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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)**

**MAJOR TRANSACTION  
IN RELATION TO  
THE PURCHASE AND LEASEBACK ARRANGEMENT OF  
THREE AIRCRAFT**

**AIRCRAFT AGREEMENTS**

Reference is made to the Announcement dated 1 June 2018 and the Circular dated 24 July 2018 in relation to the Previous Aircraft Agreements in respect of the purchase and leaseback arrangement of seven Boeing aircraft.

The Board is pleased to announce that on 24 October 2018 (after trading hours), the Company, through three of its wholly-owned special purpose vehicles, entered into the Aircraft Agreements with CEA respectively, pursuant to which the Company agreed to purchase three Aircraft from CEA and CEA agreed, among others, to assign to the Company its right to take delivery of the Aircraft from Boeing pursuant to the Original Purchase Contract. The Aircraft have been leased back to CEA subsequently.

**IMPLICATION OF THE LISTING RULES**

As one or more of the applicable percentage ratio under Rule 14.07 of the Listing Rules for the Aircraft Agreements is above 5% but all are below 25%, the Transaction constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements, but exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Transaction, when aggregated with the Previous Transaction pursuant to Rule 14.22 of the Listing Rules, would be a major transaction of the Company under the Listing Rules. As the Company has complied with the major transaction requirements in respect of the Previous Transaction, the Company is not required to reclassify the Transaction by aggregating it with the Previous Transaction.

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**Date:** 24 October 2018

### **Parties**

- (1) the Company, through three of its wholly-owned special purpose vehicles, as the purchaser; and
- (2) CEA, 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\$306 million (equivalent to approximately HK\$2.4 billion).

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 CEA, 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, in percentage terms, from the discount against the list price that the Company has obtained in previous purchases of new aircraft from Boeing. 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. CEA 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 CEA. 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 CEA to disclose the terms of the Aircraft Agreements other than the Consideration.

In addition, CEA is subject to a strict confidentiality obligation with regard to the purchase price of the Aircraft under the Original Purchase Contract with Boeing, 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 Boeing to CEA 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 between 2018 and 2019.

### **Source of funding**

The Consideration will be settled from the Group's internal resources and/or the proceeds of loans or other borrowings by the Group.

## **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 will accelerate expansion of the Group's fleet portfolio. 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 top-tier quality airlines in the PRC, a booming aviation market.

The Board confirms that: (i) the Company has fulfilled the criteria set out in Rule 14.04(10E) of the Listing Rules; (ii) the Aircraft Agreements have 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; and (iii) 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 CEA**

The Group is principally engaged in global aircraft leasing business with a fleet of 109 owned and 14 managed aircraft respectively as at 23 October 2018.

To the knowledge of the Directors, CEA 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, CEA 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 ratio under Rule 14.07 of the Listing Rules for the Aircraft Agreements is above 5% but all are below 25%, the Transaction constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements, but exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Transaction, when aggregated with the Previous Transaction pursuant to Rule 14.22 of the Listing Rules, would be a major transaction of the Company under the Listing Rules. As the Company has complied with the major transaction requirements in respect of the Previous Transaction, the Company is not required to reclassify the Transaction by aggregating it with the Previous Transaction.

## **DEFINITIONS**

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

<b>“Aircraft”</b>	three new Boeing 737-800 aircraft
<b>“Aircraft Agreements”</b>	the three aircraft purchase and leaseback agreements entered into between the Company (through three of its wholly-owned special purpose vehicles, as purchaser) and CEA (as vendor) on 24 October 2018, pursuant to which the Company agreed to purchase the Aircraft from CEA and thereafter lease the Aircraft back to CEA
<b>“Announcement”</b>	the announcement of the Company dated 1 June 2018 relating to the Previous Aircraft Agreements
<b>“Board”</b>	the board of Directors
<b>“Boeing”</b>	The Boeing Company, a company incorporated in the State of Delaware of the United States of America

<b>“CEA”</b>	China Eastern Airlines Corporation Limited, a company established under the laws of the PRC
<b>“Circular”</b>	the Circular of the Company dated 24 July 2018 relating to the Previous Aircraft Agreements
<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>“Consideration”</b>	the actual consideration payable by the Company, through three of its wholly-owned special purpose vehicles, to CEA for purchase of the Aircraft
<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 the PRC
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Original Purchase Contract”</b>	the aircraft purchase contract in relation to the Aircraft originally entered into between CEA and Boeing prior to the Transaction
<b>“PRC”</b>	The People’s Republic of China
<b>“Previous Aircraft Agreements”</b>	the seven aircraft purchase and leaseback agreements entered into between the Company (through seven of its wholly-owned special purpose vehicles, as purchaser) and CEA (as vendor) on 1 June 2018, pursuant to which the Company agreed to purchase seven Boeing aircraft from CEA and thereafter lease it back to CEA. Please refer to the Announcement for details
<b>“Previous Transaction”</b>	the transaction contemplated under the Previous Aircraft Agreements
<b>“Shareholder(s)”</b>	shareholder(s) of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited

“ <b>Transaction</b> ”	the transaction contemplated under the Aircraft Agreements
“ <b>US\$</b> ”	United States dollars, the lawful currency of the United States of America
“ <b>%</b> ”	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, 24 October 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.*