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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)**

**CONNECTED TRANSACTION  
IN RELATION TO  
THE DISPOSAL OF INTERESTS IN ARG**

**SHARE PURCHASE AGREEMENT**

The Board is pleased to announce that on 13 July 2021 (after trading hours), the Vendor entered into the Share Purchase Agreement with the Purchaser, pursuant to which (1) the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares; and (2) the Vendor (as the assignor) agreed to assign and the Purchaser (as the assignee) agreed to take the Shareholder Loan.

**IMPLICATIONS OF THE LISTING RULES**

As at the date of this announcement, CE Limited, through its wholly-owned subsidiaries, is interested in approximately 37.6% of the total number of issued shares of the Company and is one of the substantial shareholders of the Company. The Purchaser is an indirect wholly-owned subsidiary of CE Limited. Accordingly, the Purchaser is a connected person of the Company and the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Transaction are above 0.1% but all are below 5%, the Transaction is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

**INTRODUCTION**

As at the date of this announcement, ARG is held by ARI, an independent state-owned mezzanine financier and the Vendor as to 79.7%, 12.5% and 7.8% respectively. On 13 July 2021 (after trading hours), the Vendor entered into two separate share purchase agreements with the Purchaser and an independent investor to (1) dispose of a total of 78 ordinary shares of ARG, representing 7.8% of the issued share capital of ARG (of which 13 ordinary shares of ARG (i.e. the Sale Shares), representing 1.3% of the issued share capital of ARG to be disposed of to the Purchaser); and (2) assign the shareholder loan outstanding and owed by ARG to the Vendor in an aggregate sum of US\$12,310,280.88

(of which US\$2,051,713.48 (i.e. the Shareholder Loan) is to be assigned to the Purchaser).

Set out below is a summary of the principal terms of the Share Purchase Agreement entered into with the Purchaser:

## **SHARE PURCHASE AGREEMENT**

The Board is pleased to announce that on 13 July 2021 (after trading hours), the Vendor entered into the Share Purchase Agreement with the Purchaser, pursuant to which (1) the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares; and (2) the Vendor (as the assignor) agreed to assign and the Purchaser (as the assignee) agreed to take the Shareholder Loan.

**Date:** 13 July 2021

### **Parties:**

- (a) the Vendor; and
- (b) the Purchaser.

### **Subject Matter:**

- (a) Disposal of the Sale Shares by the Vendor to the Purchaser; and
- (b) Assignment of the Shareholder Loan by the Vendor (as the assignor) to the Purchaser (as the assignee).

### **Consideration:**

The total consideration for the disposal of the Sale Shares and the assignment of the Shareholder Loan is US\$2,051,714.78 (equivalent to approximately HK\$16,003,380) which will be paid in cash by the Purchaser upon completion. The Consideration is arrived at after arm's length negotiations between the parties with reference to the unaudited net liabilities of ARG as at 31 May 2021 and the amount under the Shareholder Loan. The Consideration is equal to the relevant investment amount injected into ARG by the Vendor, so no gain or loss is expected to accrue to the Company from the Transaction.

The Company intends to use the sale proceeds from the Transaction for general corporate purposes.

### **Completion:**

Completion shall take place on the 5<sup>th</sup> business day after the date of the Share Purchase Agreement, or any other date as mutually agreed by the parties.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

ARI is an essential platform for the implementation of the Group's full value chain strategy and the Group's management believes that it would be best for ARI to adopt an asset light model while focusing on enriching its capabilities in the aircraft aftermarket services. The Company committed as a seed investor of ARG during its launch to serve as an incubator, offering its resources and network, and more importantly, its experience in building and managing China Aircraft Global Fund (CAG), to facilitate ARI to set up its first platform to carry out its asset light strategy. The disposal of interests in ARG is part of the Company's plan of unloading its initial investment when the platform becomes mature.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Share Purchase Agreement are fair and reasonable, on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole, while the Transaction is not in the ordinary and usual course of business of the Group.

None of the Directors have a material interest in the Transaction. However, in view of good corporate governance practices, Dr. ZHAO Wei and Mr. TANG Chi Chun, being both directors of the Company and CE Limited, abstained from voting on the relevant board resolution approving the Transaction.

