

CALC

China Aircraft Leasing Group Holdings Limited

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

Stock code: 01848



INTERIM REPORT
2026



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-executive Directors

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

Mr. PAN Jianyun

Executive Directors

Mr. POON Ho Man (*Chief Executive Officer*)

Mr. LI Guohui (*Chief Financial Officer and
Chief Strategy Officer*)

Independent Non-executive Directors

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

Dr. HONG Wen

Mr. CHAN Ching Summit

COMPOSITION OF COMMITTEES

Audit Committee

Mr. FAN Chun Wah, Andrew, J.P. (*Chairman*)

Dr. HONG Wen

Mr. CHAN Ching Summit

Remuneration Committee

Dr. HONG Wen (*Chairman*)

Mr. PAN Jianyun

Mr. POON Ho Man

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

Mr. CHAN Ching Summit

Nomination Committee

Mr. CHAN Ching Summit (*Chairman*)

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

Dr. HONG Wen

COMPANY SECRETARY

Ms. NGAN Chi Mui

AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants

REGISTERED OFFICE

Maples Corporate Services Limited

PO Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

32/F., Far East Finance Centre

16 Harcourt Road

Hong Kong

COMPANY'S WEBSITE

www.calc.aero

INVESTOR RELATIONS CONTACT

ir@calc.aero

SHARE REGISTRAR AND TRANSFER OFFICE

Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited

PO Box 1093, Boundary Hall

Cricket Square

Grand Cayman

KY1-1102

Cayman Islands

Branch Share Registrar and Transfer Office

Tricor Investor Services Limited

17/F., Far East Finance Centre

16 Harcourt Road

Hong Kong

STOCK CODE

01848

CORPORATE INFORMATION

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM BUSINESS REVIEW

During the first half of 2026, the global air transport market remained resilient amid a complex and volatile external environment. Geopolitical tensions in the Middle East and restrictions in certain airspaces had posed certain challenges to international route operations and drove volatility in oil prices and aviation fuel costs. According to the latest data from the International Air Transport Association (“**IATA**”), total global passenger demand (measured in revenue passenger kilometers or RPKs) still grew by 0.6% year-on-year in the first half of 2026, while international air passenger demand increased by 0.4% year-on-year and the overall passenger load factor rose by 0.5 percentage points year-on-year to 83.0%, reflecting resilient demand for air travel. The China civil aviation market also maintained a steady upward trend, handling 380 million passenger traffic during the first half, up 1.0% year-on-year. Meanwhile, aircraft and engine supply remained tight, and airlines continued to show strong demand for fleet renewal, capacity expansion and MRO services, creating structural growth opportunities for aircraft leasing and aviation aftermarket businesses.

Amid the evolving aviation market landscape, the Group adhered to prudent operations, pursued steady growth, and focused on enhancing quality and efficiency, achieving a solid performance. For the six months ended 30 June 2026 (the “Review Period”), the Group’s total revenue was HK\$3,905.6 million (1H 2025: HK\$2,473.7 million), representing a year-on-year increase of 57.9%. Profit attributable to shareholders of the Company for the Review Period amounted to HK\$171.4 million (1H 2025: HK\$140.5 million), representing a year-on-year increase of 22.0%. Earnings per share were HK\$0.229 (1H 2025: HK\$0.189). The Board has resolved to declare an interim dividend of HK\$0.14 per ordinary share (1H 2025: HK\$0.12), totalling HK\$106.3 million.

1) Maintain a Quality Fleet Portfolio and Premium Orderbook Assets

During the Review Period, the Group continued to adhere to a prudent fleet management strategy and optimize its fleet portfolio by leveraging its quality order book, global aircraft trading network and full life-cycle aircraft management capabilities.

In terms of aircraft procurement, the Group remained committed to investing in new-generation fuel-efficient aircraft models and actively supported the commercialization and global development of COMAC C909 aircraft. In line with the sustained improvement in the used aircraft market in recent years, the Group also selectively invested in quality mid-to-end of life aircraft, capturing opportunities arising from market cycles and changes in asset values. To further consolidate its orderbook advantage, the Group placed an additional order for 30 Airbus A320neo family aircraft in December 2025. As at 30 June 2026, the Group had 123 aircraft on backlog, comprising 98 Airbus A320neo family aircraft and 25 COMAC C909 aircraft. Its strong order book provides solid support for the Group’s future growth. During the Review Period, drawing on its professional capabilities in aircraft asset investment and operational management, the Group successfully acquired 16 used aircraft from an investment platform, further expanding its portfolio of mid-to-end of life aircraft. During the Review Period, the Group completed the sale of nine aircraft from its owned fleet, while continuing to provide management services for six of these aircraft and two aircraft sold earlier, demonstrating market recognition of its asset management capabilities. Through the “sale-and-management” model, the Group generated both sales proceeds and management fee income while continuously optimizing its fleet portfolio.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Review Period, the Group delivered a total of seven new aircraft from its orderbook to airline customers. All were new-generation, fuel-efficient Airbus A320neo family aircraft, supporting airline customers in fleet renewal and capacity expansion. As at 30 June 2026, the Group's fleet comprised 179 aircraft, including 163 owned aircraft and 16 managed aircraft, maintaining a modern fleet portfolio primarily comprising new-generation fuel-efficient models. As at 30 June 2026, by number of aircraft, 91.4% of the Group's owned fleet were single-aisle models, a highly liquid and in-demand asset class in the market, with asset values continuing to rise. Excluding six mid-to-end of life aircraft reserved for sale or disassembly, all remaining aircraft in the owned fleet were on lease. As at 30 June 2026, the average age of the Group's owned fleet was 9.0 years and the average remaining lease term was 6.5 years.

2) Accelerate Global Presence with a Focus on Creditworthy Clientele

The Group continued to consolidate its leading position in the PRC market. As at 30 June 2026, by number of aircraft, 54% of the Group's owned fleet were leased to Chinese airlines (including Hong Kong, Macau and Taiwan), most of which were state-owned airlines, primarily comprising the "**Big Three**" carriers and their subsidiaries.

At the same time, the Group accelerated its global expansion by focusing on flag carriers and leading airlines across different regions, increasing aircraft placements and deepening partnerships. Overseas customers now account for more than 40% of the Group's overall customer base. During the Review Period, five of the seven new aircraft delivered by the Group were leased to leading overseas airlines, including United Airlines and Condor Flugdienst GmbH ("**Condor Airlines**"). The Group also entered into a lease agreement with Azerbaijan Airlines, the flag carrier of Azerbaijan, for two new Airbus A320neo aircraft, further expanding the Group's presence in Western Asia.

As at 30 June 2026, the Group's owned and managed aircraft were leased to 42 airlines across 21 countries and regions globally. In terms of order book placement, all aircraft scheduled for delivery during the next 15 months have been mandated for lease, approximately 80% of which will be leased to overseas airlines. The proportion of the Group's overseas customers is expected to further increase in the future.

3) Optimize Financing Strategies and Strengthen Liquidity Management

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

During the Review Period, the Group obtained approximately US\$2.4 billion in new and renewed facilities. During the Review Period, the Group completed a US\$480 million unsecured PDP syndicated loan facility, providing solid funding support for its future fleet development. The syndicated facility attracted strong participation from 14 domestic and international banks and was two times oversubscribed, fully demonstrating financial institutions' confidence in the Group's solid operating performance, high-quality asset portfolio and long-term growth prospects. In the bond market, the Group successfully issued RMB1.5 billion of five-year corporate bonds in the PRC market with a coupon rate of 2.25% per annum, marking another record-low coupon rate for the Group's bond for the same tenor. During the Review Period, the Group also repaid bonds of US\$35 million and RMB1.5 billion on schedule.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2026, the Group had cash and cash equivalents amounting to HK\$5,186.3 million (as at 31 December 2025: HK\$3,518.0 million) and undrawn borrowing facilities of HK\$17,660.3 million (as at 31 December 2025: HK\$13,954.5 million), providing sufficient liquidity to support business development.

Going forward, the Group will continue to actively explore innovative equity and equity-like financing solutions to further strengthen its capital base and optimize its capital structure. At the same time, the Group will continue to closely monitor onshore and offshore interest rate, foreign exchange and capital market trends, flexibly utilize different financing instruments, continually optimize its funding currency and duration mix, and reduce overall financing costs, thereby providing strong support for the Group's sustainable business development.

4) Continue to Advance the Global Expansion of COMAC C909 Aircraft

During the Review Period, the Group's associated company, PT TransNusa Aviation Mandiri ("**TransNusa**") in Indonesia, continued to serve as the flagship operator for the overseas operation of the COMAC C909 fleet. As at 30 June 2026, TransNusa operated a fleet of five C909 aircraft, had safely transported more than 710,000 passengers in total, and had successively launched 13 domestic and international routes connecting markets in China, Malaysia and other countries and regions. Over the past three years of commercial operations, as the pioneering overseas operator of the C909 aircraft, TransNusa successfully established the full chain spanning aircraft introduction, airworthiness certification, personnel training and commercial operations, creating a replicable and scalable model for the C909's commercial operation in overseas markets. In April 2026, in recognition of its outstanding growth and operating model, TransNusa received the "Top Airlines by Absolute Passenger Growth Southeast Asia" award at the Changi Airline Awards 2026. Going forward, the Group will continue to support TransNusa in enhancing its regional route network and improving operational efficiency, while working closely with manufacturers and industry partners to explore diversified pathways and facilitate the expansion of China-made commercial aircraft into broader international markets.

5) Deepen Presence in the Aviation Aftermarket

As one of the few lessors worldwide with full aircraft life-cycle management capabilities, the Group actively captured opportunities in the aviation aftermarket during the Review Period, strengthened upstream and downstream industry collaboration, and enhanced its asset management capabilities for mid-to-end of life aircraft and engines. During the Review Period, the Group entered into a strategic cooperation agreement with CASC Bireturn Aviation Technology Corp., Ltd., to jointly strengthen their presences in aircraft asset life-cycle management, aviation materials recycling and the aviation aftermarket. In addition, the Group completed the delivery of a mid-life CFM56-7B engine on lease to Shenzhen Airlines. Leveraging its engine portfolio and professional engineering capabilities, the Group provides airline customers with one-stop services covering technical assessment, maintenance management, leasing and asset transactions. Subsequent to the Review Period, with the support of the HKSAR Government and industry stakeholders, the Group entered into a strategic memorandum of understanding with Hong Kong Aircraft Engineering Company Limited ("**HAECO**") to jointly establish an Engine Quick-Turn and Hospital Repair Services Center, with a view to supporting the development of Hong Kong's high value-added aviation services sector and further strengthening its position as an international aviation hub. Going forward, the Group expects to continue promoting resource synergies across its business segments and further enhance asset operating efficiency and overall profitability.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

In the second half of the year, despite continued uncertainties in the external environment, the global aviation industry is expected to maintain strong growth momentum and sustain a steady growth trajectory. According to IATA flight schedule data, global aviation capacity is expected to increase by 1.3% and 2.6% year-on-year in July and August 2026, respectively, while aviation capacity in the Asia-Pacific region is also expected to return to growth, reflecting airlines' continued confidence regarding passenger travel demand and the market outlook. Meanwhile, supply chain constraints continue to pose certain challenges to airlines' capacity deployment. Coupled with growing fleet renewal demand and constrained MRO capacity, aircraft values and lease rates are expected to remain at elevated levels. Against this backdrop, the Group will continue to pursue a prudent and steady operating strategy, continually optimize its fleet portfolio and customer mix, strengthen its full life-cycle asset management capabilities and further improve asset returns.

The Group will also continue to strengthen risk management, closely monitor changes in the foreign exchange and interest rate markets, continue to flexibly utilize diversified onshore and offshore financing channels, maintain proactive financial management, and strengthen its capital base and enhance business resilience, thereby creating long-term value for all stakeholders of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM CONSOLIDATED STATEMENT OF INCOME

	Unaudited	
	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
Total revenue		
Lease income	1,860,038	1,908,112
Aircraft and components trading income	829,404	136,429
Net income from aircraft transactions	52,012	226,682
Other income	1,164,144	202,434
	3,905,598	2,473,657
Expenses		
Costs of aircraft and components trading	(820,402)	(68,432)
Interest expenses	(1,010,329)	(1,104,362)
Depreciation and impairment	(883,145)	(683,313)
(Expected credit losses)/reversal of expected credit losses	(3,890)	7,805
Other operating expenses	(227,706)	(267,377)
	(2,945,472)	(2,115,679)
Share of results from associates and joint ventures	6,293	799
Other losses, net	(438,502)	(170,381)
Profit before income tax	527,917	188,396
Income tax expenses	(320,237)	(30,529)
Profit for the period	207,680	157,867
Profit attributable to		
Shareholders of the Company	171,367	140,526
Holders of perpetual capital securities and other non-controlling interests	36,313	17,341
	207,680	157,867
Earnings per share for profit attributable to shareholders of the Company (expressed in HK\$ per share)		
– Basic earnings per share	0.229	0.189
– Diluted earnings per share	N/A	0.189

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM CONSOLIDATED BALANCE SHEET

	Unaudited As at 30 June 2026 HK\$'000	Audited As at 31 December 2025 HK\$'000
ASSETS		
Property, plant and equipment and right-of-use assets	38,726,034	31,694,025
Pre-Delivery Payments ("PDP") and other prepayments and receivables relating to aircraft acquisition	7,173,193	8,206,488
Investments in and loans to associates and joint ventures	355,823	597,444
Finance lease receivables – net	6,187,615	7,964,898
Deferred income tax assets	160,516	87,736
Financial assets at fair value through profit or loss	903,846	1,479,158
Prepayments and other assets	1,764,655	1,098,373
Assets classified as held for sale	2,879,601	2,526,133
Aircraft and components trading assets	527,203	827,375
Derivative financial assets	61	–
Restricted cash	28,551	52,342
Cash and cash equivalents	5,186,295	3,518,008
Total assets	63,893,393	58,051,980
EQUITY		
Share capital	74,797	74,797
Reserves	2,195,250	1,930,382
Retained earnings	2,324,747	2,288,015
Equity attributable to shareholders of the Company	4,594,794	4,293,194
Perpetual capital securities and other non-controlling interests	2,757,330	2,734,993
Total equity	7,352,124	7,028,187
LIABILITIES		
Deferred income tax liabilities	1,366,283	1,211,476
Borrowings	45,065,551	39,764,962
Medium-term notes	1,730,593	1,672,057
Bonds and debentures	5,286,551	5,410,425
Derivative financial liabilities	–	4,698
Income tax payables	313,841	227,274
Interest payables	248,787	355,191
Other liabilities and accruals	2,529,663	2,130,504
Liabilities directly associated with disposal group classified as held for sale	–	247,206
Total liabilities	56,541,269	51,023,793
Total equity and liabilities	63,893,393	58,051,980

MANAGEMENT DISCUSSION AND ANALYSIS

1. RESULTS

Total revenue of the Group for the period ended 30 June 2026 was HK\$3,905.6 million, representing an increase of HK\$1,431.9 million or 57.9% from HK\$2,473.7 million in the corresponding period last year. Profit for the period ended 30 June 2026 amounted to HK\$207.7 million (For the six months ended 30 June 2025: HK\$157.9 million). Profit attributable to shareholders of the Company for the period ended 30 June 2026 amounted to HK\$171.4 million (For the six months ended 30 June 2025: HK\$140.5 million). Earnings before interest, tax, depreciation and amortisation ("**EBITDA**") for the period ended 30 June 2026 amounted to HK\$2,421.4 million (For the six months ended 30 June 2025: HK\$1,976.1 million).

