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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

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

References are made to the Company's Prospectus and the circular dated 5 May 2021 disclosing, among others, the terms of the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement. Pursuant to the terms of the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement, such agreements came into effect on the Listing Date and continued up to and including 31 December 2021, and shall be renewed automatically for successive periods of three years thereafter, subject to compliance with the then applicable provisions of the Listing Rules. Each of the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement expired on 31 December 2021 and was automatically renewed for a term of three-years ending 31 December 2024.

The Company proposes to maintain the annual caps such that the annual caps for the deposits to be placed with the BOC Group (other than the BOCHK Holdings Group) pursuant to the BOC Deposit Framework Agreement or the 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 2025, 2026 and 2027 will each not exceed US\$500 million.

As the highest applicable percentage ratio in respect of the Proposed Annual Caps for the Continuing Connected Transactions, on an aggregated basis, is 5% or more, such Continuing Connected Transactions are subject to the reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The automatic renewal of the term of each of the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement for the three years ending 31 December 2027 pursuant to the terms of the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement shall take effect upon the approval of the respective Continuing Connected Transactions and the Proposed Annual Caps therefor having been obtained from the Independent Shareholders in accordance with the applicable Listing Rules.

* For identification purposes only

The Company has appointed Opus Capital as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Continuing Connected Transactions and the Proposed Annual Caps. The Board has also set up the Independent Board Committee to advise the Independent Shareholders in respect of the Continuing Connected Transactions and the Proposed Annual Caps.

A circular containing, amongst others, (i) details of the Continuing Connected Transactions and the Proposed Annual Caps, (ii) a letter from Opus Capital to the Independent Board Committee and the Independent Shareholders, (iii) a letter from the Independent Board Committee to the Independent Shareholders and (iv) the notice of extraordinary general meeting will be dispatched to the Shareholders on or about 3 May 2024 (the “**EGM Circular**”).

INTRODUCTION

References are made to the Company’s Prospectus and the circular dated 5 May 2021 disclosing, among others, the terms of the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement. Pursuant to the terms of the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement, such agreements came into effect on the Listing Date and continued up to and including 31 December 2021, and shall be renewed automatically for successive periods of three years thereafter, subject to compliance with the then applicable provisions of the Listing Rules. Each of the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement expired on 31 December 2021 and was automatically renewed for a term of three-years ending 31 December 2024.

The Company intends to continue to enter into transactions of the same nature after 31 December 2024. The automatic renewal of the term of each of the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement for the three years ending 31 December 2027 pursuant to the terms of the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement shall take effect upon the approval of the respective Continuing Connected Transactions and the Proposed Annual Caps therefor having been obtained from the Independent Shareholders in accordance with the applicable Listing Rules.

PARTICULARS OF THE CONTINUING CONNECTED TRANSACTIONS

1. Principal terms of the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement

The Group has bank deposit accounts with the Singapore and Tianjin branches of BOC in the ordinary and usual course of its business and on normal commercial terms. The Company entered into the BOC Deposit Framework Agreement with BOC on 12 May 2016 to govern all existing and future bank deposits with the BOC Group (other than the BOCHK Holdings Group) with effect from the Listing Date.

The Group also has bank deposit accounts with BOCHK in the ordinary and usual course of its business and on normal commercial terms. The Company entered into the BOCHK Deposit Framework Agreement with BOCHK Holdings on 12 May 2016 to govern all existing and future bank deposits with the BOCHK Holdings Group with effect from the Listing Date.

The BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement provide that all deposits of funds with the BOC Group (other than the BOCHK Holdings Group) or the BOCHK Holdings Group, as the case may be, must be (i) in the ordinary and usual course of business of the Group and the BOC Group (other than the BOCHK Holdings Group) or the BOCHK Holdings Group, as the case may be, (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) or the BOCHK Holdings Group, as the case may be, to independent third parties for similar or comparable deposits and (iv) in compliance with, amongst other things, the Listing Rules and applicable laws.

2. Historical transaction amounts

The maximum daily balance of deposits placed by the Group with the BOC Group (other than the BOCHK Holdings Group) and the BOCHK Holdings Group, including interest accrued thereon, for each of the past five years ended 31 December 2023 is as follows:

	2019	2020	2021	2022	2023
	<i>US\$m</i>	<i>US\$m</i>	<i>US\$m</i>	<i>US\$m</i>	<i>US\$m</i>
BOC Group (other than the BOCHK Holdings Group)	113	494	78	67	115
BOCHK Holdings Group	209	493	185	495	390

None of the actual transaction amounts during the relevant periods exceeded the applicable annual caps.

