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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)**

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The Board of Directors (the “Board”) of China Aircraft Leasing Group Holdings Limited (the “Company”) announces the audited annual results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2016 as follows:

#### FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2016	2015	Change
	<i>HK\$'Million</i>	<i>HK\$'Million</i>	
Revenue and other income	<b>2,448.1</b>	1,549.3	+58.0%
Profit attributable to owners of the Company	<b>638.4</b>	380.2	+67.9%
EPS (Basic) ( <i>HK\$</i> )	<b>1.009</b>	0.636	+58.6%
Return on average shareholders' equity	<b>24.4%</b>	19.2%	+5.2 p.p.
Gearing ratio ( <i>Note</i> )	<b>83.6%</b>	86.7%	-3.1 p.p.
Final dividend per share ( <i>HK\$</i> )	<b>0.39</b>	0.18	116.7%
Total dividend per share ( <i>HK\$</i> )	<b>0.53</b>	0.22	140.9%

*Note: Interest-bearing debts/Total assets*

## **CHAIRMAN'S STATEMENT**

On behalf of China Aircraft Leasing Group Holdings Limited (“CALC” or the “Company”, together with its subsidiaries, the “Group”), I am pleased to present the Group’s annual results for the year ended 31 December 2016.

### **RESULTS**

During the year, total revenue and other income of the Group’s main business amounted to HK\$2,448.1 million, a year-on-year increase of 58.0%, while net profit was HK\$638.4 million, soaring 67.9% year-on-year.

### **DIVIDEND**

The Board recommends the payment of a final dividend of HK\$0.39 (2015: HK\$0.18) per share to the shareholders whose names appear on the register of members of the Company on 31 May 2017. Together with the interim dividend of HK\$ 0.14 (2015: HK\$0.04) per share paid in September 2016, total dividend amounts to HK\$0.53 per share for 2016 (2015: HK\$0.22).

### **BUSINESS REVIEW**

#### **Fleet Portfolio and Globalisation**

During the year, the Group delivered a total of 18 aircraft, increasing its fleet size to 81 aircraft as of the end of 2016. Its fleet is modern with an average age and an average remaining lease time of less than four and nine years respectively as of 31 December 2016. Meanwhile, its aircraft lease occupancy rate for the year remained unchanged at 100%, the same as 2015.

In 2016, the Group achieved resounding success in expanding its client base and global business footprint. CALC expanded its clientele to 16 airlines as of the end of 2016 as a result of growing relations with existing clients and initiating co-operation with new airline partners. During the year, the Group commenced business with Pegasus Airlines, its first European client, and Jetstar Pacific Airlines, Vietnam’s leading low-cost carrier, delivering two and four aircraft respectively. In addition, it entered the Japanese and US markets as a result of lease agreements with All Nippon Airways Group and Hawaiian Airlines. Out of the 18 aircraft delivered in 2016, eight (i.e. approximately 45%) were leased to non-mainland Chinese carriers. At the end of 2016, non-mainland Chinese carriers took up 15 aircraft, that was approximately 20% of CALC’s total fleet, an eloquent testimony of the Group’s globalisation efforts since 2015.

## **Disposal of Finance Lease Receivables**

Market demand for such investment product as finance lease receivables has been increasing, mainly driven by investors' huge appetite for US dollar-denominated aircraft finance products for long-term and stable returns. During the year, the Group completed the disposal of finance lease receivables for 14 aircraft with a gain of HK\$562.0 million. Such arrangements constitute a recurrent part of the Group's businesses, which it will expand depending on market conditions.

## **Financing Channels**

Meanwhile, the Group continues to explore a variety of onshore and offshore financing channels as a means to ensure flexibility for its sustainable development and in support of its globalisation strategy. In May 2016, the Group issued its first 3-year US dollar senior unsecured bonds in the principal amount of US\$300 million, extending its source of financing from traditional banks to debt investors, as a wider push to diversify its financing channels. In addition, the bonds have a fixed interest rate, which will enable the Group to alleviate the impact brought by the imminent USD interest rate hikes. The subsequent second issuance of 5-year US\$300 million bonds in August 2016 attracts investors on a more diversified base.

In May 2016, together with a consortium of six financial institutions, the Group launched its first syndicated loan with a principal amount of approximately US\$195 million, making its debut in the syndicated loan market. The landmark arrangement, which drew the engagement of quite a few financial institutions new to the aviation finance sector, was also the first time a syndicated loan was used to finance pre-delivery payments of aircraft in Asia. In July 2016, to optimise its financial position, the Group repurchased convertible bonds with an aggregate principal amount of HK\$581.9 million. In September 2016, CALC completed a share placement, issuing a total of 40,000,000 new shares at HK\$8.00 per share to not less than six investors, which further expanded its shareholder base and improved its financial position. In addition, in November 2016, the Group gained regulatory approval to issue 5-year medium-term notes in China of RMB330.0 million. The medium-term notes are rated AA+ by China Cheng Xin International Credit Rating Company, one notch higher than its ratings in 2015.

## **Development of Aircraft Recycling International**

In July 2016, the Group completed a restructuring of its investment in Aircraft Recycling International Limited ("ARI"), while remaining its largest single shareholder with 48% of the equity interest.

With its commitment to providing aircraft full-life solutions, the Group is currently building the first purpose-built aircraft disassembly centre in Harbin, which will be the first of its kind in Asia. Phase I of the project is expected to commence operations in 2017.

In 2016, ARI completed its first large-scale aircraft leasing transaction since its establishment through entering into a sale and leaseback agreement with Sichuan Airlines. The four A319ceo aircraft (one of which is under a joint venture), aged at approximately 12 years, will be leased back to Sichuan Airlines for a long lease term. Separately, ARI successfully bid six B737-700 aircraft from Xiamen Airlines in late 2016. These aircraft are aged at 16-18 years and the deal was closed in March 2017. The aircraft are planned for future leasing or disassembly. Such projects mark a major milestone in ARI's history, which will lay a solid foundation for ARI's future business development.

## **Awards**

As a testament to remarkable achievements in 2016, the Group was named "Aircraft Lessor of the Year" for a second consecutive year by Global Transport Finance ("GTF"), making the Group the only aircraft leasing company in China to win such an award. The Group's first Japanese Operating Lease with Call Option ("JOLCO") financing, was named "Asia Pacific Deal of the Year for Innovation" by Airline Economics magazine and "Aircraft Lessor JOLCO Finance Deal of the Year" by GTF. The Group also received Hong Kong Economic Journal's "Listed Company Award of Excellence 2016" and was honoured with "The Listed Enterprise Excellence Award 2016" by Capital Weekly. These accolades once again demonstrate the Group's reputation for its outstanding performance and management.

## **PROSPECTS**

Looking ahead to 2017, a plethora of political uncertainties is set to cast a shadow over the world economy development, marked by the new US administration and its global ramifications, as well as upcoming elections in several European countries. The expectation of a series of interest rate hikes in the US and fluctuations in oil prices weigh on the economic outlook. Despite this, the International Air Transportation Association ("IATA") forecasts that the revenue passenger kilometre ("RPK") will climb by 5.1% in 2017 while Asia Pacific is expected to outperform the global average rate with a growth rate of 7.0%.

In the meantime, emerging and developing economies are poised to have the greatest impact on the dynamics of global economic activities. China, in particular, is optimistic about its own economic growth outlook, backed by policy stimulus measures and the prospects for stronger global demand, which is buoying sentiment. The IATA has forecasted that China will replace the US as the world's largest aviation market by around 2024. With regards to the aircraft leasing industry, the growth streak is expected to extend into 2017, driven by an emerging middle class that favors air travel, coupled with burgeoning demands for innovative financing arrangements among carriers. The Hong Kong SAR Government announced in January 2017 that it plans to offer tax concessions to aircraft leasing businesses and aspires to become an aviation leasing and finance center, presenting a favorable outlook for the development of the sector in the region.

2017 is off to a very strong start for CALC. In January, the Group signed lease agreements with Thai AirAsia and AirAsia for the lease of one Airbus for each airline, further cementing its presence in the high-growth aircraft leasing market in Asia. Following the 3-year and 5-year US dollar bonds issued in 2016, the Group beefed up its position in long-term bonds by issuing 5-year US\$300 million bonds and 7-year US\$200 million bonds in March 2017. These bonds have a longer maturity and earned overwhelming support from investors on a more diversified base. Separately, ARI completed the acquisition of 100% equity interest in Universal Asset Management, Inc. (“UAM”), a provider of commercial aviation asset management, aircraft recycling services and component sales based in Tennessee, USA. ARI will have immediate access to UAM’s strong brand influence, extensive clientele and professional team to forge ahead its globalisation strategy.

