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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)**

### **ISSUANCE OF U.S.\$300,000,000 5.90% GUARANTEED BONDS DUE 2019 AND CONNECTED TRANSACTION**

Reference is made to the announcement of the Company dated 15 April 2016 in relation to the Proposed Bonds Issue. The Board is pleased to announce that on 28 April 2016, the Issuer, the Company and the Joint Lead Managers entered into the Subscription Agreement in connection with the Proposed Bonds Issue. The Bonds are proposed to be irrevocably and unconditionally guaranteed by the Company.

The estimated net proceeds of the Proposed Bonds Issue, after deducting the underwriting commission and other estimated expenses, will amount to approximately U.S.\$296.5 million. The Company currently intends to use the net proceeds received from the issuance of Bonds to refinance its PDP financing and for new aircraft acquisitions, financing the aircraft disassembly centre, business expansion in aircraft and related businesses and general corporate purposes.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issue to professional investors only. A confirmation of the eligibility of the listing of the Bonds has been received from the Stock Exchange. Admission of the Bonds to the Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Company or the Bonds.

#### **CONNECTED TRANSACTION**

In connection with the Proposed Bonds Issue, the Company has engaged CEB to act as one of the Joint Global Coordinators and Joint Bookrunners and one of the Joint Lead Managers and CEBI to act as one of the Joint Lead Managers pursuant to the terms of the Subscription Agreement. It is expected that CEB and CEBI together will receive the Underwriting Remunerations pursuant to the terms of the Engagement.

As CEB and CEBI are associates of China Everbright Group, which in turn indirectly holds approximately 35% interest in the Company, each of CEB and CEBI is therefore a connected person of the Company for the purpose of the Listing Rules. Under Chapter 14A of the Listing Rules, the Engagement constitutes a connected transaction of the Company.

It is currently expected that each of the applicable percentage ratios (other than the profits ratio) under Rule 14A.77 of the Listing Rules in respect of the Underwriting Remunerations, when aggregated with any fees, expenses and other amounts under this transaction to be paid by the Company to or on behalf of CEB and CEBI, is less than 5%. As such, the Engagement is exempt from the circular (including independent financial advice) and shareholders' approval requirements in accordance with Rule 14A.76 of the Listing Rules.

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

Reference is made to the announcement of the Company dated 15 April 2016 in relation to the Proposed Bonds Issue. The Board is pleased to announce that on 28 April 2016, the Issuer, the Company, and the Joint Lead Managers entered into the Subscription Agreement in connection with the Proposed Bonds Issue.

## **THE SUBSCRIPTION AGREEMENT**

Date: 28 April 2016

Parties:

- (i) the Issuer;
- (ii) the Company, as the Guarantor; and
- (iii) the Joint Lead Managers.

Pursuant to the Subscription Agreement, the Issuer will issue the Bonds and the Joint Lead Managers will be the initial subscribers of the Bonds. The Bonds are proposed to be irrevocably and unconditionally guaranteed by the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save for CEB and CEBI, each of which is a connected person for reasons stated below, DBS and BOCOMI are independent third parties and are not connected persons of the Issuer or the Company.

The following is a brief summary of the Proposed Bonds Issue. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Trust Deed and the Bonds.

**THE BONDS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT. THE BONDS ARE BEING OFFERED OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATIONS S UNDER THE SECURITIES ACT AND WILL NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN TRANSACTION NO SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. NONE OF THE BONDS WILL BE OFFERED TO THE PUBLIC IN HONG KONG AND NONE OF THE BONDS WILL BE PLACED TO ANY CONNECTED PERSONS OF THE COMPANY.**

## **THE PROPOSED BONDS ISSUE**

### ***Bonds Offered***

Subject to satisfaction of certain conditions to completion, the Issuer will issue the Bonds in an aggregate principal amount of U.S.\$300,000,000 which will mature on 6 May 2019 unless redeemed prior to their maturity pursuant to the terms thereof. At maturity, the Bonds are payable at their principal amount plus accrued interest.

### ***Issue Price***

100.00%

### ***Interest***

The Bonds will bear interest from and including 6 May 2016 at the rate of 5.90% per annum, payable semi-annually in arrear on 6 May and 6 November in each year, commencing on 6 November 2016.

