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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)**

**DISPOSAL OF TWO AIRCRAFT TO ARG**

The Board is pleased to announce that on 30 September 2020 (after trading hours), the Sellers entered into the Aircraft Sale and Purchase Agreements with the Buyers, pursuant to which the Sellers agreed to sell and the Buyers agreed to purchase the Aircraft.

**AIRCRAFT SALE AND PURCHASE AGREEMENTS**

The Board is pleased to announce that on 30 September 2020 (after trading hours), the Sellers entered into the Aircraft Sale and Purchase Agreements with the Buyers, pursuant to which the Sellers agreed to sell and the Buyers agreed to purchase the Aircraft.

**Date:** 30 September 2020

**Parties:**

- (a) the Sellers, which are both wholly-owned special purpose vehicles of the Company; and
- (b) the Buyers, which are both wholly-owned special purpose vehicles of ARG.

**Assets to be disposed of:** the Aircraft

**Completion:**

It is estimated that completion of the Aircraft Sale and Purchase Agreements will take place by the end of October 2020.

**PUT OPTION DEEDS**

On the same date, the Company (as grantor) entered into the Put Option Deeds with the Buyers (as grantees), pursuant to which the Company agreed to grant to each of the Buyers a Put Option which will allow such Buyer to cause the Company to purchase one of the Aircraft at an agreed exercise price which will represent a discount of about 35% against the current projected valuation for the Aircraft on the exercise date.

**Date:** 30 September 2020

**Parties:**

(a) the Company (as grantor); and

(b) the Buyers (as grantees), which are both wholly-owned special purpose vehicles of ARG.

**Exercise period in respect of the Put Options:**

First Put Option: The period commencing on (and excluding) 30 September 2020 and ending on (and including) 30 September 2027

Second Put Option: The period commencing on (and excluding) 30 September 2020 and ending on (and including) 31 October 2028

**Exercise of the Put Options:**

Each Put Option may be exercised by the relevant Buyer at any time during the applicable exercise period by giving a Put Option notice to the Company.

The Put Option Deeds may be assigned by the Buyers to independent third parties without the consent of the Company.

**INFORMATION ABOUT THE GROUP AND ARG**

The Group is principally engaged in global aircraft leasing business with a fleet of 109 owned aircraft and 23 managed aircraft as of 29 September 2020.

ARG is a non-wholly-owned subsidiary of ARI. ARI is held by the Company, China Aero (a wholly-owned subsidiary of Friedmann Pacific Asset Management Limited, which is one of the substantial shareholders of the Company) and Neo Modern (a wholly-owned subsidiary of China Everbright Limited, which is one of the substantial shareholders of the Company) as to 48%, 18% and 14% respectively and is therefore a commonly held entity of the Company as defined under the Listing Rules.

**REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION**

By establishing various aviation-related funds, the Group continues to pursue its asset-light model as part of its long term strategies, aiming at continuously optimizing its fleet portfolio and increasing the scale of aircraft asset under its management.

ARG is an aviation investment fund under ARI focusing on the leasing of mid-age and older aircraft, as well as aircraft component disassembly and used parts trading. ARI, as a servicer to ARG, makes use of its established aircraft asset management capability of mid-life to end-of-life aircraft to cater for investors' intensifying interests in extracting returns at various points of an aircraft lifecycle.

The entering into of the Aircraft Sale and Purchase Agreements is part of an effort of the Group's commitment to pushing forward its asset light model while advancing ARI's asset management strengths in the aircraft aftermarket. The Aircraft will form the initial part of the seed portfolio of ARG. In case of exercising of the Put Options, the Company could benefit by obtaining quality aircraft asset at an agreed price substantially lower than the valuation for the Aircraft.

## **IMPLICATIONS OF THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Transaction are above 5% but all are below 25%, the Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

In addition, as one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the grant of the Put Options are above 25% but all are below 100%, the Put Option Deeds and the transactions contemplated thereunder (when aggregated with the Previous Transactions pursuant to Rule 14.22 of the Listing Rules) would constitute a major transaction for the Company under Chapter 14 of the Listing Rules.

Nevertheless, both the Transaction and the grant of the Put Options are Qualified Aircraft Leasing Activities and are only subject to the disclosure requirements under Rule 14.33D of the Listing Rules.

