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## CHINA AIRCRAFT LEASING GROUP HOLDINGS LIMITED

中國飛機租賃集團控股有限公司

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

(Stock code: 1848)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The Board of Directors (the “**Board**”) of China Aircraft Leasing Group Holdings Limited (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2022 as follows:

#### FINANCIAL HIGHLIGHTS

	For the six months ended		Change
	2022	2021	
	HK\$'Million	HK\$'Million	
Total revenue	<b>1,890.8</b>	1,585.2	+19.3%
(Loss)/Profit attributable to shareholders of the Company	<b>(130.2)</b>	302.6	N/A
EBITDA	<b>1,379.5</b>	1,407.3	-2.0%
EPS (Basic) (HK\$)	<b>(0.175)</b>	0.421	N/A
Interim dividend per share (HK\$)	<b>0.15</b>	0.15	–
Adjusted profit attributable to shareholders of the Company <sup>(Note)</sup>	<b>308.8</b>	302.6	+2.0%
Adjusted EBITDA <sup>(Note)</sup>	<b>1,818.5</b>	1,407.3	+29.2%
Adjusted EPS (Basic) (HK\$) <sup>(Note)</sup>	<b>0.415</b>	0.421	-1.4%
	As at	As at	
	<b>30 June</b>	31 December	
	<b>2022</b>	2021	Change
	HK\$'Million	HK\$'Million	
Total equity	<b>6,041.5</b>	6,017.3	+0.4%
Net assets value per share (HK\$)	<b>8.13</b>	8.05	+1.0%

Note:

Adjusted profit attributable to shareholders of the Company, adjusted EBITDA and adjusted EPS (Basic) are calculated by excluding the net write-off of two aircraft remained in Russia of HK\$439.0 million which assist investors in their understanding of the changes and trends related to the profitability of the Group's operations.

## RECONCILIATIONS OF NON-GAAP MEASURES

The table below sets forth a reconciliation of adjusted profit attributable to shareholders of the Company, adjusted EBITDA and adjusted EPS (Basic) for the periods indicated:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	2021
	<b><i>HK\$'Million</i></b>	<i>HK\$'Million</i>
(Loss)/Profit attributable to shareholders of the Company	<b>(130.2)</b>	302.6
Add: Net write-off of two aircraft remained in Russia	<b>439.0</b>	–
	<hr/>	<hr/>
Adjusted profit attributable to shareholders of the Company	<b>308.8</b>	302.6
	<hr/>	<hr/>
EBITDA	<b>1,379.5</b>	1,407.3
Add: Net write-off of two aircraft remained in Russia	<b>439.0</b>	–
	<hr/>	<hr/>
Adjusted EBITDA	<b>1,818.5</b>	1,407.3
	<hr/>	<hr/>
Adjusted profit attributable to shareholders of the Company	<b>308.8</b>	302.6
Weighted average number of ordinary shares in issue (number of shares in millions)	<b>743.5</b>	719.4
	<hr/>	<hr/>
Adjusted EPS (Basic) ( <i>HK\$</i> )	<b>0.415</b>	0.421
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## INTERIM BUSINESS REVIEW

The global aviation market experienced ongoing recovery during the first half of 2022.

Further relaxation of border restrictions in various countries accelerated recovery of global air travel demand and capacities. According to International Air Transport Association (“**IATA**”), global air passenger demand (measured in revenue passenger kilometers or “**RPKs**”) in June 2022 increased by 76.2% compared with the same period in 2021, and has recovered to 70.8% of 2019 levels. Nonetheless, subsequent to the conflict between Russia and Ukraine erupted in February 2022 (the “**Russia-Ukraine Conflict**”), European and American countries imposed several economic sanctions on Russia (the “**Sanctions**”), which have affected global lessors’ businesses in Russia, including that of the Group.

For the six months ended 30 June 2022 (the “**Review Period**”), the Group’s total revenue was HK\$1,891 million, up 19.3% from the same period last year (1H2021: HK\$1,585 million). Adhering to prudent principles, the Company wrote off in full relevant assets that remain in Russia due to the Russia-Ukraine Conflict (details set out in “**Net Write-off of Two Aircraft Remained in Russia**” section on page 12). Loss attributable to shareholders of the Company for the Review Period was HK\$130 million (profit attributable to shareholders for 1H2021: HK\$303 million). If the above mentioned write-offs were excluded, adjusted profit attributable to shareholders of the Company for the Review Period should have reached HK\$309 million, representing an increase from the same period last year.

The board of directors of the Company (the “**Board**”) has resolved to declare payment of an interim dividend of HK\$0.15 per ordinary share (1H2021: HK\$0.15), totalling HK\$112 million.

## STEADY EXPANSION OF HIGHLY-LIQUID FLEET

During the Review Period, the Group delivered a total of 13 aircraft and disposed of 2 aircraft. CALC’s fleet thus increased 11 aircraft from the end of 2021, resulting in a fleet of 163 aircraft as at 30 June 2022, including 138 owned aircraft and 25 managed aircraft. 3 of the aircraft delivered were from the Group’s orderbook placement while 10 were completed through purchase and leaseback arrangement. Such purchase and leaseback arrangements strengthened the Group’s long-term cooperative relationships with high-quality clients while expanding revenue streams, and assisted airlines to optimize their fleets while building up a pipeline of aircraft assets for the Group’s aviation aftermarket platforms. Despite some of the Group’s aircraft delivery and portfolio trading projects in China were delayed due to the resurgence of Covid-19 (the “**Pandemic**”) during the first half of 2022, the growth momentum are expected to pick up with the market recovery in the second half.

CALC has been maintaining a highly-liquid fleet consisting of most popular aircraft models. As at 30 June 2022, 90% of CALC's owned fleet by number of aircraft were narrowbody models, which were relatively less affected by the Pandemic. The utilization rate of CALC's owned fleet (except for the two aircraft related to Russian airlines) reached 100% as at 30 June 2022.

As a one-stop aircraft full life-cycle solutions provider, CALC's businesses cover both new aircraft and mid-to-old age aircraft. As at 30 June 2022, the average age of CALC's own fleet was 8.7 years, while the average remaining lease term was 6.1 years. Of these, the average age of the new aircraft leased fleet (aircraft under 12 years old) was 6.5 years, while the average remaining lease term was 7.7 years, and those of the used aircraft pipeline (aircraft aged 12 years or above) was 15.5 years and 3.3 years, respectively.

CALC has always been pursuing a prudent strategy in aircraft procurement. The abundant orderbook consisting of new-generation fuel-efficient aircraft models will capture huge demand from airline clients for renewing their fleets and expanding their capacities along with recovery of the aviation industry in the post-pandemic period and the green aviation development trend. As at 30 June 2022, CALC had 241 aircraft on its orderbook, including 145 Airbus, 66 Boeing and 30 COMAC aircraft.

## **CONTINUED ACCELERATION OF GLOBAL EXPANSION**

CALC has remained prudent in engaging different airline customers. By number of aircraft, as at 30 June, 2022, 76.8% of CALC's owned fleet was leased to Chinese airlines (including Hong Kong, Macau and Taiwan), most of which are state-owned airlines with strong financial strengths. Since the beginning of this year, riding on the strong recovery in overseas markets, CALC has been accelerating its global market expansion, especially in regions with rapid economic growth and strong demand for air travel. All aircraft to be delivered in the next 16 months after 30 June 2022 have been mandated for lease, of which more than half will be leased to overseas airline customers. As at 30 June 2022, CALC's owned and managed aircraft were on lease to 38 airlines in 17 countries and regions.

## **MULTIPLE FINANCING CHANNELS PROVIDE SUFFICIENT LIQUIDITY**

The Group puts high priority on its liquidity management, and continues to optimize domestic and overseas dual-platform financing channels, exploring more flexible sources of quality funds and financing instruments to ensure sufficient liquidity.

During the Review Period, total new financing facilities obtained and renewed facilities exceeded HK\$14 billion, including aircraft project loans, PDP financing, working capital facilities, RMB bonds, etc., providing strong support for the Group's business development. As at 30 June 2022, the Group had cash and bank balances amounting to HK\$4,879.7 million (31 December 2021: HK\$5,013.6 million) and undrawn borrowing facilities amounting to HK\$6,168.4 million (31 December 2021: HK\$3,117.0 million).

In terms of bond issuance, with the relatively stable interest rate environment and abundant liquidity supply in China, the Group managed to issue RMB1.2 billion corporate bonds and RMB1.5 billion medium-term notes during the Review Period, consecutively breaking its record in size of a single RMB bond issuance, an accomplishment that reflected wide recognition of the Group's future prospects and support from Chinese bond investors. The Group repaid a US\$300 million bond issue, a RMB1 billion super short-term debentures and a RMB1 billion corporate bond during the Review Period as they became mature.

