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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 SIX AIRCRAFT**

The Board is pleased to announce that BOC Aviation (Cayman), a wholly-owned subsidiary of the Company, agreed to purchase six Boeing 787-9 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, entered into the Agreement with Boeing pursuant to which BOC Aviation (Cayman) agreed to purchase the Aircraft from Boeing.

In relation to the Aircraft, the Company has granted an option to an airline to either take the Aircraft on a long term lease from the Company or to purchase the Aircraft itself at the time of delivery.

2. Details of the Agreement

(a) Aircraft in the Transaction

Six new Boeing 787-9 aircraft.

(b) Consideration

The aggregate list price of the Aircraft is approximately US\$1.69 billion. 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 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 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 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 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 in 2018 and 2019 unless the airline elects to purchase the Aircraft itself on delivery.

(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 S.A.S. and Boeing during the Mandate Period, further details of which are set out in the Circular.

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 committed to purchase a cumulative number of 20 single-aisle equivalent aircraft from Boeing with an aggregate current list price of approximately US\$2.43 billion pursuant to the Aircraft Purchase Mandate since the beginning of the Mandate Period. The 20 single-aisle equivalent aircraft comprise four Boeing 787 family aircraft which are each deemed to be 2.5 single-aisle equivalents and ten Boeing 737 MAX family aircraft. Accordingly, as at the date of this Announcement, the Company will have committed to purchase a cumulative number of 35 single-aisle equivalent aircraft from Boeing with an aggregate list price of approximately US\$4.12 billion pursuant to the Aircraft Purchase Mandate since the beginning of the Mandate Period.

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 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 the business of 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 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 491 aircraft owned, managed or on order as at 31 December 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 aircraft purchase agreement dated 28 March 2018 entered into by BOC Aviation (Cayman) and Boeing pursuant to which BOC Aviation (Cayman) has agreed to purchase the Aircraft from Boeing
“Aircraft”	six new Boeing 787-9 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 ordinary resolution of the Shareholders in general meeting on 31 May 2017, to purchase aircraft from Airbus S.A.S. and Boeing during the Mandate Period, the terms of which are set out in the Circular

“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
“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
“Circular”	the Circular (Notice of Annual General Meeting and Proposals of Re-Election of Directors, General Mandates to Repurchase and to Issue Share, and Aircraft Purchase Mandate) from the Company dated 26 April 2017
“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 31 May 2017 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
Zhang Yanqiu Juliana
Company Secretary

Hong Kong, 29 March 2018

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Liu Qiang as Chairman and Non-executive Director, Mr. Robert James Martin and Mr. Wang Jian 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.