

*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)**

**MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO  
DISPOSAL OF TWO LEASE-ATTACHED AIRCRAFT**

**AIRCRAFT SALE AND PURCHASE AGREEMENTS**

The Board is pleased to announce that on 9 April 2021 (after trading hours), the Aircraft Sale and Purchase Agreements were entered into between the Vendors and the Purchasers respectively, pursuant to which the Vendors agreed to sell and the Purchasers agreed to purchase the respective Aircraft (together with the rights and obligations of the underlying leases).

**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 25% but all are below 75%, the Transaction constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Nevertheless, the Transaction is a Qualified Aircraft Leasing Activity and, as a major transaction, is only subject to the disclosure requirements under Rule 14.33D of the Listing Rules but exempt from the announcement, circular and/or shareholders' approval requirements for a major transaction.

As at the date of this announcement, CE Group is the sole shareholder of CE Hong Kong. CE Hong Kong is the indirect controlling shareholder of CE Limited which indirectly holds approximately 49.74% equity interest in CE Limited. CE Limited in turn indirectly holds approximately 37.11% equity interest in the Company. Accordingly, CE Group and its associates are connected persons of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CEB Leasing is an associate of CE Group. Accordingly, the Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) Rules 14.58(4) and 14.58(7) of the Listing Rules requiring disclosure of the aggregate value of the consideration and net profits attributable to the assets; (ii) Rule 14.58(6) of the Listing Rules requiring

disclosure of the net book value of the assets; (iii) Rule 14.60(3)(a) of the Listing Rules requiring disclosure of details of the gain or loss expected to accrue to the Company from the Transaction and the basis for calculating such gain or loss; (iv) Rule 14A.68(1) of the Listing Rules requiring an announcement for a connected transaction to contain at least the information set out in Rules 14.58 to 14.60 of the Listing Rules; (v) Rule 14A.70(2) of the Listing Rules requiring the circular for a connected transaction to contain at least the information required to be disclosed in the announcement for the Transaction; and (vi) Rule 14A.70(13) and Appendix 1, Part B, paragraph 43(2)(c) of the Listing Rules so that information in relation to the Consideration for the Aircraft will be redacted from the version of the Aircraft Sale and Purchase Agreements which will be available for inspection by the public.

## **THE EGM AND SHAREHOLDERS' APPROVAL**

The EGM will be convened for the independent Shareholders to consider and, if thought fit, approve the Transaction. CE Group and its associates will abstain from voting on the resolution to be proposed at the EGM in relation to the Transaction.

An Independent Board Committee comprising all independent non-executive Directors has been formed to advise the independent Shareholders on the Transaction. Red Sun Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders in this respect.

### **Circular**

A circular containing (i) further details of the Transaction; (ii) a letter from the Independent Board Committee; and (iii) a letter setting out the advice of the independent financial adviser to the Independent Board Committee and the independent Shareholders, together with the notice of the EGM, is expected to be dispatched to the Shareholders on or before 30 April 2021.

## **PROFIT FORECAST REQUIREMENT UNDER THE LISTING RULES**

The Company will make a further announcement in accordance with the requirements under Rule 14.60A of the Listing Rules, which sets out, among other things, the principal assumptions, including commercial assumptions, upon which the Market Appraised Value is based; a letter from the Board setting out the confirmation that the Market Appraised Value is made after due and careful enquiry; and the letter from the Company's reporting accountant confirming the results of its review of the accounting policies and calculations for the Market Appraised Value as required by the Listing Rules.

**As the Transaction is subject to the approval of the independent Shareholders, it may or may not proceed. The issue of this announcement does not in any way imply that the Transaction will be implemented or executed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## **AIRCRAFT SALE AND PURCHASE AGREEMENTS**

The Board is pleased to announce that on 9 April 2021 (after trading hours), the Aircraft Sale and Purchase Agreements were entered into between the Vendors and the Purchasers respectively, pursuant to which the Vendors agreed to sell and the Purchasers agreed to purchase the respective Aircraft (together with the rights and obligations of the underlying leases).

