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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)

VOLUNTARY ANNOUNCEMENT MEMORANDUM OF UNDERSTANDING IN RELATION TO AIRCRAFT DISASSEMBLY PROJECT

The Board is pleased to announce that on 3 December 2014, the Company entered into a MOU with Harbin Government in relation to the Aircraft Disassembly Project.

The announcement is made on a voluntary basis by the Company.

MOU IN RELATION TO AIRCRAFT DISASSEMBLY PROJECT

The Board is pleased to announce that on 3 December 2014, the Company entered into a MOU with the Harbin Government in relation to the establishment of China's Aircraft Disassembly Operation in Harbin. The Group's intention in undertaking the Aircraft Disassembly Project is to become one of the largest civil aircraft disassembly centres in the world over the medium term, serving both China and other markets globally.

Pursuant to the MOU, the Group intends to set up a new business line of CADC in phrases with a total investment of approximately US\$2 billion (equivalent to approximately HK\$15.6 billion, including the purchase cost of old aircrafts). This business will target both domestic and overseas markets. The Harbin Government has agreed to provide assistance to the Group in implementing the Aircraft Disassembly Project, amongst others, granting the land use right for the Aircraft Disassembly Project.

REASONS FOR AND BENEFITS FROM ENTERING INTO THE MOU

The Group is principally engaged in the aircraft leasing business in the PRC. The investment of Aircraft Disassembly Project is a significant step for the Group, as it supports the development of aviation market in the following ways, a) extending and realising the aviation industry value chain in China, b) in support of the national policy promoting resources recycling, and c) fulfilling the strong and recurrent demand for the disposal of aged aircrafts. The Board considers that the strategic cooperation with the Harbin Government, under the MOU offers an excellent opportunity for the Group to complete its entire value chain of aircraft supply management, expanding its role as an one-stop, full life cycle solution provider in China's aviation industry. This will certainly benefit the Group's existing aircraft leasing business.

The MOU is a framework document for the cooperation between the two parties. Further definitive agreement(s) for specific services will be entered into between the parties or their respective designated parties if and when such parties (after negotiation) reach consensus on any detailed terms and arrangements for implementing the Aircraft Disassembly Operation. Further announcement(s) in relation to the MOU will be made by the Company to inform the Shareholders and other investors as and when appropriate in accordance with the Listing Rules.

DEFINITIONS

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

“Aircraft Disassembly Operation”	the fully integrated aircraft disassembly operation to be set up in Harbin, the PRC
“Aircraft Disassembly Project”	the establishment of a possible strategic cooperation between the parties regarding the new business line of CADC
“Board”	the board of Directors
“CADC”	China Aircraft Disassembly Centre
“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, the shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Harbin Government”	Municipal Government of Harbin (哈爾濱市人民政府), the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 3 December 2014 entered into between Harbin Government and the Company in relation to the Aircraft Disassembly Project
“PRC”	the People’s Republic of China
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 3 December 2014

As at the date of this announcement, (i) the executive Directors are Mr. Poon Ho Man and Ms Liu Wanting; (ii) the non-executive Directors are Mr. Chen Shuang, Mr. Tang Chi Chun and Mr. Guo Zibin; and (iii) the independent non-executive Directors are Mr. Fan Yan Hok, Philip, Mr. Ng Ming Wah, Charles, Mr. Zhang Chongqing and Mr. Nien Van Jin, Robert.