In June 2022, international credit rating agencies Moody's Investors Service Co., Ltd. ("Moody's") and Fitch Ratings ("Fitch") completed their annual reviews for CALC, respectively. Taking the impact of the Russia-Ukraine Conflict on CALC into full consideration, Moody's affirmed CALC's Corporate Family Rating at Ba1 with a stable outlook, while Fitch affirmed CALC's Long-Term Issuer Default Rating at BB+ with a stable outlook, underscoring the international rating agencies' recognition of CALC's stable operations and sound credit profile. Both rating agencies emphasized in their rating reports that CALC has a close strategic linkage with China Everbright Group and has received continuous business, funding and liquidity support from China Everbright Group and its group companies.

## **CONTINUE TO STRENGTHEN THE FULL VALUE-CHAIN SERVICE CAPABILITIES**

The Group's MRO joint venture FL ARI Aircraft Maintenance & Engineering Company Ltd ("FL ARI") was granted Part 145 approval certification by Civil Aviation Administration of China for base maintenance of B737NG series aircraft subsequent to the approval for the A320 series aircraft granted previously, improving its maintenance and repair business capabilities further.

Adhering to the vision of green aviation and utilizing its professional aged aircraft management capability, the Group proactively provides airlines with one-stop solutions for aged aircraft, fulfilling its commitment to sustainable aviation. During the Review Period, the Group's associate company China Aviation Aftermarket Holdings Limited (“CAAM”) reached agreements for the first time with Air China Limited and LATAM Airlines Group SA, respectively, on old aircraft transactions, assisting the two airlines to retire 5 old aircraft and 6 airframes, respectively. In the future, CAAM will maximize residual value of the aircraft asset by disassembling and recycling or by “passenger-to-freighter” (“P2F”) conversions. In July 2022, the Group placed its first freighter conversion order, marking the beginning of its P2F business.

## **PROSPECTS**

Despite challenges in the complex international landscape, medium- to long-term growth prospects for global aviation demand remains strong. IATA pointed out earlier that recovery of global air passenger traffic was accelerating, and the industry activities would return to pre-Pandemic levels in 2023. It also expected improved financial performance for airlines in all regions in 2022 and industry-wide profitability in 2023. For China market, the country has attached great importance to the supporting role of the civil aviation sector in related industries, and has successively enacted a number of policies and measures to boost recovery of the sector. Short-term disruptions will not change the long-term growth momentum and prospects for the sector.

In the second half of the year, CALC will continue to strengthen its aircraft full value-chain management capabilities, sharpen its edges in new aircraft leasing as well as mid-to-old aircraft management while proactively exploring business opportunities emerging from airlines' accelerated fleet optimization and capacity expansion, especially from their huge demand for new-generation fuel efficient aircraft models, in response to strong recovery of international markets. Meanwhile, CALC will continue to cooperate with institutional investors, and steadily expand its managed fleet scale by establishing more aviation investment vehicles and joint ventures. Further recovery in demand in the domestic market in China is expected to boost aircraft trading volume in the country.

Aligning with the development trend of China's strategic emerging industries and capitalizing on support by its state-owned shareholder, CALC has always been committing to creating better value for all stakeholders, establishing itself as a world-leading aircraft full value-chain solution provider with unique competitive edge.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. RESULTS

Total revenue of the Group for the six months ended 30 June 2022 was HK\$1,890.8 million, an increase of HK\$305.6 million or 19.3% from the corresponding period last year. Loss for the six months ended 30 June 2022 amounted to HK\$70.4 million (During the six months ended 30 June 2021: Profit of HK\$353.5 million). Loss attributable to shareholders of the Company for the six months ended 30 June 2022 amounted to HK\$130.2 million. It was HK\$302.6 million profit attributable to shareholders of the Company in the corresponding period last year.

Total assets amounted to HK\$53,973.5 million as at 30 June 2022, compared with HK\$50,029.1 million as at 31 December 2021, an increase of HK\$3,944.4 million or 7.9%. The increase in assets was mainly due to the net increase in Pre-Delivery Payments (“PDP”) and prepayments made to aircraft manufacturers for aircraft acquisition from order book.

Total liabilities amounted to HK\$47,932.1 million as at 30 June 2022, an increase of HK\$3,920.2 million or 8.9% compared with HK\$44,011.9 million as at 31 December 2021. The increase in liabilities was mainly due to the increase in total interest-bearing debts by HK\$3,714.1 million. As at 30 June 2022, the interest-bearing debts of the Group amounted to HK\$44,194.5 million (31 December 2021: HK\$40,480.4 million).

## 2. INTERIM CONSOLIDATED STATEMENT OF INCOME

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Total revenue</b>		
<b>Lease income</b>		
Finance lease income	284,403	265,253
Operating lease income	<u>1,369,364</u>	<u>890,707</u>
	<b>1,653,767</b>	1,155,960
<b>Other operating income</b>		
Net income from aircraft transactions and aircraft components trading	66,492	177,921
Other income	<u>170,532</u>	<u>251,362</u>
	<b>1,890,791</b>	1,585,243
<b>Expenses</b>		
Interest expenses	(757,857)	(577,097)
Depreciation	(590,692)	(375,947)
Expected credit losses	(51,834)	(45,699)
Other operating expenses	<u>(140,600)</u>	<u>(117,359)</u>
	<b>(1,540,983)</b>	(1,116,102)
<b>Operating profit</b>	<b>349,808</b>	469,141
<b>Net write-off of two aircraft remained in Russia</b>	<b>(439,029)</b>	–
<b>Share of results from associates and joint ventures</b>	<b>1,800</b>	–
<b>Other gains/(losses), net</b>	<u><b>118,363</b></u>	<u>(14,872)</u>
<b>Profit before income tax</b>	<b>30,942</b>	454,269
Income tax expenses	<u>(101,381)</u>	<u>(100,819)</u>
<b>(Loss)/Profit for the period</b>	<u><b>(70,439)</b></u>	<u>353,450</u>
<b>(Loss)/Profit attributable to</b>		
Shareholders of the Company	(130,160)	302,611
Holders of perpetual capital securities and other non-controlling interests	<u>59,721</u>	<u>50,839</u>
	<b>(70,439)</b>	353,450
<b>(Losses)/Earnings per share for (loss)/profit attributable to shareholders of the Company (expressed in HK\$ per share)</b>		
– Basic (losses)/earnings per share	<u>(0.175)</u>	<u>0.421</u>
– Diluted (losses)/earnings per share	<u>(0.175)</u>	<u>0.421</u>

## 2.1 Total Revenue

For the six months ended 30 June 2022, the total revenue amounted to HK\$1,890.8 million compared with HK\$1,585.2 million for the corresponding period last year, an increase of HK\$305.6 million or 19.3%.

Total lease income from finance leases and operating leases for the six months ended 30 June 2022 amounted to HK\$1,653.8 million, compared with HK\$1,156.0 million for the six months ended 30 June 2021, an increase of HK\$497.8 million or 43.1%. The increase in total lease income was mainly due to the fleet size increased from 104 aircraft as at 30 June 2021 to 138 aircraft as at 30 June 2022.

During the six months ended 30 June 2022, the Group's average lease rental yield of the finance leases and operating leases was 13.2% (During the six months ended 30 June 2021: 12.7%) and 12.6% (During the six months ended 30 June 2021: 10.3%), 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. The weighted average lease rental yield of the Group was 12.7% (During the six months ended 30 June 2021: 10.5%). The increase in weighted average lease rental yield during the period was mainly due to 12 and 10 aged aircraft under purchase and leaseback arrangement were entered in November 2021 and May 2022, respectively, which generated higher average lease rental yield.

## 2.2 Other Operating Income

During the six months ended 30 June 2022, the Group recognized net gain from disposal of two aircraft and aircraft components trading amounted to HK\$66.5 million (During the six months ended 30 June 2021: net gain from disposal of four aircraft and aircraft components trading amounted to HK\$177.9 million) with aggregate net book value of aircraft of HK\$907.8 million (During the six months ended 30 June 2021: aggregate net book value of aircraft of HK\$1,313.9 million).

The average gain per aircraft during the current period was HK\$32.4 million, compared to HK\$43.9 million in the corresponding period last year. The higher disposal gain in the corresponding period last year was due to an exceptional disposal transaction. Previously, the Group had filed and won a lawsuit against Longjiang Airlines Co., Ltd. (“**Longjiang Airlines**”) regarding one leased aircraft which was eventually disposed to Longjiang Airlines in the corresponding period last year. After excluding the aforementioned exceptional disposal transaction, the average gain per aircraft for the six months ended 30 June 2021 is in line with the average gain per aircraft of HK\$32.4 million during the current period.