Based on its current order of commitments, the Group’s fleet size is set to grow by at least 19 new aircraft in 2017, firmly placing it on a trajectory to expand to no fewer than 173 aircraft by 2022. The Group will closely monitor market conditions and expand its fleet to capture customer demand. In addition, the Group is also expanding its global marketing with the aim of bolstering its revenue streams, while further diversifying its global footprint. At the same time, the Group will continue to seize market opportunities for the finance lease receivables products and the building of innovative financing channels. Furthermore, the Group is actively exploring potential opportunities for aircraft trading and portfolio management by leveraging the skills and expertise of its team. With the aircraft disassembly center soon to commence operations, the Group will continue to make progress with this strategic development for its business, which will give the Group first-mover advantage to further strengthen its position as Asia’s first full value-chain aircraft solutions provider.

Over the past decade, CALC has become a dynamic and scalable public company with operations spanning across the globe. Built upon a solid foundation, we will continue to uphold our core values of innovation, commitment to high quality services and a global vision, while at the same time creating greater value for our customers, business partners and shareholders.

## **ACKNOWLEDGEMENT**

The year 2016 was a fruitful year for CALC thanks to the unwavering support from its shareholders, business partners, management members and staff all over the world. On behalf of the Board members, I extend my gratitude to all of them. We look forward to taking CALC to new heights together.

**CHEN Shuang**

*Chairman of the Board*

Hong Kong, 24 March 2017

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. RESULTS

For the year ended 31 December 2016, the Group delivered 18 aircraft, building its fleet size to 81. Revenue and other income was HK\$2,448.1 million, an increase of HK\$898.8 million or 58.0% compared with HK\$1,549.3 million in 2015. Profit attributable to owners of the Company in 2016 amounted to HK\$638.4 million, an increase of HK\$258.2 million or 67.9% compared with HK\$380.2 million in 2015. The main reasons for the increase in revenue and net profit were an increase in lease income, which resulted from continued expansion of the scale of the aircraft leasing business and gain from disposal of finance lease receivables. The Group completed disposal of finance lease receivables for 14 aircraft in 2016, compared with two aircraft in 2015.

Total asset value was HK\$30,900.2 million as at 31 December 2016, compared with HK\$23,947.0 million as at 31 December 2015, an increase of HK\$6,953.2 million 29.0%. The increase in assets was mainly due to addition of aircraft during the year. Total liabilities as at 31 December 2016 amounted to HK\$27,856.8 million, an increase of HK\$6,117.8 million or 28.1%. The increase in liabilities was because the Company's aircraft acquisitions were mainly funded through aircraft financing and it issued two USD bonds with a total amount of US\$600.0 million (equivalent to approximately HK\$4,657.7 million) during the year.

Equity attributable to owners of the Company was HK\$3,043.3 million as at 31 December 2016 compared with HK\$2,188.5 million in 2015, an increase of HK\$854.8 million or 39.1%.

### 2. ANALYSIS OF INCOME AND EXPENSES

	Year ended 31 December		
	2016	2015	Change
	HK\$'Million	HK\$'Million	
Finance lease income	<b>1,163.1</b>	1,015.4	14.5%
Operating lease income	<b>416.1</b>	223.9	85.8%
Gain from disposal of finance lease receivables	<b>562.0</b>	54.1	938.8%
Government grants	<b>260.7</b>	242.6	7.5%
Operating lease income on office premises from a related party	<b>2.6</b>	1.1	136.4%
Interest income from loans to an associate	<b>18.8</b>	–	N/A
Sundry income	<b>24.8</b>	12.2	103.3%
<b>Revenue and other income</b>	<b>2,448.1</b>	1,549.3	58.0%
Total expenses and other gains/losses	<b>(1,556.0)</b>	(1,069.1)	45.5%
Profit before income tax	<b>892.1</b>	480.2	85.8%
Income tax expenses	<b>(253.7)</b>	(100.0)	153.7%
<b>Profit for the year</b>	<b>638.4</b>	380.2	67.9%

## 2.1 Revenue and Other Income

For the year ended 31 December 2016, revenue and other income amounted to HK\$2,448.1 million compared with HK\$1,549.3 million in 2015, an increase of HK\$898.8 million or 58.0%. This was mainly due to an increase in lease income and the gain from disposal of finance lease receivables.

Lease income from finance leases and operating leases for the year totalled HK\$1,579.2 million, compared with HK\$1,239.3 million in 2015, an increase of HK\$339.9 million or 27.4%. The growth in lease income during the year was principally attributable to the Group's increased fleet size by 18 from 63 as at 31 December 2015 to 81 aircraft as at 31 December 2016. As at 31 December 2016, including the aircraft under the disposal of finance lease receivables, total fleet size increased to 81 aircraft, of which 63 aircraft were classified as finance lease and 18 aircraft as operating lease. As at 31 December 2015, including the aircraft under the disposal of finance lease receivables, total fleet size was 63 aircraft, of which 57 were classified as finance lease and six as operating lease.

In addition, the Group realised a total gain of HK\$562.0 million from disposal of finance lease receivables during the year (2015: HK\$54.1 million), an increase of HK\$507.9 million or 938.8%. In 2016, the Group completed disposal of finance lease receivables for 14 aircraft (2015: two aircraft). The rise in the number of disposal transactions underlines the ever-growing knowledge and confidence in the aircraft leasing industry, as well as the increasing demand of USD-denominated aircraft finance products with stable return. Such transactions have played an important part in the Group's regular business and financing strategies, and it intend to continue pursuing them.

Government grants for the year amounted to HK\$260.7 million, compared with HK\$242.6 million in 2015, an increase of HK\$18.1 million or 7.5%. This was mainly due to the increase in fleet size.

## 2.2 Total Expenses and Other Gains/Losses

During the year ended 31 December 2016, the Group had the following operating expenses.

	Year ended 31 December		
	2016	2015	Change
	HK\$'Million	HK\$'Million	
Interest expenses	1,029.3	753.7	36.6%
Depreciation	164.0	91.3	79.6%
Other operating expenses	399.4	223.3	78.9%
Other (gains)/losses	(44.1)	0.8	-5,612.5%
Share of loss of an associate	7.4	–	N/A
	<u>1,556.0</u>	<u>1,069.1</u>	<u>45.5%</u>
Total expenses and other gains/losses	<u>1,556.0</u>	<u>1,069.1</u>	<u>45.5%</u>

### (a) Interest Expenses

For the year ended 31 December 2016, interest expenses incurred by the Group amounted to HK\$1,029.3 million compared with HK\$753.7 million in 2015, an increase of HK\$275.6 million or 36.6%. This was mainly due to an increase in total borrowings as a result of expanding the aircraft fleet size by 18; interest expenses from the two bonds issued in May 2016 and August 2016 respectively; and the full period effect of interest expenses from medium-term notes in 2016.

### (b) Depreciation

Depreciation on the Group's leasehold improvements, motor vehicles, office equipment and aircraft under operating leases for the year was HK\$164.0 million compared with HK\$91.3 million in 2015, an increase of HK\$72.7 million or 79.6%. This was mainly because the number of aircraft under operating leases was increased from six as at 31 December 2015 to 18 as at 31 December 2016.

### (c) Other Operating Expenses

Other operating expenses mainly represented salaries and bonuses; professional fees related to the aircraft leasing business; and rentals and office administration expenses. The Group's globalisation strategy, which includes plans to diversify its overseas customer base and expand overseas offices, led to an increase in manpower and business running costs.

### (d) Other (Gains)/Losses

Other gains for 2016 mainly represent fair value gains from interest rate and currency swaps and currency exchange gains.

## 2.3 Income Tax Expenses

Income tax for the year ended 31 December 2016 was HK\$253.7 million (2015: HK\$100.0 million), resulting mainly from the increased profits achieved through growth in the leasing business and the gain from disposal of finance lease receivables.

## 3. ANALYSIS OF FINANCIAL POSITION

### 3.1 Assets

As at 31 December 2016, the Group's total assets amounted to HK\$30,900.2 million compared with HK\$23,947.0 million as at 31 December 2015, an increase of HK\$6,953.2 million or 29.0%.

