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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 2024

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 2024 as follows:

### FINANCIAL HIGHLIGHTS

	For the six months ended		Change
	30 June		
	2024	2023	
	HK\$'Million	HK\$'Million	
<b>Total revenue</b>	<b>2,528.1</b>	2,326.3	+8.7%
<b>Profit attributable to shareholders of the Company</b>	<b>131.7</b>	201.2	-34.5%
<b>Profit for the period</b>	<b>185.6</b>	306.9	-39.5%
<b>EBITDA</b>	<b>2,481.3</b>	2,284.6	+8.6%
<b>Cash and cash equivalents</b>	<b>6,114.5</b> <sup>Note 1</sup>	5,295.9 <sup>Note 2</sup>	+15.5%
<b>Earnings per share (Basic) (HK\$)</b>	<b>0.177</b>	0.270	-34.4%
<b>Interim dividend per share (HK\$)</b>	<b>0.12</b>	0.15	-20.0%

Note 1: As at 30 June 2024

Note 2: As at 31 December 2023

## INTERIM BUSINESS REVIEW

The global aviation market followed steady upward trend in the first half of 2024. The latest data from the International Air Transport Association (IATA) suggested a 9.1% year-on-year growth in total global air traffic (measured in revenue passenger kilometers or RPKs) in June 2024, with passenger load factor rising to 85%, driven by strong international demand. The China aviation market has also continued to improve, with domestic traffic restoring to normal growth and the international traffic rebounding to over 80% the level of the same period in 2019. However, headwinds such as rising aircraft safety incidents, continued supply chain disruptions, and the delayed Federal Reserve (Fed) rate cuts also posed certain challenges to the aviation industry.

The Group has adhered to prudent strategies, clutching opportunities arose, and achieved an overall steady operation and financial performance in the first half of the year. For the six months ended 30 June 2024 (the “**Review Period**”), the Group’s total revenue was HK\$2,528.1 million, representing an increase of 8.7% from the same period of last year (1H 2023: HK\$2,326.3 million). Profit attributable to shareholders of the Company for the Review Period amounted to HK\$131.7 million (1H 2023: HK\$201.2 million), representing a decrease from the same period of last year. Earnings per share was HK\$0.177 (1H 2023: HK\$0.270).

The Board has resolved to declare an interim dividend of HK\$0.12 per ordinary share (1H 2023: HK\$0.15), totaling HK\$89.4 million.

## QUALITY ORDER BOOK ASSETS

As one of the few lessors worldwide that is capable of direct aircraft procurement from aircraft original equipment manufacturers (**OEMs**), the Group has continuously facilitated the development of China-made aircraft in terms of its global reach and commercialization on top of its orders of new-generation fuel-efficient aircraft placed long ago. During the Review Period, the Group delivered the third ARJ21 aircraft to Indonesia’s Transnusa Airlines by leasing export. It is also worth mentioning that this is the Group’s first RMB denominated export leasing transaction as well as China’s first cross-border leasing of a China-made aircraft settled in offshore Chinese yuan. As at 30 June 2024, the Group had a total of 129 aircraft on backlog, including 102 Airbus and 27 COMAC aircraft. According to the data of Cirium, a consulting firm focused on the aviation market, as at 30 June 2024, the Group was ranked seventh among global lessors by number of aircraft in its order book.

## **HIGHLY LIQUID FLEET PORTFOLIO**

During the Review Period, the Group continued to optimize its fleet portfolio through its quality order book, delivering a total of 12 new aircraft to airline customers, most of which were new-generation, fuel-efficient Airbus models. Meanwhile, in response to the recovery of the aircraft trading market, the Group signed a total of 17 aircraft sales and purchase agreements (SPAs) during the Review Period, and successfully completed the disposal of five of these aircraft, catering for the needs of investors with various preferences. As at 30 June 2024, the Group's fleet size reached 199 aircraft, including 172 owned aircraft and 27 managed aircraft.

During the Review Period, the Group has maintained a highly liquid and modern fleet portfolio. As at 30 June 2024, by number of aircraft, over 90% of the Group's owned fleet were narrow-body models, a highly liquid and in-demand asset class in the market where its overall asset value continues to rise. With its quality fleet assets, as at 30 June 2024, except for one aircraft involving a Russian airline and two repossessed aircraft under negotiation, all the Group's owned fleet have been mandated for lease. As at 30 June 2024, the average age of the Group's owned fleet was 8.1 years, and the average remaining lease term was 5.9 years.

## **GLOBAL AIRLINES CUSTOMERS**

The Group has always maintained a leading position in the PRC market. As at 30 June 2024, by number of aircraft, 68% of the Group's owned fleet were leased to Chinese airlines customers (including Hong Kong, Macau and Taiwan), most of which were state-owned airlines with strong financial strength. At the same time, the Group continued to actively expand its quality clientele worldwide. During the Review Period, the Group has successfully achieved its first cooperation with global top-tier airlines such as Lufthansa Group, South African Airways, and Cebu Pacific Air, by repossession and redelivery as well as re-marketing upon first lease expiry. This has further optimized and diversified the geographical mix of its customer base. Benefiting from the continuous improvement in the overall client profiles and their business performance, the overall rent collection ratio of the Group for the Review Period amounted to 101.3%.

As at 30 June 2024, the Group's entire customer base, including both owned and managed aircraft, had been enlarged to 42 airlines widely spread over 22 countries and regions. In terms of order book placement, all aircraft scheduled for delivery before December 2025 have been mandated for lease, more than half of which will be leased to overseas airline customers. The proportion of the Group's overseas customers is expected to further increase.

## **DIVERSIFIED FINANCING CHANNELS**

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

During the Review Period, total new facilities obtained and renewed facilities exceeded HK\$17 billion, including aircraft loans, Pre-Delivery Payments (PDP) financing and RMB bonds, etc., providing strong support for the Group's business development. As at 30 June 2024, the Group had cash and cash equivalents of HK\$6,114.5 million and undrawn borrowing facilities of HK\$2,299.4 million. The total balance of cash and cash equivalents as well as undrawn borrowing facilities amounted to HK\$8,413.9 million.

In terms of bond issuance, during the Review Period, in view of the relatively low and stable interest rate environment and the abundant supply of liquidity in the PRC market, the Group successfully issued RMB0.3 billion 3-year and RMB1.2 billion 5-year medium-term notes with a coupon rate of 2.75% and 3.3% respectively, reflecting the recognition of the Group's operational strength and development prospects by the PRC bond investors. As of 30 June 2024, the proportion of the Group's RMB debts to the total interest-bearing debts has increased to nearly 27%. In terms of settlement, the Group has repaid the US\$148.9 million USD bonds in March 2024 and RMB1.49 billion RMB notes in April 2024.

In the future, the Group will continue to closely monitor both onshore and offshore markets, flexibly selecting the optimal markets and financing channels, increase unsecured financing, optimize debt structure, and continuously improve its financial flexibility and fund utilization efficiency to reduce overall interest cost. At the same time, the Group will also actively explore equity financing and other innovative financial instruments in the capital market, striving to further expand its financing channels, enhance its capital strength, and improve its international credit rating by various measures.

## PROSPECTS

Overall, the global aviation industry has continued to improve, and the impacts of past external adverse factors have been eliminated or significantly reduced. In June, IATA again raised the profit forecast for the airline industry in 2024. The total revenue of the industry is expected to reach US\$996.0 billion, representing a year-on-year increase of 9.7% and reaching a historical high, and the net profit forecast of the airline industry in 2024 was raised from previous US\$27.4 billion to US\$30.5 billion. At the same time, issues such as the supply chain disruption, delay in delivery, engine shortage have not been mitigated. The OEMs' production capacity expansion plans have been delayed repeatedly. It is generally expected that the supply of aircraft will remain tight, which is expected to continue to drive the demand in the aircraft leasing market and support aircraft values and lease rates at high levels or even further. In view of this, the Group will actively seize the business opportunities brought by a new round of growth cycle in the global airline industry, fully leverage its full-value-chain strengths, accelerate its global expansion with top-tier clientele, enhance its core business competence, and continue to support the overseas development of China-made jet along with its commitment of serving the nation's Civil Aviation Strategy.

On the other hand, although the first rate cut of the Fed was delayed from earlier expectations, the market still generally anticipates that the Fed will start a cycle of rate cuts within 2024, with at least one rate cut, thereby reducing market funding cost as well as the Group's interest expenses while boosting the aircraft trading market. The Group will closely monitor the changes in interest rates and grasp the opportunities emerging from the trading market in response to the various preferences of different aircraft investors, optimize its owned fleet portfolio, and enhance asset management capability. Meanwhile, the Group will further optimize financial structure, enhance financial stability, strive to achieve investment-grade international ratings, and pursue high-quality sustainable development in the long run.

