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CHINA AIRCRAFT LEASING GROUP HOLDINGS LIMITED

中國飛機租賃集團控股有限公司

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

(Stock code: 1848)

**(1) MAJOR AND CONTINUING CONNECTED TRANSACTIONS
THE FIFTH SUPPLEMENTAL AGREEMENT AND
NEW ANNUAL CAPS
AND
(2) MAJOR AND CONNECTED TRANSACTIONS
THE PROPOSED EXTENSION OF THE MATURITY DATE OF THE
EXCHANGEABLE BONDS ISSUED BY ARI**

Reference is made to the 2023 ARI Circular in relation to, among others, (i) the major and continuing connected transactions contemplated under the Fourth Supplemental Agreement; and (ii) the major and connected transactions in relation to the issue of the Exchangeable Bonds by ARI.

THE FIFTH SUPPLEMENTAL AGREEMENT

In view of the continuing development of the ARI Business, ARI and the ARI Shareholders (including Aircraft Recycling International Holdings) entered into the Fifth Supplemental Agreement on 22 October 2026 (after trading hours) to extend the term of the Shareholders' Loan and Guarantee Agreement to 31 December 2029.

THE NEW ANNUAL CAPS

In continuation of the current arrangements between the Group and ARI under the Shareholders' Loan and Guarantee Agreement, the Board proposes that the New Annual Caps for each of the three years ending 31 December 2027, 2028 and 2029 shall remain at HK\$650 million.

THE EB DEED OF AMENDMENT

On 27 October 2023, ZF Oriental, as subscriber, and ARI, as issuer, entered into the EB Subscription Agreement, pursuant to which ARI issued the Exchangeable Bonds to ZF Investment (a direct wholly-owned subsidiary of the Company), as designated by ZF Oriental, on 1 January 2024. As at the date of this announcement, the Exchangeable Bonds in the principal amount of HK\$850,000,000 remain outstanding, and are due to mature on 31 December 2026.

On 22 October 2026 (after trading hours), ZF Investment and ARI entered into the EB Deed of Amendment, pursuant to which ZF Investment and ARI conditionally agreed to extend the maturity date of the Exchangeable Bonds from 31 December 2026 to the Extended Maturity Date (i.e. 31 December 2029). Save for the Extension of Maturity Date, all other Terms and Conditions remain unchanged.

LISTING RULES IMPLICATIONS

As (a) the Fifth Supplemental Agreement and the EB Deed of Amendment were both entered into between, among others, the Group and ARI, and (b) the EB Deed of Amendment and the transactions contemplated thereunder form part of the continuation of the financial assistance arrangements provided by the Group to ARI as disclosed in the 2023 ARI Circular, the applicable percentage ratio in respect of the Fifth Supplemental Agreement (including the New Annual Caps), the EB Deed of Amendment and the respective transactions contemplated thereunder were calculated on an aggregate basis, and the highest applicable percentage ratio exceeds 25% but is lower than 75%. Accordingly, the Fifth Supplemental Agreement (including the New Annual Caps), the EB Deed of Amendment and the transactions contemplated thereunder constitute major transactions for the Company, and are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, ARI is owned by the Company (through Aircraft Recycling International Holdings) as to 48%, Sky Cheer as to 20%, China Aero as to 18% and Neo Modern as to 14%. Given (i) Neo Modern is a wholly-owned subsidiary of CE Limited, a substantial Shareholder interested in 283,417,693 Shares (representing approximately 37.32% of the total issued share capital of the Company) and (ii) China Aero is a wholly-owned subsidiary of FPAM, a substantial Shareholder interested in 176,496,672 Shares (representing approximately 23.24% of the total issued share capital of the Company), and FPAM is beneficially owned as to 50% by Mr. Poon Ho Man (an executive Director and the Chief Executive Officer of the Company), ARI is a commonly held entity under Chapter 14A of the Listing Rules. Thus, the Fifth Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements, whereas the EB Deed of Amendment and the transactions contemplated thereunder constitute connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements, under Chapter 14A of the Listing Rules.

The Company will comply with the requirements under Chapters 14 and 14A of the Listing Rules in relation to the exercise of the Exchange Rights as and when necessary.

EGM AND SHAREHOLDERS' APPROVAL

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Fifth Supplemental Agreement (including the New Annual Caps), the EB Deed of Amendment and the transactions contemplated thereunder. FPAM, CE Limited and their respective associates, Mr. Poon Ho Man (including his wholly-owned company, Equal Honour Limited) and Ms. Christina Ng (both of Mr. Poon Ho Man and Ms. Christina Ng being the ultimate shareholders of FPAM) will abstain from voting with regard to the relevant resolutions.

