

# BUILDING FOR THE FUTURE

2024 INTERIM REPORT

 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

\*For identification purpose only

We are pleased to report a net profit after tax (**NPAT**) of US\$460 million and earnings per share of US\$0.66 for the first half of 2024, the largest interim profit in our history. This compared with a net profit after tax of US\$262 million and earnings per share of US\$0.38 in 1H 2023.

The Board of Directors has approved a distribution of US\$0.1988 per share by way of interim dividend, which represents 30% of our NPAT and a 76% increase on last year's interim dividend of US\$0.1131 per share. This is consistent with the proportion of NPAT that we have distributed as an interim dividend in prior years, reflecting the ongoing strength of our cash flow and profitability.

The demand side of our business remains robust. International Air Transport Association (**IATA**) members registered passenger traffic growth of over 13% in the first six months of 2024, with 11% growth anticipated for the full year. This has driven utilisation – and load factor – to record levels of 83% during the same period. IATA expects 2024 to surpass 2023 as another year of record-breaking airline revenues. Earnings are expected to rise 11% to over US\$30 billion, supported by a forecast 267% rise in Asia-Pacific airline profitability and stable performances elsewhere.

A continued improvement in airline cashflows, reflecting increased traffic and profitability, lifted our collection rate above 100% for the last four reporting periods. Collections rose to 102.0% in 1H 2024 compared with 101.8% in the first half of 2023. Operating cash flow net of interest of US\$908 million was up 26% compared with the first half of last year.

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## FINANCIAL HIGHLIGHTS

Our financial highlights for the six months ended 30 June 2024 are:

- **Total revenues and other income of US\$1,174 million, 11% ahead of last year's US\$1,061 million**
- **Net profit after tax of US\$460 million, a 76% increase compared with US\$262 million in the first half of 2023**
- **Earnings per share of US\$0.66 also rose 76% compared with US\$0.38 per share in the first half of 2023**
- **The Board declared an interim dividend of US\$0.1988 per share compared with US\$0.1131 per share for the first half of 2023**
- **Total assets of US\$24.3 billion as at 30 June 2024, in line with 31 December 2023, with net assets exceeding US\$6 billion for the first time in our history**
- **Record first half operating cash flow net of interest of US\$908 million**
- **Maintained strong liquidity with US\$532 million in cash and cash equivalents in addition to US\$4.9 billion in undrawn committed credit facilities as at 30 June 2024**

*Capitalised terms used but not defined in this interim report are found in pages 35 to 36.*

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

## FINANCIAL HIGHLIGHTS

	Unaudited	
	6 months ended 30 June	
	2024	2023
	US\$m	US\$m
<b>Statement of Profit or Loss</b>		
Revenues and other income	1,174	1,061
Costs and expenses	(665)	(765)
Profit before income tax	509	295
<b>Net profit after income tax</b>	<b>460</b>	262
Earnings per share (US\$) <sup>1</sup>	0.66	0.38
	Unaudited	Audited
	30 June	31 December
	2024	2023
	US\$m	US\$m
<b>Statement of Financial Position</b>		
Cash and short-term deposits	532	392
Total current assets	1,201	831
Total non-current assets	23,085	23,338
<b>Total assets</b>	<b>24,286</b>	24,170
Total current liabilities	3,471	3,402
Total non-current liabilities	14,754	15,019
<b>Total liabilities</b>	<b>18,225</b>	18,421
<b>Net assets</b>	<b>6,061</b>	5,748
<b>Financial Ratios</b>		
Net assets per share (US\$)	8.73	8.28
Gross debt to equity (times)	2.7	2.9
Net debt to equity (times)	2.6	2.8

<sup>1</sup> Earnings per share is calculated by dividing net profit after tax by total number of shares outstanding at 30 June 2024 and 30 June 2023. Number of shares outstanding at 30 June 2024 and 30 June 2023 was 694,010,334.

## PORTFOLIO AND OPERATIONAL HIGHLIGHTS

As at 30 June 2024, the Company had:

- **A total fleet of 680 aircraft owned, managed and on order, with an average age of 4.9 years and an average remaining lease term of 7.9 years, each weighted by net book value<sup>1</sup>**
- **An orderbook of 219 aircraft scheduled for delivery through to end of 2029**
- **18 new aircraft deliveries in the first half of 2024**
- **Sold 15 aircraft from the owned fleet**
- **Signed 55 lease commitments in the first half of 2024, with all aircraft scheduled for delivery from our orderbook before December 2025 placed with airline customers**
- **A customer base of 93 airlines in 47 countries and regions in the owned and managed portfolios, representing the broadest geographic spread in our history**
- **Owned aircraft<sup>2</sup> utilisation at 99%**
- **Cash collection from airline customers of 102.0% in the first half of 2024 compared with 101.8% in the first half of 2023**
- **A managed fleet comprising 32 aircraft**

<sup>1</sup> Includes finance lease receivables in respect of aircraft on finance leases.

<sup>2</sup> Excludes four owned aircraft in Russia.

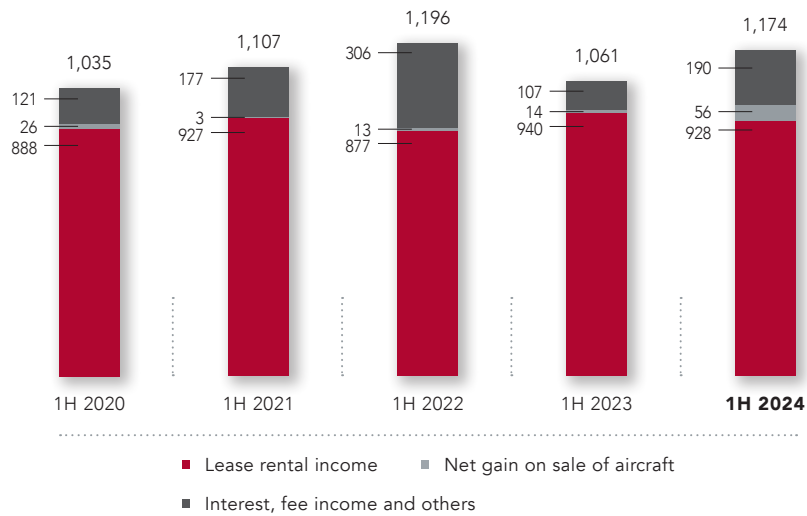
## PORTFOLIO AND OPERATIONAL HIGHLIGHTS

### EXHIBIT 1: AIRCRAFT PORTFOLIO AT 30 JUNE 2024, BY NUMBER OF AIRCRAFT

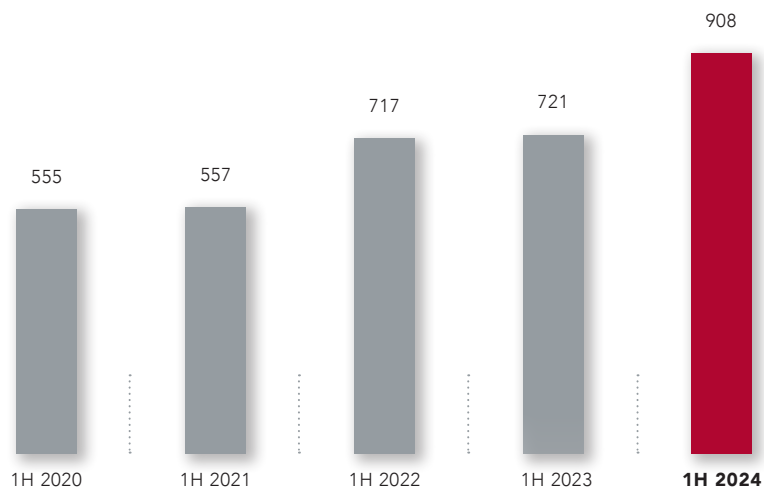
Aircraft Type	Owned Aircraft	Managed Aircraft	Aircraft on Order	Total
Airbus A220 family	21	0	2	23
Airbus A320CEO family	71	13	0	84
Airbus A320NEO family	130	0	124	254
Airbus A330CEO family	8	1	0	9
Airbus A330NEO family	6	0	0	6
Airbus A350 family	9	0	0	9
Boeing 737NG family	59	13	0	72
Boeing 737-8/9	66	0	86	152
Boeing 777-300ER	27	3	0	30
Boeing 787 family	27	1	7	35
Freighters	5	1	0	6
<b>Total</b>	<b>429</b>	<b>32</b>	<b>219</b>	<b>680</b>

## PORTFOLIO AND OPERATIONAL HIGHLIGHTS

**EXHIBIT 2: REVENUES AND OTHER INCOME BREAKDOWN, US\$m**



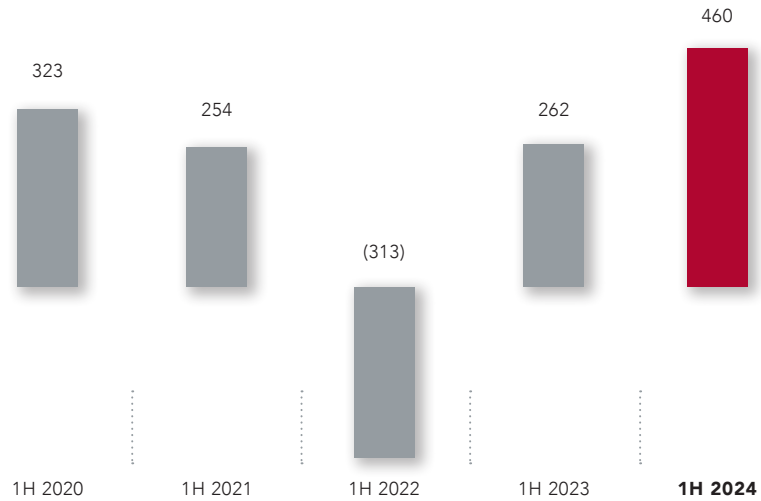
**EXHIBIT 3: OPERATING CASH FLOW NET OF INTEREST, US\$m**



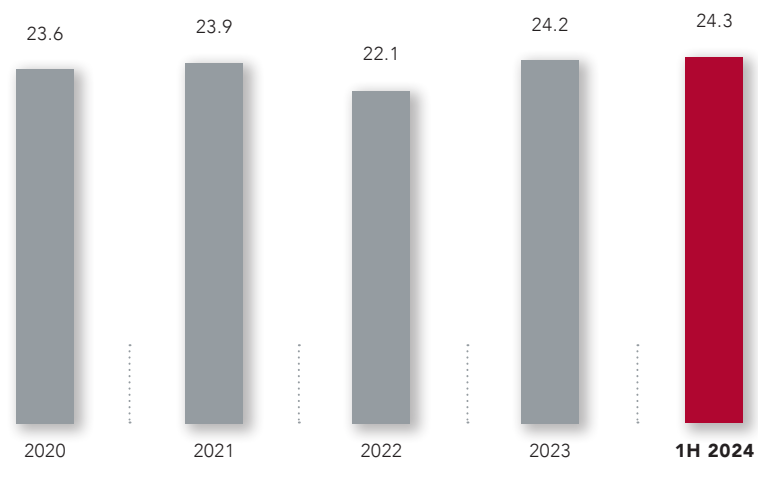


## PORTFOLIO AND OPERATIONAL HIGHLIGHTS

**EXHIBIT 4: NET PROFIT/(LOSS)  
AFTER TAX, US\$m**



**EXHIBIT 5: TOTAL ASSETS<sup>1</sup>, US\$b**



<sup>1</sup> As at the end of the relevant period.

## PORTFOLIO AND OPERATIONAL HIGHLIGHTS

EXHIBIT 6: TOTAL EQUITY<sup>1</sup>, US\$b

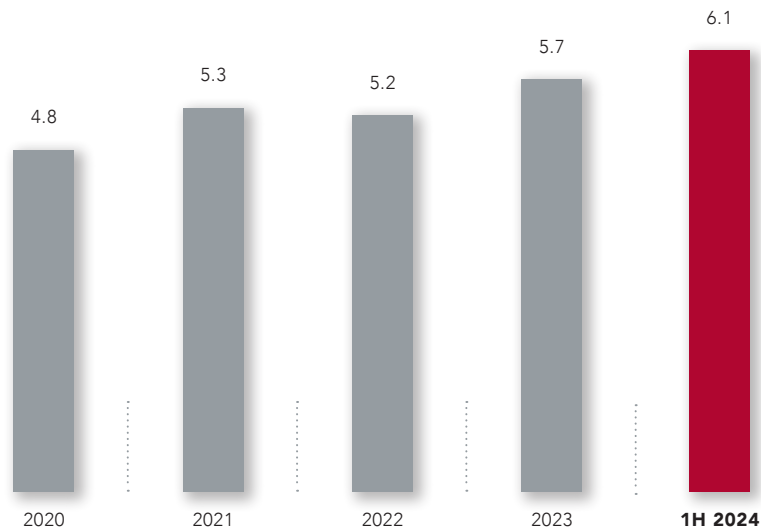
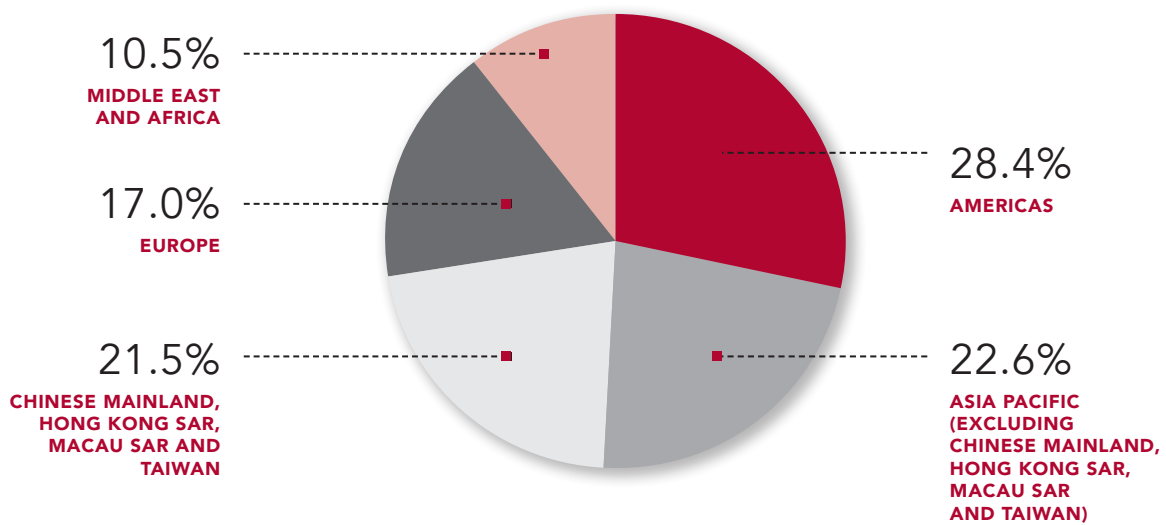