During the six months ended 30 June 2022, the Group had the following other income:

	<b>Unaudited</b>		
	<b>Six months ended 30 June</b>		
	<b>2022</b>	2021	Change
	<b>HK\$'Million</b>	HK\$'Million	
Government grants	<b>94.9</b>	88.6	7.1%
Interest income from loans to associates and joint ventures	<b>52.7</b>	48.8	8.0%
Bank interest income	<b>4.4</b>	3.4	29.4%
Asset management service fees income from CAG Bermuda 1 Limited (“ <b>CAG</b> ”) and its subsidiaries (collectively, “ <b>CAG Group</b> ”)	<b>8.4</b>	8.4	–
Incidental income and others	<b>10.1</b>	102.1	-90.1%
Total	<b>170.5</b>	251.3	-32.2%

Government grants for the six months ended 30 June 2022 amounted to HK\$94.9 million, compared with HK\$88.6 million for the six months ended 30 June 2021, an increase of HK\$6.3 million or 7.1%. The increase in government grants was mainly due to the increase in aircraft entitled to government grants from 79 aircraft during the six months ended 30 June 2021 to 85 aircraft during the current period.

Incidental income and others mainly related to amounts received from a manufacturer and suppliers incidental to aircraft purchases, net gains from bonds repurchase and government wage subsidies under a job support scheme. The decrease in incidental income in the current period was mainly due to the one-off amount received from a manufacturer for the six months ended 30 June 2021, while no such income in the current period.

## **2.3 Expenses**

### ***Interest Expenses***

For the six months ended 30 June 2022, interest expenses incurred by the Group amounted to HK\$757.9 million compared with HK\$577.1 million for the corresponding period last year, an increase of HK\$180.8 million or 31.3%. The increase in interest expenses was mainly due to the increase in total interest-bearing debts from HK\$36,014.9 million as at 30 June 2021 to HK\$44,194.5 million as at 30 June 2022 and the increase in 3 month US\$ LIBOR rate from 0.24% as at 1 January 2021 to 2.29% as at 30 June 2022. The average effective interest rate of bank and other borrowings during the period was 3.45% (During the six months ended 30 June 2021: 2.67%).

### ***Depreciation***

The amount represented depreciation on aircraft under operating leases, leasehold improvements, office equipment, office building, right-of-use assets and other assets. Depreciation for the six months ended 30 June 2022 was HK\$590.7 million compared with HK\$375.9 million for the corresponding period last year, an increase of HK\$214.8 million or 57.1%. This was mainly attributable to an increase in the number of aircraft under operating leases from 55 aircraft as at 30 June 2021 to 87 aircraft as at 30 June 2022.

### *Other Operating Expenses*

Other operating expenses mainly represented salaries and bonuses, professional fees related to the aircraft leasing business, value-added tax surcharge and other taxes, rentals and office administration expenses. The increase in other operating expenses was mainly due to the increase in volume of aircraft delivery transactions as the Group delivered 13 aircraft in the current period compared to six aircraft for the corresponding period last year.

#### **2.4 Net Write-off of Two Aircraft Remained in Russia**

In February 2022, the military activity in Ukraine happened and subsequent sanctions in relation to commercial activities with businesses in Russia were imposed by the European Union, the United States of America, the United Kingdom and other countries (the “**Sanctions**”). In March 2022, in compliance with the Sanctions, the Group terminated leasing arrangements with Russian lessees in respect of two owned aircraft, representing less than 2% of the number of the Group’s owned fleet of 138 as at 30 June 2022. The Group has been maintaining dialogue with the Russian lessees, actively seeking to repossess the aircraft. As at 30 June 2022, one of the engines located outside Russia (the “**Engine**”) is under control by the Group.

The Group believes that there is uncertainty to repossess the aircraft from Russia in the foreseeable future. Although the Group has filed insurance claims related to the aircraft and is vigorously pursuing all available means to recover its losses, given the unprecedented circumstances, the relevant process time may be longer and uncertain. As at 30 June 2022, the Group has not recognized any claim receivables.

The Group has determined prudently that the net book value of the aircraft should be fully written down, which is offset by the security deposit, maintenance reserves and the value of the Engine, resulting in a net write-off of HK\$439.0 million for the six months ended 30 June 2022, which was a non-cash transaction.

## 2.5 Other Gains/(Losses), Net

	<b>Unaudited</b>		Change
	<b>Six months ended 30 June</b>		
	<b>2022</b>	2021	
	<b>HK\$'Million</b>	<i>HK\$'Million</i>	
Currency exchange gains/(losses) in RMB ( <i>note</i> )	<b>192.8</b>	(42.5)	N/A
Fair value (losses)/gains on currency forward contracts in RMB ( <i>note</i> )	<b>(83.1)</b>	17.2	N/A
Net exchange gains/(losses) in RMB ( <i>note</i> )	<b>109.7</b>	(25.3)	N/A
Currency exchange losses in US\$	<b>(12.6)</b>	(13.1)	-3.8%
Fair value gains on financial assets at fair value through profit or loss	<b>18.4</b>	20.2	-8.9%
Fair value gains on interest rate swaps	<b>3.9</b>	6.5	-40.0%
Unrealised losses on a currency swap	<b>(1.0)</b>	(3.1)	-67.7%
<b>Total</b>	<b>118.4</b>	(14.8)	N/A

*Note:* The net exchange gains arising from net financial liabilities denominated in RMB was mainly due to the appreciation of US\$ exchange rate against RMB from 6.36 as at 31 December 2021 to 6.70 as at 30 June 2022. The following table illustrates the foreign currency exposure in RMB as at 30 June 2022 and the related gains/(losses) in RMB for the six months ended 30 June 2022.

	<b>Unaudited</b>	<b>Unaudited</b>
	<b>As at</b>	<b>Six months</b>
	<b>30 June 2022</b>	<b>ended</b>
	<b>RMB' Million</b>	<b>30 June 2022</b>
		<b>HK\$' Million</b>
Net financial liabilities denominated in RMB exposed to currency exchange risk	<b>(3,505.5)</b>	Currency exchange gains in RMB <b>192.8</b>
Less: Hedged by notional amount of currency forward contracts in RMB	<b>2,300.0</b>	Fair value losses on currency forward contracts in RMB <b>(83.1)</b>
Unhedged currency exchange risk exposure in RMB	<b>(1,205.5)</b>	Net exchange gains in RMB <b>109.7</b>

## 2.6 Income Tax Expenses

Income tax for the six months ended 30 June 2022 was HK\$101.4 million compared to HK\$100.8 million in the corresponding period last year. The higher effective tax rate in the current period was mainly due to the net write-off of two aircraft remained in Russia amounted to HK\$439.0 million, which is a non-deductible item. The effective tax rate was 21.6% after excluding the aforementioned write-off, which is in line with the effective tax rate of 22.2% for the corresponding period last year.

The effective tax rate after excluding the net write-off of two aircraft remained in Russia is set out as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<i>HK\$'Million</i>	<i>HK\$'Million</i>
Profit before income tax	<b>30.9</b>	454.3
Add: Net write-off of two aircraft remained in Russia	<b>439.0</b>	–
Adjusted profit before income tax	<b>469.9</b>	454.3
Income tax expenses	<b>(101.4)</b>	(100.8)
Effective tax rate after excluding net write-off of two aircraft remained in Russia	<b>21.6%</b>	22.2%

### 3. INTERIM CONSOLIDATED BALANCE SHEET

#### 3.1 Assets

As at 30 June 2022, the Group's total assets amounted to HK\$53,973.5 million compared with HK\$50,029.1 million as at 31 December 2021, an increase of HK\$3,944.4 million or 7.9%.

	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2022</b> <i>HK\$'Million</i>	Audited As at 31 December 2021 <i>HK\$'Million</i>	Change
Property, plant and equipment and right-of-use assets	<b>22,240.5</b>	23,243.8	-4.3%
Finance lease receivables – net	<b>7,984.9</b>	7,714.4	3.5%
Assets classified as held for sale	<b>2,428.3</b>	675.6	259.4%
Prepayments and other assets	<b>14,158.8</b>	11,242.6	25.9%
Investments in and loans to associates and joint ventures	<b>1,379.7</b>	1,273.4	8.3%
Financial assets at fair value through profit or loss	<b>748.4</b>	750.8	-0.3%
Derivative financial assets	<b>153.2</b>	114.9	33.3%
Cash and bank balances	<b>4,879.7</b>	5,013.6	-2.7%
<b>Total assets</b>	<b><u>53,973.5</u></b>	<b><u>50,029.1</u></b>	<b>7.9%</b>

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

Property, plant and equipment and right-of-use assets mainly included the cost of aircraft classified as operating leases, net of their accumulated depreciation. The balance decreased from HK\$23,243.8 million as at 31 December 2021 to HK\$22,240.5 million as at 30 June 2022 was mainly due to the write-off of two aircraft remained in Russia and depreciation provided during the current period.

Net finance lease receivables represented the present value of minimum lease payments receivable from aircraft classified as finance leases and their residual values. No material movement in net finance lease receivables as the fleet size of the Group under finance lease remain unchanged at 49 aircraft in the current period. No delivery and disposal of aircraft under finance lease in the current period.

Assets classified as held for sale represented the cost of assets expected to be disposed in the next 12 months. The number of aircraft classified as held for sales increased from two aircraft as at 31 December 2021 to seven aircraft as at 30 June 2022. The increase of five aircraft was due to the reclassification of five aircraft with an aggregated amount of HK\$1,752.7 million from property, plant and equipment and right-of-use assets during the current period.

