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## CHINA AIRCRAFT LEASING GROUP HOLDINGS LIMITED

中國飛機租賃集團控股有限公司

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

(Stock code: 1848)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The Board of Directors (the “**Board**”) of China Aircraft Leasing Group Holdings Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022 as follows:

#### FINANCIAL HIGHLIGHTS

	Year ended 31 December		Change
	2022	2021	
	HK\$'Million	HK\$'Million	
Total revenue	<b>4,171.0</b>	3,278.1	+27.2%
Profit attributable to shareholders of the Company	<b>73.6</b>	525.8	-86.0%
EBITDA	<b>3,490.6</b>	2,864.1	+21.9%
Final dividend per share (HK\$)	<b>0.15</b>	0.26	-42.3%
Full year dividend per share (HK\$)	<b>0.30</b>	0.41	-26.8%
Adjusted profit attributable to shareholders of the Company <sup>(Note)</sup>	<b>512.6</b>	525.8	-2.5%
Adjusted EBITDA <sup>(Note)</sup>	<b>3,929.6</b>	2,864.1	+37.2%

Note:

Adjusted profit attributable to shareholders of the Company and adjusted EBITDA are calculated by excluding the net write-off of two aircraft remained in Russia of HK\$439.0 million incurred in first half of 2022 to assist investors on their understanding of the changes and trends related to the profitability of the Group’s operations.

## RECONCILIATIONS OF NON-GAAP MEASURES

The table below sets forth a reconciliation of adjusted profit attributable to shareholders of the Company, adjusted earnings before interest, tax, depreciation and amortisation (“**EBITDA**”) and adjusted earnings per share (“**EPS**”) (Basic) for the periods indicated:

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b><i>HK\$'Million</i></b>	<i>HK\$'Million</i>
Profit attributable to shareholders of the Company	<b>73.6</b>	525.8
<i>Add: Net write-off of two aircraft remained in Russia</i>	<b>439.0</b>	–
	<hr/>	<hr/>
Adjusted profit attributable to shareholders of the Company	<b>512.6</b>	525.8
	<hr/>	<hr/>
EBITDA	<b>3,490.6</b>	2,864.1
<i>Add: Net write-off of two aircraft remained in Russia</i>	<b>439.0</b>	–
	<hr/>	<hr/>
Adjusted EBITDA	<b>3,929.6</b>	2,864.1
	<hr/>	<hr/>
EPS (Basic) ( <i>HK\$</i> )	<b>0.099</b>	0.722
<i>Add: Adjustment per share related to net write-off of two aircraft remained in Russia (HK\$)</i>	<b>0.590</b>	–
	<hr/>	<hr/>
Adjusted EPS (Basic) ( <i>HK\$</i> )	<b>0.689</b>	0.722
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## **CHAIRMAN’S STATEMENT**

On behalf of China Aircraft Leasing Group Holdings Limited (“**CALC**” or the “**Company**”, together with its subsidiaries, the “**Group**”), I am pleased to present the consolidated results of the Group for the year ended 31 December 2022 (the “**Review Year**”).

## **RESULTS AND DIVIDEND**

In 2022, the global aviation industry expedited to recover amid changes. On one hand, the annual delivery volume of large commercial aircraft significantly increased and the global aviation market tended to recover positively when the negative impact of COVID-19 pandemic further diminished and various countries successively lifted their travel restrictions. On the other hand, multiple factors such as geopolitical situation as well as global rate hike and volatility posed relatively complex external factors to the aviation industry, while bringing external environment uncertainties against the global lessors including the Group.

For the twelve months ended 31 December 2022 (the “**Review Year**”), the Group’s total revenue was HK\$4,171.0 million, up 27.2% from the same period in 2021 (2021: HK\$3,278.1 million). Adhering to prudent principles, the Group wrote off in full relevant assets that remained in Russia due to the Russia-Ukraine Conflict (details set out in “Net Write-off of Two Aircraft Remained in Russia” section on page 19), affecting the results and performance of the Group. Profit attributable to shareholders of the Company for the Review Year was HK\$73.6 million (2021: HK\$525.8 million). If the abovementioned effects of write-offs were excluded, adjusted profit attributable to shareholders of the Company for the Review Year should have reached HK\$512.6 million (2021: HK\$525.8 million).

The Board has recommended payment of a final dividend of HK\$0.15 per ordinary share. Together with the 2022 interim dividend of HK\$0.15 per share already paid, total dividend payout for the year 2022 amounted to HK\$0.30 (2021: HK\$0.41) per share.

## **CONTINUOUSLY STRENGTHENING ITS FULL-INDUSTRY-CHAIN ADVANTAGES WHILE PRACTISING LONG-TERM STRATEGIC MISSIONS**

CALC is an essential invested company of China Everbright Limited (“**CEL**”) and it always adheres to the mission and vision of “integrating industries and financing, and contributing to China’s rising aviation strength”, while deepening and optimising the model of “integrating industries and financing in aviation”, as well as continuously strengthening its capacity in aircraft full-life-cycle industry chain, thereby striving to become the globally leading aircraft full-industry-chain solution supplier. During the Review Year, the Group’s total owned and managed fleet increased to 176 aircraft, representing a significant increase of 24 aircraft year-on-year. As of the end of 2022, CALC ranked the 7th among global lessors by ICF International in terms of the combined asset value of owned fleet and order booked, moving up one rank as compared with 2021.

During the Review Year, the Group fully followed the commercially sustainable development model, which further enhanced its full-industry-chain business competitiveness. On top of the Part 145 approval certification granted by Civil Aviation Administration of China for regular inspection and maintenance of A320 series aircraft, FL ARI Aircraft Maintenance & Engineering Company Ltd. (“**FL ARI**”), the aircraft maintenance, repair and overhaul (“**MRO**”) joint venture under the Group, was further granted the approval certification for regular inspection and maintenance of B737NG series aircraft, and it has perfectly completed the C-Check business for the first aircraft it undertook, and remarkably enhanced its scope and capacity in maintenance and repair services.

As directed by the development philosophy of green aviation, the Group proactively provided airlines with aftermarket services and retirement solutions for green aviation. In July 2022, the Group signed its first B737-800SF freighter conversion order and agreement, marking the official beginning of its “passenger-to-freighter” (P2F) business. In the future, it will be able to fully explore the value of aircraft assets to a larger extent. China Aviation Aftermarket Holdings Limited (“**CAAM**”), the Group’s associate company, reached its business collaboration on aged aircraft for the first time with Air China Limited and LATAM Airlines Group S.A., respectively, under which the disposals of aged aircraft will be conducted by recycling solutions such as aircraft disassembling or P2F conversions, etc., which will highlight the Group’s commitments on the sustainable development in aviation in the future.

During the Review Year, there was an additional crucial milestone in the aviation industry development in China, which provided new room for commercial development. During the Review Year, COMAC was granted the qualifying certification for C919 aircraft model by Civil Aviation Administration of China and successfully delivered the first C919 aircraft in the world, for which CALC was one of those initial customers in the first batch of orders; the independently developed regional passenger aircraft ARJ21 in China has been formally delivered to TransNusa (“**TransNusa**”) in Indonesia under CALC, which marked the first entry of passenger jet aircraft from China into the overseas markets. CALC will exploit the advantage of its full-industry-chain business to explore and develop additional room in markets and contribute to the innovation and upgrade as well as high-quality development in domestic aviation industry.

### **IMPLEMENTING NEW DEVELOPMENT PHILOSOPHY OF “GREEN AVIATION” PURSUING FIRMLY THE DIRECTION OF SUSTAINABLE DEVELOPMENT**

In the post-pandemic era, energy transition becomes is the common trend all over the world. Many countries have already introduced their policies and measures of “carbon neutrality”, and China has also clarified its strategic objectives of “carbon peaking and carbon neutrality” in order to drive the sustainable development in economy and society and speed up the transition of aviation industry towards the green and low-carbon goal. Meanwhile, the aviation industry has performed its internal enhancement of quality and efficiency due to the COVID-19 pandemic, added the requirements of green and low-carbon transition, which accelerated the progress of “retiring” of aged aircraft in airlines and generated more demands for disposals of aged aircraft and purchases of new-generation energy-savings aircraft.

CALC has comprehensively and consistently implemented the new development philosophy of “green aviation”, while taking full advantage of the aircraft full-industry-chain business model, so as to expedite its corporate capacity in “environmental, social and governance” (“**ESG**”) management. With its focus on the new industrial trend against the backdrop of “green aviation”, CALC invested in the most popular new-generation aircraft with the world-class fuel efficiency, which help airlines optimize their fleet structure and improve the levels of energy savings and emission reduction. Meanwhile, counting on the two major fully-licensed domestic and overseas aircraft recycling facilities, CALC proactively optimised its industry chain deployment and initiated business innovation in the field of low-carbon and circular economy, which provided global customers with one-stop green solution with a fleet of higher quality, and further strengthened its empowerment and stimulation to the sustainable development of global aviation industry.

The Group attached high importance to its ESG efforts and made proactive exploration and innovation, for which it initiated the ESG initiative “Aviation Sustainability: Our Future” jointly with member delegates of Aircraft Leasing Ireland. China Asset Leasing Company Limited (“CALC (TJ)”) under the Group has successfully issued the first low-carbon transition bond among the domestic aviation industry and aircraft operational leasing industry, which were oversubscribed, as a step to practice the philosophy of green finance and contribute to the construction of domestic civil aviation development system of green, recycled and low-carbon nature. During the Review Year, CALC was awarded with various honours such as the 12th China Securities Golden Bauhinia Award for the Best ESG Practice of Listed Company, the ESG Leading Enterprise Award 2022 by Bloomberg Businessweek/Chinese Edition, the Excellent ESG Enterprise by the Hong Kong Economic Times, which symbolized the continuous market recognitions to its ESG practices.

### **TAKING ADVANTAGE OF DIVERSIFIED FINANCING CHANNELS TO GAIN FURTHER LONG-TERM COMPETITIVENESS**

The global aviation industry is currently at the stage of steady recovery. According to the statistics of the International Air Transport Association (“IATA”), in 2022, the revenue passenger kilometres (“RPK”) of the global aviation increased by 64.4% year-on-year as compared with 2021, which recovered to 68.5% of the pre-COVID-19 pandemic level. Against the backdrop of the limited production capacity of OEM, airlines are expected to meet the demands from the increasing passenger traffic with the help from lessors, providing new development opportunities to aircraft leasing industry.

Leveraging the advantages of leading aircraft full-industry-chain platform as well as onshore and offshore dual-platform financing channels, the Group expanded its diversified and innovative financing channels, so as to provide sufficient liquidity protection and capitalize on the development opportunities generated by the strong demands for recovery from onshore and offshore markets in the future. During the Review Year, the Group successfully issued a batch of low-carbon transition bonds amounting to RMB1 billion, a batch of corporate bonds amounting to RMB1.2 billion and a batch of medium-term notes amounting to RMB1.5 billion, fully taking advantage of its own dual platform for onshore and offshore financing while minimising the financing costs of the Group by making flexible use of various financial instruments.