An Independent Board Committee comprising all independent non-executive Directors, namely Mr. Fan Chun Wah, Andrew, Dr. Hong Wen, and Mr. Chan Ching Summit, has been formed to advise the Independent Shareholders on the Fifth Supplemental Agreement (including the New Annual Caps), the EB Deed of Amendment and the transactions contemplated thereunder. Maxa Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) further details of the Fifth Supplemental Agreement (including the New Annual Caps), the EB Deed of Amendment and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, will be dispatched to the Shareholders. As additional time is required for the Company to finalise certain information to be included in the circular, it is expected that the circular will be dispatched on or before 25 November 2026.

INTRODUCTION

Reference is made to the 2023 ARI Circular in relation to, among others, (i) the major and continuing connected transactions contemplated under the Fourth Supplemental Agreement, and (ii) the major and connected transactions in relation to the issue of the Exchangeable Bonds by ARI.

On 6 April 2016, the ARI Shareholders and ARI entered into the Original Shareholders' Loan and Guarantee Agreement, pursuant to which the ARI Shareholders agreed to provide the Shareholders' Loan and Guarantee to ARI on the terms thereof. On 14 November 2016, the ARI Shareholders and ARI entered into the First Supplemental Agreement under which the repayment terms under the Original Shareholders' Loan and Guarantee Agreement were amended. On 15 October 2018, the ARI Shareholders and ARI entered into the Second Supplemental Agreement under which the interest rate and the Guarantee Fee under the Original Shareholders' Loan and Guarantee Agreement were amended and the term of the Original Shareholders' Loan and Guarantee Agreement (as supplemented and amended by the First Supplemental Agreement) was extended to 31 December 2021. On 26 January 2021, ARI and the ARI Shareholders entered into the Third Supplemental Agreement to extend the term of the Original Shareholders' Loan and Guarantee Agreement (as supplemented and amended by the First Supplemental Agreement and the Second Supplemental Agreement) to 31 December 2023. On 27 October 2023, ARI and the ARI Shareholders entered into the Fourth Supplemental Agreement to extend the term of the Original Shareholders' Loan and Guarantee Agreement (as supplemented and amended by the First Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement) to 31 December 2026.

In view of the continuing development of the ARI Business, ARI and the ARI Shareholders (including Aircraft Recycling International Holdings) entered into the Fifth Supplemental Agreement on 22 October 2026 (after trading hours) to extend the term of the Shareholders' Loan and Guarantee Agreement to 31 December 2029.

On 27 October 2023, ZF Oriental, as subscriber, and ARI, as issuer, entered into the EB Subscription Agreement, pursuant to which ARI issued the Exchangeable Bonds to ZF Investment (a direct wholly-owned subsidiary of the Company), as designated by ZF Oriental, on 1 January 2024. As at the date of this announcement, the Exchangeable Bonds in the principal amount of HK\$850,000,000 remain outstanding, and are due to mature on 31 December 2026.

On 22 October 2026 (after trading hours), ZF Investment and ARI entered into the EB Deed of Amendment, pursuant to which ZF Investment and ARI conditionally agreed to extend the maturity date of the Exchangeable Bonds from 31 December 2026 to the Extended Maturity Date (i.e. 31 December 2029). Save for the Extension of Maturity Date, all other Terms and Conditions remain unchanged.

THE FIFTH SUPPLEMENTAL AGREEMENT

The principal terms of the Fifth Supplemental Agreement are set out below.

Date: 22 October 2026 (after trading hours)

Parties:

- (i) ARI
- (ii) Aircraft Recycling International Holdings
- (iii) China Aero
- (iv) Sky Cheer
- (v) Neo Modern

Subject matter: Pursuant to the Fifth Supplemental Agreement, ARI and ARI Shareholders agreed to extend the term of the Shareholders' Loan and Guarantee Agreement to 31 December 2029.

Subject to the terms of the Fifth Supplemental Agreement, all other terms and conditions of the Shareholders' Loan and Guarantee Agreement remain unchanged and shall continue in full force and effect and be operative and binding on ARI and ARI Shareholders and the Shareholders' Loan and Guarantee Agreement and the Fifth Supplemental Agreement shall be read and construed together as one agreement.

Conditions Precedent: The amendments to the Shareholders' Loan and Guarantee Agreement (as set out in the paragraph headed "Subject Matter" above) are conditional on (i) the approval by the Independent Shareholders at the EGM, and (ii) the EB Deed of Amendment having become unconditional.

Subject to the satisfaction of the aforementioned conditions precedent, the amendments to the Shareholders' Loan and Guarantee Agreement shall take effect on 1 January 2027, or if the condition(s) precedent is/are not all satisfied prior to 1 January 2027, such other date as notified by the ARI Shareholders to ARI in writing.

