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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)

CONNECTED TRANSACTION PROPOSED CONVERTIBLE BONDS REPURCHASE

THE PROPOSED CONVERTIBLE BONDS REPURCHASE

References are made to (i) 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; and (ii) the announcements of the Company dated 6 July 2016 and 25 July 2016 in respect of the repurchase by the Company of the Convertible Bonds in the aggregate principal amount of HK\$581,850,000 from three holders of the Convertible Bonds, including China Everbright from whom the Company repurchased CE Convertible Bonds in the aggregate principal amount of HK\$77,580,000. As at the date of this announcement, the aggregate principal amount of CE Convertible Bonds was HK\$310,320,000.

On 8 May 2017 (after trading hours), the Company entered into the 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\$155,160,000. The Repurchase Consideration for the Relevant Convertible Bonds is expected to be HK\$156,711,600 plus the Interests and Fees, and will be paid on the Repurchase Date. Upon completion of the Proposed Convertible Bonds Repurchase, China Everbright will continue to hold the remaining CE Convertible Bonds in the aggregate principal amount of HK\$155,160,000.

IMPLICATIONS OF THE LISTING RULES

As China Everbright is an associate of CEL, which in turn indirectly holds approximately 32.1% 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 Convertible Bonds Repurchase constitutes a connected transaction of the Company.

Since the Repurchase Agreement was entered into within a 12-month period after the date of the Previous Repurchase Agreement, pursuant to Rule 14A.81 of the Listing Rules, the Proposed Convertible Bonds Repurchase shall be aggregated together with the Previous Repurchase Agreement.

It is expected that each of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules for the Repurchase Agreement and the Previous Repurchase Agreement on an aggregated basis is above 0.1% but below 5%. Accordingly, the Proposed Convertible Bonds Repurchase is subject to reporting and announcement requirements and is exempt from circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

THE PROPOSED CONVERTIBLE BONDS REPURCHASE

References are made to (i) 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; and (ii) the announcements of the Company dated 6 July 2016 and 25 July 2016 in respect of the repurchase by the Company of the Convertible Bonds in the aggregate principal amount of HK\$581,850,000 from three holders of the Convertible Bonds, including China Everbright from whom the Company repurchased CE Convertible Bonds in the aggregate principal amount of HK\$77,580,000. As at the date of this announcement, the aggregate principal amount of CE Convertible Bonds was HK\$310,320,000.

On 8 May 2017 (after trading hours), the Company entered into the 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\$155,160,000.

Upon completion of the Proposed Convertible Bonds Repurchase, China Everbright will continue to hold the remaining CE Convertible Bonds in the aggregate principal amount of HK\$155,160,000.

THE REPURCHASE AGREEMENT

Date: 8 May 2017

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\$155,160,000)

Repurchase Consideration

The Repurchase Consideration for the Relevant Convertible Bonds is expected to be HK\$156,711,600, which is equivalent to 101% of the aggregate principal amount of the Relevant Convertible Bonds, plus the Interests and Fees, and will be paid on the 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 REPURCHASE

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

REASONS FOR ENTERING INTO THE REPURCHASE AGREEMENT

The Repurchase Agreement is entered into as part of the active management strategy 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 Agreement and the transaction 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 as a whole.

As Mr. CHEN Shuang (being an executive Director and the Chairman of the Company) 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 Convertible Bonds Repurchase and accordingly, they have abstained from voting on the relevant resolution(s) to approve the Repurchase Agreement and the transaction 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.

IMPLICATIONS OF THE LISTING RULES

As China Everbright is an associate of CEL, which in turn indirectly holds approximately 32.1% 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 Convertible Bonds Repurchase constitutes a connected transaction of the Company.

Since the Repurchase Agreement was entered into within a 12-month period after the date of the Previous Repurchase Agreement, pursuant to Rule 14A.81 of the Listing Rules, the Proposed Convertible Bonds Repurchase shall be aggregated together with the Previous Repurchase Agreement.

It is expected that each of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules for the Repurchase Agreement and the Previous Repurchase Agreement on an aggregated basis is above 0.1% but below 5%. Accordingly, the Proposed Convertible Bonds Repurchase is subject to reporting and announcement requirements and is exempt from circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Proposed Convertible Bonds Repurchase is 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
“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 meaning ascribed to it under the Listing Rules
“Convertible Bonds”	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
“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
“Interests and Fees”	interest which is accrued but unpaid and the commitment arrangement fees payable on the Repurchase Date, each calculated in accordance with the terms and conditions of the Relevant Convertible Bonds
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Previous Repurchase Agreement”	the repurchase agreement dated 6 July 2016 entered into between the Company and China Everbright in relation to the repurchase of the CE Convertible Bonds in the aggregate principal amount of HK\$77,580,000. Please refer to the Company’s announcements dated 6 July 2016 and 25 July 2016 for details
“Proposed Convertible Bonds Repurchase”	the proposed repurchase by the Company of the Relevant Convertible Bonds from China Everbright pursuant to the Repurchase Agreement
“Relevant Convertible Bonds”	the CE Convertible Bonds in the aggregate principal amount of HK\$155,160,000 to be repurchased by the Company from China Everbright pursuant to the Repurchase Agreement
“Repurchase Agreement”	the repurchase agreement dated 8 May 2017 entered into between the Company and China Everbright in relation to the repurchase of the Relevant Convertible Bonds
“Repurchase Consideration”	the aggregate amount payable for the Relevant Convertible Bonds by the Company in Hong Kong dollars equivalent to 101% of the aggregate principal amount of the Relevant Convertible Bonds plus the Interests and Fees
“Repurchase Date”	15 May 2017 or such other date as may be agreed between the Company and China Everbright
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 8 May 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.