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BOC AVIATION LIMITED

中銀航空租賃有限公司*

(Incorporated in the Republic of Singapore with limited liability)

Stock code: 2588

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE PURCHASE OF
FIVE AIRBUS A320-200 AIRCRAFT**

The Board is pleased to announce that BOC Aviation (Cayman), a wholly-owned subsidiary of the Company, has entered into the Agreement with Airbus on 27 December 2016 pursuant to which BOC Aviation (Cayman) has agreed to purchase five A320-200 aircraft from Airbus. The Transaction constitutes a discloseable transaction of the Company under the Listing Rules.

1. Introduction

The Board is pleased to announce that BOC Aviation (Cayman), a wholly-owned subsidiary of the Company, has entered into the Agreement with Airbus pursuant to which BOC Aviation (Cayman) has agreed to purchase the Airbus Aircraft.

2. Details of the Agreement

(a) Aircraft to be purchased

The Airbus Aircraft, comprising five Airbus A320-200 aircraft, which are single-aisle aircraft in the A320CEO family.

(b) Consideration

The aggregate list price of the Airbus Aircraft is approximately US\$490 million. The aircraft list price comprises the airframe price, optional features price, engine price and forecast escalation and such information is generally publicly available.

* *For identification purpose only*

There is a significant difference between the list price of the Airbus Aircraft and the actual purchase price of the Airbus Aircraft under the Agreement. The actual purchase price of the Airbus Aircraft under the Agreement was established in an arm's length transaction, taking into account the terms and conditions of the Transaction as a whole and with reference to market conditions.

The difference between the price of the Airbus Aircraft under the Agreement and the list price of the Airbus Aircraft is a result of many different factors, the most important of which is that a purchaser of a new aircraft from a manufacturer would usually be granted a significant discount against list price by the manufacturer. Based on the Company's industry understanding, the discount against list price granted by a manufacturer to an aircraft purchaser is commercially sensitive information and is usually determined on the basis of certain variables and after arm's length negotiations between the aircraft purchaser and the manufacturer.

The difference between the list price of the Airbus Aircraft and the actual purchase price of the Airbus Aircraft under the Agreement is not materially different, in percentage terms, from the discount against list price that the Company has obtained in previous purchases of new aircraft from Airbus. As a result of such discount, the actual purchase price of the Airbus Aircraft is lower than the list price of such Airbus Aircraft.

The Company is subject to a strict confidentiality obligation with regard to the purchase price of the Airbus Aircraft under the Agreement. Airbus would not have entered into the Agreement with the Company if the Company were required to disclose the purchase price of the Airbus Aircraft under the Agreement. Disclosure of the purchase price of the Airbus Aircraft could result in the loss of the significant discount against list price that may be granted by Airbus to the Company for future purchases and could therefore adversely affect the business operation of the Company.

It is normal business practice in the global aviation industry for the aircraft list price, instead of the actual purchase price, to be disclosed for the acquisition of new aircraft.

The difference between actual price and list price of the Airbus Aircraft will mainly affect the depreciation of the Airbus Aircraft in the future operating costs of the Company. The Company believes that the price difference will have no material adverse impact on the Company's future operating costs taken as a whole.

In view of the above, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 14.58(4) of the Listing Rules in relation to the requirement to disclose the actual aggregate purchase price of the Airbus Aircraft.

(c) Payment and delivery terms

The consideration for the purchase of each of the Airbus Aircraft is payable in cash in five instalments, with the first four instalments to be paid prior to delivery of each aircraft and the balance, being a substantial portion of the consideration, to be paid upon delivery of the aircraft. The Company expects to take delivery of the Airbus Aircraft in 2017.

The payment obligations of BOC Aviation (Cayman) under the Agreement are guaranteed by the Company.

(d) Source of funding

The Transaction will be funded through cash on hand, the proceeds of loans or other borrowings by the Company and/or cash generated from the Company's business operations.

