

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

**REVISED ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the Company's announcements dated 20 February 2019 and 25 February 2019 in relation to continuing connected transactions. As stated in the announcement dated 25 February 2019, (i) 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, 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\$125 million and (ii) the annual caps for the deposits to be placed with 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 2019, 2020 and 2021 will each not exceed US\$125 million.

The Company proposes to revise 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 (the "**Continuing Connected Transactions**") 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\$500 million (the "**Proposed Annual Caps**").

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.

* *For identification purposes only*

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

A circular containing, amongst others, (i) details of the Continuing Connected Transactions and the Proposed Annual Caps, (ii) a letter from Anglo Chinese to the Independent Board Committee and the Independent Shareholders containing its advice on the Proposed Annual Caps for the Continuing Connected Transactions, (iii) the recommendation of the Independent Board Committee in respect of the Proposed Annual Caps for the Continuing Connected Transactions and (iv) the notice of extraordinary general meeting will be dispatched to the Shareholders on or about 6 May 2019.

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 and the Company's announcements dated 20 February 2019 and 25 February 2019.

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.

With reference to the Company's announcements dated 20 February 2019 and 25 February 2019 (i) 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, 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\$125 million and (ii) the annual caps for the deposits to be placed with 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 2019, 2020 and 2021 will each not exceed US\$125 million.

The Company proposes to further revise the annual caps for the above transactions 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 2019, 2020 and 2021 will each not exceed US\$500 million.

PARTICULARS OF THE CONTINUING CONNECTED TRANSACTIONS

Details of the Continuing Connected Transactions and the Proposed Annual Caps are set out below.

The BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement

1. Introduction

The Group has fixed 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 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 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.

Each of the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement expired on 31 December 2018 and is automatically renewable for successive periods of three years thereafter, subject to compliance with the then applicable provisions of the Listing Rules, unless terminated earlier by not less than six months' prior written notice or otherwise in accordance with the terms of the BOC Deposit Framework Agreement or the BOCHK Deposit Framework Agreement, as the case may be.

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 the BOCHK Holdings Group) or the BOCHK Holdings Group during the three years ending 31 December 2021.

2. Historical annual caps and transaction amounts

As stated in the Prospectus, the maximum daily balance of deposits placed by the Group with each of the BOC Group (other than the BOCHK Holdings Group) or the BOCHK Holdings Group, including interest accrued thereon, for each of the three years ending 31 December 2016, 2017 and 2018 shall not exceed US\$500 million.

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.

None of the actual transaction amounts during the relevant periods exceeded the annual cap as set out in the Prospectus.

3. Current annual caps and transaction amounts

With reference to the Company's announcements dated 20 February 2019 and 25 February 2019, 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 2019, 2020 and 2021 will each not exceed US\$125 million (the "Current Annual Caps").

None of the actual transaction amounts from 1 January 2019 to the Latest Practicable Date exceeded the annual caps as stated in the Company's announcements of 20 and 25 February 2019.

4. Proposed Annual Caps for future transaction amounts

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, 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\$500 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.

The Company has proposed that the maximum daily balance of deposits placed by the Group with the BOCHK Group 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\$500 million.

These caps were calculated by reference to (i) the maximum historical daily balance of the deposits of the Group with the BOCHK Holdings 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 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. 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 bank and deposit taking is part of its ordinary and usual course of business.

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 2018 and taking into account 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 and the cash amounts which the Group would receive from future sales of aircraft, the Directors consider that it would be in the best interests of the Company and the Shareholders as a whole to increase the annual caps under the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement.

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.

LISTING RULES REQUIREMENTS

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. 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 relevant Proposed Annual Caps and to give recommendations to the Independent Shareholders in relation to the Proposed Annual Caps. The Company has appointed Anglo Chinese 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.

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 relevant resolutions at the EGM. BOC and its associates, who are interested in 485,807,334 Shares, representing 70% of the total number of issued shares in the Company as at the Latest Practicable Date (as recorded in the register maintained by the Company pursuant to section 336 of the SFO), are therefore required to abstain from voting on the resolutions in respect of the Proposed Annual Caps for the Continuing Connected Transactions at the EGM.

Executive Director Mr. Wang Jian and the non-executive Directors of the Company, namely Mr. Sun Yu, Mr. Li Mang, Mr. Liu Chenggang, Mr. Wang Zhiheng and Ms. Zhu Lin, are employees of BOC, and accordingly are required to abstain from voting on the Board resolutions in respect of the Continuing Connected Transactions and the Proposed Annual Caps.

INFORMATION ON THE COMPANY

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

INFORMATION ON THE BOC GROUP

Bank of China Limited is 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 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

BOC Hong Kong (Holdings) Limited 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 Anglo Chinese to the Independent Board Committee and the Independent Shareholders containing its advice on the Proposed Annual Caps for the Continuing Connected Transactions, (iii) the recommendation of the Independent Board Committee in respect of the Proposed Annual Caps for the Continuing Connected Transactions and (iv) the notice of extraordinary general meeting will be dispatched to the Shareholders on or about 6 May 2019.

DEFINITIONS

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

“Anglo Chinese”	Anglo Chinese Corporate Finance, Limited (a corporation licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities 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
“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, 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
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if appropriate, to approve Proposed Annual Caps in respect of the Continuing Connected Transactions
“Group”	the Company and its subsidiaries
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the relevant resolutions at the EGM
“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
“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 of Hong Kong Limited
“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
Zhang Yanqiu Juliana
Company Secretary

Hong Kong, 29 April 2019

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