

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)

FURTHER ANNOUNCEMENT

CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION OF SHARES IN AVIATION SYNERGY

INTRODUCTION

We refer to the announcement of China Aircraft Leasing Group Holdings Limited (the “**Company**”) dated 4 March 2020 (the “**Announcement**”) in relation to the Subscription Agreement with Aviation Synergy, Equal Honour and Smart Aviation, pursuant to which Aviation Synergy agreed to allot and issue, and the Subscriber agreed to subscribe for, 28,000,000 Aviation Synergy Shares at a total cash consideration of US\$28 million (equivalent to approximately HK\$218.4 million). The subscription price of US\$1 per share equals the par value of shares in Aviation Synergy as well as the subscription price per share which Equal Honour and Smart Aviation previously paid for their existing shares in Aviation Synergy. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, the Consideration was determined after arm’s length negotiations between the Subscriber and Aviation Synergy, having taken into account, among others, a business valuation of Aviation Synergy conducted by D&P China (HK) Limited, an independent valuer engaged by the Subscriber (the “**Independent Valuer**”). The Independent Valuer determined the market value of 100% equity interest in Aviation Synergy on a pre-money basis as at 31 October 2019 by adopting the income approach by using a discounted cash flow as an amount in the range from US\$13,400,000 to US\$27,100,000 (the “**Valuation**”). Accordingly, the Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. This announcement is therefore subject to the requirements under Rules 14.60A and 14.62 of the Listing Rules in relation to profit forecast.

ASSUMPTIONS OF VALUATION

The principal assumptions, including commercial assumptions, upon which the Valuation was based are as follows:

- shareholder's loan in the amount of US\$10,450,000 in Aviation Synergy will be capitalized into shareholder's equity. After such capitalization, shareholder's loan in the amount of US\$14,796,580 will remain in the accounts of Aviation Synergy;
- no major changes are expected in political, legal environments and economic conditions in Indonesia;
- China-Indonesia relationship will remain stable and there will not be any anti-Chinese movement locally in Indonesia;
- regulatory environment and market conditions for the aviation industry will be developing according to prevailing market expectations;
- there will be no major changes in the current taxation law applicable to TAM;
- TAM will not be constrained by the level of availability of finance and will have continued support from shareholders on funding for fleet expansion and for operating cash flows;
- the future movement of exchange rates and interest rates will not differ materially from prevailing market expectations;
- a lessor will purchase aircraft and lease to TAM;
- TAM will retain competent management, key personnel and technical staff to support its ongoing operations; and TAM will have or acquire the management expertise and technical capacity to expand to new aircraft types (Airbus and others) from its current operation of ATR aircraft;
- TAM will be able to hire the necessary pilots, engineers and cabin crew in the market to expand its service fleet;
- TAM management will be able to manage the transition from a small airline to a medium-sized airline smoothly;
- TAM will be successful in negotiating suitable and profitable domestic and international routes for its newly leased Airbus and other aircraft;
- TAM will manage the safety issues expertly without any major accidents in the foreseeable future; and
- there will be no major change in cost assumptions.

CONFIRMATIONS

Ascenda Cachet CPA Limited (the “**Reporting Accountant**”), acting as the Company’s reporting accountant, has examined the accounting policies and the calculations of the underlying profit forecast used in the Valuation.

The Reporting Accountant has reported to the Directors that, so far as the accounting policies and calculations are concerned, the underlying profit forecast used in the Valuation has been properly compiled in accordance with the bases and assumptions adopted by the Directors, including those as set out in the section headed “Assumptions of Valuation” above and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Company and its subsidiaries.

The Directors confirm that the valuation of 100% equity interest in Aviation Synergy has been made after due and careful enquiry.

A report from the Reporting Accountant dated 23 March 2020 in compliance with Rule 14.62(2) of the Listing Rules and a letter from the Board in compliance with Rule 14.62(3) of the Listing Rules have been submitted to the Stock Exchange, the texts of which are included in Appendix I and Appendix II to this announcement, respectively.