SHAREHOLDERS' LOAN AND GUARANTEE AGREEMENT

Save for the amendments set out in the paragraph headed "The Fifth Supplemental Agreement – Subject matter" above, all other terms and conditions of the Shareholders' Loan and Guarantee Agreement remain unchanged. Set out below are a summary of the Shareholders' Loan and Guarantee Agreement (as amended and supplemented by the Fifth Supplemental Agreement) and the underlying transactions:

Shareholders' Loan: In the event ARI proposes to raise the Shareholders' Loan from the ARI Shareholders, each ARI Shareholder shall have a right (but not the obligation) to advance a portion of the Shareholders' Loan to ARI pro rata to its shareholding in ARI.

If one or more ARI Shareholders decline to advance its respective pro rata portion of the Shareholders' Loan, then the unaccepted participation of such Shareholders' Loan shall automatically be deemed to be accepted by the ARI Shareholders who have indicated to ARI a desire to advance the whole or part of such unaccepted participation.

The interest rate of the Shareholders' Loan is 3% per annum above the Prime Rate from time to time, which was determined after arm's length negotiation between ARI and ARI Shareholders, having taken into account the satisfactory financial background of ARI, the market terms from external banks for unsecured borrowings available to ARI and ARI's capital requirements in the future.

Guarantee: In the event ARI proposes to raise loans from banks, financial or other institutions and Guarantee is required to be provided to the lender of the loans, each ARI Shareholder or any of its group of companies shall have a right (but not the obligation), subject to the acceptance and approval of the lender, to provide and/or procure any of its group companies to provide Guarantee.

If (a) an ARI Shareholder; or (b) any group company of an ARI Shareholder, whose consolidated net asset value is not less than HK\$500 million has provided the Guarantee, ARI shall pay the guarantor the Guarantee Fee equal to 3% per annum of the principal amount of the loans from banks, financial or other institutions (as the case may be) guaranteed by the guarantor, which was determined after arm's length negotiation between ARI and ARI Shareholders, having taken into account the satisfactory financial background of ARI, the market terms from external banks for unsecured borrowings available to ARI and ARI's capital requirements in the future.

Security: The obligations and liabilities of ARI under the Shareholders' Loan and Guarantee Agreement (as supplemented and amended by the Fifth Supplemental Agreement) are secured by the Share Mortgage.

THE NEW ANNUAL CAPS

The Existing Annual Caps for the Shareholders' Loan and Guarantee Agreement for each of the three years ended/ending 31 December 2024, 2025 and 2026 was HK\$650 million respectively.

In continuation of the current arrangements between the Group and ARI under the Shareholders' Loan and Guarantee Agreement, the Board proposes that the New Annual Caps for each of the three years ending 31 December 2027, 2028 and 2029 shall remain at HK\$650 million.

Historical figures, the Existing Annual Caps and the New Annual Caps

The following tables set out the amount of each of (i) the Existing Annual Caps, (ii) the historical transactions for the Shareholders' Loan and Guarantee provided by the Group, and (iii) the New Annual Caps:

	For the year ended/ending		
	31 December 2024 (HK\$'000)	31 December 2025 (HK\$'000)	31 December 2026 (HK\$'000)
Existing Annual Cap	650,000	650,000	650,000
Maximum daily closing balance of loans (together with the interest and Guarantee Fee)	636,000	643,000	485,000 (For the nine months ended 30 September 2026)

Note: The Company does not expect that the maximum daily closing balance of loans (together with the interest and Guarantee Fee) for the period from 1 October 2026 to the date of the EGM will exceed the Existing Annual Cap for the year ending 31 December 2026.

	For the year ending		
	31 December 2027 (HK\$'000)	31 December 2028 (HK\$'000)	31 December 2029 (HK\$'000)
New Annual Cap	650,000	650,000	650,000

Basis for the New Annual Caps

The New Annual Caps represent the maximum daily closing balance of outstanding principal amount of the loans (including the Shareholders' Loan advanced and may be advanced by Aircraft Recycling International Holdings and the Guarantee provided and may be provided by the Group to ARI and/or its subsidiaries) together with interest accrued on the Shareholders' Loan advanced by Aircraft Recycling International Holdings and the Guarantee Fee.

The New Annual Caps were determined with reference to (i) the historical amounts of the maximum daily closing balance of the outstanding principal amount (together with the interest) and Guarantee Fee; (ii) the expected level of income and operational expenses as well as other financial needs of the ARI Group which is expected to remain relatively stable as compared to those for the two years ended 31 December 2025 and the nine months ended 30 September 2026; (iii) the unchanged rate of interest and Guarantee Fee under the Shareholders' Loan and Guarantee Agreement (as supplemented by the Fifth Supplemental Agreement); and (iv) the assumptions that (a) part of the financial needs of ARI Group for the three financial years ending 31 December 2029 will be financed by bank borrowings; (b) the Company or other companies in the Group (at its sole discretion) will provide the full amount of the Shareholders' Loan and/or Guarantee required by ARI and/or its subsidiaries if other ARI Shareholders and their respective group companies do not provide any amount out of their respective pro rata portion of such Shareholders' Loan and/or Guarantee. In the event any ARI Shareholder and their respective group companies, other than the Group, provide the Shareholders' Loan and/or Guarantee required by ARI and/or its subsidiaries, the New Annual Caps may not be fully utilized.

