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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**

**CONTINUING CONNECTED TRANSACTIONS**

Each of the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement was automatically renewed for a term of three years with effect from 1 January 2019, pursuant to which the Group may separately place deposits with the BOC Group (other than BOCHK Holdings Group) and BOCHK Holdings Group during the three years ending 31 December 2021.

As at the date of this announcement, (i) as BOC is indirectly interested in 70% of the Company's Shares, BOC is a connected person of the Company by virtue of being a controlling shareholder of the Company, and (ii) as BOCHK Holdings is a subsidiary of BOC, BOCHK Holdings is a connected person of the Company by virtue of being an associate of the Company's connected person. Accordingly, the transactions under the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the transactions under the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement are of the same nature and are entered into by the Group with parties who are connected with one another, they are required to be aggregated under Rules 14A.81 and 14A.82(1) of the Listing Rules. As the highest applicable percentage ratio in respect of the annual caps for the transactions, on an aggregated basis, is more than 0.1% but less than 5% of applicable tests, the continuing connected transactions under the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement are only subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

*\* For identification purpose only*

## INTRODUCTION

Reference is made to the continuing connected transactions in relation to the bank deposits placed by the Group with the BOC Group as disclosed in the Prospectus.

The Group has bank deposit accounts with certain branches of the BOC Group (other than the BOCHK Holdings Group) and the BOCHK Holdings Group in the ordinary and usual course of the business and on normal commercial terms. On 12 May 2016 before the IPO, the Company entered into (i) a framework agreement with BOC (the “**BOC Deposit Framework Agreement**”) to govern all existing and future bank deposits with the BOC Group (other than the BOCHK Holdings Group), and (ii) a framework agreement with BOCHK Holdings (the “**BOCHK Deposit Framework Agreement**”) to govern all existing and future bank deposits with the BOCHK Holdings Group. Each of the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement expired on 31 December 2018.

The renewal of each of the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement was for a term of three years with effect from 1 January 2019, pursuant to which the Group may separately place deposits with the BOC Group (other than BOCHK Holdings Group) and BOCHK Holdings Group during the three years ending 31 December 2021.

## THE BOC DEPOSIT FRAMEWORK AGREEMENT AND THE BOCHK DEPOSIT FRAMEWORK AGREEMENT

### *Principal terms*

The BOC Deposit Framework Agreement provides that all deposit of funds with the BOC Group (other than the BOCHK Holdings Group) must be (i) in the ordinary and usual course of business of the Group and the BOC Group (other than the BOCHK Holdings Group), (ii) on an arm’s length basis, (iii) on normal commercial terms and terms which are no less favourable than (a) those available to the Group from independent third parties and (b) those offered by the BOC Group (other than the BOCHK Holdings Group) to independent third parties for similar or comparable deposits and (iv) in compliance with, amongst other things, the Listing Rules and applicable laws.

The BOCHK Deposit Framework Agreement provides that all deposit of funds with the BOCHK Holdings Group must be (i) in the ordinary and usual course of business of the Group and the BOCHK Holdings Group, (ii) on an arm’s length basis, (iii) on normal commercial terms and terms which are no less favourable than (a) those

available to the Group from independent third parties and (b) those offered by the BOCHK Holdings Group to independent third parties for similar or comparable deposits and (iv) in compliance with, amongst other things, the Listing Rules and applicable laws.

### ***Historical transaction amounts***

The maximum daily balance of deposits placed by the Group with the BOC Group (other than the BOCHK Holdings Group) (including the interest accrued thereon) for the three years ended 31 December 2016, 2017 and 2018 were approximately US\$497 million, US\$499 million and US\$145 million, respectively.

The maximum daily balance of deposits placed by the Group with the BOCHK Holdings Group (including the interest accrued thereon) for the three years ended 31 December 2016, 2017 and 2018 were approximately US\$335 million, US\$296 million and US\$146 million, respectively.

The actual transaction amounts during the relevant periods have not exceeded the caps as set out in the Prospectus.

### ***Annual caps***

The annual caps for the deposits to be placed with BOC Group (other than the BOCHK Holdings Group) pursuant to the BOC Deposit Framework Agreement, representing the maximum daily balance of deposits (including the interest accrued thereon), for the three years ending 31 December 2019, 2020 and 2021 will each not exceed US\$150 million.

