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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 PURCHASE OF TWO AIRBUS AIRCRAFT**

THE AIRCRAFT PURCHASE AGREEMENT

The Board is pleased to announce that on 3 April 2017, CALC (BVI), a wholly-owned subsidiary of the Company, and Airbus entered into the Aircraft Purchase Agreement, pursuant to which CALC (BVI) agreed to purchase two Airbus Aircraft from Airbus. The Aircraft Purchase Agreement was executed in a form of an amendment agreement to the 2014 Aircraft Purchase Agreement dated 1 December 2014.

IMPLICATION OF THE LISTING RULES

Since the 2016 Aircraft Purchase Agreement, being the last aircraft purchase agreement entered into between CALC (BVI) and Airbus, was executed more than 12 months before the Aircraft Purchase Agreement, no aggregation is required pursuant to Rule 14.22 of the Listing Rules. As the applicable percentage ratio under Rule 14.07 of the Listing Rules for the Aircraft Purchase Agreement is above 5% but below 25%, the Transaction constitutes a discloseable transaction of the Company and is therefore subject to announcement requirement under Chapter 14 of the Listing Rules.

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Date

3 April 2017

Parties

(1) CALC (BVI), as purchaser; and

(2) Airbus, as vendor.

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

Aircraft to be acquired

Two Airbus A320-200 neo series aircraft

Consideration

The aggregate list price for two Airbus Aircraft (which comprises the airframe price, optional features price and engine price) is approximately US\$216.8 million (equivalent to approximately HK\$1.69 billion).

In accordance with customary business and industry practice, Airbus granted CALC (BVI) significant price concessions with regard to two Airbus Aircraft to be purchased. Such price concessions were determined after arm's length negotiations between CALC (BVI) and Airbus. As a result, the Consideration for two Airbus Aircraft to be purchased is considerably lower than the list price mentioned above for such aircraft. The Directors confirm that the extent of the price concessions granted to CALC (BVI) under the Aircraft Purchase Agreement is comparable to the price concessions that CALC (BVI) had obtained under the 2014 Aircraft Purchase Agreement. The Company believes that there is no material impact of the price concessions obtained under the Aircraft Purchase Agreement on the operating costs of its fleet and the aircraft financing amount of two Airbus Aircraft will be reduced due to the lower aircraft purchase price to be financed.

CALC (BVI) is subject to a confidentiality obligation under which none of the terms of the Aircraft Purchase Agreement can be disclosed to any third party without the written consent of Airbus. For the purpose of the disclosure obligations of the Company normally required under Chapter 14 of the Listing Rules, the Company has obtained such consent save for the Consideration.

It is normal business practice in the global airline industry to disclose the aircraft list price, instead of the consideration for aircraft acquisitions. Disclosure of the Consideration will result in the loss of the significant price concessions and hence will have a significant negative impact on the costs of the Company incurred in undertaking the purchase and will therefore not be in the interests of the Company and the Shareholders as a whole.

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 Consideration. Further announcement(s) will be made by the Company in accordance with the Listing Rules where necessary.

Payment and delivery terms

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

It is estimated that two Airbus Aircraft will be delivered to the Company in the fourth quarter of 2017.

The Consideration for each of two Airbus Aircraft will be paid according to its respective delivery schedule, with the two instalments to be paid prior to delivery of each Airbus Aircraft (the “**Pre-delivery Payment**”) and the balance, being a substantial portion of the Consideration, to be paid upon delivery of each of two Airbus Aircraft. The Pre-delivery Payment is a progress payment to be made by the Company to Airbus at different milestones when the new aircraft ordered by the Company are being built. It represents 30% to 40% of the Consideration which is consistent with the historical purchase of aircraft with Airbus.

Source of funding

The Consideration will be funded through commercial bank loans and the Group’s working capital. It is expected that the percentage of the Consideration to be funded by bank loans and/or financing and the Group’s working capital to be consistent with the Group’s policy to maintain gearing ratio at below 95%.

In respect of two Airbus Aircraft, the Group will fund the pre-delivery payment financing by the Group’s working capital.

REASONS FOR ENTERING INTO THE AIRCRAFT PURCHASE AGREEMENT

The Directors are of the view that completion of the Transaction is not only in line with the growth strategy of the Group, but also demonstrates the ability of the Group to source new aircraft to match customers’ demand under dynamic market conditions.

Currently, the Group owns and manages a fleet of 83 aircraft as at the date of the announcement and the acquisition of two more Airbus Aircraft is a response to the strong customer demand for the Group's aircraft in 2017. The Group is in active discussion with various airline customers for two Airbus Aircraft, but as at the date of this announcement, no formal lease agreement has been reached.

All principal terms and conditions of the 2014 Aircraft Purchase Agreement shall apply to the Aircraft Purchase Agreement, unless otherwise agreed by the parties. The Directors consider that the terms of the Aircraft Purchase Agreement are fair and reasonable and in the interest of the Shareholders as a whole.

INFORMATION ABOUT THE GROUP AND AIRBUS

The Group is principally engaged in aircraft leasing business.

To the knowledge of the Directors, Airbus is principally engaged in the business of aircraft manufacturing and selling aircraft.

IMPLICATIONS OF THE LISTING RULES

Since the 2016 Aircraft Purchase Agreement, being the last aircraft purchase agreement entered into between CALC (BVI) and Airbus, was executed more than 12 months before the Aircraft Purchase Agreement, no aggregation is required pursuant to Rule 14.22 of the Listing Rules. As the applicable percentage ratio under Rule 14.07 of the Listing Rules for the Aircraft Purchase Agreement is above 5% but below 25%, the Transaction constitutes a discloseable transaction of the Company and is therefore subject to 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:

“2014 Aircraft Purchase Agreement”	the two aircraft purchase agreements each entered into between Airbus and CALC (BVI) on 1 December 2014, pursuant to which CALC (BVI) agreed to purchase and Airbus agreed to sell certain Airbus Aircraft, details of which are disclosed in the announcement of the Company dated 1 December 2014
“2016 Aircraft Purchase Agreement”	the amendment to the 2014 Aircraft Purchase Agreement entered into between Airbus and CALC (BVI) on 12 January 2016, pursuant to which CALC (BVI) agreed to purchase and Airbus agreed to sell two Airbus Aircraft, details of which are disclosed in the announcement of the Company dated 12 January 2016
“Airbus”	Airbus S.A.S., a company created and existing under the laws of France
“Airbus Aircraft”	Airbus A320-200 neo series aircraft
“Aircraft Purchase Agreement”	the amendment to the 2014 Aircraft Purchase Agreement entered into between Airbus and CALC (BVI) on 3 April 2017, pursuant to which CALC (BVI) agreed to purchase and Airbus agreed to sell two Airbus Aircraft
“Board”	the board of Directors
“CALC (BVI)”	China Aircraft Leasing Company Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of the Company
“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 meaning ascribed to it under the Listing Rules
“Consideration”	the actual consideration payable by CALC (BVI) to Airbus for purchase of two Airbus Aircraft (taking into account the price concession)
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction contemplated under the Aircraft 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, 3 April 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.