### ***Status of the Bonds***

The Bonds will constitute direct, unsubordinated, unconditional and (subject to the negative pledge provision set out in the terms and conditions of the Bonds) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provision set out in the terms and conditions of the Bonds, at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations.

### ***Guarantee of the Bonds***

The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds.

The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provision set out in the terms and conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

### ***Redemption for Tax Reasons***

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount together with interest accrued to the date fixed for redemption, in the event that as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, the Cayman Islands, Hong Kong or the PRC or, in each case, any political subdivision or any authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 28 April 2016, the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay additional tax amounts in respect of the Bonds (or the Guarantee, as the case may be) and such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be), taking reasonable measures available to it.

### ***Redemption for Change of Control***

At any time following the occurrence of a Change of Control, a Bondholder will have the right, at such Bondholder's option, to require the Issuer to redeem all, but not some only, of that Bondholder's Bonds at 101% of their principal amount, together with accrued interest to but excluding the Change of Control Put Date.

### ***Proceeds of the Proposed Bonds Issue***

The estimated net proceeds of the Proposed Bonds Issue, after deducting the underwriting commission and other estimated expenses, will amount to approximately U.S.\$296.5 million.

## **REASON FOR THE PROPOSED BONDS ISSUE**

The Directors believe that the Proposed Bonds Issue will be beneficial to the Company since it will allow the Company to obtain longer term financing from international investors and to improve its capital structure so that the Company is able to develop its business in aircraft leasing and related businesses in the PRC and globally.

The Company currently intends to use the net proceeds received from the issuance of Bonds to refinance its PDP financing and for new aircraft acquisitions, financing the aircraft disassembly centre, business expansion in aircraft and related businesses and general corporate purposes. The Company may adjust the foregoing plans in response to changing market conditions. The Company will carefully evaluate such situations and may reallocate the use of the proceeds.

## **LISTING**

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issue to professional investors only. A confirmation of the eligibility of the listing of the Bonds has been received from the Stock Exchange. Admission of the Bonds to the Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Company or the Bonds.

## **RATING**

The Bonds have not been rated.

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

## **CONNECTED TRANSACTION**

In connection with the Proposed Bonds Issue, the Company has engaged CEB to act as one of the Joint Global Coordinators and Joint Bookrunners and one of the Joint Lead Managers and CEBI to act as one of the Joint Lead Managers pursuant to the terms of the Subscription Agreement. It is expected that CEB and CEBI together will receive the Underwriting Remunerations pursuant to the terms of the Engagement.

### ***Commission and Expenses***

The Company agrees to pay CEB and CEBI the Underwriting Commission in accordance with the terms of the Engagement, which in any event is expected not to exceed U.S.\$3 million in aggregate (equivalent to approximately HK\$23.4 million calculated at the exchange rate of U.S.\$1.00 to HK\$7.80).

The Underwriting Commission was determined on an arm's-length basis with normal commercial terms, taking into account the prevailing market rate.

### ***Reasons for the Engagement***

The main reason for the Engagement is to facilitate the Proposed Bonds Issue. The Directors consider that the terms of the Engagement are no less favourable than those provided to other financial institutions under similar agreements.

The Directors considered that the terms of the Engagement and the payment of the Underwriting Remunerations are fair and reasonable, are on normal commercial terms and are in the interests of the Company and the shareholders of the Company as a whole. None of the Directors have a material interest in the Engagement and hence no Director shall be required to abstain from voting on the board resolution approving the Engagement.

### ***Implications under the Listing Rules***

As CEB and CEBI are associates of China Everbright Group, which in turn indirectly holds approximately 35% interest in the Company, each of CEB and CEBI is therefore a connected person of the Company for the purpose of the Listing Rules. Under Chapter 14A of the Listing Rules, the Engagement constitutes a connected transaction of the Company.

It is currently expected that each of the applicable percentage ratios (other than the profits ratio) under Rule 14A.77 of the Listing Rules in respect of the Underwriting Remunerations, when aggregated with any fees, expenses and other amounts under this transaction to be paid by the Company to or on behalf of CEB and CEBI, is less than 5%. As such, the Engagement is exempt from the circular (including independent financial advice) and shareholders' approval requirements in accordance with Rule 14A.76 of the Listing Rules.