Total assets amounted to HK\$63,893.4 million as at 30 June 2026, compared with HK\$58,052.0 million as at 31 December 2025, representing an increase of HK\$5,841.4 million or 10.1%. The increase in assets was mainly due to the increase in the total fleet size of the Group from 149 aircraft as at 31 December 2025 to 163 aircraft as at 30 June 2026.

Total liabilities amounted to HK\$56,541.3 million as at 30 June 2026, representing an increase of HK\$5,517.5 million or 10.8% compared with HK\$51,023.8 million as at 31 December 2025. The increase in liabilities was mainly due to the increase in total interest-bearing debts by HK\$5,028.7 million, which mainly due to the increase in total fleet size of the Group. As at 30 June 2026, the total interest-bearing debts of the Group amounted to HK\$52,082.8 million (31 December 2025: HK\$47,054.1 million).

1.1 Total Revenue

For the six months ended 30 June 2026, the total revenue amounted to HK\$3,905.6 million, compared with HK\$2,473.7 million for the corresponding period last year, representing an increase of HK\$1,431.9 million or 57.9%.

1.1.1 Lease Income

Total lease income from finance leases and operating leases for the six months ended 30 June 2026 amounted to HK\$1,860.0 million, compared with HK\$1,908.1 million for the six months ended 30 June 2025, representing a decrease of HK\$48.1 million or 2.5%.

For the six months ended 30 June 2026, the Group's average lease rental yield of the finance leases and operating leases was 6.3% (For the six months ended 30 June 2025: 6.8%) and 8.6% (For the six months ended 30 June 2025: 9.3%), 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. Weighted average lease rental yield of the Group was 8.6% (For the six months ended 30 June 2025: 9.3%). The decrease in the average lease rental yield is mainly due to the re-marketing and lease extension of aircraft upon the expiration of first lease term during the six months ended 30 June 2026.

1.1.2 Net Income from Aircraft Transactions

For the six months ended 30 June 2026, the Group recognised net gain from disposal of seven aircraft and two engines amounted to HK\$52.0 million (For the six months ended 30 June 2025: net gain from disposal of 18 aircraft and two engines amounted to HK\$226.7 million). The aggregate net book value of aircraft and engines disposed amounted to HK\$2,973.2 million (For the six months ended 30 June 2025: HK\$5,507.5 million).

MANAGEMENT DISCUSSION AND ANALYSIS

1.1.3 Other Income

During the six months ended 30 June 2026, the Group had the following other income:

	Unaudited		
	Six months ended 30 June		
	2026	2025	Change
	HK\$'Million	HK\$'Million	
Government grants	185.1	66.6	+177.9%
Interest income from loans to associates and joint ventures	37.1	46.0	-19.3%
Bank interest income	31.9	62.1	-48.6%
Asset management service fees income from CAG Bermuda 1 Limited ("CAG") and its subsidiaries (collectively, "CAG Group")	38.2	4.3	+788.4%
Compensation received from lessees	861.0	–	N/A
Others	10.8	23.4	-53.8%
Total	1,164.1	202.4	+475.1%

Government grants for the six months ended 30 June 2026 amounted to HK\$185.1 million, compared with HK\$66.6 million for the six months ended 30 June 2025, representing an increase of HK\$118.5 million or 177.9%.

Compensation received from lessees amounted to HK\$861.0 million for the six months ended 30 June 2026, representing compensation received from lessees upon lease expiry to the extent that the aircraft were re-delivered from lessees not at a condition agreed in the lease agreements.

1.2 Expenses**1.2.1 Interest Expenses**

For the six months ended 30 June 2026, interest expenses incurred by the Group amounted to HK\$1,010.3 million, compared with HK\$1,104.4 million for the corresponding period last year, a decrease of HK\$94.1 million or 8.5%. The decrease in interest expenses was mainly due to the net effect of (i) the increase in bank and other borrowings as a result of increase in fleet size during the period and (ii) the decrease in average US\$ SOFR from 4.47% for the six months ended 30 June 2025 to 3.78% for the corresponding period in 2026. The average effective interest rate of bank and other borrowings during the period was 4.65% (For the six months ended 30 June 2025: 5.52%).

MANAGEMENT DISCUSSION AND ANALYSIS

Certain interest expenses from the floating interest rate borrowings had either been hedged or capitalised. The following table summarises the sensitivity test on change in US\$ interest rate for the unhedged exposure as at 30 June 2026:

US\$ Interest rate	Impact on	
	Cash outflow HK\$'Million	Profit attributable to shareholders of the Company HK\$'Million
Increased by 100 basis points	247	(190)
Decreased by 100 basis points	(247)	190

1.2.2 Depreciation and Impairment

The amount represented depreciation and impairment on aircraft under operating leases, leasehold improvements, office equipment, office building, right-of-use assets and other assets. Depreciation and impairment for the six months ended 30 June 2026 was HK\$883.1 million compared with HK\$683.3 million for the corresponding period last year, an increase of HK\$199.8 million or 29.2%. This was mainly attributable to the net impact of (i) change in the accounting estimates (for details, please refer to the announcement issued by the Company dated 18 August 2026) and (ii) impairment provided on the aircraft. The Group will closely monitor the aircraft book value and reassess the carrying amounts of the aircraft whenever there are events or changes in circumstances that would indicate that the carrying amounts of aircraft would be adversely affected and would make appropriate provision when necessary.

1.2.3 Other Operating Expenses

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

MANAGEMENT DISCUSSION AND ANALYSIS

1.3 Other Losses, Net

	Unaudited Six months ended 30 June		
	2026	2025	Change
	HK\$'Million	HK\$'Million	
Currency exchange losses	(442.2)	(176.3)	+150.8%
Fair value gains on currency forward contracts	–	16.1	-100.0%
Fair value gains on financial assets at fair value through profit or loss	0.6	0.7	-14.3%
Changes in fair value of interest rate swaps	3.2	(6.3)	N/A
Hedge ineffectiveness	–	0.6	-100.0%
Loss on disposal of subsidiaries	(0.1)	(5.2)	-98.1%
Total	(438.5)	(170.4)	+157.3%

The net exchange losses arising from net financial liabilities denominated in RMB was mainly due to the depreciation of US\$ exchange rate against RMB from approximately 7.0 as at 31 December 2025 to approximately 6.8 as at 30 June 2026.

Sensitivity test

As at 30 June 2026, the net RMB financial liabilities of the Group exposed to currency exchange risk with profit or loss impact amounted to RMB6.0 billion. A 1% appreciation/depreciation of RMB against US\$ would result in a decrease/increase in profit before tax for the six months ended 30 June 2026 by HK\$69.3 million.

1.4 Income Tax Expenses

Income tax for the six months ended 30 June 2026 was HK\$320.2 million compared to HK\$30.5 million in the corresponding period last year. The increase is mainly due to income tax expenses in relation to receipt of compensation from lessees and the low base of income tax expenses in the corresponding period last year after the recognition of deferred tax assets.

MANAGEMENT DISCUSSION AND ANALYSIS

2. INTERIM CONSOLIDATED BALANCE SHEET

2.1 Assets

As at 30 June 2026, the Group's total assets amounted to HK\$63,893.4 million compared with HK\$58,052.0 million as at 31 December 2025, an increase of HK\$5,841.4 million or 10.1%.

	Unaudited As at 30 June 2026 HK\$'Million	Audited As at 31 December 2025 HK\$'Million	Change
Property, plant and equipment and right-of-use assets (mainly " Aircraft under operating leases ")	38,726.0	31,694.0	+22.2%
Finance lease receivables – net (" Aircraft under finance leases ")	6,187.6	7,964.9	-22.3%
Assets classified as held for sale (" Aircraft under operating leases for trading ")	2,879.6	2,526.1	+14.0%
Aircraft and components trading assets	527.2	827.4	-36.3%
Pre-Delivery Payments (" PDP ") and other prepayments and receivables relating to aircraft acquisition	7,173.2	8,206.5	-12.6%
Deferred income tax assets	160.5	87.7	+83.0%
Prepayments and other assets	1,764.8	1,098.4	+60.7%
Investments in and loans to associates and joint ventures	355.8	597.5	-40.5%
Financial assets at fair value through profit or loss	903.8	1,479.2	-38.9%
Restricted cash	28.6	52.3	-45.3%
Cash and cash equivalents	5,186.3	3,518.0	+47.4%
Total assets	63,893.4	58,052.0	+10.1%

MANAGEMENT DISCUSSION AND ANALYSIS

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

Property, plant and equipment and right-of-use assets mainly included the cost of aircraft classified as operating leases, net of their accumulated depreciation and impairment. The increase in property, plant and equipment and right-of-use assets was mainly due to the increase in the fleet size of the Group under operating lease from 96 aircraft as at 31 December 2025 to 114 aircraft as at 30 June 2026.

Net finance lease receivables represented the present value of minimum lease payments receivable from aircraft classified as finance leases and their residual values. The fleet size of the Group under finance lease decreased from 43 aircraft as at 31 December 2025 to 33 aircraft as at 30 June 2026.

Assets classified as held for sale represented cost of assets expected to be disposed in the next twelve months. The number of aircraft classified as held for sale increased from 8 aircraft as at 31 December 2025 to 10 aircraft as at 30 June 2026.

Aircraft and components trading assets mainly represented the cost of assets held for trading. The number of aircraft classified as aircraft and components trading assets increased from 2 aircraft as at 31 December 2025 to 6 aircraft as at 30 June 2026.

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

	As at 30 June 2026 Owned Aircraft	As at 31 December 2025 Owned Aircraft
Property, plant and equipment and right-of-use assets (Operating leases)	114	96
Finance lease receivables – net (Finance leases)	33	43
Assets classified as held for sale (Operating leases)	10	8
Aircraft and components trading assets	6	2
Total	163	149

The total fleet size of the Group under property, plant and equipment and right-of-use assets, finance lease receivables – net, assets classified as held for sale and aircraft and components trading assets increased from 149 aircraft as at 31 December 2025 to 163 aircraft as at 30 June 2026.

As at 30 June 2026, the aggregate net book value of the aircraft was HK\$48,258.4 million (31 December 2025: HK\$42,293.0 million).

MANAGEMENT DISCUSSION AND ANALYSIS

2.1.2 Aircraft Portfolio

Aircraft portfolio by number of aircraft is as follows:

	As at 30 June 2026 Owned Aircraft	As at 31 December 2025 Owned Aircraft	As at 30 June 2025 Owned Aircraft
Aircraft Type			
Airbus A320 CEO family	72	64	67
Airbus A320 NEO family	55	51	50
Airbus A330 CEO family	12	11	12
Boeing B737 NG family	15	15	15
Boeing B737 MAX family	2	2	2
Boeing B787	2	1	1
COMAC C909	5	5	4
Total	163	149	151 <i>(note)</i>

Note: Including one aircraft remained in Russia as at 30 June 2025.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

2.2 Liabilities

As at 30 June 2026, the Group's total liabilities amounted to HK\$56,541.3 million, compared with HK\$51,023.8 million as at 31 December 2025, an increase of HK\$5,517.5 million or 10.8%.

