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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)

(1) SUBSCRIPTION AGREEMENTS IN RELATION TO PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE (2) CONNECTED TRANSACTION SUBSCRIPTION AGREEMENT IN RELATION TO PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE AND APPLICATION FOR WHITEWASH WAIVER

THE SUBSCRIPTION AGREEMENTS

On 26 March 2015 (after trading hours), the Company as the issuer and each of China Everbright, Huarong International and Great Wall as the Investors entered into the Subscription Agreements in respect of the issue and subscription of the Convertible Bonds in the aggregate principal amount of HK\$892,170,000.

Pursuant to the Subscription Agreements, the Company shall pay to the respective Investors a commitment arrangement fee at the rate of 3.5% per annum.

Under the terms and conditions of the Convertible Bonds, the Convertible Bonds will bear coupon interest at the rate of 3% per annum. The Convertible Bonds are convertible into New Shares at a Conversion Price of HK\$11.28 per Share (subject to adjustments). The Maturity Date of the Convertible Bonds will fall on the expiry of three years from the date of issue of the respective Convertible Bonds.

It is intended that the Company shall mainly use the net proceeds from the issue of the Convertible Bonds for aircraft acquisition. The Directors consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Group since it will not have an immediate dilutive effect on the shareholding of the existing Shareholders.

Assuming full conversion of the Convertible Bonds at the Conversion Price, 79,093,083 New Shares will be issued, representing approximately 13.49% (or approximately 12.08% assuming all the Outstanding Options are exercised) of the existing issued share capital of the Company and approximately 11.89% (or approximately 10.78% assuming all the Outstanding Options are exercised) of the issued share capital of the Company as enlarged by the issue of the New Shares.

The New Shares to be allotted and issued upon conversion of the GM Convertible Bonds will be issued under the General Mandate. The New Shares to be allotted and issued upon conversion of the CE Convertible Bonds will be issued under a specific mandate by an ordinary resolution to be proposed for passing by the Independent Shareholders at the EGM.

IMPLICATIONS OF THE LISTING RULES AND TAKEOVERS CODE IN RESPECT OF THE CE SUBSCRIPTION AGREEMENT

As at the date of this announcement, China Everbright is an associate of CEL, the controlling shareholder of the Company, by virtue of it being a wholly-owned subsidiary of CEL, and hence a connected person of the Company, as such, the entering into of the CE Subscription Agreement will constitute a connected transaction for the Company, and is subject to the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Upon full conversion of the CE Convertible Bonds, the shareholding of China Everbright and any party acting in concert with it will increase from approximately 36.70% to approximately 40.21% (assuming no exercise of Outstanding Options and no conversion of the GM Convertible Bonds), or approximately 36.51% (assuming full exercise of Outstanding Options but no conversion of the GM Convertible Bonds), or approximately 38.10% (assuming full conversion of the Convertible Bonds held by Huarong International but no exercise of Outstanding Options and no conversion of the Convertible Bonds held by Great Wall), or approximately 39.55% (assuming full conversion of the Convertible Bonds held by Great Wall but no exercise of Outstanding Options and no conversion of the Convertible Bonds held by Huarong International), or approximately 37.51% (assuming full conversion of the GM Convertible Bonds but no exercise of Outstanding Options), or approximately 34.29% (assuming full conversion of the GM Convertible Bonds and full exercise of Outstanding Options) of the then issued share capital of the Company as enlarged by the allotment and issue of the New Shares (assuming that there is no other change in the issued share capital of the Company other than the issue of the New Shares to China Everbright and/or to Huarong International and/or to Great Wall and/or the exercise of the Outstanding Options as mentioned above), thereby may trigger a general offer obligation under Rule 26.1 of the Takeovers Code as such increase will have the effect of increasing the collective holding of voting rights in the Company held by China Everbright and any party acting in concert by more than 2% from their lowest collective percentage holding within the period of 12 months.

An application will be made by China Everbright to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to the approval of the Independent Shareholders taken on a poll at the EGM.

The Independent Board Committee will be formed and will comprise all disinterested non-executive Directors, namely Mr. Guo Zibin, Mr. Fan Yan Hok, Philip, Mr. Ng Ming Wah, Charles, Mr. Zhang Chongqing and Mr. Nien Van Jin, Robert, to advise the Independent Shareholders in respect of the CE Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver after considering the opinion of the independent financial adviser. An independent financial adviser (which will be approved by the Independent Board Committee) will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. A further announcement will be made by the Company upon appointment of the independent financial adviser.

A circular containing, among other things, (i) further details of the CE Subscription Agreement; and (ii) a letter of recommendation from the Independent Board Committee in relation to the CE Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver; (iii) a letter of advice from the independent financial adviser in relation to the CE Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver; and (iv) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules and the Takeovers Code. It is expected that the circular will be despatched to the Shareholders on or before 16 April 2015.

Shareholders and potential investors should note that the Whitewash Waiver is a possibility only and may not be granted by the Executive.

As completion of the issue of the Convertible Bonds under the Subscription Agreements is subject to the satisfaction of the conditions precedent therein and may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENTS

On 26 March 2015, after trading hours, the Company entered into the Subscription Agreements on substantially the same terms, save for the provisions relating to the conditions precedent and the specific mandate to be sought in relation to the CE Subscription Agreement as mentioned below, with each of the Investors. Details of the Subscription Agreements and the principal terms of the Convertible Bonds are set out below.