In June 2022, the Group was reaccredited by Moody’s and Fitch for its corporate family rating of Ba1 and Long-term Issuer Rating of BB+, respectively, both with a stable outlook, reflecting that both international credit rating agencies recognized the capacity of quality asset portfolio mainly comprising narrow-body aircraft models of the Group to effectively mitigate the quality risks during the economic slowdown period.

## PROSPECTS

With the ever-surging recovery trend in global economy, the aviation industry is likely to sustain its growth in the medium-to-long-term demands. According to the forecast by the IATA, the global travel volume in 2023 will reach 85.5% of the pre-pandemic level and the aviation industry is expected to fully recover towards the profitable status. Currently, those enterprises which have clear strategic objectives, strong operation capacity and optimal background of shareholders, as well as diversified investment portfolio and financing options will be the first to prevail in the aviation market during the post-pandemic era.

As the domestic preventive measures against the pandemic in China have been largely optimized and the high-quality development of economy has speeded up, the outlook of recovery in aviation industry remains positive. In December 2022, the “Outline of Strategic Planning for Expanding Domestic Demands (2022-2035)” (《擴大內需戰略規劃綱要(2022—2035年)》) stated that the consumption potentials of general aviation should be released and the construction of regional airports and general airports should be proactively promoted, thereby supporting and facilitating the development of general aviation in terms of consumption and construction. Moreover, in January 2022, the Civil Aviation Administration of China issued the “14th Five-Year Specific Planning for Green Development of Civil Aviation” (《“十四五”民航綠色發展專項規劃》), which stated that the structural optimization, premise allocation, comprehensive saving and recycling of energy resources in civil aviation industry should be promoted, while the utilization rate of energy resources in the industry should be maximized and the extent of carbon emission should be minimized, in order to stick to the sustainable development.

Taking on the role of supporting and implementing the national strategies, CALC will keep pace with the national development, while continuously strengthening its own competitive edges, and grabbing aviation policy benefits during the window period, so as to strengthen the branding advantage of the Group in terms of aircraft leasing and aircraft chain business on a going basis and reinstate its competitive edges in the international markets. Also, it closely synergized and cooperated with CEL to continuously deepen the deployment of diversified platform for aviation-themed funds, aircraft leasing and trading business. Further, CALC increased its investment in the new-generation energy-saving aircraft models by closely following the long-term trend of green and low-carbon development in aviation industry. The Group will still steadily promote its construction as the featured sector of CEL in aircraft leasing, thereby striving to enable CALC to be the globally leading aircraft full-industry-chain solution supplier with a green and low-carbon footprint.

## **ACKNOWLEDGEMENTS**

I would like to express my sincere gratitude to my fellow Board members and the management for their proactiveness, courage and perseverance, thus leading the Company forward. On behalf of the Board, I would also like to extend my heartfelt appreciation to all the staff. Last but not least, let me thank our business partners and other stakeholders for their continuing support and trust in CALC.

**Zhang Mingao**

*Chairman of the Board of Directors*

Hong Kong, 14 March 2023

## ANNUAL RESULTS 2022

### CEO'S STATEMENT

#### *Industry Overview*

In 2022, despite multiple disturbances such as the conflicts between Russia and Ukraine (the “**Russia-Ukraine Conflict**”), COVID-19 pandemic and interest rate fluctuations, the global civil aviation industry has maintained a strong recovery throughout the year. Airlines from various countries have progressively steered out of the doldrums of COVID-19 pandemic and there was a continuous improvement in operating and financial conditions. Data by the IATA showed that in 2022, the total global air travel (measured by revenue passenger kilometres or RPKs) increased by 64.4% compared with 2021, which has recovered to 68.5% of the level before the COVID-19 pandemic (2019). In 2022, the international passenger traffic increased by 152.7% compared with 2021. Among them, the growth in international passenger traffic in the Asia-Pacific region ranked first among all regions, representing a substantial year-on-year growth of 363.3% compared with 2021.

Driven by strong demand, aircraft became assets of tight supply and its market value and rental level have been steadily restored. According to the report of CIRIUM, an aviation analysis company, the recovery of the market value of single-aisle aircraft continued from 2021 to 2022, and is still recovering steadily at the moment. The year of 2022 was the inflection point of the value of dual-aisle aircraft, which showed a positive upward trend.

During the Review Year, after the occurrence of Russia-Ukraine Conflict, several European and American countries imposed several economic sanctions on Russia (the “**Sanctions**”), which have affected global lessors’ businesses in Russia in different degrees, including that of the Group. In this context, on the one hand, the Group successfully withstood market challenges with its high-quality fleet asset portfolio and rigorous risk management. On the other hand, the Group fully utilized the operational advantages of the entire aircraft industry chain, and actively grasped the opportunities of market recovery through flexible and diverse solutions, diversified financing channels, professional asset management capabilities and tight industry partnerships to achieve stable performance.

## **Business Review 2022**

### **1. Expansion of high-quality fleet assets**

The Group actively seized market opportunities and continued to expand and optimize its fleet portfolio. During the Review Year, the Group delivered a total of 28 aircraft, among which 18 were new aircraft from order book placement and 10 aircraft were completed through purchase and leaseback arrangements. During the Review Year, the Group has also sold a total of 5 aircraft to its aircraft asset management joint venture platform and third parties. The CALC's fleet significantly increased 24 aircraft from the end of 2021, resulting in a fleet of 176 aircraft as at 31 December 2022, including 150 owned aircraft and 26 managed aircraft.

During the Review Year, CALC continued to maintain a quality combination consisting of popular aircraft models. As at 31 December 2022, by number of aircraft, 90% of CALC's owned fleet were narrow-body models, which have high liquidity and are favored by the market. The utilization rate of CALC's fleet (except for the two aircraft related to Russian airlines) reached 100% as at 31 December 2022.

CALC strives to provide one-stop aircraft full-life cycle solutions for global airlines and aircraft asset owners. Its businesses cover both new aircraft and mid-to-old age aircraft. As at 31 December 2022, the average age of CALC's own fleet was 8.5 years, while the average remaining lease term was 6.5 years, among which, the average age of the new aircraft leased fleet (aircraft under 12 years old) was 5.9 years, while the average remaining lease term was 8.2 years, and those of the used aircraft pipeline (aircraft aged 12 years or above) were 15.9 years and 3.3 years, respectively.

As at 31 December 2022, CALC had 226 aircraft on its orderbook, including 131 Airbus, 66 Boeing and 29 COMAC aircraft. As one of the few lessors capable of directly purchasing aircraft from all three major aircraft manufacturers in the world, CALC ranked third among global lessors for its strong order scale consisting of new-generation energy-saving models according to the statistics of the Airfinance Journal's data in November 2022, which was beneficial to the Group to grasp the huge opportunities brought by renewal of fleets and replenishment of capacity of airlines under the recovery trend of the aviation industry. It is worth mentioning that CALC successfully delivered a COMAC ARJ21 aircraft to TransNusa of Indonesia in December 2022. It was the first COMAC aircraft delivered by the Group from the order book, which not only added new model to its fleet portfolio, but it was also the first time that the Group has successfully assisted domestic jet-propelled regional aircraft to enter the overseas market.

During the Review Year, CALC continued to consolidate its leading position in the Chinese market. As at 31 December 2022, by number of aircraft, 76% of CALC's owned fleet were leased to Chinese airline customers (including Hong Kong, Macau and Taiwan), most of which are state-owned airlines with strong financial strength. At the same time, CALC has also been accelerating its global market deployment, especially in exploring and developing high-quality new customers in regions with rapid economic growth and strong demand for air travel. During the Review Year, the Group has newly added an America's airline customer. All aircraft to be delivered in the next 15 months after 31 December 2022 have been mandated for lease. As at 31 December 2022, CALC's owned and managed aircraft were on lease to 38 airlines in 17 countries and regions.

## **2. Expansion of diversified financing channels**

The Group attaches great importance to capital management and is committed to maintaining sufficient liquidity to support daily operations. Leveraging the advantages of onshore and offshore dual-market financing channels, the Group has received extensive support from financial institutions, bond investors and rating agencies.

During the Review Year, total new financing facilities obtained and renewed facilities of the Group exceeded HK\$21.0 billion, including aircraft project loans, PDP financing, working capital loans, RMB bonds, etc., providing strong support for the development of aircraft leasing and full-value-chain business and reflecting the confidence of financial institutions in the Group's business growth prospects. As at 31 December 2022, the Group had cash and bank balances amounting to HK\$4,667.5 million (31 December 2021: HK\$5,013.6 million) and undrawn borrowing facilities amounting to HK\$6,700.8 million (31 December 2021: HK\$3,117.0 million).

In terms of bond issuance, the Group successfully issued the first low-carbon transition bond in China's aviation industry with a principal amount of RMB1 billion in October 2022, with a coupon rate of only 3.56% and an oversubscription was recorded. In addition, with the relatively stable interest rate environment and abundant liquidity supply in China, the Group managed to issue RMB1.2 billion corporate bonds and RMB1.5 billion medium-term notes in February and April 2022, respectively, consecutively breaking its record in size of a single RMB bond issuance. The successful issuance of the above financing instruments reflected wide recognition of the Group's prospects and support from Chinese bond investors. The Group repaid a US\$300 million bond issue, a RMB1 billion super short-term debentures and a RMB1 billion corporate bond during the Review Period as they became mature.

In terms of credit rating, the Group continues to be recognized by domestic and foreign professional rating agencies. Following the first Corporate Family Rating at Ba1 from Moody's and the first Long-Term Issuer Rating at BB+ from Fitch in 2021, Moody's affirmed to maintain CALC's Corporate Family Rating at Ba1 with a stable outlook, while Fitch affirmed to maintain CALC's Long-Term Issuer Default Rating at BB+ with a stable outlook in June 2022, underscoring the international rating agencies' repeated recognition of CALC's stable operations and sound credit profile. Previously, CALC (TJ), a China-domiciled wholly-owned subsidiary of the Group, received an AA+ corporate credit rating from Dagong Global Credit Rating Co., Ltd and China Cheng Xin International Credit Rating Co., Ltd in 2021 and 2022, respectively.

### **3. Improving aircraft full-value-chain asset management strength**

The Group continues to improve its aircraft full-value-chain asset management strength through creating differentiated competitiveness in aspects such as MRO, aircraft disassembly and recycling, components trading. During the Review Year, the Group continued to improve its aircraft repair and maintenance capabilities and deepen its business layout in the aftermarket. The Group's joint venture FL ARI was granted the Part 145 approval certification by Civil Aviation Administration of China for regular inspection and maintenance of A320 series aircraft and B737NG series aircraft, further improving its repair and maintenance business capabilities. The aircraft recycling facility of Aircraft Recycling International Limited, an associate company, was approved to be included in the flight zone of Harbin Taiping International Airport, marking a new stage for domestic aircraft repair and maintenance business.