An analysis is given as follows:

	Unaudited As at 30 June 2026 HK\$'Million	Audited As at 31 December 2025 HK\$'Million	Change
Borrowings	45,065.6	39,765.0	+13.3%
Bonds and debentures	5,286.6	5,410.4	-2.3%
Medium-term notes	1,730.6	1,672.1	+3.5%
Borrowings included in liabilities directly associated with disposal group classified as held for sale	–	206.6	-100.0%
Total interest-bearing debts	52,082.8	47,054.1	+10.7%
Deferred income tax liabilities	1,366.3	1,211.5	+12.8%
Interest payables	248.8	355.2	-30.0%
Income tax payables	313.8	227.2	+38.1%
Derivative financial liabilities	–	4.7	-100.0%
Other liabilities and accruals	2,529.6	2,171.1	+16.5%
Total liabilities	56,541.3	51,023.8	+10.8%

MANAGEMENT DISCUSSION AND ANALYSIS

2.2.1 Borrowings

The analysis of borrowings is as follows:

	Unaudited As at 30 June 2026 HK\$'Million	Audited As at 31 December 2025 HK\$'Million	Change
Bank and other borrowings			
Bank and other borrowings for aircraft acquisition financing	26,067.8	18,977.2	+37.4%
PDP financing	4,822.3	4,796.7	+0.5%
Other bank borrowings	13,611.8	12,884.2	+5.6%
	44,501.9	36,658.1	+21.4%
Other borrowings			
Borrowings from trust plans	563.7	3,106.9	-81.9%
Total borrowings	45,065.6	39,765.0	+13.3%

The increase in total borrowings from HK\$39,765.0 million as at 31 December 2025 to HK\$45,065.6 million as at 30 June 2026, representing an increase of HK\$5,300.6 million or 13.3%, was mainly due to the impact of (i) the increase in bank and other borrowings for aircraft acquisition financing by HK\$7,090.6 million as the fleet size increased from 149 aircraft as at 31 December 2025 to 163 aircraft as at 30 June 2026, (ii) the increase in PDP financing by HK\$25.6 million and (iii) the increase in other bank borrowings by HK\$727.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS

2.2.2 Bonds and Debentures

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

Issue date	Terms	Maturity date	Coupon interest per annum	Outstanding principal amount (Million)	Carrying amount (HK\$'Million)	Note
August 2025	Three years	August 2028	6.00%	US\$160.0	1,247.8	(a)
November 2023	Three years	November 2026	3.58%	RMB 500.0	577.4	(b)
February 2025	Five years	February 2030	2.38%	RMB1,500.0	1,730.7	(b)
April 2026	Five years	April 2031	2.25%	RMB1,500.0	1,730.7	(b)
				RMB3,500.0	4,038.8	
Total bonds and debentures as at 30 June 2026					5,286.6	
Total bonds and debentures as at 31 December 2025					5,410.4	

The decrease in bonds and debentures from HK\$5,410.4 million as at 31 December 2025 to HK\$5,286.6 million as at 30 June 2026 was mainly due to the repayment of US\$35.0 million bonds upon maturity.

Notes:

- (a) The bonds are listed on The Stock Exchange of Hong Kong Limited.
- (b) The bonds are listed on the Shanghai Stock Exchange.

2.2.3 Medium-term Notes

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

Issue date	Terms	Maturity date	Coupon interest per annum	Outstanding principal amount (RMB'Million)	Carrying amount (HK\$'Million)
April 2024	Three years	April 2027	2.75%	300.0	346.1
April 2024	Five years	April 2029	3.30%	1,200.0	1,384.5
Total medium-term notes as at 30 June 2026				1,500.0	1,730.6
Total medium-term notes as at 31 December 2025					1,672.1

The balance of the medium-term notes remains stable.

MANAGEMENT DISCUSSION AND ANALYSIS

3. CAPITAL MANAGEMENT

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

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

For the six months ended 30 June 2026, the objectives, policies and processes for managing capital remained largely unchanged. The Group made full use of capital leverage to keep pace with aircraft delivery.

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

	Unaudited As at 30 June 2026 HK\$'Million	Audited As at 31 December 2025 HK\$'Million	Change
Interest-bearing debts included in total liabilities	52,082.8	47,054.1	+10.7%
Total liabilities	56,541.3	51,023.8	+10.8%
Total assets	63,893.4	58,052.0	+10.1%
Total equity	7,352.1	7,028.2	+4.6%
Gearing ratio	81.5%	81.1%	+0.4p.p.
Asset-liability ratio	88.5%	87.9%	+0.6p.p.
Interest-bearing debts to equity ratio	7.1:1	6.7:1	+6.0%

4. HUMAN RESOURCES

As at 30 June 2026, the number of the Group's staff is 173 (30 June 2025: 175). Total remuneration of employees for the six months ended 30 June 2026 amounted to HK\$80.9 million (For the six months ended 30 June 2025: HK\$94.2 million).

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

MANAGEMENT DISCUSSION AND ANALYSIS

5. CONTRACTUAL OBLIGATIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

5.1 Contingent Liabilities

As at 30 June 2026, the Group was a guarantor of certain bank borrowings of associates and joint ventures amounting to HK\$292.8 million (31 December 2025: HK\$300.0 million).

5.2 Capital Commitments and Qualified Aircraft Leasing Activity

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

The Group’s capital commitments are aircraft purchase commitment, amounted to HK\$48.9 billion as at 30 June 2026 (31 December 2025: HK\$51.0 billion), representing the estimated total purchase costs of the aircraft contracted to be purchased and delivered, net of PDP paid.

As at 30 June 2026, the Group had 123 aircraft in its order book, comprising 98 Airbus A320 aircraft family and 25 COMAC C909 aircraft.

During the Review Period, the Group completed the delivery of 23 aircraft, including the acquisition of 16 aircraft from CAG Group, the sidecar platform of the Group.

During the Review Period, the Group completed the disposal of 9 aircraft.

GENERAL INFORMATION

DISCLOSURE OF INTERESTS

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

As at 30 June 2026, the interests and short positions of the directors of the Company (the "**Directors**") and the chief executive of the Company in shares of the Company (the "**Shares**"), underlying Shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he/she was taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange were as follows:

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

GENERAL INFORMATION

DISCLOSURE OF INTERESTS *(continued)*

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

Notes:

- (1) The letter "L" denotes the entity/person's long position in the securities.
- (2) Based on 747,974,981 Shares in issue as at 30 June 2026.
- (3) Mr. POON Ho Man was deemed to be interested in 185,827,261 Shares by virtue of the SFO in the following manner:
 - (a) 176,496,672 Shares held by Friedmann Pacific Asset Management Limited, a substantial shareholder of the Company wholly-owned by Capella Capital Limited which in turn was owned as to 50% by Ms. Christina NG and 50% by Mr. POON Ho Man; and
 - (b) 9,330,589 Shares held by Equal Honour Holdings Limited, a company wholly-owned by Mr. POON Ho Man.

Save as disclosed above, as at 30 June 2026, none of the Directors or the chief executive of the Company had any interests or short positions in any Shares, underlying Shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be: i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which he/she was taken or deemed to have under such provisions of the SFO); or ii) entered in the register of interests required to be kept by the Company pursuant to section 352 of the SFO; or iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

Arrangements for the Directors to purchase Shares or Debentures

Save as disclosed in this interim report, at no time during the six months ended 30 June 2026 were there any rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, nor were there any such rights exercised by them. Also, there was no arrangement to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party that would enable the Directors to acquire such rights in any other body corporate.

GENERAL INFORMATION

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

Based on the information available to the Directors as at 30 June 2026 (including such information as was available on the website of the Stock Exchange) or so far as they are aware of, as at 30 June 2026, the entities and/or persons who had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified to the Company were as follows:

Name of shareholders	Capacity	Number of Shares held (L) ⁽¹⁾		Approximate percentage of Shares in issue ⁽²⁾
		Number of Shares/ underlying Shares held	Total interests	
CEL Aviation Investment Holdings Limited ("CEL Aviation")	Beneficial owner	244,065,373 ⁽³⁾	244,065,373	32.63%
China Everbright Limited ("CEL")	Interest of controlled corporation	283,417,693 ⁽³⁾	283,417,693	37.89%
China Everbright Holdings Company Limited ("CE Hong Kong")	Interest of controlled corporation	283,417,693 ⁽⁴⁾	283,417,693	37.89%
China Everbright Group Ltd ("CE Group")	Interest of controlled corporation	283,417,693 ⁽⁵⁾	283,417,693	37.89%
Central Huijin Investment Limited ("Central Huijin")	Interest of controlled corporation	283,417,693 ⁽⁵⁾	283,417,693	37.89%
Friedmann Pacific Asset Management Limited ("FPAM")	Beneficial owner	176,496,672 ⁽⁶⁾	176,496,672	23.60%
Capella Capital Limited ("Capella")	Interest of controlled corporation	176,496,672 ⁽⁶⁾	176,496,672	23.60%
POON Ho Man	Interest of controlled corporation	185,827,261 ^{(7) & (8)}	—	—
	Beneficial owner	600,000	186,427,261	24.92%
Christina NG	Interest of controlled corporation	176,496,672 ⁽⁷⁾	—	—
	Beneficial owner	7,500,000	183,996,672	24.60%

GENERAL INFORMATION

DISCLOSURE OF INTERESTS *(continued)*

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

Notes:

- (1) The letter "L" denotes the entity/person's long position in the securities.
- (2) Based on 747,974,981 Shares in issue as at 30 June 2026.
- (3) By virtue of the SFO, CEL was deemed to be interested in 244,065,373 and 39,352,320 Shares held by CEL Aviation and China Everbright Financial Investments Limited respectively, both of which were wholly-owned by CEL.
- (4) CEL was owned as to 49.38% by Honorich Holdings Limited and 0.36% by Everbright Investment & Management Limited, both of which were wholly-owned by CE Hong Kong. CE Hong Kong therefore indirectly held more than one-third of the voting power at general meetings of CEL. Accordingly, CE Hong Kong was deemed to be interested in all Shares mentioned in note (3) above by virtue of the SFO.
- (5) Central Huijin held 63.16% interest in CE Group which in turn held 100% interest in CE Hong Kong. Accordingly, CE Group and Central Huijin were deemed to be interested in all Shares mentioned in notes (3) and (4) above by virtue of the SFO.
- (6) FPAM was wholly-owned by Capella. Accordingly, Capella was deemed to be interested in all Shares held by FPAM.
- (7) Capella was owned as to 50% by Ms. Christina NG and 50% by Mr. POON Ho Man. Accordingly, Mr. POON Ho Man and Ms. Christina NG were deemed to be interested in all Shares mentioned in note (6) above.
- (8) Mr. POON Ho Man was deemed to be interested in 185,827,261 Shares by virtue of the SFO in the following manner:
 - (a) 176,496,672 Shares held by FPAM, a substantial Shareholder wholly-owned by Capella Capital Limited which in turn was owned as to 50% by Ms. Christina NG and 50% by Mr. POON Ho Man; and
 - (b) interested in 9,330,589 Shares held by Equal Honour Holdings Limited, a company wholly-owned by Mr. POON Ho Man.

Save as disclosed above, as at 30 June 2026, the Directors were not aware of any person (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, directly or indirectly, be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

GENERAL INFORMATION

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

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

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

The Company has complied with all code provisions as set out in Part 2 of the CG Code during the six months ended 30 June 2026.

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

Directors’ Securities Transactions

The Company has adopted the Model Code as the code of conduct regarding securities transactions by its Directors. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard as set out in the Model Code regarding their dealing in securities during the six months ended 30 June 2026.

GENERAL INFORMATION

BOARD COMMITTEES

Audit Committee

The Audit Committee was established by the Board in September 2013 with written terms of reference which aligned with Rule 3.21 of the Listing Rules and the principle and code provisions under paragraph D.3 of Part 2 of the CG Code, and have been posted on the websites of both the Stock Exchange and the Company. The primary duties of the Audit Committee include but are not limited to considering and making recommendation to the Board on the appointment, re-appointment and removal of external auditors, reviewing and supervising the Group's financial reporting process, internal audit function, internal control and risk management systems, and providing advice and comments to the Board. As at the date of this interim report, the Audit Committee consisted of 3 members: Mr. FAN Chun Wah, Andrew, *J.P.* (chairman), Dr. HONG Wen and Mr. CHAN Ching Summit (appointed on 24 March 2026), all of whom are independent non-executive Directors (the "INEDs"). The chairman of the Audit Committee holds appropriate professional qualifications and expertise in accounting or relevant financial management.

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

- the review of the audited consolidated financial statements of the Group for the year ended 31 December 2025 and the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2026;
- the discussion with Deloitte on the nature and scope of the audit and reporting obligations before commencement of audit;
- the recommendation to the Board for the proposal for re-appointment of Deloitte and approval of the remuneration and terms of engagement of Deloitte; and
- the review of the Company's financial control, internal control and risk management systems, and the effectiveness of the internal audit function.

The Audit Committee was satisfied that the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2026 was prepared in accordance with applicable accounting standards and fairly presents the Group's financial position and results for the Review Period.

GENERAL INFORMATION

BOARD COMMITTEES *(continued)*

Remuneration Committee

The Remuneration Committee was established by the Board in September 2013 with written terms of reference which aligned with Rule 3.25 of the Listing Rules and the principle and code provisions under paragraph E.1 of Part 2 of the CG Code, and have been posted on the websites of both the Stock Exchange and the Company. The primary duties of the Remuneration Committee include but are not limited to regular monitoring of the remuneration policy for all Directors and senior management to ensure that levels of their remuneration and compensation are appropriate. As at the date of this interim report, the Remuneration Committee consisted of 5 members: Dr. HONG Wen (chairman), Mr. FAN Chun Wah, Andrew, *J.P.* and Mr. CHAN Ching Summit (appointed on 24 March 2026), all of whom are INEDs; Mr. PAN Jianyun, a non-executive Director and Mr. POON Ho Man, an executive Director and the chief executive officer of the Company.

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

Nomination Committee

The Nomination Committee was established by the Board in September 2013 with written terms of reference which aligned with the principle and code provisions under paragraph B.3 of Part 2 of the CG Code, and have been posted on the websites of both Stock Exchange and the Company. The primary duties of the Nomination Committee include but are not limited to selecting and recommending candidates for directorship, reviewing the structure, size and composition of the Board and assessing the independence of INEDs. As at the date of this interim report, the Nomination Committee consisted of 3 members: Mr. CHAN Ching Summit (chairman) (appointed on 24 March 2026), Mr. FAN Chun Wah, Andrew, *J.P.* and Dr. HONG Wen, all of whom are INEDs.

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

GENERAL INFORMATION

OTHER INFORMATION

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

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

Mr. AN Xuesong, a non-executive Director, has been appointed as a non-executive director of Everbright Securities Company Limited (stock code: 601788.SH, 6178.HK) on 27 February 2026. He resigned as a non-executive and non-independent director of Ying Li International Real Estate Limited (stock code: 5DM.SGX) on 17 June 2026.

