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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
TWO AIRCRAFT**

The Board is pleased to announce that a trust of which the Company is the sole beneficiary has entered into the Agreement with Turkish Airlines on 26 April 2017 for the purchase of two Boeing 777-300ER aircraft from Turkish Airlines, which will be leased back to Turkish Airlines. The Transaction constitutes a discloseable transaction of the Company under the Listing Rules.

1. Introduction

The Board is pleased to announce that the Trust has entered into the Agreement with Turkish Airlines on 26 April 2017 pursuant to which the Trust has agreed to purchase the Aircraft from Turkish Airlines. Upon completion of the purchase, the Trust will lease the Aircraft back to Turkish Airlines.

2. Details of the Agreement

(a) Aircraft in the Transaction

Two Boeing 777-300ER aircraft that were acquired by Turkish Airlines from Boeing in April and June 2016 respectively.

(b) Consideration and Net Profits

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) and Rule 14.58(7) of the Listing Rules in respect of disclosure of the consideration for the Transaction and net profits attributable to the Aircraft for the two financial years immediately preceding the Transaction.

As an alternative to disclosing the consideration for the Transaction, the Company will disclose the appraised value of the Aircraft.

The aggregate full life current market appraised value of the Aircraft (as an average of valuations obtained from three independent appraisers) is approximately US\$322 million.

The Company is subject to a strict confidentiality obligation to Turkish Airlines with regard to the actual purchase price of the Aircraft under the Agreement. The Company has requested but could not obtain Turkish Airlines' consent to disclose the aggregate consideration.

The actual purchase price of the Aircraft under the Agreement is confidential information and was established following an arm's length negotiations between the Company and Turkish Airlines, taking into account the terms and conditions of the Transaction as a whole and with reference to market conditions and the appraised values of the Aircraft described in the preceding paragraph. It is normal business practice in the global aviation industry for the actual purchase price for the acquisition of aircraft not to be disclosed.

The actual consideration was agreed by Turkish Airlines taking account of the price paid by it to Boeing for the Aircraft (the "Original Purchase Price"). Turkish Airlines is under a strict obligation of confidentiality to Boeing with regard to the Original Purchase Price and is concerned that disclosure of the actual consideration under the Agreement will give an indication of the level of the Original Purchase Price. The Company is also concerned that disclosure of actual pricing could prejudice its future relationship with Boeing for purchase of new aircraft. It would therefore not be in the interests of the Company and the shareholders as a whole.

The Company is unable to disclose the net profits attributable to the Aircraft prior to the Transaction as the Aircraft were owned and operated by Turkish Airlines whose business is providing scheduled air transportation services. The Company has requested Turkish Airlines to provide the information required to determine the net profits attributable to the Aircraft but Turkish Airlines has advised that it cannot provide information on revenues and costs associated with specific aircraft in its fleet as such information is highly confidential in nature and in addition it would require an extremely complex and arbitrary allocation of both revenues from ticket sales (across a wide variety of routes) and costs including financing costs, taxes, fuel costs, maintenance costs, depreciation and general overheads.

(c) Payment and delivery terms

The consideration for each Aircraft is payable in cash upon completion of the purchase of such Aircraft, which is expected to occur in April 2017.

(d) Source of funding

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

3. 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 enables the Company to build its balance sheet and its core lease rental contribution by investing in modern, efficient, in-demand aircraft on long-term lease to one of the world's top airlines. The Transaction is conducted in the ordinary course of business of the Group.

The Directors confirms 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 Transactions will have no material adverse impact on the Company's operations and financial position.

4. Information About Turkish Airlines

Turkish Airlines is principally engaged in the business of operation of scheduled airline services.

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

5. 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.

6. 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.

7. Definitions

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

“Agreement”	the purchase agreements in respect of the Aircraft entered into by the Trust and Turkish Airlines on 26 April 2017 pursuant to which the Trust has agreed to purchase the Aircraft.
“Aircraft”	two Boeing 777-300ER aircraft acquired by Turkish Airlines from Boeing in April and June 2016 respectively
“Board”	the board of Directors
“Boeing”	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
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the purchase of the Aircraft pursuant to the Agreement
“Trust”	an owner trust established under Utah state law of which the Company is the sole beneficiary
“Turkish Airlines”	Türk Hava Yollari A.O. (Turkish Airlines Inc.), a company organised and existing under the laws of Turkey, whose shares are listed on the Istanbul Stock Exchange, and whose principal business is the operation of scheduled airline services
“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 April 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.

* *For identification purpose only*