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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)

VOLUNTARY ANNOUNCEMENT

REALISATION OF FINANCE LEASE RECEIVABLES

As part of the Group's repeating and continuous business model and financing strategy, the Board is pleased to announce that on 26 September 2016, each of the SPCs, a wholly-owned subsidiary of the Company, and the Trust entered into the FLR Transaction Documents respectively in relation to the Realisation Transaction for three Aircraft under the respective Aircraft Lease Agreement at the total consideration of approximately US\$103.5 million (equivalent to approximately HK\$807.3 million) and the Company recorded a gain on disposal of the FLR.

The Realisation Transaction was structured into senior and junior tranches to fit different appetites and strategies of investors. 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 Company plans to use the proceeds arising from the Realisation Transaction for the prepayment of the relevant aircraft financing. Since 1 January 2016 and up to the date of this announcement, the Group completed realisation for 14 aircraft (including this Realisation Transaction) in total.

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

REALISATION OF THE FLR

As part of the Group's repeating and continuous business model and financing strategy, the Board is pleased to announce that on 26 September 2016, each of the SPCs and the Trust entered into the FLR Transaction Documents respectively in relation to the Realisation Transaction.

Pursuant to the FLR Transaction Documents, each of the SPCs agreed to sell and the Trust agreed to purchase the FLR (being the finance lease receivables calculated from 26 September 2016 to the end of the lease term (both days inclusive) in relation to each of the three Aircraft under the respective Aircraft Lease Agreement) at the total consideration of approximately US\$103.5 million (equivalent to approximately HK\$807.3 million).

REASONS FOR AND BENEFITS FROM THE REALISATION OF THE FLR

The Group is principally engaged in aircraft leasing business. Realisation of FLR forms part of the Group's repeating and continuous business model and financing strategy. The Realisation Transaction was structured into senior and junior tranches to fit different appetites and strategies of investors. 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. Since 1 January 2016 and up to the date of this announcement, the Group completed realisation for 14 aircraft (including this Realisation Transaction) in total.

The Company plans to use the proceeds arising from the Realisation Transaction for the prepayment of the relevant aircraft financing.

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:

- (a) The Group transferred substantially all the risks and rewards of ownerships on the lease payments 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 of approximately US\$103.5 million (equivalent to approximately HK\$807.3 million) was received by the Company in cash and the Company recorded a gain on disposal of the FLR.
- (c) For clarification purpose, each of the SPCs still retains the ownership of the subject Aircraft.

DEFINITIONS

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

“Aircraft”	each of the three Airbus A320 series aircraft whose legal owner is the respective SPC
“Aircraft Lease Agreement”	each of the three aircraft lease agreements entered into by the respective SPC (as lessor) with the same airline customer (as lessee) for the lease of subject 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 Agreement, calculated from 26 September 2016 to the end of the lease term (both days inclusive)
“FLR Transaction Documents”	the FLR assignment, the first aircraft mortgage, the insurance assignment and other ancillary documents
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“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
“ Shareholder(s) ”	shareholder(s) of the Company
“ SPC(s) ”	each of the three special purpose companies established in the PRC with limited liability and are indirect wholly-owned subsidiaries 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 will further assign the FLR to connected persons of the Company
“ US\$ ”	United States dollars, the lawful currency of the United States of America

In this announcement, certain amounts denominated in US\$ are translated into HK\$ at the exchange rate shown below, but such conversions shall not be construed as representations that amounts in US\$ were or may have been converted into HK\$ at such rate or any other exchange rates or at all: US\$1 = HK\$7.80.

By order of the Board
China Aircraft Leasing Group Holdings Limited
CHEN SHUANG
*Executive Director, Chairman
and Chief Executive Officer*

Hong Kong, 27 September 2016

As at the date of this announcement, (i) the Executive Directors are Mr. CHEN Shuang 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.