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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)

### SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 26 August 2016 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Company conditionally agreed to allot and issue, and the Subscribers conditionally agreed to subscribe, a total of 40,000,000 Subscription Shares at the Subscription Price of HK\$8.00 per Subscription Share subject to a Lock-up Period of 12 months.

The Subscription Shares of 40,000,000 Shares represent approximately 6.38% of the total issued share capital of the Company as at the date of this announcement and approximately 6.00% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Price of HK\$8.00 per Subscription Share represents:

- (i) a discount of approximately 10.11% to the closing price of HK\$8.90 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements; and
- (ii) a discount of approximately 5.99% to the average closing price of HK\$8.51 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements.

The Subscription Shares will be allotted and issued under the General Mandate.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares to be issued pursuant to the Subscriptions. The Subscriptions are conditional upon, among other things, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

**As Completion is subject to the satisfaction of certain conditions precedent under the Subscription Agreements, there is no assurance that any of the conditions to the Subscriptions will be fulfilled or that the Subscriptions may proceed at all. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

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## **THE SUBSCRIPTION AGREEMENTS**

The principal terms and conditions of the Subscription Agreements are as follows:

**Date:** 26 August 2016

### **Parties**

- (1) the Company; and
- (2) the Subscribers.

The Subscribers are not less than six in number, who are independent professional, institutional or other investors. Each of the Subscribers is independent of and not connected with the other Subscribers and their respective close associates (as defined in the Listing Rules).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Subscribers are Independent Third Parties. It is expected that none of the Subscribers will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately upon Completion.

### **Subscription Shares**

The Subscription Shares of 40,000,000 Shares represent approximately 6.38% of the total issued share capital of the Company as at the date of this announcement and approximately 6.00% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

### **Subscription Price**

The Subscription Price of HK\$8.00 per Subscription Share represents:

- (i) a discount of approximately 10.11% to the closing price of HK\$8.90 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements; and
- (ii) a discount of approximately 5.99% to the average closing price of HK\$8.51 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements.

The Subscription Price was determined and was negotiated on an arm's length basis between the Company and the Subscribers with reference to, among other things, prevailing market conditions at the relevant time and prevailing market price of the Shares.

## **Ranking of the Subscription Shares**

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects with the Shares in issue at Completion.

## **Conditions of the Subscriptions**

The Subscriptions are conditional upon the fulfilment of the following conditions precedent:

- (i) the Listing Committee of the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange; and
- (ii) no representation, warranty or undertaking under the Subscription Agreements having been breached in any material respect by the Company or otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to Completion.

In the event that the conditions of the Subscriptions are not fulfilled within 30 days after the date of the Subscription Agreements or such other date as may be agreed between the parties to the Subscription Agreements, the Subscription Agreements shall cease and determine and, save for any antecedent breaches of the Subscription Agreements, neither the Company nor the Subscribers shall have any claim against the other for costs, damages, compensation or otherwise.

The Subscription Agreements are not inter-conditional upon each other.

## **Completion of the Subscriptions**

Completion of the Subscriptions will take place on the third Business Day after the conditions of the Subscriptions are fulfilled or such other date as agreed between the parties to the Subscription Agreements.

## **Lock-up Undertakings**

Each of the Subscribers had undertaken that, without the prior written consent of the Company, it will not, and will procure that registered holders or ultimate beneficial holders of the Subscription Shares (as applicable) will not, whether directly or indirectly, at any time during the period of 12 months following the date of the Subscription Agreements (“**Lock-up Period**”), dispose of any Subscription Shares or any interest in entities holding the Subscription Shares.

## **General Mandate**

The Subscription Shares will be allotted and issued under the General Mandate and is not subject to Shareholders’ approval. The maximum number of Shares that can be issued under the General Mandate is 123,330,620 Shares. As at the date of this announcement, the Company has not allotted and issued any Shares under the General Mandate.

The maximum number of 40,000,000 Subscription Shares to be allotted and issued pursuant to the Subscriptions represents 6.49% of the total number of the Shares in issue on the date of the annual general meeting of the Company held on 17 May 2016 and will utilise as to approximately 32.43% of the General Mandate. All necessary corporate approvals and the relevant Board approval in relation to the Subscriptions have been obtained. The Subscriptions are not subject to the approval of the Shareholders.

### Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares to be issued pursuant to the Subscriptions.

### CHANGES IN SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Subscriptions, assuming that there are no other changes to the shareholding structure of the Company from the date of this announcement to the date of Completion, are as follows:

<b>Shareholders</b>	<b>As at the date of this announcement</b>		<b>Immediately after Completion</b>	
	<b>Number of Shares</b>	<b>Approximate % of the total issued share capital</b>	<b>Number of Shares</b>	<b>Approximate % of the total issued share capital</b>
<b>Substantial Shareholders</b>				
China Everbright Limited ("CEL")	216,519,479 <sup>(1)</sup>	34.55%	216,519,479	32.48%
Friedmann Pacific Asset Management Limited and its associates ("FPAM")	192,012,589 <sup>(2)</sup>	30.64%	192,012,589	28.80%
<b>Public Shareholders</b>				
Subscribers	-	-	40,000,000	6.00%
Other public Shareholders	218,114,572	34.81%	218,114,572	32.72%
	<b>626,646,640</b>	<b>100%</b>	<b>666,646,640</b>	<b>100%</b>

#### Notes:

- (1) (i) China Everbright Aerospace Holdings Limited ("CE Aerospace") and China Everbright Financial Investments Limited ("CE Financial") are registered shareholders of 208,299,479 Shares and 8,220,000 Shares respectively. The entire issued share capital of CE Aerospace and CE Financial is wholly-owned by CEL. Accordingly, CEL is deemed to be interested in all Shares held by CE Aerospace and CE Financial.
- (ii) Several entities are deemed to be interested in the Shares indirectly held by CEL as follows:
- (a) China Everbright Holdings Company Limited ("CE Hong Kong") indirectly holds more than one-third of the voting power at general meetings of CEL. Accordingly, CE Hong Kong is deemed to be interested in all Shares mentioned in note (1)(i) above.