## INTERIM CONSOLIDATED STATEMENT OF INCOME

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Total revenue</b>		
<b>Lease income</b>		
Finance lease income	300,224	296,555
Operating lease income	<u>1,922,237</u>	<u>1,759,898</u>
	2,222,461	2,056,453
<b>Other operating income</b>		
Net income from aircraft transactions and aircraft components trading	25,427	44,695
Other income	<u>280,208</u>	<u>225,109</u>
	<u>2,528,096</u>	<u>2,326,257</u>
<b>Expenses</b>		
Interest expenses	(1,340,118)	(1,075,871)
Depreciation	(839,726)	(748,034)
Reversal of expected credit losses/(expected credit losses)	28,331	(51,782)
Other operating expenses	<u>(236,601)</u>	<u>(147,825)</u>
	<u>(2,388,114)</u>	<u>(2,023,512)</u>
<b>Share of results from associates and joint ventures</b>	(564)	(1,267)
<b>Other gains, net</b>	<u>162,001</u>	<u>159,257</u>
<b>Profit before income tax</b>	301,419	460,735
Income tax expenses	<u>(115,770)</u>	<u>(153,833)</u>
<b>Profit for the period</b>	<u>185,649</u>	<u>306,902</u>
<b>Profit attributable to</b>		
Shareholders of the Company	131,749	201,171
Holder of perpetual capital securities and other non-controlling interests	<u>53,900</u>	<u>105,731</u>
	<u>185,649</u>	<u>306,902</u>
<b>Earnings per share for profit attributable to shareholders of the Company (expressed in HK\$ per share)</b>		
– Basic earnings per share	<u>0.177</u>	<u>0.270</u>
– Diluted earnings per share	<u>0.177</u>	<u>0.270</u>

## INTERIM CONSOLIDATED BALANCE SHEET

	Unaudited As at <b>30 June 2024</b> <i>HK\$'000</i>	Audited As at 31 December 2023 <i>HK\$'000</i>
<b>ASSETS</b>		
Property, plant and equipment and right-of-use assets	<b>36,744,608</b>	33,493,826
Investments in and loans to associates and joint ventures	<b>642,524</b>	1,529,629
Finance lease receivables – net	<b>8,643,662</b>	8,577,339
Financial assets at fair value through profit or loss	<b>1,471,869</b>	621,749
Derivative financial assets	<b>15,685</b>	61,157
Pre-Delivery Payments (“PDP”) and other prepayments and receivables relating to aircraft acquisition	<b>7,047,519</b>	7,626,274
Prepayments and other assets	<b>728,337</b>	647,166
Assets classified as held for sale	<b>2,321,441</b>	1,425,254
Aircraft components trading assets	<b>3,431</b>	1,934
Restricted cash	<b>263,333</b>	544,524
Cash and cash equivalents	<b>6,114,507</b>	5,295,875
<b>Total assets</b>	<b><u>63,996,916</u></b>	<b><u>59,824,727</u></b>
<b>EQUITY</b>		
Share capital	<b>74,436</b>	74,436
Reserves	<b>2,095,595</b>	2,173,544
Retained earnings	<b>2,101,656</b>	2,081,560
<b>Equity attributable to shareholders of the Company</b>	<b>4,271,687</b>	4,329,540
Perpetual capital securities and other non-controlling interests	<b>779,398</b>	810,422
<b>Total equity</b>	<b><u>5,051,085</u></b>	<b><u>5,139,962</u></b>
<b>LIABILITIES</b>		
Deferred income tax liabilities	<b>1,188,112</b>	1,191,479
Borrowings	<b>48,458,581</b>	42,911,870
Medium-term notes	<b>1,621,634</b>	1,656,173
Bonds and debentures	<b>4,690,883</b>	5,943,499
Derivative financial liabilities	<b>188,030</b>	147,735
Income tax payables	<b>83,876</b>	66,056
Interest payables	<b>227,557</b>	392,690
Other liabilities and accruals	<b>2,487,158</b>	2,375,263
<b>Total liabilities</b>	<b><u>58,945,831</u></b>	<b><u>54,684,765</u></b>
<b>Total equity and liabilities</b>	<b><u>63,996,916</u></b>	<b><u>59,824,727</u></b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. RESULTS

Total revenue of the Group for the period ended 30 June 2024 was HK\$2,528.1 million, representing an increase of HK\$201.8 million or 8.7% from the HK\$2,326.3 million in corresponding period last year. Profit for the period ended 30 June 2024 amounted to HK\$185.6 million (For the six months ended 30 June 2023: HK\$306.9 million). Profit attributable to shareholders of the Company for the six months ended 30 June 2024 amounted to HK\$131.7 million (For the six months ended 30 June 2023: HK\$201.2 million). Earnings before interest, tax, depreciation and amortisation (“**EBITDA**”) for the period ended 30 June 2024 amounted to HK\$2,481.3 million (For the six months ended 30 June 2023: HK\$2,284.6 million).

Total assets amounted to HK\$63,996.9 million as at 30 June 2024, compared with HK\$59,824.7 million as at 31 December 2023, representing an increase of HK\$4,172.2 million or 7.0%. The increase in assets was mainly due to the increase in the total fleet size of the Group from 165 aircraft as at 31 December 2023 to 172 aircraft as at 30 June 2024.

Total liabilities amounted to HK\$58,945.8 million as at 30 June 2024, representing an increase of HK\$4,261.1 million or 7.8% compared with HK\$54,684.7 million as at 31 December 2023. The increase in liabilities was mainly due to the increase in borrowings by HK\$5,546.8 million, which mainly due to the increase in total fleet size of the Group. As at 30 June 2024, the borrowings of the Group amounted to HK\$48,458.6 million (31 December 2023: HK\$42,911.8 million).

#### 1.1 Total Revenue

For the six months ended 30 June 2024, the total revenue amounted to HK\$2,528.1 million, compared with HK\$2,326.3 million for the corresponding period last year, representing an increase of HK\$201.8 million or 8.7%.

Total lease income from finance leases and operating leases for the six months ended 30 June 2024 amounted to HK\$2,222.5 million, compared with HK\$2,056.5 million for the six months ended 30 June 2023, representing an increase of HK\$166.0 million or 8.1%. The increase in total lease income was mainly due to the increase in the fleet size of the Group from 165 aircraft as at 31 December 2023 to 172 aircraft as at 30 June 2024.



For the six months ended 30 June 2024, the Group's average lease rental yield of the finance leases and operating leases was 9.5% (For the six months ended 30 June 2023: 14.1%) and 10.2% (For the six months ended 30 June 2023: 11.1%), 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 10.1% (For the six months ended 30 June 2023: 11.3%).

## 1.2 Other Operating Income

### 1.2.1 Net Income from Aircraft Transactions and Aircraft Components Trading

For the six months ended 30 June 2024, the Group recognised net gain from disposal of five aircraft and aircraft components trading amounted to HK\$25.4 million (For the six months ended 30 June 2023: net gain from disposal of one aircraft and aircraft components trading amounted to HK\$44.7 million). The aggregate net book value of the aircraft disposed amounted to HK\$507.4 million (For the six months ended 30 June 2023: HK\$438.2 million).

### 1.2.2 Other Income

During the six months ended 30 June 2024, the Group had the following other income:

	Unaudited		Change
	Six months ended 30 June		
	2024	2023	
	HK\$'Million	HK\$'Million	
Government grants	113.1	100.1	+13.0%
Interest income from loans to associates and joint ventures	55.0	56.8	-3.2%
Bank interest income	65.3	32.4	+101.5%
Asset management service fees income from CAG Bermuda 1 Limited ("CAG") and its subsidiaries (collectively, "CAG Group")	9.2	9.3	-1.1%
Others	37.6	26.5	+41.9%
Total	<u>280.2</u>	<u>225.1</u>	+24.5%

Government grants for the six months ended 30 June 2024 amounted to HK\$113.1 million, compared with HK\$100.1 million for the six months ended 30 June 2023, representing an increase of HK\$13.0 million or 13.0%.

Others mainly related to interest on deferred operating lease receivables and amounts received from suppliers.

### 1.3 Expenses

#### 1.3.1 Interest Expenses

For the six months ended 30 June 2024, interest expenses incurred by the Group amounted to HK\$1,340.1 million, compared with HK\$1,075.9 million for the corresponding period last year, representing an increase of HK\$264.2 million or 24.6%. The increase in interest expenses was mainly due to the increase in total interest-bearing debts (including borrowings, medium-term notes and bonds and debentures) from HK\$52,453.1 million as at 30 June 2023 to HK\$54,771.1 million as at 30 June 2024 and the increase in US\$ SOFR from 5.09% as at 30 June 2023 to 5.33% as at 30 June 2024. The average effective interest rate of total interest-bearing debts during the period was 5.92% (For the six months ended 30 June 2023: 5.72%).

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 on the unhedged portion of the floating interest rate borrowings as at 30 June 2024:

US\$ interest rate	Impact on	
	Cash outflow <i>HK\$'Million</i>	Profit attributable to shareholders of the Company <i>HK\$'Million</i>
Increased by 100 basis points	245	(184)
Decreased by 100 basis points	(245)	184

### ***1.3.2 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 2024 was HK\$839.7 million compared with HK\$748.0 million for the corresponding period last year, representing an increase of HK\$91.7 million or 12.3%. This was mainly attributable to an increase in the number of aircraft under operating leases subject to depreciation from 113 aircraft as at 31 December 2023 to 119 aircraft as at 30 June 2024.

