

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 ACQUISITION OF ONE AIRCRAFT**

THE AIRCRAFT SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 27 August 2018 (after trading hours), the Company, through its wholly-owned special purpose vehicle, entered into the Aircraft Sale and Purchase Agreement with SMBC Aviation Capital, pursuant to which the Company agreed to purchase the Aircraft from SMBC Aviation Capital. At completion of the Transaction, SMBC Aviation Capital will concurrently novate the Aircraft Lease Agreement to the Company's wholly-owned special purpose vehicle (as the new lessor).

IMPLICATION OF THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Aircraft Sale and Purchase Agreement is above 5% but all are below 25%, the Transaction constitutes a discloseable transaction of the Company and is therefore subject to announcement requirement under Chapter 14 of the Listing Rules.

THE AIRCRAFT SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 27 August 2018 (after trading hours), the Company, through its wholly-owned special purpose vehicle, entered into the Aircraft Sale and Purchase Agreement with SMBC Aviation Capital, pursuant to which the Company agreed to purchase the Aircraft from SMBC Aviation Capital. At completion of the Transaction, SMBC Aviation Capital will concurrently novate the Aircraft Lease Agreement to the Company's wholly-owned special purpose vehicle (as the new lessor).

Date: 27 August 2018

Parties

- (1) the Company, through its wholly-owned special purpose vehicle, as purchaser; and
- (2) SMBC Aviation Capital, as vendor.

Aircraft to be acquired: the Aircraft

Consideration

As an alternative to disclosing the Consideration for the Transaction, the Company will disclose the appraised value of the Aircraft.

The rolling encumbered valuation of the Aircraft (obtained from an independent appraiser) is approximately US\$58.2 million (equivalent to approximately HK\$456.8 million) (the “**Market Appraised Value**”).

The Company is subject to a confidentiality obligation under which no disclosure with respect to the terms of the Aircraft Sale and Purchase Agreement shall be made to any third party, save with the written consent of SMBC Aviation Capital. For the Company’s compliance with its disclosure obligations normally required under Chapter 14 of the Listing Rules, the Company has obtained consent to disclose the terms of the Aircraft Sale and Purchase Agreement, other than the Consideration.

The Board considers that the Consideration was determined on an arm’s length basis, taking into account the Market Appraised Value, and the terms and conditions of the Transaction as a whole and with reference to market conditions.

The Company is unable to disclose the net profits attributable to the Aircraft prior to the Transaction as the Aircraft was owned by SMBC Aviation Capital and operated by the lessee to the Aircraft Lease Agreement, whose business is providing scheduled air transportation services. The Company has requested SMBC Aviation Capital to provide the information required to determine the net profits attributable to the Aircraft, but has been advised that such information on revenues and costs associated with the Aircraft is highly confidential in nature and would require an extremely complex and arbitrary allocation of both revenues from ticket sales (across a wide variety of routes) and costs (including financing costs, taxes, fuel costs, maintenance costs, depreciation and general overheads).

The Company is subject to a strict confidentiality obligation with regard to the Consideration for the Aircraft under the Aircraft Sale and Purchase Agreement. SMBC Aviation Capital would not have entered into the Aircraft Sale and Purchase Agreement 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 SMBC Aviation Capital. 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 SMBC Aviation Capital to disclose the terms of the Aircraft Sale and Purchase Agreement other than the Consideration.

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.

Conditions Precedent

Completion of the Transaction is conditional upon fulfilment or waiver by the relevant parties of certain conditions, including but not limited to, the provision of relevant documentation in form and substance satisfactory to the parties, due execution of a lease novation and amendment deed and/or ancillary agreements by the parties.

Payment and delivery terms

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

At completion of the Transaction, SMBC Aviation Capital will concurrently novate the Aircraft Lease Agreement to the Company's wholly-owned special purpose vehicle such that the Company (through such special purpose vehicle, as the new lessor) will assume all rights and obligations of SMBC Aviation Capital under the Aircraft Lease Agreement.

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 Directors are of the view that completion of the Transaction will not only accelerate expansion and diversification of the Group's fleet portfolio, but will also grow its customer base as part of its globalisation strategy. The Group also keeps exploring aircraft sources in addition to new order books with manufacturers, secondary markets, and purchase and leasebacks. Portfolio trading will enhance the Group's sourcing flexibility, which is an important tool for the Group to optimise its asset value through active fleet management going forward.

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

INFORMATION ABOUT THE GROUP AND SMBC AVIATION CAPITAL

The Group is principally engaged in global aircraft leasing business with a fleet of 108 owned and 9 managed aircraft as at the date of this announcement.

To the knowledge of the Directors, SMBC Aviation Capital is principally engaged in the business of leasing and trading aircraft.

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

IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Aircraft Sale and Purchase Agreement is above 5% but all are below 25%, the Transaction constitutes a discloseable transaction of the Company and is therefore subject to 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:

“Aircraft”	one used Boeing B737-800 aircraft
“Aircraft Lease Agreement”	the aircraft lease agreement previously entered into between SMBC Aviation Capital (as the lessor) and the lessee relating to the lease of the Aircraft, which will be novated by SMBC Aviation Capital to the Company's wholly-owned special purpose vehicle (as the new lessor) at completion of the Transaction
“Aircraft Sale and Purchase Agreement”	the aircraft sale and purchase agreement entered into between SMBC Aviation Capital and the Company (through its wholly-owned special purpose vehicle, as purchaser) on 27 August 2018, pursuant to which the Company agreed to purchase and SMBC Aviation Capital agreed to sell the Aircraft
“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 meaning ascribed to it under the Listing Rules

“Consideration”	the actual consideration payable by the Company, through its wholly-owned special purpose vehicle, to SMBC Aviation Capital for the purchase of the Aircraft
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Shareholder(s)”	shareholder(s) of the Company
“SMBC Aviation Capital”	SMBC Aviation Capital Limited, a company incorporated under the laws of Ireland, with a fleet of 668 owned, managed and committed aircraft as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction contemplated under the Aircraft Sale and Purchase Agreement
“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, 27 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 Directors are 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.