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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL OVERVIEW

Our financial overview for the six months ended 30 June 2022 are:

- Total revenues and other income increased 8% to US$1,196 million compared with the first half of 2021
- Operating cash flow net of interest increased 29% to US$717 million compared with the first half of 2021
- Net loss after tax of US$313 million, compared with net profit after tax of US$254 million in the first half of 2021. This included write-downs of US$804 million related to the net book value of aircraft remaining in Russia partially offset by US$223 million of cash collateral held by the Group in respect of those aircraft and US$63 million of tax credit, resulting in an after-tax impact of US$518 million
- Loss per share of US$0.45
- Interim dividend of US$0.0889 per share
- Total assets decreased 4% to US$22.8 billion as at 30 June 2022 compared with 31 December 2021, primarily on account of the write-down of the net book value of aircraft remaining in Russia
- Maintained strong liquidity with US$454 million in cash and short-term deposits[1] in addition to US$5.5 billion in undrawn committed credit facilities as at 30 June 2022

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[1] Includes encumbered cash and cash balances of US$3.2 million.

Capitalised terms used but not defined in this announcement are found in pages 29 to 30.

Due to rounding, numbers presented throughout this announcement may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

* *For identification purposes only.*

	Unaudited 6 months ended 30 June	
	2022	2021
	US$m	*US$m*
Statement of Profit or Loss		
Revenues and other income	**1,196**	1,107
Costs and expenses	**(1,543)**	(820)
(Loss)/Profit before income tax	**(347)**	288
Net (loss)/profit after income tax	**(313)**	254
(Loss)/Earnings per share (US$)[1]	**(0.45)**	0.37

	Unaudited	Audited
	30 June	31 December
	2022	2021
	US$m	*US$m*
Statement of Financial Position		
Cash and short-term deposits[2]	**454**	486
Total current assets	**679**	673
Total non-current assets	**22,133**	23,207
Total assets	**22,813**	23,879
Total current liabilities	**2,815**	2,206
Total non-current liabilities	**15,077**	16,408
Total liabilities	**17,893**	18,613
Net assets	**4,920**	5,266
Financial Ratios		
Net assets per share (US$)[3]	**7.09**	7.59
Gross debt to equity (times)[4]	**3.3**	3.2
Net debt to equity (times)[5]	**3.2**	3.1

1 (Loss)/Earnings per share is calculated by dividing net (loss)/profit after tax by total number of shares outstanding at 30 June 2022 and 30 June 2021. Number of shares outstanding at 30 June 2022 and 30 June 2021 was 694,010,334.

2 Includes encumbered cash and bank balances of US$3.2 million and US$1.2 million at 30 June 2022 and at 31 December 2021, respectively.

3 Net assets per share is calculated by dividing net assets by total number of shares outstanding at 30 June 2022 and 31 December 2021. Number of shares outstanding at 31 December 2021 was 694,010,334.

4 Gross debt to equity is calculated by dividing gross debt by total equity at 30 June 2022 and 31 December 2021.

5 Net debt is defined as gross debt less cash and short-term deposits. Net debt to equity is calculated by dividing net debt by total equity.

PORTFOLIO AND OPERATIONAL OVERVIEW

Our operational overview as at 30 June 2022 included:

- A portfolio of 608[1] aircraft owned, managed and on order

- Owned fleet of 390 aircraft, with an average age of 4.1 years and an average remaining lease term of 8.4 years, each weighted by net book value

- An orderbook of 181[1] aircraft scheduled for delivery through to 31 December 2029

- Total new aircraft deliveries of 20 aircraft, including five acquired by airline customers on delivery, in the first half of 2022

- Transitioned six used aircraft to airline customers

- Sold five aircraft from the owned fleet

- Signed 46 lease commitments in the first half of 2022, with all aircraft scheduled for delivery from our orderbook before 2023 placed with airline customers

- Customer base of 79 airlines in 36 countries and regions in the owned and managed fleet

- Owned aircraft utilisation at 96.1%, with five twin aisle aircraft (all of which are committed for lease), 11 single aisle aircraft (nine of which are committed for lease) and one freighter aircraft off lease[2] at 30 June 2022

- Cash collection from airline customers of 96.9% for the first half of 2022 compared with 95.9% in the first half of 2021

- Managed fleet comprised 37 aircraft, with four single aisle aircraft off lease[2] at 30 June 2022, of which three are committed for lease

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1 Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery.

2 Excludes 17 owned and one managed aircraft that remain in Russia.

Exhibit 1: Aircraft portfolio at 30 June 2022, by number of aircraft

Aircraft Type	Owned Aircraft[1]	Managed Aircraft[1]	Aircraft on Order[2]	Total
Airbus A320CEO family	100	15	0	115
Airbus A320NEO family	93	0	111	204
Airbus A330CEO family	9	1	0	10
Airbus A330NEO family	6	0	0	6
Airbus A350 family	9	0	0	9
Boeing 737NG family	72	14	0	86
Boeing 737 MAX family	50	0	49	99
Boeing 777-300ER	27	4	0	31
Boeing 777-300	0	1	0	1
Boeing 787 family	19	1	21	41
Freighters	5	1	0	6
Total	390	37	181	608

Subsequent to 30 June 2022, the Company cancelled a purchase commitment for three Boeing 787-9 aircraft. Details of such purchase commitment were announced by the Company on 1 June 2018. The Company also committed to purchase six additional Airbus A320NEO family aircraft, which are expected to be delivered in 2024.

References to the number of aircraft on order as at 30 June 2022 in this announcement does not take into account the above-mentioned subsequent events, unless otherwise stated.

[1] Includes 17 owned and one managed aircraft that remain in Russia.

[2] Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery.

