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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)

INSIDE INFORMATION CONNECTED TRANSACTION PROPOSED REPURCHASE OF CONVERTIBLE BONDS

INSIDE INFORMATION AND THE PROPOSED CONVERTIBLE BONDS REPURCHASES

This announcement is made pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

Reference is made to the announcements of the Company dated 26 March 2015, 16 April 2015 and 27 May 2015 in relation to, *inter alia*, the issue of the Convertible Bonds in the aggregate principal amount of HK\$892,170,000.

On 6 July 2016 (after trading hours), the Company entered into separate repurchase agreements with certain investors (including China Everbright) to repurchase Convertible Bonds in the aggregate principal amount of HK\$581,850,000 for an aggregate consideration of HK\$590,577,750 plus the Relevant Interests and Fees which will be paid on the relevant Repurchase Date. Of such HK\$581,850,000 in aggregate principal amount, HK\$77,580,000 in aggregate principal amount will be repurchased by the Company from China Everbright. In addition, of the aggregate consideration of HK\$590,577,750, HK\$393,718,500 (plus the related Relevant Interests and Fees) will be payable in United States dollars to one investor, such amount being translated from Hong Kong dollars at an exchange rate to be agreed between the Company and the relevant investor on the relevant Repurchase Date.

CONNECTED TRANSACTION

On 6 July 2016 (after trading hours), the Company entered into the CE Repurchase Agreement with China Everbright pursuant to which the Company agreed to repurchase, and China Everbright agreed to sell, the Relevant Convertible Bonds in the aggregate principal amount of HK\$77,580,000. The Repurchase Consideration under the CE Repurchase Agreement is expected to be HK\$78,743,700 plus the Relevant Interests and Fees and will be paid on the relevant Repurchase Date. Upon completion of the Proposed CE Repurchase, China Everbright will continue to hold the remaining CE Convertible Bonds in the aggregate principal amount of HK\$310,320,000.

As China Everbright is an associate of CEL, which in turn indirectly holds an approximately 34.8% interest in the Company, China Everbright is therefore a connected person of the Company for the purpose of the Listing Rules. Under Chapter 14A of the Listing Rules, the Proposed CE Repurchase constitutes a connected transaction of the Company.

It is expected that each of the applicable percentage ratios (other than the profits ratio) of the Proposed CE Repurchase is higher than 0.1% but less than 5%. Accordingly, the Proposed CE Repurchase is exempt from circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Proposed Convertible Bonds Repurchases are subject to completion. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

INSIDE INFORMATION AND THE PROPOSED CONVERTIBLE BONDS REPURCHASES

This announcement is made pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

Reference is made to the announcements of the Company dated 26 March 2015, 16 April 2015 and 27 May 2015 in relation to, *inter alia*, the issue of the Convertible Bonds in the aggregate principal amount of HK\$892,170,000.

On 6 July 2016 (after trading hours), the Company entered into separate repurchase agreements with certain investors (including China Everbright) to repurchase Convertible Bonds in the aggregate principal amount of HK\$581,850,000 for an aggregate consideration of HK\$590,577,750 (which is equivalent to 101.5% of the aggregate principal amount of the Convertible Bonds) plus the Relevant Interests and Fees which will be paid on the relevant Repurchase Date. Of such HK\$581,850,000 in aggregate principal amount, HK\$77,580,000 in aggregate principal amount will be repurchased by the Company from China Everbright. In addition, of the aggregate consideration of HK\$590,577,750, HK\$393,718,500 (plus the related Relevant Interests and Fees) will be payable in United States dollars to one investor, such amount being translated from Hong Kong dollars at an exchange rate to be agreed between the Company and the relevant investor on the relevant Repurchase Date.

The aggregate consideration under the Proposed Convertible Bonds Repurchases is determined after arms' length negotiations between the Company and the relevant investors (including China Everbright), taking into account the terms and conditions of the Convertible Bonds.

CONNECTED TRANSACTION

On 6 July 2016 (after trading hours), the Company entered into the CE Repurchase Agreement with China Everbright, pursuant to which the Company agreed to repurchase, and China Everbright agreed to sell, the Relevant Convertible Bonds.

Upon completion of the Proposed CE Repurchase, China Everbright will continue to hold the remaining CE Convertible Bonds in the aggregate principal amount of HK\$310,320,000.

THE CE REPURCHASE AGREEMENT

Date: 6 July 2016

Parties:

- (i) the Company, as the purchaser; and
- (ii) China Everbright, as the seller.