Parties

- CE Subscription Agreement: (1) the Company (as the issuer)
(2) China Everbright (as the Investor)
- Huarong Subscription Agreement: (1) the Company (as the issuer)
(2) Huarong International (as the Investor)
- Great Wall Subscription Agreement: (1) the Company (as the issuer)
(2) Great Wall (as the Investor)

China Everbright is the wholly-owned subsidiary of CEL, which is a controlling shareholder of the Company.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Huarong, Great Wall and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subscription

Pursuant to the CE Subscription Agreement, the Company conditionally agreed to issue and China Everbright conditionally agreed to subscribe for the Convertible Bonds in the aggregate principal amount not exceeding HK\$387,900,000, which may be converted into 34,388,297 New Shares based on the initial Conversion Price upon full conversion.

Pursuant to the Huarong Subscription Agreement, the Company conditionally agreed to issue and Huarong International conditionally agreed to subscribe for the Convertible Bonds in the aggregate principal amount not exceeding HK\$387,900,000, which may be converted into 34,388,297 New Shares based on the initial Conversion Price upon full conversion.

Pursuant to the Great Wall Subscription Agreement, the Company conditionally agreed to issue and Great Wall conditionally agreed to subscribe for the Convertible Bonds in the aggregate principal amount not exceeding HK\$116,370,000, which may be converted into 10,316,489 New Shares based on the initial Conversion Price upon full conversion.

Conditions Precedent

CE Subscription Agreement

Completion of the CE Subscription Agreement is conditional upon the fulfilment, or appropriate waiver from the China Everbright (except for the condition referred to in paragraphs (ii) and (vi) below, which shall not be capable of being waived), of the following conditions precedent:

- (i) the Executive having granted the Whitewash Waiver;

- (ii) the Independent Shareholders having approved the Whitewash Waiver (unless the condition referred to in paragraph (i) above is waived by China Everbright), the entering into, execution and performance by the Company of the CE Subscription Agreement and the CE Convertible Bonds and all the transactions contemplated thereunder at the EGM;
- (iii) the representations and warranties of the Company in the CE Subscription Agreement being true, accurate and correct at, and as if made on, the Closing Date;
- (iv) the Company having performed all of its obligations under the CE Subscription Agreement to be performed on or before the Closing Date;
- (v) China Everbright having received a certificate on the Closing Date in the form prescribed in the CE Subscription Agreement;
- (vi) the Stock Exchange having approved the listing of and dealing in the New Shares; and
- (vii) the Company having delivered to China Everbright copies of all consents and approvals or, as the case may be, any relevant waiver required (if any) on the part of the Company in relation to entering into of the Subscription Agreements, the issue of the Convertible Bonds and the performance of its obligations under the Convertible Bonds and all the transactions contemplated under the CE Subscription Agreement on or prior to the Closing Date.

If the abovementioned conditions cannot be fulfilled or waived (except for the conditions referred to in paragraphs (ii) and (vi) above, which shall not be capable of being waived) by China Everbright on or before the Closing Date or such other date as the Company and China Everbright may agree, the CE Subscription Agreement shall terminate and be of no further effect and no party shall be under any liability to any other in respect of the CE Subscription Agreement.

Given the Possible DQ Transaction, the Whitewash Waiver may or may not be granted by the Executive.

If the Whitewash Waiver is not granted, and:

- (i) if the related condition precedent contained in the CE Subscription Agreement is not waived by China Everbright, the CE Subscription Agreement shall terminate in accordance with its terms and shall be of no further effect; or
- (ii) if such condition precedent is waived by China Everbright and all other conditions precedent contained in the CE Subscription Agreement shall have been fulfilled or waived (as the case may be), completion of the CE Subscription Agreement shall take place in accordance with the terms thereof. In such case, China Everbright may only exercise the Conversion Rights attached to the CE Convertible Bonds to the extent which will not trigger a general offer obligation under Rule 26.1 of the Takeovers Code, unless China Everbright re-applies for and obtains the Whitewash Waiver following expiry of six months from date of the Possible DQ Transaction.

Huarong Subscription Agreement and Great Wall Subscription Agreement

Completion of the Huarong Subscription Agreement and Great Wall Subscription Agreement is conditional upon the fulfilment, or appropriate waiver from the Investors (except for the condition referred to in paragraph (iv) below, which shall not be capable of being waived), of the following conditions precedent:

- (i) the representations and warranties of the Company in the Huarong Subscription Agreement and Great Wall Subscription Agreement (as the case may be) being true, accurate and correct at, and as if made on, the Closing Date;
- (ii) the Company having performed all of its obligations under the Huarong Subscription Agreement and Great Wall Subscription Agreement (as the case may be) to be performed on or before the Closing Date;
- (iii) the Investors having received a certificate on the Closing Date in the form prescribed in the Huarong Subscription Agreement and Great Wall Subscription Agreement (as the case may be);
- (iv) the Stock Exchange having approved the listing of and dealing in the New Shares; and
- (v) the Company having delivered to the Investors copies of all consents and approvals required (if any) on the part of the Company in relation to entering into of the Huarong Subscription Agreement and Great Wall Subscription Agreement (as the case may be), the issue of the Convertible Bonds and the performance of its obligations under the Convertible Bonds and all the transactions contemplated under the Huarong Subscription Agreement and Great Wall Subscription Agreement (as the case may be) on or prior to the Closing Date.