The Board has confirmed that (1) the Company has fulfilled the criteria for a Qualified Aircraft Lessor as set out in Rule 14.04(10E) of the Listing Rules; (2) the Transaction and the Put Option Deeds (and the transactions contemplated thereunder) are entered into by the Company in its ordinary and usual course of business and on normal commercial terms; and (3) the terms of the Transaction and the Put Option Deeds (and the transactions contemplated thereunder) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **DEFINITIONS**

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

<b>“Aircraft”</b>	two Airbus A321ceo aircraft to be disposed to ARG
<b>“Aircraft Sale and Purchase Agreements”</b>	two aircraft sale and purchase agreements entered into between the Sellers and the Buyers on 30 September 2020, pursuant to which the Sellers agreed to sell and the Buyers agreed to purchase the Aircraft
<b>“ARI”</b>	Aircraft Recycling International Limited, a company incorporated in the Cayman Islands that provides a comprehensive range of solutions for mid- to- end-of-life aircraft for the global aviation industry

<b>“ARG”</b>	ARG Cayman 1 Limited, an aircraft and aircraft component investment vehicle incorporated in the Cayman Islands with limited liability, which is funded by way of mezzanine financing and shareholders’ loan. ARG is a non-wholly-owned subsidiary of ARI
<b>“Board”</b>	the board of Directors
<b>“Buyers”</b>	ZJ Tianlu Leasing (Tianjin) Co., Ltd. and ZJ Yongle Leasing (Tianjin) Co., Ltd., both are incorporated in the PRC with limited liability and wholly-owned subsidiaries of ARG
<b>“China Aero”</b>	China Aero Investments Limited, a company incorporated in the Cayman Islands and a wholly-owned subsidiary of Friedmann Pacific Asset Management Limited, which is one of the substantial shareholders of the Company
<b>“commonly held entity”</b>	has the meaning ascribed to it in Rule 14A.27 of the Listing Rules
<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>“Directors”</b>	the directors of the Company
<b>“First Put Option”</b>	the aircraft put option granted by the Company (as grantor) to ZJ Tianlu Leasing (Tianjin) Co., Ltd. (as first grantee) pursuant to the First Put Option Deed
<b>“First Put Option Deed”</b>	the put option deed entered into between the Company (as grantor) and ZJ Tianlu Leasing (Tianjin) Co., Ltd. (as first grantee) on 30 September 2020, pursuant to which the Company agreed to grant to the first grantee the First Put Option which will allow the first grantee to cause the Company to purchase one of the Aircraft
<b>“Group”</b>	the Company and its subsidiaries
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange

<b>“Neo Modern”</b>	Neo Modern Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of China Everbright Limited, which is one of the substantial shareholders of the Company
<b>“Previous Transactions”</b>	the acquisition of two aircraft contemplated under the aircraft sale and purchase agreements dated 29 October 2019 and the acquisition of three aircraft contemplated under the aircraft sale and purchase agreements dated 25 February 2020. Please refer to the announcements of the Company dated 29 October 2019 and 25 February 2020 respectively for details
<b>“Put Options”</b>	the First Put Option and the Second Put Option
<b>“Put Option Deeds”</b>	the First Put Option Deed and the Second Put Option Deed
<b>“PRC”</b>	The People’s Republic of China
<b>“Qualified Aircraft Leasing Activity”</b>	has the meaning ascribed to it in Rule 14.04(10D) of the Listing Rules
<b>“Qualified Aircraft Lessor”</b>	has the meaning ascribed to it in Rule 14.04(10E) of the Listing Rules
<b>“Second Put Option”</b>	the aircraft put option granted by the Company (as grantor) to ZJ Yongle Leasing (Tianjin) Co., Ltd. (as second grantee) pursuant to the Second Put Option Deed
<b>“Second Put Option Deed”</b>	the put option deed entered into between the Company (as grantor) and ZJ Yongle Leasing (Tianjin) Co., Ltd. (as second grantee) on 30 September 2020, pursuant to which the Company agreed to grant to the second grantee the Second Put Option which will allow the second grantee to cause the Company to purchase one of the Aircraft
<b>“Sellers”</b>	CALC Jiande Limited and CALC Ruyi Limited, which are both incorporated in the PRC with limited liability and wholly-owned subsidiaries of the Company
<b>“Shareholders”</b>	the shareholders of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“substantial shareholders”</b>	has the meaning ascribed to it under the Listing Rules

**“Transaction”**

the entering into of the Aircraft Sale and Purchase Agreements and the transactions contemplated thereunder

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

Hong Kong, 30 September 2020

*As at the date of this announcement, (i) the Executive Directors are Dr. 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 Dr. TSE Hiu Tung, Sheldon.*