	As at 31 December		Change
	2016	2015	
	HK\$'Million	HK\$'Million	
Finance lease receivables, net	<b>15,031.0</b>	16,473.0	-8.8%
Property, plant and equipment	<b>6,214.1</b>	2,412.5	157.6%
Interests in and loans to an associate	<b>444.4</b>	–	N/A
Cash and bank balances	<b>6,016.8</b>	1,597.7	276.6%
Pre-delivery payments (“PDP”) and other receivables	<b>3,062.8</b>	3,444.4	-11.1%
Derivative financial assets	<b>131.1</b>	19.4	575.8%
Total assets	<b><u>30,900.2</u></b>	<u>23,947.0</u>	<u>29.0%</u>

#### 3.1.1 Finance Lease Receivables, Net and Property, Plant and Equipment

The majority of total assets as at 31 December 2016 represented finance lease receivables and property, plant and equipment. Finance lease receivables, net represented the present value of minimum lease payments receivable from aircraft classified as finance leases and their residual values. Property, plant and equipment included the cost of aircraft classified as operating leases, net of their accumulated depreciation. As at 31 December 2016, including the aircraft under the disposal of finance lease receivables, total fleet size increased to 81 aircraft, of which 63 were classified as finance leases and 18 as operating leases. As at 31 December 2015, including the aircraft under the disposal of finance lease receivables, total fleet size was 63 aircraft, of which 57 were classified as finance leases and six as operating leases.

### 3.1.2 Cash and Bank Balances

Cash and bank balances increased by HK\$4,419.1 million or 276.6% from HK\$1,597.7 million as at 31 December 2015 to HK\$6,016.8 million as at 31 December 2016, following the issuance of two bonds in May 2016 and August 2016 respectively with total amount of US\$600.0 million (equivalent to approximately HK\$4,657.7 million); share placement of 40 million shares at HK\$8.0 per share in September 2016 with proceeds of HK\$320.0 million; issuance of medium-term notes of RMB330.0 million (equivalent to approximately HK\$385.6 million) in November 2016; and net proceeds received from the disposal of finance lease receivables for 14 aircraft in 2016.

### 3.1.3 Derivative financial instruments

	As at 31 December		
	2016	2015	Change
	HK\$'Million	HK\$'Million	
Derivative financial assets			
– Currency swap	24.2	16.1	50.3%
– Interest rate swaps	106.9	3.3	3,139.4%
	<u>131.1</u>	<u>19.4</u>	<u>575.8%</u>
Derivative financial liabilities			
– Interest rate swaps	<u>15.0</u>	<u>32.1</u>	<u>–53.3%</u>

As at 31 December 2016, the Group had 26 outstanding interest rate swap contracts (2015: 13 contracts) which will expire at various dates from 21 September 2018 to 21 December 2024 (2015: 21 September 2018 to 21 March 2024), to exchange floating interest rates from LIBOR into fixed interest rates in a range of 1.1% to 2.1% (2015: 1.5% to 2.1%).

During the year ended 31 December 2016, the fair value gains of derivative financial instruments recognised in reserves was HK\$100.3 million (2015: gains of HK\$6.6 million) and fair value gains recognised in other gains/(losses) was HK\$27.9 million (2015: loss of HK\$2.0 million)

## 3.2 Liabilities

As at 31 December 2016, the Group's total liabilities amounted to HK\$27,856.8 million compared with HK\$21,739.0 million as at 31 December 2015, an increase of HK\$6,117.8 million or 28.1%. This was principally attributable to an increase in long-term borrowings, issuance of bonds and medium-term notes due to business expansion through the increase in fleet size in 2016.

An analysis is given as follows:

	As at 31 December		Change
	2016	2015	
	HK\$'Million	HK\$'Million	
Bank borrowings	17,834.7	18,775.2	-5.0%
Bonds	4,611.9	–	N/A
Long-term borrowings	2,346.1	794.2	195.4%
Medium-term notes	740.1	400.5	84.8%
Deferred income tax liabilities	332.8	122.1	172.6%
Convertible bonds	292.7	796.5	-63.3%
Interest payables	153.4	73.3	109.3%
Income tax payables	43.3	37.7	14.9%
Derivative financial liabilities	15.0	32.1	-53.3%
Other payables and accruals	1,486.8	707.4	110.2%
Total liabilities	<u>27,856.8</u>	<u>21,739.0</u>	<u>28.1%</u>

### 3.2.1 Bank Borrowings

The analysis of bank borrowings is as follows:

	As at 31 December		Change
	2016	2015	
	HK\$'Million	HK\$'Million	
Secured bank borrowings for aircraft acquisition financing	15,131.6	15,908.9	-4.9%
PDP financing	2,236.9	2,063.6	8.4%
Working capital borrowings	466.2	802.7	-41.9%
Total bank borrowings	<u>17,834.7</u>	<u>18,775.2</u>	<u>-5.0%</u>

Secured bank borrowings for aircraft acquisition financing are principally based on fixed or floating US dollar (“US\$”) London Interbank Offered Rate (“LIBOR”) rates. As at 31 December 2016, the bank borrowings were secured by, in addition to other legal charges, all of the Group’s aircraft leased to airline companies under either finance leases or operating leases, pledge of the shares in the subsidiaries owning the related aircraft, guarantees from certain of the Group companies; and pledge of deposits amounting to HK\$51.7 million (2015: HK\$119.2 million).

PDPs are required to be made under the aircraft acquisition agreements with Airbus. The PDP financing was subject to floating interest rates and was used for the settlement of PDPs for the aircraft committed to be purchased and delivered under the aircraft acquisition agreements with Airbus.

As at 31 December 2016, PDP financing was secured by rights and benefits in respect of the acquisition of the aircraft, and guarantees from the Company and China Aircraft Leasing Company Limited (“CALC (BVI)”). There was no pledged deposit for PDP financing as at 31 December 2016 (2015: HK\$6.4 million).

As at 31 December 2016, the Group had aggregate unsecured working capital borrowings of HK\$466.2 million (2015: HK\$802.7 million) from five banks (2015: four banks) which were guaranteed by the Company and CALC (BVI) (2015: same).

During the period under review, the Group completed disposal of finance lease receivables for 14 aircraft and used the proceeds for repayment of bank borrowings. Thus the Group’s financial position has remained strong despite the increase in fleet size in 2016.

The Group’s financial resources, including cash on hand, banking facilities and bond issues, will provide sufficient financial resources for its operating activities and its current and potential investment opportunities.

### *3.2.2 Bonds*

On 6 May 2016, the Group issued three-year US\$300.0 million (equivalent to approximately HK\$2,330.1 million) senior unsecured bonds due in 2019 which were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and guaranteed by the Company. These bonds bear coupon interest at 5.9% per annum, payable semi-annually.

On 22 August 2016, the Group issued five-year US\$300.0 million (equivalent to approximately HK\$2,327.6 million) senior unsecured bonds due in 2021, which were listed on the Stock Exchange and guaranteed by the Company. These bonds bear coupon interest at 4.9% per annum, payable semi-annually.

As at 31 December 2016, the carrying amount of these bonds was HK\$4,611.9 million.

### *3.2.3 Long-term Borrowings*

As at 31 December 2016, 21 borrowings (2015: seven borrowings) were provided by trust plans to 21 subsidiaries (2015: seven subsidiaries) of the Group. The long-term borrowings have remaining terms of seven to 11 years (2015: eight to 11 years). These long-term borrowings are secured by the shares of, and the aircraft held by, the relevant subsidiaries and guaranteed by the Company or by China Asset Leasing Company Limited. The trust plans are also counterparties to the disposal of finance lease receivable transactions entered into with the relevant subsidiaries.

As at 31 December 2016, two borrowings (2015: Nil) were obtained through a structured financing arrangement for two aircraft delivered to airlines. The borrowings with remaining terms of eight years are guaranteed by the Company.

### *3.2.4 Medium-term Notes*

On 15 July 2015 and 25 November 2016, a subsidiary of the Company issued five-year unsecured medium-term notes in a principal amount of RMB340.0 million (equivalent to approximately HK\$406.0 million) due in 2020 and five-year unsecured medium-term notes in a principal amount of RMB330.0 million (equivalent to approximately HK\$385.6 million) due in 2021 respectively. These notes bear coupon interest at 6.50% and 4.19% per annum respectively. As at 31 December 2016, the total carrying amount of these notes was HK\$740.1 million.

