The carrying amounts of the Group's restricted cash are denominated in the following currencies:

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
US$	**52,342**	271,518
RMB	**–**	29,592
	52,342	301,110

The average effective interest rate as at 31 December 2025 was 1.61% (2024: 4.11%).

13. CASH AND CASH EQUIVALENTS

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
Cash at bank and on hand	**3,518,008**	3,778,318

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
US$	**2,738,027**	3,187,829
RMB	**710,701**	551,849
HK$	**59,965**	33,421
EUR	**9,119**	3,772
Other currencies	**196**	1,447
	3,518,008	3,778,318

The average effective interest rate as at 31 December 2025 was 2.76% (2024: 2.47%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. 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 2024	HK$0.1	744,355,352	74,436
Issue of shares upon scrip dividend scheme (note)	HK$0.1	293,190	29
As at 31 December 2024 and 1 January 2025	HK$0.1	744,648,542	74,465
Issue of shares upon scrip dividend scheme (note)	HK$0.1	3,326,439	332
As at 31 December 2025	HK$0.1	747,974,981	74,797

Note:

On 19 March 2024, a scrip dividend scheme was proposed by the Board, which offers the shareholders of the Company may elect to receive the dividend wholly or partly by the allotment of new shares in lieu of cash. This proposal was approved at the Company's annual general meeting held on 21 May 2024. On 14 August 2024, 293,190 shares of HK$0.10 each were allotted and issued at HK$3.024 each to shareholders who had elected to receive new shares in lieu of cash dividend in respect of the 2023 final dividend under the scrip dividend scheme.

On 18 March 2025, a scrip dividend scheme was proposed by the Board, which offers the shareholders of the Company may elect to receive the dividend wholly or partly by the allotment of new shares in lieu of cash. This proposal was approved at the Company's annual general meeting held on 27 May 2025. 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 in lieu of cash dividend in respect of the 2024 final dividend under the scrip dividend scheme.

15. RESERVES

	Share premium HK$'000	Merger reserve HK$'000	Capital reserve HK$'000	Other reserve HK$'000	Share-based payments HK$'000	Hedging reserve HK$'000	Currency translation differences HK$'000	Total HK$'000
Balance as at 1 January 2025	1,523,250	623,720	(166)	(3,888)	5,034	3,723	(164,923)	1,986,750
Cash flow hedges (Note 21)	–	–	–	–	–	(3,723)	–	(3,723)
Currency translation differences	–	–	–	(9)	–	–	(59,806)	(59,815)
Share option scheme:								
– Share options lapsed (a)	–	–	–	–	(5,034)	–	–	(5,034)
Issue of shares upon scrip dividend scheme	12,204	–	–	–	–	–	–	12,204
Balance as at 31 December 2025	1,535,454	623,720	(166)	(3,897)	–	–	(224,729)	1,930,382

15. RESERVES *(continued)*

	Share premium HK$'000	Merger reserve HK$'000	Capital reserve HK$'000	Other reserve HK$'000	Share-based payments HK$'000	Hedging reserve HK$'000	Currency translation differences HK$'000	Total HK$'000
Balance as at 1 January 2024	1,522,393	623,720	(166)	–	4,848	48,216	(25,467)	2,173,544
Cash flow hedges (Note 21)	–	–	–	–	–	(44,493)	–	(44,493)
Currency translation differences	–	–	–	–	–	–	(139,456)	(139,456)
Share option scheme:								
– Value of services (a)	–	–	–	–	336	–	–	336
– Share options lapsed (a)	–	–	–	–	(150)	–	–	(150)
Issue of shares upon scrip dividend scheme	857	–	–	–	–	–	–	857
Partial disposal of a subsidiary	–	–	–	(3,888)	–	–	–	(3,888)
Balance as at 31 December 2024	1,523,250	623,720	(166)	(3,888)	5,034	3,723	(164,923)	1,986,750

(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 of 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 year ended 31 December 2025 and 2024.

Movement of outstanding share options during the years ended 31 December 2025 and 2024 is as follows:

	Number of share options
As at 1 January 2024	20,025,000
Lapsed	(3,243,929)
As at 31 December 2024 and 1 January 2025	16,781,071
Lapsed	(16,781,071)
As at 31 December 2025	–

15. RESERVES *(continued)*

(a) *(continued)*

The amounts of share-based compensation recognised as expenses with a corresponding credit to reserves of the Group during the years ended 31 December 2025 and 2024 are as follows:

	Year ended 31 December	
	2025	2024
	HK$'000	HK$'000
Directors and employees	**–**	336

16. PERPETUAL CAPITAL SECURITIES AND OTHER NON-CONTROLLING INTERESTS

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
Perpetual capital securities (a)	**2,756,656**	1,111,899
Other non-controlling interests of ordinary shares	**(21,663)**	(13,159)
	2,734,993	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 and 11 December 2025, Issuer 1 further issued RMB0.5 billion fixed rate of 2.48% and RMB1.0 billion fixed rate of 2.43% perpetual capital securities with the aggregate net proceeds of HK$530.6 million and HK$1,103.4 million, respectively.

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 the Issuer 1. Therefore, the perpetual capital securities are classified as equity instruments and recorded in equity in the 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 did not have maturity dates and the distribution payments could be deferred at the discretion of Issuer 2. Therefore, the perpetual capital securities were classified as equity instruments and recorded in equity in the consolidated balance sheet. When the Company elected to declare dividends to ordinary shareholders, Issuer 2 should 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 the entire perpetual capital securities.

16. PERPETUAL CAPITAL SECURITIES AND OTHER NON-CONTROLLING INTERESTS *(continued)*

(a) Perpetual capital securities *(continued)*

During the year ended 31 December 2025, the dividend payable amounting to HK$29,502,000 and settled in September 2025.

During the year ended 31 December 2024, the dividend payable had been adjusted based on the actual distribution rate in July 2024 amounting to HK$50,413,000 and settled in July 2024.

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

	HK$'000
As at 1 January 2025	**1,111,899**
Issue of perpetual capital securities	**1,634,013**
Profit for the year attributable to perpetual capital securities	**40,246**
Dividends distributed to perpetual capital securities	**(29,502)**
As at 31 December 2025	**2,756,656**
As at 1 January 2024	837,013
Issue of perpetual capital securities	1,104,068
Profit for the year attributable to perpetual capital securities	59,386
Dividends distributed to perpetual capital securities	(50,413)
Redemption of perpetual capital securities	(808,157)
Other	(29,998)
As at 31 December 2024	1,111,899

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. DEFERRED INCOME TAX (ASSETS)/LIABILITIES

The movement of the deferred income tax (assets)/liabilities during the year is as follows:

	Tax losses HK$'000	Accelerated depreciation of leased assets, less carried forward tax losses HK$'000	Total HK$'000
As at 1 January 2025	**(36,058)**	**1,303,752**	**1,267,694**
Credited to profit or loss (Note 31)	**(49,660)**	**(98,821)**	**(148,481)**
Currency translation differences	**(2,018)**	**6,545**	**4,527**
As at 31 December 2025	**(87,736)**	**1,211,476**	**1,123,740**
As at 1 January 2024	–	1,191,479	1,191,479
(Credited)/charged to profit or loss (Note 31)	(36,929)	125,267	88,338
Currency translation differences	871	(12,994)	(12,123)
As at 31 December 2024	(36,058)	1,303,752	1,267,694

As at 31 December 2025, the deferred income tax assets and liabilities are expected to be settled after twelve months from the end of the reporting period.

As at 31 December 2025, certain subsidiaries of the Group had unused tax losses of approximately HK$4,477,054,000 (2024: HK$4,183,615,000) available to offset against future profits, for which deferred income tax asset of HK$671,214,000 (2024: HK$666,569,000) had not been recognised as their future realisation is uncertain.

