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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)

PROFIT WARNING

This announcement is made by China Aircraft Leasing Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The year 2020 has marked the most challenging year in the history of commercial aviation due to the COVID-19 pandemic. Although the global spread of the pandemic has affected the Group's overseas business, which represented 22.3% of the Group's overall business (out of a total number of 103 aircraft of the Group's owned fleet, 23 aircraft were leased to overseas airlines).

China has achieved remarkable results in the fight against the pandemic and the domestic aviation market had been leading global recovery. Benefited from the outstanding performance of the Group's China operations, which accounted for 77.7% of the Group's overall business (80 out of 103 aircraft of the Group's owned fleet, of which 74 aircraft were held by China Asset Leasing Company Limited (“**CALC (TJ)**”), a wholly-owned subsidiary of the Group). The total revenue and the operational profits of the Group for the year ended 31 December 2020 (the “**Review Year**”) maintained at a similar level to that of 2019, and the cash balance has also slightly increased as compared to that of the end of 2019. However, during the Review Year, the Group has recorded:

- 1) As civil aviation market has been severely impacted by the pandemic, shared of the losses and made provision on the investment in Aviation Synergy Ltd totaled approximately HK\$200 million (versus the Group's investment of US\$28 million (equivalent to approximately HK\$218 million) when acquiring Aviation Synergy Ltd); and

- 2) As RMB exchange rate changed rapidly against USD, an unrealised mark-to-market RMB exchange loss of approximately HK\$300 million would be incurred. Currently RMB loan represents approximately 13% of the Group's total debt portfolio. In order to mitigate RMB exchange rate risks, a hedging arrangement has been made and unhedged exposure on RMB has been decreased by around 50% as of the date of this announcement when compared to the general level as for the Review Year.

Based on a preliminary review of the Group's unaudited consolidated management accounts for the Review Year and currently available information, the board of directors of the Company (the "**Board**") anticipates that the Group will record a consolidated profit attributable to shareholders of the Company for the Review Year that is between 60% and 65% lower than that for 2019.

As stated above, the Group's China operations have achieved remarkable performance during the Review Year (*Note*). It was reflected by the financials of CALC (TJ), which mainly engaged in the Group's domestic market business. During the Review Year, CALC (TJ)'s total revenue (operating income, other gains and non-operating income) increased by 4.6% to RMB2,793 million, net profit soared by approximately 160% to RMB462 million and monetary balance increased by 24% to RMB 2,249 million. During the Review Year, CALC (TJ) delivered a total of 6 aircraft (2019: 2 aircraft) and disposed of 17 aircraft (2019: 6 aircraft), the total asset transaction volume has increased compared to that of the previous year.

The year of 2020 has been the most challenging year the Group has faced since its establishment. Nevertheless, with its leading position in the China market, the Group has managed steady operating activities in all its business segments. Looking ahead, the Group will channel more resources into the China market and capture business opportunities to come with its one-stop fleet upgrade service and its established role as an aircraft asset manager.

The Company is in the process of finalizing the annual financial results of the Group for the Review Year. The information of the Company contained in this announcement is based on a preliminary review of the financial information currently available to the Board. Such information has neither been confirmed nor reviewed by the auditor or Audit Committee, of the Company, and may be subject to amendments.

Details of the annual financial information of the Group will be disclosed in the Company's annual results announcement for the Review Year which is expected to be published in March 2021.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company.

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

Hong Kong, 1 March 2021

As at the date of this announcement, (i) the Executive Directors are Dr. ZHAO Wei, Mr. POON Ho Man and Ms. LIU Wanting; (ii) the Non-executive Director is Mr. TANG Chi Chun; and (iii) the Independent Non-executive Directors are Mr. FAN Yan Hok, Philip, Mr. NIEN Van Jin, Robert, Mr. CHEOK Albert Saychuan and Dr. TSE Hiu Tung, Sheldon.

Note:

The above-mentioned financial information of CALC (TJ) has been prepared in accordance with PRC Generally Accepted Accounting Principles, which requires adjustment during the course of auditing. The accounting treatments adopted in these financial information, including accounting for lease transactions, are different, in certain aspects, from those in the consolidated financial statements of the Group, which are prepared in accordance with Hong Kong Financial Reporting Standards. Such financial information is limited solely to CALC (TJ) and does not represent or provide a full picture of the operation or status of the Group.