**Date:** 9 April 2021

**Parties:**

(a) the Vendors; and

(b) the Purchasers.

**Assets to be disposed of:**

the Aircraft (together with the rights and obligations of the underlying leases)

**Consideration:**

The Consideration is above the net book value of the Aircraft. As an alternative to disclosing the Consideration for the Aircraft, the Company discloses the Market Appraised Value of the Aircraft. The Market Appraised Value of the Aircraft (obtained from an independent appraiser) is approximately US\$102.4 million (equivalent to approximately HK\$799 million). The Consideration is also no less than the Market Appraised Value of the Aircraft. The valuation report of the Aircraft will be set out in the circular.

The independent appraiser calculated the Market Appraised Value on the basis that it consists of the present value of the remaining lease stream of the Aircraft and the present value of the residual value of the Aircraft as at the end of the leases attached to the Aircraft.

The Board considers that the Consideration for the Aircraft was determined on an arm's length basis upon negotiation in accordance with the Group's customary business practices, taking into account the Market Appraised Value of the relevant aircraft and the terms and conditions of the Transaction as a whole and with reference to market conditions. Initially the Company conducted a bidding process for the Aircraft for the purposes of identifying potential purchasers, generating competitive tension between them and ensuring that the Consideration would be competitive under the prevailing market conditions. The Company successfully solicited offers from CEB Leasing and certain independent third parties. The Company assessed the offers based on factors including bid prices, execution risks and business relationships between the Company and the bidders. CEB Leasing was the highest bidder and so the Company decided to enter into the Aircraft Sale and Purchase Agreements with CEB Leasing. The Consideration does not materially deviate from the bid price offered by CEB Leasing in the bidding process.

Based on the above, the Board considers the Consideration fair and reasonable and no less favourable than those offered by independent third parties.

The aggregate net book value, the aggregate gain or loss from the disposal of the Aircraft and the excess of the Consideration over the aggregate net book value are commercial sensitive information as are the aggregate net profits (before and after tax) attributable to the Aircraft.

The Company will no longer be entitled to the lease income derived from the underlying leases of the Aircraft starting from the lease payment date immediately following completion of the Transaction. The Company does not expect the Transaction to have a material adverse impact on the net profits of the Company for the two financial years immediately preceding the Transaction.

On the other hand, the Company will record an aggregate gain on the disposal of the Aircraft (given that the Consideration, net of the Transaction related expenses, is above the aggregate net book value of the Aircraft). The Company does not expect the aggregate gain to be significant to the Group taken as a whole.

The gain expected to accrue to the Company from the disposal of the Aircraft and the net book value of the Aircraft will be disclosed on an aggregated basis together with any other aircraft disposed of by the Company in the Company's following interim financial statements (where applicable) and annual financial statements upon completion of the relevant transactions.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) Rules 14.58(4) and 14.58(7) of the Listing Rules requiring disclosure of the aggregate value of the consideration and net profits attributable to the assets; (ii) Rule 14.58(6) of the Listing Rules requiring disclosure of the net book value of the assets; (iii) Rule 14.60(3)(a) of the Listing Rules requiring disclosure of details of the gain or loss expected to accrue to the Company from the Transaction and the basis for calculating such gain or loss; (iv) Rule 14A.68(1) of the Listing Rules requiring an announcement for a connected transaction to contain at least the information set out in Rules 14.58 to 14.60 of the Listing Rules; (v) Rule 14A.70(2) of the Listing Rules requiring the circular for a connected transaction to contain at least the information required to be disclosed in the announcement for the Transaction; and (vi) Rule 14A.70(13) and Appendix 1, Part B, paragraph 43(2)(c) of the Listing Rules so that information in relation to the Consideration for the Aircraft will be redacted from the version of the Aircraft Sale and Purchase Agreements which will be available for inspection by the public.