In July 2022, The Group placed its first freighter conversion order, marking the beginning of its "passenger-to-freighter" ("P2F") conversions business. In addition, during the Review Year, the Group's associate company CAAM reached agreements for the first time with Air China and LATAM Airlines Group S.A., respectively, on old aircraft transactions, assisting the two airlines to retire 5 old aircraft and 6 airframes, respectively. In the future, CAAM will maximize residual value of the aircraft asset by disassembling and recycling or by P2F. In addition, the Group reached a multi-year pre-emptive agreement with an original equipment supplier on component purchases, in order to continue the enhancement in our capabilities in aircraft parts and components supply and support.

## **Prospects**

The rapid recovery of the global aviation industry and the improvement in profitability of airlines established a solid foundation for the Group's future development. IATA expected that the global aviation will return to profit in 2023, airlines will realize a net profit of US\$ 4.7 billion and global air travel will return to pre-pandemic levels in 2024. Considering the production capacities of aircraft manufacturers are still limited in the short to medium term, the penetration rate of aircraft leasing is expected to trend up further. In addition, with the relaxation of preventive measures against the pandemic and reopening of borders of China in January 2023, the demand of the aviation market is expected to rebound strongly. According to the prediction both from Airbus and Boeing, there will be over 8,400 aircrafts to be delivered to China globally in the coming 20 years commencing from 2022, and China is expected to become the aviation market with the largest passenger traffic in the world.

In light of the above, the Group will remain steadfast in the principle of “looking to expand the global market with a foothold in China”, continue to reinforce our leadership in the Chinese market and proactively explore and develop high-quality clientele in countries or regions of the world with accelerating growth. The Group will also continue to expand its aftermarket business and create differentiated competitiveness. Leveraging on the advantages of the domestic and overseas financing platforms, the Group will continue to obtain quality funds from flexible sources to facilitate our business development and further deepen the development of the aircraft asset management segment by setting up more aircraft investment platforms and joint ventures. With our extensive practical experiences in the industry and excellent capabilities in aircraft asset management, CALC will continue to create value for our shareholders and stakeholders and endeavor to establish itself as a world-leading aircraft full-value-chain solution provider.

### **POON Ho Man**

*Executive Director and Chief Executive Officer*

Hong Kong, 14 March 2023

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. RESULTS

Total revenue of the Group was HK\$4,171.0 million in 2022, an increase of HK\$892.9 million or 27.2% from HK\$3,278.1 million in 2021. Operating profit for the year in 2022 amounted to HK\$775.2 million, a decrease of HK\$44.7 million or 5.5% compared with HK\$819.9 million in 2021. Profit attributable to shareholders of the Company in 2022 amounted to HK\$73.6 million, a decrease of HK\$452.2 million or 86.0% compared with HK\$525.8 million in 2021.

Total assets amounted to HK\$55,332.1 million as at 31 December 2022, compared with HK\$50,029.1 million as at 31 December 2021, an increase of HK\$5,303.0 million or 10.6%. The increase in assets was mainly due to the increase in the total fleet size of the Group from 127 aircraft as at 31 December 2021 to 150 aircraft as at 31 December 2022.

Total liabilities amounted to HK\$49,075.9 million, an increment of HK\$5,064.0 million or 11.5% compared with HK\$44,011.9 million as at 31 December 2021, which was in line with the increment of the total assets. The increase in liabilities was mainly due to the increase in total interest-bearing debts for the newly delivered aircraft. As at 31 December 2022, the interest-bearing debts of the Group amounted to HK\$45,104.1 million (2021: HK\$40,480.4 million).

## 2. CONSOLIDATED STATEMENT OF INCOME

	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Total revenue</b>		
<b>Lease income</b>		
Finance lease income	574,683	540,634
Operating lease income	<u>2,967,565</u>	<u>1,959,809</u>
	<b>3,542,248</b>	<b>2,500,443</b>
<b>Other operating income</b>		
Net income from aircraft transactions and aircraft components trading	207,072	301,741
Other income	<u>421,682</u>	<u>475,882</u>
	<u><b>4,171,002</b></u>	<u><b>3,278,066</b></u>
<b>Expenses</b>		
Interest expenses	(1,610,507)	(1,211,254)
Depreciation and others	(1,356,612)	(820,663)
Expected credit losses	(83,355)	(144,213)
Other operating expenses	<u>(345,335)</u>	<u>(282,018)</u>
	<u><b>(3,395,809)</b></u>	<u><b>(2,458,148)</b></u>
<b>Operating profit</b>	<u><b>775,193</b></u>	<u><b>819,918</b></u>
<b>Net write-off of two aircraft remained in Russia</b>	<b>(439,029)</b>	–
<b>Share of results from associates and joint ventures</b>	<b>2,682</b>	(1,290)
<b>Other gains, net</b>	<u><b>184,619</b></u>	<u><b>13,578</b></u>
<b>Profit before income tax</b>	<b>523,465</b>	<b>832,206</b>
Income tax expenses	<u>(307,781)</u>	<u>(204,936)</u>
<b>Profit for the year</b>	<u><b>215,684</b></u>	<u><b>627,270</b></u>
<b>Profit attributable to</b>		
Shareholders of the Company	73,598	525,780
Holders of perpetual capital securities and other non-controlling interests	<u>142,086</u>	<u>101,490</u>
	<u><b>215,684</b></u>	<u><b>627,270</b></u>
<b>Earnings per share for profit attributable to shareholders of the Company (expressed in HK\$ per share)</b>		
– Basic earnings per share	<u><b>0.099</b></u>	<u>0.722</u>
– Diluted earnings per share	<u><b>0.099</b></u>	<u>0.722</u>

## **2.1 Total Revenue**

For the year ended 31 December 2022, the total revenue amounted to HK\$4,171.0 million, compared with HK\$3,278.1 million in 2021, an increase of HK\$892.9 million or 27.2%.

Total lease income from finance leases and operating leases for the year 2022 amounted to HK\$3,542.2 million, compared with HK\$2,500.4 million in 2021, an increase of HK\$1,041.8 million or 41.7%.

For the year ended 31 December 2022, the Group's average lease rental yield of the finance leases and operating leases was 13.8% (2021: 12.9%) and 11.7% (2021: 11.5%), respectively. The average lease rental yield of the finance leases and operating leases were increased in the current year. Average lease rental yield for finance leases and operating leases is calculated by expected annualised gross lease receipt divided by net book value of aircraft. Weighted average lease rental yield of the Group was 11.9% (2021: 11.6%).

## **2.2 Other Operating Income**

During the year ended 31 December 2022, the Group recognised net gain from disposal of five aircraft and aircraft components trading amounted to HK\$207.1 million (2021: net gain from disposal of nine aircraft and aircraft components trading amounted to HK\$301.7 million) with aggregate net book value of HK\$2,136.8 million (2021: aggregate net book value of HK\$3,103.2 million).

The average gain per aircraft during the current year was HK\$40.8 million, compared to HK\$33.0 million in last year.

During the year ended 31 December 2022, the Group had the following other income:

	<b>Year ended 31 December</b>		Change
	<b>2022</b>	2021	
	<i><b>HK\$'Million</b></i>	<i>HK\$'Million</i>	
Government grants	<b>212.0</b>	215.5	-1.6%
Interest income from loans to associates and joint ventures	<b>100.1</b>	105.4	-5.0%
Bank interest income	<b>32.7</b>	8.2	298.8%
Asset management service fees income from CAG Bermuda 1 Limited (“CAG”) and its subsidiaries (collectively, “CAG Group”)	<b>19.2</b>	12.1	58.7%
Incidental income and others	<b>57.7</b>	134.7	-57.2%
<b>Total</b>	<b>421.7</b>	475.9	-11.4%

Government grants for the year ended 31 December 2022 amounted to HK\$212.0 million, compared with HK\$215.5 million in 2021, a decrease of HK\$3.5 million or 1.6%.

Incidental income and others mainly related to amounts received from a manufacturer and suppliers incidental to aircraft purchases in 2021, net gains from bonds repurchase, compensation and government wage subsidies under a job support scheme. The decrease in incidental income in the current year was mainly due to no such income was received from the manufacturer and suppliers in the current year.

## 2.3 Expenses

### 2.3.1 Interest Expenses

For the year ended 31 December 2022, interest expenses incurred by the Group amounted to HK\$1,610.5 million compared with HK\$1,211.3 million in 2021, an increase of HK\$399.2 million or 33.0%. The increase in interest expenses was mainly due to the increase in total interest-bearing debts from HK\$40,480.4 million as at 31 December 2021 to HK\$45,104.1 million as at 31 December 2022 and the increase in 3 month US\$ LIBOR from 0.24% as at 1 January 2021 to 4.77% as at 31 December 2022. The average effective interest rate of bank and other borrowings during the year was 4.20% (2021: 2.96%).

Most of the interest expenses from the floating interest rate borrowings had either been hedged or capitalised. The following table summarises the sensitivity test on change in US\$ interest rate for the year ended 31 December 2022:

US\$ interest rate	Sensitivity test on	
	Cash outflow	Profit
	HK\$'Million	attributable to
		shareholders
		of the
		Company
		HK\$'Million
Increased by 1%	193	(82)
Decreased by 1%	(193)	82

### 2.3.2 Depreciation

The amount represented depreciation on aircraft under operating leases, leasehold improvements, office equipment, office building, right-of-use assets and other assets. Depreciation and others for the year ended 31 December 2022 was HK\$1,356.6 million compared with HK\$820.7 million in 2021, an increase of HK\$535.9 million or 65.3%. This was mainly attributable to an increase in the number of aircraft under operating leases from 78 aircraft as at 31 December 2021 to 101 aircraft as at 31 December 2022 and the full year impact of the 22 aircraft delivered in fourth quarter of 2021.

### ***2.3.3 Other Operating Expenses***

Other operating expenses mainly represented salaries and bonuses, professional fees related to the aircraft leasing business, value-added tax surcharge and other taxes, rentals and office administration expenses. The increase in other operating expenses was mainly due to the increase in volume of aircraft delivery transactions as the Group delivered 28 aircraft in the current year.

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

Following the Russia-Ukraine Conflict in February 2022 and subsequent Sanctions, in March 2022, in compliance with the Sanctions, the Group terminated leasing arrangements with Russian lessees in respect of two owned aircraft, representing less than 2% of the number of the Group's owned fleet of 150 as at 31 December 2022. The Group has been maintaining dialogue with the Russian lessees, actively seeking to repossess the aircraft. As at 31 December 2022, one of the engines located outside Russia (the “**Engine**”) is under control by the Group.

The Group believes that there is uncertainty to repossess the aircraft from Russia in the foreseeable future. Although the Group has filed insurance claims related to the aircraft and is vigorously pursuing all available means to recover its losses, given the unprecedented circumstances, the relevant process time may be longer and uncertain. As at 31 December 2022, the Group has not recognised any claim receivables.

The Group has determined prudently that the net book value of the aircraft amounting to HK\$565.6 million (excluding the net book value of the Engine) should be fully written down, which is offset by the security deposit and maintenance reserves received amounting to HK\$126.6 million, resulting in a net write-off of HK\$439.0 million for the year ended 31 December 2022, which was a non-cash transaction.