If the abovementioned conditions cannot be fulfilled or waived (except for the conditions referred to in paragraph (iv) above, which shall not be capable of being waived) by the Investors on or before the Closing Date or such other date as the Company and the Investors may agree, the Huarong Subscription Agreement and Great Wall Subscription Agreement (as the case may be) shall terminate and be of no further effect and no party shall be under any liability to any other in respect thereof.

Completion

Completion of each Subscription Agreement is not inter-conditional with each of the others.

Completion of the Subscription Agreements shall take place on the Closing Date. It is expected that closing of the Huarong Subscription Agreement and the Great Wall Subscription Agreement will take place on 8 April 2015 and closing of the CE Subscription Agreement will take place on 26 May 2015.

Commitment Arrangement Fee

Pursuant to the Subscription Agreements, the Company shall pay to the Investors (or the related transferee as permitted under the Great Wall Subscription Agreement) commitment arrangement fee on the outstanding principal amount of Bonds at the rate of 3.5% per annum payable semi-annually in arrears.

Right of first refusal

Subject to consummation of Closing and the Investors subscribing for the Convertible Bonds (or part thereof) in their respective own name at Closing, for a period of three years from the date of the Subscription Agreements or, if earlier, until the Investors cease to hold any Convertible Bonds, the Company shall not issue further bonds that are convertible into Shares with an initial conversion price that is less than the Conversion Price, without first offering such convertible bonds for subscription or purchase by the Investors in the proportion which the original principal amount of the Convertible Bonds held by each Investor bears to the aggregate of the original principal amount of the Convertible Bonds, provided that the grant by the Company of the above right of first refusal must be in full compliance with the requirements of the Listing Rules.

The right of first refusal granted by the Company to the respective Investors constitutes a special right. So far as Huarong International and Great Wall (who are not Shareholders at present) are concerned, at any time whilst any of them has become and shall remain a Shareholder, it shall abstain from voting on any resolutions proposed for approving the grant or refreshment of general mandate for the issue of new Shares unless and until it ceases to hold any Convertible Bonds or any further bonds upon exercise of its right of first refusal.

So far as China Everbright (who is a connected person of the Company) is concerned, if it exercises the right of first refusal, the Company will comply with the relevant requirement under Chapter 14A of the Listing Rules for the issue of further bonds and/or new Shares to be allotted and issued upon conversion of the further bonds.

TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS

Interest

The Convertible Bonds shall carry coupon interest at the rate of 3% per annum payable semi-annually in arrears.

As stated in the paragraph headed “The Subscription Agreements – Commitment Arrangement Fee” above, the Company shall pay to the Investors (or the related transferee as permitted under the Great Wall Subscription Agreement) commitment arrangement fee on the outstanding principal amount of Bonds at the rate of 3.5% per annum, as such, the Investors (or the related transferee as permitted

under the Great Wall Subscription Agreement) will therefore be entitled to the above commitment arrangement fee at the rate of 3.5% per annum, as well as interest at the rate of 3% per annum on the outstanding principal amount of Bonds for so long as they remain as Bondholders.

Maturity and redemption

Under the terms and conditions of the Convertible Bonds, the Company may redeem the Convertible Bonds if it is required to gross up amount payable on the Convertible Bonds by reason of deduction or withholding for or on account of any present or future taxes and the Bondholders shall have the right to require the Company to redeem all of the Convertible Bonds prior to the Maturity Date when (a) the listing of the Shares on the Stock Exchange is cancelled or withdrawn; or (b) the Company is delisted by the Stock Exchange; or (c) approval from the Stock Exchange with respect to listing of and dealing in the Shares arising from the conversion of the Convertible Bonds is revoked or cancelled; or (d) (in respect of the GM Convertible Bonds only) based on disclosure notices filed at the Company by China Everbright Aerospace or FPAM in accordance with Part XV of the Securities and Futures Ordinance or information obtained from the Company's share registrar, China Everbright Aerospace or FPAM has disposed of more than one-third of its shares within any period of 12 months after the Closing Date.

Unless previously redeemed, converted or purchased and cancelled, the Company shall redeem each Convertible Bond at its principal amount together with accrued but unpaid interest to such date on the Maturity Date.

Ranking of New Shares

The Convertible Bonds will be convertible into New Shares, which when issued and delivered:

- (1) will be duly and validly issued, fully-paid and non-assessable;
- (2) will rank pari passu with and carry the same rights and privileges in all respects as any other class of ordinary share capital of the Company and shall be entitled to all dividends and other distributions declared, paid or made thereon; and
- (3) subject to the terms and conditions of the Convertible Bonds, will be freely transferable, free and clear of all liens, charges, encumbrances, security interests or claims of third parties.

Conversion Period

Conversion Rights may be exercised at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) on or after the 41st day from the Closing Date to the date falling ten days prior to the Maturity Date.

Conversion Price

The price at which News Shares will be issued upon exercise of a Conversion Right will be HK\$11.28 per Share.

The Conversion Price represents:

- (1) a premium of approximately 16.09% to the average Closing Price of the Shares of approximately HK\$9.72 per Share for the last 30 consecutive Trading Days up to and including the Last Trading Day;
- (2) a premium of approximately 15.46% to the average Closing Price of the Shares of approximately HK\$9.77 per Share for the last 10 consecutive Trading Days up to and including the Last Trading Day;
- (3) a premium of approximately 10.89% to the average Closing Price of the Shares of approximately HK\$10.17 per Share for the last 5 consecutive Trading Days up to and including the Last Trading Day; and
- (4) a premium of approximately 5.22% to the Closing Price of the Shares of HK\$10.72 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Conversion Price was determined after arm's length negotiations between the Company and the Investors having regard to the prevailing market price of the Shares prior to the date of the Subscription Agreements and the business performance of the Group under the prevailing market conditions.

