CCXAP

CCXAP affirms the long-term credit rating of A_g- to China Aircraft Leasing Group Holdings Limited, with stable outlook

Hong Kong, 31 December 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of China Aircraft Leasing Group Holdings Limited ("CALC" or the "Company") at A_g-, with stable outlook.

The A_g- long-term credit rating of China Aircraft Leasing Group Holdings Limited ("CALC" or the "Company") is underpinned by (1) the continued growth in global aviation industry; and (2) the Company's leading market position in China's aircraft leasing industry, with a global footprint and narrowbody-focused fleets portfolio. However, the rating is constrained by the Company's (1) high debt leverage and moderate profitability; and (2) high financing needs from its large order book and short-term debt maturities.

The rating also reflects the likelihood of support from China Everbright Group ("CEG") and its affiliated entities, which is based on the Company's (1) strategically important position to CEG's development strategy; (2) track record of receiving funding and financial support from CEG and its affiliated entities; and (3) certain reputation risk if failure.

Corporate Profile

Established in 2006, CALC (Stock code: 1848.HK) is an operating aircraft lessor based in Hong Kong SAR. It is dedicated to providing global aircraft services across the entire industry chain, covering new aircraft leasing and procurement, operating leasing and leaseback, aircraft trading and asset management, and engine leasing and trading. In July 2014, the Company was listed on the Hong Kong Stock Exchange, becoming the first listed aircraft leasing company in Asia. As of 30 June 2025, CALC had total assets of HKD58.6 billion and a fleet size of 181 aircraft, including 151 owned aircraft and 30 aircraft in escrow.

In 2011, China Everbright Limited ("CEL") (Stock code: 0165.HK) successfully acquired substantial shares of CALC and became the single largest shareholder. CEL is an important platform of CEG in investment and asset management business, and CEG is a large financial holding group controlled by the Chinese central government. As of 30 September 2025, CEL indirectly held 37.99% equity interest in CALC, and Fridemann Pacific Asset Management Limited and Mr. Pan Haowen together held a combined 24.92% equity interest in CALC.

Rating Rationale

Credit Strengths

Operating environment underpinned by the continued growth in global aviation industry. In 2024 and 2025H1, the aviation industry has maintained strong growth momentum, with continuous increasing in passenger demand driving both load factors and industry revenues to record highs, which are supportive to the operation of airline companies and aircraft lessors. Meanwhile, China's civil aviation sector maintained positive growth momentum as China's economy grew steadily. The expansion of air travel and the aviation industry not only improve airline companies' cash flow and profitability but also reduces rent collection risk for aircraft lessors. Aircraft lessors are benefiting from the present supply scarcity of new aircraft, which raises the lease charge rate and the value of aircraft, reducing the lessor's asset risk.

Leading market position in China's aircraft leasing industry, with a global footprint. CALC, a leading aircraft lessor in China, has long focused on the Chinese market and has achieved positive market recognition. CALC has a strong advantage in offering comprehensive solutions to its customers and is able to cover the whole aircraft lifespan. As of 30 June 2025, the Company offered leasing services to 41 airline operators in 22 nations or territories. In addition, CALC targets to maintain an attractive and liquid fleet portfolio. Narrowbody aircraft constitute around 88.7% of CALC's owned fleet. Narrowbody aircraft normally are more liquid in the market because of their large user base and less reconfiguration time, which allow CALC to have more remarketing opportunities and higher operation predictability.

Likely to receive support from CEG and its affiliated entities, when necessary. We expect CALC is likely to obtain support from CEG and its affiliated entities in times of need. CALC has a strategically important position to CEG's development strategy including the objective of cultivating a world leading aircraft lessor. CEG has strong operational and managerial control over CALC, and provided support to the Company's business development, including promoting cooperation between the Company and COMAC in the export of domestically produced aircraft. CEG and its affiliated entities also have a solid track record to provide funding and financial support to CALC.

Credit Challenges

High debt leverage and moderate profitability. CALC's debt level decreased due to the accelerated pace of aircraft sales since 2024, yet its leverage ratio remains at a relatively high level. The Company's capital adequacy ratio, measured by net capital (adjusted for perpetual bonds) to total assets, was 7.1% as of 30 June 2025, which is lower than most of its global peers. The Company's debt leverage is expected to remain relatively high over the next 12 to 18 months, if there is no material capital injection. Moreover, the Company's Interest expense, a significant cost component for CALC, has soared up since 2022 as the majority of its debts are denominated in USD at a floating rate.

High financing needs from its large order book and short-term debt maturities. CALC has high financing needs driven by its significant order book and large short-term debt maturities. The Company has a total capital commitment of HKD41.4 billion for its 114 aircraft in the order book by mid-2025. All aircraft are expected to be delivered before 2028, and the Company is required to make prepayments of HKD12.4 billion for the coming 12 months. In addition, the Company has a large short-term debt maturity of HKD18.5 billion as of 30 June 2025. We expect that CALC will need to refinance most of its maturing debts due to its moderate level of internal liquidity resources. The Company has cash and cash equivalents of approximately HKD4.8 billion by mid-2025, covering only 26.3% of its short-term debts.

Rating Outlook

The stable outlook on CALC's rating reflects our expectation that the Company will maintain its credit profile with solid business position and stable financial metrics over the next 12 to 18 months. We also expect the likelihood of support from CEG and its affiliated entities will remain unchanged during the period.

What could upgrade the rating?

The rating could be upgraded if (1) there is a stronger expectation of group support such as an increase in the Company's strategic importance to CEG; or (2) the Company significantly improves its standalone credit profile, such as strengthened recurring profitability, capital adequacy, and financing flexibility.

What could downgrade the rating?

The rating could be downgraded if (1) there is a weakening expectation of group support such as a decrease in the Company's strategic importance to CEG; or (2) the Company demonstrates material deterioration in its standalone credit profile, such as weakened asset quality, capital adequacy, and liquidity position.

Rating Methodology

The methodology used in this rating is the Rating Methodology for Finance Companies (April 2019).

Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:
http://www.ccxap.com/en/rating_services/category/6/

This rating is solicited. Please refer to CCXAP's Policy for designating and assigning Solicited and Unsolicited Credit Ratings available on its website at:
http://www.ccxap.com/en/rating_services/category/9/

The rating has been disclosed to the rated entity or its related party prior to publication, and issued with no amendment resulting from that disclosure.

CCXAP considers a rated entity or its related party to be participating when it maintains an overall relationship with CCXAP. Unless specifically noted in the Regulatory Disclosures as a non-participating entity, the rated entity or its related party is participating and the rated entity or its related party generally provides CCXAP with information for the purposes of its rating process.

Regulatory disclosures contained here apply to press release, rating report, and if applicable, the related rating outlook or rating review.

CCXAP's public ratings are available at www.ccxap.com (Rating Results) and may be distributed through media and other means.

The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Amy Chen
Credit Analyst
+852-2860 7127
amy_chen@ccxap.com

Elle Hu
Executive Director of Credit Ratings
+852-2860 7120
elle_hu@ccxap.com

Client Services: +852-2860 7111

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP’s publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP’s publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address: Suites 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656