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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 AND LEASEBACK  
ARRANGEMENT OF FIVE AIRCRAFT**

The Board is pleased to announce that the Company has entered into the Agreement with Air China on 30 September 2016 pursuant to which the Company has agreed to purchase three new Boeing B777-300ER and two new Airbus A330-300 aircraft from Air China and lease each aircraft back to Air China upon delivery. The Transaction constitutes a discloseable transaction of the Company under the Listing Rules.

**1. Introduction**

The Board is pleased to announce that the Company has entered into the Agreement with Air China on 30 September 2016 pursuant to which the Company has agreed to purchase five new aircraft from Air China and lease each aircraft back to Air China upon delivery. Under the Agreement, Air China will assign to the Company its right to purchase and take delivery of the Aircraft from the respective manufacturers under the Original Purchase Contracts.

**2. Details of the Agreement**

**(a) Aircraft in the Transaction**

Three Boeing B777-300ER aircraft and two Airbus A330-300 aircraft.

**(b) Consideration**

The aggregate list price of the Aircraft is approximately US\$1,531.6 million. The aircraft list price comprises the airframe price, optional features price, engine price and forecast escalation and such information is generally publicly available.

There is a significant price 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 between the Company and Air China, taking into account the terms and conditions of the Transaction as a whole and with reference to market conditions.

Based on the Company's industry understanding, 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 and the most important of which is that aircraft purchasers would usually be granted significant price adjustments by the manufacturers. Based on the Company's industry understanding, the price adjustment to the aircraft list price granted by the respective manufacturers to aircraft purchasers is commercially sensitive information and such price adjustments were usually determined based on certain variables and after arm's length negotiations between the aircraft purchasers and the manufacturers.

Based on the Company's industry understanding, the Company believes that the extent of such price differences between the list price of the Aircraft and the actual purchase price of the Aircraft under the Agreement are not materially different from the price adjustments which the Company has obtained in previous aircraft purchases from the respective manufacturers. The actual purchase price of the Aircraft under the Agreement is lower than the respective list prices of such Aircraft.

The Company is subject to strict confidentiality provisions with regard to the actual purchase price of the Aircraft to Air China. Air China is also subject to strict confidentiality provisions with regard to the actual purchase price of the Aircraft under the Original Purchase Contracts to the respective manufacturers. Any disclosure of the actual purchase price of such Aircraft could result in the loss of the significant price adjustments granted by the respective manufacturers to Air China for future purchases, and it is also likely that the Company would not be able to enter into similar future transactions with Air China. Any such disclosure would therefore not be in the interests of the Company and the shareholders as a whole. Neither the Company nor Air China has obtained consent from the respective manufacturers to disclose the actual purchase price of the Aircraft.

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 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 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 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 each Aircraft of the Transaction is payable in cash upon delivery of such Aircraft. The Company expects to take delivery of such Aircraft and close the Transaction prior to 31 December 2016.

**(d) Source of funding**

The Transaction will be funded through the net proceeds of the Company's initial public offering of its shares, 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 Boeing during the Mandate Period, further details of which are set out in the prospectus of the Company dated 19 May 2016. However, this Transaction does not fall within the scope of the Aircraft Purchase Mandate for the following reasons:

- The Transaction is a purchase-and-leaseback ("PLB") transaction with Air China. Air China had originally agreed to purchase the Aircraft from the respective manufacturers under the Original Purchase Contracts. Under the present PLB transaction, instead of purchasing the Aircraft itself from the manufacturers, Air China will assign to the Company its right to purchase and take delivery of the Aircraft from the respective manufacturers as the agreed method of transferring ownership of the Aircraft to the Company.
- The Aircraft Purchase Mandate applies to direct purchase commitments entered into by the Company and the manufacturers. Under the PLB transaction, the Company's obligation to purchase the Aircraft arises under the Agreement with Air China. As between the Company and the respective manufacturers, there is no commitment by the Company to purchase the Aircraft.

As a result, the Aircraft Purchase Mandate is not applicable to this Transaction.

#### **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 to deploy the proceeds of the Company's initial public offering in accretive investments. 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 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.

#### **5. Information About Air China**

Air China 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, Air China 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 483 aircraft owned, managed or on order as at 30 June 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:

“Agreement”	the purchase and leaseback arrangement agreement with Air China in respect of the Aircraft entered into by the Company and Air China on 30 September 2016 pursuant to which the Company has agreed to purchase the Aircraft and thereafter to lease back to Air China by the Company’s wholly-owned subsidiary upon delivery
“Airbus”	Airbus S.A.S., a société par actions simplifiée duly created and existing under French law
“Air China”	中國國際航空股份有限公司 (Air China Limited), a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed on the Stock Exchange as its primary listing venue and on the Official List of the UK Listing Authority as its secondary listing venue, and whose A shares are listed on the Shanghai Stock Exchange, and whose principal business is the operation of scheduled airline services.
“Aircraft”	three Boeing B777-300ER aircraft and two Airbus A330-300 aircraft to be purchased by the Company pursuant to the Agreement and thereafter to be leased back to Air China by the Company’s wholly-owned subsidiary upon delivery
“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 Boeing 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
“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
“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
“Original Purchase Contracts”	the aircraft purchase contracts in relation to the Aircraft originally entered into between Air China and the respective aircraft manufacturers prior to the Transaction
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the purchase-and-leaseback 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, 3 October 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. Liu Chenggang 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*