The Conversion Price is subject to adjustment in accordance with the terms and conditions of the Convertible Bonds, including, amongst other things, upon the occurrence of an alteration to the nominal value of the Shares as a result of consolidation, subdivision or re-classification, capitalisation of profits or reserves, capital distributions and rights issues of Shares or options over Shares at less than 95% of the then current market price. The Company will publish an announcement upon any adjustment to the Conversion Price.

Voting rights

Other than meetings of the Bondholders, the Bondholders will not have any right to attend or vote at any meeting of the Company by virtue of them being Bondholders, and until and unless they have converted all or part of their Convertible Bonds into Shares entitling holders to attend or vote at the meetings of the shareholders of the Company.

Events of default

Pursuant to the Subscription Agreements, if, among others, any of the following events occurs and is continuing, the Majority Bondholders at their discretion may give notice to the Company that the Convertible Bonds are, and they shall immediately become due and repayable at their principal amount together with accrued but unpaid interest to the date of payment:

- (i) the Company fails to pay the principal, premium or any interest on any of the Convertible Bonds when due and the default continues for a period of 14 days; or
- (ii) any failure by the Company to deliver any New Shares as and when the New Shares are required to be delivered following conversion of Convertible Bonds; or
- (iii) the Company does not perform or comply with any one or more of its other obligations in the Convertible Bonds which default is incapable of remedy or, if capable of remedy, is not remedied within 45 days after written notice of such default shall have been given to the Company by the Bondholders; or
- (iv) it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under any of the Convertible Bonds; or
- (v) the current listing of the Shares having been cancelled or withdrawn, or the Company is delisted by the Stock Exchange or the Stock Exchange approval with respect to the listing and dealing in of the New Shares arising from the conversion of the Convertible Bonds having been revoked or cancelled; or
- (vi) the Company ceases or threatens to cease to carry on its business or any substantial part thereof or changes or threatens to change the nature or scope of its business or the Company disposes of or threatens to dispose of all or substantial part of its business or assets.

Transfer

The Convertible Bonds may be transferred in denominations of HK\$10,000. No Bondholder may require the transfer of a Convertible Bond to be registered (a) during the period of seven days ending on (and including) the dates for payment of any principal; (b) after a conversion notice has been delivered with respect to a Convertible Bond; or (c) during the period of seven days ending on (and including) any interest record date.

None of the Convertible Bonds may be transferred to a connected person of the Company. The above restriction does not apply to a transfer of the CE Convertible Bonds to a subsidiary of CEL.

Form and denomination

The Convertible Bonds will be issued in registered form in the denomination of HK\$10,000 each.

Number of New Shares issuable

Based on the Conversion Price, a total of 79,093,083 New Shares will be issued upon full conversion of the Convertible Bonds and the aggregate nominal value of the New Shares to be issued shall be HK\$7,909,308.30.

Assuming full conversion of the Convertible Bonds at the Conversion Price, the Convertible Bonds will be converted into 79,093,083 New Shares, representing approximately 13.49% (or approximately 12.08% assuming all the Outstanding Options are exercised) of the existing issued share capital of the Company and approximately 11.89% (or approximately 10.78% assuming all the Outstanding Options are exercised) of the issued share capital of the Company as enlarged by the issue of the New Shares.

Listing

No application will be made for the listing of, and permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock or securities exchange. Application will be made for the listing of and permission to deal in the New Shares.

SHAREHOLDING STRUCTURE OF THE COMPANY

To the best knowledge of the Directors and for illustration purpose only, the shareholding structure of the Company as at the date of this announcement and immediately after conversion in full of the Convertible Bonds (assuming that there is no other change in the issued share capital of the Company) is as follows:

	<i>No. of Shares</i>	<i>Approximate shareholding %</i>												
As at the date of this announcement	<i>No. of Shares</i>	<i>Approximate shareholding %</i>												
China Everbright and parties acting in concert with it (including CEL) (Notes 1, 2 and 3)	215,205,479	36.70	249,593,776	37.51	251,593,776	34.29	251,593,776	36.51	249,593,776	40.21	249,593,776	38.10	249,593,776	39.55
Poon Ho Man (Notes 4 and 5)	181,254,589	30.91	181,254,589	27.24	197,554,589	26.92	197,554,589	28.67	181,254,589	29.20	181,254,589	27.67	181,254,589	28.72
Directors:														
Chen Shuang (Note 3)	-	-	-	-	200,000	0.03	200,000	0.03	-	-	-	-	-	-
Tang Chi Chum (Note 3)	-	-	-	-	200,000	0.03	200,000	0.03	-	-	-	-	-	-
Guo Zhibin	-	-	-	-	200,000	0.03	200,000	0.03	-	-	-	-	-	-
Fan Yan Hok, Philip	-	-	-	-	200,000	0.03	200,000	0.03	-	-	-	-	-	-
Ng Ming Wah, Charles	-	-	-	-	200,000	0.03	200,000	0.03	-	-	-	-	-	-
Zhang Chongqing	-	-	-	-	200,000	0.03	200,000	0.03	-	-	-	-	-	-
Nien Van Jin, Robert	-	-	-	-	200,000	0.03	200,000	0.03	-	-	-	-	-	-
Public:														
Huarong International Great Wall	-	-	34,388,297	5.17	34,388,297	4.69	-	-	-	-	34,388,297	5.25	-	-
Other Shareholders	189,921,532	32.39	189,921,532	28.54	238,540,932	32.51	238,540,932	34.62	189,921,532	30.59	189,921,532	28.99	189,921,532	30.09
Total	586,381,600	100	665,474,683	100	753,794,083	100	689,089,297	100	620,769,897	100	655,158,194	100	631,086,386	100

