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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  
LEASE OF AIRCRAFT TO AIRASIA**

**THE AIRASIA AIRCRAFT LEASE AGREEMENT**

Reference is made to the announcement of the Company dated 25 January 2017 in relation to the Previous Lease Agreement entered into between the Company (through its wholly-owned special purpose vehicle) and Thai AirAsia.

On 26 January 2017 (after trading hours), the Company, through its wholly-owned special purpose vehicle, entered into the AirAsia Aircraft Lease Agreement with AirAsia, pursuant to which the Company, through this wholly-owned special purpose vehicle, agreed to lease one Airbus A320 aircraft to AirAsia.

**IMPLICATION OF THE LISTING RULES**

As Thai AirAsia is an associate of AirAsia, pursuant to Rule 14.22 of the Listing Rules, the Transaction shall be aggregated together with the Previous Lease Agreement.

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

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It is expected that the AirAsia 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 AirAsia Aircraft Lease Agreement.

**Date**

26 January 2017

**Parties**

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

**Aircraft to be leased**

One Airbus A320 aircraft.

**Term**

144 months from the date when the aircraft is delivered to and accepted by AirAsia.

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

The expected average annual return on assets in respect of the AirAsia Aircraft Lease Agreement is 2.29%, 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 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.

In the event of a default by AirAsia, the terms of the AirAsia Aircraft Lease Agreement provide for re-possession of the 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 AirAsia Aircraft Lease Agreement and/or ancillary agreements by the parties, due payment of the first instalment of basic rent and security deposit by AirAsia, and the delivery of the aircraft from the manufacturer to the owner of the aircraft.

**Payment and delivery terms**

The rental fees for the aircraft are payable in cash monthly in advance throughout the term of the AirAsia Aircraft Lease Agreement.

The aircraft is expected to be delivered to AirAsia in 2017.

## **REASONS FOR ENTERING INTO THE AIRASIA AIRCRAFT LEASE AGREEMENT**

The Group is one of the leading aircraft operating lessors and a one-stop, full life cycle aircraft solutions provider. We have built a platform that covers all aircraft related services. The Group owns and manages a fleet of 81 aircraft as at the date of this announcement.

The Directors are of the view that completion of the Transaction is in line with the growth strategy of the Group. The Transaction 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 Asia and to address the needs of customers with delivery schedule that fits their fleet plan. The Directors confirm that the AirAsia 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 believe that the AirAsia Aircraft Lease Agreement is on normal commercial terms and is fair and reasonable and in the interests of the Shareholders as a whole.

With its fleet expansion plan from 2016 onwards, 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 AIRASIA**

The Group is principally engaged in aircraft leasing business.

To the knowledge of the Directors, AirAsia 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, AirAsia and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **IMPLICATIONS OF THE LISTING RULES**

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## **DEFINITIONS**

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

**“AirAsia”** AirAsia Berhad, a company established under the laws of Malaysia

“ <b>AirAsia Aircraft Lease Agreement</b> ”	the aircraft lease agreement dated 26 January 2017 entered into between the Company (through its wholly-owned special purpose vehicle, as lessor) and AirAsia (as lessee) for the lease of one Airbus A320 aircraft
“ <b>associate</b> ”	has the same meaning ascribed thereto under the Listing Rules
“ <b>Board</b> ”	the board of Directors
“ <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 same meaning ascribed thereto under the Listing Rules
“ <b>Directors</b> ”	the directors of the Company
“ <b>Group</b> ”	the Company and its subsidiaries
“ <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>PRC</b> ”	The People’s Republic of China
“ <b>Previous Lease Agreement</b> ”	the aircraft lease agreement dated 25 January 2017 entered into between the Company (through its wholly-owned special purpose vehicle, as lessor) and Thai AirAsia (as lessee) for the lease of one Airbus A320 aircraft. Please refer to the Company’s announcement dated 25 January 2017 for details
“ <b>Shareholder(s)</b> ”	shareholder(s) of the Company
“ <b>Stock Exchange</b> ”	The Stock Exchange of Hong Kong Limited
“ <b>Thai AirAsia</b> ”	Thai AirAsia Co., Ltd., a company established under the laws of Thailand and an associate of AirAsia
“ <b>Transaction</b> ”	the transaction contemplated under the AirAsia Aircraft Lease Agreement
“ <b>%</b> ”	per cent.

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

Hong Kong, 26 January 2017

*As at the date of this announcement, (i) the Executive Directors are Mr. CHEN Shuang, 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.*