THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **China Aircraft Leasing Group Holdings Limited**, you should hand this circular together with the accompanying form of proxy at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

CALC

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
(2) MAJOR AND CONNECTED TRANSACTIONS THE PROPOSED EXTENSION OF THE MATURITY DATE OF THE EXCHANGEABLE BONDS ISSUED BY ARI
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Advisor to
the Independent Board Committee and the Independent Shareholders

邁時金融
MAXA FINANCIAL

A letter from the Board is set out on pages 9 to 30 of this circular. A letter from the Independent Board Committee is set out on pages IBC-1 to IBC-2 of this circular. A letter from the Independent Financial Adviser is set out on pages IFA-1 to IFA-41 of this circular.

A notice convening the EGM to be held at 48th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong on Wednesday, 16 December 2026 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is also enclosed. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

25 November 2026

CONTENTS

Page

DEFINITIONS 1

LETTER FROM THE BOARD 9

LETTER FROM THE INDEPENDENT BOARD COMMITTEE IBC-1

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IFA-1

APPENDIX I – FINANCIAL INFORMATION OF THE GROUP I-1

APPENDIX II – VALUATION REPORT OF CAAM II-1

APPENDIX III – GENERAL INFORMATION III-1

NOTICE OF THE EGM EGM-1

In this circular, the following expressions have the meanings as set out below unless the context requires otherwise:

"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
"Announcement"	the announcement of the Company dated 22 October 2026 in relation to the Fifth Supplemental Agreement (including the New Annual Caps), the EB Deed of Amendment and the transactions contemplated thereunder
"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 Latest Practicable Date
"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 Hong Kong"	China Everbright Holdings Company Limited (中國光大集團有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CE Group
"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 which is indirectly owned as to approximately 49.74% by CE Group as at the Latest Practicable Date
"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 convened and held on Wednesday, 16 December 2026 at 10:00 a.m., the notice of which is set out on pages EGM-1 to EGM-3 of this circular, and any adjournment thereof for the purpose of considering, and if thought fit, approving the Fifth Supplemental Agreement (including the New Annual Caps), the EB Deed of Amendment and the transactions contemplated thereunder

"Exchange Price"	HK$1.25 per CAAM Share initially, subject to adjustment in the manner provided in the relevant provisions in the Terms and Conditions
"Exchange Right"	has the meaning ascribed thereto under the section headed "Principal Terms of the Exchangeable Bonds" in this circular
"Exchangeable Bonds"	the HK$850,000,000 exchangeable bonds due 31 December 2026 which remain outstanding as at the Latest Practicable Date and are exchangeable into CAAM Shares
"Exchangeable Shares"	680,000,000 CAAM Shares and any additional CAAM Shares issued, allotted or otherwise converted from time to time during the exchange period of the Exchangeable Bonds
"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 "III. The EB Deed Of Amendment and the Principal Terms Of the Exchangeable Bonds – (i) The EB Deed of Amendment" in the Letter from the Board
"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 Latest Practicable Date, 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 Holdings 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

"Latest Practicable Date"	19 November 2026, being the latest practicable date prior to the printing of this circular for ascertaining information contained herein
"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 indirect 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 circular, 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 Shareholders' Loan and Guarantee Transaction"	the proposed advance of Shareholders' Loan by Aircraft Recycling International Holdings and the provision of guarantee by the Group to ARI and/or its subsidiaries for the three financial years ending 31 December 2029
"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

"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"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
"Share(s)"	share(s) with par value of HK$0.10 each in the share capital of the Company
"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
"Total Redemption Amount"	100% of the outstanding principal amount of the Exchangeable Bonds, together with accrued interest, and all other amounts accrued or outstanding under the Exchangeable Bonds

"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.

* *For identification purposes only*

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)

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

Registered Office in the Cayman Islands:
Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Principal place of business in Hong Kong:
32nd Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

25 November 2026

To the Shareholders,

Dear Sir or Madam,

(1) MAJOR AND CONTINUING CONNECTED TRANSACTIONS THE FIFTH SUPPLEMENTAL AGREEMENT AND NEW ANNUAL CAPS (2) MAJOR AND CONNECTED TRANSACTIONS THE PROPOSED EXTENSION OF THE MATURITY DATE OF THE EXCHANGEABLE BONDS ISSUED BY ARI AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

The Board refers to the Announcement in relation to the Fifth Supplemental Agreement (including the New Annual Caps), the EB Deed of Amendment and the transactions contemplated thereunder. The purpose of this circular is to provide Shareholders with information relating to, among others, (i) the Fifth Supplemental Agreement (including the New Annual Caps), the EB Deed of Amendment and the transactions contemplated thereunder; (ii) the letter of recommendation from the Independent Board Committee; (iii) the letter of advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM.

II. THE FIFTH SUPPLEMENTAL AGREEMENT AND NEW ANNUAL CAPS

(i) The Fifth Supplemental Agreement

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.

(ii) Shareholders' Loan And Guarantee Agreement

Save for the amendments set out in the paragraph headed "(i) The Fifth Supplemental Agreement - Subject matter" above, all other terms and conditions of the Shareholders' Loan and Guarantee Agreement remain unchanged. Set out below is 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. Considering that the interest rate is (i) determined with reference and at a premium to the Prime Rate; and (ii) based on the Prime Rate of 5.0% as at the Latest Practicable Date, higher than the average effective interest rate of the Group's total interest-bearing debts of approximately 4.65% for the six months ended 30 June 2026, the Directors consider that such interest rate is on normal commercial terms and better for the Group.

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 and repayment track record of ARI, the market terms from external banks for unsecured borrowings available to ARI, and ARI's capital requirements in the future. In view of the above factors, the Directors consider that the Guarantee Fee is on normal commercial terms and better for the Group.

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.

(iii) 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.

The historical maximum daily closing balances of the loans (together with interest) and the Guarantee Fee amounted to approximately HK$636 million and HK$643 million for the years ended 31 December 2024 and 2025, respectively, representing utilisation rates of approximately 97.8% and 98.9% of the Existing Annual Caps of HK$650 million for the relevant year.

Although such maximum daily closing balance decreased to approximately HK$485 million for the nine months ended 30 September 2026 following repayments made by ARI as and when the relevant amounts fell due, thereby reducing the outstanding balance of the Shareholders' Loan (together with interest) and the Guarantee Fee, the management of the Group expects ARI Group's financial needs for the full year of 2026 to remain largely comparable to those in 2024 and 2025, taking into account ARI Group's historical pattern of peak funding demand in the fourth quarter of each year, as well as its ongoing business development, further details of which are set out in the section headed "Reasons for and Benefits of (1) the Fifth Supplemental Agreement and the New Annual Caps; and (2) the EB Deed of Amendment" below in this Letter from the Board.

Having regard to the high historical utilisation rates of the Existing Annual Caps in each of 2024 and 2025, and management's expectations regarding ARI Group's ongoing financial needs, it is considered that maintaining the New Annual Caps at HK$650 million for each of the three years ending 31 December 2029 would provide appropriate flexibility to accommodate ARI Group's funding requirements.

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.

Internal control measures for the Proposed Shareholders' Loan and Guarantee Transaction

The Group has adopted and will continue to adopt the following review process and assessment criteria when providing Shareholders' Loan and Guarantee pursuant to the Shareholders' Loan and Guarantee Agreement (as supplemented and amended by the Fifth Supplemental Agreement):

(1) designated staff from the finance and accounting department of the Company is responsible for overseeing the connected transactions of the Company. The finance and accounting department of the Company will monitor and collect detailed information in relation to each advance under the Shareholders' Loan and each Guarantee provided to ensure that each relevant transaction is conducted in accordance with the Shareholders' Loan and Guarantee Agreement (as supplemented and amended by the Fifth Supplemental Agreement);

(2) designated staff from the finance and accounting department of the Company will closely monitor the daily closing balance of outstanding principal amount of the loans (together with the interest) and Guarantee Fee on a monthly basis to ensure that it does not exceed the proposed annual monetary caps;

(3) the independent non-executive Directors will review at least every six months the status of the Proposed Shareholders' Loan and Guarantee Transaction to ensure that the Group has complied with the internal approval process, and confirm in the annual report whether the Proposed Shareholders' Loan and Guarantee Transaction has been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and

(4) an independent auditor appointed by the Company will review and report the status of the Proposed Shareholders' Loan and Guarantee Transaction every year in accordance with the internal control measures and the relevant Listing Rules.

III. THE EB DEED OF AMENDMENT AND THE PRINCIPAL TERMS OF THE EXCHANGEABLE BONDS

(i) 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.

(ii) Principal terms of the Exchangeable Bonds

Save for the Extension of Maturity Date, all other Terms and Conditions remain unchanged. For the information of the Shareholders, set out below is a summary of the principal terms of the Exchangeable Bonds.

Issuer:	ARI
Outstanding Principal Amount:	HK$850,000,000
Form and Denomination:	The Exchangeable Bonds are issued in registered form in the denomination of HK$5,000,000 each.
Rate of Interest:	In respect of the period commencing from and including the Issue Date up to the Extended Maturity Date, the rate of interest of the Exchangeable Bonds is the aggregate of Prime Rate plus 0.5% per annum. Taking into account that (i) such rate of interest is determined with reference and at a premium to the Prime Rate; (ii) that based on the Prime Rate of 5.0% as at the Latest Practicable Date, such rate of interest would represent a higher rate of interest than the average effective interest rate of the Group's total interest-bearing debts for the six months ended 30 June 2026 of approximately 4.65%; and (iii) the convertible nature of the Exchangeable Bonds with the potential upside of approximately HK$222.0 million if the Exchangeable Bonds are fully converted, based on the difference between the principal amount of Exchangeable Bonds and the valuation of 100% equity interest in CAAM appraised by an independent valuer as at 31 August 2026 as set out in the Valuation Report in Appendix II to this circular, the Board is of the view that the interest rate of the Exchangeable Bond is fair and reasonable and on normal commercial terms or better despite being lower than that of the interest rate of the Shareholder's Loan. Interest shall be payable semi-annually in arrears on 30 June and 31 December in each year.
Extended Maturity Date:	31 December 2029
Status:	The Exchangeable Bonds constitute senior, direct, unsubordinated, unconditional and unsecured obligations of ARI and shall at all times rank pari passu and without any preference or priority among themselves.

Exchange Right: Each Exchangeable Bond shall entitle the Bondholder to exchange such Exchangeable Bonds or part of an Exchangeable Bond for CAAM Shares on one or more than one occasion during the exchange period in respect of all or part of the outstanding principal amounts under the Exchangeable Bonds.

To exercise the Exchange Right attaching to an Exchangeable Bond, the holder of such Exchangeable Bond must complete, execute and deposit an exchange notice at its own expense during normal business hours at the principal office of ARI in Hong Kong.

Exchange Price: HK$1.25 per CAAM Share initially, subject to adjustment in the manner provided in the relevant provisions in the Terms and Conditions. The Exchange Price is calculated by dividing the principal amount of the Exchangeable Bonds by the total number of existing Exchangeable Shares.

Exchange period: Any time following the first anniversary of the Issue Date and up to and including the Extended Maturity Date.

Exchangeable Shares: 680,000,000 CAAM Shares and any additional CAAM Shares issued, allotted or otherwise converted from time to time.

The number of CAAM Shares to be transferred on exchange of an Exchangeable Bond upon the exercise of the Exchange Right will be determined by the following formula:

$$S = \frac{B}{P}$$

where:

S = number of CAAM Shares to be transferred;

B = the whole or such part of the principal amounts of the Exchangeable Bonds to be exchanged; and

P = the Exchange Price

Ranking of Exchangeable Shares: The Exchangeable Shares shall rank pari passu with the other CAAM Shares then outstanding.

Adjustments:

The Exchange Price shall from time to time be adjusted if and whenever there shall be an alteration to the total amount of share capital of the CAAM Shares as a result of consolidation, subdivision or any other change of the total number of the CAAM Shares in issue, and shall be adjusted by multiplying the Exchange Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A = the total number of issued CAAM Shares immediately before such alteration; and

B = the total number of issued CAAM Shares immediately after such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

However, no adjustment shall be made to the Exchange Price in any case in which the amount by which the same would be reduced in accordance with the adjustments provision would be less than one-tenth of a cent and any adjustment that would otherwise be required then to be made shall not be carried forward.

Voting:

The Bondholders shall not be entitled to vote at any meetings of shareholders of CAAM.

Transferability:

Subject to the following provisions, an Exchangeable Bond may be transferred or exchanged at any time by delivery of the respective bond certificate, with the duly completed and signed form of transfer set out in the Terms and Conditions to ARI:

No transfer of title to an Exchangeable Bond will be valid unless and until entered on the register of Bondholders.

Each new bond certificate to be issued upon a transfer of an Exchangeable Bond will, within 10 Business Days of receipt by ARI of the original bond certificate and the form of transfer duly completed and signed and, if required under applicable laws, stamped, be made available for collection at the specified office of ARI or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Exchangeable Bonds (but free of charge to the holder and at ARI's expense) to the address specified in the form of transfer.

Registration of a transfer of Exchangeable Bonds and issuance of new bond certificates will be effected without charge by ARI.

Redemption:

ARI's Redemption Obligation on the Extended Maturity Date

On the Extended Maturity Date, subject to and pursuant to the Terms and Conditions, ARI shall and is obliged to redeem the Exchangeable Bonds, in whole but not in part, unless then previously redeemed, exchanged or cancelled in accordance with the Terms and Conditions, at the Total Redemption Amount.

Early Redemption Right at the option of ARI

Without prejudice to ARI's redemption obligation under the Terms and Conditions, at any time after the first anniversary of the Issue Date and up to but excluding the Extended Maturity Date ("**ARI's Redemption Right Period**"), subject to and in accordance with the following provisions, ARI may redeem all (and not some only) of the Exchangeable Bonds:

(i) To request for an exercise of its redemption right, ARI shall notify the Bondholders in writing and specifying the intended redemption date, which shall in any event be not later than the Extended Maturity Date. Such notice shall be made within the ARI's Redemption Right Period and at least one calendar month before such intended redemption date.

(ii) On such intended redemption date, ARI shall pay the Bondholders the Total Redemption Amount.

Early Redemption Right at the option of Bondholders

Without prejudice to ARI's redemption obligation and ARI's redemption right under the Terms and Conditions, at any time after the first anniversary of the Issue Date and up to but excluding the Extended Maturity Date ("**Bondholders' Redemption Right Period**"), subject to and in accordance with the following provisions, the Bondholders may require ARI to redeem all (and not some only) of the Exchangeable Bonds at the Total Redemption Amount:

(i) To exercise the Bondholders' redemption right, a Bondholder must complete, sign and deposit at ARI's office a duly completed and signed notice of redemption and specifying the intended redemption date, which shall be within the Bondholders' Redemption Right Period and at least 15 calendar days before such intended redemption date together with the certificate evidencing the Exchangeable Bonds to be redeemed.

(ii) Such notice, once delivered, shall be irrevocable (and may not be withdrawn unless with the consent of ARI) and ARI shall redeem the Exchangeable Bonds subject to such notice delivered as aforesaid on the intended redemption date.

Cancellation: All Exchangeable Bonds which are redeemed or exchanged in accordance with the Terms and Conditions will forthwith be cancelled and such Exchangeable Bonds may not be reissued or resold.

Revival of Exchange Right: If (a) any Exchangeable Bond has become due and payable prior to the Extended Maturity Date due to the occurrence of any event of default, or (b) any Exchangeable Bond is not redeemed on the Extended Maturity Date in accordance with the provisions as stated in the paragraph headed "Redemption" above, then:

(i) the Exchange Right attaching to such Exchangeable Bond will revive and/or will continue to be exercisable up to and including the close of business on the date upon which the full amount of the moneys payable in respect of such Exchangeable Bond has been duly received by the Bondholders (the "**Payment Date**"); and

(ii) any Exchangeable Bond in respect of which the bond certificate and notice of exchange given by the holder of the Exchangeable Bond are deposited for exchange prior to the Payment Date shall be exchanged on the relevant exchange date, notwithstanding that the full amount of the moneys payable in respect of such Exchangeable Bond shall have been received by any Bondholder before such exchange date or that the exchange period as stated in the paragraph above may have expired before such exchange date, but provided that arrangements satisfactory to ARI and the relevant Bondholder shall have been reached concerning repayment of such funds within 20 Business Days from the payment date.

Negative Pledge: So long as there are outstanding Exchangeable Bonds, unless with the prior written consent of the Bondholders, ARI will not create or permit to subsist (other than pursuant to the Share Mortgage), and ARI will procure that no subsidiary of ARI will create or permit to subsist, any mortgage, charge, pledge, lien, guarantee, indemnity or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any debt securities or to secure any guarantee of or indemnity in respect of, any debt securities, unless, at the same time or prior thereto, ARI's obligations under the Exchangeable Bonds: (a) are secured equally and rateably therewith; or (b) have the benefit of such other mortgage, charge, pledge, lien, guarantee, indemnity or other form of encumbrance or security interest, guarantee, indemnity or other arrangement as is not materially less beneficial to the Bondholders or as shall be approved by the Bondholders.