Notes:

1. Among these Shares, (i) 206,979,479 of which were held by China Everbright Aerospace, a wholly-owned subsidiary of CEL and 8,220,000 of which were held by China Everbright, which is an indirect wholly-owned subsidiary of CEL, accordingly, CEL is deemed to be interested in all these Shares; and (ii) 6,000 Shares were held by a director of Datten Investments Limited (being the intermediate holding company of CEL) and Everbright Investment & Management Limited (which is a fellow subsidiary of Datten Investments Limited and itself holds approximately 0.358% of the total issued share capital of CEL as at the date of this announcement) and such director is therefore regarded as a deemed concert party of CEL.
2. Apart from the Shares mentioned in Note 1 above, China Everbright Aerospace and CEL are also interested in 2,000,000 underlying shares of the Company in respect of 2,000,000 share options granted by the Company to China Everbright Aerospace pursuant to the Pre-IPO Share Option Scheme.
3. Mr. Chen Shuang and Mr. Tang Chi Chun, both non-executive Directors, are deemed concert parties of China Everbright under the Takeovers Code by virtue of them being executive directors of CEL.
4. These Shares were held by FPAM, which is owned as to 0.000001% by Ms. Christina Ng and 99.999999% by Capella Capital Limited, which in turn is owned as to 10% by Ms. Christina Ng and 90% by Mr. Poon Ho Man. Accordingly, Mr. Poon Ho Man is deemed to be interested in all the Shares held by FPAM. Ms. Christina Ng is the spouse of Mr. Poon Ho Man.
5. Apart from the Shares mentioned in Note 4 above, Mr. Poon Ho Man is also interested in 16,300,000 underlying shares of the Company in respect of (i) 1,300,000 share options granted by the Company to FPAM pursuant to the Pre-IPO Share Option Scheme; and (ii) 15,000,000 share options granted by the Company to Equal Honour Holdings Limited pursuant to the Pre-IPO Share Option Scheme. Equal Honour Holdings Limited is wholly-owned by Mr. Poon Ho Man.

GENERAL MANDATE AND SPECIFIC MANDATE TO ISSUE THE NEW SHARES

The Company will allot and issue the New Shares upon conversion of the GM Convertible Bonds under the General Mandate granted to the Directors pursuant to a resolution in writing of all the then Shareholders on 23 June 2014, whereby the Company is authorized to allot and otherwise deal with 20% of the Shares immediately following the completion of the global offering and the capitalization issue of the Company as set out in the prospectus of the Company dated 30 June 2014, i.e. up to 117,156,200 Shares. As at the date of this announcement, the General Mandate has not been utilized since it was granted. The number of New Shares to be allotted and issued upon conversion of the GM Convertible Bonds based on the initial Conversion Price will utilize approximately 38.2% of the general mandate. Accordingly, no Shareholders' approval is required for the GM Convertible Bonds nor the issue of New Shares upon conversion of the GM Convertible Bonds.

The New Shares to be allotted and issued upon conversion of the CE Convertible Bonds will be issued under a specific mandate by an ordinary resolution to be proposed for passing by the Independent Shareholders at the EGM.

USE OF PROCEEDS

The estimated net proceeds of the issue of Convertible Bonds (after deducting fees and expenses) will be approximately HK\$875,450,000.

It is intended that the Company shall mainly use the net proceeds from the issue of the Convertible Bonds for aircraft acquisition.

Based on the net proceeds from the issue of the Convertible Bonds of HK\$875,450,000, the net subscription price per New Share is approximately HK\$11.07.

REASONS FOR THE SUBSCRIPTION AGREEMENTS

The Directors consider that raising funds by issuing the Convertible Bonds is justifiable considering the recent debt and equity market conditions and the characteristics of convertible bonds. It is relatively easier and lower costs for the Company to obtain funds by way of issuing the Convertible Bonds than financing in the debt market directly, given the relatively high gearing ratio of the Group. The conversion of the Convertible Bonds into New Shares will strengthen the Company's capital base and lower the gearing ratio. Further, if the Group obtains bank borrowings, assets pledge and other security may be required whilst such security is not required for issue of the Convertible Bonds.

The Directors also consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Group since it will not have an immediate dilutive effect on the shareholding of the existing Shareholders.

The Subscription by two reputable institutional investors, namely, Huarong International and Great Wall, represents the recognition in the investment value of the Group whilst the Subscription by China Everbright is in essence an increase in stakeholding in the Group, which demonstrates the confidence of the CEL Group in the Group's long-term prospects. With the cash acquired from the issue of Convertible Bonds, the Group will execute its fleet expansion plans to pursue its future growth.

The Directors consider that the terms of the Huarong Subscription Agreement and the Great Wall Subscription Agreement, which were arrived at after arm's length negotiations between the Company and the Investors, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE PRINCIPAL BUSINESS OF THE GROUP AND THE INVESTORS

China Everbright is a limited company incorporated in Hong Kong which is principally engaged in investment holding.