Subject Matter: the Relevant Convertible Bonds (in the aggregate principal amount of HK\$77,580,000)

Repurchase Consideration

The Repurchase Consideration for the Relevant Convertible Bonds is expected to be HK\$78,743,700, which is equivalent to 101.5% of the aggregate principal amount of the Relevant Convertible Bonds, plus the Relevant Interests and Fees, and will be paid on the relevant Repurchase Date.

The Repurchase Consideration is determined after arms' length negotiations between the Company and China Everbright, taking into account the terms and conditions of the CE Convertible Bonds.

SOURCE OF FUNDING OF THE PROPOSED CONVERTIBLE BONDS REPURCHASES

The Proposed Convertible Bonds Repurchases will be funded using the Company's available cash reserves.

REASONS FOR ENTERING INTO THE REPURCHASE AGREEMENTS

The Repurchase Agreements are entered into as part of the active management of the Company's balance sheet. The Directors are of the view that the Company will benefit from the reduction in interest payments.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Repurchase Agreements and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business and in the interests of the Company and the shareholders of the Company as a whole.

In respect of the CE Repurchase Agreement, as Mr. CHEN Shuang (being an executive Director) and Mr. TANG Chi Chun (being a non-executive Director) are executive directors of CEL and directors of China Everbright, they are considered to have a material interest in the Proposed CE Repurchase and accordingly, they have abstained from voting on the relevant resolution(s) to approve the CE Repurchase Agreement and the transactions contemplated thereunder.

INFORMATION ABOUT THE GROUP AND CHINA EVERBRIGHT

The Group is principally engaged in aircraft leasing business.

China Everbright is a limited company incorporated in Hong Kong which is principally engaged in investment holding.

LISTING RULES IMPLICATIONS

As China Everbright is an associate of CEL, which in turn indirectly holds an approximately 34.8% interest in the Company, China Everbright is therefore a connected person of the Company for the purpose of the Listing Rules. Under Chapter 14A of the Listing Rules, the Proposed CE Repurchase constitutes a connected transaction of the Company.

It is expected that each of the applicable percentage ratios (other than the profits ratio) of the Proposed CE Repurchase is higher than 0.1% but less than 5%. Accordingly, the Proposed CE Repurchase is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Proposed Convertible Bonds Repurchases are subject to completion. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“CE Convertible Bonds”	the HK\$387,900,000 convertible bonds due 2018 issued by the Company to China Everbright on 26 May 2015
“CE Repurchase Agreement”	the repurchase agreement dated 6 July 2016 entered into between the Company and China Everbright in relation to the repurchase of the Relevant Convertible Bonds
“CEL”	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
“China Everbright”	China Everbright Financial Investments Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of CEL
“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
“Convertible Bonds”	each of the CE Convertible Bonds, the HK\$116,370,000 convertible bonds due 2018 issued by the Company on 8 April 2015 and the HK\$387,900,000 convertible bonds due 2018 issued by the Company on 8 April 2015.
“Director(s)”	the director(s) of the Company
“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
“Proposed CE Repurchase”	the proposed repurchase by the Company of the Relevant Convertible Bonds from China Everbright pursuant to the CE Repurchase Agreement
“Proposed Convertible Bonds Repurchases”	the proposed repurchase by the Company of the Convertible Bonds from certain investors (including China Everbright) pursuant to the Repurchase Agreements
“Relevant Convertible Bonds”	HK\$77,580,000 in aggregate principal amount of CE Convertible Bonds to be repurchased by the Company from China Everbright pursuant to the CE Repurchase Agreement
“Relevant Interests and Fees”	interest which is accrued but unpaid and the relevant commitment arrangement fees payable on the relevant Repurchase Date, each calculated in accordance with the terms and conditions of the relevant Convertible Bonds
“Repurchase Agreements”	the repurchase agreements entered into by the Company and certain investors (including China Everbright) on the date of this announcement relating to the proposed repurchase of the Convertible Bonds
“Repurchase Consideration”	the aggregate amount payable for the Relevant Convertible Bonds by the Company in Hong Kong dollars equivalent to 101.5% of the aggregate principal amount of the Relevant Convertible Bonds plus the Relevant Interests and Fees
“Repurchase Date”	in respect of each Repurchase Agreement, 25 July 2016 or such other date as may be agreed between the Company and the relevant investor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
China Aircraft Leasing Group Holdings Limited
CHEN Shuang
*Executive Director, Chairman
and Chief Executive Officer*

Hong Kong, 6 July 2016

As at the date of this announcement, (i) the Executive Directors are Mr. CHEN Shuang 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 and Mr. CHEOK Albert Saychuan.