

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 SIX 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 25 May 2017 pursuant to which BOC Aviation (Cayman) has agreed to purchase six new Airbus 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 on 25 May 2017 pursuant to which BOC Aviation (Cayman) has agreed to purchase the Aircraft from Airbus.

2. Details of the Agreement

(a) Aircraft in the Transaction

Two new A320NEO aircraft, two new A321NEO aircraft and two new A330-900 aircraft.

(b) Consideration

The aggregate list price of the Aircraft is approximately US\$1,052 million. The aircraft list price comprises the airframe price, optional features price and engine price. Such information is generally publicly available.

** For identification purpose only*

There is a significant difference between the list price of the Aircraft and the actual purchase price of the Aircraft under the Agreement. The actual purchase price of the 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 Aircraft under the Agreement and the list price of the 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 Aircraft and the actual purchase price of the 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 Aircraft is lower than the list price of such Aircraft.

The Company is subject to a strict confidentiality obligation with regard to the purchase price of the Aircraft under the Agreement. Airbus would not be willing to offer the same discount to the Company if the Company were required to disclose the purchase price of the Aircraft under the Agreement. Disclosure of the purchase price of the Aircraft could also 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 will mainly affect the depreciation of the 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 Aircraft.

(c) Payment and delivery terms

The purchase price for each Aircraft is payable in different stages from the date of the Agreement until delivery of such Aircraft. The Company expects to take delivery of the Aircraft from 2018 to 2020.

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

The Directors have been granted the Aircraft Purchase Mandate to enter into commitments to purchase new aircraft from Airbus and The Boeing Company during the Mandate Period, further details of which are set out in the prospectus of the Company dated 19 May 2016.

The Transaction is made pursuant to and in accordance with the terms of the Aircraft Purchase Mandate. As at the date of this Announcement, save for the Aircraft to be purchased pursuant to the Transaction, the Company has purchased 12 single-aisle or single aisle equivalent aircraft of certain aircraft types from Airbus with an aggregate 2016 list price of approximately US\$1.3 billion pursuant to the Aircraft Purchase Mandate since the date of listing of the Company on 1 June 2016.

Accordingly, as at the date of this Announcement, upon signing of the Agreement, the Company would have purchased a cumulative number of equivalent to 21 single-aisle aircraft (each Airbus A330 family aircraft is equivalent to 2.5 single-aisle aircraft under the Aircraft Purchase Mandate) from Airbus with an aggregate 2016 list price of approximately US\$2.3 billion pursuant to the Aircraft Purchase Mandate.

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. The Transaction will enable the Company to build its balance sheet and its core lease rental contribution 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 of the Company 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 the business of 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 of connected persons of the Company.

6. Information About the Company

The Company is a leading global aircraft operating leasing company with a fleet of 494 aircraft owned, managed or on order as at 31 March 2017.

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” the agreements dated 25 May 2017 entered into between BOC Aviation (Cayman) and Airbus pursuant to which BOC Aviation (Cayman) has agreed to purchase the Aircraft from Airbus

“Airbus” Airbus S.A.S., a *“Société par Actions Simplifiée”*, duly organised and validly existing under the laws of France, the principal activity of which is aircraft manufacturing

“Aircraft”	two new A320NEO aircraft, two new A321NEO aircraft and two new A330-900 aircraft to be purchased by BOC Aviation (Cayman) 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 The Boeing Company 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 of the Company in general meeting
“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, 26 May 2017

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.