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中國光大銀行股份有限公司

China Everbright Bank Company Limited

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 6818)

**CONNECTED TRANSACTION
IN RELATION TO
ENTERING INTO THE AIRCRAFT SALE AND
PURCHASE AGREEMENTS WITH CONNECTED PERSON**

On 2 July 2020, Everbright Financial Leasing through its six wholly-owned special purpose vehicles (as the Purchaser) entered into the Aircraft Sale and Purchase Agreements with the Vendor through its seven wholly-owned of special purpose vehicles, pursuant to which, the Vendor agreed to transfer the ownership of the Subject of Transfer together with rights and obligations under the Lease Agreements to Everbright Financial Leasing and Everbright Financial Leasing agreed to purchase the Subject of Transfer together with rights and obligations under the Lease Agreements.

As of the date of this announcement, Everbright Group is a substantial shareholder of the Company. Everbright Group is the sole shareholder of China Everbright Holdings Company Limited, which is an indirectly controlling shareholder of China Everbright Limited through indirectly holding approximately 49.74% equity interests in China Everbright Limited, which indirectly holds approximately 36.61% equity interests of CALC. Since China Everbright Holdings Company Limited indirectly controls and has great influence on China Everbright Limited, thus China Everbright Limited is considered as the subsidiary of China Everbright Holdings Company Limited. Therefore, CALC is an associate of Everbright Group. As Everbright Group is a substantial shareholder of the Company, CALC constitutes the connected person of the Company. Accordingly, the Aircraft Sale and Purchase Agreements and their transactions contemplated thereunder entered into between Everbright Financial Leasing and the Vendor shall constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions contemplated under the Aircraft Sale and Purchase Agreements is more than 0.1% but less than 5%, the transactions are subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) Rules 14.58(4) and 14.58(7) of the Listing Rules requiring disclosure of the aggregate value of the consideration and net profits attributable to the assets; (ii) Rule 14.58(6) of the Listing Rules requiring disclosure of the net book value of the Subject of Transfer; and (iii) Rule 14A.68(5) of the Listing Rules requiring disclosure of initial cost of the Subject of Transfer originally purchased by the Vendor.

I. INTRODUCTION

On 2 July 2020, Everbright Financial Leasing through its six wholly-owned special purpose vehicles (as the Purchaser) entered into the Aircraft Sale and Purchase Agreements with the Vendor (through its seven wholly-owned of special purpose vehicles), pursuant to which the Vendor agreed to transfer the ownership of the Subject of Transfer together with rights and obligations under the Lease Agreements to Everbright Financial Leasing and Everbright Financial Leasing agreed to purchase the Subject of Transfer together with rights and obligations under the Lease Agreements.

II. AIRCRAFT SALE AND PURCHASE AGREEMENT

The details of the Aircraft Sale and Purchase Agreements are summarized as follows:

1. Date

2 July 2020

2. Parties

“Purchaser”: Everbright Financial Leasing (through its six wholly owned special purpose vehicles, namely Guangrong No. 2 (Tianjin) Aviation Leasing Co., Limited (光融二號(天津)航空租賃有限公司), Guangrong No. 3 (Tianjin) Aviation Leasing Co., Limited (光融三號(天津)航空租賃有限公司), Guangrong No. 4 (Tianjin) Aviation Leasing Co., Limited (光融四號(天津)航空租賃有限公司), Everbright Hongan (Shanghai) Aviation Leasing Co., Limited (光航鴻安(上海)飛機租賃有限公司), Everbright Hongcheng (Shanghai) Aviation Leasing Co., Limited (光航鴻誠(上海)飛機租賃有限公司) and Everbright Hongrui (Shanghai) Aviation Leasing Co., Limited (光航鴻睿(上海)飛機租賃有限公司) (as purchaser of two aircraft)).

“Vendor”: CALC (through its seven wholly-owned special purpose vehicles, namely CALC Kaiqing Limited (中飛開慶租賃(天津)有限公司), CALC Qianfu CO., LTD. (中飛乾符租賃(天津)有限公司), ZJ Shengwu Leasing (Tianjin) CO., LTD. (中機聖武租賃(天津)有限公司), CALC Shaoding Financial Leasing Limited (中永紹定融資租賃(上海)有限公司), CALC Xianchun

Financial Leasing Limited (中永鹹淳融資租賃(上海)有限公司), CALC Chunyou Financial Leasing Limited (中永淳佑融資租賃(上海)有限公司) and CALC Chunhua Financial Leasing Limited (中永淳化融資租賃(上海)有限公司)).