IV. 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 solutions 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 its 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) 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 and in accordance with the Terms and Conditions, ARI has paid all relevant interests and Guarantee Fees on time, and as agreed between ARI and the Company. The Group has therefore 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.

Further to CAAM's audited financial statements for the two years ended 31 December 2025 the Group has also reviewed CAAM's management accounts for the six months ended 30 June 2026. CAAM, being the principal subsidiary of ARI that operates the ARI Business, has been profit-making for the two years ended 31 December 2025 and the six months ended 30 June 2026 with net assets value of approximately HK$985.7 million as at 30 June 2026. CAAM recorded revenue and net profit of approximately HK$642.3 million and approximately HK$74.6 million for the year ended 31 December 2025, representing an increase of approximately 62.7% and 43.4%, respectively, as compared to those for the year ended 31 December 2024. In light of CAAM's improved financial performance in recent years, together with the facts that (i) the aviation aftermarket services and aged aircraft recycling industry aligns with national policy and is one of the strategic emerging industries under China's 15th Five-Year Plan and Hong Kong's 1st Five-Year Plan; and (ii) the accelerating retirement of aged aircraft, in line with the global green aviation trend, which is expected to drive demand for aircraft disassembly and recycling, the Company remains optimistic about CAAM's business prospects and industry outlook.

As mentioned above, while ARI continues to develop its external financing capacity, financial support under the Shareholders' Loan and Guarantee Agreement (as supplemented and amended by the Fifth Supplemental Agreement) remains an important source of funding for its ongoing development. Consistent with the Group's general practice of adopting three-year medium-term strategic plans for its significant investments, the Group considers that the three-year extension period under the Fifth Supplemental Agreement provides an appropriate planning period for ARI Group to pursue its business development with the Group's continued financial support, while providing the Group with an opportunity to continue earning stable interest income and, where applicable, the Guarantee Fee.

Aligning the Extended Maturity Date of the Exchangeable Bonds with the expiry of the renewed term of the Shareholders' Loan and Guarantee Agreement as supplemented and amended by the Fifth Supplemental Agreement would also preserve the Group's flexibility to benefit from the potential growth of CAAM by exercising the Exchange Right at such time as the Group considers appropriate up to and including the Extended Maturity Date, having assessed CAAM's performance from time to time.

The Directors consider that the Fifth Supplemental Agreement, the Extension of Maturity Date under the EB Deed of Amendment (with aligned three-year extensions) and the respective transactions contemplated thereunder reflect both the inter-conditional nature of the two arrangements and serve the commercial objectives of supporting ARI's continued development, preserving the Group's investment flexibility, and enabling the Group to benefit from the synergies between the Group and ARI.

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 Right 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 members of the Independent Board Committee whose opinion is set forth in the "Letter from the Independent Board Committee" in this circular after considering the advice of the Independent Financial Adviser and (ii) excluding the Directors who have abstained 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; and (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.

V. 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 Latest Practicable Date, ARI is held 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 23.00% 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 indirect wholly-owned subsidiary of CE Limited, a substantial Shareholder interested in 283,417,693 Shares (representing approximately 36.94% 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 generated in the United States, Europe, Hong Kong and the PRC. As at the Latest Practicable Date, CAAM has a total of 680,000,000 shares in issue. For further information on the financial information of CAAM, please refer to the section headed "Financial Performance of the Target Company" as set out in Appendix II to this circular.

VI. 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 Latest Practicable Date, 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 36.94% 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 23.00% 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 (including the New Annual Caps) 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.

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.

VII. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

The Proposed Transactions, once approved by the Independent Shareholders, are expected to enable the Group to continue to recognise (i) interest income and the Guarantee Fee pursuant to the Shareholders' Loan and Guarantee Agreement (as amended and supplemented by the Fifth Supplemental Agreement); and (ii) interest income on the Exchangeable Bonds during the extended term. Other than that, the Proposed Transactions are not expected to have material impact on the assets and liabilities of the Group.

In addition, the Exchangeable Bonds have been recognised as financial assets at fair value through profit or loss. A fair value gain or loss on the Exchangeable Bonds will be recognised subsequently in profit or loss in the period in which they arise.

VIII. RECOMMENDATION

Based on its views set out above, the Board recommends that the Independent Shareholders vote in favour of the resolutions concerning the Fifth Supplemental Agreement (including the New Annual Caps), the EB Deed of Amendment and the transactions contemplated thereunder.

Your attention is drawn to the letter from the Independent Board Committee to the Shareholders, the text of which is set out on pages IBC-1 to IBC-2 of this circular. Your attention is also drawn to the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages IFA-1 to IFA-41 of this circular.

IX. THE EGM AND SHAREHOLDERS' APPROVAL

The EGM will be held at 48th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong on Wednesday, 16 December 2026 at 10:00 a.m. A notice to convene the EGM is set out on pages EGM-1 to EGM-3 of this circular.

At the EGM, ordinary resolutions will be proposed to approve (i) the Fifth Supplemental Agreement and the transactions contemplated thereunder (including the New Annual Caps); and (ii) the EB Deed of Amendment and the transactions contemplated thereunder.

CE Limited and its associates (including CE Group and CE Hong Kong), FPAM, Mr. Poon Ho Man and his associate, Equal Honour Holdings Limited, and Ms. Christina Ng (both of Mr. Poon Ho Man and Ms. Christina Ng being the ultimate shareholders of FPAM) will be required to abstain from voting at the EGM with respect to the ordinary resolutions in connection with the Fifth Supplemental Agreement (including the New Annual Caps) and the EB Deed of Amendment.

As at the Latest Practicable Date, CE Limited and its associates (including CE Group and CE Hong Kong) held in aggregate 283,417,693 Shares (representing approximately 36.94% of the issued share capital of the Company), and FPAM held 176,496,672 Shares (representing approximately 23.00% of the issued share capital of the Company). Mr. Poon Ho Man and his associate, Equal Honour Holdings Limited, held in aggregate 26,498,943 Shares (representing approximately 3.45% of the issued share capital of the Company) and Ms. Christina Ng held 7,500,000 Shares (representing approximately 0.98% of the issued share capital of the Company). CE Limited and its associates, FPAM, Mr. Poon Ho Man and his associate and Ms. Christina Ng are entitled to exercise control over the voting rights in respect of the aforementioned Shares, and as set out in the above paragraph, they will be required to abstain from voting at the EGM with respect to the ordinary resolutions in connection with the Fifth Supplemental Agreement (including the New Annual Caps) and the EB Deed of Amendment.

For the information of the Shareholders, Mr. Poon Ho Man and Ms. Christina Ng have set up Capella Succession Trust ("**Capella Succession Trust**"), of which the immediate family members of Mr. Poon Ho Man and Ms. Christina Ng are beneficiaries. The Capella Succession Trust held 36,707,293 Shares (representing approximately 4.78% of the issued share capital of the Company) as at the Latest Practicable Date. Tricor Equity Trustee Limited, in its capacity as the trustee of the Capella Succession Trust, is required to exercise the voting rights in respect of such Shares subject to Capella Succession Trust in accordance with the voting instruction of Lombard Odier (Hong Kong) Limited, an independent investment power holder. Taking into account that Lombard Odier (Hong Kong) Limited (a) is an independent investment power holder, which, consistent with its past voting practice, is not under the control or influence by Mr. Poon Ho Man nor Ms. Christina Ng over the voting rights in respect of the Shares subject to Capella Succession Trust; and (b) has no material interest in the Fifth Supplemental Agreement (including the New Annual Caps) and the EB Deed of Amendment, Lombard Odier (Hong Kong) Limited (through Tricor Equity Trustee Limited) is not required to abstain from voting at the EGM with respect to the ordinary resolutions in connection with the Fifth Supplemental Agreement (including the New Annual Caps) and the EB Deed of Amendment.

In order to determine the list of Shareholders who are entitled to attend and vote at the EGM, the register of the Shareholders will be closed from Friday, 11 December 2026 to Wednesday, 16 December 2026 (both days inclusive), during which no transfer of Shares will be registered. Shareholders whose names appear on the register of the Shareholders on 16 December 2026, the record date, will be entitled to attend and vote at the EGM.

X. FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

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

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Shareholders:

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)

25 November 2026

To the Independent Shareholders

Dear Sir or Madam,

(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

We refer to the circular of the Company (the "**Circular**") dated 25 November 2026 of which this letter forms part. Unless the context requires otherwise, terms and expressions defined in the Circular shall have the same meanings in this letter.

We have been appointed to form the Independent Board Committee to advise the Independent Shareholders in respect of the Fifth Supplemental Agreement (including the New Annual Caps), the EB Deed of Amendment and the transactions contemplated thereunder, details of which are set out in the section headed "Letter from the Board" in the Circular. Maxa Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in this regard.

Details of the advice of the Independent Financial Adviser and the principal factors and reasons the Independent Financial Adviser has taken into consideration in rendering its advice are set out in the section headed "Letter from the Independent Financial Adviser" in the Circular. Your attention is also drawn to the additional information set out in the Appendices to the Circular.

Having taken into account the terms of the Fifth Supplemental Agreement (including the New Annual Caps), the EB Deed of Amendment and the transactions contemplated thereunder, the advice of the Independent Financial Adviser, as well as the reasons and benefits stated in the section headed "IV. Reasons for and benefits of (1) The Fifth Supplemental Agreement and The New Annual Caps; and (2) The EB Deed of Amendment" as set out in the "Letter from The Board", we are of the opinion 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.

We, therefore, recommend that you vote in favour of the resolutions to be proposed at the EGM to approve the Fifth Supplemental Agreement (including the New Annual Caps), the EB Deed of Amendment and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
INDEPENDENT BOARD COMMITTEE
FAN Chun Wah, Andrew, *J.P.*, Dr. HONG Wen and CHAN Ching Summit
Independent non-executive Directors

The following is the full text of the letter from Maxa Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, setting out its advice in respect of (i) the terms of the Fifth Supplemental Agreement, the transactions contemplated thereunder and the New Annual Caps; and (ii) the terms of the EB Deed of Amendment and the proposed Extension of Maturity Date of Exchangeable Bonds contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.

邁時金融
MAXA FINANCIAL

Unit 2602, 26/F, Golden Center
188 Des Voeux Road Central
Sheung Wan
Hong Kong

25 November 2026

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

(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

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the terms of the Fifth Supplemental Agreement, the transactions contemplated thereunder and the New Annual Caps; and (ii) the terms of the EB Deed of Amendment and the proposed Extension of Maturity Date of the Exchangeable Bonds contemplated thereunder, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 25 November 2026 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

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.

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 Latest Practicable Date, 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 IMPLICATION

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 Latest Practicable Date, 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 36.94% 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% 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 Exchangeable Rights as and when necessary.

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Fifth Supplemental Agreement, the EB Deed of Amendment and the Proposed Transactions (including the New Annual Caps). FPAM, CE Limited and their respective associates, and Mr. Poon Ho Man (including his wholly-owned company, Equal Honour Holdings 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 at the EGM with regard to the relevant resolutions.

INDEPENDENT BOARD COMMITTEE

The 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. We, Maxa Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company, its subsidiaries and any other parties that could reasonably be regarded as relevant to our independence in accordance with Rule 13.84 of the Listing Rules and accordingly, were qualified to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of (i) the terms of the Fifth Supplemental Agreement, the transactions contemplated thereunder and the New Annual Caps; and (ii) the terms of the EB Deed of Amendment and the transactions contemplated thereunder. Save for this appointment, there was no engagement between the Company and us in the past two years. Apart from the normal advisory fee payable to us in connection with this appointment, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among other things: (i) the Shareholders' Loan and Guarantee Agreement and the Fifth Supplemental Agreement; (ii) the basis and assumption adopted in determining the New Annual Caps; (iii) the EB Deed of Amendment and relevant transaction documents of the Exchangeable Bonds; (iv) the valuation report of 100% equity interest of CAAM; (v) the annual reports of the Company for the year ended 31 December 2024 (the "**2024 AR**") and for the year ended 31 December 2025 (the "**2025 AR**"); and (vi) the interim report of the Company for the six months ended 30 June 2026 (the "**2026 IR**"). We consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Group (the "**Management**"). We have reviewed, inter alia, the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the Management. We have assumed that (i) all statements, information and representations provided by the Directors and the Management; and (ii) the information referred to in the Circular, for which they are solely responsible, were true and accurate at the time when they were provided and continued to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations before the EGM. We have also assumed that all statements of belief, opinion, intention and expectation made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the representations and opinions expressed by the Company, its advisers and/or the Directors. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the Management nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Fifth Supplemental Agreement, the EB Deed of Amendment and the Proposed Transactions (including the New Annual Caps), we have taken into consideration the following principal factors and reasons:

1. Background information of 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. Set out below are the summarized financial information of the Group for the three years ended 31 December 2023 ("**FY2023**"), 31 December 2024 ("**FY2024**") and 31 December 2025 ("**FY2025**") and the six months ended 30 June 2025 ("**1H2025**") and 30 June 2026 ("**1H2026**"), as extracted from the 2024 AR, 2025 AR and 2026 IR of the Company:

	For the year ended 31 December			**For the six months ended 30 June**	
	2023	**2024**	**2025**	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Total revenue	**4,763,697**	**5,204,074**	**5,015,121**	**2,473,657**	**3,905,598**
- Lease income	4,199,203	4,349,689	3,787,264	1,908,112	1,860,038
- Aircraft and components trading income	6,225	1,900	227,180	136,429	829,404
- Net income from aircraft transactions	118,276	211,125	374,762	226,682	52,012
- Other income	439,993	641,360	625,915	202,434	1,164,144
Profit for the year/period	**220,157**	**325,609**	**375,344**	**157,867**	**207,680**

The Group engaged in the provision of aircraft leasing services to global airline companies. The Group leases its aircraft to airline companies under finance leases or operating leases under which it receives rentals.

FY2024 vs FY2023

During FY2024, the Group recorded lease income of approximately HK$4,349.7 million, which comprises finance lease income and operating lease income, accounted for approximately 83.6% of its total revenue (approximately 88.2% of the Group's total revenue for FY2023). The Group had 124 aircraft in its order book and disposed of 25 aircraft during FY2024. As at 31 December 2024, the Group's fleet had expanded to 189 aircraft, including 159 owned and 30 managed aircraft. The total revenue of the Group is approximately HK$5,204.1 million for FY2024, representing an increase of approximately 9.2% as compared to approximately HK$4,763.7 million for FY2023. Such increase in the revenue is primarily attributable to the increase in operating lease income by approximately HK$142.7 million, which is mainly due to the Group having signed new lease agreements or letters of intention for 48 aircraft during the year, including order book placement, repossession and remarketing, as well as lease extensions.

The Group recorded net profit of approximately HK$325.6 million for FY2024, representing an increase of approximately 47.9% as compared to approximately HK$220.2 million for FY2023. Such increase in net profit for FY2024 is mainly due to the combined effects of (i) increase in total revenue by approximately HK$440.4 million as discussed above; (ii) change from expected credit losses of approximately HK$51.0 million for FY2023 to other gains of approximately HK$71.2 million mainly due to a reversal of expected credit losses made in view of repayment of certain outstanding loans and improved operating performance of one of the Group's joint ventures and reversal of expected credit losses made on operating lease receivables; and (iii) increase in net exchange gains from net financial liabilities denominated in RMB of approximately RMB306.7 million, which was mainly due to the appreciation of US$ exchange rate against RMB from 7.1 as at 31 December 2023 to 7.3 as at 31 December 2024.

FY2025 vs FY2024

During FY2025, the Group's lease income amounted to HK$3,787.3 million, accounted for approximately 75.5% of its total revenue. The Group delivered a total of 26 aircraft, among which 24 brand new aircraft from its order book and 2 used aircraft and sold a total of 36 aircraft and 5 engines to third parties during FY2025. As a result, the Group's fleet increased to 176 aircraft as at 31 December 2025, including 149 owned aircraft and 27 managed aircraft. The Group's total revenue amounted to approximately HK$5,015.1 million for FY2025, representing a decrease of approximately 3.6% as compared to approximately HK$5,204.1 million for FY2024. Such decrease in the revenue is primarily attributable to decrease in average lease rental yield of finance leases and operating leases for FY2025, resulting in decrease in finance leases and operating lease income for FY2025 by approximately HK$562.4 million or 12.9% to approximately HK$3,787.3 million as compared to FY2024.

The Group recorded net profit of approximately HK$375.3 million for FY2025, representing an increase of approximately 15.3% as compared to approximately HK$325.6 million for FY2024. Such increase in net profit for FY2025 is mainly due to the combined effects of (i) decrease in depreciation and impairment for FY2025 by approximately HK$229.1 million or 13.6% to approximately HK$1,457.5 million as compared to FY2024, which was mainly attributable to the decrease in the number of aircraft under operating leases from 110 aircraft as at 31 December 2024 to 106 aircraft as at 31 December 2025; (ii) decrease in interest expenses by approximately HK$542.7 million for FY2025; and (iii) increase in insurance compensation received from an aircraft by approximately HK$179.4 million for FY2025.