3. Proposed Annual Caps

The Company has proposed that the maximum daily balance of deposits placed by the Group with the BOC Group (other than the BOCHK Holdings Group) pursuant to the BOC Deposit Framework Agreement or the 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 2025, 2026 and 2027 will each not exceed US\$500 million, thereby maintaining the current annual caps.

REASONS AND BASIS FOR THE PROPOSED ANNUAL CAPS

The Group deposits funds with a number of financial institutions in the ordinary and usual course of its business. Each of BOC and BOCHK Holdings is a licensed and reputable commercial bank and deposit taking is part of its ordinary and usual course of business.

The Proposed Annual Caps were calculated by reference to (i) the maximum historical daily balance of the deposits of the Group with the BOC Group (other than the BOCHK Holdings Group) and the BOCHK Holdings Group, as the case may be, and other third party financial institutions (including interest accrued thereon), (ii) the expected financing needs of the Group over the next three years, (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. Details of the above factors will be provided in the EGM Circular.

In view of the historical maximum daily balance of deposits placed by the Group with the BOC Group during the three years ended 31 December 2023 and the existing and expected demand for deposit services of the Group arising out of the ordinary and usual course of business of the Group, the Directors consider that it would be in the best interests of the Company and the Shareholders as a whole to maintain the annual caps under the BOC Deposit Framework Agreement and BOCHK Deposit Framework Agreement. This will allow the Group to have the flexibility and agility to place deposits with the BOC Group (other than the BOCHK Holdings Group) and the BOCHK Holdings Group, provided the terms are competitive and in the best interests of the Company and the Shareholders.

INTERNAL CONTROL PROCEDURES

The Company has a system to monitor its connected transactions and the renewal of connected transactions, which includes maintaining and regularly updating the list of connected persons of the Company, maintaining a list of connected transactions including details in relation to their expiration dates, checking the contracting party in each transaction to confirm whether it is a connected person, monitoring the value of transactions that are identified as connected transactions (on an aggregated basis where applicable) against the thresholds for triggering disclosure and shareholder approval requirements under the Listing Rules and ensuring that relevant business departments are regularly updated in relation to the renewal of connected transactions.

In relation to deposits under the BOC Deposit Framework Agreement or the BOCHK Deposit Framework Agreement, the Company has a system to ensure that the maximum daily balance of deposits (including the interest accrued thereon) does not exceed the relevant annual cap amount and regularly reviews the terms (including the interest rates) offered by the BOC Group (other than the BOCHK Holdings Group) and the BOCHK Holdings Group for the deposit of funds to ensure that such terms are no less favourable than those offered to it by independent financial institutions. In this regard, the Treasury Department has a policy of obtaining at least three competitive quotes to ensure that the deposit is placed with the institution providing the best quote. Before finalising the transaction, the Settlement Department checks and confirms the transaction details.

Details of the other internal control procedures including audit by the Internal Audit Department and annual review by the independent non-executive Directors and the Company's external auditor will be provided in the EGM Circular.

LISTING RULES REQUIREMENTS

As BOC is indirectly interested in approximately 70% of the Company's Shares, BOC is a connected person of the Company by virtue of being a controlling shareholder of the Company. 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, 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 Proposed Annual Caps would exceed 5% of applicable tests, independent shareholders' approval is required under Chapter 14A of the Listing Rules.

The Board has established the Independent Board Committee comprising all four independent non-executive Directors to review the Continuing Connected Transactions and the Proposed Annual Caps and to give recommendations to the Independent Shareholders in relation to the terms of the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement, the Continuing Connected Transactions and the Proposed Annual Caps. The Company has appointed Opus Capital as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders for the purpose of considering whether the Continuing Connected Transactions are entered into in the ordinary and usual course of the Group's business, on normal commercial terms, are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, and whether the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors who have taken into account the advice from Opus Capital) have confirmed that they are satisfied that the Continuing Connected Transactions are entered into in the ordinary and usual course of the Group's business, on normal commercial terms or better, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and that the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder who has a material interest in the Continuing Connected Transactions must abstain from voting on the resolutions at the EGM. Sky Splendor Limited, a wholly-owned subsidiary of BOC, who is interested in 485,807,334 Shares, representing approximately 70% of the total number of issued shares in the Company as at the date of this announcement (as recorded in the register maintained by the Company pursuant to section 336 of the SFO), is therefore required to abstain from voting on the resolutions in respect of the Continuing Connected Transactions and the Proposed Annual Caps at the EGM.