Mr. PAN Jianyun, a non-executive Director, resigned as the chairman of China Asset Leasing Company Limited, a wholly-owned subsidiary of the Company, with effect from 13 January 2026, and has resigned as the chairman of Aircraft Recycling International Limited with effect from 5 January 2026.

Mr. FAN Chun Wah, Andrew, *J.P.*, an independent non-executive Director, has been elected as a member of the eighth Legislative Council of the Hong Kong Special Administrative Region since 1 January 2026. He has been appointed as an independent non-executive director of COSCO SHIPPING Holdings Co., Ltd. (stock code: 1919) on 1 July 2026. He has resigned as an independent non-executive director of Nameson Holdings Limited (stock code: 1982) with effect from 31 March 2026.

The basic salary of Mr. POON Ho Man, an executive Director and the Chief Executive Officer of the Company, has been adjusted to HK\$1,938,000 per annum with effect from 1 April 2026.

The basic salary of Mr. LI Guohui, an executive Director and the Chief Financial Officer and Chief Strategy Officer of the Company, has been adjusted to HK\$3,840,000 per annum with effect from 1 April 2026.

Mr. CHAN Ching Summit, an independent non-executive Director, the chairman of the Nomination Committee, and a member of each of the Audit Committee and the Remuneration Committee, is entitled to a Directors' fee of HK\$380,000 per annum under his letter of appointment (including a Directors' fee of HK\$200,000, and fee of HK\$80,000 for being a member of the Audit Committee, HK\$50,000 for being a member of the Remuneration Committee and HK\$50,000 for being a chairman of the Nomination Committee) and a meeting allowance of HK\$5,000 for each Board meeting, committee meeting, and general meeting of the Company which were determined with reference to his duties and responsibilities in the Company and the prevailing market condition, with effect from 29 May 2026.

GENERAL INFORMATION

OTHER INFORMATION *(continued)*

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

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

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

Other changes of Directors and their respective roles in the board committees of the Company have been disclosed in the announcement of the Company dated 24 March 2026 and 29 May 2026, and the circular of the Company dated 24 April 2026, respectively.

Events after the Review Period

Save as disclosed in this interim report, there were no material events subsequent to 30 June 2026 which would materially affect the Group's operating and financial performance as of the date of this interim report.

Public Float

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

Interim Dividend

The Board has declared the payment of an interim dividend of HK\$0.14 per share for the six months ended 30 June 2026 (2025 interim dividend: HK\$0.12 per share) to the Shareholders whose names appear on the register of members of the Company (the "**Register of Members**") on Friday, 11 September 2026. The proposed 2026 interim dividend will be payable in cash, with an option given to the Shareholders to receive the proposed 2026 interim dividend in new shares in lieu of cash in whole or in part under the scrip dividend scheme (the "**Scrip Dividend Scheme**") where a 4 per cent discount on the subscription price will be offered to Shareholders who elect to subscribe for shares. The Scrip Dividend Scheme is subject to the Stock Exchange granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

A circular containing details of the Scrip Dividend Scheme will be despatched to the Shareholders together with the form of election for scrip dividend in September 2026. Cheques for cash dividend and/or definitive certificates for the scrip shares in respect of the proposed 2026 interim dividend are expected to be despatched to the Shareholders on or about 11 November 2026.

Closure of Register of Members

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

- | | | |
|-----|--|--|
| (a) | Latest time to lodge transfer documents for registration | 4:30 pm on Tuesday, 8 September 2026 |
| (b) | Closure of Register of Members | Wednesday, 9 September 2026 to Friday, 11 September 2026 <i>(both dates inclusive)</i> |
| (c) | Record date | Friday, 11 September 2026 |

GENERAL INFORMATION

OTHER INFORMATION *(continued)*

Closure of Register of Members *(continued)*

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

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

In June 2023, the Group issued RMB1.5 billion corporate bonds with a term of 3 years at the coupon rate of 3.85% per annum. These bonds were listed on the Shanghai Stock Exchange. The bonds were fully repaid upon their maturity during the current interim period. Details of the bonds and debentures are provided in the sections of this report headed Bonds and Debentures.

Save as disclosed above, during the six months ended 30 June 2026, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

During the six months ended 30 June 2026, the Group had no material acquisitions and disposal of subsidiaries, associates and joint ventures.

Significant Investment

The Group did not have any significant investment which accounted for more than 5% of the Group's total assets as at 30 June 2026. Save as disclosed in this interim report, as at 30 June 2026, the Board did not authorise the acquisition or addition of material investments or capital assets.

By order of the Board
China Aircraft Leasing Group Holdings Limited

POON HO MAN

Executive Director and Chief Executive Officer

Hong Kong, 25 August 2026

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Deloitte.

德勤

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

INTRODUCTION

We have reviewed the interim condensed consolidated financial information of China Aircraft Leasing Group Holdings Limited (the “Company”) and its subsidiaries set out on pages 34 to 86, which comprises the interim consolidated balance sheet as of 30 June 2026 and the related interim consolidated statement of income, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period then ended, and notes to the interim condensed consolidated financial information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 August 2026

INTERIM CONSOLIDATED BALANCE SHEET

	Notes	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
ASSETS			
Property, plant and equipment and right-of-use assets	6	38,726,034	31,694,025
Pre-Delivery Payments ("PDP") and other prepayments and receivables relating to aircraft acquisition	10(a)	7,173,193	8,206,488
Investments in and loans to associates and joint ventures	7	355,823	597,444
Finance lease receivables – net	8	6,187,615	7,964,898
Deferred income tax assets	15	160,516	87,736
Financial assets at fair value through profit or loss	9	903,846	1,479,158
Prepayments and other assets	10(b)	1,764,655	1,098,373
Assets classified as held for sale	11	2,879,601	2,526,133
Aircraft and components trading assets		527,203	827,375
Derivative financial assets	19	61	–
Restricted cash		28,551	52,342
Cash and cash equivalents		5,186,295	3,518,008
Total assets		63,893,393	58,051,980
EQUITY			
Share capital	12	74,797	74,797
Reserves	13	2,195,250	1,930,382
Retained earnings		2,324,747	2,288,015
Equity attributable to shareholders of the Company		4,594,794	4,293,194
Perpetual capital securities and other non-controlling interests	14	2,757,330	2,734,993
Total equity		7,352,124	7,028,187
LIABILITIES			
Deferred income tax liabilities	15	1,366,283	1,211,476
Borrowings	16	45,065,551	39,764,962
Medium-term notes	17	1,730,593	1,672,057
Bonds and debentures	18	5,286,551	5,410,425
Derivative financial liabilities	19	–	4,698
Income tax payables		313,841	227,274
Interest payables		248,787	355,191
Other liabilities and accruals	20	2,529,663	2,130,504
Liabilities directly associated with disposal group classified as held for sale	11	–	247,206
Total liabilities		56,541,269	51,023,793
Total equity and liabilities		63,893,393	58,051,980

The interim condensed consolidated financial information was approved by the Board of Directors on 25 August 2026 and was signed on its behalf.

POON Ho Man
DIRECTOR

LI Guohui
DIRECTOR

INTERIM CONSOLIDATED STATEMENT OF INCOME

		Six months ended 30 June	
		2026	2025
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
TOTAL REVENUE AND INCOME			
Lease income	21	1,860,038	1,908,112
Aircraft and components trading income	21	829,404	136,429
Other operating income			
Net income from aircraft transactions	22	52,012	226,682
Other income	23	1,164,144	202,434
		1,216,156	429,116
		3,905,598	2,473,657
Expenses			
Costs of aircraft and components trading		(820,402)	(68,432)
Interest expenses	24	(1,010,329)	(1,104,362)
Depreciation and impairment	6	(883,145)	(683,313)
(Expected credit losses)/reversal of expected credit losses		(3,890)	7,805
Other operating expenses	25	(227,706)	(267,377)
		(2,945,472)	(2,115,679)
Share of results from associates and joint ventures		6,293	799
Other losses, net	26	(438,502)	(170,381)
Profit before income tax		527,917	188,396
Income tax expenses	27	(320,237)	(30,529)
Profit for the period		207,680	157,867
Profit attributable to			
Shareholders of the Company		171,367	140,526
Holders of perpetual capital securities and other non-controlling interests		36,313	17,341
		207,680	157,867
Earnings per share for profit attributable to shareholders of the Company (expressed in HK\$ per share)			
– Basic earnings per share	28(a)	0.229	0.189
– Diluted earnings per share	28(b)	N/A	0.189

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2026 HK\$'000 (Unaudited)	2025 HK\$'000 (Unaudited)
Profit for the period		207,680	157,867
Other comprehensive income/(loss) for the period:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Cash flow hedges	19	–	(6,347)
Currency translation differences		264,868	(48,070)
		264,868	(54,417)
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Currency translation differences attributed to non-controlling interests		229	(2,260)
Total other comprehensive income/(loss) for the period, net of tax		265,097	(56,677)
Total comprehensive income for the period		472,777	101,190
Total comprehensive income attributable to			
Shareholders of the Company		436,235	86,109
Holders of perpetual capital securities and other non-controlling interests		36,542	15,081
		472,777	101,190

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company				Attributable to holders of perpetual capital securities and other non-controlling interests			
	Share capital HK\$'000	Reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Holders of perpetual capital securities HK\$'000	Other non-controlling interests HK\$'000	Total HK\$'000	Total equity HK\$'000
Balance as at 1 January 2026 (audited)	74,797	1,930,382	2,288,015	4,293,194	2,756,656	(21,663)	2,734,993	7,028,187
Comprehensive income								
Profit/(loss) for the period	-	-	171,367	171,367	36,816	(503)	36,313	207,680
Other comprehensive income								
Currency translation differences	-	264,868	-	264,868	-	229	229	265,097
Total comprehensive income/(loss)	-	264,868	171,367	436,235	36,816	(274)	36,542	472,777
Transactions with shareholders and non-controlling interests								
Dividends (Note 29)	-	-	(134,635)	(134,635)	-	-	-	(134,635)
Dividends distributed to perpetual capital securities (Note 14(a))	-	-	-	-	(14,205)	-	(14,205)	(14,205)
Total transactions with shareholders and non-controlling interests	-	-	(134,635)	(134,635)	(14,205)	-	(14,205)	(148,840)
Balance as at 30 June 2026 (unaudited)	74,797	2,195,250	2,324,747	4,594,794	2,779,267	(21,937)	2,757,330	7,352,124
Balance as at 1 January 2025 (audited)	74,465	1,986,750	2,168,242	4,229,457	1,111,899	(13,159)	1,098,740	5,328,197
Comprehensive income								
Profit for the period	-	-	140,526	140,526	16,849	492	17,341	157,867
Other comprehensive loss								
Cash flow hedges (Note 19)	-	(6,347)	-	(6,347)	-	-	-	(6,347)
Currency translation differences	-	(48,070)	-	(48,070)	-	(2,260)	(2,260)	(50,330)
Total comprehensive (loss)/income	-	(54,417)	140,526	86,109	16,849	(1,768)	15,081	101,190
Transactions with shareholders and non-controlling interests								
Dividends	-	-	(134,037)	(134,037)	-	-	-	(134,037)
Issue of perpetual capital securities (Note 14(a))	-	-	-	-	530,628	-	530,628	530,628
Share option scheme:								
- Share options lapsed (Note 13(a))	-	(5,034)	5,034	-	-	-	-	-
Disposal of a subsidiary	-	-	-	-	-	(290)	(290)	(290)
Total transactions with shareholders and non-controlling interests	-	(5,034)	(129,003)	(134,037)	530,628	(290)	530,338	396,301
Balance as at 30 June 2025 (unaudited)	74,465	1,927,299	2,179,765	4,181,529	1,659,376	(15,217)	1,644,159	5,825,688

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Six months ended 30 June	
		2026	2025
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Cash flows from operating activities			
Profit before income tax		527,917	188,396
Adjustments for:			
– Depreciation and impairment	6	883,145	683,313
– Net income from aircraft transactions	22	(52,012)	(226,682)
– Expected credit losses/ (reversal of expected credit losses)		3,890	(7,805)
– Interest expenses	24	1,010,329	1,104,362
– Unrealised currency exchange losses		377,527	160,540
– Hedge ineffectiveness and fair value changes on interest rate swaps and currency forward contracts	19	(3,189)	(10,373)
– Loss on disposal of subsidiaries		32	5,164
– Share of results from associates and joint ventures		(6,293)	(799)
– Interest income	23	(69,067)	(108,114)
– Fair value gains on financial assets at fair value through profit or loss	26	(581)	(661)
		2,671,698	1,787,341
Changes in working capital:			
– Finance lease receivables – net		(225,624)	(293,801)
– Prepayments and other assets		1,182	(24,547)
– Aircraft and components trading assets		770,384	576
– Other liabilities and accruals		(307,612)	(242,962)
Cash generated from operations		2,910,028	1,226,607
Income taxes paid		(210,389)	(146,034)
Net cash flows generated from operating activities		2,699,639	1,080,573
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,391,197)	(4,397,610)
Proceeds from disposals of aircraft		1,963,254	5,739,384
PDP and prepayments paid for acquisition of aircraft		(1,087,452)	(1,480,418)
PDP refunded		2,011,702	1,564,791
Interest received		62,995	89,730
Investment in financial assets at fair value through profit or loss		–	(607)
Net payments for acquisitions of subsidiaries	30(c)	(4,536,444)	–
Net proceeds from/(payments for) disposal of subsidiaries		889,133	(932)
Investment in a joint venture		–	(3,896)
Payments relating to loans to associates and joint ventures		(103,294)	(290,614)
Repayments of loans to associates and joint ventures		363,608	159,677
Payments for other assets		(368,933)	–
Net cash flows (used in)/generated from investing activities		(4,196,628)	1,379,505

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Proceeds from borrowings	19,312,766	13,750,380
Issue of bonds and debentures, net of transaction costs	1,705,936	1,610,550
Repayments of borrowings	(14,632,561)	(14,701,076)
Repayments of bonds and debentures, including transaction costs	(1,983,802)	(1,288,439)
Repayment of medium-term notes, including transaction costs	–	(11,513)
Repayment of lease liabilities	(11,390)	(5,555)
Interest (paid)/received in respect of derivative financial instruments	(1,594)	7,061
Interest paid in respect of borrowings, notes and bonds and debentures	(1,288,879)	(1,320,015)
Payments for settlement of derivative financial instruments	–	(218,555)
Restricted cash placed in respect of borrowings	(90,911)	(5,381)
Restricted cash released in respect of borrowings	115,045	40,592
Restricted cash placed in respect of derivative financial instruments	–	(23,573)
Restricted cash released in respect of derivative financial instruments	–	227,783
Issue of perpetual capital securities, net of transaction costs	–	530,628
Dividend paid to holders of perpetual capital securities	(14,205)	–
Net cash flows generated from/(used in) financing activities	3,110,405	(1,407,113)
Net increase in cash and cash equivalents	1,613,416	1,052,965
Cash and cash equivalents at beginning of the period	3,518,008	3,778,318
Currency exchange difference on cash and cash equivalents	54,871	52,903
Cash and cash equivalents at end of the period	5,186,295	4,884,186

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION ON THE GROUP

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

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

The interim condensed consolidated financial information for the six months ended 30 June 2026 (“Interim Financial Information”) is presented in Hong Kong Dollar (“HK\$”), unless otherwise stated.

2. BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with HKAS 34 “Interim financial reporting”. The Interim Financial Information should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2025, which have been prepared in accordance with HKFRS Accounting Standards and included in the 2025 annual report of the Company.

Going concern

As at 30 June 2026, the Group’s current liabilities exceeded its current assets by HK\$3,646.0 million. The Group had total capital commitments of HK\$48,895.5 million as at 30 June 2026, which related to acquisition of aircraft that will be delivered in stages in the coming years until the end of 2033. Out of the total capital commitments, HK\$17,891.8 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 2026, the Group had cash and cash equivalents of HK\$5,186.3 million.

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

The Group will need to secure a substantial amount of funds in the foreseeable future to finance the financial obligations and capital expenditures under contractual and other arrangements. The directors have given due and careful consideration to the liquidity of the Group and its available sources of financing in assessing whether the Group has sufficient working capital for its present requirements, covering a period of not less than twelve months from 30 June 2026. The directors have taken into account the following plans and measures for the purposes of their assessment:

- New aircraft project loans are primarily used for the payment of the balances of the aircraft acquisition costs and the repayments of the PDP financing due upon delivery of aircraft. Such aircraft project loans will usually be confirmed by the banks before the delivery of the relevant aircraft. The Group sometimes finances the new aircraft with internal resources or short-term bridging financing depending on the financial situation and the progress of bank approvals. Subsequently, the Group may seek refinancing for these aircraft through new aircraft project loans. During the six months ended 30 June 2026, the Group has drawn down 33 aircraft project loan facilities of HK\$11,647.0 million from certain onshore and offshore banks and financial institutions. The Group will continue to arrange aircraft project loan facilities from time to time. Based on the previous experience and practices in the industry, the directors are of the view that the Group will be able to obtain the necessary aircraft project loans as and when required in the next twelve months from 30 June 2026.
- According to the relevant aircraft purchase agreements, the scheduled payment of PDP for the next twelve months from 30 June 2026 amounts to HK\$4,603.2 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 2026, certain portion will be repaid by the PDP facilities to be released when aircraft is delivered and related PDP financing is repaid. As at 30 June 2026, the Group had already obtained PDP financing facilities from banks to provide financing up to HK\$8,408.1 million to satisfy the forecasted committed PDP payments in the next twelve months from 30 June 2026. 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 2026.

- As at 30 June 2026, the Group had working capital loan and revolving loan facilities of HK\$24,597.7 million out of which HK\$13,797.2 million has been utilised. The directors are confident that the Group can draw down the remaining unutilised loan facilities of HK\$10,800.5 million as and when required and will be able to renew substantially all the existing revolving facilities and further secure new working capital loan facilities. The Group has also initiated the process to obtain new working capital loan and renew working capital loan facilities with certain banks.
- The Group is also pursuing other sources of financing, including issue of bonds and medium-term notes as well as other debt and capital financing. In April 2026, the Group issued five-year corporate bonds of RMB1.5 billion in the PRC. The Group will continue to review the market conditions and may issue additional RMB medium-term notes, RMB bonds and US\$ bonds when needed. Based on the credit profile of the Group, the successful history of issue of similar debt instruments, the directors are confident that the Group will be able to issue the relevant debt instruments and obtain the required financing as and when required.

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

- The Group has been preserving the multi-faceted development of its asset-light business model through establishment and management of aviation-related funds and joint venture companies, while at the same time, building up network buyers that will acquire aircraft from its aircraft portfolio. The Group continues to expand its portfolio trading business. As at 30 June 2026, the Group has signed letters of intent or sale and purchase agreements for the disposals of 10 aircraft, scheduled to be disposed in the next twelve months from 30 June 2026. 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 2026.

The directors are of the opinion that, in the absence of unforeseeable circumstances and after taking into account the Group's internal resources, the cash flows generated from its business operations, continued availability of existing and new banking facilities, the successful execution of its plans in obtaining the aircraft project loans from the banks and financial institutions, the successful issue of debt instruments, the successful disposals of aircraft as planned, the Group has sufficient working capital for its present requirements in the next twelve months from 30 June 2026. Accordingly, the directors consider that the Group will be in a position to continue as a going concern and hence prepared the Interim Financial Information on a going concern basis.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation used in the Interim Financial Information for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's Interim Financial Information:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4. ESTIMATES

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

In preparing the Interim Financial Information, the Group has revised the estimated residual values as set out below. The other significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Group's consolidated financial statements for the year ended 31 December 2025.

Changes in Accounting Estimates

Management has performed a reassessment of the residual value assumptions applicable to the Group's aircraft and engines, taking into account the continued increase in aircraft market values in recent years, as supported by updated market evidence, together with actual aircraft utilisation, re-delivery conditions, and current and expected market and business developments. Based on this reassessment, and with reference to valuations that took into account the respective aircraft types, ages and condition, management considered that increasing the estimated residual values of aircraft and engines from generally 5% to 15% of original cost to generally 5% to 40% of original cost would better reflect current expectations of the residual values recoverable from the aircraft and engines at the end of their useful lives.

The Group adjusted the aircraft and engines estimated residual values with effect from 1 January 2026. This change has been accounted for prospectively as a change in accounting estimate and resulted in a decrease in the Group depreciation expenses for the current and future periods. The impact on future periods has not been disclosed as it is impracticable to estimate, as it will depend on the carrying amounts, remaining useful lives and composition of the Group's fleet in future reporting periods.

This change resulted in a decrease in the Group's depreciation expense of approximately HK\$184.6 million for the six months ended 30 June 2026, and an increase in the Group's profit for the period of approximately HK\$151.9 million.

For details, please refer to the announcement issued by the Company dated 18 August 2026.

5. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2025.

There have been no significant changes in the risk management department or in any risk management policies since 31 December 2025.

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

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

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

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Cash and cash equivalents	203,811	279,922
Other financial assets	379,412	114,515
Total financial assets	583,223	394,437
Borrowings	(7,136,951)	(5,381,772)
Other financial liabilities	(373,598)	(612,470)
Total financial liabilities	(7,510,549)	(5,994,242)
Net exposure	(6,927,326)	(5,599,805)

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

The following table indicates the potential effect on profit before income tax of a 5% appreciation or depreciation of RMB against US\$ or HK\$ as at 30 June in 2026 and 2025:

	Six months ended 30 June	
	2026 HK\$'000 (Unaudited)	2025 HK\$'000 (Unaudited)
(Decrease)/increase in profit before income tax		
– 5% appreciation of RMB against US\$ or HK\$	(346,366)	(195,730)
– 5% depreciation of RMB against US\$ or HK\$	346,366	195,730

Cash flow and fair value interest rate risk

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

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

The Group manages the cash flow interest rate risk by matching the rental rates of aircraft leases with interest rates of bank and other borrowings. Interest rate exposure arises when rental rates of the leases and the interest rates of corresponding bank and other borrowings do not match. The following table indicates the amount of bank and other borrowings exposed to cash flow interest rate risk as at 30 June 2026 and 31 December 2025.

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Borrowings exposed to US\$ Secured Overnight Financing Rate ("SOFR")	26,109,045	20,542,124
Borrowings exposed to RMB Loan Prime Rate ("LPR")	8,000,650	5,266,871
	34,109,695	25,808,995

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

5. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

Market risk (continued)

Cash flow and fair value interest rate risk (continued)

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

As at 30 June 2026, the Group had 8 outstanding floating-to-fixed interest rate swaps (31 December 2025: 8 swaps) to manage its unmatched interest rate risk exposure. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference in the amount of interest between the fixed rate and the floating rate calculated by reference to the agreed notional amounts. For the remaining unhedged exposure, the Group closely monitors the interest rate risk exposure trend and will consider hedging the exposure where necessary and appropriate.

	As at 30 June 2026		As at 31 December 2025	
	Notional amount HK\$'000 (Unaudited)	Carrying value HK\$'000 (Unaudited)	Notional amount HK\$'000 (Audited)	Carrying value HK\$'000 (Audited)
Interest rate swaps				
Exposed to US\$ SOFR	1,411,596	61	1,400,940	(4,698)

The Group performs sensitivity analysis by measuring the impact of a change in interest rates as at 30 June 2026. It is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit before income tax for the six months ended 30 June 2026 by approximately HK\$131,754,000 (six months ended 30 June 2025: approximately HK\$79,247,000).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5. FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk factors *(continued)*

Credit risk

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

Credit risk on aircraft leasing service

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

(a) Mitigation policies

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

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

(b) Risk limit control

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

(c) Impairment allowance policies

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

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

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

The Group assesses the business performance and credit risks of the airline companies on a regular basis. In view of the economic conditions, the operation of airlines and the collection history of the receivable due from them, management provided accumulated expected credit losses of HK\$21,265,000 (31 December 2025: HK\$21,825,000) for finance lease receivables (Note 8) and HK\$156,856,000 (31 December 2025: HK\$151,081,000) for operating lease receivables (Note 10(b)) as at 30 June 2026.

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

	As at 30 June 2026		As at 31 December 2025	
	Gross	Accumulated	Gross	Accumulated
	carrying	expected	carrying	expected
	amount	credit	amount	losses
	allowance	losses	allowance	allowance
	HK\$'000	allowance	HK\$'000	allowance
	HK\$'000	allowance	HK\$'000	allowance
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Asia	3,275,222	21,265	4,106,212	21,825

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

Credit risk exposure on operating leases receivables:

	As at 30 June 2026		As at 31 December 2025	
	Gross carrying amount	Accumulated expected credit losses allowance	Gross carrying amount	Accumulated expected credit losses allowance
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Asia	332,246	88,215	197,668	82,907
America	96,825	68,641	98,171	68,174
	429,071	156,856	295,839	151,081

(d) Concentration of credit risk

During the six months ended 30 June 2026, the lessees of the Group are airline companies located in the PRC and other countries or regions globally. Please see Note 8 for an analysis of concentration of finance lease receivables. If any of them experiences financial difficulties, the recovery of the Group's finance lease receivables through regular lease payments might be adversely affected and the Group may have to resort to recovery through repossession of the leased assets. In addition, the Group's cash and cash equivalents, is dispersed across several different banks.

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

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

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

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

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

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

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

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Current assets		
Loans to associates and joint ventures	84,745	343,683
Finance lease receivables – net	2,968,866	3,739,701
Derivative financial assets	61	–
Prepayments and other assets	1,848,999	1,088,637
Assets classified as held for sale	2,879,601	2,526,133
Aircraft and components trading assets	527,203	827,375
Restricted cash	–	8,269
Cash and cash equivalents	5,186,295	3,518,008
	13,495,770	12,051,806
Current liabilities		
Borrowings	13,377,143	16,620,311
Medium-term notes	346,106	–
Bonds and debentures	577,391	2,501,684
Derivative financial liabilities	–	4,698
Income tax payables	313,841	227,274
Interest payables	248,787	355,191
Other liabilities and accruals	2,278,508	1,793,807
Liabilities directly associated with disposal group classified as held for sale	–	247,206
	17,141,776	21,750,171
Net current liabilities	(3,646,006)	(9,698,365)

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

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

As at 30 June 2026, borrowings of HK\$13.4 billion (31 December 2025: HK\$16.6 billion) under current liabilities mainly comprised of borrowings of HK\$3.5 billion (31 December 2025: HK\$5.3 billion) from aircraft acquisition financing, including the borrowings related to the assets classified as held for sale that were disclosed as current liabilities (Note 11) ("aircraft loans"), HK\$3.2 billion (31 December 2025: HK\$4.4 billion) from PDP financings and HK\$6.7 billion (31 December 2025: HK\$6.9 billion) from other borrowings. The repayment of above aircraft loans will be partially funded by the collection of operating lease receivables of HK\$3.6 billion (31 December 2025: HK\$2.9 billion) (Note 31(d)) (which has not been included under current assets above) that is expected to be received from airlines in the next twelve months from 30 June 2026. Repayment of PDP financings and other financings is expected to be funded by existing loan facilities and/or new aircraft loans when aircraft is delivered based on industry practice and prior experience.

Capital risk management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares, raise new debts, or adjust the amount of dividend paid to shareholders. No changes were made to the objectives, policies or processes for managing capital during the six months ended 30 June 2026 compared with the year ended 31 December 2025.

