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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)

DISCLOSEABLE TRANSACTION LEASE OF AIRCRAFT TO SICHUAN AIRLINES

THE SICHUAN AIRLINES AIRCRAFT LEASE AGREEMENTS

On 6 January 2016, the Company, through three of its wholly owned special purpose vehicles, entered into the Sichuan Airlines Aircraft Lease Agreements with Sichuan Airlines respectively, pursuant to which the Company, through these wholly owned special purpose vehicles, agreed to lease three Airbus A320 aircraft to Sichuan Airlines.

IMPLICATION OF THE LISTING RULES

As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Sichuan Airlines Aircraft Lease Agreements is above 5% but below 25%, the transaction constitutes a discloseable transaction of the Company and is therefore subject to the announcement requirement in Chapter 14 of the Listing Rules.

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It is expected that the Sichuan Airlines Aircraft Lease Agreements will be classified as finance leases according to the Company's accounting policies. The final accounting treatment will be confirmed on or before the delivery of the respective aircraft and commencement of the respective Sichuan Airlines Aircraft Lease Agreement.

Date: 6 January 2016

Parties

- (1) the Company, through three of its wholly owned special purpose vehicles, as the lessor;
and
(2) Sichuan Airlines, as the lessee.

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

Aircraft to be leased: three Airbus A320 aircraft

Term

144 months from the date when each of the three Airbus aircraft is delivered to and accepted by Sichuan Airlines respectively.

Rent/Average annual return on assets

The expected average annual return on assets in respect of the Sichuan Airlines Aircraft Lease Agreements is approximately 1.8%, which is calculated by dividing average annual net profit by the aircraft purchase price. The return on assets for the lease of an aircraft is a reasonable measure of investment return for investing in the aviation industrial sector.

The rent for the three Airbus aircraft was determined after arm's length negotiations between the parties and on normal commercial terms, and are comparable to the prevailing market rate for aircraft lease transactions of comparable nature.

In the event of default by Sichuan Airlines, the terms of the Sichuan Airlines Aircraft Lease Agreements provide for re-possession of aircraft by the Company.

Conditions Precedent

Delivery of the aircraft is conditional upon fulfilment or waiver by the relevant parties of certain conditions on or prior to the delivery date, including but not limited to, the provision of relevant documentation in form and substance satisfactory to the parties, due execution of the Sichuan Airlines Aircraft Lease Agreements and/or ancillary agreements by the parties, due payment of the first instalment of rent and security deposit by Sichuan Airlines, and the delivery of the aircraft from the manufacturer to the owner of the aircraft.

Payment and delivery terms

The rent for each of the three Airbus aircraft is payable quarterly in advance throughout the term of the Sichuan Airlines Aircraft Lease Agreements respectively.

The three Airbus aircraft are expected to be delivered to Sichuan Airlines in 2016.

REASONS FOR ENTERING INTO THE SICHUAN AIRLINES AIRCRAFT LEASE AGREEMENTS

The Group is one of the leading aircraft operating lessors and a one-stop, full life cycle aircraft solutions provider in China. We have built a platform that covers all aircraft related services. Currently, the Group owns a portfolio of 63 commercial aircraft which are all leased to airlines. Based on the current committed purchase orders, the Group expects that its fleet will ultimately grow to 170 by 2022. This demonstrates the ability and dedication of the Group to capture the rising need for leased commercial aircraft.

The Directors believe that entering into the Sichuan Airlines Aircraft Lease Agreements will allow the Group to take advantage of the opportunities in the high-growth aircraft leasing market in China and retain the Group's existing customers with lease terms that are profitable for the Group. The Sichuan Airlines Aircraft Lease Agreements also demonstrate the ability of the Group to address the needs of airline customers with quick delivery schedules. The Directors confirm that the Sichuan Airlines Aircraft Lease Agreements have been entered into by the Group in its ordinary and usual course of business. The Directors believe that the Sichuan Airlines Aircraft Lease Agreements are on normal commercial terms and are fair and reasonable and in the interest of the Shareholders as a whole.

The Group will continue to pursue its business opportunities in both domestic and overseas markets to create value for shareholders and retain its leading position as one of the largest independent aircraft lessors in China.

INFORMATION ABOUT THE GROUP AND SICHUAN AIRLINES

The Group is principally engaged in aircraft leasing business.

To the knowledge of the Directors, Sichuan Airlines is engaged in the business of civil aviation services.

IMPLICATIONS OF THE LISTING RULES

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DEFINITIONS

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

“Board”	the board of Directors
“China”	the People’s Republic of China, excluding Hong Kong and the Macau Special Administrative Region for the purpose of this announcement
“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 thereto under the Listing Rules
“Directors”	the directors of the Company
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Shareholder(s)”	shareholder(s) of the Company
“Sichuan Airlines”	Sichuan Airlines Co., Ltd. (四川航空股份有限公司), a company incorporated under the laws of China
“Sichuan Airlines Aircraft Lease Agreements”	the three aircraft lease agreements dated 6 January 2016 entered into between the Company (through its wholly owned special purpose vehicles, as lessor) with Sichuan Airlines (as lessee) for the lease of three Airbus A320 aircraft
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
China Aircraft Leasing Group Holdings Limited
CHEN SHUANG
*Chairman, Executive Director
and Chief Executive Officer*

Hong Kong, 6 January 2016

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.