The expiry dates of the unused tax losses are as follows:

	As at 31 December	
	2025 HK$'000	2024 HK$'000
Year		
2025	–	129,165
2026	**158,633**	158,633
2027	**340,074**	340,074
2028	**454,422**	454,422
2029	**265,199**	265,199
2030	**148,630**	–
No expiry date	**3,110,096**	2,836,122
	4,477,054	4,183,615

In accordance with the corporate income tax laws in the PRC, a 5% or 10% withholding tax is levied on the dividend declared by the companies established in the PRC to their foreign investors starting from 1 January 2008. No deferred income tax liability has been provided by the Group on the retained earnings of approximately HK$3,022,898,000 as at 31 December 2025 (2024: HK$3,316,916,000), expected to be retained by the subsidiaries in the PRC and not to be remitted out of the PRC in the foreseeable future.

18. BORROWINGS

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
Bank and other borrowings		
Bank and other borrowings for aircraft acquisition financing (a)	**18,977,205**	21,537,088
PDP financing (b)	**4,796,669**	6,294,118
Other bank borrowings (c)	**12,884,218**	11,021,832
	36,658,092	38,853,038
Other borrowings		
Borrowings from trust plans (d)	**3,106,870**	3,989,918
Other borrowings (e)	**–**	203,249
	3,106,870	4,193,167
	39,764,962	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 31 December 2025, certain bank 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 restricted cash pledged amounting to HK$8,269,000 (2024: HK$53,640,000). As at 31 December 2025, bank and other borrowings for aircraft acquisition financing of HK$2,242,990,000 (2024: HK$1,598,033,000) were unsecured.

(b) As at 31 December 2025, PDP financings of HK$4,796,669,000 (2024: HK$6,294,118,000) were unsecured and guaranteed by the Company or certain companies of the Group.

(c) As at 31 December 2025, unsecured other bank borrowings amounted to HK$12,884,218,000 (2024: HK$11,021,832,000), of which HK$4,044,940,000 (2024: HK$5,690,561,000) were guaranteed by the Company or certain companies of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. BORROWINGS *(continued)*

Bank and other borrowings *(continued)*

The bank borrowings are repayable as follows:

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
Within one year	**13,585,161**	10,977,314
Between one and two years	**4,146,518**	8,353,242
Between two and five years	**7,914,707**	9,596,652
Over five years	**5,715,427**	6,168,797
	31,361,813	35,096,005

The other borrowings are repayable as follows:

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
Within one year	**1,527,777**	1,004,577
Between one and two years	**497,826**	821,469
Between two and five years	**1,529,044**	1,630,559
Over five years	**1,741,632**	300,428
	5,296,279	3,757,033

The exposure of bank and other borrowings to interest rate changes at the end of balance sheet date are as follows:

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
Fixed-interest rate	**10,849,097**	13,186,596
Floating-interest rate	**25,808,995**	25,666,442
	36,658,092	38,853,038

The average effective interest rate as at 31 December 2025 of bank and other borrowings was 5.14% (2024: 5.74%). The carrying amounts of borrowings are principally denominated in US$ and RMB.

18. BORROWINGS *(continued)*

Bank and other borrowings *(continued)*

The Group has the following undrawn borrowing facilities:

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
– Expiring within one year	**6,419,360**	2,142,453
– Expiring beyond one year	**7,535,184**	7,482,137
	13,954,544	9,624,590

Other borrowings

(d) As at 31 December 2025, 35 borrowings (2024: 43 borrowings) were provided to the Group by investors under trust plans or an asset-backed securities programme. The effective interest rates of the borrowings range from 6.0% to 7.3% (2024: 5.8% to 7.8%) per annum for remaining terms of one to four years (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 restricted cash pledged amounting to HK$44,073,000 (2024: HK$43,954,000).

(e) As at 31 December 2024, two borrowings were obtained through a structured financing arrangement for two aircraft delivered to airlines. These borrowings born an effective interest rate ranging from 3.9% to 4.3% per annum for their remaining terms of one year and were guaranteed by the Company.

The other borrowings are repayable as follows:

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
Within one year	**1,507,373**	750,839
Between one and two years	**1,290,135**	1,827,878
Between two and five years	**309,362**	1,614,450
	3,106,870	4,193,167

19. 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 31 December 2025, after deducting the issuing cost, the total carrying amount of these notes was HK$1,672,057,000 (2024: HK$1,599,726,000).

20. BONDS AND DEBENTURES

In November 2020, the Group entered into a subscription agreement with an independent third party in relation to the issue 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. US$35.0 million of the bonds had been fully repaid on maturity.

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 a 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.

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.

As at 31 December 2025, after deducting the issuing cost, the total carrying amount of bonds and debentures was HK$5,410,425,000 (2024: HK$3,930,722,000).

21. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
Derivative financial assets		
– Interest rate swaps (a)	**–**	13,381
Derivative financial liabilities		
– Interest rate swaps (a)	**4,698**	–
– Currency forward contracts (b)	**–**	233,712
	4,698	233,712

(a) As at 31 December 2025, the Group had 8 outstanding interest rate swap contracts (2024: 16 contracts) which will expire at various dates from 15 November 2026 to 15 December 2026 (2024: 3 April 2025 to 25 March 2031), to exchange floating interest rates from SOFR into fixed interest rates in a range of 3.9% to 4.1% (2024: 0.4% to 4.1%) per annum. As at 31 December 2025, this arrangement was secured by initial deposits of nil (2024: HK$5,418,000).

(b) As at 31 December 2024, the Group had 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 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 30). As at 31 December 2024, this arrangement was secured by margin deposits of HK$198,098,000.

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

	Year ended 31 December	
	2025	2024
	HK$'000	HK$'000
Recognised in other comprehensive income		
Change in fair value of interest rate swaps	**(1,761)**	9,883
Reclassified from other comprehensive income to profit or loss in respect of:		
– Hedged items that affected profit or loss (i)	**(1,962)**	(54,376)
	(3,723)	(44,493)
Recognised in other (losses)/gains, net of profit or loss		
Fair value gains/(losses) on currency forward contracts	**17,707**	(127,902)
Change in fair value of interest rate swaps	**(6,978)**	8,822
Hedge ineffectiveness	**217**	337
Realised losses on a currency swap	**–**	(13,903)
	10,946	(132,646)

(i) Hedged items that have affected profit or loss are primarily recorded within interest expenses.

22. OTHER LIABILITIES AND ACCRUALS

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
Deposits and fund received for lease and aircraft projects	**1,522,728**	1,715,060
Consultant and professional fee payable	**57,470**	80,852
Value-added tax and other taxes	**161,198**	186,091
Operating lease rentals received in advance	**202,456**	212,290
Amounts due to related parties (Note 36(f))	**6,443**	37,358
Amount due to non-controlling interest of a subsidiary (Note 36(g))	**–**	7,653
Lease liabilities	**17,009**	18,687
Others (including salary and bonus payable)	**163,200**	113,683
	2,130,504	2,371,674

23. LEASE INCOME, AIRCRAFT AND COMPONENTS TRADING INCOME AND SEGMENT INFORMATION

During the year ended 31 December 2025, the Group was engaged in the provision of aircraft and engines leasing services to global airline companies and trading of aircraft and components. The Group only has a single reportable segment from both business and geographic perspectives and therefore only provides relevant information relating to revenue from customers.

Lease income

The Group leases its aircraft and engines to airline companies under finance leases or operating leases under which it receives rentals.

	Year ended 31 December	
	2025	2024
	HK$'000	HK$'000
Finance lease income from aircraft	**635,766**	608,828
Operating lease income from aircraft	**3,055,162**	3,672,219
Operating lease income from engines	**96,336**	68,642
	3,787,264	4,349,689

23. LEASE INCOME, AIRCRAFT AND COMPONENTS TRADING INCOME AND SEGMENT INFORMATION *(continued)*

Lease income *(continued)*

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

	Year ended 31 December			
	2025		2024	
	HK$'000	%	HK$'000	%
Categorised by customer in terms of lease income:				
Airline Company – A	939,467	25%	1,120,050	26%
Airline Company – B	359,293	9%	562,729	13%
Airline Company – C	233,277	6%	297,472	7%
Airline Company – D	178,342	5%	181,069	4%
Airline Company – E	151,771	4%	60,978	1%
Others	1,925,114	51%	2,127,391	49%
Total finance and operating lease income	3,787,264	100%	4,349,689	100%

Aircraft and components trading income

Aircraft and components trading income is recognised at a point in time upon delivery when the control of the aircraft and components are transferred to the customers, and payment is due upon delivery.