THE EB DEED OF AMENDMENT

The principal terms of the EB Deed of Amendment are set out below.

Date: 22 October 2026 (after trading hours)

Parties: (i) ARI (as issuer)
(ii) ZF Investment (as subscriber)

Proposed amendments: Pursuant to the EB Deed of Amendment, ARI and ZF Investment agreed to (i) extend the maturity date of the Exchangeable Bonds from 31 December 2026 to the Extended Maturity Date (i.e. 31 December 2029), and (ii) the amendments for the purposes of giving effect to the extension of maturity date and certain clarificatory changes (the “**Extension of Maturity Date**”).

Subject to the satisfaction of the conditions precedent to the EB Deed of Amendment as set out in the paragraph headed “Conditions Precedent” below, an amended and restated bond certificate to reflect the proposed amendments shall be executed and take effect from 1 January 2027.

Conditions Precedent: The Extension of Maturity Date is conditional on: (i) the approval by the Independent Shareholders at the EGM; and (ii) the Fifth Supplemental Agreement having become unconditional.

Subject to the satisfaction of the aforementioned conditions precedent, the Extension of Maturity Date shall take effect on 1 January 2027, or if the condition(s) precedent is/are not all satisfied prior to 1 January 2027, such other date as agreed between ZF Investment and ARI in writing.

Save for the Extension of Maturity Date, all other Terms and Conditions remain unchanged. The principal terms of the Exchangeable Bonds after the Extension of Maturity Date will be set out in the circular to be dispatched for the Shareholders' information.

REASONS FOR AND BENEFITS OF (1) THE FIFTH SUPPLEMENTAL AGREEMENT AND THE NEW ANNUAL CAPS; AND (2) THE EB DEED OF AMENDMENT

(i) Business model of the Group

The Group has continued its development as a full life cycle aircraft solutions provider for the global aviation industry with two major business segments, namely aircraft leasing and aviation aftermarket services (the “**Full Life Cycle Aircraft Solutions**”). The Group's Full Life Cycle Aircraft Solutions gives the Group competitive advantages over its competitors as it is able to leverage off the respective resources and synergies among its member companies and affiliated companies, including ARI, enabling the Group to offer services, through itself and/or together with such companies, to its customers, including the airlines, with a solution covering every stage of an aircraft life cycle, including (a) aircrafts and aircraft engines ordering and procurement; (b) aircraft leasing, purchase and leaseback, and portfolio trading; and (c) aircraft disassembly and component sales, and aircraft maintenance, repair & overhaul (“**MRO**”). Such business model has been effective as demonstrated by the increase in the Group's revenue and other income from approximately HK\$3,278.1 million for the year ended 31 December 2021 to approximately HK\$5,015.1 million for the year ended 31 December 2025, representing a compound annual growth rate of approximately 11.2%.

In view of the above, ARI's operations and service offerings, which include solutions for second-hand aircraft lease as well as mid-to-end-of-life aircraft, form an integral part of the Group's overall business strategy as a Full Life Cycle Aircraft Solutions provider.

(ii) Continuous development of ARI

- (a) ARI operates a global aircraft full life cycle solutions platform to support the Group's value chain ecosystem with its dual aircraft recycling bases in Harbin, the PRC and in the United States, specialising in aircraft disassembly, full recycling solutions, component sales, warehousing, technical training, consulting and related services. Given the industrial knowledge, expertise and the importance of ARI's aircraft recycling business to the Group, the Company considered it to be one of the key assets to the Group's global disassembly and distribution network in its downstream aviation value-chain. Together, ARI and its subsidiaries offer solutions to aging aircraft internationally, further strengthening the Group's position as a Full Life Cycle Aircraft Solutions provider, thereby enhancing its overall competitiveness in the market, which is considered to be in the interests to the Company as a whole.
- (b) The Group has reviewed the audited financial statements of CAAM (an indirect wholly-owned subsidiary of ARI) for the two years ended 31 December 2025 and noted that the financial performance of CAAM has demonstrated a significant improvement during the latest two financial years, with an increase in revenue from approximately HK\$394.8 million for the year ended 31 December 2024 to approximately HK\$642.3 million for the year ended 31 December 2025.
- (c) As ARI Business continues to develop, its needs for financial resources remain. ARI has continued to explore external financing options and develop its own financing capacities. Nonetheless, the Shareholders' Loan and Guarantee Agreement (as supplemented and amended by the Fifth Supplemental Agreement) continues to provide financial support to ARI and remains an important source of funding for its ongoing development.