### ***1.3.3 Reversal of Expected Credit Losses/(Expected Credit Losses)***

Expected credit losses are mainly provided on finance lease receivables, operating lease receivables and loans to associates and joint ventures when the counterparty is expected as not being able to pay the amounts due to the Group. During the six months ended 30 June 2024, the reversal of expected credit losses is mainly related to a reversal of expected credit losses made in view of repayment of certain outstanding loans and improved operating performance of one of the Group's joint ventures.

### ***1.3.4 Other Operating Expenses***

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

## 1.4 Other Gains, Net

	Unaudited		Change
	Six months ended 30 June		
	2024	2023	
	HK\$'Million	HK\$'Million	
Currency exchange gains in RMB	256.2	242.2	+5.8%
Fair value losses on currency forward contracts in RMB	<u>(78.2)</u>	<u>(123.3)</u>	-36.6%
Net exchange gains in RMB	178.0	118.9	+49.7%
Currency exchange losses in US\$	(2.7)	(15.6)	-82.7%
Fair value gains on financial assets at fair value through profit or loss	0.4	21.4	-98.1%
Changes in fair value attributable to interest rate	0.2	28.1	-99.3%
(Realised losses)/unrealised gains on a currency swap	<u>(13.9)</u>	<u>6.5</u>	N/A
Total	<u>162.0</u>	<u>159.3</u>	+1.7%

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 approximately 7.1 as at 31 December 2023 to approximately 7.3 as at 30 June 2024.

### *Sensitivity test*

As at 30 June 2024, the net RMB financial liabilities of the Group exposed to currency exchange risk amounted to RMB9.9 billion. Hedging arrangement amounted to RMB2.0 billion was made to reduce the exchange rate risk exposure. The net RMB exchange rate risk exposure as at 30 June 2024 was RMB7.9 billion. A 5% appreciation/depreciation of RMB against US\$ would result in a decrease/increase in profit attributable to shareholders of the Company for the six months ended 30 June 2024 by HK\$422.3 million.

## 1.5 Income Tax Expenses

Income tax for the six months ended 30 June 2024 was HK\$115.8 million, compared to HK\$153.8 million in the corresponding period last year.

## 2. INTERIM CONSOLIDATED BALANCE SHEET

### 2.1 Assets

As at 30 June 2024, the Group's total assets amounted to HK\$63,996.9 million, compared with HK\$59,824.7 million as at 31 December 2023, representing an increase of HK\$4,172.2 million or 7.0%.

	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2024</b> <i>HK\$'Million</i>	Audited As at 31 December 2023 <i>HK\$'Million</i>	Change
Property, plant and equipment and right-of-use assets (mainly "Aircraft under operating leases")	<b>36,744.6</b>	33,493.8	+9.7%
Finance lease receivables – net ("Aircraft under finance leases")	<b>8,643.7</b>	8,577.3	+0.8%
Assets classified as held for sale ("Aircraft under operating leases for trading")	<b>2,321.4</b>	1,425.3	+62.9%
Pre-Delivery Payments ("PDP") and other prepayments and receivables relating to aircraft acquisition	<b>7,047.5</b>	7,626.3	-7.6%
Prepayments and other assets	<b>731.8</b>	649.1	+12.7%
Investments in and loans to associates and joint ventures	<b>642.5</b>	1,529.6	-58.0%
Financial assets at fair value through profit or loss	<b>1,471.9</b>	621.7	+136.8%
Derivative financial assets	<b>15.7</b>	61.2	-74.3%
Restricted cash	<b>263.3</b>	544.5	-51.6%
Cash and cash equivalents	<b>6,114.5</b>	5,295.9	+15.5%
<b>Total assets</b>	<b><u>63,996.9</u></b>	<b><u>59,824.7</u></b>	<b>+7.0%</b>

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

Property, plant and equipment and right-of-use assets mainly included the cost of aircraft classified as operating leases, net of their accumulated depreciation. The increase in property, plant and equipment and right-of-use assets was mainly due to the increase in the fleet size of the Group under operating lease from 113 aircraft as at 31 December 2023 to 119 aircraft as at 30 June 2024, netted-off by the 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. There was reclassification of one aircraft under finance lease to operating lease during the period. The fleet size of the Group under finance lease decreased from 48 aircraft as at 31 December 2023 to 47 aircraft as at 30 June 2024.

Assets classified as held for sale represented cost of assets expected to be disposed in the next twelve months. During the six months ended 30 June 2024, two aircraft was reclassified as held for sale. The number of aircraft classified as held for sale increased from four aircraft as at 31 December 2023 to six aircraft as at 30 June 2024.

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

	<b>As at 30 June 2024 Owned Aircraft</b>	As at 31 December 2023 Owned Aircraft
Property, plant and equipment and right-of-use assets (Operating leases)	<b>119</b>	113
Finance lease receivables – net (Finance leases)	<b>47</b>	48
Assets classified as held for sale (Operating leases)	<b>6</b>	4
Total <i>(note)</i>	<b><u>172</u></b>	<b><u>165</u></b>

*Note:* Including one aircraft remained in Russia as at 30 June 2024 (31 December 2023: one).

The total fleet size of the Group under property, plant and equipment and right-of-use assets, finance lease receivables - net and assets classified as held for sale increased from 165 aircraft as at 31 December 2023 to 172 aircraft as at 30 June 2024.

As at 30 June 2024, the aggregate net book value of the aircraft was HK\$46,905.5 million (31 December 2023: HK\$42,826.9 million).

### **2.1.2 Aircraft Portfolio**

Aircraft portfolio by number of aircraft is as follows:

	<b>As at 30 June 2024 Owned Aircraft</b>	As at 31 December 2023 Owned Aircraft	As at 30 June 2023 Owned Aircraft
<b>Aircraft Type</b>			
Airbus A320 CEO family	<b>80</b>	82	85
Airbus A320 NEO family	<b>54</b>	43	37
Airbus A330 CEO family	<b>13</b>	13	13
Boeing B737 NG family	<b>19</b>	22	23
Boeing B737 MAX family	<b>2</b>	2	1
Boeing B787	<b>1</b>	1	1
COMAC ARJ21 series	<b>3</b>	2	2
	<hr/>	<hr/>	<hr/>
Total <sup>(note)</sup>	<b><u>172</u></b>	<b><u>165</u></b>	<b><u>162</u></b>

*Note:* Including one aircraft remained in Russia as at 30 June 2024 (31 December 2023: one).

### **2.1.3 PDP and other Prepayments and Receivables Relating to Aircraft Acquisition**

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

### 2.1.4 Prepayments and other Assets

Prepayments and other assets mainly include operating lease receivables.

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

	Unaudited		Audited	
	As at 30 June 2024		As at 31 December 2023	
	<i>HK\$'Million</i>	<i>%</i>	<i>HK\$'Million</i>	<i>%</i>
Current/deferral	98.4	23%	135.6	30%
Less than 30 days past due	1.4	1%	4.2	1%
30 to 90 days past due	2.9	1%	19.3	4%
More than 90 days past due	<u>315.5</u>	<u>75%</u>	<u>289.5</u>	<u>65%</u>
	<b>418.2</b>	<b><u>100%</u></b>	448.6	<b><u>100%</u></b>
<i>Less: Accumulated expected credit losses allowance</i>	<u>(201.2)</u>		<u>(203.6)</u>	
Total	<b><u>217.0</u></b>		<b><u>245.0</u></b>	

With the recovery of aviation industry, there is an improvement in the rent collection. The operating lease receivables as at 30 June 2024 amounted to HK\$418.2 million, representing a decrease of HK\$30.4 million or 6.8%, compared with HK\$448.6 million as at 31 December 2023.

The rent collection ratio, represented by the cash received over the amount of invoice billing, for the six months ended 30 June 2024 was 101.3% (For the six months ended 30 June 2023: 100.6%). The decrease in operating lease receivables is mainly due to the improved rent collection ratio and the repayment from the lessees on the overdue rent. The Group would prudently and consistently assess the credit losses allowance on the operating lease receivables.



## 2.2 Liabilities

As at 30 June 2024, the Group's total liabilities amounted to HK\$58,945.8 million, compared with HK\$54,684.7 million as at 31 December 2023, representing an increase of HK\$4,261.1 million or 7.8%.

