

China Everbright Limited's CALC Announces 2019 Interim Results

Gradual Implementation of Aviation Ecosystem Value Chain Strategy To Build up a One-stop Aircraft Asset Management Platform

27 August 2019 - China Everbright Limited (Everbright, Stock Code: 165.HK) 's **China Aircraft Leasing Group Holdings Limited** ("CALC" ,stock code: 1848.HK), a full value chain aircraft solutions provider for the global aviation industry, is pleased to announce its results for the six months ended 30 June 2019.

Financial Highlights

- Due to the continuous growth of its aircraft leasing business, CALC's total revenue reached HK\$1,675.3 million, an increase of 3.9%.
- Profit for the period amounted to HK\$312.4 million, or an increase of 1.5%. Earnings per share were HK\$0.461.
- The Board declared an interim dividend of HK\$0.23 per share, representing a dividend payout ratio of 49.9% (2018 interim: 48.5%).

Business Review

Expanding fleet size and optimizing fleet portfolio

- During the period under review, CALC delivered five new aircraft to airlines and took redelivery of an aged aircraft which was then sold to its associate company Aircraft Recycling International Limited ("ARI"). As at 30 June 2019, CALC had 115 owned aircraft, with 227 aircraft in its order book to be delivered by 2023.
- During the period under review, CALC sold an addition of four aircraft to China Aircraft Global Limited ("CAG"), an international aircraft leasing and investment platform, increasing the total number of aircraft the Group managed for CAG to 22. The fleet size including the managed aircraft grew to 137 aircraft as at 30 June 2019.
- CALC maintains one of the youngest and most modern fleets with longest average remaining lease terms amongst global operating lessors. As at 30 June 2019, its fleet has an average age of 4.1 years, with an average of remaining lease terms of approximately 7.8 years, and an occupancy rate of 99% for its lease fleet.

- Of the current fleet of owned and managed aircraft, mainland Chinese airlines and non-Chinese carriers took up 68% and 32% respectively as at 30 June 2019. CALC's client base spanned across 33 airlines in 15 countries and regions.

Gaining momentum for asset-light model, realizing efficient capital flow

- As at the end of June, the total number of aircraft under CALC's management increased to 22, further strengthening its asset management capability. The CAG project was awarded the Editor's Deal of the Year for Innovation in 2018 by *Airline Economics*, and also granted the Asia Finance Editor's Deal of the Year by *Airfinance Journal China Awards 2018*.
- CALC proactively pressed ahead its aircraft portfolio trading business. During the period under review, CALC reached letters of intent for the sale of six aircraft portfolio with three investors, and the transactions are expected to be completed within the year. The sale of aircraft portfolio will become a significant part of the CALC's efforts in underscoring asset-light operations in the future.

Realizing on-shore and off-shore dynamic financing models

- In May this year, CALC signed a five-year unsecured revolving syndicated loan to finance its Pre-Delivery Payments ("PDP") for new aircraft orders. The loan attracted a total of 17 banks, a number of which took their first step in the aviation financing sector. The syndicated loan, launched at US\$500 million, closed at US\$840 million thanks to overwhelming market response, becoming one of the largest of its kind in the world and boosting the dynamic aviation finance market in Hong Kong.
- CALC's subsidiary, China Asset Leasing Company Limited, issued CALC's first corporate bond in June. With an initial size of RMB500 million, the bond's issued scale went up to RMB1 billion as a result of oversubscription. This was the first corporate bond issued by a domestic operating aircraft lessor in the year of 2019. Both the issuer and the corporate bonds were rated AA+ by China Cheng Xin International Credit Rating Co Ltd. It is also the largest single corporate bond issued by a leasing company.

Completing aviation full value chain

- ARI's aircraft disassembly and aircraft components trading business continued to make headway. During the period under review, ARI completed the disassembly of

15 aircraft.

- At the same time, the MRO business of ARI's joint venture obtained a CCAR 145 maintenance permit from Civil Aviation Administration of China for the line maintenance of the Boeing 737NG and Airbus A320 models, with operations expected to commence this year.

Mr. Zhao Wei, Chairman of CALC, said, “The global aviation market has been developing steadily, with China’s civil aviation market continuing to see robust demand. CALC has achieved satisfactory results through its proactive strategy implementation, which at the same time has further strengthened its foundation for future development. CALC will continue to enhance its integrated platform for new aircraft delivery, mid-age aircraft management, and end-of-life aircraft disposal. We will also continue to provide value-adding solutions for global airline clients as a part of China Everbright Group’s implementation of its 'Four World-leading' initiatives. CALC is resolved to spare no effort in building a global aircraft leasing company.”

Mr. Mike Poon, Chief Executive Officer of CALC, added, “For years, CALC has been focusing on two major development strategies: establishing itself as 'a full-value chain aircraft solutions provider', and “globalization”. The Group's business segments along the value chain have seen steady and progressive accomplishments, setting it on track to build up a strong one-stop aviation asset service platform. We will continue to strive for excellence in aspects including asset management, customer retention and financing channels to create greater value for our partners.”

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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.