(iii) Ongoing mutually beneficial relationship between the Group and ARI

- (a) ARI's old aircraft solutions and aftermarket service offerings form an integral part of the Group's business model as a Full Life Cycle Aircraft Solutions provider. The capability of ARI to assist airlines to retire old aircraft has been well recognised by the Group's clients which in turn drive the Group's new aircraft leasing business, especially when airlines are urged to upgrade their fleet in response to the global wave of green aviation. Such synergies open up more business opportunities with both the Group and ARI's existing and potential clients.

- (b) As one of the Group's early investments in low-carbon and circular economy, ARI also forms an essential part of the Group's continuous endeavour and commitment to aviation sustainability. Over the past years, two large aircraft recycling facilities have been in operation in the PRC and the United States respectively and multiple innovations and breakthroughs were made, the details of which were disclosed in the Group's environmental, social, and governance ("ESG") reports.
- (c) ARI Group has provided various aircraft inspection, consultancy, aircraft technical related services to the Group from time to time.
- (d) During the term of the Shareholders' Loan and Guarantee Agreement, the Group has been able to record a stable source of interest income.

(iv) Long-term strategy of ARI

ARI is the strategic platform undertaking the Group's long-term commitment to aviation sustainability. Nowadays, the global aviation supply chain remains under sustained pressure, with ongoing delays in new aircraft and engine deliveries, tight aviation materials supply, and extended maintenance turnaround times, further underscoring the value of used serviceable aviation materials in supporting fleet operations and enhancing supply chain resilience. Building on its expertise in managing mid-to-end-of-life aircraft and engines, ARI combines disassembly, parts reclamation, repair, and resale services to bring aviation assets with remaining useful life back to the market, providing airlines and MRO service providers with more cost-effective aviation materials supply options. This business model helps extend the service life of assets and components, improve resource utilisation efficiency, and reduce waste and demand for new materials, integrating circularity into the Full Life Cycle Aircraft Solutions service system. Looking ahead, the Group will continue to leverage off ARI's service capabilities and business synergies with the member companies and affiliates of the Group, and seize the opportunities arising from airline fleet renewal and growing aftermarket demand, creating commercial value while supporting the global aviation industry's transition toward greater efficiency, environmental responsibility, and sustainability.

The Directors believe that the Fifth Supplemental Agreement, the Extension of Maturity Date under the EB Deed of Amendment and the respective transactions contemplated thereunder would continue to provide the Group with an opportunity to have a stable source of interest income, enjoy the flexibility to leverage on the synergy between the Group and ARI, as well as to benefit from the potential growth of CAAM by exercising the Exchange Rights at such time as it considers appropriate during the extended Exchange Period after assessing the performance of CAAM from time to time.

The terms of the Fifth Supplemental Agreement and the EB Deed of Amendment have been agreed upon arm's length negotiations between the parties. The Directors ((i) including the independent non-executive Directors and (ii) excluding the Directors who are required to abstain from voting on the relevant Board resolutions as set out in the paragraph headed "Listing Rules Implications" below) are of the view that (i) whilst the Proposed Transactions, which involve the grant of financial assistance, are not entered into in the ordinary and usual course of business of the Group, the Proposed Transactions are on normal commercial terms; (ii) the terms of the Fifth Supplemental Agreement (including the New Annual Caps) and the EB Deed of Amendment are fair and reasonable; and (iii) the entering into of the Fifth Supplemental Agreement and the EB Deed of Amendment are in the interest of the Company and the Shareholders as a whole. Further details of the view of the independent non-executive Directors and the letter of advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders will be set out in the circular to be dispatched.

The Company will comply with the requirements under Chapters 14 and 14A of the Listing Rules in relation to the exercise of the Exchange Rights under the Terms and Conditions as and when necessary.

INFORMATION OF THE GROUP, ARI, ARI SHAREHOLDERS AND CAAM

The Group

The Group is principally engaged in the global aircraft leasing business with a fleet of 165 owned aircraft and 16 managed aircraft respectively as at 30 September 2026.

ARI

ARI was incorporated in the Cayman Islands with limited liability on 22 August 2014 and is principally engaged in the ARI Business through its subsidiaries, including CAAM. As at the date of this announcement, ARI is owned by the Company (through Aircraft Recycling International Holdings) as to 48%, Sky Cheer as to 20%, China Aero as to 18% and Neo Modern as to 14%.

ARI Shareholders

Aircraft Recycling International Holdings is an investment holding company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company.

Sky Cheer is an investment holding company incorporated in Hong Kong with limited liability and is owned by Mr. Li Yuze William and Mr. Li Weiwei Tony. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Sky Cheer and its ultimate shareholders are third parties independent of the Company and its connected persons.