An analysis is given as follows:

	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2024</b> <i>HK\$'Million</i>	Audited As at 31 December 2023 <i>HK\$'Million</i>	Change
Borrowings	<b>48,458.6</b>	42,911.8	+12.9%
Bonds and debentures	<b>4,690.9</b>	5,943.5	-21.1%
Medium-term notes	<b><u>1,621.6</u></b>	<u>1,656.2</u>	-2.1%
Total interest-bearing debts	<b>54,771.1</b>	50,511.5	+8.4%
Deferred income tax liabilities	<b>1,188.1</b>	1,191.5	-0.3%
Interest payables	<b>227.6</b>	392.7	-42.0%
Income tax payables	<b>83.9</b>	66.1	+26.9%
Derivative financial liabilities	<b>188.0</b>	147.7	+27.3%
Other liabilities and accruals	<b><u>2,487.1</u></b>	<u>2,375.2</u>	+4.7%
Total liabilities	<b><u><u>58,945.8</u></u></b>	<u><u>54,684.7</u></u>	+7.8%

### 2.2.1 Borrowings

The analysis of borrowings is as follows:

	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2024</b> <i>HK\$'Million</i>	Audited As at 31 December 2023 <i>HK\$'Million</i>	Change
<b>Bank and other borrowings</b>			
Bank and other borrowings for aircraft acquisition financing	<b>26,504.8</b>	23,309.6	+13.7%
PDP financing	<b>6,112.6</b>	6,127.8	-0.2%
Other bank borrowings	<b>11,295.3</b>	8,802.6	+28.3%
	<b><u>43,912.7</u></b>	<u>38,240.0</u>	+14.8%
<b>Other long-term borrowings</b>			
Borrowings from trust plans	<b>4,127.9</b>	4,263.8	-3.2%
Other borrowings	<b>418.0</b>	408.0	+2.5%
	<b><u>4,545.9</u></b>	<u>4,671.8</u>	-2.7%
Total borrowings	<b><u><u>48,458.6</u></u></b>	<u><u>42,911.8</u></u>	+12.9%

The increase in total borrowings from HK\$42,911.8 million as at 31 December 2023 to HK\$48,458.6 million as at 30 June 2024, representing an increase of HK\$5,546.8 million or 12.9%, was mainly due to the fleet size increased from 165 aircraft as at 31 December 2023 to 172 aircraft as at 30 June 2024. The increase in total borrowings is in line with the increase in total assets.

## 2.2.2 Bonds and Debentures

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

Issue date	Terms	Maturity date	Coupon interest per annum	Outstanding principal amount (Million)	Carrying amount (HK\$'Million)	Note
November 2020	Five years	November 2025	5.90%	US\$35.0	272.6	(a)
January 2021	Five years	January 2026	5.90%	US\$35.0	272.8	(a)
December 2021	Three years	December 2024	4.85%	<u>US\$91.4</u>	<u>711.3</u>	(b)&(d)
				<u>US\$161.4</u>	<u>1,256.7</u>	
February 2022	Three years	February 2025	4.40%	RMB1,200.0	1,288.7	(a)
June 2023	Three years	June 2026	3.85%	RMB1,500.0	1,609.3	(c)
November 2023	Three years	November 2026	3.58%	<u>RMB500.0</u>	<u>536.2</u>	(c)
				<u>RMB3,200.0</u>	<u>3,434.2</u>	
<b>Total bonds and debentures as at 30 June 2024</b>					<b><u>4,690.9</u></b>	
Total bonds and debentures as at 31 December 2023					<u>5,943.5</u>	

The decrease in bonds and debentures from HK\$5,943.5 million as at 31 December 2023 to HK\$4,690.9 million as at 30 June 2024 was mainly due to the repayment of US\$148.9 million bonds upon maturity.

Notes:

- (a) The bonds and debentures are unlisted and subscribed by independent third parties.
- (b) These bonds are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).
- (c) These bonds are listed on the Shanghai Stock Exchange.
- (d) An aggregate principal of US\$8.6 million had been repurchased by the Group in previous periods.

### 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 2022	Three years	April 2025	4.50%	10.0	10.6
April 2024	Three years	April 2027	2.75%	300.0	322.2
April 2024	Five years	April 2029	3.30%	<u>1,200.0</u>	<u>1,288.8</u>
<b>Total medium-term notes as at 30 June 2024</b>				<b><u>1,510.0</u></b>	<b><u>1,621.6</u></b>
Total medium-term notes as at 31 December 2023					<u>1,656.2</u>

The balance of the medium-term notes remains stable due to the net effect of (i) the repurchase of the outstanding medium-term notes with principal of RMB1.49 billion and (ii) the issuance of three-year and five-year medium-term notes with aggregate principal of RMB1.5 billion during the six month ended 30 June 2024.

### 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 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 of various aircraft investment platform and other joint ventures.

For the six months ended 30 June 2024, 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:

	<b>Unaudited</b>	Audited	
	<b>As at</b>	As at	
	<b>30 June</b>	31 December	
	<b>2024</b>	2023	Change
	<b>HK\$'Million</b>	HK\$'Million	
Interest-bearing debts included in total			
liabilities	<b>54,771.1</b>	50,511.5	+8.4%
Total liabilities	<b>58,945.8</b>	54,684.7	+7.8%
Total assets	<b>63,996.9</b>	59,824.7	+7.0%
Total equity	<b>5,051.1</b>	5,140.0	-1.7%
Gearing ratio	<b>85.6%</b>	84.4%	+1.2p.p.
Asset-liability ratio	<b>92.1%</b>	91.4%	+0.7p.p.
Interest-bearing debts to equity ratio	<b>10.8:1</b>	9.8:1	+10.2%

#### 4. HUMAN RESOURCES

As at 30 June 2024, the number of staff in the Group is 183 (30 June 2023: 183). Total remuneration of employees for the six months ended 30 June 2024 amounted to HK\$122.1 million (For the six months ended 30 June 2023: HK\$77.8 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 30 June 2024, the Group was a guarantor of certain bank borrowings of associates and joint ventures amounting to HK\$546.4 million (31 December 2023: HK\$564.1 million), of which HK\$209.6 million (31 December 2023: HK\$217.0 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\$336.8 million (31 December 2023: HK\$347.1 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 is aircraft purchase commitment, amounted to HK\$48.2 billion as at 30 June 2024 (31 December 2023: HK\$52.8 billion), representing the estimated total purchase costs of the aircraft contracted to be purchased and delivered, net of PDP paid.

As at 30 June 2024, the Group had 129 aircraft in its order book, comprising 102 Airbus A320 aircraft family and 27 COMAC ARJ21 series aircraft.

During the six months ended 30 June 2024, the Group completed the delivery of 12 aircraft.

During the six months ended 30 June 2024, the Group completed the disposal of five aircraft.

## INTERIM CONSOLIDATED BALANCE SHEET

		Unaudited As at <b>30 June 2024</b> <i>HK\$'000</i>	Audited As at 31 December 2023 <i>HK\$'000</i>
	<i>Note</i>		
<b>ASSETS</b>			
Property, plant and equipment and right-of-use assets		<b>36,744,608</b>	33,493,826
Investments in and loans to associates and joint ventures		<b>642,524</b>	1,529,629
Finance lease receivables – net	3	<b>8,643,662</b>	8,577,339
Financial assets at fair value through profit or loss	4	<b>1,471,869</b>	621,749
Derivative financial assets		<b>15,685</b>	61,157
Pre-Delivery Payments (“PDP”) and other prepayments and receivables relating to aircraft acquisition	5(a)	<b>7,047,519</b>	7,626,274
Prepayments and other assets	5(b)	<b>728,337</b>	647,166
Assets classified as held for sale		<b>2,321,441</b>	1,425,254
Aircraft components trading assets		<b>3,431</b>	1,934
Restricted cash		<b>263,333</b>	544,524
Cash and cash equivalents		<b>6,114,507</b>	5,295,875
<b>Total assets</b>		<b><u>63,996,916</u></b>	<b><u>59,824,727</u></b>
<b>EQUITY</b>			
Share capital		<b>74,436</b>	74,436
Reserves		<b>2,095,595</b>	2,173,544
Retained earnings		<b>2,101,656</b>	2,081,560
<b>Equity attributable to shareholders of the Company</b>		<b>4,271,687</b>	4,329,540
Perpetual capital securities and other non-controlling interests		<b>779,398</b>	810,422
<b>Total equity</b>		<b><u>5,051,085</u></b>	<b><u>5,139,962</u></b>
<b>LIABILITIES</b>			
Deferred income tax liabilities		<b>1,188,112</b>	1,191,479
Borrowings	6	<b>48,458,581</b>	42,911,870
Medium-term notes	7	<b>1,621,634</b>	1,656,173
Bonds and debentures	8	<b>4,690,883</b>	5,943,499
Derivative financial liabilities		<b>188,030</b>	147,735
Income tax payables		<b>83,876</b>	66,056
Interest payables		<b>227,557</b>	392,690
Other liabilities and accruals		<b>2,487,158</b>	2,375,263
<b>Total liabilities</b>		<b><u>58,945,831</u></b>	<b><u>54,684,765</u></b>
<b>Total equity and liabilities</b>		<b><u>63,996,916</u></b>	<b><u>59,824,727</u></b>

## INTERIM CONSOLIDATED STATEMENT OF INCOME

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2024</b>	<b>2023</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Total revenue</b>			
<b>Lease income</b>			
Finance lease income		300,224	296,555
Operating lease income		<u>1,922,237</u>	<u>1,759,898</u>
	9	<u>2,222,461</u>	<u>2,056,453</u>
<b>Other operating income</b>			
Net income from aircraft transactions and aircraft components trading	10	25,427	44,695
Other income	11	<u>280,208</u>	<u>225,109</u>
		<u>2,528,096</u>	<u>2,326,257</u>
<b>Expenses</b>			
Interest expenses		(1,340,118)	(1,075,871)
Depreciation		(839,726)	(748,034)
Reversal of expected credit losses/(expected credit losses)		28,331	(51,782)
Other operating expenses		<u>(236,601)</u>	<u>(147,825)</u>
		<u>(2,388,114)</u>	<u>(2,023,512)</u>
<b>Share of results from associates and joint ventures</b>		(564)	(1,267)
<b>Other gains, net</b>	12	<u>162,001</u>	<u>159,257</u>
<b>Profit before income tax</b>		301,419	460,735
Income tax expenses	13	<u>(115,770)</u>	<u>(153,833)</u>
<b>Profit for the period</b>		<u>185,649</u>	<u>306,902</u>
<b>Profit attributable to</b>			
Shareholders of the Company		131,749	201,171
Holders of perpetual capital securities and other non-controlling interests		<u>53,900</u>	<u>105,731</u>
		<u>185,649</u>	<u>306,902</u>
<b>Earnings per share for profit attributable to shareholders of the Company (expressed in HK\$ per share)</b>			
– Basic earnings per share	14(a)	<u>0.177</u>	<u>0.270</u>
– Diluted earnings per share	14(b)	<u>0.177</u>	<u>0.270</u>



## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the period</b>	<u><b>185,649</b></u>	<u>306,902</u>
<b>Other comprehensive (loss)/income for the period:</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Cash flow hedges	(35,156)	(78,659)
Currency translation differences	<u>(43,131)</u>	<u>56,672</u>
	<b>(78,287)</b>	<b>(21,987)</b>
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Currency translation differences attributed to non-controlling interests	<u>447</u>	<u>729</u>
<b>Total other comprehensive loss for the period, net of tax</b>	<u><b>(77,840)</b></u>	<u><b>(21,258)</b></u>
<b>Total comprehensive income for the period</b>	<u><b>107,809</b></u>	<u><b>285,644</b></u>
<b>Total comprehensive income for the period attributable to</b>		
Shareholders of the Company	53,462	179,184
Holder of perpetual capital securities and other non-controlling interests	<u>54,347</u>	<u>106,460</u>
	<u><b>107,809</b></u>	<u><b>285,644</b></u>

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited					
	Attributable to shareholders of the Company					
	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>	Perpetual capital securities and other non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
<b>Balance as at 1 January 2024</b>	<b>74,436</b>	<b>2,173,544</b>	<b>2,081,560</b>	<b>4,329,540</b>	<b>810,422</b>	<b>5,139,962</b>
<b>Comprehensive income</b>						
Profit for the period	-	-	131,749	131,749	53,900	185,649
<b>Other comprehensive (loss)/income</b>						
Cash flow hedges	-	(35,156)	-	(35,156)	-	(35,156)
Currency translation differences	-	(43,131)	-	(43,131)	447	(42,684)
<b>Total comprehensive (loss)/income</b>	<b>-</b>	<b>(78,287)</b>	<b>131,749</b>	<b>53,462</b>	<b>54,347</b>	<b>107,809</b>
<b>Transactions with shareholders and non-controlling interests</b>						
Dividends ( <i>Note 15</i> )	-	-	(111,653)	(111,653)	-	(111,653)
Dividends distributed to perpetual capital securities	-	-	-	-	(85,371)	(85,371)
Share option scheme: - Value of services	-	338	-	338	-	338
<b>Total transactions with shareholders and non-controlling interests</b>	<b>-</b>	<b>338</b>	<b>(111,653)</b>	<b>(111,315)</b>	<b>(85,371)</b>	<b>(196,686)</b>
<b>Balance as at 30 June 2024</b>	<b>74,436</b>	<b>2,095,595</b>	<b>2,101,656</b>	<b>4,271,687</b>	<b>779,398</b>	<b>5,051,085</b>
<b>Balance as at 1 January 2023</b>	<b>74,436</b>	<b>2,314,613</b>	<b>2,276,247</b>	<b>4,665,296</b>	<b>1,590,921</b>	<b>6,256,217</b>
<b>Comprehensive income</b>						
Profit for the period	-	-	201,171	201,171	105,731	306,902
<b>Other comprehensive (loss)/income</b>						
Cash flow hedges	-	(78,659)	-	(78,659)	-	(78,659)
Currency translation differences	-	56,672	-	56,672	729	57,401
<b>Total comprehensive (loss)/income</b>	<b>-</b>	<b>(21,987)</b>	<b>201,171</b>	<b>179,184</b>	<b>106,460</b>	<b>285,644</b>
<b>Transactions with shareholders and non-controlling interests</b>						
Dividends	-	-	(111,653)	(111,653)	-	(111,653)
Dividends distributed to perpetual capital securities	-	-	-	-	(166,878)	(166,878)
Share option scheme: - Value of services - Share options lapsed	-	1,126 (456)	-	1,126 (456)	-	1,126 (456)
<b>Total transactions with shareholders and non-controlling interests</b>	<b>-</b>	<b>670</b>	<b>(111,653)</b>	<b>(110,983)</b>	<b>(166,878)</b>	<b>(277,861)</b>
<b>Balance as at 30 June 2023</b>	<b>74,436</b>	<b>2,293,296</b>	<b>2,365,765</b>	<b>4,733,497</b>	<b>1,530,503</b>	<b>6,264,000</b>

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	<b>301,419</b>	460,735
Adjustments for:		
– Depreciation	<b>839,726</b>	748,034
– Net income from aircraft transactions	<b>(25,256)</b>	(38,615)
– (Reversal of expected credit losses)/expected credit losses	<b>(28,331)</b>	51,782
– Interest expenses	<b>1,340,118</b>	1,075,871
– Share-based payments	<b>338</b>	670
– Unrealised currency exchange gains	<b>(250,331)</b>	(184,295)
– Fair value changes attributable to interest rate and fair value changes on currency swap and currency forward contracts	<b>91,859</b>	88,768
– Share of results from associates and joint ventures	<b>564</b>	1,267
– Interest income	<b>(120,263)</b>	(89,159)
– Fair value gains on financial assets at fair value through profit or loss	<b>(375)</b>	(21,393)
	<b>2,149,468</b>	2,093,665
Changes in working capital:		
– Finance lease receivables – net	<b>(254,613)</b>	(273,901)
– Prepayments and other assets	<b>(167,751)</b>	(50,775)
– Aircraft components trading assets	<b>(1,497)</b>	3,280
– Other liabilities and accruals	<b>(82,435)</b>	(1,586)
Cash generated from operations	<b>1,643,172</b>	1,770,683
Income taxes paid	<b>(98,614)</b>	(77,937)
Net cash flows generated from operating activities	<b>1,544,558</b>	1,692,746

**Unaudited**  
**Six months ended 30 June**  
**2024**                      **2023**  
**HK\$'000**                      **HK\$'000**

**Cash flows from investing activities**

Purchase of property, plant and equipment	<b>(4,567,983)</b>	(3,493,510)
Proceeds from disposals of aircraft	<b>327,758</b>	486,485
PDP and prepayments paid for acquisition of aircraft	<b>(1,118,120)</b>	(4,556,868)
PDP refunded for acquisition of aircraft	<b>1,272,683</b>	902,152
Interest received	<b>115,550</b>	97,305
Investment in financial assets at fair value through profit or loss	–	(55,144)
Payments relating to loans to associates and joint ventures	<b>(217,710)</b>	(63,213)
Repayments of loans to associates and joint ventures	<b>289,416</b>	259,790
Net cash flows used in investing activities	<b><u>(3,898,406)</u></b>	<u>(6,423,003)</u>

**Cash flows from financing activities**

Proceeds from borrowings	<b>13,302,926</b>	12,917,456
Issue of notes, bonds and debentures, net of transaction costs	<b>1,628,176</b>	1,693,328
Repayments of borrowings	<b>(7,460,837)</b>	(6,875,404)
Repurchase and repayment of notes, bonds and debentures, including transaction costs	<b>(2,781,977)</b>	–
Repayment of lease liabilities	<b>(8,087)</b>	(7,643)
(Settlement of)/proceeds from disposal of derivative financial instruments	<b>(40,787)</b>	60,481
Interest received in respect of derivative financial instruments	<b>37,994</b>	47,715
Interest paid in respect of borrowings, notes and bonds and debentures	<b>(1,750,364)</b>	(1,410,193)
Pledge of deposits placed in respect of borrowings	<b>(18,468)</b>	(598,414)
Pledge of deposits released in respect of borrowings	<b>334,257</b>	1,022,116
Pledge of deposits placed in respect of derivative financial instruments	<b>(61,318)</b>	(131,417)
Pledge of deposits released in respect of derivative financial instruments	<b>26,365</b>	17,003
Net cash flows generated from financing activities	<b><u>3,207,880</u></b>	<u>6,735,028</u>

Net increase in cash and cash equivalents	<b>854,032</b>	2,004,771
Cash and cash equivalents at beginning of the period	<b>5,295,875</b>	3,552,533
Currency exchange difference on cash and cash equivalents	<b>(35,400)</b>	(139,338)

<b>Cash and cash equivalents at end of the period</b>	<b><u>6,114,507</u></b>	<u>5,417,966</u>
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## NOTES

### 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 "**Listing**").

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

The interim condensed consolidated financial information for the six months ended 30 June 2024 ("**Interim Financial Information**") is presented in Hong Kong Dollar ("**HK\$**"), unless otherwise stated.

The Interim Financial Information has been reviewed by the Audit Committee, not audited.

