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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 RELATING TO THE PURCHASE OF TWO AIRCRAFT**

The Board is pleased to announce that that the Company has purchased two Boeing 747-8 freighter aircraft (the “Aircraft”) from certain subsidiaries of Boeing (the “Sellers”) and concurrently accepted an assignment of the leases between the Sellers and AirBridgeCargo Airlines LLC in respect of the Aircraft. The Transaction constitutes a discloseable transaction of the Company under the Listing Rules.

#### **1. Introduction**

The Board is pleased to announce that BOC Aviation Limited (the “Company”) has entered into the Aircraft Purchase Agreement with certain subsidiaries of Boeing (the “Sellers”) pursuant to which the Company has purchased the Aircraft from the Sellers and concurrently accepted an assignment of the leases between the Sellers and the Lessee in respect of the Aircraft (the “Transaction”).

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

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

The Aircraft are two Boeing 747-8 freighter aircraft.

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

The aggregate current list price of the Aircraft is approximately US\$758.2 million. The aircraft list price comprises the airframe price, optional features price and engine price. This 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 Aircraft Purchase Agreement. The consideration for the Transaction 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 price for a nearly new aircraft such as the Aircraft is negotiated taking account of new aircraft pricing, including discounts. The actual purchase price for the Aircraft is commercially sensitive information, in the same way as new aircraft pricing is commercially sensitive, because it reflects a significant notional discount to the list price of such Aircraft and is being paid as consideration for the first sale outside the manufacturer group. Such notional discounts against list price were determined based on certain variables and after arm's length negotiations with Boeing. From the Company's experience, the extent of such discount 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, adjusted to reflect the age of the Aircraft. 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 Aircraft Purchase Agreement. The Seller would not have entered into the Aircraft Purchase Agreement with the Company if the Company were required to disclose the purchase price of the Aircraft under the Aircraft Purchase 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 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 addition, it is not possible for the Company to determine the net profit attributable to the existing leases attached to the Aircraft prior to the Transaction as that would be dependent on the cost structure of the Sellers and the net book value of the Aircraft in the Sellers' accounts. Such information is commercially sensitive and the Company does not have access to such information.

The Company has therefore 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.

**(c) Payment and delivery terms**

The consideration for the purchase of each Aircraft was paid in cash upon completion of the purchase of the Aircraft, which occurred on 30 March 2017.

**(d) Sources of Funding**

The consideration for the Transaction was 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. 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 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 reason:

- The Aircraft Purchase Mandate only applies to purchase of new aircraft. The Aircraft are not new.

As a result, the Aircraft Purchase Mandate is not applicable to the 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 enables the Company to build its balance sheet by investing in modern, efficient, in-demand aircraft. The Transaction was 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 of the Company as a whole and the transaction will not have any material adverse impact on the financial position and operations of the Group.

**5. Information About the Sellers**

The Sellers are principally engaged in aircraft leasing and are subsidiaries of Boeing, which is principally engaged in aircraft manufacturing.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Sellers and their 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 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>“Aircraft”</b>	Two Boeing 747-8 freighter aircraft
<b>“Aircraft Purchase Agreement”</b>	The agreements entered into on 30 March 2017 between the Company and the Sellers pursuant to which the Company agreed to purchase the Aircraft and the Sellers agreed to assign to the Company the lease agreements in respect of the Aircraft between the Sellers and the Lessee
<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 S.A.S. 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>“Boeing”</b>	The Boeing Company, a corporation organised and existing under the General Corporation Law of the State of Delaware, U.S.A.
<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>“Lessee”</b>	AirBridgeCargo Airlines LLC
<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 of the Company in general meeting

- “Sellers”** Certain subsidiaries of Boeing which sold the Aircraft, and assigned the leases with Lessee in respect of the Aircraft, to the Company pursuant to the Aircraft Purchase Agreement
- “Stock Exchange”** The Stock Exchange of Hong Kong Limited
- “Transaction”** The purchase of the Aircraft and concurrent assignment of the leases of the Aircraft pursuant to the Aircraft Purchase 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, 31 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.*