### *3.2.5 Convertible Bonds*

On 6 July 2016, the Company entered into separate agreements with China Huarong International Holdings Limited, Great Wall Pan Asia International Investment Co., Limited and China Everbright Financial Investments Limited to repurchase issued convertible bonds in the aggregate principal amount of HK\$581.9 million for an aggregate consideration of HK\$590.6 million plus the relevant interest and fees, of which the principal amount of HK\$77.6 million was repurchased by the Company from China Everbright Financial Investments Limited. After the repurchase, the principal amount of convertible bonds held by China Everbright Financial Investments Limited was HK\$310.3 million.

#### 4. ANALYSIS OF CASH FLOWS

The following table illustrates the cash position and cash flows for the year ended 31 December 2016:

	<b>Year ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'Million</b>	<b>HK\$'Million</b>
I: Aircraft in operation		
Lease income	<b>2,029.9</b>	1,535.6
Bank repayment	<b>(1,633.5)</b>	(1,390.1)
	<b>396.4</b>	145.5
II: Aircraft purchase and delivery		
Capital expenditure	<b>(5,911.9)</b>	(6,474.5)
Bank borrowings	<b>4,461.6</b>	5,626.3
	<b>(1,450.3)</b>	(848.2)
III: New aircraft not yet delivered		
PDP paid	<b>(1,730.8)</b>	(1,998.2)
PDP refunded	<b>2,015.3</b>	2,495.1
PDP financing	<b>1,758.4</b>	1,768.1
Repayment of PDP financing	<b>(1,686.2)</b>	(2,126.4)
	<b>356.7</b>	138.6
IV: Net capital movement		
Proceeds from issue of new shares	<b>390.9</b>	31.5
Purchase of non-controlling interests	<b>(19.5)</b>	–
Dividends paid	<b>(204.2)</b>	(118.9)
Disposal of finance lease receivables and proceeds from long-term borrowings	<b>5,494.3</b>	616.6
Early loan repayment on disposal of finance lease receivables	<b>(4,107.3)</b>	(1,190.9)
Proceeds from issuance of convertible bonds, net of transaction costs	<b>–</b>	876.7
Proceeds from issuance of bonds, net of transaction costs	<b>4,608.6</b>	–
Proceeds from issuance of medium-term notes, net of transaction costs	<b>384.7</b>	422.7
Proceed from disposal of ARI Group	<b>322.8</b>	–
Payments relating to interests in and loans to an associate	<b>(469.6)</b>	–
Repurchase of convertible bonds, including transaction costs	<b>(591.0)</b>	(29.7)
Working capital loan net repayment and net cash generated from other operating activities	<b>(626.6)</b>	(63.7)
	<b>5,183.1</b>	544.3
Net increase/(decrease) in cash and cash equivalents	<b>4,485.9</b>	(19.8)
Cash and cash equivalents at beginning of the year	<b>1,389.3</b>	1,425.6
Currency exchange difference on cash and cash equivalents	<b>(34.5)</b>	(16.5)
<b>Cash and cash equivalents at end of the year</b>	<b>5,840.7</b>	1,389.3

## 5. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to ensure that it maintains a strong credit standing, as well as healthy capital ratios in order to support its business and maximise shareholder value.

Operations and capital expenditure requirements are funded by a combination of cash generated from operating activities, bank borrowings, long-term borrowings, PDP financing, issuance of bonds and medium-term notes, proceeds from share placement and disposal of finance lease receivables. In order to meet the current rapid expansion, the Group will also consider both equity and debt financing opportunities.

For the year ended 31 December 2016, the objectives, policies and processes for managing capital remained largely unchanged. The Group made full use of capital leverage to keep pace with aircraft delivery.

The Group monitors capital through gearing ratios:

	As at 31 December		Change
	2016	2015	
	<i>HK\$'Million</i>	<i>HK\$'Million</i>	
Interest-bearing debts included in total liabilities	<b>25,825.6</b>	20,766.5	24.4%
Total assets	<b>30,900.2</b>	23,947.0	29.0%
Gearing ratio	<b><u>83.6%</u></b>	<u>86.7%</u>	<u>-3.1p.p.</u>

The gearing ratio was improved from 86.7% to 83.6% as at 31 December 2016.

## 6. CAPITAL EXPENDITURE

During the year ended 31 December 2016, our capital expenditure was principally the purchase of aircraft to generate lease income. The primary source of financing for our capital expenditure was bank borrowings and bonds issuance.

The following table sets out the Group's capital expenditure:

	As at 31 December		Change
	2016	2015	
	<i>HK\$'Million</i>	<i>HK\$'Million</i>	
Acquisition of aircraft (for finance and operating leases)	<b><u>5,911.9</u></b>	<u>6,474.5</u>	<u>-8.7%</u>

## **7. CONTRACTUAL OBLIGATIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

### **7.1 Contingent Liabilities**

The Group had no material contingent liabilities outstanding as at 31 December 2016 (2015: nil).

### **7.2 Capital Commitments for Aircraft Acquisition**

In October 2012, we entered into an aircraft acquisition agreement with Airbus for the purchase of 36 aircraft of the A320 family. All the 36 aircraft had been delivered by 31 December 2016.

In December 2014, we entered into another aircraft acquisition agreement with Airbus for the purchase of 100 aircraft of the A320 family, of which eight aircraft have been delivered up to 31 December 2016, with the rest planned for delivery between 2017 and 2022.

In December 2015 and January 2016, we entered into aircraft acquisition agreements with Airbus for the purchase of four additional aircraft of the A320 family, executed in the form of an amendment to the purchase agreement signed in 2014. All four of these aircraft had been delivered by 31 December 2016.

In our agreements to purchase these aircraft, we have secured a series of scheduled deliveries which will enable us to achieve our targeted growth. For each aircraft, we are obliged to make PDP at specific dates prior to their scheduled delivery.

The prices are not fixed at the time of entering into the relevant agreement and can only be determined upon the final specifications of the aircraft. The final purchase prices paid by us will be lower than the list prices because of differing aircraft specifications and various price concessions, credits or discounts that may be provided by the manufacturer. These concessions take the form of credit memoranda, which we may apply towards the purchase of goods and services. These credit memoranda are generally incorporated into the final aircraft invoices and thus reduce the amount to be paid by us for each aircraft. As a result, the final purchase prices of the aircraft are expected to be substantially less than the manufacturer's list prices.

The Group's total aircraft purchase commitment amounted to HK\$35.4 billion as at 31 December 2016 (2015: HK\$41.1 billion), representing our estimated total purchase costs of the aircraft contracted to be purchased and delivered to us, net of PDP paid.

## CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2016	2015
	Note	HK\$'000	HK\$'000
<b>ASSETS</b>			
Property, plant and equipment		6,214,103	2,412,544
Interests in and loans to an associate		444,369	–
Finance lease receivables – net	3	15,030,972	16,473,038
Derivative financial assets		131,113	19,439
Prepayments and other receivables		3,062,797	3,444,332
Restricted cash		176,087	208,387
Cash and cash equivalents		5,840,746	1,389,289
<b>Total assets</b>		<b>30,900,187</b>	<b>23,947,029</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		66,990	60,592
Reserves		1,839,694	1,437,497
Retained earnings		1,136,662	690,452
		3,043,346	2,188,541
<b>Non–controlling interests</b>		<b>–</b>	<b>19,461</b>
<b>Total equity</b>		<b>3,043,346</b>	<b>2,208,002</b>
<b>LIABILITIES</b>			
Deferred income tax liabilities		332,824	122,132
Bank borrowings	4	17,834,742	18,775,249
Long–term borrowings	5	2,346,110	794,221
Medium–term notes	6	740,126	400,547
Convertible bonds	7	292,706	796,506
Bonds	8	4,611,878	–
Derivative financial liabilities		14,973	32,103
Income tax payables		43,274	37,654
Interest payables		153,392	73,303
Other payables and accruals		1,486,816	707,312
<b>Total liabilities</b>		<b>27,856,841</b>	<b>21,739,027</b>
<b>Total equity and liabilities</b>		<b>30,900,187</b>	<b>23,947,029</b>