EXHIBIT 7: NET BOOK VALUE<sup>2</sup> OF AIRCRAFT BY REGION

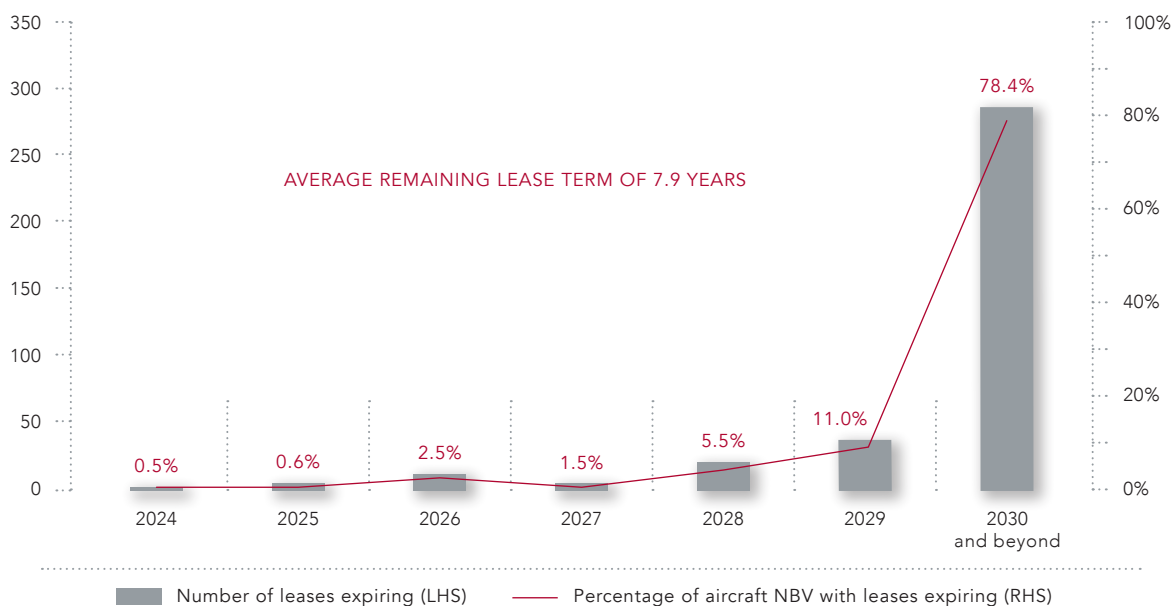


<sup>1</sup> As at the end of the relevant period.

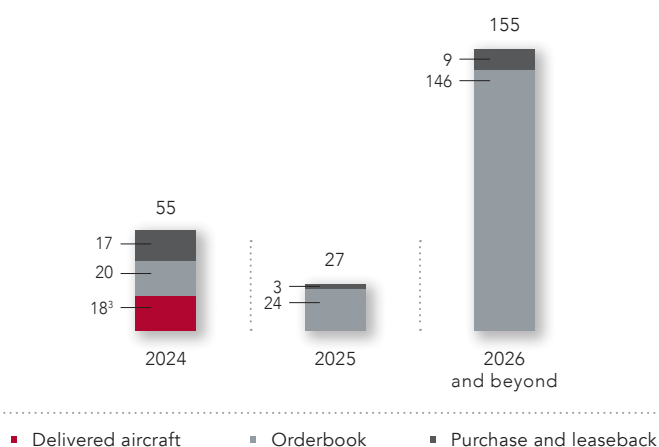
<sup>2</sup> Includes finance lease receivables in respect of aircraft on finance leases and excludes aircraft off lease.

## PORTFOLIO AND OPERATIONAL HIGHLIGHTS

**EXHIBIT 8: LEASE EXPIRIES AS % OF PORTFOLIO<sup>1</sup>**



**EXHIBIT 9: AIRCRAFT DELIVERIES BY NUMBER OF AIRCRAFT<sup>2</sup>**



<sup>1</sup> Owned aircraft with leases expiring in each calendar year, weighted by net book value including finance lease receivables in respect of aircraft on finance leases.  
<sup>2</sup> Based on expected delivery dates as at 30 June 2024.  
<sup>3</sup> Aircraft delivered in 1H 2024.

## HALF YEAR BUSINESS REVIEW

We are pleased to report a net profit after tax (**NPAT**) of US\$460 million and earnings per share of US\$0.66 for the first half of 2024, the largest interim profit in our history. This compared with a net profit after tax of US\$262 million and earnings per share of US\$0.38 in 1H 2023. Core NPAT in 1H 2024 was US\$284 million, the difference between core and reported profit primarily reflecting a write-back in the value of two freighter aircraft recovered in March 2024.

The Board of Directors has approved a distribution of US\$0.1988 per share by way of interim dividend, which represents 30% of our NPAT and a 76% increase on last year's interim dividend of US\$0.1131 per share. This is consistent with the proportion of NPAT that we have distributed as an interim dividend in prior years, reflecting the ongoing strength of our cash flow and profitability.

The demand side of our business remains robust. International Air Transport Association (**IATA**)<sup>1</sup> members registered passenger traffic growth of over 13% in the first six months of 2024, with 11% growth anticipated for the full year. This has driven utilisation – and load factor – to record levels of 83% during the same period. IATA expects 2024 to surpass 2023 as another year of record-breaking airline revenues. Earnings are expected to rise 11% to over US\$30 billion, supported by a forecast 267% rise in Asia-Pacific airline profitability and stable performances elsewhere.

Strength in airline operations and earnings has been evident in demand for aircraft delivering from our orderbook, with all aircraft scheduled for delivery in 2024 placed, and we have no availability before December 2025.

The supply side, the delivery of new aircraft and engines, however, has been more challenging. For the first half of 2024, Airbus delivered only 2% more aircraft than in 1H 2023 and Boeing deliveries declined by 34%. Explanations for this constrained supply include production issues, supply chain disruption, labour shortages and a scarcity of engines. For our Company it has meant that seven aircraft scheduled for addition to our fleet during the first half of 2024 have been delayed into 2H 2024.

Despite this backdrop of tighter supply, we managed to increase deliveries in 1H 2024 to 18 aircraft from 15 aircraft in 1H 2023 and add a net eight aircraft to our 2024 delivery pipeline since the beginning of the year, lifting this to 55 aircraft.

The industry shortfall in new deliveries has positively impacted demand for, and the value of, used aircraft. We have executed extension agreements for all aircraft from our owned fleet with lease expiries in 2024 and 2025 as airlines look to secure capacity. We have four aircraft off-lease as at 30 June, three of which have now been committed for lease, with delivery anticipated in 2H 2024.

<sup>1</sup> *Air Passenger Market Analysis (June 2024)*

## HALF YEAR BUSINESS REVIEW

Elsewhere, rising aircraft values have positively affected our own fleet where the current market value of our operating leased fleet, as assessed by our appraisers, now exceeds net book value by 14%, having steadily risen for the past four reporting periods. Accordingly, we have taken advantage of opportunities to sell aircraft arising from this recovery in fleet values. During the first half we sold 15 aircraft at a gain on sale of US\$56 million. These aircraft had an average age of 10 years, around twice the average age of the fleet.

We ended the first half of 2024 with an owned fleet of 429 aircraft, which had an average age of 4.9 years. We also committed to purchase a further 14 aircraft, resulting in an orderbook of 219. At over 50% of our installed fleet, our order book will underpin our future growth.

Total revenues and other income were US\$1.2 billion in 1H 2024, an 11% increase compared with 1H 2023. Operating lease income remained consistent at US\$928 million, representing close to 80% of total revenues, and our lease rate factor of 9.8% was in line with the first half of 2023. The effect of higher interest rates kept net lease yield flat at 7% and core lease rental contribution<sup>1</sup> of US\$276 million was little changed from 1H 2023, also reflecting the effects of elevated interest rates.

Finance lease income rose reflecting the positive demand for this product from airline customers, up US\$76 million to US\$96 million. We added 41 finance leased aircraft to our fleet in 2023 and have so far signed leases for another 14 that will deliver this year. Other interest and fee income of US\$36 million, meanwhile, was down 10% owing to lower fees from pre-delivery payment financing.

Total costs dropped 13% in the first half of 2024, primarily because of the reversal of an impairment charge in respect of aircraft that were recovered from Russia. Depreciation remained flat during the period, reflecting the stable net book value of the fleet. Interest expense increased despite unchanged debt levels on account of average cost of funds rising to 4.6% from 3.9% in 1H 2023.

Our balance sheet was stable for the six months ended 1H 2024 with total assets of US\$24.3 billion, up 6% on 1H 2023. The total book value of aircraft (owned fleet and finance lease receivables) of US\$21.8 billion was in line with end 2023, but rose 8% compared with 1H 2023's US\$20.2 billion, as we took delivery of new aircraft.

<sup>1</sup> 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.

## HALF YEAR BUSINESS REVIEW

A continued improvement in airline cashflows, reflecting increased traffic and profitability, lifted our collection rate above 100% for the last four reporting periods. Collections rose to 102.0% in 1H 2024 compared with 101.8% in the first half of 2023. Operating cash flow net of interest of US\$908 million was up 26% compared with the first half of last year.

Trade receivables due from airline customers fell 9% to US\$107 million compared to end 2023, as we continued to collect outstanding deferred amounts.

Debt capital market support remained strong as we issued two tranches of US\$500 million five-year notes during 1H 2024. The spreads achieved for both issuances were amongst the tightest of global lessor issuance this year, with our May offering achieving the tightest spread in our Company's history and closing almost six times subscribed. We were also active in the bank market, where we closed US\$3.3 billion in new financing facilities, which included a US\$2.3 billion club loan. This loan is the largest in our Company's history and further evidence of the bank market's support for our business.

We have increased our 2024 committed capital expenditure to US\$2.6 billion at the end of the half, as new lease signings for aircraft that will deliver this year have offset aircraft delivery delays.

In June 2024, Mdm. Zhang Xiaolu was appointed as our Chairman. Mdm. Zhang currently serves as General Manager of Equity Investment and Subsidiary Management of Bank of China and was previously our Company's Vice Chairman. We also welcomed Mdm. Liu Yunfei as a new director in April.

We remained active in our communities in 1H 2024, completing eight corporate social responsibility events, involving more than 90 employees around the world. These included food preparation, packing and distribution, as well as participating in charity events where proceeds were distributed to Singapore's Rainbow Foundation and Rotary Club's Gift of Life Programme. We also donated US\$10,000 to Airlink, as it provided aid following the landslide in Papua New Guinea in June.

In June, we were honoured to feature in the inaugural Fortune Southeast Asia 500 list of companies, ranking in its top 10% by profitability. Other accolades included our seventh consecutive recognition as a "Most Honoured Company" in Institutional Investor's Asia Pacific (Ex-Japan) Executive Team annual survey of the investment community, acknowledging the depth of our relationships with stakeholders.

## 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 US dollar-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 industries across multiple jurisdictions.

From our inception to 30 June 2024, we have:

- **Recorded more than US\$6.7 billion of cumulative NPAT**
- **Purchased and committed to purchase over 1,100 aircraft with an aggregate purchase price of around US\$64 billion**
- **Executed more than 1,400 leases with over 190 airlines in more than 60 countries and regions**
- **Raised US\$45 billion in debt financing since 1 January 2007**
- **Sold over 450 owned and managed aircraft**
- **Transitioned more than 140 aircraft at lease end**
- **Repossessed and redeployed 70 aircraft, from customers based in 21 countries and regions**

As at 30 June 2024 our fleet comprised 461 owned and managed aircraft on lease to 93 customers in 47 countries and regions. We also had commitments to acquire 219 aircraft through to the end of 2029. All of our orderbook comprises the latest technology aircraft, principally single-aisle A320NEO family and 737-8 aircraft. As at 30 June 2024, 79% of our owned portfolio are the latest technology aircraft.

We benefit from a low average cost of debt, which was 4.6% during the first half of 2024 supported by our strong investment grade credit ratings, which were reaffirmed as A- by both Fitch Ratings and S&P Global Ratings in June 2024, and by our access to diverse debt funding sources. Unsecured notes issued in the debt capital markets and unsecured loan facilities from third-party commercial bank 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 2024<sup>1</sup>. Bank of China has provided us with an aggregate of US\$3.5 billion committed unsecured revolving credit facilities which mature in December 2026, of which US\$3.1 billion remained unutilised as at 30 June 2024. Our cash and cash equivalents and undrawn credit facilities gave us total available liquidity of US\$5.5 billion as at 30 June 2024.

<sup>1</sup> Sourced from Bloomberg, 30 June 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### STATEMENT OF PROFIT OR LOSS ANALYSIS

In the six months ended 30 June 2024, our net profit after tax was US\$460 million, an increase of 75.9% from the same period last year. The increase in net profit after tax was mainly due to write-back of aircraft impairment, higher interest income from finance leases and net gain on sale of aircraft, partially offset by higher finance expenses.

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

	Unaudited			
	6 months ended 30 June		Change US\$'000	Change %
	2024 US\$'000	2023 US\$'000		
Lease rental income	<b>927,742</b>	940,081	(12,339)	(1.3)
Interest income from finance leases	<b>95,988</b>	20,018	75,970	379.5
Other interest and fee income	<b>36,317</b>	40,476	(4,159)	(10.3)
	<b>1,060,047</b>	1,000,575	59,472	5.9
Other sources of income:				
Net gain on sale of aircraft	<b>55,868</b>	13,942	41,926	300.7
Other income	<b>58,073</b>	46,236	11,837	25.6
<b>Total revenues and other income</b>	<b>1,173,988</b>	1,060,753	113,235	10.7
Depreciation of property, plant and equipment	<b>399,084</b>	393,142	5,942	1.5
(Write-back of)/Impairment of aircraft	<b>(169,900)</b>	3,300	(173,200)	(5,248.5)
Finance expenses	<b>357,591</b>	296,462	61,129	20.6
Staff costs	<b>34,665</b>	25,444	9,221	36.2
(Write-back of)/Impairment losses on financial assets	<b>(1,345)</b>	3,428	(4,773)	(139.2)
Other operating costs and expenses	<b>44,738</b>	43,702	1,036	2.4
<b>Total costs and expenses</b>	<b>(664,833)</b>	(765,478)	(100,645)	(13.1)
<b>Profit before income tax</b>	<b>509,155</b>	295,275	213,880	72.4
Income tax expense	<b>(49,156)</b>	(33,720)	15,436	45.8
<b>Profit for the period</b>	<b>459,999</b>	261,555	198,444	75.9



## MANAGEMENT DISCUSSION AND ANALYSIS

### REVENUES AND OTHER INCOME

Our total revenues and other income increased by 10.7% to US\$1,174 million in 1H 2024 compared with US\$1,061 million in 1H 2023, primarily due to increase in interest income from finance leases and net gain on sale of aircraft as described below.

### LEASE RENTAL INCOME

Our lease rental income decreased by 1.3% to US\$928 million in 1H 2024 compared with US\$940 million in 1H 2023. During 1H 2024, we added six aircraft on operating lease and sold 15 aircraft. The lease rental yield<sup>1</sup> for aircraft subject to operating leases was 9.8% for 1H 2024 similar to 1H 2023.