## DEFINITIONS

“Board”	the board of Directors
“BOCOMI”	BOCOM International Securities Limited
“Bonds”	U.S.\$300,000,000 5.90% guaranteed bonds due 2019
“Bondholder(s)”	the holder(s) of the Bonds
“CEB”	China Everbright Bank Co., Ltd., Hong Kong Branch
“CEBI”	CEB International Capital Corporation Limited, a wholly owned subsidiary of CEB
“Change of Control”	occurs when:  (i) any person or persons, other than the Permitted Shareholders, acting together directly or indirectly acquires Control of the Guarantor;  (ii) the Guarantor ceases to directly or indirectly hold or own 100% of the issued share capital of the Issuer
“Change of Control Put Date”	the fourteenth day after the expiry of 30 days following the date upon which notice of redemption for Change of Control is given to Bondholders by the Issuer
“China Everbright Group”	China Everbright Group Limited
“Company” or “Guarantor”	China Aircraft Leasing Group Holdings Limited, a company incorporated with limited liability in the Cayman Islands, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock code:1848)
“connected person”	has the meaning ascribed to it under the Listing Rules

“Control”	(where applicable): (i) the ownership, acquisition or control of more than 50% of the voting rights of the issued share capital of a person or (ii) the right to appoint and/or remove all or the majority of the members of a person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise, and the terms “Controlling” and “Controlled” have meanings correlative to the foregoing
“DBS”	DBS Bank Ltd.
“Director(s)”	the director(s) of the Company
“Engagement”	the engagement by the Company of CEB to act as one of the Joint Global Coordinators and Joint Bookrunners and one of the Joint Lead Managers and CEBI to act as one of the Joint Lead Managers in respect of the Proposed Bonds Issue pursuant to the terms of the Subscription Agreement
“Guarantee”	the guarantee to be provided by the Company in respect of the Bonds
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issuer”	CALC Bond 1 Limited, incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Joint Global Coordinators and Joint Bookrunners”	CEB and DBS
“Joint Lead Managers”	CEB, DBS, BOCOMI and CEBI
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PDP”	pre-delivery payment, a progress payment to be made by the purchaser to aircraft manufacturer at different milestones when the new aircraft ordered by the purchaser are being built
“PDP financing”	bank borrowings obtained from banks and financial institutions for the payment of PDP

“Permitted Shareholders”	any or all of the following: <ul style="list-style-type: none"> <li>(i) China Everbright Holdings Company Limited;</li> <li>(ii) Friedmann Pacific Asset Management Limited;</li> <li>(iii) any affiliate of any person referred to in (i) or (ii) above;</li> <li>(iv) any successor of any person referred to in (i), (ii) or (iii) above; and</li> <li>(v) any person directly Controlled by the central government of the PRC</li> </ul>
“PRC”	the People’s Republic of China
“Proposed Bonds Issue”	the proposed issue of the Bonds by the Issuer
“Securities Act”	the United States Securities Act of 1933, as amended
“Shareholder(s)”	holders of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 28 April 2016 entered into by the Issuer, the Company, the Joint Lead Managers in relation to the Proposed Bonds Issue
“Trust Deed”	the trust deed to be entered into between the Issuer, the Company and Bank of Communications Trustee Limited, as the trustee of the Bonds, in relation to the Bonds as amended or supplemented from time to time
“U.S.” or “United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“Underwriting Commission”	the management and underwriting commission payable by the Company to CEB and CEBI for services rendered by CEB as one of the Joint Global Coordinators and Joint Bookrunners and one of the Joint Lead Managers and by CEBI as one of the Joint Lead Managers in accordance with the terms set out in the Subscription Agreement



“Underwriting Expenses”	all costs and expenses incidental to the performance of the Company’s obligations under the Subscription Agreement as incurred by CEB and CEBI in accordance with the terms set out in the Subscription Agreement
“Underwriting Remunerations”	the Underwriting Commission and the Underwriting Expenses
“U.S.\$”	the U.S. dollars, the lawful currency of the United States
“%”	per cent.

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

Hong Kong, 28 April 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. NG Ming Wah, Charles, Mr. NIEN Van Jin, Robert and Mr. CHEOK Albert Saychuan.*