### 3.1.2 Aircraft Portfolio

The total owned fleet size of the Group increased from 127 aircraft as at 31 December 2021 to 138 aircraft as at 30 June 2022.

Aircraft portfolio by number of owned aircraft is as follows:

	<b>As at 30 June 2022</b>	As at 31 December 2021	As at 30 June 2021
<b>Aircraft Type</b>			
Airbus A320 CEO family	<b>80</b>	80	71
Airbus A320 NEO family	<b>21</b>	20	7
Airbus A330 CEO family	<b>13</b>	13	11
Boeing B737 NG family	<b>23</b>	13	14
Boeing B787	<b>1</b>	1	1
	<hr/>	<hr/>	<hr/>
Total ( <i>Note</i> )	<b>138</b>	127	104
	<hr/>	<hr/>	<hr/>

*Note:* Including two aircraft remaining in Russia as at 30 June 2022.

### 3.1.3 Prepayments and Other Assets

Prepayments and other assets mainly represented Pre-Delivery Payments (“PDP”) and prepayments made to aircraft manufacturers for aircraft acquisition from order book. The increase in prepayments and other assets from HK\$11,242.6 million as at 31 December 2021 to HK\$14,158.8 million as at 30 June 2022 was mainly due to the net increase in PDP and prepayments made to aircraft manufacturers for aircraft acquisition from order book by HK\$3,422.6 million.

## 3.2 Liabilities

As at 30 June 2022, the Group's total liabilities amounted to HK\$47,932.1 million compared with HK\$44,011.9 million as at 31 December 2021, an increase of HK\$3,920.2 million or 8.9%.

An analysis is given as follows:

	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2022</b> <i>HK\$'Million</i>	Audited As at 31 December 2021 <i>HK\$'Million</i>	Change
Borrowings	<b>37,166.2</b>	32,477.9	14.4%
Bonds and debentures	<b>4,335.7</b>	7,022.7	-38.3%
Medium-term notes	<b>2,692.6</b>	979.8	174.8%
	<u><b>44,194.5</b></u>	<u>40,480.4</u>	9.2%
Total interest-bearing debts			
Deferred income tax liabilities	<b>944.9</b>	898.2	5.2%
Interest payables	<b>224.6</b>	210.3	6.8%
Income tax payables	<b>37.0</b>	40.3	-8.2%
Derivative financial liabilities	<b>10.8</b>	143.2	-92.5%
Other liabilities and accruals	<b>2,520.3</b>	2,239.5	12.5%
	<u><b>3,737.6</b></u>	<u>3,531.5</u>	5.8%
Total liabilities	<u><b>47,932.1</b></u>	<u>44,011.9</u>	8.9%

### 3.2.1 Borrowings

The analysis of borrowings is as follows:

	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2022</b> <i>HK\$'Million</i>	Audited As at 31 December 2021 <i>HK\$'Million</i>	Change
<b>Bank and other borrowings</b>			
Bank and other borrowings for aircraft acquisition financing	<b>18,909.6</b>	15,514.8	21.9%
PDP financing	<b>7,268.0</b>	6,303.4	15.3%
Other unsecured bank borrowings	<b>5,944.3</b>	5,600.2	6.1%
	<b>32,121.9</b>	27,418.4	17.2%
<b>Long-term borrowings</b>			
Borrowings from trust plans	<b>4,662.7</b>	4,689.3	-0.6%
Other borrowings	<b>381.6</b>	370.2	3.1%
	<b>5,044.3</b>	5,059.5	-0.3%
Total borrowings	<b>37,166.2</b>	32,477.9	14.4%

The total borrowings increased from HK\$32,477.9 million as at 31 December 2021 to HK\$37,166.2 million as at 30 June 2022 was mainly due to (i) the increase in bank and other borrowings for aircraft acquisition financing by HK\$3,394.8 million as the fleet size increased from 127 as at 31 December 2021 to 138 as at 30 June 2022 and (ii) the increase in PDP financing by HK\$964.6 million for the payment of PDP made to aircraft manufacturers for aircraft acquisition from order book.

### 3.2.2 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	Principal amount (Million)	Carrying amount (HK\$'Million)	Note
March 2017	Seven years	March 2024	5.50%	US\$200.0	1,563.3	(a)
November 2020	Five years	November 2025	5.90%	US\$35.0	273.0	(c)
January 2021	Five years	January 2026	5.90%	US\$35.0	273.6	(c)
December 2021	Three years	December 2024	4.85%	US\$100.0	708.1	(a)&(b)
				<u>US\$370.0</u>	<u>2,818.0</u>	
August 2021	Three years	August 2024	4.20%	RMB100.0	117.0	(d)
February 2022	Three years	February 2025	4.40%	RMB1,200.0	1,400.7	(c)
				<u>RMB1,300.0</u>	<u>1,517.7</u>	
Total bonds and debentures as at 30 June 2022					<u>4,335.7</u>	(e)
Total bonds and debentures as at 31 December 2021					<u>7,022.7</u>	

The bonds and debentures decreased from HK\$7,022.7 million as at 31 December 2021 to HK\$4,335.7 million as at 30 June 2022 was mainly due to the net effect of (i) the repayment of a five-year senior unsecured US\$ bonds, a super short-term RMB debentures and a three-year unsecured RMB bonds upon maturity, with an aggregate carrying amount of HK\$3,977.3 million and (ii) the proceeds from issuance of a three-year RMB private bonds with carrying amount of HK\$1,400.7 million during the current period.

Notes:

- (a) These bonds are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).
- (b) During the six months ended 30 June 2022, the Group completed bonds repurchase on the Stock Exchange for an aggregate and principal amount of US\$8.2 million.
- (c) The bonds and debentures are unlisted and subscribed by independent third parties.

- (d) The bond is listed on the Shanghai Stock Exchange.
- (e) Upon maturity in March 2022, the Group fully repaid the five-year senior unsecured bonds with outstanding principal amount of US\$203.8 million, bearing coupon interest at 4.7% per annum.

Upon maturity in April 2022 and June 2022, the Group fully repaid the super short-term debentures and the three-year unsecured bonds with outstanding principal amount of RMB1.0 billion and RMB 1.0 billion, respectively, bearing coupon interest at 3.98% and 5.2% per annum.

### 3.2.3 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	Principal amount (RMB'Million)	Carrying amount (HK\$'Million)
August 2019	Three years	August 2022	4.93%	800.0	937.3
April 2022	Three years	April 2025	4.50%	1,500.0	1,755.3
Total medium-term notes as at 30 June 2022				<u>2,300.0</u>	<u>2,692.6</u>
Total medium-term notes as at 31 December 2021					<u>979.8</u>

The medium-term notes increased from HK\$979.8 million as at 31 December 2021 to HK\$2,692.6 million as at 30 June 2022 was mainly due to the proceeds from issuance of a three-year medium-term notes with carrying amount of HK\$1,755.3 million during the current period.

#### 4. 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, long-term borrowings, issuance of bonds, debentures and medium-term notes and the asset-light strategy including disposal of aircraft. In order to meet the current rapid expansion, the Group will also consider both equity and debt financing opportunities, and establishing various aircraft investment platform like CAG and other joint ventures.

For the six months ended 30 June 2022, the objectives, policies and processes for managing capital remained largely unchanged. The Group made full use of capital leverage and the asset-light strategy to keep pace with aircraft delivery.

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

	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2022</b> <i>HK\$'Million</i>	Audited As at 31 December 2021 <i>HK\$'Million</i>	Change
Interest-bearing debts included in			
total liabilities	<b>44,194.5</b>	40,480.4	9.2%
Total liabilities	<b>47,932.1</b>	44,011.9	8.9%
Total assets	<b>53,973.5</b>	50,029.1	7.9%
Total equity	<b>6,041.5</b>	6,017.3	0.4%
Gearing ratio	<b>81.9%</b>	80.9%	1.0p.p.
Asset-liability ratio	<b>88.8%</b>	88.0%	0.8p.p.
Interest-bearing debts to equity ratio	<b>7.3:1</b>	6.7:1	9.0%

## 5. HUMAN RESOURCES

As at 30 June 2022, staff of the Group numbered 165 (30 June 2021: 156). Total remuneration of employees for the six months ended 30 June 2022 amounted to HK\$70.2 million (During the six months ended 30 June 2021: HK\$55.7 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 recognizing the contribution of eligible employees to the growth of the Group.

## 6. CONTRACTUAL OBLIGATIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

### 6.1 Contingent Liabilities

As at 30 June 2022, the Group was a guarantor of certain bank borrowings of associates and joint ventures, amounting to HK\$660.7 million (31 December 2021: HK\$681.5 million), of which HK\$275.7 million (31 December 2021: HK\$274.0 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\$385.0 million (31 December 2021: HK\$407.5 million) of these bank borrowings.