1H2026 vs 1H2025

The Group's revenue amounted to approximately HK$3,905.6 million for 1H2026, representing an increase by approximately 57.9% as compared to approximately HK$2,473.7 million for 1H2025, which is mainly due to the combined effects of (i) to the increase in aircraft and components trading income for 1H2026 by approximately HK$693.0 million as 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; (ii) the increase in other income by approximately HK$961.7 million for 1H2026, which was mainly attributable to increase in compensation received from lessees by approximately HK$861 million for the 1H2026. As at 30 June 2026, the Group's total fleet comprised 179 aircraft, including 163 owned aircraft and 16 managed aircraft.

The Group recorded net profit of approximately HK$207.7 million for 1H2026, representing an increase by approximately 31.6% as compared to net profit of approximately HK$157.9 million for 1H2025. Such increase in net profit was mainly due to an increase in operating profit of approximately HK$602.0 million and an increase in share of results from associates and joint ventures of approximately HK$5.5 million, partially offset by an increase in other losses, net of approximately HK$268.1 million and an increase in income tax expenses of approximately HK$289.7 million.

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(unaudited)
Total assets	**59,824,727**	**58,239,688**	**58,051,980**	**63,893,393**
- Property, plant and equipment and right-of-use assets	33,493,826	28,860,008	31,694,025	38,726,034
- Pre-Delivery Payments and other prepayments and receivables relating to aircraft acquisition	7,626,274	7,855,333	8,206,488	7,173,193
- Finance lease receivables-net	8,577,339	9,185,457	7,964,898	6,187,615
- Cash and cash equivalents	5,295,875	3,778,318	3,518,008	5,186,295
Total liabilities	**54,684,765**	**52,911,491**	**51,023,793**	**56,541,269**
- Borrowings	42,911,870	43,046,205	39,764,962	45,065,551
- Bonds and debentures	5,943,499	3,930,722	5,410,425	5,286,551
- Other liabilities and accruals	2,375,263	2,371,674	2,130,504	2,529,663
Total equity	**5,139,962**	**5,328,197**	**7,028,187**	**7,352,124**

The Group had total assets of approximately HK$58.2 billion as at 31 December 2024, which mainly comprised of (i) property, plant and equipment and right-of-use assets of approximately HK$28.9 billion; (ii) pre-delivery payments and other prepayments and receivables relating to aircraft acquisition of approximately HK$7.9 billion; (iii) finance lease receivables-net of approximately HK$9.2 billion; and (iv) cash and cash equivalents of approximately HK$3.8 billion. The decrease in the total assets by approximately HK$1.6 billion to approximately HK$58.2 billion as at 31 December 2024 as compared to approximately HK$59.8 billion as at 31 December 2023 was mainly attributable to (i) the decrease in property, plant and equipment and right-of-use assets by approximately HK$4.6 billion, primarily due to the decrease in the fleet size of the Group under operating leases; and (ii) the decrease in cash and cash equivalents by approximately HK$1.5 billion; partially offset by an increase in assets classified as held for sale of approximately HK$4.1 billion. The Group had total liabilities of approximately HK$52.9 billion as at 31 December 2024, which mainly comprised of (i) borrowings of approximately HK$43.0 billion; (ii) bonds and debentures of approximately HK$3.9 billion; and (iii) other liabilities and accruals of approximately HK$2.4 billion. The decrease in the total liabilities by approximately HK$1.8 billion to approximately HK$52.9 billion as at 31 December 2024 as compared to approximately HK$54.7 billion as at 31 December 2023 was mainly due to (i) the decrease in bonds and debentures of approximately HK$2.0 billion as at 31 December 2024 was mainly due to the repayment of HK$1.9 billion bonds upon maturity; and (ii) was partially offset by the increase in borrowings by approximately HK$0.1 billion. As at 31 December 2024, the Group's gearing ratio, which is calculated by dividing interest-bearing debts by total assets (the "**Gearing Ratio**"), slightly decreased to approximately 83.4% as compared to approximately 84.4% as at 31 December 2023.

The Group had total assets of approximately HK$58.1 billion as at 31 December 2025, which mainly comprised of (i) property, plant and equipment and right-of-use assets of approximately HK$31.7 billion; (ii) pre-delivery payments and other prepayments and receivables relating to aircraft acquisition of approximately HK$8.2 billion; (iii) finance lease receivables-net of approximately HK$8.0 billion; and (iv) cash and cash equivalents of approximately HK$3.5 billion. The decrease in the total assets by approximately HK$0.2 billion to approximately HK$58.1 billion as at 31 December 2025 as compared to approximately HK$58.2 billion as at 31 December 2024 was mainly attributable to (i) the decrease in net finance lease receivables by approximately HK$1.2 billion primarily due to decrease in the fleet size of the Group under finance lease; and (ii) the decrease in assets classified as held for sale by approximately HK$3.0 billion primarily due to decrease in the number of aircraft classified as held for sale; partially offset by (iii) an increase in property, plant and equipment and right-of-use assets of approximately HK$2.8 billion; and (iv) an increase in aircraft and components trading assets of approximately HK$0.8 billion. The Group had total liabilities of approximately HK$51.0 billion as at 31 December 2025, which mainly comprised of (i) borrowings of approximately HK$39.8 billion; (ii) bonds and debentures of approximately HK$5.4 billion; and (iii) other liabilities and accruals of approximately HK$2.1 billion. The decrease in the total liabilities by approximately HK$1.9 billion to approximately HK$51.0 billion as at 31 December 2025 as compared to approximately HK$52.9 billion as at 31 December 2024 was mainly due to (i) the decrease in borrowings by approximately HK$3.3 billion to finance aircraft acquisition; and (ii) was partially offset by the increase in bonds and debentures by approximately HK$1.5 billion. As at 31 December 2025, the Gearing Ratio slightly decreased to approximately 81.1% as compared to approximately 83.4% as at 31 December 2024.

As disclosed in the 2026 IR, the Group had total assets of approximately HK$63.9 billion as at 30 June 2026, which mainly comprised of (i) property, plant and equipment and right-of-use assets of approximately HK$38.7 billion; (ii) pre-delivery payments and other prepayments and receivables relating to aircraft acquisition of approximately HK$7.2 billion; (iii) finance lease receivables-net of approximately HK$6.2 billion and (iv) cash and cash equivalents of approximately HK$5.2 billion. The Group's total assets increased by approximately HK$5.8 billion as compared to approximately HK$58.1 billion as at 31 December 2025, which is mainly attributable to (i) the increase in property, plant and equipment and right-of-use assets by approximately HK$7.0 billion primarily due to the increase in the fleet size of the Group under operating lease; (ii) increase in cash and cash equivalents by approximately HK$1.7 billion. The Group had total liabilities of approximately HK$56.5 billion as at 30 June 2026 which mainly comprised of (i) borrowings of approximately HK$45.1 billion; (ii) bonds and debentures of approximately HK$5.3 billion; and (iii) other liabilities and accruals of approximately HK$2.5 billion. The increase in the total liabilities by approximately HK$5.5 billion to approximately HK$56.5 billion as at 30 June 2026 as compared to approximately HK$51.0 billion as at 31 December 2025 is mainly attributable to the increase in (i) borrowings by approximately HK$5.9 billion for aircraft acquisition financing; and (ii) other liabilities and accruals by approximately HK$0.4 billion. As at 30 June 2026, the Gearing Ratio further increased to approximately 81.5% as compared to approximately 81.1% as at 31 December 2025.

2. Background information of ARI, ARI Shareholders and CAAM

2.1 Information of 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 Latest Practicable Date, 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%.

2.2 Information of 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% 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 36.94% 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.

2.3 Information of 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 Latest Practicable Date, CAAM has a total of 680,000,000 shares in issue.

2.4 Information of ZF Investment

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

3. Background information on the PRC aviation industry

Based on the Statistics of Key Performance Indicators for China's Civil Aviation Industry in September 2026（中國民航2026年9月份主要生產指標統計） published by the Civil Aviation Administration of China ("**CAAC**"), the PRC's main aviation regulator, in October 2026, we note that the aviation industry in the PRC recorded (i) a total passenger volume of approximately 593.2 million for the nine months ended 30 September 2026, representing an increase of approximately 2.0% as compared to the corresponding period in the prior year; and (ii) total cargo and mail handled of approximately 7.7 million tons for the nine months ended 30 September 2026, representing an increase of approximately 4.4% as compared to the corresponding period in the prior year. The statistics of PRC's aviation industry in 2026 indicates there is a steady growth in the PRC's aviation industry.

The ongoing development of the PRC's aviation industry is also affected by the regulatory policies of the PRC government. According to the 15th Five-Year Plan for Civil Aviation Development (《「十五五」民用航空發展規劃》) released by CAAC (the "**Development Plan**"), by the end of 2030, China aims to take the lead in safety standards, service quality and infrastructure at world-class levels, while achieving major breakthroughs in technological innovation, green and low-carbon development and governance capacity. The Development Plan builds on the sector's 2025 operating results, when the industry registered 770 million passenger trips, 10.17 million metric tons of cargo and mail, and total transport turnover of 164.1 billion tonne-kilometres across its 270 certified civil transport airports, and anticipates continued steady growth for the industry. Expansion of the PRC economic output and rising household incomes are expected to lift domestic leisure and business travel demand, which will in turn support the sector's high-quality development.

Based on the above factors, the Management is of the view that the used aircraft components and mid-life aircraft market in the PRC is sizeable and will continue to grow notably in the long term. Considering the above factors and given the Group's strong presence in the PRC aircraft leasing market and that ARI's end-of-life aviation solution business in the PRC strategically complements the Group's business model as a one-stop integrated aircraft full life-cycle service provider to its customers, which comprised of a comprehensive range of services from leasing to end-of-life aviation solutions, thereby extracting further value from the aircraft life cycle and enhancing the overall competitiveness of the Group in the market. In this connection, the continuation of the transactions pursuant to the Fifth Supplemental Agreement and the New Annual Caps, and the proposed Extension of Maturity Date of the Exchangeable Bonds under the EB Deed of Amendment are in the interests of the Company.

4. Reasons for and benefits of (i) the Fifth Supplemental Agreement and the New Annual Caps; and (ii) the EB Deed of Amendment

As disclosed in the Letter from the Board, the Company consider it will be beneficial to continue the transactions contemplated (including the New Annual Caps) under the Fifth Supplemental Agreement and EB Deed of Amendment for the following reasons:

(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

ARI has continued to expand its downstream aviation value chain over the years including, among others, the establishment of an aircraft maintenance and engineering joint venture by ARI and the Group, details of which are set out below:

(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. As set out in the website of UAM, UAM was founded in 1992, and was subsequently acquired by ARI and became its wholly-owned subsidiary in 2017 as part of the its downstream aviation value-chain extension. In addition to its U.S. headquarter, UAM also has disassembly facility and global distribution centre in the U.S. Given the industrial knowledge, expertise and the importance of ARI's aircraft recycling business to the Group, the Company considers 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; and

(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 and in accordance with the Terms and Conditions, ARI has paid all relevant interests and Guarantee Fees on time, and as agreed between ARI and the Company. The Group has therefore 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.

As the business of ARI continues to develop and take shape, ARI shall explore and diversify its financing channels to further support its growth and further expand into different businesses along the aviation sector.

Further to CAAM's audited financial statements for the two years ended 31 December 2025, the Group has also reviewed CAAM's management accounts for the six months ended 30 June2026. CAAM, being the principal subsidiary of ARI that operates the ARI Business, has been profit-making for the two years ended 31 December 2025 and the six months ended 30 June 2026 with net asset value of approximately HK$985.7 million as at 30 June 2026. CAAM recorded revenue and net profit of approximately HK$642.3 million and approximately HK$74.6 million for the year ended 31 December 2025, representing an increase of approximately 62.7% and 43.4%, respectively, as compared to those for the year ended 31 December 2024. In light of CAAM's improved financial performance in recent years, together with the facts that (i) the aviation aftermarket services and aged aircraft recycling industry aligns with national policy and is one of the strategic emerging industries under China's 15th Five-Year Plan and Hong Kong's 1stFive-Year Plan; and (ii) the accelerating retirement of aged aircraft, in line with the global green aviation trend, which is expected to drive demand for aircraft disassembly and recycling, the Company remains optimistic about CAAM's business prospects and industry outlook.

As mentioned above, while ARI continues to develop its external financing capacity, financial support under the Shareholders' Loan and Guarantee Agreement (as supplemented and amended by the Fifth Supplemental Agreement) remains an important source of funding for its ongoing development. Consistent with the Group's general practice of adopting three-year medium-term strategic plans for its significant investments, the Group considers that the three-year extension period under the Fifth Supplemental Agreement provides an appropriate planning period for ARI Group to pursue its business development with the Group's continued financial support, while providing the Group with an opportunity to continue earning stable interest income and, where applicable, the Guarantee Fee.

Aligning the Extended Maturity Date of the Exchangeable Bonds with the expiry of the renewed term of the Shareholders' Loan and Guarantee Agreement as supplemented and amended by the Fifth Supplemental Agreement would also preserve the Group's flexibility to benefit from the potential growth of CAAM by exercising the Exchange Right at such time as the Group considers appropriate up to and including the Extended Maturity Date, having assessed CAAM's performance from time to time.

The Directors consider that the Fifth Supplemental Agreement, the Extension of Maturity Date under the EB Deed of Amendment (with aligned three-year extensions) and the respective transactions contemplated thereunder reflect both the inter-conditional nature of the two arrangements and serve the commercial objectives of supporting ARI's continued development, preserving the Group's investment flexibility, and enabling the Group to benefit from the synergies between the Group and ARI.

CAAM is the principal subsidiary of ARI that operates the ARI Business. 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.

According to the 2026 IR, the Group continues to deepen its layout in the aviation aftermarket business, strengthen collaborative cooperation across the upstream and downstream industrial chain, and enhance its professional asset management capabilities for mid-to-old aircraft and engines. Against the backdrop of sustained stress across the global aviation supply chain, tight aircraft and engine availability, and constrained aircraft parts supply and maintenance capacity, the Group has proactively expanded its full-life cycle aircraft asset management and aircraft part circular utilisation businesses. As advised by the Management, in the first half of 2026, 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. Through the aviation aftermarket platform operated by its affiliate CAAM, the Group integrates solutions such as aircraft dismantling, parts recycling, maintenance, and resale to unlock the residual value of mid-life and older aviation assets and facilitate the reintroduction of used aviation parts that meet airworthiness requirements into service. This business model helps supplement the supply of aviation parts, extend the service life of components, and enhance resource utilization efficiency, thereby integrating the principles of the circular economy and ESG into aviation asset management while balancing commercial value with sustainable development. We also note from the official website of the Company that CAAM has entered into a strategic cooperation agreement on 10 December 2025 with China Resources Recycling Group International Investment (Shenzhen) Co., Ltd to develop comprehensive solutions for the aviation aftermarket. Based on our review of the audited financial statement for FY2024 and FY2025, and management accounts for 1H2026 of CAAM, we note that the CAAM have been profit-making for FY2024, FY2025 and 1H2026 with net asset value of approximately HK$985.7 million as at 30 June 2026. CAAM recorded revenue and net profit of approximately HK$642.3 million and approximately HK$74.6 million in FY2025, representing an increase of approximately 62.7% and 43.4% as compared to that of FY2024.

Having taken into account the following:

(i) the Management is optimistic about the future prospect of CAAM's business and industry outlook of the aviation aftermarket services and aged aircraft recycling considering a) it is in line with national agenda being one of the strategic emerging industries in China's 15th Five-Year Plan and Hong Kong's 1st Five-Year Plan; and b) accelerating retirement of aged aircraft in response to global trend of green aviation would drive disassembly and recycling demand. We have also reviewed a development plan of CAAM provided by the Management and note that CAAM aims to expand its aircraft and engine trading businesses and strengthen its dual-platform capabilities in disassembly, maintenance and recycling.

(ii) the principal amount of the Exchangeable Bonds and the Exchange Price of HK$850.0 million and HK$1.25 per CAAM Share, respectively, are reasonably determined with discount of approximately 20.71% (or approximately HK$222.0 million) to the 100% equity value of CAAM as appraised by the independent valuer. The principal amount of the Exchangeable Bonds also represents a discount of approximately 13.8% over the net asset value of CAAM of approximately HK$985.7 million as at 30 June 2026;

(iii) the interest rate of the Exchangeable Bonds of approximately 5.5% per annum (based on the Prime Rate of 5.0% as at the Latest Practicable Date plus 0.5% per annum) would provide the Group with a relatively attractive investment return as it is higher than (a) the Group's average effective interest rate of the total interest-bearing debts of approximately 4.65% for 1H2026; and (b) the interest rates of the Comparable Bonds (as defined below). Please refer to the sub-sections headed "5.1 The annuity return of the proposed Shareholders' Loan and Guarantee" and "7.3 Assessment of the interest rate and Exchange Price" below for details.

we consider that the proposed Extension of Maturity Date under the EB Deed of Amendment and the respective transactions contemplated thereunder is justifiable and in the interest of the Company and Shareholders as a whole.

