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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)

**(1) MAJOR AND CONTINUING CONNECTED TRANSACTIONS
THE FOURTH SUPPLEMENTAL AGREEMENT AND
NEW ANNUAL CAPS**

AND

**(2) MAJOR AND CONNECTED TRANSACTIONS
THE ENTERING INTO OF THE EB SUBSCRIPTION AGREEMENT
IN RESPECT OF SUBSCRIPTION OF THE EXCHANGEABLE BONDS
TO BE ISSUED BY ARI EXCHANGEABLE INTO
ORDINARY SHARES OF CAAM**

THE FOURTH SUPPLEMENTAL AGREEMENT

Reference is made to the 2021 ARI Circular in relation to, among others, the major and continuing connected transactions contemplated under the Third Supplemental Agreement.

In view of the continuing development of the ARI Business, ARI and the ARI Shareholders (including Aircraft Recycling International Holdings) entered into the Fourth Supplemental Agreement on 27 October 2023 (after trading hours) to extend the term of the Shareholders' Loan and Guarantee Agreement to 31 December 2026.

THE NEW ANNUAL CAPS

As part of the Shareholders' Loan as provided by Aircraft Recycling International Holdings and assigned to the Subscriber will be applied to settle the EB Subscription Money of the Exchangeable Bonds in the aggregate principal amount of HK\$850 million pursuant to the EB Subscription Agreement, the Board proposes that the New Annual Cap for the Shareholders' Loan and Guarantee Agreement (as supplemented and amended by the Fourth Supplemental Agreement) for each of the years ending 31 December 2024, 2025 and 2026 be reduced to HK\$650 million.

THE ENTERING INTO OF EB SUBSCRIPTION AGREEMENT

On 27 October 2023 (after trading hours), ZF Oriental, as subscriber, and ARI, as issuer, entered into the EB Subscription Agreement, pursuant to which ZF Oriental conditionally agreed to subscribe for, and ARI conditionally agreed to issue, the Exchangeable Bonds. The Exchangeable Bonds will confer the right upon the Bondholders, exercisable in whole or in part at any time during the Exchange Period, to exchange for in aggregate up to 680,000,000 CAAM Shares (representing the total number of issued CAAM Shares) at HK\$1.25 per Exchangeable Share, subject to adjustment pursuant to the terms and conditions of the Exchangeable Bonds.

LISTING RULES IMPLICATIONS

The highest applicable percentage ratio in respect of the Proposed Shareholders' Loan and Guarantee Transactions calculated based on the New Annual Caps, on a standalone basis, is more than 5% but less than 25%. As the highest applicable percentage ratio in respect of the Proposed Subscription, on a standalone basis, and when aggregated with the Proposed Shareholders' Loan and Guarantee Transactions calculated based on the New Annual Caps based on the fact that (a) the Fourth Supplemental Agreement and the Exchangeable Bonds were entered into with ARI and (b) the EB Subscription Money will be settled by the Shareholders' Loan having been provided by Aircraft Recycling International Holdings and assigned to ZF Oriental, exceeds 25% but is lower than 75%, the Proposed Shareholders' Loan and Guarantee Transactions and the Proposed Subscription constitute a major transaction for the Company, and are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, ARI is owned by the Company (through Aircraft Recycling International Holdings) as to 48%, Sky Cheer as to 20%, China Aero as to 18% and Neo Modern as to 14%. Given (i) Neo Modern is a wholly-owned subsidiary of CE Limited, a substantial Shareholder interested in 283,417,693 Shares (representing approximately 38.08% of the total issued share capital of the Company) and (ii) China Aero is a wholly-owned subsidiary of FPAM, a substantial Shareholder interested in 176,496,672 Shares (representing approximately 23.71% of the total issued share capital of the Company), and FPAM is beneficially owned as to 50% by Mr. Poon Ho Man (an executive Director and the Chief Executive Officer of the Company) and 50% by Ms. Christina Ng, ARI is a commonly held entity under Chapter 14A of the Listing Rules. Thus, the Proposed Shareholders' Loan and Guarantee Transactions constitute continuing connected transactions of the Company and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Proposed Subscription constitutes a connected transaction of the Company is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will comply with the requirements under Chapters 14 and 14A of the Listing Rules in relation to the exercise of the Exchange Rights as and when necessary.

EGM AND SHAREHOLDERS' APPROVAL

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Fourth Supplemental Agreement, the EB Subscription Agreement and the Proposed Transactions (including the New Annual Caps). FPAM, CE Limited and their respective associates, and Mr. Poon Ho Man and Ms. Christina Ng (both being the ultimate shareholders of FPAM) will abstain from voting at the EGM in relation to the Fourth Supplemental Agreement, the EB Subscription Agreement and the Proposed Transactions (including the New Annual Caps).

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Fourth Supplemental Agreement, the EB Subscription Agreement and the Proposed Transactions (including the New Annual Caps). Maxa Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) further details of the Fourth Supplemental Agreement, the EB Subscription Agreement and the Proposed Transactions (including the New Annual Caps); (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, will be dispatched to the Shareholders on or before 17 November 2023.

INTRODUCTION

Reference is made to the 2021 ARI Circular in relation to, among others, the major and continuing connected transactions contemplated under the Third Supplemental Agreement.

On 6 April 2016, the ARI Shareholders and ARI entered into the Original Shareholders' Loan and Guarantee Agreement, pursuant to which the ARI Shareholders agreed to provide the Shareholders' Loan and guarantee to ARI on the terms thereof. On 14 November 2016, the ARI Shareholders and ARI entered into the First Supplemental Agreement under which the repayment terms under the Original Shareholders' Loan and Guarantee Agreement were amended. On 15 October 2018, the ARI Shareholders and ARI entered into the Second Supplemental Agreement under which the interest rate and the Guarantee Fee under the Original Shareholders' Loan and Guarantee Agreement were amended and the term of the Original Shareholders' Loan and Guarantee Agreement (as supplemented and amended by the First Supplemental Agreement) was extended to 31 December 2021. On 26 January 2021, ARI and the ARI Shareholders entered into the Third Supplemental Agreement to extend the term of the Original Shareholders' Loan and Guarantee Agreement (as supplemented and amended by the First Supplemental Agreement and the Second Supplemental Agreement) to 31 December 2023.

