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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(2)(a) 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 in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Preliminary Interim Financial Information

In February 2022, the military activity in Ukraine happened and subsequent sanctions in relation to commercial activities with businesses in Russia were imposed by the European Union, the United States of America, the United Kingdom and other countries (the “**Sanctions**”). In March 2022, in compliance with the Sanctions, the Group terminated leasing arrangements with Russian lessees in respect of two owned aircraft (the “**Aircraft**”), representing less than 2% of the number of the Group’s owned fleet of 138 as at 30 June 2022. The Group has been maintaining dialogue with the Russian lessees, actively seeking to repossess the Aircraft. As at 30 June 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 30 June 2022, the Group has not recognized any claim receivables.

The board of directors of the Company (the “**Board**”) has therefore determined prudently that the net book value of the Aircraft as at 30 June 2022 should be fully written down, which is offset by the security deposit, maintenance reserves and the value of the Engine, resulting in a net write-off of HK\$438.6 million (the “**Net Write-off**”) for the six months ended 30 June 2022 (the “**Review Period**”). After the Net Write-off, the Group’s loss attributable to shareholders of the Company for the Review Period will be in between HK\$130 million and HK\$170 million (profit attributable to

shareholders of the Company for the first half of 2021: HK\$302.6 million). If the Group can successfully repossess the Aircraft or receive insurance claims in future, the effect of the Net Write-off will be offset accordingly.

The accounting treatment for this one-off Net Write-off is a non-cash item and will not have any significant impact on the Group's liquidity. In addition, as the Net Write-off represents less than 1% of the Group's total assets as at 30 June 2022 and the Group has no new aircraft in its order book to be leased to Russian airlines, it will not have material impact on the Group's operations.

Based on a preliminary review of the Group's unaudited consolidated management accounts for the Review Period and currently available information, the Board anticipates that:

- (i) the Group will record an increase in the total revenue by 15% to 20% for the Review Period compared with the corresponding period last year; and
- (ii) if excluding the impact of the one-off Net Write-off, the profit attributable to shareholders of the Company for the Review Period will be in between HK\$270 million and HK\$310 million.

The Board considers that the Group's liquidity, including cash and undrawn borrowing facilities, remains stable and the Group has sufficient cash reserves for operation. Accordingly, having assessed various factors, the Board will consider declaring an interim dividend for the Review Period and make a final decision on the level of dividend payout in August 2022.

Interim Results Announcement

The Group is in the process of finalizing the interim financial results of the Group for the Review Period. The information of the Group 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 the Audit Committee of the Company and may be subject to amendments.

Details of the interim financial information of the Group will be disclosed in the Company's interim results announcement for the Review Period which is expected to be published in August 2022.

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, 18 July 2022

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. WANG Hongyang; and (iii) the Independent Non-executive Directors are Mr. FAN Yan Hok, Philip, Mr. CHEOK Albert Saychuan and Dr. TSE Hiu Tung, Sheldon.