BANK OF CHINA VOTES FOR IPO OF AVIATION LEASING UNIT IN HK

News / Finance

Bank of China Ltd, the country's fourth biggest commercial bank, has voted to spin off its aviation leasing unit in a Hong Kong share sale, the lender said in a statement to the Shanghai Stock Exchange.

BOC Aviation Pte Ltd will raise funds by selling no more than 40 percent of the firm through a listing of new and old shares on the main board of the Hong Kong Stock Exchange, the statement said.

The bank will sell 90 percent of the offer to international investors and 10 percent to Hong Kong investors, while the bank will remain the controlling shareholder of the leasing firm, it said.

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The fund raised will be used for purchasing new aircraft and supplement working capital, the statement said.

The plan was approved unanimously by Bank of China's board of directors on Friday.

The statement did not discuss the timing of the share issue or the amount to be raised. BOC Aviation is one of the world's biggest aviation leasing operators. Bank of China in its interim report said the unit owned 236 aircraft and managed 20 other aircraft by the end of June.

BOC Aviation held total assets of US$11.4 billion and net assets of US$2.1 billion, and recorded a profit after tax of US$309 million in 2014, Bank of China said in its annual report.

The unit also maintains a sizable capital management program, converting US$5 billion Euro Medium Term Note program into a Global Medium Term Note program during the first half of the year.

BOC Aviation this year also issued its inaugural US$750 million senior notes in the United States, and completed two private placements, including a S$145 million 10-year senior unsecured fixed rate note, according to the bank's interim report.

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