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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)

PROPOSED AMENDMENTS TO THE TERMS OF SHARE OPTIONS GRANTED UNDER THE PRE-IPO SHARE OPTION SCHEME

On 9 December 2014, the Board has resolved to propose to the Shareholders for approving the proposed amendments to the terms of the Options granted to Wealth Amass Limited under the Pre-IPO Share Option Scheme at the EGM.

A circular of the Company containing, amongst other things, (i) details of the proposed amendments to the terms of the Share Options granted under the Pre-IPO Share Option Scheme; and (ii) the notice of EGM, will be despatched to the Shareholders on or before 10 December 2014 in accordance with the Listing Rules.

On 9 December 2014, the Board has resolved to propose to the Shareholders for approving the proposed amendments to the terms of the Options granted to Wealth Amass Limited under the Pre-IPO Share Option Scheme at the EGM.

Proposed amendments to the terms of the Options requiring approval of Shareholders

Out of the 45,000,000 Shares for subscription under the Pre-IPO Share Option Scheme to a total of 25 grantees, options for the subscription of 270,000 Shares allocated as Tranche A options to 8 employee grantees have lapsed as a result of cease of employment and 200,000 Shares allocated as Tranche A options to a senior management and 2,500,000 Shares allocated as Tranche B options to a consultant have lapsed and became non-exercisable due to non-fulfilment of their respective performance conditions.

Hence, only options for subscription of 42,030,000 Shares (representing approximately 7.2% of the total issued share capital of the Company as at the date of this announcement) remain outstanding, exercisable and not yet exercised as at the date of this announcement.

Under the existing terms of the Options granted, the Tranche A options shall, subject to the fulfilment of the general performance targets and the specific performance targets set for the respective grantees, become exercisable (the “**Tranche A Exercise Dates**”) as follows:

- (i) Series 1: 33% of the Tranche A options (i.e. options to subscribe for a maximum of 9,900,000 Shares) shall become exercisable on the publication date of the first audited financial results of the Group after the Listing Date (the “**Publication Date**”), and the exercisable period in respect thereof shall commence on the first Publication Date and end on the third anniversary of the first Publication Date (the “**Expiration Date**”);

- (ii) Series 2: 33% of the Tranche A options (i.e. options to subscribe for a maximum of 9,900,000 Shares) shall become exercisable on and from the first anniversary date of the first Publication Date and expires on the Expiration Date; and
- (iii) Series 3: 34% of the Tranche A options (i.e. options to subscribe for a maximum of 10,200,000 Shares) shall become exercisable on and from the second anniversary date of the first Publication Date and expires on the Expiration Date.

The Tranche B options shall, subject to the fulfilment of the general performance targets and the specific performance targets set for the respective grantees, become exercisable (the “**Tranche B Exercise Dates**”, and together with the Tranche A Exercise Dates the “**Exercise Dates**”) within the three years immediately from the Publication Date.

As at the date of this announcement, Wealth Amass Limited has fulfilled the General Performance Targets and its relevant specific performance targets and is therefore entitled to exercise its outstanding 10,000,000 options in accordance with the Tranche A Exercise Dates.

Mr. Yang Jianjun is the ultimate sole beneficial shareholder of Wealth Amass Limited and he specialises in providing consultancy services as the lead originator of aircraft for the Group. Mr. Yang was recognised by the investment committee of China Aircraft Leasing Holdings Limited as the lead originator of at least 16 aircraft for the Group by 31 December 2013 which were subsequently approved by the investment committee. The additional consultancy services to be provided by Wealth Amass limited is in line with the Company’s business plan. In order to recognise the continuing contribution of Mr. Yang and to provide further incentives to him to strive for future developments and expansion of the Group, it is proposed to offer to Wealth Amass Limited as an incentive that subject to the fulfilment of additional specific performance targets (as described below), the Tranche A Exercise Dates of the above outstanding options will be amended as follows (the “**New Tranche A Exercise Dates**”):

- (i) Series 1: 60% of 10,000,000 options (i.e. options to subscribe for a maximum of 6,000,000 Shares) (the “**Series 1 New Options**”) shall become exercisable on the publication date of the Group’s audited financial results for the year ending 31 December 2014 (the “**New Publication Date**”), and the exercisable period in respect thereof shall commence on the New Publication Date and end on the second anniversary of the New Publication Date (the “**New Expiration Date**”); and
- (ii) Series 2: 40% of 10,000,000 options (i.e. options to subscribe for a maximum of 4,000,000 Shares) (the “**Series 2 New Options**”) shall become exercisable on and from the first anniversary date of the New Publication Date and expires on the New Expiration Date.

