

China Everbright Limited's CALC Announces 2019 Results Net profit HK\$896.0 million, an increase of 10.8%

4 March 2020 - China Everbright Limited (Everbright, Stock Code: 165.HK) 's China Aircraft Leasing Group Holdings Limited ("CALC" ,stock code: 1848.HK), is pleased to announce the Group's results for the year ended 31 December 2019. The Group's income reached HK\$3,523 million, an increase of 5.4%. Net profit HK\$896.0 million, or an increase of 10.8%. Earnings per share were HK\$1.323.

As one of the important strategic platform enterprises of China Everbright Limited, in 2019, CALC has made outstanding progress across business sectors in continuously optimizing fleet portfolio, promoting asset-light model and asset lifecycle management, creating synergy in full aviation value chain operation, and strengthening financing capabilities. CALC and China Everbright Limited jointly to seek more opportunities in the aviation related fund with high-growth potential, and aim to build a high-quality leading company in the aviation finance sector, paving the way to the industrialization of aircraft asset management.

Financial Highlights

- Due to the continuous growth of its aircraft leasing business, the Group's total lease income and other income reached HK\$3,523 million, an increase of 5.4%.
- Profit for the year amounted to HK\$896.0 million, or an increase of 10.8%. Earnings per share were HK\$1.323.
- The Board proposed scrip dividend option to be offered and recommended a final dividend of HK\$0.48 per share. The full year dividend rose by 7.6% to HK\$0.71 per share.

Business Review

Optimizing fleet portfolio with strong order book

- During the year under review, CALC delivered 11 aircraft. As of 31 December 2019, CALC had 134 aircraft in its fleet, including 111 owned and 23 managed aircraft. CALC maintained one of the youngest and most modern fleets in the industry. Its self-owned fleet has an average age of 4.6 years and average remaining lease period of 8.2 years as of 31 December 2019, and a high utilization rate with 99.1% of our aircraft in operation. During the year under review, CALC's aircraft were on

lease to 35 airlines in 15 countries and regions.

- As of 31 December 2019, CALC had 218 aircraft in its order book, including 125 Airbus and 93 Boeing aircraft, the majority of which are narrow body models that see enormous market appetite. The Group also delivered two Boeing 787 Dreamliner passenger jets from its order book to an Asian airline customer in December 2019 and January 2020.
- CALC announced its order for 40 new Airbus A321neo aircraft in January 2020. Such a strong position is a remarkable achievement underpinned by the Company's decade-long strategic partnership with aircraft manufacturers and its growing influence in the global aviation industry.

Enduring asset-light model and asset lifecycle management

- During the year, CALC injected seven aircraft into its CAG Bermuda 1 Ltd and its subsidiaries' ("CAG"). As its servicer, the Company arranged the disposal of two aircraft from its CAG portfolio. The total number of aircraft under the Group's management was 23 as of 31 December 2019. In December 2019, CALC joined hands with Aircraft Recycling International Limited ("ARI"), an associate company of CALC, and other investors to set up an investment vehicle ARG Cayman 1 Limited ("ARG"). ARG will invest in old aircraft portfolios on lease and trading of parts and components.
- In 2019, CALC sold eight aircraft from its portfolio (seven to third-party investors, and one to ARI). The sale of aircraft from the Company's portfolio will be another important approach in aircraft asset management when implementing the Group's asset-light strategy in the future.

Creating synergy in full aviation value chain operation

- As of 31 December 2019, ARI as a mid to end-of-life aircraft solutions arm of CALC, had five engines and five mid-aged aircraft on lease.
- The Group completed its first cross-border transaction between CALC and China Southern Air Leasing Limited Company with the purchase of an old aircraft portfolio including three A320 aircraft and one A320 airframe.
- In October 2019, the Group's MRO (maintenance, repair and overhaul) arm, FL ARI Aircraft Maintenance & Engineering Company Ltd, became China's first accredited disassembler to obtain accreditations for aircraft disassembly from the Civil Aviation Administration of China ("CAAC"), and officially launched its MRO services during the year.

Exploring channels to strengthen financing capabilities

- In May 2019, the Group completed a five-year unsecured revolving syndicated loan to finance its Pre-Delivery Payments (“PDP”), its first revolving type of syndicated loan for new aircraft orders, attracting a total of 17 banks – a number of which were taking their first foray into the aviation financing sector. Thanks to overwhelming market response, the syndicated loan which was launched at US\$300 million closed at US\$840 million, making it one of the largest deals of its kind globally.
- In June, the Group issued its first three-year senior unsecured RMB bond in China. As a result of oversubscription, the bond’s issued scale rose from its initial size of RMB500 million, to RMB1 billion. In August, the Group issued three-year senior unsecured RMB800 million medium-term notes with a term of three years.

Mr. Zhao Wei, Executive Director and CEO of China Everbright Limited, Chairman of CALC, said, "In 2019, CALC delivered another solid set of results for the year under review, making impressive progress across various sectors. The Group continues to strengthen its foundation for growth and development and is committed to becoming a professional aircraft asset manager. To achieve this goal, CALC is in collaboration with China Everbright Limited ("CEL") capitalizing on the latter’s proven fund management capability and diversified financial services, to seek more opportunities in the aviation related fund with high-growth potential. By establishing sizable aviation fund products, CALC eyes on larger scale of business with further strengthened capability in asset management, maximizing returns for its investors. With shared vision, it will be a concerted effort of CALC and CEL in building a modern and high-quality leading company in the aviation finance sector, paving the way to the industrialization of aircraft asset management."

Mr. Mike Poon, Executive Director and CEO of CALC Group, said, “The aviation industry is facing challenges in the upcoming year, with pressure building given the recent Coronavirus Disease 2019 (“COVID-19”) outbreak. Despite these, the long-term demand for commercial aircraft will continue to remain robust. Thanks to the support and trust of aircraft manufacturers and other aviation partners, CALC has built up a strong backlog in its pipeline. Growing demand for fleet upgrade solutions by airlines has become an industry consensus and CALC is well-positioned to capture such opportunities by our established capabilities. It is also the ongoing effort in transforming CALC into an asset

manager in the aircraft value chain, who connects aircraft OEMs, airlines and aviation investors, and other stakeholders, delivering turnkey solutions to maximize value for all.”

About CALC

China Aircraft Leasing Group Holdings Limited (“CALC”), a one-stop aircraft full life-cycle solutions provider for global airlines, is listed on the Main Board of the Stock Exchange of Hong Kong Limited (“SEHK”) (Stock code: 01848.HK). The businesses and subsidiaries of the Group are involved in two main business areas comprising new aircraft leasing and used aircraft disassembling and recycling. CALC’s scope of business includes regular operations such as aircraft operating leasing, purchase and leaseback, and structured financing, as well as value-added services such as fleet planning, fleet upgrade, aircraft disassembling and component sales. According to ICF International, a renowned aviation consultancy firm, CALC is listed as one of the top ten aircraft lessors around the world in terms of its fleet size and total asset value of its aircraft order book.

Listed in Hong Kong as the first aircraft leasing company in Asia in July 2014, CALC is currently a constituent stock of the Hang Seng Global Composite Index, the Hang Seng Composite Index, MSCI China Small Cap index, and an eligible stock under southbound trading of Shenzhen-Hong Kong Stock Connect.