
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in BOC Aviation Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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BOC AVIATION

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 AND NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



邁時資本
MAXA CAPITAL

A notice convening the extraordinary general meeting of BOC Aviation Limited to be held at Atrium Room, Level 39, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong Thursday, 29 May 2025 at 10:30 a.m., or immediately after the conclusion of the Company's annual general meeting to be held on the same day, is set out on pages 33 to 34 of this circular.

Whether or not you are able to attend the extraordinary general meeting, you are advised to read the notice and to complete and return the accompanying proxy form, in accordance with the instructions printed thereon, to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, either (i) by depositing it at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or (ii) sending it by email to bocaviation.eproxy@computershare.com.hk, as soon as possible, and in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or adjourned meeting (as the case may be). Completion and return of the proxy form will not preclude you from attending the extraordinary general meeting and voting in person at the extraordinary general meeting (or any adjournment thereof) if you so wish.

* For identification purpose only

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DEFINITIONS

In this circular, 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 Group”	BOC and its subsidiaries (excluding the Group)
“BOC Loan Framework Agreement”	a framework agreement dated 12 May 2016 entered into between the Company and BOC in relation to all secured loans from and the provision of Other Banking Services by the BOC Group (excluding the BOCHK Holdings 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 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
“BOCHK Loan Framework Agreement”	a framework agreement dated 12 May 2016 entered into between the Company and BOCHK Holdings in relation to all secured loans from and the provision of Other Banking Services by the BOCHK Holdings Group

DEFINITIONS

“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”	secured loans and Other Banking Services provided by the BOC Group (excluding the BOCHK Holdings Group) and the BOCHK Holdings Group, as the case may be, to the Group under the BOC Loan Framework Agreement and/or the BOCHK Loan Framework Agreement
“controlling shareholder”	has the same meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“EGM” or “Meeting”	the extraordinary general meeting of the Company to be held at Atrium Room, Level 39, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong Thursday, 29 May 2025 at 10:30 a.m., or immediately after the conclusion of the Company’s annual general meeting to be held on the same day, to consider and, if appropriate, to approve the resolutions contained in the notice of extraordinary general meeting set out on pages 33 to 34 of this circular, or any adjournment thereof
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“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

DEFINITIONS

“Latest Practicable Date”	25 April 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“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
“Maxa Capital” or “Independent Financial Adviser”	Maxa Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), 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
“Other Banking Services”	the services as facility agent, arranger and/or security trustee in respect of any credit facilities provided by the BOC Group (excluding the BOCHK Holdings Group) and the BOCHK Holdings Group, as the case may be, to the Group
“Proposed Annual Caps”	the annual caps for the aggregate of the outstanding principal amount of the secured loans from and the fees paid for the provision of the Other Banking Services by the BOC Group (excluding the BOCHK Holdings Group) pursuant to the BOC Loan Framework Agreement or by the BOCHK Holdings Group pursuant to the BOCHK Loan Framework Agreement, as the case may be, being US\$500 million for each of the aforesaid framework agreements for each of the two years ending 31 December 2026 and 2027
“Prospectus”	the prospectus issued by the Company on 19 May 2016
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“RSU”	the restricted share units granted under the RSU Plan

DEFINITIONS

“RSU Plan”	collectively, the BOC Aviation Limited Restricted Share Unit Long Term Incentive Plans which were adopted by the Company on 18 December 2017, covering awards for the period from 2017 to 2021 (inclusive), and on 28 February 2023, covering awards for the period from 2022 to 2025 (inclusive)
“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

LETTER FROM THE BOARD



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

Chairman and Non-executive Director:

ZHANG Xiaolu

Executive Director:

Steven Matthew TOWNEND

(Chief Executive Officer & Managing Director)

Non-executive Directors:

JIN Hongju

JIN Yan

LI Ke

LIU Yunfei

Robert James MARTIN

Registered Office and Principal

Place of Business in Singapore:

79 Robinson Road

#15-01

Singapore 068897

Place of Business in Hong Kong:

Room 1912, 19/F

Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

Independent Non-executive Directors:

DAI Deming

FU Shula

Antony Nigel TYLER

YEUNG Yin Bernard

2 May 2025

To the Shareholders

Dear Sir or Madam

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the announcement of the Company dated 30 April 2025 in relation to, among other things, the BOC Loan Framework Agreement, the BOCHK Loan Framework Agreement and the Continuing Connected Transactions.

* *For identification purpose only*

LETTER FROM THE BOARD

Reference is also made to the Prospectus, among others, the terms of the BOC Loan Framework Agreement and the BOCHK Loan Framework Agreement. Pursuant to the terms of the BOC Loan Framework Agreement and the BOCHK Loan Framework Agreement, such agreements came into effect on the Listing Date and shall continue up to and including 31 December 2025, and shall be renewed automatically for successive periods of ten years thereafter (or such other period permitted under the Listing Rules), subject to the compliance with the then applicable provisions of the Listing Rules.

The Company intends to continue to enter into transactions of the same nature after 31 December 2025. The automatic renewal of the term of each of the BOC Loan Framework Agreement and the BOCHK Loan Framework Agreement for the two years ending 31 December 2027 pursuant to the terms of the BOC Loan Framework Agreement and the BOCHK Loan 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.

The main purposes of this circular are:

- (a) to provide you with further details of the BOC Loan Framework Agreement, the BOCHK Loan Framework Agreement, the Continuing Connected Transactions and the Proposed Annual Caps;
- (b) to set out the letter from Maxa Capital to the Independent Board Committee and the Independent Shareholders;
- (c) to set out the recommendation of the Independent Board Committee to the Independent Shareholders; and
- (d) to provide you with the notice of the EGM and other information as required under the Listing Rules.

PARTICULARS OF THE CONTINUING CONNECTED TRANSACTIONS

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

The Company entered into the BOC Loan Framework Agreement with BOC on 12 May 2016 to govern all existing and future secured loans from the BOC Group (excluding the BOCHK Holdings Group) and the provision of Other Banking Services, with effect from the Listing Date. Similarly, the Company entered into the BOCHK Loan Framework Agreement with BOCHK on 12 May 2016 to govern all existing and future secured loans from the BOCHK Holdings Group and the provision of Other Banking Services, with effect from the Listing Date.