3. Aircraft Purchase Mandate

Under the terms of the Aircraft Purchase Mandate, the Directors are authorised to purchase from Airbus not more than 50 single-aisle or single-aisle equivalent aircraft of certain aircraft types with an aggregate aircraft list price of not more than US\$6.2 billion (approximately HK\$48.36 billion).

The Transaction is made pursuant to and in accordance with the terms of the Aircraft Purchase Mandate.

As at the date of this announcement, taking into account the Airbus Aircraft to be purchased pursuant to the Transaction, the Group has purchased a cumulative number of equivalent to 10 single-aisle aircraft from Airbus with an aggregate 2016 list price of approximately US\$1,064.5 million pursuant to the Aircraft Purchase Mandate since 1 June 2016 being the date of listing of the Company on the Stock Exchange.

4. Reasons for, and Benefits of, the Transaction

The Directors are of the view that the Transaction is in line with the growth strategy of the Company and will enable the Company to build its balance sheet by investing in modern, efficient, in-demand aircraft. The Transaction is conducted in the ordinary course of business of the Group.

The Directors confirm that the terms of the Transaction are fair and reasonable and in the interests of the Shareholders as a whole and the Transaction will have no material adverse impact on the Company's operations and financial position.

5. Information About Airbus

Airbus is principally engaged in aircraft manufacturing.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Airbus and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

6. Information About the Company

The Company is a leading global aircraft operating leasing company with a fleet of 484 aircraft owned, managed or on order as at 30 September 2016.

7. Listing Rules Implications of the Transaction

As one of the relevant percentage ratios under Rule 14.07 of the Listing Rules for the Transaction is more than 5% but all relevant percentage ratios are less than 25%, the Transaction constitutes a discloseable transaction of the Company, and is therefore subject to only the notification and announcement requirements under the Listing Rules.

8. Definitions

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Agreement”	Amendment No. 26 to the A320 Purchase Agreement dated 19 September 2010 entered into by BOC Aviation (Cayman) and Airbus dated 27 December 2016 pursuant to which BOC Aviation (Cayman) has agreed to purchase the Airbus Aircraft
“Airbus”	Airbus S.A.S., a société par actions simplifiée duly created and existing under French law
“Airbus Aircraft”	Five Airbus A320-200 aircraft to be purchased by the Company pursuant to the Agreement
“Aircraft Purchase Mandate”	the general mandate granted to the Directors by way of written resolutions of the then sole shareholder of the Company on 12 May 2016 to purchase aircraft from Airbus and Boeing during the Mandate Period, the terms of which are set out in the prospectus of the Company dated 19 May 2016

“Board”	the board of Directors
“BOC Aviation (Cayman)”	BOC Aviation (Cayman) Limited, a company incorporated in the Cayman Islands and a wholly-owned subsidiary of the Company
“Company”	BOC Aviation Limited, a company incorporated under the laws of Singapore 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
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mandate Period”	the period from 12 May 2016 until the earliest of (a) the conclusion of the next annual general meeting of the Company, (b) the end of the period within which the Company is required by its constitution or any applicable laws to hold its next annual general meeting and (c) the date on which the Aircraft Purchase Mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting
“Shareholder(s)”	shareholders(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the purchase of the Aircraft pursuant to the Agreement
“US\$”	United States dollars, the lawful currency of the United States of America

By Order of the Board
BOC Aviation Limited
Chan, Victor Sun Ho
Company Secretary

Hong Kong, 27 December 2016

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Chen Siqing as Chairman and Non-executive Director, Mr. Robert James Martin and Mr. Wang Genshan as Executive Directors, Mr. Gao Zhaogang, Mr. Li Mang, Mr. Liu Chenggang and Ms. Zhu Lin as Non-executive Directors and Mr. Dai Deming, Mr. Fu Shula, Mr. Antony Nigel Tyler and Dr. Yeung Yin Bernard as Independent Non-executive Directors.