In view of the continuing development of the ARI Business, ARI and the ARI Shareholders (including Aircraft Recycling International Holdings) entered into the Fourth Supplemental Agreement on 27 October 2023 (after trading hours) to extend the term of the Shareholders' Loan and Guarantee Agreement to 31 December 2026.

On 27 October 2023 (after trading hours), ZF Oriental, as subscriber, and ARI, as issuer, entered into the EB Subscription Agreement, pursuant to which ZF Oriental conditionally agreed to subscribe for, and ARI conditionally agreed to issue, the Exchangeable Bonds. The Exchangeable Bonds will confer the right upon the Bondholders, exercisable in whole or in part at any time during the Exchange Period, to exchange for in aggregate up to 680,000,000 CAAM Shares (representing the total number of issued CAAM Shares) at HK\$1.25 per Exchangeable Share, subject to adjustment pursuant to the terms and conditions of the Exchangeable Bonds.

THE FOURTH SUPPLEMENTAL AGREEMENT

The principal terms of the Fourth Supplemental Agreement are set out below.

Date: 27 October 2023 (after trading hours)

Parties:

- (i) ARI
- (ii) Aircraft Recycling International Holdings
- (iii) China Aero
- (iv) Sky Cheer
- (v) Neo Modern

Subject matter: Pursuant to the Fourth Supplemental Agreement, ARI and ARI Shareholders agreed to extend the term of the Shareholders' Loan and Guarantee Agreement to 31 December 2026.

Subject to the terms of the Fourth Supplemental Agreement, all other terms and conditions of the Shareholders' Loan and Guarantee Agreement remain unchanged and shall continue in full force and effect and be operative and binding on ARI and ARI Shareholders and the Shareholders' Loan and Guarantee Agreement and the Fourth Supplemental Agreement shall be read and construed together as one agreement.

Conditions Precedent: The Fourth Supplemental Agreement is conditional on (i) the approval by the independent shareholders of the Company at its general meeting of the Fourth Supplemental Agreement and the Proposed Shareholders' Loan and Guarantee Transactions (including the New Annual Caps) as required under the Listing Rules having been obtained, and (ii) the EB Subscription Agreement having been entered into and become unconditional.

The Fourth Supplemental Agreement shall take effect on 1 January 2024, or if the condition(s) precedent is/are not all satisfied prior to 1 January 2024, such other date as notified by the ARI Shareholders in writing.

Shareholders' Loan and Guarantee:

Set out below are some details on the Proposed Shareholders' Loan and Guarantee Transactions. Please refer to the 2021 ARI Circular for further details.

(i) Shareholders' Loan

In the event ARI proposes to raise the Shareholders' Loan from the ARI Shareholders, each ARI Shareholder shall have a right (but not the obligation) to advance a portion of the Shareholders' Loan to ARI pro rata to its shareholding in ARI.

If one or more ARI Shareholders decline to advance its respective pro rata portion of the Shareholders' Loan, then the unaccepted participation of such Shareholders' Loan shall automatically be deemed to be accepted by the ARI Shareholders who have indicated to ARI a desire to advance the whole or part of such unaccepted participation.

The interest rate of the Shareholders' Loan is 3% per annum above the Prime Rate from time to time.

(ii) Guarantee

In the event ARI proposes to raise loans from banks, financial or other institutions and Guarantee is required to be provided to the lender of the loans, each ARI Shareholder or any of its group of companies shall have a right (but not the obligation), subject to the acceptance and approval of the lender, to provide and/or procure any of its group companies to provide Guarantee.

If (a) an ARI Shareholder; or (b) any group company of an ARI Shareholder, whose consolidated net asset value is not less than HK\$500 million has provided the Guarantee, ARI shall pay the guarantor the Guarantee Fee equal to 3% per annum of the principal amount of the loans from banks, financial or other institutions (as the case may be) guaranteed by the guarantor.

The obligations and liabilities of ARI under the Shareholders' Loan and Guarantee Agreement (as supplemented and amended by the Fourth Supplemental Agreement) are secured by the Share Mortgage.

THE NEW ANNUAL CAPS

The Existing Annual Cap for each of the three years ended/ending 31 December 2021, 2022 and 2023 was HK\$1,500 million respectively.

As part of the Shareholders' Loan as provided by Aircraft Recycling International Holdings and assigned to the Subscriber will be applied to settle the EB Subscription Money of the Exchangeable Bonds pursuant to the EB Subscription Agreement, the Board proposes that the New Annual Cap for the Shareholders' Loan and Guarantee Agreement (as amended and supplemented by the Fourth Supplemental Agreement) for each of the years ending 31 December 2024, 2025 and 2026 will be reduced to HK\$650 million respectively.

Historical figures, the Existing Annual Caps and the New Annual Caps

The following tables set out the amount of each of (i) the Existing Annual Caps, (ii) the historical transactions for the Shareholders' Loan and guarantee provided by the Group, and (iii) the New Annual Caps:

	For the year ended/ending		
	31 December 2021 (HK\$'000)	31 December 2022 (HK\$'000)	31 December 2023 (HK\$'000)
Existing Annual Cap	1,500,000	1,500,000	1,500,000
Maximum daily closing balance of loans (together with the interest and Guarantee Fee)	1,465,000	1,447,000	1,280,000 (For the nine months ended 30 September 2023)

	For the year ending		
	31 December 2024 (HK\$'000)	31 December 2025 (HK\$'000)	31 December 2026 (HK\$'000)
New Annual Cap	650,000	650,000	650,000