Huarong International is a limited company incorporated in Hong Kong which is principally engaged in investment holding, provision of money lending services and consulting services. Huarong International is controlled by China Huarong Asset Management Co., Ltd., which is a large state-owned non-bank financial company and co-sponsored by the Ministry of Finance. China Huarong Asset Management Co., Ltd. holds over RMB300 billion in assets and provides comprehensive financial services including asset management, banking, securities, trust, leasing, investment, funds, futures and real estate.

Great Wall is a limited company incorporated in Hong Kong which is principally engaged in alternative asset management, direct investment and financial advisory services. It is allowed to conduct type 4 & 9, and type 6 regulated activities with its two licensed subsidiaries. Great Wall is wholly owned by China Great Wall Asset Management Corporation, whose sole shareholder is the Ministry of Finance of China, one of the leading AMCs in the PRC offering a broad range of financial services and products with total assets over RMB270 billion.

The Group is principally engaged in aircraft leasing business in the PRC.

FUND RAISING ON ISSUE OF EQUITY SECURITIES BY THE COMPANY IN THE LAST 12 MONTHS

Apart from the fund raising activities mentioned below, the Company has not carried out other fund raising activities during the 12 months immediately preceding the date of this announcement.

Date of initial announcement	Fund raising activity	Intended use of proceeds	Actual use of proceeds
30 June 2014 (date of prospectus)	Global offering of 131,800,000 Shares	90% of net proceeds of approximately HK\$591.1 million will be used for aircraft acquisition and the remainder as general working capital for the Group	90% of net proceeds of approximately HK\$591.1 million was used for aircraft acquisition and the remainder as general working capital for the Group

IMPLICATIONS OF THE LISTING RULES AND TAKEOVERS CODE IN RESPECT OF THE CE SUBSCRIPTION AGREEMENT

As at the date of this announcement, China Everbright is an associate of CEL, the controlling shareholder of the Company, by virtue of it being a wholly-owned subsidiary of CEL and hence a connected person of the Company, as such, the entering into of the CE Subscription Agreement will constitute a connected transaction for the Company, and is subject to the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Upon full conversion of the CE Convertible Bonds, the shareholding of China Everbright and any party acting in concert with it will increase from approximately 36.70% to approximately 40.21% (assuming no exercise of Outstanding Options and no conversion of the GM Convertible Bonds), or approximately 36.51% (assuming full exercise of Outstanding Option but no conversion of the GM Convertible Bonds), or approximately 38.10% (assuming full conversion of the Convertible Bonds held by Huarong International but no exercise of Outstanding Options and no conversion of the Convertible Bonds held by Great Wall), or approximately 39.55% (assuming full conversion of the Convertible Bonds held by Great Wall but no exercise of Outstanding Options and no conversion of the Convertible Bonds held by Huarong International), or approximately 37.51% (assuming full conversion of the GM Convertible Bonds but no exercise of Outstanding Options), or approximately 34.29% (assuming full conversion of the GM Convertible Bonds and full exercise of Outstanding Options) of the then issued share capital of the Company as enlarged by the allotment and issue of the New Shares (assuming that there is no other change in the issued share capital of the Company other than the issue of the New Shares to China Everbright and/or to Huarong International and/or to Great Wall and/or the exercise of the Outstanding Options as mentioned above), thereby may trigger a general offer obligation under Rule 26.1 of the Takeovers Code as such increase will have the effect of increasing the collective holding of voting rights in the Company held by China Everbright and any party acting in concert by more than 2% from their lowest collective percentage holding within the period of 12 months.

An application will be made by China Everbright to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to the approval of the Independent Shareholders taken on a poll at the EGM.

The Independent Board Committee will be formed and will comprise all disinterested non-executive Directors, namely Mr. Guo Zibin, Mr. Fan Yan Hok, Philip, Mr. Ng Ming Wah, Charles, Mr. Zhang Chongqing and Mr. Nien Van Jin, Robert, to advise the Independent Shareholders in respect of the CE Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver after considering the opinion of the independent financial adviser. Mr. Chen Shuang and Mr. Tang Chi Chun, both non-executive Directors, will not be included in the Independent Board Committee as they are interested in the CE Subscription Agreement and/or the Whitewash Waiver by virtue of them being executive directors of CEL and deemed concert parties of China Everbright. An independent financial adviser (which will be approved by the Independent Board Committee) will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. A further announcement will be made by the Company upon appointment of the independent financial adviser.

The Directors (other than the independent non-executive Directors whose view will be formed after obtaining the advice of the independent financial adviser) consider the terms of the CE Subscription Agreement, which were arrived at after arm's length negotiations between the Company and China Everbright, and the Whitewash Waiver to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Dealing and interests in Shares by China Everbright and its concert parties

Save for the acquisition of 6,000 Shares on 21 January 2015 by a director of Datten Investments Limited (being the intermediate holding company of CEL) and Everbright Investment & Management Limited (which is a fellow subsidiary of Datten Investments Limited and itself holds approximately 0.358% of the total issued share capital of CEL as at the date of this announcement), and such director is therefore regarded as a deemed concert party of China Everbright under the Takeovers Code, China Everbright has confirmed that none of China Everbright nor any person acting in concert with it has acquired voting rights in the Company in the six months prior to the date of this announcement which would constitute disqualifying transaction under the Takeovers Code.

Acquisition of 6,000 Shares by a director of Datten Investments Limited may constitute a disqualifying transaction under the Takeovers Code. Submission will be made by China Everbright to the Executive addressing such transaction and implications under relevant provisions of the Takeovers Code in its application for the Whitewash Waiver. Further announcement(s) will be made by the Company as and when appropriate.