3. Subject of Transfer

The Subject of Transfer comprises of the ownership of seven Boeing B737-800 aircraft together with relevant leasing rights and obligations.

4. Consideration

The Company is subject to confidentiality obligation, pursuant to which, the terms of the Aircraft Sale and Purchase Agreements shall not be disclosed to any third party unless the Vendor agrees in writing. In terms of the Company's compliance with the disclosure obligations generally provided in Chapter 14 of the Listing Rules, the Company has obtained the Vendor's prior written consent to disclose the terms of the Aircraft Sale and Purchase Agreements except the transaction consideration.

The Company has no access to the net book value of the Subject of Transfer, and the net profit attributable to the Subject of Transfer for the two financial years immediately preceding the transaction and the original cost of the Vendor's initial purchase of the Subject of Transfer (collectively, "**Historical Details**"). The Historical Details are commercial sensitive and not available to the Company.

Moreover, when assessing the purchase terms of the Subject of Transfer, the Company mainly used the Market Appraised Value, the internal return rate, the previous transactions with a similar nature of the Group and the prevailing market practice in the aviation industry as reference without any of the Historical Details.

The Company is of the opinion that if the Company is required to disclose the consideration, the vendors in the aviation industry (including CALC) will not enter into the aircraft sale and purchase agreement with the Group, and the Group may not be able to enter into similar future transactions with the vendors in the aviation industry (including CALC). Therefore, any relevant disclosure is not in the interest of the Company and the shareholders as a whole.

Therefore, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, exemption from strict compliance with the Rules 14.58(4), 14.58(6), 14.58(7) and 14A.68(5) of the Listing Rules regarding the disclosure of the transaction consideration, the net book value of the Subject of Transfer, the net profit attributable to the Subject of Transfer for the two financial years immediately preceding the transaction and the original cost of the Vendor's initial purchase of the Subject of Transfer.

As an alternative disclosure, the Company discloses the Market Appraised Value of the Subject of Transfer and internal return rate.

The Market Appraise Value is made by an independent appraiser and is approximately US\$316 million (equivalent to approximately HK\$2.46 billion).

The independent appraiser adopted the market approach whereby the Subject of Transfer would be valued by reviewing recent market activities and comparing known market transactions involving similar asset type. Such approach is intended to reflect the result of an arm's length single sale transaction for cash conducted in an orderly manner between a willing buyer and a willing seller. For the purposes of this transaction, the independent appraiser took into consideration various factors, including the aircraft manufacturer, type and variant, year of build and a generic specification which comprises engine manufacturer, type and variant and maximum take-off weight combination. The independent appraiser also assumed that, under its appraised full-life base value of the Subject of Transfer, the airframe, engines, landing gear, auxiliary power unit and all major components are either new or have just undergone a major overhaul, inspection or performance restoration (as appropriate), life-limited parts of the engine have 100% of their certified lives remaining and a reasonable marketing time of 12 months.

The internal return rate is one of the main factors considered by the Group when evaluating risks and returns involving in the purchase of aircraft asset portfolios and assessing the reasonableness of the premium brought by the leases attached to aircraft, and the Group has been adopting this approach to evaluate the risks involving in the purchase of aircraft asset portfolios and the reasonableness of premium, the internal return rate is therefore stable at 5% to 8%. For transactions with a similar nature in the market, the internal return rate usually ranges from 5% to 6%. The Company confirms that after considering the purchase of the Subject of Transfer and there is no deviation from the method adopted by the Group when evaluating the transaction, the internal return rate of the transaction of Everbright Financial Leasing is expected to be above 5.6%, which falls into the scope of that of Group's previous similar transactions and market similar transactions.

Based on the above, the Directors of the Company, including the independent non-executive Directors, consider that the consideration for the Subject of Transfer was fair and reasonable, determined on an arm's length basis upon negotiation in accordance with the Group's customary business practices, taking into account the market appraised value of the relevant similar type of assets, internal return rate of similar transactions, terms and conditions of the transaction as a whole and with reference to market conditions.

5. Payment and Delivery Terms

The respective consideration of the Subject of Transfer will be paid upon completion of each of the Aircraft Sale and Purchase Agreements, which is estimated to occur by the end of September 2020. The consideration shall be paid with self-owned funds of the Purchaser.

6. Conditions of Effective

The Aircraft Sale and Purchase Agreements shall take effect upon consideration and approval by the competent authorities of both parties.