### 2 BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard ("**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 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") and included in the 2023 annual report of the Company.

#### (a) Going concern

As at 30 June 2024, the Group's current liabilities exceeded its current assets by HK\$11,630.3 million. The Group had total capital commitments of HK\$48,214.9 million as at 30 June 2024, which related to acquisition of aircraft that will be delivered in stages in the coming years until the end of 2028. Out of the total capital commitments, HK\$8,315.7 million is forecasted to be incurred and payable within one year based on the current delivery schedules and forecasted delivery schedules with the Original Equipment Manufacturers ("**OEMs**"). The Group will satisfy these capital commitments through the Group's internal resources, available and additional banking facilities and aircraft project loans which usually can only be confirmed by the relevant banks shortly before the delivery of the aircraft. As at 30 June 2024, the Group had cash and cash equivalents of HK\$6,114.5 million.

The Group will need to secure a substantial amount of funds in the foreseeable future to finance the financial obligations and capital expenditures under contractual and other arrangements. The directors have given due and careful consideration to the liquidity of the Group and its available sources of financing in assessing whether the Group has sufficient working capital for its present requirements, covering a period of not less than twelve months from 30 June 2024. 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. In 2024, the Group has successfully obtained aircraft project loans or loan facilities from certain banks at one or two years preceding the lease-attached aircraft delivery. The Group has drawn down these loans before the aircraft delivery. Besides, the Group sometimes finances the new aircraft with internal resources or short-term bridging financing depending on the financial situation and the progress of bank approvals. Subsequently, the Group may seek refinancing for these aircraft through new aircraft project loans. During the six months ended 30 June 2024, the Group has obtained 18 aircraft project loan facilities of HK\$5,686.0 million from certain onshore and offshore banks and financial institutions. The Group will continue to arrange aircraft project loan facilities from time to time and has concluded three aircraft project loan facilities after 30 June 2024. Based on the previous experience and practices in the industry, the directors are of the view that the Group will be able to obtain the necessary aircraft project loans as and when required in the next twelve months from 30 June 2024.
- According to the relevant aircraft purchase agreements, the scheduled payment of PDP for the next twelve months from 30 June 2024 amounts to HK\$3,223.3 million.

For the scheduled payment of PDP and repayment of utilised facility drawdowns under the facilities expiring in the next twelve months from 30 June 2024, certain portion will be repaid by the PDP facilities to be released when aircraft is delivered and related PDP financing is repaid. In addition, after the end of the reporting period, the Group has successfully renewed the PDP facility set to expire in the next twelve months from 30 June 2024. As at 30 June 2024, the Group had already obtained PDP financing facilities from banks to provide financing up to HK\$7,067.4 million to satisfy the forecasted committed PDP payments in the next twelve months from 30 June 2024. With such facilities, internal resources and/or facilities obtained from other financing channels of the Group, the Group will be able to satisfy payments of the committed PDP and repayment of PDP facilities at maturity in the next twelve months from 30 June 2024.

- As at 30 June 2024, the Group had working capital loan and revolving loan facilities of HK\$13,691.1 million out of which HK\$11,893.1 million has been utilised. The directors are confident that the Group can drawdown the remaining unutilised loan facilities of HK\$1,798.0 million as and when required and will be able to renew substantially all the existing revolving facilities and further secure new working capital loan facilities. The Group has also initiated the process to obtain new working capital loan and renew working capital loan facilities with certain banks.
- The Group is also pursuing other sources of financing, including issuance of bonds and medium-term notes as well as other debt and capital financing. In April 2024, the Group issued three-year medium-term notes of RMB0.3 billion and five-year medium-term notes of RMB1.2 billion in the PRC. Additionally, the Group renewed the guaranteed medium-term note programme of US\$3.0 billion in February 2024. The Group will continue to review the market conditions and may issue additional RMB medium-term notes, RMB bonds and US\$ bonds when needed. Based on the credit profile of the Group, the successful history of issuance of similar debt instruments, the directors are confident that the Group will be able to issue the relevant debt instruments and obtain the required financing as and when required.
- The Group has been preserving the multi-faceted development of its asset-light business model through establishment and management of aviation-related funds and joint venture companies, while at the same time, building up network buyers that will acquire aircraft from its aircraft portfolio. As part of its normal course of business, the Group continues to expand its portfolio trading business. As at 30 June 2024, the Group has signed sale and purchase agreements or letters of intent for the disposals of 16 aircraft, scheduled to be disposed in the next twelve months from 30 June 2024. Based on the Group's experience in aircraft portfolio trading in previous years, the directors are confident that the scheduled disposals of aircraft will be completed, and the proceeds will be collected according to the expected schedule in the next twelve months from 30 June 2024.

The directors are of the opinion that, in the absence of unforeseeable circumstances and after taking into account the Group's internal resources, the cash flows generated from its business operations, continued availability of existing and new banking facilities, the successful execution of its plans in obtaining the aircraft project loans from the banks and financial institutions, the successful issuance of debt instruments, the successful disposals of aircraft as planned, the Group has sufficient working capital for its present requirements in the next twelve months from 30 June 2024. 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.

(b) **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 2023.

***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 2024:

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants  
– Amendments to HKAS 1

Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – HK Int 5 (Revised)

Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7

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

**3 FINANCE LEASE RECEIVABLES – NET**

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b>HK\$'000</b>	<b>HK\$'000</b>
Lease payments receivables		
– Not later than one year	<b>200,072</b>	159,498
– Later than one year but not later than two years	<b>1,640,330</b>	1,044,011
– Later than two years but not later than three years	<b>1,669,070</b>	1,812,018
– Later than three years but not later than four years	<b>1,119,402</b>	1,501,718
– Later than four years but not later than five years	<b>35,767</b>	249,815
– Later than five years	<b>651,883</b>	669,808
	<hr/>	<hr/>
Total	<b>5,316,524</b>	5,436,868
<i>Less: Unearned finance lease income relating to lease payment receivables</i>	<b>(868,229)</b>	(1,018,333)
	<hr/>	<hr/>
Present value of lease payment receivables	<b>4,448,295</b>	4,418,535
<i>Add: Present value of unguaranteed residual value</i>	<b>4,207,552</b>	4,165,724
	<hr/>	<hr/>
Net investment in leases	<b>8,655,847</b>	8,584,259
<i>Less: Accumulated expected credit losses allowance</i>	<b>(12,185)</b>	(6,920)
	<hr/>	<hr/>
Finance lease receivables – net	<b>8,643,662</b>	8,577,339
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The following table sets forth the finance lease receivables attributable to airlines companies:

	Unaudited		Audited	
	As at 30 June 2024		As at 31 December 2023	
	HK\$'000	%	HK\$'000	%
<b>Categorised by customer in terms of lease receivables:</b>				
Five largest airline companies	6,055,723	70%	6,061,740	71%
Others	2,587,939	30%	2,515,599	29%
Finance lease receivables – net	<u>8,643,662</u>	<u>100%</u>	<u>8,577,339</u>	<u>100%</u>

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

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Shareholder's loan to CAG Group (a)	579,259	579,296
Shareholder's loan to Feitian No.2 Leasing (Tianjin) Company Limited ("Feitian No.2 (Tianjin)") (b)	38,318	38,160
Exchangeable bonds (c)	850,000	–
Others	4,292	4,293
	<u>1,471,869</u>	<u>621,749</u>

- (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 shareholder's loan agreements and subordinated fee agreements with Feitian No.2 (Tianjin).
- (c) In October 2023, the Group has entered into an exchangeable bond subscription agreement with Aircraft Recycling International Limited ("ARI") in respect of the subscription of HK\$850.0 million exchangeable bonds to be issued by ARI. On 1 January 2024, the Group has completed the subscription of the exchangeable bonds. For details of the arrangement, please refer to the Circular dated 29 November 2023.

## 5 PREPAYMENTS AND OTHER ASSETS

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

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
PDP and other prepayments and receivables relating to aircraft acquisition	<u>7,047,519</u>	<u>7,626,274</u>

### (b) Prepayments and other assets

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Operating lease receivables <sup>(note)</sup>	418,178	448,625
Deposits paid	24,651	48,705
Prepayments and amounts due from related parties	189,935	98,649
Deductible input value-added taxes	53,697	63,986
Others	<u>243,093</u>	<u>190,757</u>
	929,554	850,722
Less: Accumulated expected credit losses allowance <sup>(note)</sup>	<u>(201,217)</u>	<u>(203,556)</u>
	<u>728,337</u>	<u>647,166</u>

*Note:*

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

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

	Unaudited		Audited	
	As at 30 June 2024		As at 31 December 2023	
	HK\$'000	%	HK\$'000	%
Current/deferral	98,386	23%	135,656	30%
Less than 30 days past due	1,387	1%	4,180	1%
30 to 90 days past due	2,910	1%	19,277	4%
More than 90 days past due	315,495	75%	289,512	65%
Total	<u>418,178</u>	<u>100%</u>	<u>448,625</u>	<u>100%</u>

As at 30 June 2024, the accumulated expected credit losses allowance against operating lease receivables amounted to HK\$201,217,000 (31 December 2023: HK\$203,556,000) and the net carrying amount of operating lease receivables was HK\$216,961,000 (31 December 2023: HK\$245,069,000).