EXPERTS AND CONSENTS

The qualifications of the experts who have given their statements in this announcement are as follows:

Name	Qualification
D&P China (HK) Limited	an independent valuer commissioned by the Company to conduct a valuation on the market value of 100% equity interest in Aviation Synergy as at 31 October 2019 on a pre-money basis.
Ascenda Cachet CPA Limited	Certified Public Accountants

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, each of the Independent Valuer and Reporting Accountant is a third party independent of the Group and its connected persons. As at the date of this announcement, neither the Independent Valuer nor Reporting Accountant has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the Independent Valuer and Reporting Accountant has given and has not withdrawn its respective written consent to the issue of this announcement with inclusion of its name, statements and all references to its name (including its qualification) in the form and context in which they are included.

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, 23 March 2020

As at the date of this announcement, (i) the Executive Directors are Mr. ZHAO Wei, 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.

The following is the text of a report received from the Reporting Accountant, Ascenda Cachet CPA Limited, for the purpose of incorporation in this announcement.

23 March 2020

The Board of Directors
China Aircraft Leasing Group Holdings Limited
28th Floor, Far East Finance Centre
16 Harcourt Road, Hong Kong

Dear Sirs,

Review of the profit forecast of Aviation Synergy Ltd.

We refer to a profit forecast (the “**Profit Forecast**”) of Aviation Synergy Ltd. (the “**Target Company**”) for the period from 1 November 2019 to 31 December 2026 in connection with a proposed subscription of 28,000,000 new ordinary shares (representing approximately 72.82% of the enlarged share capital) (the “**Subscription**”) of the Target Company by CALC IDN Limited, a wholly owned subsidiary of China Aircraft Leasing Group Holdings Limited (the “**Company**”), at a consideration of US\$28 million (equivalent to approximately HK\$218.4 million), which involved a valuation (the “**Valuation**”) prepared by D&P China (HK) Limited, an independent valuer (the “**Valuer**”), to determine the market value of 100% equity interest in the Target Company. The Valuation, which is based on the Profit Forecast, adopts an income approach by using discounted cash flow and constitutes a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors' responsibilities

The directors of the Company (the “**Directors**”) are solely responsible for the preparation of the Profit Forecast in accordance with the bases and assumptions determined by the Directors, including those set out in the announcement of the Company dated 23 March 2020. This responsibility includes carrying out appropriate procedures relevant to the preparation of the Profit Forecast for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 issued by HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Forecast based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Directors have properly compiled the Profit Forecast in accordance with the bases and assumptions adopted by the Directors and as to whether the Profit Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Company and its subsidiaries. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the bases and assumptions adopted by the Directors, including those set out in the announcement of the Company dated 23 March 2020, and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Company and its subsidiaries.

Other matters

The Profit Forecast has been solely prepared in connection with the Subscription, which is based on the Company's forecast and estimation of future transactions and cash flows and other assumptions about the future. Actual cash flows are likely to be different from those estimated or forecast since anticipated events frequently do not occur as expected and unforeseen events may arise, and their impact on estimate and forecast may be material.

Yours faithfully

ASCENDA CACHET CPA LIMITED

Certified Public Accountants

Chan Chi Yuen

Practising Certificate Number P02671

Hong Kong

The following is the text of a letter from the Board for the purpose of incorporation in 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)**

23 March 2020

Listing Department
The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square,
8 Connaught Place,
Central, Hong Kong

Dear Sirs,

Re: Announcement – Connected Transaction in relation to the Subscription of Shares in Aviation Synergy

We, China Aircraft Leasing Group Holdings Limited (the “**Company**”) (Stock Code: 1848), refer to the announcement of the Company dated 23 March 2020 (the “**Announcement**”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We refer to the business valuation of Aviation Synergy (the “**Business Valuation**”) conducted by D&P China (HK) Limited, an independent professional valuer, to determine the fair value of 100% equity interest in Aviation Synergy. The Business Valuation adopts an income approach by using a discounted cash flow, which is regarded as a profit forecast under Rule 14.61 of the Listing Rules. Pursuant to Rule 14.62 of the Listing Rules, we have engaged Ascenda Cachet CPA Limited, acting as the Company’s reporting accountant, to express an opinion on the accounting policies and calculations of the underlying profit forecast used in the Business Valuation in accordance with the Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants.

On the basis of the above, we confirm that the Business Valuation have been made after due and careful enquiry by us.

Yours faithfully,

For and on behalf of the Board

CHINA AIRCRAFT LEASING GROUP HOLDINGS LIMITED

Poon Ho Man

Executive Director and Chief Executive Officer