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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**

THE AIRCRAFT SALE AND PURCHASE AGREEMENTS

The Board is pleased to announce that on 15 June 2017 (after trading hours), the Company, through two of its wholly-owned special purpose vehicles, entered into the Aircraft Sale and Purchase Agreements with BOC Aviation, pursuant to which the Company agreed to purchase the Aircraft from BOC Aviation. At completion of the Transaction, BOC Aviation will concurrently novate each of the Aircraft Lease Agreements to the Company's wholly-owned special purpose vehicles.

IMPLICATION OF THE LISTING RULES

As the applicable percentage ratio under Rule 14.07 of the Listing Rules for the Aircraft Sale and Purchase Agreements 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

15 June 2017

Parties

- (1) the Company, through two of its wholly-owned special purpose vehicles, as purchaser;
and
- (2) BOC Aviation, as vendor.

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

Aircraft to be acquired

Two used Boeing B737-900ER aircraft

Consideration

As an alternative to disclosing the Consideration for the Transaction, the Company will disclose the appraised value of the Aircraft.

The aggregate current full life market value of the Aircraft (obtained from an independent appraiser) is approximately US\$90 million (equivalent to approximately HK\$702 million) (the "**Market Appraised Value**").

The expected average annual return on assets in respect of the Aircraft Lease Agreements is 2.49%, 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 Company is subject to a confidentiality obligation under which no disclosure with respect to the terms of the Aircraft Sale and Purchase Agreements shall be made to any third party, save with the written consent of BOC Aviation. For the Company's compliance with its disclosure obligations normally required under Chapter 14 of the Listing Rules, the Company has obtained consent to disclose the terms of the Aircraft Sale and Purchase Agreements, other than the Consideration.

The Board considers that the Consideration was determined on an arm's length basis, taking into account the Market Appraised Value, the expected average annual return on assets in respect of the Aircraft Lease Agreements and the terms and conditions of the Transaction as a whole and with reference to market conditions.

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) and Rule 14.58(7) of the Listing Rules in respect of disclosure of the Consideration and net profits attributable to the Aircraft for the two financial years immediately preceding the Transaction.

Conditions Precedent

Completion of the Transaction is conditional upon fulfilment or waiver by the relevant parties of certain conditions, including but not limited to, the provision of relevant documentation in form and substance satisfactory to the parties, due execution of lease novation and amendment deeds and/or ancillary agreements by the relevant parties.

Payment and delivery terms

The Consideration for the Aircraft will be paid on the delivery date. It is estimated that the Aircraft will be delivered to the Company by the end of the third quarter in 2017.

At completion of the Transaction, BOC Aviation will concurrently novate each of the Aircraft Lease Agreements to the Company's wholly-owned special purpose vehicles such that the Company (through such special purpose vehicles) will assume all rights and obligations of BOC Aviation under the Aircraft Lease Agreements.

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 AIRCRAFT SALE AND PURCHASE AGREEMENTS

The Directors are of the view that completion of the Transaction will not only accelerate expansion and diversification of the Group's fleet portfolio, but will also grow its customer base as part of its globalisation strategy. The Group also keeps exploring aircraft sources in addition to new order books with manufacturers, secondary markets, and sale and leasebacks. Portfolio trading will enhance the Group's sourcing flexibility, which is an important tool for the Group to optimise its asset value through active fleet management going forward.

The Group owns a fleet of 87 aircraft as at the date of the announcement.

The Directors consider that the terms of the Aircraft Sale and Purchase Agreements are fair and reasonable and in the interest of the Shareholders as a whole. The Directors confirmed that the Aircraft Sale and Purchase Agreements have 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.

INFORMATION ABOUT THE GROUP AND BOC AVIATION

The Group is principally engaged in global aircraft leasing business.

To the knowledge of the Directors, BOC Aviation is a global aircraft operating leasing company.

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:

“Aircraft”	two used Boeing B737-900ER aircraft
“Aircraft Lease Agreements”	the aircraft lease agreements previously entered into between BOC Aviation as the lessor and the lessee relating to the lease of the Aircraft
“Aircraft Sale and Purchase Agreements”	the aircraft sale and purchase agreements entered into between BOC Aviation and the Company (through its wholly-owned special purpose vehicles, as purchaser) on 15 June 2017, pursuant to which the Company agreed to purchase and BOC Aviation agreed to sell the Aircraft
“Board”	the board of Directors
“BOC Aviation”	BOC Aviation (Ireland) Limited, a wholly-owned Irish subsidiary of BOC Aviation Limited, a company incorporated under the laws of the Republic of Singapore with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“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 the Company, through two of its wholly-owned special purpose vehicles, to BOC Aviation for purchase of the Aircraft
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, 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 Sale and Purchase Agreements
“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, 15 June 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.