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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)

**INSIDE INFORMATION
100 AIRCRAFT PURCHASE
MEMORANDUM OF UNDERSTANDING WITH AIRBUS
AND
RMB10 BILLION FACILITIES
FRAMEWORK STRATEGIC COOPERATION AGREEMENT WITH
EXPORT-IMPORT BANK OF CHINA**

(1) PROPOSED PURCHASE OF AIRCRAFT

The Board is pleased to announce that on 6 November 2014 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into a MOU with Airbus in relation to the Proposed Purchase of Aircraft.

The Proposed Purchase of Aircraft, if materialised, may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Further announcement(s) in relation to the Proposed Purchase of Aircraft will be made by the Company as and when appropriate in accordance with the Listing Rules.

Shareholders and/or investors should note that the Proposed Purchase of Aircraft may or may not materialise as no formally binding documentation has been executed between the parties. Shareholders and/or investors are advised to exercise caution when dealing in the Company's securities.

(2) FRAMEWORK AGREEMENT WITH THE BANK

The Board is also pleased to announce that on 4 November 2014, the Company entered into the Framework Agreement with the Bank in relation to the possible strategic cooperation between the Company and the Bank regarding certain financial services.

(1) PROPOSED PURCHASE OF AIRCRAFT

The announcement in relation to the Proposed Purchase of Aircraft is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 6 November 2014 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into a non-legally binding MOU (save as to certain provisions mentioned in this announcement) with Airbus in relation to the Proposed Purchase of Aircraft.

The MOU

The material terms of the MOU are summarised below:

Date: 6 November 2014

Parties

- (1) China Aircraft Leasing Company Limited, as purchaser; and
- (2) Airbus, as vendor.

To the best of the Director's knowledge, information and belief and having made all reasonable enquiry, Airbus and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Aircraft to be acquired

Pursuant to the MOU, it is intended that the Purchaser will acquire, and Airbus will sell:

- (i) 16 Airbus A320-200 CEO series aircraft
- (ii) 10 Airbus A321-200 CEO series aircraft
- (iii) 74 Airbus A320 NEO series aircraft

Consideration

Based on Airbus list prices and before any discounts, the value of the firm order is approximately US\$10.2 billion. It is expected that the consideration will be settled by cash by the Company's internal resources and bank borrowings.

Further negotiation

Pursuant to the MOU, the parties have agreed to proceed with further negotiation in good faith (from the date the MOU becomes binding) of the entering into of the Formal Agreement on or before 30 November 2014. The sale of the aircraft is subject to the entering into of the Formal Agreement.

Conditions precedent

The entry into force and the binding nature of the MOU is conditional upon, among other conditions, the management board of Airbus approving the MOU and receipt by Airbus from the Purchaser of the commitment fee for each aircraft and a signed original of the MOU.

Termination

If the parties have not signed the Formal Agreement by 30 November 2014, the MOU will be automatically terminated unless otherwise agreed in writing by the parties, and upon termination the parties shall have no obligation or liability to the other (save as to provisions on confidentiality).

Formal Agreement

The MOU is not intended to constitute any legally binding obligations between the parties to the MOU save as to the provisions on the obligation to negotiate in good faith, principal terms and conditions, confidentiality, commitment fee and governing law. The Proposed Purchase of Aircraft therefore may or may not materialise and is subject to the execution and completion of the Formal Agreement.

General

The Proposed Purchase of Aircraft, if materialised, may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Further announcement(s) in relation to the Proposed Purchase of Aircraft will be made by the Company as and when appropriate in accordance with the Listing Rules.

Shareholders and/or investors should note that the Proposed Purchase of Aircraft may or may not materialise as no formally binding documentation has been executed between the parties. Shareholders and/or investors are advised to exercise caution when dealing in the Company's securities.

(2) FRAMEWORK AGREEMENT WITH THE BANK

The announcement relating to the Framework Agreement with the Bank is made on a voluntary basis by the Company.

The Board is also pleased to announce that on 4 November 2014, the Company entered into the non-legally binding Framework Agreement (save as to provisions on confidentiality) with the Bank in relation to the possible strategic cooperation between the Company and the Bank regarding certain financial services.

Pursuant to the Framework Agreement, the Bank agreed to provide (among others) a range of financial services to the Group including:

- (i) various types of financing (such as aircraft import financing, account receivables factoring services);
- (ii) consultancy services (such as foreign currency risk consultancy, import financing and overseas investment advisory services); and
- (iii) other financial services (such as provision of guarantee, settlement services).

The total amount of credit facilities to be provided by the Bank under the Framework Agreement will be no more than RMB10 billion (or in an equivalent currency).

Further, under the Framework Agreement, the parties agreed to enhance communications and, when necessary, form working teams to implement any financing or investment projects.

The term of the Framework Agreement is three years from the date of signing of the Framework Agreement.

Reasons for and benefits from entering into the Framework Agreement

The Group is principally engaged in the aircraft leasing business in the PRC. The Bank is a state-owned bank in the PRC. The Board believes that the strategic cooperation with the Bank under the Framework Agreement will offer an opportunity to the Group to enjoy priority treatment of various financial services to be provided by the Bank, which will be beneficial to the Group's finance leasing business.

The Framework Agreement is a framework document for the cooperation between the parties. Further definitive agreement(s) for specific services will be entered into between the parties if and when the parties (after negotiation) reach consensus on any detailed terms and arrangements for implementing the cooperation. Further announcement(s) in relation to the Framework Agreement will be made by the Company to inform its 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:

“Airbus”	Airbus S.A.S., a company created and existing under the laws of France
“Bank”	The Export-Import Bank of China (中國進出口銀行), a state-owned bank in the PRC
“Board”	the board of Directors
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Formal Agreement”	the formal sale and purchase agreement(s) relating to the Proposed Purchase of Aircraft to be entered into between Airbus and the Purchaser
“Framework Agreement”	the framework strategic cooperation agreement dated 4 November 2014 entered into between the Company and the Bank in relation to the possible strategic cooperation between the parties regarding certain financial services
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 6 November 2014 entered into between Airbus and the Purchaser in relation to the Proposed Purchase of Aircraft
“PRC”	the People’s Republic of China
“Proposed Purchase of Aircraft”	the possible purchase by the Purchaser of 100 Airbus A320 series aircraft from Airbus.

“Purchaser”	China Aircraft Leasing Company Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of the Company
“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, 6 November 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.