#### **Payment and delivery terms:**

The Consideration of each of the Aircraft will be paid upon completion of the respective Aircraft Sale and Purchase Agreements, which is estimated to occur by the end of June 2021.

## **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 25% but all are below 75%, the Transaction constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Nevertheless, the Transaction is a Qualified Aircraft Leasing Activity and, as a major transaction, is only subject to the disclosure requirements under Rule 14.33D of the Listing Rules but exempt from the announcement, circular and/or shareholders' approval requirements for a major transaction.

As at the date of this announcement, CE Group is the sole shareholder of CE Hong Kong. CE Hong Kong is the indirect controlling shareholder of CE Limited which indirectly holds approximately 49.74% equity interest in CE Limited. CE Limited in turn indirectly holds approximately 37.11% equity interest in the Company. Accordingly, CE Group and its associates are connected persons of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CEB Leasing is an associate of CE Group. Accordingly, the Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **THE EGM AND SHAREHOLDERS' APPROVAL**

The EGM will be convened for the independent Shareholders to consider and, if thought fit, approve the Transaction. CE Group and its associates will abstain from voting on the resolution to be proposed at the EGM in relation to the Transaction.

An Independent Board Committee comprising all independent non-executive Directors has been formed to advise the independent Shareholders on the Transaction. Red Sun Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders in this respect.

### **Circular**

A circular containing (i) further details of the Transaction; (ii) a letter from the Independent Board Committee; and (iii) a letter setting out the advice of the independent financial adviser to the Independent Board Committee and the independent Shareholders, together with the notice of the EGM, is expected to be dispatched to the Shareholders on or before 30 April 2021.

## **PROFIT FORECAST REQUIREMENT UNDER THE LISTING RULES**

The Market Appraised Value of the Aircraft was conducted by an independent valuer engaged by the Company. The independent valuer had to determine the Market Appraised Value of the Aircraft by adopting the income/discounted cashflow approach. The Market Appraised Value constitutes a profit forecast under Rule 14.61 of the Listing Rules.

The Company will make a further announcement in accordance with the requirements under Rule 14.60A of the Listing Rules, which sets out, among other things, the principal assumptions, including commercial assumptions, upon which the Market Appraised Value is based; a letter from the Board setting out the confirmation that the Market Appraised Value is made after due and careful enquiry; and the letter from the Company's reporting accountant confirming the results of its review of the accounting policies and calculations for the Market Appraised Value as required by the Listing Rules.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE AIRCRAFT SALE AND PURCHASE AGREEMENTS**

- (i) Pressing Ahead the Group's asset-light business model

The Directors are of the view that the Transaction is in line with the strategy of the Group as it pushes forward the multi-facet development of its asset-light business model through portfolio trading together with management of aviation-related funds. Such model allows the Group to achieve attractive return on equity with continuous capital flows while ensuring a reasonable debt level as it expands its aircraft leasing and trading businesses.

- (ii) Aircraft portfolio trading is in the Group's ordinary course of business and constitutes one of its main income sources

The Transaction is conducted in the Group's ordinary course of business as evidenced by a good number of aircraft purchase and disposal transactions conducted by the Group during the years ended 31 December 2018, 2019 and 2020. As disclosed in annual reports of the Company, the net income from aircraft transactions and aircraft trading has been one of the main income sources of the Group.

Portfolio trading with a broad range of aircraft owners, including independent third party leasing companies, will optimize the Group's fleet portfolio and open up more business opportunities, thus further enhancing the Group's asset management capability. The expected gain from the Transaction will contribute to the overall growth and profitability of the Group.

The Company intends to use the net proceeds received from the disposal of the Aircraft for, where appropriate, aircraft acquisition, and to support its business expansion in areas of aircraft leasing; sourcing and sales; aircraft trading and portfolio sales; aircraft disassembly and component sales; maintenance, repair and overhaul (MRO); aviation financing; and/or general corporate purposes.