LETTER FROM THE BOARD

The BOC Loan Framework Agreement and the BOCHK Loan Framework Agreement stipulate that all loans from the BOC Group (excluding the BOCHK Holdings Group) or the BOCHK Holdings Group, as the case may be, that are secured by the assets of the Group, must meet the following conditions: (i) they must be in the ordinary and usual course of business of both the Group and the relevant lender (i.e., the BOC Group (excluding the BOCHK Holdings Group) or the BOCHK Holdings Group, as the case may be); (ii) they must be on an arm's length basis; (iii) they must be on normal commercial terms, ensuring that the terms are no less favorable than (a) those available to the Group from independent third parties and (b) those offered to independent third parties by the relevant lender (i.e., the BOC Group (excluding the BOCHK Holdings Group) or the BOCHK Holdings Group, as the case may be) for similar or comparable loans; and (iv) they must comply with the Listing Rules, applicable laws, and other relevant regulatory requirements.

Similarly, the BOC Loan Framework Agreement and the BOCHK Loan Framework Agreement specify that the provision of Other Banking Services must adhere to the following conditions: (i) they must be in the ordinary and usual course of business of both the Group and the relevant service provider (i.e., the BOC Group (excluding the BOCHK Holdings Group) or the BOCHK Holdings Group, as the case may be); (ii) they must be on an arm's length basis; (iii) they must be on normal commercial terms, ensuring that the terms are no less favorable than (a) those available to the Group from independent third parties and (b) those charged by the relevant service provider (i.e., the BOC Group (excluding the BOCHK Holdings Group) or the BOCHK Holdings Group, as the case may be) to independent third parties for similar or comparable services; and (iv) they must comply with the Listing Rules, applicable laws, and other relevant regulatory requirements.

In order to secure the most favorable financing terms, the Company adopts a structured approach to obtaining loan proposals, which may include either a request for proposal (“**RFP**”) process or bilateral discussions with lenders. For syndicated or club loans of a larger amount, the Company will initiate an RFP process with numerous counterparties. Pricing will be determined based on the most competitive proposals received, taking into account factors such as interest margin, front-end fees, indicative commitment size and other fees, as well as other key terms including availability period and tenor. For smaller loans, the Company will engage in bilateral discussions with potential counterparties and will request for term sheets that outline key terms such as margin, fee, tenor, and facility size. The Company will take into account various factors to assess the competitiveness of the terms, such as recent deals of a similar nature and tenor, recent proposals for syndicated or club loans of similar nature, and market updates derived from ongoing communications with bank counterparties.

Loans or other financing arrangements with the BOC Group and the BOCHK Holdings Group will follow the same procedures to ensure that the terms remain competitive and favorable for the Company.

LETTER FROM THE BOARD

2. Historical transaction amounts

The aggregate outstanding principal amount of secured loans from the BOC Group (excluding the BOCHK Holdings Group), along with the fees paid for Other Banking Services provided by the BOC Group (excluding the BOCHK Holdings Group), and the aggregate outstanding principal amount of secured loans from the BOCHK Holdings Group, together with the fees paid for Other Banking Services provided by the BOCHK Holdings Group, for each of the past five years ended 31 December 2024 and the two months ended 28 February 2025, are set out below:

<i>US\$ million</i>		For the two months ended	For the years ended 31 December				
		28 February 2025	2024	2023	2022	2021	2020
BOC Loan Framework Agreement							
Aggregate of the outstanding principal	Annual Caps	500.00	500.00	500.00	500.00	500.00	500.00
amount of the secured loans from and the	Historical amounts	1.20	3.50	0.30	N/A	N/A	3.00
fees paid for the provision of the Other	Utilisation rates	0.24%	0.70%	0.06%	N/A	N/A	0.60%
Banking Services by BOC							
BOCHK Loan Framework Agreement							
Aggregate of the outstanding principal	Annual Caps	500.00	500.00	500.00	500.00	500.00	500.00
amount of the secured loans from and the	Historical amounts	N/A	N/A	0.54	1.00	1.35	1.20
fees paid for the provision of the Other	Utilisation rates	N/A	N/A	0.11%	0.20%	0.27%	0.24%
Banking Services by BOCHK							

During the relevant periods, none of the actual transaction amounts exceeded the applicable annual caps.

The Company expects that none of the existing annual caps for the year ending 31 December 2025 will be exceeded as at the date of the EGM.

3. Proposed Annual Caps and basis

The Company proposes that the maximum aggregate of the outstanding principal amount of secured loans and fees payable for Other Banking Services under the BOC Loan Framework Agreement (for the BOC Group, excluding the BOCHK Holdings Group) will remain at US\$500 million per year for each of the two years ending 31 December 2027. Similarly, the maximum aggregate of the outstanding principal amount of secured loans and fees payable for Other Banking Services under the BOCHK Loan Framework Agreement (for the BOCHK Holdings Group) will also remain at US\$500 million per year for each of the two years ending 31 December 2027, thereby maintaining the current annual caps for both agreements.

LETTER FROM THE BOARD

The Proposed Annual Caps have been carefully determined based on a comprehensive assessment of the Group's projected business expansion and financial requirements. We have:

- (i) considered the anticipated growth trajectory of the Group's business, including its increasing capital expenditure needs for aircraft acquisitions and other strategic investments, as well as the Group's overall financing requirements over the next two years; and
- (ii) completed a review of historical transaction data, including the actual fees incurred by the Group for Other Banking Services provided by both the BOC Group (excluding the BOCHK Holdings Group) and the BOCHK Holdings Group. Although this indicates a relatively low usage of the historical annual caps, the flexibility attached to the Group to draw upon secured loan financing from both the BOC Group (excluding the BOCHK Holdings Group) and the BOCHK Holdings Group up to the Proposed Annual Caps, would align with the Group's expected usage patterns.

The Proposed Annual Caps are designed to provide the financial flexibility necessary for the Group to efficiently manage its funding requirements while maintaining prudent financial discipline. Given the anticipated growth of the Group's business, supported by a positive industry outlook, and its projected financing needs over the two years ending 31 December 2027, maintaining the current annual caps under the BOC Loan Framework Agreement and the BOCHK Loan Framework Agreement will ensure that the Group has sufficient liquidity to support its operations and strategic initiatives.

