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**If you are in any doubt** as to any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other appropriate independent adviser.

**If you have sold or transferred** all your shares in China Aircraft Leasing Group Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

**MAJOR TRANSACTION**

**IN RELATION TO THE PURCHASE OF 4 AIRBUS AIRCRAFT**

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23 December 2014

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## DEFINITIONS

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

“Airbus”	Airbus S.A.S., a company created and existing under the laws of France
“Airbus Aircraft”	4 Airbus A320 series aircraft from Airbus
“Aircraft Purchase Agreement”	the aircraft purchase agreement dated 25 August 2014 entered into by CALC (BVI) and Airbus pursuant to which CALC (BVI) has agreed to purchase and Airbus has agreed to sell the Airbus Aircraft
“Announcement”	the announcement of the Company dated 25 August 2014 regarding, among others, the Aircraft Purchase Agreement
“Board”	the board of Directors
“CALC (BVI)”	China Aircraft Leasing Company Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of the Company
“CALH”	China Aircraft Leasing Holdings Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands on 31 December 2010
“CE Aerospace”	China Everbright Aerospace Holdings Limited, a company incorporated in the Cayman Islands on 13 January 2009, a wholly-owned subsidiary of CEL and one of the Controlling Shareholders
“CEL”	China Everbright Limited, a company incorporated in Hong Kong on 25 August 1972 and listed on the Stock Exchange (Stock code: 165) and one of the Controlling Shareholders
“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 meaning ascribed to it under the Listing Rules
“Consideration”	the actual consideration payable by CALC (BVI) to Airbus for the purchase of the Airbus Aircraft (taking into account the price concession)

## DEFINITIONS

“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and, unless the context requires otherwise, refers to Capella Capital Limited, FPAM, Mr. POON Ho Man, Ms. Christina NG, CE Aerospace and CEL
“Directors”	the directors of the Company
“FPAM”	Friedmann Pacific Asset Management Limited, a company incorporated in the British Virgin Islands and one of the Controlling Shareholders
“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
“Latest Practicable Date”	18 December 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“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
“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
“PRC”	the People’s Republic of China
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted by CALH 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
“Prospectus”	the prospectus of the Company dated 30 June 2014
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

## DEFINITIONS

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent.

*In this circular, certain amounts denominated in US\$ are translated into HK\$ at the exchange rate shown below, but such conversions shall not be construed as representations that amounts in US\$ were or may have been converted into HK\$ at such rate or any other exchange rates or at all: US\$1 = HK\$7.8.*



**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)**

**Executive Directors:**

Mr. Poon Ho Man (*Chief Executive Officer*)  
Ms. Liu Wanting

**Non-executive Directors:**

Mr. Chen Shuang (*Chairman*)  
Mr. Tang Chi Chun  
Mr. Guo Zibin

**Independent non-executive Directors:**

Mr. Fan Yan Hok, Philip  
Mr. Ng Ming Wah, Charles  
Mr. Zhang Chongqing  
Mr. Nien Van Jin, Robert

**Registered office in the Cayman Islands:**

Maples Corporate Services Limited  
PO Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

**Principal Place of business in China:**

Room 6026-14, 6/F  
Joint Inspection Service Centre of Closed Area  
1 American Road  
Dongjiang Free Trade Port Zone  
Tianjin, China

**Principal place of business in Hong Kong:**

28th Floor, Far East Finance Centre  
16 Harcourt Road, Hong Kong

23 December 2014

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION**

**IN RELATION TO THE PURCHASE OF 4 AIRBUS AIRCRAFT**

**1. INTRODUCTION**

Reference is made to the Announcement regarding, among others, the purchase of the Airbus Aircraft by CALC (BVI) from Airbus pursuant to the Aircraft Purchase Agreement.

The purpose of this circular is to provide the Shareholders with further details in relation to the Aircraft Purchase Agreement in accordance with the Listing Rules.

## LETTER FROM THE BOARD

### 2. THE AIRCRAFT PURCHASE AGREEMENT

**Date:** 25 August 2014

#### **Parties**

- (1) CALC (BVI), as the purchaser; and
- (2) Airbus, as the vendor.

To the best of the Director's knowledge, information and belief and having made all reasonable enquiry, Airbus and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

**Aircraft to be acquired:** Four Airbus A320 aircraft

#### **Consideration**

The aggregate list price for the Airbus Aircraft (which comprises the airframe price, optional features price and engine price) is approximately US\$375.6 million (equivalent to approximately HK\$2,929.7 million).

