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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)

**CONNECTED TRANSACTION
PROVISION OF GUARANTEE**

On 22 June 2012, CALC Xianqing as buyer and Airbusac as seller entered into the Sale and Purchase Agreement in respect of the sale and purchase of an aircraft. In order to guarantee the payment obligations of CALC Xianqing under the Sale and Purchase Agreement, on 10 July 2012, CE Bank, Tianjin Branch issued the Guarantee in favour of Airbusac. The Guarantee was subsequently renewed by a guarantee amendment dated 2 July 2013 such that the expiry date of the Guarantee was amended from 2 July 2013 to 1 July 2014. The Guarantee was subsequently further renewed by a further guarantee amendment dated 30 June 2014 such that the expiry date of the Guarantee was further amended from 1 July 2014 to 26 June 2015.

Following the completion of the CEG Restructuring on 14 May 2015, CE Group became the sole shareholder of CE Hong Kong. CE Hong Kong is the indirect controlling shareholder of CE Limited which indirectly holds approximately 49.74% equity interest in CE Limited. CE Limited in turn indirectly holds approximately 35.6% equity interest in the Company as at the date of this announcement. Accordingly, CE Group is now a controlling shareholder of the Company, and thus CE Group and its associates, including CE Bank, have become connected persons of the Company upon completion of the CEG Restructuring. Therefore, any subsequent renewal of the Guarantee will constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Upon the expiry of the Guarantee, at the request of CALC Xianqing, on 26 June 2015 CE Bank, Tianjin Branch issued the 2015 Guarantee in favour of Airbusac for a term from 26 June 2015 to 24 June 2016.

As each of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) under the 2015 Guarantee exceeds 0.1% but is less than 5%, the 2015 Guarantee is subject to the reporting and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. BACKGROUND

On 22 June 2012, CALC Xianqing as buyer and Airbusac as seller entered into the Sale and Purchase Agreement in respect of the sale and purchase of an aircraft. In order to guarantee the payment obligations of CALC Xianqing under the Sale and Purchase Agreement, on 10 July 2012, CE Bank, Tianjin Branch issued an irrevocable bank guarantee in favour of Airbusac (the “**Guarantee**”). The Guarantee was subsequently renewed by a guarantee amendment dated 2 July 2013 such that the expiry date of the Guarantee was amended from 2 July 2013 to 1 July 2014. The Guarantee was subsequently further renewed by a further guarantee amendment dated 30 June 2014 such that the expiry date of the Guarantee was further amended from 1 July 2014 to 26 June 2015.

Following the completion of the CEG Restructuring on 14 May 2015, CE Group became the sole shareholder of CE Hong Kong. CE Hong Kong is the indirect controlling shareholder of CE Limited which indirectly holds approximately 49.74% equity interest in CE Limited. CE Limited in turn indirectly holds approximately 35.6% equity interest in the Company as at the date of this announcement. Accordingly, CE Group is now a controlling shareholder of the Company, and thus CE Group and its associates, including CE Bank, have become connected persons of the Company upon completion of the CEG Restructuring. Therefore, any subsequent renewal of the Guarantee will constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

II. THE 2015 GUARANTEE

Upon the expiry of the Guarantee, at the request of CALC Xianqing, on 26 June 2015 CE Bank, Tianjin Branch issued the 2015 Guarantee in favour of Airbusac for a term from 26 June 2015 to 24 June 2016. The principal terms of the 2015 Guarantee are summarized below:

<i>Date:</i>	26 June 2015
<i>Parties:</i>	(i) CALC Xianqing as applicant; (ii) CE Bank, Tianjin Branch as guarantor; and (iii) Airbusac as beneficiary
<i>Term:</i>	From 26 June 2015 to 24 June 2016.
<i>Guaranteed obligations:</i>	The purchase price and any and all fees, cost and indemnities of whatever nature payable by CALC Xianqing to Airbusac under the Sale and Purchase Agreement provided that the guarantee amount shall not exceed US\$10 million, which amount was determined based on the Guarantee dated 10 July 2012.
<i>Security:</i>	Deposits in the amount US\$1 million placed by the Group with CE Bank are pledged in favour of CE Bank as security. This amount is payable in RMB.

Handling fee: A one-off handling fee of US\$60,000 is payable by CALC Xiangqing to CE Bank, Tianjin Branch on the date of issuance of the 2015 Guarantee. This amount is payable in RMB.

III. REASONS FOR AND BENEFITS OF THE 2015 GUARANTEE

The Directors believe that CE Bank is well positioned to serve the financial needs of the Group as it has a thorough understanding of the operations and development needs of the Group, and in view of the stability and reliability of the financial services provided by CE Bank to the Group in previous years, it is expected that it will be cost-efficient, expedient and beneficial for the Group for the Guarantee to be renewed pursuant to the 2015 Guarantee.

The terms of the 2015 Guarantee have been agreed upon arm's-length negotiations between the Company and CE Bank, Tianjin Branch.