REASONS AND BASIS FOR THE PROPOSED ANNUAL CAPS

1. Our business

The Company is a leading global aircraft operating leasing company based in Singapore. Our core business model is focused on purchasing new, fuel-efficient, in-demand aircraft at competitive prices directly from aircraft manufacturers, financing those aircraft purchases efficiently, placing our aircraft on long-term operating leases with a globally diversified customer base and selling our aircraft to maintain a young fleet, to mitigate risks in our aircraft portfolio and to generate gains on sale, as well as reinvesting the sale proceeds in new aircraft investments.

LETTER FROM THE BOARD

2. Capital expenditure and our order book

Our business is capital intensive, requiring significant investments and borrowings in order to grow and to maintain a young aircraft fleet. As at 31 December 2024, the Company had a significant order book of 232 aircraft committed for purchase. Our estimated cash outflows based on aircraft capital expenditure commitments as at 31 December 2024 are set out below:

	31 December 2024 US\$b
2025	2.7
2026	1.1
2027	1.6
2028 and beyond	6.7
	<hr/>
Total	12.1
	<hr/> <hr/>

3. Funding and liquidity

The Group's aircraft purchase commitments are expected to be financed through a diverse range of funding sources, including:

- (a) cash flow generated from operating activities;
- (b) proceeds from debt capital markets through the issuance of notes;
- (c) drawdowns under various bank financing facilities; and
- (d) net proceeds from aircraft sales.

We continue to benefit from our strong investment-grade corporate credit ratings of A- from both Fitch Ratings and S&P Global Ratings, which enhance our access to a broad spectrum of debt funding sources. Our primary sources of debt funding remain unsecured notes and unsecured loan facilities, reflecting our strong credit profile.

We are currently utilising unsecured loan facilities from the BOC Group and, as part of our strategic financial planning, we may also require secured loans from the BOC Group in the future, with aircraft or other assets pledged, to support our anticipated capital expenditure plans or meet specific transaction requirements. Additionally, we are employing a limited amount of secured bank loans where necessary, depending on the nature of individual transactions. We have been a regular issuer of notes since 2000 and continue to tap the market through our Global Medium Term Note Program to maintain a balanced and sustainable capital structure.

LETTER FROM THE BOARD

As of 31 December 2024, the Group's total loans and borrowings increased by 0.4% to US\$16.6 billion, up from US\$16.5 billion as of 31 December 2023. During the year, the Group issued US\$1.5 billion of notes under the Group's Global Medium Term Note Program, utilised US\$1.7 billion in term loans and repaid US\$3.6 billion in term loans and medium term notes. Specifically, the Group's financing arrangements with the BOC Group included:

- (a) Unsecured loans from both the BOC Group (excluding the BOCHK Holdings Group) and the BOCHK Holdings Group, totaling US\$1.7 billion; and
- (b) US\$3.0 billion in unutilised committed unsecured revolving credit facilities from the BOC Group (excluding the BOCHK Holdings Group).

Given the Group's expected business expansion and significant order book, it is both reasonable and commercially necessary for the Company to raise financing, including potentially secured loans from the BOC Group, to support its normal business operations and ongoing aircraft acquisitions. The Group's business is capital-intensive, with substantial liquidity requirements driven by its expanding order book and growth plans. As of 31 December 2024, the Group's order book included 232 aircraft, and following the announcement of an additional 120 aircraft order in March 2025, the total order book now exceeds 300 aircraft. To achieve the necessary scale in financing, the size of the Group's typical club loan facilities ranges from US\$500 million to US\$750 million. Therefore, the Proposed Annual Cap of US\$500 million for each of the BOC Loan Framework Agreement and the BOCHK Loan Framework Agreement is considered reasonable based on the anticipated financing needs related to the growth of the order book and the Group's liquidity requirements over the next two years. This strategic financial flexibility will ensure the Group remains well-positioned to capture growth opportunities while maintaining a robust and sustainable capital structure.

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 secured loans and Other Banking Services under the BOC Loan Framework Agreement and the BOCHK Loan Framework Agreement, the Company has implemented a comprehensive system to ensure compliance with the relevant annual caps. Specifically, the Company monitors the aggregate outstanding principal amount of secured loans and the fees paid for Other Banking Services provided by each of the BOC Group (excluding the BOCHK Holdings Group) and the BOCHK Holdings Group to ensure they do not exceed the applicable annual cap. Additionally, the Company reviews and assesses the terms offered by the BOC

LETTER FROM THE BOARD

Group (excluding the BOCHK Holdings Group) and the BOCHK Holdings Group to confirm that the terms of various types of loans, including secured and unsecured loans, as well as Other Banking Services, are no less favorable than those offered by independent financial institutions.

To safeguard the Company's interests, the Treasury Department adheres to a structured policy to ensure that loan financing is secured on the most favorable terms possible. The Company obtains quotes through a request for proposal process or bilateral discussions and benchmarks these against similar loan financing arrangements entered into by the Group during a comparable timeframe. The Corporate Affairs Department verifies the contracting party in each loan financing transaction to determine whether it is a connected person. Before finalising any transaction, the Management conducts a comprehensive review of the transaction details and grants approval for each loan financing arrangement.

The Internal Audit Department undertakes audits for compliance with the Company's risk management and internal control systems.

The independent non-executive Directors will annually review the BOC Loan Framework Agreement, the BOCHK Loan Framework Agreement and the Continuing Connected Transactions and confirm to the Board as to whether the Continuing Connected Transactions are entered into (i) in the ordinary and usual course of business of the Group, (ii) on normal commercial terms or better, and (iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole. The Company's external auditor will also conduct an annual review of the Continuing Connected Transactions to confirm that nothing has come to their attention that cause them to believe that such transactions (i) have not been approved by the Board, (ii) are not, in all material respects, in accordance with the pricing policies of the Group, (iii) are not entered into, in all material respects, in accordance with the relevant agreements governing the Continuing Connected Transactions, and (iv) have exceeded their respective annual caps.

LISTING RULES REQUIREMENTS

As at the Latest Practicable Date, (i) 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, 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, transactions under the BOC Loan Framework Agreement and the BOCHK Loan Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the transactions under the BOC Loan Framework Agreement and the BOCHK Loan 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.

LETTER FROM THE BOARD

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 Loan Framework Agreement and the BOCHK Loan Framework Agreement, the Continuing Connected Transactions and the Proposed Annual Caps. The Company has appointed Maxa 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 of Maxa 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, 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 Latest Practicable Date (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 Ms. Zhang Xiaolu, Mr. Jin Hongju, Ms. Jin Yan, Ms. Li Ke and Ms. 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.

