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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 18 December 2020 (after trading hours), the parties entered into the Equity Transfer Agreements, pursuant to which the Transferor agreed to sell and the Transferee agreed to purchase the Aircraft by way of transferring the entire equity of the Special Purpose Vehicles owning direct interests in the Aircraft.

EQUITY TRANSFER AGREEMENTS

The Board is pleased to announce that on 18 December 2020 (after trading hours), the parties entered into the Equity Transfer Agreements, pursuant to which the Transferor agreed to sell and the Transferee agreed to purchase the Aircraft by way of transferring the entire equity of the Special Purpose Vehicles owning direct interests in the Aircraft.

Date: 18 December 2020

Parties:

- (a) the Transferor, which is a wholly-owned subsidiary of the Company;
- (b) the Transferee, which is a wholly-owned subsidiary of ARG; and
- (c) the Special Purpose Vehicles, which are both wholly-owned subsidiaries of the Transferor as at the date of this announcement.

Assets to be disposed of:

the Special Purpose Vehicles owning direct interests in the Aircraft

Completion:

It is estimated that completion of the Equity Transfer Agreements will take place by the end of December 2020.

INFORMATION ABOUT THE GROUP AND ARG

The Group is principally engaged in global aircraft leasing business with a fleet of 107 owned aircraft and 23 managed aircraft as at the date of this announcement.

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 Equity Transfer 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.

IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Transaction (when aggregated with the Previous Transaction pursuant to Rule 14.22 of the Listing Rules) exceed 5% but all are below 25%, the Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Nevertheless, the Transaction is a Qualified Aircraft Leasing Activity and is 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; (2) the Transaction is 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 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:

“Aircraft”	two Airbus A320ceo aircraft
“ARI”	Aircraft Recycling International Limited, a company incorporated in the Cayman Islands with limited liability and a commonly held entity of the Company
“ARG”	ARG Cayman 1 Limited, an aviation investment vehicle incorporated in the Cayman Islands with limited liability and a non-wholly-owned subsidiary of ARI
“Board”	the board of Directors
“China Aero”	China Aero Investments Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of Friedmann Pacific Asset Management Limited which is one of the substantial shareholders of the Company
“commonly held entity”	has the meaning ascribed to it in Rule 14A.27 of the Listing Rules
“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
“Directors”	the directors of the Company
“Equity Transfer Agreements”	two equity transfer agreements entered into among the Transferor, the Transferee and the Special Purpose Vehicles on 18 December 2020, pursuant to which the Transferor agreed to sell and the Transferee agreed to purchase the Aircraft by way of transferring the entire equity of the Special Purpose Vehicles owning direct interests in the Aircraft
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Neo Modern”	Neo Modern Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of China Everbright Limited which is one of the substantial shareholders of the Company
“percentage ratios”	has the meaning ascribed to it in Rule 14.07 of the Listing Rules
“Previous Transaction”	the disposal of two aircraft to ARG contemplated under two aircraft sale and purchase agreements dated 30 September 2020. Please refer to the announcement of the Company dated 30 September 2020 for details
“PRC”	The People’s Republic of China
“Qualified Aircraft Leasing Activity”	has the meaning ascribed to it in Rule 14.04(10D) of the Listing Rules
“Qualified Aircraft Lessor”	has the meaning ascribed to it in Rule 14.04(10E) of the Listing Rules
“Shareholders”	the shareholders of the Company
“Special Purpose Vehicles”	CALC Yonghui Limited and CALC Longshuo Limited which own direct interests in the Aircraft, and which are both incorporated in the PRC with limited liability and wholly-owned subsidiaries of the Transferor as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholders”	has the meaning ascribed to it under the Listing Rules
“Transaction”	the entering into of the Equity Transfer Agreements and the transactions contemplated thereunder
“Transferee”	ARG (Tianjin) Financial Leasing Co., Ltd., a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of ARG

“Transferor”

China Asset Leasing Company Limited, a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company

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

Hong Kong, 18 December 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.