In view of the above, we concur with the Directors that the transactions contemplated under the Shareholders' Loan and Guarantee Agreement (as supplemented and amended by the Fifth Supplemental Agreement), the New Annual Caps and the proposed Extension of Maturity Date under the EB Deed of Amendment are in the interest of the Company and the Shareholders as a whole.

5. 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:

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

(i) 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. Considering that the interest rate is (i) determined with reference and at a premium to the Prime Rate; and (ii) based on the Prime Rate of 5.0% as at the Latest Practicable Date, higher than the average effective interest rate of the Group's total interest-bearing debts of approximately 4.65% for the six months ended 30 June 2026, the Directors consider that such interest rate is on normal commercial terms and better for the Group.

(ii) 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 and repayment track record of ARI, the market terms from external banks for unsecured borrowings available to ARI and ARI's capital requirements in the future. In view of the above factors, the Directors consider that the Guarantee Fee is on normal commercial terms and better for the Group.

(iii) 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.

In assessing the fairness and reasonableness of the terms in the Fifth Supplemental Agreement, we have obtained and reviewed the Shareholders' Loan and Guarantee Agreement, the Fourth Supplemental Agreement and the Fifth Supplemental Agreement and note that save for the relevant annual caps, the major terms in relation to the Shareholders' Loan and Guarantee Transactions in the Fifth Supplemental Agreement have no material difference from those in the Shareholders' Loan and Guarantee Agreement (as supplemented and amended by the Fourth Supplemental Agreement) which was approved by the independent shareholders in the general meeting of the Company held on 15 December 2023.

5.1 The annuity return of the proposed Shareholders' Loan and Guarantee

As set out in the Letter from the Board, any ARI Shareholder(s) who provide loan(s) to ARI under the Fifth Supplemental Agreement shall receive (i) the annuity return at the rate of 3.0% above the Hong Kong dollar prime lending rate ("**Prime Rate**"), being approximately 8.0% per annum (based on the Prime Rate of 5.0% per annum as at the Latest Practicable Date as disclosed on the official website of the Bank of China (Hong Kong) Limited) (the "**Interest Annuity Return**"); and (ii) a Guarantee Fee at 3.0% per annum of the principal amount of the ARI bank loans guaranteed by the Guarantor (the "**Guarantee Annuity Return**").

We have discussed with the Management of the underlying bases and assumptions related thereto as well as conducted the following analysis with a view to assessing the reasonableness of the Interest Annuity Return and Guarantee Annuity Return:

(i) the Interest Annuity Return of 8.0% for the provision of Shareholders' Loan, as calculated based on information available at the Latest Practicable Date, is higher than the average interest rate of the Group's outstanding debt financing instruments. Based on our review of the 2026 IR, the effective interest rate or the interest rate of the Group's debt financing (without convertible features) are as follows:

(a) the average effective interest rate of total interest-bearing debts for 1H2026 was 4.65%;

(b) the annual interest rate for 3-year medium-term notes with principal amount of RMB1,500 million issued by the Group in April 2024 is 2.75%;

(c) the effective average interest rates of 8 long-term borrowings from trust plans or asset-back securities programme, which amounted to approximately HK$563.6 million as at 30 June 2026, ranged from approximately 6.2% to 6.8%;

(d) the interest rates of 5.9%, 5.9%, 3.85%, 3.58%, 2.38%, 6.0% and 2.25% per annum on each of the Group's US$35 million unsecured bonds issued in November 2020, US$35 million unsecured bonds issued in January 2021, RMB1,500 million unsecured bonds issued in June 2023, RMB500 million unsecured bonds issued in November 2023, RMB1,500 million unsecured bonds issued in February 2025, US$160 million unsecured bonds issued in August 2025 and RMB1,500 million unsecured bonds issued in April 2026, respectively;

(ii) based on the information as set out in a schedule with details of the bank loans (including the respective facility amount, outstanding loan balance, interest rates and tenor) granted to ARI Group by financial institutions (the "**Bank Loan Schedule**") provided by the Management, the interest rates of the outstanding loans of ARI Group granted by other financial institutions as at 30 June 2026 ranged from approximately 3.00% to 5.85% per annum with facility amount ranged from HK$3.54 million to HK$1,154.7 million, being lower than that of the Interest Annuity Return;

(iii) we have conducted market research on transaction announcements in relation to the provision of loan directly by companies listed on the Main Board of Stock Exchange, the principal business of which does not include money lending, to their respective connected person(s) with an amount equivalent to not less than HK$500 million (which we consider to be comparable with the reference to the New Annual Caps of HK$650 million for the three years ending 31 December 2029), and not in proportion to their equity interest in the subject connected person, within six months prior to the date of the Fifth Supplemental Agreement (the "**Review Period**"). Based on our research on the Stock Exchange website, on a best effort basis, we have identified an exhaustive list of six lending transactions which fit the aforesaid selection criteria (the "**Comparable Lending Transactions**"). We consider that the review period of six months to be a reasonable period to present the recent market practice and the Comparable Lending Transactions are sufficient, fair and representative samples for our assessment of the Interest Annuity Return of 3% above the Prime Rate. The following table sets forth the summary of the Comparable Lending Transactions:

Date of the announcement	**Company name (stock code)**	**Principal amount of the loan provided to the connected person**	**Interest rate to the relevant loan amount**
15-Oct-26	Zhaojin Mining Industry Company Limited (1818.HK)	RMB1,400 million	4.75%
21-Jul-26	China Vanke Co., Ltd. (2202.HK)	RMB519 million	2.29%
12-Jun-26	China Vanke Co., Ltd. (2202.HK)	RMB1,140 million	2.29%
10-Jun-26	China Jinmao Holdings Group Limited (817.HK) ("**China Jinmao**")	RMB2,842 million	determined by reference to the loan prime rate for one-year loan as published by the National Interbank Funding Center from time to time, subject to a floating range of 50% higher or lower than such rate. Such rate is publicly available to the market and updated by the National Interbank Funding Center from time to time.
12-May-26	China Jinmao	RMB840 million	

Date of the announcement	Company name (stock code)	Principal amount of the loan provided to the connected person	Interest rate to the relevant loan amount
9-Mar-26	Poly Property Group Co., Limited (119.HK)	RMB840 million	0%
		Maximum[(Note 2)]	4.75%
		Minium[(Note 2)]	0%
		Average[(Note 2)]	2.33%
		Median[(Note 2)]	2.29%
The Company		**HK$650 million**	**8.0%, being 3.0% above the Prime Rate**

Notes:

1. For the purpose of illustration, the amounts denominated in RMB have been converted into HK$ at an exchange rate of RMB1.00=HK$1.17.

2. As the interest rate of the loans provided by China Jinmao was not yet determined at the date of announcing the subject transaction, they are excluded for comparison purpose.

Source: the website of the Stock Exchange (www.hkexnews.hk)

As set out in the table above, the interest rate under the Comparable Lending Transactions ranged from nil to 4.75% per annum. On this basis, the Interest Annuity Return of 3.0% above Prime Rate, being 8.0% per annum, under the Shareholders' Loan and Guarantee Agreement, is higher than the interest rates of the Comparable Lending Transactions. Having regard to the fact that the interest rate of the proposed Shareholders' Loan is determined based on floating rate, being the Prime Rate, plus premium of 3.0% per annum whereas all of the Comparable Lending Transactions have fixed interest rates, which are determined at the relevant announcement date, we have also observed the Prime Rate for any material fluctuation during the Review Period. Given that the Prime Rate is at an increasing trend during the Review Period ranging from 5.00% to 5.25%, we consider that the Interest Annuity Return during the Review Period would be ranging from 8.00% to 8.25% per annum and still higher than the high end of the interest rates of the Comparable Lending Transactions. In respect of the interest rates of China Jinmao, we note that its loan interest rates are determined based on the loan prime rate for one-year loan as published by the National Interbank Funding Center (the "**1Y LPR**") from time to time. We have observed the 1Y LPR and note that such interest rates ranging from 3.0% to 3.10% during the Review Period. Given that the Interest Annuity Return of 8.0% is higher than the maximum interest rates could be provided by China Jinmao of 4.65% (being 50% higher than the 1Y LPR) during the Review Period, we consider that the Interest Annuity Return is no less favourable than the interest rates of China Jinmao to their connected persons. Having considered the above, we are of the view that the Interest Annuity Return is fair and reasonable;

(iv) In order to assess the fairness and reasonableness of the Guarantee Annuity Return, we have conducted market research on transaction announcements in relation to the provision of guarantee by companies listed on the Main Board of Stock Exchange to their respective connected person(s) with an amount of HK$500 million or more (which we consider to be comparable with the reference to the New Annual Cap of HK$650 million for the three years ending 31 December 2029 and not in proportion to their equity interest in the subject connected person, within six months prior to the date of the Fifth Supplemental Agreement. However, we have only identified two comparable guarantee transactions within the six-months review period. In order to generate a meaningful sample size for comparison purpose, we decided to extend our review period to 18 months prior to the date of the Fifth Supplemental Agreement and identify comparable transactions that meet the abovementioned criteria within such review period (the "**Comparable Guarantee Transactions**"). Based on our research on the Stock Exchange website, on a best effort basis, we have identified an exhaustive list of six Comparable Guarantee Transactions which fit the aforesaid selection criteria. We consider that the review period of 18 months to be a reasonable period to present the recent market practice and the Comparable Guarantee Transactions are sufficient, fair and representative samples for our assessment of the Guarantee Annuity Return of 3.0%. The following table sets forth the summary of the Comparable Guarantee Transactions:

Date of the announcement	Company name (stock code)	Guaranteed amount provided to the connected person	% of the guarantee fee to the relevant guaranteed amount
27-Jul-26	Global Bio-Chem Technology Group Company Limited (809.HK)	RMB1,500 million	0.5%
19-Jan-26	Jiangxi Copper Company Limited (358.HK)	RMB2,900 million	Nil
8-Dec-25	China Tianrui Group Cement Company Limited (1252.HK)	RMB2,500 million	Nil
5-May-25	China Vanadium Titano-Magnetite Mining Company Limited (893.HK)	RMB930 million	1.25%
25-Apr-25	Nongfu Spring Co., Ltd. (9633.HK)	RMB1,000 million	Nil
11-Feb-25	China Vanadium Titano-Magnetite Mining Company Limited (893.HK)	RMB730 million	1.25%
		Maximum	**1.25%**
		Minium	**Nil**
		Average	**1.00%**
		Median	**1.25%**
The Company			**3.0%**

Source: the website of the Stock Exchange (www.hkexnews.hk)

As set out in the table above, the interest rate under the Comparable Guarantee Transactions ranged from nil to 1.25% per annum. On this basis, the Guarantee Annuity Return of 3.0% per annum under the Shareholders' Loan and Guarantee Agreement is higher than guarantee fee rates of the Comparable Guarantee Transactions and that the Guarantee Annuity Return of 3.0% was offered to each of the respective ARI Shareholders, thus such terms are not less favourable than those offered to other ARI Shareholders. As advised by the Management, the Group did not provide any loan or guarantee to independent third party during the two years ended 31 December 2025 and up to the Latest Practicable Date. The Management would endeavor to ensure that, should the Group provide loan or guarantee to independent third parties during the term of the Fifth Supplemental Agreement, the Interest Annuity Return and Guarantee Annuity Return offered by ARI will not be less favourable than those offered by independent third parties. Having considered the above, we are of the view that the Guarantee Annuity Return is fair and reasonable.

In view of the above, we consider that the terms of Fifth Supplemental Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. The New Annual Caps

6.1 The Existing Annual Caps, historical transactions for the Shareholders Loan and Guarantee provided by the Group 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	**31 December 2028**	**31 December 2029**
	(HK$'000)	*(HK$'000)*	*(HK$'000)*
New Annual Cap	650,000	650,000	650,000

6.2 Basis of determination of 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.

The historical maximum daily closing balances of the loans (together with interest) and the Guarantee Fee amounted to approximately HK$636 million and HK$643 million for the years ended 31 December 2024 and 2025, respectively, representing utilisation rates of approximately 97.8% and 98.9% of the Existing Annual Caps of HK$650 million for the relevant year.

Although such maximum daily closing balance decreased to approximately HK$485 million for the nine months ended 30 September 2026 following repayments made by ARI as and when the relevant amounts fell due, thereby reducing the outstanding balance of the Shareholders' Loan (together with interest) and the Guarantee Fee, the Management expects ARI Group's financial needs for the full year of 2026 to remain largely comparable to those in 2024 and 2025, taking into account ARI Group's historical pattern of peak funding demand in the fourth quarter of each year, as well as its ongoing business development, further details of which are set out in the section headed "Reasons for and Benefits of (1) the Fifth Supplemental Agreement and the New Annual Caps; and (2) the EB Deed of Amendment" in the Letter from the Board.

Having regard to the high historical utilisation rates of the Existing Annual Caps in each of 2024 and 2025, and the Management's expectations regarding ARI Group's ongoing financial needs, it is considered that maintaining the New Annual Caps at HK$650 million for each of the three years ending 31 December 2029 would provide appropriate flexibility to accommodate ARI Group's funding requirements.

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 utilised.

6.3 Assessment on the New Annual Caps

In order to assess the fairness and reasonableness of the New Annual Caps, we have reviewed the historical transactions for the Shareholders Loan and Guarantee provided by the Group, the Existing Annual Caps and the New Annual Caps. We note that (i) the highest historical utilisation rate of the Existing Annual Caps reached 98.9% during the validity period of the Fourth Supplemental Agreement, which is in FY2025; (ii) the maximum daily closing balance of loans (together with the interest) and Guarantee Fee for the nine months ended 30 September 2026 reached approximately HK$485 million, representing an utilisation rate of 74.6% of the Existing Annual Cap for the year ending 31 December 2026; and (iii) the New Annual Caps would remain the same as the Existing Annual Caps.

We note that the historical maximum daily closing balance of loans (together with the interest) and Guarantee Fee to ARI remained relatively stable at times during FY2024, FY2025 and fluctuated for the nine months ended 30 September 2026, as the ARI Group made repayments and reduced the shareholder loan balance. As advised by the Management, we understand that although the aforesaid daily closing balance may vary from time to time, the financial needs of ARI is expected to remain relatively stable at levels comparable to recent years in the foreseeable future given the ongoing development of ARI. We have also obtained and analysed the Bank Loan Schedule with the details of the bank loans granted to ARI Group by financial institutions as at 30 September 2026, including the respective facility amount, outstanding loan balance, interest rates and tenor, ranged from year 2026 to 2028, which supports that the financial needs of ARI have been partly financed by bank borrowings.

We have discussed with the Management and the Management has confirmed that, during FY2024, FY2025 and nine months ended 30 September 2026, the Group has not experienced material delay or default in loan and/or interest repayment due from ARI under the Shareholders' Loan and Guarantee Agreement.

Based on the above, we consider the New Annual Caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

7. The EB Deed of Amendment

7.1 Principal terms of the EB Deed of Amendment

The principal terms of the EB Deed of Amendment are summarized as 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 the ZF Investment and ARI in writing.

Save for the Extension of Maturity Date, all other Terms and Conditions remain unchanged. For details of the principal terms of the Exchangeable Bonds after the Extension of Maturity Date, please refer to the section headed "III. The EB Deed of Amendment and the Principal Terms of the Exchangeable Bonds" in the Circular.

7.2 Assessment of the terms of EB Deed of Amendment and the Exchangeable Bonds

Review of the valuation report

As set out in the Letter from the Board and the 2023 ARI Circular, the principal amounts of the Exchangeable Bonds remain outstanding at HK$850 million (the "**Principal Amounts**"), which was determined after arm's length negotiations between ARI and Aircraft Recycling International Holdings taking into account the market value of 100% of equity interest of CAAM of approximately HK$1,072,000,000 as at 31 August 2026 as appraised by Jones La LaSalle Corporate Appraisal and Advisory Limited (the "**JLL**" or the "**Independent Valuer**"), an independent valuer, based on market approach (the "**Valuation**"). The Issue Price represents approximately a discount of 20.71% to the Valuation.

In order to assess the expertise and independence of the Independent Valuer, we have obtained and reviewed the engagement letter and relevant licenses, qualifications and experience of the Independent Valuer and its working team. We have discussed with the working team of the Independent Valuer to understand its previous experiences on valuation projects, the methodologies, basis and assumptions they have adopted in the valuation report as well as the steps and measures taken by them in conducting the Valuation. The Independent Valuer confirmed that it is independent from the Group and their respective associates. Based on the above, we consider that the Independent Valuer is qualified and possesses relevant experience in conducting the valuations, and the terms and scope of the engagement between the Company and the Independent Valuer are appropriate to the opinion the Independent Valuer is required to give.

We have reviewed the valuation report and noted that the market approach is adopted. The Independent Valuer has considered three generally accepted approaches, namely, market approach, cost approach and income approach. In the business valuation context, the market approach valuation shall analyse recent transaction(s) in the equity interest of the valuation subject and/or comparable companies and benchmark the valuation subject with the selected comparable(s).