Given the Possible DQ Transaction, the Whitewash Waiver may or may not be granted by the Executive.

If the Whitewash Waiver is not granted, and:

- (i) if the related condition precedent contained in the CE Subscription Agreement is not waived by China Everbright, the CE Subscription Agreement shall terminate in accordance with its terms and shall be of no further effect; or
- (ii) if such condition precedent is waived by China Everbright and all other conditions precedent contained in the CE Subscription Agreement shall have been fulfilled or waived (as the case may be), completion of the CE Subscription Agreement shall take place in accordance with the terms thereof. In such case, China Everbright may only exercise the Conversion Rights attached to the CE Convertible Bonds to the extent which will not trigger a general offer obligation under Rule 26.1 of the Takeovers Code, unless China Everbright re-applies for and obtains the Whitewash Waiver following expiry of six months from date of the Possible DQ Transaction.

As at the date of this announcement, other than (i) approximately 36.70% of the issued share capital of the Company beneficially owned by China Everbright and parties acting in concert with it; (ii) the 2,000,000 Shares representing underlying Shares which may be issued to China Everbright in respect of 2,000,000 share options granted by the Company to China Everbright pursuant to the Pre-IPO Share Option Scheme; (iii) the 200,000 Shares and 200,000 Shares owned by Mr. Chen Shuang and Mr. Tang Chi Chun respectively representing underlying Shares which may be issued to them upon the exercise in full of the respective share options granted to them under the Post-IPO Share Option Scheme; (iv) the 6,000 Shares held by a director of Datten Investments Limited as mentioned in the preceding paragraph; and (v) the transactions contemplated under the CE Agreement Subscription

Agreement, China Everbright and parties acting in concert with it do not hold any other shareholding interests, or control the right of direction or hold any voting rights, convertible securities, warrants or options of the Company, or any outstanding derivative in respect of securities in the Company.

Save as disclosed in this announcement, (i) neither China Everbright nor any party acting in concert with it has received any irrevocable commitment to vote in favour of or against the resolutions in respect of the CE Subscription Agreement or the Whitewash Waiver; (ii) there are no agreements or arrangements to which it is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the CE Subscription Agreement and/or the Whitewash Waiver; (iii) there was no other arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of China Everbright, parties acting in concert with it which are corporate entities or the Company and which may be material to the CE Subscription Agreement and/or the Whitewash Waiver; and (iv) neither China Everbright nor any party acting in concert with it borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

EGM

The EGM will be convened for the purpose of considering and, if deemed appropriate, approving, among other things, the grant of the specific mandate, the CE Subscription Agreement, the Whitewash Waiver and the transactions contemplated thereunder.

As at the date of this announcement, China Everbright and parties acting in concert with it who have interest in the Shares include (in addition to China Everbright):

- (i) China Everbright Aerospace, which is an indirect wholly-owned subsidiary of CEL, holds 206,979,479 Shares;
- (ii) Mr. Chen Shuang who is a non-executive Director and also an executive Director of CEL; he is deemed to be interested in 200,000 Shares (representing underlying Shares which would be allotted and issued upon the exercise in full of the share options granted to him under the Post-IPO Share Option Scheme);
- (iii) Mr. Tang Chi Chun who is a non-executive Director and also an executive Director of CEL; he is deemed to be interested in 200,000 Shares (representing underlying Shares which would be allotted and issued upon the exercise in full of the share options granted to him under the Post-IPO Share Option Scheme); and
- (iv) the said director of Datten Investments Limited, holds 6,000 Shares.

In accordance with the Listing Rules and the Takeovers Code, (i) China Everbright and parties acting with it including China Everbright Aerospace, Mr. Chen Shuang, Mr. Tang Chi Chun and the said director of Datten Investments Limited who holds 6,000 Shares; and (ii) Mr. Poon Ho Man and his associates will be required to abstain from voting on the resolution(s) to approve the CE Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the EGM. Save as disclosed, to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the transactions contemplated under the CE Subscription Agreement and the Whitewash Waiver and will be required to abstain from voting on the resolution(s) to approve the CE Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the EGM.

A circular containing, among other things, (i) further details of the CE Subscription Agreement; and (ii) a letter of recommendation from the Independent Board Committee in relation to the CE Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver; (iii) a letter of advice from the independent financial adviser in relation to the CE Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver; and (iv) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected that the circular will be despatched to the Shareholders on or before 16 April 2015.

Shareholders and potential investors should note that the Whitewash Waiver is a possibility only and may not be granted by the Executive.

As completion of the issue of the Convertible Bonds under the Subscription Agreements is subject to the satisfaction of the conditions precedent therein and may or may not proceed, 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:

“Board”	the board of Directors
“Bondholder(s)”	the holder(s) of the Convertible Bonds
“CE Convertible Bonds”	the proposed convertible bonds under the CE Subscription Agreement
“CE Subscription Agreement”	a conditional subscription agreement dated 26 March 2015 entered into between the Company and China Everbright in relation to the Subscription of the Convertible Bonds in the principal amount of not exceeding HK\$387,900,000