China Aero is an investment holding company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of FPAM, a substantial Shareholder interested in 176,496,672 Shares (representing approximately 23.24% of the total issued share capital of the Company), and FPAM is beneficially owned as to 50% by Mr. Poon Ho Man (an executive Director and the Chief Executive Officer of the Company) and 50% by Ms. Christina Ng. Accordingly, China Aero is a connected person of the Company.

Neo Modern is an investment holding company incorporated in the British Virgin Islands with limited liability and an indirectly wholly-owned subsidiary of CE Limited, a substantial Shareholder interested in 283,417,693 Shares (representing approximately 37.32% of the total issued share capital of the Company). CE Limited is a company incorporated in Hong Kong with limited liability, whose shares are listed on the Stock Exchange (Stock Code: 0165) and is indirectly owned as to approximately 49.74% by CE Group. Accordingly, Neo Modern is a connected person of the Company.

ZF Investment

ZF Investment is a company incorporated in the Cayman Islands and a direct wholly-owned subsidiary of the Company.

CAAM

CAAM is a company incorporated in Hong Kong with limited liability on 4 September 2014 and an indirect wholly-owned subsidiary of ARI. CAAM is principally engaged in airframe and engine disassembly, disassembled parts sales as well as aircraft and engines trading and leasing business, and majority of its business is generated in the United States, Europe, Hong Kong and the PRC. As at the date of this announcement, CAAM has a total of 680,000,000 shares in issue.

LISTING RULES IMPLICATIONS

As (a) the Fifth Supplemental Agreement and the EB Deed of Amendment were both entered into between, among others, the Group and ARI, and (b) the EB Deed of Amendment and the transactions contemplated thereunder form part of the continuation of the financial assistance arrangements provided by the Group to ARI as disclosed in the 2023 ARI Circular, the applicable percentage ratio in respect of the Fifth Supplemental Agreement (including the New Annual Caps), the EB Deed of Amendment and the respective transactions contemplated thereunder were calculated on an aggregate basis, and the highest applicable percentage ratio exceeds 25% but is lower than 75%. Accordingly, the Fifth Supplemental Agreement (including the New Annual Caps), the EB Deed of Amendment and the transactions contemplated thereunder constitute major transactions for the Company, and are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, ARI is owned by the Company (through Aircraft Recycling International Holdings) as to 48%, Sky Cheer as to 20%, China Aero as to 18% and Neo Modern as to 14%. Given (i) Neo Modern is a wholly-owned subsidiary of CE Limited, a substantial Shareholder interested in 283,417,693 Shares (representing approximately 37.32% of the total issued share capital of the Company) and (ii) China Aero is a wholly-owned subsidiary of FPAM, a substantial Shareholder interested in 176,496,672 Shares (representing approximately 23.24% of the total issued share capital of the Company), and FPAM is beneficially owned as to 50% by Mr. Poon Ho Man (an executive Director and the Chief Executive Officer of the Company), ARI is a commonly held entity under Chapter 14A of the Listing Rules. Thus, the Fifth Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements, whereas the EB Deed of Amendment and the transactions contemplated thereunder constitute connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements, under Chapter 14A of the Listing Rules.

Four Directors, namely, Mr. An Xuesong (by virtue of his position as an executive director and the vice president of CE Limited), Mr. Pan Jianyun (by virtue of his position as an executive director and the vice president, assuming duties of acting president of CE Limited), Mr. Poon Ho Man (by virtue of his position as the sole director of China Aero and a director of ARI and certain of its subsidiaries) and Mr. Li Guohui (by virtue of his position as a director of ARI), have abstained from voting on the relevant Board resolutions approving the Proposed Transactions.

EGM AND SHAREHOLDERS' APPROVAL

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Fifth Supplemental Agreement (including the New Annual Caps), the EB Deed of Amendment and the transactions contemplated thereunder. FPAM, CE Limited and their respective associates, Mr. Poon Ho Man (including his wholly-owned company, Equal Honour Limited) and Ms. Christina Ng (both of Mr. Poon Ho Man and Ms. Christina Ng being the ultimate shareholders of FPAM) will abstain from voting with regard to the relevant resolutions.

An Independent Board Committee comprising all independent non-executive Directors, namely Mr. Fan Chun Wah, Andrew, Dr. Hong Wen, and Mr. Chan Ching Summit, has been formed to advise the Independent Shareholders on the Fifth Supplemental Agreement (including the New Annual Caps), the EB Deed of Amendment and the transactions contemplated thereunder. Maxa Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) further details of the Fifth Supplemental Agreement (including the New Annual Caps), the EB Deed of Amendment and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, will be dispatched to the Shareholders. As additional time is required for the Company to finalise certain information to be included in the circular, it is expected that the circular will be dispatched on or before 25 November 2026.