Basis for the New Annual Caps

The New Annual Caps represent the maximum outstanding principal amount of the loans (including the Shareholders' Loan advanced and may be advanced by Aircraft Recycling International Holdings and the guarantee provided and may be provided by the Group to ARI and/or its subsidiaries) together with interest accrued on the Shareholders' Loan advanced by Aircraft Recycling International Holdings and the Guarantee Fee. The New Annual Caps were determined with reference to factors including (i) the ongoing business development and operational expenses as well as other financial needs of ARI; (ii) potential expansion of the existing business of ARI through organic growth and/or acquisitions, and based on the assumptions that (a) part of the financial needs of ARI for the three financial years ending 31 December 2026 will be financed by bank borrowings; (b) the Company or other companies in the Group (at its sole discretion) will provide the full amount of the Shareholders' Loan and/or guarantee required by ARI and/or its subsidiaries if other ARI Shareholders and their respective group companies do not provide any amount out of their respective pro rata portion of such Shareholders' Loan and/or guarantee; and (iii) the reduction of the principal amount of the Shareholders' Loan and the principal amount of the loans borrowed by ARI and/or its subsidiaries from banks, financial or other institutions which require guarantee from the Group following the Proposed Subscription. In the event any ARI Shareholder and their respective group companies, other than the Group, provide the Shareholders' Loan and/or guarantee required by ARI and/or its subsidiaries, the New Annual Caps may not be fully utilized.

THE ENTERING INTO OF THE EB SUBSCRIPTION AGREEMENT

The principal terms of the EB Subscription Agreement are set out below.

Date: 27 October 2023 (after trading hours)

Parties: (i) ARI (as issuer)
(ii) ZF Oriental (as subscriber)

Proposed Subscription: Subject to the terms and conditions of the EB Subscription Agreement, ARI agrees to issue the Exchangeable Bonds, and ZF Oriental agrees with ARI to subscribe and pay, or to procure to be subscribed and paid, for the Exchangeable Bonds, on the EB Closing Date at the issue price of 100% of the aggregate principal amount of the Exchangeable Bonds of HK\$850,000,000.

EB Conditions Precedent: The obligations of ZF Oriental to subscribe and pay for the Exchangeable Bonds are conditional on:

- (i) **Compliance:** At the EB Closing Date:
 - (a) the acknowledgements, representations, warranties, agreements, undertakings and covenants of ARI in the Contracts being true and accurate in all respects and not misleading at and as if made on such date;
 - (b) ARI having performed all of its obligations under the Contracts to be performed on or before such date;
 - (c) after giving effect to the issue of the Exchangeable Bonds, no default or event of default specified in the EB Subscription Agreement would occur and be continuing; and since the date of the EB Subscription Agreement, no event has occurred or circumstance arisen which, had the Exchangeable Bonds already been issued on the date of the EB Subscription Agreement, might (whether or not with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement) constitute a default or event of default specified in the EB Subscription Agreement, or require an adjustment of the Exchange Price applicable to the Exchangeable Bonds; and
 - (d) there having been delivered to ZF Oriental a certificate in the form as set out in the EB Subscription Agreement dated as of such date;

- (ii) **Material Adverse Change:** There having been no change (nor any development or event involving a prospective change) which, in the opinion of ZF Oriental, may have a material adverse effect on the business, operations, assets, liabilities (including contingent liabilities), condition (financial or other), earnings, results, shareholders' equity, prospects or general affairs of any of ARI, CAAM and any other member of the ARI Group;
- (iii) **Corporate approvals and other consents of ARI:** On or prior to the EB Closing Date, there having been delivered to ZF Oriental copies of all necessary and applicable consents and approvals of any sort (including but not limited to approvals from the board of directors of CAAM and the shareholders of ARI and if applicable, approvals from the third party creditors of the ARI Group, in relation to the issue of the Exchangeable Bonds and the transfer of the Exchangeable Shares upon full exchange of the Exchangeable Bonds and the performance by ARI of its obligations under the Exchangeable Bonds and the Contracts;
- (iv) **Corporate approvals and other consents of the Subscriber:** On or prior to the EB Closing Date, all consents, approvals, permits, authorisations or clearances (as the case may be) that ZF Oriental reasonably considers necessary pursuant to applicable laws, regulations or rules for its execution, implementation and closing of the EB Subscription Agreement and the performance by ZF Oriental of its obligations under the Exchangeable Bonds and the Contracts having been obtained, and all such consents, approvals, permits, authorisations and clearances not having been revoked or withdrawn;
- (v) **Corporate approvals of the Company:** On or prior to the EB Closing Date, the Company, having obtained the necessary shareholders' approval pursuant to the Listing Rules for (i) the Fourth Supplemental Agreement and the transactions contemplated under the Fourth Supplemental Agreement; and (ii) the EB Subscription Agreement and the Proposed Subscription; and

- (vi) **Legality:** There having been no statute, law, rule or regulation or judicial or regulatory decision in Hong Kong, Cayman Islands or other applicable jurisdictions which would reasonably be expected to prohibit, restrict or materially delay the execution, delivery or performance of the Contracts, including the issue of the Exchangeable Bonds, or the consummation of the transactions thereunder.

ZF Oriental may, at its sole and absolute discretion and upon such terms and conditions as it thinks fit, waive satisfaction of any of the EB Conditions Precedent except for Condition Precedent (iv) and (v).

ARI shall use its best efforts to procure that each Conditions Precedent (except for Condition Precedent (iv) and (v)) will be satisfied as soon as practicable and in any event within three months from the date of the EB Subscription Agreement or such longer period as ARI and ZF Oriental may agree in writing. In the event that any of the Conditions Precedent shall not have been not satisfied, or waived, within such period, the EB Subscription Agreement shall terminate and save in respect of claims arising out of antecedent breach of the EB Subscription Agreement.

Closing:

The EB Closing will take place on the EB Closing Date. Upon EB Closing, ARI will, among other things, issue and deliver the Exchangeable Bonds and ZF Oriental will pay the EB Subscription Money.

**Subscription Money
(or Issue Price):**

100% of the aggregate principal amount of the Exchangeable Bonds of HK\$850,000,000.

The EB Subscription Money was determined after arm's length negotiations between ARI and ZF Oriental taking into account the market value of 100% equity interest of CAAM of HK\$1,067,000,000 as at 31 August 2023 as appraised by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, based on market approach. The EB Subscription Money represents approximately a discount of 20% to the equity value of CAAM as at 31 August 2023.