## CONSOLIDATED STATEMENT OF INCOME

	Note	Year ended 31 December	
		2016 HK\$'000	2015 HK\$'000
<b>Revenue</b>			
Finance lease income	9	1,163,127	1,015,395
Operating lease income	9	<u>416,041</u>	<u>223,881</u>
		1,579,168	1,239,276
Other income	10	<u>868,984</u>	<u>310,026</u>
Revenue and other income		<u>2,448,152</u>	<u>1,549,302</u>
<b>Expenses</b>			
Interest expenses		(1,029,282)	(753,691)
Depreciation		(163,982)	(91,298)
Other operating expenses		<u>(399,486)</u>	<u>(223,258)</u>
		<u>(1,592,750)</u>	<u>(1,068,247)</u>
<b>Operating profit</b>		855,402	481,055
Share of loss of an associate		(7,364)	–
Other gains/(losses)	11	<u>44,071</u>	<u>(814)</u>
<b>Profit before income tax</b>		892,109	480,241
Income tax expenses	12	<u>(253,694)</u>	<u>(100,031)</u>
<b>Profit for the year</b>		<u>638,415</u>	<u>380,210</u>
<b>Profit attributable to:</b>			
Owners of the Company		638,415	380,165
Non–controlling interests		<u>–</u>	<u>45</u>
		<u>638,415</u>	<u>380,210</u>
<b>Earnings per share for profit attributable to owners of the Company (expressed in HK\$ per share)</b>			
– Basic earnings per share	13(a)	<u>1.009</u>	<u>0.636</u>
– Diluted earnings per share	13(b)	<u>0.984</u>	<u>0.624</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit for the year</b>	<b><u>638,415</u></b>	<b><u>380,210</u></b>
<b>Other comprehensive income for the year:</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Share of reserves of an associate	(7,799)	–
Cash flow hedges	100,325	6,578
Currency translation differences	<u>(3,313)</u>	<u>(795)</u>
<b>Total other comprehensive income for the year, net of tax</b>	<b><u>89,213</u></b>	<b><u>5,783</u></b>
<b>Total comprehensive income for the year</b>	<b><u>727,628</u></b>	<b><u>385,993</u></b>
<b>Total comprehensive income for the year attributable to:</b>		
Owners of the Company	727,628	385,948
Non–controlling interests	<u>–</u>	<u>45</u>
	<b><u>727,628</u></b>	<b><u>385,993</u></b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000		
<b>Balance as at 1 January 2015</b>	58,578	1,273,531	429,171	1,761,280	19,416	1,780,696
<b>Comprehensive income</b>						
Profit for the year	–	–	380,165	380,165	45	380,210
<b>Other comprehensive income</b>						
Cash flow hedges	–	6,578	–	6,578	–	6,578
Currency translation differences	–	(795)	–	(795)	–	(795)
<b>Total comprehensive income</b>	–	5,783	380,165	385,948	45	385,993
<b>Transaction with owners</b>						
Share option scheme:						
– Value of services	–	12,182	–	12,182	–	12,182
– Issue of new shares from exercise of share options	2,014	29,460	–	31,474	–	31,474
Convertible bonds – equity component (note 7)	–	116,541	–	116,541	–	116,541
Dividends	–	–	(118,884)	(118,884)	–	(118,884)
<b>Total transactions with owners</b>	2,014	158,183	(118,884)	41,313	–	41,313
<b>Balance as at 31 December 2015</b>	<u>60,592</u>	<u>1,437,497</u>	<u>690,452</u>	<u>2,188,541</u>	<u>19,461</u>	<u>2,208,002</u>
<b>Balance as at 1 January 2016</b>	<u>60,592</u>	<u>1,437,497</u>	<u>690,452</u>	<u>2,188,541</u>	<u>19,461</u>	<u>2,208,002</u>
<b>Comprehensive income</b>						
Profit for the year	–	–	638,415	638,415	–	638,415
<b>Other comprehensive income</b>						
Share of reserves of an associate	–	(7,799)	–	(7,799)	–	(7,799)
Cash flow hedges	–	100,325	–	100,325	–	100,325
Currency translation differences	–	(3,313)	–	(3,313)	–	(3,313)
<b>Total comprehensive income</b>	–	89,213	638,415	727,628	–	727,628
<b>Transaction with owners</b>						
Issue of new shares	4,000	315,991	–	319,991	–	319,991
Share option scheme:						
– Value of services	–	7,915	–	7,915	–	7,915
– Issue of new shares from exercise of share options	2,398	68,495	–	70,893	–	70,893
Repurchase of convertible bonds (note 7)	–	(79,378)	12,773	(66,605)	–	(66,605)
Purchase of non-controlling interests	–	(39)	–	(39)	(19,461)	(19,500)
Dividends (note 14)	–	–	(204,978)	(204,978)	–	(204,978)
<b>Total transactions with owners</b>	6,398	312,984	(192,205)	127,177	(19,461)	107,716
<b>Balance as at 31 December 2016</b>	<u>66,990</u>	<u>1,839,694</u>	<u>1,136,662</u>	<u>3,043,346</u>	<u>–</u>	<u>3,043,346</u>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cash flows from operating activities</b>		
Profit after income tax	638,415	380,210
Adjustments for:		
– Depreciation	163,982	91,298
– Interest expenses	1,029,282	753,691
– Share-based payments	7,915	12,182
– Unrealised currency exchange (gain)/loss	(2,089)	7,426
– Fair value (gains)/losses on interest rate and currency swaps	(27,913)	2,042
– Gain on disposal of Aircraft Recycling International Limited (“ARI”) Group	(8,731)	–
– Loss on repurchase of convertible bonds	39	–
– Share of loss of an associate	7,364	–
– Interest income	(34,240)	(1,728)
	<u>1,774,024</u>	<u>1,245,121</u>
<b>Changes in working capital:</b>		
– Finance lease receivables – net	1,217,008	(4,906,045)
– Prepayments and other receivables	121,987	8,622
– Other payables and accruals	760,676	272,570
– Income tax payables	5,620	15,663
– Deferred income tax liabilities	212,944	56,120
	<u>4,092,259</u>	<u>(3,307,949)</u>
Net cash flows generated from/(used in) operating activities	<u>4,092,259</u>	<u>(3,307,949)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,669,249)	(800,333)
Deposit for purchase of land use rights	-	(195,231)
Deposits refund for acquisition of aircraft	80,910	296,017
Interest received	15,435	1,728
Proceed from disposal of ARI Group	322,840	–
Payments relating to interests in and loans to an associate	(469,569)	–
	<u>(3,719,633)</u>	<u>(697,819)</u>
Net cash flows used in investing activities	<u>(3,719,633)</u>	<u>(697,819)</u>

	<b>Year ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cash flows from financing activities</b>		
Proceeds from issue of new shares	<b>390,884</b>	31,474
Proceeds from bank borrowings and long-term borrowings	<b>9,577,342</b>	9,267,454
Issue of convertible bonds, net of transaction costs	-	876,676
Issue of medium-term notes, net of transaction costs	<b>384,680</b>	422,674
Issue of bonds, net of transaction costs	<b>4,608,628</b>	-
Repayments of bank borrowings and long-term borrowings	<b>(8,999,729)</b>	(5,682,180)
Purchase of non-controlling interests	<b>(19,500)</b>	-
Repurchase of convertible bonds, including transaction costs	<b>(591,014)</b>	-
Interest paid in respect of derivative financial instruments	<b>(30,950)</b>	(36,102)
Interest paid in respect of borrowings, notes and bonds	<b>(1,029,233)</b>	(781,105)
Decrease in deposits pledged in respect of bank borrowings	<b>59,872</b>	32,491
Increase in deposits pledged in respect of derivative financial instruments	<b>(33,462)</b>	(26,519)
Dividend paid to shareholders	<b>(204,232)</b>	(118,884)
	<u><b>4,113,286</b></u>	<u>3,985,979</u>
<b>Net cash flows generated from financing activities</b>		
	<b>4,485,912</b>	(19,789)
<b>Net increase/(decrease) in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of the year	<b>1,389,289</b>	1,425,570
Currency exchange difference on cash and cash equivalents	<b>(34,455)</b>	(16,492)
	<u><b>5,840,746</b></u>	<u>1,389,289</u>
<b>Cash and cash equivalents at end of the year</b>		

## NOTES

### 1 GENERAL INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands on 21 December 2012 as an exempted company with limited liability under the Companies Law (2012 Revision) of the Cayman Islands. The address of the Company's registered office is Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 11 July 2014 (the "Listing").

The Company is an investment holding company and its subsidiaries are principally engaged in the aircraft leasing business. The Company and its subsidiaries (together, "the Group") has operations in Mainland China and other countries or regions in Europe and Asia.