In accordance with customary business and industry practice, Airbus granted CALC (BVI) significant price concessions with regard to the Airbus Aircraft to be purchased. Such price concessions were determined after arm's length negotiations between CALC (BVI) and Airbus. As a result, the Consideration for the Airbus Aircraft to be purchased is considerably lower than the list price mentioned above for such aircraft. The Directors confirm that the extent of the price concessions granted to CALC (BVI) under the Aircraft Purchase Agreement is comparable with the price concessions that CALC (BVI) had obtained in the past. The Company believes that there is no material impact of the price concessions obtained under the Aircraft Purchase Agreement on the operating costs of its fleet, but there will be material impact on the aircraft financing cost of the Group's fleet due to the lower aircraft purchase price to be financed.

CALC (BVI) is subject to a confidentiality obligation under which none of the terms of the Aircraft Purchase Agreement can be disclosed to any third party without the written consent of Airbus. For the purpose of the disclosure obligations of the Company normally required under Chapter 14 of the Listing Rules, CALC (BVI) has obtained such consent save for the Consideration.

It is normal business practice in the global airline industry to disclose the aircraft list price, instead of the consideration for aircraft acquisitions. Disclosure of the Consideration will result in the loss of the significant price concessions and hence will have a significant negative impact on the costs of the Company incurred in undertaking the purchase and will therefore not be in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted a waiver from strict compliance with Rules 14.58(4) and 14.66(4) of the Listing Rules in respect of the disclosure of the Consideration.

### **Payment and delivery terms**

The Consideration will be partly settled from the Company's internal resources and partly by financing arrangements with banking institutions.

The Consideration is payable in cash in three instalments, with the first two instalments to be paid prior to the delivery of the Airbus Aircraft (the "**Pre-delivery Payment**") and the balance, being a substantial portion of the Consideration, to be paid upon delivery of the Airbus Aircraft. The Pre-delivery Payment is a progress payment to be made by the Company to Airbus at different milestones when the new aircraft ordered by the Company are being built. It represents about 30% to 40% of the Consideration which is consistent with the historical purchase of aircraft with Airbus.

As at the Latest Practicable Date, the Airbus Aircraft had been delivered to CALC (BVI) pursuant to the Aircraft Purchase Agreement.

### **Source of funding**

The Group had already paid the Pre-delivery Payment to Airbus on each of August and September of 2014 out of the Group's working capital. When the Airbus Aircraft were delivered in each of October and November of 2014, the Group drew on the bank loans granted to it by the Export-Import Bank of China in order to pay off the remaining portion of the Consideration. The percentage of the Consideration to be funded by bank loans and/or financing and the Group's working capital to be consistent with the Group's policy to maintain asset-liability (gearing) ratio at below 95%.

### **Financial impact of the acquisition**

As mentioned above, the Pre-delivery Payment and part of the Consideration are, as currently contemplated, being funded through the Group's working capital and bank loans from commercial banks. The acquisition will therefore result in an increase in the Company's debt-to-equity ratio, while the Company's debt-to-equity ratio is maintained at below 95%. The acquisition is not expected to have substantial impact on the Company's cashflow position or its business operations. The acquisition is not expected to result in a material impact on the earnings, assets and liabilities of the Group.

### **3. REASONS FOR ENTERING INTO THE AIRCRAFT PURCHASE AGREEMENT**

The Directors are of the view that completion of the Aircraft Purchase Agreement not only matches the growth strategy of the Group, but also demonstrates the ability of the Group to match customer demand with the sources of new aircraft under dynamic market conditions.

The Directors consider that the terms of the Aircraft Purchase Agreement are fair and reasonable and in the interest of the Shareholders as a whole.



## LETTER FROM THE BOARD

#### 4. INFORMATION ABOUT THE GROUP AND AIRBUS

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

To the knowledge of the Directors, Airbus is principally engaged in the business of aircraft manufacturing and selling aircraft.

#### 5. IMPLICATIONS OF THE LISTING RULES

As the relevant percentage ratios under Rule 14.07 of the Listing Rules for the Aircraft Purchase Agreement is above 25% but less than 100%, the Aircraft Purchase Agreement constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements in Chapter 14 under the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval of the Aircraft Purchase Agreement may be given by way of written Shareholders' approval in lieu of holding a general meeting if (1) there is no Shareholder who has a material interest in the Aircraft Purchase Agreement and, therefore, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Aircraft Purchase Agreement; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the Aircraft Purchase Agreement.