Regarding to the income approach, we have discussed with the Independent Valuer and understand that the income approach relies on detailed operational information and long-term financial projections and the adoption of numerous assumptions, not all of which can be easily quantified or ascertained. Taking into account (i) the future income of CAAM will be depending upon specific aircraft disassembly contracts to be secured its clients, which is unlikely to predict with degree of certainty; (ii) the result of income approach may be very sensitive to certain input and hence with high uncertainty; and (iii) the substantial objective supporting data is not available to the Independent Valuer, we concur with the Independent Valuer that income approach is inappropriate for valuing the equity interest in CAAM.

Regarding to the cost approach, we note that CAAM is principally engaged in the provision of aircraft aftermarket services and recycling solutions such as aircraft dissembling or "passenger-to-freighter" conversions, and therefore its earning potential would primarily vast on CAAM's resources in the aviation value chain as well as its technical capabilities in aircraft. In view of CAAM's business nature as discussed above, we concur with the Independent Valuer that the cost approach is inappropriate as it does not fully capture the economic benefits contributed by CAAM.

The Independent Valuer has selected the enterprise value ("**EV**") to earnings before interest, tax, depreciation and amortisation ("**EBITDA**") (collectively known as "**EV/EBITDA**") multiple in valuing the 100% equity interest in CAAM given that such multiple is suitable for profitable companies and can factor in differences in balance sheet positions between the subject and the comparable companies. We understood that (i) Price-to-earnings ("**P/E**") multiple is not appropriate as P/E fails to overcome the distortions caused by different accounting policies and capital structures of the comparable companies; (ii) price-to-book ("**P/B**") multiple is not adopted as P/B fails to capture the intangible company-specific competencies and advantages so in general, the equity's book value has little bearing with its fair value; and (iii) price-to-sales and EV-to-sales multiple are not applicable as they do not take into account CAAM's cost structure and profitability.

We have reviewed the exhaustive list of five comparable companies identified from the following selection criteria by the Independent Valuer: (i) the companies are publicly listed; (ii) the companies derive more than half of their revenues from sales and leasing of aftermarket aviation assets; and (iii) sufficient data, including the EV/EBITDA ratio, on the comparable companies are available as at the valuation date. As (i) in FY2025, CAAM generated 91.1% of its revenue from contracts with customers (including the aircraft trading, aircraft disassembly services, sale of aircraft consignment, logistic services and management services) and 8.8% of its revenue from operating lease; and (ii) CAAM recorded positive EBITDA for the trailing twelve months ended 30 June 2026, we consider that the selection criteria adopted by the Independent Valuer are fair and reasonable.

Given that (i) the market approach is widely used in the business valuation while the cost approach and income approach are not optimal approaches for appraising value of CAAM with certain limitation; and (ii) EV/EBITDA multiple is suitable for profitable company like CAAM and can factor in differences between the balance sheet position and capital structure of CAAM and the comparable companies, we consider the market approach and the EV/EBITDA multiple adopted by the Independent Valuer to determine the appraised value of CAAM is fair and reasonable.

The Independent Valuer applied the median of the adjusted EV/EBITDA multiple of 9.64 times and the EBITDA for the twelve months ended 30 June 2026 of CAAM of approximately HK$160.5 million to arrive at the EV. The cash and cash equivalents, amount due from related parties that is non-trading in nature and lease portion of investment property are added back, while debts as well as bank loan interest payable, non-trading payable and lease liabilities are deducted from the EV when calculating the equity interest of CAAM before the adjustments of a control premium ("**CP**") of 27.55% and a discount for lack of marketability ("**DLOM**") of 14.63%. CP is applied to reflect the differences between the comparable companies and CAAM with regard to the ability to make decisions, while DLOM is applied to reflect the differences in the ability to convert business interest into cash quickly with minimum transaction and administrative costs and with a high degree of certainty as to the amount of net proceeds (i.e. CAAM being a private company while the comparable companies being all publicly listed). Based on our interview with the Independent Valuer, we understand that the abovementioned adjustments are fully in line with the relevant valuation and market standards for appraising equity interests. We note that a DLOM of 14.63% was adopted as estimated by put option method of Black Scholes Option Pricing Model, which taking into account the risk free rate of 4.44% and the volatility of the comparable companies of 43.16%. We also note that a CP of 27.55% is adopted based on the Mergerstat Control Premium Study (2nd Quarter 2026) published by FactSet Mergerstat, LLC., which is a widely accepted sources among valuers.

Comparable companies analysis

In order to further assess the fairness and the reasonableness of the Issue Price, we conducted a comparable analysis to crosscheck the EV/EBITDA multiple applied by the Independent Valuer in the valuation through identifying listed companies (i) whose shares are listed on Shenzhen Stock Exchange, Shanghai Stock Exchange or the Stock Exchange; and (ii) at least 50% of whose total revenue for FY2025 is generated from manufacturing and sales of aviation products. We have identified an exhaustive list of fourteen comparable companies (the "**Comparable Companies**") based on the abovementioned criteria. Although the primary business of the Comparable Companies are not identical as CAAM, taking into account (i) CAAM is operating niche business in aviation industry and we have not identified any listed company operating the same business as CAAM; (ii) given that over 80% of the CAAM's revenue is derived from sales of aircraft disassembly products and aircraft and components trading for FY2025, we consider that CAAM operates in a similar broader industry (i.e. aviation industry) as the Comparable Companies; (iii) given that (a) 70.4% and 20.6% of CAAM's revenue from contracts with customers for FY2025 is derived from operation in the PRC and United State, respectively; and (b) CAAM's two operation bases are located in Memphis of United State and Harbin of the PRC, respectively, it should be operated under similar business environment to the Comparable Companies, all of which have their principal place of business in the PRC or United State for FY2025, we consider that the list of Comparable Companies forms a fair and representative sample to provide the reference on the recent market sentiment on valuation of the relevant companies in aviation industry and listed on Hong Kong and the PRC stock exchanges.

The following table sets out the summary of business nature, market capitalisation and EV/EBITDA of the Comparable Companies:

Company name and stock code	**Principal place of business**	**Business nature**	**Market Capitalisation as at the Latest Practicable Date** *(HK$ million)*	**EV/EBITDA multiple** *(times)*
Avic Shenyang Aircraft Company Limited (600760.SH)	the PRC	Manufacturing and sales of aviation products	150,099.9	23.0
AECC Aviation Power Co., Ltd. (600893.SH)	the PRC	Manufacturing of aviation products	104,081.3	33.3
AVIC Xi'an Aircraft Industry Group Company Ltd. (000768.SZ)	the PRC	Manufacturing of aviation products	66,967.7	23.8
AVIC Aviation High-Technology Co., Ltd. (600862.SH)	the PRC	Manufacturing and sales of aviation products	29,095.2	15.3
Avicopter Plc (600038.SH)	the PRC	Manufacturing and sales of aviation products	24,186.8	13.8
Avic Hefei Jianghang Aircraft Equipment Corporation Ltd. (688586.SH)	the PRC	Manufacturing of aviation products	9,860.7	79.5 *(Note 1)*
Sichuan Haite High-tech Co., Ltd. (002023.SZ)	the PRC	Manufacturing and maintenance of aviation products	6,985.0	15.5
Wuxi Hyatech Co.,Ltd. (688510.SH)	the PRC	Manufacturing of aviation products	5,155.8	20.6

Company name and stock code	**Principal place of business**	**Business nature**	**Market Capitalisation as at the Latest Practicable Date** *(HK$ million)*	**EV/EBITDA multiple** *(times)*
AVIC Airborne Systems Co., Ltd. (600372.SH)	the PRC	Manufacturing of aviation products	62,466.3	19.6
Chengdu Ald Aviation Manufacturing Corporation (300696.SZ)	the PRC	Manufacturing and sales of aviation products	4,865.1	35.5
Aecc Aero Science and Technology Co., Ltd (600391.SH)	the PRC	Manufacturing and sales of aviation products	12,243.6	20.0
Guanglian Aviation Industry Co., Ltd. (300900.SZ)	the PRC	Manufacturing of aviation products	6,531.5	35.9
Cirrus Aircraft Limited (2507.HK)	the United State	Manufacturing and sales of aviation products	13,856.0	6.2
AviChina Industry & Technology Company Limited (2357.HK)	the PRC	Manufacturing and sales of aviation products	22,045.0	1.7 *(Note 2)*
			Average *(Note 1)*	21.9
			Median *(Note 1)*	20.3
			Maximum *(Note 1)*	35.9
			Minimum *(Note 1)*	6.2

Note:

1. As the EV/EBITDA multiple of Avic Hefei Jianghang Aircraft Equipment Corporation Ltd. is substantially higher than other Comparable Companies', it is regard as outliers and excluded for comparison purpose.

2. As the EV/EBITDA multiple of AviChina Industry & Technology Company Limited is substantially lower than other Comparable Companies due to its substantial net cash position, it is regard as outlier and excluded for comparison purpose.

Source: Wind

Based on the analysis of the Comparable Companies set out in the table above, we note that the EV/EBITDA multiple of the Comparable Companies ranging from approximately 6.2 times to approximately 35.9 times with average and median approximately 21.9 times and 20.3 times, respectively. We note that the EV/EBITDA multiple applied by the Independent Valuer of approximately 9.64 times is within the range of the EV/EBITDA multiple of the Comparable Companies. The Independent Shareholders are reminded that, given the businesses and/or operations of the Comparable Companies are not directly matched with CAAM, the EV/EBITDA multiple of the Comparable Companies are for reference only.

7.3 Assessment of the interest rate and Exchange Price

As set out in the Letter from the Board and the 2023 ARI Circular, the interest of the Exchangeable Bonds (the "**EB Interest Rate**") is the aggregate of Prime Rate plus 0.5% per annum (being approximately 5.50% per annum as calculated based on information available as at the Latest Practicable Date) and the Exchange Price is at approximately 20.71% discount to the Valuation. In assessing the fairness and reasonableness of the EB Interest Rate and Exchange Price, we have conducted market research on transaction announcements in relation to the subscription of exchangeable bond or convertible bond issued by unlisted companies by companies listed on the Main Board of Stock Exchange within six months prior to the date of the EB Deed of Amendment. However, we have not identified any comparable transaction that meet the aforementioned criteria. Accordingly, we have further identified a list of exchangeable bonds which were announced by companies listed on the Main Board of Stock Exchange with principal amount of over HK$500 million during the six months prior to the date of the EB Deed of Amendment (the "**Bond Review Period**") (the "**Comparable EB**"), and we have only identified one issuance of Comparable EB which fit the aforesaid criteria. In order to generate a meaningful sample size for comparison purpose, we decided to extend our selection criteria to include the issuance of convertible bonds which were announced by companies listed on the Main Board of Stock Exchange with principal amount of over HK$500 million during the Bond Review Period as exchangeable bonds and convertible bonds are similar structure financing methods which entitle the bondholders to convert or exchange the bonds into equity interest (collectively, the "**Comparable Bonds**"). Based on our research on the Stock Exchange website, we have identified an exhaustive list of twelve Comparable Bonds which fit the aforesaid extended criteria. Although the business, operation, prospects and marketability of ARI and CAAM are not the same as the those of the listed issuers of the Comparable Bonds, we consider that (i) as the Exchange Price was determined based on the market value of 100% equity interests of CAAM as appraised by the Valuer after taking into account the DLOM, it is justifiable to make comparison of the terms of Exchange Bonds issued by ARI with the terms of Comparable Bonds issued by companies listed on the Main Board of Stock Exchange; (ii) the review period of six months could on one hand, provide us a reference on the recent market practice of exchangeable/convertible bond issuance in the Hong Kong equity capital market and on the other hand, generate sufficient sample size for comparison purpose; and (iii) the terms of the Comparable Bonds were determined under similar market conditions and sentiment and hence, provide a fair and representative reference on the key terms of exchangeable or convertible bonds issued by companies listed on the Stock Exchange. The following table sets out the details of the Comparable Bonds:

Date of announcement	Company name and stock code	Debt security	Principal amount	Interest rate	Premium/ (discount) of conversion/exchange price over/(to) the closing price of the last trading day prior to the date of the announcement
21-Oct-26	Vobile Group Limited (3738.HK)	Convertible Bonds	HK$530 million	3.75%	10.00%
15-Oct-26	Cig Shanghai Co., Ltd. (6166.HK)	Convertible Bonds	RMB$3,960 million	0%	12.70%
17-Sep-26	Global New Material International Holdings Limited (6616.HK)	Convertible Bonds	HK$1,300 million	3.25%	15.05%
27-Aug-26	E&P Global Holdings Limited (1142.HK)	Convertible Bonds	RMB$100 million	8.00%	3.85%
19-Aug-26	Wanguo Gold Group Limited (3939.HK)	Convertible Bonds	HKD$5,500 million	0.75%	20.15%
26-Jul-26	Dekon Food and Agriculture Group（2419.HK）	Convertible Bonds	USD$100 million	0%	5.00%
10-Jul-26	MiniMax Group Inc. (0100.HK)	Convertible Bonds	HKD$6,500 million	0%	12.64%
18-Jun-26	Lenovo Group Limited (992.HK)	Convertible Bonds	USD$2,000 million	0%	47.50%
16-Jun-26	MMG LIMITED (1208.HK)	Convertible Bonds	USD$800 million	0%	4.80%
9-Jun-26	Swire Pacific Limited (0019.HK and 0087.HK)	Exchangeable Bonds	HKD$4,700 million	0%	22.90%
15-May-26	Wuxi Apptec Co., Ltd. (2359.HK)	Convertible Bonds	RMB$6,780 million	0%	17.60%

Date of announcement	Company name and stock code	Debt security	Principal amount	Interest rate	Premium/ (discount) of conversion/exchange price over/(to) the closing price of the last trading day prior to the date of the announcement
28-Apr-26	China Hongqiao Group Limited (1378.HK)	Convertible Bonds	RMB$10,200 million	0%	25.30%
			Average	1.31%	16.46%
			Median	0.00%	13.88%
			Maximum	8.00%	47.50%
			Minimum	0.00%	3.85%
	ARI		**HK$850 million**	**5.50%**	**(20.71%)**

Note:

1. For the purpose of illustration, the amounts denominated in US$ have been converted into HK$ at an exchange rate of US$1.00 = HK$7.84.

Source: The Stock Exchange website

As illustrated by the table above, we note that the interest rate of the Comparable Bonds ranged from approximately 0% to 8.00%, with the average and median of approximately 1.31% and 0%, respectively. The EB Interest Rate is within the range of interest rate of the Comparable Bonds and substantially higher than the average interest rate of the Comparable Bonds. Having regard to the fact that the EB Interest Rate is determined based on floating rate, being the Prime Rate, plus premium of 0.5% per annum whereas all of the interest rates of Comparable Bonds have fixed interest rates, which are determined at the relevant announcement date, we have also observed the Prime Rate for any material fluctuation during the six months prior to the date of the EB Deed of Amendment. Given that the Prime Rate of 5.00% remained stable during the six months prior to the date of the EB Deed of Amendment, the EB Interest Rate during the Bond Review Period would be the same as that as at the date of EB Deed of Amendment.

Based on the analysis of the Comparable Bonds set out in the table above, we note that the premium/discount of the exchange/conversion price of all the Comparable Bonds to market value of the respective exchangeable/conversion share ranging from premium of approximately 3.85% to premium of approximately 47.50% with average and median premium of approximately 16.46% and 13.88%, respectively. We note that the discount of approximately 20.71% represented by the Exchange Price to the Valuation is at a deeper discount than the low end of the premium of the Comparable Bonds.

In view of the above, we consider the terms of the EB Deed of Amendment and the Exchangeable Bonds are fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

Given that the EB Interest Rate (Prime Rate plus 0.5% per annum) is lower than the interest rate of the Shareholders' Loan (Prime Rate plus 3.0% per annum) by 2.5% per annum, we reckon that the amount of interest income generated from the Exchangeable Bonds would effectively be less than the interest income generated by way of the provision of Shareholders' Loan. However, having taken into account the following:

(i) the Management is optimistic about the future prospect of CAAM's business and industry outlook of the aviation aftermarket services and aged aircraft recycling as further discussed in the section headed "4. Reasons for and benefits of (i) the Fifth Supplemental Agreement and the New Annual Caps; and (ii) the EB Deed of Amendment" above;

(ii) the principal amount of the Exchangeable Bonds and the Exchange Price of HK$850.0 million and HK$1.25 per CAAM Share, respectively, are reasonably determined with discounts of approximately 20.71% (or approximately HK$222.0 million) to the 100% equity value of CAAM as appraised by the independent valuer and approximately 13.8% over the net asset value of CAAM of approximately HK$985.7 million as at 30 June 2026. The proposed Extension of the Exchangeable Bonds would enable the Group to (a) capture the potential upside from the capital appreciation of CAAM should its financial performance and business operation continued to improve in the foreseeable future; and (b) have stable source of interest income from the Exchangeable Bonds with the flexibility of increasing its equity interest during the exchange period of the Exchangeable Bonds where the Management considers appropriate; and

(iii) the EB Interest Rate of approximately 5.5% per annum (based on the Prime Rate of 5.0% as at the Latest Practicable Date plus 0.5% per annum) would provide the Group with a relatively attractive investment return as it is higher than (a) the Group's average effective interest rate of the total interest-bearing debts of approximately 4.65% for 1H2026; and (b) the interest rates of the Comparable Bonds.