Exhibit 2: Revenues and other income breakdown, US$m

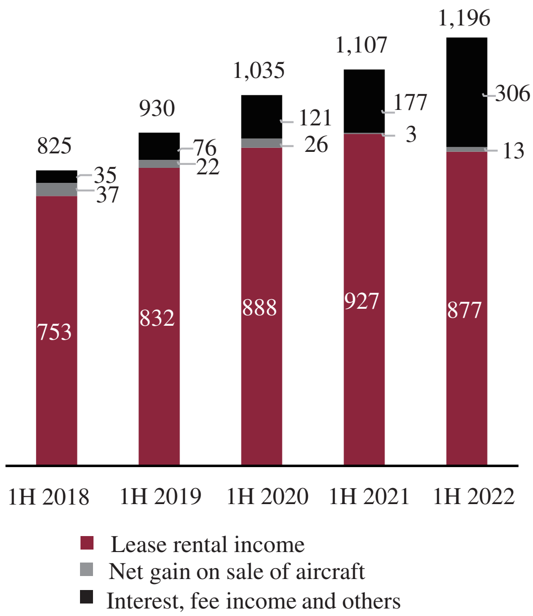


Exhibit 3: Operating cash flow net of interest, US$m

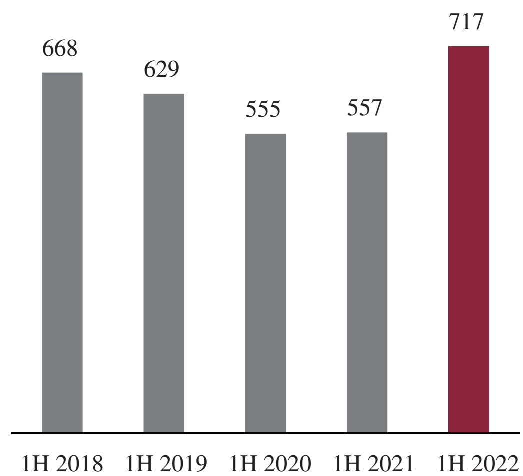


Exhibit 4: Net profit/(loss) after tax, US$m

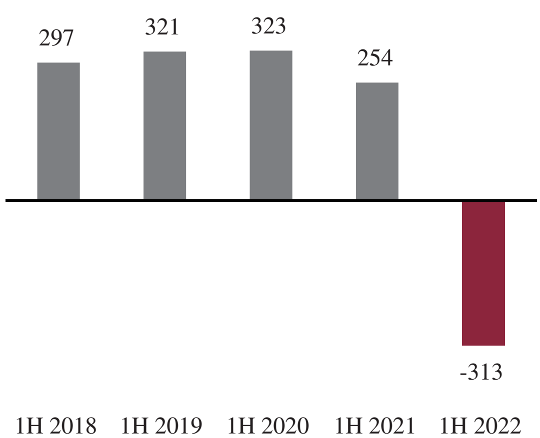
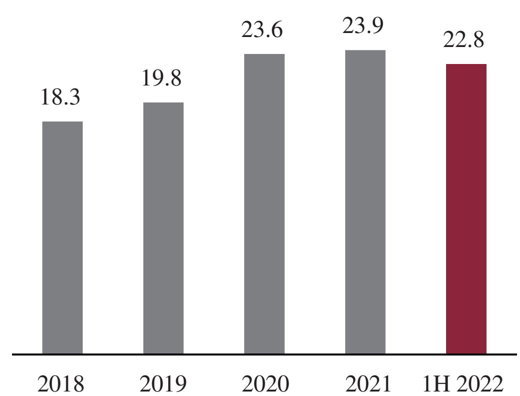


Exhibit 5: Total assets[1], US$b



[1] All data as at the end of the relevant period.

Exhibit 6: Total equity[1], US$b

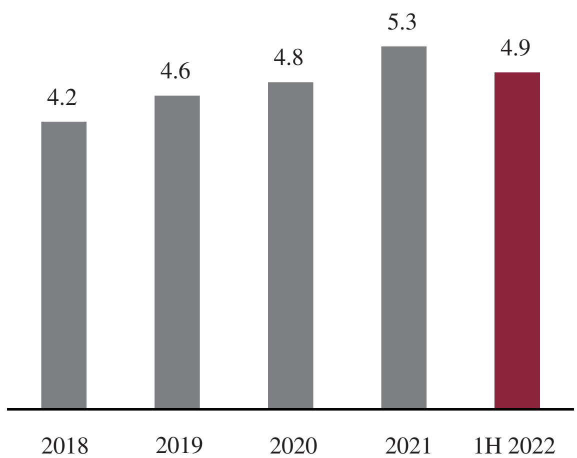


Exhibit 7: Net book value[2] of aircraft by region[3]

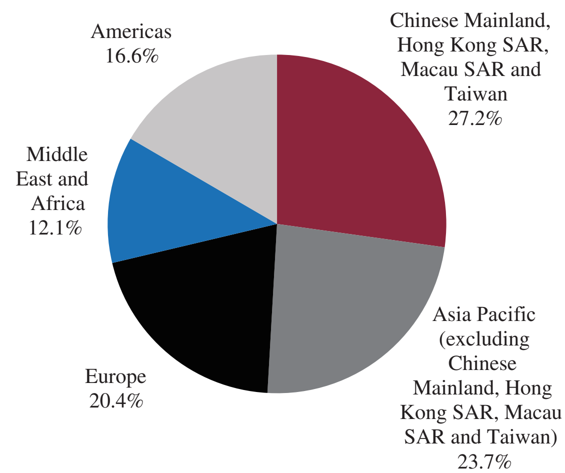


Exhibit 8: Lease expiries as % of portfolio[4]

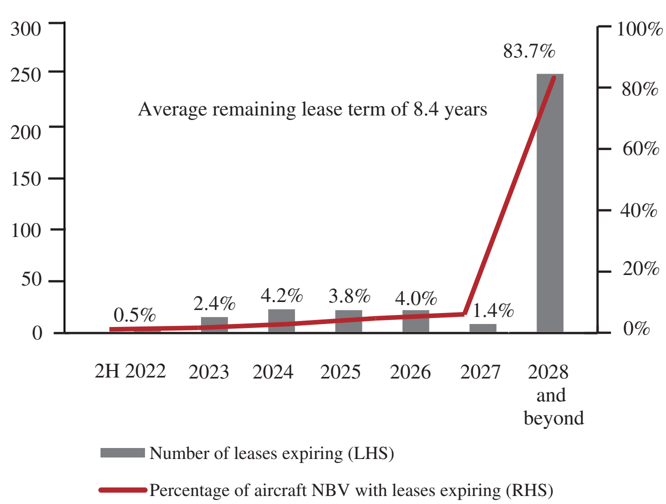
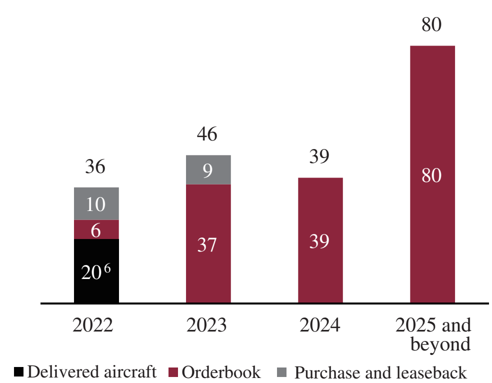


Exhibit 9: Aircraft deliveries by number of aircraft[5]



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1 All data as at the end of the relevant period.

2 Including net book value of aircraft on leases classified as finance leases in accordance with IFRS 16 *(Leases)* and excluding 17 owned aircraft off lease as well as 17 owned aircraft that remain in Russia.

3 Based on the jurisdiction of the primary obligor under the relevant leases.

4 Owned aircraft with lease expiring in each calendar year, weighted by net book value, excluding any aircraft for which the Company has sale or lease commitments, aircraft off lease as well as 17 owned aircraft that remain in Russia.

5 Includes aircraft acquired or to be acquired by an airline customer on delivery.

6 Aircraft delivered in 1H 2022, including five aircraft acquired by airline customers on delivery.

HALF YEAR BUSINESS REVIEW

We reported a net loss after tax of US$313 million for the first half of 2022 or a loss per share of US$0.45. This compared with a net profit after tax ("NPAT") of US$254 million in 1H 2021 and earnings per share of US$0.37. The primary reason for the drop in both reported net profit after tax and earnings per share compared with the same period last year is the write-down of the net book value of the 17 aircraft that remain in Russia of US$804 million, which was partially offset by cash collateral held in respect of those aircraft of US$223 million and tax credit of US$63 million.