All aircraft and components trading is completed for a period of less than a year. As permitted under HKFRS 15 "Revenue from Contracts with Customers", the transaction price allocated to unsatisfied contracts is not disclosed.

The following table sets forth the amounts of aircraft and components trading income attributable to individual customers:

	Year ended 31 December			
	2025		2024	
	HK$'000	%	HK$'000	%
Categorised by customer in terms of aircraft and components trading income:				
Customer – 1	136,420	60%	–	–
Customer – 2	67,040	29%	–	–
Customer – 3	23,386	10%	–	–
Others	334	1%	1,900	100%
Total aircraft and components trading income	227,180	100%	1,900	100%

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24. NET INCOME FROM AIRCRAFT TRANSACTIONS

The net gain from aircraft transactions for the year ended 31 December 2025 included the net gain from disposal of 33 aircraft and 4 engines (2024: 25 aircraft) to third parties.

25. OTHER INCOME

	Year ended 31 December	
	2025	2024
	HK$'000	HK$'000
Government grants (a)	**273,686**	316,207
Interest income from loans to associates and joint ventures	**100,652**	114,257
Bank interest income	**102,361**	128,658
Asset management service fees income from CAG Group (Note 36(c))	**14,254**	16,659
Others	**134,962**	65,579
	625,915	641,360

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

26. INTEREST EXPENSES

	Year ended 31 December	
	2025	2024
	HK$'000	HK$'000
Interest expense on borrowings	**2,300,760**	2,900,788
Settlements on interest rate swaps designated as cash flow hedges – transfer from other comprehensive income	**(1,745)**	(54,039)
Interest expense on medium-term notes	**54,087**	61,185
Interest expense on bonds and debentures	**187,761**	230,532
	2,540,863	3,138,466
Less: interest capitalised on qualifying assets (a)	**(372,959)**	(427,882)
	2,167,904	2,710,584

(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.

27. OTHER OPERATING EXPENSES

	Year ended 31 December	
	2025	2024
	HK$'000	HK$'000
Employee benefit expenses (Note 29)	**209,243**	227,516
Value-added tax surcharges and other taxes	**47,706**	49,870
Professional service expenses	**143,860**	162,722
Rental and utilities expenses	**17,006**	6,719
Engine short-term lease expenses	**56,562**	24,714
Office and meeting expenses	**27,652**	22,702
Travelling and training expenses	**18,158**	16,183
Auditor's remuneration		
– Audit service	**4,000**	2,600
– Non-audit service	**1,848**	110
Others	**41,463**	36,908
	567,498	550,044

28. INSURANCE COMPENSATION RECEIVED FROM AN AIRCRAFT

During the year ended 31 December 2025, the Group received HK$179.4 million (2024: nil) insurance claim compensation for an aircraft.

29. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2025	2024
	HK$'000	HK$'000
Wages, salaries and bonuses	**186,970**	202,993
Share-based compensation (Note 15(a))	**–**	336
Welfare, medical and other expenses	**22,273**	24,187
	209,243	227,516

30. OTHER (LOSSES)/GAINS, NET

	Year ended 31 December	
	2025	2024
	HK$'000	HK$'000
Realised losses on a currency swap	**–**	(13,903)
Currency exchange (losses)/gains	**(363,461)**	449,471
Fair value gains/(losses) on currency forward contracts	**17,707**	(127,902)
Change in fair value of interest rate swaps	**(6,978)**	8,822
Hedge ineffectiveness	**217**	337
Fair value (losses)/gains on financial assets at fair value through profit or loss	**(7,696)**	8,279
Loss on disposal of a subsidiary	**(5,250)**	–
Reversal of reduction/(reduction) in the estimated unguaranteed residual value of finance lease receivables	**13,276**	(11,779)
	(352,185)	313,325

31. INCOME TAX EXPENSES

	Year ended 31 December	
	2025	2024
	HK$'000	HK$'000
Current income tax:		
Mainland China, Hong Kong and others	**294,523**	227,315
Deferred income tax (Note 17)	**(148,481)**	88,338
	146,042	315,653

Mainland China

The subsidiaries incorporated in the Mainland China are subject to the PRC corporate income tax ("CIT") at a rate of 25% (2024: 25%), except for certain subsidiaries which are subject to the preferential tax treatments.

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.

The qualifying profits of qualifying aircraft lessors and qualifying aircraft leasing managers are subject to the half of the normal tax rate at 8.25%.

31. 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 subsidiaries 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") with annual taxable profits under AED375,000 are exempted from income tax in ADGM.

31. INCOME TAX EXPENSES *(continued)*

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 25%. The difference is analysed as follows:

	Year ended 31 December	
	2025	2024
	HK$'000	HK$'000
Profit before income tax	**521,386**	641,262
Tax calculated at a tax rate of 25% (2024: 25%)	**130,347**	160,316
Effects of:		
– Different tax rates applicable to different subsidiaries of the Group	**(2,273)**	1,249
– Income not subject to tax	**(265,178)**	(311,702)
– Non-deductible expenses	**278,499**	220,046
– Utilisation of previously unrecognised tax losses	**(252,158)**	(20,650)
– Tax losses for which no deferred income tax assets were recognised	**256,805**	266,394
Tax charge	**146,042**	315,653

32. 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 years ended 31 December 2025 and 2024.

	Year ended 31 December	
	2025	2024
Profit attributable to shareholders of the Company (HK$'000)	**338,533**	257,545
Weighted average number of ordinary shares in issue (number of shares in thousands)	**745,915**	744,468
Basic earnings per share (HK$ per share)	**0.454**	0.346

(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. For share options outstanding as at 31 December 2024 and lapsed during the year ended 31 December 2025, 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 years ended 31 December 2025 and 2024.

33. DIVIDENDS

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 paid by cash of HK$121.5 million and by share issue of HK$12.5 million in August 2025.

An interim dividend of HK$0.12 per ordinary share totalling HK$89.8 million was paid by cash in October 2025.

On 24 March 2026, the Board recommended a final dividend of HK$0.18 per ordinary share totalling HK$134.6 million and proposed a scrip dividend option to be offered, which is calculated based on 747,974,981 issued shares as at 24 March 2026. The proposed dividend is not reflected as a dividend payable in the consolidated financial statements as at 31 December 2025, and will be reflected as an appropriation of retained earnings for the year ending 31 December 2026.

	Year ended 31 December	
	2025	2024
	HK$'000	HK$'000
Interim dividend paid of HK$0.12 (2024: HK$0.12) per ordinary share	**89,757**	89,358
Proposed final dividend of HK$0.18 (2024: HK$0.18) per ordinary share	**134,635**	134,037
	224,392	223,395

34. NET DEBT RECONCILIATION

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
Cash and cash equivalents	**3,518,008**	3,778,318
Restricted cash	**52,342**	301,110
Borrowings	**(39,764,962)**	(43,046,205)
Medium-term notes	**(1,672,057)**	(1,599,726)
Bonds and debentures	**(5,410,425)**	(3,930,722)
Derivative financial instruments – net	**(4,698)**	(220,331)
Other liabilities and accruals – lease liabilities	**(17,009)**	(18,687)
Other liabilities and accruals – amount due to non-controlling interest of a subsidiary	**–**	(7,653)
Interest payables	**(355,191)**	(292,538)
Net debt	**(43,653,992)**	(45,036,434)

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34. NET DEBT RECONCILIATION *(continued)*

