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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)

VOLUNTARY ANNOUNCEMENT REALISATION OF FINANCE LEASE RECEIVABLES

The Board is pleased to announce that on 19 December 2014, each of the SPCs, a wholly owned subsidiary of the Company, and the Independent Trust (as trustee of three trust plans respectively) entered into the FLR Transaction Documents respectively in relation to the Realisation Transaction.

The Realisation Transaction continues to demonstrate not only the Group's business innovation capability, but also its sustainable and expandable business model in the future.

The announcement is made on a voluntary basis by the Company.

REALISATION OF FINANCE LEASE RECEIVABLES

The Board is pleased to announce that on 19 December 2014, each of the SPCs and the Independent Trust (as trustee of three trust plans respectively) entered into the FLR Transaction Documents respectively in relation to the Realisation Transaction.

Pursuant to the FLR Transaction Documents, each of the SPCs agreed to sell and the Independent Trust agreed to purchase the FLR (being the finance lease receivables calculated from 30 December 2014 to the end of the lease term (both days inclusive) in relation to each of the three Aircraft under the respective Aircraft Lease Agreement) at the total consideration of approximately US\$103 million (equivalent to approximately HK\$803.4 million).

REASONS FOR AND BENEFITS FROM THE REALISATION OF THE FLR

The Group is principally engaged in aircraft leasing business in the PRC. Realisation of FLR forms part of the Group's business model and financing strategy. The Realisation Transaction further demonstrates not only the Group's business innovation capability, but also its sustainable and expandable business model in the future. In light of this, the Board considered that the terms of the FLR Transaction Documents and the Realisation Transaction would be fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company plans to use the proceeds arising from the Realisation Transaction for repayment of the long-term bank borrowings incurred by the Group for the acquisition of new aircraft, refinancing of aircraft purchase and general working capital.

THE FINANCIAL EFFECTS OF THE REALISATION OF THE FLRS

The following sets forth the financial effects of the realisation of the FLR upon its completion:

- (a) The Group will transfer substantially all the risks and rewards of ownerships on the lease payments to the Independent Trust being the purchaser of the FLR and hence, the FLR relating to lease payments is de-recognised.
- (b) The total consideration for the assignment of the FLR of approximately US\$103 million (equivalent to approximately HK\$803.4 million) will be received by the Company in cash and the Company is expected to record a gain on disposal of the FLR.
- (c) There will be no future lease receivables due and payable arising from each of the three Aircraft since 30 December 2014 and the corresponding balancing of long-term bank borrowing will be repaid accordingly. For clarification purpose, each of the SPCs still retains the ownership of the subject Aircraft.

DEFINITIONS

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

“Aircraft”	each of the three Airbus A320 series aircraft whose legal owner is the respective SPC
“Aircraft Lease Agreement”	each of the three aircraft lease agreements (i) dated 9 August 2012 entered into by SPC1 (as lessor) with an airline customer (as lessee) for the lease of subject Aircraft; (ii) dated 9 August 2012 entered into by SPC2 (as lessor) with an airline customer (as lessee) for the lease of subject Aircraft; and (iii) dated 19 January 2012 entered into by SPC3 (as lessor) with an airline customer (as lessee) for the lease of subject Aircraft
“Board”	the board of directors of the Company
“CALC Tianjin”	中飛租融資租賃有限公司 (China Asset Leasing Company Limited*), a wholly-foreign owned enterprise established in the PRC and an indirect wholly owned subsidiary of the Company
“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
“FLR”	the finance lease receivables under the Aircraft Lease Agreement, calculated from 30 December 2014 to the end of the lease term (both days inclusive)
“FLR Transaction Documents”	The FLR assignment, the first aircraft mortgage, the insurance assignment and other ancillary documents

“Group”	the Company and its subsidiaries
“Independent Trust”	the trust (as trustee of three trust plans respectively) which is the assignee named in FLR assignment; the trust and its ultimate beneficial owners are independent third parties of the Company
“PRC”	the People’s Republic of China
“Realisation Transaction”	the transactions in relation to the entering into of the FLR Transaction Documents
“Shareholder(s)”	shareholder(s) of the Company
“SPCs”	the three special purpose companies (SPC1, SPC2 and SPC3) established in the PRC with limited liability and are indirect wholly-owned subsidiaries of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 19 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.

** For identification purpose only*