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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)

FURTHER ANNOUNCEMENT

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

INTRODUCTION

Reference is made to the announcement of China Aircraft Leasing Group Holdings Limited (the “**Company**”) dated 9 April 2021 (the “**Announcement**”) in relation to the disposal of the Aircraft under the Aircraft Sale and Purchase Agreements. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, as an alternative to disclosing the Consideration for the Aircraft, the Company discloses the Market Appraised Value of the Aircraft which was based on a valuation report dated 22 March 2021 issued by Ascend by Cirium, an independent appraiser engaged by the Company (the “**Independent Appraiser**”). The Independent Appraiser determined the Market Appraised Value by adopting the income approach by using a discounted cash flow as approximately US\$102.4 million (equivalent to approximately HK\$799 million). Accordingly, the Market Appraised Value 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 MARKET APPRAISED VALUE

The principal assumptions (including commercial assumptions), upon which the Market Appraised Value of the Aircraft was based, are as follows:

- the given rentals are paid in advance, and maintained throughout each year;
- the lease rentals are discounted at 5.4% per annum, as instructed by the Company;
- the leases run their full term;
- the Independent Appraiser was advised to use a 2.5% inflation scenario;
- for the balanced market scenario, the future value of the Aircraft at lease termination is its forecast base value, assuming a 2.5% sustained annual inflation rate;
- the future value of the Aircraft less any maintenance adjustments is discounted at the risk-free rate represented by the US Treasury Bonds of the relevant term;

- the maintenance adjustment at lease termination is discounted at the risk-adjusted discount rate of 5.4%, as instructed by the Company;
- the return condition was specified as being “Full-Life”;
- all cash flows are discounted to the date of the next payment due; and
- any expenses incurred in managing the leased Aircraft are not considered in the Market Appraised Value.

CONFIRMATIONS

PricewaterhouseCoopers, acting as the Company’s reporting accountant (the “**Reporting Accountant**”), has reported on the calculations of the discounted cash flows forecast, which does not involve the adoption of accounting policies, as adopted in the preparation of the valuation report issued by Ascend by Cirium.

The Directors had reviewed the principal assumptions (including commercial assumptions) of the valuation of the Aircraft and confirm that the valuation of the Aircraft has been made after due and careful enquiry.

A report from the Reporting Accountant dated 30 April 2021 in compliance with Rule 14.62(2) of the Listing Rules and a letter from the Board dated 30 April 2021 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.

EXPERT AND CONSENT

The qualification of the Reporting Accountant is as follows:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants, Hong Kong

To the best of the Directors’ knowledge, information and belief and after having made all reasonable enquiries, the Reporting Accountant is a third party independent of the Group and its connected persons. As at the date of this announcement, the Reporting Accountant does not have 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.

The Reporting Accountant has given and has not withdrawn its 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, 30 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.

APPENDIX I – REPORT FROM THE REPORTING ACCOUNTANT RELATING TO THE PROFIT FORECAST

The following is the text of a report received from the Reporting Accountant, PricewaterhouseCoopers, Certified Public Accountants, for the purpose of incorporation in this announcement.

INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE AIRCRAFT VALUATION OF ONE AIRBUS A320-200 SHARKLETS AND ONE AIRBUS A320-200 NEO AIRCRAFT

TO THE BOARD OF DIRECTORS OF CHINA AIRCRAFT LEASING GROUP HOLDINGS LIMITED

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the aircraft valuation (the “**Valuation**”) dated 22 March 2021 prepared by Ascend by Cirium in respect of the appraisal of the fair value of one Airbus A320-200 Sharklets and one Airbus A320-200 NEO Aircraft (the “**Disposal Assets**”) as at 30 December 2020 is based. The Valuation is set out in the announcement of China Aircraft Leasing Group Holdings Limited (the “**Company**”) dated 30 April 2021 (the “**Announcement**”) in connection with the disposal of Disposal Assets by the Company. The Valuation based on the discounted future estimated cash flows is regarded as 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’ Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set on pages 1 to 2 of the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows 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 (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the 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

It is our responsibility to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Disposal Assets.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out on pages 1 to 2 of the Announcement. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted cash flows do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows, has been properly compiled in all material respects in accordance with the bases and assumptions made by the directors of the Company as set out on pages 1 to 2 of the Announcement.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 30 April 2021

APPENDIX II – LETTER FROM THE BOARD RELATING TO THE PROFIT FORECAST

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

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(Stock code: 1848)

30 April 2021

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

Dear Sirs,

Re: Announcement – Major and Connected Transaction in relation to the Disposal of Two Lease-attached Aircraft

We, China Aircraft Leasing Group Holdings Limited (the “**Company**”) (Stock Code: 1848), refer to the announcement of the Company dated 30 April 2021 (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 valuation of the Aircraft conducted by Ascend by Cirium, an independent appraiser. The 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 PricewaterhouseCoopers, acting as the Company’s reporting accountant, to report on the calculations of the discounted cash flows forecast, and considered the report from PricewaterhouseCoopers which was prepared in accordance with the 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, as set out in Appendix I to the Announcement.

On the basis of the above, we confirm that the valuation of the Aircraft has 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