Against compliance of the obligation of ARI upon EB Closing, ZF Oriental will satisfy the payment of the EB Subscription Money on the EB Closing Date by way of the set-off of the Issue Price against an equivalent amount of the Shareholders' Loan as provided by Aircraft Recycling International Holdings to the Issuer and assigned to ZF Oriental.

ARI confirms that the performance of the payment obligation above shall represent the full and final payment of the entire amount of the Issue Price under the EB Subscription Agreement.

No other financing:

Without prejudice to any other provisions of the Contracts, ARI undertakes with ZF Oriental at any time and from time to time, unless with the prior written consent of ZF Oriental, save as contemplated under the Contracts and the Fourth Supplemental Agreement, not to incur any other indebtedness or create or constitute any other financing for, or security interests or other form of encumbrances of any kind over any of the assets.

ARI's interest in its subsidiaries:

ARI undertakes with ZF Oriental that, for so long as any of the Exchangeable Bonds remains outstanding and save as contemplated under the Contracts, ARI has and will continue to have and maintain an aggregate direct and/or indirect shareholding interest of the total issued share capital of ARI Holdings and CAAM on an as enlarged, converted and exchanged and fully diluted basis (i.e., assuming that all outstanding Exchangeable Bonds and all other securities convertible or exchangeable into Shares or other securities of ARI Holdings or CAAM, if any, are converted or exchanged in full) at all times and from time to time, and that therefore ARI is and will always continue to be the sole ultimate beneficial owner of ARI Holdings and CAAM.

Lock up:

Save as contemplated under the Contracts or with the prior written consent of ZF Oriental, neither ARI nor any person acting on its behalf will: (i) issue, offer, sell, pledge, contract to sell or otherwise dispose of, transfer or deal with or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in (a) any shares in any subsidiary of ARI, (b) any securities of the same class as the Exchangeable Bonds or any shares in any subsidiary of ARI, (c) any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Exchangeable Bonds or any shares in any subsidiary of ARI, (d) securities of the same class as the Exchangeable Bonds or any shares in any subsidiary of ARI or other instruments representing interests in the Exchangeable Bonds or other securities of the same class as them; (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of any shares in any subsidiary of ARI; (iii) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing; or (iv) announce or otherwise make public an intention to do any of the foregoing, in any such case between the date of the EB Subscription Agreement and the date which is 120 days after 31 December 2026.

PRINCIPAL TERMS OF THE EXCHANGEABLE BONDS

Set out below is a summary of the principal terms of the Exchangeable Bonds.

Issuer:	ARI
Principal Amount:	HK\$850,000,000
Form and Denomination:	The Exchangeable Bonds are issued in registered form in the denomination of HK\$5,000,000 each.
Issue Price:	100% of the aggregate principal amount of the Exchangeable Bonds of HK\$850,000,000.
Interest:	<p>In respect of the three-year period commencing from and including the Issue Date up to the Maturity Date, the aggregate of Prime Rate plus 0.5% per annum.</p> <p>Interest shall be payable semi-annually in arrears. For illustration purpose only, assuming the Exchangeable Bonds are issued on 29 December 2023, the interest shall be payable on 28 June and 28 December in each year commencing on 28 June 2024.</p>
Maturity Date:	31 December 2026
Status:	The Exchangeable Bonds constitute senior, direct, unsubordinated, unconditional and unsecured obligations of ARI and shall at all times rank pari passu and without any preference or priority among themselves.
Exchange Right:	Each Exchangeable Bond shall entitle the Bondholder to exchange such Exchangeable Bonds or part of an Exchangeable Bond for CAAM Shares on one or more than one occasion during the Exchange Period in respect of all or part of the outstanding principal amounts under the Exchangeable Bonds in accordance with the terms and conditions of the Exchangeable Bonds.

Exchange Price: HK\$1.25 per CAAM Share initially, subject to adjustment in the manner provided in the relevant provisions in the terms and conditions of the Exchangeable Bonds.

Exchange Period: Any time following the first anniversary of the Issue Date and up to and including the Maturity Date

Exchangeable Shares: 680,000,000 CAAM Shares, subject to the terms and conditions of the Exchangeable Bonds.

The number of Shares to be transferred on exchange of a Bond upon the exercise of the Exchange Right will be determined by the following formula:

$$S = \frac{B}{P}$$

where:

S = number of Shares to be transferred;

B = the whole or such part of the principal amounts of the Bonds to be exchanged; and

P = the Exchange Price.

Ranking of Exchangeable Shares: The Exchangeable Shares shall rank pari passu with the other CAAM Shares then outstanding.

Adjustments: The Exchange Price shall from time to time be subject to adjustment upon consolidation, subdivision or reclassification of the CAAM Shares.

Voting: The Bondholders shall not be entitled to vote at any meetings of shareholders of CAAM.

Transferability: Subject to the terms and conditions of the Exchangeable Bonds, an Exchangeable Bond may be transferred or exchanged at any time by delivery of the respective bond certificate, with the duly completed and signed form of transfer set out in the terms and conditions of the Exchangeable Bonds to ARI.

Redemption: *ARI's Redemption Obligation on the Maturity Date*

On the Maturity Date, subject to and pursuant to the terms and conditions of the Exchangeable Bonds, ARI shall and is obliged to redeem the Exchangeable Bonds, in whole but not in part, unless then previously redeemed, exchanged or cancelled in accordance with the terms and conditions of the Exchangeable Bonds, at the Total Redemption Amount.

Redemption Right at the option of ARI

Without prejudice to ARI's redemption obligation under the terms and conditions of the Exchangeable Bonds, at any time after the first anniversary of the Issue Date and up to the Maturity Date, subject to and in accordance with the terms and conditions of the Exchangeable Bonds, ARI may redeem all (and not some only) of the Exchangeable Bonds.

Redemption Right at the option of Bondholders

Without prejudice to ARI's redemption obligation and ARI's redemption right under the terms and conditions of the Exchangeable Bonds, at any time after the first anniversary of the Issue Date and up to the Maturity Date, subject to and in accordance with the terms and conditions of the Exchangeable Bonds, the Bondholders may require the Issuer to redeem all (and not some only) of the Exchangeable Bonds.

