

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



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)

**VOLUNTARY ANNOUNCEMENT
REALISATION OF FINANCE LEASE RECEIVABLES**

The Board is pleased to announce that on 21 December 2017, each of the SPCs, a wholly-owned subsidiary of the Company, completed the Realisation Transaction with the Trust respectively in relation to each of the two Aircraft under the respective Aircraft Lease Agreement and the Company recorded a gain on disposal of the FLR.

The Realisation Transaction has constituted a recurrent business of the Group, enabling more efficient use of the Group's equity and debt financing arrangement. Such business model enables the Group to expand its business without relying too much on equity growth. The Realisation Transaction again demonstrates the Group's continued innovation on its rental realisation products which advances the aviation finance sector of the nation, while further cementing the Group's already-diversified financing channels and enhancing its capital liquidity.

The announcement is made on a voluntary basis by the Company.

REALISATION OF THE FLR

The Board is pleased to announce that on 21 December 2017, each of the SPCs, a wholly-owned subsidiary of the Company, completed the Realisation Transaction with the Trust respectively.

Pursuant to the FLR Transaction Documents, each of the SPCs agreed to sell and the Trust agreed to purchase the FLR in relation to each of the two Aircraft under the respective Aircraft Lease Agreement.

REASONS FOR AND BENEFITS FROM THE REALISATION OF THE FLR

The Group is principally engaged in global aircraft leasing business. The Realisation Transaction has constituted a recurrent business of the Group, enabling more efficient use of the Group's equity and debt financing arrangement. Such business model enables the Group to expand its business without relying too much on equity growth. The Realisation Transaction again demonstrates the Group's continued innovation on its rental realisation products which advances the aviation finance sector of the nation, while further cementing the Group's already-diversified financing channels and enhancing its capital liquidity.

As at the date of this announcement, the Group completed realisation for 19 aircraft in total (including the two Aircraft under this Realisation Transaction) since 1 January 2017.

THE FINANCIAL EFFECTS OF THE REALISATION OF THE FLR

The following sets forth the financial effects of the realisation of the FLR upon its completion on 21 December 2017:

- (a) The Group transferred substantially all the market risks and rewards of ownerships on the future lease receivables to the Trust being the purchaser of the FLR and hence, the FLR relating to lease payments was de-recognised.
- (b) The total consideration for the assignment of the FLR was received by the Company in cash and the Company recorded a gain on disposal of the FLR.
- (c) The consideration received will be partly used to prepay the borrowings in relation to the Aircraft, thus reducing the Group's gearing ratio.
- (d) For clarification purpose, each of the SPCs still retains the ownership of the respective Aircraft.

DEFINITIONS

In this announcement, the following expressions shall (unless the context otherwise requires) have the following meanings:

“ Aircraft ”	each of the two Airbus A320CEO series aircraft whose legal owner is the respective SPC
“ Aircraft Lease Agreement(s) ”	each of the two aircraft lease agreements entered into by the respective SPC (as lessor) with the respective airline customer (as lessee) for the lease of the Aircraft
“ Board ”	the board of directors of the Company
“ Company ”	China Aircraft Leasing Group Holdings Limited (中國飛機租賃集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“ FLR ”	the finance lease receivables under each of the Aircraft Lease Agreements
“ FLR Transaction Documents ”	the FLR assignment, the aircraft mortgage, the insurance assignment and other ancillary documents
“ Group ”	the Company and its subsidiaries
“ Hong Kong ”	the Hong Kong Special Administrative Region of the PRC
“ PRC ”	The People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement

“Realisation Transaction”	the transactions in relation to the entering into of the FLR Transaction Documents
“SPC(s)”	each of the two special purpose companies established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	the trust which is the assignee named in FLR assignment and the trust shall further assign the FLR to a connected person of the Company after a certain period of time

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

Hong Kong, 21 December 2017

As at the date of this announcement, (i) the Executive Directors are Mr. CHEN Shuang, JP, Mr. POON Ho Man and Ms. LIU Wanting; (ii) the Non-executive Directors are Mr. TANG Chi Chun, Mr. GUO Zibin and Ms. CHEN Chia-Ling; and (iii) the Independent Non-executive Directors are Mr. FAN Yan Hok, Philip, Mr. NIEN Van Jin, Robert, Mr. CHEOK Albert Saychuan and Mr. CHOW Kwong Fai, Edward, JP.