## 2.5 Other Gains, Net

	Year ended 31 December		Change
	2022	2021	
	HK\$'Million	HK\$'Million	
Currency exchange gains/(losses) in RMB <i>(note)</i>	<b>334.7</b>	(113.1)	N/A
Fair value (losses)/gains on currency forward contracts in RMB <i>(note)</i>	<b>(149.2)</b>	99.6	N/A
Net exchange gains/(losses) in RMB <i>(note)</i>	<b>185.5</b>	(13.5)	N/A
Currency exchange losses in US\$	<b>(11.2)</b>	(21.9)	-48.9%
Fair value gains on financial assets at fair value through profit or loss	<b>37.4</b>	39.0	-4.1%
Changes in fair value attributable to interest rate	<b>(25.9)</b>	16.3	N/A
Unrealised losses on currency swap	<b>(1.2)</b>	(6.3)	-81.0%
<b>Total</b>	<b>184.6</b>	<b>13.6</b>	<b>1,257.4%</b>

*Note:* The net exchange gains arising from net financial liabilities denominated in RMB was mainly due to the appreciation of US\$ exchange rate against RMB from 6.36 as at 31 December 2021 to 6.90 as at 31 December 2022. The following table illustrates the foreign currency exposure in RMB as at 31 December 2022 and the related gains/(losses) in RMB for the year ended 31 December 2022.

	<b>As at 31 December 2022 RMB'Million</b>		<b>Year ended 31 December 2022 HK\$'Million</b>
Net financial liabilities (excluding working capital) denominated in RMB exposed to currency exchange risk	(3,882.6)	Currency exchange gains in RMB	334.7
<i>Less:</i> Hedged by notional amount of currency forward contracts in RMB	<u>2,300.0</u>	Fair value losses on currency forward contracts in RMB	<u>(149.2)</u>
Unhedged currency exchange risk exposure in RMB	<u>(1,582.6)</u>	Net exchange gains in RMB	<u>185.5</u>

The following table summarises the sensitivity test on change in US\$ against RMB exchange rate for the year ended 31 December 2022:

<b>US\$ against RMB</b>	<b>Impact on profit before income tax HK\$'Million</b>
10% appreciation in RMB	(179.2)
10% depreciation in RMB	179.2

## 2.6 Income Tax Expenses

Income tax for the year ended 31 December 2022 was HK\$307.8 million (2021: HK\$204.9 million). The higher effective tax rate in the current year was mainly due to the net write-off of two aircraft remained in Russia amounted to HK\$439.0 million, which is a non-deductible item and certain deferred tax credit not recognised in respect of certain tax losses incurred. The Group would evaluate regularly to consider the recognition of the deferred tax credit in future.

### 3. CONSOLIDATED BALANCE SHEET

#### 3.1 Assets

As at 31 December 2022, the Group's total assets amounted to HK\$55,332.1 million compared with HK\$50,029.1 million as at 31 December 2021, an increase of HK\$5,303.0 million or 10.6%.

	As at 31 December		Change
	2022	2021	
	<i>HK\$'Million</i>	<i>HK\$'Million</i>	
Property, plant and equipment and right-of-use assets	<b>27,354.4</b>	23,243.8	17.7%
Finance lease receivables – net	<b>8,172.1</b>	7,714.4	5.9%
Assets classified as held for sale	<b>1,425.2</b>	675.6	111.0%
Prepayments and other assets	<b>11,367.6</b>	11,242.6	1.1%
Investments in and loans to associates and joint ventures	<b>1,354.4</b>	1,273.4	6.4%
Financial assets at fair value through profit or loss	<b>769.5</b>	750.8	2.5%
Derivative financial assets	<b>221.4</b>	114.9	92.7%
Cash and bank balances	<b>4,667.5</b>	5,013.6	-6.9%
Total assets	<b><u>55,332.1</u></b>	<b><u>50,029.1</u></b>	<b><u>10.6%</u></b>

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

Property, plant and equipment and right-of-use assets mainly included the cost of aircraft classified as operating leases, net of their accumulated depreciation. The increase in property, plant and equipment and right-of-use assets was mainly due to increase in the fleet size of the Group under operating lease from 76 aircraft as at 31 December 2021 to 97 aircraft as at 31 December 2022, which is netted-off by the write-off of two aircraft remained in Russia and depreciation provided during the year.

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

Assets classified as held for sale represented the cost of assets expected to be disposed in the next 12 months. The number of aircraft classified as held for sale increased from two aircraft as at 31 December 2021 to four aircraft as at 31 December 2022. The increase of two aircraft was due to the reclassification of two aircraft with an aggregated amount of HK\$765.0 million from property, plant and equipment and right-of-use assets during the current year.

The total fleet size of the Group under both operating leases, finance leases and held for sale increased from 127 aircraft as at 31 December 2021 to 150 aircraft as at 31 December 2022.

### 3.1.2 Aircraft Portfolio

Aircraft portfolio by number of aircraft is as follows:

Aircraft Type	As at 31 December	
	2022 Owned Aircraft	2021 Owned Aircraft
Airbus A320 CEO family	85	80
Airbus A320 NEO family	27	20
Airbus A330 CEO family	13	13
Boeing B737 NG family	23	13
Boeing B787	1	1
COMAC ARJ21 series	1	–
Total <i>(note)</i>	<b>150</b>	<b>127</b>

*Note:* Including two aircraft remained in Russia as at 31 December 2022.

### 3.1.3 Prepayments and other Assets

Prepayments and other assets mainly represented Pre-Delivery Payments (“PDP”) made to aircraft manufacturers for aircraft acquisition from order book and operating lease receivables. The balance in prepayments and the other assets remains stable.

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

	As at 31 December			
	2022		2021	
	HK\$'Million	%	HK\$'Million	%
Current/deferral	253.2	52%	191.8	35%
Less than 30 days past due	5.4	1%	50.1	9%
30 to 90 days past due	16.7	3%	65.2	12%
More than 90 days past due	217.1	44%	246.7	44%
Total	<b>492.4</b>	<b>100%</b>	<b>553.8</b>	<b>100%</b>

As at 31 December 2022, the expected credit losses allowance amounted to HK\$187.5 million (2021: HK\$174.3 million) and the net operating lease receivables amounted to HK\$304.9 million (2021: HK\$379.5 million).

With the recovery of aviation industry, there was improvement in the rent collection. The operating lease receivables as at 31 December 2022 amounted to HK\$492.4 million, a decrease of HK\$61.4 million or 11.1% compared with HK\$553.8 million in 2021. 52% (2021: 35%) of the operating lease receivables were not yet past due or with agreed deferral. The rent collection ratio, represented by the cash received over invoiced amount, for the year ended 31 December 2022 was 102.4% (2021: 97.4%).

### 3.2 Liabilities

As at 31 December 2022, the Group's total liabilities amounted to HK\$49,075.9 million, compared with HK\$44,011.9 million as at 31 December 2021, an increase of HK\$5,064.0 million or 11.5%.

An analysis is given as follows:

	<b>As at 31 December</b>		Change
	<b>2022</b>	2021	
	<i>HK\$'Million</i>	<i>HK\$'Million</i>	
Borrowings	<b>38,001.1</b>	32,477.9	17.0%
Bonds and debentures	<b>5,406.5</b>	7,022.7	-23.0%
Medium-term notes	<b>1,696.5</b>	979.8	73.1%
	<hr/>	<hr/>	
Total interest-bearing debts	<b>45,104.1</b>	40,480.4	11.4%
Deferred income tax liabilities	<b>1,057.1</b>	898.2	17.7%
Interest payables	<b>297.7</b>	210.3	41.6%
Income tax payables	<b>45.9</b>	40.3	13.9%
Derivative financial liabilities	<b>52.5</b>	143.2	-63.3%
Other liabilities and accruals	<b>2,518.6</b>	2,239.5	12.5%
	<hr/>	<hr/>	
Total liabilities	<b>49,075.9</b>	44,011.9	11.5%
	<hr/>	<hr/>	

### 3.2.1 Borrowings

The analysis of borrowings is as follows:

	As at 31 December		Change
	2022	2021	
	HK\$'Million	HK\$'Million	
<b>Bank and other borrowings</b>			
Bank and other borrowings for aircraft acquisition financing	<b>19,083.2</b>	15,514.8	23.0%
PDP financing	<b>7,180.3</b>	6,303.4	13.9%
Other bank borrowings	<b>6,821.2</b>	5,600.2	21.8%
	<b>33,084.7</b>	27,418.4	20.7%
<b>Long-term borrowings</b>			
Borrowings from trust plans	<b>4,527.5</b>	4,689.3	-3.5%
Other borrowings	<b>388.9</b>	370.2	5.1%
	<b>4,916.4</b>	5,059.5	-2.8%
Total borrowings	<b>38,001.1</b>	32,477.9	17.0%

The total borrowings increased from HK\$32,477.9 million as at 31 December 2021 to HK\$38,001.1 million as at 31 December 2022 was mainly due to (i) the increase in bank and other borrowings for aircraft acquisition financing by HK\$3,568.4 million as the fleet size increased from 127 as at 31 December 2021 to 150 as at 31 December 2022, (ii) the increase in PDP financing by HK\$876.9 million for the payment of PDP made to aircraft manufacturers for aircraft acquisition from order book and (iii) the increase in other bank borrowings by HK\$1,221.0 million.

### 3.2.2 Bonds and Debentures

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

Issue date	Terms	Maturity date	Coupon interest per annum	Principal amount (Million)	Carrying amount (HK\$ Million)	Note
March 2017	Seven years	March 2024	5.50%	US\$200.0	1,556.4	(a)
November 2020	Five years	November 2025	5.90%	US\$35.0	271.9	(c)
January 2021	Five years	January 2026	5.90%	US\$35.0	272.4	(c)
December 2021	Three years	December 2024	4.85%	US\$100.0	707.1	(a)&(b)
				<u>US\$370.0</u>	<u>2,807.8</u>	
August 2021	Three years	August 2024	4.20%	RMB100.0	113.1	(d)
February 2022	Three years	February 2025	4.40%	RMB1,200.0	1,354.5	(c)
October 2022	270 days	June 2023	3.56%	<u>RMB1,000.0</u>	<u>1,131.1</u>	(c)
				<u>RMB2,300.0</u>	<u>2,598.7</u>	
Total bonds and debentures as at 31 December 2022					<u>5,406.5</u>	(e)
Total bonds and debentures as at 31 December 2021					<u>7,022.7</u>	

The bonds and debentures decreased from HK\$7,022.7 million as at 31 December 2021 to HK\$5,406.5 million as at 31 December 2022 was mainly due to the net effect of (i) the repayment of a five-year senior unsecured US\$ bonds, a super short-term RMB debentures and a three-year unsecured RMB bonds upon maturity, with an aggregate carrying amount of HK\$3,977.3 million and (ii) the proceeds from issuance of a three-year RMB private bond and a super short-term RMB debentures with an aggregate carrying amount of HK\$2,485.6 million during the current year.