So far as the Directors are aware after making reasonable enquiry, there is no Shareholder who has a material interest in the Aircraft Purchase Agreement and, therefore, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Aircraft Purchase Agreement.

Written approval of the Aircraft Purchase Agreement has been obtained from the following Shareholders:

Name	Number of Shares held	Approximately percentage of shareholding
FPAM (Note 1)	181,254,589	30.94%
CE Aerospace (Note 2)	<u>206,979,479</u>	<u>35.33%</u>
<b>Total:</b>	<u><u>388,234,068</u></u>	<u><u>66.27%</u></u>

Notes:

- (1) FPAM is owned as to 0.01% by Ms. Christina Ng ("Ms. Ng") and 99.99% by Capella Capital Limited, which is in turn owned as to 10% by Ms. Ng and 90% by Mr. Poon Ho Man, spouse of Ms. Ng and the founder of the FPAM group.
- (2) CE Aerospace is wholly-owned by CEL.

## LETTER FROM THE BOARD

FPAM and CE Aerospace constitute “a closely allied group of Shareholders” under Rule 14.45 of the Listing Rules for the reasons set out below:

- (a) CE Aerospace became a member of the Group since June 2011 as a strategic investor;
- (b) CE Aerospace appointed two representatives, namely Mr. Chen Shuang and Mr. Tang Chi Chun to the Board in connection with its investment in the Group pursuant to a shareholders’ agreement entered into between CE Aerospace and FPAM;
- (c) as at the Latest Practicable Date, CE Aerospace has not disposed of any of its shares in the Company. The Directors have been given to understand that CE Aerospace’s investment in the Company and the Group is of a long-term and strategic nature and that CE Aerospace and FPAM have established and will maintain a long-term and stable business relationship with each other; and
- (d) although they are not parties acting in concert within the meaning of the Code on Takeovers and Mergers, CE Aerospace and FPAM have voted unanimously on all Shareholders’ resolutions since inception of the Group (other than routine resolutions at annual general meetings).

On the basis that FPAM and CE Aerospace form a closely allied group of Shareholders, their written approvals may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

### 6. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

## 1. FINANCIAL INFORMATION OF THE GROUP FOR THE YEARS ENDED 31 DECEMBER 2011, 2012 AND 2013

Financial information of the Group for each of the years ended 31 December 2011, 2012 and 2013 is disclosed in the pages I-1 to I-56 (*Appendix I*) of the Prospectus (<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0630/LTN20140630091.pdf>) which has been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.calc.com.hk>).

## 2. STATEMENT OF INDEBTEDNESS

As of 31 October 2014, which is the latest practicable date for the purpose of determining the amount of indebtedness, the Company had outstanding interest-bearing balance of bank borrowings and long-term borrowings in the total amount of HK\$13,909.1 million.

As of 31 October 2014, the bank borrowings are secured by (a) in addition to other legal charges, all of the aircraft leased to airline companies by the Company under either finance leases or operating leases; (b) pledge of the shares in the special established vehicles of the Company owning the related aircraft; (c) guarantees from certain members of the Group; (d) pledge of deposits amounting to HK\$68.2 million; and (e) certain rights and benefits in respect of acquisition of aircraft.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as of 31 October 2014, being the latest practicable date for determining indebtedness, the Company did not have any outstanding mortgages, charges, debentures, debt securities or other loan capital or bank overdrafts or loans or other similar indebtedness or finance lease commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments or guarantees or other material contingent liabilities.

## 3. WORKING CAPITAL

The Consideration for each aircraft will be paid according to the respective delivery schedule. The Company is required to pay the Pre-delivery Payment to the aircraft manufacturer when the new aircraft ordered by the Company are being built. The Pre-delivery Payment represents approximately 30%–40% of the Consideration. The Company normally uses Pre-delivery Payment financing for settlement of the Pre-delivery Payment. The remaining balance of the Consideration will be financed by the long-term bank borrowings when the relevant aircraft is about to be delivered. The Company expects that the Consideration, together with other capital commitments and working capital requirements of the Group will be funded through new commercial bank loans, Pre-delivery Payment financing, debt and equity financing and the Company's internal resources.