EXTRAORDINARY GENERAL MEETING

The EGM will be held on Thursday, 29 May 2025. Please refer to the notice of the EGM set out on pages 33 to 34. Shareholders are encouraged to submit your proxy form and any questions to the Board as early as possible.

INFORMATION ON THE COMPANY

The Company is a leading global aircraft operating leasing company with a total portfolio of 829 aircraft and engines owned, managed and on order as at 31 March 2025.

LETTER FROM THE BOARD

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.

RECOMMENDATION

The Directors (including the independent non-executive Directors) believe that 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 that 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) recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Continuing Connected Transactions and the Proposed Annual Caps.

ADDITIONAL INFORMATION

Your attention is drawn to the letter of advice from the Independent Board Committee set out on pages 15 to 16 of this circular, which contains its recommendation to the Independent Shareholders, and the letter from Maxa Capital set out on pages 17 to 29 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders.

Your attention is also drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,
On behalf of the Board
BOC Aviation Limited
Zhang Xiaolu
Chairman and
Non-executive Director



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

2 May 2025

To the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 2 May 2025 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to advise you as to whether, in our opinion, so far as the Independent Shareholders are concerned, 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, 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. Maxa Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and the Proposed Annual Caps.

We wish to draw your attention to the letter from the Board set out on pages 5 to 14 of the Circular, and the letter from Maxa Capital to the Independent Board Committee and the Independent Shareholders set out on pages 17 to 29 of the Circular which contains its opinion in respect of the Continuing Connected Transactions and the Proposed Annual Caps.

Having reviewed (i) the Continuing Connected Transactions and the Proposed Annual Caps and (ii) the advice of Maxa Capital and its recommendation in relation thereto, we believe that 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, 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.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend that you vote in favour of the resolutions to be proposed at the EGM to approve the Continuing Connected Transactions and the Proposed Annual Caps.

Yours faithfully,

Dai Deming

Fu Shula

Antony Nigel Tyler

Yeung Yin Bernard

Independent Board Committee

LETTER FROM MAXA CAPITAL

The following is the letter of advice from Maxa Capital, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 2602, 26/F, Golden Centre
188 Des Voeux Road Central
Sheung Wan
Hong Kong

2 May 2025

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the renewal of the BOC Loan Framework Agreement and the BOCHK Loan Framework Agreement (collectively known as the “**Loan Framework Agreements**”) entered into on 12 May 2016 with BOC and BOCHK, respectively, and their proposed annual caps for each of the two years ending 31 December 2026 and 2027 (the “**Proposed Annual Caps**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 2 May 2025 issued by the Company (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the Company’s Prospectus, among others, the terms of the Loan Framework Agreements which came into effect on the Listing Date and continue up to and including 31 December 2025, shall be renewed automatically for successive periods of ten years thereafter (or such other period permitted under the Listing Rules), subject to the compliance with the then applicable provisions of the Listing Rules. The Company intends to continue to enter into transactions of the same nature after 31 December 2025. On 30 April 2025, the Company announced that the renewal of the Loan Framework Agreements for successive period of two years ending 31 December 2027 subject to the approval by the Independent Shareholders on the Continuing Connected Transactions and the Proposed Annual Caps.

As at the Latest Practicable Date, (i) 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, 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

LETTER FROM MAXA CAPITAL

Company's connected person. Accordingly, transactions under the BOC Loan Framework Agreement and the BOCHK Loan Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios for the Proposed Annual Caps exceed 5% of applicable tests, the Continuing Connected Transactions are subject to, among other things, the approval by the Independent Shareholders. We, Maxa Capital, have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company, its subsidiaries and any other parties that could reasonably be regarded as relevant to our independence. We are not associated with the Company, its subsidiaries, its associates, or their respective substantial Shareholders or associates or any other parties to the Loan Framework Agreements, and accordingly, are eligible to give independent advice and recommendations on the terms of the Loan Framework Agreements and the Proposed Annual Caps. Save for this appointment as the Independent Financial Adviser in respect of the Loan Framework Agreements and the transactions contemplated thereunder, there was no other engagement between the Company and us in the past two years. Apart from normal professional fees payable to us in connection with this appointment and the previous appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, its subsidiaries, its associates or their respective substantial Shareholders or associates.

BASIS OF OUR OPINION

In formulating our advices and recommendations, we consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Company (the “**Management**”), for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the date of this letter. We have also assumed that all statements of belief, opinion, expectation, and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. Our opinion is based on the Directors' representation and confirmation that no material facts have been omitted from the information provided and referred to in the Circular.

The Company confirmed that it has, at our request, provided us with all currently available information and documents which are available under present circumstances to enable us to reach an informed view, and we have relied on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our opinion. We have no reason to suspect that any material facts or information, which is known to the Company, have been omitted or withheld from the information supplied or opinions expressed in the Circular nor to

LETTER FROM MAXA CAPITAL

doubt the truth and accuracy of the information and facts, or the reasonableness of the opinions expressed by the Company and the Directors which have been provided to us. We have not, however, conducted any independent verification on the information provided to us by the Directors, nor have we conducted any form of independent in-depth investigation into the business and affairs of the Company, BOC, BOCHK, and each of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background

1.1 Information of the Group

The Company is a leading global aircraft operating leasing company and is the largest aircraft operating leasing company headquartered in Asia. The Company's primary source of revenue is from long-term US dollar-denominated leases contracted with its globally diversified portfolio of airlines.

Set out below are the summarised financial information of the Group for the three years ended 31 December 2022, 2023 and 2024 ("FY2022", "FY2023" and "FY2024", respectively), as extracted from the annual reports of FY2022, FY2023 (the "2022AR" and "2023AR", respectively), and the annual result announcement of FY2024 (the "2024ARA") of the Company:

	For the year ended 31 December		
	2022	2023	2024
	US\$'000	US\$'000	US\$'000
	(audited)	(audited)	(audited)
Revenues and other income	2,307,052	2,461,270	2,557,230
Profit for the year	20,060	763,902	923,586

	As at 31 December		
	2022	2023	2024
	(audited)	(audited)	(audited)
	US\$'000	US\$'000	US\$'000
Total assets	22,071,375	24,169,611	25,052,991
Total liabilities	16,869,276	18,421,149	18,690,447
– Medium term notes	9,950,771	9,706,831	8,896,576
– Loans	5,170,894	6,803,661	7,677,187
Total equity	5,202,099	5,748,462	6,362,544

LETTER FROM MAXA CAPITAL

The revenues and other income of the Group was approximately US\$2,461.3 million for FY2023, representing an increase of approximately US\$154.2 million or 6.3% as compared to approximately US\$2,307.1 million for FY2022. Such increase in revenues and other income was mainly attributable to an increase in lease rental income and other income, and was partially offset by a decrease in income arising from termination of leases. The profit for the year was approximately US\$763.9 million for FY2023, representing an increase of approximately US\$743.8 million or 3,708.1% as compared to approximately US\$20.1 million for FY2022. Such increase in profit for the year was primarily attributable to lower impairment of aircraft, higher lease rental and other income, and was partially offset by absence of income arising from termination of leases and higher finance expenses.