### INTEREST INCOME FROM FINANCE LEASES

Our interest income from finance leases increased by 379.5% to US\$96 million in 1H 2024 compared with US\$20 million in 1H 2023 primarily due to an increase in the number of aircraft on finance leases.

Our aircraft on finance leases increased from 12 aircraft as at 30 June 2023 to 47 aircraft as at 31 December 2023, and a further increase to 59 aircraft as at 30 June 2024. The lease rental yield<sup>2</sup> for aircraft on finance leases was 7.2% for 1H 2024, compared with 6.2% for 1H 2023.

### OTHER INTEREST AND FEE INCOME

Our other interest and fee income, mainly in respect of fees from pre-delivery payment transactions and interest income, was US\$36 million in 1H 2024 compared with US\$40 million in 1H 2023. The decrease was primarily due to lower fees from pre-delivery payment transactions.

### NET GAIN ON SALE OF AIRCRAFT

Net gain on sale of aircraft increased by 300.7% to US\$56 million in 1H 2024 compared with US\$14 million in 1H 2023 mainly due to 15 aircraft being sold in 1H 2024 compared with three aircraft in 1H 2023.

### OTHER INCOME

Other income was US\$58 million in 1H 2024 compared with US\$46 million in 1H 2023. Other income mainly comprises amounts paid by manufacturers, insurance settlements and the release of unutilised maintenance reserves and security deposits.

<sup>1</sup> Lease rental yield for operating leases is defined as annualised operating lease rental income divided by the average of aircraft net book value.

<sup>2</sup> Lease rental yield for finance leases is defined as the average effective interest rate per annum on finance lease receivables as at 30 June 2024 and 30 June 2023 respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### COSTS AND EXPENSES

Costs and expenses decreased by 13.1% to US\$665 million in 1H 2024 from US\$765 million in 1H 2023 mainly due to the write-back of aircraft impairment partially offset by higher finance expenses as described below.

#### *(WRITE-BACK OF)/IMPAIRMENT OF AIRCRAFT*

In 1H 2024, we recorded a net write-back of aircraft impairment of US\$170 million compared with an impairment charge of US\$3 million in 1H 2023. The write-back of aircraft impairment in 1H 2024 was due to a reversal of impairment loss of US\$175 million in respect of two aircraft that were recovered, partially offset by an impairment charge of US\$5 million for five aircraft where the recoverable value of each of those aircraft was assessed to be lower than its net book value. The impairment charge in 1H 2023 was in respect of four aircraft.

#### *FINANCE EXPENSES*

Finance expenses increased by 20.6% to US\$358 million in 1H 2024 from US\$296 million in 1H 2023 mainly due to a higher cost of debt of 4.6% per annum in 1H 2024 compared with 3.9% per annum in 1H 2023 and an increase in loans and borrowings to US\$16.2 billion as at 30 June 2024 from US\$15.8 billion as at 30 June 2023.

#### *STAFF COSTS*

Staff costs increased by 36.2% to US\$35 million in 1H 2024 from US\$25 million in 1H 2023 mainly due to higher provisions for variable cash bonuses in 1H 2024 compared with 1H 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *(WRITE-BACK OF)/IMPAIRMENT LOSSES ON FINANCIAL ASSETS*

Write-back of impairment losses on financial assets of US\$1 million was recognised in 1H 2024 compared with impairment losses of US\$3 million in 1H 2023 mainly due to improvement in cash collections from certain lessees in 1H 2024.

### INCOME TAX EXPENSE

Income tax expense was US\$49 million in 1H 2024 compared with US\$34 million in 1H 2023, primarily due to the increase in the Group's profit before tax versus the comparable period in 2023. Our effective tax rate was 9.7% in 1H 2024 and 11.4% in 1H 2023 respectively, mainly due to the write-back of impairment losses, partly offset by additional tax provisions relating to the imposition of minimum corporate tax rules in Ireland.

### PROFIT FOR THE PERIOD

As a result of the foregoing, our profit after tax increased by 75.9% to US\$460 million in 1H 2024 from US\$262 million in 1H 2023.

Since the publication of our audited financial statements for the year ended 31 December 2023 on 14 March 2024, there have been no material changes to our business.

## MANAGEMENT DISCUSSION AND ANALYSIS

### STATEMENT OF FINANCIAL POSITION ANALYSIS

Our total assets increased by 0.5% to US\$24.3 billion as at 30 June 2024 from US\$24.2 billion as at 31 December 2023. Our total equity increased by 5.4% to US\$6.1 billion as at 30 June 2024 compared with US\$5.7 billion as at 31 December 2023.

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

	<b>Unaudited</b>	Audited		
	<b>30 June</b>	31 December	Change	Change
	<b>2024</b>	2023	US\$'000	%
	<b>US\$'000</b>	US\$'000	US\$'000	%
Property, plant and equipment	<b>20,315,460</b>	20,765,160	(449,700)	(2.2)
Finance lease receivables	<b>3,005,087</b>	2,504,102	500,985	20.0
Trade receivables	<b>107,323</b>	117,364	(10,041)	(8.6)
Cash and short-term deposits	<b>531,795</b>	392,475	139,320	35.5
Derivative financial instruments	<b>40,686</b>	14,652	26,034	177.7
Other assets	<b>285,453</b>	375,858	(90,405)	(24.1)
<b>Total assets</b>	<b>24,285,804</b>	24,169,611	116,193	0.5
Loans and borrowings	<b>16,238,130</b>	16,510,492	(272,362)	(1.6)
Maintenance reserves	<b>765,881</b>	693,370	72,511	10.5
Security deposits and non-current deferred income	<b>262,552</b>	255,436	7,116	2.8
Derivative financial instruments	<b>10,926</b>	26,113	(15,187)	(58.2)
Trade and other payables	<b>152,140</b>	166,622	(14,482)	(8.7)
Deferred income tax liabilities	<b>695,764</b>	647,250	48,514	7.5
Other liabilities	<b>99,490</b>	121,866	(22,376)	(18.4)
<b>Total liabilities</b>	<b>18,224,883</b>	18,421,149	(196,266)	(1.1)
<b>Net assets</b>	<b>6,060,921</b>	5,748,462	312,459	5.4
Share capital	<b>1,157,791</b>	1,157,791	–	–
Retained earnings	<b>4,853,371</b>	4,582,434	270,937	5.9
Statutory reserves	<b>1,400</b>	1,178	222	18.8
Share-based compensation reserves	<b>14,293</b>	7,597	6,696	88.1
Hedging reserves	<b>34,066</b>	(538)	34,604	6,432.0
<b>Total equity</b>	<b>6,060,921</b>	5,748,462	312,459	5.4

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROPERTY, PLANT AND EQUIPMENT

We had property, plant and equipment of US\$20.3 billion as at 30 June 2024, which decreased by 2.2% from US\$20.8 billion as at 31 December 2023 mainly due to the net reduction of nine aircraft in 1H 2024.

Aircraft, which constituted the largest component, was US\$18.7 billion as at 30 June 2024 and US\$19.1 billion as at 31 December 2023, respectively representing 92.3% and 91.8% of our total property, plant and equipment as at the same dates.

### FINANCE LEASE RECEIVABLES

Finance lease receivables increased by 20.0% to US\$3.0 billion as at 30 June 2024 from US\$2.5 billion as at 31 December 2023 due to the addition of 12 aircraft on leases classified as finance leases.

### TRADE RECEIVABLES

Trade receivables decreased by 8.6% to US\$107 million as at 30 June 2024 from US\$117 million as at 31 December 2023 mainly due to improvement in cash collections from lessees. As at 30 June 2024, net of an allowance of US\$4 million for expected credit losses, we had trade receivables of US\$95 million which were contractually deferred by mutual agreement, not overdue and generally interest bearing, and an amount of US\$7 million which was past due but covered by collateral held.

### CASH AND SHORT-TERM DEPOSITS

Our cash and short-term deposits, which were mainly denominated in US Dollar, increased to US\$532 million as at 30 June 2024 from US\$392 million as at 31 December 2023. This increase was mainly due to net cash inflows from operating activities and proceeds from sale of property, plant and equipment being greater than net cash outflows from financing activities and capital expenditure during 1H 2024.

### 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 2024 and 31 December 2023, respectively. Under assets, our derivative financial instruments increased to US\$41 million as at 30 June 2024 from US\$15 million as at 31 December 2023. Under liabilities, our derivative financial instruments decreased to US\$11 million as at 30 June 2024 from US\$26 million as at 31 December 2023. The movements in derivative financial assets and liabilities were primarily due to changes in mark-to-market values of the derivative financial instruments as a result of higher US\$ interest rates partially offset by net interest receipts under swaps. Accordingly, the unrealised gain in the hedging reserve increased to US\$34 million as at 30 June 2024 compared with an unrealised loss of US\$0.5 million as at 31 December 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 decreased to US\$285 million as at 30 June 2024 from US\$376 million as at 31 December 2023 mainly due to receipt of amounts from a manufacturer which were previously deferred by mutual agreement in return for a fee.

### LOANS AND BORROWINGS

Our loans and borrowings decreased by 1.6% to US\$16.2 billion as at 30 June 2024 from US\$16.5 billion as at 31 December 2023 mainly due to the repayment and prepayment of US\$2.7 billion in term loans and medium term notes in 1H 2024 partially offset by the issuance of US\$1 billion of notes under our Global Medium Term Note Program and utilisation of US\$1.3 billion under term loan facilities.

### MAINTENANCE RESERVES

Our maintenance reserves increased by 10.5% to US\$766 million as at 30 June 2024 from US\$693 million as at 31 December 2023 primarily due to payments by lessees arising from increased utilisation of aircraft for which cash maintenance reserves are payable.

### DEFERRED INCOME TAX LIABILITIES

Our deferred income tax liabilities increased by 7.5% to US\$696 million as at 30 June 2024 from US\$647 million as at 31 December 2023 due to additional deferred tax provisions made on the Group's 1H 2024 profits.

### OTHER LIABILITIES

The decrease in other liabilities by 18.4% to US\$99 million as at 30 June 2024 from US\$122 million as at 31 December 2023 was mainly due to a decrease in deferred income relating to advance receipts, for lease income.

### TOTAL EQUITY

Total equity increased by 5.4% to US\$6.1 billion as at 30 June 2024, compared with US\$5.7 billion as at 31 December 2023. The increase in total equity was mainly attributable to profit for the period partially offset by payment of dividends amounting to US\$189 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 22 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 2024.

### OTHER INFORMATION

#### LIQUIDITY AND CAPITAL RESOURCES

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 flows from our operations have historically provided a significant portion of the liquidity for these investments. Operating cash flow net of interest paid rose 25.9% to US\$908 million in the first six months of 2024 compared with US\$721 million in 1H 2023.

In the first half of 2024, we closed new debt facilities of US\$2.0 billion and issued US\$1.0 billion of notes under our Global Medium Term Note Program. We utilised US\$1.3 billion under term loan facilities, including US\$765 million which was raised in the previous year. We also had US\$1.5 billion utilised under our revolving credit facilities as at 30 June 2024 compared with US\$1.2 billion of utilisation under these facilities as at 31 December 2023. Our liquidity remains strong, with cash and short-term deposits of US\$532 million and US\$4.9 billion in undrawn committed credit facilities as at 30 June 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDEBTEDNESS

Our gearing as at 30 June 2024 and 31 December 2023 is as set out in the table below:

	<b>30 June 2024</b>	31 December 2023
	<b>US\$m</b>	US\$m
Gross debt	<b>16,321</b>	16,589
Net debt	<b>15,789</b>	16,196
Total equity	<b>6,061</b>	5,748
Gross debt to equity (times)	<b>2.7</b>	2.9
Net debt to equity (times)	<b>2.6</b>	2.8

*Gross debt is defined as loans and borrowings before adjustments for deferred debt issue costs, fair values, revaluations and discounts/premiums on 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.*



## MANAGEMENT DISCUSSION AND ANALYSIS

A description of our indebtedness is set out below:

	<b>30 June 2024</b>	31 December 2023
	<b>US\$m</b>	US\$m
<b>Secured</b>		
Term loans	<b>62</b>	65
<b>Total secured debt</b>	<b>62</b>	65
<b>Unsecured</b>		
Term loans	<b>5,595</b>	5,525
Revolving credit facilities	<b>1,455</b>	1,240
Medium term notes	<b>9,209</b>	9,759
<b>Total unsecured debt</b>	<b>16,259</b>	16,524
<b>Total indebtedness</b>	<b>16,321</b>	16,589
Less: deferred debt issue costs, fair values, revaluations and discounts/premiums on medium term notes	<b>(83)</b>	(79)
<b>Total debt</b>	<b>16,238</b>	16,510

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

One aircraft with a net book value of US\$94 million as at 30 June 2024 and US\$97 million as at 31 December 2023 was pledged as security for a loan facility. Secured debt as at 30 June 2024 represents less than 1% of total indebtedness.

Of the total indebtedness, the amount of debt at fixed rates, including floating rate debt swapped to fixed rate liabilities, amounted to US\$11.6 billion as at 30 June 2024 compared with US\$11.5 billion as at 31 December 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2024, our debt repayment profile was as follows:

### DEBT REPAYMENT PROFILE

	30 June 2024
	US\$b
2H 2024	0.9
2025	2.6
2026	2.7
2027 and beyond	10.1
<b>Total</b>	<b>16.3</b>

### 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, 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, 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 pay US Dollar to the counterparties.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FUTURE PLANS FOR MATERIAL INVESTMENTS

Our estimated cash outflows based on aircraft capital expenditure commitments as at 30 June 2024 are set out below:

	<b>30 June 2024</b>
	<b>US\$b</b>
2H 2024	<b>1.9</b>
2025	<b>1.4</b>
2026	<b>1.5</b>
2027 and beyond	<b>7.1</b>
<b>Total</b>	<b>11.9</b>

The table above is based on estimated contractual capital expenditure commitments as at 30 June 2024. The capital expenditure figures for each period include anticipated escalation and are net of advance payments made before 30 June 2024.

### SOURCES OF FUNDING

Our aircraft purchase commitments as at 30 June 2024 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 50 financial institutions. As at 30 June 2024, we have US\$4.9 billion in undrawn committed unsecured credit facilities, including US\$3.1 billion from Bank of China Group which mature in December 2026. US\$0.4 billion of the US\$3.5 billion committed unsecured revolving credit facilities provided by Bank of China Group is utilised as of 30 June 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### EMPLOYEES

As at 30 June 2024 and 30 June 2023, we had 203 and 195 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 regularly assess their performance. The results of such assessments are used in their salary reviews, bonus awards and assessment for promotions. The employee remuneration package generally comprises a basic salary and a discretionary bonus element. Employee bonuses in respect of financial years from 2022 to 2025 (inclusive) comprise two incentive plans as follows: (i) our short-term incentive plan which is cash-based, and is payable to employees when certain key performance indicator targets for each year are met, and (ii) our share-based long-term incentive plan, under which a bonus is awarded to selected employees in the form of Restricted Share Units (RSUs), fulfilled through the purchase of Shares in the secondary market by a 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 trustee to the employee. As at 30 June 2024, the unvested long-term incentives include grants from financial years 2021 to 2023, which comprise a mix of cash-based and share-based elements. Each RSU award is amortised over the vesting period of approximately three to four 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 2024 and 30 June 2023, our staff costs were US\$35 million and US\$25 million respectively, representing approximately 3.0% and 2.4% of the Group's total revenues and other income for each period.

### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 30 June 2024, 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

Consistent with the dividend policy, the Board of Directors have declared an interim dividend of US\$0.1988 per Share for the six months ended 30 June 2024. The interim dividend will be paid in Hong Kong Dollar (converted from US Dollar at the prevailing market rate at least one week before the payment date) on 10 October 2024 to Shareholders registered at the close of business on the record date, being 27 September 2024. 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 2024.

The register of members will be closed from 25 September 2024 to 27 September 2024 (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 24 September 2024.

## GENERAL INFORMATION

### SUBSTANTIAL INTERESTS IN SHARE CAPITAL

The register maintained by the Company pursuant to section 336 of the SFO recorded that, as at 30 June 2024, 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	Long Position	485,807,334 (Ordinary)	70
BOC	Interest of controlled corporation	Long Position	485,807,334 (Ordinary)	70
BOCGI	Interest of controlled corporation	Long Position	485,807,334 (Ordinary)	70
Sky Splendor Limited	Beneficial owner	Long Position	485,807,334 (Ordinary)	70
Pandanus Associates Inc.	Interest of controlled corporation	Long Position	62,361,600 (Ordinary)	8.99
	Interest of controlled corporation	Short position	59,261 (Ordinary)	0.01
Pandanus Partners L.P.	Interest of controlled corporation	Long Position	62,361,600 (Ordinary)	8.99
	Interest of controlled corporation	Short position	59,261 (Ordinary)	0.01
FIL Limited	Beneficial owner/ Interest of controlled corporation	Long Position	62,361,600 (Ordinary)	8.99
	Interest of controlled corporation	Short position	59,261 (Ordinary)	0.01
	Lending agent	Long Position	34,781,956 (Ordinary)	5.01

#### Notes:

- 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.
- 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.
- 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.
- 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.
- 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.
- FIL Limited is deemed to be interested in 62,361,600 Shares (long position) both directly held by FIL Limited as beneficial owner and indirectly held through its controlled corporations for the purpose of the SFO. FIL Limited is deemed to be interested in 59,261 Shares (short position) held through its controlled corporations for the purpose of the SFO.
- Brown Brothers Harriman & Co. is an approved lending agent under the Hong Kong Securities and Futures Commission (SFC). The 34,781,956 Shares were held in a lending pool in its capacity as an approved lending agent.

## GENERAL INFORMATION

Save as disclosed above and so far as the Directors are aware as at 30 June 2024, 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 2024, 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 2024 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 (%)
Mdm. ZHANG Xiaolu	286,743	0.04
Mr. Steven Matthew TOWNEND	412,746	0.06
Mr. Robert James MARTIN	1,131,107	0.16

Note: As at 30 June 2024, Mdm. Zhang had a beneficial interest in a total of 286,743 Shares, which included 242,334 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 291,262 Shares representing RSUs granted but which have not yet vested in accordance with the terms and conditions of the RSU Plan. Mr. Martin had a beneficial interest in a total of 1,131,107 Shares, which included 433,453 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 2024.

## GENERAL INFORMATION

### RESTRICTED SHARE UNIT LONG TERM INCENTIVE PLAN

As part of the Company's long-term employee incentive plans, the RSU Plan has been established 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 equity interests in the Company, thereby aligning the respective interests of employees and Shareholders.

The first RSU Plan was adopted on 18 December 2017 governing the awards made by the Company in respect of the five financial years from 2017 to 2021 (inclusive) and will terminate in December 2024 when the final awards have vested. The second RSU Plan was adopted on 28 February 2023 governing the awards made by the Company in respect of the four financial years from 2022 to 2025 (inclusive) and will terminate in either April 2029 or (depending on the satisfaction of certain conditions) April 2030 when the final awards have vested.

Eligible participants of the RSU Plan are selected employees (including Executive Directors) of the Company or any of its subsidiaries. There is no cap to the total number of shares available for grants under the RSU Plan, or the maximum entitlement of each participant under the RSU Plan. No consideration is required to be paid by the grantee on acceptance of the awards. A trustee (Computershare Hong Kong Trustees Limited) purchases Shares of the Company from the market and holds 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.

Subject to the terms and conditions of the RSU Plan and the fulfilment of all conditions to the vesting of the awards, the Shares underlying each award will vest in December of the third year after the end of the financial year for which the award was granted (under the first RSU Plan) or in April of either the fourth or fifth year (depending on the satisfaction of certain conditions) after the end of the financial year for which the award was granted (under the second RSU Plan).

The RSU Plan is a share scheme funded by existing Shares of the Company and is subject to the requirements of Rule 17.12 of the Listing Rules.



## GENERAL INFORMATION

During the six months ended 30 June 2024, the Company granted awards under the RSU Plan on 15 May 2024. For more information on the grant of awards under the RSU Plan on 15 May 2024, please refer to the Company's announcement of 15 May 2024 on the websites of the Stock Exchange and the Company. In addition, certain awards under the first RSU Plan vested or lapsed during the period in accordance with the terms thereof, whilst no awards were cancelled during the period. Details are set out below:

	Unvested RSUs as at 1 January 2024 <sup>1</sup>		RSUs granted during the six months ended 30 June 2024 <sup>1</sup>		Number of RSUs vested during the six months ended 30 June 2024 <sup>1</sup>	Number of RSUs cancelled during the six months ended 30 June 2024	Number of RSUs lapsed during the six months ended 30 June 2024	Unvested RSUs as at 30 June 2024 <sup>1</sup>	
	Number	Date of grant	Number	Date of grant <sup>2</sup>				Number	Date of grant
Mdm. Zhang Xiaolu	143,387	Note A	98,947	15 May 2024	Nil	Nil	Nil	242,334	Note B
Mr. Steven Matthew Townend	164,829	Note A	126,433	15 May 2024	Nil	Nil	Nil	291,262	Note B
Mr. Robert James Martin	248,397	Note A	185,056	15 May 2024	Nil	Nil	Nil	433,453	Note B
Five highest paid individuals <sup>3</sup>	564,788	Note A	475,931	15 May 2024	Nil	Nil	Nil	1,040,719	Note B
Other grantees	2,037,914	Note A	1,632,176	15 May 2024	Nil	7,366	Nil	3,662,724	Note B

### Notes:

- Subject to the terms and conditions of the RSU Plan and the fulfillment of all conditions to the vesting of the awards, the Shares underlying each award will vest in December of the third year after the end of the financial year for which the award was granted (under the first RSU Plan) or in April of either the fourth or fifth year (depending on the satisfaction of certain conditions) after the end of the financial year for which the award was granted (under the second RSU Plan). No consideration is required from the relevant grantee at the time of vesting.
  - The closing price of the Company's Shares on 14 May 2024, the day preceding the date of grant, was HK\$62.10. The fair value of each RSU award at the date of grant was HK\$60.87, as determined by the average market price at which the shares of the Company were purchased from the secondary market by a trustee.
  - The information includes the grants to two Directors who are two of the five highest paid individuals in the six months ended 30 June 2024.
- A: Granted on 18 May 2022 and 9 June 2023, as applicable.
- B: Granted on 18 May 2022, 9 June 2023 and 15 May 2024, as applicable.

## GENERAL INFORMATION

### CHANGE OF INFORMATION IN RESPECT OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, the 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 2023 annual report dated 19 April 2024, up to 16 September 2024 (being the approval date of this interim report) is set out below:

#### EXPERIENCE INCLUDING OTHER DIRECTORSHIPS

**Mdm. Zhang Xiaolu** was appointed as Chairman of the Board effective 30 June 2024 and was appointed as the General Manager of the Equity Investment and Subsidiary Management Department of Bank of China, effective 14 March 2024, as announced by Bank of China and notified to the Company on 28 April 2024.

**Mdm. Liu Yunfei**, a Non-executive Director, stepped down as a director of Bank of China Mexico, effective 30 April 2024.

**Mdm. Li Ke**, a Non-executive Director, stepped down as a director of Bank of China (Australia) Limited, effective 20 June 2024.

**Mr. Dai Deming**, an Independent Non-executive Director, stepped down as a director of China Great Wall Securities Co., Ltd., effective 26 June 2024, and stepped down as a director of Power Construction Corporation of China, Ltd., effective 23 August 2024.

**Mr. Jin Hongju**, a Non-executive Director, stepped down as a director of Zhong Yi Shan Yuan (Beijing) Technology Co., Ltd., effective 29 August 2024.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the six months ended 30 June 2024, 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. Jin Hongju, 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.

## GENERAL INFORMATION

### 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 2024, the Company was in full compliance with all code provisions of the Corporate Governance Code as contained in Part 2 of Appendix C1 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 2024.

### FORWARD-LOOKING STATEMENTS

This interim report 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 interim report, 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.

### INTERIM REPORT

This interim report is available in both English and Chinese. A copy prepared in the language different from that which you have received is available by writing to 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 or email to [bocaviation.ecom@computershare.com.hk](mailto:bocaviation.ecom@computershare.com.hk). This interim report is also available (in both English and Chinese) on the Company's website at [www.bocaviation.com](http://www.bocaviation.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk). You are encouraged to access the interim report and other corporate communications of the Company through these websites in lieu of receiving printed copies to help protect the environment. We believe that it is also the most efficient and convenient method of communication with our shareholders.

If you have any queries about how to obtain copies of this interim report or how to access those corporate communications on the Company's website, please call the Company's hotline at +852 2862 8688.

## CORPORATE INFORMATION

As at 16 September 2024

### BOARD OF DIRECTORS

*Chairman*

ZHANG Xiaolu\*

*Directors*

Steven Matthew TOWNEND

CHEN Jing\*

JIN Hongju\*

LI Ke\*

LIU Yunfei\*

Robert James MARTIN\*

DAI Deming#

FU Shula#

Antony Nigel TYLER#

YEUNG Yin Bernard#

\* Non-executive Directors

# Independent Non-executive Directors

### SENIOR MANAGEMENT

*Chief Executive Officer and Managing Director*

Steven TOWNEND

*Chief Financial Officer*

WU Jianguang

*Chief Operating Officer*

Thomas CHANDLER

*Chief Commercial Officer*

*(Asia Pacific and the Middle East)*

QIAN Xiaofeng

*Chief Commercial Officer*

*(Europe, Americas and Africa)*

Paul KENT

### COMPANY SECRETARY

SO Yiu Fung

### PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

79 Robinson Road

#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

2588

Hong Kong Limited

Reuters

2588.HK

Bloomberg

2588 HK

### WEBSITE

[www.bocaviation.com](http://www.bocaviation.com)

## DEFINITIONS

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

<b>TERMS</b>	<b>MEANINGS</b>
"1H 2023"	The six months ended 30 June 2023
"1H 2024"	The six months ended 30 June 2024
"Airbus"	Airbus S.A.S., a societe par actions simplifiee duly created and existing under French law
"Audit Committee"	The audit committee of the Board
"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", "BOC Aviation" or "we"	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 C1 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
"Director(s)"	The director(s) of the Company

## DEFINITIONS

“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
“Interim Financial Statements”	The unaudited interim condensed consolidated financial statements as set out in the Appendix (Interim Financial Statements)
“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 C3 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”	Chief Executive Officer and Managing Director, Chief Financial Officer, 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

**BOC AVIATION LIMITED AND  
ITS SUBSIDIARY COMPANIES**

*(Incorporated in Singapore. Registration No. 199307789K)*

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

*For the period from 1 January 2024 to 30 June 2024*

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# **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

TO THE BOARD OF DIRECTORS OF BOC AVIATION LIMITED

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## **Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of BOC Aviation Limited (“the Company”) and its subsidiary companies (“the Group”) as at 30 June 2024 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended and notes, comprising material accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) and Singapore Financial Reporting Standard (International) 1-34 *Interim Financial Reporting* (“SFRS(I) 1-34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. This report, including our conclusion, has been prepared solely for the Company in accordance with the contract between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work or this report.

## **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 and SFRS(I) 1-34.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore, 15 August 2024



BOC AVIATION LIMITED AND ITS SUBSIDIARY COMPANIES

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period from 1 January 2024 to 30 June 2024

	Note	Unaudited 1 January 2024 to 30 June 2024 US\$'000	Unaudited 1 January 2023 to 30 June 2023 US\$'000
<b>Revenues and other income</b>			
Lease rental income	27(a)	927,742	940,081
Interest income from finance leases	21(b)	95,988	20,018
Other interest and fee income	3	36,317	40,476
		<b>1,060,047</b>	1,000,575
<i>Other sources of income:</i>			
Net gain on sale of aircraft	4	55,868	13,942
Other income	5	58,073	46,236
		<b>1,173,988</b>	1,060,753
<b>Costs and expenses</b>			
Depreciation of property, plant and equipment		399,084	393,142
Finance expenses	6	357,591	296,462
Amortisation of deferred debt issue costs		9,561	10,498
Staff costs	7	34,665	25,444
Marketing and travelling expenses		2,794	3,119
(Write-back of)/Impairment of aircraft		(169,900)	3,300
(Write-back of)/Impairment losses on financial assets		(1,345)	3,428
Other operating expenses		32,383	30,085
		<b>(664,833)</b>	(765,478)
<b>Profit before income tax</b>		<b>509,155</b>	295,275
Income tax expense	8	(49,156)	(33,720)
<b>Profit for the period attributable to owners of the Company</b>		<b>459,999</b>	261,555
Earnings per share attributable to owners of the Company:			
<b>Basic earnings per share (US\$)</b>	26	<b>0.66</b>	0.38
<b>Diluted earnings per share (US\$)</b>	26	<b>0.66</b>	0.38

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BOC AVIATION LIMITED AND ITS SUBSIDIARY COMPANIES

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January 2024 to 30 June 2024

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	<b>Unaudited 1 January 2024 to 30 June 2024 US\$'000</b>	<b>Unaudited 1 January 2023 to 30 June 2023 US\$'000</b>
<b>Profit for the period</b>	<b>459,999</b>	261,555
<b>Other comprehensive income for the period, net of tax:</b>		
<b><i>Items that may be reclassified subsequently to statement of profit or loss:</i></b>		
Effective portion of changes in fair value of cash flow hedges, net of tax	<b>47,729</b>	26,229
Net change in fair value of cash flow hedges reclassified to profit or loss, net of tax	<b>(13,125)</b>	(12,711)
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>494,603</b>	275,073