“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
“CEL Group”	CEL and its subsidiaries
“China”	The People’s Republic of China, excluding Hong Kong and the Macau Special Administrative Region for the purpose of this announcement
“China Everbright”	China Everbright Financial Investments Limited, a company incorporated in Hong Kong, a wholly-owned subsidiary of CEL and one of the Investors
“China Everbright Aerospace”	China Everbright Aerospace Holdings Limited, a company incorporated in the Cayman Islands, a wholly-owned subsidiary of CEL and one of the controlling shareholders of the Company
“Closing”	closing of the Subscription Agreements
“Closing Date”	the respective closing date of the Subscription Agreements, being (i) 26 May 2015 for the CE Subscription Agreement; (ii) 8 April 2015 for the Huarong Subscription Agreement; and (iii) 8 April 2015 for the Great Wall Subscription Agreement, or such later date as the parties to the respective Subscription Agreements may agree
“Closing Price”	the closing price published in the daily quotation sheet published by the Stock Exchange for such day
“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 same meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“Conversion Price”	conversion price of the Convertible Bonds being HK\$11.28 (subject to adjustments) per Share
“Conversion Rights”	the rights attached to the Convertible Bonds to convert the principal amount of the Convertible Bonds or part thereof into New Shares

“Convertible Bonds”	3.00% convertible bonds in the aggregate principal amount not exceeding HK\$892,170,000 convertible into Shares due on the Maturity Date
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the specific mandate, the CE Subscription Agreement and the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“FPAM”	Friedmann Pacific Asset Management Limited, a company incorporated in the British Virgin Islands and one of the controlling shareholders of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to a resolution in writing of all the then Shareholders on 23 June 2014, whereby the Company is authorized to allot and otherwise deal with 20% of the Shares immediately following the completion of the global offering and the capitalization issue of the Company as set out in the prospectus of the Company dated 30 June 2014, i.e. up to 117,156,200 Shares
“GM Convertible Bonds”	the Convertible Bonds to be issued to Huarong International and Great Wall under the Huarong Subscription Agreement and the Great Wall Subscription Agreement
“Great Wall”	Great Wall Pan Asia International Investment Co., Limited, a company incorporated in Hong Kong with limited liability and one of the Investors
“Great Wall Subscription Agreement”	a conditional subscription agreement dated 26 March 2015 entered into between the Company and Great Wall in relation to the Subscription of the Convertible Bonds in the principal amount of not exceeding HK\$116,370,000
“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 China

“Huarong International”	Huarong (HK) International Holdings Limited, a company incorporated in Hong Kong with limited liability and one of the Investors
“Huarong Subscription Agreement”	a conditional subscription agreement dated 26 March 2015 entered into between the Company and Huarong International in relation to the Subscription of the Convertible Bonds in the principal amount of not exceeding HK\$387,900,000
“Independent Board Committee”	the independent Board committee, comprising all disinterested non-executive Directors, namely Mr. Guo Zibin, Mr. Fan Yan Hok, Philip, Mr. Ng Ming Wah, Charles, Mr. Zhang Chongqing and Mr. Nien Van Jin, Robert, which will be formed to advise the Independent Shareholders in respect of the CE Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver
“Independent Shareholders”	Shareholders other than (i) China Everbright and its associate; (ii) any parties acting in concert with China Everbright; (iii) Mr. Poon Ho Man and his associates; and (iv) parties involved or interested in the CE Subscription Agreement and/or the Whitewash Waiver
“Investors”	China Everbright, Huarong International and Great Wall
“Last Trading Day”	26 March 2015
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Majority Bondholders”	Bondholders holding Bonds representing more than 50% of the aggregate principal amount of all Bonds then outstanding
“Maturity Date”	three years from the date of issue of the relevant Convertible Bonds
“New Shares”	the Shares to be allotted and issued upon the exercise of the Conversion Rights
“Outstanding Options”	the options granted by the Company to subscribe for an aggregate of 68,319,400 Shares pursuant to the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme, which are outstanding as at the date of this announcement

“Possible DQ Transaction”	the acquisition of 6,000 Shares on 21 January 2015 by a director of Datten Investments Limited (being the intermediate holding company of CEL)
“Post-IPO Share Option Scheme”	the post-IPO share option scheme conditionally adopted by the Company on 23 June 2014, which became effective on the listing date of 11 July 2014
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted by China Aircraft Leasing Holdings Limited (an exempted company incorporated with limited liability under the laws of the Cayman Islands on 31 December 2010) on 4 August 2011 and taken over by the Company under the corporate reorganization of the Group for the purpose of the listing of the Company on the Stock Exchange, and as amended and restated on 23 June 2014
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	share(s) with par value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Convertible Bonds by the Investors pursuant to the Subscription Agreements
“Subscription Agreements”	the CE Subscription Agreement, the Huarong Subscription Agreement and the Great Wall Subscription Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Trading Day”	a day when the Stock Exchange is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and must be deemed not have existed when ascertaining any period of dealing days

“Whitewash Waiver”

the waiver by the Executive under Note 1 to the Notes on Dispensations from Rule 26 of the Takeovers Code of the obligation on the part of China Everbright to make a general offer to the Shareholders for all issued shares and other securities of the Company not already owned or agreed to be acquired by China Everbright and parties acting in concert with it as a result of the allotment and issue of the New Shares to China Everbright

“%”

per cent.

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

26 March 2015

As at the date of this announcement, (i) the executive Directors are Mr. Poon Ho Man and Ms. Liu Wanting; (ii) the non-executive Directors are Mr. Chen Shuang, Mr. Tang Chi Chun and Mr. Guo Zibin; and (iii) the independent non-executive Directors are Mr. Fan Yan Hok, Philip, Mr. Ng Ming Wah, Charles, Mr. Zhang Chongqing and Mr. Nien Van Jin, Robert.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.