The consolidated financial statements for the year ended 31 December 2016 are presented in Hong Kong Dollar ("HK\$"), unless otherwise stated.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments, which are carried at fair value.

##### (a) *Going concern*

As at 31 December 2016, the Group had capital commitments amounting to HK\$35,449.0 million, mainly relating to acquisition of aircraft, of which HK\$5,043.1 million is payable within one year. In view of such circumstance, the directors of the Company have given due and careful consideration to the liquidity of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to fulfil its financial obligations and its capital commitments; and thus its ability to continue as a going concern. The directors of the Company adopted a going concern basis in preparing the consolidated financial statements based on the following assessments:

- The Group uses short-term borrowings to finance the pre-delivery payments ("PDP") to the aircraft manufacturer when new aircraft ordered by the Group are being built. PDP represents approximately 30% to 40% of the purchase consideration of the aircraft. The Group normally uses PDP financing for settlement of PDP, repayable after the aircraft is delivered. As at 31 December 2016, PDP amounting to HK\$2,862.8 million had been paid and the balance of the corresponding PDP financing amounted to HK\$2,236.9 million, of which HK\$1,478.8 million is repayable within one year and is related to aircraft to be delivered in the next twelve months from 31 December 2016. The Group uses long-term aircraft borrowings for the repayment of PDP financing and the settlement of the balance payments of aircraft acquisition costs. However, the long-term aircraft borrowings can only be confirmed shortly before delivery of the relevant aircraft. Based on industry practice and prior experience, long-term aircraft borrowings will be granted by the banks if the aircraft can be leased out to airline companies. For the aircraft scheduled for delivery in the next twelve months from 31 December 2016, lease agreements or letters of intent have already been signed. Thus the directors of the Company believe that long-term aircraft borrowings can be obtained, internal resources or available banking facilities can be used to settle PDP financing and the balance payments of the aircraft acquisition costs due in the next twelve months from 31 December 2016.

- According to the relevant aircraft purchase agreements, PDP scheduled to be paid in the next twelve months from 31 December 2016 amounted to HK\$1,134.5 million. As at the approval date of the consolidated financial statements, the Group had signed PDP financing agreements with various commercial banks which have agreed to provide financing of US\$58.0 million (equivalent to approximately HK\$450.0 million) to the Group in the next twelve months from 31 December 2016. The remaining balance of PDP amounting to HK\$684.5 million is to be funded by internal resources, available banking facilities or additional financing.
- The Group entered into cooperative agreements with certain banks pursuant to which these banks agreed to provide to the Group conditional loan facilities for aircraft acquisition. The granting of each specific loan will be subject to the banks' credit assessments and approvals and the agreement of terms and conditions of the respective loan agreements, which will only be confirmed shortly before the delivery of the relevant aircraft.
- For the existing long-term aircraft borrowings, under the business model of the Group, the expected cash inflows from lease receivables generally match the required cash outflows for instalment repayments of the long-term aircraft borrowings over the entire lease term of the aircraft.
- As at 31 December 2016, the Group had cash and cash equivalents amounting to HK\$5,840.7 million. On 8 March 2017, the Group issued bonds amounting to US\$500.0 million (equivalent to HK\$3,877.2 million).

The directors of the Company have reviewed the Group's cash flow forecasts prepared by management, covering a period of not less than twelve months from the balance sheet date. The forecasts are based on a number of assumptions including aircraft delivery and leasing schedule, internal resources, available banking facilities that have been granted or will be granted and the amount of capital commitments. Based on these projections, the sufficiency of cash flows for the Group's present requirements for the next twelve months from 31 December 2016 is dependent on the Group's ability to obtain the necessary funding from the long-term aircraft borrowings and the availability of banking and other sources of financing. Based on the industry practice and prior experience, the directors are of the view that long-term aircraft borrowings can be obtained as the related lease agreements or letters of intent have already been signed for the aircraft scheduled for delivery in 2017.

On this basis, the directors of the Company are of the opinion that, taking into account the Group's operating performance and business prospects, internal resources, available banking facilities that have been granted or will be granted as detailed above, the Group expects to have sufficient working capital to finance its operations and to meet its financial obligations, including those capital commitments in the next twelve months from 31 December 2016. Accordingly, the directors consider that the Group will be in a position to continue as a going concern and have prepared the consolidated financial statements on a going concern basis.

(b) *Changes in accounting policy and disclosure*

(i) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016:

- Accounting for acquisitions of interests in joint operations – Amendments to HKFRS 11
- Clarification of acceptable methods of depreciation and amortisation – Amendments to HKAS 16 and HKAS 38
- Annual improvements to HKFRSs 2012 – 2014 cycle; and
- Disclosure initiative – amendments to HKAS 1

The adoption of these amendments did not have any financial impact on the current year or any prior year.

(ii) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been early applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 9, ‘Financial instruments’

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed under HKFRS 9.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group’s risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. While the Group is yet to undertake a detailed assessment, it would appear that the Group’s current hedge relationships would qualify as continuing hedges upon the adoption of HKFRS 9. Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. The Group does not intend to adopt HKFRS 9 before its mandatory date.

#### HKFRS 15, 'Revenue from contracts with customers'

HKFRS 15 replaces the previous revenue standards: IAS 18 Revenue and IAS 11 Construction Contracts, and the related Interpretations on revenue recognition. The directors of the Company have performed a preliminary assessment. Based on this assessment, it is noted that HKFRS 15 establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognize revenue when performance obligation is satisfied.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date. The financial impacts of the application of the standard and a reasonable estimate of the effect will be available once the detailed review is completed.

#### HKFRS 16, 'Leases'

HKFRS 16 will result in virtually all leases being recognised on the balance sheet for the lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at 31 December 2016, the Group has non-cancellable operating lease commitments of HK\$41.8 million. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

### 3 FINANCE LEASE RECEIVABLES – NET

	<b>As at 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Finance lease receivables	<b>12,357,712</b>	15,970,062
Guaranteed residual values	<b>5,723,943</b>	5,123,495
Unguaranteed residual values	<b>6,693,720</b>	6,142,055
	<hr/>	<hr/>
Gross investment in leases	<b>24,775,375</b>	27,235,612
Less: Unearned finance income	<b>(9,744,403)</b>	(10,762,574)
	<hr/>	<hr/>
Net investment in leases	<b>15,030,972</b>	16,473,038
Less: Accumulated allowance for impairment (a)	<b>–</b>	–
	<hr/>	<hr/>
Finance lease receivables – net	<b>15,030,972</b>	16,473,038
	<hr/>	<hr/>

- (a) The directors of the Company are of the view that the credit risk inherent in the Group's outstanding finance lease receivables balances due from airline companies is low. The Group has not encountered any delay or default in the collection of the scheduled payments of finance lease receivables. No impairment allowance was made for the finance lease receivables as at 31 December 2016.

Reconciliation between the gross investment in finance leases at the end of each reporting period and the present value of minimum lease payments receivable under such leases at the end of each reporting period is set out below.

	<b>As at 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Gross investment in finance leases	<b>24,775,375</b>	27,235,612
Less: Unguaranteed residual values	<b>(6,693,720)</b>	(6,142,055)
	<hr/>	<hr/>
Minimum lease payments receivable	<b>18,081,655</b>	21,093,557
Less: Unearned finance income related to minimum lease payments receivable	<b>(6,390,192)</b>	(7,506,573)
	<hr/>	<hr/>
Present value of minimum lease payments receivable	<b>11,691,463</b>	13,586,984
	<hr/>	<hr/>

The table below analyses the Group's gross investment in finance leases by relevant maturity groupings at the end of the reporting period:

	<b>As at 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Gross investment in finance leases		
– Not later than 1 year	<b>1,317,014</b>	1,604,293
– Later than 1 year and not later than 5 years	<b>5,450,682</b>	6,879,054
– Later than 5 years	<b>18,007,679</b>	18,752,265
	<hr/>	<hr/>
	<b>24,775,375</b>	27,235,612
	<hr/>	<hr/>

The table below analyses the present value of minimum lease payments receivable under finance leases by relevant maturity groupings at the end of the reporting period:

	<b>As at 31 December</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Present value of minimum lease payments receivable		
– Not later than 1 year	<b>563,904</b>	720,090
– Later than 1 year and not later than 5 years	<b>2,281,551</b>	3,146,287
– Later than 5 years	<b>8,846,008</b>	9,720,607
	<b><u>11,691,463</u></b>	<u>13,586,984</u>