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	Unaudited 30 June 2024 US\$'000	Audited 31 December 2023 US\$'000
<b>Non-current assets</b>			
Property, plant and equipment	9	20,315,460	20,765,160
Derivative financial instruments	16	36,437	14,083
Finance lease receivables	21(b)	2,555,922	2,380,547
Trade receivables	10	88,174	98,780
Other receivables	11	58,692	64,400
Deferred income tax assets	17	212	193
Other non-current assets		29,738	15,181
		<b>23,084,635</b>	<b>23,338,344</b>
<b>Current assets</b>			
Trade receivables	10	19,149	18,584
Prepayments		8,415	2,284
Derivative financial instruments	16	4,249	569
Finance lease receivables	21(b)	449,165	123,555
Other receivables	11	178,999	284,393
Income tax receivables		530	540
Short-term deposits	12	370,269	308,796
Cash and bank balances	12	161,526	83,679
Other current assets		8,867	8,867
		<b>1,201,169</b>	<b>831,267</b>
<b>Total assets</b>		<b>24,285,804</b>	<b>24,169,611</b>
<b>Current liabilities</b>			
Derivative financial instruments	16	530	7,445
Trade and other payables	13	152,140	166,622
Deferred income	14	82,612	93,953
Income tax payables		350	301
Loans and borrowings	15	3,209,145	3,094,676
Lease liabilities		2,414	2,504
Security deposits		23,447	36,193
		<b>3,470,638</b>	<b>3,401,694</b>
<b>Net current liabilities</b>		<b>(2,269,469)</b>	<b>(2,570,427)</b>
<b>Total assets less current liabilities</b>		<b>20,815,166</b>	<b>20,767,917</b>

BOC AVIATION LIMITED AND ITS SUBSIDIARY COMPANIES

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

As at 30 June 2024

	Note	Unaudited 30 June 2024 US\$'000	Audited 31 December 2023 US\$'000
<b>Non-current liabilities</b>			
Derivative financial instruments	16	10,396	18,668
Loans and borrowings	15	13,028,985	13,415,816
Lease liabilities		10,586	12,015
Security deposits		162,116	150,048
Deferred income	14	76,989	69,195
Maintenance reserves		765,881	693,370
Deferred income tax liabilities	17	695,764	647,250
Other non-current liabilities		3,528	13,093
		<b>14,754,245</b>	15,019,455
<b>Total liabilities</b>		<b>18,224,883</b>	18,421,149
<b>Net assets</b>		<b>6,060,921</b>	5,748,462
<b>Equity attributable to owners of the Company</b>			
Share capital	18	1,157,791	1,157,791
Retained earnings		4,853,371	4,582,434
Statutory reserves		1,400	1,178
Share-based compensation reserves		14,293	7,597
Hedging reserves	19	34,066	(538)
<b>Total equity</b>		<b>6,060,921</b>	5,748,462
<b>Total equity and liabilities</b>		<b>24,285,804</b>	24,169,611

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 January 2024 to 30 June 2024

		Attributable to owners of the Company					
Note	Share capital US\$'000	Retained earnings US\$'000	Statutory reserves* US\$'000	Share-based compensation reserves US\$'000	Hedging reserves US\$'000	Total equity US\$'000	
<b>Unaudited 2024</b>							
<b>At 1 January 2024</b>	<b>1,157,791</b>	<b>4,582,434</b>	<b>1,178</b>	<b>7,597</b>	<b>(538)</b>	<b>5,748,462</b>	
Profit for the period	–	<b>459,999</b>	–	–	–	<b>459,999</b>	
Transfers to statutory reserves	–	<b>(222)</b>	<b>222</b>	–	–	–	
Other comprehensive income for the period, net of tax	19	–	–	–	<b>34,604</b>	<b>34,604</b>	
Total comprehensive income for the period	–	<b>459,777</b>	<b>222</b>	–	<b>34,604</b>	<b>494,603</b>	
Transactions with owners of the Company:							
Dividends	20	–	<b>(188,840)</b>	–	–	<b>(188,840)</b>	
Amortisation of share-based compensation	7	–	–	<b>6,696</b>	–	<b>6,696</b>	
<b>At 30 June 2024</b>	<b>1,157,791</b>	<b>4,853,371</b>	<b>1,400</b>	<b>14,293</b>	<b>34,066</b>	<b>6,060,921</b>	
<b>Unaudited 2023</b>							
<b>At 1 January 2023</b>	<b>1,157,791</b>	<b>4,020,130</b>	<b>913</b>	<b>8,053</b>	<b>15,212</b>	<b>5,202,099</b>	
Profit for the period	–	<b>261,555</b>	–	–	–	<b>261,555</b>	
Transfers to statutory reserves	–	<b>(265)</b>	<b>265</b>	–	–	–	
Other comprehensive income for the period, net of tax	–	–	–	–	<b>13,518</b>	<b>13,518</b>	
Total comprehensive income for the period	–	<b>261,290</b>	<b>265</b>	–	<b>13,518</b>	<b>275,073</b>	
Transactions with owners of the Company:							
Dividends	20	–	<b>(122,840)</b>	–	–	<b>(122,840)</b>	
Amortisation of share-based compensation	7	–	–	<b>3,273</b>	–	<b>3,273</b>	
<b>At 30 June 2023</b>	<b>1,157,791</b>	<b>4,158,580</b>	<b>1,178</b>	<b>11,326</b>	<b>28,730</b>	<b>5,357,605</b>	

\* In accordance with statutory requirements in China and France, each subsidiary company in these countries is required to make appropriation of a certain percentage of its annual profit after tax to a statutory reserve until a statutory limit is reached.

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 1 January 2024 to 30 June 2024

	Unaudited 1 January 2024 to 30 June 2024 US\$'000	Unaudited 1 January 2023 to 30 June 2023 US\$'000
<b>Cash flows from operating activities:</b>		
Profit before income tax	509,155	295,275
Adjustments for:		
Depreciation of property, plant and equipment	399,084	393,142
(Write-back of)/Impairment of aircraft	(169,900)	3,300
Amortisation of deferred debt issue costs	9,561	10,498
Amortisation of share-based compensation	6,696	3,273
Interest income from finance leases	(95,988)	(20,018)
Other interest and fee income	(36,317)	(40,476)
Net gain on sale of aircraft	(55,868)	(13,942)
Finance expenses	357,591	296,462
(Write-back of)/Impairment losses on financial assets	(1,345)	3,428
Other income	(22,792)	(37,175)
<b>Operating profit before working capital changes</b>	<b>899,877</b>	<b>893,767</b>
Changes in working capital:		
Trade and other receivables	189,049	43,527
Trade and other payables	(14,858)	(13,890)
Maintenance reserves, net	76,316	58,497
Deferred income	(8,092)	(13,313)
<b>Cash generated from operations</b>	<b>1,142,292</b>	<b>968,588</b>
Security deposits received/(paid), net	14,838	(205)
Lease transaction closing costs paid	(124)	(55)
Income tax paid, net	(5,062)	(4,941)
Interest and fee income received	137,606	60,626
<b>Net cash flows from operating activities</b>	<b>1,289,550</b>	<b>1,024,013</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(160,213)	(974,775)
Purchase of aircraft classified as finance lease	(593,500)	(242,000)
Proceeds from sale of property, plant and equipment	447,959	108,081
Refund of pre-delivery payment by airlines	15,037	15,037
<b>Net cash flows used in investing activities</b>	<b>(290,717)</b>	<b>(1,093,657)</b>

BOC AVIATION LIMITED AND ITS SUBSIDIARY COMPANIES

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

For the period from 1 January 2024 to 30 June 2024

	Note	Unaudited 1 January 2024 to 30 June 2024 US\$'000	Unaudited 1 January 2023 to 30 June 2023 US\$'000
<b>Cash flows from financing activities:</b>			
Proceeds from loans and borrowings		2,265,000	1,625,000
Repayment of loans and borrowings		(2,747,655)	(717,264)
Increase/(Decrease) in borrowings from revolving credit facilities, net		215,000	(245,000)
Repayment of lease liabilities		(1,525)	(1,882)
Finance expenses paid		(381,119)	(302,637)
Debt issue costs paid		(20,374)	(15,183)
Dividends paid	20	(188,840)	(122,840)
Decrease/(Increase) in cash and bank balances – encumbered		654	(3,264)
<b>Net cash flows (used in)/from financing activities</b>		<b>(858,859)</b>	216,930
Net increase in cash and cash equivalents		139,974	147,286
Cash and cash equivalents at beginning		391,821	391,913
<b>Cash and cash equivalents at end</b>		<b>531,795</b>	539,199

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

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## 1. Corporate information

BOC Aviation Limited (the “Company”) is a public company limited by shares and is listed on the main board of The Stock Exchange of Hong Kong Limited. The Company’s majority shareholder is Sky Splendor Limited, which is incorporated in the Cayman Islands. The shareholder of Sky Splendor Limited is Bank of China Group Investment Limited, incorporated in Hong Kong and owned by Bank of China Limited, incorporated in the People’s Republic of China (“PRC”). Bank of China Limited is majority owned by Central Huijin Investment Limited (“Central Huijin”), which is incorporated in the PRC. Central Huijin is a wholly owned subsidiary of China Investment Corporation (“CIC”), which is a wholly state-owned company in the PRC.

The registered address of the Company is 79 Robinson Road, #15-01, Singapore 068897.

The principal activities of the Company, which are conducted in Singapore, are the leasing of aircraft, management of aircraft leases and other related activities. The subsidiary companies are primarily engaged in the leasing of aircraft and other related activities.

## 2. Basis of preparation, material accounting policies and use of judgements and estimates

### 2.1 Basis of preparation

As at 30 June 2024, the Group’s current liabilities exceeded its current assets by US\$2,269.5 million (31 December 2023: US\$2,570.4 million). The interim financial statements have been prepared on a going concern basis as the management is reasonably confident that after taking into account cash generated by the Group and unutilised committed banking facilities, the Group will have sufficient resources to pay its debts as and when they fall due.

The financial statements of the Group are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and are also prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) as issued by the Singapore Accounting Standards Council. Accordingly, the interim financial statements of the Group have been prepared in accordance with both International Accounting Standard 34 *Interim Financial Reporting* and SFRS(I) 1-34 *Interim Financial Reporting*.

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 December 2023.

The interim financial statements have been prepared on a historical cost convention, except as disclosed in the accounting policies and the explanatory notes. The interim financial statements are presented in the Group’s functional currency, United States Dollar (“US\$” or “US Dollar”), and all values are rounded to the nearest thousand (US\$’000), except when otherwise indicated. Where necessary, comparative information has been restated to conform with the presentation in the current period.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 2. Basis of preparation, material accounting policies and use of judgements and estimates (cont'd)

### 2.2 Changes in material accounting policies

The material accounting policies adopted are consistent with those of the previous financial year which are set out in the audited consolidated financial statements of the Group for the financial year ended 31 December 2023, except for the adoption of new and revised standards effective for annual periods beginning on or after 1 January 2024. The adoption of these new and revised standards did not have any material impact on the interim financial statements of the Group.

### 2.3 Use of judgements and estimates

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements of the Group as at and for the year ended 31 December 2023.

## 3. Other interest and fee income

	Unaudited 1 January 2024 to 30 June 2024 US\$'000	Unaudited 1 January 2023 to 30 June 2023 US\$'000
Fee income from aircraft pre-delivery payments	17,363	27,871
Interest income from deferred payments	7,926	1,864
Interest income from short-term deposits and bank balances	5,521	5,503
Lease management and remarketing fee income	2,401	1,584
Others	3,106	3,654
	<b>36,317</b>	<b>40,476</b>

## 4. Net gain on sale of aircraft

	Unaudited 1 January 2024 to 30 June 2024 US\$'000	Unaudited 1 January 2023 to 30 June 2023 US\$'000
Proceeds from sale of aircraft	447,959	108,081
Less:		
Net book value of aircraft classified as property, plant and equipment	(391,048)	(94,000)
Expenses, net of costs written back	(1,043)	(139)
	<b>55,868</b>	<b>13,942</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

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## 5. Other income

During the period ended 30 June 2024, other income was mainly related to amounts paid by manufacturers based on mutual agreements, insurance settlements and the release of unutilised maintenance reserves and security deposits to profit or loss.

During the period ended 30 June 2023, other income was mainly related to tax rebates and income arising from the release of unutilised maintenance reserves to profit or loss.

## 6. Finance expenses

	<b>Unaudited 1 January 2024 to 30 June 2024 US\$'000</b>	<b>Unaudited 1 January 2023 to 30 June 2023 US\$'000</b>
Interest expense and other charges on:		
Loans and borrowings	357,398	296,234
Lease liabilities	193	228
	<b>357,591</b>	<b>296,462</b>

## 7. Staff costs

	<b>Unaudited 1 January 2024 to 30 June 2024 US\$'000</b>	<b>Unaudited 1 January 2023 to 30 June 2023 US\$'000</b>
Salaries, bonuses and other staff costs	27,217	21,794
Employers' defined contributions	752	377
Amortisation of share-based compensation	6,696	3,273
	<b>34,665</b>	<b>25,444</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 7. Staff costs (cont'd)

### Share-based compensation (equity-settled)

The Group has in place a Restricted Share Unit Long Term Incentive Plan (the "RSU Plan") for certain employees. The first RSU Plan was adopted on 18 December 2017 governing the awards of Restricted Share Units ("RSU") made by the Company in respect of the five financial years from 2017 to 2021 (inclusive) and will terminate in December 2024 when the final awards have vested. The second RSU Plan was adopted on 28 February 2023 governing the awards made by the Company in respect of the four financial years from 2022 to 2025 (inclusive) and will terminate in either April 2029 or (depending on the satisfaction of certain conditions) April 2030 when the final awards have vested.

Subject to the terms and conditions of the RSU Plan and the fulfilment of all conditions to the vesting of the awards, the shares underlying each award will vest in December of the third year after the end of the financial year for which the award was granted (under the first RSU Plan) or in April of either the fourth or fifth year (depending on the satisfaction of certain conditions) after the end of the financial year for which the award was granted (under the second RSU Plan).

Movement of RSUs:

Year of grant	Fair value at grant date HK\$	Fair value at grant date US\$	Number of RSUs				
			At 1 January 2024	Granted during the period	Lapsed during the period	Vested during the period	At 30 June 2024
2022	62.36	7.97	1,000,016	–	–	–	1,000,016
2023	60.40	7.70	1,602,686	–	(7,366)	–	1,595,320
2024	60.87	7.78	–	2,108,107	–	–	2,108,107
			<b>2,602,702</b>	<b>2,108,107</b>	<b>(7,366)</b>	<b>–</b>	<b>4,703,443</b>

Year of grant	Fair value at grant date HK\$	Fair value at grant date US\$	Number of RSUs				
			At 1 January 2023	Granted during the period	Lapsed during the period	Vested during the period	At 30 June 2023
2021	74.10	9.55	759,000	–	–	(18,228)	740,772
2022	62.36	7.97	1,065,506	–	(14,658)	(14,186)	1,036,662
2023	60.40	7.70	–	1,644,651	–	–	1,644,651
			<b>1,824,506</b>	<b>1,644,651</b>	<b>(14,658)</b>	<b>(32,414)</b>	<b>3,422,085</b>

The fair value of RSU at grant date was determined by the average market price at which the shares of the Company were purchased by a trustee in the secondary market.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

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## 8. Income tax expense

	Unaudited 1 January 2024 to 30 June 2024 US\$'000	Unaudited 1 January 2023 to 30 June 2023 US\$'000
Current income tax	4,461	3,147
Deferred income tax	44,714	34,121
Overprovision in prior years	(19)	(3,548)
Income tax expense	<b>49,156</b>	33,720

Pillar Two legislation was enacted in the United Kingdom on 11 July 2023 and in Ireland on 18 December 2023, introducing a global minimum effective tax rate of 15%. This legislation, which implements domestic top-up taxes and multinational top-up taxes intended to conform to the Pillar Two model rules, is effective for the Group's financial year beginning 1 January 2024.