The Board of Directors has approved a distribution of US$0.0889 per share by way of interim dividend, which represents 30% of our NPAT of US$206 million, when adjusted to exclude the write-down of the net book value of aircraft that remain in Russia and partially offset by cash collateral held in respect of these aircraft. This is the same proportion of NPAT that we distributed as an interim dividend in prior years and demonstrates the Group's strong cash flow and the Board's confidence in the strength of its underlying business.

This confidence stems from the robust recovery currently underway in the world's airline and travel sectors. Following the strong recovery in freight that was witnessed from early 2021, most large domestic markets, with the exception of China and Japan, are experiencing passenger numbers similar to, or ahead of, pre-pandemic levels. International travel is catching up rapidly on 2019 levels as border controls are relaxed. According to the International Air Transport Association[1] ("IATA"), total global passenger traffic rose 83% in the six months to June 2022 compared with the prior year and has now reached 71% of 2019 levels, with the recovery most notable in Americas, Western Europe and in the Middle East.

Recovering traffic and rising airfares appear to be offsetting the effects of higher interest rates and jet fuel prices on airline profits, with IATA lifting its industry-wide earnings expectations for 2022 to a loss of US$9.7 billion, a 16% improvement on its previous estimate of US$11.7 billion in October 2021 and 77% better than 2021's loss of US$42.0 billion.

This improvement in industry earnings is despite a volatile macroeconomic environment, as well as the conflict in Eastern Europe, the latter of which accounted for a US$804 million write-down in the net book value of aircraft that remain in Russia. Offsetting this was US$223 million in cash collateral held by the Group in respect of these aircraft, which appears as other income and together with tax credit, reduced the post-tax impact to earnings to US$518 million, which was approximately 2% of total assets. Claims were filed in June under the insurances related to the aircraft that remain in Russia. In addition to writing down the net book value of our aircraft remaining in Russia, we recorded impairments of US$47 million against other aircraft and credit losses of US$6 million, both substantially below 1H 2021's levels.

Better earnings and cash flow for our airline customers during 1H 2022 sustained our collections, which rose to 97% from 96% the previous year. Operating cash flow net of interest also rose, up 29% to US$717 million partially due to the draw down of letters of credit held by us in respect of aircraft formerly leased to Russian airlines and we ended the half year with liquidity in the form of cash and available credit lines largely unchanged at US$6.0 billion.

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1 Strong Passenger Demand Continues in June (IATA, 4 August 2022).

In April, we placed the largest single aircraft order by value in our Company's history when we committed to purchase 80 Airbus A320NEO family aircraft, which will deliver between 2027 and 2029 and will support future revenues. This provides growth in our orderbook, which stands at 181 as compared with 104 at the end of 2021. Our owned fleet increased to 390 aircraft as at 30 June 2022, up from 380 at the end of 2021, with growth slowed by ongoing manufacturer delivery delays. These delays affected nine aircraft scheduled for delivery in 1H 2022 and have resulted in accompanying reductions in our capital expenditure and revenue.

During the first half of 2022 we committed to purchase 84 aircraft, delivered 20 new aircraft to airline customers, transitioned six used aircraft to airline customers and sold five owned aircraft. We maintained the quality of our owned fleet, with its very young fleet age of 4.1 years as at 30 June 2022 and long weighted average remaining lease term of 8.4 years. We recorded utilisation of 96.1% for our owned portfolio during the first half of the year, ending the period with one freighter aircraft, five twin aisle passenger and 11 single aisle passenger aircraft off lease[1]. As airline demand picks up following the Covid pandemic, we signed lease commitments for 14 of the 17 aircraft off lease, including all five passenger twin aisle aircraft.

Total revenues and other income increased by 8% in the first half of 2022 to US$1,196 million from US$1,107 million in the first half of last year. This included US$223 million of income arising from the termination of leases with Russian airlines. Our lease rental income and core lease rental contribution[2] declined 5% and 19% to US$877 million and US$280 million, respectively, in the first half of 2022 due to lower lease rental income owing to aircraft off lease and the loss of revenue from aircraft that remain in Russia.

Our revenue from gains on sale of aircraft increased in the first half of 2022 to US$13 million, reflecting both the age and number of the aircraft that we sold, and included three twin aisle aircraft.

During the first half we invested US$0.6 billion in new aircraft and, as at 30 June 2022, we had committed capital expenditure of US$9.3 billion through end 2029. We required limited fund raising during the first half of 2022, issuing US$300 million of bonds. Our credit ratings were unchanged at A- from both Fitch Ratings and S&P Global Ratings, with each ratings agency affirming our outlook as stable during the period.

1 Excludes 17 owned aircraft that remain in Russia.

2 Core lease rental contribution is defined as operating lease rental income and finance lease interest income less aircraft depreciation, finance expenses apportioned to operating lease rental income and finance lease interest income, amortisation of deferred debt issue costs and lease transaction closing costs.

We were pleased to welcome two new Non-executive Directors, Mr. Dong Zonglin and Mdm. Chen Jing, to the Board. Mr. Liu Chenggang and Mdm. Zhu Lin retired from the Board and we thank them for all their contributions during their tenure. Our Board of 11 Directors continues to include three female members and remains amongst the most gender diverse in our industry.

With in-person volunteering made possible as social distancing regulations were eased, we stepped up our presence in our local communities during the first half of 2022. In Singapore, we were active again packing food parcels for Food From the Heart, and worked with Waterways Watch Society and Green Nudge to clean rivers and beachfronts, with employees also donating toys, books and clothing for underprivileged children in Myanmar. Outside of Singapore, our teams cleared part of the Grand Canal in Dublin, as well as litter from the banks of the River Thames in London. Again, we supported Airlink, making US$20,000 in humanitarian donations for natural disasters in Tonga and Afghanistan. In April 2022 we relocated our Singapore headquarters, moving to a newly-constructed Green Mark Platinum[1] office building. This will reduce our direct carbon emissions and provide our employees with a superior working environment.

[1] Accredited by the Singapore Building and Construction Authority.

BUSINESS OVERVIEW

BOC Aviation Limited is a leading global aircraft operating leasing company and is the largest aircraft operating leasing company headquartered in Asia. Our primary source of revenue is from long-term USD-denominated leases contracted with our globally diversified portfolio of airlines.

Our senior management team is highly experienced and international, with most of the team having extensive experience working in the aviation and banking industry across multiple jurisdictions.

From our inception to 30 June 2022, we have:

- Recorded more than US$5 billion of cumulative NPAT
- Purchased and committed to purchase more than 980 aircraft with an aggregate purchase price of close to US$57 billion
- Executed more than 1,170 leases with more than 170 airlines in 60 countries and regions
- Raised over US$38 billion in debt financing since 1 January 2007
- Sold more than 400 owned and managed aircraft
- Transitioned 110 aircraft at lease end, and repossessed and redeployed 65 aircraft, from customers based in 19 countries and regions

As at 30 June 2022 our fleet comprised 427 owned and managed aircraft on lease to 79 customers in 36 countries and regions. We also had commitments to acquire 181 aircraft through to 2029. All of our orderbook comprises the latest technology aircraft, principally single aisle A320NEO and 737 MAX aircraft. As at 30 June 2022, 69% of our owned portfolio, weighted by net book value, are latest technology aircraft, up from 66% at the end of 2021.

