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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 THE ACQUISITION OF TWO AIRCRAFT

AIRCRAFT SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 14 December 2017 (after trading hours), the Company, through its wholly-owned special purpose vehicle, entered into the Aircraft Sale and Purchase Agreement with Iberia Airlines, pursuant to which the Company agreed to purchase two new Aircraft from Iberia Airlines and Iberia Airlines agreed, among others, to assign to the Company its right to take delivery of the Aircraft from Airbus pursuant to the Original Purchase Contract. The Aircraft will be leased back to Iberia Airlines subsequently.

IMPLICATION OF THE LISTING RULES

As the applicable percentage ratio under Rule 14.07 of the Listing Rules for the Aircraft Sale and Purchase 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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Date: 14 December 2017

Parties

- (1) the Company, through its wholly-owned special purpose vehicle, as the purchaser; and
- (2) Iberia Airlines, as the vendor.

Aircraft to be acquired: two new Airbus A330-200 aircraft

Consideration

The aggregate list price of the Aircraft (which comprises the airframe price, optional features price and engine price) is approximately US\$468 million (equivalent to approximately HK\$3,650 million).

In accordance with customary business and industry practice, there is a significant difference between the list price of the Aircraft and the Consideration. The Consideration was determined on an arm's length basis between the Company and Iberia Airlines, taking into account the list price of the Aircraft, the actual purchase price of the Aircraft, the terms and conditions of the Transaction as a whole and with reference to market conditions.

Based on the Company's industry understanding, the difference between the Consideration and the list price of the Aircraft is a result of many different factors, the most important of which is that a purchaser of a new aircraft from a manufacturer would usually be granted a significant discount against the list price by the manufacturer. Based on the Company's industry understanding, the discount against the list price granted by a manufacturer to an aircraft purchaser is commercially sensitive information and is usually determined on the basis of certain variables and after arm's length negotiations between the aircraft purchaser and the manufacturer.

Based on the Company's industry understanding, the Company believes that the difference between the list price of the Aircraft and the Consideration is not materially different, in percentage terms, from the discount against the list price that the Company has obtained in previous purchases of new aircraft. The actual purchase price of the Aircraft under the Aircraft Sale and Purchase Agreement is lower than the list price of such Aircraft. The Company believes that the price difference between the list price of the Aircraft (after discount) and the Consideration has no material adverse impact on the Company's future operating costs taken as a whole.

The Company is subject to a strict confidentiality obligation with regard to the Consideration for the Aircraft under the Aircraft Sale and Purchase Agreement. Iberia Airlines would not have entered into the Aircraft Sale and Purchase Agreement with the Company if the Company was required to disclose the Consideration, and it is also likely that the Company would not be able to enter into similar future transactions with Iberia Airlines. Any such disclosure would therefore not be in the interests of the Company and the Shareholders as a whole. For the purpose of the Company's compliance with its disclosure obligations normally required under Chapter 14 of the Listing Rules, the Company has sought and obtained consent from Iberia Airlines to disclose the terms of the Aircraft Sale and Purchase Agreement other than the Consideration.

In addition, Iberia Airlines is subject to a strict confidentiality obligation with regard to the purchase price of the Aircraft under the Original Purchase Contract with Airbus, and the Company will become subject to the same confidentiality obligation of not disclosing the pricing information in relation to the Aircraft when it proceeds with the Transaction. Disclosure of the purchase price of the Aircraft under the Original Purchase Contract could result in the loss of the significant discount against the list price that may be granted by Airbus to Iberia Airlines and the Company for future purchases and could therefore adversely affect the business operation of the Company.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 14.58(4) of the Listing Rules in respect of disclosure of the Consideration.

Payment and delivery terms

The Consideration for each Aircraft will be paid upon completion of the purchase of such Aircraft, which is estimated to occur between December 2017 and the first half of 2018.

Source of funding

The Consideration will be partly settled from the Group's internal resources and partly by financing arrangements with banking institutions.

REASONS FOR ENTERING INTO THE TRANSACTION

The Directors are of the view that completion of the Transaction is in line with the Group's business expansion plan and globalisation strategy. The purchase-and-leaseback arrangement enables the Group to expand its fleet while securing long-term leases, through which the Group provides flexible solutions to cater to airline customers' fleet plan. The Transaction not only enriches the Group's fleet portfolio with one of the most in demand wide-body aircraft, it also adds to its international clientele one of the leading carriers in Europe.

The Directors confirm that the Aircraft Sale and Purchase Agreement has been entered into by the Company in the 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 Sale and Purchase Agreement is on normal commercial terms and is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE GROUP AND IBERIA AIRLINES

The Group is principally engaged in global aircraft leasing business and owns a fleet of 101 aircraft as at 13 December 2017.

To the knowledge of the Directors, Iberia Airlines is principally 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, Iberia 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 Sale and Purchase 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:

“Airbus”	Airbus S.A.S., a company duly created and existing under the laws of France
“Aircraft”	two new Airbus A330-200 aircraft
“Aircraft Sale and Purchase Agreement”	an aircraft sale and purchase agreement entered into between the Company (through its wholly-owned special purpose vehicle, as purchaser) and Iberia Airlines (as vendor) on 14 December 2017, pursuant to which the Company agreed to purchase and Iberia Airlines agreed to sell the Aircraft together with the assignment of its rights under the Original Purchase Contract
“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
“Consideration”	the actual consideration payable by the Company, through its wholly-owned special purpose vehicle, to Iberia Airlines for purchase of the Aircraft
“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 the People’s Republic of China

“Iberia Airlines”	Iberia, Líneas Aéreas de España, Sociedad Anónima Operadora S.U., a company incorporated under the laws of Spain
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Purchase Contract”	the aircraft purchase contract in relation to the Aircraft originally entered into between Iberia Airlines and Airbus prior to the Transaction
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction contemplated under the Aircraft Sale and Purchase Agreement
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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, 14 December 2017

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.