The Group is in the process of assessing its exposure to the Pillar Two legislation for 2024 and subsequent years. Based on preliminary assessment using currently available information, the Group has identified that Ireland is the only material in-scope jurisdiction for 2024 and the estimated effective tax rate based on accounting profit is 12.5% for the reporting period ending 30 June 2024. Accordingly, the Group has recognised an estimated current tax expense of US\$1.3 million related to Pillar Two income taxes for the period ended 30 June 2024 (2023: not applicable). This is included in income tax expense in the statement of profit or loss.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 9. Property, plant and equipment

	Aircraft US\$'000	Aircraft pre-delivery payments US\$'000	Office renovations US\$'000	Furniture, fittings and office equipment US\$'000	Right-of-use assets US\$'000	Total US\$'000
<b>Cost:</b>						
At 1 January 2023	23,936,263	1,504,617	3,262	5,067	19,619	25,468,828
Additions	942,566	716,766	19	2,580	99	1,662,030
Disposals	(960,506)	—	—	(234)	—	(960,740)
Transfers	528,633	(528,633)	—	—	—	—
Write-off	(454,547)	—	—	—	—	(454,547)
Adjustments	12,480	—	—	—	(91)	12,389
At 31 December 2023 and 1 January 2024	24,004,889	1,692,750	3,281	7,413	19,627	25,727,960
Additions/(Reductions)	186,311	(17,284)	—	1,196	—	170,223
Disposals	(591,811)	—	—	—	—	(591,811)
Transfers	127,026	(127,026)	—	—	—	—
Adjustments	37	—	172	2	98	309
<b>At 30 June 2024</b>	<b>23,726,452</b>	<b>1,548,440</b>	<b>3,453</b>	<b>8,611</b>	<b>19,725</b>	<b>25,306,681</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 9. Property, plant and equipment (cont'd)

	Aircraft US\$'000	Aircraft pre-delivery payments US\$'000	Office renovations US\$'000	Furniture, fittings and office equipment US\$'000	Right-of-use assets US\$'000	Total US\$'000
<b>Accumulated depreciation and impairment:</b>						
At 1 January 2023	4,831,852	–	572	4,367	3,467	4,840,258
Charge for the period	791,407	–	359	1,074	2,549	795,389
Disposals	(226,866)	–	–	(234)	–	(227,100)
Impairment of aircraft	8,800	–	–	–	–	8,800
Write-off	(454,547)	–	–	–	–	(454,547)
At 31 December 2023 and 1 January 2024	4,950,646	–	931	5,207	6,016	4,962,800
Charge for the period	397,063	–	225	527	1,269	399,084
Disposals	(200,763)	–	–	–	–	(200,763)
Impairment of aircraft	4,900	–	–	–	–	4,900
Write-back of impairment of aircraft	(174,800)	–	–	–	–	(174,800)
<b>At 30 June 2024</b>	<b>4,977,046</b>	<b>–</b>	<b>1,156</b>	<b>5,734</b>	<b>7,285</b>	<b>4,991,221</b>
<b>Net book value:</b>						
At 31 December 2023	19,054,243	1,692,750	2,350	2,206	13,611	20,765,160
<b>At 30 June 2024</b>	<b>18,749,406</b>	<b>1,548,440</b>	<b>2,297</b>	<b>2,877</b>	<b>12,440</b>	<b>20,315,460</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 9. Property, plant and equipment (cont'd)

### (a) Impairment of assets

As at 30 June 2024, the accumulated impairment loss on the Group's property, plant and equipment was US\$569.4 million (31 December 2023: US\$741.0 million). The weighted average discount rate applied to the forecast cash flows was 5.7% per annum for the period ended 30 June 2024 (for the year ended 31 December 2023: 5.6%).

Movement of accumulated impairment loss provision:

	<b>Unaudited</b> <b>30 June 2024</b> <b>US\$'000</b>	Audited 31 December 2023 US\$'000
At beginning of period/year	<b>741,023</b>	1,105,991
Impairment loss	<b>4,900</b>	8,800
Write-back of impairment of aircraft	<b>(174,800)</b>	–
Write-off	–	(372,168)
Utilised	<b>(1,700)</b>	(1,600)
At end of period/year	<b>569,423</b>	741,023

The impairment loss represented the write-down of the book value of certain aircraft to their recoverable amounts. The recoverable amount was determined based on the higher of management's best estimate of each aircraft value from appraisers' valuation less costs of disposal and its value in use. The adjusted selling price, if available, is also taken into account.

During the period ended 30 June 2024, the Group recognised a write-back of impairment of aircraft of US\$174.8 million in respect of two aircraft that were recovered from Russia. The reversal of impairment loss represented the recovery of the written down value of certain aircraft to their recoverable amount.

During the year ended 31 December 2023, the Group received approximately US\$258.0 million under insurance settlements with a Russian insurance company, in respect of 11 aircraft formerly leased to Russian airlines which were detained in Russia, and released its claims against the Russian insurance company, the relevant Russian airlines and other relevant parties in Russia with respect to those 11 aircraft. The Group recognised the settlement proceeds as other income in the statement of profit or loss and wrote-off the accumulated impairment loss of US\$372.2 million in respect of the 11 aircraft during the financial year ended 31 December 2023.

Taking into consideration the insurance settlements received and assets recovered since FY2022 and up until 30 June 2024, the net pre-tax write-down in respect of the remaining aircraft in Russia was US\$118.4 million as at 30 June 2024.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 9. Property, plant and equipment (cont'd)

### (b) Right-of-use assets

The Group has lease contracts for its offices and facility spaces.

The Group has certain leases that are of low value. The Group applies the exemption under IFRS 16/SFRS(I) 16 *Leases* not to recognise right-of-use assets and liabilities for these leases.

### (c) Assets pledged as security

As at 30 June 2024, the net book value of one aircraft owned by the Group that has been charged for a loan facility granted (Note 15) by way of mortgage amounted to US\$93.9 million (31 December 2023: US\$97.3 million).

### (d) Capitalisation of borrowing costs

As at 30 June 2024, the borrowing costs capitalised as cost of aircraft amounted to US\$17.0 million (31 December 2023: US\$22.1 million). The weighted average interest rates used to determine the amount of borrowing costs for capitalisation was 3.6% per annum for the period ended 30 June 2024 (for the year ended 31 December 2023: 3.2%).

## 10. Trade receivables

	Unaudited 30 June 2024 US\$'000	Audited 31 December 2023 US\$'000
Trade receivables – gross carrying amount		
Current	21,042	21,822
Non-current	90,519	101,125
	111,561	122,947
Less: Allowance for expected credit losses	(4,238)	(5,583)
	107,323	117,364
Trade receivables – net of allowance for expected credit losses		
Current	19,149	18,584
Non-current	88,174	98,780
	107,323	117,364



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 10. Trade receivables (cont'd)

Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition. Trade receivables are generally secured by cash security deposits or letters of credit. As at 30 June 2024, included in the Group's current and non-current portion of trade receivables was an amount of US\$7.2 million and US\$88.2 million (31 December 2023: US\$8.5 million and US\$98.8 million), respectively, that was contractually deferred by mutual agreements, not overdue and was generally interest bearing.

### *Impairment of financial assets – trade receivables*

The Group applies the IFRS 9/SFRS(I) 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. The cash security deposits and letters of credit that the Group holds on behalf of its lessees are considered in the calculation of the loss allowance.

As at 30 June 2024 and 31 December 2023, the aging of trade receivables based on the receivables due date was as follows:

<b>Unaudited 30 June 2024</b>	<b>Deferred</b>	<b>Current</b>	<b>Less than 30 days past due</b>	<b>30 to 60 days past due</b>	<b>61 to 90 days past due</b>	<b>More than 90 days past due</b>	<b>Total</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Gross carrying amount	97,712	5,450	4,378	3,012	294	715	111,561
Allowance for expected credit losses	(2,344)	–	(212)	(673)	(294)	(715)	(4,238)
<b>Audited 31 December 2023</b>							
Gross carrying amount	109,686	3,475	928	3,480	921	4,457	122,947
Allowance for expected credit losses	(2,378)	–	–	(1,240)	(921)	(1,044)	(5,583)

For the period ended 30 June 2024, the allowance for expected credit loss for the Group was assessed to be immaterial for current (for the year ended 31 December 2023: immaterial for current and less than 30 days past due). The allowance for expected credit loss rate for the gross carrying amounts which are deferred and not yet due was 2%, less than 30 days past due was 5%, 30 to 60 days past due was 22%, 61 to 90 days past due was 100% and more than 90 days past due was 100% (for the year ended 31 December 2023: deferred and not yet due was 2%, 30 to 60 days past due was 36%, 61 to 90 days past due was 100% and more than 90 days past due was 23%).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

**10. Trade receivables (cont'd)***Impairment of financial assets – trade receivables (cont'd)*

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	<b>Unaudited 30 June 2024 US\$'000</b>	Audited 31 December 2023 US\$'000
At beginning of period/year	5,583	11,350
Credited to profit or loss	(1,345)	(2,879)
Write-off*	–	(2,888)
At end of period/year	<b>4,238</b>	5,583

\* The Group had no trade receivables (31 December 2023: US\$0.9 million) written off during the period that were still subject to enforcement activities.

**11. Other receivables**

	<b>Unaudited 30 June 2024 US\$'000</b>	Audited 31 December 2023 US\$'000
<b>Current:</b>		
Deposits	707	719
Interest receivables	2,874	2,908
Sundry receivables	3,480	10,010
Receivables from manufacturers	111,314	212,296
Receivables from airlines	18,009	19,127
Accrued receivables	42,615	39,333
	<b>178,999</b>	284,393
<b>Non-current:</b>		
Accrued receivables	35,250	40,890
Notes receivables	21,890	21,890
Interest receivables	1,552	1,620
	<b>58,692</b>	64,400

The sundry receivables of the Group are non-trade related, unsecured and non-interest bearing.

As at 30 June 2024, included in the Group's other receivables was an amount of US\$111.3 million (31 December 2023: US\$212.3 million) due from a manufacturer which was deferred by agreement in return for a fee.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 11. Other receivables (cont'd)

The Group's receivables from airlines are non-trade related, secured by letter of credit, fee bearing and are repayable based on agreed repayment schedule.

Accrued receivables relate to future receipts for revenues and other income for which services have been rendered.

There has been no significant increase in the risk of default of these other receivables since initial recognition. The Group assesses that there is no material expected credit loss.

## 12. Cash and cash equivalents

	<b>Unaudited</b> <b>30 June 2024</b> <b>US\$'000</b>	Audited 31 December 2023 US\$'000
Short-term deposits	<b>370,269</b>	308,796
Cash and bank balances	<b>161,526</b>	83,679
	<b>531,795</b>	392,475
Less: encumbered cash and bank balances	-	(654)
Cash and cash equivalents	<b>531,795</b>	391,821

As at 30 June 2024, the Group has US\$150 million short-term deposits (31 December 2023: US\$49.9 million) placed with a related party for four days (31 December 2023: 31 days) at an interest rate of 5.51% (31 December 2023: 5.65%) per annum.

As at 30 June 2024, the Group's cash and bank balances included an amount of US\$14.3 million (31 December 2023: US\$16.5 million) placed with the intermediate holding company.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

**13. Trade and other payables**

	Unaudited 30 June 2024 US\$'000	Audited 31 December 2023 US\$'000
Trade payables	1,123	253
Sundry payables	19,912	6,927
Accrued finance expenses	96,663	107,305
Accrued maintenance reserve payables	–	670
Accrued technical expenses	1,882	6,108
Staff costs related accruals	23,947	36,659
Other accruals and liabilities	8,613	8,700
	<b>152,140</b>	<b>166,622</b>

Trade payables and sundry payables are substantially denominated in US Dollar (31 December 2023: US Dollar), non-interest bearing, current in nature and are normally contracted between 30 and 45 days credit terms.

The table below summarises the aging of trade payables based on invoice due date:

	Unaudited 30 June 2024 US\$'000	Audited 31 December 2023 US\$'000
Current	900	10
1 – 30 days	21	43
31 – 60 days	202	200
	<b>1,123</b>	<b>253</b>

**14. Deferred income**

Deferred income (current) relates to advance receipts for lease and other income for which services have not yet been rendered.

Deferred income (non-current) relates to advance receipts for lease income for which services have not yet been rendered and the difference between the nominal value of the security deposits and their amortised value using the effective interest method. The deferred income is recognised in profit or loss on a straight-line basis over the lease term.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 15. Loans and borrowings

	Unaudited 30 June 2024 US\$'000	Audited 31 December 2023 US\$'000
<b>Current:</b>		
Medium term notes	2,608,883	2,299,710
Loans	606,036	805,938
Medium term notes discount (net of premium)	(1,270)	(997)
Fair value and revaluation adjustments	(2,049)	(7,708)
Deferred debt issue costs	(2,455)	(2,267)
	<b>3,209,145</b>	<b>3,094,676</b>
<b>Non-current:</b>		
Medium term notes	6,600,427	7,459,310
Loans	6,505,661	6,023,704
Medium term notes discount (net of premium)	(25,447)	(22,265)
Fair value and revaluation adjustments	(7,461)	(4,088)
Deferred debt issue costs	(44,195)	(40,845)
	<b>13,028,985</b>	<b>13,415,816</b>
Total loans and borrowings	<b>16,238,130</b>	<b>16,510,492</b>

The table below summarises the maturity profile of the loans and borrowings for the Group:

	One year or less US\$'000	One to two years US\$'000	Two to five years US\$'000	Over five years US\$'000	Total US\$'000
<b>Unaudited 30 June 2024</b>					
Medium term notes	2,604,115	1,303,315	2,733,291	2,514,540	9,155,261
Loans	605,030	478,680	5,999,159	–	7,082,869
<b>Total loans and borrowings</b>	<b>3,209,145</b>	<b>1,781,995</b>	<b>8,732,450</b>	<b>2,514,540</b>	<b>16,238,130</b>
<b>Audited 31 December 2023</b>					
Medium term notes	2,290,006	1,855,579	3,541,050	2,020,196	9,706,831
Loans	804,670	1,903,340	4,095,651	–	6,803,661
Total loans and borrowings	3,094,676	3,758,919	7,636,701	2,020,196	16,510,492

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 15. Loans and borrowings (cont'd)

As at 30 June 2024, a loan of US\$61.7 million (31 December 2023: US\$64.6 million) for the Group is secured by way of mortgage over the related aircraft (Note 9).

