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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO LEASE OF AIRCRAFT TO
YUNNAN HONGTU AIRLINES**

AIRCRAFT LEASE AGREEMENT

On 9 April 2018 (after trading hours), the Company, through its wholly-owned special purpose vehicle, entered into the Aircraft Lease Agreement with Yunnan Hongtu Airlines, pursuant to which the Company, through its wholly-owned special purpose vehicle, agreed to lease the Aircraft to Yunnan Hongtu Airlines.

IMPLICATION OF THE LISTING RULES

As the applicable percentage ratio under Rule 14.07 of the Listing Rules for the Aircraft Lease Agreement is above 5% but below 25%, the Transaction constitutes a discloseable transaction of the Company and is therefore subject to the announcement requirement under Chapter 14 of the Listing Rules.

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It is expected that the Aircraft Lease Agreement will be classified as a finance lease according to the Company's accounting policies. The final accounting treatment will be confirmed on or before the delivery of the Aircraft and commencement of the Aircraft Lease Agreement.

Date

9 April 2018

Parties

- (1) the Company, through its wholly-owned special purpose vehicle, as the lessor; and
- (2) Yunnan Hongtu Airlines, as the lessee.

Aircraft to be leased

one new Airbus A320ceo aircraft

Lease Term

144 months from the date when the Aircraft is delivered to and accepted by Yunnan Hongtu Airlines.

Rental fees/Average annual return on assets

The expected average annual return on assets in respect of the Aircraft Lease Agreement is 1.2%, which is calculated by dividing average annual net profit by the aircraft purchase price. The return on assets for the lease of an aircraft is a reasonable measure of investment return for investing in the aviation industrial sector.

The rental fee for the Aircraft was determined after arm's length negotiation between the parties and on normal commercial terms, and is comparable to the prevailing market rate for aircraft lease transactions of comparable nature.

The Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.58(4) of the Listing Rules in respect of disclosure of the rental fee for the Aircraft. Further announcement(s) will be made by the Company in accordance with the Listing Rules where necessary.

Conditions Precedent

Delivery of the Aircraft is conditional upon fulfilment or waiver by the relevant parties of certain conditions on or prior to the delivery date, including but not limited to, the provision of relevant documentation in form and substance satisfactory to the parties, due execution of the Aircraft Lease Agreement and/or ancillary agreements by the parties, due payment of the first instalment of basic rent and security deposit by Yunnan Hongtu Airlines, and the delivery of the Aircraft from the manufacturer to the owner of the Aircraft.

Payment and delivery terms

The rental fee for the Aircraft is payable in cash quarterly in advance throughout the term of the Aircraft Lease Agreement.

The Aircraft is expected to be delivered to Yunnan Hongtu Airlines in the first half of 2018.

Purchase Option

Yunnan Hongtu Airlines shall have the right to purchase the Aircraft from the Company (through its wholly-owned special purpose vehicle) by exercising the Purchase Option at any time after the sixth anniversary of the delivery date of the Aircraft. The exercise price will be based on the outstanding principal and scheduled interest payments for the remainder of the lease term at the time when the Purchase Option is exercised.

REASONS FOR ENTERING INTO THE AIRCRAFT LEASE AGREEMENT

The Directors are of the view that completion of the Transaction is in line with the growth strategy of the Group. The Transaction also demonstrates the ability and flexibility of the Group to provide diverse aircraft solutions to meet customers' needs under dynamic market conditions and gain new customer with lease terms that are profitable for the Group. The Transaction also demonstrates the ability of the Group to take advantage of the opportunities in the high-growth aircraft leasing market in the PRC and to address the needs of customers with delivery schedule that fits their fleet plan.

The Directors confirm that the Aircraft Lease Agreement has been entered into by the Company in its ordinary and usual course of business and that the Transaction will have no material adverse impact on the Company's operations and financial position. The Directors consider that the Aircraft Lease Agreement is on normal commercial terms and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

With its fleet expansion plan, the Group will continue to pursue its business development in both PRC and overseas markets to retain its leading position as one of the largest independent aircraft lessors in the PRC.

INFORMATION ABOUT THE GROUP AND YUNNAN HONGTU AIRLINES

The Group is principally engaged in global aircraft leasing business and owns a fleet of 112 aircraft as at the date of this announcement.

To the knowledge of the Directors, Yunnan Hongtu Airlines is engaged in the business of civil aviation services.

To the best of the Director's knowledge, information and belief and having made all reasonable enquiry, Yunnan Hongtu Airlines and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

IMPLICATIONS OF THE LISTING RULES

As the applicable percentage ratio under Rule 14.07 of the Listing Rules for the Aircraft Lease Agreement is above 5% but below 25%, the Transaction constitutes a discloseable transaction of the Company and is therefore subject to the announcement requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Aircraft”	one new Airbus A320ceo aircraft
“Aircraft Lease Agreement”	the aircraft lease agreement dated 9 April 2018 entered into between the Company (through its wholly-owned special purpose vehicle, as lessor) and Yunnan Hongtu Airlines (as lessee) for the lease of the Aircraft

“Board”	the board of Directors
“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
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchase Option”	the option to purchase the Aircraft which Yunnan Hongtu Airlines may exercise in accordance with the terms of the Aircraft Lease Agreement
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction contemplated under the Aircraft Lease Agreement
“Yunnan Hongtu Airlines”	Yunnan Hongtu Airlines Co., Ltd., a company established under the laws of the PRC
“%”	per cent.

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

Hong Kong, 9 April 2018

As at the date of this announcement, (i) the Executive Directors are Mr. CHEN Shuang, JP, Mr. POON Ho Man and Ms. LIU Wanting; (ii) the Non-executive Directors are Mr. TANG Chi Chun, Mr. GUO Zibin and Ms. CHEN Chia-Ling; and (iii) the Independent Non-executive Directors are Mr. FAN Yan Hok, Philip, Mr. NIEN Van Jin, Robert, Mr. CHEOK Albert Saychuan and Mr. CHOW Kwong Fai, Edward, JP.