III. REASONS FOR AND BENEFITS OF ENTERING INTO THE AIRCRAFT SALE AND PURCHASE AGREEMENTS

The Aircraft Sale and Purchase Agreements are entered into by the Group in its ordinary and usual course of business. Entering into the Aircraft Sale and Purchase Agreements between Everbright Financial Leasing and the Vendor is beneficial for effectively expanding the scale of aviation assets, improving the quality and profit of aviation assets of Everbright Financial Leasing, and broadening the client base of the aviation company of Everbright Financial Leasing, laying a foundation for achieving the diversity of clients.

IV. OPINIONS OF THE BOARD

The Directors of the Company, including the independent non-executive Directors, are of the opinion that the terms of the Aircraft Sale and Purchase Agreements are conducted on normal commercial terms, in the usual course of business of the Group and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Li Xiaopeng, Wu Lijun, Liu Jin, Cai Yunge, Lu Hong, Wang Xiaolin, Shi Yongyan and Dou Hongquan, all being Directors, have abstained from voting on the Board resolution approving the transaction. Save as mentioned above, none of the other Directors has material interest in the matter and hence no other Director has abstained from voting on such Board resolution.

V. LISTING RULES IMPLICATIONS

As of the date of this announcement, Everbright Group is a substantial shareholder of the Company. Everbright Group is the sole shareholder of China Everbright Holdings Company Limited, which is an indirectly controlling shareholder of China Everbright Limited through indirectly holding approximately 49.74% equity interests in China Everbright Limited, which indirectly holds approximately 36.61% equity interests of CALC. Since China Everbright Holdings Company Limited indirectly controls and has great influence on China Everbright Limited, thus China Everbright Limited is considered as the subsidiary of China Everbright Holdings Company Limited. Therefore, CALC is an associate of Everbright Group. As

Everbright Group is a substantial shareholder of the Company, CALC constitutes the connected person of the Company. Accordingly, the Aircraft Sale and Purchase Agreements and their transactions contemplated thereunder entered into between Everbright Financial Leasing and the Vendor shall constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

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VI. GENERAL INFORMATION

The Purchaser is a joint stock limited company incorporated in the PRC on 19 May 2010 with registered address located in Hubei Province, the PRC. Its primary business is financial leasing and transfer of financial leasing assets.

The Vendor is an exempted limited company incorporated in Cayman Islands, whose shares are listed on the main board of the Stock Exchange (stock code: 1848). Its primary business is global aircraft leasing.

DEFINITIONS

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

“Aircraft Sale and Purchase Agreements”	the seven aircraft sale and purchase agreements entered into between the Purchaser and the Vendor on 2 July 2020, in relation to the Subject of Transfer
“Board”	the board of Directors of the Company
“Company”	China Everbright Bank Company Limited (中國光大銀行股份有限公司), a joint stock limited company incorporated in the PRC and the H shares and A shares of which are listed on the Stock Exchange (stock code: 6818) and the Shanghai Stock Exchange (stock code: 601818), respectively
“Director(s)”	the director(s) of the Company

“Everbright Financial Leasing” or “Purchaser”	Everbright Financial Leasing Co., Ltd. (光大金融租賃股份有限公司), a joint stock company incorporated under the laws of the PRC, whose ultimate beneficial owner is the State Council of the PRC. As of the date of this announcement, the Company holds its 90% equity interests
“Everbright Group”	China Everbright Group Limited (中國光大集團股份公司), a joint stock company incorporated under the laws of the PRC, a substantial shareholder of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Agreements”	the existing lease agreements attached to the Subject of Transfer
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Market Appraised Value”	the full-life base value of the Aircraft obtained from an independent appraiser
“PRC”	The People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject of Transfer”	seven Boeing B737-800 aircraft
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor” or “CALC”	China Aircraft Leasing Group Holdings Limited (中國飛機租賃集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1848). As of the date of this announcement, China Everbright Limited indirectly holds approximately 36.61% equity interests of CALC, and the ultimate beneficial owner of China Everbright Limited is the State Council of the PRC

“%”

per cent

On behalf of the Board
China Everbright Bank Company Limited
LI Xiaopeng
Chairman

Beijing, the PRC
2 July 2020

As at the date of this announcement, the Executive Directors of the Company are Mr. Liu Jin and Mr. Lu Hong; the Non-executive Directors are Mr. Li Xiaopeng, Mr. Wu Lijun, Mr. Cai Yunge, Mr. Wang Xiaolin, Mr. Shi Yongyan, Mr. Dou Hongquan, Mr. He Haibin, Mr. Liu Chong and Ms. Yu Chunling; and the Independent Non-executive Directors are Mr. Xu Hongcai, Mr. Feng Lun, Mr. Wang Liguo, Mr. Shao Ruiqing, Mr. Hong Yongmiao and Mr. Li Yinquan.