We benefit from a low average cost of debt, which was 2.9% during the first half of 2022, unchanged from the first half of 2021, supported by our strong investment grade credit ratings, which were reaffirmed as A- in July 2022 by both Fitch Ratings and S&P Global Ratings, and by our access to diverse debt funding sources. Unsecured bonds and third-party commercial bank debt are our primary sources of debt funding. We enjoy strong and committed support from Bank of China, a top four global bank by total assets as at 30 June 2022[1]. Bank of China has provided us with a US$3.5 billion committed unsecured revolving credit facility which matures in December 2026, none of which was utilised as at 30 June 2022. Our cash and undrawn credit facilities gave us total available liquidity of US$6.0 billion as at 30 June 2022.

[1] Sourced from Bloomberg as at 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

STATEMENT OF PROFIT OR LOSS ANALYSIS

We recorded a net loss after tax of US$313 million for 1H 2022 compared with net profit after tax of US$254 million for the same period last year. The net loss after tax for 1H 2022 was mainly due to a write-down of net book value of 17 aircraft in Russia of US$804 million. This write-down was partially offset by cash collateral held by us in respect of those aircraft of US$223 million and US$63 million of tax credit, resulting in an after-tax impact of US$518 million.

Total revenues and other income rose by 8.0% to US$1,196 million. Total costs and expenses increased by 88.2% to US$1,543 million mainly due to the asset write-down in 1H 2022, partially offset by lower impairment losses on financial assets.

Our selected financial data and changes to our consolidated statement of profit or loss are set out below:

	Unaudited 6 months ended 30 June			
	2022	2021	Change	Change
	US$' 000	*US$' 000*	*US$' 000*	*%*
Lease rental income	**876,788**	926,554	(49,766)	(5.4)
Interest and fee income	**73,938**	95,442	(21,504)	(22.5)
Other sources of income:				
Net gain on sale of aircraft	**13,126**	3,216	9,910	308.1
Income arising from termination of leases	**222,876**	73,855	149,021	201.8
Other income	**9,412**	8,294	1,118	13.5
Total revenues and other income	**1,196,140**	1,107,361	88,779	8.0
Depreciation of property, plant and equipment	**395,028**	378,539	16,489	4.4
Impairment of aircraft	**850,571**	83,700	766,871	916.2
Finance expenses	**228,548**	235,920	(7,372)	(3.1)
Staff costs	**26,270**	27,554	(1,284)	(4.7)
Impairment losses on financial assets	**5,918**	62,788	(56,870)	(90.6)
Other operating costs and expenses	**36,670**	31,237	5,433	17.4
Total costs and expenses	**(1,543,005)**	(819,738)	723,267	88.2
(Loss)/Profit before income tax	**(346,865)**	287,623	(634,488)	(220.6)
Income tax credit/(expense)	**34,317**	(33,697)	(68,014)	(201.8)
(Loss)/Profit for the period	**(312,548)**	253,926	(566,474)	(223.1)

Revenues and other income

Our total revenues and other income increased by 8.0% to US$1,196 million in 1H 2022 from US$1,107 million in 1H 2021, primarily due to income arising from termination of leases as described below.

Lease rental income

Our lease rental income decreased by 5.4% to US$877 million in 1H 2022 compared with US$927 million in 1H 2021 mainly due to the termination of leases with Russian airlines of 18 owned aircraft and aircraft that were off lease. The lease rental yield[1] for aircraft subject to operating leases was 9.1% for 1H 2022 compared with 9.6% for 1H 2021.

Interest and fee income

Our interest and fee income, mainly in respect of fees from pre-delivery payment transactions and interest income on finance leases, was US$74 million in 1H 2022 compared with US$95 million in 1H 2021. The decrease was primarily due to lower fees from pre-delivery payment transactions. The lease rental yield[2] for aircraft on leases classified as finance leases in accordance with IFRS 16 *(Leases)* was 6.2% for 1H 2022, similar to 1H 2021.

Net gain on sale of aircraft

Net gain on sale of aircraft increased by 308.1% to US$13 million in 1H 2022 compared with US$3 million in 1H 2021 due to higher profit per aircraft from the sale of five aircraft in 1H 2022 compared with nine aircraft in 1H 2021.

Income arising from termination of leases

Income arising from termination of leases increased by 201.8% to US$223 million in 1H 2022 compared with US$74 million in 1H 2021 mainly due to the termination of leases with Russian airlines in 1H 2022.

Costs and expenses

Excluding the loss arising from asset write-down, the decrease in costs and expenses to US$739 million in 1H 2022 from US$820 million in 1H 2021 was primarily due to lower impairment losses on financial assets and lower impairment of aircraft, which are described below.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment increased by 4.4% to US$395 million in 1H 2022, up from US$379 million in 1H 2021, mainly due to the growth of our fleet from 371 aircraft as at 30 June 2021 to 374 aircraft as at 31 December 2021, and a further increase to 384 aircraft as at 30 June 2022.

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1. Lease rental yield for operating leases is defined as annualised operating lease rental income divided by the average of aircraft net book value (including aircraft held for sale).
2. Lease rental yield for finance leases is defined as the average effective interest rate per annum on finance lease receivables as at 30 June 2022 and 30 June 2021.

Impairment of aircraft

Impairment of aircraft increased by 916.2% to US$851 million in 1H 2022 from US$84 million in 1H 2021 mainly due to the write-down of net book value of 17 aircraft in Russia of US$804 million in 1H 2022.

Finance expenses

Finance expenses fell by 3.1% to US$229 million in 1H 2022 from US$236 million in 1H 2021 mainly due to a 2.4% decrease in our average total indebtedness in 1H 2022 compared with 1H 2021.

Staff costs

Staff costs decreased by 4.7% to US$26 million in 1H 2022 from US$28 million in 1H 2021 mainly due to lower provisions for variable cash bonuses in 1H 2022 compared with 1H 2021.

Impairment losses on financial assets

Impairment losses on financial assets of US$6 million in 1H 2022 decreased by 90.6% from US$63 million in 1H 2021 mainly due to improvement in cash collections from lessees as the airline industry began to recover from the impact of the Covid-19 pandemic and deferral arrangements entered into with certain lessees in 2H 2021 and 1H 2022.

Other operating costs and expenses

Other operating costs and expenses mainly comprise amortisation of deferred debt issue costs, repossession and transition costs, taxes (other than income tax expense), and general and administration costs. The increase in these costs of 17.4% to US$37 million in 1H 2022 from US$31 million in 1H 2021 was mainly due to increased provision for costs in relation to the transition of aircraft.

(Loss)/Profit before income tax and pre-tax (loss)/profit margin

We recorded a loss before income tax of US$347 million in 1H 2022 compared with a profit before income tax of US$288 million in 1H 2021. Our pre-tax loss margin was 29.0% in 1H 2022 compared with a pre-tax profit margin of 26.0% in 1H 2021.