The Directors (including the independent non-executive Directors) are of the view that the 2015 Guarantee will be carried out in the ordinary and usual course of business of the Group, is on normal commercial terms, the terms therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IV. LISTING RULES IMPLICATIONS

CE Group is the sole shareholder of CE Hong Kong. CE Hong Kong is the indirect controlling shareholder of CE Limited which indirectly holds approximately 49.74% equity interest in CE Limited. CE Limited in turn indirectly holds approximately 35.6% equity interest in the Company as at the date of this announcement. Accordingly, CE Group is a controlling shareholder of the Company, and CE Group and its associates, including CE Bank, are connected persons of the Company. Therefore the 2015 Guarantee constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) under the 2015 Guarantee exceeds 0.1% but is less than 5%, the 2015 Guarantee is subject to the reporting and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the transactions under the 2015 Guarantee or is required to abstain from voting on the resolutions in relation to such transactions.

As stated in the Company's announcement dated 14 May 2015 and the Company's circular dated 15 June 2015, the EGM will be convened to consider and, if thought fit, approve the transactions (including the proposed annual monetary caps) contemplated under, among other things, the Loan Services Framework Agreement in relation to the provision of loan services and guarantees by CE Group to the Group. The Loan Services Framework Agreement is intended to cover, and the proposed annual monetary caps thereunder have taken into consideration, the transactions under the 2015 Guarantee. If the Loan Services Framework Agreement is approved by the independent Shareholders

at the EGM, the loan services and guarantees to be provided by CE Group, including the 2015 Guarantee, will be covered by and subject to the annual monetary caps under the Loan Services Framework Agreement.

V. GENERAL INFORMATION

The Company and its subsidiaries, including CALC Xianqing and Airbusac, are principally engaged in the aircraft leasing business in the PRC.

CE Bank was incorporated as a joint stock company with limited liability in the PRC and is one of the major commercial banks in the PRC and primarily engages in the commercial banking business, including retail banking, corporate banking and treasury operation, etc.

VI. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“2015 Guarantee”	the irrevocable bank guarantee issued by CE Bank, Tianjin Branch in favour of Airbusac on 26 June 2015 in respect of payment obligations of CALC Xianqing under the Sale and Purchase Agreement
“Airbusac”	Airbusac Limited, a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“associate”	has the meaning ascribed thereto under Chapter 14A of the Listing Rules
“Board”	the board of directors of the Company
“CALC Xianqing”	CALC Xianqing Limited* (中飛顯慶租賃(天津)有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“CE Bank”	China Everbright Bank Company Limited* (中國光大銀行股份有限公司), a joint stock limited company incorporated in the PRC and the H shares and A shares of which are listed on the Stock Exchange (stock code: 6818) and the Shanghai Stock Exchange (stock code: 601818), respectively, and is an associate of CE Group upon completion of the CEG Restructuring
“CE Beijing”	China Everbright Group Limited* (中國光大(集團)總公司), a wholly state-owned enterprise incorporated under the laws of the PRC

“CE Group”	China Everbright Group Ltd.* (中國光大集團股份有限公司), a company transformed from CE Beijing under the laws of the PRC pursuant to the Restructuring Plan and the Founder Agreement
“CE Hong Kong”	China Everbright Holdings Company Limited (中國光大集團有限公司), a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of CE Group
“CE Limited”	China Everbright Limited (中國光大控股有限公司), a company incorporated under the laws of Hong Kong with limited liability, whose shares are listed on the Stock Exchange (stock code: 0165) and is indirectly owned as to approximately 49.74% by CE Hong Kong
“CEG Restructuring”	the restructuring pursuant to which MOF made capital contribution of 100% equity interest in CE Beijing, which had been transformed from a state-wholly-owned enterprise to a joint stock limited company, and the name of which had been changed to China Everbright Group Ltd.* (中國光大集團股份有限公司) (i.e. CE Group); MOF made capital contributions to CE Group by and through injecting (1) the 100% equity interest in CE Hong Kong, with the authorization from the State Council; and (2) a loan and its interest accrued to CE Beijing; and Huijin Limited made capital contributions to CE Group by and through injecting certain assets as specified in the Restructuring Plan
“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 Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under Chapter 14A of the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under Chapter 1 of the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held on 30 June 2015 for considering, among other things, the Loan Services Framework Agreement and the proposed annual monetary caps thereunder
“Founder Agreement”	the founder agreement (發起人協議) dated 6 November 2014 entered into between MOF and Huijin Limited

“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
“Huijin Limited”	Central Huijin Investment Limited* (中央匯金投資有限責任公司), a company incorporated under the laws of the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Services Framework Agreement”	the agreement entered into between the Company and CE Group on 14 May 2015, pursuant to which CE Group has agreed to provide through, among others, CE Bank, loan services to the Group in accordance with the terms thereunder for the years of 2015, 2016 and 2017
“MOF”	the Ministry of Finance of the PRC
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Restructuring Plan”	the restructuring plan of CE Beijing as approved by the State Council
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 22 June 2012 between CALC Xianqing as buyer and Airbusac as seller in relation to the sale and purchase of an A330-200 manufacturer serial number 1330 aircraft
“Shareholder(s)”	the shareholder(s) of the Company
“State Council”	the State Council of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	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 June 2015

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 and Mr. GUO Zibin; 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.

** For identification purpose only*