Reference is also made to the announcement and circular of the Company dated 1 December 2014 and 10 December 2014 respectively, CALC (BVI) and Airbus entered into two aircraft purchase agreements, pursuant to which CALC (BVI) agreed to purchase 100 Airbus A320 series aircraft from Airbus. The aggregate list price for the 100 Airbus aircraft (which comprises the airframe price, optional features price and engine price) is approximately US\$10.2 billion (equivalent to approximately HK\$79.56 billion).

In June 2013, the Company entered into a cooperative agreement with China Development Bank, Hong Kong Branch, pursuant to which the bank agreed to provide to the Group a conditional loan facility amounting (the “**CDB Loan Facility**”) to US\$1.5 billion (equivalent to HK\$11.7 billion) during the period of 2013 to 2018 for the purpose of purchasing aircraft. The granting of each specific loan will be subject to the credit assessment and approvals to be performed by the bank and the agreement of terms and conditions of the respective loan agreements, which will only be confirmed shortly before the delivery of the relevant aircraft.

The Company also entered into a framework strategic cooperative agreement with The Export-Import Bank of China on 4 November 2014, pursuant to which the bank agreed to provide the Group with a credit facility (the “**EXIM Credit Facility**”) of no more than RMB 10 billion (equivalent to HK\$12.5 billion). The term of the framework agreement is three years from the date of signing of the framework agreement. The granting of each specific loan will be subject to the credit assessment and approvals to be performed by bank. Further definitive agreements will be entered into with the bank if consensus may be reached between the parties on any detailed terms and arrangements.

Besides, the Company also intends to obtain Pre-delivery Payment financings and long-term bank borrowings from other banks (“**New Bank Loans**”), and other debt and equity financing to finance the Consideration, other capital commitments and working capital requirements of the Group. The Group is in discussion with various banks to obtain new Pre-delivery Payment financing and long-term bank borrowings. However, as at the Latest Practicable Date, no formal agreements have been reached on the Pre-delivery Payment financing and long-term bank borrowings. The Company has not made any definitive agreements or arrangements in relation to debt and equity fund raising.

The Directors are of the opinion that, in the absence of unforeseeable circumstances, and after taking into account the Group’s business prospects, internal resources and available banking facilities and based on the assumptions that the necessary funding from CDB Loan Facility, EXIM Credit Facility, New Bank Loans or other debt and equity financing as set out above can be duly obtained, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

The working capital sufficiency for the Group’s present requirements for at least the next twelve months from the date of this circular is heavily dependent on the Group’s ability to obtain necessary funding from the CDB Loan Facility, the EXIM Credit Facility, New Bank Loans or other debt and equity financing as described in the preceding paragraphs, but it is noted that the Company is not required to arrange for the long-term bank borrowing for an aircraft until there is a lease commitment with the delivery date of the aircraft having been agreed with the relevant airline customer.

In any event, if the Group cannot obtain the necessary funding, the Group would execute contingency plans by (i) negotiating with Airbus to transfer the relevant aircraft delivery slot to third party through Airbus; (ii) negotiating with Airbus for deferred delivery of the relevant aircraft; and (iii) as the last resort, the Group would engage aircraft broking agents to transfer

the relevant aircraft delivery slot to third party. Given the current market price and demand and the transaction volume in the secondary market, the Directors believe that the contingency plans are feasible and its execution would have minimal impact on the liquidity of the Group.

#### 4. FINANCIAL AND TRADING PROSPECTS

##### Financial status

The Company focuses on the aircraft leasing market in China. It is the strategy of the Group to keep in pace of the growing aircraft leasing market in China.

For the six months ended 30 June 2014, the Group delivered nine aircraft, which represented the full year delivery in 2013. Revenues grew by 63.5% to HK\$432.4 million and recurring net profit after tax excluding one-off IPO listing expenses, increased by 79.3% to HK\$87.5 million, when comparing with the corresponding period of last year. Recurring net operating profit margin excluding one-off IPO listing expenses, was at 20%, or around 2% higher than that of the corresponding period of last year. The profit growth is mainly driven by the Group's expansion and business growth.

After deducting one-off IPO listing expenses, the net profit attributable to owners of the Company was HK\$62.8 million (six months ended 30 June 2013: HK\$44.1 million), or 42.4% higher than that of the corresponding period of last year.