### 6.2 Capital Commitments for Aircraft Acquisition and Qualified Aircraft Leasing Activity

The Board confirms that the Company is a listed issuer 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 the Stock Exchange of Hong Kong Limited) (the “**Listing Rules**”). Acquisition or disposal of aircraft is a Qualified Aircraft Leasing Activity pursuant to the Listing Rules.

The Group’s total aircraft purchase commitment amounted to HK\$90.1 billion as at 30 June 2022 (31 December 2021: HK\$93.9 billion), representing estimated total purchase costs of the aircraft contracted to be purchased and delivered, net of PDP paid.

As at 30 June 2022, the Group had 241 aircraft in its order book, comprising 145 Airbus A320 aircraft family and 66 Boeing B737 aircraft family and 30 ARJ21 series aircraft.

During the period under review, the Group completed the delivery of 13 aircraft, which included 10 delivered aircraft under purchase and leaseback arrangements.

During the period under review, the Group completed the disposal of 2 aircraft.

## INTERIM CONSOLIDATED BALANCE SHEET

		Unaudited As at 30 June 2022 HK\$'000	Audited As at 31 December 2021 HK\$'000
<b>ASSETS</b>			
Property, plant and equipment and right-of-use assets		22,240,518	23,243,760
Investments in and loans to associates and joint ventures		1,379,707	1,273,350
Finance lease receivables – net	4	7,984,946	7,714,408
Financial assets at fair value through profit or loss	5	748,371	750,841
Derivative financial assets		153,180	114,937
Prepayments and other assets		14,152,703	11,232,542
Assets classified as held for sale		2,428,268	675,569
Aircraft components trading assets		6,087	10,136
Restricted cash		343,840	237,187
Cash and cash equivalents		4,535,909	4,776,389
<b>Total assets</b>		<b>53,973,529</b>	<b>50,029,119</b>
<b>EQUITY</b>			
Share capital		74,354	74,762
Reserves		2,292,226	1,987,850
Retained earnings		2,184,142	2,507,621
<b>Equity attributable to shareholders of the Company</b>		<b>4,550,722</b>	<b>4,570,233</b>
Perpetual capital securities and other non-controlling interests		1,490,737	1,447,022
<b>Total equity</b>		<b>6,041,459</b>	<b>6,017,255</b>
<b>LIABILITIES</b>			
Deferred income tax liabilities		944,883	898,240
Borrowings	6	37,166,221	32,477,860
Medium-term notes	7	2,692,566	979,816
Bonds and debentures	8	4,335,726	7,022,708
Derivative financial liabilities		10,801	143,226
Income tax payables		37,007	40,274
Interest payables		224,609	210,268
Other liabilities and accruals		2,520,257	2,239,472
<b>Total liabilities</b>		<b>47,932,070</b>	<b>44,011,864</b>
<b>Total equity and liabilities</b>		<b>53,973,529</b>	<b>50,029,119</b>

## INTERIM CONSOLIDATED STATEMENT OF INCOME

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2022</b>	<b>2021</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Total revenue</b>			
<b>Lease income</b>			
Finance lease income		<b>284,403</b>	265,253
Operating lease income		<b>1,369,364</b>	890,707
	9	<b>1,653,767</b>	1,155,960
<b>Other operating income</b>			
Net income from aircraft transactions and aircraft components trading	10	<b>66,492</b>	177,921
Other income	11	<b>170,532</b>	251,362
		<b>1,890,791</b>	1,585,243
<b>Expenses</b>			
Interest expenses		<b>(757,857)</b>	(577,097)
Depreciation		<b>(590,692)</b>	(375,947)
Expected credit losses		<b>(51,834)</b>	(45,699)
Other operating expenses		<b>(140,600)</b>	(117,359)
		<b>(1,540,983)</b>	(1,116,102)
<b>Net write-off of two aircraft remained in Russia</b>		<b>(439,029)</b>	–
<b>Share of results from associates and joint ventures</b>		<b>1,800</b>	–
<b>Other gains/(losses), net</b>	12	<b>118,363</b>	(14,872)
<b>Profit before income tax</b>		<b>30,942</b>	454,269
Income tax expenses	13	<b>(101,381)</b>	(100,819)
<b>(Loss)/Profit for the period</b>		<b>(70,439)</b>	353,450
<b>(Loss)/Profit attributable to</b>			
Shareholders of the Company		<b>(130,160)</b>	302,611
Holders of perpetual capital securities and other non-controlling interests		<b>59,721</b>	50,839
		<b>(70,439)</b>	353,450
<b>(Losses)/Earnings per share for (loss)/profit attributable to shareholders of the Company (expressed in HK\$ per share)</b>			
– Basic (losses)/earnings per share	14(a)	<b>(0.175)</b>	0.421
– Diluted (losses)/earnings per share	14(b)	<b>(0.175)</b>	0.421

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>(Loss)/Profit for the period</b>	<u><b>(70,439)</b></u>	<u>353,450</u>
<b>Other comprehensive income for the period:</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Cash flow hedges	<b>249,339</b>	100,709
Currency translation differences	<u><b>53,042</b></u>	<u>23,378</u>
	<u><b>302,381</b></u>	<u>124,087</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Currency translation differences attributed to non-controlling interests	<u><b>(279)</b></u>	<u>2,619</u>
<b>Total other comprehensive income for the period, net of tax</b>	<u><b>302,102</b></u>	<u>126,706</u>
<b>Total comprehensive income for the period</b>	<u><b>231,663</b></u>	<u>480,156</u>
<b>Total comprehensive income for the period attributable to</b>		
Shareholders of the Company	<b>172,221</b>	426,698
Holder of perpetual capital securities and other non-controlling interests	<u><b>59,442</b></u>	<u>53,458</u>
	<u><b>231,663</b></u>	<u>480,156</u>

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited					Total equity HK\$'000
	Attributable to shareholders of the Company				Perpetual capital securities and other non- controlling interests HK\$'000	
	Share capital HK\$'000	Reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000		
<b>Balance as at 1 January 2022</b>	<b>74,762</b>	<b>1,987,850</b>	<b>2,507,621</b>	<b>4,570,233</b>	<b>1,447,022</b>	<b>6,017,255</b>
<b>Comprehensive income</b>						
(Loss)/profit for the period	–	–	(130,160)	(130,160)	59,721	(70,439)
<b>Other comprehensive income</b>						
Cash flow hedges	–	249,339	–	249,339	–	249,339
Currency translation differences	–	53,042	–	53,042	(279)	52,763
<b>Total comprehensive income/(loss)</b>	<b>–</b>	<b>302,381</b>	<b>(130,160)</b>	<b>172,221</b>	<b>59,442</b>	<b>231,663</b>
<b>Transaction with shareholders and non-controlling interests</b>						
Dividends (Note 15)	–	–	(193,319)	(193,319)	–	(193,319)
Dividends distributed to perpetual capital securities	–	–	–	–	(15,727)	(15,727)
Cancellation of shares	(408)	495	–	87	–	87
Share option scheme: – Value of services	–	1,500	–	1,500	–	1,500
<b>Total transactions with shareholders and non-controlling interests</b>	<b>(408)</b>	<b>1,995</b>	<b>(193,319)</b>	<b>(191,732)</b>	<b>(15,727)</b>	<b>(207,459)</b>
<b>Balance as at 30 June 2022</b>	<b>74,354</b>	<b>2,292,226</b>	<b>2,184,142</b>	<b>4,550,722</b>	<b>1,490,737</b>	<b>6,041,459</b>
<b>Balance as at 1 January 2021</b>	72,000	1,585,478	2,235,560	3,893,038	1,522,731	5,415,769
<b>Comprehensive income</b>						
Profit for the period	–	–	302,611	302,611	50,839	353,450
<b>Other comprehensive income</b>						
Cash flow hedges	–	100,709	–	100,709	–	100,709
Currency translation differences	–	23,378	–	23,378	2,619	25,997
<b>Total comprehensive income</b>	<b>–</b>	<b>124,087</b>	<b>302,611</b>	<b>426,698</b>	<b>53,458</b>	<b>480,156</b>
<b>Transaction with shareholders and non-controlling interests</b>						
Dividends	–	–	(144,001)	(144,001)	–	(144,001)
Dividends distributed to perpetual capital securities	–	–	–	–	(87,089)	(87,089)
Buy-back of shares	(251)	(15,835)	–	(16,086)	–	(16,086)
<b>Total transactions with shareholders and non-controlling interests</b>	<b>(251)</b>	<b>(15,835)</b>	<b>(144,001)</b>	<b>(160,087)</b>	<b>(87,089)</b>	<b>(247,176)</b>
<b>Balance as at 30 June 2021</b>	<b>71,749</b>	<b>1,693,730</b>	<b>2,394,170</b>	<b>4,159,649</b>	<b>1,489,100</b>	<b>5,648,749</b>