- (b) According to the Company's announcements in respect of the restructuring of China Everbright Group Ltd. ("**CE Group**") dated 10 November 2014, 25 November 2014, 8 December 2014 and 14 May 2015, CE Group and Central Huijin Investment Limited are deemed to be interested in all Shares mentioned in notes (1)(i) and (1)(ii)(a) above.
- (2) (i) FPAM and Equal Honour Holdings Limited ("**Equal Honour**") are registered shareholders of 182,112,589 Shares and 9,900,000 Shares respectively. The entire issued share capital of FPAM and Equal Honour is beneficially wholly-owned by Mr. POON Ho Man ("**Mr. Poon**"). Accordingly, Mr. Poon is deemed to be interested in all Shares held by FPAM and Equal Honour.
- (ii) The issued share capital of FPAM is owned as to 0.000001% by Ms. Christina NG (spouse of Mr. Poon) and 99.999999% by Capella Capital Limited ("**Capella**"). Accordingly, Capella is deemed to be interested in all Shares held by FPAM mentioned in note (2)(i) above.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTH

Set out below are the fund raising activities conducted by the Company in the past 12 months immediately prior to the date of this announcement:

<u>Date of announcement</u>	<u>Event</u>	<u>Approximate net proceeds</u>	<u>Intended use of proceeds</u>	<u>Actual use of net proceeds as at the date of this announcement</u>
28 April 2016	Issue of US\$300,000,000 5.90% Guaranteed Bonds due 2019	US\$296.5 million	(i) refinance pre-delivery payment financing for aircraft, (ii) new aircraft acquisitions, (iii) financing the aircraft disassembly centre, (iv) business expansion in aircraft and related businesses, and (v) general corporate purposes	used as intended
15 August 2016	Issue of US\$300,000,000 4.90% Guaranteed Bonds due 2021	US\$297.4 million	(i) new aircraft acquisitions, (ii) financing the aircraft disassembly centre, (iii) business expansion in aircraft and related businesses, and (iv) general corporate purposes	used as intended

## USE OF PROCEEDS AND REASON AND BENEFIT OF THE SUBSCRIPTIONS

The Group is principally engaged in aircraft leasing business.

On the assumption that all Subscription Shares are subscribed, the gross proceeds of the Subscriptions are expected to be approximately HK\$320,000,000. The net proceeds from the Subscriptions, after deduction of the relevant expenses, are expected to be approximately HK\$319,700,000, representing a net subscription price of approximately HK\$7.99 per Subscription Share. The Company intends to use the net proceeds from the Subscription for new aircraft acquisitions, financing the aircraft disassembly centre, business expansion in aircraft and related businesses, and general corporate purposes.

The Directors have considered various ways of raising funds and believe that the Subscriptions represent a good opportunity to raise capital for the Group to further strengthen the financial position of the Group while broadening the Shareholders' base and capital base of the Company so as to facilitate its future development. Accordingly, the Directors consider that the Subscription Price and the terms of the Subscription Agreements are fair and reasonable and the Subscriptions are in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

**As Completion is subject to the satisfaction of certain conditions precedent under the Subscription Agreements, there is no assurance that any of the conditions to the Subscriptions will be fulfilled or that the Subscriptions may proceed at all. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

<b>“Board”</b>	the board of Directors
<b>“Business Day”</b>	any day (excluding a Saturday) on which banks are generally open for business in Hong Kong
<b>“Company”</b>	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
<b>“Completion”</b>	the completion of each of the Subscription Agreements
<b>“Directors”</b>	the directors of the Company
<b>“General Mandate”</b>	the general mandate granted to the Directors pursuant to the ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 17 May 2016 to allot and issue and deal in Shares up to 20% of the then issued share capital of the Company (being 616,653,100 Shares) as at the date of passing such resolution, which is equivalent to 123,330,620 Shares
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollar(s), the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of The People's Republic of China

“Independent Third Parties”	third parties which are independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Shareholder(s)”	shareholder(s) of the Company
“Share(s)”	share(s) with par value of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	the subscribers of the Subscription Shares under the Subscription Agreements
“Subscription Agreements”	the subscription agreements dated 26 August 2016 entered into between the Company and each of the Subscribers respectively
“Subscription Price”	the subscription price of HK\$8.00 per Subscription Share
“Subscription Shares”	an aggregate of 40,000,000 Shares to be allotted and issued upon Completion
“Subscriptions”	the subscriptions of the Subscription Shares at the Subscription Price pursuant to the terms and conditions of the Subscription Agreements
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 26 August 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, Mr. CHEOK Albert Saychuan and Mr. CHOW Kwong Fai, Edward, JP.*