Total assets, mainly include aircraft and finance lease receivables, amounted to HK\$14.3 billion as at 30 June 2014, representing 11.6% increase from that as at 31 December 2013. As the aircraft acquisition is based on project financing, the borrowings increased to HK\$12.9 billion correspondingly. The total liabilities increased in line with the assets growth.

Equity attributable to owners of the Company was HK\$897.9 million as at 30 June 2014 (31 December 2013: HK\$938.6 million). Including the non-controlling interests, the total equity is HK\$917.3 million as at 30 June 2014 (31 December 2013: HK\$958.1 million) and return on total equity maintained at 20.4% as at 30 June 2014 (31 December 2013: 21.1%). Taking out the one-off IPO listing expenses, the return on total equity was 23.6% as at 30 June 2014 (31 December 2013: 22.3%).

##### Prospects

In the second half of 2014, the Chinese government will continue with placing emphasis on stable growth, actively expanding internal demand and guiding investments to develop the real economy. Current and future economic development will be balanced through reforms and innovation.

According to Ascend China Holding Limited, a Flightglobal advisory service and part of Reed Business Information Limited, the demand for aircraft in China market will continue to grow and the total number of leased commercial aircraft in China will increase by 262 aircraft to 1,061 aircraft during the three years ending 31 December 2016.

Because of the successful business development experience of the Company in aircraft leasing, it has established business relationships with most of the leading airlines in China, which the Company believes their demand for leased aircraft will continue to increase in the future.

Taking into account the Airbus Aircraft delivered to the Company pursuant to the Aircraft Purchase Agreement and the 100 Airbus aircraft to be delivered to the Company as disclosed in the circular of the Company dated 10 December 2014, the fleet size of the Company is expected to reach 168 at the end of 2022.

The Company believes that its fleet expansion plan is reasonable in light of the prevailing demand and supply condition of the China aircraft leasing industry.

After successful listing in Hong Kong, the Group has started its planning in two important projects in China, namely, a RMB debt issuance and a new business in aircraft disassembly plant respectively. The implication of RMB debt issuance will positively confirm the Group's capability and qualification of fund raising in the PRC debt market as well as its credit rating in China. On 3 December 2014, the Company announced that a memorandum of understanding was entered into between the Company and Municipal Government of Harbin, the PRC in relation to the aircraft disassembly plant. The aircraft disassembly plant will further demonstrate the Group's capability in providing full aircraft solutions to airlines.

## **5. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, being the date to which the latest published audited accounts of the Company have been made up.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiry, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. INTERESTS OF DIRECTORS

The interests of the Directors and chief executives in the issued share capital and underlying shares of the Company as at the Latest Practicable Date are set out as follows:

Name	Capacity/Nature of interest	Number of shares held <sup>(Note 1)</sup>	Number of underlying shares held	Approximately percentage of shareholding
Mr. Poon Ho Man	interest of controlled corporation	181,254,589(L) <sup>(Note 2)</sup>	—	30.94%
	interest of controlled corporation		1,300,000 <sup>(Note 3)</sup>	0.22%
	interest of controlled corporation		15,000,000 <sup>(Note 4)</sup>	2.56%
Ms. Liu Wanting	interest of controlled corporation		10,000,000 <sup>(Note 5)</sup>	1.71%
Mr. Chen Shuang	beneficial owner		200,000 <sup>(Note 6)</sup>	0.03%
Mr. Tang Chi Chun	beneficial owner		200,000 <sup>(Note 6)</sup>	0.03%
Mr. Guo Zibin	beneficial owner		200,000 <sup>(Note 6)</sup>	0.03%
Mr. Fan Yan Hok, Philip	beneficial owner		200,000 <sup>(Note 6)</sup>	0.03%
Mr. Ng Ming Wah, Charles	beneficial owner		200,000 <sup>(Note 6)</sup>	0.03%
Mr. Zhang Chongqing	beneficial owner		200,000 <sup>(Note 6)</sup>	0.03%
Mr. Nien Van Jin, Robert	beneficial owner		200,000 <sup>(Note 6)</sup>	0.03%

Notes:

- (1) The letter “L” denotes the entity/person’s long position in the securities.
- (2) FPAM is a substantial shareholder of the Company which is owned as to 0.01% by Ms. Christina Ng and 99.99% by Capella Capital Limited, which is in turn owned as to 10% by Ms. Ng and 90% by Mr. Poon Ho Man, spouse of Ms. Ng and the founder of the FPAM group.