Although the EB Interest Rate is lower than the interest rate of the Shareholders' Loan and would reduce the amount of interest income earned by the Group, such reduction in interest income is justifiable having regard to the discount of the principal amount of the Exchangeable Bonds to appraised equity value and net asset value of CAAM.

8. The internal control policies

We have reviewed the internal control policies of the Company for the transactions carried out under the Fifth Supplemental Agreement (the "**Internal Control Policies**") and discussed the relevant measures and procedures with the Management. Based on the Internal Control Policies and our discussion with the Management, the Company shall adopt, among others, the following review process and assessment criteria when providing Shareholders' Loan and guarantee pursuant to the Fifth Supplemental Agreement:

(i) designated staff from the finance and accounting department of the Company is responsible for overseeing the connected transactions of the Company. The finance and accounting department of the Company will monitor and collect detailed information in relation to each advance under the Shareholders' Loan and each guarantee provided to ensure that each transaction is conducted in accordance with the Fourth Supplemental Shareholders' Loan and Guarantee Agreement;

(ii) the designated staff from the finance and accounting department of the Company will closely monitor the amount of the Shareholders' Loan and guarantee required by ARI to be provided and provided by the Company on a monthly basis to ensure that it does not exceed the proposed annual monetary caps;

(iii) the independent non-executive Directors of the Company will review at least every six months the status of the Shareholders' Loan and/or guarantee provided by the Company and confirm in the annual reports of the company whether the transactions have been entered into (i) in the ordinary and usual course of business of the listed issuer's group; (ii) on normal commercial terms or better; and (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the listed issuer's shareholders as a whole; and

(iv) an independent auditor appointed by the Company every year will review and report the status of the Shareholder's Loan and guarantee in accordance with the internal control measures and relevant Listing Rules.

We have discussed with the designated staff from the finance and accounting department of the Company on the relevant review and assessment procedures as set out above and understood their relevant work conducted in that respect. In addition, we have also conducted work on the internal control procedures carried out and factors considered prior to deciding whether to proceed with each of the loan and/or guarantee request from ARI, including (i) conduct a review of the overall cashflow position of the Group at the relevant time by the finance and accounting department; (ii) consider the proposed use of the loan proceeds by ARI; (iii) perform checks on the information on the relevant supporting documents, such as drawdown notice for the Shareholder's Loan to ARI; and (iv) obtain approval by the Director(s) and/or the Management prior to the transfer of funds to ARI. In this connection, we have obtained and reviewed documents, including, (i) the relevant written internal control procedures of the Group setting out the procedures to be carried out for approving Shareholders' Loan and guarantee to ARI, including the type of documents required for the respective internal control procedures and the authorised signatory required; and (ii) samples of internal control documents, including the Shareholders' Loan request submitted by ARI to the Group, form of drawdown notice and fund transfer by way of cheque with two authorised signatures. Furthermore, we have reviewed the relevant supporting documents on a sample basis, including (i) the approval from the Group to remit Shareholders' Loan to ARI; (ii) the remittance records of the Shareholders' Loan to ARI; and (iii) the documents setting out the reconciliation of outstanding Shareholders' Loan balance and accrued interest per month maintained by the Group to ensure that it does not exceed the Existing Annual Caps under the Shareholders' Loan and Guarantee Agreement. Based on documents obtained and reviewed by us, we did not note any non-compliance in relation to the aforesaid internal control procedures and/or the relevant annual caps.

We have also reviewed the 2024 AR and 2025 AR and noted that the independent non-executive Directors and the auditor of the Company have reviewed the non-exempt continuing connected transactions, including the Shareholders' Loan and Guarantee Agreement, during two years ended 31 December 2025 and provided the relevant confirmations. As confirmed with the Company, the Company will continue to comply with the relevant annual review requirement under the Listing Rules on an on-going basis and there has been no non-compliance to the Shareholders' Loan and Guarantee Agreement for the period since 1 January 2026 up to the Latest Practicable Date.

Based on the above, we concur with the Directors' view that the Group has effective internal policies in place to continue to monitor the transactions carried out under the Fourth Supplemental Agreement and the New Annual Caps, and hence the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the principal factors and reasons discussed above, we are of the view that (i) the entering into of the Fifth Supplemental Agreement and the transactions contemplated thereunder (including the New Annual Caps), although are not in the ordinary and usual course of business of the Group, are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the proposed Extension of the Exchangeable Bonds under the EB Deed of Amendment, although is not in the ordinary and usual course of business of the Group, is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions to be proposed for approving the Fifth Supplemental Agreement and the transactions contemplated thereunder (including the New Annual Caps) and the proposed Extension of the Exchangeable Bonds under the EB Deed of Amendment at the EGM.

Yours faithfully,
For and on behalf of
Maxa Capital Limited
Sammy Leung
Managing Director

Mr. Sammy Leung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Maxa Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 14 years of experience in the corporate finance industry.

1 CONSOLIDATED FINANCIAL STATEMENTS

The audited consolidated financial information of the Group for each of the three years ended 31 December 2023, 2024 and 2025 and the unaudited consolidated financial information of the Group for the six months ended 30 June 2026 have been disclosed in the annual reports and interim report of the Company respectively.

Details of the financial statements have been published on the Stock Exchange website (http://www.hkexnews.hk) and Company website (http://www.calc.aero) and can be accessed by the direct hyperlinks below:

- annual report of the Company for the year ended 31 December 2023 (pages 94 to 199): https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0423/2024042301668.pdf

- annual report of the Company for the year ended 31 December 2024 (pages 96 to 195): https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0416/2025041601817.pdf

- annual report of the Company for the year ended 31 December 2025 (pages 92 to 193): https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0423/2026042300454.pdf

- interim report of the Company for the six months ended 30 June 2026 (pages 34 to 86): https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0924/2026092400313.pdf

2 STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2026, which is the latest practicable date for the purpose of determining the amount of indebtedness, the Company had outstanding interest-bearing borrowings of HK$52,278.8 million, which were comprised of:

(i) secured bank borrowings and other borrowings of HK$29,272.1 million, HK$25,864.1 million of which were guaranteed by the Company and certain companies of the Group. The secured bank borrowings and other borrowings are, in addition to other legal charges, secured by any of the following: (a) the related aircraft or engines; (b) lease receivables from airline companies under either finance leases or operating leases; (c) pledge of the shares in the subsidiaries owning the related aircraft or certain companies of the Group; and (d) restricted cash pledged amounting to HK$0.2 million;

(ii) unsecured bank borrowings and other borrowings of HK$15,910.2 million, HK$3,510.2 million of which were guaranteed by the Company and certain companies of the Group;

(iii) unsecured and unguaranteed medium-term notes of HK$1,754.0 million; and

(iv) unsecured bonds and debentures of HK$5,342.5 million, HK$1,249.2 million of which were guaranteed by the Company.

As at 30 September 2026, the Group was a guarantor of certain bank borrowings of associates and joint ventures amounting to HK$287.9 million.

As at 30 September 2026, the Group had lease liabilities of approximately HK$12.5 million, of which approximately HK$10.2 million was due within one year and approximately HK$2.3 million was due after one year.

As at 30 September 2026, except as disclosed above, the Group did not have any contingent liabilities.

Save as aforesaid or as otherwise disclosed above, at the close of business on 30 September 2026, the Group had no other outstanding indebtedness in respect of any borrowings, mortgages, charges or debentures, loan capital, bank loans and overdrafts, term loans or other loans, debt securities or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits or hire purchase commitments, finance lease commitments, guarantees or other contingent liabilities or indebtedness.

3 WORKING CAPITAL

Based on the unaudited financial information of the Group, as at 30 September 2026, the Group's current liabilities exceeded its current assets by HK$4,708.0 million. The Group had total capital commitments of HK$46,116.2 million as at 30 September 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$14,167.4 million is forecasted to be incurred and payable within the next fifteen months 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 September 2026, the Group had cash and cash equivalents of HK$3,528.5 million.

The Group will need to secure a substantial amount of funds in the foreseeable future to finance the financial obligations and capital expenditures under contractual and other arrangements. The Directors have given due and careful consideration to the liquidity of the Group and its available sources of financing in assessing whether the Group has sufficient working capital for its present requirements, covering a period of not less than fifteen months from 30 September 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 nine months ended 30 September 2026, the Group has drawn down 42 aircraft project loan facilities of HK$14,320.2 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 fifteen months from 30 September 2026.

- According to the relevant aircraft purchase agreements, the scheduled payment of PDP for the next fifteen months from 30 September 2026 amounts to HK$5,405.6 million.

  For the scheduled payment of PDP and repayment of utilised facility drawdowns under the facilities expiring in the next fifteen months from 30 September 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 September 2026, the Group had already obtained PDP financing facilities from banks to provide financing up to HK$8,412.3 million to satisfy the forecasted committed PDP payments in the next fifteen months from 30 September 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 fifteen months from 30 September 2026.

- As at 30 September 2026, the Group had working capital loan and revolving loan facilities of HK$20,228.4 million out of which HK$13,592.8 million has been utilised. The Directors are confident that the Group can draw down the remaining unutilised loan facilities of HK$6,635.6 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.

- 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 September 2026, the Group has signed letters of intent or sale and purchase agreements for the disposals of 21 aircraft, scheduled to be disposed in the next fifteen months from 30 September 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 fifteen months from 30 September 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 fifteen months from 30 September 2026. Accordingly, the Directors consider that the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

4 MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5 FINANCIAL AND TRADING PROSPECTS

The global aviation industry continues to demonstrate resilience despite geopolitical disruptions, elevated fuel costs and persistent supply chain constraints, which continues to weigh on growth and profitability. In its June 2026 outlook, the International Air Transport Association ("**IATA**") forecast global passenger traffic growth of 2.1% and airline net profits of US$23.0 billion for 2026, with a net profit margin of 2.0%. Aircraft availability remains constrained: IATA reported a global aircraft order backlog exceeding 18,000 units and a record average fleet age of 15.2 years, alongside engine durability issues, spare parts shortages and limited maintenance capacity. These constraints are prolonging aircraft service lives and increasing leasing and maintenance costs. Against this backdrop, the Group expects continued opportunities in aircraft leasing, particularly for popular narrow-body aircraft, as well as spare engines and aftermarket solutions.

Meanwhile, the industry remains committed to achieving net-zero carbon emissions by 2050, with fleet renewal, operational efficiency and sustainable aviation fuel remaining central to the transition. Leveraging its aircraft full-value-chain capabilities, the Group will continue to pursue opportunities in the PRC and overseas markets arising from airlines' fleet renewal and optimisation, alongside demand for solutions that extend the economic life of existing assets. It will further strengthen its capabilities in new aircraft leasing and mid- to end-of-life aircraft solutions, enhancing its one-stop fleet upgrade services and supporting aviation sustainability. In addition, the Group will closely monitor market conditions and pursue aircraft portfolio transactions when appropriate, while deepening cooperation with institutional investors and financing partners to broaden its asset portfolio and enhance its asset management capabilities. These initiatives will support further optimization of the Group's financial structure, operating strength and credit profile, creating greater value for all stakeholders.



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25 November 2026

The Board of Directors
China Aircraft Leasing Group Holdings Limited
32nd Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong

Dear Sirs,

In accordance with the instructions from China Aircraft Leasing Group Holdings Limited (the "**Company**"), Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**") has undertaken a valuation exercise which requires us to express an independent opinion on the market value of 100% equity interest in China Aviation Aftermarket Holdings Limited (the "**Target Company**") as at 31 August 2026 (the "**Valuation Date**"). The report which follows is dated 25 November 2026 (the "**Report Date**"). The purpose of this valuation is to express an independent opinion for the Company's internal reference.

Our valuation was carried out on a market value basis. According to the International Valuation Standards (the "**IVS**") issued by the International Valuation Standards Council (the "**IVSC**"), market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

BACKGROUND

The Target Company, incorporated in Hong Kong, is a limited liability company and is wholly owned by Aircraft Recycling International Limited ("**ARI**"). The Target Company is principally engaged in airframe and engine disassembly, disassembled parts sales as well as aircraft and engines trading and leasing business. Over the past few years, majority of its business is generated in the United States, the People's Republic of China, Hong Kong and Europe.

The Subject of this valuation is being 100% equity interest in the Target Company (the "**Subject**").

FINANCIAL PERFORMANCE OF THE TARGET COMPANY

Key financial information of the Target Company for the latest two financial years ended 31 December, and for the latest two six-month period ended 30 June is set out as below:

Reporting Period	**1 January 2024–31 December 2024**	**1 January 2025–31 December 2025**	**1 January 2025–30 June 2025**	**1 January 2026–30 June 2026**
In Thousand Hong Kong Dollars ("HKD'000")	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	394,831	642,283	66,993	138,093
Earnings before interest, taxes, depreciation and amortization (the "**EBITDA**")	222,522	179,503	14,825	32,290
Net Profit	52,037	74,612	(30,431)	1,988

The Target Company's total revenue (rounded) was HKD394,831,000, HKD642,283,000 and HKD713,383,000 for the twelve-month period ending on 31 December 2024, 31 December 2025 and 30 June 2026 respectively.

Based on the breakdown of revenue from contracts with customers disclosed in the Target Company's audited financial statements for the year ended 31 December 2025, approximately 76% of total revenue was generated from the People's Republic of China (including Hong Kong), primarily as a result of the trading of two aircrafts. This was followed by 21% generated from the United States and 3% from Europe. According to the Target Company's audited financial statements for the year ended 31 December 2024, 58% of total revenue was generated from the United States, while 21% was generated from the People's Republic of China (including Hong Kong). Europe and other countries contributed 11% and 10% of total revenue, respectively.

Based on the financial information as provided by the Target Company, EBITDA during the period from 1 July 2025 to 30 June 2026 (the "**Financial Period**") is calculated as below.

Financial Information of the Target Company	**Unit**	**Amount**
EBITDA from 1 January 2025 to 31 December 2025	HKD'000	179,503
Add: EBITDA from 1 January 2026 to 30 June 2026	HKD'000	32,290
Deduct: EBITDA from 1 January 2025 to 30 June 2025	HKD'000	(14,825)
EBITDA during the Financial Period	HKD'000	**196,968**

SOURCES OF INFORMATION

In conducting our valuation of the Subject, we have reviewed information including, but not limited to:

- Background of the Target Company;
- Historical financial information of the Target Company for the fiscal year 2024 and 2025, as well as for the six-month periods from 1 January 2025 to 30 June 2025 and from 1 January 2026 to 30 June 2026;
- Historical financial information of Aircraft Recycling International Limited for the fiscal year 2025 and as at 30 June 2026. Aircraft Recycling International Limited owns 100% equity interest in the Target Company;
- A valuation report prepared by Knight Frank Petty Limited (the "**Property Valuation Report**") in relation to an industrial property located at the south of Harbin Taiping International Airport in the Heilongjiang Province of the People's Republic of China (the "**Investment Property**"), with valuation date being 31 December 2025; and
- Other operation and market information in relation to the business of the Target Company.

We have held discussions with management of the Target Company and conducted market research from public sources to assess the reasonableness and fairness of information provided. We assumed such information to be reliable and legitimate, and we have relied to a considerable extent on the information provided in arriving at our conclusion of value.

BASIS OF OPINION

We have conducted our valuation in accordance with the IVS. The valuation procedures employed include a review of legal status and economic condition of the Target Company and an assessment of key assumptions, estimates and representations made by the proprietor or the operator of the Target Company. All matters we consider essential to the proper understanding of the valuation are disclosed in this valuation report.

The following factors form an integral part of our basis of opinion:

- The economic outlook in general;
- The nature of business and history of the operation concerned;
- The financial condition of the Subject;
- Market-driven investment returns of companies engaged in similar lines of business;
- Financial and business risk of the business;

- Consideration and analysis on the micro and macro economy affecting the business of the Subject;

- Analysis on tactical planning, management standard and synergy of the Subject; and

- Assessment of the leverage of the Subject.

We planned and performed our valuation so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to express our opinion on the valuation of the Subject.

VALUATION METHODOLOGY

In arriving at our assessed value, we have considered three generally accepted approaches, namely market approach, cost approach and income approach.

Market Approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of the hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market. Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the subject assets.

Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long-time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

To select the most appropriate approach, we have considered the purpose of the valuation and the resulting basis of value as well as the availability and reliability of information provided to us to perform an analysis. We have also considered the relative advantages and disadvantages of each approach to the nature and circumstances of this Subject. In our opinion, the cost approach is inappropriate for valuing the Subject, as it does not directly incorporate information about the economic benefits contributed by the Subject. The income approach is inappropriate as this approach require detailed operational information and long-term financial projection of the Target Company but such information with substantial objective supporting data is not available to us. The market approach is considered appropriate given that the Target Company is an established aviation aftermarket business with a stable operating history and positive earnings. Such characteristics enable the value of the Target Company to be assessed by reference to market evidence of companies with broadly comparable business operations, financial characteristics and risk profiles, thereby providing a market-based indication of value that reflects prevailing market participants' expectations. Hence, the market approach is adopted in this valuation.

