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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
IN RELATION TO THE PURCHASE AND
LEASEBACK ARRANGEMENT OF ONE AIRCRAFT**

AIRCRAFT AGREEMENT

Reference is made to the Announcement dated 29 December 2017 in relation to the Previous Aircraft Agreements in respect of the purchase and leaseback arrangement of two used Airbus aircraft.

The Board is pleased to announce that on 13 August 2018 (after trading hours), the Company, through one of its wholly-owned special purpose vehicles, entered into the Aircraft Agreement with SaudiGulf Airlines, pursuant to which the Company agreed to purchase one used Aircraft from SaudiGulf Airlines. The Aircraft will be leased back to SaudiGulf Airlines subsequently.

IMPLICATION OF THE LISTING RULES

As the Transaction was entered into within a 12-month period after the date of the Previous Aircraft Agreements, pursuant to Rule 14.22 of the Listing Rules, the Transaction shall be aggregated together with the transactions contemplated under the Previous Aircraft Agreements.

As the applicable percentage ratio under Rule 14.07 of the Listing Rules for the Transaction and the transactions contemplated under the Previous Aircraft Agreements on an aggregated basis 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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Date

13 August 2018

Parties

- (1) the Company, through one of its wholly-owned special purpose vehicles, as purchaser; and
- (2) SaudiGulf Airlines, as vendor.

Aircraft to be acquired

one used Airbus A320ceo aircraft

Consideration

As an alternative to disclosing the Consideration for the Transaction, the Company will disclose the appraised value of the Aircraft.

The rolling encumbered valuation of the Aircraft (obtained from an independent appraiser) is approximately US\$52.86 million (equivalent to approximately HK\$412.31 million) (the “**Market Appraised Value**”).

The Company is subject to strict confidentiality obligation under which no disclosure with respect to the terms of the Aircraft Agreement shall be made to any third party, save with the written consent of SaudiGulf Airlines. For the company’s compliance with its disclosure obligations normally required under Chapter 14 of the Listing Rules, the Company has obtained consent to disclose the terms of the Aircraft Agreement, other than the Consideration.

The Board considers that the Consideration was determined on an arm’s length basis, taking into account the Market Appraised Value, and the terms and conditions of the Transaction as a whole and with reference to market conditions.

The Company is unable to disclose the net profits attributable to the Aircraft prior to the Transaction as the Aircraft was owned and operated by SaudiGulf Airlines. The Company has requested SaudiGulf Airlines to provide the information required to determine the net profits attributable to the Aircraft but has been advised that such information on revenues and costs associated with the Aircraft is highly confidential in nature and would require an extremely complex and arbitrary allocation of both revenues from ticket sales (across a wide variety of routes) and costs (including financing costs, taxes, fuel costs, maintenance costs, depreciation and general overheads).

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 14.58(7) of the Listing Rules requiring disclosure of the Consideration and net profits attributable to the Aircraft for the two financial years immediately preceding the Transaction.

Payment and delivery terms

The Consideration for the Aircraft will be paid upon completion of the purchase of such Aircraft, which is estimated to occur in 2018.

Source of funding

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

REASONS FOR ENTERING INTO THE TRANSACTION

The Company entered into the Transaction as part of an aircraft purchase and leasing arrangement.

The Directors are of the view that completion of the Transaction is in line with the Group's business expansion plan and globalisation strategy. The purchase-and-leaseback arrangement enables the Group to expand its fleet while securing long-term leases, through which the Group provides flexible solutions to cater to airline customers' fleet plan. The Transaction not only enlarges the Group's fleet portfolio, it also continues to extend its global footprints in the Middle East.

The Directors confirm that the Aircraft Agreement has been entered into by the Company in the 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 consider that the Aircraft Agreement is on normal commercial terms and is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE GROUP AND SAUDIGULF AIRLINES

The Group is principally engaged in global aircraft leasing business with a fleet of 112 owned and 4 managed aircraft respectively as of 12 August 2018.

To the knowledge of the Directors, SaudiGulf Airlines is principally 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, SaudiGulf Airlines and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

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:

“Airbus”	Airbus S.A.S., a company duly created and existing under the laws of France
“Aircraft”	one used Airbus A320ceo aircraft
“Aircraft Agreement”	the aircraft purchase and leaseback agreement entered into between SaudiGulf Airlines (as vendor) and the Company (through one of its wholly-owned special purpose vehicles, as purchaser) on 13 August 2018, pursuant to which the Company agreed to purchase the Aircraft from SaudiGulf Airlines and thereafter lease the Aircraft back to SaudiGulf Airlines
“Announcement”	the announcement of the Company dated 29 December 2017 relating to the Previous Aircraft Agreements
“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
“Consideration”	the actual consideration payable by the Company, through one of its wholly-owned special purpose vehicles, to SaudiGulf Airlines for purchase of the Aircraft
“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 the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Previous Aircraft Agreements”	the two aircraft purchase and leaseback agreement entered into between SaudiGulf Airlines (as vendor) and the Company (through two of its wholly-owned special purpose vehicles, as purchaser) on 29 December 2017, in relation to the purchase and leaseback arrangement of two used Airbus aircraft. Please refer to the Announcement for details
“SaudiGulf Airlines”	Saudi Gulf Airlines Company, a company incorporated under the laws of Kingdom of Saudi Arabia
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction contemplated under the Aircraft Agreement
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

In this announcement, 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\$7.80.

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

Hong Kong, 13 August 2018

As at the date of this announcement, (i) the Executive Directors are Mr. CHEN Shuang, JP, Mr. POON Ho Man and Ms. LIU Wanting; (ii) the Non-executive Director is Mr. TANG Chi Chun; 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.