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

The Group monitors capital risk using gearing ratio, which is calculated as interest-bearing debts included in total liabilities (including borrowings, medium-term notes, bonds and debentures and borrowings included in liabilities directly associated with disposal group classified as held for sale) divided by total assets, asset-liability ratio, which is calculated as total liabilities divided by total assets, and interest-bearing debts to equity ratio, which is calculated as interest-bearing debts included in total liabilities divided by total equity. The ratios are as follows:

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Interest-bearing debts included in total liabilities	52,082,695	47,054,079
Total liabilities	56,541,269	51,023,793
Total assets	63,893,393	58,051,980
Total equity	7,352,124	7,028,187
Gearing ratio	81.5%	81.1%
Asset-liability ratio	88.5%	87.9%
Interest-bearing debts to equity ratio	7.1:1	6.7:1

Categories of financial instruments

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Financial assets		
Financial assets at fair value through profit or loss ("FVPL")	903,907	1,479,158
Financial assets at amortised cost	6,967,417	5,014,544
Operating lease receivables	272,215	144,758
Finance lease receivables	6,187,615	7,964,898
	14,331,154	14,603,358
Financial liabilities		
Financial liabilities at FVPL	—	4,698
Financial liabilities at amortised cost	54,287,679	48,709,443
Lease liabilities	15,205	17,009
	54,302,884	48,731,150

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

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

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

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

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

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

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 June 2026 (unaudited)				
Assets				
Interest rate swaps (note i)	–	61	–	61
Financial assets at FVPL (note ii)	–	–	903,846	903,846
	–	61	903,846	903,907
As at 31 December 2025 (audited)				
Asset				
Financial assets at FVPL (note ii)	–	–	1,479,158	1,479,158
Liability				
Interest rate swaps (note i)	–	4,698	–	4,698

Notes:

- (i) The fair values of the interest rate swaps are determined by using valuation techniques, mainly discounted cash flow analysis. The Group uses its judgements to select the appropriate methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. The inputs to the valuation models, including yield curves, are observable either directly or indirectly and thus their fair values are considered to be of level 2 within the fair value hierarchy.
- (ii) As at 30 June 2026, the financial assets at fair value through profit or loss, measured at level 3 within the fair value hierarchy, mainly consisted of the shareholder's loan to Feitian No.2 Leasing (Tianjin) Company Limited ("Feitian No.2 (Tianjin)") and exchangeable bonds issued by Aircraft Recycling International Limited ("ARI") and its subsidiaries (collectively "ARI Group"). The fair value of these financial assets is determined by making reference to discounted cash flow analysis.

As at 31 December 2025, the financial assets at fair value through profit or loss, measured at level 3 within the fair value hierarchy, mainly consisted of the performance-linked shareholder's loan to CAG Bermuda 1 Limited ("CAG") and its subsidiaries (collectively as "CAG Group"), shareholder's loan to Feitian No.2 (Tianjin), and exchangeable bonds issued by ARI Group. The fair value of these financial assets is determined by making reference to discounted cash flow analysis.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

5. FINANCIAL RISK MANAGEMENT (continued)

Fair value estimation of financial instruments (continued)

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

Notes: (continued)

(ii) (continued)

The significant unobservable inputs to the valuation model of the shareholder's loan to CAG Group as at 31 December 2025 mainly include discount rate, expected rental collection and expected aircraft disposal prices. The Group assessed the sensitivity to changes in market interest rate and those unobservable inputs on considering the effect of a change in a particular assumption independently of changes in any other assumptions.

	As at 30 June 2026		As at 31 December 2025	
	Increase HK\$'000 (Unaudited)	Decrease HK\$'000 (Unaudited)	Increase HK\$'000 (Audited)	Decrease HK\$'000 (Audited)
An increase or decrease in the market interest rate of 100 basis points	–	–	(138,453)	148,428
An increase or decrease in the discount rate of 100 basis points	–	–	(17,272)	17,985
An increase or decrease in the expected rental collection of 10%	–	–	13,301	(13,301)
An increase or decrease in the expected aircraft disposal prices of 5%	–	–	189,756	(189,743)

The significant unobservable inputs to the valuation model of the shareholder's loan to Feitian No.2 (Tianjin) mainly include expected aircraft disposal prices at the end of lease term and discount rate. No sensitivity analysis was performed as the change would not change the fair value significantly.

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

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

	Shareholder's loan to CAG Group HK\$'000	Exchangeable bonds HK\$'000	Other financial assets at FVPL HK\$'000	Total HK\$'000
As at 1 January 2026 (audited)	577,434	850,000	51,724	1,479,158
Redemption of financial assets at FVPL	(580,439)	–	–	(580,439)
Fair value change on the financial assets at FVPL	–	–	581	581
Currency translation difference	3,005	–	1,541	4,546
As at 30 June 2026 (unaudited)	–	850,000	53,846	903,846

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

5. FINANCIAL RISK MANAGEMENT (continued)

Fair value estimation of financial instruments (continued)

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

Notes: (continued)

(ii) (continued)

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

Financial assets and financial liabilities carried at amortised cost

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

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

	As at 30 June 2026		As at 31 December 2025	
	Carrying amount HK\$'000	Fair value HK\$'000	Carrying amount HK\$'000	Fair value HK\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Finance lease receivables (excluding the unguaranteed residual values)	3,253,957	3,081,550	4,084,387	3,864,213
Borrowings	45,065,551	41,315,995	39,764,962	38,630,336
Medium-term notes	1,730,593	1,788,831	1,672,057	1,764,620
Bonds and debentures	5,286,551	5,302,804	5,410,425	5,523,088

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

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

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

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

	Aircraft and engine HK\$'000	Leasehold improvements HK\$'000	Office equipment HK\$'000	Office building HK\$'000	Right-of-use assets HK\$'000	Others HK\$'000	Total HK\$'000
Net book value as at							
1 January 2026 (audited)	31,633,521	407	3,220	38,172	16,544	2,161	31,694,025
Additions	9,113,804	-	802	-	3,474	-	9,118,080
Transfer from finance lease receivables	2,060,354	-	-	-	-	-	2,060,354
Transfer from aircraft and components trading assets	45,867	-	-	-	-	-	45,867
Depreciation and impairment	(875,042)	-	(1,402)	(456)	(5,543)	(702)	(883,145)
Assets classified as held for sale	(2,128,337)	-	-	-	-	-	(2,128,337)
Assets classified as aircraft and components trading assets	(516,082)	-	-	-	-	-	(516,082)
Disposals	(1,195,170)	(227)	-	-	-	-	(1,195,397)
Currency translation difference	530,033	11	102	290	231	2	530,669
Net book value as at							
30 June 2026 (unaudited)	38,668,948	191	2,722	38,006	14,706	1,461	38,726,034
Net book value as at							
1 January 2025 (audited)	28,791,894	689	5,567	38,991	18,853	4,014	28,860,008
Additions	4,743,696	-	482	-	8,877	-	4,753,055
Transfer from finance lease receivables	219,056	-	-	-	-	-	219,056
Transfer to finance lease receivables	(162,203)	-	-	-	-	-	(162,203)
Assets classified as held for sale	(2,833,281)	-	-	-	-	-	(2,833,281)
Write-off	-	-	-	-	(1,373)	-	(1,373)
Disposals	(1,451,180)	(684)	(521)	-	-	(463)	(1,452,848)
Depreciation and impairment	(675,525)	(24)	(1,141)	(454)	(5,467)	(702)	(683,313)
Currency translation difference	373,048	19	(457)	419	188	14	373,231
Net book value as at 30 June 2025 (unaudited)	29,005,505	-	3,930	38,956	21,078	2,863	29,072,332

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

Lease rental income amounting to HK\$1,605,889,000 relating to the lease of aircraft and engine for the six months ended 30 June 2026 are included in operating lease income in the interim consolidated statement of income (six months ended 30 June 2025: HK\$1,574,830,000).

As at 30 June 2026, the net book value of aircraft amounted to HK\$38,207,817,000 (31 December 2025: HK\$31,038,013,000).

As at 30 June 2026, the net book value of aircraft under operating leases amounting to HK\$25,593,756,000 (31 December 2025: HK\$22,717,864,000) were pledged as collateral for bank and other borrowings for aircraft acquisition financing (Note 16).

During the six months ended 30 June 2026, net impairment on aircraft of HK\$312,562,000 was made (six months ended 30 June 2025: HK\$9,960,000).

7. INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINT VENTURES

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Investments in and loans to associates and joint ventures – carrying amount after share of results	565,331	806,428
Accumulated expected credit losses allowance on loans to associates and joint ventures	(209,508)	(208,984)
	355,823	597,444

The accumulated expected credit losses allowance on loans to associates and joint ventures amounted to HK\$209,508,000 (31 December 2025: HK\$208,984,000). No net reversal of expected credit losses (six months ended 30 June 2025: HK\$6,849,000) was recognised for the six months ended 30 June 2026.

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

As at 30 June 2026, the Group had interests in the following principal associates and joint ventures:

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

- (a) ARI is an investment holding company and ARI Group have operations mainly in the PRC, United States and other countries and are principally engaged in providing asset management services and comprehensive solutions for dealing with second lease and mid-life to mature aircraft. As at 30 June 2026, the net liabilities of ARI were HK\$724,473,000 (31 December 2025: net liabilities of HK\$693,103,000), and as a result, the Group's equity interests in ARI was reduced to zero (31 December 2025: zero). No further losses were recorded unless the investor had incurred legal or constructive obligations or made payments on behalf of the associate. As at 30 June 2026, the Group's carrying amount of outstanding loans to ARI amounted to HK\$84,745,000 (31 December 2025: HK\$343,683,000). For details, please refer to Note 30(b).
- (b) FLARI has operations mainly in the PRC and is principally engaged in line maintenance, base maintenance, technical training, cargo conversion, engineering service and component maintenance.

As at 30 June 2026, the Group's outstanding shareholders' loans balance receivable from FLARI amounted to HK\$153,575,000 (31 December 2025: HK\$148,052,000). For details, please refer to Note 30(b).

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

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

- (c) HNCA One (Tianjin), HNCA Two (Tianjin) and Feitian No.2 (Tianjin) have operations in the PRC and are principally engaged in aircraft leasing businesses. As at 30 June 2026, the Group's outstanding loans balance receivable from HNCA One (Tianjin) and HNCA Two (Tianjin) amounted to HK\$44,834,000 (31 December 2025: HK\$42,573,000) and HK\$41,570,000 (31 December 2025: HK\$39,480,000), respectively. For details, please refer to Note 30(d).
- (d) CALC IDN Limited ("CALC IDN"), a wholly-owned subsidiary of the Company, holds approximately 72.82% of the share capital in Linkasia Airlines Group Limited ("Linkasia Airlines"). The remaining shares of Linkasia Airlines are owned as to 14.13% by Equal Honour Equity Limited (wholly-owned by Mr. POON Ho Man, a substantial shareholder, an executive director and the chief executive officer of the Company) and 13.05% by Smart Aviation Investment Limited (wholly-owned by Ms. LIU Wanting, key management of the Company).

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

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

As at 30 June 2026, the Group's outstanding shareholder's loan balance receivable from TAM amounted to HK\$12,926,000 (31 December 2025: HK\$12,262,000).

As at 30 June 2026, the Group held rental deposit of US\$3,231,000 (equivalent to approximately HK\$25,338,000) from TAM (31 December 2025: US\$2,050,000 (equivalent to approximately HK\$15,955,000)) in relation to aircraft under finance leases and operating leases, please refer to Note 30(g).

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

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

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

Save as those disclosed in Note 30, the above transactions were carried out with related parties at terms negotiated between the Group and the respective parties.

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

8. FINANCE LEASE RECEIVABLES – NET

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Lease payments receivables		
– Not later than one year	1,502,471	1,843,688
– Later than one year but not later than two years	1,173,110	1,545,641
– Later than two years but not later than three years	84,672	297,391
– Later than three years but not later than four years	457,177	453,726
– Later than four years but not later than five years	84,672	84,033
– Later than five years	410,910	449,823
Total	3,713,012	4,674,302
Less: Unearned finance lease income relating to lease payment receivables	(437,790)	(568,090)
Present value of lease payment receivables	3,275,222	4,106,212
Add: Present value of unguaranteed residual value	2,933,658	3,880,511
Net investment in leases	6,208,880	7,986,723
Less: Accumulated expected credit losses allowance	(21,265)	(21,825)
Finance lease receivables – net	6,187,615	7,964,898

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION8. FINANCE LEASE RECEIVABLES – NET *(continued)*

The accumulated expected credit losses allowance on financial lease receivables amounted to HK\$21,265,000 (31 December 2025: HK\$21,825,000). A net reversal of expected credit losses of HK\$725,000 (six months ended 30 June 2025: net expected credit losses of HK\$4,019,000) was recognised for the six months ended 30 June 2026.

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

	As at 30 June 2026		As at 31 December 2025	
	HK\$'000	%	HK\$'000	%
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Categorised by customer in terms of lease receivables:				
Five largest airline companies	5,248,488	85%	6,115,234	77%
Others	939,127	15%	1,849,664	23%
Finance lease receivables – net	6,187,615	100%	7,964,898	100%

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Shareholder's loan to CAG Group (Note (a))	–	577,434
Shareholder's loan to Feitian No.2 (Tianjin) (Note (b))	49,901	47,999
Exchangeable bonds (Note (c))	850,000	850,000
Others	3,945	3,725
	903,846	1,479,158

Notes:

- (a) CAG uses the fund injected through a performance-linked shareholder's loan from the Group and the mezzanine financing from other investors at a ratio of 20% to 80%, together with a shareholding between the Group and other investors at the same ratio. Pursuant to shareholders' agreement and shareholders' loan agreement, all investors of CAG committed to invest in CAG through shareholders' loan according to the mezzanine financing proportion.

During the period ended 30 June 2026, CAG Group repaid the entire shareholder's loan by way of offsetting against part of the consideration for the acquisition of 16 aircraft holding entities from CAG Group. Please refer to Note 30(c) for details.