Income tax credit/(expense)

In 1H 2022, we recorded an income tax credit of US$34 million compared with a tax expense of US$34 million in 1H 2021. The income tax credit in 1H 2022 was primarily a result of the impact of the asset write-down of net book value of 17 aircraft in Russia, partially offset by tax expense on the profit before income tax arising in our operating entities apart from this asset write-down. Accordingly, our effective tax rate was 9.9% in 1H 2022, a decrease from 11.7% in 1H 2021.

(Loss)/Profit for the period

As a result of the foregoing, we recorded a loss after tax in 1H 2022 of US$313 million compared with a profit after tax of US$254 million in 1H 2021.

Since the publication of our audited financial statements for the year ended 31 December 2021 on 10 March 2022, there have been no material changes to our business.

STATEMENT OF FINANCIAL POSITION ANALYSIS

Our total assets decreased by 4.5% to US$22.8 billion as at 30 June 2022 from US$23.9 billion as at 31 December 2021. Our total equity decreased by 6.6% to US$4.9 billion as at 30 June 2022 compared with US$5.3 billion as at 31 December 2021.

Our selected financial data and changes to our consolidated financial position are set out below:

	Unaudited 30 June 2022	Audited 31 December 2021	Change	Change
	US$' 000	*US$' 000*	*US$' 000*	*%*
Property, plant and equipment	**21,267,179**	22,363,617	(1,096,438)	(4.9)
Finance lease receivables	**654,197**	664,953	(10,756)	(1.6)
Trade receivables	**203,365**	182,217	21,148	11.6
Cash and short-term deposits	**454,027**	486,096	(32,069)	(6.6)
Derivative financial instruments	**14,559**	–	14,559	nm
Other assets	**219,193**	182,481	36,712	20.1
Total assets	**22,812,520**	23,879,364	(1,066,844)	(4.5)
Loans and borrowings	**16,200,191**	16,715,381	(515,190)	(3.1)
Maintenance reserves	**602,292**	672,110	(69,818)	(10.4)
Security deposits and non-current deferred income	**263,930**	241,297	22,633	9.4
Derivative financial instruments	**31,446**	94,238	(62,792)	(66.6)
Trade and other payables	**157,171**	200,090	(42,919)	(21.4)
Deferred income tax liabilities	**518,282**	547,208	(28,926)	(5.3)
Other liabilities	**119,275**	143,126	(23,851)	(16.7)
Total liabilities	**17,892,587**	18,613,450	(720,863)	(3.9)
Net assets	**4,919,933**	5,265,914	(345,981)	(6.6)
Share capital	**1,157,791**	1,157,791	–	–
Retained earnings	**3,749,221**	4,182,119	(432,898)	(10.4)
Statutory reserves	**912**	834	78	9.4
Share-based compensation reserves	**14,052**	9,766	4,286	43.9
Hedging reserves	**(2,043)**	(84,596)	82,553	97.6
Total equity	**4,919,933**	5,265,914	(345,981)	(6.6)

nm: Not meaningful

Property, plant and equipment

We had property, plant and equipment of US$21.3 billion as at 30 June 2022, which decreased by 4.9% from US$22.4 billion as at 31 December 2021 mainly due to a write-down of net book value of 17 aircraft in Russia.

Aircraft constituted the largest component, amounting to US$19.1 billion and US$19.6 billion as at 30 June 2022 and 31 December 2021, respectively, representing 89.8% and 87.8% of our total property, plant and equipment as at the same dates. Aircraft pre-delivery payments constituted 10.1% and 12.2% of our total property, plant and equipment as at 30 June 2022 and 31 December 2021, respectively.

Finance lease receivables

Finance lease receivables of US$654 million as at 30 June 2022 and US$665 million as at 31 December 2021 were in respect of six aircraft subject to leases that were classified as finance leases in accordance with IFRS 16 *(Leases)*.

Trade receivables

Trade receivables, net of allowance for impairment losses on financial assets, increased to US$203 million as at 30 June 2022 from US$182 million as at 31 December 2021 mainly due to previously contracted deferral agreements with certain airline customers as at 30 June 2022. The gross trade receivables as at 30 June 2022 were US$227 million comprising US$196 million which was contractually deferred by mutual agreement and not overdue, and which is generally interest bearing, and US$31 million which was past due. A cumulative amount of US$24 million, representing the overdue receivables in excess of security deposits, was provided for as impairment losses on financial assets as at 30 June 2022.

Cash and short-term deposits

Our cash and short-term deposits, which were mainly denominated in US Dollars, decreased to US$454 million as at 30 June 2022 from US$486 million as at 31 December 2021. The decrease in cash and short-term deposits was mainly due to cash outflows from capital expenditure and financing activities having been greater than the total net cash inflows from operating activities and proceeds from sale of property, plant and equipment during 1H 2022.

Derivative financial instruments

Our assets and liabilities with respect to derivative financial instruments represent unrealised gains and losses, respectively, which were recognised in the hedging reserve in equity or profit or loss, on the cross-currency interest rate swap and interest rate swap contracts that we contracted as at 30 June 2022 and 31 December 2021 respectively. Under assets, our derivative financial instruments increased to US$15 million as at 30 June 2022 from nil as at 31 December 2021. Under liabilities, our derivative financial instruments decreased to US$31 million as at 30 June 2022 from US$94 million as at 31 December 2021. The movements in derivative financial assets and liabilities were primarily due to changes in marked-to-market values of the derivative financial instruments as a result of higher USD interest rates and swap payments. Accordingly, the unrealised loss in the hedging reserve decreased to US$2 million as at 30 June 2022 from US$85 million as at 31 December 2021 mainly due to higher USD interest rates and net change in fair value of cash flow hedges being reclassified into profit or loss upon swap payments.

Other assets

Other assets mainly comprise receivables from manufacturers and accrued receivables in respect of future receipts for revenues and other income for which services have been rendered. Other assets increased to US$219 million as at 30 June 2022 from US$182 million as at 31 December 2021 mainly due to an amount receivable from a manufacturer which was deferred by mutual agreement in return for a fee.

Loans and borrowings

Our loans and borrowings decreased by 3.1% to US$16.2 billion as at 30 June 2022 from US$16.7 billion as at 31 December 2021 mainly due to repayment and prepayment of US$1.7 billion in term loans, revolving credit facilities and medium term notes in 1H 2022. This was partially offset by an increase in loans and borrowings from the issuance of US$300 million of notes under our Global Medium Term Note Program and the utilisation of US$885 million in term loans.

Maintenance reserves

Our maintenance reserves declined by 10.4% to US$602.3 million as at 30 June 2022 from US$672.1 million as at 31 December 2021 primarily due to the write-back of maintenance reserves held in respect of the aircraft that remain in Russia, partially offset by receipt of maintenance reserves from lessees during 1H 2022.

Trade and other payables

Our trade and other payables decreased by 21.4% to US$157 million as at 30 June 2022 compared with US$200 million as at 31 December 2021, primarily due to lower accrued technical expenses, maintenance reserve payables and staff cost accruals.

Total equity

Total equity decreased by 6.6% to US$4.9 billion as at 30 June 2022, compared with US$5.3 billion as at 31 December 2021. The decrease in total equity was attributable to loss for the period and payment of dividends amounting to US$120 million, partially offset by a decrease in unrealised losses in hedging reflected in hedging reserve as explained under "Derivative financial instruments".