GENERAL

The Fifth Supplemental Agreement (including the New Annual Caps), the EB Deed of Amendment and the transactions contemplated thereunder are subject to the satisfaction of the conditions precedent set out under the paragraphs headed “Conditions Precedent” under each of the sections headed “The Fifth Supplemental Agreement” and “The EB Deed of Amendment” in this announcement respectively and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“2023 ARI Circular”	the circular of the Company dated 29 November 2023 in relation to, among others, the major and continuing connected transactions contemplated under the Shareholders’ Loan and Guarantee Agreement, and the major and connected transactions in relation to the issue of the Exchangeable Bonds by ARI exchangeable into ordinary shares of CAAM
“Aircraft Recycling International Holdings”	Aircraft Recycling International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“ARI”	Aircraft Recycling International Limited, a company incorporated in the Cayman Islands with limited liability and a commonly held entity of the Company as at the date of this announcement
“ARI Business”	the business model of ARI, which broadly includes the following: (i) purchasing, including direct purchase of aircraft, or purchase through portfolio trade with lease attached and purchase and leaseback arrangement; (ii) selling, including direct sale, sale after re-certified and conditional sales lease; (iii) leasing, including leasing of aircraft, engine and components; (iv) disassembling, including disassembly and parting-out of aircraft and parts and components from the airframe;

- (v) replacing, including replacing old components with new ones through the provision, exchange and sharing of serviceable components;
- (vi) conversion, including conversion of passenger aircraft into a freighter and modification of aircraft components for other uses; and
- (vii) maintenance, repair and overhaul (MRO), including base maintenance, line maintenance, engine, auxiliary power unit and landing gear repair and management solutions and parts remanufacturing

“ARI Group”	ARI and its subsidiaries
“ARI Holdings”	ARI Holdings Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of ARI
“ARI Shareholders”	Aircraft Recycling International Holdings, China Aero, Sky Cheer and Neo Modern
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bondholders”	holders of the Exchangeable Bonds from time to time
“Business Day”	means a day (other than a Saturday and a Sunday and a day on which a tropical cyclone warning number 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“CAAM”	China Aviation Aftermarket Holdings Limited (中飛航空後市場控股有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of ARI

“CAAM Share(s)”	the ordinary share(s) in the capital of CAAM and all other (if any) stock or shares from time to time and for the time being ranking pari passu therewith, and all other (if any) stock or shares resulting from such Shares from time to time or from any sub-division, consolidation, re-classification or re-designation thereof, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of CAAM
“CE Group”	China Everbright Group Ltd.* (中國光大集團股份公司), a joint stock company incorporated in the PRC with limited liability and is owned as to approximately 63.16% by Central Huijin
“CE Limited”	China Everbright Limited (中國光大控股有限公司), a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 0165) and is indirectly owned as to approximately 49.74% by CE Group as at the date of this announcement
“Central Huijin”	Central Huijin Investment Ltd.* (中央匯金投資有限責任公司), a company incorporated under the laws of the PRC with limited liability, which is indirectly wholly-owned by the State Council of the PRC
“China Aero”	China Aero Investments Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of FPAM
“commonly held entity”	has the meaning ascribed to it in Rule 14A.27 of the Listing Rules
“Company”	China Aircraft Leasing Group Holdings Limited (中國飛機租賃集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1848)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

“EB Deed of Amendment”	the Deed of Amendment to the bond certificate and the Terms and Conditions dated 22 October 2026 entered into between ARI and ZF Investment in respect of the Extension of Maturity Date and other ancillary amendments
“EGM”	the extraordinary general meeting of the Company to be held for considering, among other things, and if thought fit, approving the Fifth Supplemental Agreement (including the New Annual Caps), the EB Deed of Amendment and the transactions contemplated thereunder
“Exchangeable Bonds”	the HK\$850,000,000 exchangeable bonds due 31 December 2026 which remain outstanding as at the date of this announcement and are exchangeable into CAAM Shares
“Existing Annual Caps”	the existing annual caps for the transactions contemplated under the Shareholders’ Loan and Guarantee Agreement for the three years ended/ending 31 December 2024, 2025 and 2026
“Extended Maturity Date”	31 December 2029, being the extended maturity date of the Exchangeable Bonds pursuant to the EB Deed of Amendment
“Extension of Maturity Date”	has the meaning ascribed thereto under the paragraph headed “The EB Deed of Amendment – Proposed amendments”
“Fifth Supplemental Agreement”	the fifth supplemental agreement to the Shareholders’ Loan and Guarantee Agreement dated 22 October 2026 entered into between ARI and the ARI Shareholders
“First Supplemental Agreement”	the first supplemental agreement to the Original Shareholders’ Loan and Guarantee Agreement dated 14 November 2016 entered into between ARI and the ARI Shareholders
“Fourth Supplemental Agreement”	the fourth supplemental agreement to the Original Shareholders’ Loan and Guarantee Agreement (as supplemented and amended by the First Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement) dated 27 October 2023 entered into between ARI and the ARI Shareholders