#### **4 BANK BORROWINGS**

	<b>As at 31 December</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Secured bank borrowings for aircraft acquisition financing (a)	<b>15,131,613</b>	15,908,923
PDP financing (b)	<b>2,236,897</b>	2,063,645
Working capital borrowings (c)	<b>466,232</b>	802,681
	<b><u>17,834,742</u></b>	<u>18,775,249</u>

- (a) Secured bank borrowings for aircraft acquisition financing are principally based on fixed or floating US dollar (“US\$”) London Interbank Offered Rate (“LIBOR”) rates. As at 31 December 2016, the bank borrowings were secured by, in addition to other legal charges, all of the Group’s aircraft leased to airline companies under either finance leases or operating leases, pledge of the shares in the subsidiaries owning the related aircraft, guarantees from certain of the Group companies and pledge of deposits amounting to HK\$51,698,000 (2015: HK\$119,214,000).
- (b) As at 31 December 2016, PDP financing was secured by certain rights and benefits in respect of the acquisition of the aircraft, and guarantees from the Company and China Aircraft Leasing Company Limited (“CALC (BVI)”). There was no pledged deposit for PDP financing as at 31 December 2016 (2015: HK\$6,356,000).
- (c) As at 31 December 2016, the Group had aggregate unsecured working capital borrowings of HK\$466,232,000 (2015: HK\$802,681,000) from five banks (2015: four banks) which were guaranteed by the Company and CALC (BVI) (2015: Same).

## 5 LONG-TERM BORROWINGS

	As at 31 December	
	2016	2015
	HK\$'000	HK\$'000
Borrowings from trust plans (a)	2,195,235	794,221
Other borrowings (b)	150,875	–
	<u>2,346,110</u>	<u>794,221</u>

(a) As at 31 December 2016, 21 borrowings (2015: seven borrowings) were provided by trust plans to 21 subsidiaries (2015: seven subsidiaries) of the Group. The effective average interest rates of the long-term borrowings range from 6.0% to 7.8% (2015: 6.2% to 7.8%) per annum for remaining terms of seven to 11 years (2015: eight to 11 years). These long-term borrowings are secured by the shares of, and the aircraft held by, the relevant subsidiaries and guaranteed by the Company or by China Asset Leasing Company Limited. The trust plans are also counterparties to the disposal of finance lease receivable transactions entered into with the relevant subsidiaries.

(b) As at 31 December 2016, two borrowings (2015: Nil) were obtained through a structured financing arrangement for two aircraft delivered to airlines. The borrowings bear an effective interest rate of 5.7% per annum for their remaining terms of eight years and are guaranteed by the Company.

## 6 MEDIUM-TERM NOTES

	As at 31 December	
	2016	2015
	HK\$'000	HK\$'000
Medium-term notes	<u>740,126</u>	<u>400,547</u>

On 15 July 2015 and 25 November 2016, a subsidiary of the Company issued five-year unsecured medium-term notes in a principal amount of RMB340.0 million (equivalent to approximately HK\$406.0 million) due in 2020 and five-year unsecured medium-term notes in a principal amount of RMB330.0 million (equivalent to approximately HK\$385.6 million) due in 2021, respectively. These notes bear coupon interest at 6.50% and 4.19% per annum respectively.

## 7 CONVERTIBLE BONDS

	Liability	Equity	Total
	HK\$'000	HK\$'000	HK\$'000
Par value of convertible bonds issued during 2015	773,456	118,714	892,170
Transaction costs during 2015	<u>(13,321)</u>	<u>(2,173)</u>	<u>(15,494)</u>
Carrying value on initial recognition	760,135	116,541	876,676
Interest accrued at effective interest rate during 2015	66,067	–	66,067
Interest paid (inclusive of arrangement fees) during 2015	<u>(29,696)</u>	<u>–</u>	<u>(29,696)</u>
Carrying value as at 31 December 2015 and 1 January 2016	796,506	116,541	913,047
Repurchase of convertible bonds during 2016	(524,370)	(79,378)	(603,748)
Interest accrued at effective interest rate during 2016	70,289	–	70,289
Interest paid (inclusive of arrangement fees) during 2016	<u>(49,719)</u>	<u>–</u>	<u>(49,719)</u>
Carrying value as at 31 December 2016	<u>292,706</u>	<u>37,163</u>	<u>329,869</u>

In April and May 2015, the Company completed the issue of convertible bonds at par values of HK\$387.9 million, HK\$116.4 million and HK\$387.9 million respectively to China Huarong International Holdings Limited, Great Wall Pan Asia International Investment Co., Limited and China Everbright Financial Investments Limited. These bonds bear coupon interest at 3.0% per annum and arrangement fees of 3.5% per annum with maturity of three years from the issue date and can be converted into shares at the holder's option at any time between the 41st day from issue date and to the 10th day prior to maturity date. The conversion price is HK\$11.28 per share, subject to adjustment in accordance with the terms and conditions of the bonds.

The fair value of the liability component was estimated at the respective date of issue using an interest rate (inclusive of arrangement fees) that would be available at that date to the Company for a non-convertible bond with equivalent terms ("effective interest rate"). The residual amount, being the par value of the bonds less the fair value of the liability component, represents the value of the equity conversion option. The transaction costs of HK\$15,494,000, consisting mainly of the underwriting commission, are netted off against the liability component and the equity conversion option component proportionately to arrive at the carrying amounts of the respective components on initial recognition.

The Company actually used the total net proceeds of approximately HK\$490,575,000 from issue of the convertible bonds to China Huarong International Holdings Limited and Great Wall Pan Asia International Investment Co., Limited under the general mandate for aircraft acquisition, including part of financing of the aircraft purchases contemplated under the two aircraft purchase agreements entered into by Airbus S.A.S. and CALC (BVI) on 1 December 2014 regulating the purchase of 100 Airbus A320 series aircrafts. The actual use of proceeds was the same as the intended use as announced by the Company on 26 March 2015.

Interest expenses on the carrying amount of the liability component are accrued at the effective interest rate of 11.8% to 14.1% (inclusive of arrangement fees) to adjust the carrying amount of the liability component to its amortised cost, being the present value of the expected future cash flows relating to periodic interest payments and principal repayment at par value at the maturity date.

On 6 July 2016, the Company entered into separate agreements with China Huarong International Holdings Limited, Great Wall Pan Asia International Investment Co., Limited and China Everbright Financial Investments Limited to repurchase issued convertible bonds in the aggregate principal amount of HK\$581,850,000 for an aggregate consideration of HK\$590,578,000 plus the relevant interests and fees, of which principal amount of HK\$77,580,000 was repurchased by the Company from China Everbright Financial Investments Limited. After the repurchase, the principal amount of convertible bonds held by China Everbright Financial Investments Limited was HK\$310,320,000. Based on the fair value estimated and redemption expenses at the completion of repurchase on 25 July 2016, liability component of HK\$524,370,000 and equity component of HK\$79,378,000 were derecognised, of which HK\$12,773,000 was realised and reclassified from convertible bonds reserve to retained earnings, and net loss of HK\$39,000 was charged to other gains and losses.

## **8 BONDS**

On 6 May 2016 and 22 August 2016, a subsidiary of the Company issued three-year US\$300.0 million (equivalent to approximately HK\$2,330.1 million) senior unsecured bonds due in 2019 and five-year US\$300.0 million (equivalent to approximately HK\$2,327.6 million) senior unsecured bonds due in 2021 respectively, which were listed on the Stock Exchange and guaranteed by the Company. The bonds bear coupon interest at 5.9% and 4.9% per annum, respectively, payable semi-annually. As at 31 December 2016, total carrying amount of these bonds was HK\$4,611,878,000.

## 9 LEASE INCOME AND SEGMENT INFORMATION

During the year ended 31 December 2016, the Group was engaged in a single business segment, provision of aircraft leasing services to airline companies in Mainland China and other countries or regions in Europe and Asia. The Group leases its aircraft to airline companies under finance leases or operating leases under which it receives rentals.

For the year ended 31 December 2016, the Group leased aircraft to 16 (2015: 11) airline companies.