			Liabilities from financing activities							
	Cash and cash equivalents HK$'000	Restricted cash HK$'000	Borrowings HK$'000	Medium-term notes HK$'000	Bonds and debentures HK$'000	Derivative financial instruments – net HK$'000	Lease liabilities HK$'000	Amount due to non-controlling interest of a subsidiary HK$'000	Interest payables HK$'000	Total HK$'000
Net debt as at 1 January 2025	**3,778,318**	**301,110**	**(43,046,205)**	**(1,599,726)**	**(3,930,722)**	**(220,331)**	**(18,687)**	**(7,653)**	**(292,538)**	**(45,036,434)**
Cash flows	**(296,473)**	**(249,922)**	**3,720,871**	**10,842**	**(1,286,765)**	**205,001**	**11,390**	**7,682**	**2,414,693**	**4,537,319**
Interest expenses	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,542,608)**	**(2,542,608)**
Acquisition-leases	**–**	**–**	**–**	**–**	**–**	**–**	**(9,908)**	**–**	**–**	**(9,908)**
Currency exchange adjustments	**36,163**	**1,154**	**(556,599)**	**(83,173)**	**(185,778)**	**530**	**(116)**	**(29)**	**(33,818)**	**(821,666)**
Other non-cash movements (a)	**–**	**–**	**116,971**	**–**	**(7,160)**	**10,102**	**312**	**–**	**99,080**	**219,305**
Net debt as at 31 December 2025	**3,518,008**	**52,342**	**(39,764,962)**	**(1,672,057)**	**(5,410,425)**	**(4,698)**	**(17,009)**	**–**	**(355,191)**	**(43,653,992)**
Net debt as at 1 January 2024	5,295,875	544,524	(42,911,870)	(1,656,173)	(5,943,499)	(86,578)	(13,053)	(7,695)	(392,690)	(45,171,159)
Cash flows	(1,471,721)	(240,481)	(663,023)	(11,136)	1,874,809	(12,317)	16,116	–	3,188,428	2,680,675
Interest expenses	–	–	–	–	–	–	–	–	(3,192,505)	(3,192,505)
Acquisition-leases	–	–	–	–	–	–	(21,343)	–	–	(21,343)
Currency exchange adjustments	(45,836)	(2,933)	504,435	67,583	147,770	530	389	42	22,044	694,024
Other non-cash movements (a)	–	–	24,253	–	(9,802)	(121,966)	(796)	–	82,185	(26,126)
Net debt as at 31 December 2024	3,778,318	301,110	(43,046,205)	(1,599,726)	(3,930,722)	(220,331)	(18,687)	(7,653)	(292,538)	(45,036,434)

(a) Other non-cash movements mainly arising from reclassification from borrowings, disposal and acquisition of borrowings, fair value change of derivative financial instruments and amortisation of upfront fees and issuing cost of borrowings, medium-term notes and bonds and debentures.

35. EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Year ended 31 December 2025

	Fees HK$'000	Basic salaries and allowances HK$'000	Discretionary bonuses HK$'000	Housing allowance HK$'000	Share-based payments HK$'000	Employer's contribution to retirement benefit scheme HK$'000	Total HK$'000
Chairman, non-executive director							
Mr. AN Xuesong (i)	–	–	–	–	–	–	–
Executive directors							
Mr. POON Ho Man	–	1,891	3,742	–	–	18	5,651
Mr. LI Guohui (ii)	–	3,744	1,240	–	–	18	5,002
Non-executive directors							
Mr. PAN Jianyun (iii)	–	–	–	–	–	–	–
Ms. WANG Yun (iv)	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. CHEOK Albert Saychuan	200	230	–	–	–	–	430
Mr. FAN Chun Wah, Andrew, *J.P.*	200	240	–	–	–	–	440
Dr. HONG Wen (iii)	158	175	–	–	–	–	333
Dr. TSE Hiu Tung, Sheldon, *M.H.* (v)	81	98	–	–	–	–	179
	639	6,378	4,982	–	–	36	12,035

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35. EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS *(continued)*

(a) Directors' emoluments *(continued)*

Year ended 31 December 2024

	Fees HK$'000	Basic salaries and allowances HK$'000	Discretionary bonuses HK$'000	Housing allowance HK$'000	Share-based payments HK$'000	Employer's contribution to retirement benefit scheme HK$'000	Total HK$'000
Chairman, non-executive director							
Mr. AN Xuesong (i)	–	–	–	–	–	–	–
Chairman, executive director							
Mr. ZHANG Mingao (vi)	–	–	–	–	–	–	–
Executive directors							
Mr. POON Ho Man	–	1,873	4,175	–	–	18	6,066
Mr. LI Guohui (ii)	–	2,934	2,340	–	–	14	5,288
Ms. LIU Wanting (vii)	–	1,243	2,033	–	95	7	3,378
Non-executive director							
Ms. WANG Yun (iv)	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. CHEOK Albert Saychuan	200	265	–	–	–	–	465
Dr. TSE Hiu Tung, Sheldon, *M.H.* (v)	200	265	–	–	–	–	465
Mr. FAN Chun Wah, Andrew, *J.P.*	200	275	–	–	–	–	475
	600	6,855	8,548	–	95	39	16,137

Notes:

(i) Appointed on 22 October 2024.

(ii) Appointed on 19 March 2024.

(iii) Appointed on 18 March 2025.

(iv) Resigned on 18 March 2025.

(v) Retired on 27 May 2025.

(vi) Resigned on 22 October 2024.

(vii) Rotation of director at the 2024 AGM and did not offer herself for re-election at the 2024 AGM. Upon conclusion of the 2024 AGM, Ms. LIU ceased to be the Company's director.

35. EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS *(continued)*

(a) Directors' emoluments *(continued)*

Certain directors also received emoluments from China Everbright Limited ("CEL") and certain related parties of the Group for the year ended 31 December 2025 in relation to their services to these companies.

No emoluments were paid to any directors in respect of accepting office as director and in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking for the year ended 31 December 2025 (2024: nil).

(b) Five highest paid individuals

During the year ended 31 December 2025, the five individuals whose emoluments were the highest in the Group include two directors and three individuals (2024: two directors and three individuals). The emoluments paid to the directors are reflected in the analysis presented above. For the year ended 31 December 2025, the emoluments paid to three (2024: three) remaining individuals are as follows:

	Year ended 31 December	
	2025	2024
	HK$'000	HK$'000
Basic salaries and allowances	**8,690**	9,285
Discretionary bonuses	**7,520**	7,591
Share-based payments	**–**	135
Employer's contribution to retirement benefit scheme and other contributions	**1,357**	36
	17,567	17,047

The emoluments of the above three (2024: three) individuals fell within the following bands:

	Year ended 31 December	
	2025	2024
HK$4,500,001 to HK$5,000,000	**1**	2
HK$5,000,001 to HK$5,500,000	**1**	–
HK$7,500,001 to HK$8,000,000	**1**	1

During the years ended 31 December 2025 and 2024, no directors or any of the five highest paid individuals received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office. No directors waived or agreed to waive any emoluments.

36. RELATED PARTY TRANSACTIONS

Apart from the share option arrangement with key management and related parties as disclosed, 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 CEL and CEL indirectly holds approximately 37.89% equity interest in the Company as at 31 December 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.

	Year ended 31 December	
	2025	2024
	HK$'000	HK$'000
Interest income from CE Group	**711**	5,199
Interest expenses to CE Group	**194,481**	234,782
Loans upfront and arrangement fee to CE Group	**1,641**	864
Transactions handling charges to CE Group	**2,389**	3,277

	As of 31 December	
	2025	2024
	HK$'million	HK$'million
Bank deposits placed in CE Group	**227.2**	748.9
Borrowings due to CE Group	**2,771.4**	5,201.4

36. RELATED PARTY TRANSACTIONS *(continued)*

(b) Transactions with ARI Group and FLARI

Service provided by ARI Group

	Year ended 31 December	
	2025	2024
	HK$'000	HK$'000
Service fee charged by:		
ARI Group (Note)	**32,268**	30,420

Note: The amount mainly included aircraft transaction related services charged by ARI Group.