## 6 BORROWINGS

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
<b>Bank and other borrowings</b>		
Bank and other borrowings for aircraft acquisition financing (a)	26,504,793	23,309,584
PDP financing (b)	6,112,575	6,127,842
Other bank borrowings (c)	<u>11,295,367</u>	<u>8,802,585</u>
	<u>43,912,735</u>	<u>38,240,011</u>
<b>Other long-term borrowings</b>		
Borrowings from trust plans (d)	4,127,872	4,263,795
Other borrowings (e)	<u>417,974</u>	<u>408,064</u>
	<u>4,545,846</u>	<u>4,671,859</u>
	<u>48,458,581</u>	<u>42,911,870</u>

### **Bank and other borrowings**

- (a) Bank and other borrowings for aircraft acquisition financing are principally based on fixed or floating rates (including US\$ SOFR and RMB LPR). As at 30 June 2024, certain bank and other borrowings were secured by, in addition to other legal charges, the related aircraft leased to airline companies under either finance leases or operating leases, pledge of the shares in the subsidiaries owning the related aircraft, guarantees from certain companies of the Group, and pledged deposits amounting to HK\$53,786,000 (31 December 2023: HK\$56,323,000). As at 30 June 2024, bank and other borrowings of HK\$602,537,000 (31 December 2023: HK\$903,557,000) were unsecured.
- (b) As at 30 June 2024, PDP financing of HK\$6,112,575,000 (31 December 2023: HK\$6,127,842,000) was unsecured and guaranteed by the Company or certain companies of the Group.
- (c) As at 30 June 2024, unsecured other bank borrowings amounted to HK\$11,295,367,000, of which HK\$4,711,849,000 were guaranteed by the Company or certain companies of the Group.

As at 31 December 2023, other bank borrowings of HK\$312,324,000 were secured by pledged deposits amounting to HK\$313,495,000. The unsecured other bank borrowings amounted to HK\$8,490,261,000, of which HK\$3,937,290,000 were guaranteed by the Company or certain companies of the Group.

### **Other long-term borrowings**

- (d) As at 30 June 2024, 43 borrowings (31 December 2023: 45 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 5.8% to 7.8% (31 December 2023: 3.5% to 7.8%) per annum for remaining terms of one to six years (31 December 2023: one to six 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 pledged deposits amounting to HK\$44,183,000 (31 December 2023: HK\$44,183,000).
- (e) As at 30 June 2024, four borrowings (31 December 2023: four borrowings) were obtained through a structured financing arrangement for four aircraft (31 December 2023: four aircraft) delivered to airlines. These borrowings bear an effective interest rate ranging from 3.9% to 5.7% (31 December 2023: 3.9% to 5.7%) per annum for their remaining terms of one to two years (31 December 2023: one to two years) and were guaranteed by the Company.

## **7 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 from the investors.

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.

As at 30 June 2024, after deducting the issuing cost, the total carrying amount of these notes was HK\$1,621,634,000 (31 December 2023: HK\$1,656,173,000).

## **8 BONDS AND DEBENTURES**

In March 2017, the Group issued seven-year senior unsecured bonds of US\$200.0 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 were guaranteed by the Company. 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\$70.0 million senior unsecured bonds, of which US\$35.0 million were issued in November 2020 and due in 2025 and US\$35.0 million were issued in January 2021 and due in 2026. The bonds bear coupon interest at 5.9% per annum, payable semi-annually.

In December 2021, the Group issued three-year US\$100.0 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.

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

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

As at 30 June 2024, after deducting the issuing cost, the total carrying amount of bonds and debentures was HK\$4,690,883,000 (31 December 2023: HK\$5,943,499,000).

## 9 LEASE INCOME AND SEGMENT INFORMATION

During the six months ended 30 June 2024, the Group was engaged in the provision of aircraft leasing services to global airline companies. The Group leases its aircraft to airline companies under finance leases or operating leases under which it receives rentals.

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

	<b>Unaudited</b>			
	<b>Six months ended 30 June</b>			
	2024		2023	
	<b>HK\$'000</b>	<b>%</b>	<b>HK\$'000</b>	<b>%</b>
<b>Categorised by customer in terms of lease income:</b>				
Airline company – A	596,768	27%	520,450	25%
Airline company – B	296,774	13%	340,344	17%
Airline company – C	155,423	7%	82,210	4%
Airline company – D	145,591	7%	126,224	6%
Airline company – E	94,074	4%	114,863	6%
Others	<u>933,831</u>	<u>42%</u>	<u>872,362</u>	<u>42%</u>
Total finance and operating lease income	<u><u>2,222,461</u></u>	<u><u>100%</u></u>	<u><u>2,056,453</u></u>	<u><u>100%</u></u>

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	2024	2023
	<b>HK\$'000</b>	<b>HK\$'000</b>
Aircraft transactions (a)	25,256	38,615
Aircraft components trading (b)	<u>171</u>	<u>6,080</u>
	<u><u>25,427</u></u>	<u><u>44,695</u></u>

### (a) Aircraft transactions

The net gain from aircraft transactions amounted to HK\$25,256,000 for the six months ended 30 June 2024 included disposals of aircraft to third parties (six months ended 30 June 2023: HK\$38,615,000 included disposal of aircraft to a related party).

(b) Aircraft components trading

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Sales from aircraft components trading assets	246	9,663
Less: Cost of aircraft components trading assets	(75)	(3,583)
	<u>171</u>	<u>6,080</u>

11 OTHER INCOME

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Government grants (a)	113,125	100,144
Interest income from loans to associates and joint ventures	54,986	56,752
Bank interest income	65,277	32,407
Asset management service fees income from CAG Group	9,244	9,302
Others	37,576	26,504
	<u>280,208</u>	<u>225,109</u>

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

12 OTHER GAINS, NET

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Currency exchange gains in RMB	256,141	242,210
Fair value losses on currency forward contracts in RMB	(78,167)	(123,330)
Currency exchange losses in US\$	(2,656)	(15,578)
Fair value gains on financial assets at fair value through profit or loss	375	21,393
Changes in fair value attributable to interest rate	240	28,043
(Realised losses)/unrealised gains on a currency swap	(13,932)	6,519
	<u>162,001</u>	<u>159,257</u>

## 13 INCOME TAX EXPENSES

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current income tax:		
Mainland China, Hong Kong and others	116,434	98,555
Deferred income tax	<u>(664)</u>	<u>55,278</u>
	<u>115,770</u>	<u>153,833</u>

## 14 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2024 and 30 June 2023.

	Unaudited	
	Six months ended 30 June	
	2024	2023
Profit attributable to shareholders of the Company (HK\$'000)	131,749	201,171
Weighted average number of ordinary shares in issue (number of shares in thousands)	<u>744,355</u>	<u>744,355</u>
Basic earnings per share (HK\$ per share)	<u>0.177</u>	<u>0.270</u>

### (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 30 June 2024 and as at 30 June 2023, as the exercise price per share is higher than average market price of ordinary shares, it is not assumed that the outstanding share options have been exercised in the calculation of the diluted earnings per share for the six months ended 30 June 2024 and 30 June 2023.



## 15 DIVIDENDS

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared of HK\$0.12 (2023: HK\$0.15) per ordinary share	<u>89,358</u>	<u>111,653</u>

On 22 August 2023, the Board declared an interim dividend of HK\$0.15 per ordinary share totalling HK\$111.7 million which was paid by cash in October 2023.

A final dividend of HK\$0.15 per ordinary share totalling HK\$111.7 million (including cash dividend and scrip dividend) for the year ended 31 December 2023 was declared and was reflected as dividend payable as at 30 June 2024.

On 23 August 2024, the Board declared an interim dividend of HK\$0.12 per ordinary share totalling HK\$89.4 million, which is calculated based on 744,648,542 issued shares as at 23 August 2024. The declared dividend is not reflected as a dividend payable in the consolidated financial statements as at 30 June 2024, and will be reflected as an appropriation of retained earnings for the year ending 31 December 2024.

## RECONCILIATIONS OF NON-GAAP MEASURES

The Company considers that the amounts due to trust plans are not included as borrowings when evaluating its operating results and for financial and operational decision-making purposes. As such, the amounts due to trust plans and the payments to trust plans should be excluded from borrowings and interest expenses. 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; adjusted borrowings, which was calculated by excluding amounts due to trust plans or asset-backed securities programme; and adjusted other liabilities and accruals, which was calculated by including amounts due 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:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'Million</b>	<b>HK\$'Million</b>
Interest expenses	1,340.1	1,075.9
<i>Less:</i> Payments to trust plans	<u>(133.5)</u>	<u>(146.7)</u>
Adjusted interest expenses	<u><b>1,206.6</b></u>	<u><b>929.2</b></u>
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<b>HK\$'Million</b>	<b>HK\$'Million</b>
Borrowings	48,458.6	42,911.8
<i>Less:</i> Amounts due to trust plans	<u>(4,127.9)</u>	<u>(4,263.8)</u>
Adjusted borrowings	<u><b>44,330.7</b></u>	<u><b>38,648.0</b></u>
Other liabilities and accruals	2,487.1	2,375.2
<i>Add:</i> Amounts due to trust plans	<u>4,127.9</u>	<u>4,263.8</u>
Adjusted other liabilities and accruals	<u><b>6,615.0</b></u>	<u><b>6,639.0</b></u>

The Company uses non-GAAP presentations in the interim consolidated statement of income and interim consolidated balance sheet as presented from page 44 to 45 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 Company believes that the non-GAAP presentations provide more accurate presentations of its operating performance in its business by classifying certain other gains and losses as operating income and excluding the payments related to trust plans or asset-backed securities programme from interest expenses, also by classifying amounts due to trust plans or asset-backed securities programme as other liabilities and accruals. The Company believes that the non-GAAP presentations would provide more accurate presentation of the Company's performance from the perspective of the management of the Company.