- (b) The Group entered into a shareholder's loan agreement and a subordinated fee agreement with Feitian No.2 (Tianjin). Please refer to Note 30(d) for details.
- (c) The Group entered into an exchangeable bond subscription agreement with ARI in respect of the subscription of HK\$850.0 million exchangeable bonds issued by ARI. Please refer to Note 30(b) for details.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

10. PREPAYMENTS AND OTHER ASSETS

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

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
PDP and other prepayments and receivables relating to aircraft acquisition	7,173,193	8,206,488

In December 2014, the Group entered into aircraft purchase agreements with Airbus S.A.S. ("Airbus") for the purchase of 100 aircraft. In December 2017 and January 2018, the Group entered into supplementary agreement with Airbus for the purchase of additional 65 aircraft. In January 2020, the Group entered into supplemental agreement to the aircraft purchase agreements in December 2014 to purchase additional 40 aircraft from Airbus. In December 2025, the Group entered into supplemental agreement to the aircraft purchase agreements in December 2014 to purchase additional 30 aircraft from Airbus.

PDP were made according to the payment schedules set out in the aircraft purchase agreements. The aircraft will be delivered in stages by end of 2033.

(b) Prepayments and other assets

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Operating lease receivables (i)	429,071	295,839
Deposits paid	35,856	38,739
Prepayments and amounts due from related parties (Note 30(e))	622,553	555,244
Deductible input taxes	49,902	53,386
Government grants receivables	210,905	117,162
Others (ii)	573,224	189,084
	1,921,511	1,249,454
Less: Accumulated expected credit losses allowance (i)	(156,856)	(151,081)
	1,764,655	1,098,373

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

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

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

	As at 30 June 2026		As at 31 December 2025	
	HK\$'000	%	HK\$'000	%
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Current/deferral	121,382	28%	29,987	10%
Less than 30 days past due	18,225	4%	1,552	1%
30 to 90 days past due	15,797	4%	18	1%
More than 90 days past due	273,667	64%	264,282	88%
Total	429,071	100%	295,839	100%

As at 30 June 2026, the accumulated expected credit losses allowance against operating lease receivables amounted to HK\$156,856,000 (31 December 2025: HK\$151,081,000) and the net carrying amount of operating lease receivables was HK\$272,215,000 (31 December 2025: HK\$144,758,000). A net expected credit losses of HK\$4,615,000 (six months ended 30 June 2025: net reversal of expected credit losses of HK\$4,974,000) was recognised during the six months ended 30 June 2026.

- (ii) The "Others" category mainly comprised prepayments to third parties, miscellaneous receivables and other assets with lease-related cash flows acquired.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

11. ASSETS CLASSIFIED AS HELD FOR SALE

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Assets classified as held for sale (a)	2,879,601	1,441,925
Assets directly associated with disposal group classified as held for sale (b)	–	1,084,208
	2,879,601	2,526,133

- (a) The Group had signed letters of intent for the disposals of several lease-attached aircraft. These aircraft intended to be disposed of were consequently classified as held for sale. As at 30 June 2026, the carrying amount of assets classified as held for sale was HK\$2,879,601,000 (31 December 2025: HK\$1,441,925,000), which were measured at the lower of carrying amount and fair value less costs to sell. The fair value of the assets classified as held for sale was determined based on market price of the aircraft. This is a level 2 measurement as per the fair value hierarchy. The fair values of certain assets classified as held for sale, when fair value less cost to sell is lower than carrying amount, approximate their carrying amount.

The carrying amount of borrowings related to the assets held for sale was HK\$936,852,000 (31 December 2025: HK\$1,055,174,000). The borrowings related to the assets held for sale will be repaid when the aircraft are disposed, although the borrowings are not due to be settled within twelve months after the reporting period pursuant to the contractual terms.

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

12. SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Par value of each share	Number of issued shares	Share capital in HK\$'000
Issued:			
As at 1 January 2026 and 30 June 2026	HK\$0.1	747,974,981	74,797
As at 1 January 2025 and 30 June 2025	HK\$0.1	744,648,542	74,465

13. RESERVES

	Share premium HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000	Share- based payments reserve HK\$'000	Hedging reserve HK\$'000	Currency translation differences HK\$'000	Total HK\$'000
Balance as at 1 January 2026 (audited)	1,535,454	623,720	(166)	(3,897)	-	-	(224,729)	1,930,382
Currency translation differences	-	-	-	(30)	-	-	264,898	264,868
Balance as at 30 June 2026 (unaudited)	1,535,454	623,720	(166)	(3,927)	-	-	40,169	2,195,250
Balance as at 1 January 2025 (audited)	1,523,250	623,720	(166)	(3,888)	5,034	3,723	(164,923)	1,986,750
Cash flow hedges (Note 19)	-	-	-	-	-	(6,347)	-	(6,347)
Currency translation differences	-	-	-	-	-	-	(48,070)	(48,070)
Share option scheme:								
- Share options lapsed (a)	-	-	-	-	(5,034)	-	-	(5,034)
Balance as at 30 June 2025 (unaudited)	1,523,250	623,720	(166)	(3,888)	-	(2,624)	(212,993)	1,927,299

- (a) A total of 16,781,071 vested share options granted in prior years lapsed during the six months ended 30 June 2025 without being exercised. There were no outstanding share options as at 30 June 2025 and 2026.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
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14. PERPETUAL CAPITAL SECURITIES AND OTHER NON-CONTROLLING INTERESTS

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Perpetual capital securities (a)	2,779,267	2,756,656
Other non-controlling interests of ordinary shares	(21,937)	(21,663)
	2,757,330	2,734,993

(a) Perpetual capital securities

On 25 September 2024, a subsidiary of the Group (the “Issuer”) issued RMB1.0 billion fixed rate of 2.70% perpetual capital securities with the aggregate net proceeds of HK\$1,104.1 million.

On 28 April 2025 and 11 December 2025, Issuer further issued RMB0.5 billion fixed rate of 2.48% and RMB1.0 billion fixed rate of 2.43% perpetual capital securities with the aggregate net proceeds of HK\$530.6 million and HK\$1,103.4 million, respectively.

The coupon rate is subject to adjustment pursuant to Issuer’s fulfilment of sustainability performance targets. The perpetual capital securities do not have maturity dates and the distribution payments can be deferred at the discretion of Issuer. Therefore, the perpetual capital securities are classified as equity instruments and recorded in equity in the interim consolidated balance sheet. When Issuer elects to declare dividends to ordinary shareholders, Issuer shall make distribution to the holders of perpetual capital securities at the distribution rate as defined in the subscription agreements.

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

	HK\$'000
As at 1 January 2026 (audited)	2,756,656
Profit for the period attributable to perpetual capital securities	36,816
Dividends distributed to perpetual capital securities	(14,205)
As at 30 June 2026 (unaudited)	2,779,267
As at 1 January 2025 (audited)	1,111,899
Issue of perpetual capital securities	530,628
Profit for the period attributable to perpetual capital securities	16,849
As at 30 June 2025 (unaudited)	1,659,376

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

15. DEFERRED INCOME TAX (ASSETS)/LIABILITIES

The movement of the deferred income tax (assets)/liabilities during the six months ended 30 June 2026 is as follows:

	Tax losses HK\$'000	Accelerated depreciation of leased assets and others HK\$'000	Total HK\$'000
As at 1 January 2026 (audited)	(87,736)	1,211,476	1,123,740
(Credited)/charged to profit or loss (Note 27)	(70,184)	93,441	23,257
Acquisition of subsidiaries	–	38,685	38,685
Currency translation difference	(2,596)	22,681	20,085
As at 30 June 2026 (unaudited)	(160,516)	1,366,283	1,205,767
As at 1 January 2025 (audited)	(36,058)	1,303,752	1,267,694
Credited to profit or loss (Note 27)	(57,301)	(98,148)	(155,449)
Currency translation difference	(1,455)	15,311	13,856
As at 30 June 2025 (unaudited)	(94,814)	1,220,915	1,126,101

As at 30 June 2026 and 31 December 2025, the deferred income tax assets and liabilities are expected to be settled after twelve months from the end of the reporting period.

16. BORROWINGS

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Bank and other borrowings		
Bank and other borrowings for aircraft acquisition financing (a)	26,067,762	18,977,205
PDP financing (b)	4,822,327	4,796,669
Other bank borrowings (c)	13,611,818	12,884,218
	44,501,907	36,658,092
Other borrowings		
Borrowings from trust plans (d)	563,644	3,106,870
	45,065,551	39,764,962

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****16. BORROWINGS** *(continued)***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 2026, 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 restricted cash pledged amounting to HK\$8,563,000 (31 December 2025: HK\$8,269,000). As at 30 June 2026, bank and other borrowings for aircraft acquisition financing of HK\$2,742,727,000 (31 December 2025: HK\$2,242,990,000) were unsecured.
- (b) As at 30 June 2026, PDP financings were unsecured and guaranteed by the Company or certain companies of the Group.
- (c) As at 30 June 2026, unsecured other bank borrowings amounted to HK\$13,611,818,000 (31 December 2025: HK\$12,884,218,000), of which HK\$3,288,342,000 (31 December 2025: HK\$4,044,940,000) were guaranteed by the Company or certain companies of the Group.

The Group has the following undrawn borrowing facilities:

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
– Expiring within one year	9,426,513	6,419,360
– Expiring beyond one year	8,233,772	7,535,184
	17,660,285	13,954,544

Other borrowings

- (d) As at 30 June 2026, 8 borrowings (31 December 2025: 35 borrowings) were provided to the Group by investors under trust plans or an asset-backed securities programme. The effective interest rates of the borrowings range from 6.2% to 6.8% (31 December 2025: 6.0% to 7.3%) per annum for remaining terms of two to four years (31 December 2025: one to four years). These borrowings were secured by the shares of, and the aircraft held by the relevant subsidiaries, guaranteed by certain companies of the Group, and restricted cash pledged amounting to HK\$19,988,000 (31 December 2025: HK\$44,073,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17. MEDIUM-TERM NOTES

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

As at 30 June 2026, the total carrying amount of these notes was HK\$1,730,593,000 (31 December 2025: HK\$1,672,057,000).

18. BONDS AND DEBENTURES

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

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. The bonds were fully repaid upon their maturity during the current interim period.

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

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

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

In April 2026, the Group issued five-year RMB1.5 billion corporate bonds due in 2031, bearing coupon rate of 2.25% per annum. These bonds were listed on the Shanghai Stock Exchange.

As at 30 June 2026, the total carrying amount of bonds and debentures was HK\$5,286,551,000 (31 December 2025: HK\$5,410,425,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
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19. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Derivative financial assets		
– Interest rate swaps	61	–
Derivative financial liabilities		
– Interest rate swaps	–	4,698

As at 30 June 2026, the Group had 8 outstanding interest rate swap contracts (31 December 2025: 8 contracts) which will expire at various dates from 15 November 2026 to 15 December 2026 (31 December 2025: 15 November 2026 to 15 December 2026), to exchange floating interest rates from SOFR into fixed interest rates in a range of 3.9% to 4.1% (31 December 2025: 3.9% to 4.1%) per annum.

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

	Six months ended 30 June 2026 HK\$'000 (Unaudited)	2025 HK\$'000 (Unaudited)
Recognised in other comprehensive income		
Change in fair value of interest rate swaps	–	(922)
Reclassified from other comprehensive income to profit or loss in respect of:		
– Hedged items that affected profit or loss (i)	–	(5,425)
	–	(6,347)
Recognised in other losses, net of profit or loss		
Fair value gains on currency forward contracts	–	16,113
Changes in fair value of interest rate swaps	3,189	(6,316)
Hedge ineffectiveness	–	576
	3,189	10,373

(i) Hedged items that have affected profit or loss are primarily recorded within interest expenses.

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20. OTHER LIABILITIES AND ACCRUALS

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Deposits and fund received for lease and aircraft projects	1,834,073	1,522,728
Consultant and professional fee payable	45,497	57,470
Value-added tax and other taxes	194,603	161,198
Operating lease rentals received in advance	187,451	202,456
Amounts due to related parties (Note 30(f))	6,644	6,443
Dividend payables to ordinary shareholders	136,068	–
Lease liabilities	15,205	17,009
Others (including salary and bonus payable)	110,122	163,200
	2,529,663	2,130,504

21. LEASE INCOME, AIRCRAFT AND COMPONENTS TRADING INCOME AND SEGMENT INFORMATION

During the six months ended 30 June 2026, the Group was engaged in the provision of aircraft and engines leasing services to global airline companies and trading of aircraft and components. The Group only has a single reportable segment from both business and geographic perspectives and therefore only provides relevant information relating to revenue from customers.

Lease income

The Group leases its aircraft and engines to airline companies under finance leases or operating leases under which it receives rentals.

	Six months ended 30 June 2026 HK\$'000 (Unaudited)	2025 HK\$'000 (Unaudited)
Finance lease income from aircraft	254,149	333,282
Operating lease income from aircraft	1,570,632	1,522,906
Operating lease income from engines	35,257	51,924
	1,860,038	1,908,112

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****21. LEASE INCOME, AIRCRAFT AND COMPONENTS TRADING INCOME AND SEGMENT
INFORMATION** *(continued)***Lease income** *(continued)*

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

	Six months ended 30 June			
	2026		2025	
	HK\$'000 (Unaudited)	% (Unaudited)	HK\$'000 (Unaudited)	% (Unaudited)
Categorised by customer in terms of lease income:				
Airline Company – A	422,140	23%	455,439	24%
Airline Company – B	132,847	7%	22,905	1%
Airline Company – C	116,420	6%	209,716	11%
Airline Company – D	111,488	6%	84,871	4%
Airline Company – E	88,844	5%	68,014	4%
Others	988,299	53%	1,067,167	56%
Total finance and operating lease income	1,860,038	100%	1,908,112	100%

Aircraft and components trading income

Aircraft and components trading income is recognised at a point in time upon delivery when the control of the aircraft and components are transferred to the customers, and payment is due upon delivery.

All aircraft and components trading is completed for a period of less than a year. As permitted under HKFRS 15 “Revenue from Contracts with Customers”, the transaction price allocated to unsatisfied contracts is not disclosed.