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 in 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, which will be matured on 31 December 2026. On 1 January 2024, the Group had 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 31 December 2025, the outstanding shareholders' loan balances receivable from ARI and the exchangeable bonds balance amounted to HK$343,683,000 (2024: HK$243,211,000) (Note 7) and HK$850,000,000 (2024: HK$850,000,000) (Note 9) respectively and the interest income from shareholders' loan and exchangeable bonds for the year ended 31 December 2025 was HK$41,031,000 (2024: HK$41,571,000) and HK$49,082,000 (2024: HK$54,194,000) 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.

36. 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 31 December 2024, the Group had placed interest-free deposit amounting to HK$188,779,000, the deposit was refunded during the year ended 31 December 2025.

During the year ended 31 December 2025, the Group entered into letter of intents with ARI Group relating to the purchase of 12 engines and 20 engines, respectively, which would be delivered in 2026, with total consideration of US$30,000,000 (equivalent to approximately HK$233,490,000) and US$40,500,000 (equivalent to approximately HK$315,212,000), respectively. As at 31 December 2025, the Group had placed interest-free deposit amounting to US$70,500,000 (equivalent to approximately HK$548,702,000) in respect of these letter of intents.

Transaction 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 (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 31 December 2025, the outstanding shareholders' loan balances receivable from FLARI was amounted to HK$148,052,000 (2024: HK$139,979,000) (Note 7) and the interest income for the year ended 31 December 2025 was HK$6,605,000 (2024: HK$7,308,000).

(c) Transactions with CAG Group

	Year ended 31 December	
	2025	2024
	HK$'000	HK$'000
Asset management service fees income from CAG Group	**14,254**	16,659

As at 31 December 2025, the Group had entered into one (2024: one) operating lease arrangement of one engine (2024: one) with CAG Group. The operating lease income during the year ended 31 December 2025 was HK$9,354,000 (2024: HK$4,577,000).

(d) Transaction 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 was unsecured and interest bearing at 4% per annum.

As at 31 December 2025, the outstanding balance receivables from HNCA One (Tianjin) and HNCA Two (Tianjin) were amounted to HK$42,573,000 (2024: HK$38,403,000) and HK$39,480,000 (2024: HK$36,423,000), respectively (Note 7), and the interest income for the year ended 31 December 2025 was HK$1,302,000 (2024: HK$1,270,000) and HK$1,212,000 (2024: HK$1,218,000), respectively.

36. RELATED PARTY TRANSACTIONS *(continued)*

(d) Transaction with HNCA One (Tianjin), HNCA Two (Tianjin) and Feitian No.2 (Tianjin) *(continued)*

Pursuant to the shareholder's loan agreement signed in December 2022 and June 2023, the Group granted loan to Feitian No.2 (Tianjin), which was 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 31 December 2025, the outstanding balance receivables from Feitian No.2 (Tianjin) were amounted to HK$47,999,000 (2024: HK$45,945,000) (Note 9).

(e) Prepayments and amounts due from related parties

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
Prepayments to ARI Group (Note 36(b))	**548,702**	188,779
Amount due from ARI Group and others	**6,542**	1,962
	555,244	190,741

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

(f) Amounts due to related parties

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
ARI Group (i)	**210**	31,416
LAI (ii)	**6,233**	5,942
	6,443	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 within one year.

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

As at 31 December 2024, Linkasia Airlines, a non-wholly owned subsidiary of the Group has the outstanding balance due to its shareholder, Equal Honour Equity Limited (wholly-owned by Mr. POON Ho Man) of HK$7,653,000. The amount was unsecured, interest-free and repayable on demand.

36. RELATED PARTY TRANSACTIONS *(continued)*

(h) Transaction with TAM

During the year ended 31 December 2025, the Group entered into finance lease arrangement of one aircraft with TAM (2024: two) and operating lease arrangement of three aircraft with TAM (2024: two).

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

The total finance lease and operating lease income during the year ended 31 December 2025 was HK$151,771,000 (2024: HK$60,978,000). As at 31 December 2025, the Group held rental deposits of US$2,050,000 (equivalent to approximately HK$15,955,000) from TAM (2024: US$1,230,000 (equivalent to approximately HK$9,552,000)) in relation to aircraft under finance leases and operating leases.

(i) Key management compensation

Key management includes directors of the Company. The compensation paid or payable to key management is shown below:

	Year ended 31 December	
	2025	2024
	HK$'000	HK$'000
Director fee, salaries, bonus and other short-term employee benefits	**29,602**	30,604
Share-based payments	**–**	135
	29,602	30,739

37. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingencies

As at 31 December 2025, the Group was a guarantor of certain bank borrowings of associates and joint ventures amounting to HK$300,027,000.

As at 31 December 2024, the Group was a guarantor of certain bank borrowings of associates and joint ventures amounting to HK$515,645,000, of which HK$195,961,000 was counter-guaranteed by an investor of the joint ventures. After excluding the portion of counter-guarantee as mentioned above, the Group guaranteed 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 31 December	
	2025	2024
	HK$'000	HK$'000
Contracted but not provided for:		
Purchase of aircraft (i)	**50,988,019**	45,137,861

(i) The capital commitments were mainly 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 2033.

(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 31 December	
	2025	2024
	HK$'000	HK$'000
Not later than one year	**36**	7,025

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37. 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 31 December	
	2025	2024
	HK$'000	HK$'000
Not later than one year	**2,878,321**	3,079,522
Later than one year but not later than two years	**2,645,637**	2,740,248
Later than two years but not later than three years	**2,493,295**	2,535,594
Later than three years but not later than four years	**2,349,583**	2,378,704
Later than four years but not later than five years	**2,244,169**	2,217,882
Later than five years	**9,432,585**	9,711,757
	22,043,590	22,663,707

The above commitment included amount of HK$1,385,187,000 (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 31 December	
	2025	2024
	HK$'000	HK$'000
Not later than one year	**55**	196
Later than one year but not later than two years	**–**	49
	55	245

38. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	As at 31 December	
	2025	2024
	HK$'000	HK$'000
ASSETS		
Investment in subsidiaries	**6,708,426**	6,713,461
Loans and amounts due from subsidiaries	**10,720,850**	916,114
Prepayments and other receivables	**9,363**	337,074
Cash and cash equivalents	**61,261**	48,916
Total assets	**17,499,900**	8,015,565
EQUITY		
Share capital	**74,797**	74,465
Reserves	**2,231,304**	2,224,134
Retained earnings	**222,058**	290,450
Total equity	**2,528,159**	2,589,049
LIABILITIES		
Amounts due to subsidiaries	**9,156,905**	233,992
Borrowings	**5,445,411**	4,579,465
Bonds and debentures	**272,385**	542,878
Interest payables	**93,345**	61,794
Other liabilities and accruals	**3,695**	8,387
Total liabilities	**14,971,741**	5,426,516
Total equity and liabilities	**17,499,900**	8,015,565

The balance sheet of the Company was approved by the Board of Directors on 24 March 2026 and was signed on its behalf.

