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CALC Bonds Limited

(Incorporated in the British Virgin Islands with limited liability)

CALC

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)

PROPOSED ISSUE OF U.S.\$ 100,000,000 4.85 PER CENT. GUARANTEED NOTES DUE 2024

by

CALC BONDS LIMITED

unconditionally and irrevocably guaranteed by

CHINA AIRCRAFT LEASING GROUP HOLDINGS LIMITED

UNDER THE U.S.\$3,000,000,000

GUARANTEED MEDIUM TERM NOTE PROGRAMME

AND

CONNECTED TRANSACTION

The Board is pleased to announce that on 16 December 2021 (after trading hours), the Issuer, the Company and the Managers entered into the Subscription Agreement in connection with the Proposed Notes Issue. The Notes are proposed to be irrevocably and unconditionally guaranteed by the Company.

The estimated net proceeds of the Proposed Notes Issue, after deducting the underwriting commission and other estimated expenses, will amount to approximately U.S.\$99 million. The Company currently intends to use the net proceeds received from the issuance of the Notes for aircraft acquisitions, business expansion in aircraft and related business, refinancing existing borrowings, and general corporate purposes.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Notes by way of debt issue to professional investors only. A confirmation of the eligibility of the listing of the Notes has been received from the Stock Exchange. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Company or the Notes.

The Programme is rated “Ba2” by Moody’s and “BB+” by Fitch and the Notes are rated “Ba2” by Moody’s and “BB+” by Fitch.

As CEBHK and EBSI are associates of China Everbright Group, which in turn indirectly holds approximately 37.90% interest in the Company, each of CEBHK and EBSI is therefore a connected person of the Company for the purpose of the Listing Rules. Under Chapter 14A of the Listing Rules, the Engagement constitutes a connected transaction of the Company.

Pursuant to Rule 14A.81 of the Listing Rules, the Engagement shall be aggregated together with the Previous Engagement as it was entered into within a 12-month period. It is currently expected that each of the applicable percentage ratios (other than the profits ratio) under Rule 14A.77 of the Listing Rules in respect of the Manager Remunerations, when aggregated with the management and underwriting commission paid by the Company under the Previous Engagement, is less than 5%. As such, the Engagement is exempt from the circular (including independent financial advice) and shareholders’ approval requirements in accordance with Rule 14A.76 of the Listing Rules.

Completion of the issue of the Notes is subject to the satisfaction of the conditions precedent to the Subscription Agreement and may or may not materialise. Shareholders, potential investors and the public are reminded to exercise caution when dealing in the securities of the Company.

The Board is pleased to announce that on 16 December 2021 (after trading hours), the Issuer, the Company and the Managers entered into the Subscription Agreement in connection with the Proposed Notes Issue.

THE SUBSCRIPTION AGREEMENT

Date: 16 December 2021

Parties:

- (i) the Issuer;
- (ii) the Company, as the Guarantor; and
- (iii) the Managers.

Pursuant to the Subscription Agreement, the Issuer has agreed to issue, and each of the Managers has severally agreed to subscribe or procure subscribers to subscribe for, the Notes in an aggregate nominal amount of U.S.\$100,000,000. The Notes are proposed to be irrevocably and unconditionally guaranteed by the Company.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, save for CEBHK and EBSI which are connected persons for reasons stated below, each of the other Managers and its ultimate beneficial owner is an independent third party and is not a connected person of the Issuer or the Company.

The following is a brief summary of the Proposed Notes Issue. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Trust Deed and the terms and conditions of the Notes.

Subject to the fulfilment of certain conditions precedent under the Subscription Agreement, the Subscription Agreement is expected to be completed and the Notes to be issued on or about 23 December 2021.

THE PROPOSED NOTES ISSUE

Notes offered

U.S.\$100,000,000 aggregate principal amount of the Notes to be issued under the Programme.

Issue price

The Notes will be issued at 100% of their principal amount.

Interest

The Notes will bear interest from and including the date of issue at the rate of 4.85% per annum, payable semi-annually in arrear on 23 December and 23 June in each year.

Maturity date

The Notes will mature on 23 December 2024.

Status of the Notes

The Notes will constitute direct, unsubordinated, unconditional and (subject to the negative pledge provision set out in the terms and conditions of the Notes) unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable law and subject to the negative pledge provision set out in the terms and conditions of the Notes, at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations.

Guarantee

The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes.