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cash flows from operating activities</b>		
Profit before income tax	<b>30,942</b>	454,269
Adjustments for:		
– Depreciation	<b>590,692</b>	375,947
– Net income from aircraft transactions	<b>(64,756)</b>	(175,415)
– Expected credit losses	<b>51,834</b>	45,699
– Net write-off of two aircraft remained in Russia	<b>439,029</b>	–
– Interest expenses	<b>757,857</b>	577,097
– Share-based payments	<b>1,500</b>	–
– Unrealised currency exchange (gains)/losses	<b>(193,958)</b>	67,778
– Fair value losses/(gains) on interest rate swaps, currency swap and currency forward contracts	<b>80,189</b>	(20,543)
– Share of results from associates and joint ventures	<b>(1,800)</b>	–
– Gain on repurchase of bonds	–	(3,166)
– Interest income	<b>(57,121)</b>	(52,270)
– Fair value gains on financial assets at fair value through profit or loss	<b>(18,364)</b>	(20,153)
	<b>1,616,044</b>	1,249,243
Changes in working capital:		
– Finance lease receivables – net	<b>(221,569)</b>	(246,570)
– Prepayments and other assets	<b>(100,899)</b>	170,041
– Aircraft components trading assets	<b>4,049</b>	(6,139)
– Other liabilities and accruals	<b>224,623</b>	91,458
Cash generated from operations	<b>1,522,248</b>	1,258,033
Income taxes paid	<b>(62,689)</b>	(29,676)
Net cash flows generated from operating activities	<b>1,459,559</b>	1,228,357

**Unaudited**  
**Six months ended 30 June**  
**2022**                      **2021**  
*HK\$'000*                      *HK\$'000*

**Cash flows from investing activities**

Purchase of property, plant and equipment	<b>(1,468,604)</b>	(700,738)
Proceeds from disposal of aircraft	<b>1,111,281</b>	946,887
Pre-Delivery Payments (“PDP”) and prepayments paid for acquisition of aircraft	<b>(5,128,287)</b>	(1,058,202)
PDP refunded for acquisition of aircraft	<b>947,304</b>	399,989
Interest received	<b>61,192</b>	52,270
Investment in financial assets at fair value through profit or loss	<b>(3,136)</b>	–
Proceeds from distribution of financial assets at fair value through profit or loss	<b>28,698</b>	1,602
Investment in associates and joint ventures	<b>(5,057)</b>	–
Payments relating to loans to associates and joint ventures	<b>(141,044)</b>	(191,743)
Repayments of the loans to associates and joint ventures	<b>22,473</b>	15,626
	<hr/>	<hr/>
Net cash flow used in investing activities	<b>(4,575,180)</b>	(534,309)

**Cash flows from financing activities**

Proceeds from borrowings	<b>10,847,022</b>	6,851,889
Issue of notes, bonds and debentures, net of transaction costs	<b>3,308,567</b>	271,348
Repayments of borrowings	<b>(6,238,678)</b>	(6,519,938)
Repurchase and repayment of bonds and debentures, including transaction costs	<b>(4,041,501)</b>	(1,848,693)
Repayment of lease liabilities	<b>(7,499)</b>	(7,877)
Interest paid in respect of derivative financial instruments	<b>(54,458)</b>	(69,310)
Interest paid in respect of borrowings, notes and bonds and debentures	<b>(777,307)</b>	(752,827)
Increase in deposits pledged in respect of borrowings	<b>(245,229)</b>	(444,235)
Decrease in deposits pledged in respect of derivative financial instruments	<b>138,480</b>	107,172
Buy-back of shares, including transaction costs	<b>–</b>	(16,086)
	<hr/>	<hr/>
Net cash flows generated from/(used in) financing activities	<b>2,929,397</b>	(2,428,557)

Net decrease in cash and cash equivalents	<b>(186,224)</b>	(1,734,509)
Cash and cash equivalents at beginning of the period	<b>4,776,389</b>	4,877,557
Currency exchange difference on cash and cash equivalents	<b>(54,256)</b>	12,538
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the period</b>	<b>4,535,909</b>	3,155,586

## NOTES

### 1 GENERAL INFORMATION

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, Umland House, Grand Cayman KY1-1104, Cayman Islands. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 11 July 2014 (the "**Listing**").

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

The interim condensed consolidated financial information for the six months ended 30 June 2022 ("**Interim Financial Information**") is presented in Hong Kong Dollar ("**HK\$**"), unless otherwise stated.

The Interim Financial Information has been reviewed, not audited.

### 2 BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**") "Interim financial reporting". The Interim Financial Information should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") and included in the 2021 annual report of the Company.

#### **Going concern**

As at 30 June 2022, the Group's current liabilities exceeded its current assets by HK\$7,524.1 million. The Group had total capital commitments of HK\$90,126.0 million as at 30 June 2022, which mainly related to acquisition of aircraft that will be delivered in stages in the coming years till the end of 2027. Out of the total capital commitments, HK\$9,916.8 million is forecasted to be incurred and payable within one year based on the current delivery schedule and forecasted delivery schedule with the Original Equipment Manufacturers ("**OEMs**"), including Pre-Delivery Payments ("**PDP**") of HK\$3,321.2 million scheduled and forecasted to be paid in the next twelve months from 30 June 2022 in accordance with the relevant aircraft purchase agreements. The Group will satisfy these capital commitments through the Group's internal resources, available banking facilities and may also require additional aircraft project loans which usually can only be confirmed by the relevant banks shortly before the delivery of the aircraft. As at 30 June 2022, the Group had cash and bank balances of HK\$4,879.7 million and undrawn borrowing facilities of HK\$6,168.4 million.

During the years 2020 to 2022, Covid-19 and responsive travel restrictions imposed by the governments have caused economic disruption, a reduction in air passenger traffic and demand for commercial aircraft globally, which have a negative effect on the business operation and financial condition of certain airline customers of the Group. The Group experienced delay in lease payments from a few airline customers during the six months ended 30 June 2022. Moreover, the Group also adjusted the delivery schedules of new aircraft and agreed to defer lease payments due to the impact of Covid-19.

The Group will need to secure a substantial amount of funds in the foreseeable future to finance these financial obligations and capital expenditures under contractual and other arrangements. The directors have given due and careful consideration to the liquidity of the Group and its available sources of financing in assessing whether the Group has sufficient working capital for its present requirements, covering a period of not less than twelve months from 30 June 2022. The directors have taken into account the following plans and measures for the purposes of their assessment:

- The Group had continuous communication of anticipated changes in the delivery schedule with the OEMs and had been successful to adjust the delivery schedules in the past and during Covid-19 pandemic. Apart from the ordinary reschedule flexibility under the purchase agreements, the OEMs may accommodate slot rearrangement and deferral of corresponding payment requests with specific circumstances after mutual discussion in good faith. Based on its experience, the Group is confident that it would be able to obtain the consent from the OEMs on rescheduling and slot rearrangement requests in the next twelve months from 30 June 2022 as and when needed.
- 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 only be confirmed by the banks before the delivery of the relevant aircraft. Besides, the Group sometimes finances the new aircraft with internal resources or short-term bridging financing and the Group may obtain refinancing for these aircraft through new aircraft project loans. During the six months ended 30 June 2022, the Group has obtained 22 aircraft project loan facilities of US\$681.7 million (approximately equivalent to HK\$5,334.6 million) from certain onshore and offshore banks and financial institutions. The Group will continue to arrange aircraft project loan facilities from time to time and has concluded three aircraft project loan facility subsequent to 30 June 2022. Based on these aircraft project loan arrangements, the directors are of the view that the Group will be able to obtain the necessary aircraft project loans as and when required in the next twelve months from 30 June 2022.
- The payment schedule of the PDP is subject to a number of factors including delivery schedule which in turn, in some cases, is subject to the approvals from the relevant aviation authorities. The Group forecasted the PDP payment schedule based on their experience and industry knowledge. The directors are of the view that they are able to negotiate with the OEMs from time to time to manage the payment schedule of PDP under specific circumstances. The Group had PDP financing facilities from certain banks to provide financing to the Group to satisfy all the forecasted committed PDP payments of HK\$3,321.2 million in the next twelve months from 30 June 2022.
- As at 30 June 2022, the Group had working capital loan and revolving loan facilities of HK\$7,165.9 million out of which HK\$5,978.4 million has been utilised. The directors are confident that the Group can drawdown the remaining unutilised loan facilities of HK\$1,187.5 million as and when required and will be able to renew substantially all the existing revolving facilities.