Cancellation: All Exchangeable Bonds which are redeemed or exchanged in accordance with the terms and conditions of the Exchangeable Bonds will forthwith be cancelled and such Exchangeable Bonds may not be reissued or resold.

Negative Pledge:

So long as there are outstanding Exchangeable Bonds, unless with the prior written consent of the Bondholders, ARI will not create or permit to subsist (other than pursuant to the Share Mortgage), and ARI will procure that no subsidiary of ARI will create or permit to subsist, any mortgage, charge, pledge, lien, guarantee, indemnity or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any debt securities or to secure any guarantee of or indemnity in respect of, any debt securities, unless, at the same time or prior thereto, ARI's obligations under the Exchangeable Bonds: (a) are secured equally and rateably therewith; or (b) have the benefit of such other mortgage, charge, pledge, lien, guarantee, indemnity or other form of encumbrance or security interest, guarantee, indemnity or other arrangement as is not materially less beneficial to the Bondholders or as shall be approved by the Bondholders.

REASONS FOR AND BENEFITS OF (1) THE FOURTH SUPPLEMENTAL AGREEMENT AND THE NEW ANNUAL CAPS; AND (2) THE EB SUBSCRIPTION AGREEMENT**(i) Business model of the Group**

The Group has continued its development as a full life cycle aircraft solutions provider for the global aviation industry, offering one-stop and value-added solutions tailored to new, mid-aged and retiring aircraft (the “**Full Life Cycle Aircraft Solutions**”) for aviation partners worldwide. The Group's Full Life Cycle Aircraft Solutions gives the Group competitive advantages over its competitors as it is able to provide its customers, including the airlines, with a solution at “both ends”, namely, the Group takes up the airlines' existing operating aircraft, often being mid-aged and/or matured aircraft, thereby releasing the airlines' demand for capacity, which then allows the Group to provide these airlines with leases of younger aircraft satisfying such demand.

Such business model has been effective as the Group has been able to leverage off the respective resources and synergies among its member companies and affiliated companies, including ARI, enabling the Group to offer services, through itself and/or together with such companies, covering every stage of an aircraft life cycle, including (a) aircraft ordering and procurement; (b) aircraft leasing, sale and leaseback, and portfolio trading; and (c) aircraft disassembly and component sales, and aircraft maintenance, repair & overhaul (“**MRO**”).

In view of the above, ARI's operations and service offerings, which include solutions for second aircraft lease as well as mid-to-end-of-life aircraft, form an integral part of the Group's overall business strategy as a Full Life Cycle Aircraft Solutions provider.

(ii) Continuous development of ARI

- (a) ARI operates a global life cycle solutions platform to support the Group's value chain ecosystem with its dual aircraft recycling bases in Harbin, the PRC and in the United States, which is managed by its wholly-owned subsidiary, Universal Asset Management ("UAM"), specialising in aircraft disassembly, full recycling solutions, component sales, warehousing and third-party logistics headquartered in the United States. Given the industrial knowledge, expertise and the role of UAM in ARI's aircraft recycling business, the Company considered it to be one of the key assets to its global disassembly and distribution network in its downstream aviation value-chain. Together, ARI and UAM offer solutions to aging aircraft internationally, further strengthening the Group's position as a Full Life Cycle Aircraft Solutions provider, thereby enhancing its overall competitiveness in the market, which is considered to be in the interests to the Company as a whole;
- (b) ARI and the Group established an aircraft maintenance and engineering joint venture (the "**FLARI JV**") in Harbin, the PRC in 2018, which provides MRO services for aircraft with a focus on, among others, aircraft base maintenance, scheduled checks and overhaul, aircraft disassembly, engineering services, technical training and consultation. At the moment, the FLARI JV is owned as to 49%, 40% and 11% by ARI, PT Linkaviasi Asia Indonesia and the Group, respectively;
- (c) ARI together with other investors established ARG in December 2019, being an aviation investment fund under ARI which focuses on the leasing of mid-age and older aircraft primarily in the PRC domestic market, as well as aircraft component disassembly and used parts trading. ARG is a non-wholly-owned subsidiary of ARI; and
- (d) As ARI's business continued to develop, its needs for financial resources also increased. ARI has continued to explore external financing options and develop its own financing capacities. Nonetheless, the Shareholders' Loan and Guarantee Agreement (as supplemented and amended by the Fourth Supplemental Agreement) shall provide an additional financing option to ARI for its continuous development.

(iii) Ongoing mutually beneficial relationship between the Group and ARI

- (a) ARI's old aircraft solutions and aftermarket service offerings form an integral part of the Group's business model as a Full Life Cycle Aircraft Solutions provider. The capability of ARI to assist airlines to retire old aircraft has been well recognised by the Group's clients which in turn drive the Group's new aircraft leasing business, especially when airlines are urged to upgrade their fleet in response to the global wave of green aviation. Such synergies open up more business opportunities with both the Group and ARI's existing and potential clients.
- (b) As one of the Group's portfolio trading channel and source of transaction gain, the Group has sold four aircrafts to ARG and may potentially enter into further aircraft transactions going forward. Such transactions are expected to enable ARI to gradually build up its track record among aviation investors as an asset manager specialized in old aircraft.
- (c) Based on CAAM's development plan, the lease terms of 96 aircrafts of the Group over the age of 12 years will expire from 2024 to 2028 and those aircrafts will be potentially injected to CAAM. The potential injection of aircrafts, if materialised, is expected to provide a reasonable return for the Group and flexibility to optimize its fleet portfolio while broadening the portfolio of reserve assets and supporting future business growth of CAAM.
- (d) As one of the Group's early investments in low-carbon and circular economy, ARI also forms an essential part of the Group's continuous endeavor and commitment to aviation sustainability. Over the past years, two large aircraft recycling facilities have been in operation in China and the United States respectively and multiple innovations and breakthroughs were made, the details of which were disclosed in the Group's environmental, social, and governance ("ESG") reports.
- (e) ARI Group has provided various aircraft inspection, consultancy, aircraft technical related services to the Group from time to time; and
- (f) Since the establishment of ARI, such platform has generated stable interest income for the Group.