Five of the six non-executive Directors, namely Mdm. Zhang Xiaolu, Mdm. Chen Jing, Mr. Jin Hongju, Mdm. Li Ke and Mdm. Liu Yunfei, are employees of BOC. Therefore, they have a material interest and accordingly have abstained from voting on the Board resolutions in respect of the Continuing Connected Transactions and the Proposed Annual Caps.

INFORMATION ON THE COMPANY

The Company is a leading global aircraft operating leasing company with a fleet of 688 aircraft owned, managed or on order as at 31 March 2024.

INFORMATION ON THE BOC GROUP

BOC is a joint stock limited company incorporated in the People's Republic of China, the H-shares and A-shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively. The BOC Group provides a range of banking and related financial services, including commercial banking, investment banking, insurance, direct investment and investment management, fund management and aircraft leasing business. Its core business is commercial banking.

INFORMATION ON BOCHK HOLDINGS

BOCHK Holdings is a company incorporated in Hong Kong with limited liability on 12 September 2001, the shares of which are listed on the Stock Exchange and is a subsidiary of BOC. The principal activities of the BOCHK Holdings Group are the provision of banking and related financial services. BOCHK is wholly owned by BOCHK Holdings and is its principal operating subsidiary.

EGM CIRCULAR

A circular containing, amongst others, (i) details of the Continuing Connected Transactions and the Proposed Annual Caps, (ii) a letter from Opus Capital to the Independent Board Committee and the Independent Shareholders, (iii) a letter from the Independent Board Committee to the Independent Shareholders and (iv) the notice of extraordinary general meeting will be dispatched to the Shareholders on or about 3 May 2024.

DEFINITIONS

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

“associate”	has the same meaning ascribed to it in the Listing Rules
“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, the H-shares and A-shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively, the ultimate controlling shareholder of the Company and a connected person of the Company under the Listing Rules
“BOC Deposit Framework Agreement”	a framework agreement dated 12 May 2016 entered into between the Company and BOC in relation to the bank deposits with the BOC Group (other than the BOCHK Holdings Group)
“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, a wholly-owned subsidiary of the BOCHK Holdings and an associate of a connected person of the Company under the Listing Rules
“BOCHK Deposit Framework Agreement”	a framework agreement dated 12 May 2016 entered into between the Company and BOCHK Holdings in relation to the bank deposits with the BOCHK Holdings Group
“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, a subsidiary of BOC and a connected person of the Company under the Listing Rules
“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

“connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“Continuing Connected Transactions”	bank deposits placed by the Group with the BOC Group under the BOC Deposit Framework Agreement and/or the BOCHK Deposit Framework Agreement
“controlling shareholder”	has the same meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if appropriate, to approve the Continuing Connected Transactions and the Proposed Annual Caps
“Group”	the Company and its subsidiaries
“Independent Board Committee”	a committee of the Board comprising all four independent non-executive Directors established by the Board to consider the Continuing Connected Transactions and the Proposed Annual Caps and to advise the Independent Shareholders thereof
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the relevant resolutions at the EGM
“IPO”	the initial public offering of the Company, the details of which are set out in the Prospectus
“Listing Date”	1 June 2016, the date on which the Shares are first listed and from which dealings in the Shares are permitted to take place on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Opus Capital”	Opus Capital Limited, a licensed corporation to conduct Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and the Proposed Annual Caps

“Proposed Annual Caps”	the annual caps for the deposits to be placed by the Group with the BOC Group (other than the BOCHK Holdings Group) pursuant to the BOC Deposit Framework Agreement or with the BOCHK Holdings Group pursuant to the BOCHK Deposit Framework Agreement, as the case may be, being US\$500 million for each of the three years ending 31 December 2025, 2026 and 2027
“Prospectus”	the prospectus issued by the Company on 19 May 2016
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America

By Order of the Board
BOC Aviation Limited
Lim Zi Yuan
Company Secretary

Hong Kong, 30 April 2024

As at the date of this announcement, the Board of Directors of the Company comprises Mdm. Zhang Xiaolu as Vice Chairman and Non-executive Director, Mr. Steven Matthew Townend as Executive Director, Mdm. Chen Jing, Mr. Jin Hongju, Mdm. Li Ke, Mdm. Liu Yunfei and Mr. Robert James Martin 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.