The following table sets forth the amounts of total finance and operating lease income attributable to individual airline companies:

	Year ended 31 December			
	2016		2015	
	HK\$'000	%	HK\$'000	%
Categorised by customer in terms of lease income:				
Airline Company – A	243,163	15%	140,311	11%
Airline Company – B	186,472	12%	177,192	14%
Airline Company – C	179,020	11%	178,143	15%
Airline Company – D	169,443	11%	169,421	14%
Airline Company – E	144,463	9%	201,391	16%
Other airline companies	656,607	42%	372,818	30%
Total finance and operating lease income	<u>1,579,168</u>	<u>100%</u>	<u>1,239,276</u>	<u>100%</u>

## 10 OTHER INCOME

	Year ended 31 December	
	2016	2015
	HK\$'000	HK\$'000
Gain from disposal of financial lease receivables	562,025	54,076
Government grants	260,738	242,644
Operating lease income on office premise from a related party	2,646	1,093
Interest income from loans to an associate	18,805	–
Others	24,770	12,213
	<u>868,984</u>	<u>310,026</u>

## 11 OTHER GAINS/(LOSSES)

	Year ended 31 December	
	2016	2015
	HK\$'000	HK\$'000
Unrealised gain on currency swap	8,038	1,183
Realised gain on interest rate swap	12,149	–
Fair value gains/(losses) on interest rate swaps	7,726	(3,225)
Currency exchange gain	7,466	1,228
Gain on disposal of ARI Group	8,731	–
Loss on repurchase of convertible bonds	(39)	–
	<u>44,071</u>	<u>(814)</u>

## 12 INCOME TAX EXPENSES

	Year ended 31 December	
	2016	2015
	HK\$'000	HK\$'000
Current income tax:		
Mainland China, Hong Kong and others	40,750	43,911
Deferred income tax	212,944	56,120
	<u>253,694</u>	<u>100,031</u>

## 13 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2015 and 2016.

	Year ended 31 December	
	2016	2015
Profit attributable to owners of the Company (HK\$'000)	638,415	380,165
Weighted average number of ordinary shares in issue (number of shares in thousand)	632,849	597,455
Basic earnings per share (HK\$ per share)	<u>1.009</u>	<u>0.636</u>

### (b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and share options. For convertible bonds, the weighted average number of ordinary shares is adjusted to include the additional shares issued upon conversion and the net profit is adjusted to eliminate the post-tax interest expense charged to profit or loss during the financial period. For share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the period) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	<b>Year ended 31 December</b>	
	<b>2016</b>	2015
<b>Earnings</b>		
Profit attributable to owners of the Company ( <i>HK\$'000</i> )	<b>638,415</b>	380,165
Adjustments for:		
– Interest expenses net of tax on convertible bonds, excluding capitalised amount ( <i>HK\$'000</i> )	<b>49,746</b>	35,522
– Loss on repurchase of convertible bonds ( <i>HK'000</i> )	<b>39</b>	–
	<b>688,200</b>	415,687
<b>Weighted average number of ordinary shares for diluted earnings per share</b>		
Weighted average number of ordinary shares in issue ( <i>number of shares in thousand</i> )	<b>632,849</b>	597,455
Adjustments for:		
– Share options ( <i>number of shares in thousand</i> )	<b>9,947</b>	15,137
– Assumed conversion of convertible bonds ( <i>number of shares in thousand</i> )	<b>56,684</b>	53,552
Weighted average number of ordinary shares for diluted earnings per share ( <i>number of shares in thousand</i> )	<b>699,480</b>	666,144
Diluted earnings per share ( <i>HK\$ per share</i> )	<b>0.984</b>	0.624

#### 14 DIVIDENDS

On 22 March 2016, the Board declared a final dividend of HK\$0.18 per ordinary share totalling HK\$111.2 million for the year ended 31 December 2015, which was paid in June 2016.

On 25 August 2016, the Board declared an interim dividend of HK\$0.14 (2015: HK\$0.04) per ordinary share totalling HK\$93.8 million (2015: HK\$24.2 million), which was paid in September 2016.

On 24 March 2017, the Board declared a final dividend of HK\$0.39 per ordinary share totally HK\$261.5 million for the year ended 31 December 2016 which is calculated based on 670,431,640 issued shares as at 24 March 2017. The proposed dividend is not reflected as a dividend payable in the consolidated financial statements as at 31 December 2016, and will be reflected as an appropriation of retained earnings for the year ending 31 December 2017.

	<b>Year ended 31 December</b>	
	<b>2016</b>	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend paid of HK\$0.14 (2015: HK\$0.04) per ordinary share	<b>93,777</b>	24,236
Proposed final dividend of HK\$0.39 (2015: HK\$0.18) per ordinary share	<b>261,468</b>	111,201
Total	<b>355,245</b>	135,437

## **FINAL DIVIDENDS**

The Board has recommended the payment of a final dividend of HK\$0.39 per share (2015: HK\$0.18 per share) in respect of the year ended 31 December 2016 to shareholders whose names appear on the register of members of the Company on 31 May 2017. The proposed final dividend will be paid on or about 19 June 2017, following approval at the Annual General Meeting of the Company to be held on 22 May 2017 (the “AGM”).

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining shareholders’ eligibility to attend and vote at the AGM and entitlement to the final dividend, the register of members of the Company will be closed in accordance with the following timetable:

(i) For determining shareholders’ eligibility to attend and vote at the AGM:

- |   |   |
|---|---|
| a) Latest time to lodge transfer documents for registration | 4:30 pm on 16 May 2017                                      |
| b) Closure of Register of Members                           | 17 May 2017 to 22 May 2017<br><i>(both dates inclusive)</i> |

(ii) For determining entitlement to the final dividend:

- |   |   |
|---|---|
| a) Latest time to lodge transfer documents for registration | 4:30 pm on 26 May 2017                                      |
| b) Closure of Register of Members                           | 29 May 2017 to 31 May 2017<br><i>(both dates inclusive)</i> |
| c) Record date  | 31 May 2017   |

During the above closure periods, no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, and to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than the time set out above.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Board is committed to maintaining good corporate governance standards. The Group acknowledges the vital importance of good governance to the Group's success and sustainability.

The Board is committed to achieving a high standard of corporate governance as an essential component of quality and has applied corporate governance practices appropriate to the conduct and growth of business of the Group.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to formulate its business strategies and policies, and to enhance its transparency, accountability and shareholder value.

The Company has adopted the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited.

The Company has complied with all Code Provisions as set out in the CG Code during the year ended 31 December 2016 with the exception of Code Provision A.2.1 due to the overlapping roles of Chairman and Chief Executive Officer of the Company (the "CEO") performed by Mr. CHEN Shuang. The Board considered that the balance of power and authority of the Board were not be impaired even though the roles of the Chairman and the CEO were performed by the same individual.

On 19 January 2017, Mr. CHEN Shuang stepped down from the position of the CEO and Mr. POON Ho Man was appointed as the CEO in place of Mr. CHEN Shuang. Such arrangement separated the roles of the Chairman and the CEO, which alleviated the workload of Mr. CHEN Shuang from the dual roles of the Chairman of the Board and the CEO as well as enabled the Company to effectively raise the level of corporate governance for the Company. Therefore, the Company has complied with Code Provision A.2.1 of the CG Code since 19 January 2017.

The Company will continue to enhance its corporate governance practices as appropriate to the conduct and growth of its business and to review and evaluate such practices from time to time to ensure that it complies with the CG Code and aligns with the latest developments.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by its Directors. Following specific enquiries by the Company, all Directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the year.

## **AUDIT COMMITTEE AND REVIEW OF THE FINANCIAL STATEMENTS**

The Company's Audit Committee comprises four members, namely Mr. CHEOK Albert Saychuan (Chairman of the Audit Committee), Mr. NIEN Van Jin, Robert, Mr. CHOW Kwong Fai, Edward, JP and Mr. GUO Zibin, among whom, three are Independent Non-executive Directors. The Committee has reviewed the accounting principles and practices adopted by the Group and discussed matters regarding auditing, internal control, risk management and financial reporting, including reviewing the financial results of the Group for the year ended 31 December 2016.

The consolidated financial statements of the Company for the year ended 31 December 2016 have been audited by PricewaterhouseCoopers, the auditor of the Company, in accordance with Hong Kong Financial Reporting Standards.

## **AGM AND PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the websites of the Company at [www.calc.com.hk](http://www.calc.com.hk) and Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk). The AGM is scheduled to be held on 22 May 2017. The notice of the AGM and the 2016 Annual Report will be dispatched to the shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 24 March 2017

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