Contingent liabilities

Other than guarantees for certain loans extended to our subsidiary companies and for obligations under certain lease agreements entered into by our subsidiary companies as disclosed in Note 23 to the interim condensed consolidated financial statements as set out in the Appendix (Interim Financial Statements) hereto, the Company had no material contingent liabilities as at 30 June 2022.

OTHER INFORMATION

Liquidity

Our primary sources of liquidity comprise cash generated from aircraft leasing operations, proceeds from aircraft sales and borrowings. Our business is capital intensive, requiring significant investments and borrowings in order to grow and to maintain a young aircraft fleet. The cash flow from our operations, particularly our revenues from operating leases of aircraft, have historically provided a significant portion of the liquidity for these investments. Operating cash flow net of interest paid rose 29% to US$717 million in the first six months of 2022 compared with 1H 2021.

In the first half of 2022, we issued US$300 million of notes under our Global Medium Term Note Program and utilised US$885 million under term loan facilities. None of our revolving credit facilities was utilised as at 30 June 2022 compared with US$920 million of utilisation under these facilities as at 31 December 2021. Our liquidity remains strong, with cash and short-term deposits of US$454 million[1] and US$5.5 billion in undrawn committed credit facilities, comprising the unutilised portion of our revolving credit facilities and US$100 million in term loans that were unutilised as at 30 June 2022.

Indebtedness

Our gearing as at 30 June 2022 increased slightly compared with 31 December 2021 as set out in the table below:

	Unaudited 30 June 2022	Audited 31 December 2021
	US\$m	*US\$m*
Gross debt	**16,291**	16,807
Net debt	**15,837**	16,321
Total equity	**4,920**	5,266
Gross debt to equity (times)	**3.3**	3.2
Net debt to equity (times)	**3.2**	3.1

Gross debt is defined as loans and borrowings before adjustments for deferred debt issue costs, fair values, revaluations and discounts/premiums to medium term notes. Total equity refers to the equity attributable to Shareholders. Gross debt to equity is calculated by dividing gross debt by total equity.

Net debt is defined as gross debt less cash and short-term deposits. Net debt to equity is calculated by dividing net debt by total equity.

[1] Includes encumbered cash and cash balances of US$3.2 million.

A description of our indebtedness is set out below:

	30 June 2022 *US$m*	31 December 2021 *US$m*
Secured		
Term loans	**288**	404
Export credit agency supported financing	**141**	205
Total secured debt	**429**	609
Unsecured		
Term loans	**5,015**	4,230
Revolving credit facilities	**–**	921
Medium term notes	**10,847**	11,047
Total unsecured debt	**15,862**	16,198
Total indebtedness	**16,291**	16,807
Less: deferred debt issue costs, fair values, revaluations and discounts/premiums to medium term notes	**(91)**	(92)
Total debt	**16,200**	16,715
Number of aircraft pledged as security	**29**	37
Net book value of aircraft pledged as security	**1,231**	1,567
Number of unencumbered aircraft	**355**	337
Net book value of unencumbered aircraft	**17,874**	18,076

Indebtedness comprises our loans and borrowings before adjustments for deferred debt issue costs, fair values, revaluations and discounts/premiums to medium term notes.

Of the total indebtedness, the amount of debt at fixed rates, including floating rate debt swapped to fixed rate liabilities, amounted to US$12.4 billion as at 30 June 2022 compared with US$12.7 billion as at 31 December 2021.

Despite the increase in the number of unencumbered aircraft to 355 as at 30 June 2022 from 337 as at 31 December 2021, the net book value of unencumbered aircraft decreased by 1% mainly due to the write-down of net book value of 17 aircraft remaining in Russia.

Collateral for secured debt will typically include a mortgage over the relevant aircraft, an assignment of the operating lease of the relevant aircraft and/or a pledge of the shares in the subsidiary company that holds title to the relevant aircraft. Secured debt as a proportion of total assets and of total indebtedness, have come down in 1H 2022 as set out in the table below:

	30 June 2022	31 December 2021
Secured debt/total assets	**1.9%**	2.6%
Secured debt/total indebtedness	**2.6%**	3.6%

As at 30 June 2022, our debt repayment profile was as follows:

Debt repayment profile

	30 June 2022 ***US$b***
2H 2022	**1.1**
2023	**2.8**
2024	**3.9**
2025 and beyond	**8.5**
Total	**16.3**

Foreign currency risk

Our transactional currency exposures mainly arise from borrowings that are denominated in currencies other than US Dollar, our functional currency.

All loans and borrowings that are denominated in Australian Dollar, Chinese Yuan, Hong Kong Dollar and Singapore Dollar are swapped into US Dollar. To eliminate foreign currency exposure that may arise, we utilise cross-currency interest rate swap contracts to hedge our Australian Dollar, Chinese Yuan, Hong Kong Dollar and Singapore Dollar denominated financial liabilities. Such contracts are entered with counterparties that are rated at least A- by S&P Global Ratings. Under these agreements, we receive foreign currency amounts sufficient to meet the obligations in foreign currency borrowings and payment of US Dollar to the counterparties.

Future plans for material investments

Our estimated cash outflows based on aircraft capital expenditure commitments as at 30 June 2022 are set out below:

	30 June 2022
	US$b
2H 2022	**0.5**
2023	**2.8**
2024	**1.0**
2025 and beyond	**5.0**
Total	**9.3**

The table above is based on estimated contractual capital expenditure commitments as at 30 June 2022 and includes all commitments to purchase aircraft, including those where an airline has a right to acquire the relevant aircraft on delivery. The capital expenditure figures for each year include anticipated escalation and are net of advance payments made before 30 June 2022.

Sources of funding

Our aircraft purchase commitments as at 30 June 2022 are expected to be financed through a range of funding sources, including (a) cash flow generated from our operating activities, (b) proceeds from our notes issuance from debt capital markets, (c) amounts drawn down under our various bank financing facilities, and (d) net proceeds from sales of aircraft.

We benefit from our strong investment grade corporate credit ratings of A- from both Fitch Ratings and S&P Global Ratings and from our access to diverse debt funding sources. Our primary sources of debt funding are unsecured notes and unsecured loan facilities. We have been an issuer of notes since 2000 and continue to regularly issue notes under our US$15 billion Global Medium Term Note Program. We also enjoy access to and continued support from a large group of lenders comprising over 50 financial institutions. We have US$5.5 billion in committed unsecured credit facilities including a US$3.5 billion facility from Bank of China which matures in December 2026.

Employees

As at 30 June 2022 and 30 June 2021, we had 187 and 185 employees, respectively, who were engaged in the operation and management of our business.

We provide certain benefits to our employees including retirement, health, life, disability and accident insurance coverage. We enter into individual employment contracts with our employees to cover matters such as wages, employee benefits, confidentiality and grounds for termination.