POON Ho Man
Director

LI Guohui
Director

38. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

(a) Reserve movement of the Company

	Reserves HK$'000	Retained earnings HK$'000
Balance as at 1 January 2025	**2,224,134**	**290,450**
Comprehensive income		
Profit for the year	**–**	**155,402**
Total comprehensive income	**–**	**155,402**
Transactions with shareholders		
Issue of shares upon scrip dividend scheme	**12,204**	**–**
Dividends	**–**	**(223,794)**
Share option scheme:		
– Share options lapsed	**(5,034)**	**–**
Total transactions with shareholders	**7,170**	**(223,794)**
Balance as at 31 December 2025	**2,231,304**	**222,058**
Balance as at 1 January 2024	2,223,091	458,382
Comprehensive income		
Profit for the year	–	33,079
Total comprehensive income	–	33,079
Transactions with shareholders		
Issue of shares upon scrip dividend scheme	857	–
Dividends	–	(201,011)
Share option scheme:		
– Value of services	336	–
– Share options lapsed	(150)	–
Total transactions with shareholders	1,043	(201,011)
Balance as at 31 December 2024	2,224,134	290,450

39. SUBSIDIARIES

As at 31 December 2025, the Company had direct or indirect interests in the following principal subsidiaries:

Company name	Country/place of operation and incorporation/ establishment and date of incorporation/ establishment	Issued and paid-up capital	Equity interest held by the Group	Principal activities	Type of legal entity
Directly owned:					
China Aircraft Leasing Company Limited	British Virgin Islands ("BVI") 24 March 2006	US$584,000,000	100%	Investment/asset holding	Limited liability entity
Aircraft Recycling International Holdings Limited	BVI 24 February 2016	US$1	100%	Investment holding	Limited liability entity
CALC Bond 3 Limited	BVI 17 February 2017	US$1	100%	Provision of financing	Limited liability entity
CALC Bonds Limited	BVI 26 October 2017	US$1	100%	Provision of financing	Limited liability entity
CALC PDP 11 Limited	Cayman Islands 2 March 2023	US$10,000,000	100%	Provision of financing	Limited liability entity
Indirectly owned:					
CALC 31-Aircraft Limited	Ireland 10 October 2016	EUR1	100%	Aircraft leasing	Limited liability entity
CALC Bermuda Holdings Limited	Bermuda 16 May 2018	US$1	100%	Investment holding	Limited liability entity
CALC Global Leasing Limited	Ireland 18 December 2014	EUR1	100%	Investment holding	Limited liability entity
CALC PDP 9 Limited	Cayman Islands 12 June 2018	US$1	100%	Provision of financing	Limited liability entity
CALC PDP 10 Limited	Cayman Islands 15 December 2021	US$10,000,000	100%	Provision of financing	Limited liability entity
China Aircraft CALC Management Limited	Hong Kong 17 October 2012	HK$1	100%	Provision of management services	Limited liability entity
Sino Teamwork Limited	Hong Kong 9 January 2013	HK$1	100%	Provision of financing	Limited liability entity
ZF Ireland Aircraft 42 Limited	Ireland 22 June 2017	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 45 Limited	Ireland 21 June 2017	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 51 Limited	Ireland 21 June 2017	EUR1	100%	Aircraft leasing	Limited liability entity

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39. SUBSIDIARIES *(continued)*

Company name	Country/place of operation and incorporation/ establishment and date of incorporation/ establishment	Issued and paid-up capital	Equity interest held by the Group	Principal activities	Type of legal entity
ZF Ireland Aircraft 52 Limited	Ireland 17 November 2017	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 53 Limited	Ireland 17 November 2017	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 54 Limited	Ireland 17 November 2017	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 55 Limited	Ireland 17 November 2017	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 56 Limited	Ireland 17 November 2017	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 69 Limited	Ireland 9 January 2018	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 70 Limited	Ireland 9 January 2018	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 72 Limited	Ireland 23 July 2018	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 74 Limited	Ireland 20 July 2018	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 83 Limited	Ireland 10 September 2018	EUR10	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 87 Limited	Ireland 10 September 2018	EUR100	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 93 Limited	Ireland 23 September 2019	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 94 Limited	Ireland 23 September 2019	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 95 Limited	Ireland 23 September 2019	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 98 Limited	Ireland 23 September 2019	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 99 Limited	Ireland 23 September 2019	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 100 Limited	Ireland 7 January 2020	EUR1	100%	Aircraft leasing	Limited liability entity

39. SUBSIDIARIES *(continued)*

Company name	Country/place of operation and incorporation/ establishment and date of incorporation/ establishment	Issued and paid-up capital	Equity interest held by the Group	Principal activities	Type of legal entity
ZF Ireland Aircraft 103 Limited	Ireland 6 January 2020	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 108 Limited	Ireland 13 December 2019	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 109 Limited	Ireland 7 January 2020	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 110 Limited	Ireland 25 August 2022	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 111 Limited	Ireland 25 August 2022	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 113 Limited	Ireland 19 August 2022	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 115 Limited	Ireland 19 August 2022	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 116 Limited	Ireland 19 August 2022	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 117 Limited	Ireland 25 August 2022	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 118 Limited	Ireland 19 August 2022	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 119 Limited	Ireland 19 August 2022	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 122 Limited	Ireland 1 June 2023	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 129 Limited	Ireland 4 July 2023	EUR1	100%	Aircraft leasing	Limited liability entity
ZF Ireland Aircraft 143 Limited	Ireland 11 November 2024	EUR1	100%	Aircraft leasing	Limited liability entity
ZF France Aircraft 1 SAS	France 31 May 2022	EUR100	100%	Aircraft leasing	Limited liability entity
ZF France Aircraft 2 SAS	France 31 May 2022	EUR100	100%	Aircraft leasing	Limited liability entity
ZF Middle East 1 SPV Limited	ADGM 21 December 2021	US$100	100%	Aircraft leasing	Limited liability entity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. SUBSIDIARIES *(continued)*

Company name	Country/place of operation and incorporation/ establishment and date of incorporation/ establishment	Issued and paid-up capital	Equity interest held by the Group	Principal activities	Type of legal entity
ZF Oriental 30 Limited	Hong Kong 30 March 2022	HK$10	100%	Provision of financing	Limited liability entity
ZF Oriental 40 Limited	Hong Kong 5 September 2023	HK$10	100%	Provision of financing	Limited liability entity
ZF Oriental Assets Limited	Hong Kong 3 January 2019	HK$1	100%	Aircraft trading	Limited liability entity
CALC Aviation Assets Limited	Labuan 30 December 2015	US$100	100%	Aircraft leasing	Limited liability entity
CALC Sebelas Limited	Labuan 22 April 2021	US$100	100%	Aircraft leasing	Limited liability entity
CALC Sembilan Limited	Labuan 12 July 2016	US$100	100%	Aircraft leasing	Limited liability entity
CALC Sepuluh Limited	Labuan 22 April 2021	US$100	100%	Aircraft leasing	Limited liability entity
CALC Empat Belas Limited	Labuan 14 September 2023	US$10,000	100%	Aircraft leasing	Limited liability entity
CALC Tujuh Limited	Labuan 7 November 2014	US$100	100%	Aircraft leasing	Limited liability entity
ZF Finance Limited	Malta 11 November 2020	EUR1,200	100%	Provision of financing	Limited liability entity
Linkasia Airlines Group Limited	Cayman Islands 3 August 2016	US$38,451,000	72.82%	Investment holding	Limited liability entity
中永順融資租賃(上海)有限公司 (China Aircraft Leasing Company Limited (Shanghai))	PRC 27 November 2013	US$186,000,000	100%	Investment holding	Limited liability entity
中永崇寧一飛機租賃(上海)有限公司 (Zhongyong Chongning 1 Aircraft Leasing (Shanghai) Company Limited)	PRC 20 October 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity
中永崇寧二飛機租賃(上海)有限公司 (Zhongyong Chongning 2 Aircraft Leasing (Shanghai) Company Limited)	PRC 19 October 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity
中永崇寧三飛機租賃(上海)有限公司 (Zhongyong Chongning 3 Aircraft Leasing (Shanghai) Company Limited)	PRC 19 October 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity

39. SUBSIDIARIES *(continued)*

Company name	Country/place of operation and incorporation/ establishment and date of incorporation/ establishment	Issued and paid-up capital	Equity interest held by the Group	Principal activities	Type of legal entity
中永崇寧四飛機租賃(上海)有限公司 (Zhongyong Chongning 4 Aircraft Leasing (Shanghai) Company Limited)	PRC 19 October 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity
中永崇寧五飛機租賃(上海)有限公司 (Zhongyong Chongning 5 Aircraft Leasing (Shanghai) Company Limited)	PRC 19 October 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity
中永崇寧六飛機租賃(上海)有限公司 (Zhongyong Chongning 6 Aircraft Leasing (Shanghai) Company Limited)	PRC 20 October 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity
建昭一號租賃(天津)有限公司 (Jianzhao 1 Leasing (Tianjin) Co. Ltd.)	PRC 11 March 2020	RMB100,000	100%	Aircraft leasing	Limited liability entity
建昭二號租賃(天津)有限公司 (Jianzhao 2 Leasing (Tianjin) Co. Ltd.)	PRC 11 March 2020	RMB100,000	100%	Aircraft leasing	Limited liability entity
建昭三號租賃(天津)有限公司 (Jianzhao 3 Leasing (Tianjin) Co. Ltd.)	PRC 11 March 2020	RMB100,000	100%	Aircraft leasing	Limited liability entity
建昭四號租賃(天津)有限公司 (Jianzhao 4 Leasing (Tianjin) Co. Ltd.)	PRC 12 March 2020	RMB100,000	100%	Aircraft leasing	Limited liability entity
建昭五號租賃(天津)有限公司 (Jianzhao 5 Leasing (Tianjin) Co. Ltd.)	PRC 13 March 2020	RMB100,000	100%	Aircraft leasing	Limited liability entity
建昭六號租賃(天津)有限公司 (Jianzhao 6 Leasing (Tianjin) Co. Ltd.)	PRC 13 March 2020	RMB100,000	100%	Aircraft leasing	Limited liability entity
建昭七號租賃(天津)有限公司 (Jianzhao 7 Leasing (Tianjin) Co. Ltd.)	PRC 13 March 2020	RMB100,000	100%	Aircraft leasing	Limited liability entity
中永熙雍一飛機租賃(上海)有限公司 (Zhongyong Xiyong 1 Aircraft Leasing (Shanghai) Company Limited)	PRC 20 October 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. SUBSIDIARIES *(continued)*

Company name	Country/place of operation and incorporation/ establishment and date of incorporation/ establishment	Issued and paid-up capital	Equity interest held by the Group	Principal activities	Type of legal entity
中永熙雍二飛機租賃(上海)有限公司 (Zhongyong Xiyong 2 Aircraft Leasing (Shanghai) Company Limited)	PRC 19 October 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity
中永熙雍三飛機租賃(上海)有限公司 (Zhongyong Xiyong 3 Aircraft Leasing (Shanghai) Company Limited)	PRC 19 October 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity
中永熙雍四飛機租賃(上海)有限公司 (Zhongyong Xiyong 4 Aircraft Leasing (Shanghai) Company Limited)	PRC 21 October 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity
中永熙雍五飛機租賃(上海)有限公司 (Zhongyong Xiyong 5 Aircraft Leasing (Shanghai) Company Limited)	PRC 19 October 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity
中永熙雍六飛機租賃(上海)有限公司 (Zhongyong Xiyong 6 Aircraft Leasing (Shanghai) Company Limited)	PRC 19 October 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity
中永熙雍七飛機租賃(上海)有限公司 (Zhongyong Xiyong 7 Aircraft Leasing (Shanghai) Company Limited)	PRC 20 October 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity
中永熙雍八飛機租賃(上海)有限公司 (Zhongyong Xiyong 8 Aircraft Leasing (Shanghai) Company Limited)	PRC 20 October 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity
中龍元光租賃(天津)有限公司 (China Aero I Leasing (Tianjin) Company Limited)	PRC 22 September 2016	RMB100,000	100%	Aircraft leasing	Limited liability entity

39. SUBSIDIARIES *(continued)*

Company name	Country/place of operation and incorporation/ establishment and date of incorporation/ establishment	Issued and paid-up capital	Equity interest held by the Group	Principal activities	Type of legal entity
中龍元康租賃(天津)有限公司 (China Aero II Leasing (Tianjin) Company Limited)	PRC 12 October 2016	RMB100,000	100%	Aircraft leasing	Limited liability entity
中龍元興租賃(天津)有限公司 (China Aero III Leasing (Tianjin) Company Limited)	PRC 12 October 2016	RMB100,000	100%	Aircraft leasing	Limited liability entity
中龍元鼎租賃(天津)有限公司 (China Aero IV Leasing (Tianjin) Company Limited)	PRC 17 October 2017	RMB100,000	100%	Aircraft leasing	Limited liability entity
中龍遠東租賃(天津)有限公司 (China Aero V Leasing (Tianjin) Company Limited)	PRC 7 May 2018	RMB100,000	100%	Aircraft leasing	Limited liability entity
中飛干寧租賃(天津)有限公司 (CALC Ganning Limited)	PRC 15 August 2013	RMB100,000	100%	Aircraft leasing	Limited liability entity
中飛天复租賃(天津)有限公司 (CALC Tianfu Company Limited)	PRC 8 October 2016	RMB100,000	100%	Aircraft leasing	Limited liability entity
中飛文明租賃(天津)有限公司 (CALC Wenming Limited)	PRC 4 December 2013	RMB100,000	100%	Aircraft leasing	Limited liability entity
中飛永淳租賃(上海)有限公司 (CALC Yong Chun Limited)	PRC 10 October 2012	RMB1,000,000	100%	Aircraft leasing	Limited liability entity
中飛長慶租賃(天津)有限公司 (CALC Changqing Limited)	PRC 25 June 2013	RMB100,000	100%	Aircraft leasing	Limited liability entity
中飛建中租賃(天津)有限公司 (CALC Jianzhong Company Limited)	PRC 8 October 2016	RMB100,000	100%	Aircraft leasing	Limited liability entity
中飛建元租賃(天津)有限公司 (CALC Jianyuan Limited)	PRC 8 November 2011	RMB100,000	100%	Aircraft leasing	Limited liability entity
中飛租融資租賃有限公司 (China Asset Leasing Company Limited)	PRC 13 December 2010	US$1,000,000,000	100%	Investment holding	Limited liability entity
中飛開成租賃(天津)有限公司 (CALC Kaicheng Limited)	PRC 4 December 2013	RMB100,000	100%	Aircraft leasing	Limited liability entity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. SUBSIDIARIES *(continued)*

Company name	Country/place of operation and incorporation/ establishment and date of incorporation/ establishment	Issued and paid-up capital	Equity interest held by the Group	Principal activities	Type of legal entity
建鳳六號租賃(天津)有限公司 (Jianfeng 6 Leasing (Tianjin) Co. Ltd.)	PRC 16 March 2020	RMB100,000	100%	Aircraft leasing	Limited liability entity
建鳳九號租賃(天津)有限公司 (Jianfeng 9 Leasing (Tianjin) Co. Ltd.)	PRC 16 March 2020	RMB100,000	100%	Aircraft leasing	Limited liability entity
中機弘治租賃(天津)有限公司 (ZJ Hongzhi Leasing (Tianjin) Co., Ltd.)	PRC 29 June 2018	RMB100,000	100%	Aircraft leasing	Limited liability entity
中飛開禧租賃(天津)有限公司 (CALC Kaixi Limited)	PRC 19 January 2015	RMB100,000	100%	Aircraft leasing	Limited liability entity
中飛建慶租賃(天津)有限公司 (CALC Jianqing Limited)	PRC 8 November 2011	RMB100,000	100%	Provision of financing	Limited liability entity
中飛儀鳳租賃(天津)有限公司 (CALC Yifeng Limited)	PRC 3 February 2012	RMB100,000	100%	Aircraft leasing	Limited liability entity
中飛咸亨租賃(天津)有限公司 (CALC Xianheng Limited)	PRC 3 February 2012	RMB100,000	100%	Aircraft leasing	Limited liability entity
中飛顯慶租賃(天津)有限公司 (CALC Xianqing Limited)	PRC 1 February 2012	RMB100,000	100%	Aircraft leasing	Limited liability entity
中飛聖曆租賃(天津)有限公司 (CALC Shengli Limited)	PRC 4 December 2013	RMB100,000	100%	Aircraft leasing	Limited liability entity
中飛光啟租賃(天津)有限公司 (CALC Guangqi Company Limited)	PRC 8 October 2016	RMB100,000	100%	Aircraft leasing	Limited liability entity
中飛大中租賃(天津)有限公司 (CALC Dazhong Company Limited)	PRC 8 October 2016	RMB100,000	100%	Aircraft leasing	Limited liability entity
中機明政租賃(天津)有限公司 (ZJ Mingzheng Leasing (Tianjin) Co., Ltd.)	PRC 17 August 2017	RMB100,000	100%	Aircraft leasing	Limited liability entity
中機進通租賃(天津)有限公司 (ZJ Jintong Leasing (Tianjin) Co., Ltd.)	PRC 18 August 2017	RMB100,000	100%	Aircraft leasing	Limited liability entity