(iv) Long-term strategy of ARI

ARI is the strategic platform undertaking the Group's long-term commitment to aviation sustainability. As ESG has long been a top priority of the Group's agenda, the Group has actively invested in the field of low-carbon and circular economy and continued to enhance its full value-chain operations and improve with improving professional assets management capabilities in mid- to end-of-life aircraft. As such, ARI was founded and developed to form an integral part of the Group's business model that applies the "green aviation" concept to the traditional aircraft leasing business. Against the global wave of green aviation and China's Carbon Neutrality goal, the Group has been and would continue to enhance its one-stop aircraft full life cycle service capabilities and leveraging synergies among its member companies and affiliates, including ARI, to better grasp business opportunities emerged from accelerated fleet renewal of airline customers while promoting a greener and more sustainable future for global aviation industry.

As the business of ARI continues to develop and take shape, ARI shall seek strategic investors to further support its growth and explore, among others, the possibility of listing on a stock exchange in the future, thereby enabling ARI to attain financial independence. The Company has also entered into a co-investment memorandum of understanding with a reputable State-owned enterprise in the PRC to develop the aviation aftermarket business.

The Directors believe that the Proposed Subscription would provide the Group with an opportunity to have a stable source of interest income while having the flexibility to benefit from the potential growth of CAAM by exercising the Exchange Right at such time as it considers appropriate during the Exchange Period after assessing the performance of CAAM from time to time. Given there is no effective cash outflow in the Company for the Proposed Subscription and the EB Subscription Money represents a discount over the valuation of CAAM, the Board considers that it is fair and reasonable for the Group to enter into the Proposed Subscription.

The terms of the Fourth Supplemental Agreement and the EB Subscription Agreement have been agreed upon arm's length negotiations between the parties. The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders) are of the view that (1) whilst not entered into in the ordinary and usual course of business of the Group, the Proposed Transactions are on normal commercial terms and in the interest of the Company and its Shareholders as a whole; and (2) the terms of the Fourth Supplemental Agreement, the New Annual Caps, and the EB Subscription Agreement are fair and reasonable. The Company will comply with the requirements under Chapters 14 and 14A of the Listing Rules in relation to the exercise of the exchange rights under the EB Subscription Agreement as and when necessary.

INFORMATION OF THE GROUP, ARI, ARI SHAREHOLDERS AND CAAM

The Group

The Group is principally engaged in the global aircraft leasing business with a fleet of 163 owned aircraft and 27 managed aircraft respectively as at the date of this announcement.

ARI

ARI was incorporated in the Cayman Islands with limited liability on 22 August 2014 and is principally engaged in the ARI Business through its subsidiaries, including CAAM. As at the date of this announcement, ARI is held by the Company (through Aircraft Recycling International Holdings) as to 48%, Sky Cheer as to 20%, China Aero as to 18% and Neo Modern as to 14%.

ARI Shareholders

Aircraft Recycling International Holdings is an investment holding company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company.

Sky Cheer is an investment holding company incorporated in Hong Kong with limited liability and is owned by Mr. Li Yuze William and Mr. Li Weiwei Tony. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Sky Cheer and its ultimate shareholders are third parties independent of the Company and its connected persons.

China Aero is an investment holding company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of FPAM, a substantial Shareholder interested in 176,496,672 Shares (representing approximately 23.71% of the total issued share capital of the Company), and FPAM is beneficially owned as to 50% by Mr. Poon Ho Man (an executive Director and the Chief Executive Officer of the Company) and 50% by Ms. Christina Ng. Accordingly, China Aero is a connected person of the Company.

Neo Modern is an investment holding company incorporated in the British Virgin Islands with limited liability and an indirectly wholly-owned subsidiary of CE Limited, a substantial Shareholder interested in 283,417,693 Shares (representing approximately 38.08% of the total issued share capital of the Company). CE Limited is a company incorporated in Hong Kong with limited liability, whose shares are listed on the Stock Exchange (Stock Code: 0165) and is indirectly owned as to approximately 49.74% by CE Group. Accordingly, Neo Modern is a connected person of the Company.

ZF Oriental

ZF Oriental is an investment holding company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company.

CAAM

CAAM is a company incorporated Hong Kong with limited liability on 4 September 2014 and an indirect wholly-owned subsidiary of ARI. As at the date of this announcement, CAAM has a total of 680,000,000 shares in issue.

LISTING RULES IMPLICATIONS

The highest applicable percentage ratio in respect of the Proposed Shareholders' Loan and Guarantee Transactions calculated based on the New Annual Caps, on a standalone basis, is more than 5% but less than 25%. As the highest applicable percentage ratio in respect of the Proposed Subscription, on a standalone basis, and when aggregated with the Proposed Shareholders' Loan and Guarantee Transactions calculated based on the New Annual Caps based on the fact that (a) the Fourth Supplemental Agreement and the Exchangeable Bonds were entered into with ARI and (b) the EB Subscription Money will be settled by the Shareholders' Loan having been provided by Aircraft Recycling International Holdings and assigned to ZF Oriental, exceeds 25% but is lower than 75%, the Proposed Shareholders' Loan and Guarantee Transactions and the Proposed Subscription constitute a major transaction for the Company, and are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, ARI is owned by the Company (through Aircraft Recycling International Holdings) as to 48%, Sky Cheer as to 20%, China Aero as to 18% and Neo Modern as to 14%. Given (i) Neo Modern is a wholly-owned subsidiary of CE Limited, a substantial Shareholder interested in 283,417,693 Shares (representing approximately 38.08% of the total issued share capital of the Company) and (ii) China Aero is a wholly-owned subsidiary of FPAM, a substantial Shareholder interested in 176,496,672 Shares (representing approximately 23.71% of the total issued share capital of the Company), and FPAM is beneficially owned as to 50% by Mr. Poon Ho Man (an executive Director and the Chief Executive Officer of the Company) and 50% by Ms. Christina Ng, ARI is a commonly held entity under Chapter 14A of the Listing Rules. Thus, the Proposed Shareholders' Loan and Guarantee Transactions constitute continuing connected transactions of the Company and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Proposed Subscription constitutes a connected transaction of the Company is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will comply with the requirements under Chapters 14 and 14A of the Listing Rules in relation to the exercise of the Exchange Rights as and when necessary.

