

*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 13 BOEING AIRCRAFT**

The Board is pleased to announce that a subsidiary of the Company agreed to purchase 13 Boeing 737 MAX8 aircraft from Boeing. 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 Boeing pursuant to which BOC Aviation (Cayman) has agreed to purchase the Aircraft.

#### **2. Details of the Agreement**

##### **(a) Aircraft to be purchased**

The Aircraft, comprising 13 Boeing 737 MAX8 aircraft, which are single-aisle aircraft in the Boeing 737 MAX family.

##### **(b) Consideration**

The aggregate current list price of the Aircraft is approximately US\$1,430 million. The aircraft list price comprises the airframe price, optional features price and engine price and 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 Boeing. 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. Boeing would not have entered into the Agreement with 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 result in the loss of the significant discount against list price that may be granted by Boeing 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 Aircraft 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 applied to the Stock Exchange for, and the Stock Exchange 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 consideration for the purchase of each of the Aircraft is payable in cash in instalments, with certain 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 Aircraft before the end of its existing 737 MAX8 delivery schedule.

**(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 Boeing 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\$6.3 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 Aircraft to be purchased pursuant to the Transaction, the Group has committed to purchase a cumulative number of 17 single-aisle or single-aisle equivalent aircraft from Boeing with an aggregate current list price of approximately US\$1.814 billion 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 Boeing**

Boeing is principally engaged in aircraft manufacturing.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Boeing 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 483 aircraft owned, managed or on order as at 31 December 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:

<b>“Agreement”</b>	Supplemental Agreement No 5 dated 21 March 2017 to the aircraft purchase agreement dated 13 August 2014 entered into by BOC Aviation (Cayman) and Boeing pursuant to which BOC Aviation (Cayman) has agreed to purchase the Aircraft
<b>“Airbus”</b>	Airbus S.A.S., a société par actions simplifiée duly created and existing under French law
<b>“Aircraft”</b>	13 Boeing 737 MAX8 aircraft to be purchased by BOC Aviation (Cayman) pursuant to the Agreement
<b>“Aircraft Purchase Mandate”</b>	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
<b>“Board”</b>	the board of Directors
<b>“BOC Aviation (Cayman)”</b>	BOC Aviation (Cayman) Limited, a company incorporated in the Cayman Islands and a wholly-owned subsidiary of the Company
<b>“Boeing”</b>	The Boeing Company, a corporation organised and existing under the General Corporation Law of the State of Delaware, U.S.A., the principal activity of which is aircraft manufacturing

<b>“Company”</b>	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
<b>“Directors”</b>	the directors of the Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“Listing Rules”</b>	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“Mandate Period”</b>	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
<b>“Shareholder(s)”</b>	shareholders(s) of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Transaction”</b>	the purchase of the Aircraft pursuant to the Agreement
<b>“US\$”</b>	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, 21 March 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.*