- The Group is also pursuing other sources of financing, including issuance of bonds and medium-term notes, as well as other debt and capital financing. In February and April 2022, the Group completed the issuance of private bonds of RMB1.2 billion and medium-term notes of RMB1.5 billion in China. The Group will review the market conditions and consider to issue the RMB super short-term debentures, RMB medium-term notes and US\$ bonds under the MTN programme if appropriate. Based on the credit profile of the Group, the successful history of issuance of similar debt instruments, the directors are confident that the Group will be able to issue the relevant debt instruments and obtain the required financing as and when required.
- The Group has been preserving the multi-faceted development of its asset-light business model through establishment and management of aviation-related funds and joint venture companies, while at the same time, building up network buyers that will acquire aircraft from its aircraft portfolio. As part of its normal course of business, the Group continues to expand its portfolio trading business and it has scheduled certain aircraft to be disposed of in the next twelve months from 30 June 2022, of which the Group has signed letters of intent or sale and purchase agreements for the disposals of eight aircraft. During the six months ended 30 June 2022, the Group completed two aircraft disposals and received proceeds from relevant disposals of HK\$328.6 million. Based on the Group's experience in aircraft portfolio trading in previous years, the directors are confident that the scheduled disposals of aircraft in the next twelve months from 30 June 2022 will be completed, and the proceeds will be collected according to the expected schedule in the next twelve months from 30 June 2022.
- The Group is closely monitoring the impact of Covid-19 on its airline customers and communicated with those airline customers to work out mutually agreeable solution if required. The Group is also closely monitoring the collection and urge these airline customers to settle the deferral lease rent according to the schedule. The directors are of the view that the international passengers' travel demand under the global aviation industry is gradually recovering from the impact of Covid-19. In relation to the aviation industry in China, the Chinese government has successively issued a number of policies and measures to support the recovery of the aviation industry in China. Recently, China's three major airline companies have placed order in large quantity on Airbus A320 NEO family, which demonstrated a positive signal of long term demand recovery in China's aviation industry. And such recovery trend emerged in late first half of 2022. The Group expects there will not be any material deterioration in the operating cashflow in the next twelve months from 30 June 2022.

The directors are of the opinion that, in the absence of unforeseeable circumstances and after taking into account the Group's internal resources, continued availability of existing banking facilities for working capital and PDP payments, the cash flows generated from its business operations, the successful rescheduling of delivery schedules for new aircraft, the successful execution of its plans in obtaining the aircraft project loans from the banks and financial institutions, the successful issuance of debt instruments and the successful disposals of aircraft as planned, the Group has sufficient working capital for its present requirements in the next twelve months from 30 June 2022. 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 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the Group's consolidated financial statements for the year ended 31 December 2021.

#### New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2022:

Property, Plant and Equipment: Proceeds before intended use – Amendments to HKAS 16  
Reference to the Conceptual Framework – Amendments to HKFRS 3  
Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37  
Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations (AG 5)  
Annual Improvements to HKFRS Standards 2018 – 2020

Management's preliminary assessment is that the application of the above standards, interpretations and amendments will not have a material impact on the Group.

### 4 FINANCE LEASE RECEIVABLES – NET

	Unaudited As at 30 June 2022 HK\$'000	Audited As at 31 December 2021 HK\$'000
Lease payments receivables		
– Not later than 1 year	131,752	128,815
– Later than 1 year but not later than 2 years	209,449	126,887
– Later than 2 years but not later than 3 years	249,419	204,456
– Later than 3 years but not later than 4 years	1,691,458	1,085,977
– Later than 4 years but not later than 5 years	1,708,437	1,844,533
– Later than 5 years	1,587,132	2,198,585
Total	5,577,647	5,589,253
Less: Unearned finance lease income relating to lease payment receivables	(1,446,583)	(1,569,171)
Present value of lease payment receivables	4,131,064	4,020,082
Add: Present value of unguaranteed residual value	3,861,581	3,704,444
Net investment in leases	7,992,645	7,724,526
Less: Accumulated expected credit losses allowance	(7,699)	(10,118)
Finance lease receivables – net	7,984,946	7,714,408

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

	Unaudited		Audited	
	As at 30 June 2022		As at 31 December 2021	
	HK\$'000	%	HK\$'000	%
Categorised by customer in terms of lease receivables:				
Five largest airline companies	<b>5,865,093</b>	<b>73%</b>	5,665,273	73%
Others	<b>2,119,853</b>	<b>27%</b>	2,049,135	27%
Finance lease receivables – net	<b><u>7,984,946</u></b>	<b><u>100%</u></b>	<b><u>7,714,408</u></b>	<b><u>100%</u></b>

## 5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited	Audited
	As at 30 June 2022	As at 31 December 2021
	HK\$'000	HK\$'000
Long-term investments – CAG Bermuda I Limited (“CAG”) (Note)	<b>745,227</b>	750,841
Others	<b><u>3,144</u></b>	<u>–</u>
	<b><u>748,371</u></b>	<b><u>750,841</u></b>

Note:

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.

## 6 BORROWINGS

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Bank and other borrowings</b>		
Bank and other borrowings for aircraft acquisition financing (a)	<b>18,909,592</b>	15,514,817
PDP financing (b)	<b>7,267,986</b>	6,303,373
Other unsecured bank borrowings (c)	<b>5,944,363</b>	5,600,145
	<b>32,121,941</b>	27,418,335
<b>Long-term borrowings</b>		
Borrowings from trust plans (d)	<b>4,662,718</b>	4,689,311
Other borrowings (e)	<b>381,562</b>	370,214
	<b>5,044,280</b>	5,059,525
	<b>37,166,221</b>	32,477,860

### Bank and other borrowings

- (a) Bank and other borrowings for aircraft acquisition financing are principally based on fixed or floating rates (including US\$ London Interbank Offered Rate, US\$ Secured Overnight Financing Rate and RMB Loan Prime Rate). As at 30 June 2022, 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 pledge of deposits amounting to HK\$290,982,000 (31 December 2021: HK\$46,498,000). As at 30 June 2022, bank and other borrowings of HK\$3,496,396,000 (31 December 2021: HK\$1,855,308,000) were unsecured.
- (b) As at 30 June 2022, PDP financing of HK\$7,267,986,000 (31 December 2021: HK\$5,929,576,000) was unsecured, of which HK\$6,616,959,000 (31 December 2021: HK\$5,929,576,000) was guaranteed by the Company. All PDP financing as at 30 June 2022 were unsecured. Remaining PDP financing as at 31 December 2021 was secured by certain rights and benefits in respect of the acquisition of the aircraft, and guarantees from certain companies of the Group.
- (c) As at 30 June 2022, the Group had other unsecured bank borrowings of HK\$5,944,363,000 (31 December 2021: HK\$5,600,145,000), of which HK\$4,296,619,000 (31 December 2021: HK\$4,586,834,000) were guaranteed by the Company or certain companies of the Group.

The Group has the following undrawn borrowing facilities:

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at 31
	<b>30 June</b>	December
	<b>2022</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
– Expiring within one year	<b>854,484</b>	335,275
– Expiring beyond one year	<b>5,313,948</b>	2,781,717
	<b><u>6,168,432</u></b>	<b><u>3,116,992</u></b>

### Long-term borrowings

- (d) As at 30 June 2022, 46 borrowings (31 December 2021: 46 borrowings) were provided to the Group by investors under trust plans or an asset-backed securities programme (both are in relation to the disposals of finance lease receivable transactions). The effective average interest rates of the long-term borrowings range from 3.5% to 7.8% (31 December 2021: 3.5% to 7.8%) per annum for remaining terms of two to eight years (31 December 2021: two to eight years). These long-term borrowings are secured by the shares of, and the aircraft held by the relevant subsidiaries, guaranteed by certain companies of the Group, and pledge of deposits amounting to HK\$44,414,000 (31 December 2021: HK\$44,133,000).
- (e) As at 30 June 2022, four borrowings (31 December 2021: four borrowings) were obtained through a structured financing arrangement for four aircraft (31 December 2021: four aircraft) delivered to airlines. These borrowings bear an effective interest rate ranging from 3.9% to 5.7% (31 December 2021: 3.9% to 5.7%) per annum for their remaining terms of three to four years (31 December 2021: three to four years) and are guaranteed by the Company.

## 7 MEDIUM-TERM NOTES

In August 2019, the Group issued three-year senior unsecured medium-term notes in a principal amount of RMB800 million due in 2022, bearing coupon interest at 4.93% per annum.

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.

As at 30 June 2022, after deducting the issuing cost, the total carrying amount of these notes was HK\$2,692,566,000 (31 December 2021: HK\$979,816,000).

## 8 BONDS AND DEBENTURES

In March 2017, the Group issued five-year senior unsecured bonds of US\$300 million due in 2022. The bonds bore coupon interest at 4.7% per annum and were payable semi-annually. These bonds were listed on the Stock Exchange and were guaranteed by the Company. These bonds had been fully repaid on maturity.

In March 2017, the Group issued seven-year senior unsecured bonds of US\$200 million due in 2024. The bonds bear coupon interest at 5.5% per annum and are payable semi-annually. These bonds were listed on the Stock Exchange and are guaranteed by the Company.

In June 2019, the Group issued three-year RMB1.0 billion unsecured bonds due in 2022, bearing coupon rate of 5.2% per annum. These bonds were listed on the Shanghai Stock Exchange. These bonds had been fully repaid on maturity.