We set targets for our employees based on their position and role and periodically assess their performance. The results of such assessments are used in their salary reviews, bonus awards and assessing promotions. The employee remuneration package generally comprises a basic salary and a discretionary bonus element. Our employee bonuses include two employee incentive plans as follows: (i) our short term incentive plan which is cash-based and payable over a maximum three year period, under which a bonus is payable to employees when certain key performance indicator targets for each year are met, and (ii) our long term incentive plan, under which a bonus is awarded to selected employees based on the achievement of certain key performance targets at the end of a pre-determined period. The share-based long term incentive plan involves the grant of awards in the form of RSUs, fulfilled through the purchase of Shares in the secondary market by an independent trustee after the announcement of results for the relevant financial year in which performance occurred. Upon vesting, RSUs will generally be satisfied by the transfer of Shares from the independent trustee to the employee. Each RSU award is amortised over the vesting period of approximately three years commencing from the date of grant.

None of our employees are represented by a union or collective bargaining agreement. We believe we have good employment relationships with our employees.

For the six months ended 30 June 2022 and 30 June 2021, our staff costs were US$26 million and US$28 million respectively, representing approximately 2.2% and 2.5% of the Group's total revenues and other income of each period.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During the six months ended 30 June 2022, there was no material acquisition or disposal of subsidiaries and affiliated companies by the Company.

GENERAL INFORMATION

Dividend policy

The Company's dividend policy is to distribute up to 35% of net profit after tax for a full financial year. The Board has absolute discretion as to whether to declare any dividend for any year, and if it decides to declare a dividend, how much to declare.

Interim dividend

Notwithstanding reporting a net loss after tax for the six months ended 30 June 2022, the Directors have declared an interim dividend of US$0.0889 per Share for the six months ended 30 June 2022, to be paid out of the Company's retained earnings from prior financial periods. The interim dividend will be paid in Hong Kong dollars (converted from US Dollar at the prevailing market rate at least one week before the payment date) on 12 October 2022 to Shareholders registered at the close of business on the record date, being 30 September 2022. This declared interim dividend is not reflected as a dividend payable in the Interim Financial Statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2022.

The register of members will be closed from 28 September 2022 to 30 September 2022 (both dates inclusive), during which no transfer of Shares will be effected. In order to qualify for entitlement to the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong 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, for registration not later than 4:30 p.m. on 27 September 2022.

Substantial interests in share capital

The register maintained by the Company pursuant to section 336 of the SFO recorded that, as at 30 June 2022, the following parties had the following interests (as defined in the SFO) in the Company set opposite their respective names:

Name of Shareholder	Capacity/Nature of interest	Number and class of Shares held	Approximate percentage of total issued share capital (%)
Central Huijin Investment Limited	Interest of controlled corporation (L)	485,807,334 (Ordinary)	70
BOC	Interest of controlled corporation (L)	485,807,334 (Ordinary)	70
BOCGI	Interest of controlled corporation (L)	485,807,334 (Ordinary)	70
Sky Splendor Limited	Beneficial owner (L)	485,807,334 (Ordinary)	70
Pandanus Associates Inc.	Interest of controlled corporation (L)	41,743,600 (Ordinary)	6.01
Pandanus Partners L.P.	Interest of controlled corporation (L)	41,743,600 (Ordinary)	6.01
FIL Limited	Beneficial owner/Interest of controlled corporation (L)	41,743,600 (Ordinary)	6.01

Notes:

1. BOCGI holds the entire issued share capital of Sky Splendor Limited. Accordingly, BOCGI is deemed to have the same interests in the Company as Sky Splendor Limited for the purpose of the SFO. Sky Splendor Limited directly holds 485,807,334 Shares.
2. BOC holds the entire issued share capital of BOCGI, which in turn holds the entire issued share capital of Sky Splendor Limited. Accordingly, BOC is deemed to have the same interests in the Company as BOCGI and Sky Splendor Limited for the purpose of the SFO. Sky Splendor Limited directly holds 485,807,334 Shares.
3. Central Huijin Investment Limited holds the controlling stake in the equity capital of BOC. Accordingly, for the purpose of the SFO, Central Huijin Investment Limited is deemed to have the same interest in the Company as BOC.
4. Pandanus Partners L.P. controls more than one-third of voting rights in FIL Limited. Accordingly, for the purpose of the SFO, Pandanus Partners L.P. is deemed to have the same interest in the Company as FIL Limited, which has interest in 41,743,600 Shares.
5. Pandanus Associates Inc. holds the entire issued share capital of Pandanus Partners L.P. Accordingly, for the purpose of the SFO, Pandanus Associates Inc. is deemed to have the same interest in the Company as Pandanus Partners L.P.
6. FIL Limited is deemed to be interested in 41,743,600 Shares held directly and indirectly by its controlled corporations for the purpose of the SFO.

All the interests stated above represented long positions. Save as disclosed above and so far as the Directors are aware as at 30 June 2022, no other persons or corporations had 5% or more interests or short positions in the Shares or underlying shares of the Company which were recorded in the register maintained by the Company under section 336 of the SFO.

Directors' and Chief Executive's interests in shares, underlying shares and debentures

As at 30 June 2022, 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 as at 30 June 2022, were as follows:

Long position (ordinary Shares)

Name of Director	Number of underlying Shares held under equity derivatives (Note)	Approximate percentage of total issued share capital (%)
Mr. Robert James MARTIN	801,676	0.12
Mdm. ZHANG Xiaolu	110,606	0.02

Note: As at 30 June 2022, Mr. Martin had a beneficial interest in a total of 801,676 Shares, which included 428,968 Shares representing RSUs granted but which have not yet vested in accordance with the terms and conditions of the RSU Plan. Mdm. Zhang had a beneficial interest in a total of 110,606 Shares, representing RSUs granted but which have not yet vested in accordance with the terms and conditions of the RSU Plan.

None of the Directors or the Chief Executive Officer of the Company or their respective associates had any 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) 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 as at 30 June 2022.

Restricted Share Unit Long Term Incentive Plan

The Company adopted the RSU Plan on 18 December 2017. The purpose of the RSU Plan is to attract skilled and experienced management and professional employees, to motivate and reward them to maximise profit and long term investment returns for Shareholders by providing them with the opportunity to acquire Shares in the Company, thereby aligning the respective interests of employees and Shareholders.

Eligible participants of the RSU Plan are selected employees (including Executive Directors) of the Company or any of its subsidiaries. An independent trustee (Computershare Hong Kong Trustees Limited) will purchase Shares of the Company from the market and will hold such Shares on trust in accordance with the rules of the RSU Plan. The RSU Plan will not involve any issue of new Shares by the Company.

The RSU Plan is a discretionary scheme, and does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purposes of Chapter 17 of the Listing Rules. For more information on the RSU Plan, please refer to the Company's announcement dated 31 January 2018 on the websites of the Stock Exchange and the Company.