The following table sets forth the amounts of aircraft and components trading income attributable to individual customers:

	Six months ended 30 June			
	2026		2025	
	HK\$'000 (Unaudited)	% (Unaudited)	HK\$'000 (Unaudited)	% (Unaudited)
Categorised by customer in terms of aircraft and components trading income:				
Customer – 1	829,291	99%	–	–
Customer – 2	–	–	136,360	99%
Others	113	1%	69	1%
Total aircraft and components trading income	829,404	100%	136,429	100%

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

The net gain from aircraft transactions for the six months ended 30 June 2026 included the net gain from disposals of seven aircraft and one engine to third parties and disposal of one engine to CAG Group (six months ended 30 June 2025: 18 aircraft and two engines to third parties).

23. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Government grants (a)	185,084	66,624
Interest income from loans to associates and joint ventures	37,141	46,012
Bank interest income	31,926	62,102
Asset management service fees income from CAG Group (Note 30(c))	38,211	4,282
Compensation received from lessees (b)	861,010	—
Others	10,772	23,414
	1,164,144	202,434

- (a) Government grants represent the grants and subsidies from the Chinese Mainland government to support the development of aircraft leasing industry.
- (b) Compensation received from lessees represents the compensation received from lessees upon the lease expiry to the extent that the aircraft were re-delivered from lessees not at a condition agreed in the lease agreements.

24. INTEREST EXPENSES

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expense on borrowings	1,029,076	1,201,989
Settlements on interest rate swaps designated as cash flow hedges – transfer from other comprehensive income	—	(3,758)
Interest expense on medium-term notes	27,857	27,481
Interest expense on bonds and debentures	109,045	78,869
	1,165,978	1,304,581
Less: interest capitalised on qualifying assets (a)	(155,649)	(200,219)
	1,010,329	1,104,362

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
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25. OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Employee benefit expenses	80,933	94,249
Value-added tax surcharges and other taxes	23,599	14,957
Professional service expenses	41,320	66,928
Rental and utilities expenses	7,531	9,560
Engine short-term lease expenses	10,736	30,987
Office and meeting expenses	15,079	10,429
Travelling and training expenses	7,469	8,740
Auditor's remuneration – Audit service	2,000	2,000
Others	39,039	29,527
	227,706	267,377

26. OTHER LOSSES, NET

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Currency exchange losses	(442,240)	(176,251)
Fair value gains on currency forward contracts	–	16,113
Changes in fair value of interest rate swaps	3,189	(6,316)
Hedge ineffectiveness	–	576
Fair value gains on financial assets at fair value through profit or loss	581	661
Loss on disposal of subsidiaries	(32)	(5,164)
	(438,502)	(170,381)

27. INCOME TAX EXPENSES

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax:		
Chinese Mainland, Hong Kong and others	296,980	185,978
Deferred income tax (Note 15)	23,257	(155,449)
	320,237	30,529

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

27. INCOME TAX EXPENSES *(continued)*

Chinese Mainland

The subsidiaries incorporated in the Chinese Mainland are subject to the PRC corporate income tax at a rate of 25% (six months ended 30 June 2025: 25%), except for certain subsidiaries which are subject to the preferential tax treatments.

Hong Kong

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

The qualifying profits of qualifying aircraft lessors and qualifying aircraft leasing managers are subject to the half of the normal tax rate at 8.25%.

Others

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

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

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

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

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

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

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

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

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

The subsidiaries incorporated in the Abu Dhabi Global Market ("ADGM") with annual taxable profits under AED375,000 are exempted from income tax in ADGM.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****28. EARNINGS PER SHARE****(a) Basic**

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2026 and 2025.

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Profit attributable to shareholders of the Company (HK\$'000)	171,367	140,526
Weighted average number of ordinary shares in issue (number of shares in thousands)	747,975	744,649
Basic earnings per share (HK\$ per share)	0.229	0.189

(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.

No diluted earnings per share for the six months ended 30 June 2026 was presented as there were no potential ordinary shares in issue for the period.

For share options lapsed during the six months ended 30 June 2025, as the exercise price per share is higher than average market price of ordinary shares, it is not assumed that the share options have been exercised in the calculation of the diluted earnings per share for the six months ended 30 June 2025.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

29. DIVIDENDS

	Six months ended 30 June	
	2026 HK\$'000 (Unaudited)	2025 HK\$'000 (Unaudited)
Interim dividend declared of HK\$0.14 (2025: HK\$0.12) per ordinary share	106,308	89,757

On 27 August 2025, the Board declared an interim dividend of HK\$0.12 per ordinary share totalling HK\$89.8 million which was paid by cash in October 2025.

A final dividend of HK\$0.18 per ordinary share totalling HK\$134.6 million (including cash dividend and scrip dividend) for the year ended 31 December 2025 was declared and was reflected as dividend payable as at 30 June 2026.

On 25 August 2026, the Board declared an interim dividend of HK\$0.14 per ordinary share totalling HK\$106.3 million and proposed a scrip dividend option to be offered, which is calculated based on 759,344,424 issued shares as at 25 August 2026. The declared dividend is not reflected as a dividend payable in the Interim Financial Information as at 30 June 2026, and will be reflected as an appropriation of retained earnings for the year ending 31 December 2026.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

30. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties at terms negotiated between the Group and the respective parties:

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

CE Group is the sole shareholder of China Everbright Holdings Company Limited ("CE Hong Kong"). CE Hong Kong is the indirect controlling shareholder of China Everbright Limited ("CEL") and CEL indirectly holds approximately 37.89% equity interest in the Company as at 30 June 2026.

Deposit, loan and facilities services provided by CE Group

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

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income from CE Group	379	288
Interest expenses to CE Group	63,848	97,999
Loans upfront and arrangement fee to CE Group	2,608	406
Transactions handling charges to CE Group	917	764
	As at	As at
	30 June	31 December
	2026	2025
	HK\$'Million	HK\$'Million
	(Unaudited)	(Audited)
Bank deposits placed in CE Group	26.1	227.2
Borrowings due to CE Group	–	2,771.4

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION30. RELATED PARTY TRANSACTIONS *(continued)***(b) Transactions with ARI Group and FLARI*****Transactions with ARI Group***

Pursuant to the shareholders' loan agreement dated 6 April 2016, the Group granted loans to ARI which are secured by pledge of shares in a subsidiary of ARI, bearing interest at 4% per annum above the prime lending rate quoted by the Bank of China (Hong Kong) Limited which is accrued daily and payable in arrears of six monthly intervals from the date of issue of the loan note. On 15 October 2018, a supplemental agreement was entered into to revise the interest rate to 3% per annum above the prime lending rate quoted by the Bank of China (Hong Kong) Limited with effect from 28 November 2018. In October 2023, a supplemental agreement was entered into to reduce the shareholders' loan annual cap from HK\$1.5 billion to HK\$650.0 million. In addition, the Group has entered into an exchangeable bond subscription agreement with ARI in respect of the subscription of HK\$850.0 million exchangeable bonds to be issued by ARI, which will be matured on 31 December 2026. On 1 January 2024, the Group had completed the subscription of the exchangeable bonds and the consideration were settled against the shareholders' loan to ARI. The exchangeable bonds are bearing interest at 0.5% per annum above the prime lending rate quoted by the Bank of China (Hong Kong) Limited which is accrued daily and payable in arrears of six monthly intervals from the date of issue of the exchangeable bonds. As at 30 June 2026, the outstanding shareholders' loan balances receivable from ARI and the exchangeable bonds balance amounted to HK\$84,745,000 (31 December 2025: HK\$343,683,000) (Note 7) and HK\$850,000,000 (31 December 2025: HK\$850,000,000) (Note 9) respectively and the interest income from shareholders' loan and exchangeable bonds for the six months ended 30 June 2026 was HK\$8,209,000 (six months ended 30 June 2025: HK\$16,173,000) and HK\$23,505,000 (six months ended 30 June 2025: HK\$24,547,000) respectively.

During the year ended 31 December 2025, the Group entered into letter of intents with ARI Group relating to the purchase of 12 engines and 20 engines, respectively, which would be delivered in 2026, with total consideration of US\$30,000,000 (equivalent to approximately HK\$233,490,000) and US\$40,500,000 (equivalent to approximately HK\$315,212,000), respectively. As at 30 June 2026, the Group had placed interest-free deposit amounting to US\$70,500,000 (equivalent to approximately HK\$552,875,000) (31 December 2025: US\$70,500,000 (equivalent to approximately HK\$548,702,000)) in respect of these letter of intents.

During the six months ended 30 June 2026, the Group entered into a letter of intent with ARI Group relating to the purchase of an aircraft, which would be delivered in 2026, with total consideration of RMB46,672,000 (equivalent to approximately HK\$53,206,000). As at 30 June 2026, the Group had placed interest-free deposit amounting to RMB46,672,000 (equivalent to approximately HK\$53,887,000) in respect of the letter of intent.

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

Pursuant to the shareholders' credit line agreement, the Group granted several loans to FLARI, which are interest bearing from 6.6% to 8.5% per annum (six months ended 30 June 2025: 6.6% to 8.5% per annum) and are calculated on quarterly basis on the actual amount of the shareholders' loan drawn down. As at 30 June 2026, the outstanding shareholders' loan balances receivable from FLARI was amounted to HK\$153,575,000 (31 December 2025: HK\$148,052,000) (Note 7) and the interest income for the six months ended 30 June 2026 was HK\$3,316,000 (six months ended 30 June 2025: HK\$3,315,000).

(c) Transactions with CAG Group

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Asset management service fees income from CAG Group	38,211	4,282

During the period ended 30 June 2026, the Group disposed one engine to CAG Group at consideration of US\$7,579,000 (equivalent to approximately HK\$59,294,000) and recorded net income from aircraft transactions in the interim consolidated statement of income.

During the period ended 30 June 2026, the Group acquired 16 aircraft holding entities from CAG Group, with total consideration of US\$659,564,000 (equivalent to approximately HK\$5,160,099,000), which is settled by cash and offset by shareholder's loan to CAG Group. Please refer to Note 9(a) for details.

(d) Transactions with HNCA One (Tianjin), HNCA Two (Tianjin) and Feitian No.2 (Tianjin)

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

As at 30 June 2026, the outstanding balance from HNCA One (Tianjin) and HNCA Two (Tianjin) were amounted to HK\$44,834,000 (31 December 2025: HK\$42,573,000) and HK\$41,570,000 (31 December 2025: HK\$39,480,000) (Note 7) respectively, and the interest income for the six months ended 30 June 2026 was HK\$695,000 (six months ended 30 June 2025: HK\$627,000) and HK\$638,000 (six months ended 30 June 2025: HK\$591,000) respectively.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION30. RELATED PARTY TRANSACTIONS *(continued)***(d) Transactions with HNCA One (Tianjin), HNCA Two (Tianjin) and Feitian No.2 (Tianjin)**
(continued)

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

As at 30 June 2026, the outstanding balance receivables from Feitian No.2 (Tianjin) were amounted to HK\$49,901,000 (31 December 2025: HK\$47,999,000) (Note 9).

(e) Prepayments and amounts due from related parties

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Prepayments to ARI Group	606,762	548,702
Amount due from ARI Group and others	15,791	6,542
	622,553	555,244

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

(f) Amounts due to related parties

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
ARI Group (i)	212	210
LAI (ii)	6,432	6,233
	6,644	6,443

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

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION****30. RELATED PARTY TRANSACTIONS** *(continued)***(g) Transaction with TAM**

During the six months ended 30 June 2026, the Group entered into three operating lease arrangement for three aircraft with TAM (six months ended 30 June 2025: one finance lease arrangement and one operating lease arrangement for two aircraft).

As at 30 June 2026, the Group entered into five finance lease and 10 operating lease arrangements for 15 aircraft with TAM (31 December 2025: five finance lease and seven operating lease arrangements for 12 aircraft).

As at 30 June 2026, finance lease receivables from TAM were HK\$873,442,000 (31 December 2025: HK\$865,273,000).

The total finance lease and operating lease income during the six months ended 30 June 2026 was HK\$111,488,000 (six months ended 30 June 2025: HK\$84,871,000). As at 30 June 2026, the Group held rental deposits of US\$3,231,000 (equivalent to approximately HK\$25,338,000) from TAM (31 December 2025: US\$2,050,000 (equivalent to approximately HK\$15,955,000)) in relation to aircraft under finance leases and operating leases.

31. CONTINGENT LIABILITIES AND COMMITMENTS**(a) Contingencies**

As at 30 June 2026, the Group was a guarantor of certain bank borrowings of associates and joint ventures amounting to HK\$292,802,000 (31 December 2025: HK\$300,027,000).

(b) Capital commitments

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

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Contracted but not provided for:		
Purchase of aircraft (i)	48,895,501	50,988,019

- (i) The capital commitments were related to acquisition of Airbus aircraft and Commercial Aircraft Corporation of China, Ltd. aircraft in its order book, which will be delivered in stages by the end of 2033.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION31. CONTINGENT LIABILITIES AND COMMITMENTS *(continued)*

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

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

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Not later than one year	65	36

(d) Operating lease arrangement – where the Group is the lessor

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

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Not later than one year	3,600,530	2,878,321
Later than one year but not later than two years	3,335,078	2,645,637
Later than two years but not later than three years	3,187,511	2,493,295
Later than three years but not later than four years	3,012,679	2,349,583
Later than four years but not later than five years	2,828,196	2,244,169
Later than five years	10,728,141	9,432,585
	26,692,135	22,043,590

The above commitment included amount of HK\$1,799,355,000 (31 December 2025: HK\$1,385,187,000) related to assets classified as held for sale (Note 11).

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

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

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Not later than one year	224	55
Later than one year but not later than two years	168	–
	392	55

32. SUBSEQUENT EVENTS

On 21 August 2026, 11,369,443 shares of HK\$0.10 each were allotted and issued at HK\$3.479 each to shareholders who had elected to receive new shares credited as fully paid in lieu of cash dividend in respect of the 2025 final dividend under the scrip dividend scheme.