The revenues and other income of the Group was approximately US\$2,557.2 million for FY2024, representing an increase of approximately US\$96.0 million or 3.9% as compared to approximately US\$2,461.3 million for FY2023. Such increase in revenues and other income was primarily due to higher interest income from finance leases, and was partially offset by lower lease rental income. The profit for the year was approximately US\$923.6 million for FY2024, representing an increase of approximately US\$159.7 million or 20.9% as compared to approximately US\$763.9 million for FY2023. Such increase in profit for the year was primarily attributable to the growth in core earnings and the ongoing recoveries related to aircraft in Russia. The core net profit after tax (which excludes the net impact of write-downs related to aircraft in Russia) of the Group amounted to US\$633 million compared with US\$547 million in FY2023, representing a 15.7% increase.

The Group had total assets of approximately US\$24.2 billion as at 31 December 2023, representing an increase of approximately US\$2.9 billion or 9.5% as compared to approximately US\$22.1 billion as at 31 December 2022, which was mainly attributable to the increase in finance lease receivables. The Group had total liabilities of approximately US\$18.4 billion as at 31 December 2023, representing an increase of approximately US\$1.6 billion or 9.2% as compared to approximately US\$16.9 billion as at 31 December 2022, which was primarily attributable to the increase in loans and borrowings. The total equity of the Group amounted to approximately US\$5.7 billion as at 31 December 2023, representing an increase of approximately US\$546.4 million or 10.5% as compared to approximately US\$5.2 billion as at 31 December 2022.

The Group had total assets of approximately US\$25.1 billion as at 31 December 2024, representing an increase of approximately US\$883.4 million or 3.7% as compared to approximately US\$24.2 billion as at 31 December 2023, which was mainly attributable to the increase in finance lease receivables. The Group had total liabilities of approximately US\$18.7 billion as at 31 December 2024, which increased slightly by approximately US\$269.3 million or 1.5% as compared to approximately US\$18.4 billion as at 31 December 2023. The total equity of the Group amounted to approximately US\$6.4 billion as at 31 December 2024, representing an increase of approximately US\$614.1 million or 10.7% as compared to approximately US\$5.7 billion as at 31 December 2023.

1.2 Information of BOC

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.

1.3 Information of BOCHK

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.

2. Principal terms of the Loan Framework Agreements

2.1 Principal terms and pricing policy

The Company entered into the BOC Loan Framework Agreement with BOC on 12 May 2016 to govern all existing and future secured loans from the BOC Group (excluding the BOCHK Holdings Group) and the provision of Other Banking Services, with effect from the Listing Date. Similarly, the Company entered into the BOCHK Loan Framework Agreement with BOCHK on 12 May 2016 to govern all existing and future secured loans from the BOCHK Holdings Group and the provision of Other Banking Services, with effect from the Listing Date.

The BOC Loan Framework Agreement and the BOCHK Loan Framework Agreement stipulate that all loans from the BOC Group (excluding the BOCHK Holdings Group) or the BOCHK Holdings Group, as the case may be, that are secured by the assets of the Group, must meet the following conditions: (i) they must be in the ordinary and usual course of business of both the Group and the relevant lender (i.e., the BOC Group (excluding the BOCHK Holdings Group) or the BOCHK Holdings Group, as the case may be); (ii) they must be conducted on an arm's length basis; (iii) they must be on normal commercial terms, ensuring that the terms are no less favorable than (a) those available to the Group from independent third parties and (b) those offered to independent third parties by the relevant lender for similar or comparable loans; and (iv) they must comply with the Listing Rules, applicable laws, and other relevant regulatory requirements.

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Similarly, the BOC Loan Framework Agreement and the BOCHK Loan Framework Agreement specify that the provision of Other Banking Services must adhere to the following conditions: (i) they must be in the ordinary and usual course of business of both the Group and the relevant service provider (i.e., the BOC Group (excluding the BOCHK Holdings Group) or the BOCHK Holdings Group, as the case may be); (ii) they must be conducted on an arm's length basis; (iii) they must be on normal commercial terms, ensuring that the terms are no less favorable than (a) those available to the Group from independent third parties and (b) those charged by the relevant service provider to independent third parties for similar or comparable services; and (iv) they must comply with the Listing Rules, applicable laws, and other relevant regulatory requirements.

In order to secure the most favorable financing terms, the Company adopts a structured approach to obtaining loan proposals, which may include either a request for proposal (“**RFP**”) process or bilateral discussions with lenders. For syndicated or club loans of a larger amount, the Company will initiate an RFP process with numerous counterparties. Pricing will be determined based on the most competitive proposals received, taking into account factors such as interest margin, front-end fees, indicative commitment size and other fees, as well as other key terms including availability period and tenor. For smaller loans, the Company will engage in bilateral discussions with potential counterparties and will request for term sheets that outline key terms such as margin, fee, tenor, and facility size. The Company will take into account various factors to assess the competitiveness of the terms, such as recent deals of a similar nature and tenor, recent proposals for syndicated or club loans of similar nature, and market updates derived from ongoing communications with bank counterparties.

Loans or other financing arrangements with the BOC Group and the BOCHK Holdings Group will follow the same procedures to ensure that the terms remain competitive and favorable for the Company.

2.2 Assessment of principal terms and pricing policy

We have reviewed the Loan Framework Agreements and noted that such agreements will expire on 31 December 2025, and will be renewed automatically for successive periods of ten years thereafter (or such other period permitted under the Listing Rules), subject to the compliance with the then applicable provisions of the Listing Rules. For the renewal, all parties will not enter into separate contracts and hence the terms and conditions of Loan Framework Agreements will remain the same. Based on our review, we noted that the Loan Framework Agreements provides the Group with the flexibility but not the obligation to obtain secured financing from BOC Group.