There are two common methods under market approach, namely, guideline public company method and guideline transaction method. Guideline public companies method requires identifying suitable guideline public companies and selection of appropriate trading multiples, while guideline transaction method takes reference to recent mergers and acquisitions transaction between unrelated parties and ratio of transaction price to target company's financial parameters.

In this valuation exercise, the market value of the 100% equity interest of the Target Company was developed through the guideline public company method. The guideline transaction method is not adopted due to lack of recent market transactions with similar nature as the Target Company. The guideline public company method requires the research of comparable companies' benchmark multiples and selection of an appropriate multiple.

In this valuation, we have considered the following commonly used benchmark multiples:

- Price-to-earnings multiple (the "**P/E Multiple**"), which is computed as share price divided by earning per share, is the most commonly used multiple since investors want to know how profitable a company is, hence earnings are important for valuing a company's stock. This multiple has the limitations that it cannot be used to value loss-making companies, and fail to overcome the distortions caused by different accounting policies and capital structures.

- Price-to-book multiple (the "**P/B Multiple**"), which is computed as the proportion of share price to book value per share, is common to value companies within asset intensive industries. However, since book value captures only the tangible assets of a company, a company's intangible assets as well as company-specific competencies and advantages are not captured in the P/B Multiple.

- Price-to-sales multiple (the "**P/S Multiple**"), which is estimated by dividing share price by sales per shares, is commonly used to value early-stage or loss-making companies. A shortcoming of this multiple is that it ignores the cost structure and hence the profitability of a company.

- A firm's enterprise value is equal to its equity value plus its debt less any cash. Enterprise value to earning before interest, tax, depreciation and amortization multiple (the "**EV/EBITDA Multiple**"), which is estimated by dividing enterprise value by earning before interest, tax, depreciation and amortization, allows direct comparison of firms regardless of their difference in capital structure. Compared to the P/E Multiple, the EV/EBITDA Multiple is considered to be less affected by difference in accounting treatment. Yet, since the EV/EBITDA Multiple excludes depreciation and amortization expenses, which measure how much the company needs to spend on capital expenditure to maintain its business growth, the multiple does not account for cost of debt capital or its tax effect.

- Similar to other enterprise value multiples, enterprise value-to-earnings before interest and tax multiple (the "**EV/EBIT Multiple**") is considered to be less affected by difference in accounting treatment as other price multiples. Different from the enterprise value-to-earnings before interest, tax, depreciation and amortization multiple, this multiple includes depreciation and amortization expenses, hence it is more commonly used for capital-intensive business in which case depreciation expense contribute to a significant portion of economic cost.

- Like the other enterprise value multiples, enterprise value-to-sales multiple (the "**EV/Sales Multiple**") is considered to be less affected by difference in accounting treatment as other price multiples. Similar to the price-to-sales multiple, it is commonly used to value early-stage or loss-making companies. Yet, enterprise value-to-sales has the benefits over price-to-sales multiple that it takes into account a company's debt load.

The following benchmark multiples are not adopted due to the following consideration:

- P/E Multiple, P/B Multiple and P/S Multiple are not adopted as they are more likely to be distorted when companies are having different capital structures.

- EV/Sales Multiple is not adopted as it does not reflect the cost structure and profitability of companies.

We have been taking into consideration the business cycle and profitability of the Target Company in which it has been generating a relatively stable net margin in the latest financial year ending 31 December 2025 and for the latest twelve-month period ended 30 June. The Target Company has also maintained profit-making position for the latest two financial years ended 31 December, and for the latest twelve-month period ended 30 June. Further, given that EBITDA is a financial measure that shows how well a company performed through its core operations net of taxes and it excludes tax savings from existing debt and one-time losses or charges. It is considered that the EV/EBITDA Multiple is the most appropriate multiple and hence it is being adopted in this valuation.

MAJOR ASSUMPTIONS

Assumptions considered to have significant sensitivity effects in this valuation have been evaluated in order to provide a more accurate and reasonable basis for arriving at our assessed value. The following key assumptions in determining the market value of the Subject have been made:

- We have assumed that there will be no material changes to the principal business activities of the Target Company in the foreseeable future and that the Target Company will continue to operate as a going concern with adequate operational facilities and business systems. We have also assumed that there will be no material changes in the existing political, legal, technological, natural, fiscal or economic conditions.

- Furthermore, we have assumed that there are no hidden or unexpected conditions (including, but not limited to, natural disasters, war, government intervention, or material changes in management) that may adversely affect the Target Company.

- We have assumed that all operational and contractual terms stipulated in the relevant contracts and agreements entered into between the Target Company and any other parties, including but not limited to loan agreements, business contracts and other agreements that may affect the business of the Target Company, will be duly performed and honored.

- We have further assumed that the management of the Target Company will continue to operate in a prudent and reasonable manner necessary to maintain the character and integrity of the valuation subject.

- We have assumed that the Target Company has obtained, and will continue to maintain, all necessary permits, business certificates, licenses and regulatory approvals required to conduct its business, and that such permits, certificates, licenses and approvals are valid, in good standing, and will be renewed upon expiry in the ordinary course of business.

- We have assumed the accuracy and completeness of the financial and operational information provided to us by the Company, including but not limited to financial information, contractual agreements and operational information, and have relied to a considerable extent on such information in forming our opinion of value. We have not independently verified such information.

MARKET MULTIPLE

In determining the market multiple, a list of comparable companies was identified. The selection criteria include the followings:

- The comparable companies are publicly listed;
- The comparable companies are searchable in Capital IQ databases;
- The business of the comparable companies involves aircraft aftermarket services;
- The companies derive at least 50% of their revenues from the same industry of the Target Company, i.e. sale and leasing of aftermarket aviation assets; and
- Sufficient data, including the EV/EBITDA Multiples as at the Valuation Date of the comparable companies, is available.

As sourced from Capital IQ, an exhaustive list of comparable companies satisfying the above criteria was obtained on a best effort basis. The details of the comparable companies are listed below:

Company Name	Listing Location	Business Location	Company Description
FTAI Aviation Ltd.	United States	Worldwide	FTAI Aviation Ltd. owns, acquires, and sells aviation equipment for the transportation of goods and people worldwide. It operates in two segments, Aviation Leasing and Aerospace Products. The Aviation Leasing segment owns, leases, manages, and sells aircraft and aircraft engines. As of 31 December 2025, this segment owned and managed 290 aviation assets consisting of 47 commercial aircraft and 243 engines, including eight aircraft and seventeen engines in Russia. The Aerospace Products segment develops, manufactures, repairs/refurbishes, and sells aircraft engines and aftermarket components for the commercial aircraft engines. It also engages in the offshore energy business, which consists of vessels and equipment that support offshore oil and gas activities and production.

Company Name	Listing Location	Business Location	Company Description
AAR Corp.	United States	Worldwide	AAR Corp. provides products and services to commercial aviation, government, and defense markets in North America, Europe, Africa, Asia, and internationally. It operates through four segments: Parts Supply; Repair, Engineering, and Software; Government Solutions; and Legacy Commercial Programs. The company sells and leases used serviceable material and aftermarket distribution of new, and original equipment manufacturers supplied replacement parts. It also provides airframe maintenance, repair, and overhaul (MRO) services, such as airframe inspection, painting services, line maintenance, airframe modifications, structural repairs, avionics service and installation, exterior and interior refurbishment and engineering services, and support for various commercial and military aircraft; component MRO services, including repair and overhaul services, engine and airframe accessories, and interior refurbishment; software solutions comprising cloud-based, mobile, and AI-enabled aviation aftermarket software; develops PMA parts for aftermarket applications; and designs proprietary designated engineering representative repairs.
AerSale Corporation	United States	Worldwide	AerSale Corporation provides aftermarket commercial aircraft, engines, and its parts to passenger and cargo airlines, leasing companies, original equipment manufacturers, government and defense contractors, and maintenance, repair, and overhaul service providers worldwide. It operates in two segments, Asset Management Solutions and Technical Operations (TechOps). The Asset Management Solutions segment engages in the sale and lease of aircraft, engines, and airframes, as well as disassembly of these assets for component parts. The TechOps segment provides internal and third-party aviation services, including internally developed engineered solutions, heavy aircraft maintenance and modification, and component MRO, as well as end-of-life disassembly services. This segment provides aircraft modifications, cargo and tanker conversions of aircraft, and aircraft storage; and MRO services for landing gear, thrust reversers, hydraulic systems, and other aircraft components.

Company Name	Listing Location	Business Location	Company Description
Willis Lease Finance Corporation	United States	Worldwide	Willis Lease Finance Corporation operates as a lessor and servicer of commercial aircraft and aircraft engines worldwide. The company operates through two segments, Leasing and Related Operations, and Spare Parts Sales. The Leasing and Related Operations segment engages in acquiring and leasing commercial aircraft, aircraft engines, and other aircraft equipment, as well as the purchase and resale of commercial aircraft engines and other aircraft equipment, and other related businesses. The Spare Parts Sales segment purchases and resells after-market engine parts, whole engines, engine modules, and portable aircraft components.
StandardAero, Inc.	United States	Worldwide	StandardAero, Inc. provides aerospace engine aftermarket services for fixed and rotary wing aircraft in the United States, Canada, the United Kingdom, Rest of Europe, Asia, and internationally. It operates in two segments, Engine Services and Component Repair Services. The Engine Services segment provides a suite of aftermarket services, including maintenance, repair and overhaul, on-wing and field service support, asset management, and engineering and related solutions to customers in the commercial aerospace, military and helicopter, and business aviation end markets. The Component Repair Services segment offers engine component and accessory repairs to the commercial aerospace, military and helicopter, land and marine, and oil and gas end markets.

Some key financial information of the comparable companies is listed below, as presented in millions of United States dollar ("**USD**"):

Company Name	Market Capitalization as at the Valuation Date *(in USD Million)*	Percentage of Last Reported Revenue Relevant to the Aviation Aftermarket Business *(%)*	Enterprise Value as at the Valuation Date *(in USD Million)*	EBITDA for Last Twelve-month Period *(in USD Million)*	Net Operating Profit after Tax for Last Twelve-month Period *(in USD Million)*
FTAI Aviation Ltd.	19,525	100	22,684	1,009	682
AAR Corp.	5,092	80[1]	6,020	411	213
AerSale Corporation	262	63[2]	430	32	4
Willis Lease Finance Corporation	1,145	100	3,546	419	234
StandardAero, Inc.	7,962	88[3]	10,349	832	490

Note:

1. Total revenue contributed by parts supply, repair, engineering, and software business segments of AAR Corp.

2. Revenue contributed by asset management solution business segment of AerSale Corporation.

3. Revenue contributed by engine services business segment of StandardAero, Inc.

The comparable companies are of different size from the Target Company. Larger companies generally have lower expected returns that translate into higher values. On the other hand, small companies are generally perceived as riskier in relation to business operation and financial performance, and therefore the expected returns are higher and resulting in lower multiples. Therefore, the base multiples were adjusted to reflect the difference in natures between the comparable companies and Target Company.

We referred to a formula in a widely-adopted textbook "Financial Valuation – Applications and Model, 2017" by James R. Hitchner, a renowned valuation expert in the United States, for the benchmark multiple adjustments:

The adjustment on the EV/EBITDA Multiple is calculated using the following formula:

Adjusted EV/EBITDA Multiple = 1 / ((1 / M) + θ x (E/EV) x (EBITDA/NOPAT))

where:

M	=	The EV/EBITDA Multiple without adjustment
θ	=	Required adjustment in the difference in size and country risk
E	=	Market capitalization
EV	=	Enterprise value
EBITDA	=	Earnings before interest, taxes, depreciation and amortization
NOPAT	=	Net operating profit after tax

The logic behind the pricing multiple adjustments is that the reciprocal of the base multiple represents a capitalization rate. In this valuation, the reciprocal of the base EV/EBITDA multiple represents a capitalization rate of the enterprise value.

For the parameter θ, it was used as a desired adjustment to reflect the difference in natures between the comparable companies and the Subject. With reference to Cost of Capital Navigator 2025 published by Kroll, depending on the market capitalization of each of the comparable companies, size premium differentials were adopted to capture the size difference between the comparable companies and the Target Company. With reference to "The Adjusted Capital Asset Pricing Model for Developing Capitalization Rates: An Extension of Previous "Build-Up" Methodologies Based Upon the Capital Asset Pricing Model" published in 1989 by Z. Christopher Mercer, specific risks were adopted to capture the difference in profitability including net profit and net operating profit after tax (the **"NOPAT"**) level, between the comparable companies and the Target Company.

The ratio of the market capitalization to enterprise value E/EV was adopted as a weighting factor. As aforesaid, the logic behind this formula is that a pricing multiple is the reciprocal of the capitalization rate. In the case of an enterprise value multiple, the capitalization rate is driven by the weighted average cost of capital (the "**WACC**") of the valuation subject. Since the size and specific risk premium differentials "θ" are applicable only to the equity portion (for a listed company, market capitalization represents the market value of its equity) but not to the debt portion of the WACC, we shall only adjust the equity portion of the capitalization rate in this pricing multiple adjustment formula. The ratio E/EV was used to apply an appropriate weighting on the parameter θ so that the capitalization rate was adjusted only to the extent of its equity portion. In other words, the ratio E/EV takes into account of the varying capital structures among the comparable companies.

The ratio of EBITDA to NOPAT was used as a scale factor, which is applied in the adjustment of the EV/EBITDA multiple. It is considered that the base measure of the benefits for enterprise value to be NOPAT (Hitchner, R., 2017), which is a financial measure that shows how well a company performed through its core operations net of taxes and it excludes tax savings from existing debt and one-time losses or charges.

After the aforesaid adjustment on the EV/EBITDA Multiple, the Adjusted EV/EBITDA multiples of the comparable companies are listed as below:

Company Name	**Market Capitalization** *(in USD Million)*	**EV/EBITDA Multiple**	**Required adjustment in the difference in size** *(θ)*	**Adjusted EV/EBITDA Multiple**
FTAI Aviation Ltd.	19,525	22.48	2.17%	13.86
AAR Corp.	5,092	14.64	2.17%	9.64
AerSale Corporation	262	13.46	0.00%	13.46
Willis Lease Finance Corporation	1,145	8.47	1.69%	7.82
StandardAero, Inc.	7,962	12.44	2.17%	9.20
		Median		**9.64**

Discount for Lack of Marketability (the "DLOM")

The concept of marketability deals with the liquidity of an ownership interest, that is how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in privately held companies which are typically not readily marketable compared to similar interest in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

We have assessed the DLOM of this interest using a put option method. The concept is that when comparing a public share and a private share, the holder of a public share has the ability to sell the shares (i.e. a put option) to the stock market right away. As the time to a liquidity event becomes shorter, the degree of the DLOM becomes smaller.

We have adopted Black Scholes Option Pricing Model with the following parameters to estimate the DLOM.

Parameter	Input	Remark	Source
Option Type	European Put		
Spot Price	HKD1.00	Assumed	
Exercise Price	HKD1.00	Assumed	
Risk Free Rate	4.44%	Based on 1-year United States dollar swap curve	Bloomberg database
Maturity Period	1 year	Assumed	
Volatility	43.16%	Based on historical 1-year volatility of comparable companies	Capital IQ database
Implied DLOM	14.63%	Calculated	

Control Premium ("CP")

Control premium is an amount by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest in a business enterprise that reflects the power of a control. Both factors recognize that control owners have rights that minority owners do not and that the difference in those rights and, perhaps more importantly, how those rights are exercisable and to what economic benefits, cause a differential in the per-share value of a control ownership block versus a minority ownership block.

We have made reference to quarterly control premium reports as published by FactSet Mergerstat, LLC from the third quarter of 2025 to the second quarter of 2026. Since the Control Premium Studies do not have sufficient data for aircraft equipment asset sales and leasing industry, we have applied the data related to overall transactions from all industries. In the valuation, we adopted the median control premium of 27.55%.

CALCULATION OF VALUATION RESULT

Under the guideline public company method, the market value of the Subject is estimated based on the financial information of the Target Company and the market multiples of the comparable companies derived from Capital IQ database as at the Valuation Date. We have also taken into account the two factors, which is being the marketability discount and control premium.