*Notes:*

- (a) These bonds are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).
- (b) During the year ended 31 December 2022, the Group completed bonds repurchase on the Stock Exchange for an aggregate principal amount of US\$8.2 million.
- (c) The bonds and debentures are unlisted and subscribed by independent third parties.
- (d) The bond is listed on the Shanghai Stock Exchange.
- (e) Upon maturity in March 2022, the Group fully repaid the five-year senior unsecured bonds with outstanding principal amount of US\$203.8 million, bearing coupon interest at 4.7% per annum.

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

### **3.2.3 Medium-term Notes**

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

Issue date	Terms	Maturity date	Coupon interest per annum	Principal amount (RMB Million)	Carrying amount (HK\$ Million)	
April 2022	Three years	April 2025	4.50%	<u>1,500.0</u>	<u>1,696.5</u>	
Total medium-term notes as at 31 December 2022				<u>1,500.0</u>	<u>1,696.5</u>	<i>Note</i>
Total medium-term notes as at 31 December 2021					<u>979.8</u>	

The medium-term notes increased from HK\$979.8 million as at 31 December 2021 to HK\$1,696.5 million as at 31 December 2022 was mainly due to net effect of (i) the repayment of the medium-term notes upon maturity, with outstanding principal amount of RMB800.0 million and (ii) the proceeds from issuance of the three-year medium-term notes with a principal amount of RMB1.5 billion during the current year.

*Note:*

Upon maturity in August 2022, the Group fully repaid the above-mentioned medium-term notes with outstanding principal amount of RMB800.0 million, bearing coupon interest at 4.93% per annum.

#### 4. CAPITAL MANAGEMENT

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

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

For the year ended 31 December 2022, the objectives, policies and processes for managing capital remained largely unchanged. The Group made full use of capital leverage to keep pace with aircraft delivery.

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

	<b>As at 31 December</b>		
	<b>2022</b>	2021	Change
	<b><i>HK\$'Million</i></b>	<i>HK\$'Million</i>	
Interest-bearing debts included in total			
liabilities	<b>45,104.1</b>	40,480.4	11.4%
Total liabilities	<b>49,075.9</b>	44,011.9	11.5%
Total assets	<b>55,332.1</b>	50,029.1	10.6%
Total equity	<b>6,256.2</b>	6,017.3	4.0%
Gearing ratio	<b>81.5%</b>	80.9%	0.6p.p.
Asset-liability ratio	<b>88.7%</b>	88.0%	0.7p.p.
Interest-bearing debts to equity ratio	<b>7.2:1</b>	6.7:1	7.5%

## **5. HUMAN RESOURCES**

As at 31 December 2022, staff of the Group numbered 169 (2021: 159). Total remuneration of employees for 2022 amounted to HK\$184.1 million (2021: HK\$144.7 million).

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

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

### **6.1 Contingent Liabilities**

As at 31 December 2022, the Group was a guarantor of certain bank borrowings of associates and joint ventures amounting to HK\$604.0 million (2021: HK\$681.5 million), of which HK\$274.4 million (2021: HK\$274.0 million) was counter-guaranteed by an investor of the joint ventures. After excluding the portion of counter-guarantee as mentioned above, the Group guaranteed HK\$329.6 million (2021: HK\$407.5 million) of these bank borrowings.

## 6.2 Capital Commitments and Qualified Aircraft Leasing Activity

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

The majority of the Group’s capital commitments is aircraft purchase commitment, amounted to HK\$85.4 billion as at 31 December 2022 (2021: HK\$93.9 billion), representing estimated total purchase costs of the aircraft contracted to be purchased and delivered, net of PDP paid.

As at 31 December 2022, the Group had 226 aircraft in its order book, comprising 131 Airbus A320 aircraft family, 66 Boeing B737 aircraft family and 29 COMAC ARJ21 series aircraft.

During the year ended 31 December 2022, the Group completed the delivery of 28 aircraft, which included 10 delivered aircraft under purchase and leaseback arrangements.

During the year ended 31 December 2022, the Group completed the disposal of five aircraft, which included disposal of one aircraft to a joint venture.

## CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Note	2022	2021
		HK\$'000	HK\$'000
<b>ASSETS</b>			
Property, plant and equipment and right-of-use assets		27,354,373	23,243,760
Investments in and loans to associates and joint ventures		1,354,410	1,273,350
Finance lease receivables – net	3	8,172,086	7,714,408
Financial assets at fair value through profit or loss	4	769,462	750,841
Derivative financial assets		221,399	114,937
Prepayments and other assets	5	11,362,415	11,232,542
Assets classified as held for sale		1,425,199	675,569
Aircraft components trading assets		5,245	10,136
Restricted cash		1,114,958	237,187
Cash and cash equivalents		3,552,533	4,776,389
<b>Total assets</b>		<b>55,332,080</b>	<b>50,029,119</b>
<b>EQUITY</b>			
Share capital		74,436	74,762
Reserves		2,314,613	1,987,850
Retained earnings		2,276,247	2,507,621
<b>Equity attributable to shareholders of the Company</b>		<b>4,665,296</b>	<b>4,570,233</b>
Perpetual capital securities and other non-controlling interests		1,590,921	1,447,022
<b>Total equity</b>		<b>6,256,217</b>	<b>6,017,255</b>
<b>LIABILITIES</b>			
Deferred income tax liabilities		1,057,059	898,240
Borrowings	6	38,001,150	32,477,860
Medium-term notes	7	1,696,509	979,816
Bonds and debentures	8	5,406,490	7,022,708
Derivative financial liabilities		52,543	143,226
Income tax payables		45,850	40,274
Interest payables		297,689	210,268
Other liabilities and accruals		2,518,573	2,239,472
<b>Total liabilities</b>		<b>49,075,863</b>	<b>44,011,864</b>
<b>Total equity and liabilities</b>		<b>55,332,080</b>	<b>50,029,119</b>

## CONSOLIDATED STATEMENT OF INCOME

		Year ended 31 December	
	Note	2022	2021
		HK\$'000	HK\$'000
<b>Total revenue</b>			
<b>Lease income</b>			
Finance lease income		574,683	540,634
Operating lease income		<u>2,967,565</u>	<u>1,959,809</u>
	9	<b>3,542,248</b>	2,500,443
<b>Other operating income</b>			
Net income from aircraft transactions and aircraft components trading	10	207,072	301,741
Other income	11	<u>421,682</u>	<u>475,882</u>
		<b>4,171,002</b>	<u>3,278,066</u>
<b>Expenses</b>			
Interest expenses		(1,610,507)	(1,211,254)
Depreciation and others		(1,356,612)	(820,663)
Expected credit losses		(83,355)	(144,213)
Other operating expenses		<u>(345,335)</u>	<u>(282,018)</u>
		<b>(3,395,809)</b>	<u>(2,458,148)</u>
<b>Net write-off of two aircraft remained in Russia</b>		(439,029)	–
<b>Share of results from associates and joint ventures</b>		2,682	(1,290)
<b>Other gains, net</b>	12	<u>184,619</u>	<u>13,578</u>
<b>Profit before income tax</b>		<b>523,465</b>	832,206
Income tax expenses	13	<u>(307,781)</u>	<u>(204,936)</u>
<b>Profit for the year</b>		<b><u>215,684</u></b>	<b><u>627,270</u></b>

	<i>Note</i>	<b>Year ended 31 December</b>	
		<b>2022</b>	2021
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Profit attributable to</b>			
Shareholders of the Company		<b>73,598</b>	525,780
Holder of perpetual capital securities and other non-controlling interests		<b>142,086</b>	101,490
		<b><u>215,684</u></b>	<u>627,270</u>
<b>Earnings per share for profit attributable to shareholders of the Company (expressed in HK\$ per share)</b>			
– Basic earnings per share	<i>14(a)</i>	<b><u>0.099</u></b>	<u>0.722</u>
– Diluted earnings per share	<i>14(b)</i>	<b><u>0.099</u></b>	<u>0.722</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit for the year</b>	<u>215,684</u>	<u>627,270</u>
<b>Other comprehensive income for the year:</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Cash flow hedges	325,184	195,810
Currency translation differences	<u>(5,990)</u>	<u>71,237</u>
	<u>319,194</u>	<u>267,047</u>
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Currency translation differences attributable to the non-controlling interests	<u>1,813</u>	<u>(957)</u>
<b>Total other comprehensive income for the year, net of tax</b>	<u>321,007</u>	<u>266,090</u>
<b>Total comprehensive income for the year</b>	<u>536,691</u>	<u>893,360</u>
<b>Total comprehensive income for the year attributable to</b>		
Shareholders of the Company	392,792	792,827
Holder of perpetual capital securities and other non-controlling interests	<u>143,899</u>	<u>100,533</u>
	<u>536,691</u>	<u>893,360</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company				Perpetual capital securities and other non-controlling interests	Total equity
	Share capital	Reserves	Retained earnings	Total		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Balance as at 1 January 2022</b>	<u>74,762</u>	<u>1,987,850</u>	<u>2,507,621</u>	<u>4,570,233</u>	<u>1,447,022</u>	<u>6,017,255</u>
<b>Comprehensive income</b>						
Profit for the year	–	–	73,598	73,598	142,086	215,684
<b>Other comprehensive income</b>						
Cash flow hedges	–	325,184	–	325,184	–	325,184
Currency translation differences	–	(5,990)	–	(5,990)	1,813	(4,177)
<b>Total comprehensive income</b>	<u>–</u>	<u>319,194</u>	<u>73,598</u>	<u>392,792</u>	<u>143,899</u>	<u>536,691</u>
<b>Transactions with shareholders and non-controlling interests</b>						
Cancellation of shares	(408)	495	–	87	–	87
Dividends ( <i>Note 15</i> )	82	4,074	(304,972)	(300,816)	–	(300,816)
Share option scheme:						
– Value of services	–	3,000	–	3,000	–	3,000
<b>Total transactions with shareholders and non-controlling interests</b>	<u>(326)</u>	<u>7,569</u>	<u>(304,972)</u>	<u>(297,729)</u>	<u>–</u>	<u>(297,729)</u>
<b>Balance as at 31 December 2022</b>	<u>74,436</u>	<u>2,314,613</u>	<u>2,276,247</u>	<u>4,665,296</u>	<u>1,590,921</u>	<u>6,256,217</u>

Attributable to shareholders of the Company

	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>	Perpetual capital securities and other non-controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
<b>Balance as at 1 January 2021</b>	72,000	1,585,478	2,235,560	3,893,038	1,522,731	5,415,769
<b>Comprehensive income</b>						
Profit for the year	–	–	525,780	525,780	101,490	627,270
<b>Other comprehensive income</b>						
Cash flow hedges	–	195,810	–	195,810	–	195,810
Currency translation differences	–	71,237	–	71,237	(957)	70,280
<b>Total comprehensive income</b>	–	267,047	525,780	792,827	100,533	893,360
<b>Transactions with shareholders and non-controlling interests</b>						
Buy-back of shares and cancellation of shares	(251)	(38,220)	–	(38,471)	–	(38,471)
Dividends ( <i>Note 15</i> )	3,013	173,545	(253,719)	(77,161)	–	(77,161)
Dividends distributed to perpetual capital securities	–	–	–	–	(176,242)	(176,242)
<b>Total transactions with shareholders and non-controlling interests</b>	2,762	135,325	(253,719)	(115,632)	(176,242)	(291,874)
<b>Balance as at 31 December 2021</b>	74,762	1,987,850	2,507,621	4,570,233	1,447,022	6,017,255

## CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cash flows from operating activities</b>		
Profit before income tax	<b>523,465</b>	832,206
Adjustments for:		
– Depreciation and others	<b>1,356,612</b>	820,663
– Net income from aircraft transactions	<b>(203,991)</b>	(297,128)
– Expected credit losses	<b>83,355</b>	144,213
– Net write-off of two aircraft remained in Russia	<b>439,029</b>	–
– Interest expenses	<b>1,610,507</b>	1,211,254
– Share-based payments	<b>3,000</b>	–
– Unrealised currency exchange (gains)/losses	<b>(311,674)</b>	93,035
– Fair value changes attributable to interest rate and fair value changes on currency swap and currency forward contracts	<b>176,241</b>	(109,509)
– Share of results from associates and joint ventures	<b>(2,682)</b>	1,290
– Gain on repurchase of bonds	<b>–</b>	(4,314)
– Interest income	<b>(132,761)</b>	(113,571)
– Fair value gains on financial assets at fair value through profit or loss	<b>(37,418)</b>	(39,041)
	<b>3,503,683</b>	2,539,098
<b>Changes in working capital:</b>		
– Finance lease receivables – net	<b>(448,782)</b>	(408,238)
– Prepayments and other assets	<b>(98,954)</b>	33,547
– Aircraft components trading assets	<b>4,891</b>	9,350
– Other liabilities and accruals	<b>529,082</b>	79,149
Cash generated from operations	<b>3,489,920</b>	2,252,906
Income taxes paid	<b>(141,333)</b>	(78,087)
Net cash flows generated from operating activities	<b>3,348,587</b>	2,174,819

	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	<b>(7,059,005)</b>	(5,819,940)
Proceeds from disposal of aircraft	<b>2,465,665</b>	2,055,341
PDP and prepayments paid for acquisition of aircraft	<b>(3,875,665)</b>	(172,028)
PDP refunded for acquisition of aircraft	<b>1,920,401</b>	561,451
Interest received	<b>119,290</b>	108,713
Payments relating to financial assets at fair value through profit or loss	<b>(30,696)</b>	(8,833)
Proceeds from distribution of financial assets at fair value through profit or loss	<b>53,907</b>	3,938
Proceeds from disposal of financial assets at fair value through profit or loss	–	95,685
Investment in associates and joint ventures	<b>(5,152)</b>	(1,290)
Payments relating to loans to associates and joint ventures	<b>(335,498)</b>	(295,484)
Repayments of loans to associates and joint ventures	<b>217,488</b>	130,006
	<hr/>	<hr/>
Net cash flows used in investing activities	<b>(6,529,265)</b>	(3,342,441)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	<b>19,391,991</b>	19,613,538
Issue of bonds and debentures, net of transaction costs	<b>2,649,260</b>	2,370,300
Issue of medium-term notes, net of transaction costs	<b>1,834,982</b>	–
Repayments of borrowings	<b>(13,717,579)</b>	(14,347,250)
Repurchase and repayment of bonds and debentures, including transaction costs	<b>(4,041,541)</b>	(4,513,480)
Repayment of medium-term notes	<b>(956,560)</b>	(397,650)
Repayment of lease liabilities	<b>(14,141)</b>	(15,714)
Repayment of amount due to non-controlling interests	–	(38,612)
Interest paid in respect of derivative financial instruments	<b>(42,793)</b>	(139,127)
Interest paid in respect of borrowings, notes, bonds and debentures	<b>(1,787,297)</b>	(1,483,767)
(Increase)/decrease in deposits pledged in respect of borrowings	<b>(1,004,697)</b>	9,667
Decrease in deposits pledged in respect of derivative financial instruments	<b>121,828</b>	167,499
Buy-back of shares, including transaction costs	–	(38,471)
Dividends paid to holders of perpetual capital securities	<b>(124,359)</b>	(87,235)
Dividends paid to shareholders	<b>(300,816)</b>	(77,161)
	<hr/>	<hr/>
Net cash flows generated from financing activities	<b>2,008,278</b>	1,022,537
<b>Net decrease in cash and cash equivalents</b>	<b>(1,172,400)</b>	(145,085)
Cash and cash equivalents at beginning of the year	<b>4,776,389</b>	4,877,557
Currency exchange difference on cash and cash equivalents	<b>(51,456)</b>	43,917
	<hr/>	<hr/>
Cash and cash equivalents at end of the year	<b>3,552,533</b>	4,776,389

## NOTES

### 1 GENERAL INFORMATION ON THE GROUP

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

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

The consolidated financial statements for the year ended 31 December 2022 are presented in Hong Kong dollar ("**HK\$**"), unless otherwise stated.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA. The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- derivative financial instruments and financial assets at fair value through profit or loss – measured at fair value; and
- assets classified as held for sale – measured at the lower of carrying amount and fair value less costs to sell.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or the areas where assumptions and estimates are significant to the consolidated financial statements.

(a) *Going concern*

As at 31 December 2022, the Group's current liabilities exceeded its current assets by HK\$12,676.7 million. The Group had total capital commitments of HK\$85,394.3 million as at 31 December 2022, which mainly related to acquisition of aircraft that will be delivered in stages in the coming years until the end of 2027. Out of the total capital commitments, HK\$15,679.4 million is forecasted to be incurred and payable within one year based on the current delivery schedules and forecasted delivery schedules with the Original Equipment Manufacturers ("**OEMs**"). The Group will satisfy these capital commitments through the Group's internal resources, available and additional banking facilities and aircraft project loans which usually can only be confirmed by the relevant banks shortly before the delivery of the aircraft. As at 31 December 2022, the Group had cash and bank balances of HK\$4,667.5 million and undrawn borrowing facilities of HK\$6,700.8 million. The total balance of cash and bank with undrawn borrowing facilities was HK\$11,368.3 million.

During the years 2020 to 2022, COVID-19 pandemic and responsive travel restrictions imposed by the governments have caused economic disruption, a reduction in air passenger traffic and demand for commercial aircraft globally, which have a negative effect on the business operation and financial condition of certain airline customers of the Group. The Group experienced delay in lease payments from and adjusted the delivery schedules of new aircraft to a few airline customers during COVID-19 pandemic. However, starting from late 2022, after experiencing the worst downturn in its history, the industry has turned the corner on the COVID-19 pandemic and the situation of the Group's airline customers is improving.

The Group will need to secure a substantial amount of funds in the foreseeable future to finance the financial obligations and capital expenditures under contractual and other arrangements. The directors have given due and careful consideration to the liquidity of the Group and its available sources of financing in assessing whether the Group has sufficient working capital for its present requirements, covering a period of not less than twelve months from 31 December 2022. The directors have taken into account the following plans and measures for the purposes of their assessment:

- According to the relevant aircraft purchase agreements, the scheduled payment of Pre-Delivery Payments ("**PDP**") for the next twelve months from 31 December 2022 amounts to HK\$9,649.6 million. In addition, two PDP facilities are set to expire and the utilised facility drawdowns of HK\$5,333.2 million will need to be repaid by the end of 2023.

The payment schedule of the PDP is subject to a number of factors including delivery schedule which in turn, in some cases, is subject to the approvals from the relevant aviation authorities. The Group forecasted the PDP payment schedule based on their experience, latest delivery schedule and industry knowledge. Based on past experience, the directors are of the view that they are able to negotiate with the OEMs from time to time to manage the payment schedule of PDP under specific circumstances. As at 31 December 2022, the Group had already obtained PDP financing facilities from banks to provide financing up to HK\$2,493.9 million to satisfy the forecasted committed PDP payments in the next twelve months from 31 December 2022.

For the repayment of utilised facility drawdowns under the facilities expiring by the end of 2023, the Group has initiated the process to obtain new PDP loan facilities with various onshore and offshore banks and financial institutions. With the recovery of aviation industry, the directors believe that certain lenders of our existing PDP syndication are interested in participating in a new PDP syndication and given the Group's past experience in renewing PDP facilities, the directors are confident that the Group's will be able to renew certain expiring PDP facilities in 2023. The remaining balances of PDP scheduled to be paid and PDP facilities to be repaid at maturity in the next twelve months from 31 December 2022 are expected to be funded by internal resources and/or facilities obtained from other financing channels of the Group.

- New aircraft project loans are primarily used for the payment of the balances of the aircraft acquisition costs and the repayments of the PDP financing due upon delivery of aircraft. Such aircraft project loans will only be confirmed by the banks before the delivery of the relevant aircraft. Besides, the Group sometimes finances the new aircraft with internal resources or short-term bridging financing and the Group may obtain refinancing for these aircraft through new aircraft project loans. During the year ended 31 December 2022, the Group has obtained 42 aircraft project loan facilities of US\$1,260.5 million (approximately equivalent to HK\$9,841.7 million) from certain onshore and offshore banks and financial institutions. The Group will continue to arrange aircraft project loan facilities from time to time and has concluded four aircraft project loan facilities subsequent to 31 December 2022. Based on these aircraft project loan arrangements, the directors are of the view that the Group will be able to obtain the necessary aircraft project loans as and when required in the next twelve months from 31 December 2022.
  
- As at 31 December 2022, the Group had working capital loan and revolving loan facilities of HK\$8,529.2 million out of which HK\$6,535.8 million has been utilised. The directors are confident that the Group can drawdown the remaining unutilised loan facilities of HK\$1,993.4 million as and when required and will be able to renew substantially all the existing revolving facilities. The Group has also initiated the process to obtain new working capital loan and revolving loan facilities with certain banks and has concluded three new working capital loan and revolving loan facilities with facility amount of US\$61.8 million (approximately equivalent to HK\$482.5 million) subsequent to 31 December 2022.

- The Group is also pursuing other sources of financing, including issuance of bonds and medium-term notes, as well as other debt and capital financing. In particular, the Group has (i) obtained the official registration acceptance notification from the National Association of Financial Market Institutional Investors for issuance of super short-term debenture up to a principal amount of RMB3.0 billion in the PRC within two years from June 2021 and (ii) obtained the official registration acceptance notification from the China Securities Regulatory Commission for issuance of unsecured bonds up to a principal amount of RMB2.0 billion in the PRC within two years from October 2022. In February, April and October 2022, the Group completed the issuance of private bonds of RMB1.2 billion, medium-term notes of RMB1.5 billion and super short-term debentures of RMB1.0 billion in China. The Group will review the market conditions and consider issuing RMB super short-term debentures, RMB medium-term notes, RMB bonds and US\$ bonds under the US\$3.0 billion guaranteed MTN programmes if appropriate. Based on the credit profile of the Group, the successful history of issuance of similar debt instruments, the directors are confident that the Group will be able to issue the relevant debt instruments and obtain the required financing as and when required.
  