We noted that the pricing policies under the Loan Framework Agreements involve mechanisms to compare the terms offered by BOC or BOCHK to the terms by independent third parties. The Group will only enter into specific transactions with BOC or BOCHK under the Loan Framework Agreements if the terms offered by BOC or BOCHK are no less favourable to the Group than those offered by independent third parties. We have obtained and reviewed samples on the Group's unsecured loan transaction documents with BOC Group and

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independent third parties, details of which are set out in the section headed “5. Internal Control” in this letter. Based on our review, we noted there are enough internal control measures in place to guarantee the no less favourable terms under the Loan Framework Agreements.

In view of the above, we consider that the terms under the Loan Framework Agreements are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned.

3. Reasons for and benefits of entering into the Loan Framework Agreements

The specific reasons for and benefits of entering into the Loan Framework Agreements are elaborated below.

3.1 *Business of the Group*

The Company is a leading global aircraft operating leasing company based in Singapore. The Group’s core business model is focused on purchasing new, fuel-efficient, in-demand aircraft at competitive prices directly from aircraft manufacturers, financing those aircraft purchases efficiently, placing the Group’s aircraft on long-term operating leases with a globally diversified customer base and selling its aircraft to maintain a young fleet, to mitigate risks in the Group’s aircraft portfolio and to generate gains on sale, as well as reinvesting the sale proceeds in new aircraft investments.

3.2 *Capital expenditure and the Group’s order book*

As stated in the Letter from the Board, the Group’s business is capital intensive, requiring significant investments and borrowings in order to grow and maintain a young aircraft fleet. As at 31 December 2024, the Company had a significant order book of 232 aircraft committed for purchase. The Group’s estimated cash outflows based on aircraft capital expenditure commitments as at 31 December 2024 are set out below:

	31 December 2024 US\$b
2025	2.7
2026	1.1
2027	1.6
2028 and beyond	6.7
Total	12.1

3.3 Funding and liquidity

The Group's aircraft purchase commitments are expected to be financed through a diverse range of funding sources, including:

- (a) cash flow generated from operating activities;
- (b) proceeds from debt capital markets through the issuance of notes;
- (c) drawdowns under various bank financing facilities; and
- (d) net proceeds from aircraft sales.

The Group continues to benefit from its strong investment-grade corporate credit ratings of A- from both Fitch Ratings and S&P Global Ratings, which enhances its access to a broad spectrum of debt funding sources. The Group's primary sources of debt funding remain unsecured notes and unsecured loan facilities, reflecting its strong credit profile.

The Group is currently utilizing unsecured loan facilities from the BOC Group to fulfil its financing needs and, as part of the Group's strategic financial planning, it may also require secured loans from the BOC Group in the future, with aircraft or other assets pledged, to support its anticipated capital expenditure plans or meet specific transaction requirements. Additionally, the Group may employ a limited amount of secured bank loans where necessary, depending on the nature of individual transactions. The Group has been a regular issuer of notes since 2000 and continues to tap the market through its Global Medium Term Note Program to maintain a balanced and sustainable capital structure.

As of 31 December 2024, the Group's total loans and borrowings increased by 0.4% to US\$16.6 billion, up from US\$16.5 billion as of 31 December 2023. During the year, the Group issued US\$1.5 billion of notes under the Group's Global Medium Term Note Program, utilised US\$1.7 billion in term loans and repaid US\$3.6 billion in term loans and medium term notes. Specifically, the Group's financing arrangements with the BOC Group included:

- (a) Unsecured loans from both the BOC Group (excluding the BOCHK Holdings Group) and the BOCHK Holdings Group, totaling US\$1.7 billion; and
- (b) US\$3.0 billion in unutilised committed revolving credit facilities from the BOC Group (excluding the BOCHK Holdings Group).

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Given the Group's expected business expansion and significant order book, it is reasonable and commercially necessary for the Group to raise financing, including secured loans from the BOC Group, from time to time to support its normal business operations and ongoing aircraft acquisitions. In addition, the Group's business is capital-intensive, with substantial liquidity requirements driven by its expanding order book and growth plans. In view of the above, we are of the view that such strategic financial flexibility will ensure that the Group remains well-positioned to capture growth opportunities while maintaining a robust and sustainable capital structure.

Each of BOC and BOCHK has been an important unsecured loan provider to the Group and has a better understanding of the Group's business and financing needs, and hence is able to provide financing that meets the Group's requirements. As advised by the Company, the Group will prioritise unsecured loans when market conditions permit. This is due to higher execution efficiency and greater flexibility in portfolio management. However, there are circumstances where secured loans become more desirable due to changes in market dynamics or the need for diversification of funding sources. We are of the view that the renewal of the Loan Framework Agreements would provide the Group with an opportunity to continue its existing arrangements with BOC and BOCHK, and hence provide the Group with flexibility and the right but not the obligation to maintain its access to sources of secured financing, by leveraging the resources and advantages of the BOC Group. Taking into account the above, we concur with the Company that entering into the Loan Framework Agreements is in the interest of the Company and Shareholders as a whole and is conducted under the ordinary and usual course of business of the Group.

4. Proposed Annual Caps

In assessing the fairness and reasonableness of the Proposed Annual Caps, we have discussed with the Company about the basis and underlying assumptions used in the determination of the Proposed Annual Caps. The Proposed Annual Caps represent the maximum amounts of transactions the Group could enter into with BOC and BOCHK, rather than the obligation of the Group to receive services from BOC and BOCHK. We have discussed and concur with the Company that the Proposed Annual Caps will provide more flexibility to the Group and are set at the appropriate level after taken into account the historical transaction amounts and expected future demand.

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4.1 Historical Amount, Existing and Proposed Annual Caps

The following table sets out (i) the historical amounts for each of the three years ended 31 December 2024 and for the two months ended 28 February 2025; and (ii) the Proposed Annual Caps for each of the two years ending 31 December 2026 and 2027.

