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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

PROFIT WARNING

The Board wishes to inform Shareholders and potential investors that the Group is expected to report a net loss after tax for the six month period ended 30 June 2022 of between US\$310 million and US\$330 million.

1. Profit Warning

This announcement is made pursuant to Rule 13.09(2)(a) of the Listing Rules and Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Due to the military activity in Ukraine that began in February 2022, the European Union, the USA, the UK, Singapore and certain other countries imposed sanctions that affect commercial relations with businesses in Russia.

In March 2022, the Company terminated the leases of 18 owned aircraft with Russian airlines in compliance with such sanctions. As at 30 June 2022, 17 of the 18 aircraft remain in Russia and the Company believes it is unlikely to be able to recover those aircraft from Russia in the foreseeable future, if ever. The Board has therefore determined that the net book value of the 17 aircraft of US\$803.6 million as at 30 June 2022 should be written down to zero. This write-down was partially offset by cash collateral held by the Group in respect of those aircraft of US\$222.9 million, resulting in a net pre-tax write-down of US\$580.7 million for the six month period ended 30 June 2022. As a result, the Board expects that the Group will report a net loss after tax for the six month period ended 30 June 2022 being between US\$310 million and US\$330 million, as compared with a net profit after tax of US\$254 million for the six month period ended 30 June 2021.

* *For identification purpose only*

2. Interim Dividend

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.

Notwithstanding the write-down of values of aircraft in Russia described above, the Board believes that the Company’s liquidity, including unutilized committed loan facilities, and cash remain strong at approximately US\$6 billion and the underlying performance of the Group’s aircraft portfolio remains healthy with gross debt to equity at approximately 3.3 times. Accordingly, the Board presently expects to recommend an interim dividend for the six month period ended 30 June 2022 at its meeting in August 2022.

3. Interim Results Announcement

The Board would like to remind Shareholders and potential investors that the information contained in this announcement is only based on a preliminary assessment by the Company of the management accounts of the Group for the relevant period, which have not been reviewed or audited by the Company’s auditors.

As at the date of this announcement, the Group is still in the process of finalising its financial results for the relevant period. Detailed information on the performance of the Group will be disclosed in the Company’s interim results announcement which is due to be released in August 2022.

Shareholders and potential investors are advised to exercise caution when dealing in the shares and other securities of the Company.

4. Definitions

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

- “Board”** the board of Directors

- “Company”** BOC Aviation Limited, a company incorporated under the laws of Singapore with limited liability, the shares of which are listed on the Main Board of the Stock Exchange

“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Shareholder(s)”	The shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 3 July 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.