

*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 Transaction Lease of Aircraft to Air Macau**

#### **THE AIR MACAU AIRCRAFT LEASE AGREEMENTS**

On 29 May 2015, the Company, through four of its wholly owned special purpose vehicles, entered into the Air Macau Aircraft Lease Agreements with Air Macau respectively, pursuant to which the Company, through these wholly owned special purpose vehicles, agreed to lease four Airbus aircraft (one A320 Airbus and three A321 Airbus) to Air Macau.

#### **IMPLICATION OF THE LISTING RULES**

Pursuant to Rule 14.22 of the Listing Rules, the transactions contemplated under the Air Macau Aircraft Lease Agreements shall be aggregated together with the Previous Lease Agreements. As the applicable percentage ratios of the Air Macau Aircraft Lease Agreements and the Previous Lease Agreements on an aggregated basis are above 25% but below 100%, the transaction constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements in Chapter 14 of the Listing Rules.

#### **WAIVER**

The Company has applied to the Stock Exchange and the Stock Exchange has agreed to waive the circular and Shareholders' approval requirements under the Listing Rules in respect of the Air Macau Aircraft Lease Agreements.

Accordingly, no circular containing details of the Air Macau Aircraft Lease Agreements will be despatched under Rule 14.41 of the Listing Rules.

#### **THE AIR MACAU AIRCRAFT LEASE AGREEMENTS**

On 29 May 2015, the Company, through four of its wholly owned special purpose vehicles, entered into the Air Macau Aircraft Lease Agreements with Air Macau respectively, pursuant to which the Company, through these wholly owned special purpose vehicles, agreed to lease four Airbus aircraft (one A320 Airbus and three A321 Airbus) to Air Macau.

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

**Date:** 29 May 2015

### **Parties**

(1) the Company, through four of its wholly owned special purpose vehicles, as the lessor;  
and

(2) Air Macau (a subsidiary of Air China Limited), as the lessee.

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

**Aircraft to be leased:** four Airbus aircraft (one A320 Airbus and three A321 Airbus)

### **Term**

144 months from the date when each of the four Airbus aircraft is delivered to and accepted by Air Macau respectively.

### **Rental fees/Average annual return on assets**

The expected average annual return on assets in respect of the Air Macau Aircraft Lease Agreements is 1.77%, 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 fees for the four Airbus aircraft were determined after arm's length negotiation between the parties and on normal commercial terms, and are comparable to the prevailing market rate for aircraft lease transactions of comparable nature.

The lease receivables are secured by the aircraft under the Air Macau Aircraft Lease Agreements. In the event of default by Air Macau, the terms of the Air Macau Aircraft Lease Agreements provide for re-possession of aircraft by the Company.

### **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 Air Macau Aircraft Lease Agreements and/or ancillary agreements by the parties, due payment of the first instalment of basic rent and security deposit by Air Macau, and the delivery of the aircraft from the manufacturer to the owner of the aircraft.

## **Payment and delivery terms**

The rental fees for each of the four Airbus aircraft are payable in cash monthly in advance throughout the term of the Air Macau Aircraft Lease Agreements respectively.

The four Airbus aircraft are expected to be delivered to Air Macau between 2015 and 2016 respectively.

## **REASONS FOR ENTERING INTO THE AIR MACAU AIRCRAFT LEASE AGREEMENTS**

The Group is one of the leading aircraft operating lessors and a one-stop, full life cycle aircraft solutions provider in China. We have built a platform that covers all aircraft related services. Currently, the Group owns a portfolio of 49 commercial aircraft which are all leased to airlines, comparing with the fleet size of 25 aircraft and 44 aircraft at the end of 2013 and 2014 respectively. Based on the committed purchase orders, the Group expects that its fleet will ultimately grow to 168 by 2022. This shows the ability and dedication of the Group to capture the rising needs for leased commercial aircraft.

Building on its position as an established player in the China aircraft leasing market carrying on long-term cooperative relationships with quality airline customers, the Directors believe that entering into the Air Macau Aircraft Lease Agreements is a significant step for the Group to further expand its footprint from mainland China following its cooperation with Air India in the 2<sup>nd</sup> half of 2014.

The Air Macau Aircraft Lease Agreements also demonstrate the ability of the Group to take advantage of the opportunities in the high-growth aircraft leasing market in Asia and to address the needs of airline customers with quick delivery schedules. The Directors confirm that the Air Macau Aircraft Lease Agreements have been entered into by the Company in its ordinary and usual course of business. The Directors believe that the Air Macau Aircraft Lease Agreements are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole.

With its aggressive fleet expansion plan from 2016 onwards, the Group will continue to pursue its business development in both domestic and overseas markets to retain its leading position as one of the largest independent aircraft lessors in China.

Aircraft lease agreements entered into in the past six months:

<b><u>Date</u></b>	<b><u>Lease Agreements</u></b>
20 May 2015	Lease of 2 Aircraft to Shenzhen Airlines Co., Ltd. (深圳航空有限責任公司)

## **INFORMATION ABOUT THE GROUP AND AIR MACAU**

The Group is principally engaged in aircraft leasing business in China.

To the knowledge of the Directors, Air Macau is engaged in the business of civil aviation services.

## **IMPLICATIONS OF THE LISTING RULES**

Pursuant to Rule 14.22 of the Listing Rules, the transactions contemplated under the Air Macau Aircraft Lease Agreements shall be aggregated together with the Previous Lease Agreements. As the applicable percentage ratios of the Air Macau Aircraft Lease Agreements and the Previous Lease Agreements on an aggregated basis are above 25% but below 100%, the transaction constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements in Chapter 14 of the Listing Rules.

## **WAIVER**

The Company has applied to the Stock Exchange and the Stock Exchange has agreed to waive the circular and Shareholders' approval requirements under the Listing Rules in respect of the Air Macau Aircraft Lease Agreements.

Accordingly, no circular containing details of the Air Macau Aircraft Lease Agreements will be despatched under Rule 14.41 of the Listing Rules.

## **DEFINITIONS**

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

<b>“Air Macau”</b>	Air Macau Company Limited, a company incorporated under the laws of the Macau Special Administrative Region of the People's Republic of China, a subsidiary of Air China Limited
<b>“Air Macau Aircraft Lease Agreements”</b>	the four aircraft lease agreements dated 29 May 2015 entered into between the Company (through its wholly owned special purpose vehicles, as lessor) with Air Macau (as lessee) for the lease of four Airbus aircraft (one A320 Airbus and three A321 Airbus)
<b>“Board”</b>	the board of Directors
<b>“China”</b>	The People's Republic of China, excluding Hong Kong and the Macau Special Administrative Region for the purpose of this announcement

“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
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Previous Lease Agreements”	the two aircraft lease agreements dated 20 May 2015 entered into between the Company (through its wholly owned special purpose vehicles, as lessor) with Shenzhen Airlines Company Limited (a subsidiary of Air China Limited, as lessee) for the lease of two A320 Airbus
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the Air Macau Aircraft Lease Agreements
“%”	per cent.

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

29 May 2015

*As at the date of this announcement, (i) the executive Directors are Mr. POON Ho Man and Ms. LIU Wanting; (ii) the non-executive Directors are Mr. CHEN Shuang, Mr. TANG Chi Chun and Mr. GUO Zibin; and (iii) the independent non-executive Directors are Mr. FAN Yan Hok, Philip, Mr. NG Ming Wah, Charles, Mr. NIEN Van Jin, Robert and Mr. CHEOK Albert Saychuan.*