Three Directors, namely, Mr. Zhang Mingao (by virtue of his position as an executive director of CE Limited and the president of CE Limited and its subsidiaries), Mr. Poon Ho Man (by virtue of his position as the sole director of China Aero and a director of ARI and certain of its subsidiaries) and Ms. Wang Yun (by virtue of her position as an executive director of CE Limited and a director of ARI), have abstained from voting on the relevant Board resolutions approving the Proposed Transactions.

EGM AND SHAREHOLDERS' APPROVAL

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Fourth Supplemental Agreement, the EB Subscription Agreement and the Proposed Transactions (including the New Annual Caps). FPAM, CE Limited and their respective associates, and Mr. Poon Ho Man and Ms. Christina Ng (both being the ultimate shareholders of FPAM) will abstain from voting at the EGM in relation to the Fourth Supplemental Agreement, the EB Subscription Agreement and the Proposed Transactions (including the New Annual Caps).

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Fourth Supplemental Agreement, the EB Subscription Agreement and the Proposed Transactions (including the New Annual Caps). Maxa Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) further details of the Fourth Supplemental Agreement, the EB Subscription Agreement and the Proposed Transactions (including the New Annual Caps); (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, will be dispatched to the Shareholders on or before 17 November 2023.

GENERAL

The Proposed Shareholders' Loan and Guarantee Transaction and the completion of the Proposed Subscription is subject to the satisfaction (or if applicable, the waiver) of the conditions precedent under the section headed "Fourth Supplemental Agreement" and the EB Conditions Precedent as disclosed in this announcement, respectively. As the Proposed Transactions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“2021 ARI Circular”	the circular of the Company dated 23 February 2021 in relation to, among others, the major and continuing connected transactions contemplated under the Shareholders’ Loan and Guarantee Agreement
“Aircraft Recycling International Holdings”	Aircraft Recycling International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“ARG”	ARG Cayman 1 Limited, an aviation investment vehicle incorporated in the Cayman Islands with limited liability and a non-wholly-owned subsidiary of ARI
“ARI”	Aircraft Recycling International Limited, a company incorporated in the Cayman Islands with limited liability and a commonly held entity of the Company as at the date of this announcement
“ARI Business”	the business model of ARI, which broadly includes the following: <ul style="list-style-type: none">(i) purchasing, including direct purchase of aircraft, or purchase through portfolio trade with lease attached and purchase and leaseback arrangement;(ii) selling, including direct sale, sale after re-certified and conditional sales lease;(iii) leasing, including leasing of aircraft, engine and components;(iv) disassembling, including disassembly and parting-out of aircraft and parts and components from the airframe;(v) replacing, including replacing old components with new ones through the provision, exchange and sharing of serviceable components;

- (vi) conversion, including conversion of passenger aircraft into a freighter and modification of aircraft components for other uses;
- (vii) maintenance, repair and overhaul (MRO), including base maintenance, line maintenance, engine, auxiliary power unit and landing gear repair and management solutions and parts remanufacturing; and
- (viii) establishment of ARG, an aviation investment fund under ARI, and acting as a servicer to ARG

“ARI Group”	ARI and its subsidiaries
“ARI Holdings”	ARI Holdings Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of ARI
“ARI Shareholders”	Aircraft Recycling International Holdings, China Aero, Sky Cheer and Neo Modern
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bondholders”	holders of the Exchangeable Bonds from time to time
“Business Day”	means a day (other than a Saturday and a Sunday and a day on which a tropical cyclone warning number 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“CAAM”	China Aviation Aftermarket Holdings Limited (中飛航空後市場控股有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of ARI
“CAAM Share(s)”	the fully-paid ordinary share(s) in the capital of CAAM

“CE Group”	China Everbright Group Ltd.* (中國光大集團股份公司), a joint stock company incorporated in the PRC with limited liability and owned by Central Huijin, MOF and SSF
“CE Hong Kong”	China Everbright Holdings Company Limited (中國光大集團有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CE Group
“CE Limited”	China Everbright Limited (中國光大控股有限公司), a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 0165) and is indirectly owned as to approximately 49.74% by CE Group as at the date of this announcement
“Central Huijin”	Central Huijin Investment Ltd.* (中央匯金投資有限責任公司), a company incorporated under the laws of the PRC with limited liability
“China Aero”	China Aero Investments Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of FPAM
“commonly held entity”	has the meaning ascribed to it in Rule 14A.27 of the Listing Rules
“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, whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1848)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Contracts”	the EB Subscription Agreement, bond certificate of each Exchangeable Bond and terms and conditions of the Exchangeable Bonds set out in that certificate
“Director(s)”	the director(s) of the Company
“EB Closing”	the closing of the EB Subscription Agreement pursuant to the terms of the EB Subscription Agreement

“EB Closing Date”	the third Business Day after all the Conditions Precedent are satisfied or waived in accordance with the terms of the EB Subscription Agreement (or such other date as ARI and ZF Oriental may agree in writing)
“EB Conditions Precedent”	the conditions precedent as set out in the section headed “The EB Subscription Agreement – Conditions Precedent” in this announcement, and each an “EB Condition Precedent”
“EB Subscription Agreement”	the exchangeable bond subscription agreement dated 27 October 2023 entered into between ARI and ZF Oriental in respect of the subscription of the Exchangeable Bonds
“EB Subscription Money”	HK\$850,000,000, being 100% of the aggregate principal amount of the Exchangeable Bonds
“EGM”	the extraordinary general meeting of the Company to be held for considering, among other things, and if thought fit, approving the Fourth Supplemental Agreement, the EB Subscription Agreement and the Proposed Transactions (including the New Annual Caps)
“Exchange Price”	HK\$1.25 per CAAM Share initially, subject to adjustment in the manner provided in the relevant provisions in the terms and conditions of the Exchangeable Bonds
“Exchange Rights”	has the meaning ascribed thereto under the section headed “Principal Terms of the Exchangeable Bonds” in this announcement
“Exchangeable Bonds”	the HK\$850,000,000 exchangeable bonds due 2026 which are exchangeable into CAAM Shares
“Exchangeable Shares”	CAAM Shares to be disposed of by ARI upon exchange of any Exchangeable Bond
“Existing Annual Caps”	the existing annual caps for the transactions contemplated under the Shareholders’ Loan and Guarantee Agreement for the three years ended/ending 31 December 2021, 2022 and 2023

