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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 A321-200 AIRCRAFT**

The Board is pleased to announce that BOC Aviation (Cayman), a wholly-owned subsidiary of the Company, has entered into the Aircraft Purchase Agreement with Airbus pursuant to which BOC Aviation (Cayman) has agreed to purchase five A321-200 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 Aircraft Purchase Agreement with Airbus pursuant to which BOC Aviation (Cayman) has agreed to purchase the Airbus Aircraft.

2. Details of the Aircraft Purchase Agreement

(a) Aircraft to be purchased

The Airbus Aircraft, comprising five Airbus A321-200 aircraft, which are single-aisle aircraft in the A320CEO family.

(b) Consideration

The aircraft list price comprises the airframe price, optional features price, engine price and forecast escalation and such information is generally publicly available. The list price of the Airbus Aircraft is approximately US\$574.5 million (equivalent to approximately HK\$4,481.1 million).

The actual purchase price of the Airbus Aircraft is commercially sensitive information because it reflects significant price adjustments to the aircraft list price granted by Airbus and such price adjustments were determined based on certain variables and after arm's length negotiations between BOC Aviation (Cayman) and Airbus. The extent of such price adjustments are not materially different from the price adjustments which the Group has obtained in previous aircraft purchases from Airbus. As a result of such price adjustments, the actual purchase price of the Airbus Aircraft is lower than the list price of such aircraft.

The Group is subject to strict confidentiality provisions with regard to the actual purchase price of the Airbus Aircraft and any disclosure of the actual purchase price of such aircraft would result in the loss of the significant price adjustments granted by Airbus. This would have a significant negative impact on the Group's cost of undertaking the Transaction and would therefore not be in the interests of the Company and the shareholders as a whole.

The price adjustments granted by Airbus to the Company under the Aircraft Purchase Agreement will mainly affect the depreciation of aircraft in the future operating costs of the Company. The Company believes that the price adjustments obtained by the Company under the Aircraft Purchase Agreement have no material impact on the Company's future operating costs taken as a whole.

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

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 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 Aircraft Purchase Agreement are guaranteed by the Company.

(d) Source of funding

The Transaction will be funded through commercial bank loans, other debt instruments of the Company, the net proceeds of the Company's initial public offering of its shares and/or cash generated from the Group's business operations.

3. Aircraft Purchase Mandate

The Directors have been granted the Aircraft Purchase Mandate to purchase 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.

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, save for the Airbus Aircraft to be purchased pursuant to the Transaction, the Group has not purchased any other aircraft from Airbus pursuant to the Aircraft Purchase Mandate.

Accordingly, as at the date of this announcement, the Group has purchased a cumulative number of five aircraft from Airbus with an aggregate list price of approximately US\$574.5 million (equivalent to approximately HK\$4,481.1 million) 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 Group. The Transaction will enable the Group to continue to increase its pipeline of new, fuel-efficient, in-demand aircraft to build its owned aircraft portfolio.

The Directors consider that the terms of the Transaction are fair and reasonable and in the interests of the shareholders as a whole.

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 and the largest aircraft operating leasing company headquartered in Asia and one of the top five in the world.

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:

“Airbus”	Airbus S.A.S., a société par actions simplifiée duly created and existing under French law
“Airbus Aircraft”	the five A321-200 aircraft to be purchased by BOC Aviation (Cayman) pursuant to the Aircraft Purchase Agreement
“Aircraft Purchase Agreement”	Amendment No. 25 to the A320 Purchase Agreement dated 19 September 2010 entered into by BOC Aviation (Cayman) and Airbus effective from 26 August 2016 pursuant to which BOC Aviation (Cayman) has agreed to purchase the Airbus Aircraft

“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 Airbus Aircraft pursuant to the Aircraft Purchase Agreement

“US\$”

United States dollars, the lawful currency of the United States of America

In this announcement, amounts denominated in US\$ have been translated into HK\$ at the exchange rate of US\$1.00 to US\$7.80 and is for illustrative purposes only.

By Order of the Board
BOC Aviation Limited
Jonathan Mahony
Company Secretary

Hong Kong, 31 August 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. Li Mang, Mr. Zhuo Chengwen and Ms. Zhu Lin as Non-executive Directors and Mr. Fu Shula, Mr. Antony Nigel Tyler and Mr. Dai Deming as Independent Non-executive Directors.

* *For identification purpose only*