The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable law and subject to the negative pledge provision set out in the terms and conditions of the Notes, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Issuer, having given not less than 30 nor more than 60 days' notice to the Noteholders, in whole, but not in part, at their principal amount together with interest accrued to the date fixed for redemption, in the event that as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, the Cayman Islands, Hong Kong or the PRC or, in each case, any political subdivision or any authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 16 December 2021, the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay additional tax amounts in respect of the Notes (or the Guarantee, as the case may be) and such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it.

Redemption for Change of Control

At any time following the occurrence of a Change of Control, a Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem all, but not some only, of that Noteholder's Notes at a redemption price equal to 101% of their principal amount, together with accrued interest to but excluding the Change of Control Put Settlement Date.

Proceeds of the Proposed Notes Issue

The estimated net proceeds of the Proposed Notes Issue, after deducting the underwriting commission and other estimated expenses, will amount to approximately U.S.\$99 million.

REASONS FOR THE PROPOSED NOTES ISSUE

The Directors believe that the Proposed Notes Issue will be beneficial to the Company since it will allow the Company to obtain longer term financing from international investors and to improve its capital structure so that the Company is able to develop its business in aircraft leasing and related businesses in the PRC and globally.

The Company currently intends to use the net proceeds received from the issuance of the Notes for aircraft acquisitions, business expansion in aircraft and related business, refinancing existing borrowings, and general corporate purposes. The Company may adjust the foregoing intended use of proceeds in response to changing market conditions. The Company will carefully evaluate such situations and may reallocate the use of the proceeds.

LISTING

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Notes by way of debt issue to professional investors only. A confirmation of the eligibility of the listing of the Notes has been received from the Stock Exchange. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Company or the Notes.

RATINGS

The Programme is rated “Ba2” by Moody’s and “BB+” by Fitch and the Notes are rated “Ba2” by Moody’s and “BB+” by Fitch.

Completion of the issue of the Notes is subject to the satisfaction of the conditions precedent to the Subscription Agreement and may or may not materialise. Shareholders, potential investors and the public are reminded to exercise caution when dealing in the securities of the Company.

CONNECTED TRANSACTION

In connection with the Proposed Notes Issue, the Company has engaged CEBHK and EBSI to act as two of the Managers pursuant to the terms of the Subscription Agreement. It is expected that CEBHK and EBSI together will receive the Manager Remunerations pursuant to the terms of the Engagement.

Commission and Expenses

The Company agrees to pay CEBHK and EBSI the Manager Remunerations in accordance with the terms of the Engagement, which in any event is expected not to exceed U.S.\$500,000 (equivalent to approximately HK\$3,900,000 calculated at the exchange rate of U.S.\$1.00 to HK\$7.80).

The Manager Remunerations were determined on an arm’s-length basis with normal commercial terms, taking into account the prevailing market rate.

Reasons for the Engagement

The main reason for the Engagement is to facilitate the Proposed Notes Issue. The Directors consider that the terms of the Engagement are no less favourable than those provided to other financial institutions under similar agreements.

The Directors (including the independent non-executive Directors) considered that the terms of the Engagement and the payment of the Manager Remunerations are fair and reasonable, are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole. None of the Directors have a material interest in the Engagement and hence no Director shall be required to abstain from voting on the board resolution approving the Engagement.

Implications under the Listing Rules

As CEBHK and EBSI are associates of China Everbright Group, which in turn indirectly holds approximately 37.90% interest in the Company, each of CEBHK and EBSI is therefore a connected person of the Company for the purpose of the Listing Rules. Under Chapter 14A of the Listing Rules, the Engagement constitutes a connected transaction of the Company.

Pursuant to Rule 14A.81 of the Listing Rules, the Engagement shall be aggregated together with the Previous Engagement as it was entered into within a 12-month period. It is currently expected that each of the applicable percentage ratios (other than the profits ratio) under Rule 14A.77 of the Listing Rules in respect of the Manager Remunerations, when aggregated with the management and underwriting commission paid by the Company under the Previous Engagement, is less than 5%. As such, the Engagement is exempt from the circular (including independent financial advice) and shareholders' approval requirements in accordance with Rule 14A.76 of the Listing Rules.

GENERAL INFORMATION OF THE ISSUER, THE COMPANY, CEBHK AND EBSI

The Issuer is an investment holding company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company.

The Company, together with its subsidiaries, is a leading full value chain aircraft solutions provider. Its 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 upgrade, aircraft maintenance, repair and overhaul, aircraft disassembling and component sales.

CEBHK is the Hong Kong branch of CEB which was established as a joint stock company with limited liability in the PRC, the H shares and A shares of which are listed on the Main Board of the Stock Exchange (stock code: 6818) and Shanghai Stock Exchange (stock code: SH 601818) and is one of the major commercial banks in the PRC, and primarily engages in the commercial banking business, including retail banking, corporate banking and treasury operation, etc.