- The Group has been preserving the multi-faceted development of its asset-light business model through establishment and management of aviation-related funds and joint venture companies, while at the same time, building up network buyers that will acquire aircraft from its aircraft portfolio. As part of its normal course of business, the Group continues to expand its portfolio trading business and it has scheduled certain aircraft to be disposed of in the next twelve months from 31 December 2022, of which, up to March 2023, the Group has signed letters of intent or sale and purchase agreements for the disposals of six aircraft. During the year ended 31 December 2022, the Group completed five aircraft disposals and received net proceeds from relevant disposals of HK\$1,683.5 million. Based on the Group's experience in aircraft portfolio trading in previous years, the directors are confident that the scheduled disposals of aircraft will be completed, and the proceeds will be collected according to the expected schedule in the next twelve months from 31 December 2022.

The directors are of the opinion that, in the absence of unforeseeable circumstances and after taking into account the Group's internal resources, the cash flows generated from its business operations, continued availability of existing and new banking facilities, the successful execution of its plans in obtaining the aircraft project loans from the banks and financial institutions, the successful issuance of debt instruments and the successful disposals of aircraft as planned, the Group has sufficient working capital for its present requirements in the next twelve months from 31 December 2022. Accordingly, the directors consider that the Group will be in a position to continue as a going concern and hence prepared the consolidated financial statements on a going concern basis.

**(b) *New and amended standards adopted by the Group***

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

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

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**(c) *New standards and interpretations not yet adopted***

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023 and have not been early adopted in preparing the consolidated financial statements for the year ended 31 December 2022.

	<b>Effective Date</b>
Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates – Amendments to HKAS 8	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to HKAS 12	1 January 2023
HKFRS 17 Insurance Contracts	1 January 2023 (deferred from 1 January 2021)
Classification of Liabilities as Current or Non-current – Amendments to HKAS 1	1 January 2023 (deferred from 1 January 2022)
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	Applied when an entity applies “Classification of Liabilities as Current or Non-current – Amendments to HKAS 1”
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to HKFRS 10 and HKAS 28	N/A

The new and revised HKFRSs are not expected to have a material impact on the Group’s financial performance and position.

### 3 FINANCE LEASE RECEIVABLES – NET

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Lease payments receivables		
– Not later than 1 year	<b>108,711</b>	128,815
– Later than 1 year but not later than 2 years	<b>188,519</b>	126,887
– Later than 2 years but not later than 3 years	<b>1,072,186</b>	204,456
– Later than 3 years but not later than 4 years	<b>1,836,468</b>	1,085,977
– Later than 4 years but not later than 5 years	<b>1,511,864</b>	1,844,533
– Later than 5 years	<b>806,670</b>	2,198,585
	<hr/>	<hr/>
Total	<b>5,524,418</b>	5,589,253
<i>Less:</i> Unearned finance lease income relating to lease payment receivables	<b>(1,319,554)</b>	(1,569,171)
	<hr/>	<hr/>
Present value of lease payment receivables	<b>4,204,864</b>	4,020,082
<i>Add:</i> Present value of unguaranteed residual value	<b>3,979,063</b>	3,704,444
	<hr/>	<hr/>
Net investment in leases	<b>8,183,927</b>	7,724,526
<i>Less:</i> Accumulated expected credit losses allowance	<b>(11,841)</b>	(10,118)
	<hr/>	<hr/>
Finance lease receivables – net	<b>8,172,086</b>	7,714,408
	<hr/>	<hr/>

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

	<b>As at 31 December</b>			
	<b>2022</b>		2021	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Categorised by customer in terms of lease receivables:				
Five largest airline companies	<b>5,811,896</b>	<b>71%</b>	5,665,273	73%
Others	<b>2,360,190</b>	<b>29%</b>	2,049,135	27%
	<hr/>	<hr/>	<hr/>	<hr/>
Finance lease receivables – net	<b>8,172,086</b>	<b>100%</b>	7,714,408	100%
	<hr/>	<hr/>	<hr/>	<hr/>

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

	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
Long-term investments – CAG (a)	735,429	750,841
Investment – aircraft modification (b)	27,479	–
Others	6,554	–
	<u>769,462</u>	<u>750,841</u>

- (a) CAG uses the fund injected through a performance-linked shareholder's loan from the Group and the mezzanine financing from other investors at a ratio of 20% to 80%, together with a shareholding between the Group and other investors at the same ratio. Pursuant to shareholders' agreement and shareholders' loan agreement, all investors of CAG committed to invest in CAG through shareholders' loan according to the mezzanine financing proportion.
- (b) The Group entered into a cooperation agreement with Aircraft Recycling International Limited and its subsidiaries (collectively "ARI Group") for an investment project to modify airliner into cargo. As stipulated in the cooperation agreement, the Group's committed investment is approximately US\$8.0 million (equivalent to approximately HK\$62.5 million). As the owner of the aircraft, ARI Group is responsible for the sale of the aircraft following the modification into cargo. After the Group and ARI Group have recovered their investment in the project, the remaining sale proceeds will be distributed according to a 60% and 40% split.

#### 5 PREPAYMENTS AND OTHER ASSETS

	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
PDP and prepayments and receivables relating to aircraft acquisition	9,559,283	8,806,714
Operating lease receivables <sup>(note)</sup>	492,425	553,770
Interest capitalised	886,147	741,742
Deposits paid	28,380	32,865
Prepayments and amounts due from related parties	319,386	269,612
Deductible in-put value-added taxes	68,745	115,493
Receivables arising from aircraft transactions	–	773,338
Others	195,565	113,321
	<u>11,549,931</u>	<u>11,406,855</u>
Less: Expected credit losses allowance <sup>(note)</sup>	(187,516)	(174,313)
	<u>11,362,415</u>	<u>11,232,542</u>

Note:

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

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

	As at 31 December			
	2022		2021	
	HK\$'000	%	HK\$'000	%
Current/deferral	253,239	52%	191,743	35%
Less than 30 days past due	5,403	1%	50,130	9%
30 to 90 days past due	16,672	3%	65,161	12%
More than 90 days past due	217,111	44%	246,736	44%
Total	<u>492,425</u>	<u>100%</u>	<u>553,770</u>	<u>100%</u>

As at 31 December 2022, the expected credit losses allowance amounted to HK\$187,516,000 (2021: HK\$174,313,000) and the net operating lease receivables amounted to HK\$304,909,000 (2021: HK\$379,457,000).

## 6 BORROWINGS

	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
<b>Bank and other borrowings</b>		
Bank and other borrowings for aircraft acquisition financing (a)	19,083,257	15,514,817
PDP financing (b)	7,180,254	6,303,373
Other bank borrowings (c)	6,821,180	5,600,145
	<u>33,084,691</u>	<u>27,418,335</u>
<b>Long-term borrowings</b>		
Borrowings from trust plans (d)	4,527,538	4,689,311
Other borrowings (e)	388,921	370,214
	<u>4,916,459</u>	<u>5,059,525</u>
	<u>38,001,150</u>	<u>32,477,860</u>

## **Bank and other borrowings**

- (a) Bank and other borrowings for aircraft acquisition financing are principally based on fixed or floating rates (including US\$ LIBOR, US\$ SOFR and RMB LPR). As at 31 December 2022, certain bank borrowings were secured by, in addition to other legal charges, the related aircraft leased to airline companies under either finance leases or operating leases, pledge of the shares in the subsidiaries owning the related aircraft, guarantees from certain companies of the Group, and pledge of deposits amounting to HK\$288,439,000 (2021: HK\$46,498,000). As at 31 December 2022, bank and other borrowings of HK\$1,938,212,000 (2021: HK\$1,855,308,000) were unsecured.
- (b) As at 31 December 2022, PDP financing of HK\$7,180,254,000 was unsecured, of which HK\$6,532,430,000 was guaranteed by the Company.

As at 31 December 2021, PDP financing of HK\$373,797,000 was secured by certain rights and benefits in respect of the acquisition of the aircraft, and guarantees from certain companies of the Group. The PDP financing of HK\$5,929,576,000 was unsecured and guaranteed by the Company.

- (c) As at 31 December 2022, other bank borrowings of HK\$753,678,000 (2021: Nil) were secured by pledged of deposits amounting to HK\$757,357,000 (2021: Nil). The remaining unsecured other bank borrowings amounted to HK\$6,067,502,000 (2021: HK\$5,600,145,000), of which HK\$4,073,926,000 (2021: HK\$4,586,834,000) were guaranteed by the Company or certain companies of the Group.

## **Long-term borrowings**

- (d) As at 31 December 2022, 46 borrowings (2021: 46 borrowings) were provided to the Group by investors under trust plans or an asset-backed securities programme (both are in relation to the disposals of finance lease receivable transactions). The effective average interest rates of the long-term borrowings range from 3.5% to 7.8% (2021: 3.5% to 7.8%) per annum for remaining terms of one to seven years (2021: two to eight years). These long-term borrowings are secured by the shares of, and the aircraft held by the relevant subsidiaries, guaranteed by certain companies of the Group, and pledge of deposits amounting to HK\$44,199,000 (2021: HK\$44,133,000).
- (e) As at 31 December 2022, four borrowings (2021: four borrowings) were obtained through a structured financing arrangement for four aircraft (2021: four aircraft) delivered to airlines. These borrowings bear an effective interest rate ranging from 3.9% to 5.7% (2021: 3.9% to 5.7%) per annum for their remaining terms of two to three years (2021: three to four years) and are guaranteed by the Company.

## **7 MEDIUM-TERM NOTES**

In August 2019, the Group issued three-year senior unsecured medium-term notes in a principal amount of RMB800.0 million due in 2022, bearing coupon interest at 4.93% per annum. These medium-term notes had been fully repaid on maturity.

In April 2022, the Group issued three-year medium-term notes, with coupon rate adjustment option for the Group and sell-back option for investors exercisable at the end of the second year, in a principal amount of RMB1.5 billion due in 2025, bearing coupon interest at 4.5% per annum.

As at 31 December 2022, after deducting the issuing cost, the total carrying amount of these notes was HK\$1,696,509,000 (2021: HK\$979,816,000).

## **8 BONDS AND DEBENTURES**

In March 2017, the Group issued five-year senior unsecured bonds of US\$300.0 million due in 2022. The bonds bore coupon interest at 4.7% per annum and were payable semi-annually. These bonds were listed on the Stock Exchange and were guaranteed by the Company. These bonds had been fully repaid on maturity.

In March 2017, the Group issued seven-year senior unsecured bonds of US\$200.0 million due in 2024. The bonds bear coupon interest at 5.5% per annum and are payable semi-annually. These bonds were listed on the Stock Exchange and were guaranteed by the Company.

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

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

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

In August 2021, the Group issued three-year unsecured bonds, with coupon rate adjustment option for the Group and sell-back option for investors exercisable at the end of the second year, in a principal amount of RMB100.0 million due in 2024, bearing coupon rate of 4.2% per annum. These bonds were listed on the Shanghai Stock Exchange.

