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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
IN RELATION TO
THE PURCHASE AND LEASEBACK ARRANGEMENT OF TWO AIRCRAFT**

AIRCRAFT AGREEMENTS

The Board is pleased to announce that on 1 August 2018 (after trading hours), the Company, through one of its wholly-owned special purpose vehicles, entered into the Aircraft Agreements with Sichuan Airlines respectively, pursuant to which the Company agreed to purchase two Aircraft from Sichuan Airlines and Sichuan Airlines agreed, among others, to assign to the Company its right to take delivery of the Aircraft from Airbus pursuant to the Original Purchase Contract. The Aircraft will be leased back to Sichuan Airlines subsequently.

IMPLICATION OF THE LISTING RULES

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

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The Aircraft will be leased back to Sichuan Airlines subsequently. Such leases will be classified as operating leases according to the Company's accounting policy.

Date: 1 August 2018

Parties

(1) the Company, through one of its wholly-owned special purpose vehicles, as the purchaser; and

(2) Sichuan Airlines, as the vendor.

Aircraft to be acquired: the Aircraft

Consideration

The aggregate list price of the Aircraft (which comprises the airframe price, optional features price and engine price) is approximately US\$236.6 million (equivalent to approximately HK\$1,845.5 million).

In accordance with customary business and industry practice, there is a significant difference between the list price of the Aircraft and the Consideration. The Consideration was determined on an arm's length basis between the Company and Sichuan Airlines, taking into account the terms and conditions of the Transaction as a whole and with reference to market conditions.

Based on the Company's industry understanding, the difference between the Consideration and the list price of the Aircraft is a result of many different factors, the most important of which is that a purchaser of a new aircraft from a manufacturer would usually be granted a significant discount against the list price by the manufacturer. Based on the Company's industry understanding, the discount against the list price granted by a manufacturer to an aircraft purchaser is commercially sensitive information and is usually determined on the basis of certain variables and after arm's length negotiations between the aircraft purchaser and the manufacturer.

The difference between the list price of the Aircraft and the Consideration is not materially different from the discount that the Company has obtained in previous purchases of new aircraft from Airbus. Based on the Company's industry understanding, the Company believes that the difference between the list price of the Aircraft (after discount against the list price that the Company had obtained in previous purchases of new aircraft) and the Consideration is not material. The Company believes that the price difference between the list price of the Aircraft (after the abovementioned discount) and the Consideration has no material adverse impact on the Company's future operating costs taken as a whole.

The Company is subject to a strict confidentiality obligation with regard to the Consideration for the Aircraft under the Aircraft Agreements. Sichuan Airlines would not have entered into the Aircraft Agreements with the Company if the Company was required to disclose the Consideration, and it is also likely that the Company would not be able to enter into similar future transactions with Sichuan Airlines. Any such disclosure would therefore not be in the interests of the Company and the Shareholders as a whole. For the purpose of the Company's compliance with its disclosure obligations normally required under Chapter 14 of the Listing Rules, the Company has sought and obtained consent from Sichuan Airlines to disclose the terms of the Aircraft Agreements other than the Consideration.

In addition, Sichuan Airlines is subject to a strict confidentiality obligation with regard to the purchase price of the Aircraft under the Original Purchase Contract with Airbus, and the Company will become subject to the same confidentiality obligation of not disclosing the pricing information in relation to the Aircraft when it proceeds with the Transaction. Disclosure of the purchase price of the Aircraft under the Original Purchase Contract could result in the loss of the significant discount against the list price that may be granted by Airbus to Sichuan Airlines and the Company for future purchases and could therefore adversely affect the business operation of the Company.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 14.58(4) of the Listing Rules in respect of disclosure of the Consideration.

Payment and delivery terms

The Consideration for each of the Aircraft will be paid upon completion of the purchase of such Aircraft, which is estimated to occur by the end of 2018.

Source of funding

The Consideration will be partly settled from the Group's internal resources and partly by financing arrangements with banking institutions.

REASONS FOR ENTERING INTO THE TRANSACTION

The Company entered into the Transaction as part of an aircraft purchase and leasing arrangement.

The Directors are of the view that completion of the Transaction is in line with the growth strategy of the Group. The purchase-and-leaseback arrangement enables the Group to expand its fleet while securing long-term leases, through which the Group provides flexible solutions to cater to airline customers' fleet plan. The Transaction will also strengthen the Group's long-term relationship with quality top-tier airlines in the PRC, a booming aviation market.

The Directors confirm that the Aircraft Agreements have been entered into by the Company in the ordinary and usual course of business and that the Transaction will have no material adverse impact on the Company's operations and financial position. The Directors consider that the Aircraft Agreements are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE GROUP AND SICHUAN AIRLINES

The Group is principally engaged in global aircraft leasing business with a fleet of 112 owned and 4 managed aircraft as at the date of this announcement.

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

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

IMPLICATIONS OF THE LISTING RULES

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

DEFINITIONS

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

“Airbus”	Airbus S.A.S., a company duly created and existing under the laws of France
“Aircraft”	two new Airbus A321-200 aircraft
“Aircraft Agreements”	the two aircraft purchase and leaseback arrangement agreements entered into between the Company (through one of its wholly-owned special purpose vehicles, as purchaser) and Sichuan Airlines (as vendor) on 1 August 2018, pursuant to which the Company agreed to purchase the Aircraft from Sichuan Airlines and thereafter lease back the Aircraft to Sichuan Airlines
“Board”	the board of Directors
“Company”	China Aircraft Leasing Group Holdings Limited (中國飛機租賃集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consideration”	the actual consideration payable by the Company, through one of its wholly-owned special purpose vehicles, to Sichuan Airlines for purchase of the Aircraft
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Purchase Contract”	the aircraft purchase contract in relation to the Aircraft originally entered into between Sichuan Airlines and Airbus prior to the Transaction
“PRC”	The People’s Republic of China
“Sichuan Airlines”	Sichuan Airlines Co., Ltd. (四川航空股份有限公司), a company established under the laws of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction contemplated under the Aircraft Agreements

“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

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

Hong Kong, 1 August 2018

As at the date of this announcement, (i) the Executive Directors are Mr. CHEN Shuang, JP, Mr. POON Ho Man and Ms. LIU Wanting; (ii) the Non-executive Director is Mr. TANG Chi Chun; and (iii) the Independent Non-executive Directors are Mr. FAN Yan Hok, Philip, Mr. NIEN Van Jin, Robert, Mr. CHEOK Albert Saychuan and Mr. CHOW Kwong Fai, Edward, JP.