During the six months ended 30 June 2022, the Company granted awards under the RSU Plan on 18 May 2022. For more information on the grant of awards under the RSU Plan on 18 May 2022, please refer to the Company's announcement dated 18 May 2022 on the websites of the Stock Exchange and the Company. In addition, certain RSUs out of those granted since the adoption of the RSU Plan in 2017 were forfeited during the six months ended 30 June 2022 in accordance with the terms and conditions of the RSU Plan. Details are set out below:

Participants	**Position***	**Number of RSUs granted**	**Number of RSUs vested**	**Number of RSUs forfeited**
Mr. Robert James MARTIN	Executive Director	104,022	Nil	Nil
Mdm. ZHANG Xiaolu	Executive Director	66,197	Nil	Nil
Certain directors of subsidiaries of the Company	Subsidiary Directors	280,865	Nil	Nil
Employees and former employees of the Group other than the Executive Directors and Subsidiary Directors mentioned above	–	652,723	Nil	7,853
Total		**1,103,807**	**Nil**	**7,853**

* *Based on their positions as at 18 May 2022.*

Change of information in respect of directors

In accordance with Rule 13.51B(1) of the Listing Rules, there were no changes in information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules after the publication of the Company's 2021 annual report dated 26 April 2022, up to 18 August 2022 (being the approval date of this announcement).

Purchase, sale or redemption of the Company's securities

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities.

Audit Committee

The Audit Committee consists of three independent non-executive Directors and two non-executive Directors. It is chaired by Mr. Dai Deming. The other members are Mdm. Chen Jing, Mr. Dong Zonglin, Mr. Fu Shula and Mr. Antony Nigel Tyler.

Based on the principle of independence, the Audit Committee assists the Board in overseeing the financial reporting system and internal control procedures of the Company, reviewing the financial information of the Company and considering issues relating to the external auditors and their appointment.

Our external auditor has carried out a review of the interim financial information in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. The Audit Committee has reviewed with the management the accounting principles and practices we adopted and discussed auditing, internal controls and financial reporting matters including the review of the unaudited Interim Financial Statements.

Compliance with the Corporate Governance Code

The Company is committed to enhancing shareholder value by achieving high standards of corporate conduct, transparency and accountability. During the six months ended 30 June 2022, the Company was in full compliance with all code provisions of the Corporate Governance Code as contained in Part 2 of Appendix 14 of the Listing Rules.

Compliance with the codes for securities transactions by Directors

The Company has established and implemented a Dealing Policy on terms no less exacting than the Model Code to govern the Directors' securities transactions of the Company. In this connection, the Company had made specific enquiry of all Directors, who confirmed that they had strictly complied with the provisions set out in both the Dealing Policy and the Model Code throughout the six months ended 30 June 2022.

Forward-looking statements

This announcement contains forward-looking statements. These forward-looking statements reflect our current views as to future events and are not a guarantee of our future performance. Forward-looking statements are subject to certain known and unknown risks, uncertainties and assumptions. We do not intend to update the forward-looking statements in this announcement, whether as a result of new information, future events or developments or otherwise. Accordingly, you should not place undue reliance on any forward-looking information.

Publication of results announcement and unaudited Interim Financial Statements

This announcement complies with the relevant requirements of the Listing Rules in relation to information to accompany preliminary announcement of interim results. This announcement is published on the websites of the Company at www.bocaviation.com and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. A printed version of the Company's 2022 Interim Report, including our unaudited Interim Financial Statements for the six months ended 30 June 2022 as set out in the Appendix hereto, will be dispatched to the Shareholders who have chosen to receive a printed version and will also be available on the same websites in due course.

ADDITIONAL INFORMATION

As at 18 August 2022

CORPORATE INFORMATION

Board of Directors

Chairman
CHEN Huaiyu*

Vice Chairman
ZHANG Xiaolu

Directors
Robert James MARTIN
CHEN Jing*
DONG Zonglin*
WANG Xiao*
WEI Hanguang*
DAI Deming#
FU Shula#
Antony Nigel TYLER#
YEUNG Yin Bernard#

* Non-executive Directors
\# Independent Non-executive Directors

Senior Management

Managing Director and Chief Executive Officer
Robert James MARTIN

Deputy Managing Director
ZHANG Xiaolu

Deputy Managing Director and Chief Financial Officer
Steven TOWNEND

Deputy Managing Director and Chief Operating Officer
David WALTON

Chief Commercial Officer (Asia Pacific and the Middle East)
DENG Lei

Chief Commercial Officer (Europe, Americas and Africa)
Paul KENT

Company Secretary
ZHANG Yanqiu Juliana

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#15-01
Singapore 068897

Place of Business in Hong Kong
5/F Manulife Place
348 Kwun Tong Road
Kowloon
Hong Kong

Independent Auditor
Recognised Public Interest Entity Auditor
PricewaterhouseCoopers LLP

Hong Kong Share Registrar
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East Wan Chai
Hong Kong

Credit Ratings
Fitch Ratings
S&P Global Ratings

Stock Codes
Ordinary shares:

The Stock Exchange of Hong Kong Limited	2588
Reuters	2588.HK
Bloomberg	2588 HK

Website
www.bocaviation.com

DEFINITIONS

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

Terms	Meanings
"1H 2021"	The six months ended 30 June 2021
"1H 2022"	The six months ended 30 June 2022
"Airbus"	Airbus S.A.S., a societe par actions simplifiee duly created and existing under French law
"Board"	The board of Directors of the Company
"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 on 26 August 2004, the H-share 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
"BOCGI"	Bank of China Group Investment Limited (中銀集團投資有限公司), a company incorporated in Hong Kong with limited liability on 11 December 1984, and a wholly-owned subsidiary of BOC, a controlling shareholder of the Company and a connected person of the Company under the Listing Rules
"Boeing"	The Boeing Company, a corporation organised and existing under the General Corporation Law of the State of Delaware, U.S.A., and its affiliates
"Company" or "BOC Aviation"	BOC Aviation Limited, a company incorporated under the laws of Singapore with limited liability and listed on the Stock Exchange which, together with its subsidiaries, is engaged in aircraft leasing, aircraft purchase and sale and related businesses
"Corporate Governance Code"	Appendix 14 Corporate Governance Code to the Listing Rules
"Dealing Policy"	The Directors'/Chief Executive Officer's Dealing Policy adopted by the Board on 12 May 2016 on terms no less exacting than the Model Code
"Director(s)"	The director(s) of the Company
"Group"	The Company together with its subsidiaries
"Hong Kong"	The Hong Kong Special Administrative Region of the People's Republic of China

"Hong Kong 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
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	The Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
"Operating cash flow net of interest"	Net cash flow from operating activities less finance expenses paid
"RSU"	A restricted share unit, which is a contingent right to receive Shares, awarded pursuant to the RSU Plan
"RSU Plan"	The BOC Aviation Limited Restricted Share Unit Long Term Incentive Plan
"Senior Management"	Managing Director and Chief Executive Officer, Vice Chairman and Deputy Managing Director, Deputy Managing Director and Chief Financial Officer, Deputy Managing Director and Chief Operating Officer, Chief Commercial Officer (Asia Pacific and the Middle East) and Chief Commercial Officer (Europe, Americas and Africa)
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shareholder"	A holder of Shares
"Shares"	Ordinary shares in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"USD", "US$" or "US Dollar"	The lawful currency of the United States of America

By Order of the Board
BOC Aviation Limited
Zhang Yanqiu Juliana
Company Secretary

Hong Kong, 18 August 2022

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Chen Huaiyu as Chairman and Non-executive Director, Mdm. Zhang Xiaolu and Mr. Robert James Martin as Executive Directors, Mdm. Chen Jing, Mr. Dong Zonglin, Mr. Wang Xiao and Mdm. Wei Hanguang 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.