The Group disclosed unaudited non-GAAP financial measures for the year ended 31 December 2023, which included adjusted profit attributable to shareholders of the Company, adjusted profit for the year, adjusted EBITDA and adjusted earnings per share (Basic). As the fair value changes on CAG Group has no material impact on the financial performance of the Group during the six months ended 30 June 2024 and 30 June 2023, the Group no longer disclose the aforesaid non-GAAP measures.

## INTERIM CONSOLIDATED STATEMENT OF INCOME

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Total revenue</b>		
<b>Lease income</b>		
Finance lease income	300,224	296,555
Operating lease income	<u>1,922,237</u>	<u>1,759,898</u>
	<b>2,222,461</b>	<b>2,056,453</b>
<b>Other operating income</b>		
Net income from aircraft transactions and aircraft components trading	25,427	44,695
Other income	<u>533,693</u>	<u>225,109</u>
	<u><b>2,781,581</b></u>	<u><b>2,326,257</b></u>
<b>Expenses</b>		
Interest expenses and payments to trust plans	(1,340,118)	(1,075,871)
– Interest expenses	(1,206,622)	(929,146)
– Payments to trust plans	(133,496)	(146,725)
Depreciation	(839,726)	(748,034)
Reversal of expected credit losses/(expected credit losses)	28,331	(51,782)
Other operating expenses	<u>(236,601)</u>	<u>(147,825)</u>
	<u><b>(2,388,114)</b></u>	<u><b>(2,023,512)</b></u>
<b>Operating profit</b>	<b>393,467</b>	<b>302,745</b>
<b>Share of results from associates and joint ventures</b>	<b>(564)</b>	<b>(1,267)</b>
<b>Other (losses)/gains, net</b>	<u><b>(91,484)</b></u>	<u><b>159,257</b></u>
<b>Profit before income tax</b>	<u><u><b>301,419</b></u></u>	<u><u><b>460,735</b></u></u>

## INTERIM CONSOLIDATED BALANCE SHEET

	Unaudited As at 30 June 2024 <i>HK\$'000</i>	Audited As at 31 December 2023 <i>HK\$'000</i>
<b>ASSETS</b>		
Property, plant and equipment and right-of-use assets	36,744,608	33,493,826
Investments in and loans to associates and joint ventures	642,524	1,529,629
Finance lease receivables – net	8,643,662	8,577,339
Financial assets at fair value through profit or loss	1,471,869	621,749
Derivative financial assets	15,685	61,157
PDP and other prepayments and receivables relating to aircraft acquisition	7,047,519	7,626,274
Prepayments and other assets	728,337	647,166
Assets classified as held for sale	2,321,441	1,425,254
Aircraft components trading assets	3,431	1,934
Restricted cash	263,333	544,524
Cash and cash equivalents	<u>6,114,507</u>	<u>5,295,875</u>
<b>Total assets</b>	<b><u>63,996,916</u></b>	<b><u>59,824,727</u></b>
<b>EQUITY</b>		
Share capital	74,436	74,436
Reserves	2,095,595	2,173,544
Retained earnings	<u>2,101,656</u>	<u>2,081,560</u>
<b>Equity attributable to shareholders of the Company</b>	<b>4,271,687</b>	<b>4,329,540</b>
Perpetual capital securities and other non-controlling interests	<u>779,398</u>	<u>810,422</u>
<b>Total equity</b>	<b><u>5,051,085</u></b>	<b><u>5,139,962</u></b>
<b>LIABILITIES</b>		
Deferred income tax liabilities	1,188,112	1,191,479
Borrowings	44,330,709	38,648,075
Medium-term notes	1,621,634	1,656,173
Bonds and debentures	4,690,883	5,943,499
Derivative financial liabilities	188,030	147,735
Income tax payables	83,876	66,056
Interest payables	227,557	392,690
Other liabilities and accruals	<u>6,615,030</u>	<u>6,639,058</u>
<b>Total liabilities</b>	<b><u>58,945,831</u></b>	<b><u>54,684,765</u></b>
<b>Total equity and liabilities</b>	<b><u>63,996,916</u></b>	<b><u>59,824,727</u></b>

The interest-bearing debts including borrowings, medium-term notes and bonds and debentures, amounted to HK\$50,643,226,000 as at 30 June 2024 (31 December 2023: HK\$46,247,747,000).

## **INTERIM DIVIDEND**

The Board has declared the payment of an interim dividend of HK\$0.12 per share for the six months ended 30 June 2024 (2023 interim dividend: 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 Wednesday, 11 September 2024. The 2024 interim dividend will be paid in cash on or about Monday, 7 October 2024.

## **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 Monday, 9 September 2024 to Wednesday, 11 September 2024, both days inclusive, during which, no transfer of shares will be registered. The record date on which the Shareholders are qualified to receive the interim dividend is Wednesday, 11 September 2024. In order to be eligible 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, not later than 4:30 p.m. on Friday, 6 September 2024 for registration.

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

On 8 March 2024, the Group has redeemed all outstanding CALC 3 Bonds in aggregate principal amount of U.S.\$148,880,000 in whole at maturity pursuant to the terms of the U.S.\$200,000,000 5.50 PER CENT. guaranteed bonds due 2024 (Stock Code: 05391) issued by CALC Bond 3 Limited (the “**CALC 3 Bonds**”). Following the full redemption, the CALC 3 Bonds were cancelled in whole, and the Group is discharged from all the obligations under and in respect of the CALC 3 Bonds.

The Group has also repaid the RMB1.49 billion RMB notes in April 2024. Details of the bonds and debentures are provided in the section headed Bonds and Debentures in this announcement.

Save as disclosed above, during the six months ended 30 June 2024, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## **EVENTS AFTER THE REVIEW PERIOD**

On 6 August 2024 (after trading hours), a wholly-owned special purpose vehicle of the Company (the Seller) entered into the Aircraft Sale and Purchase Agreements with an independent third party (the Purchaser) in relation to the sale of three lease-attached aircraft. The sale transactions are expected to be completed by end of December 2025. Please refer to the announcement of the Company dated 6 August 2024 for details.

Save as disclosed above, there were no material subsequent events since 30 June 2024, being the end of the Review Period.

## **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 emphasis a quality board, accountability to all stakeholders, open communication and fair disclosure. It is the firm belief of the Company that a good and solid corporate governance framework is essential to the successful growth of the Company and the enhancement of shareholder value.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to formulate its business strategies and policies, and to enhance its transparency, accountability and shareholder value. The Company has adopted the principles as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules as its corporate governance practices.

The Company has complied with all code provisions as set out in Part 2 of the CG Code during the six months ended 30 June 2024, save and except the following:

In respect of Code Provision F.2.2, the chairman of the board should attend the annual general meeting. Mr. ZHANG Mingao was absent at the annual general meeting held on 21 May 2024 (the “**AGM**”). In his absence, Ms. WANG Yun, Non-executive Director and chairman of the Strategy Committee, took the chair of the AGM. Other members of the Board, chairmen of each of the Audit Committee, Remuneration Committee and Nomination Committee, as well as the external auditor, who also attended the AGM, were of sufficient calibre for answering questions at the AGM.

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 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 six months ended 30 June 2024.

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

As at the date of this announcement, the Company’s Audit Committee consisted of Mr. FAN Chun Wah, Andrew, *J.P.* (chairman of the Audit Committee), Mr. CHEOK Albert Saychuan and Dr. TSE Hiu Tung, Sheldon, *M.H.*, all of whom are independent non-executive Directors. During the Review Period, the Audit Committee has reviewed with the management team and external consultant of the Company the accounting principles and practices adopted by the Group and discussed matters regarding 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 2024. The unaudited consolidated financial statements of the Group for the six months ended 30 June 2024 have not been reviewed by the Company’s auditor PricewaterhouseCoopers.

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

This interim results announcement has been published on the websites of the Company ([www.calc.com.hk](http://www.calc.com.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2024 interim report of the Company 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, 23 August 2024

*As at the date of this announcement, (i) the Executive Directors are Mr. ZHANG Mingao (Chairman), Mr. POON Ho Man (Chief Executive Officer) and Mr. LI Guohui (Chief Financial Officer and Chief Strategy Officer); (ii) the Non-executive Director is Ms. WANG Yun; and (iii) the Independent Non-executive Directors are Mr. CHEOK Albert Saychuan, Dr. TSE Hiu Tung, Sheldon, M.H., and Mr. FAN Chun Wah, Andrew, J.P.*