<b>“Aircraft Sale and Purchase Agreements”</b>	two aircraft sale and purchase agreements entered into between the Vendors and the Purchasers respectively on 9 April 2021, pursuant to which the Vendors agreed to sell and the Purchasers agreed to purchase the respective Aircraft
<b>“associate(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Board”</b>	the board of Directors
<b>“CE Bank”</b>	China Everbright Bank Company Limited (中國光大銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H shares and the A shares of which are listed on the Main Board of the Stock Exchange (stock code: 6818) and the Shanghai Stock Exchange (stock code: 601818) respectively, and an associate of CE Group
<b>“CE Group”</b>	China Everbright Group Ltd.* (中國光大集團股份公司), a joint stock company incorporated in the PRC with limited liability and owned by Central Huijin, MOF and SSF
<b>“CE Hong Kong”</b>	China Everbright Holdings Company Limited (中國光大集團有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CE Group
<b>“CE Limited”</b>	China Everbright Limited (中國光大控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0165) and indirectly owned as to approximately 49.74% by CE Hong Kong as at the date of this announcement
<b>“CEB Leasing”</b>	Everbright Financial Leasing Co., Ltd. (光大金融租賃股份有限公司), a company incorporated in the PRC with limited liability and a non-wholly-owned subsidiary of CE Bank. CEB Leasing is held by CE Bank as to 90% as at the date of this announcement
<b>“Central Huijin”</b>	Central Huijin Investment Ltd.* (中央匯金投資有限責任公司), a company incorporated under the laws of the PRC with limited liability
<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 meaning ascribed to it under the Listing Rules
<b>“Consideration”</b>	the actual consideration payable by the Purchasers to the Vendors for the Aircraft
<b>“Directors”</b>	the directors of the Company
<b>“EGM”</b>	the extraordinary general meeting of the Company to be held for considering, and if thought fit, approving the Transaction
<b>“Group”</b>	the Company and its subsidiaries from time to time
<b>“HK\$”</b>	Hong Kong dollars, 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>“Market Appraised Value”</b>	the rolling encumbered valuation of the Aircraft obtained from an independent appraiser
<b>“MOF”</b>	the Ministry of Finance of the PRC
<b>“percentage ratio(s)”</b>	has the meaning ascribed to it under Rule 14.07 of the Listing Rules
<b>“PRC”</b>	The People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
<b>“Previous Transaction”</b>	the disposal of seven aircraft to wholly-owned special purpose vehicles of CEB Leasing under seven aircraft sale and purchase agreements dated 2 July 2020. Please refer to the announcement of the Company dated 2 July 2020 and the circular of the Company dated 9 July 2020 for details
<b>“Purchasers”</b>	Guangrong No.9 (Tianjin) Aviation Leasing Co., Limited and Guangrong No.10 (Tianjin) Aviation Leasing Co., Limited, which are both incorporated in the PRC with limited liability and wholly-owned special purpose vehicles of CEB Leasing
<b>“Qualified Aircraft Leasing Activity”</b>	has the meaning ascribed to it under Rule 14.04(10D) of the Listing Rules

“Qualified Aircraft Lessor”	has the meaning ascribed to it under Rule 14.04(10E) of the Listing Rules
“Shareholders”	holders of the Shares
“Share(s)”	share(s) with par value of HK\$0.10 each in the share capital of the Company
“SSF”	National Council for Social Security Fund of the PRC* (全國社會保障基金理事會)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	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
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendors”	ZJ Jianlong Leasing (Tianjin) Co., Ltd. and ZJ Kaiming Leasing (Tianjin) Co., Ltd., which are both incorporated in the PRC with limited liability and wholly-owned special purpose vehicles of the Company
“%”	per cent

*In this announcement, the amounts denominated in US\$ are translated into HK\$ at the exchange rate shown below, but such conversions shall not be construed as representations that amount 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, 9 April 2021

*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.*

*\* for identification purpose only*