In addition, the Company and certain subsidiary companies have provided negative pledges prohibiting the creation of any encumbrance on its assets and revenues (other than any encumbrance in existence at the time the negative pledge is entered into or created subsequently to secure finance to acquire or re-finance any aircraft).

### (a) Medium term notes

Outstanding notes issued at fixed coupon rate and floating rate denominated in various currencies were:

		Unaudited As at 30 June 2024		
		Maturity (Year)	Outstanding amounts US\$'000	Amounts swapped to US\$ and fixed rates US\$'000
<b>Currency</b>	<b>Fixed Coupon Rate (p.a.)</b>			
Australian Dollar	3.15%	2029	140,590	140,590
Hong Kong Dollar	3.25% to 3.6%	2026 to 2027	159,837	159,837
Singapore Dollar	3.93%	2025	108,883	108,883
United States Dollar	1.75% to 5.75%	2024 to 2033	8,450,000	–
			<b>8,859,310</b>	<b>409,310</b>
<b>Currency</b>	<b>Floating Rate (p.a.)</b>			
United States Dollar	3-month Synthetic US Dollar LIBOR + Margin of 1.30%	2025	350,000	200,000
			<b>9,209,310</b>	<b>609,310</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 15. Loans and borrowings (cont'd)

### (a) Medium term notes (cont'd)

		<b>Audited</b>			
		<b>As at 31 December 2023</b>			
		Maturity	Outstanding	Amounts	Amounts
		(Year)	amounts	swapped to US\$	swapped to
			US\$'000	and floating rates	US\$ and
				US\$'000	fixed rates
					US\$'000
	<b>Fixed Coupon</b>				
	<b>Rate (p.a.)</b>				
<b>Currency</b>					
Australian Dollar	3.15%	2029	140,590	–	140,590
Chinese Yuan	5.5%	2024	49,710	49,710	–
Hong Kong Dollar	3.25% to 3.6%	2026 to 2027	159,837	–	159,837
Singapore Dollar	3.93%	2025	108,883	–	108,883
United States Dollar	1.625% to 5.75%	2024 to 2033	8,950,000	–	–
			<u>9,409,020</u>	49,710	<u>409,310</u>
	<b>Floating Rate</b>				
	<b>(p.a.)</b>				
<b>Currency</b>					
	3-month Synthetic				
	US Dollar LIBOR +				
	Margin of 1.30%				
United States Dollar		2025	350,000	–	350,000
			<u>9,759,020</u>	49,710	<u>759,310</u>

During the period ended 30 June 2024, the medium term notes that were swapped to floating rate liabilities and US Dollars (for non-US Dollar denominated notes) via cross-currency interest rate swap contracts had matured (31 December 2023: US\$49.7 million). The carrying amount of the medium term note was US\$42.3 million as at 31 December 2023. The note is a liability designated as a hedged item in fair value hedges and classified under Level 2 of the fair value hierarchy. The floating interest rates ranged from 8.0% to 8.1% per annum for the period ended 30 June 2024 (for the year ended 31 December 2023: 5.7% to 7.6%).

Effects of fair value hedges on the note as at 31 December 2023 were as follows:

		<b>Audited</b>			
		<b>31 December 2023</b>			
		Outstanding	Deferred debt	Accumulated	Carrying
		amounts	issue costs	amount of	amounts of
		US\$'000	US\$'000	fair value	liabilities
				adjustments	US\$'000
	<b>Fair value hedge</b>				
	Foreign currency and interest rate risks				
	- Cross-currency interest rate swaps	49,710	(3)	(7,445)	42,262
		<u>49,710</u>	<u>(3)</u>	<u>(7,445)</u>	<u>42,262</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

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## 15. Loans and borrowings (cont'd)

### (a) *Medium term notes (cont'd)*

As at 30 June 2024, an amount of US\$409.3 million (31 December 2023: US\$409.3 million) in medium term notes which was denominated in non-US Dollar currencies at fixed rates has been swapped to US Dollars and at fixed rates via cross-currency interest rate swap contracts to hedge the exposure to variability in cash flows arising from the foreign currency fixed rate medium term notes. The net increase in fair value of US\$0.4 million for the period ended 30 June 2024 (for the year 31 December 2023: US\$3.2 million) on these cross-currency interest rate swaps was recognised in hedging reserve.

As at 30 June 2024, an amount of US\$200 million (31 December 2023: US\$350 million) in medium term notes has been swapped to fixed rate liabilities via interest rate swaps to hedge exposure to variability in cash flows from related borrowings which are pegged to Synthetic US Dollar LIBOR. These hedges are classified as cash flow hedges. The net decrease in fair value of US\$2.6 million (for the year ended 31 December 2023: US\$11.6 million) on these financial instruments was recognised in hedging reserve.

The terms of the above cross-currency interest rate swap and interest rate swap contracts have been negotiated to match the terms of the notes and accordingly, the hedges are assessed to be highly effective.

### (b) *Loans*

Interest on floating rate loans of the Group is set at specified margins above Secured Overnight Financing Rate ("SOFR"). Interest rate for floating rate loans is reset at intervals of up to six months and the weighted average effective interest rate was 6.1% per annum for the period ended 30 June 2024 (for the year ended 31 December 2023: 6.1%). The loans are repayable based on agreed repayment schedules, until the expiry date of the respective loans. The final maturities of the loans are between 2024 and 2029 (31 December 2023: 2024 and 2028).

As at 30 June 2024, the loans due to the intermediate holding company amounted to US\$900 million (31 December 2023: US\$995 million), and the loans due to other related parties amounted to US\$2,420.0 million (31 December 2023: US\$2,169.1 million).

As at 30 June 2024, loans outstanding amounting to US\$2,505 million (31 December 2023: US\$1,820 million) have been swapped to fixed rate liabilities via interest rate swaps to hedge exposure to variability in cash flows from related loans which are pegged to SOFR. These hedges are classified as cash flow hedges. The terms of the interest rate swap contracts have been negotiated to match the terms of the loans and accordingly, the cash flow hedges were assessed to be highly effective. The net increase in fair value of US\$36.8 million (for the year ended 31 December 2023: net decrease in fair value of US\$7.4 million) was accounted for in hedging reserve.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

**15. Loans and borrowings (cont'd)****(b) Loans (cont'd)**

As at 30 June 2024, the Group had unutilised unsecured committed revolving credit facilities of US\$4,695 million (31 December 2023: US\$4,460 million). These facilities included US\$2,950 million (31 December 2023: US\$3,500 million) available under committed revolving credit facilities provided by the intermediate holding company that mature in 2026 (31 December 2023: 2026). The unutilised committed revolving credit facilities provided by other related parties to the Group totalled US\$277.8 million (31 December 2023: US\$95.9 million) that mature between 2024 and 2026 (31 December 2023: 2024).

As at 30 June 2024, the Group had US\$250 million unutilised unsecured committed term loan facilities (31 December 2023: US\$765 million, of which US\$240 million was provided by other related parties).

**16. Derivative financial instruments**

	Unaudited 30 June 2024			Audited 31 December 2023		
	Outstanding notional amounts US\$'000	Assets US\$'000	Liabilities US\$'000	Outstanding notional amounts US\$'000	Assets US\$'000	Liabilities US\$'000
<b>Current:</b>						
Cross-currency interest rate swaps	108,883	–	(530)	49,710	–	(7,445)
Interest rate swaps	200,000	4,249	–	150,000	569	–
		<b>4,249</b>	<b>(530)</b>		<b>569</b>	<b>(7,445)</b>
<b>Non-current:</b>						
Cross-currency interest rate swaps	300,427	706	(10,204)	409,310	3,746	(8,934)
Interest rate swaps	2,505,000	35,731	(192)	2,020,000	10,337	(9,734)
		<b>36,437</b>	<b>(10,396)</b>		<b>14,083</b>	<b>(18,668)</b>

The fair values of interest rate swaps and cross-currency interest rate swaps as shown above are determined with reference to marked-to-market values based on valuation techniques that use data from observable markets.

Hedge accounting has been applied for interest rate swaps and cross-currency interest rate swaps that are assessed by the Group to be highly effective hedges.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 16. Derivative financial instruments (cont'd)

The Group determines the economic relationship between the loans and borrowings and the derivatives by matching the critical terms of the hedging instruments with the terms of the hedged items. The hedge ratio (the ratio between the notional amount of the derivative financial instrument to the amount of the loans and borrowings being hedged) is determined to be 1:1. Hedge ineffectiveness arises from the difference in timing of cash flows of hedged items and hedging instruments, but it was negligible for the period ended 30 June 2024 and the year ended 31 December 2023.

The following hedging instruments used by the Group are shown as derivative financial instruments in the statement of financial position:

	Outstanding notional amounts US\$'000	Assets/ (Liabilities) US\$'000	USD interest rates (p.a.)	Hedge rates Foreign currency rates	Maturity (Year)
<b>Unaudited 30 June 2024</b>					
<b>Cash flow hedge</b>					
Cross-currency interest rate swaps <sup>1</sup>					
- Australian Dollar	140,590	(10,204)	3.43%	US\$1 : AUD1.42	2029
- Hong Kong Dollar	159,837	706	3.72% to 4.13%	US\$1 : HK\$7.81 to HK\$7.84	2026 to 2027
- Singapore Dollar	108,883	(530)	4.00%	US\$1 : SGD1.33	2025
Interest rate swaps <sup>2</sup>					
- United States Dollar	2,705,000	39,788	4.091% to 5.29%	–	2025 to 2028
<b>Audited 31 December 2023</b>					
<b>Fair value hedge</b>					
Cross-currency interest rate swaps <sup>3</sup>					
- Chinese Yuan	49,710	(7,445)	6-month SOFR + Margin ranging from 2.26% to 2.28%	US\$1 : CNY6.04	2024
<b>Cash flow hedge</b>					
Cross-currency interest rate swaps <sup>1</sup>					
- Australian Dollar	140,590	(8,934)	3.43%	US\$1 : AUD1.42	2029
- Hong Kong Dollar	159,837	804	3.72% to 4.13%	US\$1 : HK\$7.81 to HK\$7.84	2026 to 2027
- Singapore Dollar	108,883	2,942	4.00%	US\$1 : SGD1.33	2025
Interest rate swaps <sup>2</sup>					
- United States Dollar	2,170,000	1,172	4.091% to 5.29%	–	2024 to 2028

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 16. Derivative financial instruments (cont'd)

- <sup>1</sup> The Group uses these cross-currency interest rate swaps to hedge against the exposure to variability in cash flows arising from the foreign currency fixed rate loans and borrowings. Under these cross-currency interest rate swaps, the Group receives non-US Dollar principal and fixed interest, and pays US Dollar principal and fixed interest. These hedges are classified as cash flow hedges and the fair value changes of these cross-currency interest rate swaps are recognised in hedging reserve.
- <sup>2</sup> The Group uses these interest rate swaps to hedge against the exposure to variability in cash flows from the related loans and borrowings which are pegged to Synthetic US Dollar LIBOR and SOFR. Under these interest rate swaps, the Group receives floating interest pegged to Synthetic US Dollar LIBOR and SOFR and pays fixed interest. These hedges are classified as cash flow hedges and the fair value changes of these interest rate swaps are recognised in hedging reserve.
- <sup>3</sup> The Group uses these cross-currency interest rate swaps to hedge against the exposure to exchange rates and interest rates arising from the Group's non-US Dollar loans and borrowings which are liabilities designated as hedged items in fair value hedge. Under these cross-currency interest rate swaps, the Group receives non-US Dollar principal and fixed interest and pays US Dollar principal and floating interest pegged to SOFR. These hedges are classified as fair value hedges and the fair value changes of these cross-currency interest rate swaps are recognised in profit or loss.

## 17. Deferred income tax assets and liabilities

	<b>Unaudited</b>	Audited
	<b>30 June 2024</b>	31 December 2023
	<b>US\$'000</b>	US\$'000
Deferred income tax liabilities, net	<b>695,764</b>	647,250
Deferred income tax assets, net	<b>(212)</b>	(193)
	<b>695,552</b>	647,057

Deferred income tax liabilities arose mainly from differences in depreciation after offsetting unabsorbed capital allowances and unutilised tax losses which relate to the same taxable entity and the same tax authority.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 18. Share capital

	Unaudited 30 June 2024		Audited 31 December 2023	
	No. of shares		No. of shares	
	'000	US\$'000	'000	US\$'000
<b>Issued and fully paid ordinary shares:</b>				
At beginning and end of period/year	<b>694,010</b>	<b>1,157,791</b>	694,010	1,157,791

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

## 19. Hedging reserves

Hedging reserves record the portion of the fair value changes on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge.

	Unaudited 30 June 2024	Audited 31 December 2023
	US\$'000	US\$'000
<b>Interest rate and foreign currency risk:</b>		
At beginning of period/year	(538)	15,212
Effective portion of changes in fair value of cash flow hedges, net of tax:		
- Interest rate swaps	52,999	14,459
- Cross-currency interest rate swaps	(5,270)	4,782
	47,729	19,241
Net change in fair value of cash flow hedges reclassified to profit or loss, net of tax:		
- Interest rate swaps	(18,839)	(33,449)
- Cross-currency interest rate swaps	5,714	(1,542)
	(13,125)	(34,991)
	34,604	(15,750)
At end of period/year	34,066	(538)

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 20. Dividends

	<b>Unaudited 1 January 2024 to 30 June 2024 US\$'000</b>	<b>Unaudited 1 January 2023 to 30 June 2023 US\$'000</b>
<b>Declared and paid during the period:</b>		
Final dividend for 2023: US\$0.2721 (2022: US\$0.1770) per share	<b>188,840</b>	122,840
<b>Proposed as at 30 June:</b>		
Interim dividend for 2024: US\$0.1988 (2023: US\$0.1131) per share	<b>137,969</b>	78,493

At the Annual General Meeting held on 30 May 2024, the shareholders approved a final dividend of US\$0.2721 per ordinary share, which amounted to US\$188.8 million, in respect of the profit for the year ended 31 December 2023. This dividend was paid in June 2024.

At a meeting on 15 August 2024, the directors declared an interim dividend of US\$0.1988 per ordinary share for the period ended 30 June 2024 amounting to US\$138.0 million. This declared interim dividend is not reflected as a dividend payable in these interim financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2024.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 21. Commitments

### (a) Operating lease commitments

*Operating lease commitments - As lessor*

#### Aircraft

The Group leases its aircraft under operating lease agreements that are non-cancellable.