In December 2021, the Group issued three-year US\$100.0 million unsecured guaranteed notes due in 2024, bearing coupon interest at 4.85% per annum. These notes were guaranteed by the Company and were listed on the Stock Exchange.

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

In October 2022, the Group issued RMB1.0 billion super short-term debentures with a term of 270 days at the coupon rate of 3.56%.

During the year ended 31 December 2022, the Group repurchased certain amount of bonds on the Stock Exchange for an aggregate amount of US\$8,200,000 (2021: US\$122,306,000).

As at 31 December 2022, the total carrying amount of bonds and debentures was HK\$5,406,490,000 (2021: HK\$7,022,708,000).

## 9 LEASE INCOME AND SEGMENT INFORMATION

During the year ended 31 December 2022, the Group was engaged in the provision of aircraft leasing services to global airline companies. The Group leases its aircraft to airline companies under finance leases or operating leases under which it receives rentals.

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

	Year ended 31 December			
	2022		2021	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Categorised by customer in terms of lease income:				
Airline Company – A	<b>811,233</b>	<b>23%</b>	332,076	13%
Airline Company – B	<b>510,091</b>	<b>14%</b>	234,003	9%
Airline Company – C	<b>231,659</b>	<b>7%</b>	314,070	13%
Airline Company – D	<b>182,880</b>	<b>5%</b>	71,717	3%
Airline Company – E	<b>181,712</b>	<b>5%</b>	38,344	2%
Others	<b>1,624,673</b>	<b>46%</b>	1,510,233	60%
Total finance and operating lease income	<b><u>3,542,248</u></b>	<b><u>100%</u></b>	<b><u>2,500,443</u></b>	<b><u>100%</u></b>

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

	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Aircraft transactions (a)	<b>203,991</b>	297,128
Aircraft components trading (b)	<b>3,081</b>	4,613
	<b><u>207,072</u></b>	<b><u>301,741</u></b>

**(a) Aircraft transactions**

The net gain from aircraft transactions for the year ended 31 December 2021 included the gain from disposal of nine aircraft, including the disposal of two aircraft to the wholly-owned special purpose vehicles of Everbright Financial Leasing Co., Ltd. and the disposal of seven aircraft to third parties.

The net gain from aircraft transactions for the year ended 31 December 2022 included the gain from disposal of five aircraft, including the disposal of one aircraft to Feitian No.2 Leasing (Tianjin) Company Limited and the disposal of four aircraft to third parties.

**(b) Aircraft components trading**

	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Sales from aircraft components trading assets	<b>8,845</b>	29,422
<i>Less:</i> Cost of aircraft components trading assets	<b>(5,764)</b>	(24,809)
	<b><u>3,081</u></b>	<b><u>4,613</u></b>

## 11 OTHER INCOME

	Year ended 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Government grants (a)	<b>211,999</b>	215,467
Interest income from loans to associates and joint ventures	<b>100,065</b>	105,385
Bank interest income	<b>32,696</b>	8,186
Asset management service fees income from CAG Group	<b>19,192</b>	12,102
Incidental income and others (b)	<b>57,730</b>	134,742
	<b><u>421,682</u></b>	<b><u>475,882</u></b>

- (a) Government grants represent the grants and subsidies received from the Mainland China government to support the development of aircraft leasing industry.
- (b) Incidental income and others were mainly related to amounts received from a manufacturer and suppliers incidental to aircraft purchases, net gains from bonds repurchase, compensation and government wage subsidies under a job support scheme.

## 12 OTHER GAINS, NET

	Year ended 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unrealised losses on currency swap	<b>(1,172)</b>	(6,382)
Currency exchange losses in US\$	<b>(11,219)</b>	(21,912)
Currency exchange gains/(losses) in RMB	<b>334,661</b>	(113,060)
Fair value (losses)/gains on currency forward contracts in RMB	<b>(149,169)</b>	99,610
Changes in fair value attributable to interest rate	<b>(25,900)</b>	16,281
Fair value gains on financial assets at fair value through profit or loss	<b>37,418</b>	39,041
	<b><u>184,619</u></b>	<b><u>13,578</u></b>

### 13 INCOME TAX EXPENSES

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Current income tax:		
Mainland China, Hong Kong and others	146,909	93,464
Deferred income tax	160,872	111,472
	<u>307,781</u>	<u>204,936</u>

### 14 EARNINGS PER SHARE

#### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2022 and 2021.

	Year ended 31 December	
	2022	2021
Profit attributable to shareholders of the Company (HK\$'000)	73,598	525,780
Weighted average number of ordinary shares in issue (number of shares in thousands)	<u>743,897</u>	<u>728,291</u>
Basic earnings per share (HK\$ per share)	<u>0.099</u>	<u>0.722</u>

#### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. Share options are dilutive where they would result in the issue of ordinary shares for less than the average market price of ordinary shares during the financial period. For share options outstanding as at 31 December 2022 and 2021, as the exercise price per share is higher than average market price of ordinary shares, it is not assumed that the outstanding share options have been exercised in the calculation of the diluted earnings per share for the years ended 31 December 2022 and 2021.

## 15 DIVIDENDS

A final dividend of HK\$0.26 per ordinary share totalling HK\$193.3 million for the year ended 31 December 2021 was paid by cash of HK\$189.1 million and by share issuance of HK\$4.2 million in July 2022.

An interim dividend of HK\$0.15 per ordinary share totalling HK\$111.7 million was paid by cash in November 2022.

On 14 March 2023, the Board recommended a final dividend of HK\$0.15 per ordinary share totalling HK\$111.7 million, which is calculated based on 744,355,352 issued shares as at 14 March 2023. The proposed dividend is not reflected as a dividend payable in the consolidated financial statements as at 31 December 2022, and will be reflected as an appropriation of retained earnings for the year ending 31 December 2023.

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Interim dividend paid of HK\$0.15 (2021: HK\$0.15) per ordinary share	111,653	110,032
Proposed final dividend of HK\$0.15 (2021: HK\$0.26) per ordinary share	<u>111,653</u>	<u>193,319</u>
Total	<u>223,306</u>	<u>303,351</u>

## FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK\$0.15 per share (2021: HK\$0.26 per share) in respect of the year ended 31 December 2022 to shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company (the “**Register of Members**”) on 30 June 2023. The proposed 2022 final dividend will be paid on or about 28 July 2023, following approval at the annual general meeting of the Company to be held on 16 May 2023 (the “**2023 AGM**”).

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders’ eligibility to attend and vote at the 2023 AGM and entitlement to the 2022 final dividend, the Register of Members will be closed in accordance with the following timetable:

- (i) For determining Shareholders’ eligibility to attend and vote at the 2023 AGM:
  - a) Latest time to lodge transfer documents for registration 4:30 pm on 10 May 2023
  - b) Closure of Register of Members 11 May 2023 to 16 May 2023  
*(both dates inclusive)*
  
- (ii) For determining entitlement to the 2022 final dividend:
  - a) Latest time to lodge transfer documents for registration 4:30 pm on 26 June 2023
  - b) Closure of Register of Members 27 June 2023 to 30 June 2023  
*(both dates inclusive)*
  - c) Record date 30 June 2023

During the above closure periods, no transfer of shares will be registered. In order to be eligible to attend and vote at the 2023 AGM, and to qualify for the proposed 2022 final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than the time set out above.

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

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed equity securities.

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

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

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

The Board believes that good corporate governance standards are essential in providing a framework for the Company to formulate its business strategies and policies, and to enhance its transparency, accountability and shareholder value. The Company has adopted the principles as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules as its corporate governance practices.

The Company has complied with all applicable Code Provisions as set out in the CG Code during the year ended 31 December 2022, except for the following deviation:

Under Code Provision F.2.2, the chairman of the board should attend the annual general meeting. Dr. ZHAO Wei, the former Chairman of the Board, absented at the annual general meeting held on 23 May 2022 (the "**2022 AGM**") due to other business arrangement. In his absence, Mr. POON Ho Man, an executive Director and the Chief Executive Officer of the Company, chaired the 2022 AGM, and the chairmen of Audit, Remuneration and Nomination Committees also attended the 2022 AGM to answer questions from the Shareholders to ensure an effective communication with the Shareholders.

In respect of ESG aspect, the Company's first ESG report for the year of 2014 was published in 2015. The 2022 ESG report is the 9th report the Company will produce focusing on its ESG efforts.

The 2022 ESG report, setting out the Group's ESG performance, will be available at the Company's website ([www.calc.com.hk](http://www.calc.com.hk)). The Group has applied the principles and complied with all applicable requirements and provisions of the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Listing Rules in preparation of its 2022 ESG report.

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

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by its Directors. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the year.

## **AUDIT COMMITTEE REVIEW**

As at the date of this announcement, the Company’s Audit Committee consisted of Mr. CHEOK Albert Saychuan (chairman of the Audit Committee), Mr. FAN Yan Hok, Philip and Dr. TSE Hiu Tung, Sheldon, all of them are Independent Non-executive Directors. During the year, the Audit Committee has reviewed with the management team and PricewaterhouseCoopers (“**PwC**”), the external auditor of the Company, the accounting principles and practices adopted by the Group and discussed matters regarding auditing, internal control, risk management and financial reporting, including the review of the audited consolidated financial statements of the Group for the year ended 31 December 2022.

## **SCOPE OF WORK PERFORMED BY INDEPENDENT AUDITOR**

The consolidated financial statements of the Group for the year ended 31 December 2022 have been audited by PwC in accordance with Hong Kong Financial Reporting Standards.

The figures in respect of the Group’s consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by PwC to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on this announcement.

## **2023 AGM AND PUBLICATION OF 2022 RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the websites of the Company ([www.calc.com.hk](http://www.calc.com.hk)) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2023 AGM is scheduled to be held on 16 May 2023. The notice of the 2023 AGM and the 2022 annual report will be dispatched to the Shareholders and available on the same websites in due course.

## **PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION**

With effect from 1 January 2022, the Listing Rules were amended by, among others, adopting a uniform set of 14 core standards for shareholder protections for issuers regardless of their place of incorporation set out in Appendix 3 to the Listing Rules. Furthermore, the Company proposes to modernize and provide flexibility to the Company in relation to the conduct of general meetings.

As such, the Board proposes to make certain amendments to the memorandum and articles of association of the Company (the “**Memorandum and Articles of Association**”) for the purposes to conform to the said core standards for shareholder protections, to allow general meetings to be held as virtual meetings or hybrid meetings and to incorporate certain housekeeping changes in line with the applicable laws of the Cayman Islands and the Listing Rules. The Board also proposes to adopt the amended and restated Memorandum and Articles of Association as the new Memorandum and Articles of Association in substitution for, and to the exclusion of, the existing Memorandum and Articles of Association.

The proposed amendments to the Memorandum and Articles of Association shall be subject to the passing of a special resolution by the Shareholders at the 2023 AGM. A circular containing, among others, details of the proposed amendments to the Memorandum and Articles of Association and a notice convening the 2023 AGM will be despatched to the Shareholders as soon as practicable.

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

Hong Kong, 14 March 2023

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