## **IMPLICATIONS OF THE LISTING RULES**

As at the date of this announcement, CE Limited, through its wholly-owned subsidiaries, is interested in approximately 37.6% of the total number of issued shares of the Company and is one of the substantial shareholders of the Company. The Purchaser is an indirect wholly-owned subsidiary of CE Limited. Accordingly, the Purchaser is a connected person of the Company and the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Transaction are above 0.1% but all are below 5%, the Transaction is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **GENERAL INFORMATION OF ARG, ARI AND THE PARTIES**

### **ARG and ARI**

ARG is an aviation investment vehicle incorporated in the Cayman Islands with limited liability. As at the date of this announcement, ARG is held by ARI, an independent state-owned mezzanine financier and the Vendor as to 79.7%, 12.5% and 7.8% respectively. ARG is focusing on the leasing of mid-age and older aircraft primarily in the PRC domestic market, as well as aircraft component disassembly and used parts trading.

Set out below is the unaudited financial information of ARG:

	For the year ended 31 December 2019	For the year ended 31 December 2020
Loss before tax and after tax	US\$92,801 (equivalent to approximately HK\$723,850)	US\$1,820,131 (equivalent to approximately HK\$14,197,030)

As at 31 May 2021, the unaudited net liabilities of ARG were approximately US\$2.18 million (equivalent to approximately HK\$17 million).

Immediately upon completion of the Share Purchase Agreement, ARG will be held by ARI, the existing independent state-owned mezzanine financier, the new independent investor and the Purchaser as to 79.7%, 12.5%, 6.5% and 1.3% respectively.

ARI is a company incorporated in the Cayman Islands with limited liability. As at the date of this announcement, ARI is indirectly held by the Company, Sky Cheer International Limited (an independent third party), Friedmann Pacific Asset Management Limited (which is one of the substantial shareholders of the Company) and CE Limited (which is one of the substantial shareholders of the Company) as to 48%, 20%, 18% and 14% respectively. ARI is therefore a commonly held entity of the Company.

### **The Vendor, the Company and the Group**

The Vendor is an investment holding company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company.

As at the date of this announcement, the Company is indirectly owned as to approximately 37.6% by CE Limited.

The Group is a full value chain aircraft solutions provider for the global aviation industry, offering one-stop and value-added solutions tailored to new, mid-aged and retiring aircraft for aviation partners worldwide.

### **The Purchaser and CE Limited**

The Purchaser is an exempted company incorporated under the laws of the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of CE Limited.

CE Limited is 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 one of the substantial shareholders of the Company. CE Limited, through its subsidiaries and associates, is principally engaged in the provision of financial services and persistently pursues its cross-border macro asset management strategy, with specific focuses on fund and investment businesses.

## **DEFINITIONS**

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

“**ARG**” ARG Cayman 1 Limited, a company incorporated in the Cayman Islands with limited liability and is a non-wholly-owned subsidiary of ARI

<b>“ARI”</b>	Aircraft Recycling International Limited, a company incorporated in the Cayman Islands with limited liability and a commonly held entity of the Company
<b>“Board”</b>	the board of Directors
<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 one of the substantial shareholders of the Company
<b>“commonly held entity”</b>	has the meaning ascribed to it under 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>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Consideration”</b>	the actual consideration payable by the Purchaser to the Vendor for the Sale Shares and the Shareholder Loan
<b>“Directors”</b>	the directors of the Company
<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>“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
<b>“Purchaser”</b>	Everbright Absolute Return Fund, an exempted company incorporated under the laws of the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of CE Limited

<b>“Sale Shares”</b>	13 ordinary shares of ARG with par value of US\$0.10 each, representing 1.3% of the issued share capital of ARG, to be disposed of to the Purchaser
<b>“Share Purchase Agreement”</b>	the share purchase agreement entered into between the Vendor and the Purchaser on 13 July 2021, pursuant to which (1) the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares; and (2) the Vendor (as the assignor) agreed to assign and the Purchaser (as the assignee) agreed to take the Shareholder Loan
<b>“Shareholder Loan”</b>	the shareholder loan in the sum of US\$2,051,713.48 outstanding and owed by ARG to the Vendor as at the date of the Share Purchase Agreement, which will be assigned by the Vendor (as the assignor) to the Purchaser (as the assignee)
<b>“Shareholders”</b>	the shareholders of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“substantial shareholder(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Transaction”</b>	the entering into of the Share Purchase Agreement and the transactions contemplated thereunder
<b>“US\$”</b>	United States dollars, the lawful currency of the United States of America
<b>“Vendor”</b>	CALC Cayman Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company
<b>“%”</b>	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, 13 July 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.*