The calculation of the market value of 100% equity interest of the Target Company as at the Valuation Date is as follows:

Parameter	**Unit**	**Input**
EBITDA during the Financial Period	HKD'000	196,968
Deduct: Other income during the Financial Period[1]	HKD'000	(45,543)
Add: Other gain/loss during the Financial Period[1]	HKD'000	21,802
Add: Provision for inventories during the Financial Period	HKD'000	3,048
Deduct: Rental profit attributable to leased portion of the Investment Property[2]	HKD'000	(13,677)
Deduct: Market rent attributable to owner-occupied portion of the Investment Property[2]	HKD'000	(2,137)
Adjusted EBITDA of the Target Company during the Financial Period	HKD'000	160,461
Median Adjusted EV/EBITDA Multiple of the Comparable Companies		9.64
Enterprise Value of the Target Company before CP and DLOM as at the Valuation Date	HKD'000	1,546,607
Add: Cash and cash equivalents[3]	HKD'000	169,716
Add: Receivables and amount due from related parties that are non-trading in nature[3,4]	HKD'000	352,929
Add: The Investment Property[2]	HKD'000	764,425
Deduct: Bank and other borrowings[3]	HKD'000	(717,328)
Deduct: Payables and amount due to related parties that are non-trading in nature[3,5]	HKD'000	(729,512)

Parameter	Unit	Input
Deduct: Lease liabilities[3]	HKD'000	(28,094)
Deduct: Deferred income[3,6]	HKD'000	(128,598)
Deduct: ARI's amount due to shareholders[7]	HKD'000	(224,748)
Deduct: Non-controlling interest[3]	HKD'000	(21,001)
Equity Value of the Target Company before DLOM and CP as at the Valuation Date	HKD'000	984,397
Add: Control Premium (27.55%)	HKD'000	271,201
Equity Value of the Target Company before DLOM as at the Valuation Date	HKD'000	1,255,599
Deduct: Discount for lack of marketability (14.63%)	HKD'000	(183,723)
Equity Value of the Target Company after control premium and discount for lack of marketability as at the Valuation Date (Rounded)	HKD'000	**1,072,000**

* Figures may not tie due to rounding.

Notes:

1. Other income mainly comprised of government grant and inter-company interest income, while other gain/loss mainly includes mainly change in fair value of investment properties and currency exchange gain/loss. These two items are not related to the recurring operating business of the Target Company.

2. The Investment Property has been treated as a non-operating asset with the market value of the Investment Property extracted from the Property Valuation Report as provided by the Target Company, and it is assumed that its market value as at 31 December 2025 is not materially different from that as at the Valuation Date. In deriving the adjusted EBITDA, both the rental profit of the leased portion and market rent attributed by owner-occupied portion of the Investment Property are deducted from the reported EBITDA. Rental profit of the leased portion is provided by the Target Company based on annual rental income, net of direct operating expenses, for the year ending 31 December 2025. Market rent attributed by owner-occupied portion reflects the hypothetical rental cost that a market participant would incur if the property were separately owned.

3. Figures as at 30 June 2026 based on management account are adopted, and it is assumed that the figures as at 30 June 2026 have no material difference from that as at the Valuation Date.

4. Receivables and amount due from related parties mainly comprised of amount due from FLARI Aircraft Maintenance & Engineering Company.

5. Payables and amount due to related parties comprised of deferred tax liabilities, tax payables and deposit due to the Company, etc.

6. Deferred income refers to government grant received in respect of subsidies from the Government of Harbin, Heilongjiang Province, China for financing aircraft recycling business of the Target Company in Harbin.

7. According to information provided by the Target Company, ARI is a pure holding company with no operating activities, and its main asset is its ownership interest in the Target Company. The Target Company assumed that the ARI's shareholder loan due to the Company shall be funded by the Target Company.

VALUATION COMMENT

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Target Company, the Company and JLL.

We confirm that we have sufficient current local knowledge of the market which the Target Company are engaged in and the skills and understanding necessary to undertake the valuation of the Subject competently. We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Further, we are not aware of any material changes to the Subject between the Valuation Date and the date of this report.

We are instructed to provide our opinion of value as per the Valuation Date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the Valuation Date.

This report is issued subject to our Limiting Conditions as attached.

INDEPENDENCE DECLARATION

We confirm that to the best of our knowledge and belief, we are independent of the Company and the Target Company, and have not contravened any independence requirements stipulated as per our professional memberships. Our fee is not contingent upon our conclusion of value.

OPINION OF VALUE

Based on the results of our investigations and analyses, we are of the opinion that the market value of 100% equity interest in China Aviation Aftermarket Holdings Limited as at the Valuation Date is reasonably stated at the amount of **HKD1,072,000,000**.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Simon M.K. Chan
Executive Director

Note: Mr. Simon M.K. Chan is a fellow (FCPA) of the Hong Kong Institute of Certified Public Accountants (HKICPA) and CPA Australia. He is also fellow of the Royal Institution of Chartered Surveyors (FRICS) and a Chartered Valuer and Appraiser (Singapore). He oversees the business valuation services of JLL and has over 20 years of accounting, auditing, corporate advisory and valuation experiences. He has provided a wide range of valuation services to numerous listed and listing companies of different industries in the PRC, Hong Kong, Singapore and the United States.

LIMITING CONDITIONS

1. In the preparation of this Report, we relied on the accuracy, completeness and reasonableness of the financial information, forecast, assumptions and other data provided to us by the Client/Target Company and/or its representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the accuracy of such information. Our Report was used as part of the analysis of the Client/Target Company in reaching their conclusion of value and due to the above reasons, the ultimate responsibility of the derived value of the Subject rests solely with the Client.

2. We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial information and forecast give a true and fair view and have been prepared in accordance with the relevant standards and companies ordinance.

3. Public information and industry and statistical information have been obtained from sources we deem to be reputable; however, we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.

4. The board of directors and the management of Client/Target Company have reviewed this Report and agreed and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.

5. Jones Lang LaSalle Corporate Appraisal and Advisory Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this exercise, with reference to the project described herein. Should there be any kind of subsequent services required, the corresponding expenses and time costs will be reimbursed from you. Such kind of additional work may incur without prior notification to you.

6. No opinion is intended to be expressed for matters which require legal or other specialised expertise, which is out of valuers' capacity.

7. The use of and/or the validity of the Report is subject to the terms of the Agreement and the full settlement of the fees and all the expenses.

8. Our conclusions assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the Subject.

9. We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions, government policy or other conditions after the Valuation Date. We cannot provide assurance on the achievability of the results forecasted by the Client/Target Company because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management.

10. This Report has been prepared solely for internal use purpose. The Report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any third party without our prior written consent. Even with our prior written consent for such, we are not liable to any third party except for our client for this report. Our client should remind of any third party who will receive this report and the client will need to undertake any consequences resulted from the use of this report by the third party. We shall not under any circumstances whatsoever be liable to any third party.

11. This Report is confidential to the Client and the calculation of values expressed herein is valid only for the purpose stated in the Agreement as at the Valuation Date. In accordance with our standard practice, we must state that this Report and exercise is for the use only by the party to whom it is addressed to and no responsibility is accepted with respect to any third party for the whole or any part of its contents.

12. Where a distinct and definite representation has been made to us by parties interested in the Subject, we are entitled to rely on that representation without further investigation into the veracity of the representation.

13. The Client/Target Company agrees to indemnify and hold us and our personnel harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which we may become subjects in connection with this engagement. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the fee paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

14. We are not environmental, structural or engineering consultants or auditors, and we take no responsibility for any related actual or potential liabilities exist, and the effect on the value of the asset is encouraged to obtain a professional assessment. We do not conduct or provide such kind of assessments and have not considered the potential impact to the subject property.

15. This exercise is premised in part on the historical financial information and future forecast provided by the management of the Client/Target Company and/or its representatives. We have assumed the accuracy and reasonableness of the information provided and relied to a considerable extent on such information in our calculation of value. Since projections relate to the future, there will usually be differences between projections and actual results and in some cases, those variances may be material. Accordingly, to the extent any of the above mentioned information requires adjustments, the resulting value may differ significantly.

16. This Report and the conclusion of values arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the Report and conclusion of values are not intended by the author, and should not be construed by any reader, to be investment advice or as financing or transaction reference in any manner whatsoever. The conclusion of values represents the consideration based on the information furnished by the Client/Target Company and other sources. Actual transactions involving the Subject might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the knowledge and motivation of the buyers and sellers at that time. The transaction amount does not need to be close to the result as estimated in this report.

17. The board of directors, management, staff, and representatives of the Client/Target Company have confirmed to us that they are independent to JLL in this Valuation or calculation exercise. Should there be any conflict of interest or potential independence issue that may affect our independence in our work, the Client/Target Company and/or its representatives should inform us immediately and we may need to discontinue our work and we may charge our fee to the extent of our work performed or our manpower withheld or engaged.

1 RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2 DISCLOSURE OF INTERESTS

(a) Interests of the Directors and chief executive of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the **"Model Code**"), to be notified to the Company and the Stock Exchange were as follows:

		Number of Shares held (L)[1]		
Name of Directors	**Capacity**	**Number of Shares/underlying Shares held**	**Total interests**	**Approximate percentage of Shares in issue[2]**
POON Ho Man	Interest of controlled corporation	202,395,615[3]		
	Beneficial owner	600,000	202,995,615	26.46%

Notes:

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

(2) Based on 767,216,702 Shares in issue as at the Latest Practicable Date.

(3) Mr. POON Ho Man was deemed to be interested in 202,395,615 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) 25,898,943 Shares held by Equal Honour Holdings Limited, a company wholly-owned by Mr. POON Ho Man.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or pursuant to the Model Code.

As at the Latest Practicable Date, Mr. An Xuesong is an executive director of CE Limited and the vice president of CE Limited and its subsidiaries, Mr. Pan Jianyun is an executive director of CE Limited and the vice president of CE Limited and its subsidiaries, and Mr. Poon Ho Man is a director of FPAM. Both CE Limited and FPAM have interests in the Shares 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.

(b) Interests of the substantial shareholders of the Company

As at the Latest Practicable Date, so far as the Directors were aware, the following persons had interests and/or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company pursuant to 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 pursuant to Section 336 of the SFO:

			Number of Shares held (L)[(1)]	
Name of shareholders	**Capacity**	**Number of Shares/underlying Shares held**	**Total interests**	**Approximate percentage of Shares in issue[(2)]**
CE Limited	Interest of controlled corporation	283,417,693[(3)]	283,417,693	36.94%
CE Hong Kong	Interest of controlled corporation	283,417,693[(4)]	283,417,693	36.94%
CE Group	Interest of controlled corporation	283,417,693[(5)]	283,417,693	36.94%
Central Huijin	Interest of controlled corporation	283,417,693[(5)]	283,417,693	36.94%
POON Ho Man	Interest of controlled corporation	202,395,615[(6)]		
	Beneficial owner	600,000	202,995,615	26.46%

Name of shareholders	Capacity	Number of Shares held (L)[1] Number of Shares/underlying Shares held	Total interests	Approximate percentage of Shares in issue[2]
FPAM	Beneficial owner	176,496,672[7]	176,496,672	23.00%
Capella Capital Limited ("**Capella**")	Interest of controlled corporation	176,496,672[7]	176,496,672	23.00%
Christina NG	Interest of controlled corporation	176,496,672[8]		
	Beneficial owner	7,500,000	183,996,672	23.98%

Notes:

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

(2) Based on 767,216,702 Shares in issue as at the Latest Practicable Date.

(3) By virtue of the SFO, CE Limited was deemed to be interested in 244,065,373 and 39,352,320 Shares held by CEL Aviation Investment Holdings Limited and China Everbright Financial Investments Limited respectively, both of which were wholly-owned by CE Limited.

(4) CE Limited 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 CE Limited. 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) Mr. POON Ho Man was deemed to be interested in 202,395,615 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) 25,898,943 Shares held by Equal Honour Holdings Limited, a company wholly-owned by Mr. POON Ho Man.

(7) FPAM was wholly-owned by Capella. Accordingly, Capella was deemed to be interested in all Shares held by FPAM by virtue of the SFO.

(8) 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 (7) above by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than a Director or chief executive of the Company) who had an interest and/or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company pursuant to 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 pursuant to Section 336 of the SFO.

3 DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with any member of the Group other than contracts expiring or determinable by the relevant employer within one year without payment of compensation (except statutory compensation).

4 DIRECTORS' INTEREST IN COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates was considered by the Company to have interests in businesses which compete with, or might compete with, either directly or indirectly, the businesses of the Group.

5 DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors had any interests, either directly or indirectly, in any assets which had been, since 31 December 2025 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of or leased to any member of the Group, or were proposed to be acquired or disposed by or leased to any member of the Group.

6 OTHER ARRANGEMENTS INVOLVING DIRECTORS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any of the Directors was materially interested and which was significant in relation to the business of the Group.

7 LITIGATION AND CLAIMS

As at the Latest Practicable Date, so far as the Directors were aware, no member of the Group was involved in any litigation or claims of material importance, and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

8 MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) were entered into by members of the Group within the two years immediately preceding the date of this circular which are or may be material:

(a) the Fifth Supplemental Agreement; and

(b) the EB Deed of Amendment.

9 QUALIFICATIONS AND CONSENTS OF EXPERTS

(a) The following are the qualifications of the experts who have given its opinion or advice which is contained in this circular:

Name	Qualification
Maxa Capital Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	An independent valuer

(b) As at the Latest Practicable Date, the experts named above did not have any interest, direct or indirect, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) As at the Latest Practicable Date, the experts named above had no direct or indirect interest in any assets which had been, since 31 December 2025 (being the date to which the latest published audited financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.

(d) Each of the experts named above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name included herein in the form and context in which it appears.

10 MISCELLANEOUS

(a) The registered office of the Company is at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business in Hong Kong is situated at 32nd Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(b) The company secretary of the Company is Ms NGAN Chi Mui who obtained professional qualifications as an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

(c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

11 DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (https://www.hkexnews.hk) and the Company (http://www.calc.aero) for a period of 14 days from the date of this circular (both days inclusive):

(a) the material contracts referred to in the paragraph headed "8. Material Contracts" in this Appendix;

(b) the letter from the Independent Financial Adviser, the text of which is set out on pages IFA-1 to IFA-41 of this circular;

(c) the valuation report of CAAM, the text of which is set out in Appendix II to this circular; and

(d) the written consents referred to in the paragraph headed "9. Qualifications and Consents of Experts" in this Appendix.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of China Aircraft Leasing Group Holdings Limited will be held at 48th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong on Wednesday, 16 December 2026 at 10:00 a.m. for the purposes of considering and, if thought fit, passing with or without modifications, the following proposed ordinary resolutions of the Company. Unless otherwise defined, capitalised terms used herein shall have the same meanings as ascribed to them in the circular of the Company dated 25 November 2026.

ORDINARY RESOLUTIONS

1 The Fifth Supplemental Agreement

"**THAT**:

(a) the Fifth Supplemental Agreement (a copy of which is produced to the EGM marked "**A**" and signed by the Chairman of the EGM for the purpose of identification) and the transactions contemplated under the Fifth Supplemental Agreement be and are hereby approved, confirmed and ratified;

(b) the New Annual Caps be and are hereby approved, confirmed and ratified; and

(c) any one director of the Company (the "**Directors**") be and is hereby authorised to do all such things and acts as he/she may in his/her discretion consider as necessary, expedient or desirable for the purpose of or in connection with the giving effect and implementation of the Fifth Supplemental Agreement, including but not limited to the execution of all such documents under seal where applicable, as he/she may consider necessary, expedient, desirable or appropriate in his/her opinion to give effect to and/or implement the Fifth Supplemental Agreement and the transactions contemplated thereunder, and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its shareholders as a whole."

2 The EB Deed of Amendment

"**THAT**:

(a) the EB Deed of Amendment (a copy of which is produced to the EGM marked "B" and signed by the Chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby considered, approved, confirmed and ratified; and

(b) any one of the Directors be and is hereby authorised to do all such things and acts as he/she may in his/her discretion consider as necessary, expedient, desirable or appropriate for the purpose of or in connection with the implementation of the EB Deed of Amendment, including but not limited to the execution of all such documents under seal where applicable, as he/she considers necessary or expedient in his/her opinion to implement and/or give effect to the EB Deed of Amendment and the transactions contemplated thereunder, and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its shareholders as a whole."

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

Hong Kong, 25 November 2026

Notes:

1. A form of proxy for use at the EGM is enclosed with the circular dated 25 November 2026 to be despatched to the Shareholders.

2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of any officer, attorney or other person authorised to sign the same.

3. A Shareholder entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or if he/she is the holder of two or more shares of the Company, more than one proxy to attend and, subject to the provisions of the memorandum and articles of association of the Company, to vote on his/her behalf. A proxy need not be a Shareholder but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.

4. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited ("**Tricor**"), at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time fixed for holding the EGM.

5. The Register of Members will be closed from Friday, 11 December 2026 to Wednesday, 16 December 2026, both days inclusive, on which no transfer of shares will be registered. The record date for determining the entitlement of the Shareholders to attend and vote at the EGM will be Wednesday, 16 December 2026. The Shareholders are reminded that, in order to be eligible to attend and vote at the EGM, they must lodge properly completed transfer forms together with the certificates for the relevant shares with Tricor at the above mentioned address not later than 4:30 p.m. on Thursday, 10 December 2026.

6. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or at any adjourned meeting thereof (as the case may be) should the Shareholders so wish, and in such an event, the form of proxy shall be deemed to be revoked.

7. Where there are joint registered holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the EGM, whether in person or by proxy, the joint registered holder so present whose name stands first on the Register of Members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.

8. As required under the Listing Rules, all resolutions will be decided by way of poll.

9. In case the above EGM is anticipated to be affected by black rainstorms or tropical cyclone with warning signal no. 8 or above, or "extreme conditions" caused by super typhoons, please refer to the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company's website (http://www.calc.aero) for announcement on bad weather arrangement for the EGM.

As at the date of this notice, (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.