

China's Most Sizeable Aircraft Disassembly Operation to be Established in Harbin Targets to Become the One of the Largest Market Players in Asia Pacific Region

On 3 December 2014, China Aircraft Leasing Group Holdings Limited ("CALC", stock code: 01848.HK), an associate of China Everbright Limited, is pleased to announce its Memorandum of Understanding (the "MOU") with the Municipal Government of Harbin in relation to the establishment of China's most sizeable aircraft disassembly project (the "Aircraft Disassembly Project"). A signing ceremony was held in Harbin. Principal leaders of Provincial Government of Heilongjiang, Municipal Government of Harbin, China Everbright Group and CALC attended the ceremony. Mr. Cong Keming, the Vice Mayor of Harbin and Mr. Chen Shuang, the Chief Executive Officer of China Everbright Limited and the Chairman of CALC signed the framework cooperation agreement, while Mr. Lu Hao, the Governor of Heilongjiang Province and Mr. Tang Shuangning, Chairman of China Everbright Group witnessed and participated in the ceremony.



The investment of China's most sizeable aircraft disassembly operation by CALC (the "Aircraft Disassembly Operation") will be established in Harbin, making an unprecedented step forward in China's aviation industry. The Aircraft Disassembly Project is significant to CALC 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 aged aircraft disposal. It will be a major step for CALC to establish its presence in the complete value chain of aircraft solutions industry and provide one-stop, full life cycle solutions to China's aviation industry. CALC intends to set up the new business line of China Aircraft Disassembly Centre ("CADC") in phases with a total investment of US\$2 billion (including the purchase cost of old aircraft), which will target both domestic and overseas markets. The Aircraft Disassembly Project will be capable of dismantling over 50 aircraft annually after 5 years, aiming to become one of the largest civil aircraft disassembly centres in the world in the medium term to serve both China and other markets globally.

With the prompt development of China's aviation industry and the rapid expansion of airlines' fleet, the number of old retiring aircraft has been increasing every year. There is thus a rising demand for old aircraft solutions. Equipped with thorough knowledge of old aircraft and high standard of technical expertise in aircraft operation, CALC is capable of setting up the aircraft disassembly operation with a professional team to capture the increasing market demand and fill the gap between domestic and international markets. Being one of the four aviation bases in China, Harbin has shown great attention and strong support to the Aircraft Disassembly Project. The Aircraft Disassembly Project has been treated as one of the key projects of the "Revitalisation of Northeast Industrial Base Plan" (振興東北老工業基地戰略), and will be supported by further policies. Therefore, CALC will take this excellent opportunity to establish the Aircraft Disassembly Operation in Harbin to extend downstream of the value chain. The Aircraft Disassembly Project further demonstrates CALC's ability to provide airlines with all-rounded aircraft solutions and this will certainly benefit its existing aircraft leasing business.

Dr. Mike POON, Chief Executive Officer and Executive Director of CALC said, "With a mission to support and develop China's aviation industry, CALC intends to fill the gaps in China's aviation industry. After more than a year of technical preparations, together with the strong support from the Provincial Government of Heilongjiang and the Municipal Government of Harbin, we decided to establish the Aircraft Disassembly Operation in Harbin. With long-term presence in aircraft leasing and financing industry, CALC is well aware of the positive influence that old aircraft dismantling and

parts recycling will bring to China's aviation industry. While supporting the development of China's aviation industry, the Aircraft Disassembly Operation will also encourage airlines to expand its fleet, upgrade fleet model and improve safety and efficiency. CALC has developed a new operational design for the project to extend the value chain with an innovative financial approach and create a win-win situation which expedites the development of the aviation disassembly industry and promotes the advancement of the air transport industry.”

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About China Aircraft Leasing Group Holdings Limited

China Aircraft Leasing Group Holdings Limited is a forerunning aircraft operating lessor in China with headquartered in Hong Kong and offices in Beijing, Shanghai, Shenzhen and Tianjin, China; Labuan, Malaysia; Toulouse, France and Dublin, Ireland. Through its overseas leasing platform and its domestic leasing platforms in Tianjin and Shanghai, CALC has created competitive advantages through its strategic “dual-platform” business model which enables CALC to provide its airline customers with innovative, flexible and competitive leasing solutions inside and outside China. As an independent aircraft operating lessor, CALC takes advantage of the extensive international financial network to access to a wide range of sustainable sources of financing from the region and beyond.

China Aircraft Leasing Group Holdings Limited was listed on the main board of The Stock Exchange of Hong Kong Limited on 11 July 2014, stock code: 01848.HK. Currently, CALC owns a portfolio of 41 commercial aircraft. With primary focus on China market, CALC is expanding its footprints into global emerging markets, providing innovative and dynamic leasing solutions to leasing clients around the globe.

For more information about CALC, please visit <http://www.calc.com.hk/>.