US\$ million		Existing Annual Caps for the years ended 31 December				Proposed Annual Caps for the years ending 31 December	
		2022	2023	2024	2025	2026	2027
BOC Loan Framework Agreement							
Aggregate of the outstanding principal amount of the secured loans from and the fees paid for the provision of the Other Banking Services by BOC	Annual Caps	500.00	500.00	500.00	500.00	500.00	500.00
	Historical amounts	N/A	0.30	3.50	1.20 ¹		
	Utilisation rates	N/A	0.06%	0.70%	0.24% ²		
BOCHK Loan Framework Agreement							
Aggregate of the outstanding principal amount of the secured loans from and the fees paid for the provision of the Other Banking Services by BOCHK	Annual Caps	500.00	500.00	500.00	500.00	500.00	500.00
	Historical amounts	1.00	0.54	N/A	N/A ¹		
	Utilisation rates	0.20%	0.11%	N/A	N/A ²		

1. Historical amount for the two months ended 28 February 2025.
2. The utilisation rates for the year ending 31 December 2025 are computed based on the actual amounts up to 28 February 2025.

4.2 Basis of determination of the Proposed Annual Caps

The Proposed Annual Caps have been carefully determined based on a comprehensive assessment of the Group's projected business expansion and financial requirements, as illustrated in the section "3. Reasons for and benefits of entering into the Loan Framework Agreements" above. The Group has:

- considered the anticipated growth trajectory of the Group's business, including its increasing capital expenditure needs for aircraft acquisitions and other strategic investments, as well as the Group's overall financing requirements over the next two years; and

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- (ii) completed a review of historical transaction data, including the actual fees incurred by the Group for Other Banking Services provided by both the BOC Group (excluding the BOCHK Holdings Group) and the BOCHK Holdings Group.

Despite the low historical utilisation rate of the existing annual caps, which were mostly related to fees under Other Banking Services, the Proposed Annual Caps are designed to provide the financial flexibility necessary for the Group to efficiently manage its funding requirements from the BOC Group while maintaining prudent financial discipline. Given the anticipated growth of the Group's business, supported by a positive industry outlook, and its projected financing needs over the two years ending 31 December 2027, maintaining the existing annual caps under the BOC Loan Framework Agreement and the BOCHK Loan Framework Agreement will ensure that the Group has sufficient liquidity to support its operations and strategic initiatives.

In assessing the fairness and reasonableness of the Proposed Annual Caps, we have reviewed the 2024ARA and noted that as at 31 December 2024, the Group had commitments to purchase 232 aircraft. Such aircraft purchase represents a size expansion of approximately 52.1% of the Company's fleet comprising of 445 owned aircraft as at 31 December 2024. We have also noted the Company's announcements dated 31 March 2025 regarding the purchase of a total of 120 aircraft from Airbus and Boeing. As stated in the section headed "3. Reasons for and benefits of entering into the Loan Framework Agreements" above, the Group's estimated cash outflows based on aircraft capital expenditure commitments for 2026 and 2027 are US\$1.1 billion and US\$1.6 billion, respectively. The cost of secured financing is generally lower than that of unsecured financing due to the additional security. However, the Company's cost of secured financing may or may not be lower than its unsecured financing due to its strong investment grade credit rating. In reviewing the 2024ARA, we have noted that the Group's finance expenses increased by 11.6% to US\$710 million in FY2024 from US\$636 million in FY2023 mainly due to a higher cost of debt of 4.5% per annum in FY2024 compared with 4.1% per annum in FY2023, and hence it is prudent for the Group to have the option flexibility to obtain secured loan financing. We also note that at 31 December 2024, the Group has secured debt of approximately US\$59 million and a much greater proportion in unsecured debt of approximately US\$16,609 million, and among the Group's approximately US\$7,677 million loans, approximately US\$1,721 million would be due within two years. In addition, the Proposed Annual Caps of US\$500 million only represented approximately 3.0% of the total loans and borrowings of the Group as at 31 December 2024, we are of the view that it is in line with the purpose of providing an alternative and flexibility for the Group in fulfilling its financing needs. Given (i) the purchase of aircraft is expected to generate considerable financing demand; (ii) the Group has incentive to optimise its financing structure by refinancing higher-cost loans with lower-cost alternatives; and (iii) the Proposed Annual Caps only constitute a small portion of the Group's total debt, we consider the Proposed Annual Caps will provide flexibility to the Group, and are fair and reasonable.

5. Internal Control

The Company has formulated a series of internal control measures and procedures in order to ensure the pricing mechanism and the terms of the Loan Framework Agreements are fair and reasonable and no less favourable to the Company than the terms available to or from independent third parties, and in the interest of the Company and its Shareholders as a whole, details of which are included in the section headed “INTERNAL CONTROL PROCEDURES” in the Letter from the Board. We have also obtained and reviewed the Company’s internal procedures and systems for approving and monitoring such services and transactions, including the treasury department’s policies and processes.

We have also reviewed the annual caps utilization rate of Loan Framework Agreements from 2022 to 2024, and noted that none of the existing annual caps were exceeded. We consider that the Company has an effective mechanism in place to monitor the transactions under the Loan Framework Agreements on an on-going basis to ensure that the transaction amount under the Loan Framework Agreements will not exceed the relevant annual caps.

In respect of the secured loan financing provided by BOC Group, we understand that the Company would, among others, obtain quotes from or bilaterally discuss with BOC Group, and benchmark the quotes from BOC Group against similar loan financing arrangements entered into by the Group with independent third parties during a comparable timeframe. Given the Group had no secured loan with the BOC Group in the past three years and no unsecured loan transaction between the Group and BOC Group in 2022, we have instead obtained and reviewed two sets of sample transaction documents of unsecured loans provided by BOC or BOCHK to the Group in each of 2023 and 2024 (i.e. four sets in total), which were randomly selected by the Company as per our request, and we consider such sample fair and representative. We compared such samples against four sets of sample transaction documents of unsecured loans of similar nature provided by independent third parties in 2023 and 2024. Based on our review of the aforementioned documents, we noted that the interest rates offered by BOC or BOCHK were generally similar with those offered by independent third parties for unsecured loans of similar nature. In light of the above, we consider there are enough internal control measures in place to guarantee the no less favorable terms under the Loan Framework Agreements.

Pursuant to Rules 14A.55 and 14A.56 of the Listing Rules, the independent non-executive Directors and auditor of the Company will conduct annual review and issue confirmations regarding the continuing connected transactions of the Company each year. We have reviewed the 2022AR, 2023AR and the 2024ARA of the Company, and noted that the independent non-executive Directors and the auditor of the Company have reviewed the Continuing Connected Transactions under the existing Loan Framework Agreement and provided the relevant confirmations. As confirmed with the Company, the Company will continue to comply with the relevant annual review requirement under the Listing Rules on an on-going basis.