The annual caps for the deposits to be placed with BOCHK Holdings Group pursuant to the BOCHK Deposit Framework Agreement, representing the maximum daily balance of deposits (including the interest accrued thereon), for the three years ending 31 December 2019, 2020 and 2021 will each not exceed US\$150 million.

These caps were calculated by reference to (i) the maximum historical daily balance of the deposits of the Group with the BOC Group and other third party financial institutions (including interest accrued thereon), (ii) the expected growth of the Group's business and the financing needs of the Group over the next three years which are expected to result in an increase in the Group's cash balance, (iii) the existing demand for deposit services of the Group and (iv) the cash amounts which the Group would receive from future sales of aircraft.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The Group deposits funds with a number of financial institutions in the ordinary and usual course of its business. Placing deposits with the BOC Group on normal commercial terms could diversify the business relationships with commercial banks. Each of BOC and BOCHK Holdings is a licensed and reputable commercial banks and deposit taking is part of its ordinary and usual course of business.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, (i) as BOC is indirectly interested in 70% of the Company's Shares, BOC is a connected person of the Company by virtue of being a controlling shareholder of the Company, and (ii) as BOCHK Holdings is a subsidiary of BOC, BOCHK Holdings is a connected person of the Company by virtue of being an associate of the Company's connected person. Accordingly, the transactions under the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the transactions under the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement are of the same nature and are entered into by the Group with parties who are connected with one another, they are required to be aggregated under Rules 14A.81 and 14A.82(1) of the Listing Rules. As the highest applicable percentage ratio in respect of the annual caps for the transactions, on an aggregated basis, is more than 0.1% but less than 5% of applicable tests, the continuing connected transactions under the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement are only subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Under the terms of the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement entered into on 12 May 2016, these agreements were automatically renewed on 1 January 2019 for a further term of three years. Due to an inadvertent oversight, the announcement in relation to the renewal of such agreements together with the annual cap amounts was not made at the time of renewal. The Company confirms that during the period from 1 January 2019 to the date of this announcement, the maximum daily balance of deposits (including the interest accrued thereon) under each of the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement has not exceeded the relevant annual cap amounts as set out in this announcement. This announcement was made by the Company as soon as practicable after the Company became aware of the inadvertent oversight. The Company will strengthen its internal control in relation to the monitoring of the renewal of continuing connected transactions.

## **DIRECTORS' CONFIRMATION**

The terms of the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement remain unchanged following the automatic renewal of those agreements and the Directors (including the independent non-executive Directors) are of the view that the terms are fair and reasonable, the transactions are in the ordinary and usual course of business of the Group, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement.

## **INFORMATION OF THE PARTIES**

The Company is a leading global aircraft operating leasing company with a fleet of 511 aircraft owned, managed or on order as at 31 December 2018.

BOC is the bank with the longest continuous operation among Chinese banks, the H-share and A-shares of which are listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange, respectively.

BOCHK Holdings was incorporated in Hong Kong to hold the entire equity interest in BOCHK, which offers a comprehensive range of financial, investment and wealth management services to personal, corporate and institutional customers. The shares of BOCHK Holdings are listed on the Main Board of the Stock Exchange.

## **DEFINITIONS**

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

“Board”	the board of Directors
“BOC” or “Bank of China”	Bank of China Limited (中國銀行股份有限公司), a joint stock limited company incorporated in the PRC on 26 August 2004, the H-share and A-shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively and the ultimate controlling shareholder of the Company
“BOC Group”	BOC and its subsidiaries (excluding the Group)

“BOCHK”	Bank of China (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability on 16 October 1964, and a wholly-owned subsidiary of the BOCHK Holdings
“BOCHK Holdings”	BOC Hong Kong (Holdings) Limited (中銀香港 (控股) 有限公司), a company incorporated in Hong Kong with limited liability on 12 September 2001, the shares of which are listed on the Stock Exchange and a subsidiary of BOC
“BOCHK Holdings Group”	BOCHK Holdings and its subsidiaries
“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
“IPO”	the initial public offering of the Company the details of which can be found in the Prospectus
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Prospectus”	the prospectus issued by the Company on 19 May 2016
“Shares”	ordinary shares in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board  
**BOC Aviation Limited**  
**Zhang Yanqiu Juliana**  
*Company Secretary*

Hong Kong, 20 February 2019

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. Wang Jian as Vice Chairman and Executive Director, Mr. Robert James Martin as Executive Director, Mr. Li Mang, Mr. Liu Chenggang, Mr. Wang Zhiheng 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.*