In November 2020, the Group entered into a subscription agreement with an independent third party in relation to the issuance of five-year US\$70 million senior unsecured bonds, of which US\$35 million were issued in November 2020 and due in 2025 and US\$35 million were issued in January 2021 and due in 2026. The bonds bear coupon interest at 5.9% per annum, payable semi-annually.

In July 2021, the Group issued RMB1.0 billion super short-term debentures with a term of 270 days at the coupon rate of 3.98%. These debentures had been fully repaid on maturity.

In August 2021, the Group issued three-year unsecured bonds, 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 RMB100 million due in 2024, bearing coupon rate of 4.2% per annum. These bonds were listed on the Shanghai Stock Exchange.

In December 2021, the Group issued three-year US\$100 million unsecured guaranteed notes due in 2024, bearing coupon interest at 4.85% per annum. These notes were guaranteed by the Company and were listed on the Stock Exchange.

In February 2022, the Group issued three-year RMB1.2 billion private bonds due in 2025, bearing coupon rate of 4.4% per annum.

During the six months ended 30 June 2022, the Group repurchased certain amount of bonds on the Stock Exchange for an aggregate amount of US\$8,200,000.

As at 30 June 2022, the total carrying amount of bonds and debentures was HK\$4,335,726,000 (31 December 2021: HK\$7,022,708,000).

## 9 LEASE INCOME AND SEGMENT INFORMATION

During the six months ended 30 June 2022, the Group was engaged for the provision of aircraft leasing services to global airline companies. The Group leases its aircraft to airline companies under finance leases or operating leases under which it receives rentals.

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

	<b>Unaudited</b>			
	<b>Six months ended 30 June</b>			
	<b>2022</b>		<b>2021</b>	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Categorised by customer in terms of lease income:				
Airline company – A	<b>379,186</b>	<b>23%</b>	133,253	12%
Airline company – B	<b>166,038</b>	<b>10%</b>	115,819	10%
Airline company – C	<b>114,916</b>	<b>7%</b>	170,827	15%
Airline company – D	<b>90,799</b>	<b>6%</b>	2,846	–
Airline company – E	<b>88,832</b>	<b>5%</b>	26,044	2%
Others	<b>813,996</b>	<b>49%</b>	707,171	61%
Total finance and operating lease income	<b><u>1,653,767</u></b>	<b><u>100%</u></b>	<b><u>1,155,960</u></b>	<b><u>100%</u></b>

## 10 NET INCOME FROM AIRCRAFT TRANSACTIONS AND AIRCRAFT COMPONENTS TRADING

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Aircraft transactions (a)	<b>64,756</b>	175,415
Aircraft components trading (b)	<b>1,736</b>	2,506
	<b><u>66,492</u></b>	<b><u>177,921</u></b>

### (a) Aircraft transactions

The net gain from aircraft transactions for the six months ended 30 June 2021 included disposals of two aircraft to the wholly-owned special purpose vehicles of Everbright Financial Leasing Co., Ltd. and the disposal of two aircraft to third parties.

The net gain from aircraft transactions for the six months ended 30 June 2022 included disposals of two aircraft to third parties.

**(b) Aircraft components trading**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Sales from aircraft components trading assets	<b>6,651</b>	26,118
Less: Cost of aircraft components trading assets	<b>(4,915)</b>	(23,612)
	<hr/>	<hr/>
Profit from aircraft components trading assets	<b>1,736</b>	2,506
	<hr/>	<hr/>

**11 OTHER INCOME**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Government grants (a)	<b>94,880</b>	88,561
Bank interest income	<b>4,391</b>	3,434
Interest income from loans to associates and joint ventures	<b>52,730</b>	48,836
Asset management service fees income from CAG and its subsidiaries	<b>8,393</b>	8,402
Incidental income and others (b)	<b>10,138</b>	102,129
	<hr/>	<hr/>
	<b>170,532</b>	251,362
	<hr/>	<hr/>

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

(b) Incidental income and others were mainly related to amounts received from a manufacturer and suppliers incidental to aircraft purchases, net gains from bonds repurchase and government wage subsidies under a job support scheme.

**12 OTHER GAINS/(LOSSES), NET**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Unrealised losses on a currency swap	(1,040)	(3,127)
Currency exchange losses in US\$	(12,569)	(13,065)
Currency exchange gains/(losses) in RMB	192,757	(42,503)
Fair value (losses)/gains on currency forward contracts in RMB	(83,082)	17,174
Fair value gains on interest rate swaps	3,933	6,496
Fair value gains on financial assets at fair value through profit or loss	18,364	20,153
	<u>118,363</u>	<u>(14,872)</u>

**13 INCOME TAX EXPENSES**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current income tax:		
Mainland China, Hong Kong and others	59,422	27,127
Deferred income tax	41,959	73,692
	<u>101,381</u>	<u>100,819</u>

**14 (LOSSES)/EARNINGS PER SHARE****(a) Basic**

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2022 and 30 June 2021.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
(Loss)/Profit attributable to shareholders of the Company (HK\$'000)	(130,160)	302,611
Weighted average number of ordinary shares in issue (number of shares in thousands)	<u>743,535</u>	<u>719,354</u>
Basic (losses)/earnings per share (HK\$ per share)	<u>(0.175)</u>	<u>0.421</u>

**(b) Diluted**

Diluted (losses)/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 30 June 2022 and as at 30 June 2021, 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 (losses)/earning per share for the six months ended 30 June 2022 and 30 June 2021.

**15 DIVIDENDS**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared of HK\$0.15 (2021: HK\$0.15) per ordinary share	<u><b>111,653</b></u>	<u>110,032</u>

On 24 August 2021, the Group declared an interim dividend of HK\$0.15 per ordinary share totalling HK\$110.0 million which was paid by cash of HK\$33.7 million and by share issuance of HK\$76.3 million in November 2021.

A final dividend of HK\$0.26 per ordinary share totalling HK\$193.3 million (including cash dividend and scrip dividend) for the year ended 31 December 2021 was declared and was reflected as dividend payable as at 30 June 2022.

On 24 August 2022, the Board declared an interim dividend of HK\$0.15 per ordinary share totalling HK\$111.7 million, which is calculated based on 744,355,352 issued shares as at 24 August 2022. The declared dividend is not reflected as a dividend payable in the consolidated financial statements as at 30 June 2022, and will be reflected as an appropriation of retained earnings for the year ending 31 December 2022.

## **INTERIM DIVIDEND**

The Board has declared the payment of an interim dividend of HK\$0.15 per share in respect of the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$0.15 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 29 September 2022. The 2022 interim dividend will be paid on or about 31 October 2022.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the Shareholders’ entitlement to the interim dividend, the Register of Members will be closed from 27 September 2022 to 29 September 2022, both days inclusive, during which period, no transfer of shares will be registered. The record date on which the Shareholders are qualified to receive the interim dividend is 29 September 2022. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 26 September 2022.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES**

During the six months ended 30 June 2022, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company’s listed shares.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Board is committed to maintaining good corporate governance standards. The Group acknowledges the vital importance of good corporate governance to the Group’s success and sustainability.

The Board is also committed to achieving a high standard of corporate governance as an essential component of quality and has applied corporate governance practices appropriate to the conduct and growth of business of the Group.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to formulate its business strategies and policies, and to enhance its transparency, accountability and shareholder value.

The Company has adopted the principles as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules as its corporate governance practices.

The Company has complied with all Code Provisions as set out in the CG Code during the six months ended 30 June 2022.

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

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 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 six months ended 30 June 2022.

## **AUDIT COMMITTEE AND REVIEW OF THE FINANCIAL STATEMENTS**

As at the date of this announcement, the Company’s Audit Committee consisted of Mr. CHEOK Albert Saychuan (chairman of the Audit Committee), Mr. FAN Yan Hok, Philip and Dr. TSE Hiu Tung, Sheldon, all of them are independent non-executive Directors. During the period under review, the Audit Committee has reviewed with the management team and PricewaterhouseCoopers (“**PwC**”), 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 unaudited consolidated financial statements of the Group for the six months ended 30 June 2022.

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2022 have been reviewed by PwC in accordance with Hong Kong Standard on Review Engagements 2410 “*Review of Interim Financial Information performed by the Independent Auditor of the Entity*” issued by the Hong Kong Institute of Certified Public Accountants. PwC’s review report is included in the 2022 interim report to be sent to the Shareholders.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the websites of the Company (www.calc.com.hk) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The 2022 interim report will be despatched to the Shareholders and available on the same websites in due course.

By order of the Board  
**China Aircraft Leasing Group Holdings Limited**  
**POON HO MAN**  
*Executive Director and Chief Executive Officer*

Hong Kong, 24 August 2022

*As at the date of this announcement, (i) the Executive Directors are Dr. ZHAO Wei, Mr. POON Ho Man and Ms. LIU Wanting; (ii) the Non-executive Director is Mr. WANG Hongyang; and (iii) the Independent Non-executive Directors are Mr. FAN Yan Hok, Philip, Mr. CHEOK Albert Saychuan and Dr. TSE Hiu Tung, Sheldon.*