39. SUBSIDIARIES *(continued)*

Company name	Country/place of operation and incorporation/ establishment and date of incorporation/ establishment	Issued and paid-up capital	Equity interest held by the Group	Principal activities	Type of legal entity
中機治平租賃(天津)有限公司 (ZJ Zhiping Leasing (Tianjin) Co., Ltd.)	PRC 29 June 2018	RMB100,000	100%	Aircraft leasing	Limited liability entity
中機大曆租賃(天津)有限公司 (ZJ Dali Leasing (Tianjin) Co., Ltd.)	PRC 29 June 2018	RMB100,000	100%	Aircraft leasing	Limited liability entity
中機證聖租賃(天津)有限公司 (ZJ Zhengsheng Leasing (Tianjin) Co., Ltd.)	PRC 29 June 2018	RMB100,000	100%	Aircraft leasing	Limited liability entity
中機天慶租賃(天津)有限公司 (ZJ Tianqing Leasing (Tianjin) Co., Ltd.)	PRC 28 June 2018	RMB100,000	100%	Provision of financing	Limited liability entity
中機宣德租賃(天津)有限公司 (ZJ Xuande Leasing (Tianjin) Co., Ltd.)	PRC 28 June 2018	RMB100,000	100%	Aircraft leasing	Limited liability entity
中機延載租賃(天津)有限公司 (ZJ Yanzai Leasing (Tianjin) Co., Ltd.)	PRC 28 June 2018	RMB100,000	100%	Aircraft leasing	Limited liability entity
中機神功租賃(天津)有限公司 (ZJ Shengong Leasing (Tianjin) Co., Ltd.)	PRC 29 June 2018	RMB100,000	100%	Aircraft leasing	Limited liability entity
中機建安飛機租賃(上海)有限公司 (ZJ Jianan Aircraft Leasing (Shanghai) Company Limited)	PRC 14 July 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity
中機永漢飛機租賃(上海)有限公司 (ZJ Yonghan Aircraft Leasing (Shanghai) Company Limited)	PRC 14 July 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity
中機永康飛機租賃(上海)有限公司 (ZJ Yongkang Aircraft Leasing (Shanghai) Company Limited)	PRC 14 July 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity
中機永壽飛機租賃(上海)有限公司 (ZJ Yongshou Aircraft Leasing (Shanghai) Company Limited)	PRC 14 July 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity
中機永興飛機租賃(上海)有限公司 (ZJ Yongxing Aircraft Leasing (Shanghai) Company Limited)	PRC 14 July 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity
中機元嘉飛機租賃(上海)有限公司 (ZJ Yuanjia Aircraft Leasing (Shanghai) Company Limited)	PRC 14 July 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. SUBSIDIARIES *(continued)*

Company name	Country/place of operation and incorporation/ establishment and date of incorporation/ establishment	Issued and paid-up capital	Equity interest held by the Group	Principal activities	Type of legal entity
中機昭寧飛機租賃(上海)有限公司 (ZJ Zhaoning Aircraft Leasing (Shanghai) Company Limited)	PRC 14 July 2021	RMB100,000	100%	Aircraft leasing	Limited liability entity
中機至治租賃(天津)有限公司 (ZJ Zhizhi Leasing (Tianjin) Company Limited)	PRC 29 June 2018	RMB100,000	100%	Aircraft leasing	Limited liability entity
中機大觀租賃(天津)有限公司 (ZJ Daguan Leasing (Tianjin) Company Limited)	PRC 29 June 2018	RMB100,000	100%	Aircraft leasing	Limited liability entity
中飛睿天成融資租賃(天津) 有限公司 (CALC RuiTianCheng Financial Leasing Limited)	PRC 28 July 2016	RMB100,000	100%	Aircraft leasing	Limited liability entity
中機天成租賃(天津)有限公司 (ZJ Tiancheng Leasing (Tianjin) Company Limited)	PRC 17 August 2017	RMB100,000	100%	Aircraft leasing	Limited liability entity
中機天造租賃(天津)有限公司 (ZJ Tianzao Leasing (Tianjin) Company Limited)	PRC 21 August 2017	RMB100,000	100%	Aircraft leasing	Limited liability entity
中機天曆租賃(天津)有限公司 (ZJ Tianli Leasing (Tianjin) Company Limited)	PRC 26 June 2018	RMB100,000	100%	Aircraft leasing	Limited liability entity
中機祥符租賃(天津)有限公司 (ZJ Xiangfu Leasing (Tianjin) Company Limited)	PRC 26 June 2018	RMB100,000	100%	Aircraft leasing	Limited liability entity
中飛永隆租賃(天津)有限公司 (CALC Yonglong Limited)	PRC 3 February 2012	RMB100,000	100%	Aircraft leasing	Limited liability entity
中飛永泰租賃(天津)有限公司 (CALC Yongtai Limited)	PRC 24 June 2013	RMB100,000	100%	Aircraft leasing	Limited liability entity
中飛調露租賃(天津)有限公司 (CALC Tiaolu Limited)	PRC 3 February 2012	RMB100,000	100%	Aircraft leasing	Limited liability entity

39. SUBSIDIARIES *(continued)*

Company name	Country/place of operation and incorporation/ establishment and date of incorporation/ establishment	Issued and paid-up capital	Equity interest held by the Group	Principal activities	Type of legal entity
中飛寶曆租賃(天津)有限公司 (CALC Baoli Limited)	PRC 25 June 2013	RMB100,000	100%	Aircraft leasing	Limited liability entity
中飛上元租賃(天津)有限公司 (CALC Shangyuan Limited)	PRC 1 February 2012	RMB100,000	100%	Aircraft leasing	Limited liability entity
中永重和融資租賃(上海)有限公司 (CALC Chonghe Financial Leasing Limited)	PRC 31 March 2014	RMB100,000	100%	Provision of financing	Limited liability entity
中機元佑租賃(天津)有限公司 (ZJ Yuanyou Leasing (Tianjin) Company Limited)	PRC 29 June 2018	RMB100,000	100%	Aircraft leasing	Limited liability entity
中永紹熙二飛機租賃(上海)有限公司 (Zhongyong Shaoxi 2 Aircraft Leasing (Shanghai) Company Limited)	PRC 19 October 2021	RMB100,000	100%	Provision of financing	Limited liability entity
中機嘉靖租賃(天津)有限公司 (ZJ Jiajing Leasing (Tianjin) Company Limited)	PRC 28 June 2018	RMB100,000	100%	Provision of financing	Limited liability entity

The above table lists the subsidiaries of the Group which, in opinion of the directors of the Company, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year except for China Asset Leasing Company Limited which has issued approximately HK$3,901.2 million and HK$1,672.1 million of bonds and debentures and medium-term notes, respectively, in which the Group has no interest.

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
Mr. CHAN Ching Summit

COMPOSITION OF COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

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

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.
BNP Paribas
China Bohai Bank Co., Ltd
China CITIC Bank Corporation Limited
China CITIC Bank International Limited
China Construction Bank Corporation
China Everbright Bank Co., Ltd.
China Minsheng Bank Corp., Ltd
China Merchants Bank Co., Ltd.
China Zheshang Bank Co., Ltd
Chiyu Banking Corporation Limited
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 Commercial Bank Limited
Shanghai Pudong Development Bank Co., Ltd.
Société Générale
Standard Chartered Bank

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