Future net minimum lease receivables under the non-cancellable operating leases for existing aircraft are as follows:

	<b>Unaudited</b> <b>30 June 2024</b> <b>US\$ million</b>	<b>Audited</b> <b>31 December 2023</b> <b>US\$ million</b>
Within one year	<b>1,873</b>	1,907
Between one and two years	<b>1,845</b>	1,843
Between two and three years	<b>1,749</b>	1,774
Between three and four years	<b>1,688</b>	1,671
Between four and five years	<b>1,583</b>	1,622
More than five years	<b>4,557</b>	5,170
	<b>13,295</b>	13,987

Future net minimum lease receivables committed for aircraft yet to be delivered are as follows:

	<b>Unaudited</b> <b>30 June 2024</b> <b>US\$ million</b>	<b>Audited</b> <b>31 December 2023</b> <b>US\$ million</b>
Within one year	<b>142</b>	126
Between one and two years	<b>235</b>	183
Between two and three years	<b>241</b>	195
Between three and four years	<b>241</b>	195
Between four and five years	<b>241</b>	195
More than five years	<b>1,635</b>	1,285
	<b>2,735</b>	2,179

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 21. Commitments (cont'd)

### (b) Finance lease commitments

#### Finance lease commitments - As lessor

The following table shows the maturity analysis of the undiscounted lease payments to be received:

	Unaudited 30 June 2024 US\$'000	Audited 31 December 2023 US\$'000
Within one year	656,460	300,253
Between one and two years	602,644	846,319
Between two and three years	309,367	237,443
Between three and four years	309,429	237,395
Between four and five years	328,634	263,277
More than five years	2,075,648	1,682,463
Total undiscounted minimum lease payments	4,282,182	3,567,150
Less: Amounts representing unearned finance income	(1,277,095)	(1,063,048)
Net investment in finance leases	<b>3,005,087</b>	2,504,102

The scheduled finance lease receivables are as follows:

	Unaudited 30 June 2024 US\$'000	Audited 31 December 2023 US\$'000
Finance lease receivables	3,005,087	2,504,102
Less: Current portion	(449,165)	(123,555)
Non-current portion	<b>2,555,922</b>	2,380,547

The effective interest rates on the finance lease receivables was 7.2% per annum for the period ended 30 June 2024 (for the year ended 31 December 2023: 6.6%). Interest income from finance leases during the period ended 30 June 2024 was US\$96.0 million (2023: US\$20.0 million).

There has been no significant increase in the risk of default of these finance lease receivables since initial recognition. The Group assesses that there is no material expected credit loss.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

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## 21. Commitments (cont'd)

### (c) *Capital expenditure commitments*

As at 30 June 2024, the Group had committed to purchase various aircraft delivering between 2024 and 2029. The amount of future commitments under purchase agreements, purchase and leaseback and finance lease agreements, including assumed escalation to delivery, was US\$11.9 billion to the end of 2029 (31 December 2023: US\$12.0 billion to the end of 2029). This includes all commitments to purchase aircraft, including those where an airline has a right to acquire the relevant aircraft on delivery.

## 22. Contingent liabilities

### *Guarantees of subsidiary companies' obligations*

The Company has provided guarantees for certain loans extended to its subsidiary companies by the banks and for obligations under certain lease agreements entered into by the subsidiary companies. As at 30 June 2024, the guarantees for loans to subsidiary companies amounted to approximately US\$5.3 billion (31 December 2023: US\$5.2 billion). The guarantees are callable on demand.

## 23. Related party transactions

The Group is majority owned by Bank of China Limited which is controlled by Central Huijin, a wholly owned subsidiary of CIC, which is a wholly state-owned company in the PRC. Central Huijin and CIC have equity interests in certain other entities in the PRC. Bank of China Limited is indirectly subject to the control of the State Council of the PRC Government through CIC and Central Huijin. The State Council of the PRC Government directly or indirectly controls a significant number of entities through its government authorities, agencies, affiliates and other state-controlled entities.

The Group enters into leasing, purchase and leaseback, borrowing and other transactions with certain state-owned or state-controlled entities mentioned above in the normal course of business and on commercial terms.

The Group considers only those entities known to management to be a subsidiary company, associate or joint venture of Central Huijin to be related parties of the Group.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

**23. Related party transactions (cont'd)**

In addition to the information disclosed elsewhere in these interim financial statements, the following significant transactions took place between the Group and related parties in the normal course of business and on commercial terms:

	<b>Unaudited 1 January 2024 to 30 June 2024 US\$'000</b>	<b>Unaudited 1 January 2023 to 30 June 2023 US\$'000</b>
<b>Costs and expenses</b>		
(a) Intermediate holding company:		
Interest expense	32,694	20,476
Debt issue costs	–	300
	<hr/>	<hr/>
(b) Other related parties:		
Interest expense	72,779	56,103
Debt issue costs	3,300	1,450
	<hr/>	<hr/>
<b>Dividend paid to immediate holding company</b>	<b>132,188</b>	<b>85,988</b>
	<hr/>	<hr/>
<b>Directors' and key executives' remuneration paid during the period*</b>		
(a) Directors of the Company:		
Salary, fees, bonuses and other costs	5,959	3,850
CPF and other defined contributions	11	3
	<hr/>	<hr/>
	<b>5,970</b>	<b>3,853</b>
	<hr/>	<hr/>
(b) Key executives (excluding executive directors):		
Salary, bonuses and other costs	5,594	5,797
CPF and other defined contributions	123	108
	<hr/>	<hr/>
	<b>5,717</b>	<b>5,905</b>
	<hr/>	<hr/>

\* Exclude share-based compensation expense as described below.

The share-based compensation expense for the period ended 30 June 2024 was US\$2.8 million (2023: US\$0.5 million) and US\$0.8 million (2023: US\$0.7 million) for directors of the Company and key executives of the Group respectively.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

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## 23. Related party transactions (cont'd)

As at 30 June 2024, deferred cash bonuses of US\$5.2 million (31 December 2023: US\$6.8 million) in respect of services performed in prior years were payable to directors of the Company and key executives of the Group.

As at 30 June 2024, the Group had granted 1,709,877 (31 December 2023: 1,063,494) RSUs to the directors of the Company and key executives of the Group.

## 24. Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign exchange risk. The Group reviews and agrees policies for managing each of these risks.

There has been no significant change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

### Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks was undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. US Dollar LIBOR has been discontinued as at 30 June 2023. On 3 April 2023, the Financial Conduct Authority announced its decision to require ICE Benchmark Administration Limited (the administrator of US Dollar LIBOR) to continue the publication of 1-month, 3-month and 6-month US Dollar LIBOR settings using a 'synthetic' methodology ("Synthetic US Dollar LIBOR") for a period expiring on 30 September 2024 (subject to any extension of such period).

As at 30 June 2024, the Group has completed the transition of its US Dollar LIBOR-based financial instruments and off-balance sheet items to SOFR, except for US\$350 million of gross debt and US\$200 million notional amount of derivative financial instruments which are exposed to Synthetic US Dollar LIBOR. In anticipation of the cessation of Synthetic US Dollar LIBOR after 30 September 2024, the Group plans to transition to the fallback rate stipulated in the contract for the floating rate liabilities and to terminate the related hedging derivatives. The Group will be engaging with relevant counterparties to communicate the plan.

The Group has applied Amendments to IFRS 9/SFRS(I) 9, IAS 39/SFRS(I) 1-39, IFRS 7/SFRS(I) 7, IFRS 4/SFRS(I) 4 and IFRS 16/SFRS(I)16: *Interest Rate Benchmark Reform – Phase 2* for amortised cost measurement and hedge accounting in respect of modifications triggered by the transition. The transition from US Dollar LIBOR to SOFR has no material effect on the amounts reported for the current and prior financial year.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 25. Capital management

The primary objective of the Group's capital management is to maximise shareholder value given an optimal debt to equity structure.

The Group manages its capital structure through the use of equity and debt after taking into account its capital expenditure and financing requirements. To maintain or adjust the capital structure, the Group may request for additional capital from the shareholders, adjust dividend payments to the shareholders or return capital to the shareholders. The changes in share capital and dividends are disclosed in Note 18 and Note 20 respectively. There were no changes made in the objectives, policies and processes during the period from 1 January 2024 to 30 June 2024 and the year ended 31 December 2023.

The Group monitors its gross debt to equity, which is gross debt divided by total equity, to ensure that it complies with the debt to equity covenants in its loan facilities and to maintain its investment grade credit rating. Gross debt comprises the Group's loans and borrowings before adjustments for deferred debt issue costs, fair values, revaluations and discounts/premiums on medium term notes. Total equity refers to the equity attributable to owners of the Company.

	<b>Unaudited</b> <b>30 June 2024</b> <b>US\$'000</b>	<b>Audited</b> <b>31 December 2023</b> <b>US\$'000</b>
Gross debt	<b>16,321,007</b>	16,588,662
Total equity	<b>6,060,921</b>	5,748,462
Gross debt to equity (times)	<b>2.7</b>	2.9

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 26. Basic and diluted earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing profit for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There were no dilutive potential ordinary shares as at 30 June 2024 and 30 June 2023.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share:

	<b>Unaudited 1 January 2024 to 30 June 2024</b>	Unaudited 1 January 2023 to 30 June 2023
<b>Earnings</b>		
Earnings used in the computation of basic and diluted earnings per share (profit for the period attributable to owners of the Company) (US\$'000)	<b>459,999</b>	261,555
<b>Number of shares</b>		
Weighted average number of ordinary shares of basic and diluted earnings per share computation ('000)	<b>694,010</b>	694,010
<b>Basic earnings per share (US\$)</b>	<b>0.66</b>	0.38
<b>Diluted earnings per share (US\$)</b>	<b>0.66</b>	0.38

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 27. Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting provided to the Senior Management. Senior Management assesses the financial performance and position of the Group and uses the information to support strategic decisions.

All revenues are derived from the Group's principal activities of aircraft leasing, management of aircraft leases and other related activities. There is no known seasonality of the Group's contracted revenues. The main revenue and assets are analysed by geographical region as follows:

### (a) Lease rental income

Lease rental income is derived from leasing of aircraft on operating lease to various airline customers around the world. The distribution of lease rental income by geographic region based on the jurisdiction of each airline customer under the relevant operating lease was as follows:

	Unaudited 1 January 2024 to 30 June 2024		Unaudited 1 January 2023 to 30 June 2023	
	US\$ million	%	US\$ million	%
Asia Pacific (excluding Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan)	211	22.7	219	23.3
Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan	225	24.3	246	26.1
Americas	211	22.7	181	19.2
Europe	168	18.1	185	19.8
Middle East and Africa	113	12.2	109	11.6
	<b>928</b>	<b>100.0</b>	940	100.0

The lease rental income attributable to airline customers in Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan accounted for 24.3%, and United States of America accounted for 15.8%, of the total lease rental income (2023: Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan accounted for 26.1% and United States of America accounted for 14.2%). Other than as disclosed above, there was no other country concentration in excess of 10% of the total lease rental income for the periods ended 30 June 2024 and 30 June 2023.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 27. Segmental analysis (cont'd)

### (b) Net book value of aircraft and finance lease receivables

The distribution of net book value of aircraft and finance lease receivables by geographic region based on the jurisdiction of each airline customer under the relevant lease was as follows:

	Unaudited 30 June 2024		Audited 31 December 2023	
	US\$ million	%	US\$ million	%
Asia Pacific (excluding Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan)	4,873	22.4	5,082	23.6
Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan	4,720	21.7	4,878	22.6
Americas	6,082	28.0	5,716	26.5
Europe	3,829	17.6	3,608	16.7
Middle East and Africa	2,250	10.3	2,274	10.6
	<b>21,754</b>	<b>100.0</b>	<b>21,558</b>	<b>100.0</b>

Note: Off-lease aircraft are allocated to the region of the prospective operator if a lease commitment is in place, or to the region of the prior operator if no lease commitment is in place.

The net book value of aircraft leased to airline customers and finance lease receivables from airline customers in Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan accounted for 21.7% (31 December 2023: 22.6%), and United States of America accounted for 21.3% (31 December 2023: 20.6%), of the total net book value and finance lease receivables as at 30 June 2024. Other than as disclosed above, there was no other country concentration in excess of 10% of total net book value and finance lease receivables as at 30 June 2024 and 31 December 2023.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

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## 28. Classification of financial instruments and their fair values

The carrying amounts of each category of financial assets and financial liabilities, as defined in IFRS 9/SFRS(I) 9, are disclosed either in the statement of financial position or in the notes to the financial statements.

Financial assets measured at amortised cost comprise trade receivables (Note 10), other receivables (Note 11), short-term deposits<sup>1</sup> (Note 12), cash and bank balances (Note 12) and finance lease receivables (Note 21(b)).

As at 30 June 2024, the financial assets measured at amortised cost for the Group were US\$3,716.5 million (31 December 2023: US\$3,131.7 million).

Financial liabilities measured at amortised cost comprise trade and other payables (Note 13), loans and borrowings (Note 15), security deposits and other non-current liabilities<sup>2</sup>.

As at 30 June 2024, the financial liabilities measured at amortised cost for the Group were US\$16,579.2 million (31 December 2023: US\$16,866.7 million).

<sup>1</sup> Excluding investment in money market funds.

<sup>2</sup> Excluding bonuses and related employers' contributions payable and provided for under the staff cash incentive plans.

### (a) Financial instruments carried at fair values

Financial assets and liabilities at fair value through profit or loss comprise derivative financial instruments (Note 16) and investment in money market funds classified as short-term deposits (Note 12).

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the derivative financial instruments and investment in money market funds under the Group are classified under Level 2 of the fair value hierarchy. The fair values of the derivative financial instruments are determined with reference to marked-to-market values based on valuation techniques that use data from observable markets. The fair values of investment in money market funds are determined by reference to marked-to-market values provided by counterparties. There were no transfers between Levels 1, 2 and 3 during the period ended 30 June 2024 and the year ended 31 December 2023.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2024 to 30 June 2024

## 28. Classification of financial instruments and their fair values (cont'd)

### (b) Financial instruments whose carrying amounts approximate fair values

Management has determined that except for derivative financial instruments, the carrying amounts of its current financial assets and liabilities, reasonably approximate their fair values because these are mostly short-term in nature or are repriced frequently.

Non-current loans and borrowings (excluding non-current medium term notes as disclosed in Note 28(c) below) reasonably approximate their fair values for those that are at floating rate and are repriced to market interest rates on or near the end of each period/year.

Non-current finance lease receivables and trade receivables reasonably approximate their fair values as the implicit interest rate of each financial instrument approximates the market interest rate prevailing at the end of each period/year.

### (c) Financial instruments not measured at fair value, for which fair value is disclosed

Set out below is a comparison of carrying amounts and fair values of the Group's financial instruments not measured at fair value:

	Unaudited 30 June 2024 US\$'000	Audited 31 December 2023 US\$'000
<b>Medium term notes :</b>		
Carrying amounts	8,815,046	9,319,350
Fair values	8,520,839	9,024,003

As at 30 June 2024, the fair value measurements of the above financial instruments were classified under Level 1 of the fair value hierarchy as these amounts were based on quoted prices, except for the carrying amount of US\$159.7 million (31 December 2023: US\$159.7 million) with fair value of US\$155.4 million (31 December 2023: US\$156.6 million) which was classified under Level 2 of the fair value hierarchy as it was determined based on indicative bid price obtained from a counterparty.

## 29. Authorisation of interim financial statements for issue

The interim financial statements for the period from 1 January 2024 to 30 June 2024 were authorised for issue in accordance with a resolution of the directors passed on 15 August 2024.





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