“First Supplemental Agreement”	the first supplemental agreement to the Original Shareholders’ Loan and Guarantee Agreement dated 14 November 2016 entered into between ARI and the ARI Shareholders
“Fourth Supplemental Agreement”	the fourth supplemental agreement to the Shareholders’ Loan and Guarantee Agreement dated 27 October 2023 entered into between ARI and the ARI Shareholders
“FPAM”	Friedmann Pacific Asset Management Limited, a company incorporated in the British Virgin Islands with limited liability and beneficially owned as to 50% by Mr. Poon Ho Man (an executive Director and the Chief Executive Officer of the Company) and 50% by Ms. Christina Ng. As at the date of this announcement, Friedmann Pacific Asset Management Limited is a substantial shareholder of the Company
“Group”	the Company and its subsidiaries from time to time
“Guarantee”	the guarantee provided by an ARI Shareholder or any group company of an ARI Shareholder for the loans borrowed by ARI from ARI’s bankers, financial or other institutions
“Guarantee Fee”	the guarantee fee payable by ARI to the Guarantor pursuant to the Shareholders’ Loan and Guarantee Agreement (as supplemented and amended by the Fourth Supplemental Agreement)
“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
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors

“Independent Financial Adviser”	Maxa Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Fourth Supplemental Agreement, the EB Subscription Agreement and the Proposed Transactions and to make recommendation as to voting
“Independent Shareholders”	Shareholders other than (i) FPAM and its associates; (ii) CE Limited and its associates; and (iii) any other Shareholders who are required by the Listing Rules to abstain from voting at the EGM
“Issue Date”	the date on which the Exchangeable Bonds are issued, being the EB Closing Date
“Issue Price”	has the meaning ascribed thereto under the section headed “Principal Terms of the Exchangeable Bonds” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Maturity Date”	31 December 2026
“MOF”	the Ministry of Finance of the PRC
“Neo Modern”	Neo Modern Limited, a company incorporated in the British Virgin Islands with limited liability and an indirectly wholly-owned subsidiary of CE Limited
“New Annual Caps”	the proposed new annual caps for the Shareholders’ Loan advanced and may be advanced by Aircraft Recycling International Holdings and the guarantee provided and may be provided by the Group to ARI and/or its subsidiaries together with interest accrued on the Shareholders’ Loan advanced by Aircraft Recycling International Holdings and the Guarantee Fee for each of the three financial years ending 31 December 2026

“Original Shareholders’ Loan and Guarantee Agreement”	the shareholders’ loan and guarantee agreement dated 6 April 2016 entered into between ARI and the ARI Shareholders, pursuant to which, among other things, the ARI Shareholders will provide the Shareholders’ Loan and guarantee to ARI
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Prime Rate”	the best lending rate for Hong Kong Dollars as quoted by the Bank of China (Hong Kong) Limited from time to time for that period (or for a period comparable to that period as the Bondholders may in their sole and absolute discretion select), at or about 11:00 a.m. (Hong Kong time) on the first day of such period
“Proposed Shareholder’s Loan and Guarantee Transaction”	the proposed advance of Shareholders’ Loan by Aircraft Recycling International Holdings and the provision of guarantee by the Group to ARI and/or its subsidiaries for the three financial years ended 31 December 2026
“Proposed Subscription”	the proposed subscription of the Exchangeable Bonds under the EB Subscription Agreement
“Proposed Transactions”	the Proposed Shareholders’ Loan and Guarantee Transaction and the Proposed Subscription
“Second Supplemental Agreement”	the second supplemental agreement to the Original Shareholders’ Loan and Guarantee Agreement (as supplemented and amended by the First Supplemental Agreement) dated 15 October 2018 entered into between ARI and the ARI Shareholders
“Share(s)”	share(s) with par value of HK\$0.10 each in the share capital of the Company

“Share Mortgage”	the share mortgage dated 6 April 2016 (as amended and supplemented from time to time) entered into by ARI (as mortgagor) in favour of Aircraft Recycling International Holdings (as security trustee) in respect of the entire issued share capital of ARI Holdings
“Shareholder(s)”	the holder(s) of the Shares
“Shareholders’ Loan”	the shareholders’ loan advanced by any of the ARI Shareholders to ARI pursuant to the Shareholders’ Loan and Guarantee Agreement (as supplemented and amended by the Fourth Supplemental Agreement)
“Shareholders’ Loan and Guarantee Agreement”	the Original Shareholders’ Loan and Guarantee Agreement (as supplemented and amended by the First Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement)
“Sky Cheer”	Sky Cheer International Limited, a company incorporated in Hong Kong with limited liability and owned by Mr. Li Yuze William and Mr. Li Weiwei Tony
“SSF”	National Council for Social Security Fund of the PRC* (全國社會保障基金理事會)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Third Supplemental Agreement”	the third supplemental agreement to the Original Shareholders’ Loan and Guarantee Agreement (as supplemented and amended by the First Supplemental Agreement and the Second Supplemental Agreement) dated 26 January 2021 entered into between ARI and the ARI Shareholders
“Total Redemption Amount”	100% of the outstanding principal amount of the Exchangeable Bonds, together with accrued interest, and all other amounts accrued or outstanding under the Exchangeable Bonds

“ZF Oriental”

ZF Oriental 38 Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

“%”

per cent.

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

Hong Kong, 27 October 2023

As at the date of this announcement, (i) the Executive Directors are Mr. ZHANG Mingao (Chairman), Mr. POON Ho Man (Chief Executive Officer) and Ms. LIU Wanting (Chief Commercial Officer); (ii) the Non-executive Director is Ms. WANG Yun; and (iii) the Independent Non-executive Directors are Mr. CHEOK Albert Saychuan, Dr. TSE Hiu Tung, Sheldon and Mr. FAN Chun Wah, Andrew, J.P.

* *for identification purpose only*