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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)**

### **DISCLOSEABLE TRANSACTION LEASE OF AIRCRAFT**

#### **THE SHENZHEN AIRLINES AIRCRAFT LEASE AGREEMENTS**

On 20 May 2015, the Company, through two of its wholly owned special purpose vehicles, entered into the Shenzhen Airlines Aircraft Lease Agreements with Shenzhen Airlines respectively, pursuant to which the Company, through two of its wholly owned special purpose vehicles, agreed to lease two Airbus A320 aircraft to Shenzhen Airlines respectively.

#### **IMPLICATION OF THE LISTING RULES**

As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Shenzhen Airlines Aircraft Lease Agreements is above 5% but below 25%, the transaction constitutes a discloseable transaction of the Company and is therefore subject to the announcement requirement in Chapter 14 of the Listing Rules.

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It is expected that the Shenzhen Airlines Aircraft Lease Agreements will be classified as finance leases according to the Company's accounting policies. The final accounting treatment will be confirmed on or before the delivery of the respective aircraft and commencement of the respective Shenzhen Airlines Aircraft Lease Agreement.

**Date:** 20 May 2015

**Parties**

- (1) the Company, through two of its wholly owned special purpose vehicles, as the lessor;  
and  
(2) Shenzhen Airlines (a subsidiary of Air China Limited), as the lessee.

To the best of the Director's knowledge, information and belief and having made all reasonable enquiry, Shenzhen Airlines and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

**Aircraft to be leased:** two Airbus A320 aircraft

**Term**

144 months from the date when the two Airbus aircraft are delivered to and accepted by Shenzhen Airlines respectively.

**Rental fees/Average annual return on asset**

The expected average annual return on asset in respect of the Shenzhen Airlines Aircraft Lease Agreements is 2.2%, which is calculated by dividing average annual net profit by the aircraft purchase price. The return on assets for the lease of an aircraft is a reasonable measure of investment return for investing in the aviation industrial sector.

The rental fees for the two Airbus aircraft were determined after arm's length negotiations between the parties and on normal commercial terms, and are comparable to the prevailing market rate for aircraft lease transactions of comparable nature.

The lease receivables are secured by the aircraft under the Shenzhen Airlines Aircraft Lease Agreements. In the event of default by Shenzhen Airlines, the terms of the Shenzhen Airlines Aircraft Lease Agreements provide for re-possession of aircraft by the Company.

**Conditions Precedent**

Delivery of the aircraft is conditional upon, fulfilment or waiver by the relevant parties of certain conditions on or prior to the delivery date, including but not limited to, the provision of relevant documentation in form and substance satisfactory to the parties, due execution of the Shenzhen Airlines Aircraft Lease Agreements and/or ancillary agreements by the parties, due payment of the first instalment of basic rent and security deposit by Shenzhen Airlines, and the delivery of the aircraft from the manufacturer to the owner of the aircraft.

### **Payment and delivery terms**

The rental fees for the two Airbus aircraft are payable in cash quarterly in advance throughout the term of the Shenzhen Airlines Aircraft Lease Agreements respectively.

The two Airbus aircraft are expected to be delivered to Shenzhen Airlines in 2015.

### **REASONS FOR ENTERING INTO THE SHENZHEN AIRLINES AIRCRAFT LEASE AGREEMENTS**

The Group is a forerunning aircraft operating lessor in China and a one-stop, full life cycle aircraft solutions provider. We have built a platform that covers all aircraft related services. Currently, the Group owns a portfolio of 48 commercial aircraft which is all leased to airlines, compared to a fleet size of 25 aircraft at the end of 2013. This demonstrates the ability of the Group to capture the rising need for leased commercial aircraft.

The Directors believe that entering into the Shenzhen Airlines Aircraft Lease Agreements will allow the Group to capitalise on growing opportunities in the high-growth aircraft leasing market and retain the Group's existing customers with lease terms that are profitable for the Group. The Shenzhen Airlines Aircraft Lease Agreements also demonstrate the ability of the Group to provide airline customers with a quick delivery schedule under a leasing arrangement. The Directors confirm that the Shenzhen Airlines Aircraft Lease Agreements are entered into by the Company in its ordinary and usual course of business. The Directors believe that the Shenzhen Airlines Aircraft Lease Agreements are on normal commercial terms and are fair and reasonable and in the interest of the Shareholders as a whole.

With its aggressive fleet expansion plan from 2016 onwards, the Group will continue to enforce its business development in both domestic and overseas markets to retain its leading position as one of the largest independent aircraft lessors in China.

Aircraft Lease Agreements entered into since the listing date of 11 July 2014:

<b><u>Date</u></b>	<b><u>Lease Agreements</u></b>
25 August 2014	– Lease of 4 Aircraft to Chengdu Airlines Company Limited (成都航空有限公司) – Lease of 2 Aircraft to Sichuan Airlines Co., Ltd. (四川航空股份有限公司)

## INFORMATION ABOUT THE GROUP AND SHENZHEN AIRLINES

The Group is principally engaged in aircraft leasing business in China.

To the knowledge of the Directors, Shenzhen Airlines is engaged in the business of civil aviation services.

## IMPLICATIONS OF THE LISTING RULES

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## DEFINITIONS

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

<b>“Board”</b>	the board of Directors
<b>“China”</b>	the People’s Republic of China, excluding Hong Kong and the Macau Special Administrative Region for the purpose of this announcement
<b>“Company”</b>	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
<b>“connected person(s)”</b>	has the same meaning ascribed thereto under the Listing Rules
<b>“Directors”</b>	the directors of the Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollar(s), the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of China
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Shareholder(s)”</b>	shareholder(s) of the Company
<b>“Shenzhen Airlines”</b>	Shenzhen Airlines Co., Ltd. (深圳航空有限責任公司), a company incorporated under the laws of the People’s Republic of China, a subsidiary of Air China Limited

<b>“Shenzhen Airlines Aircraft Lease Agreements”</b>	the two aircraft lease agreements dated 20 May 2015 entered into between the Company (through its wholly owned special purpose vehicles, as lessor) with Shenzhen Airlines (as lessee) for the lease of two Airbus A320 aircraft
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Transactions”</b>	the transactions contemplated under the Shenzhen Airlines Aircraft Lease Agreements
<b>“%”</b>	per cent.

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

Hong Kong, 20 May 2015

*As at the date of this announcement, (i) the executive Directors are Mr. POON Ho Man and Ms. LIU Wanting; (ii) the non-executive Directors are Mr. CHEN Shuang, Mr. TANG Chi Chun and Mr. GUO Zibin; and (iii) the independent non-executive Directors are Mr. FAN Yan Hok, Philip, Mr. NG Ming Wah, Charles, Mr. NIEN Van Jin, Robert and Mr. CHEOK Albert Saychuan.*