

Bohai steps up deleveraging to focus on aviation

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[Bohai Leasing](#), the parent company of [Avolon](#), plans to secure a \$550 million loan to lower financing costs as part of its broader deleveraging and divestment efforts.

The funding follows the sale of Global Sea Containers to private equity-owned Textainer Group, in a move to reduce offshore debt while enabling the Chinese lessor to concentrate on its core aircraft leasing business, Bohai said in a filing with the Shenzhen stock exchange.

On 5 August, Global Aviation Leasing, a wholly owned subsidiary of Bohai Leasing, announced its intention to enter into a \$550 million loan agreement with Deutsche Bank and others to prepay \$1 billion in debt secured in August 2024.

Last year, Bohai signed a \$1 billion loan with RRJ Capital at an interest rate of 11.25%. It also completed a \$1.1 billion bond issuance, led by Morgan Stanley, at an interest rate of 8.75%.

Hong Kong Bohai Leasing has agreed to provide a joint liability guarantee for the loan financing, which carries a one-year tenor.

In May, Bohai announced the sale of its entire 100% stake in Global Sea Containers (Seaco) to Textainer, a firm controlled by Stonepeak Capital, as part of its debt reduction plans.

However, the transaction faces regulatory headwinds, as antitrust approvals are needed from multiple jurisdictions, including China, the USA, the European Union, Australia, Singapore, Brazil, and others.

The deal also carries a potential \$105 million termination fee if obligations are not met.

Bohai stated that the \$1.75 billion transaction will help ease trading volatility as it focuses on its primary business.

"Upon completion of the transaction, the company will no longer operate container leasing services, thereby effectively mitigating the adverse effects of fluctuations in the global trade environment and will further focus on the core business of aircraft leasing," Bohai said in a filing.

When contacted by Airfinance Global, Avolon declined to comment on Bohai's remarks about "further focusing on aircraft leasing" and whether this signals investment or shareholding changes following recent upgrades.

In May, S&P Global Ratings upgraded the outlook for Avolon's issuer and senior unsecured rating of BBB- to positive from stable. The move followed rating actions by Fitch, which upgraded Avolon from BBB- to BBB, and Moody's, which upgraded the lessor from Baa3 to Baa2.

Bohai said the Seaco sale addresses "significant losses" incurred from 2020 to 2022 due to the restructuring of its controlling shareholder, the failed HNA Group conglomerate, as well as the "negative impacts" on its primary business, aviation, which also incurred substantial losses during the same period.

HNA Capital Group holds 28% of the company's shares, following a complex restructuring process that resulted from accumulating a massive debt burden exceeding \$93 billion due to a period of aggressive overseas acquisitions.

Bohai expects an estimated profit of RMB31.75 billion (\$4.4 billion) from the sale, with the sale price surpassing its historical net investment of approximately \$1.34 billion.

Its latest annual and quarterly reports show a debt-to-asset ratio of 83%.

B of A Securities is the exclusive financial adviser in the sale process for Stonepeak, an alternative investment firm specialising in

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infrastructure and real assets with \$73 billion of assets under management. Simpson Thacher & Bartlett is legal counsel.

Deutsche Bank Securities serves as the exclusive financial adviser to Bohai, while Hogan Lovells provides legal counsel.

Orix Aviation holds a 30% stake in Avolon, in addition to Bohai's 70% shareholding.

Avolon had an owned, managed, and committed fleet of 1,166 aircraft as of 30 June 2025.

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