EBSI is a Hong Kong-based company with its major clientele in the PRC, providing a broad spectrum of financial services that covers corporate finance & capital markets, institutional business, asset management, and investment & financing. EBSI is a wholly-owned subsidiary of Everbright Securities Company Limited, the H shares and A shares of which are listed on the Main Board of the Stock Exchange (stock code: 6178) and Shanghai Stock Exchange (stock code: SH 601788).

CEBHK and EBSI are associates of China Everbright Group.

DEFINITIONS

“Affiliate”	with respect to any person, any other person (i) directly or indirectly Controlling, Controlled by, or under direct or indirect common Control with, such person or (ii) who is a spouse or child of any person described in (i) above; or (iii) any trust established for the benefit of any person described in (i) and (ii) above
“Board”	the board of Directors
“CEB”	China Everbright Bank Co., Ltd.
“CEBHK”	China Everbright Bank Co., Ltd., Hong Kong Branch

“Change of Control”	occurs when: (i) China Everbright Limited and any of Affiliates collectively cease to be the single largest shareholder of the Guarantor; or (ii) the Guarantor ceases to directly or indirectly hold or own 100% of the issued share capital of the Issuer
“Change of Control Put Settlement Date”	the fourteenth day after the expiry of 30 days following the date upon which notice of redemption for Change of Control is given to Noteholders by the Issuer
“China Everbright Group”	China Everbright Group Ltd.
“Company” or “Guarantor”	China Aircraft Leasing Group Holdings Limited, a company incorporated with limited liability in the Cayman Islands, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock code:1848)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Control”	(where applicable): (i) the ownership, acquisition or control of more than 50% of the voting rights of the issued share capital of a person or (ii) the right to appoint and/or remove all or the majority of the members of a person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise, and the terms “Controlling” and “Controlled” have meanings correlative to the foregoing
“Director(s)”	the director(s) of the Company
“EBSI”	China Everbright Securities International Limited
“Engagement”	the engagement by the Company of CEBHK and EBSI to act as two of the Managers in respect of the Proposed Notes Issue pursuant to the terms of the Subscription Agreement
“Fitch”	Fitch Rating
“Guarantee”	the guarantee to be provided by the Company in respect of the Notes
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issuer”	CALC Bonds Limited, incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Managers”	CEBHK, BNP Paribas, China CITIC Bank International Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), EBSI and Shenwan Hongyuan Securities (H.K.) Limited
“Manager Commission”	the combined management and underwriting commission payable by the Company to CEBHK and EBSI for services rendered by them in accordance with the terms set out in the Subscription Agreement

“ Manager Expenses ”	all costs and expenses incidental to the performance of the Company’s obligations under the Subscription Agreement as incurred by CEBHK and EBSI in accordance with the terms set out in the Subscription Agreement
“ Manager Remunerations ”	the Manager Commission and the Manager Expenses
“ Moody’s ”	Moody’s Investors Services, Inc.
“ Noteholder(s) ”	the holder(s) of the Notes
“ Notes ”	U.S.\$100,000,000 4.85% guaranteed notes due 2024
“ PRC ”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administration Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“ Previous Engagement ”	the engagement of CEB by a wholly-owned subsidiary of the Company to act as one of the managers in connection with the issue of RMB1 billion super short-term debentures by such subsidiary in the PRC on 27 July 2021
“ Programme ”	the Issuer’s U.S.\$3,000,000,000 Guaranteed Medium Term Note Programme
“ Proposed Notes Issue ”	the proposed issue of the Notes by the Issuer under the Programme
“ Securities Act ”	the United States Securities Act of 1933, as amended
“ Shareholder(s) ”	holders of the share(s) of the Company
“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited
“ Subscription Agreement ”	the subscription agreement dated 16 December 2021 entered into by the Issuer, the Company and the Managers in relation to the Proposed Notes Issue
“ Trust Deed ”	the amended and restated trust deed dated 15 July 2021 entered into between the Issuer, the Company and Bank of Communications Trustee Limited as the trustee of the Notes, in relation to the Notes as amended or supplemented from time to time
“ U.S. ” or “ United States ”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“ U.S.\$ ”	the U.S. dollars, the lawful currency of the United States
“ % ”	per cent.

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

Hong Kong, 17 December 2021

As at the date of this announcement, (i) the Executive Directors are Dr. ZHAO Wei, 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 Dr. TSE Hiu Tung, Sheldon.