Based on the reasons above, subject to the fulfilment of the following performance targets, the Board proposed to amend the terms of the Tranche A options granted to Wealth Amass Limited on 10 October 2011 on the terms set out above. The performance targets are:

- (i) the Series 1 New Options shall become exercisable in accordance with the New Tranche A Exercise Dates on the date upon which Mr. Yang Jianjun, being the consultant made available to the Group by Wealth Amass Limited, is recognised by the strategy committee of the Company (the “**SC**”) as the lead originator of at least 16 aircraft for the Group by 31 December 2013; and

- (ii) the Series 2 New Options shall become exercisable in accordance with the New Tranche A Exercise Dates on the date upon which Mr. Yang Jianjun, being consultant made available to the Group by Wealth Amass Limited, is recognised by the SC as the lead originator of at least 22 aircraft (i.e. an increase of 6 aircraft) for the Group by the New Publication Date.

Listing Rules Implications

Pursuant to clause 12.01(a) of the Pre-IPO Share Option Scheme and note (2) to rule 17.03 of the Listing Rules, any change to the terms of the Options granted under the Pre-IPO Share Option Scheme must be approved by a resolution of the Shareholders in general meeting. Accordingly, a resolution will be proposed at the EGM to give effect to the proposed amendments to the terms of the Options granted as described above.

General

The amendments to the terms of the Options granted, if approved by the Shareholders at the EGM, will take effect from the date of the EGM at which (among other things) such amendments were approved. The Board considers that the amendments to the terms of the Options granted are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

So far as the Directors are aware after making reasonable enquiry, no Shareholder is required to abstain from voting at the EGM for approving the proposed amendments to the terms of the Options granted.

A circular of the Company containing, amongst other things, (i) details of the proposed amendments to the terms of the Options granted under the Pre-IPO Share Option Scheme; and (ii) the notice of EGM, will be despatched to the Shareholders on or before 10 December 2014 in accordance with the Listing Rules.

Definitions

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

“Board”	the board of Directors
“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
“Directors”	the directors of the Company

“EGM”	the extraordinary general meeting of the Company to be held at Cliftons Hong Kong, 508-520 Hutchison House, 10 Harcourt Road, Central, Hong Kong on Monday, 29 December 2014 at 11:00 a.m., convened for the purpose of considering, and if thought fit, approving, among other things, the proposed amendments to the terms of the Options granted under the Pre-IPO Share Option Scheme and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Date”	11 July 2014, the date of listing of the Company on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Options”	the 45,000,000 share options, made up of Tranche A and Tranche B, granted under the Pre-IPO Share Option Scheme on 7 October 2011, 10 October 2011 and 30 December 2011, with outstanding 42,030,000 share options as at the date of this announcement
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted by China Aircraft Leasing Holdings Limited on 4 August 2011 and taken over by the Company under the corporate reorganisation 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
“PRC”	the People’s Republic of China
“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
“Tranche A”	30,000,000 share options granted under the Pre-IPO Share Option Scheme on 7 October 2011, 10 October 2011 and 30 December 2011 to China Everbright Aeospace Holdings Limited, Friedmann Pacific Asset Management Limited, Equal Honour Holdings Limited, and Wealth Amass Limited and to the employees of the Company, in proportions of 2,000,000, 1,300,000, 15,000,000, 10,000,000 and 1,700,000 share options respectively; with 29,530,000 share options outstanding as at the date of this announcement

“Tranche B” 15,000,000 share options granted under the Pre-IPO Share Option Scheme on 7 October 2011 to Loft Profit Limited and Smart Vintage Investments Limited, in proportions of 5,000,000 and 10,000,000 share options respectively; with 12,500,000 share options outstanding as at the date of this announcement

“%” per cent.

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

Hong Kong, 9 December 2014

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.