- (3) These interests represented the interests in underlying shares in respect of the share options granted by the Company to FPAM pursuant to the Pre-IPO Share Option Scheme.
- (4) These interests represented the interests in underlying shares in respect of the share options granted by the Company to Equal Honour Holdings Limited, a company wholly-owned by Mr. Poon Ho Man, pursuant to the Pre-IPO Share Option Scheme.
- (5) These interests represented the interests in underlying shares in respect of the share options granted by the Company to Smart Vintage Investments Limited, a company wholly-owned by Ms. Liu Wanting, pursuant to the Pre-IPO Share Option Scheme.
- (6) These interests represented the interests in underlying shares in respect of the share options granted by the Company to each non-executive director and independent non-executive director of the Company pursuant to the Post-IPO Share Option Scheme.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the Company's chief executive had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest and short position which he/she was taken or deemed to have under such provisions of the SFO); or (ii) entered in the register of interests required to be kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (which for this purpose shall be deemed to apply to the supervisors of the Company to the same extent as it applies to the Directors).

As at the Latest Practicable Date, Mr. Poon Ho Man is a director of FPAM, and Mr. Chen Shuang and Mr. Tang Chi Chun are directors of CE Aerospace. Both FPAM and CE Aerospace are companies having an interest in the Company's shares and underlying shares required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring nor terminable by the Group within a year without payment of any compensation (other than statutory compensation).

### **4. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective associates was interested in any business (apart from the Group's business) which competes or is likely to compete either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder).



## 5. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors of the Company had any direct or indirect interest in any assets which have been, since 31 December 2013 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors of the Company was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

## 6. LITIGATION

As at the Latest Practicable Date, the Directors were not aware of any litigation or claim of material importance pending or threatened against any member of the Group.

## 7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of this circular and are or may be material:

- (a) the share redemption agreement dated 23 June 2014 entered into between FPAM, CE Aerospace, Easy Smart Limited, Prosper Victory Limited, CALH and the Company, pursuant to which CALH repurchased its 214,381,958 shares, 206,966,648 shares, 37,771,413 shares and 9,831,909 shares from FPAM, CE Aerospace, Easy Smart Limited and Prosper Victory Limited respectively in consideration of (i) transfer of 10,000 Shares from CALH to FPAM and (ii) allotment and issue of 214,371,959 Shares, 206,966,648 Shares, 37,771,413 Shares and 9,831,909 Shares to FPAM, CE Aerospace, Easy Smart Limited and Prosper Victory Limited, respectively (under the direction of CALH);
- (b) the deed of non-competition dated 23 June 2014 entered into by the Controlling Shareholders in favour of the Group in respect of certain non-competition undertakings;
- (c) the deed of indemnity dated 23 June 2014 entered into by the Controlling Shareholders in favour of the Group (for itself and as trustee for each of its subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters, any liability for Hong Kong estate duty which might be incurred by any member of the Group by virtue of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong, as amended from time to time)) to any member of the Group on or before 30 June 2014; and

- (d) the conditional underwriting agreement dated 27 June 2014 in respect of the public offering of the ordinary shares of the Company in Hong Kong entered into between, among others, the Company, the Controlling Shareholders, the executive Directors, the joint sponsors, the joint global coordinators, the joint bookrunners, joint lead managers, and the Hong Kong underwrites.

Save as disclosed above, no material contract (not being a contract entered into in the ordinary course of business) has been entered into by any member of the Group within the two years immediately preceding the issue of this circular.

## **8. COMPANY SECRETARY**

Mr. LEUNG Ming Yiu (梁明耀) is the finance manager and company secretary of the company. Mr. LEUNG is a Certified Public Accountant in Hong Kong.

## **9. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at 28th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for a period of 14 days (excluding Saturdays and Sundays) from the date of this circular:

- (1) the Company's articles of association;
- (2) the Prospectus;
- (3) a copy of each contract set out in the paragraph headed "Material Contracts" in this Appendix; and
- (4) this circular.

The Company has applied for, and has obtained, a waiver for the acquisition from strict compliance with Rule 14.58(4) and Rule 14.66(4) of the Listing Rules from the Stock Exchange, so that only the redacted version of the Aircraft Purchase Agreement will be available for inspection by the public. Information in relation to the actual Consideration will not be disclosed in the Aircraft Purchase Agreement.