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Based on the above, we concur with the Company that the Group has effective internal policies in place to continuously monitor the continuing connected transactions under the Loan Framework Agreements and the Proposed Annual Caps, therefore the interests of the Company and its Shareholders would be safeguarded.

6. Recommendation

Having considered the above factors and reasons, we are of the opinion that (i) the Continuing Connected Transactions under the Loan Framework Agreements are conducted in the ordinary and usual course of business of the Company and on normal commercial terms; and (ii) the terms of the Loan Framework Agreements and the Proposed Annual Caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend and we also recommend the Independent Shareholders to vote in favour of the resolutions in relation to the renewal of the Loan Framework Agreements and the Proposed Annual Caps to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Maxa Capital Limited
Michael Fok
Managing Director

Mr. Michael Fok is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Maxa Capital to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 24 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors is interested in any business which competes or is likely to compete, either directly or indirectly, with the Group's business.

3. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests of the Directors and the Chief Executive Officer and their respective associates in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO and Section 164 of the Singapore Companies Act 1967, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long position (ordinary Shares)

Name of Director	Total Number of Shares held (Note)	Approximate percentage of total issued share capital (%)
ZHANG Xiaolu	110,606	0.02
Steven Matthew TOWNEND	187,681	0.03
Robert James MARTIN	801,676	0.12

Note: As at the Latest Practicable Date, Ms. Zhang had a beneficial interest in a total of 286,743 Shares, which included 176,137 Shares representing RSUs granted but which have not yet vested in accordance with the terms and conditions of the RSU Plan, Mr. Townend had a beneficial interest in a total of 412,746 Shares, which included 225,065 Shares representing RSUs granted but which have not yet vested in accordance with the terms and conditions of the RSU Plan, and Mr. Martin had a beneficial interest in a total of 1,131,107 Shares, which included 329,431 Shares representing RSUs granted but which have not yet vested in accordance with the terms and conditions of the RSU Plan.

Save as disclosed above, none of the Directors has any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

4. EXPERT

The following is the qualification of the expert who has given its opinions or advice, which are contained or referred to in this circular:

Name	Qualification
Maxa Capital	A licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Maxa Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, Maxa Capital does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Maxa Capital does not have any direct or indirect interest in any assets which had been, since 31 December 2024 (the date to which the latest published audited consolidated financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to any member of the Group.

5. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Company since 31 December 2024, being the date to which the latest published audited financial statements of the Group were made up.

6. MISCELLANEOUS

- (a) None of the Directors has entered into a service contract with the Company which does not expire or which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.
- (b) None of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the businesses of the Group.
- (c) None of the Directors had any direct or indirect interest in any asset which, since 31 December 2024 (the date to which the latest published audited accounts of the Group were made up), had been or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

- (d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

7. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.bocaviation.com) for a period of 14 days from the date of this circular up to and including 15 May 2025 (both days inclusive):

- (a) the BOC Loan Framework Agreement; and
- (b) the BOCHK Loan Framework Agreement.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**Meeting**”) of shareholders of BOC Aviation Limited (the “**Company**”) will be held on Thursday, 29 May 2025 at 10:30 a.m., or immediately after the conclusion of the Company’s annual general meeting to be held on the same day, for the purpose of transacting the following business:

To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

1. “**THAT**

- (a) the automatic renewal of the term of the BOC Loan Framework Agreement (as defined in the circular of the Company dated 2 May 2025 (the “**Circular**”)) for the two years ending 31 December 2027 and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed in all respects;
- (b) the Proposed Annual Cap (as defined in the Circular) in relation to the transactions contemplated under the BOC Loan Framework Agreement for each of the two years ending 31 December 2027 as set out in the Circular be and are hereby confirmed and approved.”

2. “**THAT**

- (a) the automatic renewal of the term of the BOCHK Loan Framework Agreement (as defined in the Circular) for the two years ending 31 December 2027 and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed in all respects;
- (b) the Proposed Annual Cap (as defined in the Circular) in relation to the transactions contemplated under BOCHK Loan Framework Agreement for each of the two years ending 31 December 2027 as set out in the Circular be and are hereby confirmed and approved.”

By Order of the Board
BOC Aviation Limited
So Yiu Fung
Company Secretary

Hong Kong, 2 May 2025

* For identification purpose only

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Pursuant to the Listing Rules, any vote of members at the Meeting will be taken by poll. The results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
2. Any Shareholder which is not a clearing house or its nominee(s) entitled to attend the Meeting is entitled to appoint not more than two proxies to attend instead of him/her but the proportion of the shareholding to be represented by each proxy shall be specified in the form of proxy. Any Shareholder which is a clearing house or its nominee(s) entitled to attend the Meeting is entitled to appoint more than one proxy to attend the Meeting instead of it, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder which number of shares shall be specified in the form of proxy. A proxy need not be a shareholder of the Company but must attend the meeting in person in order to represent the Shareholder. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. On a poll, every Shareholder present by proxy shall have one vote for each Share which he or she holds or represents.
3. In order to be valid, the form of proxy shall be signed by the appointor or by his attorney or authorised signatory, and if it is signed by an attorney or authorised signatory, the power of attorney or other authority, under which it is signed or a certified copy thereof must be registered with the Company or returned to the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, either by (i) depositing it at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or (ii) sending it by email to bocaviation.epoxy@computershare.com.hk, not less than 48 hours before the time appointed for the holding of the Meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a Shareholder of the Company from attending the Meeting.
4. The register of members of the Company will be closed, for the purpose of determining Shareholders' entitlement to attend and vote at the Meeting, from 26 May 2025 to 29 May 2025 (both days inclusive), during which period no transfer of Shares will be registered. In order to attend and vote at the Meeting, all transfer documents, accompanied by the relevant Share certificates, must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 23 May 2025.
5. The full text of all Resolutions and all relevant information is set out in the Notice of Extraordinary General Meeting which is included in the circular despatched to Shareholders of the Company on 2 May 2025 (the "Circular"). The Circular can also be viewed and downloaded from the website of the Company at www.bocaviation.com or the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.
6. In case of joint shareholding, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding. Accordingly, investors who wish to have joint shareholding in the Company should bear in mind the above provision when they decide the way in which their names being provided for share registration.
7. There will be no option for shareholders to participate virtually.