“FPAM”	Friedmann Pacific Asset Management Limited, a company incorporated in the British Virgin Islands with limited liability and beneficially owned as to 50% by Mr. Poon Ho Man (an executive Director and the Chief Executive Officer of the Company) and 50% by Ms. Christina Ng. As at the date of this announcement, Friedmann Pacific Asset Management Limited is a substantial shareholder of the Company
“Group”	the Company and its subsidiaries from time to time
“Guarantee”	the guarantee provided by an ARI Shareholder or any group company of an ARI Shareholder for the loans borrowed by ARI from ARI’s bankers, financial or other institutions
“Guarantee Fee”	the guarantee fee payable by ARI to the Guarantor pursuant to the Shareholders’ Loan and Guarantee Agreement (as supplemented and amended)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors
“Independent Financial Adviser”	Maxa Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Fifth Supplemental Agreement, the EB Deed of Amendment and the transactions contemplated thereunder and to make recommendation as to voting

“Independent Shareholders”	Shareholders other than (i) FPAM and its associates (including (a) Mr. Poon Ho Man and his wholly-owned company, Equal Honour Limited; and (b) Ms. Christina Ng); (ii) CE Limited and its associates; and (iii) any other Shareholders who are required by the Listing Rules to abstain from voting at the EGM
“Issue Date”	the date on which the Exchangeable Bonds are issued, being 1 January 2024
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Neo Modern”	Neo Modern Limited, a company incorporated in the British Virgin Islands with limited liability and an indirectly wholly-owned subsidiary of CE Limited
“New Annual Caps”	the proposed new annual caps for the Shareholders’ Loan advanced and may be advanced by Aircraft Recycling International Holdings and the Guarantee provided and may be provided by the Group to ARI and/or its subsidiaries together with interest accrued on the Shareholders’ Loan advanced by Aircraft Recycling International Holdings and the Guarantee Fee for each of the three financial years ending 31 December 2029
“Original Shareholders’ Loan and Guarantee Agreement”	the shareholders’ loan and guarantee agreement dated 6 April 2016 entered into between ARI and the ARI Shareholders
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Prime Rate”	in respect of a day during the interest period for the relevant Shareholders’ Loan or during the period which any Exchangeable Bond remains outstanding, the prime lending rate for Hong Kong Dollars as quoted by the Bank of China (Hong Kong) Limited on that day

“Proposed Transactions”	the Fifth Supplemental Agreement, the EB Deed of Amendment and the transactions contemplated thereunder
“Second Supplemental Agreement”	the second supplemental agreement to the Original Shareholders’ Loan and Guarantee Agreement (as supplemented and amended by the First Supplemental Agreement) dated 15 October 2018 entered into between ARI and the ARI Shareholders
“Share(s)”	share(s) with par value of HK\$0.10 each in the share capital of the Company
“Share Mortgage”	the share mortgage dated 6 April 2016 (as amended and supplemented from time to time) entered into by ARI (as mortgagor) in favour of Aircraft Recycling International Holdings (as security trustee) in respect of the entire issued share capital of ARI Holdings, which is a continuing security
“Shareholder(s)”	the holder(s) of the Shares
“Shareholders’ Loan”	the shareholders’ loan advanced by any of the ARI Shareholders to ARI pursuant to the Shareholders’ Loan and Guarantee Agreement (as supplemented and amended by the Fifth Supplemental Agreement)
“Shareholders’ Loan and Guarantee Agreement”	the Original Shareholders’ Loan and Guarantee Agreement (as supplemented and amended by the First Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement and the Fourth Supplemental Agreement)
“Sky Cheer”	Sky Cheer International Limited, a company incorporated in Hong Kong with limited liability and owned by Mr. Li Yuze William and Mr. Li Weiwei Tony
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Terms and Conditions”	the terms and conditions of the Exchangeable Bonds

“Third Supplemental Agreement”	the third supplemental agreement to the Original Shareholders’ Loan and Guarantee Agreement (as supplemented and amended by the First Supplemental Agreement and the Second Supplemental Agreement) dated 26 January 2021 entered into between ARI and the ARI Shareholders
“ZF Investment”	ZF Investment 1 (Cayman) Limited, a company incorporated in the Cayman Islands, a direct wholly-owned subsidiary of the Company
“ZF Oriental”	ZF Oriental 38 Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 22 October 2026

As at the date of this announcement, (i) the Non-executive Directors are Mr. AN Xuesong (Chairman) and Mr. PAN Jianyun; (ii) the Executive Directors are Mr. POON Ho Man (Chief Executive Officer) and Mr. LI Guohui (Chief Financial Officer and Chief Strategy Officer); and (iii) the Independent Non-executive Directors are Mr. FAN Chun Wah, Andrew, J.P., Dr. HONG Wen and Mr. CHAN Ching Summit.

** for identification purpose only*