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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 HAWAIIAN AIRLINES**

THE HAWAIIAN AIRCRAFT LEASE AGREEMENT

On 29 December 2016 (after trading hours), the Company, through its wholly-owned special purpose vehicle (as the lessor), entered into the Hawaiian Aircraft Lease Agreement with Hawaiian (as the lessee), pursuant to which the Company, through this wholly-owned special purpose vehicle, agreed to lease the Hawaiian Aircraft to Hawaiian; and such lessor agreed to grant to Hawaiian the Purchase Option to purchase the Hawaiian Aircraft, exercisable on the Lease Expiry Date.

IMPLICATION OF THE LISTING RULES

As the applicable percentage ratio under Rule 14.07 of the Listing Rules for the Hawaiian Aircraft Lease Agreement is above 5% but below 25%, the Transaction constitutes a discloseable transaction of the Company and is therefore subject to the announcement requirement under Chapter 14 of the Listing Rules.

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It is expected that the Hawaiian Aircraft Lease Agreement will be classified as a finance lease according to the Company's accounting policies. The final accounting treatment will be confirmed on or before the delivery of the Hawaiian Aircraft and commencement of the Hawaiian Aircraft Lease Agreement.

Date

29 December 2016

Parties

- (1) the Company, through its wholly-owned special purpose vehicle as the lessor; and
- (2) Hawaiian, as the lessee.

Aircraft to be leased

One Airbus A321neo aircraft.

Term

144 months from the date when the Hawaiian Aircraft is delivered to and accepted by Hawaiian.

Rental fees/Average annual return on assets

The expected average annual return on assets in respect of the Hawaiian Aircraft Lease Agreement is 3.17%, 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 rental fees for the Hawaiian Aircraft were determined after arm's length negotiation 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 a default by Hawaiian, the terms of the Hawaiian Aircraft Lease Agreement provide for re-possession of the Hawaiian Aircraft by the Company.

Conditions Precedent

Delivery of the Hawaiian 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 Hawaiian Aircraft Lease Agreement and/or ancillary Agreement by the parties, due payment of the first instalment of basic rent and security deposit by Hawaiian, and the delivery of the Hawaiian Aircraft from the manufacturer to the owner of the Hawaiian Aircraft.

Payment and delivery terms

The rental fees for the Hawaiian Aircraft are payable in cash monthly in advance throughout the term of the Hawaiian Aircraft Lease Agreement.

The Hawaiian Aircraft is expected to be delivered to Hawaiian in 2018.

Purchase Option

Pursuant to the Hawaiian Aircraft Lease Agreement, the lessor agreed to grant to Hawaiian the Purchase Option to purchase the Hawaiian Aircraft, exercisable on the Lease Expiry Date by payment of the pre-determined fixed price to the lessor immediately prior to transfer of title of Hawaiian Aircraft and provided that prior 12-month's written notice is given by Hawaiian of its intention to exercise the Purchase Option to the lessor on the Lease Expiry Date.

REASONS FOR ENTERING INTO THE HAWAIIAN AIRCRAFT LEASE AGREEMENT

The Group is one of the leading aircraft operating lessors and a one-stop, full life cycle aircraft solutions provider. We have built a platform that covers all aircraft related services. The Group owns and manages a fleet of 81 aircraft as at the date of this announcement.

The Directors are of the view that completion of the Transaction is in line with the growth strategy of the Group. The Transaction demonstrates the ability and flexibility of the Group to provide diverse aircraft solutions to meet customers' needs under dynamic market conditions and gain new customer with lease terms that are profitable for the Group. The Transaction also demonstrates the ability of the Group to take advantage of the opportunities in the high-growth aircraft leasing market in the overseas and to address the needs of customers with delivery schedule that fits their fleet plan. The Directors confirm that the Hawaiian Aircraft Lease Agreement has been entered into by the Company in its ordinary and usual course of business and that the Transaction will have no material adverse impact on the Company's operations and financial position. The Directors believe that the Hawaiian Aircraft Lease Agreement is on normal commercial terms and is fair and reasonable and in the interests of the Shareholders as a whole.

With its fleet expansion plan from 2016 onwards, the Group will continue to pursue its business development in both PRC and overseas markets to retain its leading position as one of the largest independent aircraft lessors in the PRC.

INFORMATION ABOUT THE GROUP AND HAWAIIAN

The Group is principally engaged in aircraft leasing business.

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

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

IMPLICATIONS OF THE LISTING RULES

As the applicable percentage ratio under Rule 14.07 of the Listing Rules for the Hawaiian Aircraft Lease Agreement is above 5% but below 25%, the Transaction constitutes a discloseable transaction of the Company and is therefore subject to the announcement requirement under Chapter 14 of 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
“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
“Hawaiian”	Hawaiian Airlines, Inc., a company established under the laws of the USA
“Hawaiian Aircraft”	one Airbus A321neo aircraft to be leased from the Company to Hawaiian
“Hawaiian Aircraft Lease Agreement”	an aircraft lease Agreement dated 29 December 2016 entered into between the Company (through its wholly-owned special purpose vehicle as lessor) and Hawaiian (as lessee) for the lease of the Hawaiian Aircraft
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Expiry Date”	the last day of the full term of the Hawaiian Aircraft Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Purchase Option”	a fixed-price purchase option to purchase the Hawaiian Aircraft granted by the lessor of the Hawaiian Aircraft Lease Agreement to Hawaiian exercisable on the Lease Expiry Date by payment of the pre-determined fixed price to the lessor immediately prior to transfer of title of the Hawaiian Aircraft
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction contemplated under the Hawaiian Aircraft Lease Agreement
“USA”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“%”	per cent.

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

Hong Kong, 29 December 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, Mr. GUO Zibin and Ms. CHEN Chia-Ling; and (iii) the Independent Non-executive Directors are Mr. FAN Yan Hok, Philip, Mr. NIEN Van Jin, Robert, Mr. CHEOK Albert Saychuan and Mr. CHOW Kwong Fai, Edward, JP.